

To the CPG Executive: How to Get Back to Basics

By Richard Pierini

Breaking down the information silo barriers

CPG executives and sales management have become their own communications link within their organizations. They bring in the category managers to tell them how they are doing vis-à-vis their competition. They bring in their sales analyst to tell them how they are doing in sales growth over prior periods. They bring in their broker manager to tell them how they are doing with retail headquarters and with retail performance. They bring in operations to tell them how their production cycles are performing and how their warehousing and shipping cycles are maintaining proper product flow. They bring in their marketing demographics managers to tell them how to best position new products and which demographic areas are positively accepting the current product line. And so on and on it goes.

Have you ever asked yourself, “Isn’t it possible for these pockets of information to interact, share information, and let me do my job rather than to have meeting after meeting just to get to the basic data on the operation’s status?” And further, have any of the following questions plagued your thought process? Why am I wasting valuable capital on systems that provide me with little or no competitive advantage? Why am I always reacting to customers rather than anticipating their needs? Where should I place my organization’s focus to achieve the most cost effective results? How did our information systems become so fragmented?

The answer to the final question is that they never were truly integrated. Remember what happened? You had to get rid of the old mainframes and replace them with client-servers. This took so much time that the concept of information silos crept in where each niche of information was processed in its own compartmentalized area that we in IT coined to be a silo. The concept of a data warehouse sounded good but it was too hard to create so we created data marts or fragmented data warehouses, more silos. When it was all said and done you still could not directly correlate your downturn in sales of product X in the Alviso area of San Jose to a rapid change in the demographics from Hispanic to Southeast Asian. Is there an answer and how do we get there?

The answers are “yes” and “with the right people, mostly yours”. Remember the old KISS (**Keep It Simple Stupid**) theory? Let’s bring it back into play. What two pieces of information can you use to relate the entire spectrum of data that impacts your business?

Your UPC codes and the TDLinx Retail Coding Structure; common product and retailer identifiers. Armed with those two pieces of information everything can be related and integrated! All of your production planning, production, and post production packaging and storage can be tracked forward to the UPC using WIP tracking ID’s out of SAP, J.D. Edwards, or your in-house systems. Sales can all be tracked back to a *UPC* and to *retail-where it was sold, at the account-level and ultimately down to the store location*. The demographics for the consumer can be tracked against the *store location geocode*. Store scan data yielding sales and zero sales data can all be tracked against the TDLinx Store Code and the UPC code. Category data is merely an accumulation of one or more UPCs plus various geographic, account, and date slices.

KISS = UPC + TDLinx

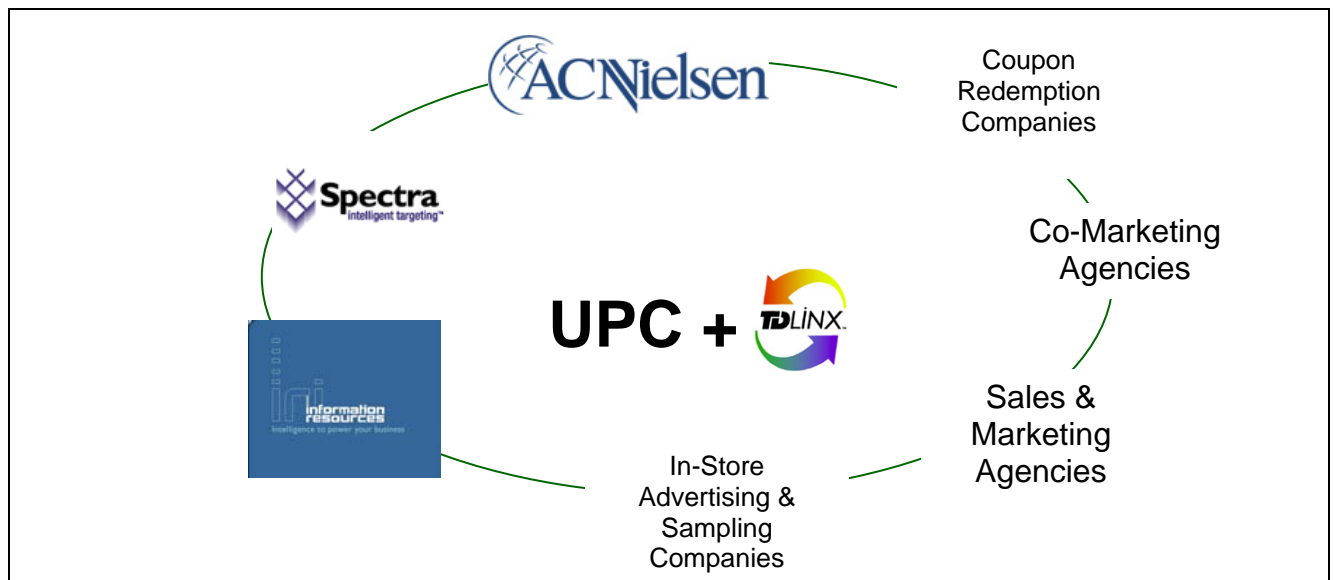
Can your IT department put this together for you? NO. The IT department will provide the technical side of the model but you and your strategic team must define what you need. You are the only one who can define the critical success factors (CSF) for your specific business.

Will your organization fight against this new model? ABSOLUTELY! Remember, we are tearing down silos throughout your organization. Silos are like “data bunkers”. The general in charge of the bunker will see the new paradigm as a threat but it is actually just the opposite.

Can I really take advantage of syndicated data sources such as ACNielsen, Spectra, IRI, and other data sources in this model? YES, that is the whole point of the model.

Can we integrate internal retail systems, planning systems, and CRM type of systems into the model? YES, that is the whole point of the model as well.

First, let's take a look at the data model for syndicated and external information. A simplified view would look similar to the diagram below:

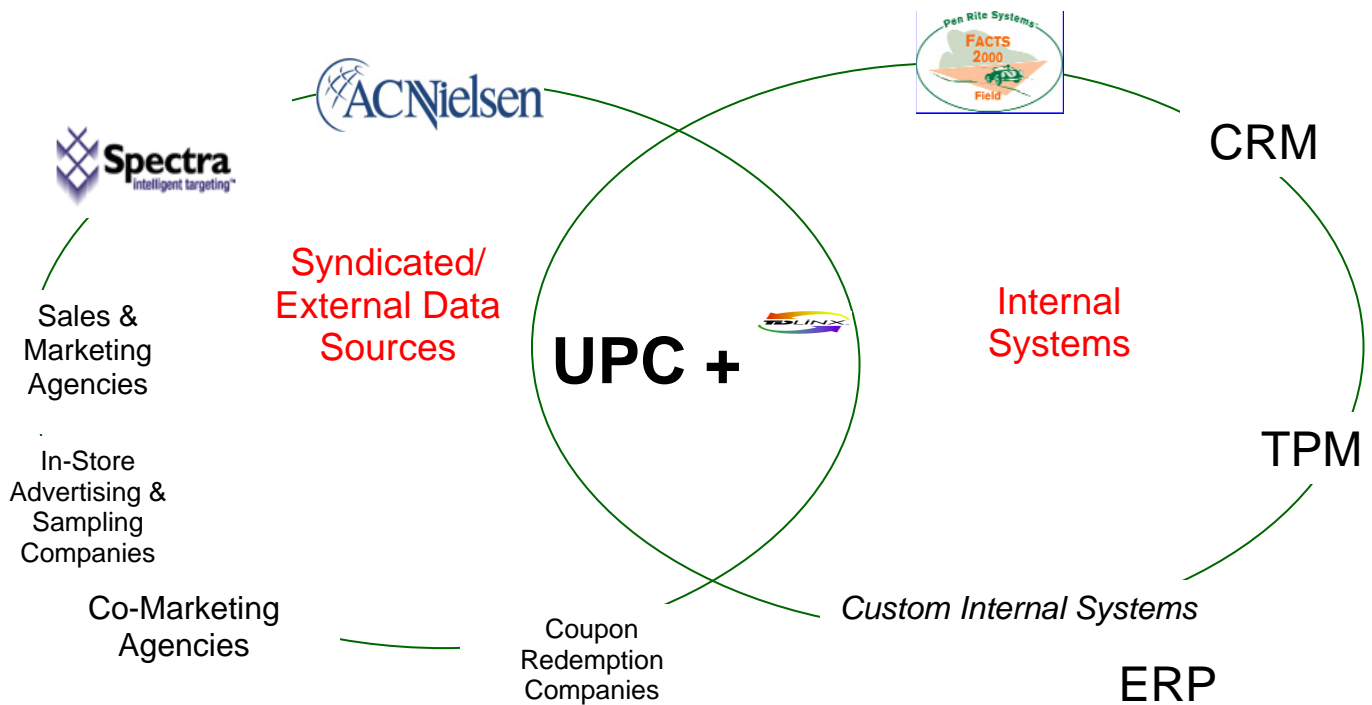


The data model can take all of these disparate data sources and integrate them into a single data model and all of this can be done using the UPC + TDLINX. Immediately you can introduce a simplified database that contains merely your product file and begin to build a data model that incorporates all of your syndicated silos into a custom data warehouse. You could glean such things as:

- Category sales by geographic and demographic areas
- Account sales by geographic and demographic areas
- Account sales by ACV ranking by geographic by demographic areas
- ...whatever other combination you can think of!

Once the base model is pieced together, you can combine like and unlike data cubes for analysis. The beauty of it is that the model can be created so you can do it yourself.

Since that was easy, what would a fully integrated model look like with Pen Rite's retail reporting solution and your own internal systems?



What does this model provide?

Today you are basically presented with a series of data points that equate to **Factual** data. What you need is **Causal** data that can only be created through integrating disparate data sources. It is nice to know that sales are up in the Northeast over last period, **BUT WHY?** It is nice to know that sales are up in Northwest Hispanic pockets, **BUT WHY?** Even your critical success factors are primarily made up of Factual data. You truly need to know why your CSFs are the way they are.

Senior management always has to be asking **WHY** to prevent future downturns, inventory gluts, missed shipments, new opportunities, and other business events that will shape the success of your business! Implementing the above model can make your systems be the communication link within your organization instead of you, and you can be out doing your job instead of sitting in meetings, and your managers can analyze causal data to make better informed decisions and answer **WHY**.

...remember... Keep It Simple!