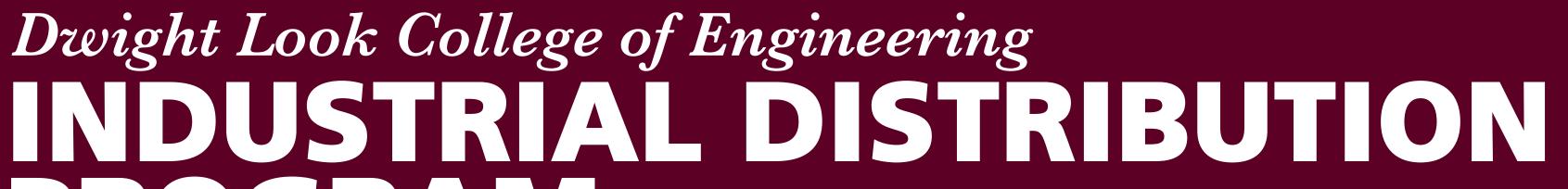


Dwight Look College of Engineering PROGRAM TEXAS A&M UNIVERSITY

Distribution Competitiveness Guide \star Global Supply Chain Laboratory





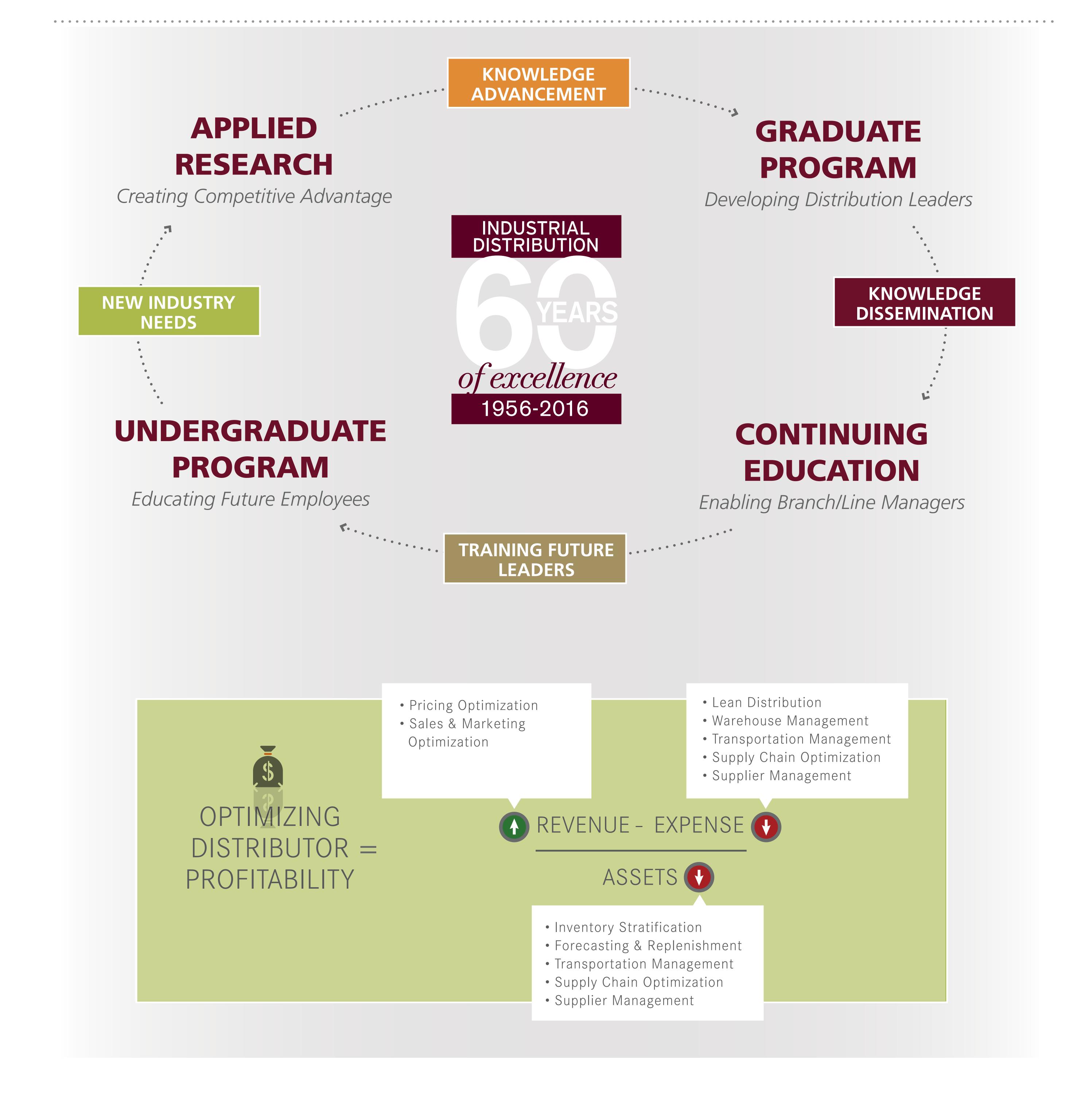
Advancing the Science of Distribution





Dwight Look College of Engineering TEXAS A&M UNIVERSITY

Texas A&M Industrial Distribution Program





Optimizing Distributor Profitability: Best Practices to a Stronger Bottom Line

Available at: www.naw.org

Customer Stratification: Best Practices for Boosting Profitability

<u>Available at: www.naw.org</u>

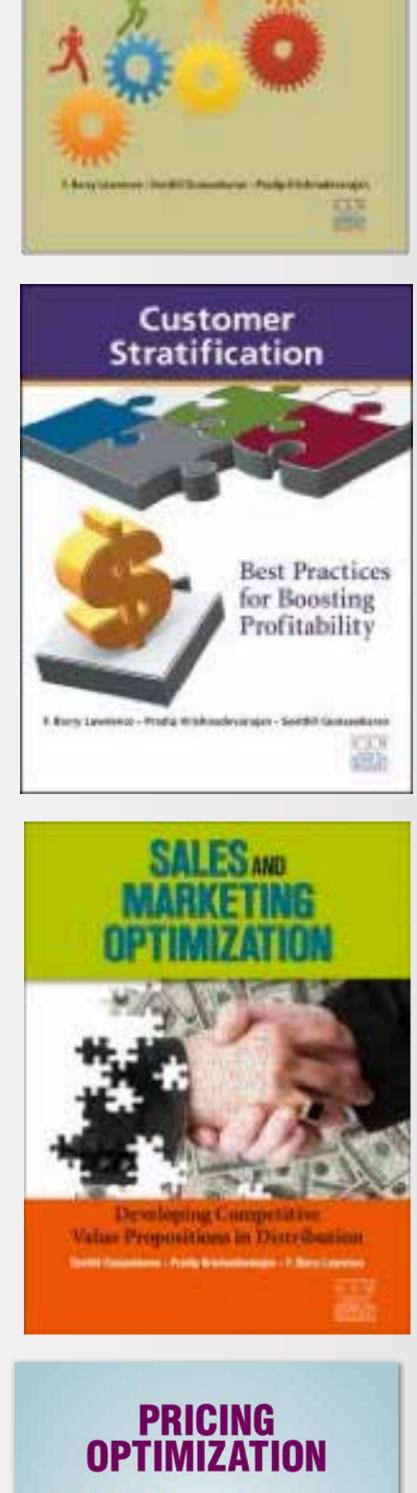
Sales and Marketing Optimization: Developing **Competitive Value Propositions in Distribution**

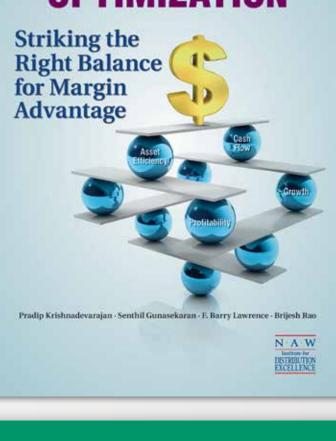
Available at: www.naw.org

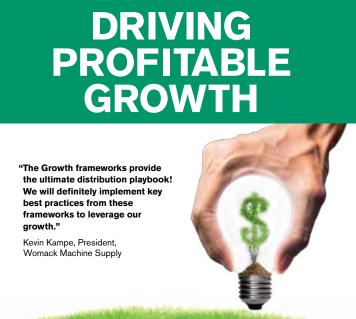
Available at: www.naw.org

Driving Profitable Growth: Advantage Competitive Advantage

Available at: www.naw.org







A Distributor's Playbook to Generate-Manage-Sustain Competitive Advantage

nthil Gunasekaran · Pradip Krishnadevarajan · F. Barry Lawrence

Pricing Optimization: The Right Balance for Margin

Distributor's Playbook to Generate–Manage–Sustain





DISTRIBUTOR PROFITABILITY FRAMEWORK Linking Business Processes and Shareholder Value

SUPPLY CHAIN PLANNING

SOURCE STOCK STORE SELL SH

SUPPORT SERVICES

Business Processes

BUSINESS PROCESSES

ss Process	Ses (Process Metric	s
nent g)	 Supplier Selection Supplier Performance Supplier Stratification Supplier Relationship Right Number of Suppliers 	Total Landed Cost Payment Terms Quality and Flexibility Lead Time and Variability Fill Rate Growth Potential	
ment	 Inventory Stratification What to Forecast? Demand Classification Forecasting Method When to Order? (Reorder Point) How Much to Order? (Order Quantity) Replenishment Policy 	Inventory Mix Forecast Accuracy Fill Rate Total Landed Cost	
nent (Inbound) gement	 Product Receiving Product Put-Away Product Placement Location Type Location Identification Product Storage Cycle Counting 	Accuracy and Efficiency Space Utilization Item and Location Accuracy	
nt ent ement	 Sales Force Stratification Mapping Customers and Sales Force Sales Compensation Techniques Customer Stratification Cost-to-Serve Assessment New Customer Identification Pricing Optimization Voice of Customer Market Selection and Target Strategy 	Sales Force Mix Customer Mix Cost-to-Serve and Right Price Time-to-Market Qualified Leads Per Marketing Activity	
t nent nagement ulfillment	 Fleet Capacity Management Fleet Cost Assessment Routing Optimization Loading Optimization Carrier Selection and Performance Product Picking Order Delivery 	Asset Utilization On-Time Delivery Accuracy and Efficiency	
mization	 New Facility Location Network Optimization Resource and Asset Alignment (Supplier - Inventory - Customer) Service Level Optimization 	Optimal Network Location Optimal Resource Deployment Optimal Service Level	
ology nent Management	 System Integration Credit Management Change Management Recruitment and Retention Attrition 	 Data Integrity Invoice Accuracy Past Due Tracking Efficiency Training Effectiveness (Benefit-to-Cost Ratio Time and Cost-to-Hire Retention Rate 	





FINANCIAL	
DRIVERS	

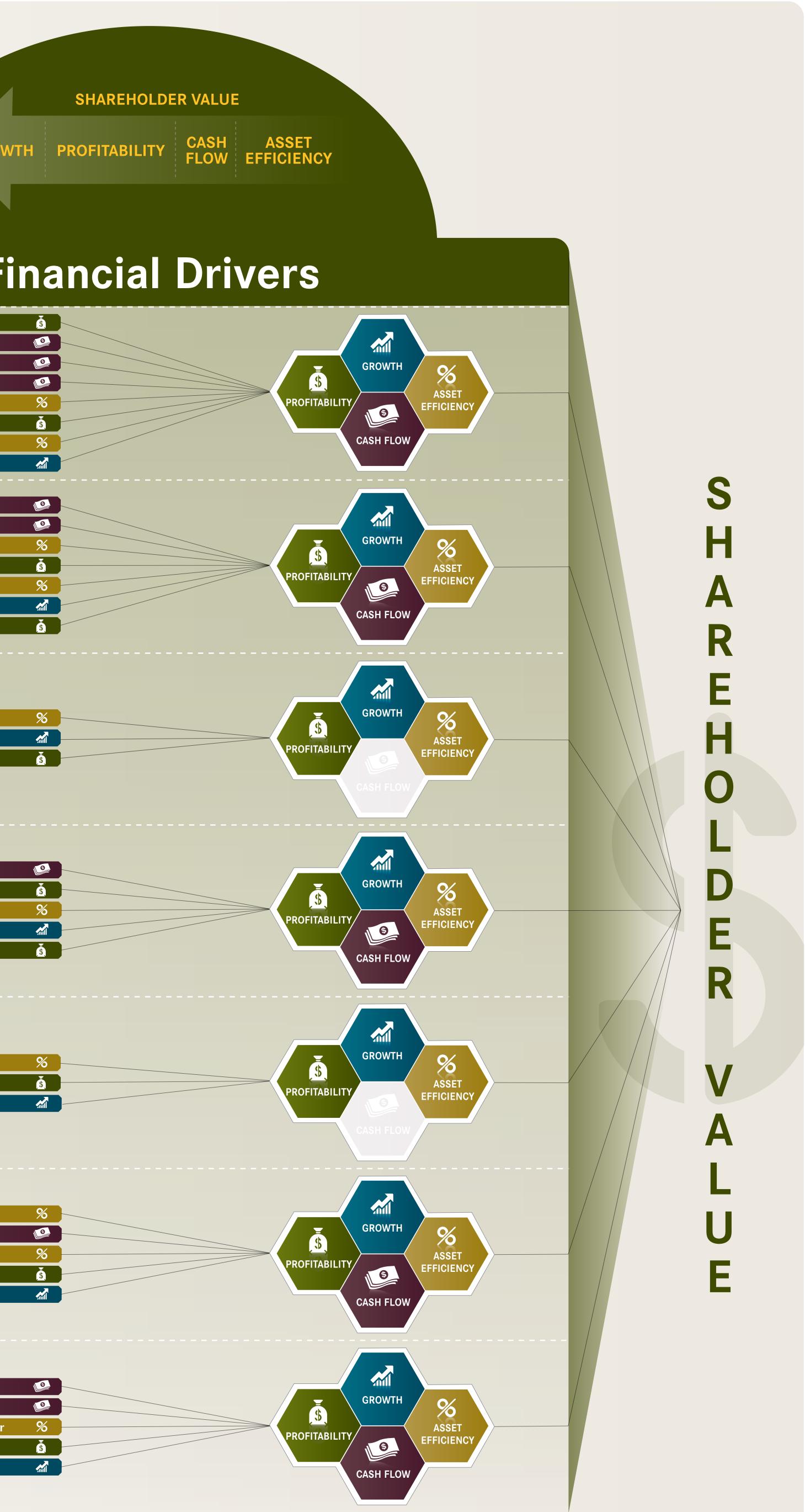
SHAREHOLDER VALUE

Process Metrics & Finance Elements

Financial Drivers

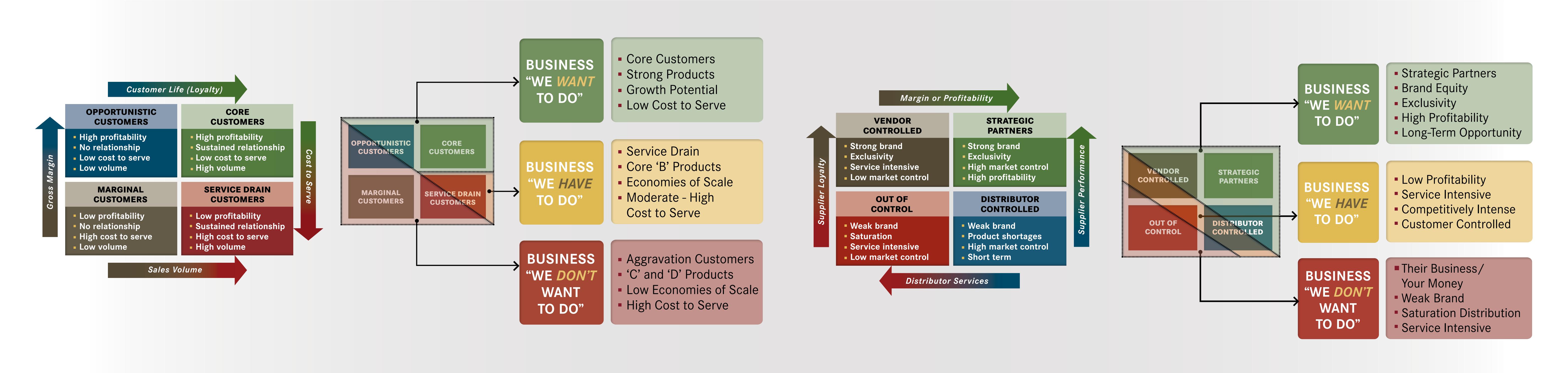
				_	
	Cost of Goods Sold		Gross Margin	<u>\$</u>	
			Days Payables Outstanding		
	Accounts Payable		Cash-to-Cash Cycle Time		
			Working Capital Inventory Turnover	<u>%</u>	
	Inventory		GMROII	×0	
			Total Asset Turnover		
	Revenue		Revenue Growth		
	Increased a market and a second		Cash-to-Cash Cycle Time		
	Inventory		Working Capital		
			Inventory Turnover	%	
	Revenue		GMROII	Ś	
			Total Asset Turnover	%	
	Cost of Goods Sold		Revenue Growth		
			Gross Margin	<u>\$</u>	
	Revenue				
	Warehouse Payroll		Total Asset Turnover	%	
			Revenue Growth		
	Warehouse Rent		EBITDA	<u>\$</u>	
	Inventory Write-Off				
	Assessmente Deseñvelele				
	Accounts Receivable		Days Sales Outstanding		
			Gross Margin	<u>s</u>	
	Revenue		Total Asset Turnover	%	
			Revenue Growth		
	Marketing Expenses (Payroll, Promotion, Media)		EBITDA	<u>\$</u>	
	Fixed Assets (Plant, Property, Equipment)				
>	Transportation Expenses		Total Asset Turnover	%	
			EBITDA	<u>\$</u>	
	Warehouse Payroll		Revenue Growth		
	Revenue				
	Revenue	J			
	Fixed Assets (Plant, Property, Equipment)				
			Total Asset Turnover	%	
	Inventory		Working Capital		
			Inventory Turnover	<u>%</u>	
	Operating Expenses (Transportation and Warehouse)		EBITDA	<u>(</u> \$)	
	Revenue		Revenue Growth		
		J			
		ו			
	Inventory				
	Accounts Receivable		Working Capital		
	Additional IT Expenses		Days Sales Outstanding		
	Bad Debt (Write-Offs)		Accounts Receivable Turnover	<u>%</u>	
	Hiring and Training Cost		EBITDA Boyopulo Growth	Š.	
			Revenue Growth		
	Revenue	5			





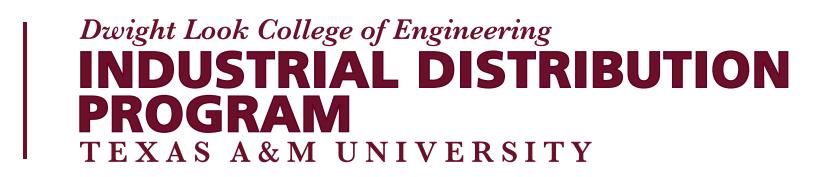
© 2008 Supply Chain Systems Laboratory, Texas A&M University





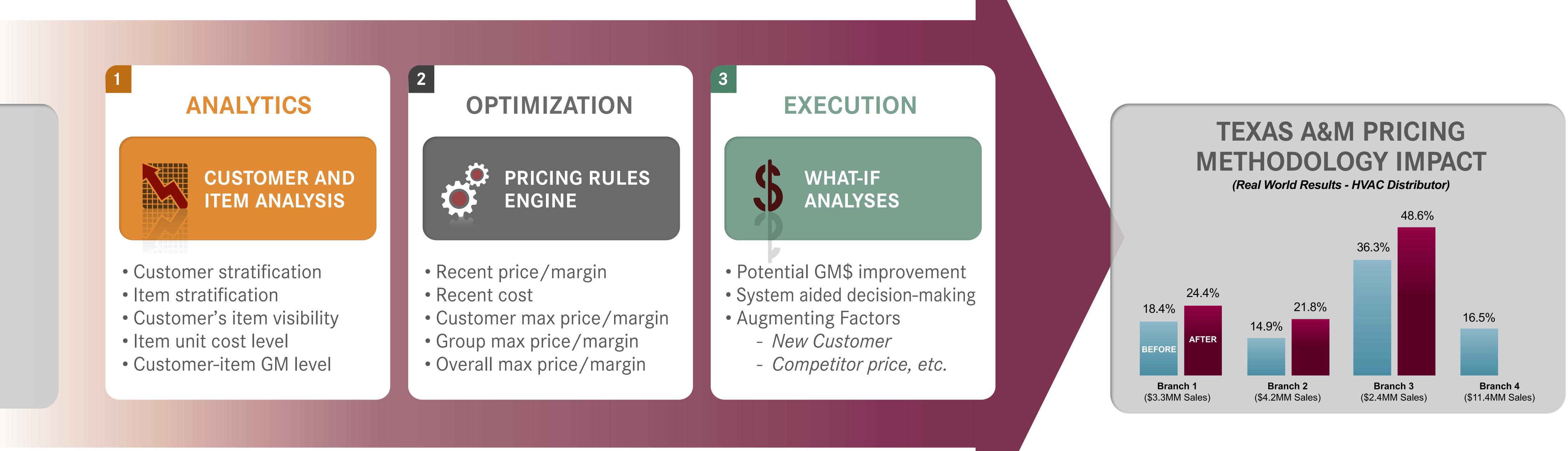






Customer Stratification Model





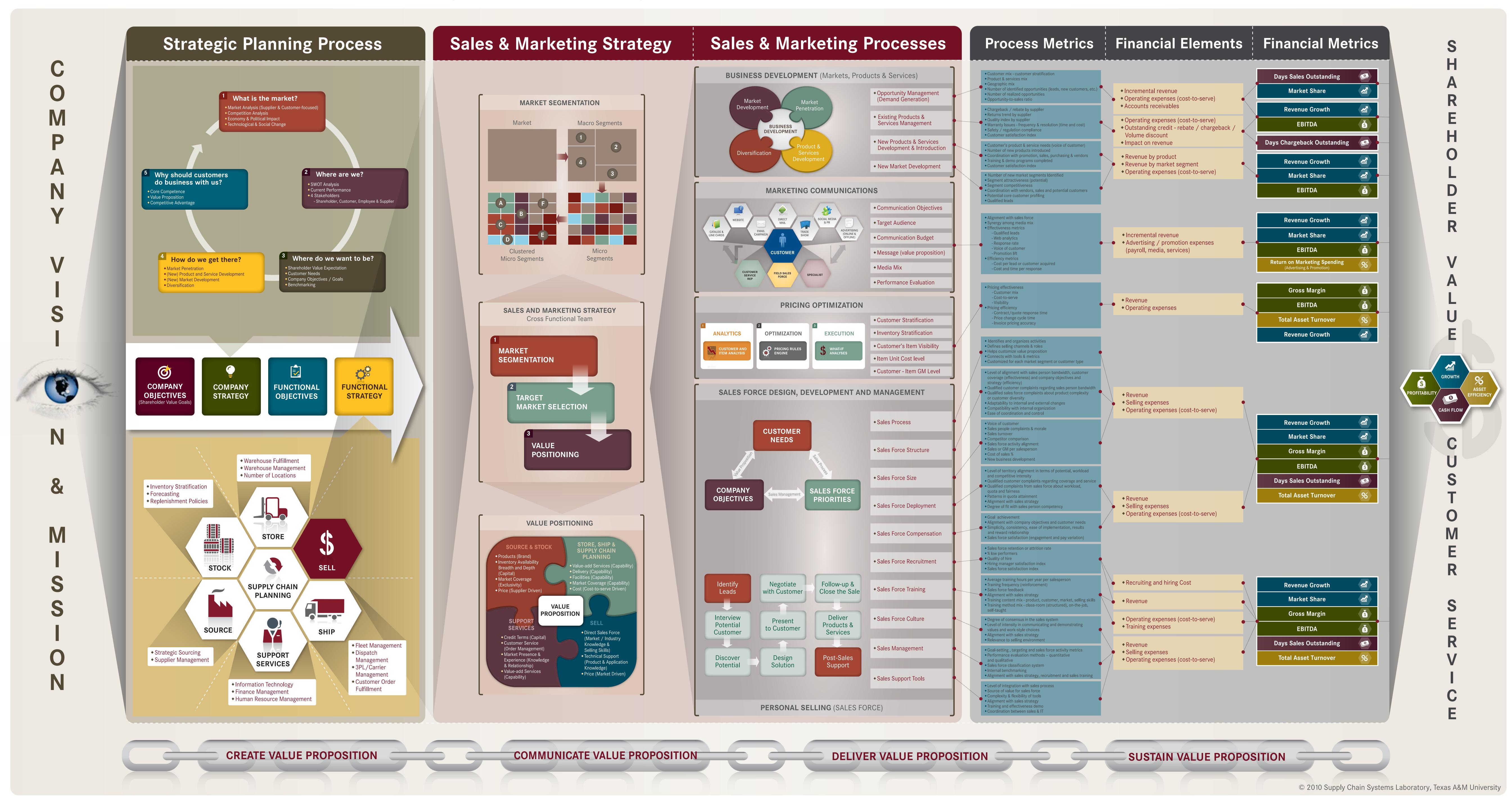




Supplier Stratification Model









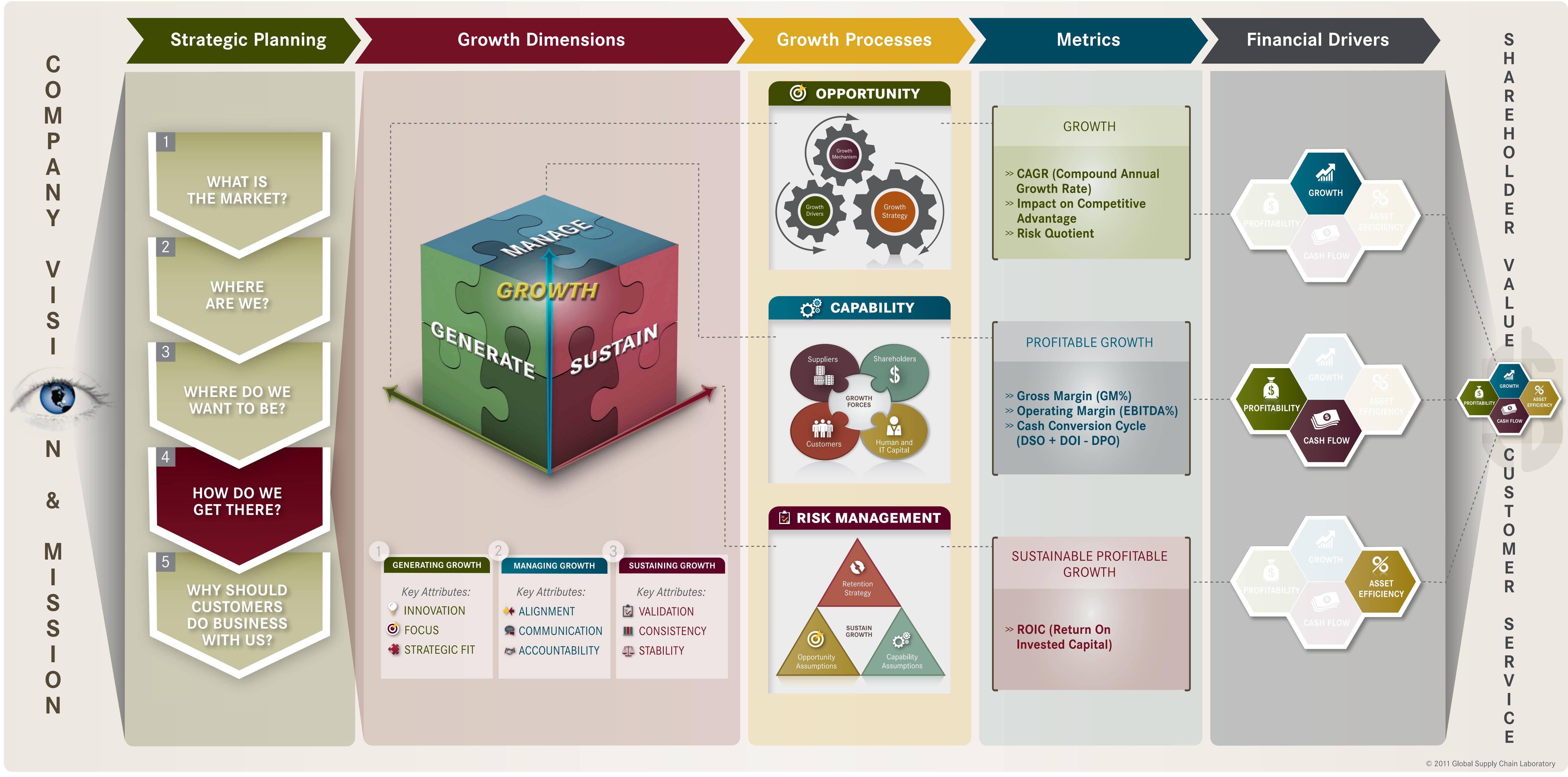
SALES AND MARKETING FRAMEWORK Linking Sales and Marketing Processes to Shareholder Value & Customer Service













DISTRIBUTION GROWTH FRAMEWORK

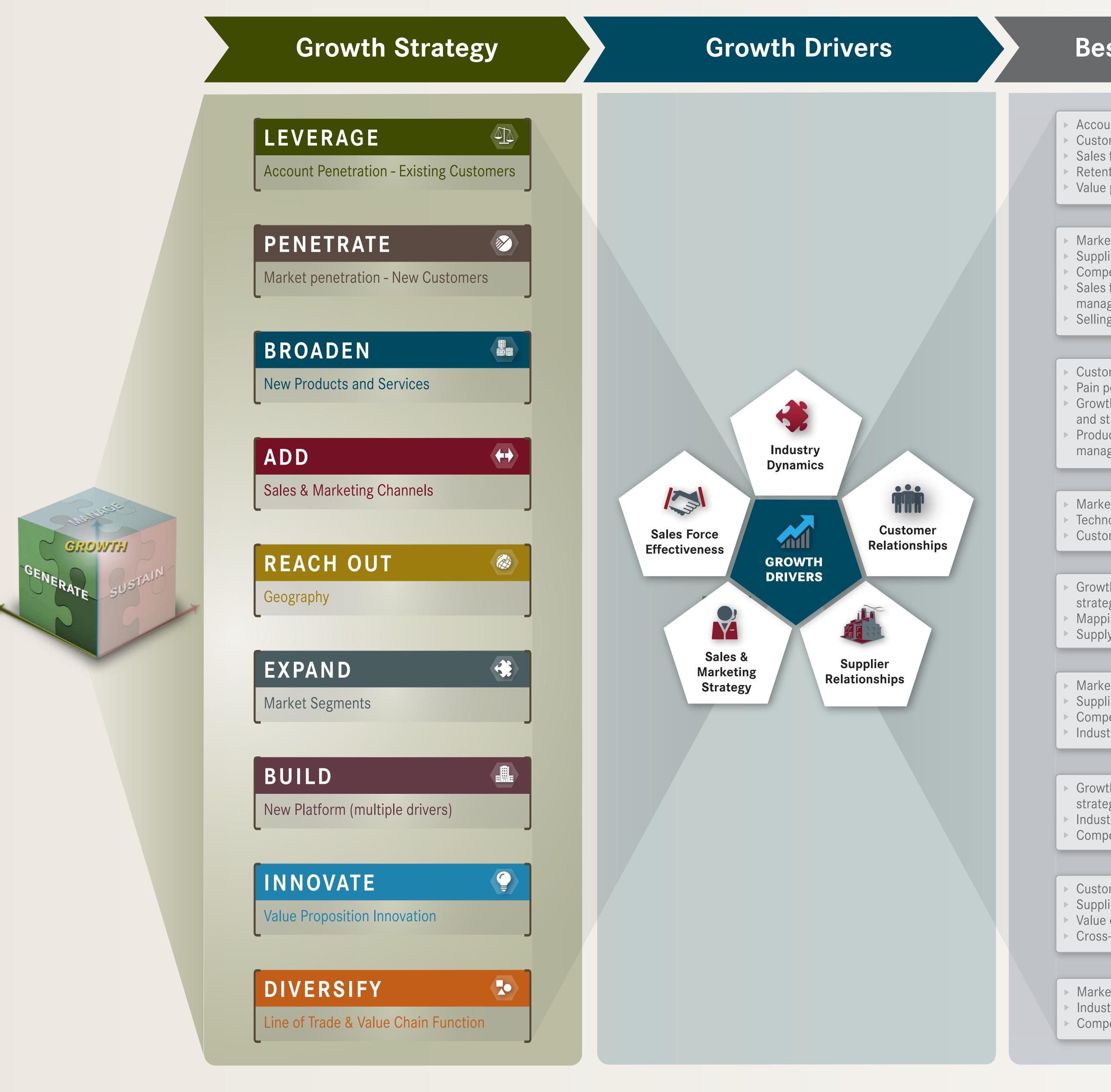
















GENERATING GROWTH - BEST PRACTICES How do we generate growth opportunities?





est Practices	Growth Mechanism	M
ount gap analysis tomer stratification es force effectiveness ention strategy ie proposition update		 Core customer Core customer Share of wallet Balance revent
ket gap analysis plier collaboration petitive value proposition es force performance nagement ing process		 New customer Revenue from New customer
tomer feedback point analysis wth mapping core customer strategic supplier duct & service portfolio	Organic Development	 Growth from ne and services Value propositi Balance over-des
hagement ket mapping hnology developments tomer need/convenience	Acquisition	 Growth from no Change in com
wth mapping core customer and tegic supplier oping key competitors		 Growth from ne Value proposit (national account)
ply chain network optimization ket segmentation plier growth inputs npetitive analysis	Merger	 Growth from no Degree of varies (risk factors)
wth mapping core customer and tegic supplier astry trends analysis	Constant of Constant of Const	 Growth pipelin Growth from no Change in com
npetitive analysis tomer feedback plier inputs		 Number of inno Growth from in Change in com
ie chain analysis ss-industry best practices		 Change in com Risk managem

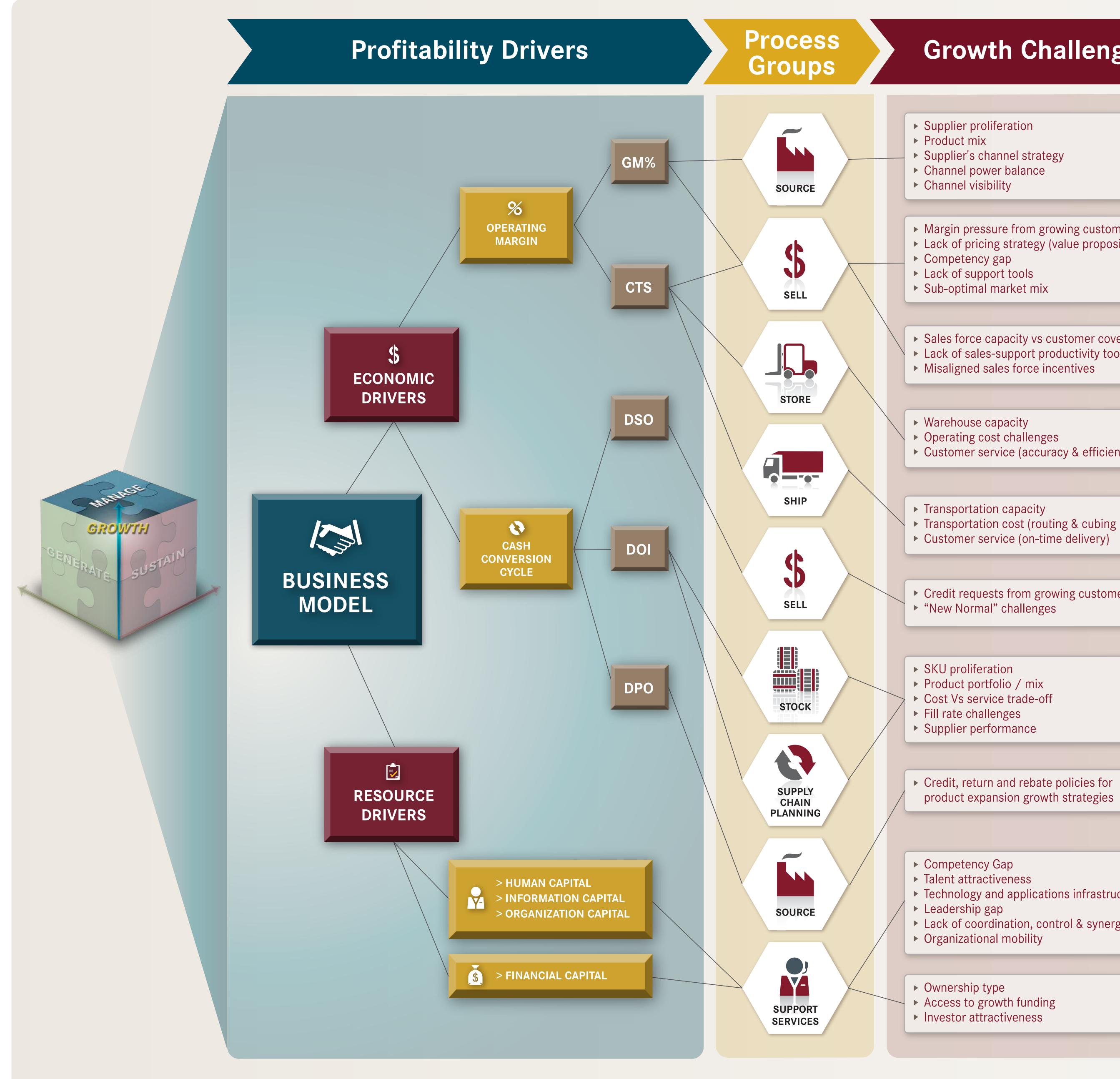


letrics er retention rate er conversion rate nue reliance (risk) er acquisition rate m new (core) customers er retention rate new products sition leverage -dependency new channels mpetitive advantage GROWTH new territories sition leverage counts) new market segments ariety in end markets ne run rate new platforms mpetitive advantage novative efforts innovative enorts innovative opportunities ompetitive advantage mpetitive advantage € nent diversification © 2011 Global Supply Chain Laboratory













MANAGING GROWTH - BEST PRACTICES How do we manage profitability while growing?

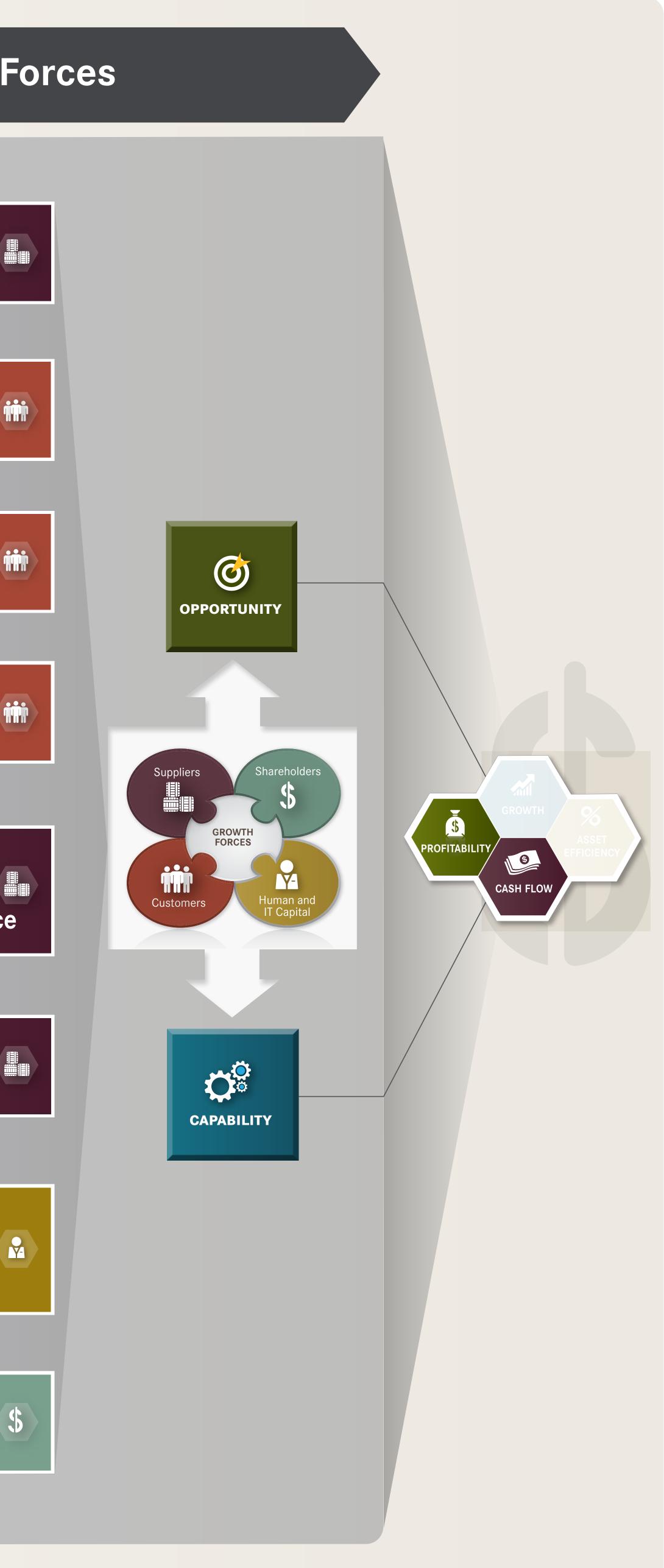




nges		Best Practices	Growth	h
		 Supplier stratification & relationship strategy Optimizing channel compensation Channel growth strategy alignment Leverage supplier performance 	» Supplier » Sourcing Workforce	
omers osition)		 Customer stratification Pricing optimization In-built mechanism for early warnings Active adaptation of value proposition Market segmentation 	>> Customer >> Sales Force	
overage cools		 Sales force size & structure Sales force productivity (support tools) Sales force compensation Aligning customer, company and sales force 	>> Customer	
iency)		 Operations (inbound & outbound) productivity - Lean Economy of scale Best practices sharing Internal benchmarking 	» Operations Workforce >> Customer	
ng / loading))		 Routing and loading optimization Economy of scale Supply chain network optimization (Transportation vs Inventory) 	Sales Force	
omers]	 Customized terms based on customer stratification In-built mechanism for early warnings Active adaptation of value proposition 	>> Supplier >> Customer >> Cross-functional Workfo	orce
		 Inventory stratification Focused forecasting Dynamic replenishment Inventory network optimization Competency development 	» Supplier » Purchasing Workforce	
or es]	 Optimizing channel compensation through strategic supplier relationship Leverage supplier performance 		
ructure ergies		 Human capital development Information capital readiness Strategic awareness and alignment Customer-centric Growth mindset Creative leadership Strategy & structure match 	 >> Human Capital >> Information Capital >> Organization Capital 	
		 Financial fitness through free cash flow and operating productivity Investor confidence 	» Shareholders » Leadership	







© 2011 Global Supply Chain Laboratory











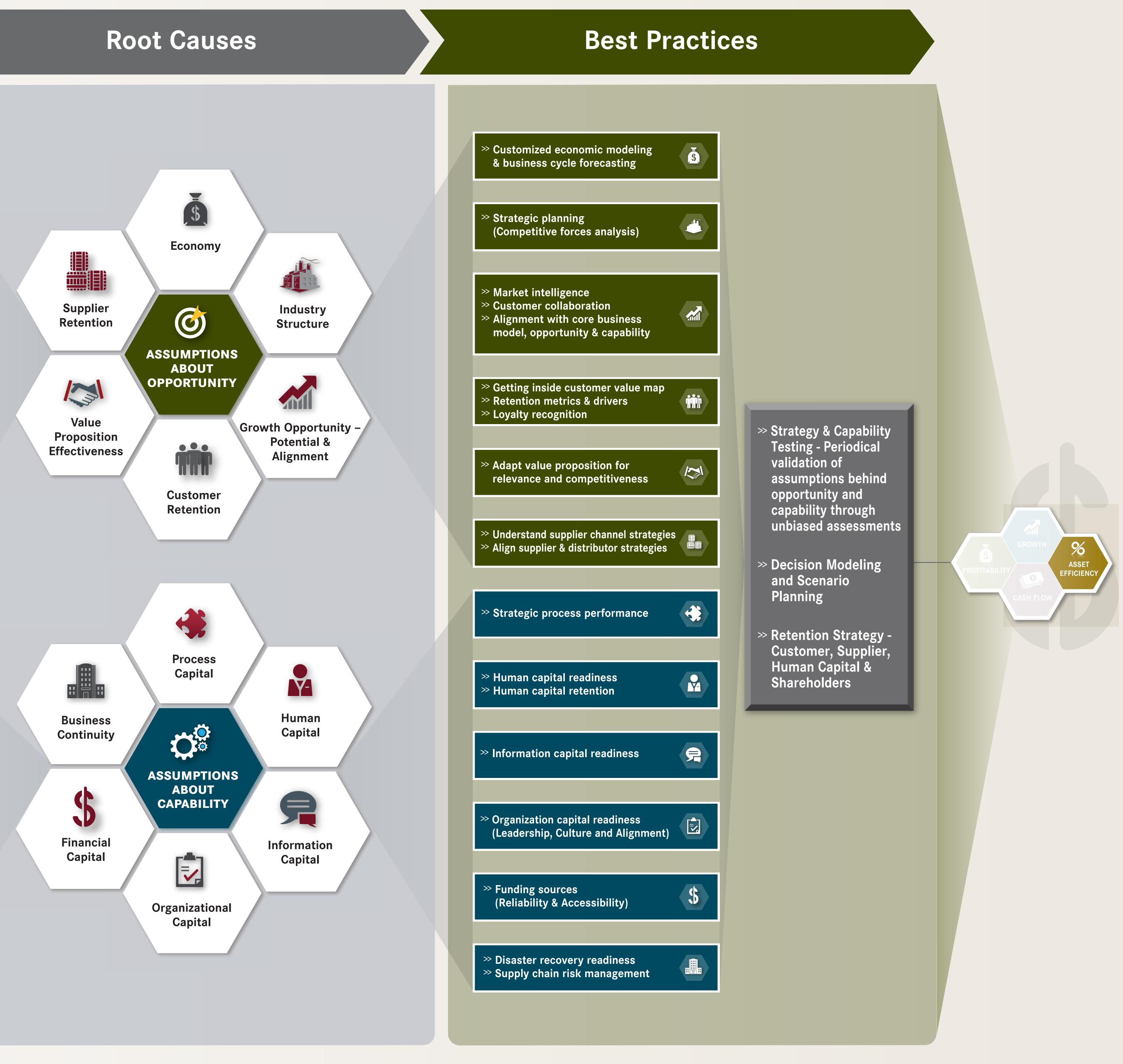


SUSTAINING GROWTH - BEST PRACTICES How do we sustain profitable growth against strategic risk?

c Risk Factors	What Went Wrong	
	Assumptions about:	
External market condition	Market conditions and opportunity	
Adjacency & acquisition failure	Opportunity potential and alignment	
Lack of competitive value proposition	Market relevance of value proposition	
Disruptive competitor entry	Industry structure and opportunity	
Market segment overdependency	End customer market opportunity	
Lack of customer rationalization		
Execution breakdown	Customer potential and profitability	
Supply chain disruption	Ability to deliver value proposition effectively	
Restructuring	Acquisition integration capability	
Competency gaps	Competency & talent retention	







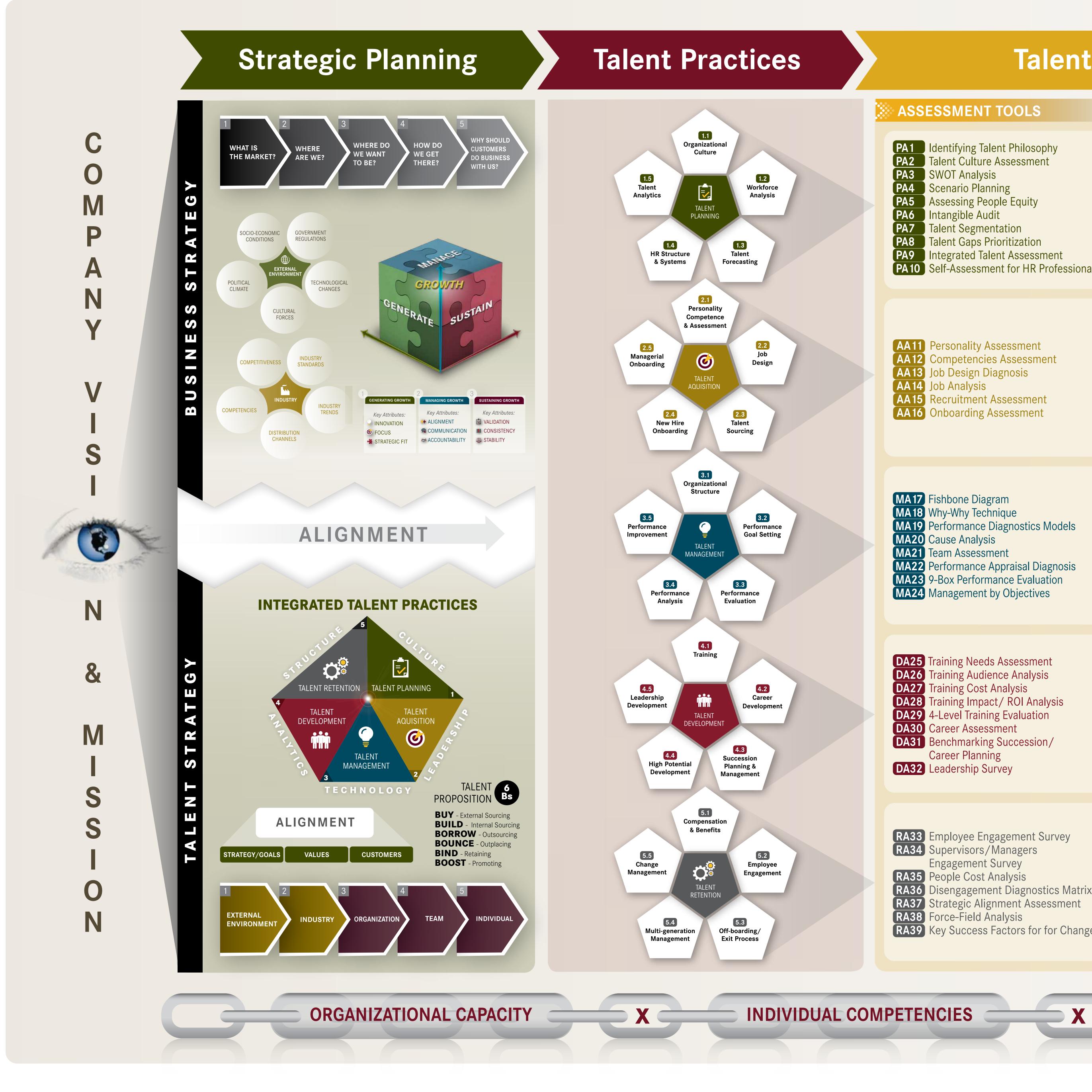




© 2011 Global Supply Chain Laboratory









Optimizing Human Capital Development A Framework for Distributors

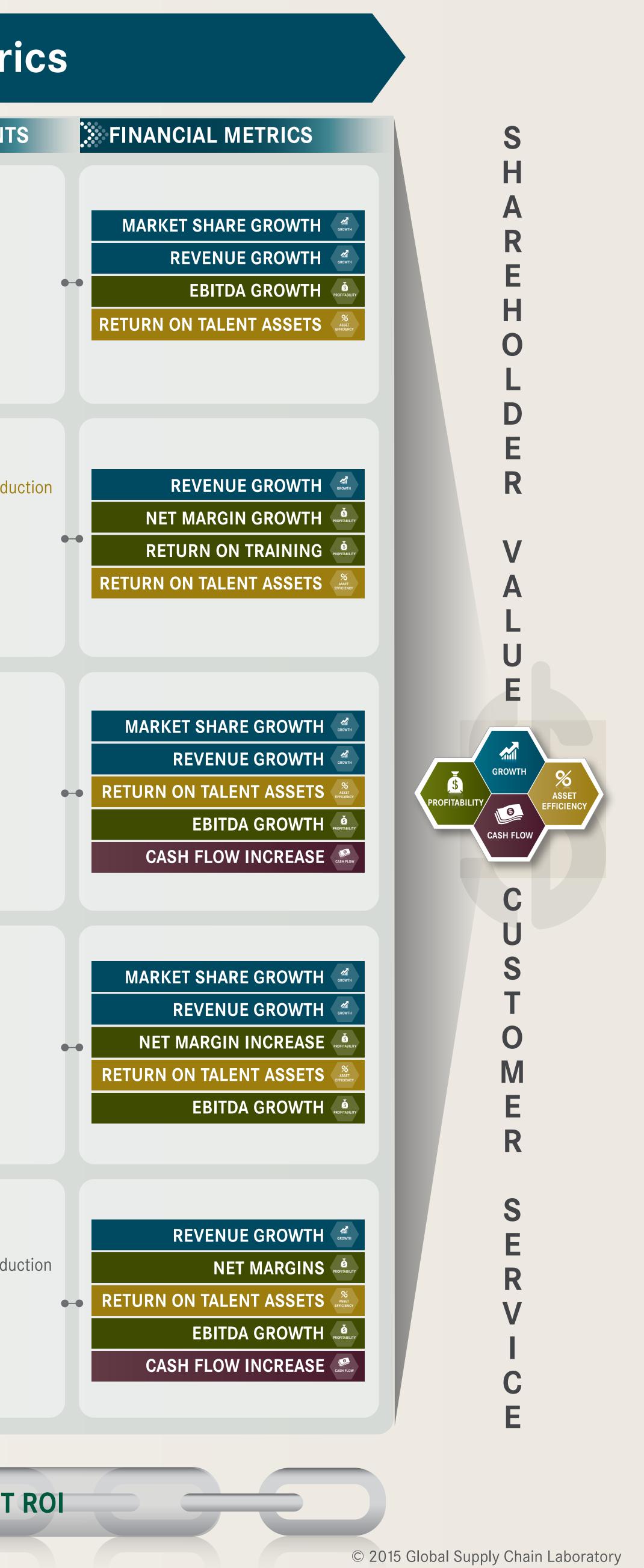




t Tools	0	utcome Metr
IMPROVEMENT TOOLS	PROCESS OUTCOMES	FINANCIAL ELEMENT
PI1 PI2 PI3 PI3 PI4 PI5 Strategic Talent Planning Guide Talent Strategy Alignment Talent Analytics Guide Prescriptive Analytics Guide Knowledge Management Guide	 Increase in Organizational Capability Increased Market Share Increase in Productivity HR Leading Indicators Reduction in Turnover Value added Per Employee Reduced Organizational Knowledge Drain Improved Customer Service 	 Profit Per Employee Gross Revenue Increase Net Revenue Increase Fixed Expenses Reduction Variable Expense Reduction
 Al6 Competency Model Al7 Sales Competencies Checklist Al8 Customer Service Competencies Checklist Al9 Managerial / Leadership Competencies Checklist Al10 Talent Acquisition Guide Al11 New Hire Onboarding Checklist 	 Reduction in Turnover Reduction in Supervision Reduction in Errors Increase in Productivity Advancement Potential Ability to Perform Wider Range of jobs Improved Customer Satisfaction Score Attitude Change Reduced Customer Complaints 	 Recruiting and Hiring Cost Redu Sales Growth Operating Cost Reduction Net Profit Increase Gross Revenue Increase Variable Expense Reduction
 MI12 Performance Objectives Development MI13 Performance Planning Guide and Worksheets MI14 Effective Performance Management Guide MI15 Performance Dashboard MI16 Team Building MI17 Performance Coaching & Mentoring 	 Increase in Productivity Reduction in Turnover Value added Per Employee Reduction in Supervision Reduction in Errors Advancement Potential Ability to Perform Wider Range of Jobs Improved customer Satisfaction Score New Customers Account Penetration Attitude Change 	 Selling Expenses Reduce Variable Expenses Reduction Fixed Expenses Reduction Net Margin Increase Net Profit Increase
DI 18 DI 19 DI 19 DI 20 DI 21 Career Development Guide High-Po Development Guide Leadership Development Guide	 Increase in Productivity New customers Account Penetration Reduction in Errors Value added Per Employee Increase in Organizational Capability Value added Per Employee Inproved Customer Service Advancement Potential Ability to Perform Wider Range of Jobs Attitude Change Reduction in Supervision 	 Selling Expenses Reduction Variable Expenses Reduction Fixed Expenses Reduction Net Margin Increase Net Profit Increase
rix RI24 Employee Engagement Guide RI25 Total Rewards Guide RI26 Retention Management Guide RI27 Leadership Engagement Model RI28 Multi-generation Management Guide RI29 Change Management Checklist RI30 Change Resistance Management	 Increase in Productivity Attitude Change Reduction in Turnover Value added Per Employee Reduction in Turnover Reduction in Supervision Improved Customer Satisfaction Score 	 Recruitment & Hiring Cost Redu Sales Growth Variable Expense Reduction Net Profit Increase Fixed Expense Reduction
ENGAGING CUL	TURE =	TALENT





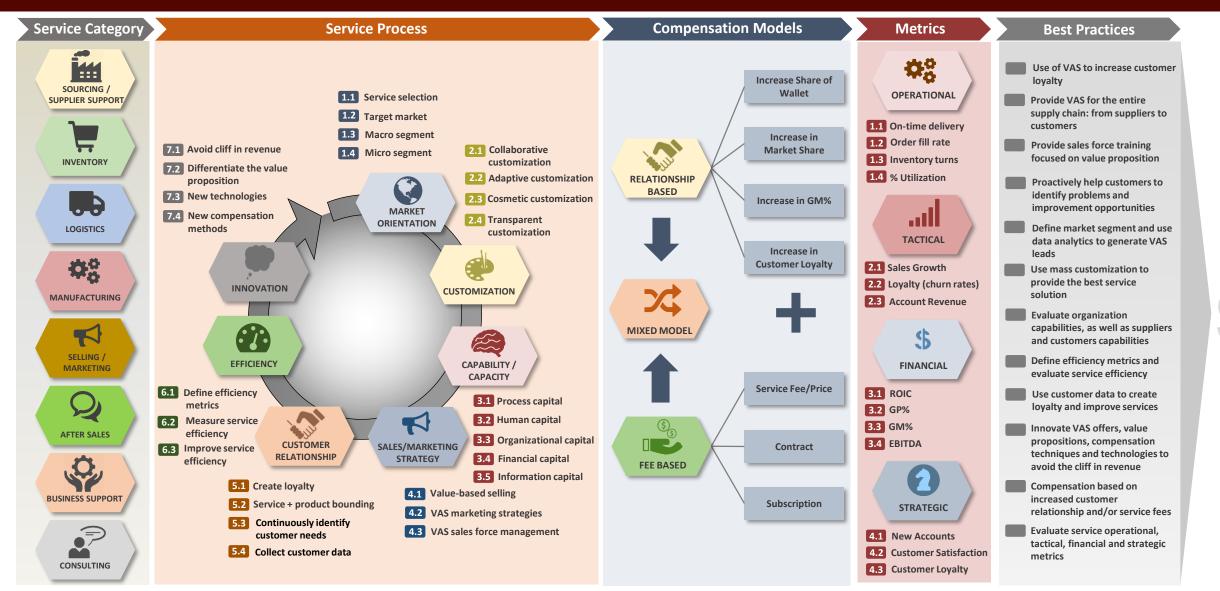






Value Added Services - Framework

Dwight Look College of Engineering INDUSTRIAL DISTRIBUTION PROGRAM TEXAS A&M UNIVERSITY



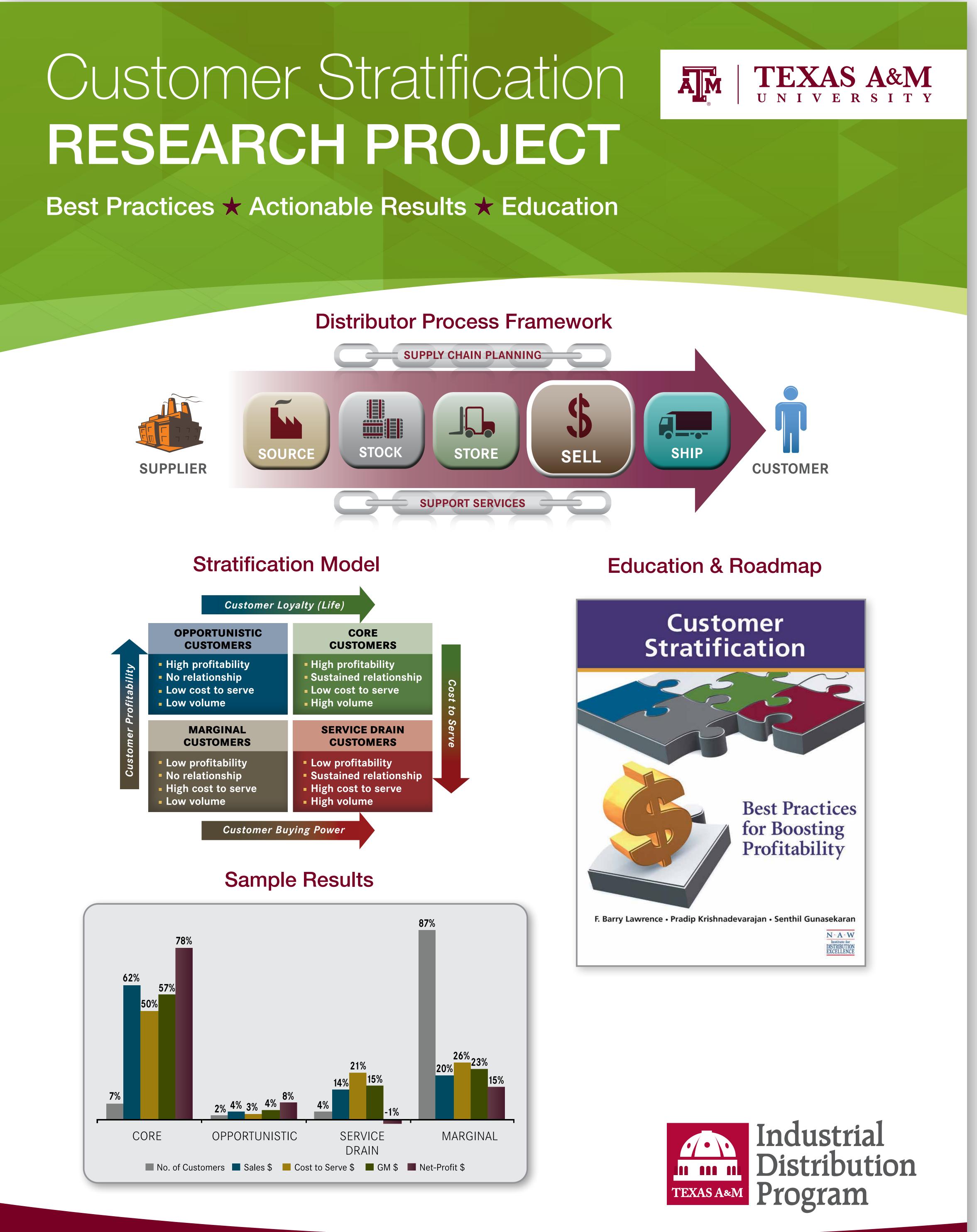
2016 © Texas A&M University | Global Supply Chain Laboratory



Dwight Look College of Engineering INDUSTRIAL DISTRIBUTION PROGRAM TEXAS A&M UNIVERSITY







RESEARCH PROJECT





Dwight Look College of Engineering PROGRAM **FEXAS A&M UNIVERSITY**

Intensive Customer Stratification Program

DAY 1

Customer Stratification Overview and Framework

EXERCISE: What would be the 4 types of customers at your firm?

Customer Buying Power

EXERCISE: Sample Buying Power Analysis

Customer Profitability

EXERCISE: Sample Profitability Analysis

WORKING SESSION: Data Preparation for Customer Stratification

Discussion and Questions

DAY 2

Customer Loyalty

EXERCISE: Sample Loyalty Analysis

Cost-to-Serve (CTS)

EXERCISE: Sample CTS Analysis

WORKING SESSION: Data Preparation and Customer Stratification Analysis

Discussion and Questions

Intensive Inventory Management Program

DAY 1

Inventory Management Overview

Key Performance Indicators and **EXERCISE**

EXERCISE: Inventory Carrying Cost

Inventory Stratification

EXERCISE: Sample Stratification Analysis

WORKING SESSION: Data Preparation for Inventory Stratification

> Discussion and Questions

DAY 2

WORKING SESSION: Inventory Stratification

Attendees to Present Results and Policies

Inventory Stratification -Concluding Remarks

Forecasting

EXERCISE: Forecasting Rounds 1 & 2

Forecasting Continued

Discussion and Questions

DAY 3

WORKING SESSION Forecasting

> Demand Pattern Classification

Replenishment Policie

EXERCISE: Inventor Stock Out Cost

Replenishment Policie Continued

EXERCISE: ROP

CASE STUDY: Stock Gr From Optimizing Distributor Profitability book

Professional Development Programs

DAY 3

WORKING SESSION: Data Preparation and Customer Stratification Analysis

Bringing It All Together

EXERCISE: Customer Lifetime Value and Net Profit

WORKING SESSION: Data Preparation for Customer Stratification Analysis

GUEST LECTURE: Customer Stratification - Business & IT Perspectives

Discussion and Questions

DAY 4

Customer Stratification **Results Presentation**

Customer Strategies

EXERCISE: Customer Stratification Impact on Shareholder Value

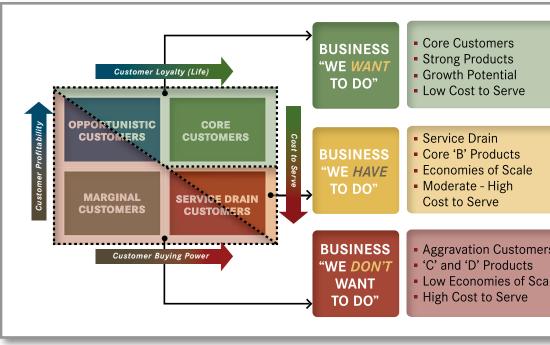
> Real-world Implementation Results

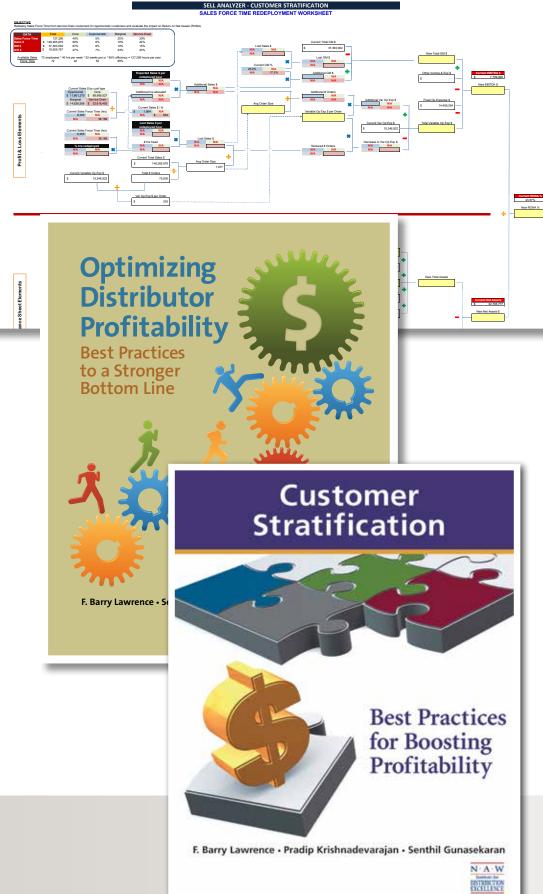
CASE STUDY: Chapters 9 and 10 from Customer Stratification Book

ACTION PLAN: Presentation Discussion and Questions

CERTIFICATE PRESENTATION

Deliverables





	DAY 4
N:	WORKING SESSION: Replenishment/Service vs. Cost Matrix
	Attendees to Present Results
ies	Debrief and Discussion
ry	Buy Decision - EOQ
2S -	GUEST LECTURE: Inventory Management Business Perspective
	GUEST LECTURE: Inventory Management IT Perspective
Group	Discussion and

Questions

DAY 5

WORKING SESSION: Process Assessment Stock Group

EXERCISE: Linking Inventory Management to Shareholder Value

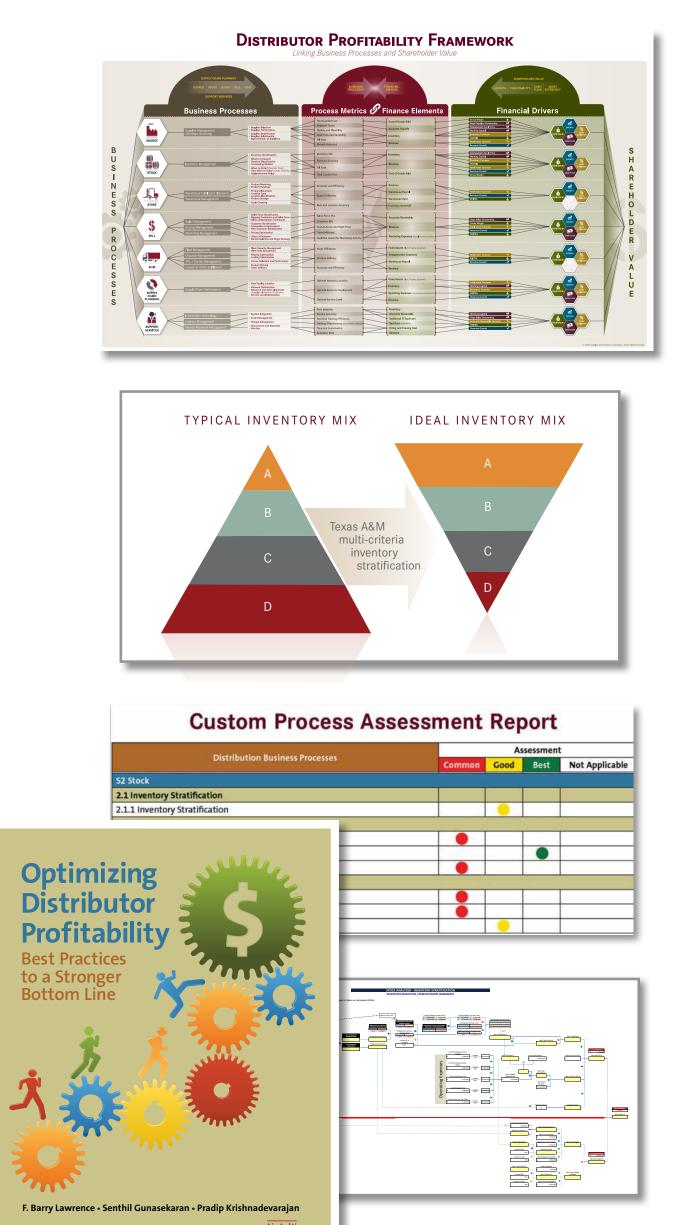
Inventory Management Challenges and Benefits

EXERCISE: Inventory Management Recap

> Discussions and Questions

Certification Presentation

Deliverables



The Thomas and Joan Read Center at Texas A&M University is the only university center in the United States that focuses on research and education in industrial distribution. Our professional development & educational programs are designed to increase your organization's competitive advantage and profitability. We focus on relevant and actionable education through proven methods and tools.

Some of the unique characteristics of our programs are relevant learning, distribution focus, research-based education, distribution domain experience of our faculty, and access to our research solutions and services.

Open Enrollment Programs

- **The Section Manager Certificate Program**
- **★** Executive Session on Best Practices
- **t** Intensive Customer Stratification Program
- **†** Intensive Inventory Management Program
- **Content of the second second**
- **Content of Content of Content of Market Share**
- **+** Pricing Optimization
- **★** Sales and Marketing Optimization
- **Advanced Lean Distribution**

Professional Distribution Sales

- **Client Acquisition**
- **Key Account Development**
- **The Inside / Counter Sales**
- **★** Sales Management





21 Months to Complete



- Distance Education
- Ex Focused on Industrial Channels

COURSES FOCUSED ON:

Operations Supply Chain Management Logistics Quality



2014 Global Trip - India



Applied Capstone Project

Life Long Networking

Management Strategy

Customer Management Profitability

2015 Global Trip - Singapore and Malaysia

Program Overview

•••••••••••••••••••••••••••••••••••••••	• • • • • • • • • • • • • • • • • • • •	
Campus Location		College Station,
Length of Program		21 Months Study While Wo
Degree Format		2 Annual Reside 4 Semesters Onl 1 Week Global 1 Capstone Preser
Global Distribution Course & Trip		1 Week Internat Part of the Glob
Start Dates		August of Each
Admission		Admission Close
Fees	\$	Please Check We

Class of 2016



\star Sign up to attend MID informational events and talk to an advisor. \star http://mid.tamu.edu

Texas

orking Full-Time

lency Weeks in College Station

line

Trip

entation & Graduation in College Station

ational Trip During Second Year bal Distribution Course

Year

ses May 5th of Each Year

Vebsite