Analytics for manufacturers
The three-minute guide
Manufacturers discover the power of analytics

Many business trends—such as globalization, vertical integration, and margin pressure—are forcing manufacturers to find new and innovative ways to improve decision-making and boost performance. Analytics can help.

The manufacturing industry has been relatively slow to adopt analytics. However, it is now leapfrogging other sectors by applying analytics to a wide range of business areas, from finance and supply chain to sales and marketing and product development.

With internal and external data expanding exponentially—and data-driven insights becoming a strategic necessity—it’s tempting to launch an enterprise-wide analytics initiative that tries to capture and analyze everything under the sun. However, that all-encompassing approach can be expensive, time-consuming, and risky.

Focusing analytics on targeted business areas generally produces better results by providing valuable answers to a business’ most critical questions.

Why it matters now
Why analytics for manufacturers?

Actionable intelligence

Analytics can provide actionable insights that directly support a company’s most important business decisions:

Which product families are yielding lower margins? Which suppliers are most likely to disrupt our production? What is the competitive landscape on sales incentives for specific products? How can we predict and manage the levers that drive sales revenue?

Since products are typically at the core of a manufacturing business, the initial wave of analytics is often targeted at improving product development. Other common focus areas include optimizing the supply chain, managing sales and marketing spend, reducing warranty spend, and improving overall financial management.

Breakthrough insights in these specific areas can have a major impact on business performance and potentially deliver an impressive return on a company’s analytics investment. Also, the use of analytics can enable new revenue models designed around selling services, not just products.
The benefits

**Competitive advantage**
Analytics can provide a competitive edge by revealing opportunities to improve efficiency across the product lifecycle. This helps a company spread its innovation costs across product lines and boost margins.

**Improved connection between decision-making and ROI**
With business-focused analytics, there is a clearer link between analytics investments and business decisions that deliver improved results and performance. This is especially important in the manufacturing sector, where many companies use a federated business model with multiple business units that are relatively independent.

**Agile, flexible, and responsive**
Analytics can provide forward-looking insights to help a company manage resources more effectively. It is relatively easy to adjust analytics efforts and initiatives in response to changes in the business environment.
Focus on individual business functions
A focused approach to analytics often produces more relevant results than an enterprise-wide approach. It can also be faster and cheaper to implement.

Lead from the business
The most effective analytics initiatives are often driven by the business, not IT. Focus on business issues and strategic decisions, not just software tools and packages.

Generate value early and often
Implement analytics in bite-sized chunks that deliver incremental value in a timely manner. This helps build positive momentum and generates benefits that can be used to fund subsequent efforts.

Create a closed-loop analytics strategy
Think about your business objectives and existing analytics projects and capabilities. Develop a phased strategy that aligns with your strategic priorities over the next 12, 24, and 36 months. Measure results, and then tweak the strategy based on what you learn.

What to do now
Analytics has the potential to supercharge your manufacturing business and give you a competitive edge in the marketplace. However, it is not a silver bullet. To reap additional benefits, you need the right approach.

To learn more about how analytics can spark business insights in manufacturing, please contact us.

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