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## Business Intelligence + Information Management

### How to Highlight Performance Shortfalls With End-User Intelligence

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Here's an all-too-typical scenario. The management team at a multinational corporation has made the decision to implement one standardized Enterprise Resource Planning solution across the company. The management team expects to cut costs, bring products to market sooner, comply with regulations and improve core end-to-end processes, like the order-to-cash (OTC) process. For the executive team, the decision to go ahead with the purchase is sound, but something unexpected happens along the way to realizing that ROI. Months after the "go-live," fundamental Key Performance Indicators (KPIs) have not improved as planned.

What do you say when the CEO is asking why your company didn't reduce the "order-to-cash" cycle time by 10 percent, as planned?

Even if your company has a robust corporate performance management (CPM) system, chances are you won't have a good answer. CPM is the strategy, methods and processes that an organization deploys to direct its employees, partners, suppliers and customers to achieve a common set of goals and objectives. Companies measure performance through various mechanisms, including budgeting, score-carding and querying results and variances with business intelligence. Each of these tactics transforms data collected by transactional systems (such as CRM and ERP) into insight about top-line performance objectives.

But CPM has a blind spot. Even the best ERP and CRM systems do not collect end-user intelligence data, despite the fact that the most critical factor in driving business results from enterprise applications is the ability of your end-users to effectively execute your business processes. Each end-user must adopt the application and use it effectively, efficiently and compliantly.

When the achieved business results are not on plan, CPM systems often fall short because there is no real intelligence about the performance of these end-users. Are employees actually using the right transactions to execute the business process? Are they using them in the right way? Are the employees efficient, or are they making significant errors? Are the transactions effective, or are they cumbersome, requiring employee-invented workarounds?

A new category of software can give you those answers and not leave your CEO hanging: end-user experience and performance management (EPM). EPM solutions give organizations a new focus on end-user adoption, utilization and performance, uniquely capturing a complete picture of the end-user experience and behavior, including:

1. Comprehensive application utilization metrics: which transactions are used, in what sequence and for how long?
2. Actual user-experienced response time metrics: which transactions are slow and inefficient leading to unproductive employees?
3. Comprehensive system, application and end-user error metrics: What critical errors do users encounter?
4. Where are users having specific issues, and what training is required? Which individual users need specific assistance?

To understand the impact of this insight, consider the following scenario concerning a billion-dollar heavy equipment manufacturer in Georgia. One core priority for this manufacturer was to improve the order-to-cash process. This process comprises a number of unique business processes, from order entry to cash receipt. Because most companies are functionally managed, the OTC process usually touches multiple enterprise applications and departments including sales, order entry, order fulfillment and accounting. Therefore, it is important for each department to complete its part of the overall process error free and transfer correct information across functional boundaries.

Eighteen months after this company had implemented a new ERP application to improve process efficiency, the OTC cycle had not improved. And no one could really pinpoint the root cause of the performance shortfall. The company implemented an End-User Experience and Performance Management solution to "take the guess work" out of managing the ERP application. Executives discovered, within weeks, that the OTC process was compromised by ineffective and inefficient transactional execution.

Tripping through the potential points of failure

The problem started in sales. The sales reps weren't using the Sales Force Automation (SFA) functionality to manage their pipeline. Instead, they created prospect records near the end of the lengthy sales cycle. That meant that materials management wasn't getting long-term visibility into upcoming demand. An unexpected upsurge in demand could blindside materials planning and production, with customer orders placed on back order. Add six days to the OTC cycle time!

The order-entry processes of the new application were cumbersome. Although it had been heavily customized, it didn't give the customer service associates a streamlined way of calculating the shipping cost. Associates were actually exiting the application and using a spreadsheet application to calculate the shipping cost. This inefficiency dampened productivity, and each day ended with a backlog of un-entered orders. Add one day to the OTC cycle time!

There were similar problems in order fulfillment. To ensure no backlogs in the fulfillment process, the company assigned each employee a unique user ID, with two dedicated workstations for each inventory associate. However, it had become the norm that the employee with the first transaction of the day signed on, and everyone else used that active workstation to execute his or her order and fulfillment transactions. That led to a perpetual queue, and each day would end with a number of unfulfilled orders. Add another day to the OTC time!

Finance and accounting was one area that actually worked. Invoices were created without any errors in a timely and efficient way. DSO variance reporting was effectively executed, and the cash remittance process was working the way it was meant to.

Suddenly see the forest and the trees

Consider what happened when we added end-user experience and performance metrics to the mix. In sales, utilization metrics about sales reps' use of the opportunity management transactions of the SFA application quickly showed management how little the reps were using the system -- and which reps, managers and geographies hadn't fully adopted the application. With this knowledge, management was able to take remedial action.

The EPM solution identified the precise point when the order-entry associates exited the primary application to execute the user-defined workaround using a spreadsheet application. Once this ineffective function was identified, the application engineering team modified the ERP application and obviated the employee-invented workaround.

With order fulfillment, EPM utilization statistics exposed the fact that the employees were sharing a single user ID, and managerial oversight soon put a stop to it.

And in finance and accounting, EPM workflow and end-user error metrics made it obvious that everyone had adopted the application and was using it efficiently and effectively to execute the core business processes. Knowing where you don't have problems is as valuable as knowing where you do, because it frees you to give priority attention to the real problems.

Peter Drucker, one of the most influential business thinkers of the past century, said, "You cannot manage what you cannot measure." The phrase has become a common business bromide, but at the time, it was the kind of insight that raised the bar for professional corporate performance management. It's time to raise that bar once again -- by delving deeper and measuring the experience received and the performance achieved by the end-users of the enterprise applications that deliver the business results.

Corporate performance management is all about understanding the difference between what you've planned and what actually happens. If that understanding stops short of the end-user performance, this critical link in corporate performance is ignored, and no enterprise application will achieve its full potential. End-user experience and performance management solutions let your organization realize that potential by delivering an end-to-end analysis capability for an end-to-end corporate performance management strategy.

#### About the Author

Lori Wizdo, CPIM, a vice president with Knoa Software, a leading provider of end-user experience management solutions, has worked in the enterprise software industry since 1979. She has worked at a diverse set of technology firms, ranging from start-ups to such global corporations as Unisys, NCR and BMC.

More by Lori Wizdo  
About Knoa Software

Knoa(r) Software offers end-user experience management solutions that reach beyond infrastructure and application performance to monitor, measure and manage how end-users are utilizing corporate software applications to optimize business process execution. Knoa customers not only know if core enterprise applications are delivering an acceptable user experience, but also, if application users are executing key processes effectively and efficiently - the key to achieving business value and ROI.