



Banfi Vintners Case Study

The Diver Solution™

Increasing Supply Chain Visibility & Growing Revenues Through Business Intelligence

Banfi Vintners, operating in a highly regulated market, is the leading wine importer in the United States. With a three-tier distribution system legally enforced, there are limited opportunities for Banfi to pursue growth strategies such as vertical integration. However, during the last decade there has been increasing consolidation amongst the distributors and retailers Banfi depends upon to reach the consumer. This consolidation has concentrated power downstream in the supply chain, threatening Banfi with margin pressure and the potential restriction or loss of distribution channels. With only limited strategic options, Banfi’s partnership with Dimensional Insight helped to:

- Increase annual sales revenue by 12% during a recession
- Increase both upstream and downstream supply chain visibility
- Become a more attractive partner for their distributors
- Manage their business better by building a more complete and cohesive model of their sales and marketing operations

The balance of power in the industry has shifted noticeably in recent years. For example, the top 5 distributors now account for 33% of US sales, an increase of 10% in just over 10 years. Likewise, the total number of distributors has shrunk by 75% in 20 years. Similar consolidation has occurred among

Quick Facts

Industry: Wine Production & Import

Established: 1919

Rank: North America’s leading wine importer for more than three decades

Company Description: Banfi Vintners is a family owned and operated wine maker, importer and marketer. Though serving as an importer into US markets for over 80 years, Banfi has uniquely evolved to produce and market its own wines. Imports are sourced primarily from South America, Italy, and Australia, with Banfi’s own production located in the Tuscany and Piedmont regions of Italy.

Headquarters: Old Brookville, NY

Website: www.banfivintners.com

Solution: The Diver Solution

“We’re ready to sit down and discuss issues and arrive at solutions much faster. That’s made us a better partner – and a more desirable partner – for a lot of distributors across the country.”

- Marc Goodrich, Chief Financial Officer, Banfi Vintners

retailers. This shift of power threatens suppliers, making them vulnerable – to squeezed margins, selective product distribution, or even loss of distribution channels.

Banfi chose to counter this vulnerability with better business intelligence (BI), enabled by Dimensional Insight.

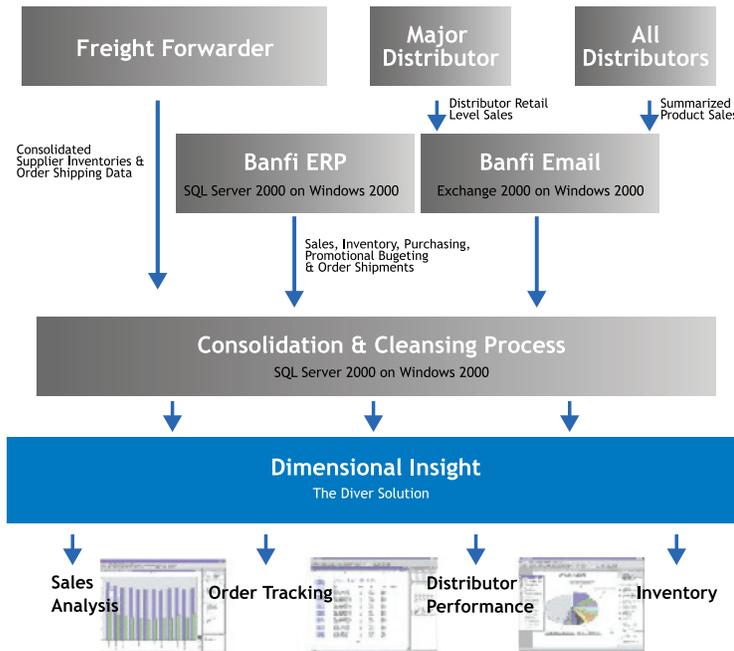
Increase Supply Chain Visibility

Banfi needed better supply chain knowledge. With downstream distributors wielding more power, improving knowledge of sales, inventory, outstanding orders and shipments would empower Banfi to use their distribution channels more effectively – growing revenues and increasing profit margins.

Prior to partnering with Dimensional Insight, Banfi’s supply chain visibility was very restricted. Operations revolved around a centralized Enterprise Resource Planning (ERP) system. Built in-house, using Microsoft’s® Visual Basic® and SQL Server®, reporting capabilities were very limited, consisting of a few pre-



Figure 1:



“Results in the field show me the guys are using the product.”
 - Marc Goodrich, Chief Financial Officer, Banfi Vintners

built reports that could not be customized. Basic reports were available only on sales, depletions and open orders. Banfi’s reporting tools just weren’t flexible enough to allow reports to be created from other data sources. Consequently, to get a different viewpoint on the data took a long time – too long for Banfi’s 70 field sales representatives as they met face-to-face with their distributors.

Banfi’s sales representatives each had data on their specific sales regions issued to them by HQ – but this was not synchronized with the central ERP system. At month end, information on sales and purchase orders was dumped into a flat file for each sales representative. These flat files were then distributed to the field as email attachments. Each account manager was then tasked with extracting the flat file and loading it into their own local database. Data on depletions was distributed to the field in a similar way: These updates were issued whenever they became available at headquarters. Using this process, the information used everyday by each sales representative was intended to mirror the information held at HQ.

Although a simple process, its simplicity was also its weakness. The IT group at HQ had no way to ensure that the field sales staff were completing the updates correctly. Sometimes there would be errors in loading the new data – or else the updates just would not get loaded

at all. Consequently, the sales staff might have incorrect information on sales, open orders and distributor inventories when they called on their accounts. Further, when the field sales staff tried to reconcile their view of their territories business with HQ, the inconsistencies would be obvious – yet difficult to reconcile.

With Dimensional Insight’s flagship product, The Diver Solution™ (Diver), Banfi has eliminated these inconsistencies. Now all related sales information is centralized and updated from the Banfi ERP system daily. Diver eliminates the need to manually load the old flat files, instead providing the customized reports in an easy to use format. With Diver, Banfi is able to distribute improved supply chain intelligence throughout the organization – ultimately to partners in the extended supply chain. This has contributed, in part, to Banfi’s excellent sales results. In spite of a very difficult economy in 2008 – where premium wines sales in particular fell – Banfi’s revenues increased by 12%.

Banfi started building business intelligence applications with Diver in 2001. Most of the reporting applications deployed to date share a common theme – improving the efficiency of the supply chain.

While much of the data used for analysis is held within Banfi’s own ERP application, other data is fed from both upstream and downstream in the supply chain (Figure 1).

- **Banfi Internal Data:** The data extracted from Banfi’s own ERP application includes sales to distributors and purchase orders placed overseas to fulfill distributor orders. After extraction, this data is cleaned and manipulated before being loaded into Diver.
- **Downstream:** From downstream in the supply chain, distributors forward depletions information – sales made by distributors to their retail customers. In addition, 72 of 246 distributor locations help Banfi reach further down the supply chain, providing a unique competitive advantage. These distributors provide account level data – exactly which retail outlets bought which particular products. This data arrives at Banfi via email, as Microsoft® Excel® or ASCII files. Like the internal data, this information is cleaned and manipulated prior to being loaded into Diver.
- **Upstream:** Banfi’s freight forwarder in Italy feeds data on the inventory in their warehouses directly into Diver. Information on shipments made is also fed into Banfi’s ERP application.

In effect, Banfi has a far more complete view of available inventory than before. Instead of just looking at stocks within its own warehouses, it has a broader view of available product, both upstream and downstream in the supply chain. This enables field sales staff to close more sales and build closer relationships with their distributors.

Once compiled, this powerful view of inventory is used to enable superior decision-making in multiple departments at Banfi.

In sales and sales administration, for example, one Diver application allows sales representatives to see inventory directly in real-time. Banfi’s inventory is stored in a warehouse in New York, in addition to other public warehouses throughout the country and controlled bailment warehouses in some states. Historically, when field sales staff needed to check inventory in the warehouse, they had to make a phone call to the sales support group at Banfi – or check a website maintained by the freight forwarder in Italy. If a customer requires 100 cases of Belnero Pinot Noir, a sales rep in the field can now instantly check inventory – both Banfi owned and third-party owned – within the supply chain and advise the customer of availability. The status of outstanding orders is also checked in this way.

Diver enables field staff to do this in real-time using a single application. The information is always coherent, not out-dated as it often was before.

Overall, field sales representatives have a more timely awareness of the state of their own sales territory. Sales reviews can be conducted quicker and they have the information needed to address issues in certain brands with an individual distributor.

Data-Driven Decision-Making

Meanwhile, at headquarters, Diver allows a team of three in sales support to undertake detailed analysis of sales, ordering trends, depletions and distributors inventory. This enables executives to build an understanding of the current and mid-term state of the business. Once again, working from the

“One of the unique properties of Diver is its ability to be integrated across all of our operations. From local street sales representatives, through to marketing, senior sales executives, accounting and ownership, we can all use this tool.”

- James W. Mariani,
Executive Vice
President, Banfi Vintners

single, centrally maintained Diver data model ensures that a coherent view of the business can be constructed. Previously, the poor synchronization of data between the field and headquarters meant that the sales support team constantly struggled to present executives with a complete and unified view of the business. Now, the flexibility of Diver enables decision makers to dive into their data in real-time, to quickly identify the root cause of any emerging issues and take the appropriate action.

Diver enables Banfi to introduce new product lines successfully. For example, when Banfi launches new products, they need to ensure that distributors order promptly, allowing for the sixty day lead time typically required for imported products. With Diver, it is very simple to discover which distributors are ordering products in a timely manner. Similarly, when marketing promotions are undertaken with a specific distributor, the sales teams are able to track the success of the promotion on a monthly basis. It is now possible to take immediate action to tune or redirect the promotion to maximize the revenue generated. In the past, this was not possible – promotions might be over before any detailed feedback on the impact was available.

Sales support also struggled with the limited reporting capabilities available before Diver was adopted. Often, they would need to spend many hours manually creating a report by working through several standard reports generated from the ERP system. With no ability to create or modify reports dynamically, there was no other option. Now, with Diver's ability to create and modify reports and analyses at will, such tedious and error-prone methods are no longer necessary.

Other areas of use include both marketing and finance. Marketing staff are able to use the account level data provided by distributors to see exactly what products are being purchased through which retail outlets. Finance also benefits from the integration of information achieved with Diver. Accounting specialists can now track spending against budget on a daily basis and immediately act to address any concerns. Previously, such staff had to work with a data snapshot that was a month old, hampering their ability to address areas of overspending.

Perhaps the key to Diver's continuing success at Banfi Vintners is flexibility. Diver accesses many internal operational data flows, taps upstream and downstream supply chain information and constructs a robust real-time view of the business. This 360-degree view of the business can quickly be navigated from the highest level summary information to individual sales transactions by anyone within the company. By having the foresight to focus on a single tool and single data repository, Banfi has succeeded in propagating a unified understanding of their business throughout the organization.

About Dimensional Insight

Dimensional Insight, Inc. is a leading provider of BI solutions with our BI platform and family of purpose-built applications. Our data integration, modeling, reporting capabilities, analytics, portals, dashboards, and applications empower users throughout the enterprise to make timely, data-driven decisions.

Thousands of worldwide customers choose Dimensional Insight solutions for flexibility, ease of integration, and rapid time-to-value. Dimensional Insight consistently ranks as a top performing BI vendor in customer satisfaction.

"Diver is timely – it's being able to pinpoint certain issues from the get-go."

- Ed Joyce, Sales Development Manager, Banfi Vintners



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