"Long, Sometimes Arduous Journey"

Another rollover and we did not get the result we hoped for. I have noticed that when things do not go the way that we expect it to, our way of thinking changes. In the good times, we think “How can we keep these results up?” In the bad times, we think “What are we doing wrong and how do we minimize the negative impacts of our actions?” Straight away, I can see a very “closed-off” form of thinking from one situation to the other. Each time, the questions we ask ourselves limit us from analysing our business as a whole. Instead, we should be asking a merged version of these questions, i.e. “What are we doing right and wrong? How can we maximise the good and minimize the bad?” So as I work through this journal, I assume that our goal is to become an analytic competitor.

The MikesBikes component of the course is a competition and one of the remaining points of differentiation for a firm are their business processes (Davenport, 2006). To avoid a narrow analysis of our results (as described above), it is important to continue to check-up on how efficient these processes are. The problem identified here is that, because we are yet to encompass the attributes of an analytic competitor, we may not be operating as proficient as we can. A major reason for this may be because we do not make educated predictions about problems we may have with demand and supply chains. We are not explicitly considering what products our market want, what price those customers will pay and what triggers them to buy more (Davenport, 2006). We are making simple “guesstimates” (a word I just learned from a fellow team member).

A major attribute of analytic competitors is the use of predictive modelling to identify most profitable customers and those with greatest profit potential (Davenport, 2006). In my experience through part time work, I have found that the organisation I work for do this rather well. The heavy investment in customer databases at work ensure that we target pockets of higher market momentum (i.e. customers who have the money to support our ventures), thus increasing the growth rate for our company (Baghai, Smit & Viguerie, 2009). However, in our MikesBikes team, making these well-supported predictions are difficult with the limited resources and knowledge we have on the mechanics behind the outcomes of our decisions. I wonder about whether there is a magic formula sheet that could tell us how much we need to spend on this and that, etc. Questions I continue to ask include: (1) Am I investing focus in the right areas? (2) Am I confident that my decisions are the right ones for the organization as a whole?

Nonetheless, it is evident that if our goal is to operate more like analytic competitors, we must have the *right focus, right culture and right people* (Davenport, 2006).

Right focus: as supported by Baghai, Smit & Viguerie (2009), reallocating resources is a significant factor. We must learn to target pockets of higher market momentum as mentioned earlier, just like we do in my own part-time work experience. Furthermore, as a CFO, I may also utilize zero-based budgeting to unfreeze and correct past misallocations.

Right culture. This requires a consistent tone throughout the organization. Although the culture in our group is fun and supportive, it is essential that we support our focus of resource reallocation to improve results, base decisions on hard facts instead to ensure that instead of “guesstimating”, costs are justified rather than incrementally increased/decreased based on SHV.

Right people. No complaints here. Our group interact well and are open to feedback and change.

I have briefly tried to work myself through the attributes of analytic competitors. It would be nice to pursue strategies based on aggressive analytics. However as Davenport (2006) suggests, companies just now embracing such strategies, will find that they may take several years to come to fruition. So whether we can reach this goal or not, we must use what is already working, eliminate what is not working to try and move forward. Specific actions to try and solve the problem of “efficiency” is to: (1) sit down as a group and analyse our business processes (our only point of difference); (2) stop guessing figures (a major fault on my part as CFO); and (3) look more extensively in to each department to identify any real issues associated with operations.

Overall, I am being very picky about how to go about improving, because I personally feel that our group dynamics and ability to work as a team is very good. So because I really do care about moving forward, it is important for me to reflect on how our team operates to see not only how the team can improve, but how I can improve too.

References

Baghai, M., Smit, S., & Viguerie, P. (2009). Is your growth strategy flying blind? Harvard Business Review, 87(5), 86---96.

Davenport, T. H. (2006). Competing on analytics. Harvard Business Review, 84(1), 98--107.