

BUILDING A BETTER ANALYTICS FRAMEWORK

Driving Excellence with Key Insights



eBook

info@vistex.com | www.vistex.com

Vistex[®]

Now it all
adds up[™]

TABLE OF CONTENTS

3	Abstract
4	Introduction
7	Step 1: Constructing a healthy data spine
10	Step 2: Well-defined KPIs and metrics
14	Step 3: User accountability and responsibility
18	Step 4: Performance and evaluation criteria
22	Step 5: Trust the output
25	Conclusion
25	About Vistex
25	About the Author

ABSTRACT

How much data is enough to make a business decision you can trust? In our drive to gather, understand, and utilize the large amount of data now available to us, are we missing the opportunity to be both nimble and intelligent?

As artificial intelligence (AI) becomes more prevalent while incomplete and inaccurate data is everywhere, how do we make the best use of all the tools and knowledge available to us? Bad data leads to bad results. Couple this with the challenges of keeping a skilled set of people motivated and in place, and we seem to be caught in a perfect storm of having all the intelligence we

need, but unable to make consistent, smart decisions within our business processes and user communities. Are key business decisions being made based on facts, or does the group with the greatest analytics capabilities somehow present what appears to be the best case response for each and every outcome, thereby defending their turf? What's not adding up?

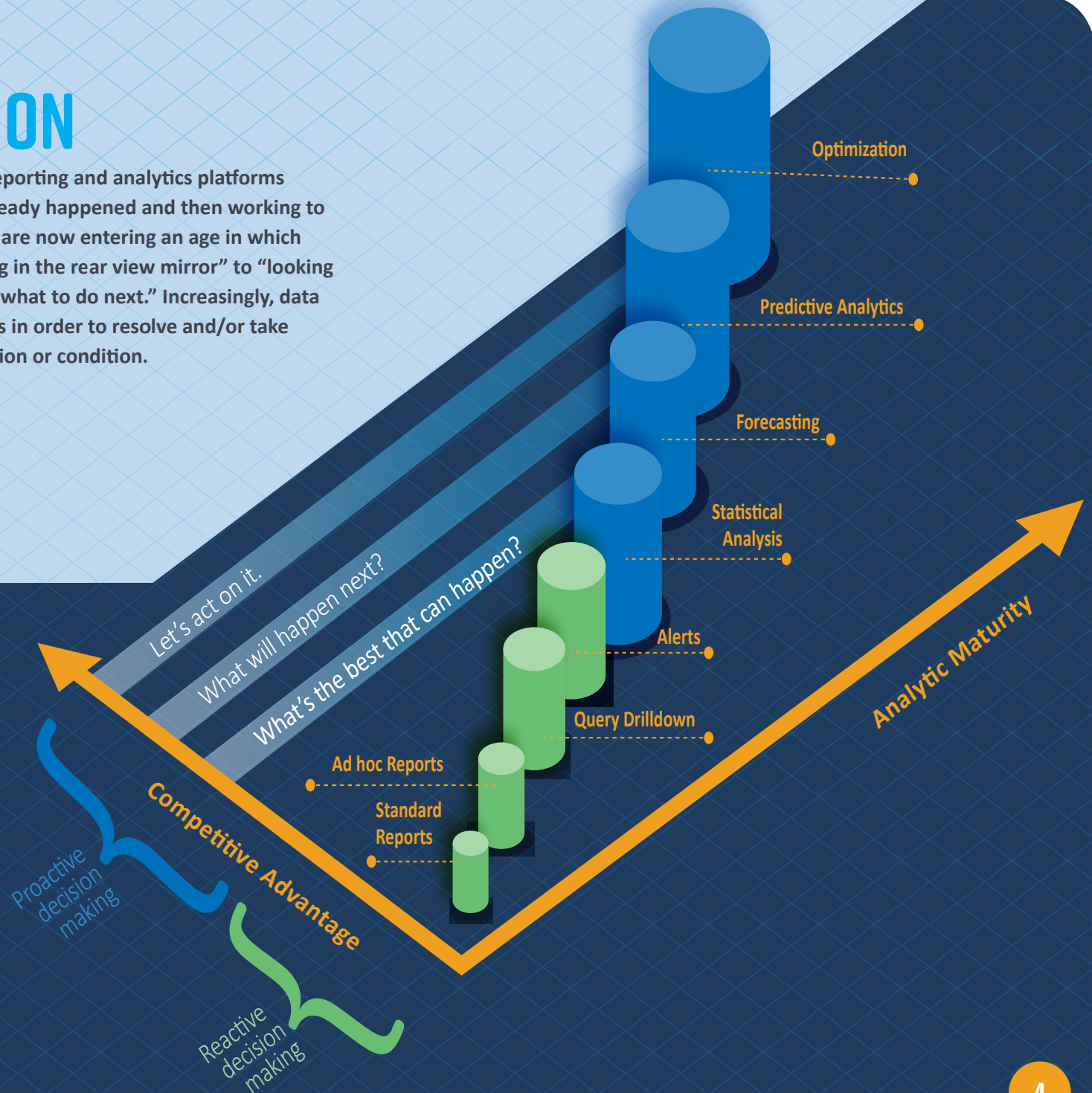


INTRODUCTION

Until recently, most enterprise reporting and analytics platforms focused on tracking what has already happened and then working to determine why it happened. We are now entering an age in which the focus is shifting from “looking in the rear view mirror” to “looking across a dashboard to figure out what to do next.” Increasingly, data is used to modify future activities in order to resolve and/or take advantage of a developing situation or condition.

BUSINESS ANALYTICS

From looking into the past to predicting the future



“What we don’t have is a systematic approach to tracking performance or translating a proper understanding of results into good decisions.”

Complaints often focus on a perceived inability to access “relevant” data. The reality is, we have data in abundance as well as the technology—models, algorithms, etc.—and the skills to extract value from it. What we don’t have is a systematic approach to tracking performance or translating a proper understanding of results into good decisions. Formulating such an approach is made even more difficult when we take into account all cross-departmental collaboration required to produce corporate Key Performance Indicators (KPIs) used to determine success.

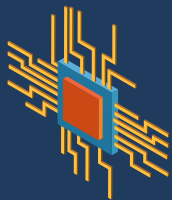
Constructing a healthy data strategy that you can execute is key. Within that strategy you should be addressing a number of deliverables that will turn your data into the critical information your users require—

every day—to successfully impact your business and future.

This paper will provide some insights and thoughts on what these components mean and what is required of you in order to succeed with the build out of your data strategy. You will gain a perspective on a way to approach getting data and analytics into a state that enables the entire enterprise to perform at its highest levels, during every stage of your process and activity. Beginning your journey will start with determining where you current sit on the ‘analytics roadmap’ (see image on previous page) and determining the steps and actions that will engage your enterprise and users to move towards developing an approach that is analytically more sophisticated, one that can drive business growth now and in the future.

Strategy components required to succeed:

Step 1



A strong data spine

Step 2



Well-defined KPI and metrics

Step 3



User accountability and responsibility defined and assigned

Step 4



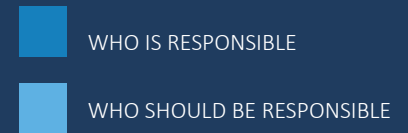
Performance and evaluation criteria

Step 5

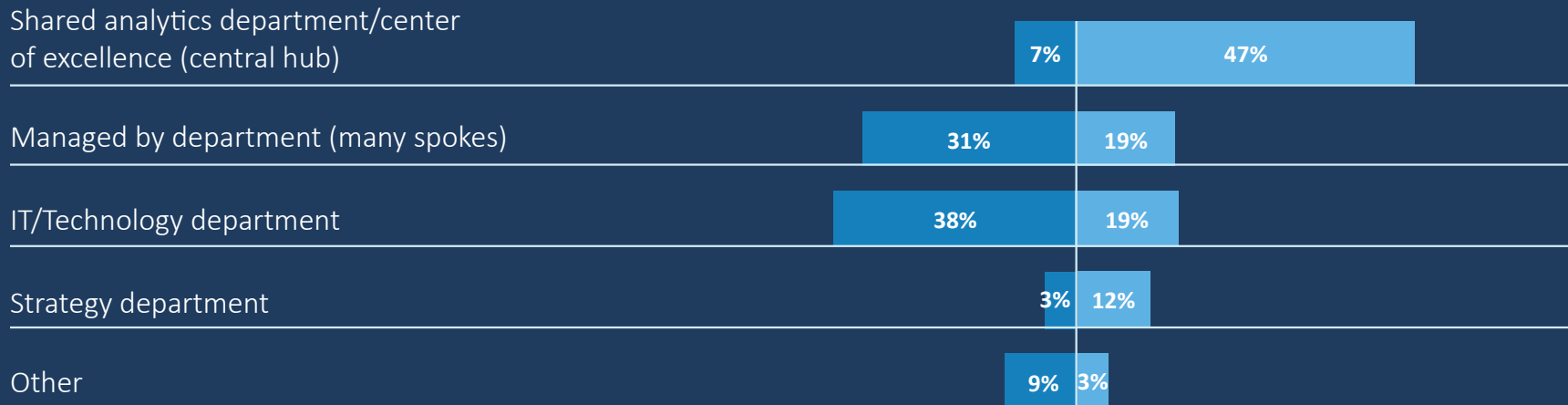


Trust the output of intelligent decision making

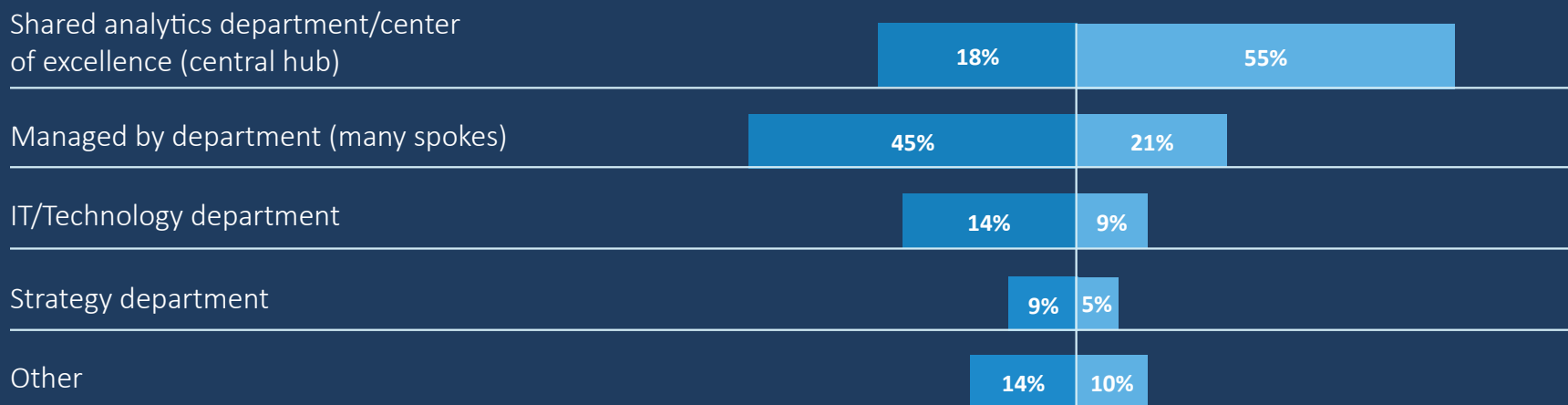
Who is Responsible for Analytics?



RETAIL

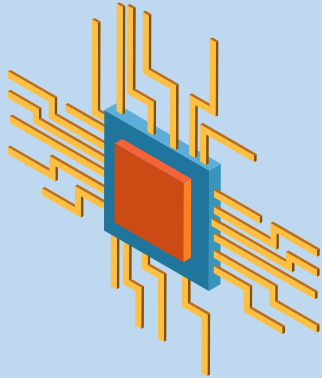


CONSUMER GOODS



Source: CGT: Retail and Consumer Goods Analytics Study 2018

STEP I: CONSTRUCTING A HEALTHY DATA SPINE



Solving for these challenges should begin with having a clear understanding of the data sources available to your users. The consistency, accuracy, and timeliness of this data is very important, but as important is the ability to cleanse, harmonize, normalize and align these data sets for maximum value to each and every user within your enterprise. Building this data management capability is a key step in building out a usable

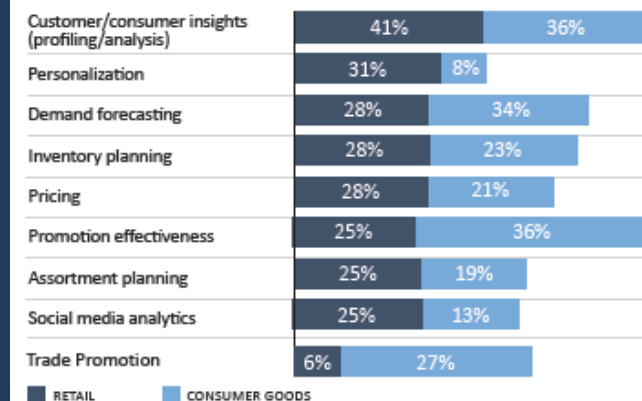
intelligence platform that will drive analytics and improved decision making throughout your business. Think of your enterprise as a human body and the importance of your spine in enabling the rest of the body to work effortlessly and without pain.

It is also important to understand that different departments will use what appears to be the same data, but given the use they intend for that data, modifications and models specific to their need will be applied. This now makes this 'version' of the data their own and only for their use. This variation to the data should be acceptable and fostered, as long as other departments understand that modifications and modeling have taken place.



For example: When demand planners forecast product demand using historical data, you will have had to decide how the solution being used will address missing data/ observations. Do you ignore them, replace them with zeros, or input some kind of expected value? Your choice will likely depend on the reasons for the missing data. If there were zero product sales in that time period, then a zero will be left as is. But, if the store ran into an out of stock situation, you may want to input a baseline number. To achieve this, you will likely need additional information like store opening and closing times, and possibly inventory data.

Top Areas of Analytics Focus



Source: CGT: Retail and Consumer Goods Analytics Study 2018

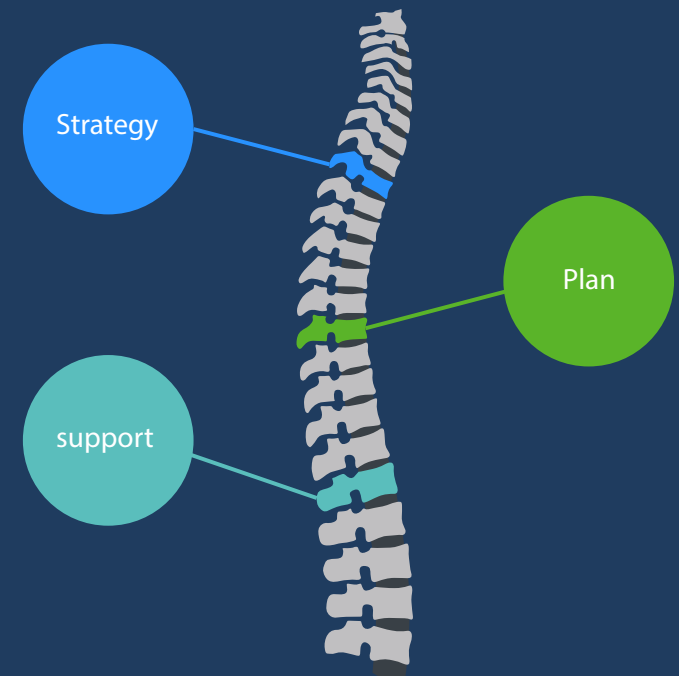
For financial reporting, the data was perfectly fine as is, but for forecasting purposes in the context of sales and/or demand planning, the data requirements are more complicated and action needs to be taken—making your data spine stronger and healthy.

What is needed today is a strategy with ongoing enterprise support to develop a healthy data spine. To use a physiological analogy, most people have dealt with back pain over their lives. Many will end up visiting chiropractors, acupuncturists, massage therapists, or surgeons in an effort to find relief. These remedies often provide short-term relief, but the true path to reducing or eliminating the pain is to follow those visits with a regimen of exercise and stretching aimed at establishing a healthy back and core, which will enable the patient to function pain-free over the long run.

Much like the human body is supported by a well-aligned and maintained spinal column, a business must have a healthy and functional data spine in order for all segments of the enterprise to operate efficiently and effectively. Creating and maintaining a healthy data spine will require some effort, but once achieved, this state will enable all users to perform at the highest level of expectation and profitably grow their brands.

For example, when you want to forecast demand, you have to decide what to do about missing observations. Are you skipping them, replacing them with zeroes, or imputing some kind of expected value for them? It depends on the reason why the observations are missing. If it is because there was no demand, then zeroes are perfectly fine. If there was some kind of availability issue, say the store was closed or there was an out-of-stock situation, then imputations are in order. To do this right, you will have to enrich the data with store opening time/dates and inventory levels.

“ Much like the human body is supported by a well-aligned and maintained spinal column, a business must have a healthy and functional ‘data spine’ in order for all segments of the enterprise to operate efficiently and effectively. ”



EXTRACTING TRUE VALUE FROM ANALYTICS ADDS UP TO SUCCESS

Some consumer products (CP) manufacturers and retailers have leveraged these areas to improve profitability and create competitive advantage. But not all. All too often, organizations undercut their ability to analyze new information by training multiple staffers to run analytics, on the assumption that each person will then be equipped to dig into the data and determine the best course of action for the business. If one analyst is good, then 20 must be better, right?

Wrong. Instead, the typical result is a flood of reports and outcomes with conflicting analyses of the same challenge. Some teams go so far as to acquire their own analytics tools, which further widens the gap between their and other teams' analytic capabilities and outputs. Each team then hunkers down to defend its own numbers rather than working toward collaborative solutions to the challenge at hand.

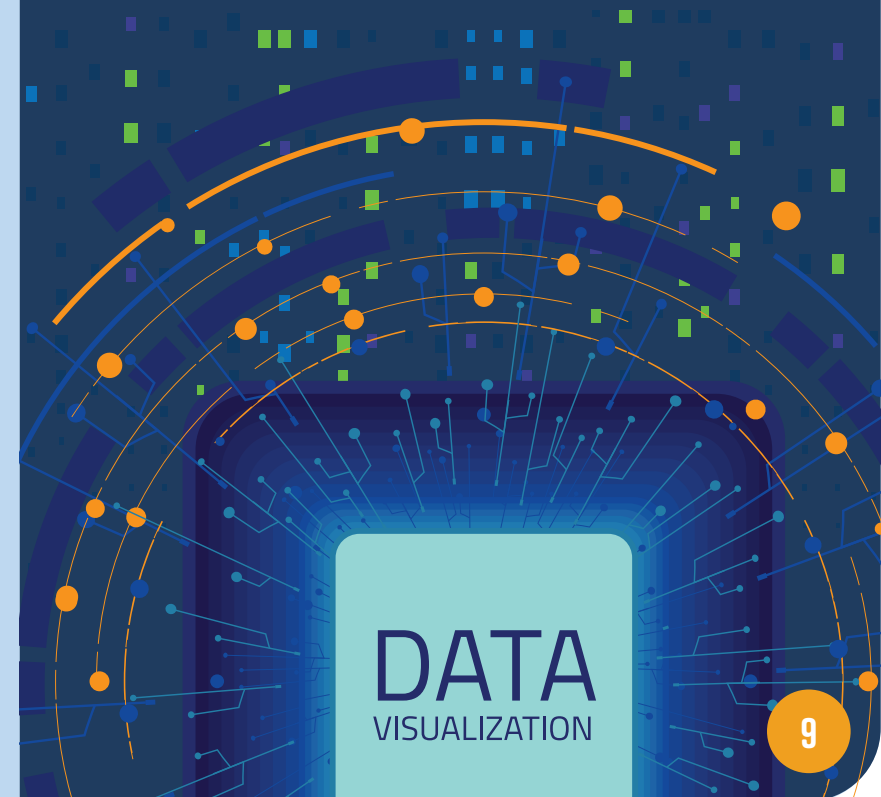
Being able to establish organizational discipline around the analytics and outputs that drive business decisions will become key to your enterprise's success in business and in establishing a healthy 'data spine or core.' There must be opportunity to think outside the box and conduct some ad hoc analysis, but this should be based on forward thinking outcomes and not be utilized to defend past actions—unless a key metric was missed on a grand scale. Then research must be conducted to understand the 'miss' so as to avoid similar misses in the future.

It's time to take a fresh look at what we expect from analytics, and to define a new, innovative approach to creating and using information to drive performance. Analysis can help the user determine cause and effect specific to achieved results and missed targets, and also offer support for making future plan decisions by implementing predictive analytics. Once planning decisions have been made and approved, analysis of execution becomes critical to enhancing the opportunity to successfully reach the goals outlined in the plan.

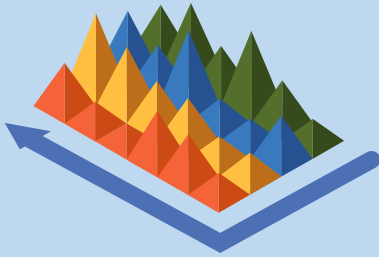
1/3

of retailers and consumer goods companies are looking to outsource at least a portion of their analytics work

Source: CGT: Retail and Consumer Goods Analytics Study 2018



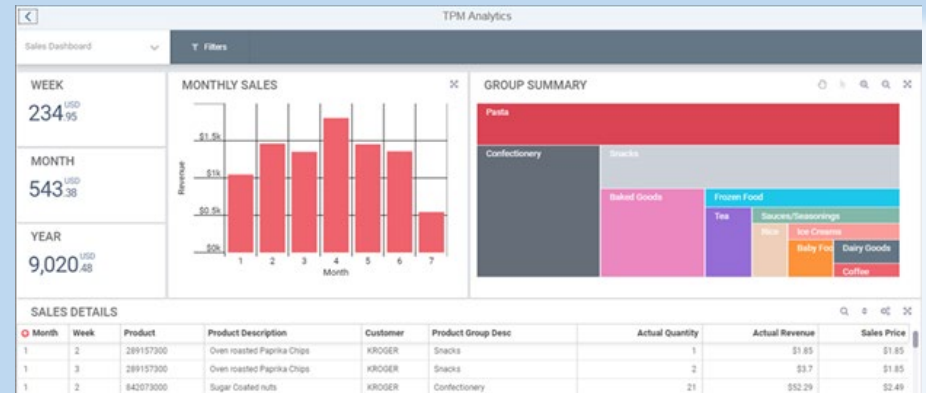
STEP 2: WELL-DEFINED KPIs AND METRICS



Within each enterprise, users are constantly focused on the KPIs and metrics that support their planning, execution, and evaluation processes. Typically, KPIs are established at the highest level of the company, and are the objectives that all users and functional

teams strive to achieve via the actions they are being held accountable for across the processes they support.

In addition, each individual user requires a well-defined and agreed to set of metrics that provide feedback on how the decisions the user makes, and is tracked on, are impacting these corporate KPIs. It is important to note that KPIs and metrics are connected, but not interchangeable outputs. Let's look at the definition of KPIs and metrics, as a grounding point.



Source: Vistex Analytics 2018

KPIs	Metrics
KPIs offer comparative insights that guide future actions.	Metrics provide information than can be digested.
KPIs are initiated by high-level decision makers.	Metrics are extracted and organized by activity and process.
KPIs incorporate goals and objectives.	Metrics can be viewed historically, but do not identify future action.
KPIs can be evaluated and reset over time using the SMART methodology.	Metrics are static, and once extracted do not change.

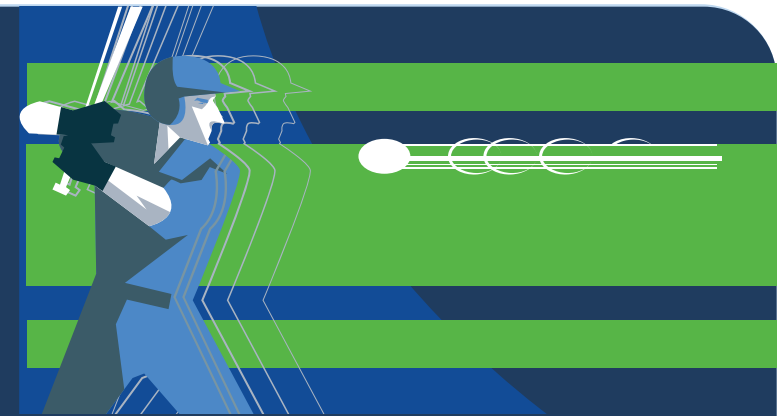
KPIs (MARKERS FOR MEASUREMENT)

A KPI is a measurable value that demonstrates how effectively a company is achieving key business objectives within a particular time period. KPIs are the figures/numbers that typically result from actions taken by all functional teams within the enterprise, on everything from strategy through to close of the reporting period. Both internal and external stakeholders look to a company's KPIs to determine the performance and value of that company.

KPIs should be limited to 3-5 outputs that demonstrate comparative value: e.g., sales volume (lbs. or units), revenue (\$), net margin (\$), profit margin (%), and return on capital (%). KPIs should be tracked at the company level to ensure that all internal stakeholders are focused on the same outcomes and are incented to reach these value targets.

PLANNED SPEND		ACTUAL SPEND		SPEND BALANCE		SPEND %	
30,720,176 ^{USD}		15,734,226 ^{USD}		14,917,904		51%	
DETAILS							
Customer	Promo	Promo Type	Promo Description	Promoted Product Group	Planned Spend	Actual Spend	Spend Balance
Kroger	1000001814	Promo P	39425 - KROGER H2 15 ICBM/OI	Promoted Group A	\$405,861.76	\$567,924.98	-162,063
Kroger	1000002135	Promo S	39768 - 0110004877 KROGER BB H2 2015	Promoted Group C	\$136,040.35	\$250,000	-113,960
Kroger	1000002134	Promo S	39768 - 0110004877 KROGER BB H2 2015	Promoted Group A	\$269,501.8	\$363,040.4	-93,539
Kroger	1000000572	Promo A	37998 - KROGER 1H15 OI DEALS	Promoted Group A	\$4,292,754.4	\$4,354,204.45	-61,450
Kroger	1000000662	Promo B	38087 - KROGER 1H15 OI OVERLAYS	Promoted Group F	\$759,996.46	\$778,189.2	-18,193
Kroger	1000000575	Promo A	37998 - KROGER 1H15 OI DEALS	Promoted Group F	\$538,181	\$547,760.25	-11,579
Kroger	1000002137	Promo S	39768 - 0110004877 KROGER BB H2 2015	Promoted Group E	\$233,967.54	\$245,000	-11,032
Kroger	1000002138	Promo S	39768 - 0110004877 KROGER BB H2 2015	Promoted Group F	\$541,505.02	\$550,508.9	-9,004
Walmart	1000000937	Promo G	38376 - MARCH H1 2015	Promoted Group A	\$288,378	\$296,290.19	-7,912
Kroger	1000001252	Promo K	38770 - NEW ITEM SLOTTING H1 2015	Promoted Group D	\$87,198	\$90,000	-2,802
Kroger	1000003274	Promo AC	40469 - UNDER 500 CLEARS	Promoted Group A	\$17,646.72	\$17,646.72	0
Kroger	1000003348	Promo AD	40521 - VISTEX TRANSITION 2015	Promoted Group A	\$84,493.44	\$84,493.44	0
Kroger	1000003732	Promo AD	40717 - VISTEX TRANSITION 201600C	Promoted Group A	\$33,536.45	\$33,536.45	0

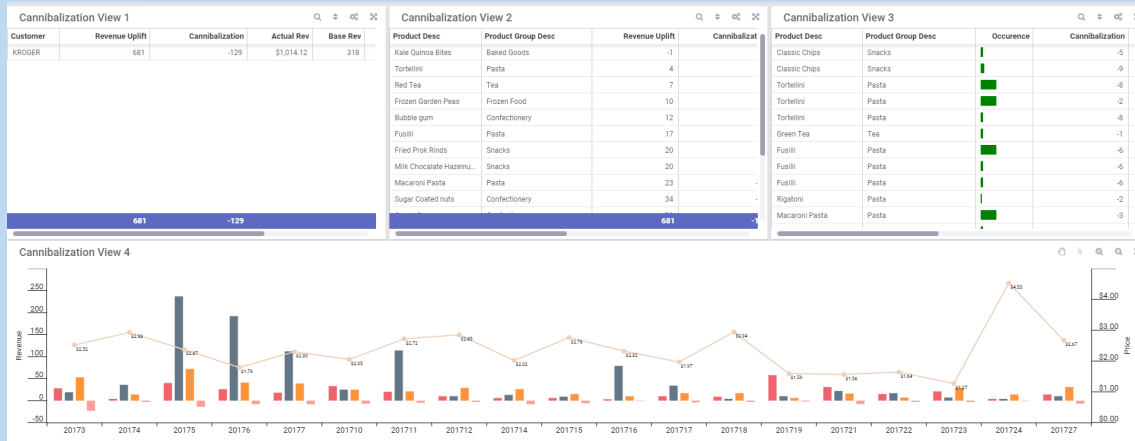
Source: Vistex Analytics 2018



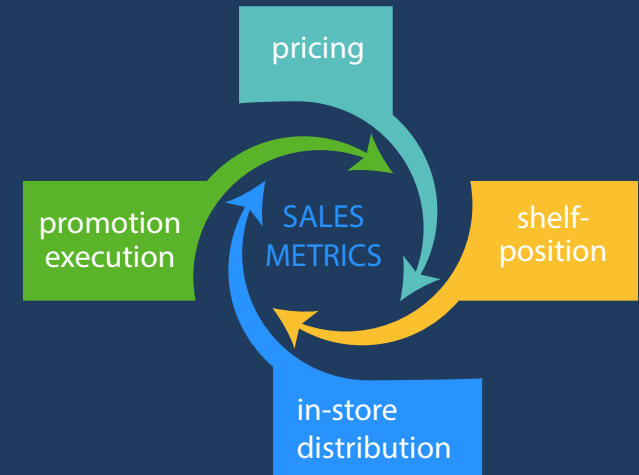
For example: In the movie *Moneyball*, we are told the story of how ‘the numbers’ can impact personnel decisions, as well as determine the batting order of specific players. As we all know, the primary KPI is to win the game. But, the number of home runs a player hits is one of the metrics that determines the player’s success and has an impact on how many games the team will win over the course of a season. In this movie, the team statistician determines a new metric called on-base percentage (combination of hits, walks, and hit-by-pitch occurrences). This allows the manager (Brad Pitt) to put players in a batting position prior to his best home run hitters, with the expectation that when a home run is hit his chances for scoring more runs will be improved due to the previous hitter being on base more often. For those of you reading this paper, you know there are more new metrics in baseball due the ability to capture data and analyze it more extensively than ever before. The same type of behavior is occurring in other professional sports, thereby improving each team’s chance to win—THE KPI THAT COUNTS.

METRICS (LEVERS FOR ACTION)

A metric is a quantifiable measure businesses use to track, monitor, and assess the success or failure of various business processes. Metrics should be defined by function and role for each user within the company. They are tied to the planning, forecasting, delivery, settlement, and evaluation of each user's day-to-day work efforts. Metrics should be tied to the decisions for which individual users are held accountable, and should have a direct impact on the corporate KPIs that indicate company success.



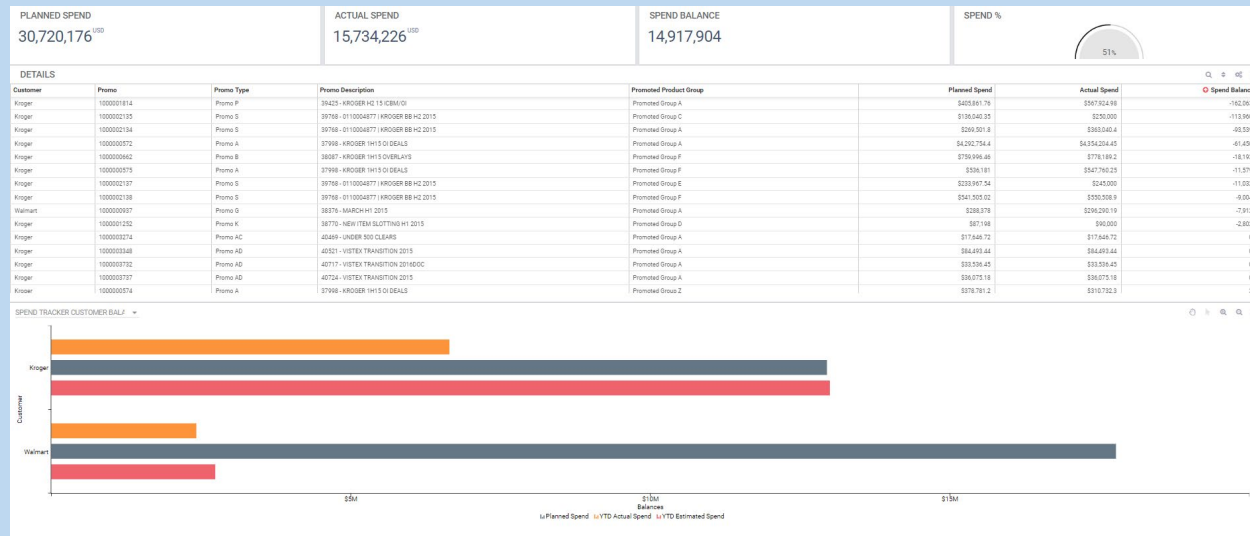
Source: Vistex Analytics 2018



Metrics should drive decisions around **when** to take action, rather than simply define **what** action to take.

For example: Steve is a Field Sales Rep for Best Breakfast Foods (BBF). He services 85 stores/outlets. His role is to maintain and improve on four metrics: the pricing, shelf position, in-store distribution, and promotion execution of his products across all locations. Success depends on knowing when to manipulate each of those four levers. If BBF is failing to meet volume, revenue, and profit objectives, Steve could use a dashboard to identify exactly how each location is performing against his four metrics. He could then make adjustments at the locations where performance is poorest (furthest from established objectives), i.e., where opportunities to improve in-store product performance is greatest.

While there are typically 4-5 KPIs an enterprise will monitor and report against, there could be hundreds of metrics across the company as each functional user focuses on what they can impact on a day-to-day basis.



Source: Vistex Analytics 2018

KPIs FUELED BY METRICS

Think of a Daytona 500 racecar driver and his team. The driver drives while keeping an eye on 3-4 key metrics, e.g., speed, oil pressure, RPMs, and braking pressure. He also hears the pit boss on his headphones giving specific instructions on other aspects of the race and how the car is performing. The pit crew is also standing by, ready to provide short-term improvements and replacements to the car during timed and untimed pit stops. Within the pit there are also spotters, crew members who watch all the cars on the track and provide insights to the pit boss for passing along to the driver.

The racecar driver is familiar with his team's activities, but he is not concerned with how those activities are performed because they are not

his metrics. Each user has his/her metrics at their fingertips to monitor —those levers which they can push and pull, and make decisions about. The entire team is driven by a single KPI—*winning the race*.



STEP 3: USER ACCOUNTABILITY AND RESPONSIBILITY – DEFINED & ASSIGNED



Given the speed at which business moves today, it is paramount that users receive and can access the information and insights that will enable them to make smarter decisions. In order to accomplish this, each user's needs must be clearly defined and understood, so that the information specifically required by that user can be captured and delivered as quickly as possible. When done correctly, this will also eliminate all the noise that occurs when all users get all the reports.

Once each user's metrics are defined and the data to drive those metrics is captured, the user should not have to go looking for additional insights; they should be delivered directly to the user's fingertips, providing the best opportunity to respond quickly and intelligently to evolving conditions.

In the past, users were given a copy of a comprehensive report and expected to root out information needed to determine their next actions. Today, given the near total availability of mobile technology, a user dashboard can be used to deliver parsed and relevant information directly to individual users, showing them exactly how they are performing against their specific metrics for success.

Just as a user-specific dashboard delivers valuable information to evaluate performance, other users require similar dashboards that will allow them to view their own unique metrics to help them accomplish their own particular tasks. For most users, these metrics will be driven by both internal data (shipments, pricing, expenses & costs, etc.) and external data (consumption, promotion performance, coverage, instore execution, customer inventory, weeks of stock, on-time delivery, etc.). Often the information will provide insights into what is taking place at the customer (in the store, outlet, bar, restaurant, and more), and how it is impacting the brand (shipment, inventory, spending, and more).

Brand Manager 'view'

Year 2018-2018										
	Planned Rev. (C)	Total Spend	Trade Rate %	Target SV Spend (C)	Allocated SV Spend	Unallocated Spend	Actual SV Spend	Balance	Blended Spend	Blended Balance
North	\$129,366,876.42	\$4,298,318.00	3	\$4,115,000.00	\$748,056.74	\$1,309,891.28	\$35,400.00	\$4,021,318.00	\$4,298,493.38	\$1,572,424.84
Level Data	\$54,851,875.94	\$2,464,410.01	5	\$2,470,000.00	\$297,375.18	\$2,206,134.89	\$8,400.00	\$2,486,110.01	\$1,842,489.39	\$824,540.75
Cakes	\$21,234,978.28	\$964,438.89	5	\$1,000,000.00	\$178,163.80	\$864,277.09	\$0.00	\$964,438.89	\$678,388.13	\$139,050.86
Biscuits	\$24,500,000.00	\$1,072,640.00	4	\$1,200,000.00	\$197,813.83	\$871,027.43	\$8,288.00	\$1,087,396.00	\$179,640.00	\$843,000.00
Cookies	\$8,917,000.28	\$428,430.82	5	\$430,000.00	\$20,669.00	\$202,800.82	\$3,188.00	\$428,260.82	\$287,446.13	\$141,889.89
Piggly Wiggly	\$41,546,000.00	\$1,951,159.85	5	\$2,000,000.00	\$228,432.76	\$1,712,727.19	\$11,175.00	\$1,939,694.95	\$1,324,370.46	\$627,144.49
Cakes	\$13,750,000.25	\$691,759.87	5	\$690,000.00	\$91,875.15	\$698,874.82	\$150.00	\$691,649.87	\$463,636.41	\$226,143.56
Biscuits	\$21,790,000.12	\$948,919.87	4	\$1,050,000.00	\$116,267.59	\$882,632.39	\$7,875.00	\$941,044.87	\$646,356.23	\$302,563.74
Cookies	\$6,690,000.13	\$310,440.01	5	\$300,000.00	\$30,270.02	\$288,169.99	\$3,150.00	\$307,290.01	\$212,002.82	\$96,437.19
Shipt	\$33,675,000.30	\$1,641,240.04	5	\$1,744,399.92	\$253,248.83	\$1,387,999.21	\$16,025.00	\$1,625,223.04	\$1,120,008.64	\$512,239.40
Cakes	\$17,489,999.87	\$893,339.99	5	\$843,999.96	\$171,307.48	\$724,032.81	\$7,525.00	\$887,814.99	\$610,095.48	\$280,244.53
Biscuits	\$14,000,000.48	\$634,960.02	5	\$714,999.96	\$75,142.85	\$559,817.47	\$7,300.00	\$627,460.02	\$434,811.85	\$200,348.17
Cookies	\$2,174,999.81	\$112,940.03	5	\$120,000.00	\$6,798.80	\$104,148.23	\$1,000.00	\$109,848.03	\$78,301.83	\$31,846.70

Account Manager 'view'

Month 1 2018										
	Planned Rev. (C)	Total Spend	Trade Rate %	Target SV Spend (C)	Allocated SV Spend	Unallocated Spend	Actual SV Spend	Balance	Blended Spend	Blended Balance
Off Invoice	\$1,124,889.04	\$33,389.22	3	\$88,193.81	\$0.00	\$19,249.22	\$0.00	\$19,249.22	\$0.00	\$19,249.22
Cakes	\$0.00	\$1,320.00	1	\$0.00	\$32,812.80	-\$1,492.80	\$0.00	\$11,320.00	\$0.00	\$11,320.00
Marketing event	\$0.00	\$4,166.63	0	\$0.00	\$0.00	\$4,166.63	\$0.00	\$4,166.63	\$0.00	\$4,166.63
Level Data	\$1,803,000.00	\$65,000.00	4	\$104,166.67	\$25,000.00	\$20,000.00	\$5,000.00	\$19,750.00	\$5,250.00	\$18,750.00
Biscuits	\$0.00	\$15,000.00	1	\$0.00	\$15,000.00	\$0.00	\$15,000.00	\$0.00	\$15,000.00	\$0.00
Marketing event	\$0.00	\$5,750.00	0	\$0.00	\$0.00	\$5,750.00	\$0.00	\$5,750.00	\$0.00	\$5,750.00
Off Invoice	\$152,884.12	\$25,250.00	3	\$10,000.00	\$10,000.00	\$5,191.12	\$5,190.00	\$22,811.12	\$5,000.00	\$22,811.12
Cakes	\$0.00	\$5,430.00	1	\$0.00	\$0.00	\$5,430.00	\$0.00	\$5,430.00	\$0.00	\$5,430.00
Marketing event	\$0.00	\$833.27	0	\$0.00	\$0.00	\$833.27	\$0.00	\$833.27	\$0.00	\$833.27
Off Invoice	\$1,027,692.41	\$38,076.83	4	\$14,166.67	\$0.00	\$38,076.83	\$0.00	\$38,076.83	\$0.00	\$38,076.83
Cakes	\$0.00	\$14,000.00	1	\$0.00	\$14,000.00	\$2,000.00	\$16,000.00	\$16,000.00	\$16,000.00	\$14,000.00
Marketing event	\$0.00	\$1,088.43	0	\$0.00	\$0.00	\$1,088.43	\$0.00	\$1,088.43	\$0.00	\$1,088.43
Off Invoice	\$1,689,231.00	\$38,615.39	4	\$67,500.00	\$47,860.84	\$11,765.35	\$7,875.00	\$51,745.39	\$7,875.00	\$51,745.39

Source: Vistex Analytics 2018

DEMAND AND TRADE PLANNER COLLABORATION

Let's take a look at how different users' dashboards might vary from each other, even though both users are focused on delivering the KPIs for the period in question.

Demand planner metrics

Demand planners need access to shipment forecasts, distribution center inventory, customer inventory, on time delivery performance, weeks of stock, inventory turns. These are the metrics that represent the levers the demand planner can affect in their efforts to deliver the company KPIs.

Trade planner metrics

Account planners (AP) need access to consumption, baselines, spend rate, promotion history, product margin, customer profitability, marketing events and more. These data points allow the AP to build a plan that will deliver the company KPIs, as well as track performance once execution begins.

Trade planning typically precedes shipment to customer and promotion execution by 6-9 months, while demand planning often occurs 3 months ahead of the curve (viewed on weekly level). Many companies work to connect the trade planning and demand planning processes to ensure that promotions will perform at the highest levels, knowing that product will be available—especially when promotion spikes are expected to occur. When spending critical trade funds to drive profitable volume, out-of-stock rates above 20 percent are totally unacceptable; but if planning processes are not connected, promotion out-of-stock conditions occur up to three times more often than during non-promoted periods.

“ Demand and trade planners need to collaborate to ensure that when the trade planner is planning a promotion that creates a consumer demand spike (often 8-10 weeks incremental volume), the demand planner receives a notification that this incremental volume spike is coming, and can produce the necessary quantity of product to support the action. ”



This process can be strengthened with a measuring step. Usually, the trade promotion planning team postulates that a promotion will generate a certain lift. The planning is based on this estimation. After the promotion is completed, a formal review step needs to be inserted, where the estimate is compared with the actual. Based on this comparison, future estimates are improved, leading to a better tuning of inventory planning and trade promotion planning.

Understanding each team’s accountability to the larger enterprise and processes should allow both teams to make good decisions without negatively impacting the ability of other teams to perform, or lead to misalignment with company objectives or missed KPIs. All teams should be guided by the question, “What can I do to ensure that we achieve the corporate KPIs?”

To ensure that your planning processes become more insightful and productive, it is equally important that a post-event performance analytic is defined and used regularly. Understanding where a plan worked or didn’t work will be the visibility required to eliminate actions that have proven not to deliver value and focus on actions, programs, forecasting behaviors that drive your business growth. By establishing a defined post-event evaluation process across key processes you will be able to compare activities, events, and forecasts across your customer and product hierarchies to see where success is taking place and communicate with the entire enterprise on these new insights.



Source: Vistex Analytics 2018

DEFINED AND ASSIGNED

As your company builds a healthy data spine, you will be looking at all functional teams and user roles within those teams. Critical decisions must be made on the identification of metrics needed by users to perform their jobs effectively. Remember that less is more: If any metric you need to track does not impact overall company KPIs, then that metric should be eliminated from the standard decision-making process. By focusing exclusively on levers of change—those actions you can initiate that may result in alternative outcomes—your users become more accountable, responsible, intelligent, and nimble.

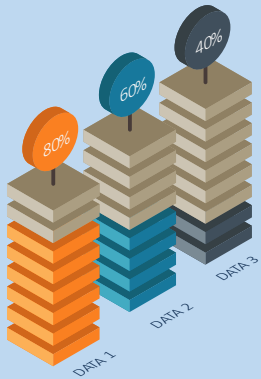


Source: Web Images 2018

“By focusing exclusively on levers of change—those actions you can initiate that may result in alternative outcomes—your users become more accountable, responsible, intelligent, and nimble.”



STEP 4: PERFORMANCE AND EVALUATION CRITERIA



Identifying the connections between corporate KPIs and user metrics needs to be followed by the determination and acquisition of data sources required to deliver user metrics across the enterprise. By driving your data strategy as an enterprise initiative, you will eliminate duplicate databases and siloed solutions and focus everyone on a connected and collaborative approach to reaching your KPIs.

Next, understanding the basic foundation of what supports sound decision-making is critical to success. Having a clear picture of what is expected of each user will drive success, and on a repeatable basis. Your organization should break its approach into several components, which are linked by the decisions you expect your users to make. Here is a short synopsis of how Vistex recommends engaging for success.

To begin the process, understand the different types of analytics and analysis you require to run your business:

1. Operational Analytics
2. Predictive Analytics
3. Directional Analytics
4. Performance Analytics
5. Innovative Analytics

Operational Analytics

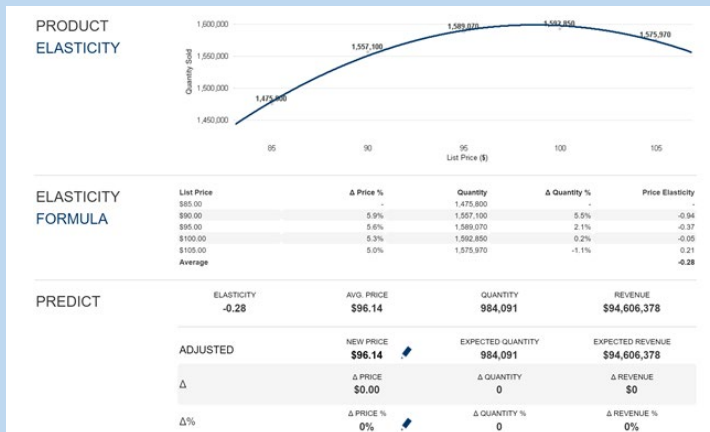
These offer the user visibility into what is happening today, answering questions like: Did the order get placed? Did it ship on time? Was the ordered quantity shipped? Has the order arrived? Did the promotion execute? Was the reduced price in place? Did the display get built? And so on. By receiving this type of information, the right user can take (and is responsible for) the required action.



Source: Web Images 2018

Predictive Analytics

These enable the user to create/plan an activity—for example, a promotion—and have the solution provide an impact analysis on volume and trade spend forecasting. These outputs would include those metrics for value; i.e., incremental volume, weeks’ incremental volume, spend rate, margin impact, and incremental return on investment, which would allow the user to determine “is this a promotion I want to include in my account plan?” and if so, save it and move on to the next activity. Often, the user will want to create/plan a second version of this particular activity so that they can compare the metrics across the two promotions and then decide which one best fits their need, save it to plan, and move to the next activity. The good news is that there are many models and algorithms available today to enable almost any type of prediction your brands and teams could consider, driven by the available data sources.



Source: Vistex Analytics 2018

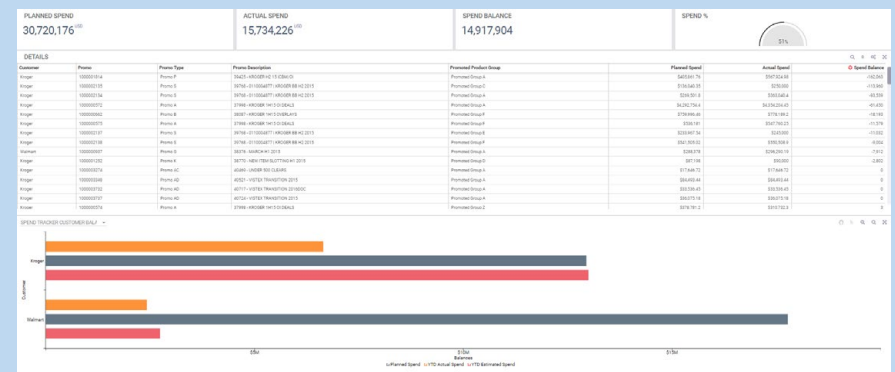
Directional Analytics

Directional analytics combine the insights from predictive analytics with business rules and practices to provide the users with coherent recommendations for list prices, promotion plans, etc. These

recommendations are based on mathematically optimized decision-making techniques. By changing the parameters driving the business rules, users create and compare different options. A special case of these business scenarios are trade-off analysis, where the directional analytics provide a series of recommendations that are all optimal (Pareto optimal) with respect to two objective measures of choice. For example, these could be recommendations that are optimal with respect to revenue and profit, meaning that you can only improve revenue at the expense of profit, and vice versa.

Performance Analytics

These enable a user to evaluate how a particular activity performed—actual results versus planned expectations. Performance analytics can be focused on one activity (a promotion) or a series of actions (annual volume plan), depending on what decisions can be made following that performance evaluation. Over time, these experiences will help the user fine-tune their future planning and decision making with the expectation that the margin for error, period to period, will be reduced.



Source: Vistex Analytics 2018

Innovative Analytics

As channels blur and consumer purchasing and consumption behavior continue evolving, the key to your future success will be finding new ways to view your data avalanche. Establishing a center of excellence is one way to achieve this. The responsibility to find “new nuggets” of value in the sea of information should have focus, with predefined analytics in place that are both standardized and distributed to users across any team.

It is our belief that this level of analytics is best supported by the creation of an Analytics Center of Excellence. This small group of highly skilled analysts would support all teams (Marketing, Sales, Finance, Operations, Supply Chain, etc.) in the development of new and innovative insights across new products, competitors, partners, and consumers.

This team would also be the focal point of determining how to best incorporate and use new sources of data as they come available.



Source: Web Images 2018

Determine the linkage of operational, predictive, directional, performance, and innovative analytics on a) planning, b) execution, c) evaluation, and d) strategy.

Once these relationships are defined, the next steps will determine the organizational impact, as well as the degree of change management that will be required to produce the desired end state analytics framework—your Data Spine:

- Know what each user is responsible for
- Define insights that help users manage their accountability
- Capture data that feeds the defined insights
- Trust the user to make the right decisions
- Establish a user performance evaluation cycle

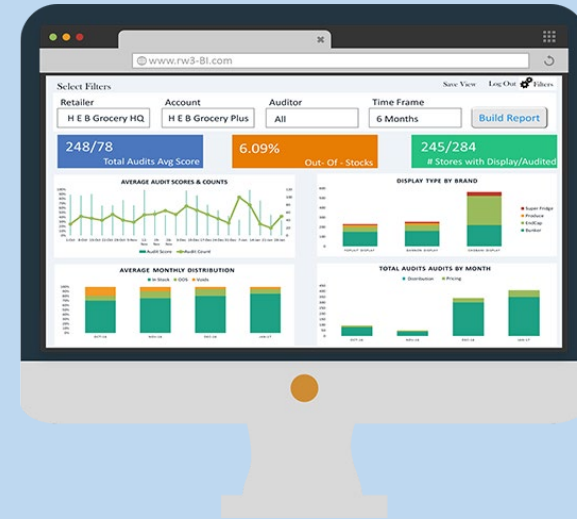


LONG-TERM STRATEGY TO ACCELERATE DECISIONS

What’s missing is a long-term strategy and vision to deliver true, positive change to companies searching for the Holy Grail: increasing “speed-to-decision” via targeted insights by user. This notion has been discussed by manufacturers for years, yet we continue to struggle to make it happen. As identified earlier, by establishing the right decisions each user will be accountable for making throughout the annual cycle—whether planning, forecasting, executing, paying, or analyzing—determining which data sources are required to enable fact-based decisions will become more straightforward.

What happens when key data isn’t available to users? Decisions are either deferred until the data are available, or decisions are made with minimal data. Vistex believes that in order to enable each user within your enterprise to become a nimble and intelligent decision maker, it is critical to develop and maintain what we have been calling the “data spine” of the enterprise. The following table outlines a series of steps that can move your business in the right direction.

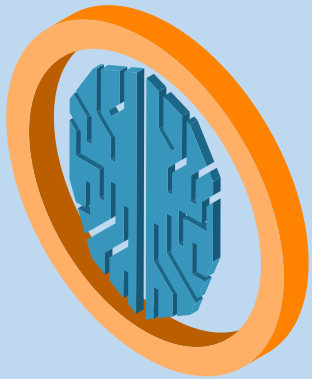
- Define specific metrics for each aspect of the user’s responsibility for planning, forecasting, delivery, settlement, and evaluation
- Enable the user to make the decisions that these metrics track, i.e., give them accountability and responsibility
- Identify the data/information required to calculate these metrics
- Develop a dashboard approach to systematically deliver these metrics to the user on a daily basis
- Track the user’s performance against their specific metrics and relative impact on company KPIs



Source: Web Images 2018

The earlier reference to teams pursuing their distinct metrics to achieve common KPIs (winning the Daytona 500) is also a model for how CP manufacturers and their channel partners need to engage in order to build a plan that can be agreed to, and then focus their resources on making adjustments to the plan throughout the execution process based on the right metrics performance. For many years, these partners have not been able to achieve a winning formula for consistently selling the right product to consumers at the right time, for the right price, because they have been unable to agree upon and align the specific metrics for each user on their respective teams. Often, partners’ metrics and KPIs do not align, and they are in direct competition with each other. This misalignment results in missed opportunities and wasted resources, making both teams less effective in how they deliver to the consumer.

STEP 5: TRUST THE OUTPUT



This is the last step and should be the easiest step to complete. It is solely driven by the previous four steps being completed by your organization. By completing those components of your strategy and plan, you will have jointly agreed to the outputs and outcomes your data, KPIs, metrics, and forecasts will be giving you.

By completing this journey, and understanding your limitations based on platform, skills, organization, and business rules guidance, your users will not have to investigate and/or validate each others' numbers. The information delivered to your fingertips has already been tested and the degree of accuracy is wholly understood by the users who will use or come in contact with said information.

There will be defined times for audits on a number of levels, but the typical exchange between users that centers on 'whose number is the right number' will be greatly reduced, if not eliminated entirely. During your implementations, testing with the users will be a key part of your change management activity, and will allow your teams to become more nimble.

“ The information delivered to your fingertips has already been tested and the degree of accuracy is wholly understood by the users who will use or come in contact with said information. ”



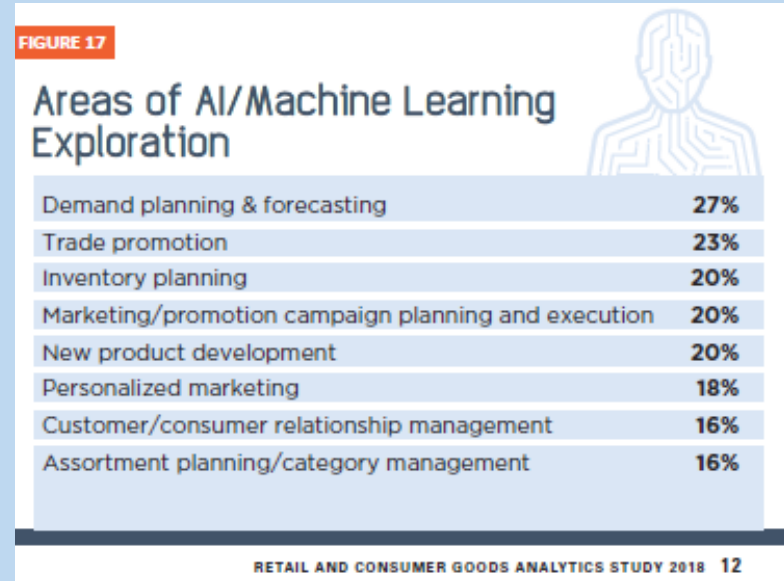
SMART DECISIONS ADD UP TO THE RIGHT SOLUTION PLATFORM

Providing a solution platform that will support one data repository, intuitive linkage across functional teams, well-defined performance criteria, and near real-time visibility to impact of each users' decisions will enable the enterprise to achieve 'one version of the truth.' It is important to select a partner in this space who also brings leading practice experience with process and change management, as this will increase your chances for a successful implementation of your data strategy.

Historical performance on a multitude of data sets is required to establish trends and relationships across the data sets that will be key to how your teams predict future outcomes. Data must be cleansed, normalized, and harmonized against a single set of product, customer, organization, channel, and time period hierarchies with your master data. This will enable your users to align the necessary internal and external data sets to enable a consistent understanding of how your customers' business (consumption) affects your business (shipments). Once the data is prepared for the required business usage, having timely and consistent access to it via dashboards, reports, and custom analysis is the key to improved decision making for all users.

The analytics will develop in lockstep with the improvement of data. There is an interdependency here: when the data improves, it supports more advanced forms of analytics, and the use of analytics enhances and enriches the data. Ultimately, this will include artificial intelligence, machine learning, and other autonomic technologies. However, people will stay responsible for strategic pricing decisions and the major pricing challenges must be resolved through human beings and

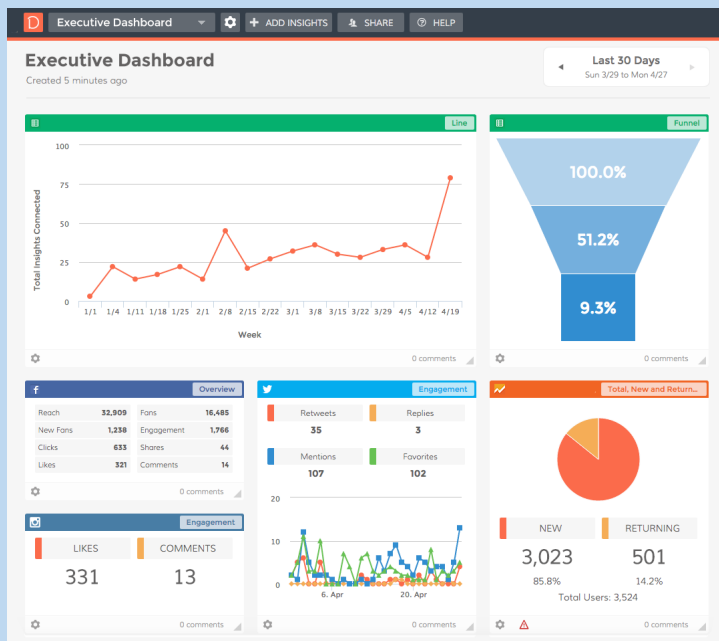
computers working cooperatively. The design of information systems is starting to focus on Intelligence Augmentation (IA), defined as computers enhancing human intelligence. IA requires a focus on design that optimally combines the abilities of human beings with various AI technologies and algorithms.



Source: CGT: Retail and Consumer Goods Analytics Study 2018

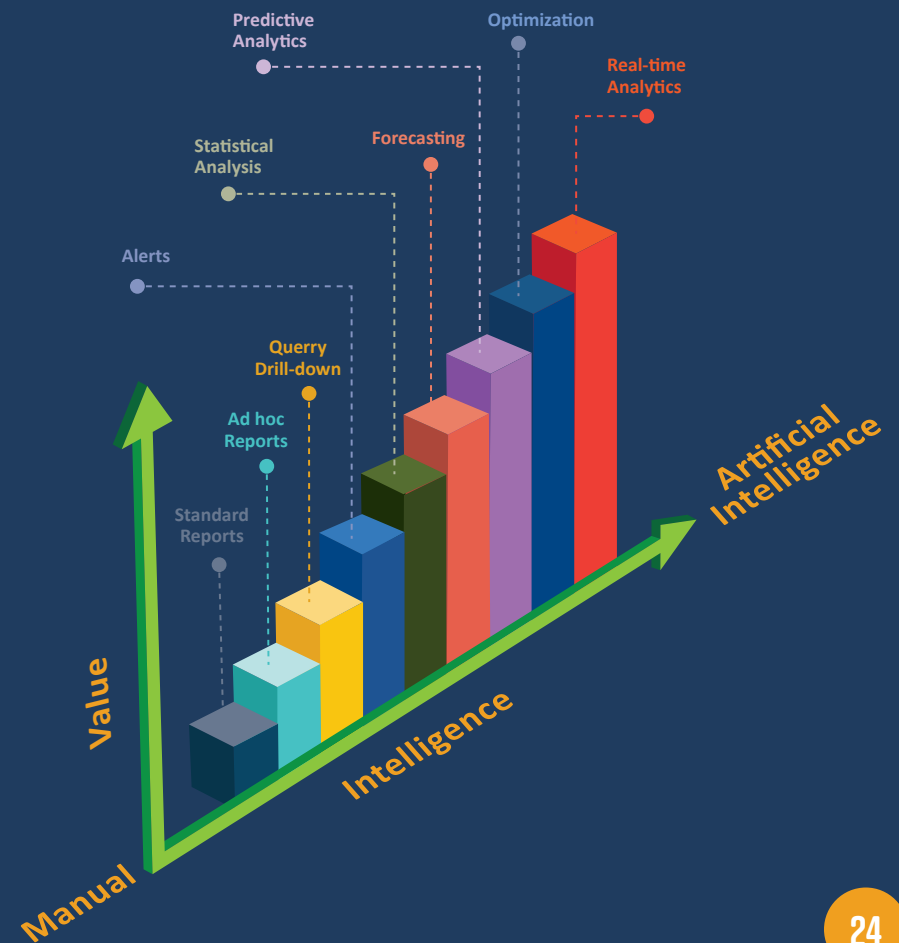
Vistex provides a complete platform for analytics that adds support to your business from strategy through execution and performance analysis. By aligning users with the metrics and data they require to make the decisions they are accountable for, a user dashboard designed for each user can provide timely, consistent and accurate feedback to ensure speed to decision based on the appropriate insights for the business.

Whether your focus is in on plan accuracy, execution performance, reactive insights, or all of these, being able to direct the right data to the right users at the right time for meaningful decision-making is going to be the end game of your analytics platform.



Source: Web images 2018

Instead of reviewing data to determine why results came in as they did, enterprises need to go on the offensive and use information to stay ahead of the curve by minimizing poor performance quickly and expanding growth opportunities in real time. In order to accomplish this goal you need to determine where your enterprise currently sits on this spectrum of "analytics" (chart below). This will drive the analytics strategy, organization, and plan you build out and implement.



SUBTRACT MISSED OPPORTUNITIES, ADD INSIGHTS-BASED DECISIONS

While putting the most accurate customer volume and trade spend forecast for the year in place is very important, it is even more critical that your teams be trained to keep an eye on performance and become nimble when reading that data and fine tuning as you go forward. Often, a delayed decision can result in missed opportunities. By making quicker, insights-based decisions, your users will be able to reduce waste and aggressively take advantage of opportunities, which will result in profitable growth. Identifying underperforming promotions, products, stores, customers and brokers will enable you to focus on where to most profitably apply your time and resources. Inversely, where these promotions, products, stores, customers and brokers are over-performing expectations, you will want to replicate and perpetuate them in future plans.

By implementing an end-to-end, connected solution set that covers strategy, budgeting, planning, execution, accruals,

settlement, post-event performance, and non-stop visibility to all decisions and outcomes, your enterprise can gain a competitive advantage on many levels. Vistex solutions and technology deliver just such a solution set. But, this journey begins with knowing where, how, and for what outcomes did you initially spend your trade funds in effort to drive profitable growth for your brands. Vistex has been helping clients gain more visibility and insights into trade programs for over 20 years.

It is our objective to put you in control of determining who can make critical business decisions aimed at constantly driving your business in a positive direction. Putting the right data, KPIs, and metrics in play to support each of those decision makers will establish your foundation for growth—in both the short and long term.



ABOUT VISTEX

Vistex solutions help businesses take control of their mission-critical processes. With a multitude of programs covering pricing, trade, royalties and incentives, it can be complicated to see where all the money is flowing, let alone how much difference it makes to the topline and the bottomline. With Vistex, business stakeholders can see the numbers, see what really works, and see what to do next – so they can make sure every dollar spent or earned is really driving growth, and not just additional costs. The world's leading enterprises across a spectrum of industries rely on Vistex every day to propel their businesses.

Vistex®, Go-to-Market Suite®, and other Vistex, Inc. graphics, logos, and service names are trademarks, registered trademarks or trade dress of Vistex, Inc. in the United States and/or other countries. No part of this publication may be reproduced or transmitted in any form or for any purpose without the expressed written permission of Vistex, Inc. The information contained herein may be changed without prior notice.

© Copyright 2020 Vistex, Inc. All rights reserved.

info@vistex.com | www.vistex.com

ABOUT THE AUTHOR

Gary Adams is Industry Principal for Consumer Products at Vistex. He brings more than 40 years of experience and knowledge of CP sales, marketing, data, and analytics processes and behaviors to help prospects and clients define and design “leading practice” workflows which align with Vistex solution capabilities. Gary has developed extensive expertise through his work in manufacturing (General Foods, Kraft, Unilever, Coca-Cola, Anheuser Busch, Colgate, and many others) as well as data (ems, Retail Velocity), solutions (AIM, SAP, Accenture CAS, Vistex), and consulting (Accenture, Clarkston Consulting). Gary has earned a position of trusted advisor to many CP manufacturers as they look to redesign process, select solutions, define metrics and KPIs, and implement new tools and develop their roadmaps.



Vistex®

Now it all
adds up™