# Build an Analytics Culture

An MDM Webcast transcript, featuring:
- Thomas P. Gale, Publisher, *Modern Distribution Management*
- Julia Klein, Chairwoman and CEO, C.H. Briggs Co.
- Mike Marks, Co-Founder, Indian River Consulting Group

*This is the full transcript of the MDM Webcast "Build an Analytics Culture" from September 2015.*

*The Webcast presentation slides are included at the end of this transcript.*

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**Tom Gale:** Welcome and thank you for joining us for today's MDM webcast, *Building an Analytics Culture*. Our 60-minute program today is sponsored by MDM Analytics, a provider of market profile reports and tools to identify market size, market share, and account potential. My name is Tom Gale, president of MDM Analytics and publisher of Modern Distribution Management newsletter and the website mdm.com. I have the pleasure of moderating today's program.

Analytics is rapidly becoming a key differentiator for competing effectively in wholesale distribution markets. But the biggest hurdle, often, isn't the quantitative capability alone. It's transforming into an organization that's more data driven and analytic thinking.

Our program today really came out of our publishing a book this spring, *Distributor's Guide to Analytics*. And in there we really profile many different areas of adoption of analytics. We've got eight to nine different authors who have contributed across inventory management, profitability, pricing, market access, and sales and marketing among others. And it really has been a powerful tool for many companies that have used that.

We have gotten a lot of questions through that and a lot of conservations going through the different communities that we have at MDM. And out of that we really thought that this program would be very helpful because a lot of the questions are how do I make the shift in my organization where there's more analytic thinking and more data driven decision making? And so we're going to touch on a number of areas and analytics adoption. But our focus will really be a conversation today around one company's experience as it's advanced its analytics capabilities.

Before I introduce our speakers, a few brief housekeeping notes. If you'd like to access the handouts for today's program, as you'll see at the top of the slides here, please go to www.mdm.com/slides and you can download them. Or email them to info@mdm.com and we'll send them to you as a PDF attachment.

Our program is being recorded today and we'll be sending a follow up link to this recording to share with colleagues or listen to it again. We encourage questions throughout the day. As I said today is that we got a total of three slides that we're working off of but we're really encouraging more of a conversation and questions from you today so please take advantage of that. In the interest of time, we won't be taking questions by phone but using the chat function in the bottom left of the screen there to ask a question any time or if you're experiencing any technical issues. Simply type your question into the chat window at the bottom left and hit the enter key.

Finally, you can make the slides larger and view our presentation today in full screen mode by clicking the button in the top right of your screen that says full screen. You can return to the normal size by hitting your escape key.

So let's get started. First, as I mentioned, in the book and this is a chart that we use in the book and if I could just provide briefly a little bit of context around analytics and the way that companies are looking at it today. If you look at the evolution of analytics particularly in distribution channels over the last twenty years you initially have a quality movement in the eighties, ISO-9000 and really a lot of focus on inventory management particularly in the 1990s and it continues to today with increasingly sophisticated tools and even more demand planning and forecasting tools if you look across the spectrum. But really what you see across all different types of analytics are really three different types descriptive which is really typically an ERP program.

It's really the rearview mirror, the snapshot and very valuable in terms of analyzing what's happened. And really a great tool to guide decision making. Increasingly, what we're seeing is the adoption of more predictive and prescriptive type analytics particularly in the areas of pricing patterns and identify where lessons can be learned to tighten up practices and be more efficient and profitable in managing the different aspect of the business. So with that context, let me introduce my speakers today. I'm delighted to welcome Julia Klein, chairwoman and CEO of specialty building products distributor C.H. Briggs company. And Mike Marks principle of Indian River Consulting Group.

Mike and Julia welcome. And I'm so delighted to have both of you. I think I've known both of you for close to 20 years respectively and have had many wonderful conversations about many things in distribution and very much looking forward to today. Our agenda, as I mentioned, is – we're going to have some conversation for you today with Julia. Mike is going to have a few comments when we're done and then finish it up with more Q&A at the end. And with that, Julia, if you just please introduce C.H. Briggs and a little bit about your journey of analytics for everybody.

**Julia Klein:** Sure, Tom, happy to do it. C.H. Briggs is a third-generation distributor. My grandfather started the company in his garage. It's one of those great all-American entrepreneurial stories. I've owned and led the company for the last twenty-three years or so.

We focus in the specialty interior building materials world. We have six locations. Our headquarters is in Reading, PA. And we call ourselves super regional so we focus in the mid-Atlantic and the southeast with locations from Reading through Atlanta. Our customers manufacture and fabricate beautiful and useful things that go inside of homes and residential remodel and new construction and also for commercial applications in healthcare, education, food service, that kind of thing.

Our customers make cabinets, countertops and fixtures in all of those areas. It's been a fascinating business with a lot of growth, a big dip during the downturn that we survived in large part due some of the analytics we'll discuss today. We're middle market. We have a little under 200 people. And it's been a really interesting analytics journey. We've pursued a strategy based on customer intimacy, fueled by acquisitions and some geographic expansion and those are the things I'm happy to talk about today.

**Tom Gale:** Thanks, Julia. And just to start off, how do you view the role of analytics in your company today?

**Julia Klein:** Well, we've worked on lots of projects over the years with mixed success, which is why I'm happy to share some of what we've learned. We made a lot of mistakes so other people don't have to. We've always learned something about our business and something about our customer and our thinking and our execution gets better with all of the analytics projects and tools that we've tried.

We've done projects on activity-based costing way back in the day, inventory optimization, pricing,

customer stratification, credit risk, customer relationship management. So we've done analytics work all across the board, again, with mixed success and getting better at each one.

I think I'd share that the way I think about analytics today is that it's kind of just a fancy word that describes three things. It describes an approach to questions-and-answers. So not just relying on instinct or intuition or history which those of us in the distribution world are really famous in doing. It's a fancy word that describes a set of tools that makes asking and answering those questions a lot easier and more efficient. And then third and probably most important it results in info and reports that are actionable that you can actually do something about. So our journey has been learning about the approach, the tools, and the execution and to get better with each project that we do.

**Mike Marks:** In terms of this process you've been on, it's been a long time, when did you first start to think of this process as analytics?

**Julia Klein:** I think only when the language of "big data" seemed to be more prevalent, then the word analytics entered our vocabulary. Before that I think it was just how do we take all of this data and transform it into information. And then all of this information and transform that into, you know, something that looked like wisdom and something to do something about. So that's why I see analytics more as a fancy word for a way of thinking in a toolset.

**Mike Marks:** Yeah, it makes a lot of sense because the word has been kind of new to me as well and it all started with the big data and Tom's book, I think, stirred up an awful lot.

**Julia Klein:** Absolutely.

**Mike Marks:** But you've been chasing trying to figure stuff out for a long time. And I remember from years and years ago you hated what I think you called data free discussions. Sorry, I didn't mean to get you off track. It's a new word for an old thing.

**Julia Klein:** But, you know, I think it's very easy in our industry and across different segments, you know, we know a lot. We know a lot about customers. We know a lot about products. We run thousands and thousands of transactions a day.

It's easy to assume that we really know the business and that's been the hardest piece is to move away. And this is personal as well as on the team but to move away from my intuition says or my years of history in this business leads me to this judgement. And to try to look really just at the data and then apply judgement over it rather than relying first on intuition. It's a very hard change.

**Tom Gale:** Julia, can you give an example of that transformation where you're taking some of the data and getting some of information out of it and translating that?

**Julia Klein:** Well, let me talk about a project that's gone very well and that's using the concept of customer relationship management. We use the tool from salesforce.com. And we've been at it for a long time getting better and better with it all of the time.

One of the things that has surprised me has been, you know, what do we know about what customers are doing? And then what are they really doing? So we've taken our data from salesforce.com and we've matched it up against some stratification work that we've done to say who are big opportunity customers? Who are customers that we love but who are really not producing the right kind of growth margin? And how often are calling on them? What is that they really are saying about us? What do they want?

We've mashed that up together to say where should – you know, where should our sales team be focused? What kind of pricing should they have? Before we would have just said, great customer, long term customer, we love them. That's as much as we need to know. Now, we can bring a much more data rich set of information into that decision making and that's a game changer.

**Mike Marks:** But part of the problem if you're looking at data first and then applying intuition if people are used to applying their intuition, we love this customer and then you show them data that says maybe

we shouldn't love them that can create a lot of conflict.

**Julia Klein:** Yes. And it's very painful. And you want to not trust the data and go back and run it again and ask it a different way and argue it all around. Yes, that's exactly true and that's what, I think, we all spend a lot of time doing.

**Mike Marks:** Well, and I think that's why most people might start with this and then give up.

**Julia Klein:** Yeah, good point. We've been after a lot of this for a long time beginning with activity based costing many years ago when it wasn't a good tool. It was a good concept but not a good tool and we didn't really know how to best use it. And we spent all of our time arguing about definition and allocation and did not find it very useful. So some of what we're learning has been very hard won and not in a pretty way sometimes.

**Mike Marks:** It never is. It's like passing along making sausage. Sorry. Tom, this is just one of the core things. This is, I think, why people really get stuck and I've just gotten this a lock on you've got to build a data into the process and then apply your experience, intuition and judgment to the data rather than just relying on storytelling.

**Tom Gale:** Well, and the way that Julia even described her adoption of CRM it can sound a little bit overwhelming because as you start to get into this it's like, "Oh, you need to do this basic segmentation work among your customers first to really be able to start to understand how to take a look and how to organize some of the data." And then from there then it's about pricing, profitability. There's so many different layers there. I mean were there times when you were feeling overwhelmed Julia in terms of there's just too much to try to swallow here?

**Julia Klein:** Oh, I think the team would probably say that we feel overwhelmed on a weekly basis. Sure. I think for better or worse we've looked at a lot of this stuff as discrete projects. We've found a problem or we've had a question and we found the tool that will help us in a pretty narrow way.

It's only in retrospect, I think, that these things begin to fit together where you can mash them up. And yeah, I think, that's a larger industry issue about what our ERP systems doing and maybe we'll get to that or maybe that's a conversation for another time. But at Briggs we've looked at it in more narrow slices to begin one at a time, so it's a little less overwhelming.

**Tom Gale:** So and just to understand you did some activity based costing to try to get at some accurate cost to serve information. You've done some pricing work, some profitability. Can you just sort of outline at a high level the different types of analytics that you've brought into the company?

**Julia Klein:** We've done projects on customer relationship management with the salesforce.com. We've done a big piece on customer stratification. So beyond segmentation we've looked at – you know, we set our own parameters and have said which customers have what kind of margin, what kind of cost to serve, what kind of opportunity, revenue gross margin and then we've tried to put them in buckets to think about services and fees that go with each bucket.

We've done significant pricing work. We did most of that before the financial crash and the crisis in the construction markets and found that our pricing analytics were much easier to apply when times were good. Not a surprise. We did activity based costing work early on and that is still – although the toolset is old we have better cost of serve data now that feeds into our stratification. We've done a lot of work in inventory optimization, service levels and fill rates.

And also in credit risk which is actually an area of analytics that is not new. You know, people do a lot of credit risk analysis across all different kinds of industries. But I find often in distribution that's the last area to get attention. And for us it's been a real positive in terms of risk management.

**Tom Gale:** As you mentioned, your primary focus today is the CRM and really integrating several pieces of the work that you've done along the way into that system.

**Julia Klein:** Yes.

**Tom Gale:** And I have a question here from someone, do you align or integrate salesforce.com with some sort of financial system to be able to review sales reports?

**Julia Klein:** Yes. Everything is integrated. We're power users with salesforce.com and although they don't pay me a penny to promote them I think for Briggs we've really found the right tool that's easy to integrate. Part of the challenge is, you know, how do you get a 360 degree view? And between Infor our ERP provider and Salesforce we've been able to get all of the information that is what we call back office.

And everything that's in the field and make all of those transactions and all of that information visible to everybody in the company in real time. That's an enormous step forward. We've learned from everything we've done. And having a deep and widely shared view of customer knowledge has really enabled us to direct sales efforts better, and leverage some of the investments that we've already made. And, you know, at a very basic level it's helped us weather the worst downturn in history in our industry, which I don't think we would have been able to do if we didn't have a strategy of customer intimacy and a toolset that helped us use that.

**Tom Gale:** So just to get into – let's just stick for the moment a little bit about around platform and resources, to do what you're doing with the CRM. Is there a specific business intelligence tool that you're using in conjunction with these?

**Julia Klein:** Tom, I'm going to answer that this way. I think that our industry and I don't know if we've got any software folks on the call today, but I think our industry needs to do a way better job in helping us do real reporting. I think that's a limitation in just about everything we've done is that the tool works but then how do you get it in a reportable, usable kind of way? And in my perfect world all of that would be integrated into an ERP system so you wouldn't have to use another tool. So the business intelligence reporting, I think, is a key piece and we don't have the best answer to that today.

**Tom Gale:** And just to be clear is that perfect world, what does that real reporting look like?

**Julia Klein:** You know, today for us it looks like a lot of different things. It looks like something is coming out of our Infor ERP. Some of it looks like it's coming out of data warehouse. Some of it is just on Excel spreadsheets, mix and match all over the place. And my guess is that for everything short of a $1 billion company that's what analytics reporting looks like in distribution today. Mix and match.

**Tom Gale:** So what kind of resource do you have to manage and get at this information? How many people and what are their key roles in terms of managing CRM and the integrations that you have going on?

**Julia Klein:** Well, boy, I'd sure like to tell you that we have a staff of analytics, big data Ph.D.'s who are running all of this. But that's not what it looks like at all. We have a very strong leadership team and management team and they have adopted these tools as the tools that we're using functionally and across the business.

And so there's nobody that has been hired specifically just to do big data or do analytics. Every person that's using the toolset has learned on the job. And has learned through education from our providers. Some of the things that we've used early on were kind of black box tools where we would submit our data and then somebody else would run it for us and spit an answer back. And we realized very quickly that that was not for us. That didn't work in our culture. We had too many questions. We needed more transparency. But we don't have an analytics team. We have a lot of very smart people who are learning along the way.

**Mike Marks:** I like your accurate description in terms of what it looks like for most distributors with a mix of spreadsheets and everything else. But Alex asked a question. And to me it's a very practical one because when you have one of your sales reps about to walk into a customer how do they get the infor-

mation they need before they walk into that account without suffering from analysis paralysis? I mean in terms of how this is – how do people actually use the data right at the customer interface?

**Julia Klein:** Well, I wish I had my sales team on the call for me. So this gets right back to using the salesforce.com tool. And again, I'm not schilling for them today. It's worked really well for us. Our sales team all have iPads in the field. They have customized reporting for their customers. They know what they're doing, what they're going to talk about, where they're going and they have all of that customer data right in front of them as they go in.

So with the Salesforce tool that's not an area where we've had to do a lot of special add-ons. It's very usable, very I think oriented towards the sales professionals who are going to be using it. And I would describe it as user friendly. I would hope that our team in the field would say the same thing although we can talk about how they've gotten up to speed. I think that's an interesting story too. But on the sales and marketing side, a lot of that is prepackaged and ready to go.

**Tom Gale:** Julia, did you specifically bring in a CRM specialist to do the integration and work with Salesforce and pull that together specifically for what you were looking to do with them?

**Julia Klein:** Yes. So we've been at this with Salesforce for a lot of years. And we had CRM that came from our regular ERP provider before that. It was not a very good one and was not very successful. It seemed more big-brotherish, I think. That was more about monitoring or it was perceived to be more about monitoring.

So what we learned early on when we rolled it out I think we did some very smart things and I give all of the credit to our head of sales and head of marketing, who really did this brilliantly, I think. First, they piloted it with just a handful of sales professionals and people who were just into it, you know, who wanted to experiment, who thought it would be interesting, who dove right in. And we learned from their experience.

Now, interestingly that has nothing to do with age. It wasn't like, you know, the young sales professionals jumped on this and the old dogs ran away. Not at all. This was – people were interested because they were interested. And we got a pilot started and worked out a lot of bugs. And then secondly, I think the real key to success, good training, obviously, repetitive training, of course.

The most important thing I learned through this was that as soon as some of our sales professionals could really see value, personal value for them, more success in their markets then it caught on like wildfire. So we could talk about how great it was all day long but as soon as the sales team started to see the value that's what made everybody get excited about it. In retrospect, that's kind of a no brainer, but it was a really important lesson at the time.

**Mike Marks:** I want to check something here because Salesforce and a lot of the other what I would call sort of level one or tier one CRM packages are basically templates and toolsets. And what I think I just heard you say, which is very atypical, is that you had some of your senior salespeople sort of the best of the best actually designing and putting the toolset together so that you got something that fit your company rather than having IT people or marketing, staff guys that are a long way away building the tool. Did I get that right?

**Julia Klein:** Yes. Definitely a team effort that included people who were going to be users. Giving it a try, offering feedback, designing it from the beginning. So nobody designed it in insolation. It was really a cross functional team effort.

**Mike Marks:** Which probably took longer but what you ended up with you didn't have the resistance and the sabotage that a lot of the other folks do with CRM.

**Julia Klein:** Yeah, certainly no sabotage. I would say as with any new tool that you roll out there are people who embrace it quickly and people that need a little bit more time. There's a spectrum for sure. The spectrum doesn't have anything to do with age. But it didn't take a really long time once we could demonstrate value for people to be more successful using the tool than not using the tool.

**Mike Marks:** Very cool.

**Tom Gale:** Julia, Carmen is wondering if you're including any type of market data in your analytics?

**Julia Klein:** Yeah, there's a lot of market data that goes into a number of different tools we use. Certainly, everything we do in filling in the commercial markets begins with market data, what jobs are out there, who has them, how are they being specified.

That's a whole other data feed that's coming in. We also use a lot of market data to look at – when we're trying to view customer stratification what areas are growing? What's not growing? For example, who is building for let's say healthcare as compared to food service, very different market segments. Bringing in that outside data, though, is often complicated and expensive so we're always trying to figure out ways to do that more intelligently.

**Mike Marks:** So you're pulling on third party data construction related demographic business segmentation type data I mean whether it's Hoovers, D&B or whatever or a combination of those types of third party?

**Julia Klein:** Yes.

**Mike Marks:** Is there one that is more critical to you? I mean is there a service out there that was very specific construction market trends, trending changes, that's kind of your barometer?

**Julia Klein:** Yeah, the data set we rely on the most in the commercial markets comes from McGraw-Hill and that's in partnership with one of our vendors.

**Tom Gale:** By the way, there was another question, we kind of went by it from Ben and his question was if you're trying to take a look at this whole effort of business intelligence and analytics, all of the rest of it, is there any way that you could put a number to what your total investment is? Is it like a percentage of revenue, or percentage of SG&A? Or is it something that just sort of mixed into the day to day fixed culture of the business?

**Julia Klein:** Well, I would say yes, we could tease that out. Yes, it's mixed into the day to day business. But no I don't have that number top of mind.

**Mike Marks:** Okay. No problem. And by the way, two other ones and we'll save the pricing thing in a bit. Are you doing anything with the Salesforce toolset that has to do with either territory routing or mapping or how that tool helps salespeople decide where to spend their time and who to spend it with?

**Julia Klein:** Sure. That's one of the most important outputs of using Salesforce. Sure.

**Tom Gale:** Can you just describe that a little bit, Julia, for those who might not be familiar?

**Julia Klein:** Well, I'm not sure I'm the best person to do that. You know, one of the things that all of this work has done has enabled our sales leaders, specifically our managers and our chief sales officer to really help coach and direct what the team is doing and that is very personal, as you know, territory by territory, who to call on? What should we focus? Where are the real opportunities?

And for the mapping and routing is a key piece of that in terms of physically what are you going to do this week. I think there's another interesting piece to it, though, that says so where are the real opportunities here? We might know, for example, that people working in healthcare are super busy, you know, and over the past couple of years people working in new construction maybe not so busy. So, of course, we know that. But beyond that, to really understand here's a creative entrepreneur that we're calling on who's got a great idea in this particular segment you can't know that through using a toolset. You only can know that if you're seeing somebody face to face, you know, really intimately engaged in their business and their dreams for their future. The only way you can do that is with the kind of sophisticated

sales professionals who are experienced and really are building relationships. So for as much as I want to continue our investments in all of these great tools and understanding the analytics, one of the things that's helped us really key on is the best relationships come person to person with all of the information carried along. They're not separate things anymore. Sorry, that was a bit of a tangent but I think a really critical piece of learning for C.H. Briggs.

**Tom Gale:** Just along that same line and maybe this is just going to take us on more of a tangent, but are you using any sort of human resource assessment tools to either in sales or other parts of the company but in sales to actually map the types of personalities and skillsets that then your sales managers can you to in conjunction with the Salesforce tools to really give direction and help coach those people in terms of the relationship part of this that you say is so key to this? Maybe the answer is no.

**Julia Klein:** Now, with the hiring we've done we use a basic kind of assessment tool to match up kind of experience and personality types against those who have been most successful at Briggs. But I think our sales leaders are very good coaches and that to me is the key. I'd love to be back in a world where we're hiring like crazy.

But now as we think about all of the different ways that we're selling, the human factor – I think it becomes more important because there aren't as many feet on the street as we had in terms of a ratio that we had back in the nineties, for example.

**Mike Marks:** Well, and also part of that is because our productivity had to get higher or you wouldn't have survived the big crash.

**Julia Klein:** Right.

**Mike Marks:** And, Tom, in terms of the budgeting, I can give you the generic deal in terms of the territory routing and mapping because the basic kernel in Salesforce and a lot of the other packages as well just so we're not like pushing Salesforce like Julia said, but a sales rep comes up with how many calls can they make in a quarter, knowing how many calls a day and how many meetings they got to go and all of the rest of it.

And then they start talking about call frequency and customers and they start figuring out basically where to invest those calls. Think of it as a money investment, invest the sales call with the customer and how much of them are just drive by, just in case sales calls, and how many of them are actually spent where there's real opportunity to grow. But the real lever that Julia and you went right by it Julia and to me it was really powerful is these tools help sales professionals be more effective. And putting that insight that they've earned, the relationship trust that the customer will actually share that and putting that kind of data and logging that information along with the demographics and the rest of it, it's the combination that makes this so powerful because then a coach can sit here and say are we investing our calls appropriately?

Or are we just spending them indiscriminately? It creates a whole different dialog. And then one of the things that the clients that I have that are enthusiastic about Salesforce, one of the things that they really like about it is that they get to sort of dial their own and put their own little structure together that makes sense in their company. So Julia's sales leaders their coaching style, I guarantee you that toolset if we sat down and looked at it it supports their style coach.

**Julia Klein:** I think that's right. And their coaching and their skill level has changed and grown because they've got more information and more tools at their disposal now.

**Mike Marks:** Yeah. I've got a client that will remain nameless that likes to put everything in a computer and on a spreadsheet or something. And the idea that we're going to do psychological testing and match social styles to customers they're doing stuff like that, but I will say the company is not terribly effective. And part of this is to recognize the role of a professional and to give them tools to make them effective which improves their productivity rather than trying to manage control or eliminate the need for independent judgement. Sorry, I just get excited about people trying to put everything in a spreadsheet.

**Tom Gale:** Mike, I guess, just to clarify so what you're really saying is this is – for most distributors a lot of this is really around the relationship selling and what's already been built out there. And all of the CRM and the supporting stuff is really about helping them get to be much more efficient and effective with their time and really focusing on the highest return to the company. Is that your point?

**Mike Marks:** It is the key point. And the one thing I would add to that and if you think about it, it goes through everything Julia said managers manage sales people. The CRM toolset and the data that it brings to the fore allows people to be more effective at both coaching and investing their time to get a return so their productivity is higher. But anybody that tries to use CRM like big brother to manage the salesforce because they don't have any real sales management processes is cruising for a disaster. That's the big brother stuff, I think.

**Julia Klein:** Well, I think that's the difference between sales professionals seeing value in a new tool, how is it going to help them be more successful, make more money versus call reporting, old school call reporting. Who wants to do that? And who even wants to read those let alone who wants to do them. But when you can demonstrate value that this is going to help you in the field be more effective, make more money, people are ready to jump on board, I think.

**Tom Gale:** As you look at where you are Julia with your CRM journey and evolution is it where you want to be with it?

**Julia Klein:** Oh, I think there's always more to do. You know, the tool that we have is coming out with new applications almost monthly. So I think there's always more to explore and more to do and the challenge is to identify just those things that are going to have the biggest impact. It's very easy for us, well, for me, to get very distracted by kind of the newest thing.

I wouldn't say that we're where we need to be. I think there's a lot more to learn and a lot more to do. And the software developers are running way ahead of us.

**Mike Marks:** In terms of people being able to put the tools in the ground and use them, you mean?

**Julia Klein:** No, in inventing new tools.

**Mike Marks:** Ah, they may not be useful.

**Julia Klein:** In inventing new tools.

**Mike Marks:** Okay. I got it.

**Tom Gale:** So as you look back, what's gone right, what's gone wrong? What are the biggest wins? And what's been the biggest pain points?

**Julia Klein:** Well, I think we've learned from everything we've done. We've done a lot of different projects and we've learned something from everything. Having really widely shared customer knowledge and an ability to direct sales efforts and coach more effectively I think has been the number one most positive outcome of all of this. What's gone wrong?

I think that we've used a lot of this information too narrowly. Sometimes I think we've used it to affirm a preconceived notion that we had or that one person on the team had or a subset of the team had. For example, you know, customer stratification can completely miss huge opportunities. If you just look at the data somebody could look like a winner or loser customer when in fact you really need human judgment to look at opportunities. And I think we've missed that and we've relied too narrowly on the data. And also I'll tell you there are unintended consequences. You know, whenever you dig in, you know, you push a button over here and, for example, change a delivery schedule or wave a service fee, or change pricing and it has one effect. But then it has an unintended consequence that might be negative

that you hadn't anticipated. So part of the learning to me is how do you quickly and constantly reassess how are we doing? How is this working? Did it do what we set out to do? And if the answer is no to just admit it and course correct and I think that's a very challenging thing. It's a challenge thing at Briggs in a mid-market company. I can't imagine how much more challenging it might be in a billion dollar company. But that has everything to do with culture, not tools. But those are the kinds of things that I believe have gone wrong for us.

**Tom Gale:** Are there things that you would specifically do differently now if you were starting a company from scratch?

**Julia Klein:** Well, that's a call in and of itself, Tom. Well, first of all I think I would figure out a way to build in a faster rhythm of reassessment, all of the time. In my perfect world I would begin with an ERP system that has analytic reporting built in. I don't think that's really quite realistic but that's my magic wand wish if I was starting from scratch.

You know, all of these tools are extras and bolt-ons. If we really had brilliant enterprise systems it would have a lot of it built in. But that's my advice to any ERP folks who might be listening today. You know, starting from scratch secondly, I guess, I would hire and develop people who love playing with data as long as they're people who can also really talk about and communicate their findings and then execute.

So I don't know that you would build a team of analytic robots at all. But that's something I would look for in everybody pretty much in every role. And then finally, I would try to simplify wherever we could and a lot of this stuff is more complex than it needs to be. And I think in often in trying to answer lots and lots of questions we have – we've landed on complexity when it would have been much better to begin in and end with simplicity. Those would be my top things.

**Tom Gale:** You touched on one thing there that I want to get on my soapbox very briefly about it. That's how bringing into the team people who are more analytically oriented but also with the communications skills. And more and more there are schools that are putting in place masters programs, different types of programs specifically around analytics and some with focuses on supply chain.

And I'm just using the University of Colorado here in my backyard and a masters program that we actually hired an intern and then a fulltime data analyst out of. They're very successful but they're very specific skills that has a combination of core analytics, but also statistics, coding. But if you can't communicate it those people are having a more difficult time landing in places. It's a rarified skillset but more and more training is oriented around trying to combine a lot of this and probably have heard the term data scientist and it gets confused a bit.

But increasingly it's a differentiating type of team that's getting put together that can bring a lot of these things that you've talked about together. A couple of questions that have come in here. What's on your wish list if you could only have this information or insights maybe two examples? Are there just a couple of things that is at the top of your list that you'd really like to see that you're not getting right now?

**Mike Marks:** And that may be the next two projects you're working on that will create heartburn for your executive staff.

**Julia Klein:** Yeah. Boy, I think I want to know where is the market moving? And who among our customers is best situated to take advantage of where the market is going.

**Mike Marks:** Good question.

**Tom Gale:** So it's a little bit more qualitative around who are some of your more strategic thinking customers?

**Julia Klein:** Strategic thinking and then also with the ability to grab market share, meet their customer's needs, and finance their own growth.

**Mike Marks:** It's a perfect example, Tom. Remember, you talked at the beginning about the difference between descriptive predictive and prescriptive analytics. This is definitely predictive and prescriptive.

Because the thing is you know if your customers are well positioned to grow in a changing market, those are the ones that you want to invest in because they're the horses that pull your chariot as well as their competitors, if the competitors are good. The thing that's kind of interesting to me in this whole thing is that it's a long term deal and you just sort of grab a hold of it.

It's not a software package you buy. It's not a solution in search of a problem. It's basically your life peaked in third grade at show and tell, Julia, because you just had terminal curiosity and you've always been asking questions as long as I've known you. And you're still asking questions and I think this is just part of the way you get the answers, isn't it?

**Julia Klein:** It makes me very difficult to work with, though. <laughs> I'm extraordinarily grateful to the team at C.H. Briggs that has really pushed all of this. They found the tools. They've built relationships with the software vendors. And they've structured the right questions, and then coached and cajoled their coworkers into using a lot of this and then rethinking it when it's not working so well.

So really without a fabulous team a lot of this, all of this is really, you know, it's happy talk or super expensive things to buy. But I also think that piece by piece, even a team that doesn't have anybody who has a graduate degree in data science every team can start, every department, every function, can begin to use data and information in a more sophisticated way.

**Tom Gale:** Who is driving that Julia? Is it you? Is it you executive team? Is it all of the above?

**Julia Klein:** Yes. At Briggs today it's clearly our leadership team. In fact, I don't think they would even – they would be surprised to – they would not necessarily think of themselves as being leaders in analytics. They've got work to do, problems to solve and they've been very sophisticated in finding the right tools to help them ask the right questions. I think they think of it as business as usual, just on steroids.

**Tom Gale:** And with that, Mike, I think, this might be a good time if you'd like to just spend a couple of minutes here to talk a little about that culture change aspect. And should I tee up that first slide for you? Mike, you're on mute. I see the slide.

**Mike Marks:** One of the things everybody struggles with in any of this is that when the distribution businesses start they're very small, they're undercapitalized, all of our processes are artisan in nature.

An artisan is somebody that makes pots and every pot is different but they're all perfect because they're wonderful but there's nothing that scales. In all of the knowledges and the minds of the individuals and at work and the company's got big and so it gets very hard to change it because people are the key ingredient. And all of this knowledge and insight is in the minds of the individuals. And we have very few performance indicators.

We typically have descriptive numbers of financial statements after the fact. And we're all great storytellers. If the numbers are good it's because I'm brilliant, and if the numbers are bad it's the economy or stupid competitors. And nobody really wants to sort of sit here and be told that they have problems with performance or allocating resources. You know, what's the old thing, nobody likes change with one exception that's a wet baby.

Because every time you talk to anybody in the company you don't understand my branch is different or even a warehouse guy in my zone is different. I have to pick things this way and everybody's got their own little way of doing things. But fundamentally, if you think about what Julia was talking about essentially this is just kicking the game up a notch. I mean when you race sports cars, you've got all kinds of film, telemetry and data.

And I recall coming back and my coach looks at the data coming off back off of racetrack and he says, "What, your skirt tangled up in the shifter on the way to Piggly Wiggly?" Because I did a corner bad and you can't hide and it's embarrassing. But football and golf there's 120 indicators that Tiger Woods was using at the peak of the game in terms of statistics. So it's just bring the data in.

And the one thing I think that people probably wouldn't appreciate and Julia would yell at me if I

told you how long I've actually known her but Julia's company was tagged this is back with Adam Fein being our first research fellow was designated an NAW best practice company a long time ago and they just scored away. And so one of the things she didn't talk about that she just thinks everybody does that a lot of people don't is she's got a very well established management rhythm. And that basically says even at a coaching level with the field sales rep and a sales manager somebody puts together a plan for what we're going to do this month and priorities and were they're going to go and where they're going to spend their time. They go out and do the work in that execution piece.

Then there's some measurement at the end in terms of metrics or tasks. And there's a review. And the review basically says, did we do what we said we were going to do? And did it work? And if it's not working let's change what we're doing. And so you improve the allocation of your invested resources by going through this loop. But she's got management meetings. She's got business strategies. She has all of these things in her company. And the point I'd like to make to everybody listening is a lot of times as a consultant, we get involved when people have already spent the money and bought things and they don't work. And after they get frustrated for a while then we get the telephone call.

And if you go out and start to do all of the things that she was talking about and you don't have any foundational management rhythms, I'm not saying you need to be bureaucratic but you need to have something that says let's agree what we're going to go do. Everybody is going to go out and do it. You have some measurements to make sure everybody – are we doing what we said we're going to do? And then you measure it and if it worked you keep doing it. If there's ways to fine tune things and make it better you change it.

That whole change process of readapting is absolutely critical. And two specific examples, this actually fits one of the questions that we had in here that people have already asked one of the things that you can do without a whole lot of effort or data scrubbing is you can to start see customers departing if you're using things like recency, frequency, monetary analysis, or time since last order. I mean there's lots of different techniques. But you can actually see customers at a change order frequency or order size that normally you'd never notice in a financial segment.

But the idea is not to beat anybody up. The idea is that we noticed the change in this pattern. Something is going on with the customer. How does that get raised to the attention of the sales reps so they can investigate? And maybe it's something that's fixable. Maybe it's something understandable. But the idea is that we find out before they just fade away. And the other thing and this is one of the things to me really drives home the power of the management rhythm that MDM Analytics that Tom runs now used to be called Indusial Market Information and they would go out and do – you could go and we used a lot of their data with our clients in terms of understanding what a customer spend was by different product categories. It's really powerful stuff.

I'm saying something nice about Tom's toolset or his dataset. But here's the problem, if you just take all of this data, here's the customers in your territory, this is what they buy, a bonnet abrasive, coated abrasive, powder abrasive and you lay it all out and you give it to your sales guys with the idea that well now you know this can you can go sell they're going to discredit that data all the way until the cows come home. And they'll say the data is bad so you can't use it because there is no management rhythm to put it in.

If you had a management rhythm and you said this is what this customer is buying? If the sales guy said it's not then you say, well, put in what they are. Where's your source of data? Let's go find out. And one of the things that comes out of that and Tom and I did five webinars last year on how do you use that kind of data to identify what customers are buying that they're not buying from you so your sales people have a short list of things to talk about. So from my point of view this culture thing is a long term deal. If you do this as a one shot project and you throw a bunch of data out the white blood cells in your organization will keep you from doing anything different. They'll kill any change and innovation. So you've got to build a management rhythm so that every month or every week or every quarter that this data is used in decision making and resource allocation. And Tom, I know there's not much time so that was the short version.

**Tom Gale:** Thank you, Mike. I think Julia, I would just ask you and it really plays off what Mike just outlined, around CRM and there's some myths and perceptions around what CRM is and what it does in terms of being able to track customers and not drop balls. But could you just talk a little bit more around CRM as an analytics tool and how it's really changed the way that you look at it, but also your team looks at it?

**Julia Klein:** I think most importantly we have an inside out and outside in view of what's happening and that's all shared in real time. So before a sales professional in to make a call he or she is able to see what was recently ordered, if there was a delivery problem the other day, what the communication was with accounting on the last invoice.

All of that is visible. And that's a really powerful thing when all of that information is shared across the company. I'd say that's probably our number one piece. And then number two would be having information at your fingertips to coach, plan and direct effort the most efficiently possible.

I think part of my advice to anybody would be to make sure to find the right sources to measure what you're doing. We finally have settled on that the harshest view from the customer's perspective, not an internal perspective but the harshest view from the customer's perspective is the one to really drive towards. And then the hard part is to not cheat, to not waiver away from that. But that's really the ability to become more customer centric I think is the biggest thing that we're taking out of you work with CRM.

**Tom Gale:** Great.

**Mike Marks:** Tom, with the questions coming in I think we could do a whole one of these just on pricing tools and the experience that Julia has had and I know some of it is quite colorful and might be challenging to some folks. But I think we're out of time.

**Tom Gale:** We are out of time. And I just would like to thank everybody for their questions. We absolutely will have additional follow up webinars related around this topic and with that I'd like to thank both of you for your time and input on this.

And as I mentioned we'll send a link to access a recording of this program to share with colleagues or to listen again. We'll also have a DVD of the program available later today at MDM.com. The final point is on the screen here if you haven't read the *Distributor's Guide to Analytics*. I highly recommend it. If you go to our site you'll find more information around it. And there is a discount, of course, for everybody attending today's program. And with that thank you for attending today. And this concludes our program.

# Build an Analytics Culture

**Featuring:**

Julia Klein, C.H. Briggs Co.

Mike Marks, Indian River Consulting Group

Tom Gale, MDM Analytics

**Sponsored by:**

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# Speakers

**Julia Klein**

CEO

C.H. Briggs Co.

**Mike Marks**

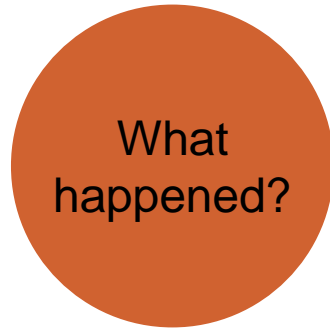Co-Founder

Indian River
Consulting Group

**Tom Gale**

President

MDM Analytics

# Agenda

- Introduction – Tom Gale

- Presentation – Julia Klein

- Presentation II – Mike Marks

- Q&A – All

## Defining Analytics

| DESCRIPTIVE | PREDICTIVE | PRESCRIPTIVE |
|---|---|---|
| What happened? | What is likely to happen? | What should we do? |
| • Reporting<br>• Dashboards<br>• Scorecards<br>• Segmentation<br>• Clustering | • Data mining<br>• Modeling<br>• Forecasting | • Optimization<br>• Simulation<br>• Big data analysis |

Lower       **COMPLEXITY & VALUE**       Higher

# Culture Change Is Often Required

Generic customer intimacy strategy is the dominant success model

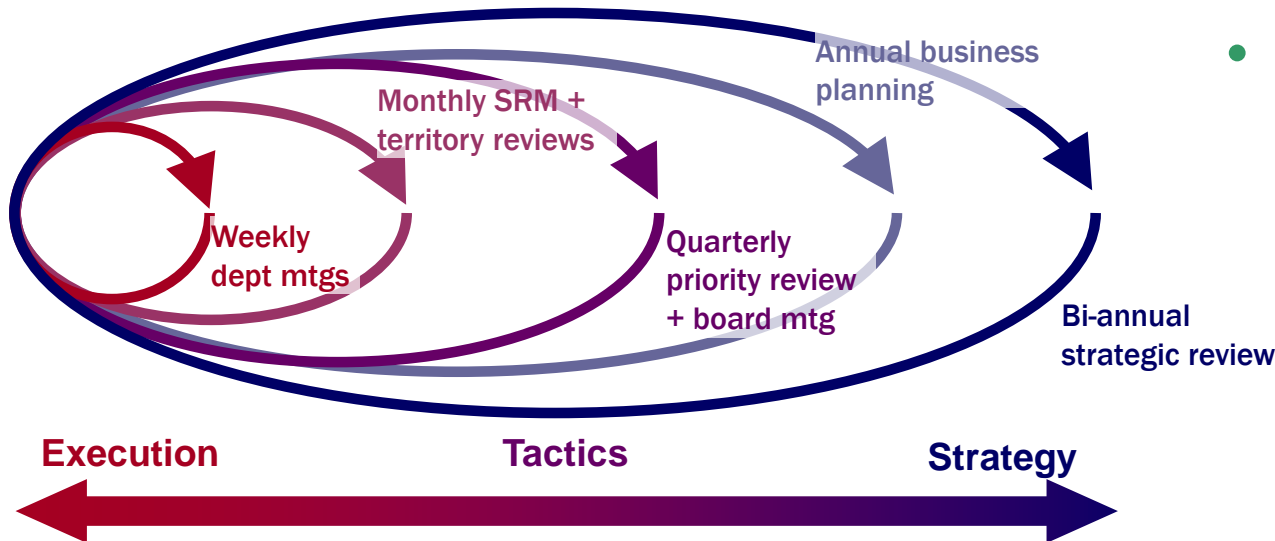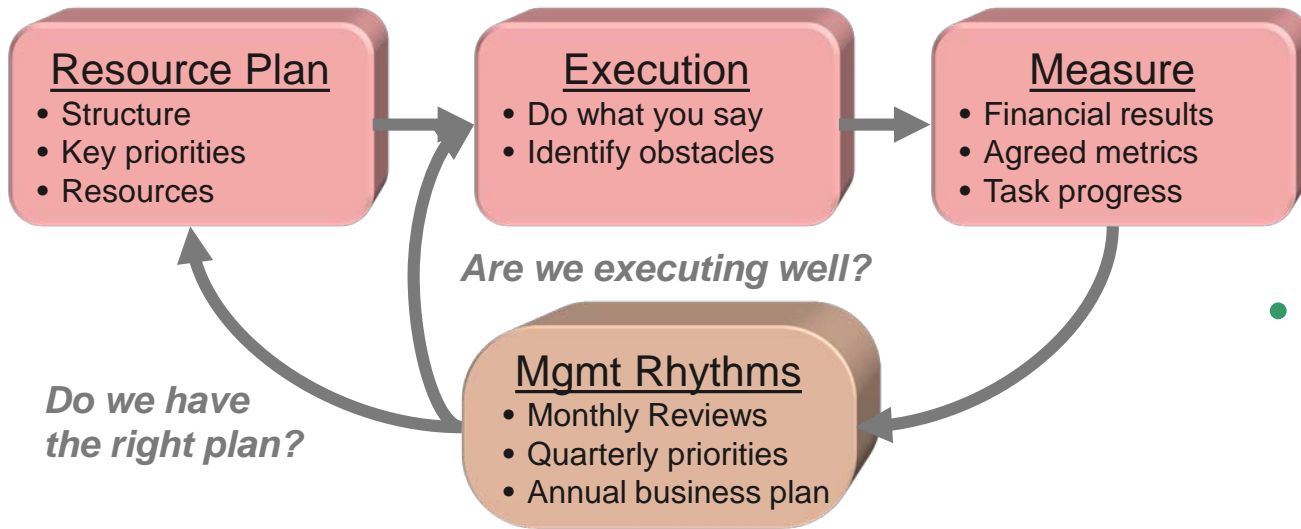Processes are artisan in nature, not robust and responsive

*They started this way in small businesses, they worked, so most firms never changed*

- People are key ingredients

- Customer relationship equity and knowledge is in the minds of individuals from sales reps to warehouse operatives

- Few if any Key Performance Indicators (KPIs)

We have all become great story tellers and no one wants to personally be held accountable for results because, *"My branch, my supplier, my customer, my zone (pick one) is different"*

This is fundamentally about kicking it up a notch to play at the professional level, think football, golf, or auto racing.

# Big Data Simply Provides More Choices

**Resource Plan**
- Structure
- Key priorities
- Resources

**Execution**
- Do what you say
- Identify obstacles

**Measure**
- Financial results
- Agreed metrics
- Task progress

*Are we executing well?*

**Mgmt Rhythms**
- Monthly Reviews
- Quarterly priorities
- Annual business plan

*Do we have the right plan?*

Annual business planning

Monthly SRM + territory reviews

Weekly dept mtgs

Quarterly priority review + board mtg

Bi-annual strategic review

**Execution**     **Tactics**     **Strategy**

*Sales Examples:*
- *You see customers departing before they are completely gone so a rep can intercede*
- *You identify products that your customers are probably purchasing from others that you could sell them*

Q&A

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**Analytics**

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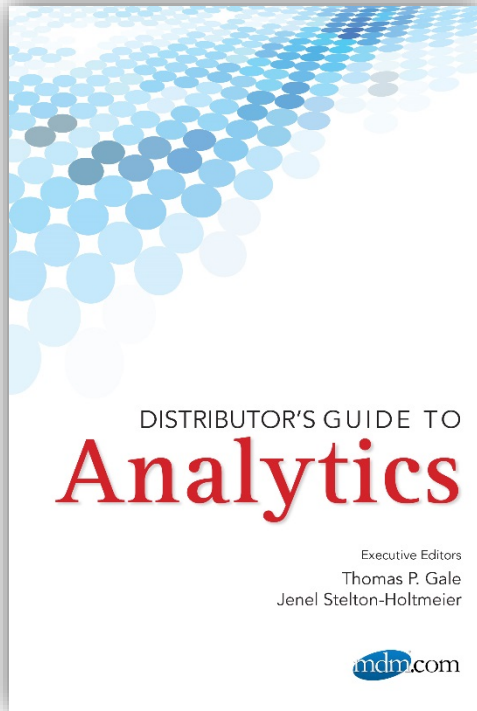
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# Thank you!

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