



*WHITE PAPER SERIES*  
*SALES CHANNEL BEST PRACTICES*

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***LEVERAGING EXTERNAL SALES DATA  
TO ACHIEVE GREATER FINANCIAL AND  
OPERATIONAL SUCCESS***

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**LEVERAGING EXTERNAL SALES DATA FOR SUCCESS**

The quality and quantity of external sales channel data, and the technology to make use of it, has improved dramatically with the advent of the Internet and the widespread use of sophisticated operational systems (such as ERP, CRM, and RMS). While these systems were first used primarily to manage internal operations and did not easily “share” information with each other, the last decade has seen an explosion in the sharing of data across business partners, enabling manufacturers to finally capture the voice of the customer. For the first time, visionary manufacturers are able to achieve higher levels of service and operational efficiencies, while fostering better, and potentially more loyal, relationships with consumers. All of this has contributed to the manufacturer’s top and bottom lines in the form of increased sales and broader market share.

This trend continues to accelerate at a rapid pace as manufacturers and retailers find themselves in an increasingly competitive environment due to an economic recession—which has caused a slow down in the number of new stores, one of the primary drivers of growth in the Consumer Product Goods industry—combined with other significant changes in the retail industry, such as the increasing power of the mega retail chains and the growth of their private-label businesses, the proliferation of internet storefronts, globalization, and increased foreign competition. As we move into the 21<sup>st</sup> century, manufacturers are facing new and significant challenges as they seek to grow their businesses.

Today, external sales channel data is used primarily by operational and logistical systems to ensure that product is always available on store shelves. However, with the appropriate business processes in place as well as the application of enabling technology, this data can be used to transform every aspect of the manufacturer’s business—from more “insightful” product innovations to higher ROI’s on marketing spend to improved relationships with distributors, retailers, and most importantly, consumers.

**SALES CHANNEL DATA—MOVING FROM INFORMATION SILOS TO ONE VERSION OF THE TRUTH**

Historically, sales channel data consisted of regional category sales reports based on consumer surveys that were provided by third party market research firms such as AC Nielsen. However, in the last five to ten years, retailers and distributors have begun to share some of their POS and inventory data with suppliers. This enabled suppliers to improve logistics and replenishment processes, but there was little effort made to share this data with other departments. For example, marketing and sales relied on syndicated data for planning and promotions, while operations used a blend of external POS data, internal inventory data, and account experience to manage activities in the channel.

POS and the Enterprise			
	Past	More Recent	Present and Future
Timeframe	10+ Years Ago	0 – 10 Years Ago	Current to 5 – 10 Years Ahead
POS Sources	Syndicated Data, Surveys	POS and Inventory from large partners	RFID, Demographics, Loyalty Programs, Planograms, Geocoding/Geographic Data, Global Data

POS and the Enterprise			
	Past	More Recent	Present and Future
			Synchronization
Timeliness of POS Data	1 – 3 Months	Weekly to 1 – 3 Months	Weekly to Real-Time
Planning Horizon	3 – 12 Months	1 – 6 Months	Just-in-Time, Daily to Monthly
Utility	Marketing, Sales Plans, Production Plans, Budgets	Marketing Programs, Supply Chain, Category Captains, More Granular Production Plans	Store-level Exception Management, End-to-End Business Process Integration and Collaboration, Predictive Analytics

**Table 1:** POS data and its impact on the enterprise.

Today, forward thinking companies are taking the POS and inventory data from their partners and combining it with syndicated data, operational data (such as purchase orders and shipments), consumer demographics, and promotional data. Their goal is to integrate operations from end-to-end so that they can achieve a “single version of the truth.” Through the aggregation of sales, marketing, consumer, competitive, finance, and planning data, a company is able to make informed decisions about all aspects of its business.

This vision of one fully integrated “information warehouse” will be further realized as technologies like smart shelves, Internet-enabled cash registers, global data synchronization, and RFID become the norm. With these innovations, real-time (or at least timely and accurate) visibility into consumer activities will enable manufacturers, retailers, and distributors to maximize their profitability.

**GETTING TO THE NEXT LEVEL: A ROADMAP TO SUCCESS**

With POS and inventory data, you can derive tremendous insights into consumer demand and when used to maximum effect, move from a supply-driven model to a demand-driven one which leads to more sales and broader market share. In fact, this data is a fundamental cornerstone when you consider linking operations end-to-end as it provides you with unprecedented visibility into buying behavior which can then be used to drive marketing and promotional activities, inventory replenishment, detailing requirements, cross-promotions, etc. However, in order to realize these benefits, you must first identify which organizations should have access to this data. Some organizations may seem obvious—such as sales, marketing, finance, supply chain operations, and production—but others may have a more tangential relationship. For example, customer support can use this data to tell consumers where products can be purchased at *that moment*. Or product development/innovation/marketing can use this data to identify problem products and revise features/packaging/etc. Or product marketing can more accurately forecast the financial impact of a new product launch with products already on the shelf.

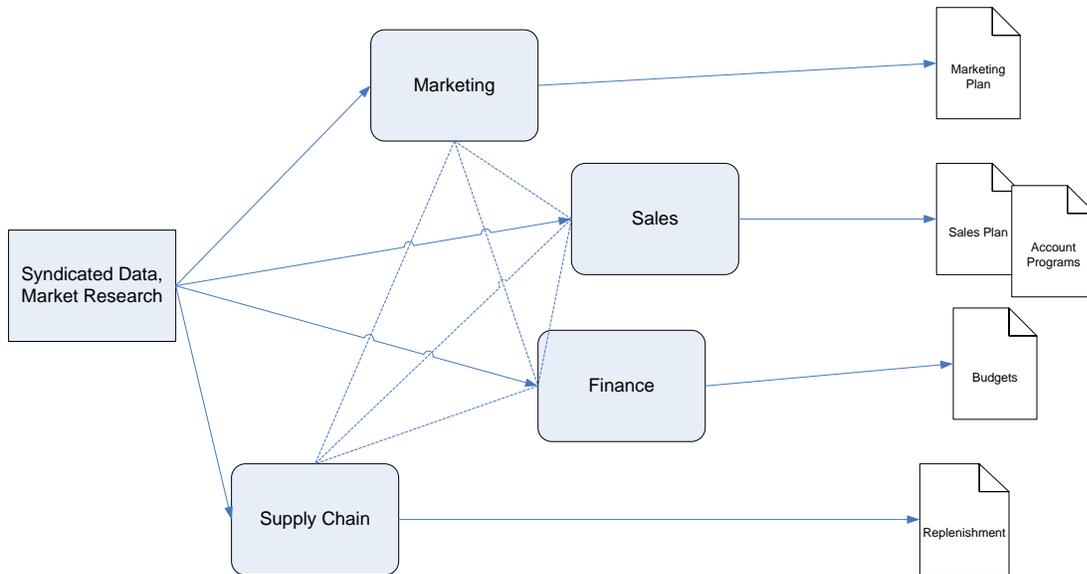
In any case, to ensure that external data is used to maximum effect, you must understand how to combine it with your internal data, how your business processes will be using this combined data, how those processes should change to take advantage of it, and what organizational changes might better support its use. More importantly, you must consider the technology capabilities you will need to ensure that it is fully integrated into your workflow and systems today and into the future. Keep in mind that technology is the enabler of the fully integrated information warehouse so it is important to fully understand the implications of your technology choices as they will ultimately determine how successful your implementation is.

**DATA AND BUSINESS PROCESSES: PREPARING FOR EXTERNAL SALES DATA**

Whenever new information is introduced into existing business processes, they have a ripple effect on other processes. Having access to demand data from your retailers and distributors—as well as consumer demographic and loyalty data, promotional data, and existing operational data—means that you have more real visibility into what is happening with your products from a geographic region all the way down to the store shelf. You are, in essence, moving from separate information silos to one all-inclusive information warehouse. But visibility means nothing if your account, channel marketing, supply chain operations, and planning teams are not prepared to include it as they undergo their own decision-making processes. From a macro- to a micro-level, it is important to understand how each process can use the data as well as identify how processes may need to change to incorporate the data and maximize results.

## Out With the Old...

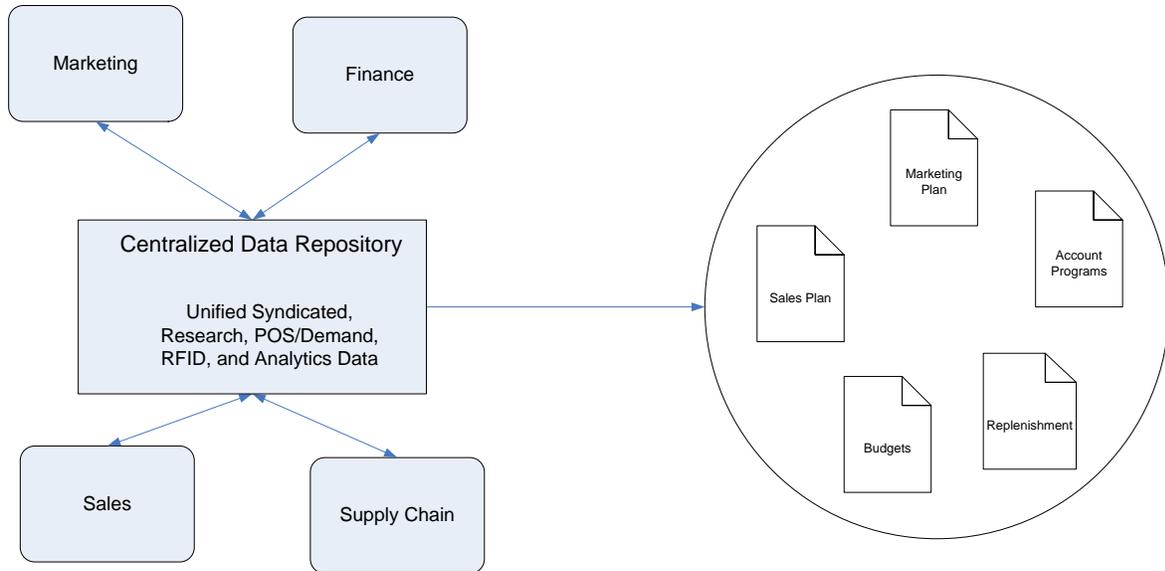
### From Information Silos



**Figure 1:** Most company departments operate as separate information silos, developing their own plans without considering other functions.

# ... In With the New

## To Cross-Functional Planning and Decision Making



*Figure 2: Cross-functional planning and decision-making is the norm for companies integrating external data. One centralized data repository drives the development of all plans.*

The following table illustrates some of the best practices companies are engaging in today as they change their planning processes to take advantage of access to external sales data. The following sections detail the impact of external data on key functions and processes.

Function / Process	Using External Data – What Do Best Practice Companies Do?
<b>Company-Wide Planning</b>	<ul style="list-style-type: none"> <li>Combine POS data with production, marketing, syndicated, logistics, and other operational data to create a unified view of end-to-end processes.</li> <li>Ensure that central information repository is still flexible and agile enough to support the constant change that is the hallmark of channel businesses.</li> </ul>
<b>Sales, Customer Development, and Account Teams</b>	<ul style="list-style-type: none"> <li>Use POS data to create and drive forecasting and planning processes.</li> <li>Use near real-time POS and inventory data to drive decision-making and problem resolution closer to the customer and consumer.</li> <li>Use POS, inventory, and cost data to drive assortment planning and profitability by maximizing gross margin return on inventory investment</li> </ul>
<b>Category Management and Channel Marketing</b>	<ul style="list-style-type: none"> <li>Combine POS data with demographics data, loyalty data, syndicated data, and customer research to focus on the consumer and drive improved product development and marketing strategy decisions.</li> <li>Use POS data to determine true demand seasonality to optimize product launch and promotion timing.</li> </ul>

Function / Process	Using External Data – What Do Best Practice Companies Do?
	<ul style="list-style-type: none"> <li>▪ Use POS data to calculate real ROI of marketing programs instead of basing them solely on shipments or orders.</li> <li>▪ Use near real-time POS and RFID data to track and proactively resolve problems with merchandising, deployment, and compliance.</li> <li>▪ Use POS and retailer inventory metrics to drive participation in pay-for-performance Partner Programs.</li> </ul>
Partner Collaboration	Use POS, demographic, syndicated, and loyalty data, along with custom research, to deepen the level of collaboration with partners on product development, marketing strategies, cost containment, and operational efficiencies.
Inventory and Supply Chain Planning	<ul style="list-style-type: none"> <li>▪ Use POS and store-level inventory data reporting/analysis to automate replenishment and avoid/fix stock-outs and overstocks.</li> <li>▪ Use POS and store-level inventory data to analyze accuracy of retailer's inventory systems to detect phantom inventory and leakage.</li> </ul>

**Table 2:** How different functions can use external sales data to optimize their processes.

**PLANNING**

Planning, along with the multitude of organizational plans produced which are designed to meet department goals and objectives, can be quite daunting especially when they are often based on different sets of data as there is no single version of the truth. However, progressive companies are now using a single data source—that incorporates POS, production, promotions, logistics, and other operational data—so that they can make operational decisions based on one unified picture of the company's "health." Individual organizations are then tasked with developing their plans off this data source, enabling a much more effective reconciliation at the end of the planning process.

Forward-thinking companies go beyond this philosophy, choosing to integrate all their plans so that changes to the sales forecast are replicated into the production plan or at the very least, other plans are "made aware" of changes that affect them. This is where POS data plays an integral role, as it enables true end-to-end process integration: from getting a product to market to having it purchased by a consumer. While the production supply chain is long and getting longer, data integration in this realm has been around for some time so collaboration processes exist to get the right product produced at the right time. It may not work efficiently all the time, but those processes do exist. The only thing lacking in completing this end-to-end picture is accurate consumer demand.

While a single version of truth is absolutely necessary in the account planning process, the nature of a central information warehouse can often act in opposition to the agility and simplicity required to deal with day-to-day problems. In the channel, you must also be able quickly see and react to a problem of short duration—investigating and resolving the issue in a very short timeframe. This requires a system that is more user-centric and which may only monitor external sales data—the demand-driven side—to engage in exception-based monitoring and resolution without impacting a system of record.

**SALES, CUSTOMER DEVELOPMENT, AND ACCOUNT TEAMS**

Integrating demand data into your sales and customer-facing processes can have a profound impact on your ability to quickly discover and react to the real world environment and lead to higher sales, a broader market share, and more profitable lines of business. For example, during planning processes demand data should have a significant impact on how yearly forecasts are calculated, promotion and marketing plans are created and rolled out, as well as in-stock positions are monitored. Equally important, demand data can be used to track actuals versus plan on an ongoing basis. As a result,

sales shortfalls can be addressed in a timely manner, promotions monitored and changed to ensure that they drive increased demand, and stock re-distributed due to higher demand in specific stores or regions. At a strategic level, demand data is an important variable in understanding the “true” profitability of a channel partner.

With the appropriate technology, demand data can be used to quickly identify “problem” products or stores. These problems can then be proactively addressed through the automatic notification of internal resources (such as the regional account manager) or external resources (such as the contract detailer). Because visibility to problems is in near real-time, demand-driven companies can virtually eliminate the “fire-fighting” approach that teams responsible for this process often find themselves in.

In addition, if you ensure that granular demand data is available anywhere (via the Web or mobile devices) in an easy-to-use format, organizations are empowered to drive decision-making closer to the consumer because field employees have the information they need to confirm their observations and to recommend micro changes as the result of local buying behavior. This can have a significant impact on profitability in the same way that the Japanese revolutionized auto manufacturing by moving information and decision-making power to the assembly line.

### **CATEGORY MANAGEMENT AND CHANNEL MARKETING**

When you combine POS and inventory data with demographic data, loyalty data, and your own custom market research you have visibility into how, when, why, and where an individual consumer purchases your product. This allows you to market (packaging, coupons, promotions) products specifically to individual consumers and have them available in the manner (account, region, shelf placement, or special in-store display) that is most conducive to making a buy decision.

You can also use POS demand data to determine what true demand seasonality looks like—and if it varies by hour, day, week, or some other pattern. Understanding seasonal patterns enables you to more accurately plan how much product is needed to support new product launches or run promotions and can even cause changes upstream in your supply chain (for example, varying production run rates based on monthly buying patterns).

Traditionally, channel marketing determines who receives market development/co-op funds and how much each partner will receive as well as justifying how the funds will be spent. But as any person responsible for making these decisions can tell you, it is very difficult to make an accurate assessment because there is little or no visibility into how the funds are being spent and whether the “spend” resulted in more sales. However, with access to demand data, category management has the ability to determine the ROI of specific marketing activities.

POS and RFID data can also be used to determine whether promotions are executed correctly and are on-schedule. For example, near real-time POS reporting can help category management determine if new product displays have been deployed on sales floors by the targeted launch date. RFID data can augment this process by tracking tagged displays as well and can even help category management teams determine the best placement in the store for displays by tracking display location. This is an interesting alternative to tagging individual items and when compared with this practice, has a higher return on investment.

Category management could also tailor promotions to a specific market(s), track the promotion on an hourly/daily/weekly basis, and then make changes to that promotion based on the sell-through rates. This enables you to “test then tweak” promotion variables to achieve the optimal promotion definition, while executing fewer test promotions in a shorter period of time. Additionally, if you choose to model POS and other consumer demand data based on any number of variables, you can engage in what-if analysis which can help the short- and long-term planning processes. To make optimum use of this, look for technologies that automate difficult statistical concepts, such as “Design of Experiment,” and

make the creation of statistically valid tests a point-and-click exercise. This will expand the use of statistical methods across the organization, leading to improved decision-making.

Finally, POS and store level inventory data can be used to drive participation and levels in pay-for-performance programs. A good best practice is to make participation in any MDF, Co-op, or Trade Funds program contingent on the retailer or distributor sharing their POS, inventory, loyalty, and other data with you.

## **PARTNER COLLABORATION**

Mega-retailers are using their increasing power to push more and more responsibility for selling products onto the manufacturer. But, while the manufacturer may now own the selling experience, the retailer still owns the store and the labor in the store. To gain exceptional insight into the consumer buying process requires not only expertise in the product category but access to detailed demand data. However, since there are a number of areas that remain the retailer's responsibility, you must use the POS and inventory data, demographics, consumer insights, and loyalty data to make persuasive arguments that will show the retailer how they will benefit by making the recommended changes.

Keep in mind that most retailers will not share their labor costs for store operations with you. But, as you make your ROI case to the retailer, you should include a labor cost range. Additionally, sharing your POS analytics, in terms that the retailer is familiar with, will help to ensure that you are both measuring against the same numbers and to the same goals. To be true collaborators, you and your partner should share a set of objectives—goals that you agree on—that you can measure. Revenue, costs, margin, and product availability are all metrics that are commonly used. Additionally, creating a performance scorecard for your partnership will allow you both to monitor the relationship and identify issues before they become problems.

An additional component of partner collaboration is the actual sharing of data. In addition to the POS, inventory, and loyalty card data being sent from the retailer, product catalog data can also be shared to improve operations. Investing in data synchronization services such as 1Sync, can facilitate the publishing of new product specs and the normalization of demand data received back from the retailer. Data synchronization services also ensure the timeliness of your data—when synchronization is taken on in-house, it can take days or weeks to complete but most services can turn around data within in hours.

For collaboration to be most effective, consider giving retailers access to a system that gives them an appropriate view of your data. To be successful, this system must be easy-to-use, available via the web, require no software installations, have advanced security to prevent the retailer from accessing inappropriate data, and have the ability to contact the retailer automatically when specific conditions occur (for example, notifying a store manager that the average daily sales of Crest toothpaste dropped to zero even though reported inventory is 20, indicating a potential stocking problem).

Analyzing POS and operational data can give you significant insights into how well each individual account is executing. Additionally, in the role of category captain you will be able to drive improved gross margin and profitability for your partners, increasing your profitability, while still maintaining adequate market share for your competitors. This is an important component as you must balance your role as a supplier with managing the category for your retail partners. The knowledge and insight you supply to your partners will demonstrate your value as the lead supplier for these categories.

## **SUPPLY CHAIN OPERATIONS**

The availability and analysis of POS data can have a tremendous impact on supply chain operations—improving replenishment processes by making them more timely and decreasing the costs of transportation (better trend knowledge means you can optimize loads and reduce the number of expedited shipments). When you combine store inventory and POS data with your orders, shipments, and receipts (operational data), you gain a better understanding of your inventory positions, where you

are at risk for out-of-stocks or over-stocks, and can even be used to automate replenishment processes (in the form of event-driven rules and triggers).

With all the data that is now available to you, it is no longer acceptable to simply know what you've shipped and what the store has available. Instead, you want to be able to track the inventory ordered, shipped, and in transit to a DC. You want to be able to track inventory at the DC, know when it is shipped to the store, know whether it is located in the backroom of the store or on the shelf, and finally, know when it's sold. This is especially important to companies who operate in industries where "track and trace" or managing a cold chain are essential.

However, realize that store demand data alone enables you to identify stock-outs, stock-out risks, phantom inventory, leakage, and a number of other inventory related challenges that result in lost sales opportunities. So while you may not yet have the entire picture, you are getting much closer. Also, you may want to consider using GMROII (gross margin return on inventory investment) as a powerful measurement of how effectively you are meeting sales demand while limiting your inventory exposure. Many retailers are using this measurement to evaluate their suppliers.

### **EVALUATING YOUR ORGANIZATION—FROM THE TOP ON DOWN**

Operating from a single version of truth not only affects processes but organizations as well. To achieve "real" end-to-end process integration, you must first address the corporate mindset. When overlooked, corporate culture and mindsets can cause almost irreparable damage to company-wide initiatives so it's best to deal with them head on. Personnel must be encouraged to look beyond their own boundaries—or information silos—and consider how other groups may be affected by decisions they make. For example, a competitor has cut their prices and demand for your products is falling, so you decide to match their price. How will production handle this? How will operations? Input from affected parties must be gathered and decisions must be disseminated. Some ways of ensuring that this happens is to make it a part of the yearly performance review as well as attach bonuses and other "rewards" at the individual and organizational-level. Also, if your organization is large and dispersed, consider putting a team member in the role of cross-functional liaison, responsible for the end-to-end process communication. This helps to ensure that decisions and information are properly disseminated to groups that may be affected. In other words, every person and every team is operating from the same page.

You may also want to consider reorganizing into cross-functional account teams, a relatively new trend in large CPG companies. Keep in mind that account teams are *not just* focused sales teams. They have other responsibilities that span marketing, finance, supply chain, operations, sales, and even staffing and human resources. By moving to a cross-matrixed organization—where someone from each of these organizations is on the account team—you will reap tremendous benefits in terms of responsiveness and effective decision-making. Keep in mind that supply chain operations tends to be centralized outside the account team as its function spans all accounts, but account teams should have someone on the team who understands the ins and outs of their account's supply chain processes.

Teamwork is a critical component in the cross-matrixed, cross-functional environment. Personnel must be able to work in a team, yet think beyond it. While broad strategic thinking isn't necessary for all team members, everyone must think beyond immediate responsibilities and consider their broader sphere of influence. Along with this end-to-end thinking, individuals must have persuasion, influencing, and negotiation skills as they will be interacting with people they don't control but need to cooperate with, particularly on account teams working with retailers and distributors. These are key characteristics for people who successfully work with their partners and influence them to change their behavior so that both parties will benefit.

Skill transformation is also an area to focus on. Alone or integrated, POS data, competitive data, operational data, demographics, and market research can be very complex. While this data can often be distilled down and simplified, it's now a data-driven world where everyone in the company, from the CEO on down, is making decisions based on real data points. As a result, individual contributors and managers must be comfortable working with data or, at the very least, understanding it, and leaders must be comfortable with what the data is telling them. While “gut feel” and intuition may be helpful, you want to move away from that and towards data-driven decisions—a key component for this transition is enabling technology that offers point-and-click analysis and trend discovery to the average business user.

Finally, you must get out of the habit of making “one shoe fit all.” The information needs of groups—for example, corporate versus field account teams—are by their very nature, different. When evaluating technology and the toolsets or solutions available to you, flexibility and agility should be key components. This is especially true the closer the system(s) gets to the consumer. Some things to look for: customizable dashboards based on user and functions; exception condition monitoring that varies by account, product, category, season; user-configurable reports and metrics.

## **SCOPING DEMAND DATA INTEGRATION ISSUES AND BEST PRACTICES FOR SUCCESS**

Once you understand the fundamental changes you need to make from a business process and organizational perspective, it is time to consider what you may need, and what is available to you, from a technology standpoint as you integrate your external sales data with your other data sources. From capturing, cleansing, and storing data to the sheer size of the data itself to the best practices that will help drive a successful external sales data integration effort—these are the elements that will help you derive the most value from your data integration investment.

### **CAPTURING, CLEANSING, AND STORING DATA**

First, you must consider the data you already have – shipments, orders, forecasts, production plans, syndicated data, market research, etc. Then, look at the data you want to incorporate such as POS/demand, inventory, demographic, etc. Finally, list out all the data sources you either have or want to include and ask yourself the following questions:

- Do you have the data now?
- How reliable (clean) is it?
- If so, where does this data reside?
- If not, where is it and how can you get it?
  - Who do you need to collaborate with in order to get the data? (Retailer, distributor, 3<sup>rd</sup> party aggregator, etc.)
  - What is needed to build those relationships?
  - What will be the cost in time and money to obtain it?
- How am I allowed to use it? Many retailers prevent everyone except category captains from combining their data with other retailers.
- How much of it is there and how long will it be useful to retain it? Demand data volumes are probably the largest non-scientific data flows, in the world so decisions on retention and volume estimates are critical both from a budgeting and technology choice perspective.

The capturing and cleansing process must address different data formats, including EDI, RFID, spreadsheets, XML, and flat files. Keep in mind, each data format could have multiple dialects. Also, while many large multinational retailers have automated EDI feeds for transferring data, regional partners may have a mix of EDI, spreadsheets, and custom file formats which may or may not be automated. Added to that, small local “mom and pop” partners may not have any means of

communicating this data so you may need to set up a reporting mechanism specifically for them, along with an incentive program to get them to participate.

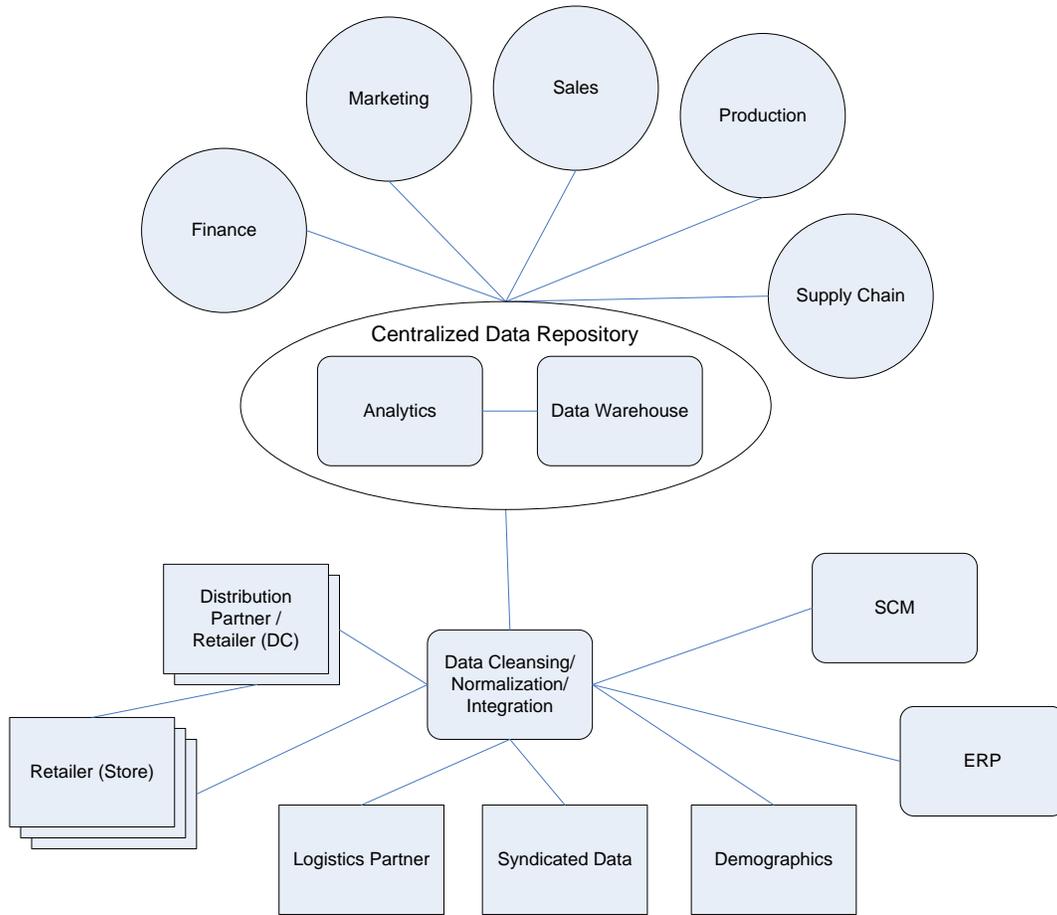
Once you have collected the raw data from your partners, it needs to be cleansed. This process often includes a wide variety of rules for normalizing product identifiers, regional differences, currency conversions, etc. You must have a common dictionary of terms with each of your partners. In order to accomplish this, you will need to know what exactly is included in the data each partner is sending you—for example, is the partner's sell-thru gross or net of store returns? Syndicated data should also be included, though it should be analyzed in conjunction with the direct POS data you receive from your partners.

Keep in mind that syndicated data is typically extrapolations of surveys or sample sets of POS—you must determine the accuracy of the data and use it accordingly. While companies like AC Nielsen, IRI, and NPD Group cover large and broad industries, some industries, such as Sporting Goods and HVAC have specialty data agencies that collect and report data also. If relevant to your situation, these data sources should be considered also.

### **INTEGRATING DATA SOURCES—SIZE MATTERS**

The amount of data that you want to collect and integrate can be significant, for large organizations it often runs into the 100's of terabytes range. The overhead for creating and maintaining Very Large Databases (VLDBs) of this size is enormous, requiring not only specialized software, but very specific and expensive skills. Before taking this task on in-house, determine how you will integrate the data, archiving, and restoration processes, the size and growth potential of the database, and the required availability of the data and system.

Since POS and demand-related data are time-based, systems that are optimized for temporal data are ideal since you will need to analyze your demand data both on your fiscal calendar and your retailers'. A "temporal database" should also be able to transparently support analysis and storage of your demand data in a way that will support an unlimited number of calendars. Also, consider how the data will be shared with other application and processes. Will files be passed between them, can interfaces be created to push/pull data from one system to the other, or can real-time lookups and updates be performed? Flexible integration options are a must in order to integrate your demand data with your other core systems.



**Figure 3:** Business groups use the centralized data repository to drive decisions—external and internal data sources make up the repository.

**FOUNDATIONAL BEST PRACTICES: HOW TO EFFECTIVELY “USE” DEMAND DATA**

Many companies have tried—and some have failed—to successfully integrate demand data into how “they do business on a daily basis.” Those that have succeeded employed a number of best practices to optimize the use of demand data within their own companies and then reaching out towards their retail and distribution partners and even to the consumer. The best practices in the following table may seem broad in approach and are purposefully so, because they capture the fundamental ways in which you must change the way you look at your business, your people, and your infrastructure to optimize the use of external sales data which ultimately leads to higher sales and greater profitability.

BEST PRACTICE	SCOPE
<b>BE FLEXIBLE</b>	<ul style="list-style-type: none"> <li>➤ Processes and technology must be able to quickly adapt to change from all directions—new products, new marketing strategies, new customer programs, and business initiatives.</li> <li>➤ Ad hoc, quick-turn flexibility requires different processes and technology because your large core enterprise systems can't, and shouldn't, turn on a dime.</li> <li>➤ Develop business processes designed to move successful ad hoc processes into your central environment.</li> </ul>
<b>THERE IS NO “I” IN TEAM</b>	<ul style="list-style-type: none"> <li>➤ The ROI on demand data is higher the more it is used by those closest to the customer and consumer (account teams, field</li> </ul>

BEST PRACTICE	SCOPE
	<p>personnel, etc.).</p> <ul style="list-style-type: none"> <li>➤ Account teams should be able to easily create and automatically monitor KPIs and local demand conditions easily so that they can use this information to optimize their share of the business.</li> <li>➤ You need approval processes and technology that enable you to comfortably share the analysis and metrics of your demand data with your customers. This also requires technology that provides a robust enough security model that ensures you can share only the data you want to share.</li> <li>➤ Processes and technology should encourage your internal and external customers (from the CEO down to the store manager) to be proactive in improving their business.</li> </ul>
<p><u>BE MULTI-LINGUAL</u></p>	<ul style="list-style-type: none"> <li>➤ You may speak different “languages,” but know that your meaning is always the same when communicating internally or externally out to your customers. You should be able to discuss and negotiate using your customer's fiscal calendar, sku, region, etc., while still planning internally using your own nomenclature.</li> <li>➤ Establish and communicate with performance metrics that measure your success as well as your customers.</li> <li>➤ Bring external data and internal data together to create one system of record.</li> <li>➤ Be able to support global corporate, local account teams, and customer needs.</li> </ul>
<p><u>SIZE DOES MATTER</u></p>	<p>The size of demand data systems will dwarf any other data source you have:</p> <ul style="list-style-type: none"> <li>➤ The size of the data makes it essentially useless without a strong exception management and insight discovery engine.</li> <li>➤ The technology you employ must allow efficient access and use of demand data across your company and with your partners.</li> <li>➤ You will need to have on-staff a unique and rare technical skillset that is adept at managing and maintaining Very Large Databases (VLDBs).</li> <li>➤ The scale of the data requires you to think carefully about the cost of hardware and storage.</li> <li>➤ Consider the law of diminishing returns—there is a cost to storing data, so make sure that it’s worth the return.</li> </ul>
<p><u>RIGHT EQUIPMENT FOR THE JOB</u></p>	<ul style="list-style-type: none"> <li>➤ Your demand data system should be easy enough to use that everyone can actually use it and not locked up behind a technical barrier or a knowledge barrier that only allows a small set of super users to access it.</li> <li>➤ Should be a web-based application so that it can be broadly distributed across your entire company and out to your external customers.</li> <li>➤ Fundamental facilities, such as report and KPI creation, exception management, and design of experiment, must be included.</li> </ul>

**Table 3:** Best practices to employ when considering how to optimize the use of demand data.

## **CONCLUSION**

Today, manufacturers are at a critical juncture. Their choice is quite simple: continue to cede business to the mega retailers and private labels and the myriad of other external market forces, losing sales and market share, or harness the most powerful asset in their arsenal, external sales data, and control their own destiny. Although the choice may be simple, the task is complex and may at times be overwhelming, as it affects all aspects of business. The key to successfully accomplishing this is the thoughtful application of best practices across functions, organizations, and technology—leveraging what has already been learned and refined by industry leaders and academia and applying it to your company. The end result is a roadmap to a successful and profitable future that takes advantage of the very best that technology, process, and organizational improvement have to offer.