

SUNTORY

SUNTORY [AUST] PTY LTD

At a glance

Organisation

Suntory Australia Pty Ltd

Industry

Liquor Wholesaler

Location

Head Office – Sydney

Solution

BOARD – business intelligence and corporate performance management

Objective

To reduce the effort and improve accuracy of budgeting and forecasting by integrating insights from business critical data including consumer demand, retailer trading behaviour, trading term measurement, store/banner group/customer profitability, and trading accrual exposure.

Challenges:

- Constrained volume
- Limited launch and marketing support budget
- Lean sales force
- Diverse marketplace exhausted with new product developments

Benefits

- Contributed to Suntory Australia becoming the No. 1 market leader based on organic growth, increasing sales by 2% during a year when the next best competitor saw sales contract by 2%
- Maximised the value of Suntory's \$1 million annual investment in market data
- Delivered savings of \$130,000 per annum due to retired software and reduced licensing and maintenance fees
- Better utilisation and targeting of sales force
- Significant productivity benefits, with reductions in time and effort required

Suntory draws deep from BOARD's well of business intelligence

Suntory Australia is the distributor and marketer of a range of premium, global spirits and liqueurs, beers and ready-to-drink (RTD) packaged beverages. Its brands include market leaders such as Midori, Cointreau, Tia Maria, Russian Standard Vodka and Yamazaki Whiskey. As a distributor, the company sources products from a number of different vendors including its Japanese parent.

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The difficulty of forecasts

Every year Suntory Australia creates an annual budget to forecast business expectations for the 12 months ahead. Each month thereafter, the budgets are revised to reflect any changes in circumstances. It's an essential process given the wide range of factors that can influence brand and market performance including consumer confidence, retail trends, the seasons and even the weather.

More than anything however, the task of forecasting is complicated by Suntory's distance from the consumer. As a distributor the company must rely on customers – from major retailers such as Liquorland and Dan Murphy's to small independent bottle shops, clubs and hotels – for feedback regarding consumers, demand patterns and sales.

To supplement this information, Suntory invests one million dollars annually purchasing retail data from third party data brokers. While the information is helpful, for many years Suntory's ability to analyse and gain value from it remained

limited. Reliance on a cumbersome Cognos solution and too many spreadsheets left sales people unable to easily differentiate between profitable and unprofitable customers, and gave them no data to back up negotiations over terms or pricing.

The technology tied up a great deal of in-house technical expertise and led to reliance on external consultants whenever changes were required. Because of the time it took, insights were delayed and occasionally, accuracy and consistency suffered. Vital market and customer performance data was not always incorporated into the budgeting process. At times this led to forecasts that were out of touch with market realities, for example, by failing to reflect an oversupply during slowing consumer demand.

David Moore, General Manager, Finance & Operations, Suntory Australia says, "We found the system was quite slow for our needs. It really wasn't giving us flexibility in reporting or the ability to drill down to the level that we needed."



Fixing a slow and difficult process

To resolve these problems Suntory management decided to improve the budgeting and forecasting process, and to create a broader business intelligence capability that would help users gain greater insight from the company's data.

Specifically, Suntory wanted a 70 per cent or more reduction in the resources (such as people, time and effort) required to build a budget and subsequent monthly forecasts. It wanted a system that would:

- Support a rolling 12 month budget
- Enable comparisons between budgets and forecasts
- Carry out "what if" budget and forecast analyses on the fly
- Provide drill-through capability from summary level to individual transactions
- Foster consistency in the use of market and customer performance data
- Provide insightful management reports.

After investigating the market, Suntory selected BOARD, a business intelligence and corporate performance management solution, with design, development and deployment services from Professional Advantage. The plan was to feed data from key business systems and the third party reports into Suntory's data warehouse. From there, the data would be made accessible to users via the BOARD platform. This would enable managers and staff to view key performance data on dashboards, conduct queries, analyse data and generate reports.

The kind of information that Moore hoped to obtain included store, banner group and customer profitability and the ability to measure retailer trading behaviour and trading term success. Insights into consumer demand would be essential, as was the ability to minimise trading accruals.

"BOARD seemed to have the greatest capability to put the power for future development into our hands, as opposed to being at the hands of outsourced consultants," Moore explains. "I liked the way Professional Advantage said they would work with us to build that internal capability. We had a feeling that Professional Advantage would be flexible and they were willing to work with us to make us independent over time, to help us learn from them as the system was being built."

Visibility, Accuracy and Consistency

Initial development focused on Suntory's immediate need for a better budgeting and forecasting process. Once this had been achieved, Professional Advantage and Suntory began building the dashboards that would enable users to analyse newly-accessible data sets. At the same time, reporting was completely revamped to introduce greater accuracy and consistency.

"With the help of Professional Advantage we ended up with more functionality than we had before. From a user perspective, it's been a huge benefit," Moore says. "Among the data we collect are key indicators of what's going on in the marketplace. In the past we could never be sure whether brand managers or state managers were looking at this as they prepared their forecasts. Now BOARD pulls this information out and puts it on the input screen. We know managers are seeing the data and they don't have to rely solely on gut feel."

Finance staff no longer have to spend time preparing reports for others, as the system makes information such as sales histories and trends readily available to all managers. Better still, consolidation of forecasts, which used to take half a day to complete, is now being completed and reconciled within minutes per month. If changes are required, they can be made within moments.

"They love it. We've had nothing but compliments from our users", Moore adds.





Better information leads to less inventory

With more timely, easier access to information, sales forecasting has become increasingly accurate. “We are better placed to see trends in the market place and in market categories,” Moore notes.

In turn, Suntory has been able to reduce safety stock levels, leading to an overall reduction in inventory. With less money tied up in stock, cash flow – a key financial performance measure for any company – has improved.

Segmenting customers for a better return on sales

One of the most valuable outcomes has been the segmentation of Suntory’s customer base.

By analysing profitability, the sales team has been able to focus its efforts according to value. Customers are now categorised as Bronze, Silver, or Gold. Each category indicates how frequently sales staff should call upon the customer. In addition, some customers have been identified as “influential”. These are assigned a Brand Ambassador to help build deeper affiliations.

“So now we have reps going to the more valuable customers more frequently and we have scaled down some of the visits to customers who aren’t delivering as much value to our business. We’ve been able to reduce the level of sales investment and get a better return for the hours,” Moore points out.



The proof is in the product launch

Recently, this segmentation was critical for the launch of a new, premium Japanese whisky. The product was in high demand yet quantities worldwide were constrained and Australia was only able to secure a small volume.

Local management used BOARD's analytics to build and carry out a marketing campaign that was able to adapt and change in almost real-time. Constant monitoring of key metrics enabled sales efforts to be adapted to ensure the campaign remained on track. As a result, the stock was almost completely sold out before it even arrived in the country.

Moore describes it as one of the most successful product launches he's been involved in. He also believes it is one of the reasons why Suntory was able to buck industry trends and achieve organic growth of two per cent during a year in which the company's nearest competitor saw sales contract by two per cent.



An evolving BI capability

Suntory has now entered an ongoing period of dashboard enhancement, and BI improvement and evolution.

Productivity continues to improve, with reports and forecasts that used to take half a day to prepare now being generated within minutes. Reporting has become more flexible with managers able to compare previous forecasts to current forecasts, see sales trends or view individual product lines quickly and easily. Data such as performance by channel or brand, top line sales, gross margins and net brand contribution is now instantly available, enabling people to make informed decisions on the fly.

Importantly, management and staff trust the BI system. They know the information they receive is accurate, timely and consistent.

"We are applying the intelligence of BOARD to gain insights and to improve the quality and accuracy of our decision making. Time we used to spend producing data is now spent gaining insights from it instead," Moore enthuses.

In the process of replacing its old decision support tools with a more comprehensive BI platform, Suntory has removed annual licensing and maintenance fees of \$130,000, and no longer faces hefty bills for external consultants whenever a simple change in reports is required.

Moore believes the success of the BOARD project owes a great deal to the guidance provided by Professional Advantage. "They have a great deal of experience in the product and this has been really beneficial to us. They really worked to understand who we are and what our objectives were for the project. The whole time, they worked towards those objectives and made sure we didn't get sidetracked. They project managed us as well by keeping us to schedule and ensuring we were fully aware of what we were spending. It's been an easy journey, which isn't something you can't always say about an IT project," Moore smiles

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About Professional Advantage

Professional Advantage is one of Australia's most awarded solutions providers, with over 20 years experience in helping organisations improve their business systems through industry leading software solutions. Our 250-strong team in 6 offices across Australia and internationally has successfully worked with over 1000 organisations.

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