The Business Value of Enterprise Business Intelligence

Business Intelligence (BI) is closely aligned with sales and operations analysis and reporting. You can use it to understand, predict and influence the behavior of customers AND to plan, evaluate and monitor your supply chain (across procurement and operational areas). It's particularly valuable to manufacturing and distribution organizations, and that value carries over to many businesses in non-related industries, as well.

The primary value propositions of a reliable, easily accessible enterprise business intelligence solution are highlighted in this paper.

Click any of the value-adds below to discover how BI improves outcomes in that area. Does your current system for managing and analyzing enterprise data deliver in all these areas?

✓ **Manage Enterprise Performance w/Customer-Centric & Supply Chain-Centric Analysis**

✓ **Identify New Sales Opportunities & Improve Sales Effectiveness**

✓ **Better Match Supply & Demand While Improving Inventory/Service Levels**

✓ **Drive Manufacturing Efficiencies**

✓ **Improve Sourcing Abilities**

✓ **Align Financial Strategy w/Operational Performance**

Manage Enterprise Performance
Gain Insights About Customers & The Supply Chain With BI

Manufacturers and distributors constantly strive for better performance: higher returns on invested capital, lower product and overhead costs, better asset utilization, faster delivery, greater customer retention, higher perfect order rates, reduced working capital needs, faster product innovation, greater sales and marketing productivity, pivoting in response to world events … the list goes on. To achieve these goals, you need dependable Business Intelligence to analyze and manage enterprise performance.

Enterprise performance management crosses departmental boundaries to embrace supply chain, customer management, finance and production-based performance management. It encourages continuous business planning, real-time performance analysis against objectives (presenting performance indicators to managers in scorecards or dashboards), guidance on what should be done when performance variances occur, and continuous response to changing business conditions.

Customer Side of BI

- **Understand Customer Behavior & Profitability:** BI offers numerous analytical capabilities for measuring customer profitability and ranking or scorecarding customers across many areas. This helps companies ensure their most profitable clients remain satisfied and that sales/marketing efforts are aimed at retaining and optimizing the right customers and attracting the right prospects.

- **Predict Customer Demand:** Business Intelligence helps planning teams improve forecast accuracy and the overall sales & operations planning process. This is accomplished through collaborative forecasting and demand planning applications, open order analysis, and sales performance measurements.

- **Influence Customer Behavior:** Customer-focused business intelligence helps organizations segment their customer bases for cross-selling and up-selling opportunities. And when integrated with marketing-focused analytics, they can help users better allocate and manage their trade funds and promotions in order to influence customer (retail partner) participation and ultimate end-consumer purchases.

Supply Chain (Or Operational) Side of BI

- **Plan What the Supply Chain Should Do:** More advanced, predictive analytic apps offer statistical forecasting down to the product SKU level. Determine safety stock and re-order points more accurately by optimizing customer service levels and measuring supplier variability with inventory optimization as the bottom-line result.

- **Evaluate Supply Chain Performance:** By leveraging operational analytics from generated forecasts, supply chain performance can be evaluated in a number of areas – Inventory, Purchasing and Manufacturing. These analytics help drive cost reductions on the sourcing side, reduce sourcing cycle time and decrease assets on the balance sheet by helping them cross-functionally manage spending and their supplier networks. Also use the analytics to assess and optimize assets in the areas of cash, inventory and both warehousing and manufacturing capacity.

- **Monitor Supply Chain Variances:** Increased velocity of the supply chain means planning and analysis must be tightly integrated. Event/exception management is vital to monitor operational vs. planned performance in real-time with the goal of proactively identifying and addressing any variances that may arise.

Identify New Sales Opportunities

Profile, Segment, & Rank Customers With The Right BI

The success of your sales teams largely depends on how well they know their customers and can react to changing customer needs and business conditions. Accelerated customer life cycles, increased customer service requirements, underutilized or unfocused sales teams, informal budgeting processes and ineffective use of promotional monies are major challenges facing sales organizations.

Business intelligence helps your sales and marketing teams examine customer and channel "value" from multiple perspectives. Knowing the relative value of each customer focuses marketing efforts to those with the most profit potential. Understanding profitable customers and products, together with pinpointing customer buying patterns and requirements, is key to closing profitable deals faster, balancing the right product variety, and identifying the best targets for new product introductions.

Understand Sales Performance Influencers

Business intelligence with customer-focused analytics can profile, segment and rank customers based on propensity to buy, order frequency, and overall purchasing behavior to build specific promotions or sales efforts around select customer groups. Plus, these analytics assist in better understanding the impact of order fulfillment, returns and call-center activity on actual sales performance.

Build Better "What If" Scenarios

Integrating customer analytics with marketing-related intelligence yields greater benefits for category management. The complimentary analytics help you more accurately answer questions about which products are selling the least and cost the most, who is buying these products, and whether there is a substitute item. It helps discover which categories and SKUs have the best growth potential. It reduces the level of risk for new product launches by easily segmenting market data, forecasting new product performance, and analyzing a new product's profitability and its impact on category revenue.

Improve Sales Effectiveness

For sales teams to be successful, your demand-driven enterprise requires:

- Detailed insight about when, how often and which products customers purchase.
- Real-time knowledge of sales rep performance to plan
- A collaborative framework for creating and managing sales plans and budgets.
- The ability to plan and accurately monitor trade funds and promotional programs.

Business intelligence satisfies these requirements. For organizations that sell their products through retail channels, they also can analyze point-of-sale (POS) data to keep a pulse on what products are selling in the market and where inventory still exists. Detailed analysis of sell-thru data enables consumer goods manufacturers and distributors to assess consumption performance by product, category, store and chain. The insight gleaned from this analysis can be shared with retailer accounts and leveraged to improve service levels, to help them better merchandise and sell items, and to increase the overall value provided by our customers to their retail accounts in their respective product categories.

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Better Match Supply & Demand
Right-Size Inventory Without Compromising Service Levels

A significant cost to manufacturing, distribution and retail organizations is the inventory carried to support customers and sales, which can represent 40-50% of a company's capital investments. Right-sizing inventory without compromising service levels provides a beneficial way to increase the "return on inventory investment." Accomplishing this can be challenging unless you have complete visibility for the products on hand, or the right planning and optimization tools in place for segmenting inventories and building optimal plans that take demand variance, supply reliability and product obsolescence into consideration. Your BI solution should provide that visibility through careful collection of supply chain data plus user-friendly analytics that organize and capture insights from the data.

Predictive Analytics For Supply Chains

Demand Forecasting: It's estimated that collaboration improves the accuracy of plans and forecasts by as much as 30%, resulting in less variability across the supply chain, lower inventories and improved customer satisfaction. Predictive BI applications produce accurate, statistics-based demand forecasts that leverage current, historical and external information like point-of-sale from a single, enterprise-wide data repository. Publish plans and forecasts on the web for others to view and adjust based on real-time information related to supply and demand variances.

Demand Management: BI solutions help manage demand through pricing what-if scenarios that gauge the impact of forecasted demand on sales revenue. Add event schedules to the mix to better assess the impact of promotions, calendar events and other activities on demand projections.

Supply Planning: BI provides clarity into how the Sales and Operations Plan will be covered in terms of supply. This involves pulling all sales plans, demand forecasts, open orders, shipments, production plans and inventory into a single repository then using analytics and alerts to find out what's required to meet both projected and actual demand.
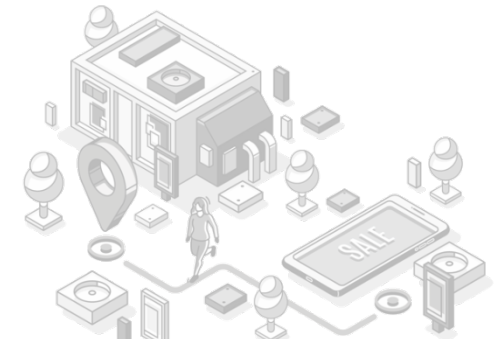
Real-Time Inventory Visibility

BI can help managers effectively classify products based on ABC analysis. Use it to set inventory targets based on classification schemes and identify excessive or outdated inventories that need to be addressed. You can also leverage BI to accurately plan and optimize inventory based on historical sales, shipment, point-of-sale (POS) and other performance data such as trends in inventory turns. Real-time visibility, performance monitoring and automated alerts about unexpected variances or events give managers the insight required to make better operational decisions that can ultimately drive down safety stock, reduce lost sales and minimize the costs and time related to inventory management.

Drive Manufacturing Efficiencies
Pinpoint Opportunities To Improve, Optimize Asset Utilization

Manufacturers need an edge to stay in tune and ahead of customer demand. BI fills that role, allowing for smarter decision making about the use of production resources.

Manufacturers are facing more complex business challenges than ever before. A global marketplace is demanding production of higher quality goods and faster response times at lower costs. Mass customization, outsourcing, and leaner margins are increasing competitive pressures. Labor and machine resources may rapidly shift from being underutilized to stretched to thin depending on the impact of customer demand and world events. And many businesses still have limited insight to the production costs they actually incur.

With a BI solution, you can cut through the complexity and lessen the challenges by monitoring day-to-day operational information, ensuring that your business can accommodate customer demand and that your resources are optimally utilized.

Stay Ahead Of Day-To-Day Variables

On any given day production managers, shift supervisors and business managers are faced with numerous questions about manufacturing processes:

- How are overtime costs impacting overall profitability on a per product basis?
- What are the production efficiency rates by plant, product or shift?
- What resources or operations takes the longest and are the highest in cost?

Production (or manufacturing) analytics answers these questions by enabling companies to analyze the effectiveness of their lean manufacturing efforts, assess the efficiency and utilization of their production operations, and pinpoint any variances that may occur relative to labor, material and overhead.

Improve Sourcing Abilities
Bring Better Visibility To Procurement Activity

Organizations are spending as much as 60 percent of their revenue acquiring the goods and services needed to support their business. Such large procurement budgets and a reliance on numerous suppliers and hundreds to thousands of products can make business goals increasingly complex, particularly when there is limited visibility to procurement expenses or the actual performance of vendors.

Supplier-focused analytics offers the visibility and insight required to achieve corporate sourcing goals through detailed analysis of the purchasing operation, including vendor activity and both current and future inventory positions based on expected receipts. These types of analytics can help to improve supplier relationships by tracking, evaluating and flagging vendor delivery and fill rates that fall below acceptable levels. They can used to measure the performance of buyers by lead times and pricing variances. Plus, they can assess procurement budgets to ensure that purchase prices are not trending upward.

Find Ways To Spend & Partner Wisely

Inadequate spend analysis costs companies $260 billion in missed savings overall. Vendors and suppliers can make or break spending strategies, but procurement officers can create significant savings by using the suppliers that serve them best and eliminating those that hurt the bottom line. For instance, it may be more cost effective to consolidate multiple orders under one vendor to receive a bulk discount, than use 3-4 vendors to manage smaller orders. Keep score on suppliers so you can uncover those insights is elusive unless your business analytics software focuses on mastery of overall, in-depth supplier performance analysis.

With insight from analytics, purchasing professionals can develop stronger relationships with both internal business units and external suppliers, making the most of each relationship.

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Align Financial Strategy With Operational Performance

Sync Up Big Picture Goals With Activities Across Departments

Corporate finance teams take their organizations to the next level when they actively partner in business processes throughout the organization, helping to make the performance of their enterprises more measurable and predictable. Top business intelligence solutions should help both financial and operational executives better align strategy with operational performance by allowing them to link corporate financials with operational analytics.

A modern Data Hub supports adding custom data to compliment core business systems data. That's vital in giving finance & planning analysts a well-rounded view of business as they build out strategies then later judge the results.

Broaden Your Approach To Planning

Backed by company-wide business intelligence, activities and costs associated with processes across departments can be evaluated fully by finance teams. Analysts are empowered to better manage budgets and expenses and to monitor your organization's financial performance on a more proactive basis.

Plus, business intelligence enables financial executives to gain a comprehensive understanding of costs tied to all activities within the business, including product manufacturing, procurement, distribution, customer service, marketing and sales. This information can be leveraged into strategic decisions that improve business performance and profitability, such as pricing strategy or resource allocation.

Silvon's Stratum BI solution offers built-in analytics for measuring performance across the enterprise, a secure Data Hub for managing multi-source data used to drive your reporting and analytics, and tight integration with 3rd party apps like Power BI and Excel to provide ultimate BI value.

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