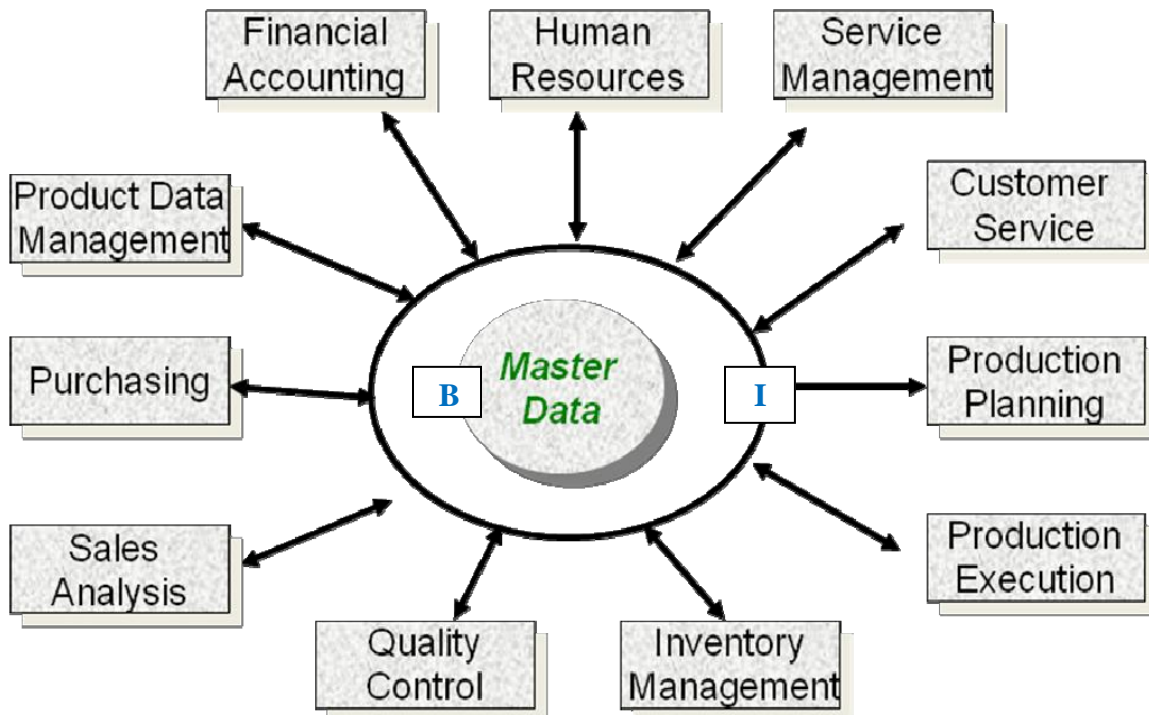# Making Data a Competitive Advantage in Your Business

Chief Financial Officers have been under increased pressure since Sarbanes-Oxley to report on all aspects of business to enable the CEO, and themselves, to attest to the accuracy of the status of the business. All parties look to the CFO for his or her insights into company performance, comparative analysis and guidance, typically with a focus on Economic Value Add (EVA) or Return on Investment (ROI) along with other key financial measures.

A recent CFO Research study of 200 senior executives showed that most of them do not believe they have the necessary information, or data, for business decision making, especially external information:

- Only 53% say they have access to timely and accurate internal information on business activities and likewise feel they are unable to adapt their business systems to respond to changes within their organizations
- Respondents in finance were less confident than IT execs regarding access to high-quality information
- Only 39% agree that their companies IT systems give management the information needed to make well-informed decisions
- By contrast, 57% of execs say that finance and business managers are not able to take full advantage of their IT systems

While improving training and system functionality will improve information quality, clearly best practices have proven that management processes and information must be aligned with business objectives/strategies/tactics.

As seen in the diagram below, good quality data is the essential core. ERP systems are the engine for transaction processing. ROI is obtained from ERP systems through two results: Streamlining business processes and providing senior management with more accurate and timelier decision-making data, typically in the form of Key Performance Indicators (KPI's). In the latter case, this is done best through business intelligence dashboards and scorecards accessed through personalized portals. Accurate data presented in a concise, meaningful fashion can be a competitive advantage to your CxO"s, your operations managers, and indeed your entire team.

Business Intelligence (BI) is the subjective measure of an organization's capability to optimize decisions. Top performing companies use BI tools to get accurate, timely, cross-functional data assimilated in a meaningful environment that enables rapid analysis and decision making.   This is accomplished with discipline and design in the organization's use of data. First you need to begin with 'clean data' that forms good content for BI.

We often use a phrase 'what is the truth'?   One of the most common corporate conundrums is corrupt or unreliable data.   All too often corporate data suffers from inaccurate and redundant data, commonly called "multiple sources of the truth".   This causes management to question the validity of KPI"s and management reports.   First, the company must address the underlying cause for bad data.

This requires independent analysis of:
- Data entry processes
- Data entry standards and naming conventions
- ERP system data validation techniques
- Redundant data across multiple systems
- Duplicate data, (e.g. same customer with multiple names) Preventive, detective and corrective controls

Effective data cleansing requires attention to key data elements such as:
- Customers, shipping locations, invoice terms, pricing tables
- Products, descriptions, pricing tables
- Sales and Commission calculations, sales categories Vendors, payment terms, pricing and markup tables Employees payroll, human resources and benefits

The Often Overlooked Change Management Factor

Forever, we have heard company executives and staff say: 'but we have always done it this way'. That is at the crosshairs the problem. We have also seen numerous mergers and acquisitions fail to meet the deal-makers projections because they assumed economies of scale would occur without having a real plan to address corporate cultures and change management. Employees can 'tank' any corporate initiative, especially if they feel threatened by it. New, or simply different, KPIs to measure success are often resisted by employees. Hence, employees must be convinced of the benefits to them as well as the corporation. Furthermore, the company needs to create bonuses/incentives to create change and foster the desired corporate culture.

With regard to change leadership considerations, we have learned: -- Most companies wish they had recognized this need earlier in their project and structured accordingly.

Business Intelligence-- KPI's, Reporting and Dashboards

Another recent independent study showed the following top departments driving the need for business intelligence:
1. Customer Service/Operations
2. Finance - Expense Management
3. Sales
4. Finance – Billing
5. Transportation/Shipping

From the CxO"s perspective, the ultimate end-game for ROI from IT systems culminates in BI „dashboards". BI dashboards accomplish this by generating a clear visual interpretation of key business KPI"s and facilitate better decision-making. Below is a sample dashboard. These are not typically implemented with an ERP, but are typically part of the evolution of the entire process described in this whitepaper.