



DATA³

COVID 19 IS THE PROBLEM, DATA IS THE ANSWER

8 DATA ACTIONS ANY BUSINESS CAN TAKE TO
MAKE AND SAVE MONEY, IMPROVE CASHFLOW
AND INFORM YOUR RECOVERY PLAN

Is COVID-19 impacting your business?

- Are you worried about cashflow?
- Have you been losing customers?
- Are you cutting down on cost, people and budget?
- Are you dizzy with the unprecedented uncertainty?

Data is the answer.

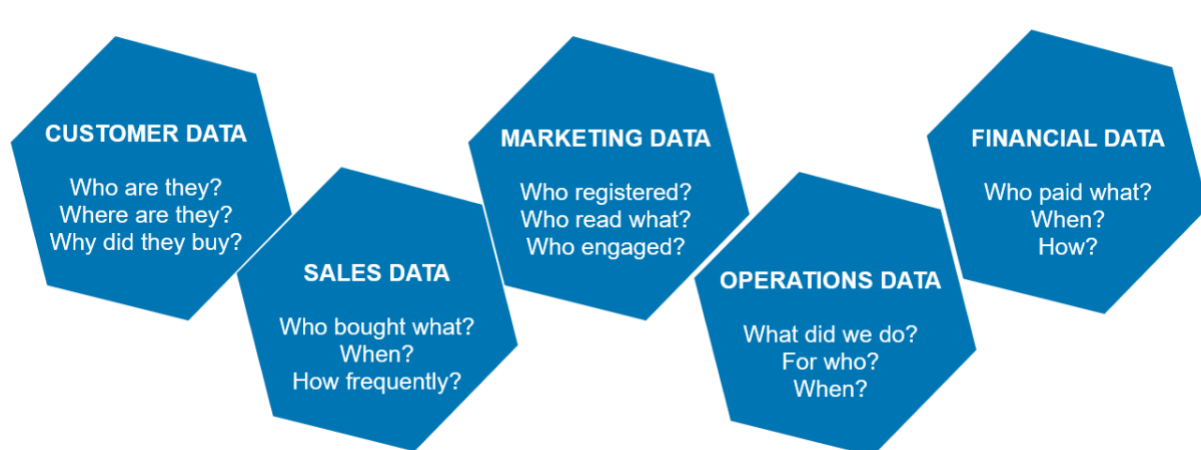
USE DATA TO INFORM YOUR COVID-19 RECOVERY PLAN

- 1 USE DATA TO INFORM YOUR BUSINESS STRATEGY AND PLANS
- 2 STREAMLINE YOUR DATA ARCHITECTURE
- 3 CUT COST IN THE RIGHT PLACE AT THE RIGHT TIME
- 4 TARGET YOUR HIGHEST VALUE CUSTOMERS FIRST
- 5 FORECAST SALES/COST IN DIFFERENT SCENARIOS
- 6 IMPROVE YOUR SALES & MARKETING CONVERSION RATES
- 7 BUILD DATA-DRIVEN PRODUCTS TO CREATE COMPETITIVE ADVANTAGE
- 8 COMMUNICATE BUSINESS KPIs TO ALL STAFF

Business is tough right now and likely to get much tougher for most businesses. This article will give you practical, helpful tools and tips that you can implement within your business right now.



STEP 1: Don't make decisions on gut feelings or listen to whoever shouts the loudest – use data to inform your business strategy and plans



Every business, large and small, has data, even start-ups and micro SMEs. Think about your customer, sales, marketing, operations and financial data – and that's just the start.

There's simply no excuse not to use data to inform your business plans, particularly in times like these when business decisions could make or break a business. Data usage brings objectivity, clarity and facts to your decision-making process and allows you to do it with confidence.

Don't know where to start? Just use what you have and don't worry about 100% accuracy – perfection is the enemy of the good, after all. Start with the data you can find, identify gaps, fill them where you can and make data-informed business strategies and plans. You can evolve, and perfect, your data as you go.

STEP 2: Don't spend more on data than you derive value from it – streamline your data architecture and make it work harder for you

Some businesses spend more on data storage, processing and tools than they do deriving value from their data. This is easy to do, as there's a comfort in storing ALL data, on EVERYTHING, and keeping it FOREVER... just in case someone needs it one day. We understand that, but in our experience, businesses can often save money by reviewing their data architecture, removing duplication, using free open source solutions and undertaking regular reviews.

The first step is identifying all your data costs. Then, starting with the highest cost areas, you can critically evaluate if you need the data cost, what commercial or regulatory value it is providing for the business, and what alternatives are available to your business. Some businesses save hundreds, thousands and tens of thousands of pounds through streamlining their data architecture.

| DATA SOURCE | DATA TYPE | BUSINESS PURPOSE | BUSINESS VALUE | MONTHLY COST |
|---------------------|------------------------|------------------------------------|----------------|--------------|
| SAGE/Xero | Financial transactions | Log all ingoing & outgoing cash | VERY HIGH | £X |
| Hubspot/ Salesforce | Customer records | Log all customer contacts & orders | HIGH | £X |
| AWS/GCP/ Azure | Data warehouse | Data warehouse | HIGH | £X |
| etc | | | | |

STEP 3: Don't cut things in a panic – identify ways to cut cost in the right place at the right time

Cut Marketing! Cut contractors! Stop recruitment! We get it. These are the easiest things to save cost quickly, so they're the 'go-to' areas when you want to quickly reduce your costs. But are they really the right places to cut costs, or could your cost-cutting be counter-productive? If your cost-cutting activity reduces your sales activity and incoming revenue, then your profit takes a double hit. Therefore, we recommend making data-informed cost-cutting decisions.

After identifying all your business costs as the first step, what you can do next is, starting with the highest cost areas, to critically evaluate the potential impact of a cost reduction on future sales. This will allow you to see if the cost savings are worth it, versus the revenue impact. Then, you can consider options, alternatives and other cost-saving areas instead.

| COST TYPE | COST DESCRIPTION | MONTHLY COST | IMPACT ON SALES | EXPECTED MONTHLY SALES REDUCTION |
|---------------|----------------------|--------------|--------------------------|----------------------------------|
| PEOPLE | Employees on payroll | £100,000 | Sales teams stop | £200,000 |
| | Contractors | £15,000 | None | - |
| BUILDINGS | Rent | £2,000 | None | - |
| SYSTEMS/TOOLS | | £1,000 | Minor | - |
| EXPENSES | | £3,000 | Minor hospitality/events | £10,000 |
| SUBSCRIPTIONS | | £500 | None | - |
| etc | | | | |

STEP 4: Don't deal with customers in a one-size-fits-all way – target your highest value customers first

Most businesses have many clients and they're usually different from each other. Typically 80% of most businesses' revenue comes from 20% of their customers. But where does the value come from? Some high revenue customers might be low value or even loss-making. Whereas some lower revenue customers might contribute higher than expected value to a business. So, when it comes to prioritising customers, where do you start?

The first step is to calculate what customer value looks like for your business. Now customer value can be tricky to calculate – there are all sorts of jargon (CLV/ LTV/ RFV) and complex equations via Google. And every business is different – customer value needs to be calculated differently for a retail customer, broadband customer or an insurance policyholder, for instance. But, for any business, we recommend starting simple with the calculation below. You can evolve it to tailor and bespoke it for the way that your business makes money and what true value looks like within your business.

$$\text{CUSTOMER VALUE} = \frac{\text{Revenue} - \text{Cost}}{\text{Time}}$$

Start with working out what a customer brings into the business, minus the costs associated with acquiring and servicing that customer, and consider how long they've been a customer.

The second step is to calculate customer value, whatever calculation you use, for all your customers and rank them.

| CUSTOMER VALUE | | | | |
|---------------------|-------------|------------|------|-----------|
| CUSTOMER | REVENUE | COST | TIME | VALUE |
| Big Biz PLC | £ 500,000 | £ 200,000 | 3 | £ 100,000 |
| Startup Ltd | £ 100,000 | £ 10,000 | 1 | £ 90,000 |
| High growth SME Ltd | £ 250,000 | £ 75,000 | 2 | £ 87,500 |
| Corporate PLC | £ 1,000,000 | £ 800,000 | 5 | £ 40,000 |
| Mid SME Ltd | £ 300,000 | £ 10,000 | 8 | £ 36,250 |
| Enterprise PC | £ 2,000,000 | £1,500,000 | 15 | £ 33,333 |
| Micro SME Ltd | £ 50,000 | £ 10,000 | 2 | £ 20,000 |
| Other SME Ltd | £ 50,000 | £ 10,000 | 3 | £ 13,333 |
| Global Corp PLC | £ 500,000 | £ 400,000 | 8 | £ 12,500 |
| Scaleup Ltd | £ 25,000 | £ 30,000 | 1 | -£ 5,000 |

The third step is to work out how you can retain your highest value customers, convert your mid-value customers to high-value customers and potentially exit your low-value or loss-making customers. This can involve a variety of sales, marketing, customer service and pricing tactics.

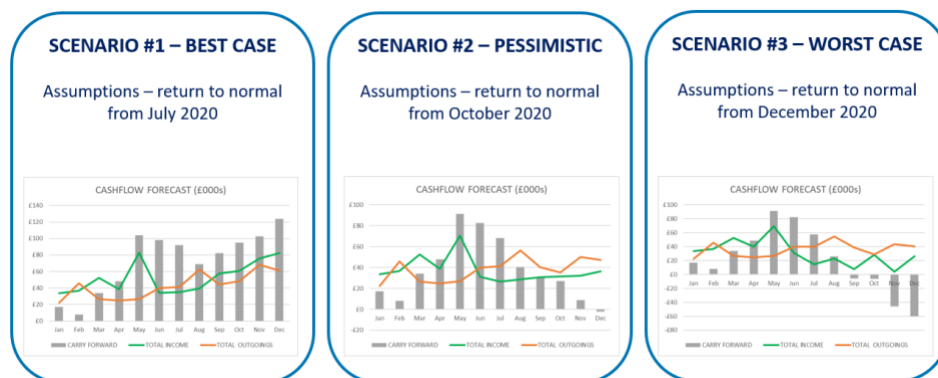
STEP 5: Don't guess what will happen in future – forecast sales, revenue, resources and retention in different scenarios

We're in unprecedented times. It's tricky enough to forecast sales, revenue, profit & more in any given year., but 2020 is near impossible. However, what you can do is forecasting sales, revenue, profit and more, based on a number of scenarios you can create from what you know today.

The first step is defining scenarios for your business – we usually use three:

1. **Best case** – probably too optimistic, but let's be positive
2. **Pessimistic case** – could also be called realistic perhaps?
3. **Worst case** – disaster...let's not think about that

The second step is then developing forecasts for each of these three scenarios – here's a simple example based on the impact of a short, medium or long-term lockdown...



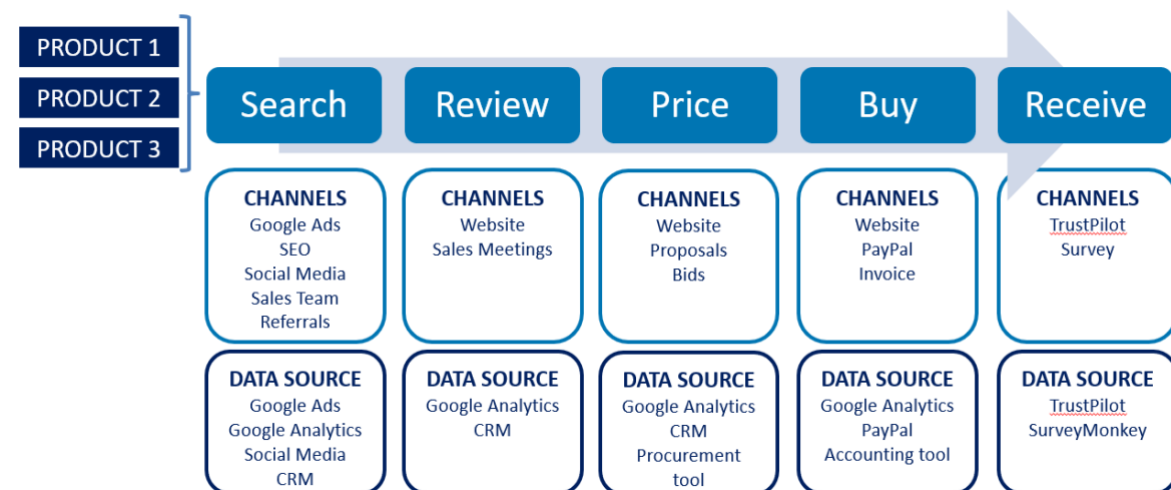
The third step is making data-informed business decisions based on these scenarios.

There's still an element of guessing, for sure, but this process ensures that you consider all the potential impacts on your business in a data-informed way.

STEP 6: Don't just chuck new marketing stuff out there – improve your sales and marketing conversion rates

Go! Go! Go! At some point in a crisis, there's a temptation to tell everyone your news, plans, special offers and more. But, before you do, consider where you'll get the best bang for your buck and understand where you need to focus your time, effort and money. That way, you get a return on your marketing investment, in every sense of the word.

The first step is to map out your customer journey. It's up to you whether you want to take weeks and months to do this, to a super high level of detail, or to create a simplified version like we have done in an hour...



The second step is to collect data on each of the steps in your customer journey so you can see what's working well and what isn't working well.

| STAGE | CHANNEL | METRIC | JAN 2020 | FEB 2020 | MAR 2020 | APR 2020 |
|---------|------------------|---------------------------------------|----------|----------|----------|----------|
| SEARCH | Google Ads | Clicks | 50 | 60 | 70 | 80 |
| | | Impressions | 4000 | 5000 | 6000 | 8000 |
| | Google Analytics | Home page views | 125 | 156 | 178 | 120 |
| | | Session duration | 0:12 | 0:19 | 0:24 | 0:10 |
| | Twitter | Likes/Followers | 300 | 310 | 320 | 330 |
| REVIEW | Google Analytics | Product page views (for each product) | 125 | 156 | 178 | 120 |
| | | Session durations (for each product) | 0:12 | 0:19 | 0:24 | 0:10 |
| PRICE | | Price page views (for each product) | 125 | 156 | 178 | 120 |
| | | Session durations (for each product) | 0:12 | 0:19 | 0:24 | 0:10 |
| | | Conversions (for each product) | 2% | 1.5% | 1% | 2% |
| BUY | PayPal | Basket | 10 | 12 | 9 | 8 |
| | | Purchase completed | 5 | 5 | 4 | 4 |
| RECEIVE | Survey | Customer satisfaction | 90% | 95% | 99% | 98% |

The third step is to use the data to identify where your customer journey is working well and where it isn't.

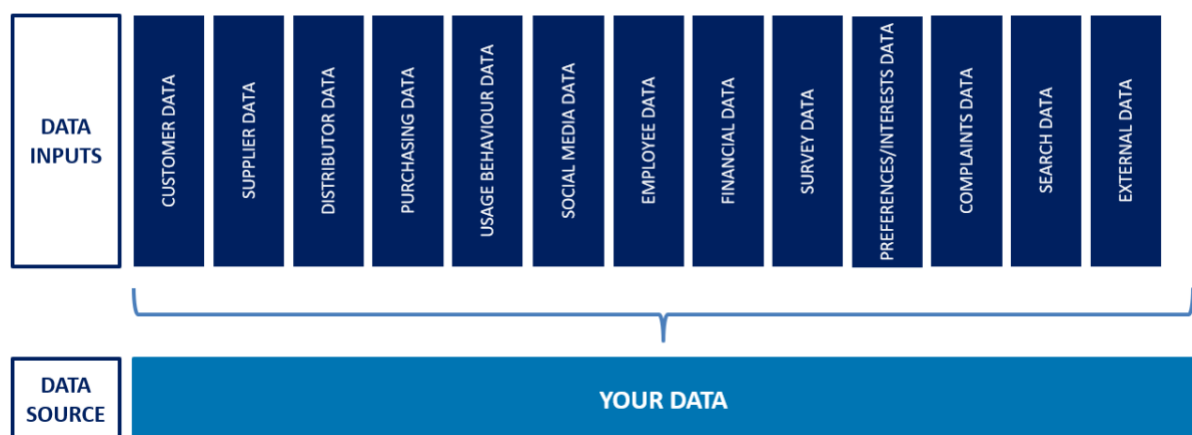


You can then focus your marketing time, effort and money in the places that will generate the most returns for your business. And stop wasting time or budget in other areas, at least temporarily.

STEP 7: Don't miss out on emerging opportunities – build new data-driven products to create a competitive advantage

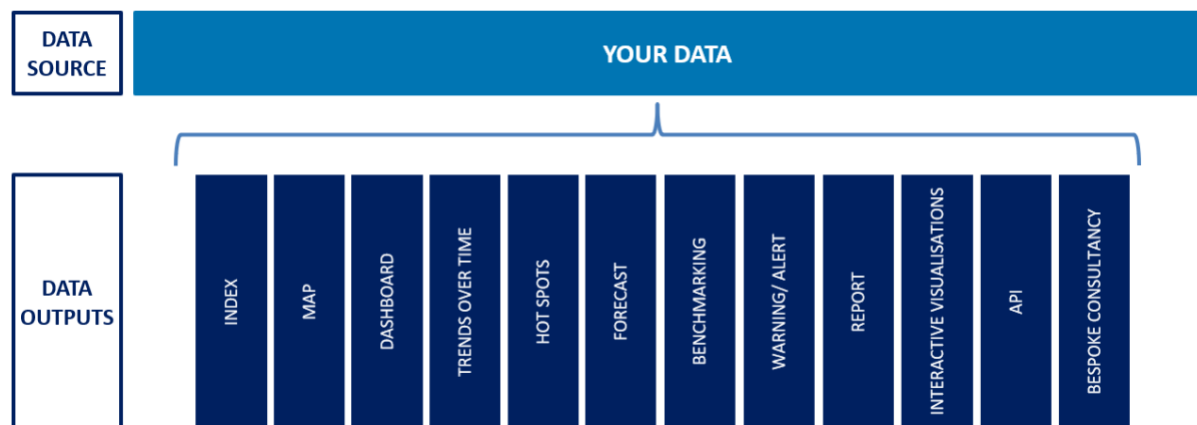
Data is the new oil? Data monetisation? Everyone talks about it, but few businesses actually do it. Particularly in the current climate, wouldn't a brand new source of revenue be helpful to your business? Now, we're not saying every business can monetise their data – the more data you have, the greater the opportunity, of course. But it's well worth considering.

The first step is to think of your data as an asset, which can seem amorphous, vague and opaque. If you don't like spreadsheets, numbers or coding, it could terrify you. So the best way to start is to break down your data into its component parts – think customer profiles, social media, feedback surveys, telephone calls, online behaviour and more.



The second step is to get creative about how your data could be re-packaged into a completely new format, for a completely new audience, with a completely new objective.

Monetising data doesn't mean selling email addresses to dubious third parties – it could mean creating new indices, dashboards, predictive tools or market trend reports.



You could create brand new data products and services, with new revenue streams for your business, using data you already have – either for current customers or for new ones. For small businesses, who don't have much data yet, there could be the opportunity to buy, sell, exchange or barter with other businesses serving the same customers as you, such as:

- customer data (if you have customer permission to do this)
- advertising space (website banners, sponsored emails) to reach your target customers

Think about groups of businesses who sell in the same sectors such as wedding services, families, events, students, start-up support and many, many more.

STEP 8: Don't forget your team – communicate business KPIs to all staff so you're all focused on the end goal

Lastly, don't forget your people and how data can be a unifying tool to ensure everyone is clear on what the business needs to do, in order to succeed. Share your key performance indicators (KPIs) with everyone in your business, ensure they understand how they can influence them in their role, and track and review progress regularly. Use any format you like – a table, spreadsheet or dashboard, whatever works for your business.

| OUR BUSINESS TARGETS THIS MONTH | | |
|---------------------------------|----------|-----------|
| | Mar-20 | Apr-20 |
| NEW LEADS | 20 | 30 |
| NEW PROPOSALS | 16 | 20 |
| NEW CLIENTS | 3 | 5 |
| CONVERSION RATE | 15% | 17% |
| AVERAGE VALUE PER CLIENT | £ 20,000 | £ 20,000 |
| TOTAL REVENUE | £ 60,000 | £ 100,000 |



Are you using your data to make smarter, quicker decisions that will enable you to be better prepared for business recovery, re-emerge as a leaner, stronger business and get ahead of the competition and create a commercial advantage? **START TODAY.**





EMAIL US hello@data-cubed.co.uk

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