



## Data Drives Smart Sales

Don't rely on gut instincts; use analytical reporting when making decisions

By Tina Serio Saunders

In a perfect world, distributors have databases in place that house bits and bytes that will in turn, via some basic reporting, give them customer demographic information, order patterns, sales, profitability, inventory on hand, vendor history, etc.

But distributors are not computer scientists, self-proclaimed technologists, or database administrators. Nor do they desire to be. Some of the most advanced distribution software systems still require some finesse and customization to provide even basic reports. Spending time and money on these reports has never been a priority. Serving customers is a priority, maximizing order efficiency in purchasing is a priority, on-time deliveries are a priority. Reporting is a luxury...right?

Wrong. Margin is too hard to come by in competitive markets and distributors simply can't maximize margin without the more advanced insights that can come from data.

For example, data can tell distributors whether a particular client is a loyal partner or a resource drain. The former should get a dedicated sales consultant while the latter be directed to online self-service. Data can also analyze pricing disciplines, sales-force efficiencies and vendor performances.

If you are currently not getting this information — or worse, not even collecting data — here's how to remedy the problem in six steps.

• **Step 1: Fix current data:** At a bare minimum, distributors should have contact information for customers, their purchases and their product inventories. Make sure all names and phone/emails are accurate, especially for the primary contact.

• **Step 2: Determine what additional data is needed:** Is the market vertical indicated for each customer company record? Is the email address available for each primary customer contact? Is the product information categorized (paper, soap, chemicals, etc.)? If any information is missing, now is the time to fill in the blanks.

• **Step 3: Implement data scrubbing/gathering:** Assign the inside sales team or consultants the task of reviewing and augmenting current customer company and contact information. Be sure expectations are defined for them (i.e. capitalization requirements, market verticals to be chosen from, etc.). For accounts that have not had a transaction in years, find out if they are even still in business.

• **Step Four: Analyze:** Be sure software is providing insightful reporting based on accurate data. Then sales teams can combine that with their own insight and experience. However, there are companies that offer advanced algorithms that combine a distributor's data with its vendor's data, industry trends and market analytics to provide unique perspectives.

• **Step Five: Implement improvements based on data insights:** If the data show that overall trends indicate a higher margin in a certain product category and market vertical, as opportunities present themselves, distributors can adjust the pricing to maximize the profit for that niche.

• **Step Six: Measure results, adjust course of action as needed:** Distributors should measure sales transaction key performance indicators (KPIs) prior to the pricing changes to have a baseline number. After the predetermined time interval, specifically look at those same KPIs for the pricing (or other) changes that were made.

One thing distributors cannot do is ignore their data and continue to go with their guts. They need to use data to mine the sales gold. **SMI**



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