5 Metrics Your **Consumer Goods Company Should Measure**

aptean Ready for What's Next, Now™

You don't know what you don't know.

You can't fix what you don't know is broken. You can't scale your business before knowing you're ready. You can't master your inventory if you don't know what's in your warehouse.

But what if you could?

What if you could have total visibility into your consumer goods business to make confident, data-driven decisions to propel success? To spur efficiency? To push your profitability?

Well, you can.

So long as you're measuring. So long as you're tracking. If you have the tools and technology in place needed to measure and track all parts of your operations—from start to finish—you'll be well-positioned to drive efficiency, profitability and success. For today and for the future.

As quickly as the industry is changing, proactively measuring and tracking within your operations is a smart way to future-proof your business. We've seen how quickly life can change—the events of 2020 were hard proof that nothing is for certain in this industry. And for some, business was strong—they couldn't get orders out fast enough. But for others, the situation was dire and relentlessly stressful.

We've come up with five metrics that you really should be tracking:

- 1. Fill Rates
- 2. Profitability
- 3. Supplier/Delivery Performance
- 4. Inventory Turns and Earns
- 5. Business Intelligence (BI)

Let's explore each of those metrics in finer detail.

1. Fill Rates

When you're shipping into distribution centers and stores, are your orders going out on time and in full? Do you measure these on-time, in-full (OTIF) rates with each shipment? If not, you need to be.

It's one of the most susceptible spots in your supply chain for chargebacks. It can be easier than one would think, to inadvertently send the wrong thing or ship at the wrong time. And to slowly chip away at your profitability.

OTIF rates calculate the percentage of shipments a supplier delivers that are complete and arrive within the designated window. It's a key performance indicator (KPI) that allows retailers to see how each supplier performs.

To calculate OTIF, you create a ratio between the number of cases received as ordered (basically, OTIF cases) against the number of cases ordered.

Still, it’s a little tougher than it sounds. There’s a lot of ways this can go wrong:

- Partial deliveries
- Cases that aren’t filled properly
- Early deliveries
- Late deliveries

It can be challenging to meet the OTIF standard—85% accuracy for full-truckload and 50% for less-than-truckload. And if you miss the mark, the fines are steep. Walmart, for example, expects to add one billion dollars to its bottom line in OTIF chargebacks.

So, what's the trick?

An enterprise resource planning (ERP) solution designed for your specific industry. Really. That one piece of technology can entirely transform the way your business operates.

An ERP, at its simplest level, is a single source of truth. It stores all your data and updates it in real time. This not only ensures that everyone on your team is working off of the same information—last-minute order changes, delivery dates, inventory levels, etc.—but it enables you to anticipate future complications on your end. It's a profoundly valuable tool in terms of OTIF.

The in-full aspect of OTIF is all about inventory planning, forecasting, and warehouse management. The on-time half is about streamlined data flow across your organization. Between teammates, retailers, suppliers and everyone in between.

For this, an ERP with electronic data change (EDI) functionality is necessary. Any robust, industry-specific ERP should have this. EDI streamlines, and essentially automates, the communication process between you and your retailers. It's a solution to streamline orders and ensure that you can successfully supply what your retailers and their consumers want, when they want it.

Managing those fill rates is possible. But to do so successfully, you need to be able to accurately track them—and the right ERP can take away the hassle.

2. Profitability

How profitable are your partnerships?

You may have a ton of product going to a handful of accounts, you may have great partner relationships, you may be busier than you've ever been, but if you're not profitable, is all that work worth it?

You must measure your profitability with accuracy.

Because if you're not, or you're not watching it very, very closely, and often, there's a misalignment between how much you think you have coming in and how much you actually have coming in.

For example, if you're working with Target, there are other expenses involved other than just gross revenue. You need to factor in discounts, allowances, fines, royalties, penalties, commissions. It all needs to be considered. You might ship 50% of your goods to Target, but if you're making 3% margins, it's time to strategize and evaluate how that partnership can be more profitable.

To help track profitability, we've developed a feature within our Aptean Distribution ERP solution. It's called the profitability scorecard. And it allows you to dissect the profitably of each of your customers, products and suppliers. You're able to get into the nitty-gritty of your data.

And one of the best parts? This data is in real-time and includes above-the-line and below-the-line costs—like freight, allowances, commissions, chargebacks and royalties.

When you're tracking your profitability in this way, you're able to improve your customer, product and supplier partnerships based on the analytics provided by the profitability scorecard.

If you're going to measure anything, well... we suggest you measure the five things on this list. But profitability is paramount. Because if you don't know this, it's likely you won't be in business for long.

3. Supplier/Delivery Performance

There will be events that you can't control—things that are out of everybody's hands. Like a pandemic or shipping containers lost at sea.

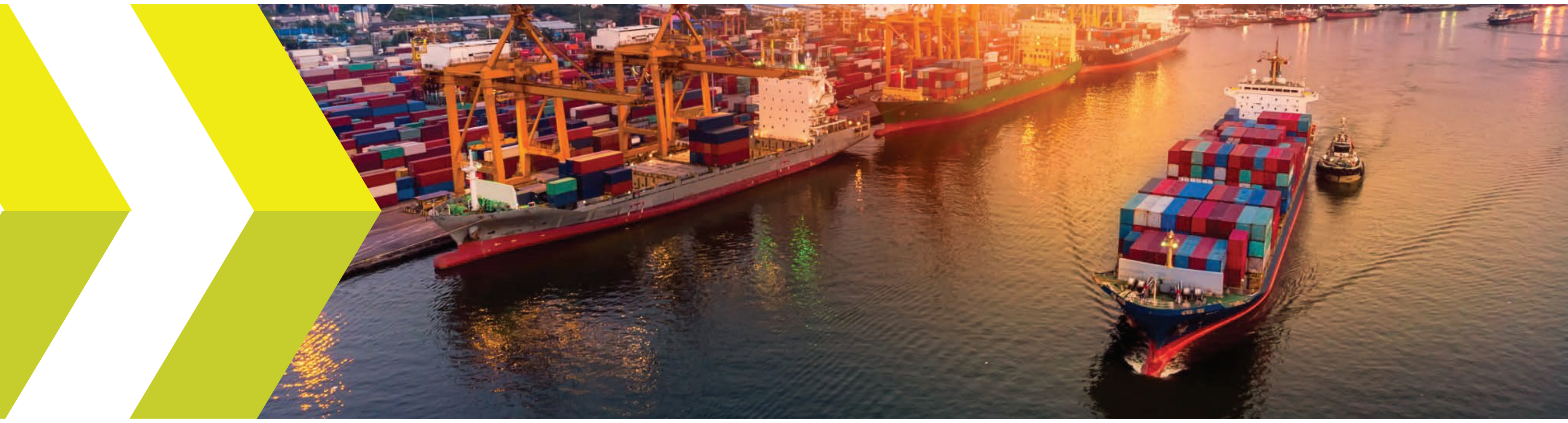
But the only way your consumer goods company overcomes those challenges and disruptions is if you actively measure along the way—so you have the data-backed confidence to move forward with intention or purpose instead of simply reacting to whatever set of circumstances that you've been given.

Everything within your control, you should be measuring. This includes your supplier/delivery performance. It's valuable to track whether or not your suppliers are filling your orders in a timely fashion.

Let's say you placed an order for 5,000 units three months ago. You did this because this particular item—let's say it's ceramic mugs—has a 90 day lead time. It's all about tracking whether or not you received those orders when the supplier said you would.

And if the order arrives late, again, this may not be the suppliers' fault. Things happen. Regardless, it would help if you were still prepared even without those 5,000 units. Do you need to contact your vendors? Do you need to readjust your order? Do you need to contact another supplier? Do you need to re-order those units?

If you weren't tracking that supplier/delivery performance, those are questions you wouldn't even know to ask. With a robust distribution ERP, measuring your various suppliers becomes manageable. It's not another thing you need to "do." Your system does it for you.



4. Inventory Turns and Earns

You have to know your inventory levels. There are no ifs, ands or buts about it. It's the only way for you to be efficient when you sell or buy units when you're forecasting or planning. And it's a tough thing to do.

Knowing how much inventory you're turning—or selling—and how much you're earning due to that. To know how much you're turning and earning, you need to know how much you have.

Within our distribution ERP, there are analysis windows to help you measure and track your inventory levels. Without the right tools and technology, inventory tracking is labor-intensive and manual. Which means it's susceptible to human error and very time-consuming.

But with the right ERP, you can count and track the inventory you do and—just as importantly—don't have. You don't want too much inventory—if you can't sell it, it's a waste of money and space, but if you're overselling the inventory and don't have enough, you aren't able to meet the demand of your consumers and risk missing out on a big payday.

5. Business Intelligence (BI)

Power BI enables you to fully harness the power of your data. When you're tracking the ins and outs of all of your products, processes and retailers, not only do you have robust data, but you can use that data to guide best practices.

Using the functionality within Power BI, you can analyze your sales performance to see what you're doing well and also analyze your warehouse operations to see where there's opportunity for improvement.

Let's break this down a bit further. One of the greatest benefits of an ERP is that it unifies all your systems to create a single source of truth. And with BI, you can dig into all that data, engage with it, extrapolate it, dissect it.

BI's power lies in its ability to create visuals and models based on the data you collect. You can explore that data endlessly. From a drilled-down deep-dive to a high-level overview and anything in between, you have the opportunity to thoughtfully and intentionally analyze your data. It's interactive and easy to interrogate. And with BI, it's easy to make confident, data-driven decisions to drive the success of your business.

Simply: in-depth business intelligence leads to better business decisions. When integrated with your distribution ERP, our BI tool gives you on-demand access to performance data across your enterprise. It allows for collaborative information sharing across your organization, which enables you to bookmark your view and send links to peers, share graphical objects and attach annotative notes to leave a written trail on your analysis and the reasoning behind your business decisions.

With powerful BI tools, you can evaluate multiple data sets for comparative and associative analysis. Flexibly configure your view and preferences for the most meaningful snapshot of your costs, sales and profitability. What could be better than that?

Track Better. Measure Smarter.

Aptean Distribution ERP supports you as you track data across your organization. Designed specifically for importers and distributors of consumer goods, the solution is built to provide the visibility you need to see your operations objectively. So you can get the cold, hard numbers and make decisions based on the data that's being measured.

And you don't have to start by tracking all five of these things at once. Start slow, one thing at a time. When there's so much to attend to, it's hard to know where to focus your attention. We'd encourage you to narrow your focus at the start, and as things become habitual, part of your processes start to expand. It's not about perfection, it's all about progress.

And eventually, your distribution ERP will be doing all the heavy lifting for you. All you'll have to do is go into the system and click to that overview or granular data you're looking for.

Ready for complete visibility? Ready to make confident, data-driven decisions?

Reach out, now to future-proof your business.

Are You Ready to **Learn More?**

Contact us at **info@aptean.com** or visit **www.aptean.com**.

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About Aptean
Aptean is one of the world's leading providers of industry-specific software. Our enterprise resource planning and supply chain solutions are uniquely designed to meet the needs of specialized manufacturers and distributors, while our compliance solutions serve specific markets such as finance and life sciences. With both cloud and on-premise deployment options, Aptean's products, services and unmatched expertise help businesses of all sizes, across many industries, to scale and succeed.

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