THE EXECUTIVE'S GUIDE TO BUSINESS VISIBILITY:

ANALYZING

aimINSIGHT

Simplify Complexity • Re-Ignite Growth

Don't just see it, understand it

When reporting and monitoring your business data, your organization can see "what already happened," and "what's happening right now." On their own, these two types of business visibility help you understand how your organization, your personnel, and your projects are performing.

However, to truly shape the vision for your company and make continuous improvements, it's essential to use business analytics to understand "why it happened."

This guide explores why analyzing your business is important, common obstacles to adopting analytics, and the related technologies organizations should look to implement. In addition, you will see tips and best practices you can apply right away to make incremental improvements in the way you shape your business strategy.

When analyzing your business, take into consideration external factors as well as internal data to provide a holistic basis for decision making and planning.

- *Conduct a competitive analysis.*
- *Look at economic trends and industry-related forecasts.*
- *Identify the needs of your most valuable customers.*
- *Watch for changes in your market's preferences and dynamics.*

The case for analytics

When it comes to data-driven decision making, there are always skeptics. With all of the years of experience on the executive team, how can analytics possibly offer better answers to business questions—such as which types of projects or jobs your company should avoid—than you?

To illustrate the point, take a look at the sports world. For more than 100 years, professional baseball was guided by the core belief that to field a winning team, you needed the strongest hitters and hardest throwers.

Typically teams such as the Yankees, those with the largest payrolls, would dominate the competition. Then in the early 2000s along came the Oakland Athletics, a squad with a tiny budget but the good sense to use analytics in new and creative ways.

The A's used rigorous statistical analysis to challenge the way scouting was done and roster decisions were made. They signed hitters who consistently got on base and focused not on flame-throwing strikeout artists but pitchers who force opposing hitters into ground-ball outs. They avoided stolen base attempts and bunting because they were easy outs for their opponent. As a result they were able to gain a true competitive edge and make an historic and unexpected postseason run.

Oakland's Moneyball strategy proved that the old ways of competing—methods traditionalists knew to be true—were flawed. Likewise, executives can also use analytics to gain a competitive advantage.

No matter what industry or line of work you look at, it's been proven that analytics-based decisions can help organizations gain a competitive edge.

In their own words

What your peers and experts say about analytics.

"Companies need to understand where they make or lose money by product, project manager, and region. They need to align their staff to key performance indicators so they remain focused on the right business areas."

Bruce Vanderzyde, CEO, Anterra Technology

"They (professional peer group) have all the data I have on my company, and they interview my employees anonymously. They can see things in my business that I can't see."

Chris R. Sheridan, President, Chris R. Sheridan & Co.

Three ways analyzing can help

Improve profits

The right analysis tools can help you spot patterns and trends in your work. For example, specific inventory for a certain type of customer in a limited region has an outsized effect on profitability. Armed with that information, the company's executives might discontinue sales of less profitable systems, step up marketing in that region, or develop new strategies.

Prevent repeated mistakes

Nothing holds you back like a mistake that gets repeated, year after year. This is especially true when you start looking at costs involving launching a new product, materials, supply chain, or a change in distribution logistics. How much would the same poor decision cost the company over a period of 20 years? Analyzing your operations across your business can help you pinpoint these trouble areas and make changes.

Manage workforce better

For nearly any business, nothing causes the profit and loss statement to swing one direction or the other like staffing. Thus, a company that understands its workforce needs better than its competitors has an edge. Analyzing productivity from a companywide level down to the individual worker will help you determine what exactly needs to change for productivity to elevate on every level.

What should you analyze?

The temptation is to say "everything." However, for most businesses, the reality is that it's neither cost-effective nor feasible to apply analytics to every aspect of the organization.

Focus is essential.

It's a good practice to step back at least once a year and identify which areas you want to improve in your business. Perform an annual visibility audit. Start by thinking about what you want to analyze from a competitive perspective.

Ask yourself:

"How do we choose to compete?"

"What distinguishes us from the competition?"

"What information or insight would help us blow them away even more?"

"Can we measure this and take action upon it?"

It may seem counterintuitive to focus on existing strengths instead of weaknesses but when it comes to analytics, that's often where the payoff is biggest. (Think Walmart, which saw its supply chain as its biggest strength yet continued to analyze it, scrutinize it, and perfect it to create an epic competitive advantage.)

Establish benchmarks.

Once you have determined what areas you'd like to focus on, establish benchmarks related to your current performance and how you compare to the competition. Based on your business goals and benchmarks, define key performance indicators (KPIs), such as profit margins or liquidity, and determine how frequently you will monitor progress toward achieving each metric.

Analyzing cash flow: the lifeblood of your business

It's no surprise, most executives are eager to discover ways to improve their cash flow. After all, cash flow impacts the overall business health and stability.

Business analytics can help you better understand where your money is coming from, where it goes, and how to maximize it. When analyzing cash flow, you need to investigate three key elements:

• Actual cash disbursements

• Cash receipts

• Accumulated cash flow across projects and by individual projects

By closely scrutinizing your cash flow-related data, you can significantly reduce the occurrence of negative cash flow as well as the amount of shortage.

For benchmark data, seek out peer groups and industry exchange forums.

What technology do you need?

Six software features that add value to your analytics capabilities:

1 Ad-hoc custom reporting

Empowers your personnel to ask their own questions of company data, without burdening IT

2 Cross-project analytics

Provides details on "job demographics"—such as type and stakeholder across all your projects so you can pinpoint what type of work you should focus on

3 Spreadsheet analysis

Enables you to import/export data to Microsoft Excel for configuring data and creating specialized and graphical reports

4 Drill down

Takes the user from a general or high-level view of the data to a more specific one to provide greater insight

5 Automatic report scheduling

Allows essential information to be distributed to the right people on a recurring schedule in order to turn data analysis into action

6 Dashboards

Provides snapshot view of key performance indicators that indicate the health of your business

Business intelligence tools are a must.

Assuming your business already uses an integrated software system, you will also need reporting or business intelligence tools that can extract, clean, and transform the data into a format that's meaningful for users.

New tools and technologies are emerging to make information come alive, including data visualization, process simulation, and predictive techniques. By taking advantage of these innovations, executives can quickly understand business details that would otherwise be hidden or indecipherable.

Analyzing your business performance requires you to have high-quality data related to whatever process you are seeking to improve. Chances are your business does not lack data. However, it may suffer from a lack of integration, which prevents the information from different departments and functions from being used together. As a solution, it is increasingly important for businesses of all sizes to use integrated accounting and operations software.

Typically, the biggest obstacle to adopting analytics is related to business culture, not technology. By focusing your analytics on the biggest and highest value opportunities, you can overcome many company cultural challenges and objections while refining your data and, ultimately, achieving your goals.

Tech trend: Big Data

Big Data is a phrase that is used to describe extreme levels of data volume, velocity, variability, and complexity that exist in today's organizations. Big Data is the by-product of the rapid rise in online transactions, machine-to-machine interactions, audio/video logs, RFID data, photos, and more.

Emerging technology solutions support the ability to collect this Big Data but, more importantly, provide the ability to understand and take advantage of its full value. One simple way to dip your toes in the Big Data pool is to subscribe to a service that tracks material and pricing trends.

Five reasons you should start analyzing performance right now

- Because today's business environment is too complicated to make decisions based purely on intuition, gut instinct, and professional judgment

- Because it can help you identify problems you didn't even know you had

- Because your competition is likely exploring or already using analytics to discover advantages

- Because not every decision today can be made based on past experience and observations

- Because the technology is ready and more affordable than ever

The team at aimINSIGHT Solutions, Inc. worked as manufacturers and distributors before conceiving the idea of a management consulting firm that would draw upon their extensive experience in supply chain management.

We are uniquely positioned to help your company streamline its operations, minimize costs and increase profits thanks to our awareness of industry standards in supply chain management that help us realize untapped potential across the entire spectrum of business operations.

Beauty Supply
Integrated UPS shipping to automatically update tracking numbers with their own two way system.

HVAC Manufacturer
Extended visibility to customer order history and item history across the company to enable maximized customer service.

Developed automated fax and email delivery system for key documents, saving mailing costs and speeding up collections

Lighting Distributor
Complex sales commission calculations done automatically. Commission statements automatically delivered to salesperson in the field.

Consumer Packaged Goods
Integrated order processing with EDI for various large trading partners including Walmart and Target.

Food and Beverage
Integrated inventory with images, pricing, weights and packaging. Built a business to business portal for clients to place orders online.

Behavior Health Clinics
Created a web-based timesheet to integrate and automate California payroll laws including multiple rates and auto-calculation of travel expenses and mileage.

Developed a portal for employees to enter timesheets and track Human resources data to reduce errors.

How can we help *you*? We understand your needs. Let us help you maximize your potential for value creation. **Contact us today!**

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