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THOMAS & JOAN READ CENTER FOR
DISTRIBUTION RESEARCH & EDUCATION
TEXAS A&M ENGINEERING EXPERIMENT STATION

Optimizing Business Analytics



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Overview and Need

"The company assessment, the strategy and capability framework maps and the roadmap to make us a data driven company were all very informative and helpful!"

- Optimizing Business Analytics Consortium member

Complexity is not a new concept for wholesaler-distributors; they establish competitive advantage by adapting more quickly to new sources of market complexity than their competitors.

On the customer side, complexity can come from the demand for technical skills, product availability, product breadth and depth, service level needs, and other aspects of customer service.

On the supplier side, complexity can come from product and supplier proliferation, new challenges in channel compensation, product introductions, technical support systems, alternative distribution channels, supplier go to market strategies, and many other sources.

Beyond suppliers and customers, distributors face challenges from economic conditions, regulation, competitor strategies, technological and social change, etc. As a result, distributors constantly refine and enhance their ability to adapt to these new scenarios – whether it's identifying profit leakage in channel compensation, determining the right price for a given customer, or managing working capital through effective inventory and accounts receivable management.

The common determinant of success for these activities is the application of analytics. Analytics is the hidden force that brings sanity to profitable decision-making. Top-quartile distributors use data analytics to identify patterns in customer buying behavior, analyze customer level profitability, assess operational efficiency opportunities, target micro-market segments, and detect salesforce performance gaps, among other applications.

While the wholesaler-distribution industry is facing the forces of change ranging from non-traditional competitors such as Amazon, to workforce transformation caused by generational change, to rapidly changing technology- driven customer buying behavior, the proper use of business analytics has become one of the essential factors of business success.

Developing an analytics capability, however, is easier said than done. Based on cutting-edge research into distributor-focused business analytics, this program provides executives with insight into business analytics opportunities and capabilities, and enables them to develop their own analytics program.

Methodology

The research team will execute the project in 3 phases as illustrated in Figure 1, below:

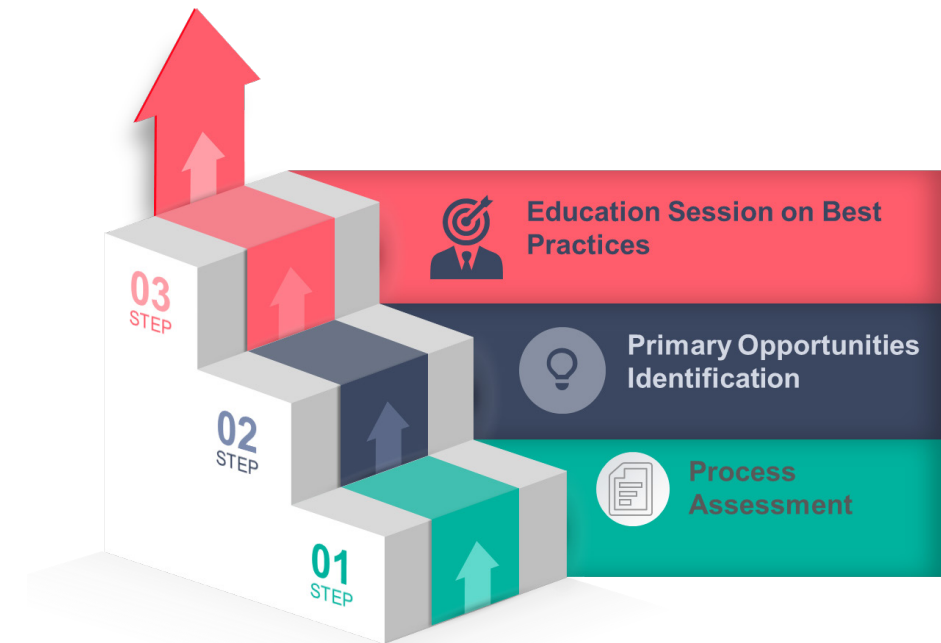


Figure 1: Project Phase

Phase 1 - Process Assessment:

The research team will conduct a two day workshop in order to collect the necessary information for the assessment of "7 S" process groups listed in Figure 2, below. The objective of the assessment is to identify and analytics opportunities related to the company's "7 S" processes, and prioritize them based on their projected ROI.

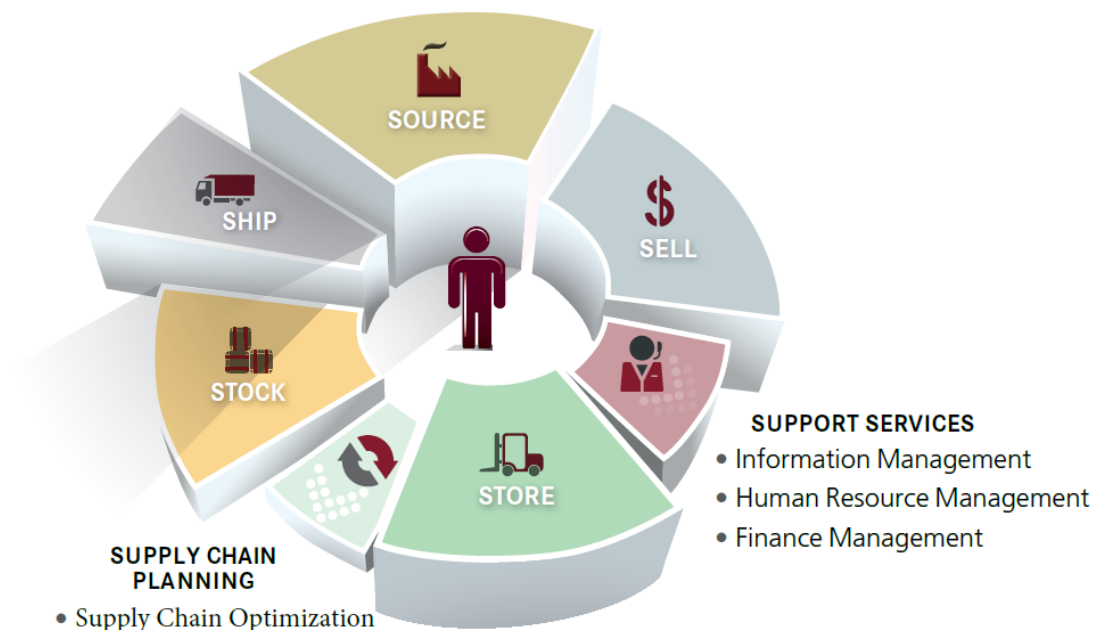


Figure 2: "The Seven S" Process Group

The assessment will utilize the Optimizing Business Analytics methodology developed by Texas A&M. Based on your company's requirements and input, modifications will be made to the assessment criteria.



Figure 3: Optimizing Business Analytics- Strategy Framework

OPPORTUNITY & CAPABILITY DESCRIPTION	ZONE 1			ZONE 2		
	Analytics is an <i>isolated</i> capability and focuses on <i>value creation</i>			Analytics is an <i>integrated</i> capability and focuses on <i>value capture</i>		
ANALYTICS OPPORTUNITY						
OPPORTUNITY CAPITAL > Focus of Analytics > Value of Analytics > Analytics Methods						
ANALYTICS CAPABILITY						
DATA & IT CAPITAL > Data Governance > Data Management > Analytics Tools & Applications > Technology Infrastructure > Systems Integration						
HUMAN CAPITAL > Analytics skills and knowledge > Talent Acquisition > Talent Management > Organization Structure						

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Figures 4a and 4b: Sample Assessment and Template and Sample Completed Report

Phase 2 – Primary Opportunity Identification:

This detailed identification process will highlight the performance gaps present in your firm's of processes, and their effects on profitability. The team will also assist your company in understanding the importance of that gap by illustrating the links between certain business processes and shareholder value.

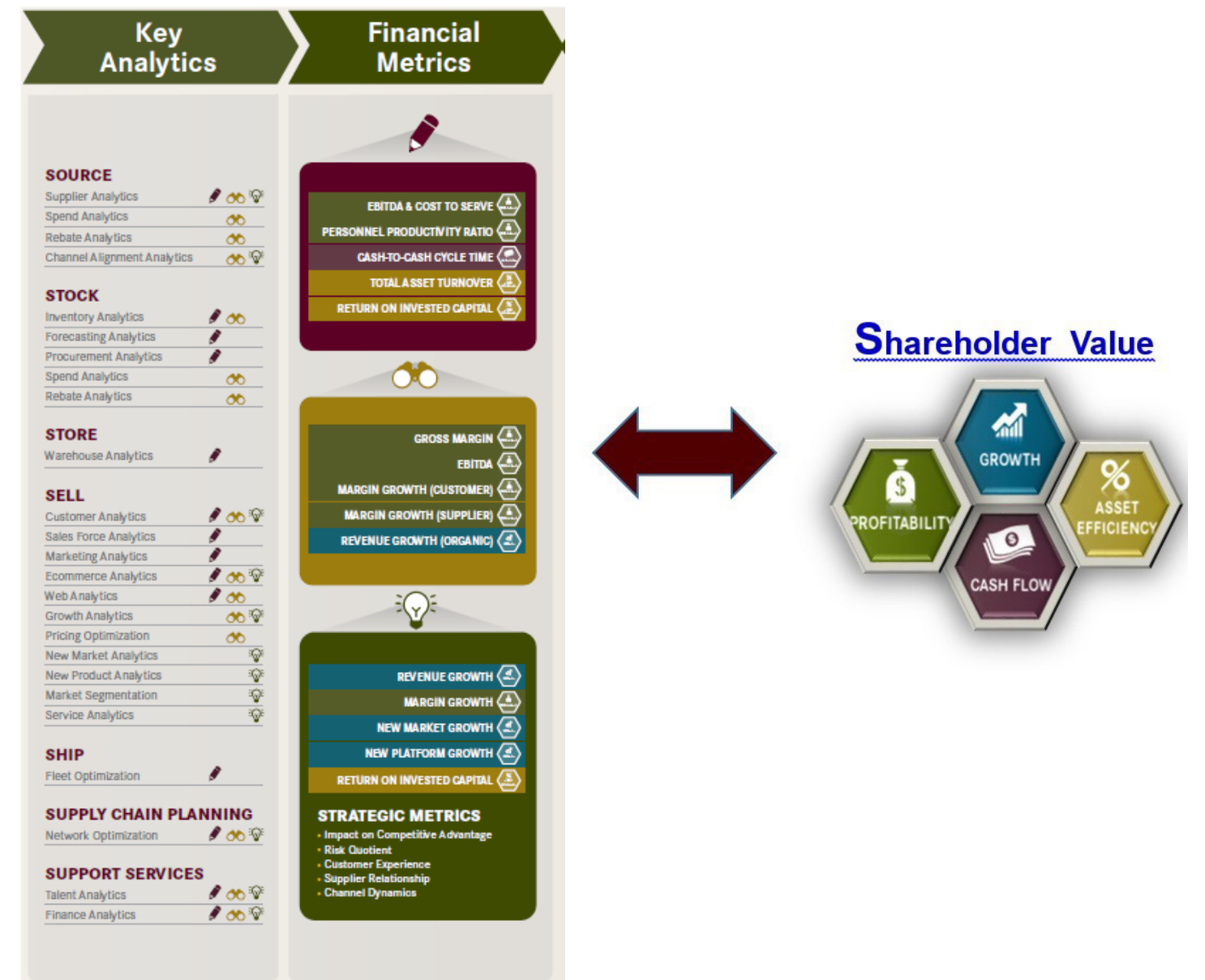


Figure 5: Analytics and Metrics

Phase 3 – Educational Workshop

The results of the analysis, along with recommendations, will be presented to executive leadership in a 1-day educational workshop. The workshop will also feature hands-on exercises and group discussion relevant to the findings of the analysis.

Workshop Agenda & Activities	
<ul style="list-style-type: none"> • Motivation and Business Analytics Frameworks • Analytics Opportunities/Applications: <ul style="list-style-type: none"> -Operations and Sales & Marketing -Human Resource Management -Analytics and Fleet Optimization 	<ul style="list-style-type: none"> • Identifying Best Practices • Analytics Capability Development • Roadmap: A Plan of Action and Q&A

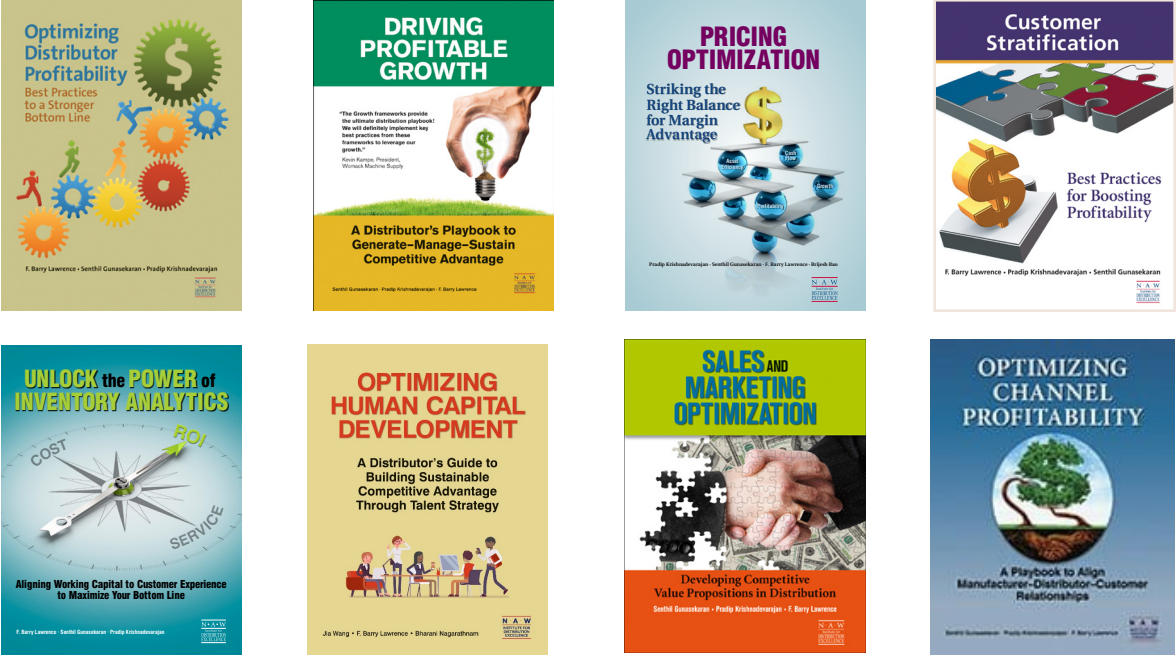
Benefits
<ul style="list-style-type: none"> • Understand key challenges in implementing business analytics and best practices to overcome those challenges • Assess analytic capabilities of their organization • Determine analytics applications and related business opportunities • Quantify ROI implications for strategic investments in analytical capabilities • Develop road-map for optimizing shareholder value through analysis

Who Should Attend	Deliverables
<ul style="list-style-type: none"> • Analytics Advocates (CEO, CIO, CFO, C-level executives) • Analytics Developers (CIO, Business Analytics/Intelligence Development Professionals) • Analytics Users (Sales Managers, Purchasing Managers, Operations Managers, Business Function Managers) 	<ul style="list-style-type: none"> • Slides as a course booklet • Workbook for exercises and activity • Fundamentals of Industrial Distribution- the Sales Process book • Optimizing Distributor Profitability book • Certificate

Current Publications



All publications are published through Texas A&M University's partnership with the NAW Institute for Distribution Excellence. The following publications can be purchased here:
<https://www.naw.org/naw-institute-for-distribution-excellence/#CRDBP>



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