WHITE CUP

5 Big Business Challenges You Can Solve Right Now

With Business Intelligence Software

In our decades of experience working with distributors, we find their most significant business challenges are typically centered in five areas:

#1 Determining the correct pricing

#2 Managing customer churn

#3 Improving sales performance and margins

#4 Controlling expenses

#5 Managing inventory

Like a powerful flashlight, Business Intelligence (BI) can "shine a light" on these areas to reveal trending and the root causes of these challenges and to lend powerful insights for improved business outcomes.

Let's look at these perennial challenges that distributors face and how BI can help.

Overcoming Pervasive Pricing Overrides

Pricing overrides (discounts) are pervasive–and costly–for many businesses, but particularly so for distributors operating on thin margins. Many distributors have a sales culture of runaway pricing overrides which erodes revenues over time.

Business Intelligence can provide visibility to enable organizations to handle this issue. BI can reveal the total dollar amount of overrides, and provide analysis by customer, by salesperson, by product, etc., enabling organizations to zero in on exactly where and, more importantly, why a price override was executed.

This will reveal the answers to the question: Are we discounting where we shouldn't?

The issue with overrides is that people tend to overdo them. Discounts tend to be given in large, round numbers, such as 20 percent off.

This is why BI pairs so well with pricing optimization tools. When you use a pricing optimization tool, you may find that a 7 percent discount may have been sufficient, meaning you just gave away an additional 13 percent because it was a snap decision made on the fly instead of a data-driven decision.

Deconstructing Customer Churn

The typical distributor will lose half of its customers in five years; that averages out to 10 percent per year.

Customers can leave for many reasons. Customers may have received a better price elsewhere, may be swept off their feet by another distributor that comes courting, or maybe they were disappointed in some aspect of your service. **These things happen.**

In turn, you're likely adding new customers whom the sales team might inspire to buy more, while other customers might be reducing their purchases. The key is to identify who is buying less, which may indicate that they are on their way out the door; this allows you to focus efforts on understanding why and intercede before they leave.

The data should be in the ERP system, but easily accessing this information is challenging. **BI gives you the ability to drill down and see trending to determine which customers are buying more and which are buying less.**
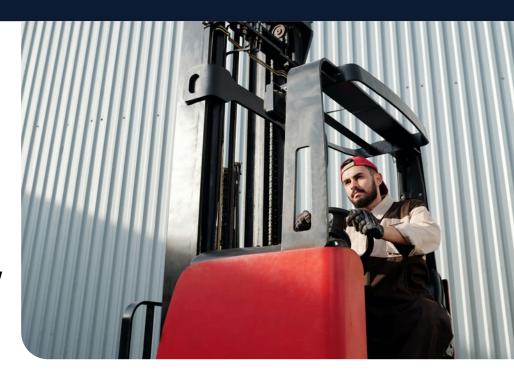
You can also triangulate on things that can contribute to customer churn. There could be out-of-stock issues or fulfillment problems. There could be an issue with a particular salesperson. Perhaps customers were quoted a price but never purchased anything; this could indicate that your pricing is too high. If you can discover the problems prompting customers to leave, you can make changes to eliminate these issues.

Uncovering Opportunities for Improved Sales

Every distributor needs to be focused on how to increase sales and how to manifest this. Oftentimes the goal of boosting sales performance is much too vague—i.e., "we need to grow by 15 percent next year," with a lack of specificity as to how to bring about the desired results.

As the adage goes, "If you don't know where you're going, any road will take you there."

The right BI platform can help you answer the critical questions:

ĥ What products can we sell more of?

ĥ On which customers and products do we earn better margins?

ĥ If sales reps are unsuccessful, can we assist as sales managers?

ĥ Is it a margin issue?

ĥ Are there specific new product releases that can boost sales?

ĥ Is there an opportunity in a new market?

With these answers, distributors will have a better understanding of precisely what "levers to pull" and what specific focused actions to take to realize sales gains. The percentage each of these potential areas for new sales will contribute to the organization's anticipated increase in sales.

It is way more empowering when you have a strategic plan and knowledge of exactly where sales will come from. Efforts can then be measured and monitored to ensure the organization is on track to reach its goals.

Keeping a Lid on Expenses

One of the most important metrics to keep an eye on is expenses.

Expenses go straight to the bottom line, so if a distribution incurs an extra $2,000 in expenses and is a 2 percent net profit business, they will have to sell an additional $100,000 to cover that expense.

However, not all is always as it seems with expenses. No one minds if costs increase by 10 percent if sales increase by 20 percent. That's an acceptable trade-off; costs naturally rise as sales increase. The trouble is when expenses as a percentage of sales aren't aligned.

It's relatively easy to see the history of past expenses; your bookkeeper can print the journal entries and expense records. But BI can keep tabs on costs and provide information on trends so you can understand if expenses as a percentage of sales have changed.

Looking at trending month-to-month, quarter-over-quarter, year-over-year, and year-to-date will give you a much better sense of context if the number is good or bad via trending over time.

Have expenses changed at the branch level, the journey-entry level, or somewhere else? With BI, you can review your expenses and the ratios to see if they make sense compared to the other things you are doing and the company's overall financial success. And if expenses are growing more than sales, BI can provide insights for further investigation into the cause(s) for resolution.
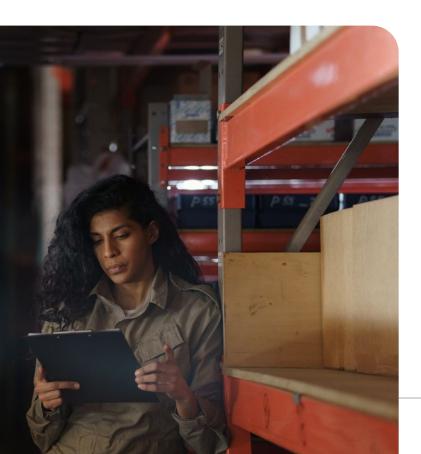
Intervening to Head Off Inventory Management Issues

Ten years ago, many consultants offered to help distributors deal with "dead stock." In reality, there's not much that can be done with dead stock (it's called dead stock for a reason). You might find someone every ten years to buy something from you, but there's no reanimating it once it's dead.

BI can help you recognize when you are in a state of dying stock. This is when sales occurring of an item are still occurring, but they are drastically reduced from previous levels. This is inventory that is likely going to be tomorrow's dead stock.

There are a couple of different avenues to address. For example, suppose sales have dropped and stocking levels have remained high. In that case, it may be possible to look at different avenues for additional sales, or there may be an opportunity to return some stock recently purchased. The solution might be as simple as rallying your sales team to aggressively sell slow-moving inventory before it becomes deadstock.

The goal here is to take action before demand totally dries up. Think of BI as an "early warning system," guiding you as to vital trends in inventory management that can put time on your side so that you don't get stuck with dead stock.

BI Keeps You on Top of Trending to Solve Many Modern Distribution Problems Before They Start

With BI, you have insightful and actionable information right at your fingertips to solve these nagging business problems. Now you can stop "fighting fires," to operate more proactively, and focus more of your efforts on growing your business.

White Cup BI integrates seamlessly with your existing ERP system, giving you instant insights into customer, supplier, and product performance. Pre-built, role-based dashboards and ready-to-run reports empower you to drive growth, increase profitability, improve your ability to serve your customers, and help your team stay accountable.

Our distributor-focused analytics put the data that matters most at your fingertips with dashboards and scorecards that uncover new opportunities to increase revenue performance across all aspects of your company.

INCREASE REVENUE
Increasing visibility of the sales process, exposing both sales opportunities and losses.

INCREASE PROFITIBILITY
Gain control of increasing overhead by uncovering rising expense trends.

DELIVER EXCELLENCE
The 360-degree view of customer buying trends and history allows for more meaningful, customized sales conversations, providing exceptional customer service.

TEAM BENEFITS
Save time and money with distributor-focused pre-made dashboards and scorecards instead of customized spreadsheets.

Get in the Data-Driven Driver's Seat with White Cup

In the distribution space, you face challenges never before experienced, and your customers are too. It's a whole new world that requires unique strategies to unlock new sales opportunities and build relationships based on a deeper understanding of your customers' needs.

Ready to get in the data-driven driver's seat?

White Cup's Revenue Intelligence platform enables distributors to make sense of their data and make business decisions that improve revenue performance. We can help you connect the dots of your data across critical business systems, reveal key insights via analysis, and provide the tools you need to take action for revenue improvement.

About Us

WHITE CUP

White Cup turns a distributor's sales pains into profit gains. Our CRM, Business Intelligence (BI), and Pricing software make it easier for you to sell more, keep more profit, and beat the competition. With over 20 years of experience, White Cup is trusted by more than 1,000 customers globally.

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