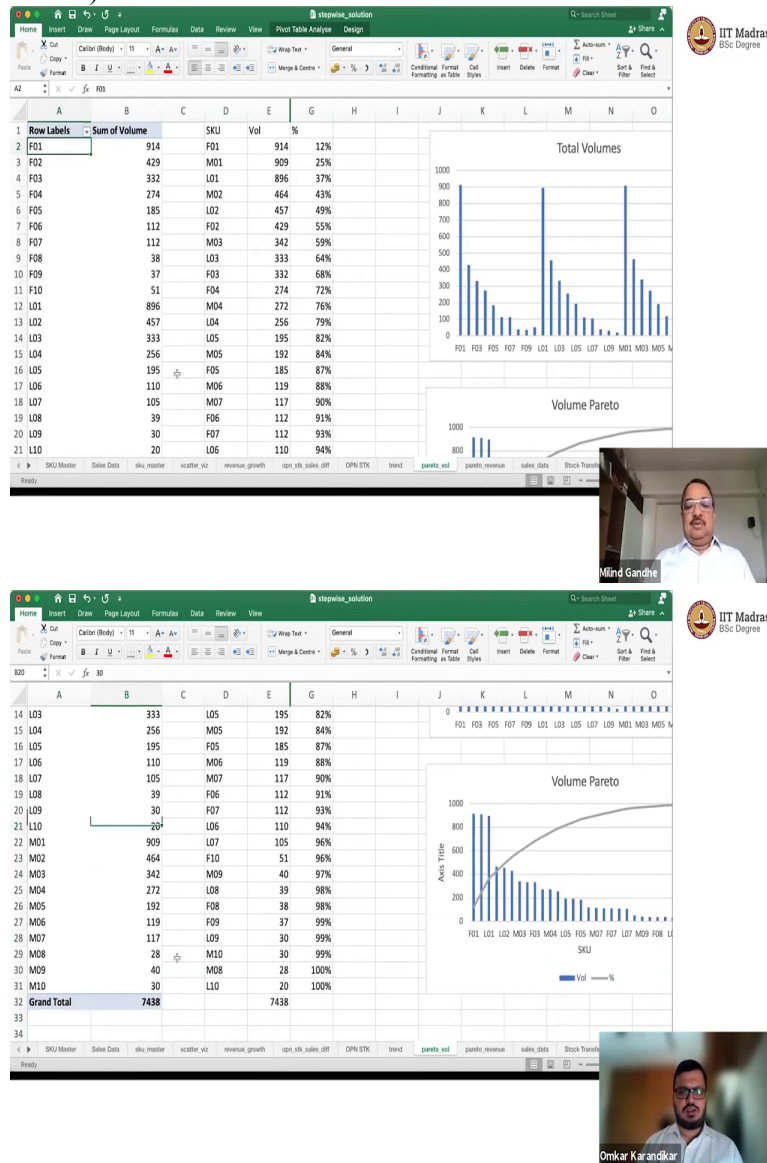


Business Data Management
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Lecture 1
Sales Analysis Presentation

Professor G. Venkatesh: So, in this part, Milind will be opening the Excel and explaining the dashboards.

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Professor Milind: Omkar, one of the first things analysis that we did was, we looked at trying to figure out which, SKUs were being sold the most. And what we did for that was we created a table, where we compared SKU. And we summed up the volume of sales across, distribution centres. We looked at the total volume of sale, total number of units that were being sold for each listing. So this is the table that we got.

Professor Omkar: you are doing this across, across all BUs, is it?

Professor Milind: We look at across all the BUs and across all the DCs.

Professor Omkar: Okay.

Professor Milind: Then, in order to figure out which SKUs were giving the most volume, what we did was we then sorted that table, based on volume. So, in columns D and E, you can see how much was the volume. And this is basically the same data that is read in columns A and B. But it is now sorted on volume. So, at 01 is the SKU that is selling the most. M01 is selling the second highest, L01 is selling third highest and so on and so forth.

Professor Omkar: So, do you see any 80-20 split there?

Professor Milind: Yes. So we did try to illustrate .

Professor Omkar: There are too many SKUs which are contributing, which are needed to get to 80 percent mark. So, it as a dialect, if I suppose.

Professor Milind: Correct, correct, so what?

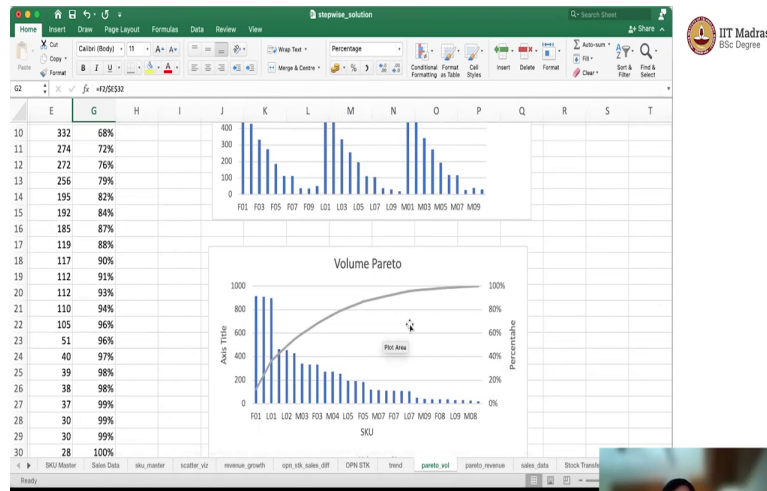
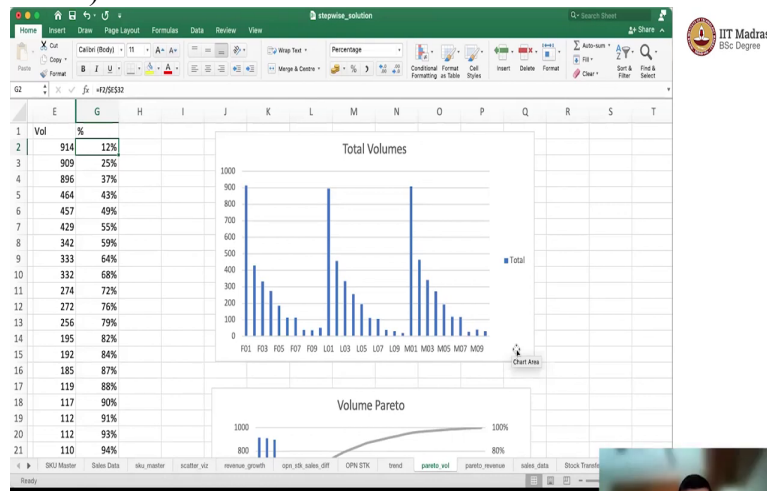
Professor Omkar: Will it be different, if you do it at BU level for each BU, If you do it? Will that have a sharper 80-20 split?

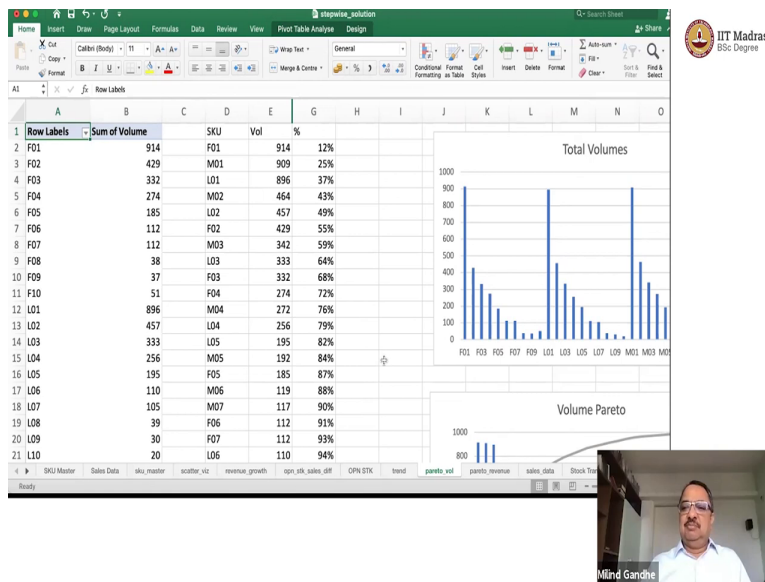
Professor Milind: Possibly, actually, we did not do it by BU. But we could do that. Maybe that is a good assignment for the students, yeah.

Professor G. Venkatesh: Maybe, if you do it with a volume, which are revenue angle, might it be a sharper pareto?

Professor Milind: Yes, yes. So, we do have a revenue pareto. And I will, I will show you the revenue pareto as well.

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Professor Milind: So, so actually, we have some of that data we can take a look at by the use. so if you look at this graph Omkar, the first chart, are the bars are for FMCG. The next tens are for lifestyles. In the last tens are for mobiles. And you can see a particular trend, I think. Some of the scales are certainly much more. And you know, then there is probably a little bit of a tail, no? there is a bunch of SKUs that are selling very less, by voice.

Professor Omkar: Yes. [non audible] there is a fashion new SKUs, which will come in and go out, same. So, might be possible. Let us see.

Professor Milind: And we also looked at this.

Professor Omkar: This looks pretty fair, this looks pretty fair.

Professor Milind: Yeah, it is not, quite a few I think, what I remember is that it took us almost how many SKUs? I think needed something like 13 SKUs.

Professor Omkar: Yeah, so that is, that is what making sales from business perspective to me. Because if you are saying, I need to focus on half the SKUs to cover 80 percent of business, then I am stressing on everything.

Professor Milind: Correct.

Professor Omkar: So, maybe if there is a story about revenue, we can see that. We are doing this, see which SKUs need focus? Which needs attention? Which need special care, so that they do not go out of stock or, because they are giving me majority of business. I do not have many resources. So, given a choice, I will just focus on the Pareto, 20 % of it, which will give 80 % business. But that story is not coming back to this.

Professor G. Venkatesh: So, I think as an assignment, we can ask the students to do the Pareto business... Maybe for mobile phones, or I do not know, we will have to see. Maybe for mobile phones, you might see a much sharper pareto graph than what we saw for the cumulative, all of them put together.

Professor Omkar: Yes, yes.

Professor Milind: So, that can be an assignment that they can work on.

Professor Omkar: Yes, and in there is, Milind on your left side when you are doing a pivot, this cumulative, you can get directly in pivot way.

Professor Milind: Yes.

Professor Omkar: So, we can remove one step also on that.

Professor Milind: Right, right. No, no sir I did not get that. Can you repeat.

Professor Omkar: [Non audible]

Professor Milind: Column E or A you are not able to see?

Professor Milind: A is SKU.

Professor Omkar: Yeah, yeah, but then you can just sort it right, right then and there.

Professor Milind: Yes.

Professor Omkar: You can just click sort and then show as a percentage of column total, then your cumulative will automatically be there.

Professor Milind: Correct, correct. Oh, I see. So, you are saying we could have done it in the pivot table itself.

Professor Omkar: Yes, yes.

Professor Milind: I get it. And maybe that is something else, the students would want to try and do

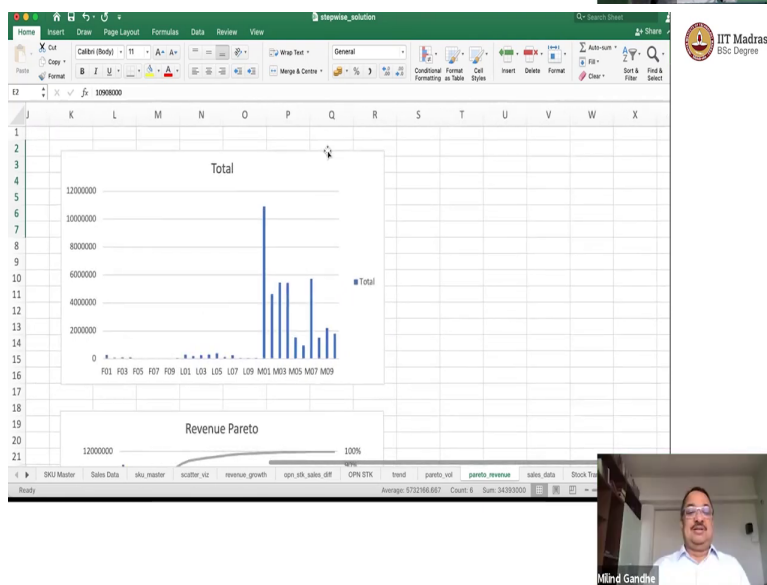
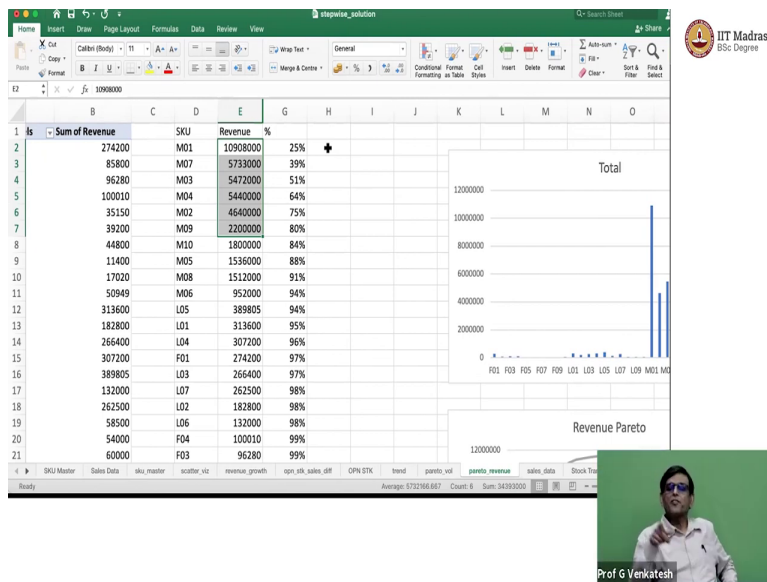
Professor Omkar: Yeah, maybe yeah. We can just do it in one step. I do not need to copy the data, I can just write pivot itself.

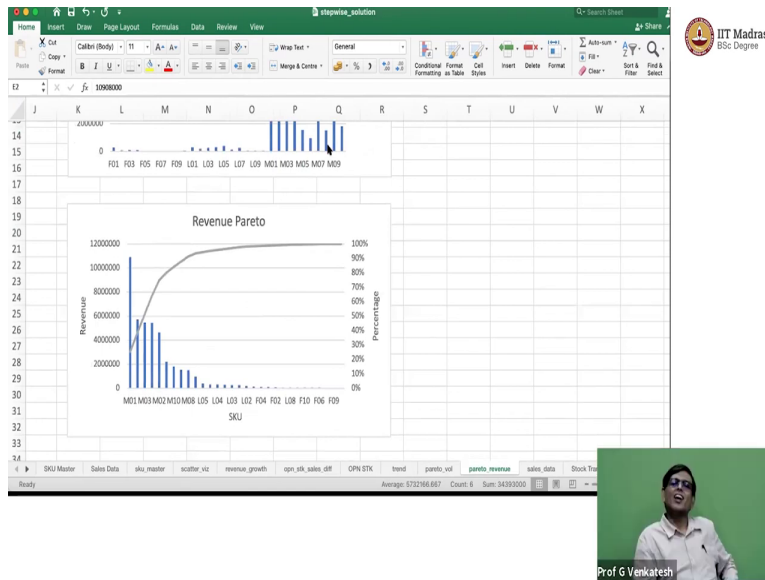
Professor Milind: Should we [Non audible] revenue pareto also? Because I think Omkar, you were saying that, maybe there is a better story there.

Professor Omkar: Yes, revenue Pareto will be much sharper than this.

Professor Milind: Okay then let us look at the revenue pareto. .

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Professor Milind: So, again, you did the same thing.

Professor Omkar: Yeah.

Professor Milind: And again, we, this could have been done faster the way you suggested.

Professor Omkar: Yeah.

Professor Milind: But again, I think how many SKUs [non audible] Yeah, I think in just 6 SKUs, you get 20 percent.

Professor Omkar: That is right. So, this is a good thing, out of 6 out of 20 or 30, SKUs, I am able to reach [non audible]

Professor G. Venkatesh: It is exactly 20%, 6 out of 30.

Professor Omkar: Yeah.

Professor G Venkatesh: So, we have got exactly 80 I mean no, what is the probability of that happening? You got exactly, 80 percent in 20 percent. That is too much.

Professor Omkar: Yeah, that is, that is available data.

Professor Milind: But, but what is more interesting Omkar, is that looks like everything is mobile in that.

Professor Omkar: Exactly, that is the problem.

Professor G. Venkatesh: Oh, yeah, it is all mobiles.

Professor Milind: Yeah?

Professor Omkar: It is all Mobiles.

Professor Milind: Does this happen in real life, or?

Professor Omkar: Yes. [non audible]

Professor G. Venkatesh: Can I see the graph Milind? Can you show me the graph I mean revenue pareto graph?

Professor Milind: Here is the graph of revenue pareto.

Professor G. Venkatesh: The point is basically to see how steep this curve is compared to the previous from that slide.

Professor Milind: Yeah, yeah.

Professor G. Venkatesh: See how different it is? It is really sharp, yeah.

Professor Milind: Yes, yes. See, Omkar pareto is something that you do on a regular basis, correct?

Professor Omkar: Yes, we do. However, we exclude mobiles, because as you see it mobiles everything is mobile only.

Professor Milind: Right.

Professor Omkar: Because if I say, mobile's average selling price will be around 15000 to 20,000 rupees, it is 100 times the selling price of a FMCG product.

Professor Milind: Right.

Professor Omkar: So, FMCG products might be selling at 10x-15x kind of number for mobiles, but a mobile base, I am able to offset on this. So, that is the problem. So, what are.

Professor Milind: So, let us just roll back a little bit and you are telling us, so Omkar do you do paretos on a regular basis?

Professor Omkar: Yes. So, see here we are talking about 30 SKUs, right?

Professor Milind: Right.

Professor Omkar: I am talking about 10 lakh SKUs, I need to, otherwise if I have to focus on 10 lakh SKUs, I will need 10,000 people working for me. So, that is, that is where I think pareto is the first thing we normally do in business. Because that will, give us the focus area which we need to address, for maximum benefits. So, so if I had 2080, kind of pareto, and I focus on this 20 percent of the business, 20 percent of SKUs, I should be sorted out majorly, not to the percent. But this is how we approach the problems typically.

Professor Omkar: As long as I identify the SKUs, which are giving me that pareto contribution, I make sure they do not go out of stock, right? So, SKUs is like disproportionate benefit for limited efforts, that I can put in.

Professor Milind: Correct, correct. So, it was all about (11:05). How do you manage this phenomenon we saw, mobiles sort of dominating the entire pareto?

Professor Omkar: So, that is the reason, normally we have a different philosophy. So, we do BU Paretos.

Professor Milind: I see.

Professor Omkar: That is exactly as why I was asking you, if you do a BU level pareto, will that be sharper or not?

Professor Omkar: I, I see, I see. So, let us say if I get 20 percent data overall Flipkart [Non audible] pareto, 20 percent [Non audible]. I get, it is much sharper, by the way, it is not 20 percent, 20 percent also is a huge number. 10 lakh 20 percent will mean 2 lakh, 2 lakh (11:49) is a crazy number. If I actually focus on a BU level pareto at 20 percent might go to 22 percent, 23 percent. But still, it is my business and it will give me more. What do you say, more distributable coverage across all BUs, I will not let one BU, I will not let one BU say, boss, you are not doing anything for me. You are not giving me capacities at the expense of someone else, I

will not let that happen. So, I will give whatever pareto for each BU is there, I will give all the capacities and all the infrastructure to them to manage their pareto and so I approach them.

Professor Milind: Okay so, so G.V, what this, I think one of the learnings for me in this is that maybe we should not be focusing so much at the organisation level, but we need to look maybe one level below. That, that is really the thing for me.

Professor G. Venkatesh: Now see, in this case, we do not have I mean, we have only 10 SKUs per one BU. So, but if I, I guess in the case when Omkar works in his regular organisation, he has got 2 lakh I mean, I do not know, per BU [Non audible] few 10s of 1000s at least per BU?

Professor Milind: Yeah.

Professor G. Venkatesh: SKU so that, that 20, 80 makes sense, pareto make sense at that level. And eventually you would basically be focusing on what is the number of SKUs that you can actually focus on I mean, is that 100s or is it 1000s

Professor Omkar: 1000s, 1000s definitely 1000s, yeah

Professor G. Venkatesh: So, you have to reduce something like 10 lakhs to 1000, right? Something like that.

Professor Omkar: That is right. That was all about getting the focus that that is how you [Non audible] . There will be some strange SKUs, right? There will be some, some person needs let us say I do not know a red color t-shirt mostly with blue sleeves and yellow collar. I might be having that in stock but I do not want to keep it in stock, I do not want to focus on that, it is a fair SKU. I will sell it once in a while fine, that is it. Emphasis, which I will probably focus on will be the ones which are regularly required, your white shirts, no more right terminology on example but in office days, white shirts, black shoes used to be the frontrunners, right?

Professor Omkar : Now it is, it is what is it sportswear, jockey and all.

Professor Omkar: T shirts, right? Yeah, for all those things I have, I have taken place in case of, let us say, lifestyle. In earlier people used to buy more of detergents and liquid soaps, now definitely the front door will be your sanitiser. As soon as the wave comes, sanitiser will be number 1. When it will come down again people will go back to soaps and shampoos and all.

Professor Milind: Correct, correct.

Professor Omkar: Another thing, because like you saw was a very different articles you never expected when the first lockdown started, people started buying two different articles, which we never expected to sell that much. One was pots and pans.

Professor G. Venkatesh: Pots and pans?

Professor Omkar: Pots and pans, I see. People started cooking at home, right?

Professor G. Venkatesh: Cooking at homes? Okay.

Professor Omkar: Number one, number one was mop sets. The reason we do pareto is if I fail to notice that this is going up in pareto and I do not buy enough of mop sets, then I am going to lose demand.

Professor Milind: This is fascinating Omkar, this is fascinating.

Professor Omkar: These are real learnings from what happened in COVID.

Professor G. Venkatesh: Okay.

Professor Omkar: Yes, that is why it is. So, there will be churn typically not same set of SKUs will stay in the top pareto, there will be SKUs which are coming in and going out, which is fine, which is part of the life, we had to respond to that, that is it.