

Phocas.

7 top sales KPIs for manufacturing teams

To measure product,
people and customers



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Introduction

Global manufacturing stands at a critical point in time — and how industry leaders view and react to the changing landscape will influence its future. Companies need to digitize and use data to stay competitive. Manufacturing is best positioned for domestic growth, so what is the logical way for sales managers to achieve this?

As many sales professionals working in manufacturing already know, customer behaviour is changing and is continuing to evolve.

Manufacturers need to be more flexible and personalized, which means innovation and business agility are essential. But many manufacturing companies are well established and have been around more than 50 years, and are often operating with out-of-date business practices. From working with manufacturers globally, we know tech spending has been around the factory floor to improve product line efficiencies rather than adopting digital technologies for sales, marketing, and supply chain management.

Manufacturers need to rethink and do due diligence on the most suitable sales and product technology for your industry to automate laborious tasks so you can get back to serving the customer.

As a sales leader, you need to look at the data you are generating, review your access to information and answer these questions.

How easy is it to generate reports from your data?

Is this data helping you direct your team and understand the challenges your customers face?

Can you have meaningful conversations with customers because your data is accurate?

Can you compare purchasing trends from month-to-month and drill into product types?

Data is an asset in your manufacturing business. New technology will help your sales team be productive from anywhere, take the pressure off the IT department and collate data into reports and dashboards.

The case for modernizing the sales function



Transforming your sales team to be more data-driven will allow everyone to make more accurate and strategic decisions.

Siloed departmental data is common, so the start of the sales reinvention journey is to invest in the right platform to enable real-time visibility that delivers insights you need to run and analyze your business. You can then easily determine whether sales are being affected by industry, geography or at a customer level.

Data visibility allows for the design of an optimal sales model. When you have all the data you need (both financial and operational) you can then decide on the right mix of inside and outside sales processes and design your sales strategy by vertical.

A common struggle, for sales team of all sizes, is keeping data organized. New solutions are often implemented without consideration of whether they're compatible with existing software. This lack of organization leads to confusion and, subsequently, poor data transparency. Sales teams benefit from planning what to measure from the outset and then by setting and maintaining data rules for ongoing accuracy.

Transforming your sales team is not easy: it's an arduous and individualized journey where success is contingent upon the commitment of employees, data quality and technology. The good news, there are industry-specific data tools for manufacturers that are compatible with existing systems that are built for the everyday user with built-in templates, dashboards and KPIs.

The top sales KPIs



Sales team working in manufacturing are feeling the pressure to reach sales targets and retain customers. These issues are amplified by ongoing instability between trading nations, closed borders and high transportation costs, delivery delays and changes to customer preferences. The combination of factors is resulting in smaller margins and constant scrutiny of sales performance. This is why KPIs and metrics are so important to the modern manufacturing business. Having data at your fingertips that you and your team can use will make it easier to track valuable data points so you can make real-time, educated decisions, and improve your sales performance and productivity. What you measure depends on what your sales team is trying to achieve, but there are several sales KPIs that are very useful to keep a team on track.

Sales leaders need to monitor a variety of KPIs from individual salespersons' performance to product sales, active accounts and sales by locations. You need the ability to aggregate all of your customer sales data in a single location and create visual, easy-to-read dashboards so you can quickly see what customers are buying, or perhaps more importantly, what they are not buying.

You can see what products are performing and underperforming and what accounts are active or need attention. As you keep track of what products your customers are buying and where, you can uncover trends and opportunities to introduce new and complementary products into their buying mix.



1 Sales performance by location

Comparing sales by location allows you to track product performance to determine what branch, region or territory is receiving the biggest demand. Your sales performance data will reveal which locations need more attention, if additional product training is needed or trends in different parts of the country.

2 Sales performance by person

The pandemic has put a focus on workforce productivity so revisiting these metrics with hybrid and remote working models is necessary. Many customers have had reduced budgets so hitting quotas may also need to be revised. Of the sales team who have hit quotas, you need to determine average deal size and revenue-per-employee. For those that are not hitting quotas, these people might need some additional support or the right tools to access data and information in remote working environments.

3 Product-level profitability

Data-driven insights allow you to identify the true profitability and fully loaded contribution margin of each product line. This KPI can help you identify what products are contributing the most to your bottom line and help you make more educated business decisions about what products to make, promote and cross-sell to increase sales.



4 Customer level profitability

A critical KPI to help your sales team determine where to focus their time and effort to improve customer engagement and drive additional sales.

5 Channel-level profitability

As customers spend more time online it is necessary for manufacturing businesses to review the profitability of different sales channels. How does online compare to your partner network? If you have a multi-channel sales offering then you need to measure the profitability of each channel and determine the cost to serve customers across each one.

6 Sales revenue

While business revenue may be an obvious KPI, many companies focus their attention on profit margin rather than straight bottom line revenues. An understanding of big picture revenues, instead of only profit margin, can give your sales manager more insight into overall business performance and profitability. By calculating the profit ratio (divide net income by sales revenue) businesses can reveal how much of every dollar brought in by sales actually makes it to the bottom line.



7 Variance

A budget variance occurs when the amount you budgeted for is higher or lower than the actual expenditure. For example, if you budgeted \$20,000 for customer A and the actual sales amount is \$18,000, the variance is \$2,000. A variance can be positive or negative but generally indicates inaccurate or assumption-based budgeting.

Variances are common. Traditionally, you'd wait to review monthly or quarterly reports to catch them. Many salespeople are now measuring variances weekly and monthly across different segments so they can determine how fast the market is changing.

Variance by customer

Sales managers need to regularly monitor the variance in current monthly customer sales versus the previous month to determine who is tracking well or not. It is best to look at variance as both a value (by currency) and as a percentage. This information provides salespeople with great information so they can dig into underlying data. The customers that aren't tracking well need to be followed-up.

Variance by product

Product variance also measures the change in standard revenue or contribution arising from the difference between actual and anticipated number of units sold during a period. By keeping an eye on this metric helps companies determine which products are not profitable and helps them decide which products not to continue to make or which products need more promotion.



Case study: Harrison Sauces





Harrisons Sauces is part of BI Europe and manufactures condiments and sauces, supplying sweet and savoury sauces and seasoning to a wide range of market sectors across the globe. The company uses an ERP system to manage and control its manufacturing processes and has added Phocas cloud business intelligence software to streamline products and increase profitability.



Priyan Dhutia is the Operations Director at Harrisons Sauces and is responsible for the company's data management. He manages the P & L as well making sure all KPIs are met such as sales targets, production controls and waste targets. He also keeps an eye on the production jobs, to make sure they are completed on time.

“We use a Kerridge ERP, a specialized system for food manufacturing which is good at helping control the manufacturing processes but we needed Phocas for business intelligence,” explains Dhutia.

In Phocas, Dhutia can set-up a report in 3-4 minutes and then save it whereas in the ERP, it will take him hours.

However the real benefit of Phocas is that it helped Dhutia to streamline the product offering using the software. Analysing the data in Phocas, Dhutia found certain products that they making, that weren't selling very well. He decided to compare the cost of having the products in stock versus not making them to determine if they were profitable. The results helped streamline about 15 different products which in turned increased the company's profitability.

Dhutia and the whole team benefits from Phocas being hosted on a cloud platform which makes it really easy to get into. "I also really like the visual presentation because pictures speak a thousand words. To have a simple gauge with a red, yellow green indicator makes a huge different. People don't need to analyze the whole data set to tell them what's the matter - the headline information is just there. People know that the colour needs to be green not red. Phocas visualizations are simple and intuitive." says Dhutia.

If you have time to sit with Phocas, you can work out exactly what's going on in your business. All you have to do is drag and drop and you can get all the data that you need. It's also fully customizable as well," explains Dhutia.

Why sales people in manufacturing need BI?



These are just a few sales KPIs that you should know and measure, and as your business grows and evolves, the ability to collect, analyze and find value in your data becomes increasingly more difficult. Data is exploding across the manufacturing environment with an increasing number of sources creating and storing information. The competitive global landscape and the need for constant improvement mean your ability to aggregate and analyze data has never been more important, or more challenging.

Data is important to everyone's role in the organization, so access to business-critical data at any time and from anywhere means everyone will be responsible for helping the business run leaner, increase margins and improve efficiencies. Your success is tied to how well you use data to improve your business performance.

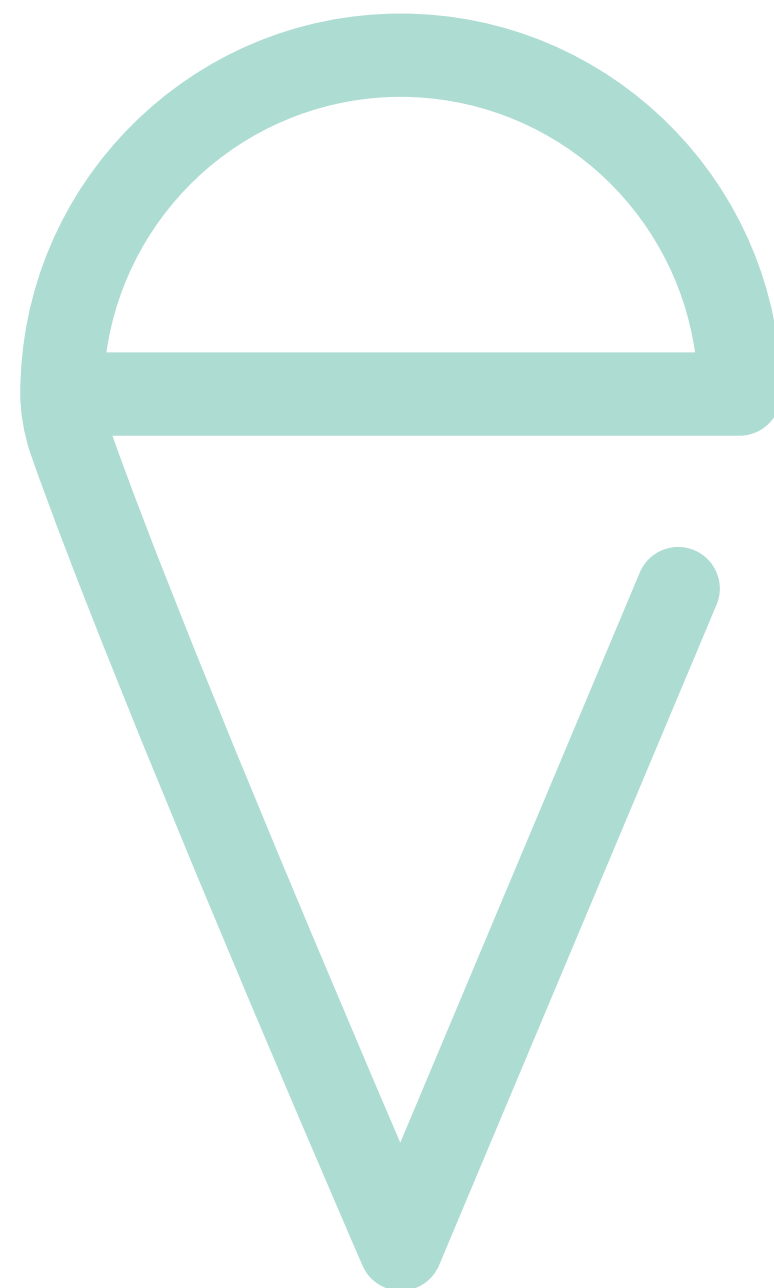
BI software is your single source of truth ensuring everyone across the organization is looking at the same data and working towards the same goals. BI pulls data from your ERP, CRM, finance and other systems, and then turns the raw data into actionable intelligence. Your data must be accurate and timely and must represent a broad spectrum of your business so that your purchasing, production, sales, logistics and financial teams have a historical and current picture of your company's performance. A BI solution allows you to aggregate and query data, and then create reports so you can quickly reduce costs, identify new opportunities, optimize

sales and marketing strategies, track and reduce waste and costly quality issues, and eliminate decisions based on emotions or gut-feel.

As your BI solution aggregates data, you have immediate access to evidence of what your customers are buying, what products are selling, what sales strategies are working, and where you can invest additional time and resources to improve results. Your data is the validation you need to make more strategic decisions, compete more effectively, pursue opportunities for growth, and move your company forward. You have the information you need to guide your next steps with a more complete, long-term view of your business, your customers, the market and your competition. Your data becomes your strategic advantage, helping you make smarter sales decisions and compile a more complete real-time picture of your financial situation.

Case study: Everest Ice Cream





Perfecting the next flavour sensation is part of the day-to-day operations at Everest Ice Cream. However to carry out continual improvement and gain efficiencies – Everest sought some extra assistance – in data analytics. The management team turned to the Phocas’ data analytics solution to help them track sales, pinpoint poor performing products and reduce waste. While it is still early days of its data transformation project, Everest is already developing new use cases for data.

To change its business, Everest has to get the balance right, so it knows where the sales are coming from and then be able to direct the right resources into people, equipment and processes.

We needed a data analytics solution that is simple to use and easy to create reports. We want to extract the data live and not wait for close-off so the sales team can access user-friendly reports. We can now pull the data out quickly and have different dimensions and properties that we can slice and dice according to a query or need,” said Enza Ferro, business analyst at Everest Ice Cream.

There is a cultural change happening in the sales team, who now sell armed with data and insights. When they talk to customers, they easily pass on key metrics such as last quarter's top 10 products, which helps the customers make smart selections or better understand where to make changes.

“Phocas data analytics tells us what's happening right now with the business, which we can then compare against budget,” said Enza.

“People are learning to create their reports. Many are analysing the top-selling products and what effect the pandemic has had on them. Segmentation on different categories is also beneficial, and the data helps to assess and review poor performing lines,” explained Enza.

She added, “We want everyone to have the time to analyse data and carry out predictive planning. We want to get to the point where we have just one platform for all our data,” said Enza.

Get in touch

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