

# Increasing your Business IQ

*through reporting and analytics*

Today- Many organizations find themselves at a key intersection



Some:  
Just completing the long journey as a survivor  
Some:  
Seeking Opportunity  
All:  
Sobered by the economic environment and the need to  
place smart bets

# How many people in your business really understand the Business of your Business?

- 
- Wisdom
  - Insight
  - Knowledge
  - Information
  - Data
  - No Data
  - No Clue

- Understand the underlying economic engine of the business?
- Understand how the pieces really fit together?
- Understand your competitive position- and what it will take to improve it?
- What makes you successful?
- What creates value?
- What moves do you need to make to
  - Be more successful?
  - Create more value?
  - Defend your position?

# Increasing your organization's business IQ is like a diamond...

Many facets!



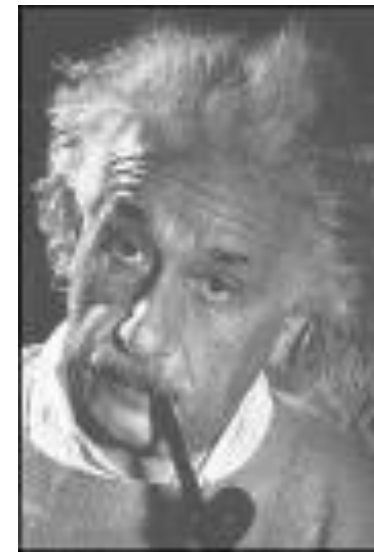
worth it!

And.... But...  
it is really  
Hard!

While there are many elixirs-objective assessment and thoughtful action is key



*“Man will occasionally stumble over the truth, but most of the time he will pick himself up and continue on”*

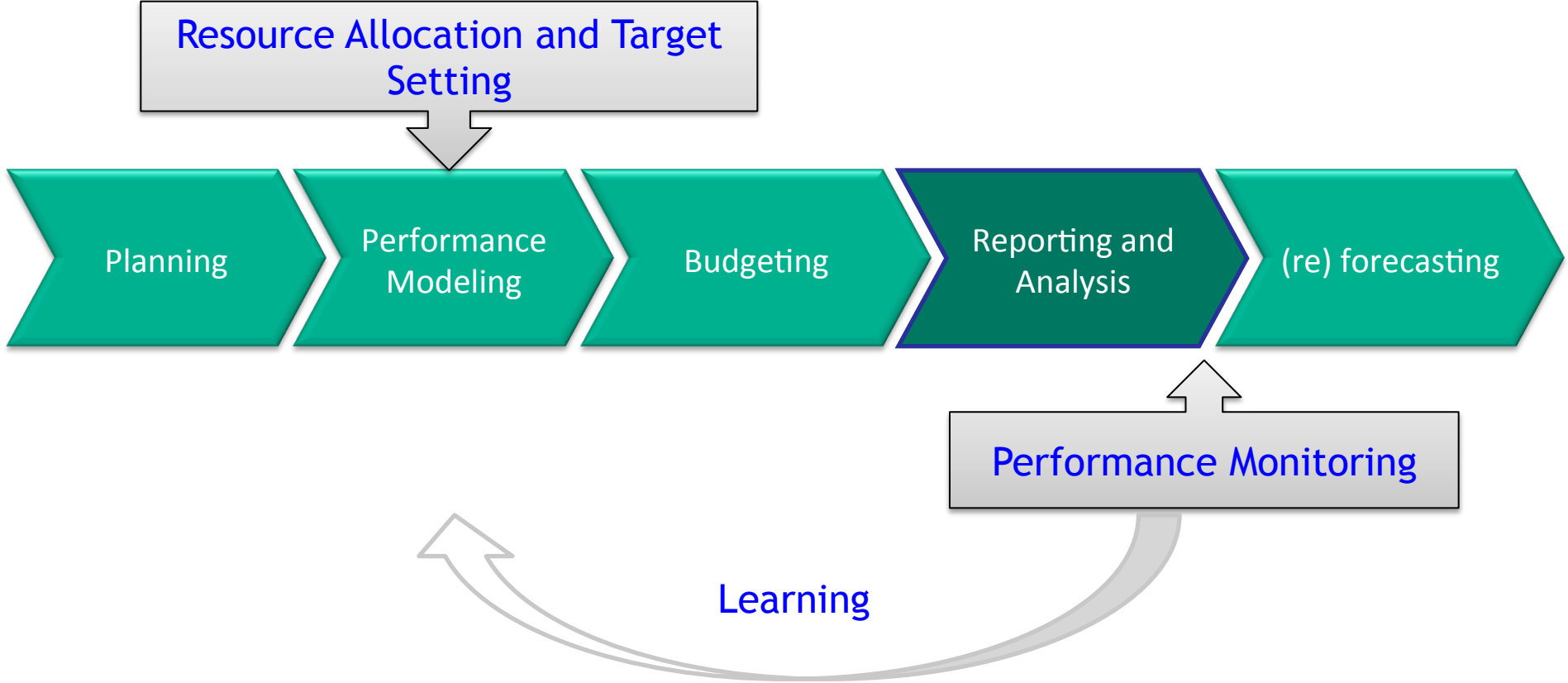


*“Everything should be made as simple as possible, but not simpler”*

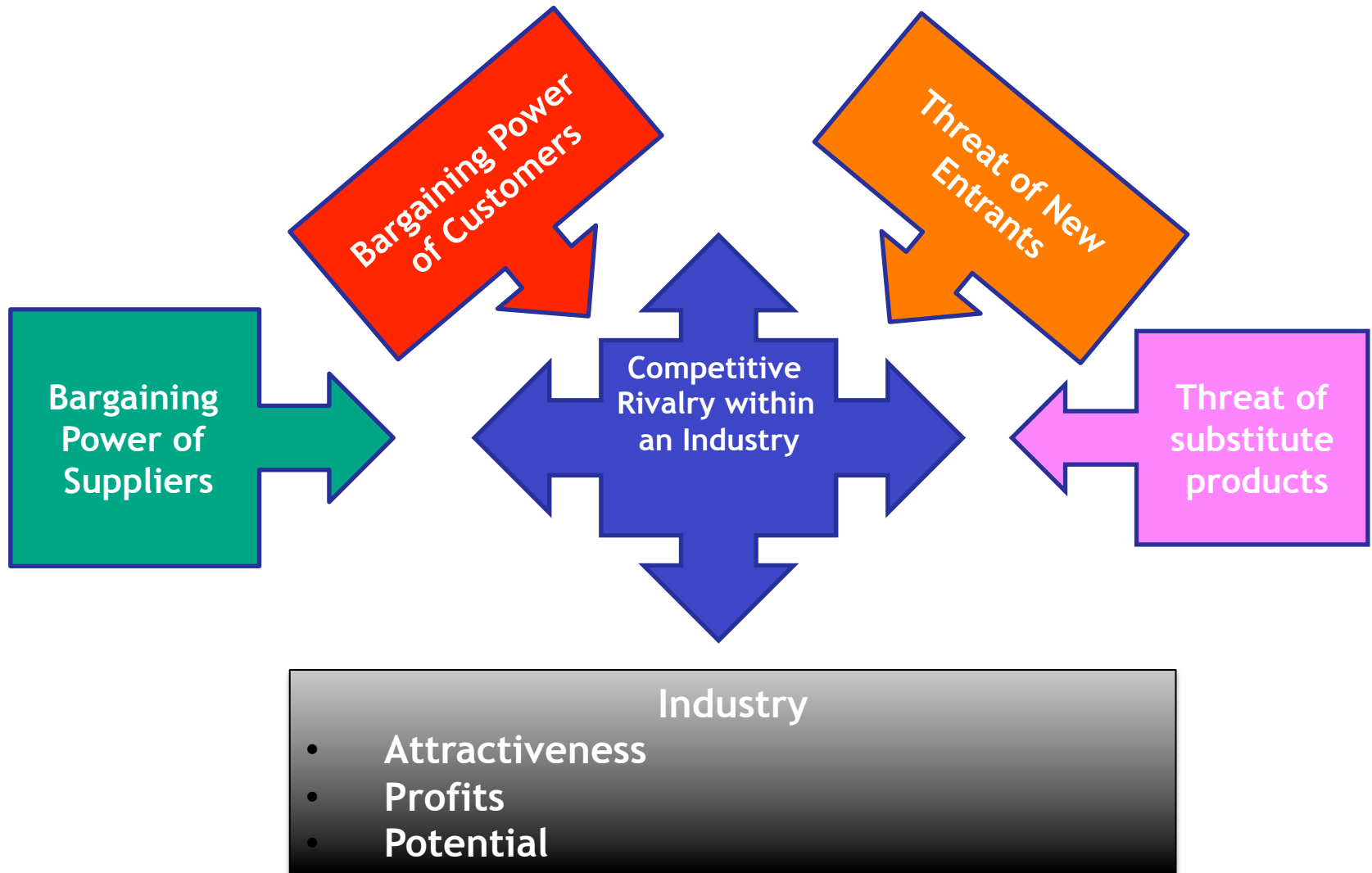
AND

*“We cannot solve our problems with the same thinking we used when we created them”*

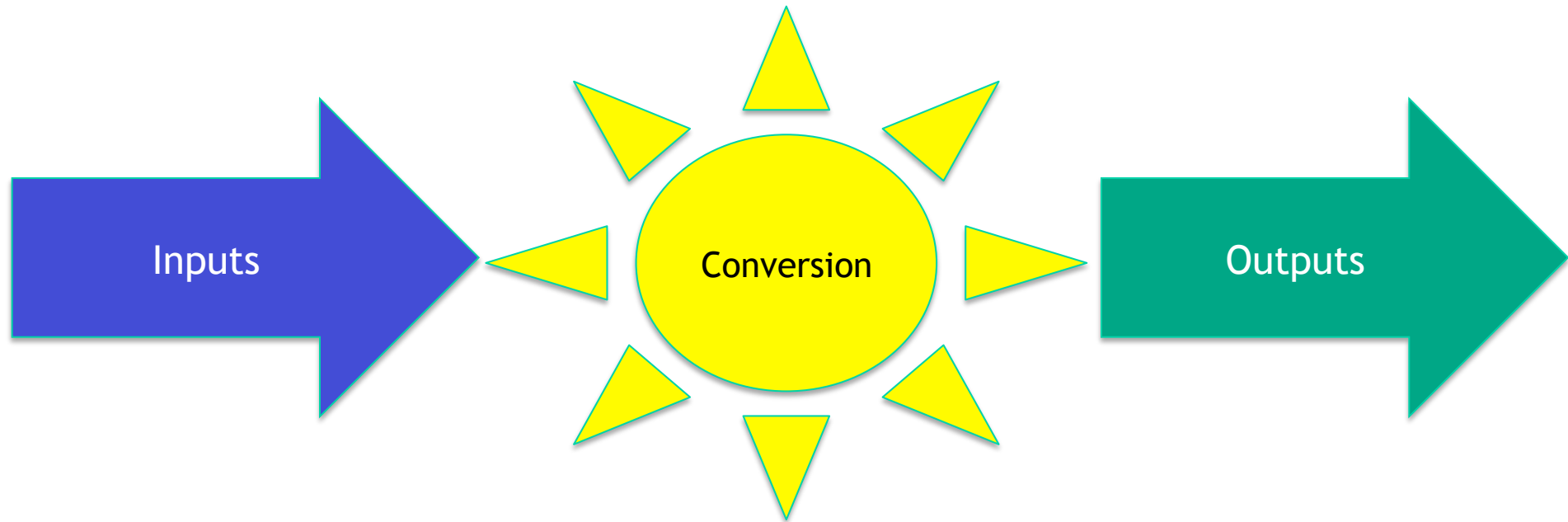
# Some place it in a context of financial planning and control



# Some put it in a strategic context



Others put it in an operational context





Simultaneously work in  
Strategic  
Financial  
Operational  
Contexts

For Business Information to be valued and valuable



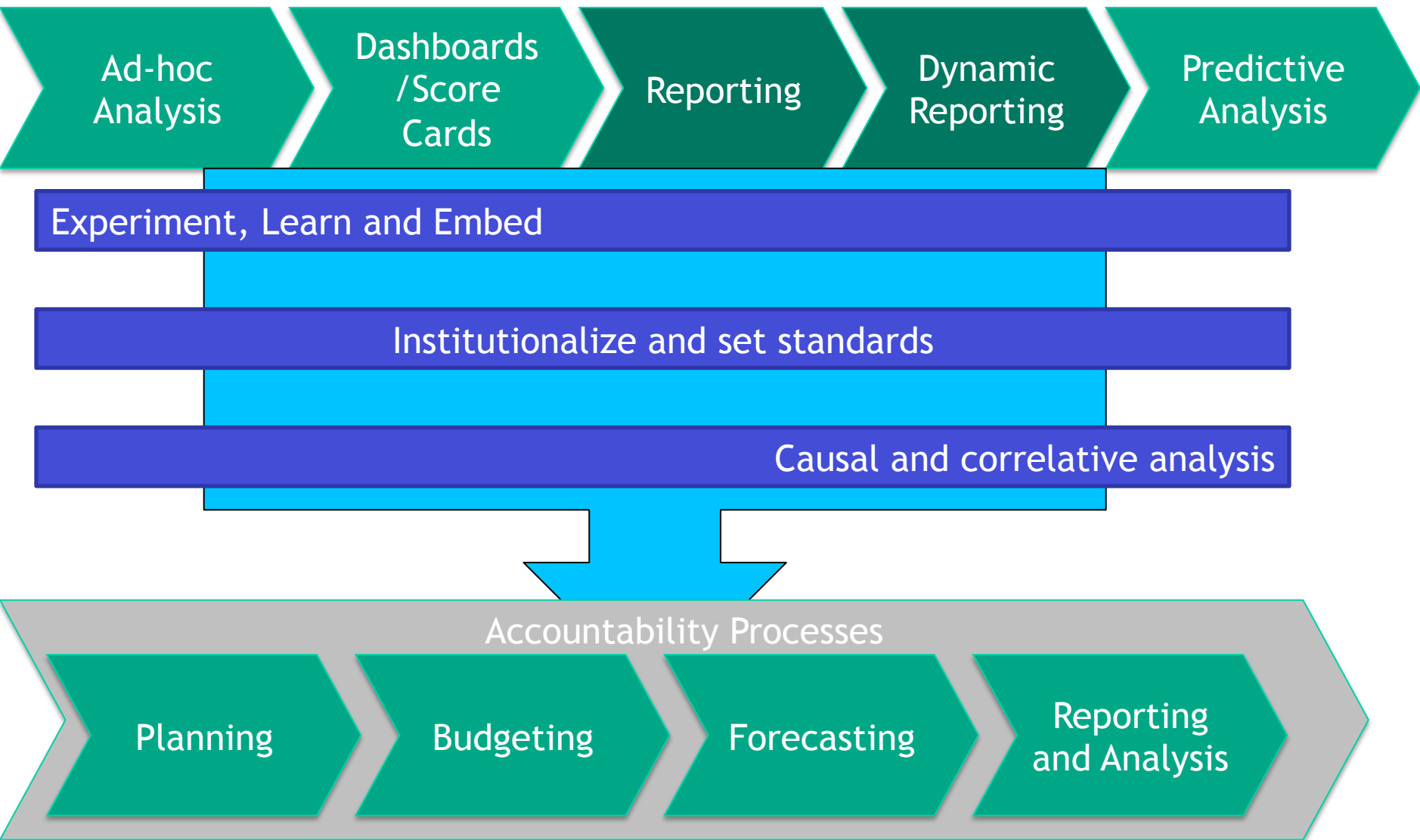
Relevant

Reliable

Readily

Available

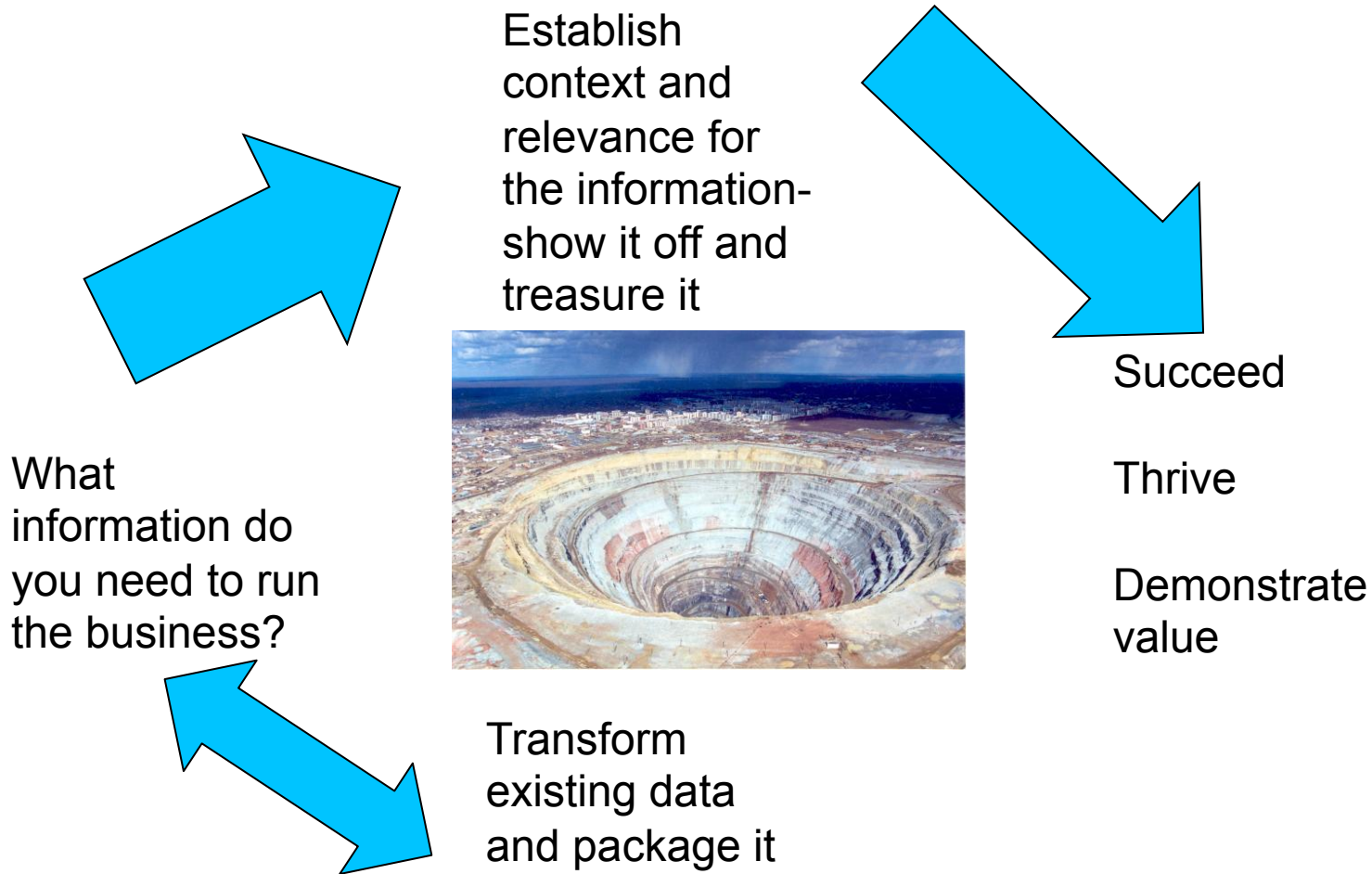
# Business Intelligence Lifecycle



What many don't fully appreciate is that they are sitting atop a diamond mine!



# You just need a plan and some tools to make it work



# Good news, bad news, old news

There are plenty  
of tools available  
on the market  
place

Accessible to  
everyone- and  
most are  
experimenting  
and dabbling

It ain't the tool-  
it's the mechanic  
and what he/she  
creates with the  
tool!

## Some case examples.....

Major US Newspaper

Leading Professional services firm

Wholesale distributor

Community mental health provider



# Major Newspaper

## The Challenge

- Declining readership
- Noisy markets
- Advertising theory bending toward narrow casting
- Pricing pressure brought by new media and others competing from different angles
- Waning customer loyalty
- Obituary written and published in advance of the demise

## •Linked and analyzed key data

- Operational
  - Volumes
  - Work drivers
- Financial
  - Profitability
    - Customers
    - Products
- Strategic
  - Customer satisfaction
  - Customer requirements
- Shared realities and insights with workers and solicited their input and commitment
- Reorganized and retrained workforce
- Immediate increase in sales

**Run rate of sales improvement  
greater than 20%**



# Leading Professional services firm

## The Challenge

- Foresaw commoditization in most all product/service areas
  - Hidebound traditionalists
  - Laurels were favorite tree/bush
  - Differing rates of growth and profits in locations and service areas
  - Irrational competitive environment
  - Clients held power and it was increasing
  - Needed to innovate and invest
  - Had to change mindsets in order to get the process moving
- Created “best of peer report”
  - Poked at conventional wisdom
    - Increased growth exonerated management from delivering profits
    - More tried and true was better
    - Fear of diversification
  - Demonstrated
    - Most diverse and large practices most profitable
    - Growth through diversification ( with right products) super charged profits
  - Opened eyes to new possibilities
  - Became part of the leadership scorecard
  - **Most profitable in industry**

# Community Mental Health provider

## The Challenge

- Reduced funding levels
  - Business model shift from programmatic funding to fee for service
  - Traditional social worker mindset
  - Cash outflows exceed inflows
    - But good “plate spinners”
  - Reduced profits limited IT investment and capabilities over the years
  - Primary system: “copyright 1980”
  - Reduced collections and realization of receivables
  - Needed to prove viability to secure ongoing funding
- Mined Billing data
  - Created Operational information
  - Who billed what, when and where?
  - Most productive service providers... Least....
  - Market and patient information
- Weekly flash reports for key management reporting to focus on revenue generation and profitability
  - **Productivity and Billing have increased 15-20% since the start of the effort**

# Wholesale Distributor

## The Challenge

- Recently spun off from large manufacturing company
- Had run under the radar
- Now owned by Private equity
  - Grow
  - Increase Cash flow
- Wide performance fluctuations
  - Profits
  - Asset turnover
- Lack of real knowledge about what drives success and value- coupled with steadfast and long held beliefs about the status quo
- Long held belief that customer is king
  - All customers are good
  - Provide all services to all customers everywhere

## •Established key factors

- Product segmentation and Profitability analysis
- Customer segmentation and Profitability analysis
- Inventory turns
- Branch Profitability
- Branch segments

## •Boiled it down to create

1

		CUSTOMERS		
		A	B	C
P R O D U C T S	A			
	B			
	C			

Left hand column of the WSJ... 16 months later...

- 'A' Customers most profitable
- 'A' Customers Bought A parts
- 'A' Parts had highest margins and turnover
- 'B&C' Customers....
- 'A' Branches....
- Converted/Fired 'B&C' Customers
- Rationalized Branches

Thank  
You!