



Client Success

The Gillette Group

Improving Sales with Enterprise Performance Management

Overview

The Gillette Group is the tenth largest Pepsi Cola distributor in the United States.

Industry

Direct-to-Store Distributor
Soft Drink

Geography

Midwest

Challenges

- Upgrading the company's information systems
- Installing a new and more efficient reporting system
- Achieving consistency and visibility within all divisions of the company

Solution

Deployed Margin Minder Enterprise edition

Results

Margin Minder enabled precision in analyzing specific markets and products, allowing the company to easily spot trends, and thus eliminate poor performing products and aggressively market the successful ones.

The Gillette Group is a group of three Pepsi Cola franchises with headquarters in La Crosse, Wisconsin. It also has offices and distribution facilities located in Rochester and Mankato, Minnesota and Decorah, Iowa. The company delivers a large variety of soft drink and beverage brands in the Western Wisconsin, Southern Minnesota and Northern Iowa region, serving a population of one million. The company is the tenth largest Pepsi Cola distributor in the United States.

The Problem

Ten years ago, Gillette Group was using paper reports, received on a weekly or monthly basis. Employees never looked at them because they weren't intuitive and too lengthy to read. As I.T. Director, Patti Gillette-Ostrom, says, "It was painful for everyone involved, and especially painful for I.T. as we had to create and distribute lengthy print outs and then often do follow-up specialty reports which meant rewriting information." As part of an overall project to upgrade information systems, the company decided that the first phase of this project needed to be installing a good reporting system.

The Solution

The Gillette Group had heard good things about Salient Corporation's Margin Minder® Series business intelligence solution from other Pepsi bottlers within their local bottler and manufacturer co-operative, and decided to purchase it.

Once the system was deployed, the sales department was able to immediately hit the streets using Margin Minder. It enabled sales managers to be precise in analyzing specific markets and products. The original Margin Minder deployment provided sales with just four fields of information: 1) sales 2) revenues 3) cost of goods sold and 4) margin contribution. But as Gillette tells it - just having those four fields was like "heaven."

As new versions of Margin Minder became available, the company incorporated additional information into Margin Minder to eventually provide 380 fields.



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Gillette was impressed with Margin Minder's ease of use, that the solution worked with Microsoft's Office applications, and information could be easily saved into Excel documents. According to Gillette's Programmer and I.T. Supervisor, Joe Pfaff, "I had worked with report writing systems before but Margin Minder is extremely user friendly compared to those products. With these other reporting systems, only the accounting department ended up using them because these employees had enough experience with the technology. Margin Minder doesn't require this experience."

Using Margin Minder immediately enabled Gillette to better understand who their top customers were. The company thought they had a good idea who these top clients were, but Margin Minder backed it up with data and in some cases surprised them.

"For example we would notice, 'Wow, look how many Pepsi 20 ounce cases this customer sells!,' and were able to capitalize on this information," said Director of Marketing Cal Erickson. With this new-found knowledge, it became easier to see trends, and thus eliminate poor performing products and aggressively market the successful ones.

"Margin Minder was the right tool for us at the right time," said Erickson. "As consumer trends were changing, smart companies began to offer waters, new flavored drinks, etc. We were able to take advantage of these trends using Margin Minder to track and manage a vast array of new products."

Gillette's beverage business had changed dramatically over the last ten years. The company went from having 128 to 500 SKUs with other drinks in addition to soft drinks becoming popular. Brands such as Dole, Lipton Teas, Starbucks, Gatorade, and waters/flavored waters were suddenly part of the product mix. Margin Minder was able to help Gillette manage these SKUs. As Gillette-Ostrom put it, "If we hadn't had Margin Minder we would have needed a larger I.T. staff to write specialty reporting, and certainly wouldn't have been able to get information instantaneously."

A Margin Minder Upgrade

About a year ago, Gillette started using the enterprise version of Margin Minder. Now, all employees, including the operations and accounting departments, use the solution. With national chains becoming so big, Gillette needed consistency in all divisions and visibility into what all three were doing.

The upgrade has given Gillette another level of understanding of what is happening with the business. "We can get to any level of depth of information now," said Gillette-Ostrom. "Anything that's on an invoice is now captured with Salient's Margin Minder."

Gillette now has information at their fingertips on product delivery. With Margin Minder they know things like who the delivery is for, who the driver is, the actual delivery route, the day it is delivered and whether it was assigned to be delivered that day or didn't arrive when it should have, which customers are having returns due to PQI (dated product) due to improper rotation or overstocking of product. Gillette has been able to make adjustments/ improvements in their routes with this information.

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Programmer/I.T. Supervisor
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This year Gillette added 50 SKUs and wanted to know if it was a good decision and determined it was. Examples of products they added were Aquafina Flavor Splash, Sobe No Fear, and Mountain Dew Amp Energy drinks.

According to Erickson, “ We now know where brands have velocity and where things are falling off. For example, in 2005, Aquafina Sparkling Water had good distribution, but no velocity so we were able to cancel the product before sales effected us. And we also saw products that were selling, and focused on them.”

Gillette is also very impressed with what Margin Minder has enabled their finance department to do. They now have the capability to look at any time of month and get a strong projection of how the company will do in revenues. According to Controller Curt Root, “In mid month, I can now find out how “non-carb” drinks are doing, and can see our profitability in 24 hours. Now that I’m getting this same info 2-3 months in a row, I can spot trends and get an idea of how we’re doing sooner than waiting for accounting to close books. On a day-to-day basis, we can get a gross profit report by product packaging. We used to need a lot of resources for this type of information, and it used to take 8-9 days to obtain. Now we have it in 10-15 minutes.”

Their solution can now factor in customer development agreements and rebates with the overall profitability of a customer.

“We can understand via Margin Minder what level of rebate each customer has and know the details surrounding how pricing agreements were made,” according to Erickson.

Gillette has been able to improve the management of its vending business and assets. It can track transactions to spot security and theft - providing info on total cash collected, shortages, whether a vendor had product returned due to PQI (outdated product). The information was always available, but was too difficult to obtain - now it can be accessed with a “point and click”. Gillette can also now track the commission rates they receive on their vending machines within chain accounts, as well as can see whether the proper product graphics are being used, enabling the company to do more consistent marketing. “For example if we want to raise vending machine product prices, now it’s easy to identify what the current rates are,” says Erickson.

Also, Gillette can now group their accounts by “selling responsibility” which allows for understanding of who is responsible for the account (corporate, locally, or both). This is especially helpful in growing local accounts, which make up the majority of Gillette customers and which the company has control over vs. the national accounts, i.e. restaurants and chains like Quiznos that dictate the type and level of beverage product they need.



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The Future

Gillette plans to continue to build on Margin Minder. For example, they plan to enable the accounts receivable department to use the solution, and also to provide productivity reports that can show the metric of “cases per hour shipped” - information that currently has to be obtained manually. They will also add survey information on competition pricing, key accounts, budgets etc.

“The great thing about Margin Minder is all this capability can just be added to our current platform - there are no upgrades or add-ons needed,” says Patti Gillette-Ostrom.

Conclusion

As Erickson says, while a clear return-on-investment is impossible to quantify as Margin Minder effects so many aspects of the business, the solution helps them make good business decisions.

“Margin Minder lets us know how and where we’re generating revenues. There is a lot of intuition that goes on in customer relations, but Margin Minder quantifies it for us. And we get surprised from time to time with what Margin Minder reveals. It reinforces the rightness of our decisions,” he stated.

“It’s good to have information that support our strategies - to say this is what we’re going to do and why. The business changes daily, so we need to be able to convince ourselves, our employees, partners and customers we are doing the right thing,” he continued.

Gillette-Ostrom concludes, “The Enterprise edition of Margin Minder is an incredible piece of software. We are learning more and more about the business by using Margin Minder.”

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IT Director
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About Salient

Salient Corporation makes very large scale in-memory intelligence technology for ad hoc data interrogation, visualization and root cause analysis. The company provides continuous audit, performance monitoring and forensic applications for business, health care, education and government.

