4 ways to improve performance with data.

Everything you need to know to win more supply contracts in the construction industry

Phocas.

Got data. Get results.

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Introduction.

The ebbs and flows of the construction industry are guaranteed, driven by a variety of forces, from weather and raw materials to economic swings and labor.

How suppliers and distributors of building materials and equipment respond to the constant changes cannot be left to chance.

Historically, the construction industry has been slow to adopt new technology that improves operations, with the majority of players dedicating one percent or less of revenue towards technology innovation. Some experts suggest that the industry "has been operating the same since the 1940s"[1] with productivity growth on average of "1% each year over the past two decades compared with 2.8% growth rate of the global economy as a whole." The industry is playing catchup as technologies such as artificial intelligence, cloud-based data analytics and mobile technology are just now showing up on the job site to help drive efficiencies and protect margins.

The lag in technology adoption also applies to the building products industry, and the need to capitalize on innovation has never been more critical. As the construction sector grows, demand for construction materials and the number of competitors looking to capitalize on the growth also increases. Substitute products and cheaper imports continue to find their way into the supply chain while the threat of wholesale bypass increases the uncertainty.

Despite all these threats to the industry and to your business, opportunities to achieve commercial and operational excellence abound with data analytics. An article from McKinsey & Company reported,

> "To maintain sustained momentum in total return to shareholders (TRS), leaders across the value chain will need to grow more strategically. This aim can be achieved through a granular approach to identify enduring pockets of growth and by relentlessly pursuing commercial and operational excellence through the adoption of digital and advanced analytics capabilities."

[1]https://fortune.com/2018/10/02/construction-industry-technology/

"Many commercial and operational levers can provide a significant boost to bottom-line margins. For example, through smart, data-driven product purchasing and sourcing, leading building products manufacturers and distributors can shape categories and conduct fact-based and analytics-driven negotiations with suppliers for better pricing. Similarly, leading players in pricing and revenue management can develop a tailored pricing strategy and structure that are specific to customer segments and end markets. They can also use advanced analytics and the treasure trove of available data to arm sales reps with pricing intelligence and benchmarks to limit margin erosion and increase pricing discipline."

You must consider every advantage to protect your market share, improve your supply chain, negotiate favorable pricing and improve your margins. This begins with a deeper understanding of your data and value that comes from analytics. Armed with a clearer and more concise picture of your operations, you can eliminate chance and gut-feel, developing the foundation for a data-driven business.

In this ebook, we will review how to gain more value from your data using analytics technology, helping you become more professional and strategic to meet customer demands and win supply contracts. This ebook will also address how data helps you manage stock so you can continue to serve your customers, providing them the products they need when they need them while also avoiding dreaded dead stock.

① Gaining value from your ERP.

First, let's review how your ERP and BI software can work together to make reporting easier and facilitate more effective decision-making.
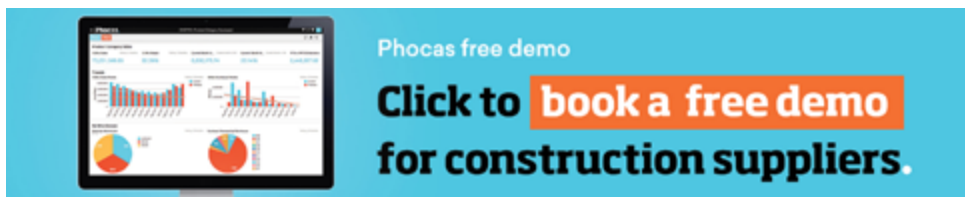
Most enterprises have an ERP system they use to support a wide variety of administrative and operational processes.

It's not uncommon to point out the challenges of pulling data from an ERP system. Many weren't designed for the untrained user; rather many are large, enterprise systems often handed to the IT department or managed by specially trained individuals. While many ERPs have reporting functions, few have the capability to perform deep-dive analyses that lead to actionable intelligence.

What is needed is a complementary solution to convert the raw data into easy-to-understand charts, tables and graphs. A single source of truth that pulls data from your data warehouse, both strategic (revenue, profit and growth), and operational (daily sales performance) can help you conduct in-depth analyses to uncover opportunities and challenges.

This is where BI software comes in. It's important for users across your business to have access to the data that can help them do their jobs better. This is possible when you have an accessible, user-friendly data analytics solution that is integrated tightly with your ERP system.

The ERP contains much of the operational and transactional data your team needs to evaluate your company's performance by products, pricing, customers and locations. This wealth of raw information contains answers to a number of business questions, as well as insights and trends that can help your team make data-driven decisions.
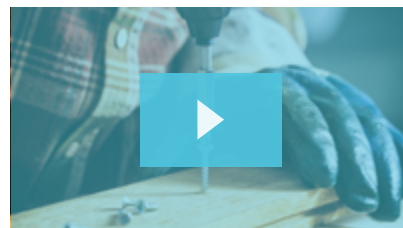
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ICCONS.

ICCONS is a wholesaler dedicated to providing an extensive range of construction supplies.

With its global supply partners, ICCONS offers the latest technology in construction fastening systems, power tools and accessories. The company recognized the need for a BI system to support its SAP Business One ERP.

Phocas works seamlessly with SAP Business One and has transformed ICCONS ability to generate reports and provide information to its sales team.

"This' about sales activity, margin performance and product group performance," said Phil Rose, managing director of ICCONS. "This is what is important. **We are using Phocas to manage our inventory, and to create promotional activity for products. As we bring new product in, we want to move it out.** We want to get inventory moving, and get our capital rotating."

ICCONs story

WATCH VIDEO

"You can paralyze yourself with analysis, so the simpler you keep the analytical processes, the better. For us, Phocas provides a quick and simple way to manage sales and inventory data."

Together your ERP and BI software can help create a complete picture of the business, making it easy for users of all skill levels to create their own reports, dig deeper into the numbers and find answers and operational patterns and behaviors to drive proactive adjustments to your supply chain.

Read more about ICCONS

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② Be more professional and strategic.

Data helps companies meet customer demands and win supply contracts.

This is possible as your team uses your data to provide better service and guidance that builds more loyal customers.

Exceptional customer service is key to achieving and maintaining a competitive advantage in the building supplies industry. With data analytics, your team can be more professional and strategic, better understand your customers purchasing habits, and identify opportunities to help strengthen relationships. Your sales team can go into customer meetings better prepared with a strong historical perspective of the customer relationship, armed with product and promotional strategies that address customer concerns and incentives to expand the relationship.

For instance, a construction company may be purchasing stone and tile from a supplier. By offering a deal on grout and sealant materials with their purchases, their customers will recognize the added value they provide. BI software makes it easy to see what products your customers are buying, as well as what products or combinations of product they could be buying. Using this knowledge to develop product promotions and pricing strategies, can greatly improve sales figures, as well as your customer satisfaction.

BI dashboards pulling data with other systems and departments can also provide information about orders in process, backorders and outstanding invoices. The accurate and timely information will make it easier for your team to address stalled deliveries, update customers about the status of recent orders and request updates from the customer about payment status. The combination of an historical perspective and an understanding of the current business relationship will make it easier for your team to work with customers to develop strategies that drive future success.

Phocas demo
Click here to watch a demo for construction suppliers.

Dixie Plywood and Lumber.

Dixie Plywood and Lumber Company (Dixieply) is a wholesale distributor of plywood, lumber, building materials and specialty products in the Southeast and Texas.

The company has grown to ten locations supplying hundreds of retailers, dealers and industrial markets. With 65 people in the field, Phocas provides Dixieply's users with the data they need when they need it. They no longer have to call IT to request reports, which frees up IT to focus on more intricate IT problems.

> "**Drilling down into the numbers with Phocas was a snap, allowing us to see what was going on by product, customer, product category or vendor,**" said Bobby Awtrey, Director of I.T. Services with Dixieply. "When we turned it on for our sales managers, they were naturally cynical, given our past BI tools. After an hour class, we gave them their usernames and passwords, and it wasn't long before we received emails and phones calls wondering where Phocas had been all along"

The company's sales team appreciate the ability to access data on their mobile devices, allowing them to look at sales and receivables quickly and easily. They walk into meetings with customers better prepared, armed with information to help customers make better buying decisions. Sales has real-time information about current orders, which are tied into routing systems and other relevant databases.

Read more about Dixieply

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③ Data to guide decision-making.

Every interaction with your customer matters, so using your data to create customer profiles that identifies sales channels, preferences and purchasing behaviors, among other attributes, will make it easier to recognize cross and up sell opportunities, and focus on increasing the support for your top performing accounts.

Knowing your best customers doesn't mean you deemphasize other accounts; rather it simply means you do what you can to strengthen relationships with those who are loyal to your business, offering exclusive pricing and or special promotion on top-selling and complementary products.

Many building supply companies have adopted data analytics to guide their decision making while others continue to rely on traditional approaches. Research suggests that companies that are data-driven are more productive and more competitive.

An MIT Center for Digital Business study, for example, found that companies that adopt a data-driven culture have 4% higher productivity rates and 6% higher profits. Forrester Research also found a 10 percent increase in data accessibility at a Fortune 1000 company will result in more than $65 million additional net income.[2]

[2] https://www.forbes.com/sites/brentdykes/2019/03/28/the-four-key-pillars-to-fostering-a-data-driven-culture/#3cfc335e7d90

Schlegel International.

Schlegel International is a multi-national corporation providing windows and door components for customers around the world.

Currently, 80-100 people are using Phocas BI software every day to analyze the business and team performance Thomas Clayton, general manager at Schlegel International, believes the ability to instantaneously access information such as what products are performing well, which sales person is performing well, and which customers are up or down provides huge benefits for the company.

Schlegel on data

WATCH VIDEO

" **To get live snapshot dashboard analysis really gives us the ability to get to the heart of the matter very quickly,**" said Clayton. "We don't spend a lot of time chasing information anymore. Previously, we used our ERP system to look at historical sales data only; not being able to analyze trends, not looking at customer specific information, just looking at big picture numbers.

"With Phocas, the ability to slice and dice and drill-down to product specific level opens up a whole world of opportunities for us."

Data-driven companies use verifiable data to back up their decision-making rather than intuition and gut-feel. They use a data analytics solution to show them where to strategically deploy their business resources so they build a competitive advantage.

4 How data helps you manage stock.

In addition to helping you become more professional and strategic with customers, data analytics can help you better manage your stock levels.

Inventory management is a never-ending battle that requires accessible and accurate data, along with an understanding of what to do with that information once you have it.

Whether you're managing $20 million dollars in inventory across a dozen branches or a single location with $300,000 in stock, you probably have the same questions.

- How much stock do I have on hand? Is that too much or not enough?
- How much of that is dead stock?
- Which vendors are causing problems that I need to address?
- Is our inventory position creating cash flow problems within the business?

Overstock, understock and deadstock are the most common issues related to stock management, and each can have a costly impact on your business.

BI software allows you to review historical data to explore 'stock in months', which will help identify how much you sell compared with how much you have in stock to determine whether you will have overstock. Analytics can prevent you from buying more units while also encouraging marketing and sales campaigns to move the products before they become deadstock.

Not having enough stock is often a result of not knowing the lead time of your suppliers or not paying attention to demand. BI software allows you to monitor trends, challenges and opportunities using visual graphs, charts and tables, allowing you to drill down into the data so you can quickly compare stock on hand with stock demand.

While overstock and understock can hurt your business, deadstock can reduce cash flow that you can use to purchase new inventory, while taking up warehouse space that could be used for more profitable products. Many times, dead stock can result from end of season or product lifecycle, new competitors, loss of a major customer or poor purchasing decisions. It can be especially difficult for companies to avoid a warehouse full of dead inventory if they don't have the processes and solutions in place to monitor their inventory purchasing process.

BI software enables you to drill down into transactional data to identify issues and opportunities. Now, you can monitor things like inventory-to-purchase ratio, stock turns, slow moving stock and gross margin ROI by product group, manufacturer, product, territory, and store. Armed with this information, you can eliminate dead stock, gain a greater margin on slow moving products, and set more effective pricing tiers. You can quickly produce reports, query the data as needed, and monitor accurate and timely data through dashboards resulting in more accurate forecasting and refined inventory management. And more importantly, you can base your decisions on real information, not gut feel or the traditions of the business.

Luke McEnaney, group sales manager for **Bowens Timber & Building Supply**, a 125-year provider of timber and hardware products, felt that prior to Phocas, the company was saying a lot of things that were based on feel, but not necessarily the truth.

> "We had no idea of identifying what was right or wrong. Now, we are breaking it down and getting real answers. We have a broad range of products, so it's hard to get account managers to focus on all of our product segments. **This is where Phocas has been a great product, allowing us where we can get stronger. We've improved sales and customer service by using Phocas.** We are going through record sales at the moment, and Phocas has given our sales team the ability to identify how they can get better in their roles."

Phocas.

Like Bowens, the team at luxury stone and tile company, Walker Zanger, is using Phocas to refine its decision-making process.

Walker Zanger's **Prophet 21 ERP** solution from **Epicor** manages accounting, purchasing, order entry, and inventory for more than 3,000 stock keeping units (SKUs).

Team leaders in operations, sales, and finance use Phocas to create reports and queries on the data within Prophet 21 ERP to easily analyze sales data about the products. Now, they look at a summary report and simply click on an item to drill down to more detailed information; for example, by drilling down from total YTD sales to YTD sales by location.

As a result, staff use Phocas in a fluid manner, asking follow-up questions at the speed of thought to improve decision-making.

> **"As we make decisions, we no longer lose focus by having to wait for a report to run."** said Chris Tucker, Director, Finance and Accounting for Walker Zanger. "We look at data, as well as slice and dice it in different ways at the press of a button."

Phocas business intelligence solution is designed to collect, aggregate and convert all of your data to reveal actionable insights into the underlying trends that make your business tick, simplifying the entire data analytics process, and helping suppliers and manufacturers make better decisions.

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Why Phocas?

The building products industry has a complex supply chain and a variety of challenges that adding needs to the complexity.

Digital technology such as data analytics can help improve business processes and growth while helping to drive loyal customer relationships.

It's important that leaders in the industry embrace data as a modern-day currency in order to be more competitive and protect market share and profit margins.

Players "need to grow more strategically which can be achieved through a granular approach to identify enduring pockets of growth and by relentlessly pursuing commercial and operational excellence through the adoption of digital and advanced analytics capabilities"[3]

Phocas is a cloud-based solution that gives you the ability to collect, share and analyze massive amounts of data from across the supply chain. Analytics enables you to discover patterns and behaviors that drive proactive adjustments.

Having all of your data accessible at a glance empowers even your non-technical employees to rapidly respond to potential challenges and emerging opportunities. With Phocas, your staff becomes proactive analysts, using data to become more strategic, and improve their roles and impact on the business.

Easy-to-understand data, and the answers to critical questions, are now at the fingertips of those who need it the most, and when and how they need it. Your investment in a centralized ERP system to capture system data is further validated with the strength of a solution that can mine value from the data and serve as single source of truth.

Phocas has years of experience working with building suppliers, and in today's competitive marketplace it is essential to have data analytics to help set you apart. By adopting Phocas, you can quickly and easily achieve an edge, recognizing opportunities for growth among existing clients.

You can manage inventory and in established markets and regions while managing inventory and profitability during times of volatile demand created by the ebbs and flows of the construction industry.

[3] https://www.mckinsey.com/industries/private-equity-and-principal-investors/our-insights/the-next-act-for-private-equity-in-us-residential-building-products

Get in touch.

Learn how Phocas can help you achieve your business goals.

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Want to know more?

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