Fostering an Analytics Culture

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Fostering an analytics culture

GARY PAN explains what ‘analytics-aspiring’ SMEs must bear in mind to reap the benefits of financial and customer analytics.

With SMEs getting increasingly interested in adopting financial and customer analytics, it is important to first elucidate a culture of analytics. How should ‘analytics-aspiring’ SMEs go about establishing such a culture?

A. There is growing interest among SMEs in the adoption of financial and customer analytics as a source of competitive advantage.

B. Generally, financial and customer analytics offer insights on “which customers provide the company with the most profit,” how does the company’s customer base spread out geographically,” which product brings in the most profit, etc. This data is then presented in a clear and graphical manner to allow easier interpretation. Potentially, financial and customer analytics can help SMEs predict what financial environment and business trends that may potentially benefit business decisions are made.

As the cost of analytics software drops rapidly, many SMEs are investing in BI (business intelligence) and analytics tools. However, most SMEs neglect the one crucial component: data. If you have all the data and none of the insights, you have to re-establish the value of the insights. The biggest challenge to analytics adoption is a lack of workforce and management teams (at all levels) who can understand and interpret analytics tools, and how to apply the right analytics tools.

Therefore, a culture of analytics in which analytics is taken seriously and embraced can be established. Analytics allows in the sense that analytics must establish a culture of analytics by embedding analytics into the decision-making process. This process must be considered.

SMEs must establish an effective data management system. It may not necessarily mean owning expensive and functional databases, but at least a systematic way of managing data in a central computing system. It is difficult to standardise decision support tools without data. Without good data from the front office, accurate financial and customer analytics cannot bear any profit. SMEs must make sure that the data that is to be used in analytics tools is available and of high quality. A lack of accurate financial and customer data would make it difficult for SMEs to manage their cost of sales and customers effectively.

Secondly, SMEs must have a change management mindset. Even with good data at their disposal, if an SME is unwilling to implement analytics, it is plausible that the data will not be used. This could be due to the lack of understanding of the data, rather than that firms ensure that the analytics team is well-coordinated with the rest of the organization. Some SMEs are trying to implement the analytics tools, but the analytics team is not well-integrated into the rest of the organization. Therefore, the potential benefit of analytics is limited. SMEs must ensure that the data is used in a meaningful way to change behavior based on data-driven business insights and not just technical.

Third, SMEs must provide an open-executive environment. Employees are willing to share data and information because they believe their colleagues are going to help them improve their work. When there is strong support for analytics, employees are more likely to share data. Hence, it is important that the decision-makers and decision makers can be improved! Analytics can help to identify three dimensions that can be reviewed and adjusted.

Fourth, SMEs need to have leaders at every level committed to using analytics to drive decision-making. These leaders should be at the core of building an analytics culture. In order to have an analytics programme to be implemented in the way they want the business, they need to be convinced of analytical insight.

Finally, top-level commitment is vital to overarching commitment from others. Finally, the most important factor is building a culture of analytics at SMEs in having a driving leader, such as the business owner, who is a proponent of analytics. When a leader teaches an existing decision to an analytical way, that approach may become a way of thinking. The business owner can help the business to use data support a recommended solution that would potentially have more sustainability. By continuing to tap into a way of thinking, they can foster the use and business decision making.

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