



Logistics Takeaways from Analyzing Retail KPIs

There are two elements in this class:

- Explaining the various key performance indicators and how to calculate them. This section also includes some initial guidance on how to look at the numbers. Most of the data you need to do this will be in their annual report and accounts and you may find other information online or in trade publications.
- Then understanding a review process to help you analyze the numbers for a target account and use the analysis to identify suspect opportunities. A suspect opportunity might be a real opportunity, but you will need to do some work to check it out. The resources section of this class includes an Excel spreadsheet you can download to help you analyze the numbers.

Analyzing Key Performance Indicators

In most countries only companies quoted on a stock exchange publish detailed financial numbers accessible by the public. This means you can only do a detailed analysis for these companies.

Further below, we describe how you can make some initial estimates for companies that do not publish their numbers.

Download the spreadsheet in the Resources section of the class. You can also find it in the Retail and Consumer Goods Industry WIKI. This spreadsheet has 4 tabs. The first two will do the analysis for retailer or consumer goods companies. The second two tabs contain guidance data for Europe and the US to give industry norms by retail segment, so you can see how well or badly a company is doing.

Before you start, read the guidance at the top of the spreadsheet.

Looking at the Retail tab, there are 5 columns labelled by year. How many years you enter data for depends on how many you can get and whether any of it is non-comparable due to business units being sold off or recently purchased. Be careful about conclusions if you think the data might be distorted by some event. You could enter 5 years data and re-label the years to match, or enter 3 years, say, and enter the last available year for two competitors. You only need to enter data in the yellow cells. The white cells will calculate for you. You can also look at tabs 3 or 4 and enter Segment Norms. When you have entered the data, review each row in turn and if you have a conclusion you have come to about that row, enter it in the column to the right.

Hover the mouse over the cells with a red triangle in the top right corner and you will get a pop-up question to help you interpret what your numbers might tell you.



Once you have completed the spreadsheet as far as you can, use it to help develop a list of questions to ask the account to establish which suspect opportunities might be real.

Companies That Are Privately Held or Do Not Publish Data

If you have a company that does not publish data or will not share it (usually in the early stages of a sales cycle), check their web site, and search the Internet to determine how many stores they have and check whether they have a transactional online web site.

Download the Typical KPI Values by Retail Segment Document from the Resources section.

This document provides typical average sales per store, so you can multiply this by the number of stores to get an approximate estimate of their sales. Then you can follow the same process to get their net profit before tax estimate etc. For logistics, their inventory turn is a good number to know.

Here's a useful trick that works. If you ask an executive this question "Can I ask - what is your inventory turn?" they will often say "I can't tell you that, its company confidential". However, if you say "Most shoe retailers like you average about 2.2 inventory turns a year, how do you compare?" they will either answer with a number or say something like "I wish we were that good". This will help you confirm a possible opportunity or maybe encourage you to explore a different possibility and the executive will not feel in any way offended.

Retail and Consumer Goods Industry WIKI

In the WIKI, there is a whole series of pages on how to desk research an account, where to find the information and how to analyze it. This is essential information for major account managers. There, are various downloadable job aids to help you with the research and a series of model emails to help you get initial appointments with target companies.

If you sell to small businesses or you get an executive who happens to be newly promoted or new in the role, they will often appreciate an insight into what the KPI norms are, as they often don't have this insight.

