

Changing course Analytics roadmap to improved profitability

Abstract

A Caribbean-based food and beverage company was in danger of losing its franchise due to high costs, low profits, and unacceptable per capita consumption. The company turned to Deloitte to glean analytics-driven insights from the company's operational and sales data. Deloitte's in-market and analytics teams developed a five-year strategic roadmap designed to guide the company to increased revenue, improved per capita sales volume, and reduced cost, with the long-term goal of tripling the distributor's profitability.

Challenge – High costs, low revenue

Even companies capturing data effectively can suffer from poor performance if they lack the resources and experience to extract insight from that data. That was the situation for one Caribbean-based food and beverage company and in-country distributor for a global brand. Unable to interpret important sales and performance information, the company's revenues were down. Compared to similar markets around the world, its costs were too high and per capita consumption volumes were low. This resulted in weak profitability placing the franchise in jeopardy.

Sales and channel management were among the company's most pressing challenges to becoming a world-class organization. In its country, consumers typically purchase the company's products through small shops or family-owned stores. Thus, the company was tasked with selling and distributing to tens of thousands of smaller stores, but was doing so inefficiently. Salespeople were often sent on numerous calls to acquire accounts with little long-term value. Conversely, without visibility into customer value, the company found itself offering high discounts to low-volume customers. This flurry of activity was generating little in the way of revenue.

Approach – Analytics meets real-world experience

Deloitte helped the company address its challenges on two fronts, using the cultural insights and local market knowledge of an in-region affiliate, along with a global team with extensive food and beverage industry specialists and analytics capabilities.

An important step in developing the performance-based strategic roadmap was a detailed, data-driven review of the company's current performance using Polaris, Deloitte's proprietary pricing and profitability analytics solution. Designed to help businesses in targeted sectors drive high-value pricing performance, Polaris brought structure to the company's data, distilling actionable insights from the most critical information in order to improve pricing and profitability outcomes.



To obtain a full understanding of the company's pricing and performance information, the Deloitte team also accompanied the company's sales and delivery personnel on their daily routes, completing on-the-ground assessments of sales and distribution practices. Combining the Polaris toolset with in-market observations, Deloitte helped the company leverage performance data for faster and smarter pricing-based decisions.

As a result, the team identified specific opportunities for improvement, and developed a business case for each. The opportunities that passed a number of valuation criteria – including ease and timing of implementation, financial impact, and others – were built into the five-year roadmap, which included strategic directives, tactics and the technology tools needed to enable them.

Results – The roadmap for substantial improvement

The company has begun implementing the roadmap, which is expected to lead to a steady improvement in profitability, with the long-term aim of achieving a 3x increase over current levels. The building blocks for these results include:

- **Increased revenue** – by better managing sales discounts in its primary channel, structuring them by account size and growth potential
- **Increased volume** – by increasing placement of product with “high volume” customers, and by making strategic acquisitions to increase geographic coverage and product availability
- **Reduced cost** – by implementing leading practices in warehouse management, and establishing better processes for forecasting demand

Equally important, the manufacturer/distributor's willingness to aggressively and strategically address these opportunities has strengthened its relationship with the global parent brand, resulting in renewed confidence that the company can continue as a viable link in its global supply chain.

Contact us

If you think your organization can benefit from Polaris, we should talk. Please reach out to any of us to get the conversation started:

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