

# WW Grainger: The Supply & Demand of Advanced Profitability Insights

TRANSPORTATION EB8969



## Leveraging profitability analytics for growth within a data-driven finance strategy

### Tools of the Trade in the Fortune 500

W. W. Grainger, Inc. (Grainger) is a Fortune 500 global and industrial supply company founded in 1927. They have 23,700 employees, 700+ branches and 33 distribution centers operating in Europe, Asia, Latin America and other regions. Today, they offer over 1.2M products (including material handling equipment; safety, security, cleaning and maintenance supplies; and vehicle and fleet components) to more than 2M customers. They serve small and medium-sized businesses, large corporations, government entities, and other institutions via branches, sales and service reps, catalogs, distribution centers and websites. Grainger's private label brands include DAYTON, SPEEDAIRE, AIR HANDLER, TOUGH GUY, WESTWARD, CONDOR and LUMAPRO. In 2013, estimated revenue was \$9.4B, with \$3B from e-commerce sales, alone.

## Some pressing questions for WW Grainger:

- Customers: Could service levels remain exceptional while controlling costs?
- Locations: Why were some more profitable than others?
- Sales Force: Who were top, regional performers?
- Products: Which cost the most to produce?
- Vendor/Suppliers: Were costs similar across distribution centers?
- Channels: What channels were most profitable?

### The Challenge

Grainger knew their financial services needed more resources to continue success in today's competitive environment. Challenges included cost reduction, transparency and flexibility. Empowering their people with the ability to estimate the cost of a service—both indirect and direct costs—was critical. And they had to exploit insights from detailed financial and operational data to identify competitive advantage, while leveraging ways to improve profitability and measure impact of decision-making.

In the past, each department measured profit in monthly or quarterly increments. And, the technology environment couldn't handle the volume of the data influx required to improve profitability insight. Grainger wanted consistent answers that it could trust, and it wanted the ability to ask even more detailed questions.

### Why They Chose Teradata

Grainger sought to cut through the common CFO challenges of cost reduction, transparency, flexibility and profitability with the help of Teradata's profitability analytic capabilities.

As opposed to other platforms, Teradata would allow them to aggregate, view, analyse and report on large volumes of data to the very granular, transaction level—all within one, integrated technology platform. For example, they could explore up to 250 different characteristics of profitability, allowing a much broader scale approach to their business, while creating even more intelligent profit and pricing models across the organization. Permission-based access would also allow different departments, such as IT, access to specific information relative to their unique business needs.

### Investigating Data to the Transaction Level

After a lightning-fast, two month implementation, Grainger was able to work beyond their once rigid technology platform. One of their finance team's early goals was the development of transactional level pricing guidance for their downstream sellers. Using a new business-driven Teradata pricing engine, they could now

Grainger's original user base was 25 people but now tops 1,700 to 2,000. Reporting once topped 200 reports per month and now reaches upwards of 3.5 million.

blend information from there, as well as outside sources, and write it in their own code. And the business was actually able to drive that, not IT. This was a major shift for Grainger, as traditionally, anything related to technology was executed by IT. With Teradata, they were able to actually farm out small data marts where the business could do their own calculations. And this shift allows IT to actually focus on more pressing projects that required their attention.

Grainger also leverages profitability analytics to support brand/segment profitability reporting and value-based contracting/customer profitability. The company can take detailed revenue and costing techniques to drive insights into their business. This includes HR costs, distribution and logistics costs, customers (A, B; but not C) and their profitability to the company. This data helps Grainger make daily decisions and gives them the visibility into the quarter—long before quarterly financial reports.

## The Results

Between the profitability, economic earnings model, and pricing engine, it is estimated that Grainger paid off their technology investment within four months. Within the first year, it was reported that the organization brought in an additional \$80M in revenue as a result of the project.

Every group that's leveraged Teradata has actually taken waste out of their department, allowing them to focus on analysis, as opposed to tedious data digging. Teradata enables Grainger to integrate and analyze not only data regarding economic earnings and pricing, but also 75% of their warehouse data, global sales data, and human resource system data. Each group now leverages the environment to build on their own capabilities. Without the reliance on IT, groups who once faced a 2-3 month backlog for their data requests can now do the job themselves, oftentimes within a day.

## WW Grainger's Bottom-Line Results

- Produces more than 3.5 million reports per month and 185 million lines of code within the 'engine'
- Expanded 280 rules and calculations to over 530 within 5 months
- Increased platform users from 25 to over 2000
- Saw ROI within four months and helped identify \$80M in revenue for additional lift
- Allocates costs to the lowest profit object (even a billing document line)
- Processes high transaction volumes and "re-calculate" models as business changes
- End users can change rules monthly, quarterly or annually to enhance business value

## Building Bigger & Better

The sky's the limit for Grainger, as they continue to build more technology teams to enhance their data-driven finance environment. Expansion will include not only profitability data and analytics, but also other data sources, to provide a more global view for their sellers of the business' ongoing success.



See the full story here: [Teradata.com/Resources/Videos/Grainger-Leveraging-Profitability-Analytics-with-Data-Driven-Finance-for-Growth/](https://www.teradata.com/Resources/Videos/Grainger-Leveraging-Profitability-Analytics-with-Data-Driven-Finance-for-Growth/)

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