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Don't Trust Your Gut: Become a Data-Driven Distributor

Turn Data Challenges Into Opportunities

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The Seven Data Challenges Facing Distributors – and How to Overcome Them:

Turn Data Challenges into Business Opportunities

Are you still relying on gut instinct about the quality of your data when making business decisions? If so, it's time for a positive change.

Data-focused companies have a unique insight advantage that can help prevent lost revenue and reduce unnecessary expenses. Leveraging data for making accurate, strategic decisions results in supply chain optimization, enhanced customer experiences, and business process improvements. However, many distributors have yet to unlock its value.

If you want to become a "data-driven distributor" capable of transforming data into a powerful growth engine, this actionable guide is the place to start. We outline the seven key challenges preventing companies like yours from effectively collecting, organizing, analyzing, and acting on data, and share practical advice on how to overcome these roadblocks.

Let's get started.

98% of executives agree it is somewhat or very important to increase data analysis by their organizations in the next 1 to 3 years.

[1] **Beyond Big Data: The Rise of Hyperscale**, Ocient, August 2022

Turning Data Challenges into Business Opportunities

Most distributors have plenty of "data" to analyze. The challenge lies not in the quantity, but in accessing useful data in the right format. Here's the dream scenario:

◆ **Organized and Reliable**
Your data is accurate, up-to-date, and easily accessible to everybody.

◆ **Easy to Understand and Use**
You have the right analytics tools and processes to derive actionable insights and make informed decisions.

◆ **Centralization**
All your data from all your systems is in a central location, making it easy to organize, find, and use.

◆ **Private and Secure**
Your data is well-protected thanks to ironclad security protocols that require little, if any, effort to maintain.

+80%
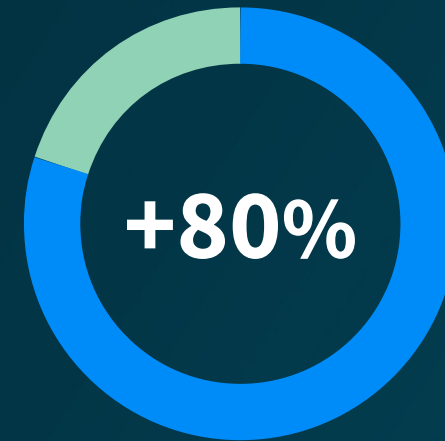
+80% of the data organizations generate is unstructured. And it's expanding rapidly–much faster than structured databases.

Now that we've seen the optimal data scenario, let's dive into the seven real-world challenges that might hold you back from reaching this data-driven ideal.

[2] **Tapping the Power of Unstructured Data**, MIT Sloan School of Management, February 2021

The Seven Data Challenges Facing Distributors
(and How to Overcome Them)

Challenge 01

It's No One's Responsibility

Like many distributors, your business faces a common challenge: nobody is responsible for managing your organization's data. With no clear owner, data sits unused and wasted, and opportunities for gaining a competitive advantage go unexploited.

The first step in becoming a data-first distribution company is to designate a 'champion'—an individual who will take the lead on data initiatives.

Anyone in any role can be a data champion. The only pre-requisite is an existing interest, or a willingness to learn about data frameworks, principles, and policies.

Three Key Responsibilities of Your Data Champion

1 To define a comprehensive data strategy that includes a project summary, goals, benefits to the company, and KPIs.

2 To advocate the importance of data-driven decision-making across the organization, encourage ongoing dialogue, and provide training and responses to questions from employees.

3 To help select new technology and maximize the capabilities of existing systems.

How to Choose a Data Champion:

Business Acumen

Your champion should understand your company's operations, objectives, and the industry landscape

Data Literacy

They need a basic grasp of data collection, storage, and analysis

Communication Skills

They should be able to convey data insights in simple terms and champion data projects to all departments and leaders

Collaborative

Your champion should excel at unifying teams and fostering communication

Innovative Mindset

They should be inherently curious, ready to investigate new data strategies and keep abreast of data trends and technology

Challenge 02

Lacking Internal Data Expertise

You may think you need to hire a data expert or technical specialist to implement a data-first strategy. Fortunately, this is no longer the case.

With the right technology and an adaptable mindset, anybody can use data to drive decision-making and improve business processes. No specialized IT skills are required.

How to Navigate Data Analytics with Ease:

Adopt User-Friendly Technology

Modern, user-friendly data analysis tools are intuitive and easy to learn for individuals without a technical background. By adopting these platforms, distributors can sidestep the steep learning curve traditionally associated with data analytics.

Engage the Right Technology Partner

Selecting an ERP partner who can connect your business systems for a complete view of your data removes the need for an internal tech specialist. A provider who is experienced in the distribution industry can also help optimize your system to meet your day-to-day needs and your long-term goals.

Prioritize Training and Development

Offering foundational training to employees on data essentials will help you build in-house expertise. It doesn't have to be expensive or disruptive—there are an abundance of affordable online resources, from courses to webinars and workshops.

Challenge 03

Which Data Matter Most?

An overabundance of data can lead to "analysis paralysis". Without a clear definition of your objectives and the metrics that are most relevant to your operations, it's easy to become overwhelmed with selecting data.

You need to be able to identify the right data that will drive meaningful action and decisions, avoiding the pitfall of collecting data for data's sake without strategic direction.

How to Identify the Right Data for Your Business:

Target Blind Spots

Investigate the unknowns. Which aspects of your operations raise challenging questions? Is it customer buying patterns, inventory turnover rates, logistics efficiency, or something else?

Lean on the Experts

Harness the collective wisdom of industry peers and online communities or contact your ERP/technology vendor. Their experience can help identify relevant data and the most impactful metrics.

Try Different Tools

Demo a variety of data solutions tailored for distributors. Look beyond the flashy surface features to discover how these tools could reveal trends and efficiencies in your operations.

Iterate and Refine KPI's

Begin by measuring a handful of key performance indicators (KPIs), prioritizing those that directly impact your bottom line. As you analyze your findings, continue refining your approach and integrating new metrics. The goal is not to set these KPIs in stone but to evolve them as your business and the market landscape change.

Examples of "Best Practice" key performance indicators (KPIs):

- **Days on hand:** The rate of inventory turns by day
- **Fill rate:** A measure of all portions of the supply chain, including the order fill, line fill, and unit fill
- **Inventory shrinkage:** The amount of inventory a company should have on hand but cannot account for

- **Inventory turnover:** The number of times a company sells and replaces its stock in a period
- **Order cycle time:** The average time it takes for a company to fulfill a customer order
- **Sell-through rate:** A comparison of the inventory amount sold and the amount of inventory received from a supplier

Challenge 04

Competing Business Objectives

You probably think transitioning to a data-first approach will require a significant time investment. With limited resources and competing priorities, it's understandable that developing data capabilities gets sidelined.

However, adopting a data-first strategy doesn't require a complete overhaul. You can implement incrementally. Embedding data-focused practices gradually minimizes disruptions to ongoing projects and objectives.

Four Steps to Embracing a Data-Driven Approach:

Begin with a Pilot Project

Choose a small, manageable part of your business that could benefit from data insights. For example, start with analyzing inventory levels for a high-turnover product.

Invest Mindfully

Select user-friendly data analytics tools that requires minimal training. Many ERP solutions offer intuitive dashboards to help you get started quickly.

Make Incremental Changes

Gradually implement changes based on the data insights from your pilot project. Instead of overhauling processes, focus on making minor, calculated adjustments.

Evaluate and Scale

After an established period of time, evaluate the outcomes of your pilot project. If positive, replicate this approach in other areas of your business. If you didn't get the results you were expecting, fine-tune your methodology and try again.

Challenge 05

Manual Processes and Disconnected Data

If data is scattered across multiple Excel spreadsheets, applications, email attachments, and in printed documents, getting the unified view you need to make data-driven decisions can be challenging.

Duplicate files, inconsistent formats, outdated information, and manual data entry can result in inefficiencies, errors, and missed growth opportunities.

The Secret to Organized Data:

Getting your data organized and integrated doesn't have to be overwhelming. Here are three impactful steps you can take to unlock the value hiding across disconnected spreadsheets and systems:

Adopt Data Standardization Tools

Leverage software that enforces consistent file formats and standardizes critical information, like dates and addresses, to avoid data entry errors.

Build a Single Data Hub

Use an ERP system to centralize your data, that enhances visibility and access for the entire company.

Leverage Data as a Service (DaaS)

Subscribe to a service that provides access to high-quality, managed data, which can be integrated seamlessly into your business processes.

What Is Data-as-a-Service (DaaS)?

DaaS provides distributors with on-demand access to the industry's most accurate and up-to-the-minute data, enabling advanced analytics and strategic decision-making.

The structured data within DaaS empowers distributors in various ways, such as:

- **Supply Chain Planning and Forecasting:** Analyzing demand patterns, production capacity, and inventory levels to improve future supply chain planning.
- **Supplier Management:** Evaluating supplier performance, delivery times, and quality for better selection.
- **Transportation and Logistics:** Optimizing shipping routes, carriers, and delivery times through data analysis.

- **Inventory Management:** Using data on inventory levels, demand patterns, and lead times to streamline inventory processes and minimize excess.
- **Risk Management:** Identifying and mitigating supply chain risks like natural disasters, political instability, and supplier bankruptcy through targeted data analysis.

Challenge 06

Getting Everyone Onboard With Change

The transition to data-driven strategies represents a fantastic opportunity for employees to expand their skillsets and increase their value to the organization.

But embracing data-driven strategies can be a significant mental shift for employees. They're used to doing things "the way they've always been done" and won't necessarily know why something needs to change.

It's true: change can be uncomfortable, at least at first. But when you frame and manage it correctly by continually reinforcing the benefits to the company, you'll soon have your entire organization rowing in the same data-driven direction.

91.9% of executives believe the main hurdle in transitioning to data-driven approaches is cultural rather than technological.

Tips for Getting Your Teams Engaged

Communicate the Why
Help employees understand the reason why change is happening. Clearly explain the benefits of becoming data-driven—not just for the business, but for employees' day-to-day work.

Lead by Example
Executives and managers should consistently reference data and metrics when communicating strategy and decisions. This sets the tone for others to follow.

Leverage Early Adopters
Identify employees who are quick to adopt the data-first approach. Let these early adopters become advocates of the data-first culture within your organization.

Write Your Plan Down
Document your goals, milestones, and responsibilities to hold everyone accountable. The old saying goes, "If it's not written down, it didn't happen."

Train and Empower
Don't just train–inspire. Equip employees with both the skills and industry success stories they need to harness data with confidence and enthusiasm.

Make Changes Stick
Put policies in place to prevent employees from sliding back into old practices. Reward and recognize employees who embrace the data-driven approach to help cement long-term changes.

[3] **Why Becoming a Data-Driven Organization Is So Hard**, Harvard Business Review, February 2022

Challenge 07

Keeping Data Private and Secure

With the constant threat of cyberattacks and data breaches, prioritizing data security is a key challenge for any distributor wanting to become data-first. Safeguarding data doesn't just protect continuity, it reinforces trust with partners, customers, and stakeholders.

Rather than add undue stress, implementing an ERP system can lift the burden of comprehensive protection–encrypting sensitive information, controlling access, and detecting intrusions–so you can concentrate on delivering value instead of worrying about security.

How to Keep Your Data Safe

- Use robust encryption to prevent unauthorized access to sensitive information.
- Implement role-based controls to restrict data access on a need-to-know basis.
- Help ensure data security through automated backup systems to prevent potential data loss.
- Enforce multi-factor authentication for system access, adding a critical extra security layer.
- Use automated tools to continuously monitor and enforce compliance with data protection laws and regulations like GDPR and CCPA.
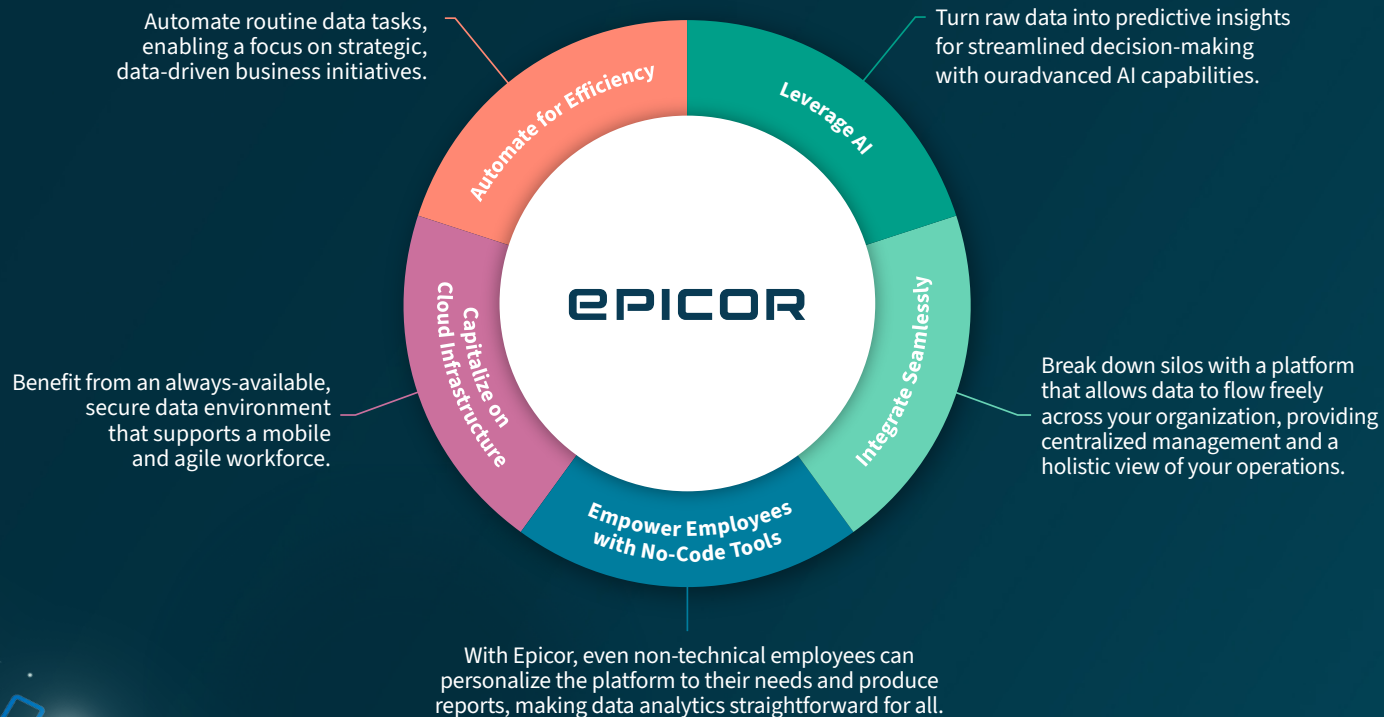
> **74%** of CEOs are worried that their companies might not be able to prevent or limit harm from a cyberattack. This is despite 96% of CEOs saying cybersecurity is vital for business growth and stability.[4]

[4] **The Cyber-Resilient CEO**, Accenture, October 2023

Harness Data to Power Distribution: Dive in with Epicor® ERP Solutions

In a highly competitive distribution marketplace, businesses need technology that empowers smart, data-driven decisions. That's why leading distributors have trusted Epicor for over half a century. Our ERP solutions combine proven industry expertise with cutting-edge cloud capabilities to help distributors grow sales, maximize margins, and boost productivity.

Built on an end-to-end, web-enabled infrastructure with unlimited storage and industry-leading security, our platforms enables seamless data integration across your organization. It gives you the vision to thrive in the data age and the actionable insights you need to react quickly, optimize operations, and deliver more value to your customers. Here are a few ways Epicor can help make a difference to your business:

Automate routine data tasks, enabling a focus on strategic, data-driven business initiatives.

Automate for Efficiency

Turn raw data into predictive insights for streamlined decision-making with ouradvanced AI capabilities.

Leverage AI

epicor

Capitalize on Cloud Infrastructure

Integrate Seamlessly

Benefit from an always-available, secure data environment that supports a mobile and agile workforce.

Break down silos with a platform that allows data to flow freely across your organization, providing centralized management and a holistic view of your operations.

Empower Employees with No-Code Tools

With Epicor, even non-technical employees can personalize the platform to their needs and produce reports, making data analytics straightforward for all.

Don't just take our word for it. Distributors that use Epicor solutions experience:

◆ **8%** Higher revenue

◆ **45%** More orders dispatched and delivered

◆ **22%** Faster average delivery time

◆ **21%** Higher productivity turns by warehouse teams[5]

[5] **The Business Value of Epicor for Distribution**, IDC, July 2022

Discover how Epicor **distribution solutions** can help give your business the insight advantage.

EPICOR

We're here for the hard-working businesses that keep the world turning. You're the companies that make, move, and sell the things we all need. Trust Epicor to help you do business better. Your industry is our industry, and we understand the unique goals of your business. By working together, we get to know your business almost as well as you do. Our innovative industry solution sets are carefully built to fit your needs and respond flexibly to your fast-changing reality. We accelerate ambitions, whether you want to grow and transform, or simply become more productive and effective.

That's what makes us the essential partner to the world's most essential businesses.

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