

IT Nation 2017

PracticeBuilder Business Analytics: How to Add Business Analysis to Extend Value to Your MSP

Mark S A Smith

Mark.Smith@BijaCo.com

Frictionless Customer Experience

We transition from the Age of Ownership and Fear of Loss

Big Companies Aren't Immune

"Forty percent of the Fortune 500 won't exist in 10 years because they won't survive digital disruption."- Information Age

The Disruptive Future of I.T.

"80% of corporate data centers will be gone by 2025. The change will not be linear but exponential. 80% of I.T. funding goes to maintenance, 20% to innovation. That will reverse."- Mark Hurd, CEO, Oracle

How will you adapt and thrive in this disruption?

"In times of change, learners inherit the Earth, while the learned find themselves beautifully equipped to deal with a world that no longer exists."

The Changing Business Models

Vendor Business Model Transformation

From selling transactions to building recurring revenue relationships

Radically changes marketing metrics and sales compensation

From designing products to architecting platforms

Changes focus from circuits to business rules

From pitching closed, proprietary systems to joining community-based, open systems

The community drives product marketing

Smaller segments have more profits and less competition – there will just be many more of them.

Distributor Business Model Transformation

From product education to systems education

Teach how to use the product instead of how the product works

From systems architecture to systems orchestration

Less focus on the puzzle pieces and more on building the puzzle

From vendor line card to vendor ranking

A new metric: which vendors play well with others
Identify best choice for vertical integration

From product financing to business systems financing

Too complex for banks

Higher technology risk tolerance

Product disposal knowledge.

Partner Business Model Transformation

From product acumen to business acumen

Fit the technology roadmap to the customer roadmap

Less product expertise, more customer expertise

From hardware deployment to systems deployment

Plumb and protect the data paths regardless of the

processing location

From product sales compensation to customer success compensation

Become an extension of the customers OpEx

Present at every customer strategic initiative conversation.

Customer Business Model Transformation

From buying lower-cost and efficiency to buying speed and flexibility

Rapid asset deployment and redeployment

The elimination of on-staff data curators and the rise of business rules curators

From pay-for-ownership to pay-for-access

Utility model all the way to the consumer

From I.T. acumen to data acumen

I.T. becomes strategic instead of tactical, a profit center instead of a cost center

From onsite I.T. to I.T. everywhere

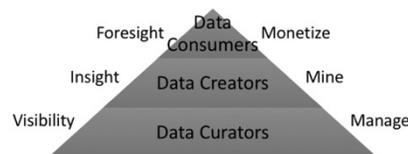
Only the platform matters

From cold data curation to hot data insights

Use old data for AI training and prosecution.

Sell to the Data Value Hierarchy

Sell to the Data Value Hierarchy



Executive Temperament Drives Decisions

Executive Temperament Drives Decisions

	Objectives		Priorities				Criteria		
	KPI's	Role	Time Frame	Risk	Budget	Data	Know	Do	Feel
CIO	Uptime	Tactical: How & Who	0-2 yrs	Averse	Spend	Curate, Manage	Safe, Visibility	Innovate	Invisible
CFO	Cash flow, Compliance	Consumer: Where, When, & How Often	1-2 yrs	Aware	Audit	Create, Mine	Accurate, Insight	Control	Construable
CEO	Profit & Growth, Mission Accomplished	Strategic: What & Why	3-5 yrs	Accept	Set	Consume, Monetize	Vision, Foresight	Decide	Confident

Bring New Business Value to Your Customers

Become an expert on customer outcomes

Know more about their future than anyone else

Help them beat their competition

Become an expert on matching your resources to customer needs

Navigate the corporate chaos

Ask smart questions

Smart questions beat product knowledge

Sell a business assessment.

Why Sell a Business Assessment...?

Why a paid assessment?

Scalable, profitable business model

High close ratios

High margins

Little competition

Let's you profitably sell subscription services

Pay your hunters to sell assessments and add new logos

Give them the lion's share of the assessment fee and nothing more

Pay your farmers to run the relationship

Use on-going margins to run the rest of the

organization.

They can do this even if they're not considering an I.T. purchase

Create a Report of Findings

Adults don't argue with their own data.

Creates a road map

A thorough diagnosis: past, present, future

You talk with everyone

Data consumers, data creators, data curators

Budget creators and budget consumers

Operations, facilities, I.T., applications, end users

Ideally some board members

Expands your relationship: you become a trusted partner.

How to Successfully Sell Assessments

Don't sell to I.T.

Sell to the data consumers and data creators

Sell executives the desired business outcome

Flexibility and efficiency

Business growth

Reduced risk

Simpler and faster project execution

Better value and lower cost.

Prospecting Tools

Call your executive friends

Educational sessions and webinars

Speak at service and business clubs

Articles in your company newsletter

Articles in your local newspaper and business journal

Once you have the system tuned, turn loose your hunters.

Executive Tech Trends Briefing

Six slides in 30 minutes or less

Set the stage

Review trends

Ask high-gain, key questions

Close a business assessment

Breakfast briefings are best.

Getting the Executive Appointment

"You know how smart executives are always looking for ways to improve their company's results?"

"I'm a business growth strategist with expertise in applying data analysis and management strategies that support your business goals.

"And the result is my clients can increase profits and grow with confidence. Who do you know that would find a data strategy discussion valuable?"

Data is the lifeblood of your business. When data stops moving, your business is at risk.

Data growth trends you need to know

Data management trends to manage change

What you and team require

Planning strategies

Reduce risk

Reduce cost

Increase data value.

Data Growth Trends

Exponentially increasing data growth

Virtual machines and virtual desktops

Data everywhere: Mobile devices, M2M, Internet of Things

Video everywhere: security, conferences, training
 Augmented/Virtual reality
 Disaster recovery and business continuity demands
 Increasing compliance and archive mandates
 Lots of duplication, nothing is deleted
 Chain of custody
 Lots of shadow I.T. to keep up with departmental demands
 Increased demand for high-performance data analytics
 Data centers at their physical limits – out of power and cooling.

Data Management Trends:

Next Generation Data Centers

Business-application centric versus I.T. centric
 Map your roadmap to the tech, not the other way around
 Visibility: monitor every aspect of I.T. and business
 Agile: software defined everything
 Self managing: adapts in real time to business demands

Hybrid of on-site, cloud I.T., XaaS

Issue: Data movement speed
 Big data on-site, small data in the cloud
 Requires new approaches to network, connectivity, and devices

Requires new approaches to orchestration, security, data protection, and business continuity.

How Could This Help with Your Operations?

Where are there gaps in your data management systems?

Where do you think that you're overspending?
 Do you believe that you're getting you money's worth out of your data?

What could be the improvement?

How Could this Speed Your Plans?

What's holding you back from your mission? Is the barrier...

People
 Process
 Infrastructure
 Capital
 Intellectual Property
 Data Analysis
 Culture
 Politics?

What Do You Want to Happen?

Invite us to conduct a strategic business assessment

My team interviews your team
 I present our report of findings
 We explore an action plan with a timeline that supports your business plans
 What starting date would work for you?

What Should You Charge...?

Based on your business model
 Compare and contrast

Signature level

What can the executive agree to without permission

Size based

Number of C-level X \$1,000

Number of Users X \$5
 Number of Locations X \$2,000
What Should You Charge?
 Percent of Revenue

1 basis point

Cost Plus

Interviews
 Tech assessments
 Writing team
 Presentation team
 Sales team compensation

Competitive Pricing.

How to Conduct the Business Analysis

Interviews

Schedule 30 – 60 minutes
 First appointments are best for top officers
 Walk down the org chart
 All C-level
 Ask them to recommend others under them to interview

Record the conversation

"I'm going to record the conversation to make sure that I don't miss anything."

Ask questions around objectives, priorities, and criteria

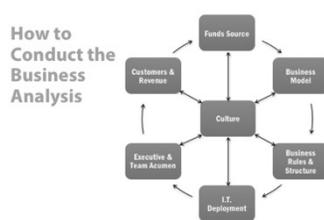
Ask about their key performance indicators

Ask about their timeframes.

The 7 Pillars of Successful Business

1. **Products** that create unique value for the target market
2. **Marketing** that triggers relevant conversations
3. **Sales** that facilitates mutually profitable transactions
4. **Service** that earns customer loyalty
5. **Operations** that scale with economic cycles
6. **Finance** that controls cash flow and funds the future
7. **Culture** that upholds a unique customer experience.

How to Conduct the Business Analysis



Adapting Your Analysis to Where They are in Their Business Life Cycle...

Launch

Cloud focused infrastructure
 Creating culture, intellectual property, and business systems
 Where can they eliminate friction in a targetable market?
 What's the minimum viable market?

Expand

Where's the next market?
 What's holding back their growth?
 People, Process, Infrastructure, Capital, Intellectual Property, Data Analysis, Culture, Politics

Optimize

Where's the most profitable market?
 What's holding back their profitability?
 People, Process, Infrastructure, Capital, Intellectual Property, Data Analysis, Culture, Politics.

Adapting your Analysis to Where They are in Their Business Life Cycle

Pivot

Market chaser -> need analyzer -> tech developer
 Where is there friction?
 What needs to stop?
 What needs to start?
 What needs to be re-engineered?

Exit

Investor criteria: Will it predictably grow if we add money?

Create recurring revenue streams
 Scalable systems

Well implemented business rules.

Where to Focus Attention for the Greatest Return

Where to Focus Attention for the Greatest Return

Profit Leverage Worksheet	1% change	Resulting Profit Leverage	Action	Profit Leverage
Sales	\$1,000,000	\$10,000	20.0%	Increase price, keep more customers
COGS	\$350,000	-\$3,500	7.0%	Decrease COGS
Gross Sales	\$650,000	\$6,500	13.0%	Increase Sales
Payroll	\$400,000	-\$4,000	8.0%	Decrease Payroll
Other Expense	\$100,000	-\$2,000	4.0%	Decrease Expenses
Profit	\$150,000	\$5,000	5.00%	Profit
AR	\$100,000	-\$1,000	0.01%	Decrease cost of funding AR
			6.0% AR Interest Rate	AR

How to Facilitate the Customer's Discovery and Guide Them to New Insights

Explore their culture, mission, and vision
 Explore each executive's motivation and KPIs
 Explore each executive's vision and time frame
 Identify technology that speeds them to their vision.

Understanding Their Motivations

Objective – What and Why
 What they must accomplish or avoid
 Priorities – Where and When
 In what order tasks get done
 Criteria – Who and How
 What creates value
 How they'll make their decision.

Executive Discovery Questions: Objective

- "What must you accomplish?"
- "What are your top three initiatives?"
- "How do they interconnect?"
- "What will this be like when everything works correctly?"
- "What does success look like for this project?"
- "What are your key performance indicators?"
- "What KPIs do you set for your team?"
- "What's holding you back from accomplishing this? Is it people, process, infrastructure, capital, intellectual property, data analysis, culture, or politics?"
- "What happens if you don't accomplish this?"

Executive Discovery Questions: Priorities...

Budget

- "How do you set budgets?"
- "What is your budget?"
- "How did you arrive at this number?"
- "What does it include?"

Attention

"Who's driving this?"

"Whose agenda is this?"

"Who's most impacted by this?"

Executive Discovery Questions: Priorities

Resources

"What have you done to get ready for this?"

"What resources are allocated to this?"

"Who has this as a key performance indicator?"

Deadline

"When does this need to be in place?"

"When does your team need to be trained?"

"When do you want to start?"

Executive Discovery Questions: Criteria

"How will you know what to choose?"

"How will you measure ROI?"

"What would you want to be guaranteed for you to be successful?"

Questions to Explore Criteria

"What are you using (or considering) now?"

"What do you like best about it?"

"What do you like least about it?"

"If you could have things any way you wanted, what would you change?"

"If you could do that, what would it mean to your situation?"

"What would motivate you to change?"

What are the 11KPIs™?

Eleven measurements in five areas on which a business must focus to create a sustainable, scalable, profitable, and personally rewarding business.

Lead Generation

How many inquiries are you getting?

Driven by marketing and prospecting

Marketing has the greatest leverage.

2. Conversion Rate

How many leads become clients?

Conversion is the responsibility of sales

The sales team has the greatest leverage.

3. Retention Rate

How long do clients do business with you?

This is the responsibility of your delivery team and sales team

The delivery team has the most leverage.

The Business Growth Equation

Leads x Close Ratio x Retention Rate =

Customer Flow

Increase each by 10 percent per year and you'll grow the business by 33 percent per year.

The Client Equation

Total Clients =

New Clients

+ Current Clients

+ Inactive Clients

+ Past Clients

For many companies, reactivating inactive and past clients has the most leverage.

The 11KPIs... Growing Sales and Profitability

Profitability

Increasing the number and size of sales while growing profits.

4. Average Sales Value

What is your average deal size?

Deal size growth is based on:

Customer budget

Your ability to sell higher in the organization

Your ability to do sell higher-value

Your ability to up sell

Your ability to find more budget from other locations

Greatest leverage is in selling higher in the organization.

5. Average Number of Sales Per Year:

How often does a client do business with you?

This is the responsibility of your delivery team and sales team

Your delivery team has the most leverage.

The Revenue Equation

Revenue =

Total Clients

x Retention Rate

x Average Sale Value

x Average # of Sales Per Year.

The 11KPIs... Managing Capacity

...and appropriately increasing capacity as needed

This is about optimizing your business infrastructure and making it run like a well-oiled machine.

6. Team Structure, Development, and Retention

Do you have what it takes to serve your clients with bigger demands?

Rate this on a scale of 1 through 10

1 is awful, 5 is average, 10 is world-class

This is the responsibility of you and your management team

Executives have the most leverage.

7. Workspace and Equipment

Do you have the tools and environment to be most effective, space to grow efficiently, and tools to leverage your efforts?

Rate this on a scale of 1 through 10

1 is awful, 5 is average, 10 is world-class

This is the responsibility of you and your management team

COO has the most leverage.

8. Policies, Systems, and Processes

Policies are set by Executives,

Systems are created by Management,

and Processes are created by the Team

This is the intellectual property that makes your company valuable to a business buyer

Rate this on a scale of 1 through 10

1 is awful, 5 is average, 10 is world-class

This is the responsibility of you and your management team

Executives have the most leverage.

The 11KPIs... Improving Cash Flow

Managing and decreasing inventory and managing and decreasing accounts receivable.

9. Inventory

Maximize efficiency in executing sales and

accelerating when you get paid

Measured by the average of the number of days that sales take to execute

This is the responsibility of your delivery team and management

Your management has the greatest leverage.

10. Days Accounts Receivable

The right balance of accounts receivable creates profits. The wrong balance creates problems

Measured by average days of accounts receivable

This is the responsibility of your credit, billing, and collections systems

Credit has the most leverage.

The 11KPIs... Quality of Life

Living your dream life, making a substantial impact on society, leaving a lasting legacy, and enjoying success, however you choose to define it.

11. Personal Life Balance

Include the factors of your Family, Friends, Finance, Fitness, Fun

Measure on a scale of 1 to 10

1 life balance is awful, 5 life balance needs work, 10 living the life of your dreams at all times

You are responsible and you have the most leverage.

What's Next

What are the three best ideas from today's event?

What are you going to do first?

Let me know how it works and I'll invest 30 minutes with you to tune it up –

MarksSchedule.com

New Book!

MSPtoBSP.com

Connect with Me

Let's talk about your strategic planning, marketing plans, executive coaching, and customer acquisition systems.

Email: Mark.Smith@BijaCo.com

New Book: MSPtoBSP.com

Event: ExecutiveStrategySummit.com

Podcast: SellingDisruptionShow.com

LinkedIn: MarksOnLinkedIn.com

Twitter: MarksOnTwitter.com

Facebook: MarksOnFB.com

YouTube: MarksOnYouTube.com

Weekly email: MarksEzine.com

Blog: ArticlesByMark.com