Ecommerce Brand Achieves 32% Margin Increase with Fractional CFO Services

How data-driven inventory optimization and fractional CFO services transformed product profitability for a mid-market ecommerce company in 60 days.

LOS ANGELES, CA, UNITED STATES, September 8, 2026 /EINPresswire.com/ -- Los Angeles, CA - September 8, 2026
An engineering products company struggling with unprofitable SKUs and stalled cash flow achieved a 32% gross margin increase in just 60 days by implementing data-driven inventory and financial optimization, supported by fractional CFO services and ERP-integrated accounting.
The problem is that the brand has strong revenue growth, but its profits are shrinking. Forty percent of its products are underperforming in sales or profit margins. Meanwhile, high-margin products are sitting unused in inventory, while low-margin products take up warehouse space and marketing budgets without making significant profits.

"This is the ecommerce paradox we see constantly," says Gary Jain, Founder and CEO of Ledger Labs, an accounting firm for inventory-heavy businesses. "While revenue may seem strong, if you don't assess profitability at the product level, you could be using your higher-margin sales to cover losses from low-margin ones, which means you're risking cash flow."

The Fix: SKU-Level Margin Analysis & Reallocation

Working with the brand's finance team, Ledger Labs conducted a complete SKU-level contribution margin and velocity analysis across the company's 140-product catalog.

The engagement revealed that:

1. 40% of SKUs were unprofitable or near-zero contributors to overall margin, despite consuming inventory space and logistics costs.
2. High-margin products were moving too slowly, while low-margin products dominated shelf space and marketing spend.
3. Inventory was tying up cash that could have been reinvested in the business.

The solution combined three elements: SKU-level analytics, bundling strategy, and ad spend reallocation.

The Results In 60 Days:

32% Gross Margin Increase: By eliminating underperforming SKUs and refocusing marketing budget on the top 20% most profitable products by volume and margin, the brand recovered significant margin percentage.

SKU Reduction from 140 to 90 (No Revenue Loss): Despite cutting 36% of the product catalog, total revenue remained stable because the removed SKUs were contributing little to sales while adding operational complexity and cost.

Cash Conversion Cycle Improved by 20 Days: Eliminating slow-moving products and focusing on high-velocity items significantly accelerated how fast cash moved through the business, freeing capital for reinvestment.

Product Profitability Clarity: For the first time, every department, marketing, purchasing, and operations had visibility into which products actually contributed to the bottom line, enabling cross-functional alignment.

Founder noted: "Thanks to their strategic guidance, we achieved sustainable growth by understanding which products truly drove profit, ensuring financial clarity while maintaining our competitive edge."

Why This Matters for Ecommerce & Product Companies

For inventory-heavy businesses, whether ecommerce sellers, engineering product companies, or manufacturers, profitability optimization is a fractional CFO function, not a bookkeeping one. Traditional accounting services track what happened. Fractional CFO work identifies what should happen next.

"Most CFO-level advisory is priced for enterprise," Jain explains. "A startup or mid-market company can't afford a full-time CFO, and they shouldn't have to. SKU-level profitability analysis, inventory optimization, and cash flow strategy are exactly where fractional CFO engagement drives measurable ROI."
Ledger Labs' engagement integrated ERP-based accounting (NetSuite) with real-time financial dashboards, allowing the brand to make decisions based on live margin and velocity data rather than month-end reports.

About Ledger Labs

Ledger Labs is a CPA- and IRS Enrolled Agent–led accounting and fractional CFO firm serving US-based small and midmarket businesses in ecommerce, manufacturing, and SaaS, with revenues between $1M–$20M. “Services include outsourced ecommerce accounting, fractional CFO advisory, financial controller services, tax compliance, inventory optimization, and ERP technology consulting (NetSuite, Odoo, QuickBooks, Xero, Acumatica, Sage Intacct, and others).

Offices: Los Angeles, CA, and New York, NY.

Gary Jain
Ledger Labs Inc.
+ +1 3235085050
business@theledgerlabs.com
Visit us on social media:
LinkedIn
Facebook
YouTube
X
