



The windshield is bigger than the rearview mirror...spend more time looking ahead than you do at the past.

## **Best Practices in applying technology to business:**

- Ensure Data is Clean and Well Connected
- Standardize Processes and Timing of Processes (i.e., annual, monthly, etc.)
- Add Technology to Enable Processes
- Ensure Alignment within Organization
- Set up KPI's on the Front End and Measure Consistently
- People Matter



## What to look for in Technology:

- Analytical vs Transactional
- Support Processes
  - Understand and manage work load impact to users/ change management
- How will technology make you “sell more”
- Cost/Benefit
  - How long will it take to see a return on your investment?
  - $ROI = \frac{\text{Benefit} - \text{Cost}}{\text{Cost}}$
  - Benefits from implementation = Increased Sales (increased promotional effectiveness), Optimized Promotional Spend, Decreased Manpower (increase in available capacity, dollarized by estimated rate/hr)



## KPI's

Must be aligned with Strategy

- Sales/Volume
- Promotional Spend (%) / Net Price Realization
  - Incremental Sales
- Net Sales (%)
- Gross Margin (%)
- ROI

## Promotional ROI

Also aligned with Strategy

How to measure:

- $ROI = \frac{(\text{Incremental Volume} * \text{Margin}) - \text{Promotion Cost}}{\text{Promotion Cost}}$
- CPIU; compare to unit profit
- % Lift
- Extended ROI (ROI over extended period after promotion)
- Spend Ratio (incremental revenue/total cost), compared to product margin (reciprocal of spend ratio should be higher than product margin)