

Straight Talking - Is your business run by chance?

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As an employee, you trust that those responsible for the processes that help support the organisation - such as financial reporting and analysis - have them fully under control.

Further, you probably trust that those in charge are doing everything that they can to ensure that these processes optimise the overall performance of the organisation, and that they make use of all the necessary information sources around them - including external ones, such as customers, suppliers and information on competitors.

Well, think again. Research carried out by Quocirca for Oracle shows that the quality of enterprise performance management (EPM) - the art, or science, of creating, monitoring, measuring and optimising these processes - can best be described as 'OK'.

Very few organisations are making use of the skills within their supplier and customer value chains, preferring to try and keep all the 'smarts' within the organisation.

Yet how can an organisation ensure that those value chains are fully optimised if suppliers and customers are cut out of the decision-making process? In our research, only 13 per cent of respondents felt they had the right processes in place to successfully engage suppliers in discussions around how best to enhance their processes.

Further, few businesses encourage employees to participate in providing ideas as to how the organisation could best improve its processes. This could reflect an organisation's security fears, not wanting to share information beyond those entrusted with safeguarding such information, or it could be more along the lines of the 'knowledge is power' ethos.

If the latter, then organisations need to realise that keeping information within the few does not

lead to competitive knowledge - it leads to large gaps in the decision-making capabilities. The more an organisation's information flows can be opened up, the more ideas will flow because of it, and the more optimised the processes can become.

Overall, in our research fewer than 25 per cent of respondents felt there were processes in place to successfully engage the various stakeholders in the business in the decision making process - a lamentable failure, as a politician may put it.

Even at a competitive level, only 17 per cent of respondents believed that the resources they had available to them were sufficient to give them a good picture of the market situation, and only 12 per cent felt they had strong capabilities in gauging what the likelihood of success of a new product or service in the market would be.

This means that more than 80 per cent of respondents are essentially taking shots in the dark when introducing new products or services - they do not have sufficient knowledge of the market nor of the competitive environment to know how well they are likely to do.

Indeed, the main findings from the research were that there are massive disconnects between the various process stages of EPM. For example, the six areas that were looked at (stakeholder environment, market model, business model, business plan, business operations and business results) were seen by nearly 30 per cent of respondents as being completely separate and that each could be dealt with in isolation.

Just over half felt that the areas were interlinked and needed a coherent, interlinked approach to dealing with them. That the majority do see the need for linkage is good - that so few manage it is a cause for concern.

In good market times, a lot of this can be hidden; with money rolling in, poor performance matters less. But, as the bad times come in and the instructions from on high fall back on 'do more with less', such gaps in capability become all too clear.

Indeed, a prime example of this is within the financial sector. The boom years meant that decisions being made in isolation were just waved through - the profits were there, so no questions were asked. Then, when the first domino was toppled, questions were asked: how was this done? What happened to that? Where is this now?

The gaps in how the performance of the institutions was measured were suddenly all too obvious. Individuals were given too much responsibility that went unchecked, processes bypassed any peer review, financial 'packages' were bought and sold without anyone actually knowing what was in them.

Now, the lack of capability to unravel what has happened has led to banks going bust, being privatised, having central regulation and control being applied. If the correct tools and processes had been in place, then it would have been harder for the situation to arise in the first place, and it would be easier for the problem to be addressed and rectified now.

It may be tempting to say that this is only the banks, and that your line of business would never find itself in such a position. However, many organisations now find themselves without adequate lines of credit, with their suppliers being squeezed and with customers negotiating harder - issues that may have been allowed to go through in the better times could now bring the organisation close to failure.

Therefore, being able to measure and understand how you are performing against the general market, against specific products and competitors, and how your suppliers and customers are performing is becoming something that can no longer be seen only as a 'nice to have' - it is rapidly becoming a necessity.

There is much that organisations can do to make the situation better - and little of it requires massive investments. Sure, better usage of process-based systems and business intelligence will enable information to be aggregated, filtered and presented in ways that make the decision making process more effective.

But the biggest part of it is down to sitting down and reviewing the various processes used in and across the organisation and its value chains. Only then can these be best optimised, creating a coherent and cohesive platform for the future, and creating the flexibility the organisation will need to come through the bad times in good shape.

About Quocirca

Quocirca is a primary research and analysis company specialising in the business impact of information technology and communications (ITC). With world-wide, native language reach, Quocirca provides in-depth insights into the views of buyers and influencers in large, mid-sized and small organisations. Its analyst team is made up of real-world practitioners with first hand experience of ITC delivery who continuously research and track the industry and its real usage in the markets.

Through researching perceptions, Quocirca uncovers the real hurdles to technology adoption – the personal and political aspects of an organisation's environment and the pressures of the need for demonstrable business value in any implementation. This capability to uncover and report back on the end-user perceptions in the market enables Quocirca to advise on the realities of technology adoption, not the promises.

Quocirca research is always pragmatic, business orientated and conducted in the context of the bigger picture. ITC has the ability to transform businesses and the processes that drive them, but often fails to do so. Quocirca's mission is to help organisations improve their success rate in process enablement through better levels of understanding and the adoption of the correct technologies at the correct time.

Quocirca has a pro-active primary research programme, regularly surveying users, purchasers and resellers of ITC products and services on emerging, evolving and maturing technologies. Over time, Quocirca has built a picture of long term investment trends, providing invaluable information for the whole of the ITC community.

Quocirca works with global and local providers of ITC products and services to help them deliver on the promise that ITC holds for business. Quocirca's clients include Oracle, Microsoft, IBM, O2, T-Mobile, HP, Xerox, EMC, Symantec and Cisco, along with other large and medium sized vendors, service providers and more specialist firms.

Details of Quocirca's work and the services it offers can be found at

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