

Why Metrics Matter

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SECTION 1

Introduction

Two years ago, the maker of the popular Toughbook laptop computer was in a tight spot. Panasonic Computer Solutions Company was having trouble keeping pace with the rugged laptop's growing success—an enviable problem, to be sure, but a genuine concern since any business must be able to meet demand to be competitive.

The company installed a Customer Relationship Management (CRM) system to help manage complex customer relationships as well as improve the accuracy of forecasting manufacturing needs.

The next challenge? The business (and sales team) was rapidly expanding, and sales leadership needed a dashboard to improve pipeline management and better track sales activities. And the new solution had to go live in 30 days for launch at the company's annual sales meeting.

Talk about tough.

Panasonic executives decided on a Business Analytics solution that would enable the company to better organize, understand, and act upon its CRM data. The division implemented an analytics tool that helped them track not only specific sales activities, but also the results of those activities.

The upshot? Now the company's executives have a dashboard of Key Performance Indicators (KPIs) to quickly determine the company's sales potential and the sales development actions of the sales team. They can also track what sales behaviors are most successful and how those behaviors contribute to pipeline growth. So pipeline is even stronger, and sales reps have a better sense of the activities they should focus on to be even more productive.

That's the power of Business Analytics.

SECTION 2

How Business Analytics Can Work For You

Today's fast-paced business climate is hyper-competitive, and successful companies like Panasonic have found that they must become virtuosos with data—quickly monitoring and managing key performance metrics—to stay on top.

Simply put, the old adage—if you can't measure it, you can't manage it—has assumed a new significance. Companies must master quantitative, fact-based analysis to compete, and that's why Business Analytics is quickly becoming the new imperative.

Business Analytics enables companies to track and better manage customer relationships, sales leads, and market data. This critical information helps the company improve performance and efficiencies—and keep one step ahead of the competition. Business Analytics also empowers a company to allocate resources in the right areas as needs change by providing an almost real-time view into KPIs.

Without analytics, organizations can fall behind as competitors more adept at data crunching swoop in and more efficiently deliver very similar products and services. This scenario is becoming ever more routine because similar products are common in many industries, and companies employ similar technologies to create and distribute them. Business processes, however, is one of the few areas in which a company can differentiate itself. Those that employ analytics can extract maximum value and boost the efficiency of their processes.

A Business Analytics tool is generally defined as any software that collects and presents information for analysis. This broad definition of information ranges from the very basic—an Excel spreadsheet, for instance—to reporting tools found in most financial software. At the high end, it includes sophisticated applications that grab data from a multitude of systems that may include financial, manufacturing, human resources, and CRM.

Analytics uses data, quantitative analysis, explanatory modeling, and fact-based management to improve decision-making. A Business Analytic tool, for instance, can help managers determine why certain trends occur as well as what will happen if the trends continue. Perhaps most importantly, analytics can assist in predicting the best possible outcome for the business.

While there is no one-size-fits-all approach to Business Analytics, the solution typically analyzes data to gather actionable insight into customer behavior, events, and market opportunities. Most include an easy-to-use dashboard tool that intuitively presents these complex relationships and performance metrics, enabling users to explore data in very granular detail.

The beauty of an automated Business Analytics solution is that it handles all tasks associated with mining and analyzing data from information systems like CRM. Analytic tools parse customer and transactional data from myriad sources, and then leverage that information to guide business strategies.

Much of the data that makes Business Analytics so useful comes from Customer Relationship Management solutions. CRM can track and organize contracts with current and prospective customers. It captures valuable information about sales, marketing, and customer service, and can generate useful reports on sales leads, pipelines, and revenue forecasts.

CRM unifies customer information and can dramatically shift the focus and efforts to the right customers. Unlike analytics, however, it cannot answer the “why” of business trends and accurately predict opportunities. Analytics and CRM have different goals, but companies that marry the capabilities of the two will vastly improve the value of their CRM systems.

SECTION 3

Why Analytics Is Essential Today

It goes without saying that boosting revenue, cutting costs, and improving efficiencies are essential in today's business climate. To that end, organizations must crunch data on current business operations in order to make intelligent decisions that can improve performance.

Companies of all sizes are boosting their spend on Business Analytics. The worldwide market for Business Intelligence, a larger category that includes Business Analytics, is forecast to grow at a compound annual rate of 8.1 percent through 2012, reaching \$7.7 billion in 2012, according to a study by Gartner Executive Programs¹. This type of solution was the number one technology priority in a worldwide survey of 1,500 chief information officers, the research firm says.

And it's easy to see why.

The need to serve and understand customers has never been greater; retention of customers, after all, is absolutely mission-critical when competitors are eager to raid your client base. So a customer service division, for instance, will want to know precisely what customers are calling about, how long it takes to answer each call, and how the company can better resolve customer problems.

What's more, the pace of change continues to accelerate, and there's no time to spare before the next round of transformation hits. This breakneck pace demands agility if businesses are to make effective decisions quickly and more frequently. But without fact-based data analysis, it is almost impossible to make lightning-fast, effective decisions on customer preferences. That is one reason why companies are starting to see the benefits of collecting and analyzing CRM data.

Yet a quickened pace of change is only part of the picture. The complexity of customer data continues to intensify. Indeed, customer data has always been more fluid and complex than other standard analytic data, like those in accounting systems, because it can be very subjective.

Customer data includes dates, times, and instances of contacts with customers, which can easily and quickly multiply into many thousands of records. This data can include simple information like companies and contacts, as well as multifaceted data on sales opportunities, collateral materials, and ongoing campaigns. Further complicating matters, companies now have the ability to port data from more information systems into a CRM solution, often resulting in a confusing tangle of data about customer relationships.

Obviously, managing this data and the relationships it describes quickly becomes onerous and complicated. In fact, the "dirty secret" of the much-touted 360-degree view of the customer is that the sheer volume of data becomes overwhelming to manage and interpret. Without an automated, centralized solution, organizations often are tempted to abandon the exercise altogether. And sometimes they do.

¹Gartner Executive Programs, April 2008, <http://www.gartner.com/it/page.jsp?id=636310>

SECTION 4

Know What You Need to Measure

To avoid defeat by data overload—or number-crunching competitors—companies are implementing automated Business Analytics tools that empower them to monitor, support, and analyze CRM data, then make intelligent business decisions based on that analysis.

Each Business Analytics implementation should be tailored to the specific needs of each individual company, with a sharp focus on the unique factors that make the business successful. It should also carefully consider the needs of each business unit. Sales, marketing, and customer service departments each have specific, yet important, information requirements.

The sales team requires accurate data on sales volume, product performance, customer preference, and the success of sales initiatives. The marketing department will need to know what campaigns are effective, whether leads convert to sales, and where customers come from (phone, Web or direct inquiry). And customer service managers will want to know how long it takes to resolve issues, recurring problems, overall customer satisfaction, and customer call frequency.

But not all business information is quite so black and white. Many organizations work with intangible data types that cannot be described as units or products. A bank, for instance, may operate on a deeply social, relationship-oriented philosophy based on customer outreach. It's difficult to manually measure an intangible entity like a relationship, but it can be done with Business Analytics.

The bank could, for instance, categorize activities that define the relationship and organize relationship-oriented information into data categories or “buckets.” Using this method, all interaction with customers—lunches, webinars, entertainment, even a round of golf—is captured, quantified, and analyzed. Once employees can measure these quantified activities, they are better able to manage their contacts and relationships with customers. And that makes it easier to improve the relationship and build a tighter bond with the customer.

Remember that how you measure is as important as what you measure. Manually measuring data using spreadsheets is likely to introduce error and incomplete data capture. In fact, user-developed spreadsheets and databases inevitably lead to multiple versions of key indicators within an organization. Research has shown that between 20 percent and 40 percent of spreadsheets contain errors². An automated system, if thoughtfully planned and executed, will be much more accurate and complete.

²Babson Executive Education, *Competing on Analytics*, May 2005

SECTION 5

The RAPID Approach to ROI

The most effective way to implement an analytic tool is to integrate speed, people, technology, and processes, all within the context of critical business issues. It is essential that Business Analytics solutions be developed quickly, in a matter of weeks rather than months, to ensure that the business achieves a fast return on investment (ROI).

To that point, we believe the right method can be described as RAPID, an acronym for Review, Analyze, Plan, Implement, and Deploy.

Review: The first step requires the organization to carefully review its overall goals. The company will also consider its unique business and marketing processes and ensure that a Business Analytics tool will mesh with its metrics and IT infrastructure. The business must fully understand what data it collects today, and then determine what is (and is not) essential to its corporate goals. The review process should also identify missing data, as well as what prevents managers from real-time visibility into business processes.

Analyze: Stakeholders must next take a hard look at how they use data and then determine what metrics, or KPIs, will measure success for their business. The best way to accomplish this is to identify the activities or results that are most important to achieving the organization's goals. For instance, if a company differentiates itself with outstanding customer service, it should identify all metrics related to customer service. Companies that focus on new sales will want to identify measurements that define sales success.

Plan: Planning involves not only the technical details of a new tool but also what business processes will need to change. Any major change will require training of both end users and management. Be prepared to provide in-depth training on the use of the dashboard tool in particular. It's the best way wring maximum value from an analytic solution.

Implement: Beyond developing the tools and processes, implementation also demands thorough training. It is essential that users understand how to use the dashboard, but they must also know why they should use it. They must know how the new analytic tool will help improve business, increase customer satisfaction, identify new prospects, and act upon trends in their business unit.

Deploy: Executives today demand a rapid return on investment, so companies must identify a Business Analytics solution that can be easily implemented in a matter of weeks. Depending on the scope of the installation, organizations should expect to see return on investment approximately 60 days after the system goes live.

After the initial implementation, stakeholders should be prepared to apply analytics to other areas of the organization that can benefit from improved and timely access to business information. Today the focus might be managing costs, but tomorrow the fast-changing market may demand that you seek higher volumes of leads or pinpoint high-margin customers.

SECTION 6

Carefully Establish Your KPIs

Perhaps the most critical step of the RAPID method occurs in the Analyze phase, when a company determines its KPIs.

There are typically 10 or fewer KPIs that, if adhered to, will help ensure success. Organizations should pay careful attention to factors such as productivity, margins, customer satisfaction, and lead generation. Once established, KPIs will help determine what data to capture from information systems.

KPIs, of course, must be customized for each individual organization. One organization's KPI might be the percentage of income derived from return customers; another's may focus on supply chain efficiencies. And in addition to overall company metrics, you should identify KPIs for each business unit. An important KPI for customer service, for instance, might be to answer customer calls within a minute.

It is critical that these departmental and overall KPIs are communicated both up and down the enterprise. This information is clearly must-see metrics for executives, but we believe that employees can greatly benefit from this data as well. After all, awareness of their own metrics can motivate employees to improve performance and inspire them to find new ways to increase efficiencies.

SECTION 7

Dashboards Drive Smart Decision-Making

Most Business Analytics systems employ dashboards to disseminate KPIs and help users make the most of the data. Dashboards have traditionally been the purview solely of senior management and executives, primarily due to cost constraints. But as technology becomes more affordable and easy to use, more companies are extending dashboards to employees in the field.

While the dashboard itself can be an intuitive tool, the technology behind it is quite sophisticated. Business Analytics solutions pull information from a variety of information systems and organize it into a dashboard that delivers visual summaries of key information. The power of the dashboard lies in its ability to connect to live data from systems such as CRM, manufacturing, marketing, human resources, and financials—and then display customized, enterprise-wide KPIs. This empowers the dashboard to link to underlying details that can provide deeper knowledge or identify the cause of a trend or exception. If, for instance, sales slump one month by 10 percent in the U.S. Northeast, a user could drill down into the dashboard data and discover that a regional competitor launched an aggressive pricing campaign that cut into sales that quarter.

Not only does real-time data deliver an accurate snapshot of how the organization is performing against its goals, but it also creates a single version of the truth that enables business-unit leaders and executives see the same (accurate) performance data. This empowers leaders to make more informed business decisions, calculate sales projections, spot trends, and manage the overall health of the organization. If business unit leaders see that a particular strategy is not working, they can make changes to revise the initiative.

Perhaps more important, dashboards can put everyone in the organization—from the C-suite on down—on the same page in measuring performance and success of overall goals. This centralized data represents a monumental advance over manual collection of information. Previously, companies might use scores of spreadsheets to manually collect and analyze data. As discussed above, this often introduces mistakes and omissions that yield incomplete and inaccurate results. Rather than one version of the truth, manual processes often produce many versions of factual errors.

SECTION 8

Conclusion

In today's high-stakes business environment, no company can afford to lose customers, spend too much on logistics, or miss the chance to launch "the next big thing." Competition demands that successful companies make informed, fast business decisions based on monitoring, reporting, and analysis of data. But you can't do that without a Business Analytics system.

The process of implementing Business Analytics can be relatively straightforward. If you don't have IT expertise in house to develop a plan and implement an analytic solution, however, you should consider bringing in a consultant who can get a solution up and running in a matter of weeks. Remember that fast ROI is essential in today's hyper-competitive environment.

When you opt for an outside partner, the biggest challenge may be finding a single company that has the depth of expertise and experience to quickly and correctly implement an analytic tool. Infinity Info Systems has completed 3,500 installations and trained 130,000 users in the use of Business Analytics.

Our highly skilled staff understands CRM technology and how to optimize it for individual needs, and we take the time to listen to your unique situation. We can help you identify established business goals and objectives, and then determine the metrics to support those goals. Most importantly, we will design a customized dashboard that measures the metrics in ways that are most meaningful to your business goals and success.

We believe that training is a critical component that is often overlooked. Infinity Info Systems not only trains users on how to use the solution, but also instructs users on making smart business decisions based on the data that analytics provides.

Simply put, we can help you design a Business Analytics strategy that aligns people, processes, and technology to deliver a streamlined approach to that will help your business thrive in competitive business environments—today and tomorrow.

SECTION 9

About the Authors



Tony Berry

Tony Berry is a Business Analytics Practice Leader for Infinity Info Systems. Tony came to Infinity with over a decade of Customer Relationship Management (CRM) experience, having specialized in both sales and business development of CRM and Business Analytics applications.

Tony joined Infinity from Sage Software, a world-wide provider of CRM solutions and technologies. While at Sage, Tony acted as Regional Vice President of Key Accounts and played a vital role in developing the Sage SalesLogix Business Intelligence reporting product, Visual Analyzer. Prior to his time at Sage, Tony was a Director of Key Accounts at Proxima, a leader in the audiovisual industry.

Tony's CRM and Business Intelligence expertise has spanned a wide-range of industries, including Manufacturing, Distribution, High Tech, and Financial Services. He is a graduate of the University of Notre Dame with a degree in Electrical Engineering.



Mike Hammons

Michael Hammons is a Business Analytics Practice Leader for Infinity Info Systems. Michael's particular focus and expertise is the marriage of Customer Relationship Management/Front Office technologies with Business Intelligence. At Infinity, he manages the delivery team for all aspects of the Business Analytics and Business Process Management practice. He frequently writes and speaks on technology trends, business intelligence, customer relationship management, data management and similar topics.

Michael has honed his skills and expertise with more than 15 years of proven success in the software industry from organizations like Sage Software, Baan, and Aurum Software. He has derived his experience in implementation and strategy from numerous corporations, including Barclays Global Investors, Delta Airlines, Hewlett-Packard, Genzyme Corporation, ING, NEC-Mitsubishi, Roche Diagnostics and many others. Michael has experienced the benefits that technology provides an organization and is a keen advocate of customer focused technologies and processes.

Michael attended Purdue University and has a degree in Electronic Engineering.

About Infinity Info Systems

Founded in 1987, Infinity Info Systems develops Customer Relationship Management (CRM) and Business Analytics solutions for clients in the financial, life sciences, business services, media and manufacturing/distribution industries around the world. Infinity's technology solutions, services, training and support help organizations become more profitable by improving sales and marketing effectiveness. Infinity has trained more than 130,000 professionals and successfully implemented more than 3,500 CRM systems. Visit www.infinityinfo.com or call (800) 354-4228 to learn more about Infinity Info Systems.