

Driving Success Through Business Analytics

WAWA'S PRESIDENT SPEAKS TO STUDENTS

WHAT'S IN A NAME? FOR Wawa, a company with almost 600 stores and more than 18,000 associates, its name is much more than a corporate logo or moniker—it's a symbol of its history and unique culture. Wawa is the Native American name for a Canada goose, and through the years, the goose has become a literal symbol in the company's logo and a metaphorical symbol of its unique culture. Wawa often describes its culture as one of teamwork and flying in a "V" formation—reminiscent of the way geese travel to gain strength from one another. The Wawa team takes great pride in its culture of teamwork, a culture that has translated into strong growth throughout the past 48 years and the ability to serve 1.5 million customers every day.

And, what's in a number? According to Chris Gheysens '93 VSB, plenty. He places great stock in looking at things by the numbers, as well as through the lens of the company's values. It's all based on "doing things right," one of Wawa's core values. And that has served him well, as just four years after leaving his alma mater, Chris began working for Wawa, holding positions in the Finance Department, including CFO, and he now serves as President.

But you do need analytics to maximize a business' potential in the 21st century—and that's what Gheysens came to Villanova University to talk to students about last October.

As President, Gheysens has led the transformation of Wawa's finance team and has relied on analytics to continue to expand the profitability of the 18,000-strong New Jersey-based company.

Wawa is one of the most successful convenience-store chains in the country. It has a 72 percent market share in the Philadelphia area, is the number one coffee seller in its markets, tops in store-based ATM transactions, and sells 80 million hoagies a year. Wawa is



Chris Gheysens '93 VSB, CFO and President of Wawa, discusses his company's use of business analytics to expand its profitability.

currently ranked #47 on the 2011 Forbes list of Top Privately-held Companies, thanks to analytics.

Gheysens came to a point in his tenure with Wawa where he realized that if the company wanted to grow to its potential, it needed to know more about its customers. One and a half million of them visit the stores every day, but no one really understood what they were buying and why. Gheysens said he knew the value of each store's inventory, but that was essentially all the data the company had to work with.

That, he said, is when Wawa turned to analytics. The key to success, he added,

is that Wawa didn't use analytics to become better at finance, but better at business. "You've got to be business people first," Gheysens said. "If you're the gatekeeper, if you're the accountant, if you're the marketer, you've got to have analytical background. You've got to understand what your business wants."

Gheysens explained that analytics helps Wawa see its business down to the most minute details—if previously they managed from a 50,000-foot view, he said, now they manage from a one-foot view. "Before, I knew there was \$75,000 of merchandise inventory



VSB's Executive MBA students attend the Business Analytics Lecture Series with Chris Gheysens '93 VSB and Interim Dean Kevin D. Clark, PhD (center).

sitting in Store 269," he said. "Today, I could tell you each article, product, how many there are, how many facings there are of it, what the weighted average cost of each one is, were they spoiled, was it used for the store purposes, etc."

Access to that type of data created an immediate return. By isolating spoilage rates of different products and shifting the inventory strategy appropriately, Wawa saved over \$50 million in the first few years of implementation. The system is so detailed and efficient that the company no longer needs to inventory, which saved an additional \$750,000 per year.

Gheysens said the next role analytics played in the company was predicting the viability of investments in marketing (e.g., planning loyalty programs and determining the effectiveness of advertising campaigns), human resources (e.g., analyzing associate engagement and its impact on productivity), and new product lines (e.g., realizing that a new

breakfast-sandwich product would hurt lunch sales and potentially cost the company \$2 million).

"In business you win or lose in this hyper-competitive market based on the speed and correctness of your decisions, ideas, and investments," he said. "You've got to do things to make your business grow. Analytics is the backbone to all of that. I can now tell marketing what they did with [breakfast] sandwiches with 99 percent confidence or one percent chance of randomness. That's powerful. That is the Holy Grail. That's being able to say, 'Your idea paid off.'"

Despite all the benefits he has seen for Wawa, Gheysens noted that analytics is only one tool for managing a company. "You still have to be a business person, you have to understand the mindset of leading the business and what happens each day," he said. "You can't be slow. You have to jump to the market and use this as a tool to accelerate, not decelerate. Analytics is critical to understanding your business

and assessing ideas, but strategy, the art of management, staying true to your core purpose, and living your values, are equally as critical."

"Sharing how Wawa has used business analytics in such a powerful and measurable way was a great message to give our students," says Matthew Liberatore, PhD, Director of the Center for Business Analytics. "In our interactions with many companies we have found that analytics is changing how firms make important decisions that affect all facets of the business. The growing importance of analytics has led VSB to modify the quantitative component of its undergraduate core curriculum, featuring a new required course in business analytics; launch an undergraduate minor in business analytics; and offer a variety of analytics electives in our MBA program. Wawa is a great example of how business analytics can significantly improve corporate performance and favorably impact the bottom line." 

- by Chris Nicholson