DAMICON

REGISTER

Is Your Organization Effective?
Business Intelligence Can Help You Find Out

By Vin D'Amico, Principal
DAMICON, LLC

This article originally appeared in the IndUS Business Journal on July 1, 2003.

Companies like to talk about setting goals and objectives. Some even define targets like "Improved customer service." But if you can't measure it, how can you know you achieved it? That's where business intelligence comes in. Every company has huge amounts of data about customers, suppliers, partners and employees yet they know surprisingly little about them.

Can you answer these simple questions about your business?

- Who are your top 5 customers?
- Who are your best suppliers?
- Who are your most valuable employees?

If you jumped in and started rattling off names in your head, you're probably wrong! For one thing, you should be asking what I mean by "top," "best" and "most." Does a "top" customer generate the most sales volume or the highest gross margin? Does a "best" supplier provide lowest prices, highest quality or superior service? As for "most" valuable employees, am I talking about salary, longevity, future potential or some other factor?

It All Begins With Basic Information

The answers to these kinds of questions reside in your information systems. You have huge quantities of data there at your fingertips yet you likely know very little about these groups. That's where business intelligence comes into play. It's called "intelligence" because you have to perform some analysis on the data. The answers will not be obvious and are likely to surprise you.

To get started, you need to know what to ask. The only way you'll know what to ask is by knowing what's important to your business. And importance is dependent on knowing what you want to achieve. Let's walk through two example situations which will demonstrate the principles.

Seasonality Example

Let's say you sell commercial-grade widgets and want to increase sales. You want to know if there is any seasonality in your sales mix. Because we're dealing with a commercial product sold across a variety of industries, you'd tend to believe that seasonality is not a factor. But there's more to seasonality than just holidays and the weather.

If you know what your customers buy, when they buy it and what industry they are in, you can graph purchase behavior and look for spikes. Once you know that an industry segment tends to buy at a certain time of year, you can proactively target that industry just before their buying cycle. This will get you mind share ahead of the competition and sales volume will benefit.

The basic information needed to perform this analysis comes right out of your financial reporting system. Every company has sales order history data. Use it!

Supplier Performance Example

Here's a supplier performance example: Your company purchases components from a supplier who usually provides very good service. However, periodically shipments are late and quality dips. The supplier always makes amends but the problems need to be avoided not resolved.

You have purchase order history information including when any credits were applied. By examining this data you see that problems occur when large orders are placed in September. Speaking with the supplier, you find out that their biggest customer places huge orders every September and temporary help is brought in to supplement staffing. The solution? Order ahead so you have enough stock to get through September. Or, find another supplier.

Simpler Is Better

So, what do these two example situations have in common? In each case, fairly complex conclusions were drawn using simple, readily available information. That's business intelligence.

Know what really matters to your business and then look for simple ways of gaining insight. Avoid large information gathering, reformatting and consolidation efforts. These rarely pay off.

At the beginning of this article, I used the phrase "improve customer service." That's fine as part of a mission statement but we need to define what we really mean by "improve". What is the level of customer service today? Here are a few metrics we might use:

- Number of customer service calls per month
- Average length of time waiting on hold
- Average duration of a call
- Percentage of repeat calls regarding the same issue
- Percentage of callers wanting supervisor intervention

Once you know the status quo, you can set some very targeted, measurable, goals for improving the level of service.

Counter-Balance or Risk Making Things Worse

Select statistics that are easy to measure but don't put blinders on. Always do some "counter-balancing" in your metrics. By counter-balancing, I mean metrics that are somewhat in opposition. You'll note above that one metric is the "average duration of a call." Clearly, you want to keep calls brief. However, although it might be easy for call center personnel to just get rid of callers as quickly as possible, this is not necessarily desirable. You want call center personnel to keep the calls short and yet resolve problems for customers so they don't have to call again. Thus introducing a "repeat calls" metric provides a counter-incentive to slow down and make sure the customer is pleased with the incident resolution.

You have a wealth of information available in your financial reporting and customer relationship systems. Use it! With a little thought and creativity, you can know more about your business and make tangible, measurable improvements. Your organization will become more effective and your business will be stronger and more competitive.

Vin D'Amico is Founder and President of DAMICON, LLC, your ADJUNCT CIO™. He is an expert in using open source software to increase worker productivity and reduce IT costs. He has experience at industry leading companies such as Keane, 3M Touch Systems, Kronos, NetManage and Wang. DAMICON provides Help Desk Design, IT Operations and Change Management services. Vin can be reached at vin@damicon.com or by visiting www.damicon.com.