

What makes a business “Smart”?

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From the moment a potential customer contacts your business, the process of information gathering begins. The more up-to-date, accurate and complete the information, the more valuable it will be to your business. How you deal with this information will determine how successful you are in business today.

In my experience, businesses tend to fall into two different categories: they are either a ‘standard’ business operating no differently to their competitors; or one that values and uses the information they gather to gain a competitive advantage. The latter also strive to be different, innovative and accomplished in the way they carry out their business to control margins and increase profits. I like to call this kind of business ‘**Smart**’.

So, what makes a business ‘smart’? In my opinion, a combination of these three attributes make a business ‘smart’.

- **Smart business model**
- **Smart processes**
- **Smart people**

You may notice the words ‘*software*’ or ‘*technology*’ don’t appear here. As unusual as this may seem coming from someone who co-founded a software company, it doesn’t mean I don’t think technology plays its part. I believe all three ‘smart’ attributes need smart technology in place to enable them to happen.

Whatever business software you choose to implement, it must be able to facilitate a **smart business model** to suit your company. It must help you to execute **smart processes** that will enable you to be more efficient and effective. And finally, it must also help your **staff to become ‘smart’**, utilising information in the best possible way to give you the advantage over your competitors.

Now, taking each attribute individually, I will explain them further.

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SMART BUSINESS MODEL

What is a business model? A business model describes the basis of how a company creates, delivers and captures value. In simple terms, it is how a company can deliver with resources and processes, a value in goods or services for a customer that is better than any competitor whilst delivering a profit for the business.

Developing a business model that is fundamentally different from your competitors can be a difficult task but it is the source of innovation in business. A smart business is one that looks at the competitive landscape it operates in and figures out new ways to stay ahead. They explore new business models by enhancing existing ones or even creating new ideas. Part of a business model is really a collection of processes skilfully assembled in such a way that the output of the model is delivered as effectively and efficiently as possible.

A now-classic example of a disruptive new business model is Amazon. It demolished the concept of a 'bricks-and-mortar' shop, replacing it with an on-line shop that can be accessed from anywhere. Amazon could not use standard software to support its business model. It had to create its own custom software to accomplish its goal. Standard software packages aren't designed for ground-breaking companies like Amazon.

Of course, not every company gets to be an Amazon. But you don't have to be on the scale of Amazon to innovate with business models.

Take for example, TileStyle in Dublin. They are a ceramic tile distributor & retailer, who changed their business model to capture the 'batch or shade' of each ceramic product on every sale. This gives them a competitive edge in their marketplace on re-sales or replacements as they found their customers liked the idea that they could depend on TileStyle to deliver on continuity.

The problem smaller-scale innovators have is that many 'standard' software applications just don't (or can't) work the way they want them to. What they need is software that is adaptable to suit their business model and can easily adjust to change.

SMART PROCESSES

When we talk about business processes, we are talking about the various tasks and activities carried out by a company to make it run efficiently. In general, these processes are the day to day activities carried out by staff and, in a lot of instances, aided by business software. They can vary from the setup of a new customer to the entering of a purchase order, the replenishing of stock or the loading of a truck for delivery. It is important therefore, that you understand how your current business processes work, both manual & system. It is only then that you can begin to design and implement new and more efficient processes in your quest to become a smart business.

Over the past 20 years, I have come across many companies who want to exercise a competitive edge in the market, whether by launching an e-commerce channel or being the first to market with a new product. Unfortunately many have found their success is limited by the state of their business processes. Typically, most business processes are a mix of new and old, often you'll find it is only well-financed companies that have the luxury of fully modern processes.

But no matter what size company you are or how successful, you can still benefit from improved business processes. Smart business processes can greatly enhance customer and employee satisfaction. They can also enable you to scale up and drive costs down. The challenge for managers is to assess which processes require attention and which need to be prioritised for immediate consideration.

A good example of this can be seen in Shabra Plastics & Packaging Ltd, a company based in Monaghan, Ireland who distribute plastic packaging to the Irish market. Their stocktake was taking approximately four days to complete. This included counting, recording, pricing and updating the information on their software system. With the introduction of mobile hand held devices, which link directly to their software system, this process was dramatically reduced to one day. The staff operate the hand held devices and record quantities. The information is subsequently recorded directly on to their software system. The stock manager confirms the quantities. And, with the press of a button their stock quantities are adjusted to the correct quantities.

SMART PEOPLE

In my opinion, smart businesses owe their advantage to the people who work for them and successful companies make the most of their people.

I believe it is the companies who ensure their employees have finger-tip access to accurate and up-to-date information that benefit the most. You will find such companies ensure their staff are in the best position possible to make sound business decisions with the information they need right in front of them. In a smart business, that information comes from making the most of the software in your business.

The more efficient you are in handling and reacting to events taking place around you, the more effortless it looks. For instance, we expect amazon.com to demonstrate expert skills when we seek to find a particular book, or author. In this situation, amazon.com provides expert input to us, responding automatically to our requests, and anticipating our next question by offering recommendations based on our previous choices.

Similarly, when employees have great information helping them do their job, they actually look really skilled to their customers and partners.

Being smart about information

Business processes are characterised by the flow of information. Smart companies capture this information and put it to work for them. The ability to access this information wherever you are and use it to benefit your company is a key foundation to what we at Intact, like to call a “smart” business. You can achieve this by arranging and analysing information so that it enables you to make intelligent decisions.

After all, information is power and access to accurate information is vital. A lot of businesses today are unaware of the various parameters that are necessary for their success. Awareness means being proactive in making decisions in pursuit of a ‘smart’ business.

While access to relevant information is central to the success of any business model, so too is the examination of your business processes and overall business objectives. You need to scrutinise the processes in your business and see how your software solution supports them in your business.

People talk about data in their business, data from their software solution, and data from the internet. But does all this data offer any additional value to the business? The big question for any business today is how to cut through all this data and decide what is important to the business. What will give you an edge over your competitors? I suggest you examine your everyday processes and analyse the information your people need to make intelligent decisions, for example, judging performance against targets, and so on.

Find out if your software incorporates things like workflows, alerts, data drills or information mining utilities? Maximising the use of such features will enable your staff to become more productive as information is pushed out to them and they don’t need to go looking for it.

The use of workflows also ensures the proper flow of information from one process to another, e.g. as a sales order is entered on the system it can warn the purchasing manager when certain quantities are running low. Data drills will help you spot trends in sales to customers, staff utilisation, product movements, supplier reliability, margins per sales invoices etc. When your managers are ordering from suppliers they need a clear picture of what is free in stock, the best price and what products will satisfy customers’ needs etc. in order to help them make decisions.

Does your software solution allow your sales team to examine their actual sales against their targets, or judge the performance of their customers, pinpoint the products that have the best margin, or identify customers who have fallen away and not purchased anything from them in weeks?

As I said earlier, all of the processes conducted in business are vital; from the information gathered at reception, to the information gathered on the products dispatched and their value. Although it may take some time, I highly recommend that you examine your current business processes and through intelligent use of your software aim to become a smart business.

So, how would you class your company – ‘standard’ or ‘smart’?

Over the years, I have found many business owners simply take each day as it comes. They get on with the day-to-day running of their business as best they can and tend to concentrate on what they are the most knowledgeable about e.g. this could be in sales or purchasing perhaps. That is after-all what makes sense for them. In a way, they may inadvertently create a business model around their own knowledge and expertise; which isn't an issue once their business objectives are being achieved. What I am saying is that sometimes you need to stick your head above the parapet and look at what is going on around you. Check out the competition. How are they operating their business? How can you improve on what you do to get a competitive edge?

To conclude, I would suggest that even if you are completely happy with your current software solution as it stands, that you still take a good look at it in its entirety. Does it give you the room you need to change, innovate and grow? Are you taking advantage of all the smart utilities built into your software as standard? And finally, if you have aspirations to become a ‘smart’ business, is your software progressive enough to support that journey?