

ARE YOU SUFFERING FROM A DATA PROBLEM?

DO YOU NEED A DATA MANAGEMENT STRATEGY?

How much do you know about your customer?

Can your enterprise applications give you:

- ✓ Pipeline (opportunities)
- ✓ Open orders (bookings)
- ✓ Sales (revenue) and sales history
- ✓ Sales by product/line
- ✓ Sales margins
- ✓ Customer specifications or compliance requirements
- ✓ Aged accounts receivable
- ✓ Credit history
- ✓ Average days to pay
- ✓ Support issues, complaints, resolution
- ✓ Contacts
- ✓ Correspondence (internal and external)
- ✓ Lost opportunities
- ✓ % of forecast that become sales

Can you easily get your hands on:

- ✓ Customer sentiment towards you
- ✓ Stock price (public)
- ✓ Growth versus market
- ✓ Alerts of news as it happens

*Most businesses today suffer from a data problem. Yet many don't even know it. How do you know if you have a data problem? You may be struggling with growing volumes of data or have difficulty in accessing the data you have. Perhaps you have plenty of data, but it is scattered all over the place. You may have multiple versions of the same data. How do you know which version is the truth? And even with all this data, you might never seem to have the **right** data. Unless you can say with 100% confidence that you have all you need, that it is readily accessible and that you can trust your data implicitly, chances are you have a data problem and what you really need is a data management strategy.*

TOO MUCH YET NOT ENOUGH?

If you are like most business people today, you feel like you are drowning in data. Yet you still struggle to keep up with everything that is going on within your own company and worldwide. It's not necessarily because there is more to know but more and more is becoming relevant to your decisions. The world has been shrinking for decades now and the pace of business and the pace of change are accelerating at such a rate that not knowing has far greater consequences than ever before. How do you filter out the noise and get to the data you *really* need?

Take a look at the list of customer data elements in the left margin. This is data you could potentially use for decision-making. Which of the following statements are you most likely to make after perusing the list?

WE CAPTURE ONLY A FRACTION OF THAT

You either have a problem in collecting data, storing it, or are simply overwhelmed with the volume of data and wind up not even knowing what you have. Enterprise Resource Planning (ERP) and Customer Relationship Management (CRM) are the two enterprise applications likely to be the primary source of structured customer account data. Yet even if you have both implemented, it is likely there will be something on the list that is missing.

I KNOW IT'S SOMEWHERE, BUT WHERE?

If you "know" it's there but don't know how to access it, are you really sure it exists and can be trusted? If you know for sure that you have the data, but you don't have direct access, ask yourself: Why not? Perhaps access to the data is

**Most common
sources of customer
data**

- ✓ ERP (how many?)
- ✓ CRM
- ✓ Other applications
- ✓ Spreadsheets
- ✓ People
- ✓ eMail trails
- ✓ File cabinets
- ✓ Internet (Google alerts, stock watch, data feeds, etc.)

limited by a “need to know” basis and you don’t need to know. Or is it because the process of getting the data is not exactly intuitive and user friendly? You don’t have the time or patience to go searching, so you rely on a super user, a subordinate or a surrogate to find answers. Or maybe it is the Information Technology (IT) group that doesn’t want to relinquish the keys to the kingdom. Knowledge is power and access to data controls that power.

ALL THE DATA IS THERE, BUT IT WOULD PROBABLY TAKE AT LEAST A COUPLE OF DAYS TO GATHER

If this is the case, you are either dealing with a huge volume issue or your data isn’t well organized. Perhaps you need to retrieve data from different divisions. Does it span multiple ERP and/or CRM solutions? And of course some of the data, like stock price, growth figures and news alerts, don’t reside in an application at all. It is unstructured data and if it only comes to light by searching the Internet, then it is probably not captured and retained for analysis. If you are relying on email trails for piecing together a conversation, good luck. Let’s hope someone didn’t hit the delete button. Chances are you have no strategy in place for collecting unstructured data.

Of course if it takes too long to gather the data, you also run the risk that by the time you get to analyze the results, it has changed. If this is the case, you need to ask yourself whether it’s because you’re too slow, or because things are really changing that fast. Chances are it’s a little (or a lot) of both.

YES WE HAVE ALL THAT; IN FACT WE HAVE MULTIPLE VERSIONS

If you have multiple copies or multiple versions of the “same” data, how do you know which is the truth? Having multiple applications often causes this. Few companies today, even small companies, operate from a single location. Mint Jutras research shows that the average small company (those with annual revenues under \$25 million) has an average of 2.5 operating locations supported by ERP. Why is this important? As the number of operating locations grows, the likelihood of multiple ERP solutions or multiple instances of the same ERP grows as well.

Of course not every small company has an ERP solution, but that is even more cause for concern. How and where is the system of record of business transacted with this customer stored? Many small companies invest in CRM even before they commit resources to ERP. This helps them manage the pipeline and the sales force, but CRM does not store orders, invoices and accounts receivable, unless it is modified to do something it was not intended for. CRM may be useful in terms of establishing a system of engagement, but ERP provides the transactional system of record and one does not replace the other.

Of course sometimes extracting data from the application(s) also causes multiple versions. Data that is extracted starts to take on a life of its own, and loses the built-in validation and controls imposed by the applications themselves. As it takes on a life of its own you also lose your audit trail and introduce a data integrity problem.

LET ME CALL MY IT GUY

If this is your response then IT is a buffer between you and your data. If your level of access to the data is directly proportional to how much the IT guy likes you, you have several choices: make friends with him (or her), get a new IT guy, or get a new data management strategy.

THE “OTHER” DATA

You may be tempted to think the data stored in enterprise applications such as ERP, CRM and other applications should be all the data you need for effective decisions. After all, that is where the data about the engagement with customers and the transactions, which **are** your business, is stored. So far we have used customer data as an example. But there’s more to manage than just customers and customer orders. There are employees, suppliers, cash and for some, physical product and manufacturing and/or distribution. Of course applications exist to manage each of these business elements.

Yet if you consider all the different possible sources of data you are bombarded with in any single day, you realize there is just as much unstructured data as there is structured. And that unstructured data isn’t packaged neatly into the data structures of an enterprise application. Think about news feeds and Internet searches. Think about social media: Twitter and LinkedIn, and for those in consumer-facing industries, Facebook and Pinterest. You can “see” all this other data, but can you use it effectively?

Who do you call when you need answers? Is data just in the head of a sales or service rep, a development manager, a shop foreman, a machinist or an engineer? There is data buried in in-person and telephone conversations, emails and instant messages. Can you capture that data, analyze it and use it?

Think about the filing cabinets of contracts, invoices, checks and bank statements, drawings and customer specifications. Where you also have electronic versions, what if they don’t match? Which is the real version of the truth?

Adding in all this unstructured “stuff” adds incredible value, but also incredible complexity. Does your data management strategy encompass this?

Which enterprise applications do you have?

- ✓ ERP
- ✓ CRM
- ✓ Contact center Mgt
- ✓ Field Service
- ✓ Supplier Relationship Mgt
- ✓ Supply Chain Planning
- ✓ Warehouse Mgt
- ✓ Transportation Mgt
- ✓ Product Lifecycle Mgt
- ✓ Manufacturing Execution System
- ✓ Enterprise Asset Mgt
- ✓ Enterprise Manufacturing Intelligence
- ✓ Quality Mgt
- ✓ Human Capital Mgt
- ✓ Document Mgt
- ✓ Project/Portfolio Mgt
- ✓ Business Intelligence
- ✓ Financial Planning and Budgeting
- ✓ Corporate Performance Mgt
- ✓ Sustainability apps
- ✓ Governance, Risk and Compliance

ABOUT THOSE ENTERPRISE APPLICATIONS...

Despite this proliferation of data and data sources that spans far beyond the realm of enterprise applications, a cohesive data management strategy needs to start with those applications you have implemented today. We've mentioned ERP and CRM, but there are many more that are in play at businesses today. Ask yourself how many different enterprise applications you have running now. But don't be surprised if you don't know the answer. It is not as simple a question as it may seem.

A list of possible applications is shown in the left margin, but if you are not directly involved in these functional areas you may not be aware of how those departmental needs are met. Are those departments simply using modules of an integrated ERP suite or do they run separate applications? Where you have any one of these applications, do you have just one or do you have multiple? For any of these that serve functions that sit outside corporate headquarters, have you standardized on a single set of applications or allowed individual divisions or locations to select their own? Even if they are all running the same solutions, are they running their own instance or is everyone running off a single implementation?

All these factors need to be considered in assessing your data management strategy and how well it is being executed. While all these questions are relevant and important, there are some underlying questions and implications that might be even more telling and more important.

- How many different customer master files do you have for sales, order management and shipping, billing and accounts receivable, marketing?
- How many product masters for sales, engineering, inventory, production, warehouse management?
- How many supplier masters for purchasing, supplier relationship management, spend management, accounts payable?
- How many employee master files for benefits, competencies, training, payroll, performance reviews, work force scheduling, shop floor control?
- How many charts of accounts do you have throughout corporate headquarters, subsidiaries, divisions, business units?

But more importantly, if you have multiple of these master files, consider the following questions:

- Do you know if two divisions have the same customer?
- Is item ABC always called item ABC? If not, do you know when item 123 is the same as ABC? Are you getting the volume discounts you've

earned? When one division experiences a stock out of ABC, does it know it can source it from a sister division?

- Do you know when two divisions do business with the same supplier? Do you have all the negotiating power you should?
- Do all employees only have one unique identifier whether they are recording hours worked, requesting paid time off, enrolling in benefits programs or participating in performance reviews?
- And finally, can you get a consolidated view of your business?

If you can't give a satisfactory answer to each of the questions above, then you need to either develop, broaden or more carefully execute your data management strategy. Master data management is more than just a technology. It is a strategic approach to not only manage all the data you need to effectively record business transactions, but also to make effective strategic decisions about your business. It requires careful planning and the supporting technology to execute that plan.

WHAT ABOUT SPREADSHEETS?

In spite of advances in technology, at some point every businessperson today seems to gravitate to a spreadsheet. Nobody graduates from business school today, even with an undergraduate degree, without having achieved a certain level of comfort with spreadsheets. They have become the universal management tool. If used simply as a method of communication, spreadsheets can play a role in a data management strategy. That is if data is exported from enterprise applications and data integrity is preserved. But that's a big "if."

If you are exporting data from enterprise applications and allowing it to take on a life of its own, you need to rethink this approach. Is it because individuals that need to see this data do not have access directly to it through the enterprise applications? If so, is that because the application is too hard to use or because budgetary constraints prevented you from acquiring a sufficient number of users or caused you to skimp on the training required?

Or do they have access but refuse to use it? That's a different problem, which may or may not be resolved with training. If you are still running antiquated software, just be aware that navigation and ease of use has come a very long way in the last few years. If you believe passing the data around in the container of a spreadsheet is the best approach, perhaps it is time to get educated on what is available today. That is most definitely the case if you are still manually entering data in spreadsheets.

DATA QUALITY AND TRUST

If you are still relying heavily on spreadsheets for communication and decision-making you simply can't have a high level of trust in the quality of the data, unless you export directly from applications and allow no data manipulation or editing. Anyone that knows spreadsheets knows just how easy it is to make a simple mistake with devastating consequences. Everyone has experienced that sinking feeling in the pit of your stomach when you realize you have placed a decimal point in the wrong position, grabbed the wrong cell or group of cells, made a mistake in a formula or made any other innocent mistake.

Lack of trust in the data results in lack of confidence in the decisions you make both on a daily basis as well as those more strategic decisions. If you don't trust the data in making simple decisions, will you ever be able to answer the tough questions? Tough questions like:

- What are my "top 20" customers worldwide?
- How much of my business can I count on from these "top 20"?
- What is my historical forecast accuracy by region?
- Which products have the best net margin?
- What is my GAAP revenue or non-IFRS operating margin projected for quarter end?

These are tough because they are not questions that can be answered by looking at a simple list – like total revenue, total bookings, inventory, orders, etc. These are all composite type of metrics, combining different data elements. This type of metric might vary in definition and also start to involve some of that "other" data that doesn't even reside in your enterprise applications.

So ask yourself: How much do you trust your data today? If you can honestly reply that you trust it implicitly, that data is updated in (near) real time and always accurate, then read no further. You have a solid data management strategy and have executed it well.

COMBINE TECHNOLOGY AND STRATEGY TO SOLVE REAL PROBLEMS

But chances are few will exude that level of confidence. Too often the response will be, "It's close enough (I hope)" or "I don't [trust it]" or "I know it isn't accurate, but it is the best I have." So instead of making good data-driven decisions, you make decisions based on a combination of data and gut feel.

Achieving the goal of having all the data you need, where you can readily and easily access it and can trust it implicitly takes careful planning. But it also takes technology. If you don't understand all the underlying technology needed to make this happen, seek assistance. In fact, if you have a data problem today, it is probably best to seek assistance in developing a data management strategy. If you don't understand the technology then it is likely that you don't understand what is possible today.

You might seek help from an independent consultant, a systems integrator or from the technology vendors with which you will need to engage in order to effectively define and execute your data management strategy. The technology vendors that will be of most assistance will be those that can see beyond the technology, those who understand business and business needs. Look for a technology vendor that does more than just try to sell you software. Look for a "solution" provider in the truest sense of the word – one that can help you formulate a data management strategy in order to solve your data problem today and into the future.

About the author: Cindy Jutras is a widely recognized expert in analyzing the impact of enterprise applications on business performance. Utilizing over 35 years of corporate experience and specific expertise in manufacturing, supply chain, customer service and business performance management, Cindy has spent the past 6 years benchmarking the performance of software solutions in the context of the business benefits of technology. In 2011 Cindy founded Mint Jutras LLC (www.mintjutras.com), specializing in analyzing and communicating the business value enterprise applications bring to the enterprise.