Do You Know Your BI-Q?

T-Pro Solutions

Optimizing Promotion Return

Overview

In this paper we examine the dilemma of CPG manufacturers that have implemented a Business Intelligence (BI) solution, yet still do not have access to the data they need. We examine the roles across an organization in developing a working BI solution. We also discuss how to get the right information out of your BI solution at the right time, and in the right way, to form actionable insights.

The Business Intelligence Premise

BI technologies provide historical, current, and predictive views of CPG business operations. Common functions of BI technologies are reporting, online analytical processing, analytics, data mining, process mining, event processing, marketing performance management, benchmarking, predictive analytics and forecasting.

BI solutions have evolved over the past two decades. Large organizations have implemented and integrated BI solutions with a considerable investment in software and intellectual capital. They came with the high expectations of significant return on investment. The power of the data cube, which is the engine that drives these BI solutions, is extremely powerful. The premise is that these solutions provide a methodology for organizing data into any hierarchy level, and provide for delivery of fast drill-up and drill-down data access.

The Business Control Problem

So why is everyone still using error prone spreadsheets? Why do you need something else to give you the confidence you crave to make an accurate forecast? Why is the supply chain not on the same page as sales and marketing? Why are you asking if your TPM budget should increase or decrease next year?

Although addressed at the on-set of the BI project, the functional requirements, ease of use, user roles, and administrative rights and access often take a back seat to getting the solution up and running with minimal cost over-runs. These complex data intelligence solutions historically come with complex and lengthy implementations that demand a substantial investment of IT resources.

All too often the focus on definition, functionality, features, roles, access and implementation is weighted towards the IT department's role and involvement. The technological implementation and integration into the organization becomes IT based, and communication to the greater organization is challenging.

As a result of the IT led implementation process, the intelligence in BI normally resides within the IT department. The result is that the remaining functional areas of the organization can't use the solution, don't have access, or simply give-up on utilizing the BI tools. Functional experts must then request the data necessary to manage their business from the IT department. They are not in control, cannot change "what if" scenarios easily, and cannot get what they need to know with consistency and in a timely fashion.

BI Integration Pitfalls

Most CPG organizations that have implemented sophisticated data warehouses and BI solutions have not eliminated the need to integrate this intelligence. It must be compiled from multiple data silos on a quarterly basis for financial reviews by Wall Street or senior management.

This process results in what we call "How many hours…. How many errors?". The corporate financial recap normally comes with a short lead time to prepare. The lion's share of the time is taken up by a manually intensive data-feed into a spreadsheet on steroids. The time consuming manual data maintenance results in potential errors, as in "garbage in, garbage out."

Arrival of "Big Data"

The reason everyone talks about big data, is because it represents an incredible game changing strategic advantage to those CPG companies that understand how to use it. Technological advancements today have enabled the integration, normalization, scoring and handling of "big data" from multiple disparate data sources. The effect is that silo driven spreadsheets, (with errors, changes, manual updates and disconnected users), have become obsolete. Today's big data exchange can be integrated, automated and analyzed in real-time. This allows for analysis of historical results and the applications of relevant statistical models to create predictive analytics.

One of the major obstacles to breaking down the mistrust in the CPG sector is the ability to provide trading partners with indisputable evidence, as a basis for the truth. Providing this information opens the door to developing a promotional spending roadmap. This attains both trading partner's objectives by category. Predicting spending results with accurate modeling tools and reviewing those results in real-time represents a clear strategic advantage for collaboration between all parties.

The Big Data Evolution

There is light at the end of the tunnel and we promise you, it is not an oncoming train!

The technological breakthroughs in the past 5 to 10 years regarding the evolution of the cloud environment, data storage (both capacity and cost reduction) plus advancement of predictive analytics and optimization modeling solutions makes it possible for organizations to get off of the spreadsheet addiction. There are no longer any legitimate excuses to be in a data intelligence silo environment. Today's focus should be on consolidating all pertinent company intelligence into one integrated database and layering in predictive analytics, "What If Scenario Planning" and "Strategic Optimization Modeling".

The CPG organizations that have access to this data, even in a single database have a tremendous opportunity to edge out their competition. This can be the difference of continuing on a path of steady erosion of profit margins and market share, or reversing the trend for a positive return.

Why You Need to Act Now

Today's ever changing business environment in the margin compressed/mature CPG sector makes it imperative to have access to accurate real-time data. It is critical for making the appropriate strategic and tactical adjustments to the annual plan as challenges and opportunities are identified. It is also the basis for going beyond analytics to actionable and collaborative insights for you and your trading partners.

The industry dilemma has been clearly defined. In the CPG world, with mature categories, eroding margins, and escalating promotional expenditures, the need for a predictive analytics solution is necessary. The company that employs this available and effective technology into their corporate culture will solidify their balance sheets and position themselves for potential acquisitions. Those who continue the status quo will become an acquisition candidate, at best.

The technology and modeling capabilities are proven and are becoming more cost effective. All that is left for us to do is to stop practicing the definition of **"Insanity"**… *Doing the same thing over and over and anticipating a different result*, and make the organizational commitment to shift paradigm!

The Roadmap to Success

It has never been easier to embark on the cloud based BI journey. Catching up with a "best in class" solution does not require building an enterprise platform system, developing user requirements, or even mapping the architecture. It simply requires a decision to leave the spreadsheets behind, appoint a lead, and choose an available solution that meets your needs.

Benefits of a cloud-based solution include:

- Consolidation of disparate forecasting silos and faulty spreadsheets
- Integration and normalization of the various datasets, including POS, shipment and detailed spending data
- Automation of updates and KPI performance feedback in real-time, including accurate baseline and lift coefficient comparisons
- Calendar functionality for historical perspective and future planning to include sales
- Predictive analytics and modeling tools for forecasting and "what if" scenario planning
- Best practices, user experience that requires no technical skills and can be taught to anyone in hours
- Enterprise level hosting with 24/7 support
- Implementation that takes 8 to 10 weeks, not years.

This is an exciting time to be in this industry if you embrace the challenge, equip your organizations with the right collaborative tools and utilize them with a mutual benefit as the primary objective. Shifting the paradigm is challenging but the alternative is to fall behind.

About T-Pro Solutions

T-Pro Solutions provides CPG clients accurate, real-time information by integrating TPM data into a user-friendly dashboard for planning, forecasting and predictive analytics. T-Pro Analytics is a cloud-based SaaS solution. By combining CPG intelligence silos, clients can optimize promotional ROI in real-time. T-Pro Analytics can be implemented in a few months, is easy to use, and is affordable. T-Pro Solutions is based in Columbus, Ohio..

To learn more about T-Pro Solutions and sign up for an in-depth T-Pro Analytics trade management optimization software demonstration, visit www.t-prosolutions.com or email info@t-ProSolutions.com.