

Keeping a BI on performance

A guide to Business Intelligence for SMEs



A White Paper by Pegasus Software



Executive summary

Drawing upon research and examples to highlight key trends and successes, this paper identifies how SMEs can take advantage of lower cost, fit-for-purpose solutions to help drive growth and boost profitability, and provides a simple 10-step guide to getting the most out of BI in your organisation.

A new era for SMEs

Economic times remain turbulent for SMEs, with the recession of the last decade being replaced with more uncertainty as global economic and political conditions remain volatile, Brexit takes hold, bankers predict a further financial crisis in 2020, and inflation levels a cause for nervousness; all of which conspire to create tough conditions for SMEs. In a recent survey¹, 43% of SMEs said they considered inflation the greatest threat.

Against this backdrop, businesses must work harder than ever, drawing upon the resources and tools at their disposal to identify their most profitable products and customers, and then act on this information to maximise value in the most cost-efficient way possible.

But while most organisations have access to vast amounts of data which holds the potential to help provide focus and shape direction, this data is, for the most part, unused. Information is often stored in a variety of formats, across a number of locations. So even when the data exists, what may be lacking is the tools to transform it into insightful and actionable intelligence; without such tools, information can't be accessed in a meaningful way and remains one-dimensional and limited in its capacity to drive the organisation forward.

The rise and rise of BI

Business Intelligence bridges this void; and the worldwide market for BI software is forecast to grow to \$22.8 billion by the end of 2020 according to Gartner, as "organisations continue to recognise BI as a vital tool for smarter, more agile and efficient business". BI adoption by SMEs in particular has seen substantial growth in the last five years, as enterprises with up to 100 employees are almost three times more likely than larger enterprises to deploy tools.

This is because BI represents the closest thing to a crystal ball a business is likely to adopt. BI can provide answers to questions such as who your most profitable customers and products are, and what impact a particular event may have on cashflow and earnings over the next five years.

Crucially, it can help you understand the drivers of profitability and perform what-if analysis based on scenarios such as opening a new branch, developing and launching a new product, decreasing staff numbers, deploying a new call centre system, or penetrating new markets.

But while many large companies have been using BI to make greater use of their data for some time, for SMEs, effective BI is still in its relative infancy. This is because for a long time BI simply wasn't designed for SMEs. In many cases, it was viewed as overkill, and was therefore prohibitive from a cost standpoint. For example, Coca Cola might use BI to decide where to place its products on supermarket shelves to gain the most sales, whereas a small chain of DIY stores could argue it just needs collaboration between a couple of its managers to reach the same conclusion.

However, as complexity increases for organisations of all sizes, and margins continue to be squeezed, the potential of BI is becoming more and more compelling. In line with this growing demand, a wealth of BI tools specifically designed for small businesses are available, opening up new opportunities. And in many cases, BI capabilities are being embedded in standard operating software.

¹ Barclays Business Banking

Small businesses today often run on thin margins, so using BI can make a significant difference to profitability and ongoing sustainability. This is because BI tools do far more than standard reporting packages. Reporting only tells you what has happened and when. BI tools can identify exactly where it happened, and why it happened, and help to make decisions on what to do in the future. For example, BI can identify anything from how many staff are needed at certain times of the day, to which are the most profitable outlets, and what impact a particular event or promotion may have on cashflow and earnings over the next five years.

Using traditional methods such as spreadsheets, this type of analysis could take even the most competent manager days, or even weeks, which is inefficient and sometimes simply not viable in these economic times.

Selecting the tools for the task

The main BI tools used in SMEs are the same as those used in large corporates: reporting, score-carding, dashboards and business analysis tools. When used properly, these tools enable accuracy and consistency of data, producing confidence in reporting and a clear picture of business performance.

Of course, implementing BI requires commitment, dedication and resource to realise its potential benefits. As economic conditions remain tough for SMEs, BI currently represents the means to achieving a substantial competitive advantage. It can facilitate better, sharper, timelier business decisions, and provides insight into what helps and what hinders business success, both in tough conditions and in boom times.

10 steps to successful BI

- 1) Establish an honest benchmark, no matter how disparate databases are, or how poor information might be.
- 2) Create a project team or project leader who has a thorough understanding of what information is needed, in what format and for what purpose.
- 3) Develop a plan with realistic, achievable goals. Identify exactly what you need from a system, ie analytics, dashboards, reporting tools etc, and remain focused on these goals.
- 4) Assess the success of these goals at each stage and revise the plan accordingly.
- 5) Talk to experts: specialists in BI projects, software providers and consultants will provide invaluable advice and insight.
- 6) Talk to other SMEs who have faced similar challenges and look at how they have resolved them.
- 7) Select and adopt the right tools for your organisation; don't make additional investment in extra functionality which might sound appealing but in reality would not be used.
- 8) Once implemented, train all users: the greater the buy-in, the greater the benefits.
- 9) Assess improvements against the original benchmark and subsequent goals set .
- 10) Focus on data quality: it's an ongoing priority and must be maintained to maximise the effectiveness of any BI system.



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