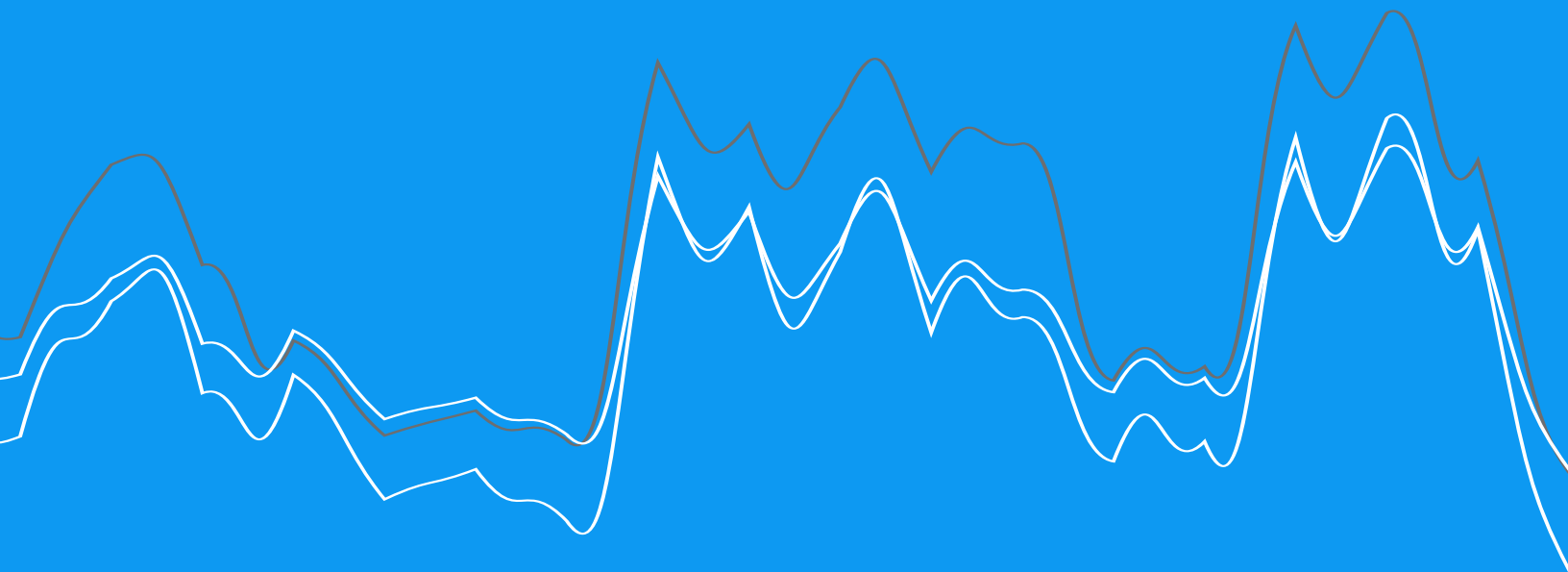# Using Data Analytics to Transform Your Business Processes *and* Your Business

A Dundas White Paper

Dundas

Content

Introduction

In its 2014 Magic Quadrant report on business intelligence and analytics platforms, Gartner Research Group[1] predicts that advanced analytics platforms, such as those supporting data-driven decision making, will be one of the fastest growing market segments between now and 2017.

The payoff for executing on a data-driven management strategy can be huge. A study by MIT/Sloan Management Review and IBM Institute of Business Value[2] found that companies which replaced intuition and experience with analytics-driven insight noted that they substantially outperformed their peers. These market makers and shakers used analytics widely and often -- to guide day-to-day decisions and plan for the future. In fact, they used analysis five times more often than the lower performers.

So what exactly is data analytics, and how do you tap into it to improve business processes within your organization? Data analysis involves gathering and examining all the key raw bits of information streaming in and around your organization in order to validate and optimize the effectiveness and efficiency of its processes. This includes sales data, marketing data from search, social and mobile sources, human resource and operational data, and more.

How Analytics is Critical to Marketing Success

Earlier this year, Forbes contributor Jayson DeMers declared 2014 as 'The Year of Digital Marketing Analytics[3]' – recognizing the significant role data analysis plays in improving marketing business processes and performance.

Multi-channel marketing strategies create a huge amount of data – from website metrics and campaign results, to social media, mobile usage, and more. To deliver real value, marketing analytics need to answer questions the CEO and CFO care deeply about – and we're not talking about soft metrics like open rates and click through here. They want to know which activity is generating more leads that convert to opportunities, which initiatives generate the highest ROI, and what impact a five percent increase in the marketing budget will have on the bottom line. To establish credibility and claim a seat at the strategic table, marketers must move beyond vanity metrics to deliver insight into performance and revenue impact.

If you can't answer those questions, you're not alone. It's not easy to evaluate the performance of one initiative against another, optimize business processes, adjust strategies and tactics, and plan future programs, but new tools like data visualization dashboards are making it increasingly possible for marketers to do so.

In fact, Gartner Analyst Laura McLellan[4] predicts that by 2017, CMOs will spend more on analytics than CIOs. The head of marketing now either needs to be a data-geek – or have a data scientist or two on the team, so they can become a data-driven, performance-based center of excellence. McKinsey[5] forecasts a deficit of up to 190,000 data scientists in the US by 2018.

1. Sallam, R.L., Papadinhas, J., Parenteau, J., Yuen, D., Hostmann, B. (2014) "Magic Quadrant for Business Intelligence and Analytics Platforms." Gartner, Inc.
2. LaValle, S., Hopkins, M., Lesser, E., Shockley, R., Kruschwitz, N. (2010) "Analytics: The new path to Value. How the smartest organizations are embedding analytics to transform insights into action." IBM Institute for Business Value, In collaboration with MIT Sloan Management Review.
3. DeMers, J., (2104) "2014 Is The Year of Digital Marketing Analytics: What It Means For Your Company." Forbes
4. McLellan, L. (2012) "By 2017 the CMO will Spend More on IT than the CIO." Gartner Webinars
5. Manyika, J., Chui, M., Brown, B., Bughin, J., Dobbs, R., Roxburgh, C., Hung Byers, A., (2011) "Big data: The next frontier for innovation, competition and productivity." McKinsey & Company

Harnessing Analytics - Four Key Factors

Business analytics is greatly enhanced through the use of data visualization, which helps transform raw data into useful information that sheds light on how you're doing against core business objectives. By gaining visibility into hidden patterns, unknown correlations and other useful insights, your team is powered up to make intelligent and forward-looking decisions.

But how do you harness analytics to see the stories hidden inside your data? By bringing all the pieces together, and processing them to surface relevant information needed by information consumers in an easy to understand, action-oriented way.

Let's take a look at four key factors involved in bringing insight to your employees.

1. Defining Your Business Objectives

Many business challenges can be tackled with business analytics, but if you're not crystal clear on what you're trying to achieve, or try to boil the ocean by doing too much all at once, you'll likely drown in poor communication and lack of buy in.

Begin with your corporate goals, and create a list of related questions your business needs answers to. Target the biggest problems or opportunities, and focus on areas over which you have control. For example, if one of your corporate goals is to grow profit by twenty percent annually, a related question might be "How can we reduce expenses by five percent?" Another could be "Which customer segment offers the best growth opportunity?"

Be careful not to get caught in the "solution" trap of thinking about what data is readily available to answer the questions. You can focus on producing reports only to find out that they don't address the real business issues, which might be low customer retention or poor customer support. The objectives selected must be easy to explain, measurable and time based, so you know if you're making progress towards them or not.

2. Getting Buy In

Getting stakeholder alignment on business challenges and related objectives is critical. Given the diverse and interconnected nature of data, business intelligence initiatives can't be managed in a vacuum. They'll need support from cross-departmental teams, which means that you need to identify early on who key stakeholders are, make sure they understand the scope and goals of the analytics project, and are equally committed to achieving them. Some business processes that benefit significantly from data analytics include:

› Customer retention – what your churn rate is and what impacts it?
› Customer segmentation – who are your most profitable customers?
› Product development – where should you focus R & D resources?
› Talent retention – are you retaining key employees?
› Risk mitigation – how much fraud is taking place?
› Inventory management – how can we optimize our supply chain?

A key step in getting stakeholder alignment and buy in includes understanding and agreeing to the key performance metrics that need to be measured and monitored in order to successfully reach each of the critical business objectives.

3. Planning for Success

Once you have stakeholder agreement on the business priorities, the next question to tackle is what success looks like. What meaningful metrics can you track to measure progress against? The definition drives the analytics you need to put in place. For example, if talent is a competitive differentiator, measuring metrics such as the resignation rate of top performers, promotion rate, employee engagement and market vs corporate compensation will provide insight critical to the development of programs and processes to retain your best players.

More often than not, you'll need to integrate data from a variety of sources, managed by different groups throughout your organization. There may be duplications, inconsistencies and omissions. To further complicate things, the data needs to be integrated in as near to real-time as possible to gain maximum actionable insight.

You'll need to develop a data discovery framework. Identify the core data sets to be analyzed and delivered to business-users. Analytic plans commonly include a substantial investment of time and resources to assemble and integrate source data within a central repository. Plan for success with a data discovery framework that includes appropriate resource planning.

4. Putting Insight to Work

Once you know what to measure, the next step is determining how to measure. In the past, it was fairly common that those who needed insight the most – managers and front line employees, either lacked access to decision-making information, or couldn't easily understand what they could get their hands on. Plus, overly complex reporting tools and poorly designed dashboards, jammed with color-schemes and detailed layouts that created visual confusion, all led to low adoption. Without hard facts, business managers based their decisions on a combination of past experience and intuition.

Today, access to insight has improved by leaps and bounds. Rather than taking the time and effort to extract meaning from rows and columns in an Excel spreadsheet or a report table, we can now quickly and intuitively grasp meaning through visual representations used in decision support tools such as infographics and dashboards. In fact, a team of neuroscientists from MIT[6] recently found that people are capable of processing images in as little as 13 milliseconds, confirming that vision can be used to rapidly grasp meaning and concepts.

6. Trafton, A., (2014) "In the blink of an eye." Massachusetts Institute of Technology (MIT) News Office

Improving Sales Processes through Data Analytics

A quota-exceeding sales person used to be someone with a ton of domain expertise and closing know-how. Today, top performing sales resources are those who combine experience with insight into historical and predictive trends that indicate which opportunities are worth pursuing, how much effort to invest and who the most profitable clients are. Data analytic tools have fueled the movement from perceived truth to observed truth.

The benefits of sales analytics extend to sales management and customer-facing reps. Arming your team with individual metrics such as lead to opportunity and opportunity to customer conversion ratios, and progress towards quota allows them to refine their day-to-day activities and improve personal performance.

Management knows growth shouldn't come at the expense of profit. Sales leaders can leverage insights such as sales cycle length, average new deal size, vertical market adoption, sales spend to total revenue, and monthly recurring revenue to improve the efficiency and effectiveness of the team, and keep expenses in check.

High impact sales analytics provide insight to key metrics such as:

- › Progress against plan
- › Quality of leads
- › Monetary value of opportunities
- › Price sensitivity
- › Deal profitability
- › New customer acquisition
- › Existing customer expansion

- › Customer churn
- › Win/Loss analysis
- › Territory quality
- › Channel partner performance
- › Speed to productivity
- › Top performer retention

Whichever metrics your department uses to track and direct performance, they should clearly link to your overall corporate objectives, and equip customer-facing reps, sales ops, and sales management with insight that reduces the time spent on non-selling activities and increases the focus on customer and prospect interaction. The facts needs to be presented in an easy to understand and digestible format – such as in a data dashboard that contains all key metrics on a single screen.

Design Matters

A well-designed dashboard acts as a visual portal where business users can see and quickly comprehend critical information compiled from across the organization. By displaying KPI metrics tied to key business objectives on a single screen, employees across the organization are empowered to make informed, proactive decisions.

What does a high impact dashboard look like?

› It tells the story immediately – through easy to understand visuals
› It's highly selective – closely matching your business challenges and objectives
› It's current – meaning as near real-time as possible
› It's connected to other business data, making it widely useful
› It's about tomorrow, not yesterday – so you can anticipate rather than react
› It's about context – present the right data to make the right decisions
› It's flexible – addressing the needs of different audiences
› It's interactive – supporting drill downs, pop-ups and hovers for deeper understanding
› It's accessible – users know where to find it anywhere, anytime
› It matters – to executives, managers and employees across the organization
› **It answers critical business questions and supports the achievement of core business objectives**

Dundas Dashboards® are designed to meet your specific business needs and requirements. In a single view, dashboards will present your most important and relevant data – all at a single glance. So you can make the right decisions based on the right information.

Conclusion

Data analytics are critical to improve business processes within organizations. Creating a data-driven culture is no simple task.

Dashboards are a useful tool for performing analytics. Data visualization helps to harness data analytics by integrating and organizing all of the relevant data, from various sources, together, in an easy to understand way.

Dashboards provide visibility into how your organization is doing against core business objectives. With a full view and insight into the data, your organization is powered to make decisions that are key to success.

There are four key factors involved in bringing insight to your organization:

1. Defining business objectives that are easy to explain, measurable and time based
2. Getting stakeholder alignment on business challenges and related objectives
3. Planning for success by identifying what meaningful metrics you need to track to measure progress against
4. Putting insight to work by determining how to measure

By using these four key factors, you can create and design the dashboard of "choice" instead of being locked into the technology "box".

Many visualization "solutions" suffer from low user-adoption rates because they're not aligned with specific business needs, or fail to address specific challenges. To increase usability and adoption, the best Dashboards must be designed and customized to meet your specific business needs, supporting the most effective information flow for data analysis, and using visualization best practices to enable users to create the right solution enabling quicker and more accurate decision making.

About Dundas

Dundas Data Visualization® is a world leader in Business Intelligence and Data Visualization solutions. Dundas offers a flexible, customizable Dashboard for enhanced data insight and performance reporting, fully supported by a consultative and best practice solutions approach. For over 20 years, Dundas has been helping organizations to make better decisions and improve operational excellence.

Dundas is well prepared to guide clients through the process of defining KPIs, and applying visualization best practice in the design and implementation of effective dashboards. We invite you to get a live demo tailored to your specific business needs or take us for a 45-day test drive today.

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