



Improve market-share, operational-efficiency and profitability by analyzing key areas of your business

Description

It's no secret, at Mut-Con we are crazy in love with an analytical approach to running a business. If you didn't know, please help us spread the word, we are leading a revolution.

Improving business performance by analyzing data is a proven technique over guessing. We do not discount the value of good intuition, but it's a good idea to cement that intuition with evidence. But with all that data and analytics offer, it can be a bit overwhelming to know exactly where to start. Like many exciting things in life, the specifics of getting ahead with data analytics can be tough to fish out.

An important step in using data to grow is identifying key performance areas (KPAs) and key performance indicators (KPIs). These are specific sections whose improvements could bring you closer to business goals, and the indicators of their performance. While KPAs and KPIs differ across businesses, there are some you cannot afford to ignore in your own business. To this end, we want to explore what data you should be looking at and what you should be looking for to improve business performance.

1. Financial Data

Proper financial analysis can unlock insights into your business you might not even be considering. As one of the older forms of data and analysis, it's ironic how often financial analysis gets overlooked. We are talking going beyond basic accounting and reporting, but digging deep into the numbers for insights beyond financial health.

1.1 Market-Share

Sales – in the wise words of my father, everyone is selling something. Even charities sell us the feel-good factor of contributing to a good cause. So whatever your business is, if you are not selling, failure is looming.

Sales data needs to be thoroughly analysed to make sure your business is taking advantage of every possible opportunity. Unless you run a supermarket, overly focusing on getting new clients every single minute will not work. Improving business performance requires you to first make sure your sales process is optimised.

Look at your conversion rates, instead of obsessing over new leads, how well are you utilising the ones you have? Analyse your margins and how they stack up against your competition, and make sure your products are well-priced. Look at which products are performing well and do something about your strugglers.

1.2 Operational Efficiency

Cash Flows (Debtor Days) – cash flow is a function of two variables, inflows and outflows. For most businesses, the majority of inflows would be and should be from sales. The biggest challenge, particularly for small businesses is credit sales, particularly debtors who pay late.

Because of this, it's important to analyse the number of days debtors take to pay you. Using an accounting system like Wave, this is readily calculated for you. If you keep financial records in a spreadsheet, you will need to calculate this [ratio](#) (Debtor Days Ratio). Before looking elsewhere for cash flow solutions, make sure this ratio is optimal.

Cash Flows (Creditor Days) – conversely, you want to stretch the time you take to pay creditors. As creditor payments represent outflows, this would greatly improve cash flows. For each period, make an analysis of your creditor days. If they are below the time given before fees are levied or supplier relations are ruined, you are missing an opportunity.

It's important, however, to note that extending creditor days should be used sparingly. It's a strategy valuable only when there's a better alternative application of funds. Holding on to funds unnecessarily may lead to poor financial management.

1.3 Profitability

Expenses – a lot of businesses drown under their expenses, particularly fixed overhead. These are paid regardless of the level of activity or income, hence tend to put a strain on business finances. For each period, do a proper analysis of your ratio of fixed overheads to revenue, if it's high, failure is looming. You need to put a lot of effort into keeping fixed overheads as low, lower than the variable overhead.

In a nutshell, make sure overheads are justified by the revenue they generate. Using the principles of a lean startup can help you in this regard. Additionally, it's important to evaluate alternative ways of meeting your business funding needs before borrowing. As a fixed overhead, interest is particularly troublesome because it varies with inflation and other economic factors.

2. Employee Data

Employees see your business from the ground. While your bird's eye view comes in handy in some instances, it can't replace first-hand experience. It's important to have mechanisms to gather data on employees and act on it. Not only should you analyse the data, but it's also important to give it context, straight from the source, the employees themselves.

2.1 Market-Share

Market Opportunity – when I started Mut-Con, I started with one product, Business Planning. It was something I did as a side gig, and after enough clients, I decided to go pro. Hence Mut-Con.

Additional products that Mut-Con offers was as a result of clients asking for it. Those that I could do myself I started offering, those that I couldn't, I established strategic partnerships. Soon I'll internalise these products, but in the meantime the commission is good.

Everything else was from thoroughly analysing what clients bring up as their pain points. One client's fear of losing all his print shop equipment in a tough neighbourhood led us to partner with an insurance broker. The commission has been incredible, our clients are taken great care of, and our brand gets credit.

It's important that your employees and your company as a whole build a framework to analyse client needs. Treat every interaction as an opportunity to collect and analyse data on what your clients wish you offered. You'll soon be expanding your market at no additional cost.

2.2 Operational Efficiency

Employee Satisfaction – try as you may, you can not get a good performance out of a dissatisfied workforce. Dissatisfied employees are also less likely to show initiative, making you miss opportunities. The cost can, in fact, be in the billions.

Employee satisfaction surveys shouldn't be a nice to have, they should be a pillar of your strategy. A thorough analysis should be done of the issues raised and effort needs to be put to rectify them ASAP. A bonus is you will find bottlenecks in your business.

Analysing employee satisfaction data leads to improving business performance not only by improving employee productivity but by also getting insights into how to improve systems and process efficiencies from the people who use them. Dealing with what hinders your employees from doing their jobs will improve business performance across the board.

Internal Queries – inter-departmental data needs to be analysed consistently. Improving business performance entails streamlining workflows to make sure of the best efficiencies. Analysing the questions, suggestions or comments made internally could be a good start for this.

Particularly if you have digital communication channels like slack, this analysis will leave your business a well-oiled machine. Long story short, if your bookkeeper is always complaining to IT their laptop is down, they could do a whole lot more bookkeeping if you got them a new one.

2.3 Profitability

Employee Retention – there's a great cost involved in getting an employee to optimal productivity. There's the cost of training, the inefficiency while they learn the ropes among a lot of other things. As a result, a high employee turnover could be doing serious damage to your business.

As a result, it's important to constantly analyze employee retention data to ensure that you are holding on to the employees you have painstakingly invested in. Employee turnover can cost you between [100% – 300%](#) of the employee you replaced.

3. Customer Data

Many businesses like to think of themselves as being customer-centric, but in practice, very few are. A lot of data collection occurs, but little is done with it to improve the customer experience. It may be time to avoid confirmation bias; stop ignoring the data that goes against what you want happening on the ground. Extend your analysis of customer data to just beyond marketing efforts, but dig into insights on improving the overall business.

3.1 Market-Share

Customer Churn – gaining customers isn't easy, it's time-consuming, and likely costs a lot of money. It's therefore important to hold on to clients once you have them.

Losing clients costs brands a lot of revenue. Analysing your customer retention data is the first step to meeting your market share goals.

As a brand, itâ€™ll be tough, almost impossible to meet market share targets while you are consistently losing clients. For these goals to be met, it starts with holding on to clients you already have.

3.2 Operational Efficiency

Query Resolution â€” the best gift a customer can give you is an opportunity to fix something that went wrong instead of switching allegiances. Todayâ€™s business landscape is defined by choice, and your clients can get just the same, if not better service elsewhere.

The last thing you want to do is squander this rare second chance once itâ€™s given. Across all platforms that client queries are resolved, data needs to be collected on how fast and how well queries are resolved. Ultimately, improving business performance will require you to resolve queries across the customer experience.

Every query should be a learning experience, and clients should not raise the same concerns or challenges twice. The insights from customer query data should help improve query resolution speeds while reducing the number of queries entirely.

4. Online Data

Thereâ€™s little doubt that the big data movement was spurred on by the internet and online interactions.

Not only is online data easier to collect, but itâ€™s also easier to analyse due to just how much more complete it is. Online, a lot more interactions are recorded painting a clearer picture.

Additionally, your competitionâ€™s data is easily accessible, something all but impossible when it comes to offline data.

4.1 Market-Share

Social Share â€” the easier marketing becomes, the harder it becomes for marketers to get consumers to care about their message. Modern customers receive so many marketing messages, they skim through the most, with an [attention span of 8 seconds](#).

Brands that need clients to take notice need to stand out, broadcast a message that resonates. It can, however, be tough to know which of your many messages are striking a chord. This is where you need to analyse your social share data.

Thanks to social media, you can tell which messages resonated with your audience because they will like, share and comment on them. This will give you insights to the tone that works best for your target market.

Over time, adapt your tone to what works, and maybe you can wade through the noise and make sure your brand actually gets heard.

Geography – personalisation is very important for every business. In the days of physical stores, it used to be easier to capture the culture of your clients. You’d be there among them, your staff would be from there and understand it very well.

As the internet increased the reach of any business and opened up more sales and communication channels, this became tougher. Thankfully though, there’s now an abundance of data businesses can collect on the locations of their clients.

This data should be analysed and the insights used to enrich the customer experience with tailored services. If, for example, you realise your product is becoming a hit in Europe, you may consider equipping some with European plugs.

Or maybe you can include an adapter when shipping to European clients. This small gesture would save your customers an extra step before they can use your product. It’s always these small gestures endear a brand and build loyalty.

Not only can analysing geographic data build you a loyal following, but it can also help your business stay compliant. The laws of where you operate still apply even if you are located elsewhere. So if you run a blog, for example, and start seeing some traffic from the EU, it may be time to consider your GDPR compliance.

5. Competition Data

It’s never been easier to spy on what the neighbours are cooking than it is now. Gone are the days of rummaging through trash to figure competitors’ strategies. Same goes for their results as well. Thanks largely to the growth in online interaction, company details are now open secrets. This is a great opportunity to fine-tune market strategy based on competitor weaknesses, strengths and overall performance.

5.1 Market-Share

Reviews and Ratings – while you find a fair share of trolls that post negative reviews to drive someone up the wall, for the most part, consumers leave reviews to express genuine feedback and concerns about brands.

Analysing your competition's reviews gives you an opportunity to make your brand attractive to their clients. Positive reviews allow you to know what they are doing right, so you can adopt it and become a viable alternative.

Alternatively, analysing negative reviews gives you insights on what to implement to capture some of their market share. Analysing the customer satisfaction of your competition is particularly important if you are looking to go into a competitive market.

5.2 Profitability

Benchmarking is when doing any form of analysis, it's important to give context to the numbers. It's tough to know if any level for a particular metric is good or bad without a true north. The fact of the matter is, 20% profit can be good or bad when various other factors are considered.

That's why benchmarking is indispensable; numbers make more sense if you know what numbers the competition is pushing. While benchmarking is important for all analysis, the bottom line is a good place to start.

First, understand how much your neighbours are making in profits, then analyse the variables that influence your differences. Keep in mind, benchmarking is just for context. It doesn't mean you start fixating about what the competition is doing better than you.

It just means you have perspective when setting your own goal or analysing your own business. Always take into mind unique circumstances. Where possible, benchmark using businesses that are as similar to yours as possible.

6. Product or Service Data

Your business currently enjoys a greater availability of product data than its predecessors, and this availability grows by the day. This is true for businesses offering non-web-based products as well. Smart technologies are able to provide important product data and even service businesses can access resources that deliver important data on how to improve delivery. It's a great time to use data to give your market the products its needs reflect.

6.1 Operational Efficiency

Turn Around Times anyone who's ever ordered a pizza knows the pain of waiting for the delivery guy to get there. Whatever business you are in, unless you are the government, the power of quick turnaround times can't be denied.

Analyse your customers' purchase flow for insights into exactly how long it takes from first interaction to full service. Remember that for your clients the purchase journey does not start when they make contact. It starts when they realise a need and consider going with your brand.

So, factors such as getting the number of the pizza shop to place my order are part of the turnaround time. Surveys are a good way to know the steps your clients go through to the point of purchase, and the insights you get from them can help optimize the process.

This is an area where improving business performance even in the slightest could have amazing results. It's also an area where making improvements is always possible. Use data to fully understand seasonality. Take the guesswork out of allocating resources and make sure they are where they are most needed at all times.

[This article](#) from HubSpot details how mere second differences in page load times can affect revenue in a big way. After reading it, you might be inspired to tweak yours a little too. When I'm in the mood for pizza, I want your number in 3 seconds or less, otherwise, I'm ordering elsewhere.

Mut-Con blog

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