



Case Study

A Journey through Data Discovery: Two long-time trading partners share their data synchronization findings and discuss their next excursion.

Crescent Electric Supply and Hubbell Incorporated have experienced significant cost savings through data synchronization made possible by the incorporation of the Internet, electronic automation and standards into their business processes. Phil Barrios, Senior Director eBusiness, Hubbell Incorporated (CT) and Ron Schlader, VP Operations and Quality, Crescent Electric Supply (IL) share their past experiences with the hope to inspire fellow electrical companies to reach an advanced level of data sophistication.



“Crescent and Hubbell became Charter IDEA customers when the company was introduced to the industry over 10 years ago. Phil and I recognized the need for standardized electronic processes and we knew IDEA was the answer. IDEA provides the resources and tools manufacturers and distributors need to synchronize data; it is our responsibility to utilize those resources effectively.”

Ron Schlader

VP Operations and Quality
Crescent Electric Supply Co.

Background

Crescent Electric Supply Company has experienced strong and steady growth over the years and now has more than 125 distribution facilities located in 27 states. Hubbell Incorporated is an international manufacturer of quality electrical and electronic products for a broad range of non-residential and residential construction, industrial and utility applications. Hubbell markets over 50 individual brands, most of which are sold through the distribution channel.

Hubbell and Crescent Electric Supply's business relationship has evolved with time and technology. Their dedication to the advancement of data synchronization efficiencies is vital to their partnership and success. Both Hubbell and Crescent began utilizing IDEA's Synchronization solutions over 10 years ago and have been trading partners for many years previous.

Challenge

Discover a way to decrease manual processes, unnecessary costs and order errors from the supply chain. In the earlier days of data sharing, Hubbell sent their product and pricing data to Crescent via print catalogs and price sheets. Schlader shared some set-backs encountered during this time period that resulted in high order errors and unnecessary expenses.

Inaccurate data – Everyone makes mistakes and data entry is no exception. Unfortunately, small mistakes can lead to significant monetary repercussions in data entry. Each business process that incorporates human intervention dramatically increases error risk.

Obsolete data – product and pricing data was typically out-of-date by the time it was mailed, manually entered into our business system and quoted to end users. It was nearly impossible for us to know when a product was no longer in production until it was too late to sell off our inventory **(Continued on next page).**

about case study This study was conducted through a series of interviews in 2009. Since then, the IDEA Industry Standards Committee (ISC) released the Electrical Attribute Schema to help the industry sell products more effectively. This tool facilitates a supply partner's ability to provide standardized marketing information in Industry Data Warehouse (IDW). You can find out more and view this study online at www.idea-esolutions.com.





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Suggested IDW Data Preparation for Manufacturers:

- 1. Clean up old data** – determine current sellable merchandise and purge or archive your old product information.
- 2. Separate product data based on usage** – determine which product information will benefit distribution.
- 3. Export core/transactional data** – this includes the data needed to conduct a business transaction. Sort all distribution products by catalog number and check for problem areas.
- 4. Develop internal standards** – define acceptable data values for the problem areas identified (e.g. Hubbell discovered that some product descriptions stated “no description available”).
- 5. Fix problem areas** – apply the internal standards to all your current data and take the opportunity to teach product managers best practices for data quality.
- 6. Re-import data** – after data is cleaned, import it into your business system to have “one version of truth” – current and accurate data.
- 7. Develop a product life-cycle management process** – decide how you will keep product data up-to-date (i.e. you can’t launch a product until certain information is available and stored in your business system). This requires the most discipline and is often the hardest step of change management.
- 8. Sync data with trading partners** – now you are ready to convey the updated (clean) data into IDW, to ensure your internal data matches the data your customers use to search for and sell your products.
- 9. Keep data updated** – send product updates to IDW as it becomes available and give your trading partners advance notice of important changes using IDW features such as product life-cycle or future pricing indicator codes.
- 10. Focus on providing attributed data** – see “Next Steps” section.

Missing data – We outsourced most of our data collection and entry to a third party service provider during this time because we did not have the in-house resources to manually collect or manage all of our vendor data. The data provided by the third party was not reviewed by the manufacturer before it was entered into our business system, which often resulted in insufficient or inaccurate product and pricing information.

In the electronic age, Hubbell started sending data to Crescent via CDs and electronic spreadsheets. This method of data sharing helped reduce paper usage while speeding up data processing; however, it introduced an entirely new set of problems for the two companies.

“Crescent received electronic data in different formats from each of our vendors and Hubbell received different data format requests from each of their distributors. Therefore, both of our companies spent valuable time trying to translate or interpret the data from our trading partners into our own internal language,” said Schlader.

The problem – there were no industry standards in place for both Hubbell and Crescent to communicate in one common language or format. Phil Barrios, Senior Director eBusiness, Hubbell, used a glue stick as an analogy to describe this communication barrier, and impact to data without standards.

“If you place a glue stick vertically on the desk and ask someone for an approximate length, width and height, then place the glue stick horizontally and ask the same question, you get two different interpretations. Similar misinterpretation occurs with electrical product data when there is no industry standard implemented.”

Solution

Manufacturers and distributors collaborate to reach a destination of seamless synchronized data through IDEA. Electrical manufacturers and distributors collaborated to form IDEA in 1998 to address the industry’s problems with the previous methods of data sharing – something that had never been done before in the electrical industry. Both manufacturers and distributors had a common goal to eliminate costs from the supply chain through standards, data synchronization and eCommerce; Barrios and Schlader were no exception.

Crescent and Hubbell utilize IDEA’s Industry Data Warehouse (IDW) to synchronize product, pricing and packaging data based on standards and guidelines developed and approved by the by the IDEA Industry Standards Committee (ISC), the official standards-setting body for eCommerce in the electrical industry. See right sidebar for Barrios’ suggested IDW data preparation plan for manufacturers.

Result

They traveled to a land of increased profits. By utilizing IDEA standards and synchronization solutions, Crescent has reduced the average error rate on vendor invoices from the 6-8% range to less than 2% with their most valued vendors. At a minimum cost of \$50 to fix each invoice, Crescent saves approximately \$300 (\$50x6) per 100 invoices because of data synchronization. On the manufacturer side, Hubbell has seen significant cost savings through reduced errors. Some of their businesses report less than a 5% error rate for processing purchase orders, compared to double digit rates before synchronization.





Crescent Electric Supply and Hubbell get results with IDW.

Crescent Findings: Reduced vendor invoice error rate by approximately 6%

Hubbell Findings: Reduced purchase order error rate from double digits to less than 5%

“IDEA helped Hubbell and Crescent with the heavy lifting of data synchronization – building the Industry Data Warehouse (IDW), enabling one standard format for the communication of the dataset between trading partners and automating processes related to synchronizing transactional data (product, pricing and packaging). Since then, Hubbell has increased ROI by realizing ongoing cost savings from its business units,” said Barrios.

According to Barrios, the secret to Hubbell’s success is the fact that company leaders ‘get it’ when it comes to data sync benefits.

“To increase profits, you either sell more products or make more money on what you currently sell by cutting costs. Competition is certain to intensify so we will leverage technology to improve our position in the future,” said Barrios.

Next Steps

An excursion for more information, greater savings and happier customers. The theme Barrios and Schlader continue to emphasize is the ever-growing consumer demand for more easily accessible detailed product information. Both Barrios and Schlader agree that times are changing and manufacturers and distributors of all sizes must adapt or they will be left behind.

“Our data sophistication must increase as the next generation who grew up with information at their fingertips enters the workforce. Our ultimate goal is to improve the customer experience and match the right product to the right customer needs at the counter and on the web. We need more than basic transactional data to keep our competitive edge in this new generation,” said Schlader.

According to Schlader, distributors need attributed data (e.g. UNSPSC codes, long descriptions, images, product specs, marketing materials, etc.) to create a sophisticated search, find and sell process.

Barrios explained why manufacturers must make it a top priority to provide attributed data to distributors via Industry Data Warehouse (IDW).

“It is the manufacturer’s responsibility to ensure their product data is accurate and current. If the only ‘product attributes’ provided is catalog number and price – the product could easily become a commodity in the eyes of our customer. Providing rich, attributed data via IDW will help manufacturers differentiate their products based on key features and benefits, not solely on catalog number or price. Furthermore, synchronizing this data through a single database will improve the time-to-market and cost saving benefits Hubbell and Crescent already experience with transactional data,” said Barrios.



about idea IDEA, a business-to-business solution and professional service provider, was born of the electrical industry in 1998. IDEA was founded through a partnership rooted in the collective leadership, vision, wisdom and expertise of NAED and NEMA members.

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