



Manufacturers Use Insights from Data Analytics for a Competitive Edge



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Introduction

Although sustained headwinds in 2023 means challenges ahead, the manufacturing industry has become accustomed to operating in an unpredictable economy. The World Economic Forum is predicting that the manufacturing industry is on the verge of a data-driven revolution.

While most manufacturers are beginning their journey to data excellence, they aren't aware of the insights available in their data that gives them a competitive advantage. The lack of a single, shared vision of operations can impair productivity, quality, and profitability. It also relegates the Office of Finance to a tactical existence as number collectors, rather than strategic storytellers.

The Manufacturing Data Excellence Framework, built by the World Economic Forum, helps organizations build their data-driven applications. If you have automated data-gathering processes, you can make fact-based decisions and glean insights that give you an edge.





Manufacturing Meaningful Data

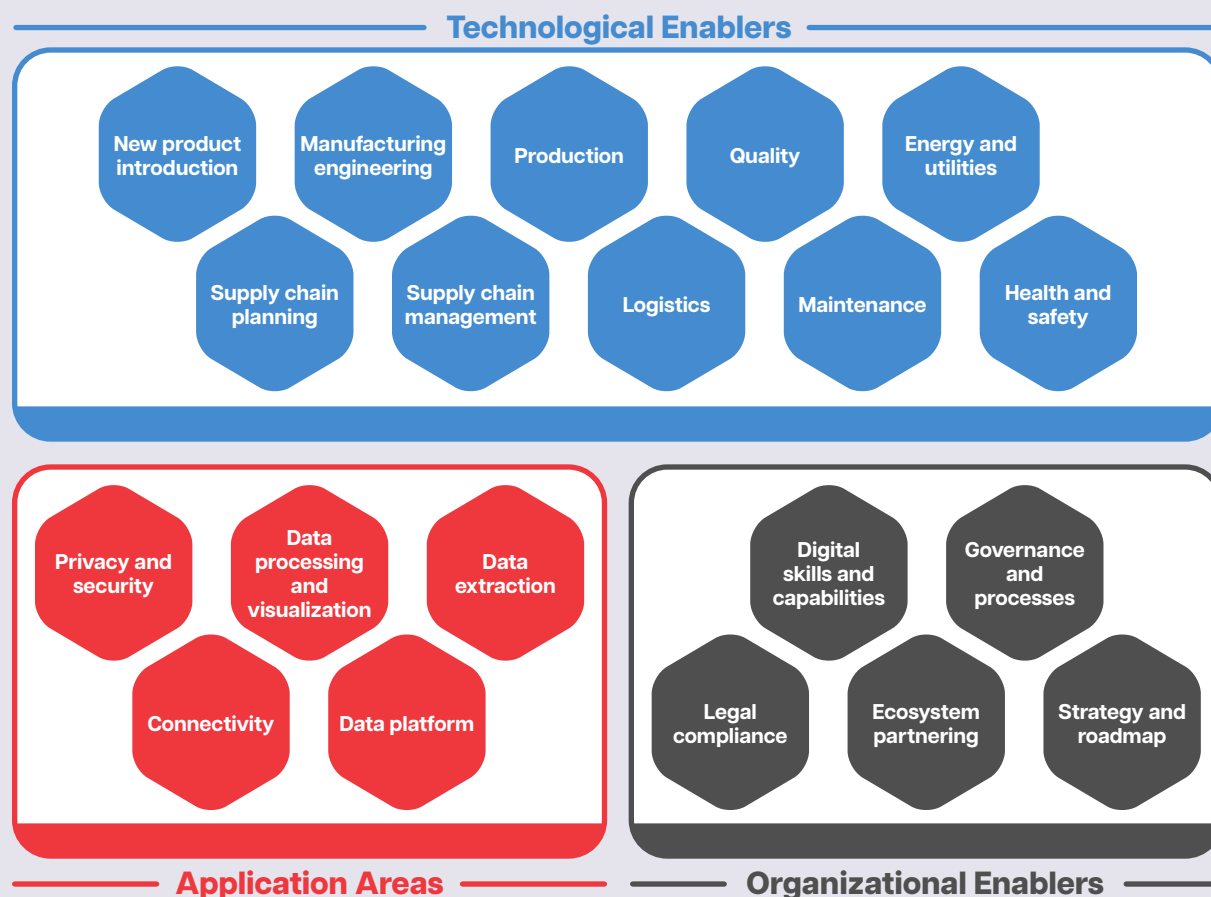
Manufacturing Meaningful Data

Management teams at forward-looking manufacturers have long sought data to help make operational decisions, but the process for collecting the data can be onerous.

Typically, finance teams spend hours collecting data from different sources and then dump the data into spreadsheets where it can be charted and analyzed for meaningful patterns and insights. Usually, more time is spent collecting the data than analyzing it – data is often a wasted resource.

Compounding the challenge, operational data usually comes from different, misaligned sources. For example, data for one spreadsheet cell might be tracked by finance, operations, and quality control. Management is left to debate which is the right information, instead of taking action based on the insights. Meanwhile, department leaders argue their view is correct, based on anecdotal evidence.

Manufacturing Data Excellence Framework





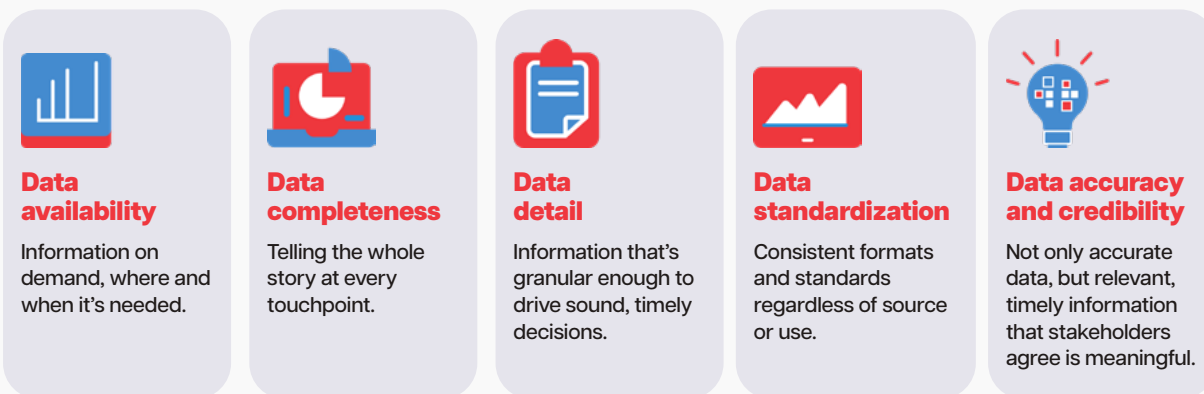
The Case for Creating a Shared, Consistent Truth

The Case for Creating a Shared, Consistent Truth

In Deloitte's [Crunchtime series](#), data and analytics are described as the anchors keeping everything in place. When data is a first-tier priority, it becomes central to the entire organization.

For example, let's say a manufacturer is trying to understand why shipping charges were higher than expected. This is a good example of the challenge that most manufacturers face to get a consistent, accurate view of operations.


When Finance treats data as a first-tier priority, it can excel across more than one dimension.



Source: [Deloitte](#)

The company tracked what it considered excess freight charges but didn't understand why the charges were incurred or what needed to be fixed because they didn't have the data to reinforce their decisions. The result is a continuous friction between sales, customer service, and the distribution team.

Customer service complained that manufacturing and distribution were not getting products to customers on time. Manufacturing and distribution pointed to sales staff, arguing they didn't enter orders properly. Whatever the cause, the result was frustrated and unhappy customers and increased costs (if not lost sales and lost customers). To meet customer expectations, customer service pushed distribution to use more expensive carriers and services.



Unnecessary costs were incurred, and customer relationships were put at risk while management was trying to make decisions based on incomplete and anecdotal information.

That changed when the company implemented a financial performance platform. A financial performance platform compiles all data inputs into a central system, giving managers a single view of operations. Through the system, they identified freight costs by carrier, cross referencing data with inputs from the customer service group. Management realized that both groups could be wrong. Additionally, they realized that in some cases, using a higher-cost carrier to deliver goods didn't speed up the time to delivery.

Using a financial performance platform, managers were able to see trends in order entries and could identify routine or repeat data errors that caused problems. Managers could also see where the company had a process problem (where the order-entry system was a problem for everyone) or where individual retraining was needed.





Results Tell the Rest of the Story



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When everyone in the organization had access to the same data-rich information, decisions became much better. Decisions are based on facts rather than anecdotes. Customers are happier, retention is higher, and shipping costs are reduced. And when a more expensive carrier is required, everyone knows exactly why and what needs to be fixed.

From a financial perspective, the focus is shifted. By adopting automation tools, the finance team now spends less time gathering data and more time analyzing it. Consequently, the Office of Finance has become a strategic business partner, rather than just the people who close the books at the end of the quarter.

The Office of Finance has an important role guiding the organization forward. Finance looks at the operational story in the data and recommends remedies or areas of improvement when needed. For example, if your customers tend to order smaller packages, how can you entice them to order in bulk to reduce shipping costs?

Different, better, and more consistent data also helps manufacturers better manage labor costs. In manufacturing, direct labor costs go up and down with production volumes - one is a proxy for the other.

If management is seeing labor costs rising or falling, the important question to ask is: Is there a direct correlation with production volume? If not, something is amiss. Did a big order come in? Was an order cancelled? Are there process problems that are eating into efficiency? Delays in getting materials or components?

Sometimes, it can be as simple as how you report the data. In one case, a supervisor had staff working 20 percent overtime. The numbers become more meaningful when they described people working 48 hours a week, rather than 20 percent overtime. The numbers tell a human story, rather than an abstract story.



**Seize Your Competitive
Advantage**



Seize Your Competitive Advantage

There will always be technological innovation in manufacturing, as the sector is seeing with advanced robotics, applied artificial intelligence, and the industrial Internet of Things connecting everything.

Keeping pace with that is a competitive necessity. But more manufacturers are discovering another competitive advantage through the evolution of the Office of Finance.

There was a time when finance information meant closing the books and tracking the balance sheet. The evolution of finance began with spreadsheets and servers, but in today's world you must be able to bridge the gap between evolution and transformation. To understand the story the numbers are telling, you must understand how the business works.

Manufacturers that want to seize that competitive advantage should build a data-driven organization with a strategic partner in the Office of Finance. Innovative technology platforms will be a critical investment to help the finance teams accelerate cost analysis, optimize production and labor, and actively contribute to achieving business goals. Turn your Office of Finance assembly line into a data engine so you can minimize risk and impact the long-term success of your organization.

Ready to get started?

See how you can improve your agility and profitability with Prophix.

[Try it now](#)

About Prophix®

Ambitious finance leaders rely on Prophix® to plan smarter, move faster, and lead with greater control. Prophix One™, a Financial Performance Platform, connects planning, budgeting, forecasting, reporting, reconciliation, and consolidation in one unified experience.

With a complete suite of scalable solutions, AI-powered automation, and data you can trust, Prophix helps teams eliminate manual work, improve accuracy, and deliver insights that drive business results. Backed by nearly 40 years of experience, more than 3,000 active customers partner with Prophix to simplify complexity and stay ready for what's next. www.prophix.com

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