

Analysis Paralysis

Technology and software are giving us more operations data than ever before. Get organized and establish parameters to avoid information overload.

Today's information technology (IT) systems are capable of providing LBM dealers and other construction businesses with more information than we ever dreamed of. At the touch of a button, we can look at sales, margins by item, margins by category, margins by location, margins by customer, returns, miles driven, orders taken, deliveries made, out-of-stock items, slow-moving items, truck maintenance schedules, installation crews, and so on.

These capabilities have provided us with an abundance of information, so much so that the daily "reports/snapshots" generated by these systems have become more and more time consuming, and, ironically, we waste more time looking at information than ever before. As information becomes more readily accessible and data we have never been able to see before are thrown on our screens, we hungrily digest and spend hours analyzing information.

But information is not interesting; rather it is the organization of the information that helps us make better and more informed decisions, and it is in the organization of information that we find real power.

I once heard a vice president of IT for a high-tech company say to a supply chain software vendor that he was not interested in a huge pipe flooding his basement with worthless data, he wanted the little trickle that were the exceptions to the rule. In other words, don't overload on information, but rather focus on the information that does not fit your expectations.

Data needs to be organized in such a way that the right people get to see the right data: Does a shipping manager really care about all the deliveries he made yesterday or should he be more interested in those deliveries scheduled for yesterday that did *not* occur or those that had overages/shortages, i.e. the exceptions? Does a store manager really care about yesterday's margins, or should he be focusing on those product/customer combinations that were below or above the budgeted margins? A material manager should not be looking at inventory turns reports for every item in his yard, but only for those items that did not meet his pre-specified range (and remember, both too many turns as well as too few need attention). Do we really want a yard or store manager looking at a screen tracking trucks all

day long, or do we want to be alerted only if the vehicle deviates from the pre-planned route?

Clearly, as more and more data flood our daily work routine it becomes more important to manage that information. Managing data by "exception" is one way of doing that, and there is technology here today that can help you.

For example, for inventory management here at Tindell's, we only look at items that do not stay within pre-planned inventory settings, whether it be minimum, maximum, or turns targets. This list of exceptions is manageable, where the alternative report containing 5,000-plus items is not. Daily, a list of past-due purchase orders can be viewed and acted upon by purchasing; a list of all purchase orders would take all day to print and probably at least another day to analyze, whereas the exception report can be worked in less than an hour.

Information management by exception is the key to a productive day in this era of information overload. A good sheep dog is only interested in the animal that is walking in the wrong direction, he does not tend to the other animals in the herd. ■



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