

Audits: Collaborative Opportunity for Long-Term Success

By Jenny Lorenzo, Team Manager, InSight Group

When people see the word *Audit*, the response is usually the same: negative. Whether it involves the IRS or a supervisor evaluating his or her sales rep's stores, the prospect of an audit is typically met with a sense of foreboding. It does not matter if all paperwork has been reviewed extensively before filing, or in a more relevant example, if the shelves are stocked full, and the displays set up perfectly. Perhaps the response is the same when one is confronted by the thought of their annual health exam, because really, that is what an audit is: a proactive and collaborative check-up on how you or your organization is doing.

Audits have been quite undervalued, and they are finally beginning to gain steam in the industry. Several organizations drive performance through standard KPIs - Distribution, Sales, New Item Performance, and Coverage – but Audits remain as mere evaluation tools, rather than opportunities to develop relationships, identify best practices in addition to coaching opportunities, and improve long-term organizational performance. As Tom Garry, RW3's Sr. Director of Account Services, explains, "as long as there is a clear understanding between the organization, the auditor, and the sales rep about what the purpose of an audit really is, audits will be seen as truly beneficial for all the players involved." The organization is able to identify any opportunities for improvement before they become real problems, as well as gain more visibility to what goes on in the field; the auditor identifies not only growth opportunities but also things well done by the sales rep, offering a means to build relationships with and motivate them; and the sales rep gains insight on the organization's key objectives and their stake in them, while also receiving recognition for a job well done, or coaching for any work that needs improvement. The key is that first, all stakeholders understand the *goal or intention* of the audit, and secondly, that audits are executed properly. That is, that they are done fairly and consistently.

RW3 has been successful in implementing audit systems for years, helping companies improve their retail performance steadily through two key strategic goals. First, we aim to open previously untapped channels of communication, both vertically and horizontally. Vertically, a sales rep can immediately respond to an audit through the system, as can an auditor. Moreover, anyone in the organization set up as an auditor is free to audit as needed, and audit schedules, where appropriate, can easily be communicated to such individuals. Horizontally, stakeholders are given access to multiple data points not limited to their own internal system – one can now compare SKU authorizations of what is *actually* on shelf to what syndicated information might say is *expected* on the shelf.



The second and perhaps more important goal that helps the success of our audit systems is to provide a means to consistently and fairly quantify an organization's health at store level. It all begins with an understanding of the organization's goals, opening a dialogue in which key stakeholders exchange ideas of what an audit should be. These ideas are transformed into formal business rules and implemented in the system, so that the audit scorecard is consistent no matter who the auditor is or where the audit is being done. The entire system is built around the organization's specific needs, and must provide the auditor and sales rep all the tools necessary to accomplish the audit's goals and meet the declared business rules. An important example, for instance, is that audits must be done only on stores in which the rep has made a recent call (typically within seven days). A good audit system not only identifies those stores but should also provide an auditor the ability to view other stores nearby and download all relevant information pertaining to them, identifying where opportunities are most present. Likewise, it should provide the sales rep the ability to respond to an audit efficiently, so that any such opportunities are addressed immediately.

“The RW3 program that you have created is the bread and butter of what we do on a day to day basis and helps us more than you can imagine!”

- Carter Calico, ConAgra Foods, 2010

One of the benefits of consistent audits is enabling the organization to identify trends in the data. Which categories have more opportunities than others? Where are we consistently over- or underperforming? This is where RW3's InSight Group comes in. The InSight Group is RW3's dedicated reporting and analytics team, building custom reports for each client's specific needs, all within Excel. One client's audit report provides both strategic and tactical visibility: the data starts at the National Level, but the user is given the ability to filter on timeframes, retail and account hierarchies, as well as drill down to category and store level. Any audit scores that do not meet the organization's standards are highlighted in red so that they are noticed immediately. The possibilities are endless.

There are many ways in which an organization may choose to implement their audits. What drives the organization's success is understanding that these periodic check-ups are not just meant to quantify and evaluate the status quo in a fair and consistent manner, but are a means to identify strategic opportunities, recognize excellent performance, and engage stakeholders so that all are on the same page for the organization's long-term success.

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NOTE: RW3 is currently integrating our audit system with Droid GPS capabilities to provide an automated selection of stores within a geographical area, based on pre-selected criteria. This will further enable the efficiency and ROI potential of retail audits for your company.