



Operational Intelligence – Informed Decisions, Daily

Operational Intelligence v Business Intelligence/Knowledge Management

In recent years focus has been given to the key management disciplines of Business Intelligence (BI) and Knowledge Management (KM). Both of these are concerned with improved management of information inside companies and the dissemination and sharing of that information to the people who should know.

Well implemented, both of these disciplines will add to the competitiveness of companies within their own markets. Coordination of effort, awareness of market events and improved strategic decisions are all benefits claimed by companies who have put BI and KM into practice.

Whilst the efficacy of well managed BI and KM is recognized there are, in practice, a number of factors that either hold back or diminish the impact of such initiatives within companies:

- Much of the drive behind these two disciplines has come from technology; companies with systems to sell. These systems require considerable investment in time and money;
- Initiatives are largely managed by non-operational departments and are often seen as non-core and 'just another initiative' within the business.
- They regard the businesses' 'circle of management' as internal only; ignoring the extending management borders of companies today to include both channel partners and external agents;

- The emphasis is placed on analyzing the past;
- Internal cultural and management practices often lead to resistance;
- Both BI and KM are difficult to deliver.

Due to the strength of focus on both BI and KM, the complementary discipline of Operational Intelligence (OI) has perhaps not been given the time and focus it deserves. Operational Intelligence is both easier and cheaper to implement and has begun to lead to significant operational and financial gains for companies.

Operational Intelligence tends to deliver faster results and is more relevant to the daily activities of all people within the business, whether directors, managers or sales/field teams. It also largely avoids the problems listed above.

Operational Intelligence:

- Is led by customer-facing departments within businesses;
- Includes the capture of important operational information;
- Uses planning tools to assess immediate business responses;
- Uses management tools to execute those responses;
- Includes tracking tools to check the performance;

- Deploys communication tools to ensure internal and external resources are kept up-to-date and informed daily.

With ever demanding consumers and channels, businesses are turning increasingly towards Operational Intelligence.

Operational Intelligence – A description

Operational Intelligence improves key results **today** and **tomorrow** by analyzing what is happening today, setting that in context to highlight shortfalls or for exceptions and then provides simple and quick ways to respond and track the effect of those responses.

Operational Intelligence is based on **alerts, reports** and **analysis** not just on the traditional reports used by 95% of businesses today.

Operational Intelligence is **simple** and **extremely flexible**. Because it is implemented and managed by operational people within businesses it must be easy to learn, intuitive in its workings and resource light. It must also be continuously adapting to the needs of the operation managers.

Operational Intelligence provides the ability for businesses to:

- See what is happening the point-of-purchase of their products **now**.
- Respond to that view immediately and to measure results of that response
- Measure the success and ROI of all operations against set benchmarks
- Push the right information to the right people at the right time
- Adapt operations to new business needs, without further investment, IT development or information-lags
- Link operational planning directly to performance and current market needs
- Extend the borders of the business to include external agents and partners

Operational Intelligence is, by definition, operations-led. Controlled by sales and marketing teams to meet their needs, it does not require new technology and, importantly, is not a technology initiative reliant on IT or technical companies.

Operational Intelligence leads to:

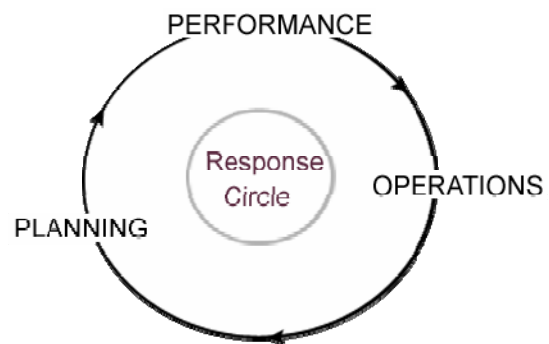
- Improved sales
- Improved availability, compliance and visibility
- The means to stay ahead of competitors at the point-of-purchase
- Improved productivity and results from field teams
- An effective ‘Response Circle’

Effective Operational Intelligence involves:

- ‘By Exception’ Reporting systems
- Alert systems
- Field productivity tools
- Information Capture tools
- Planning tools
- Media Capture

Many businesses have these already. But, are they up to date and responsive?

The Operational Intelligence Response Circle



“An organization's ability to learn, and translate that learning into action rapidly, is the ultimate competitive advantage” **Jack Welch**

Operational Intelligence delivers **responsiveness**.

That is, the ability to make rapid and effective changes to operations based on actual performance, competitor or channel partner actions and/or internal strategic/tactical decisions.

Responsiveness does not preclude proactive management; it is not reactive rather it is proactive, finding trends quickly and moving to take advantage of them before competitors do. It is the ability to stay ahead of competitors and ahead of typical operational pressures.

The three keys to achieving an effective Response Circle are:

■ **Performance Tracking**

Not reporting but tracking. That is, instant alerts, to the relevant people, when something happens outside of expectations, standards or budgets. That is, distributed ‘by exception’ views again pushed to relevant people. That is, productivity measurement versus preset benchmarks. That is, simple and easy ‘what if’ analysis. That is, analysis of one information set versus others. That is, photographs and multimedia. That is, plan-o-gram and space checks. And yes, that is reporting – but online, instant, auto-generated reporting made available both inside the company and to the external players be they agents, retailers or distributors.

■ **Planning informed by Performance**

Operational planning in a business is based on cost, channel needs, coverage, budgets, structural changes in the market or other economic or financial factors. It should be. However, it is usually reflective of these factors as they were several months before. Part of an effective Response Circle is the use of performance **now** ~ that is daily, live, actual performance ~ to inform operational planning.

■ **Operational Agility**

Operational agility refers to two specific abilities:

1. **Rapid change to sales and marketing operations** based on performance-based planning (above). This means asking different questions, changing routes and work schedules, responding to particular events/trends, changing tactics overnight if required. It might also mean, more of the same or gradual improvement as performance shows the business to be on track.
2. **Feeding back new performance measures** or factors based on the revised operations and doing that without fuss or significant upheaval. That requires, better communication with all field teams and channels partners, instantly changeable data capture systems and flexible ‘by exception’, ‘alert me’ now criteria and methods.

Most Operational Intelligence initiatives initially focus heavily on achieving such agility within the sales and marketing areas of the business.

The Response Circle in a business is effective at improving performance. Initial benefits will be seen in simple ‘sales and profit deciders’ such as availability, visibility, compliance and trade spend efficiency. Sales/profit gains will quickly follow and, thereafter, ‘softer’ gains such as channel relationships, industry perception and a shift in team thinking towards measurement and control.

And finally...

Operational Intelligence is an attitude of mind within a business.

External providers can help and provide systems and tools, but the main drive is from internal management. The crucial first steps to improving operational intelligence are clear and unequivocal decisions by Sales, Marketing and Financial managers as to what they want to achieve and by when.

Competitive pressures are growing. More businesses, facing heavier demands from the trade and consumers, are working on improving sales operations by implementing Operational Intelligence. That adds pressure on others...if the competitor is using it, and doing it well, your business will be at a disadvantage. They will have better information, will provide better intelligence to channels and customers and will be able to respond, even stay ahead of, market trends faster.

As one manager in a business said:

“Now we have started implementing Operational Intelligence we even know about changes to our competitor’s products before they do. They’ve got no chance”.

In 2007 Operational Intelligence is more accessible than before. Tools have moved on sufficiently for non-technical implementation and control and there are external providers in the market focused on making it easy and affordable for businesses to implement effectively.

Operational Intelligence is now making a difference to business performance.

We invite you to learn more about our approach and how it can benefit the processes and bottom line for your business. Simply contact us at: 800.798.9862 or info@entsgo.com to get started.