



MANDRIEN CONSULTING GROUP
REAL ESTATE SERVICE INDUSTRY



Operational Success: Targeting Performance

INTRODUCTION

Operational success has become widely accepted as a critical factor for real estate service providers (hereinafter referred to as “providers”). It is best described as the level at which all departments in an organization work together to achieve business goals.

Many providers have created departments and job functions focused on translating the value of business assets into higher performance such as business process development teams. However for those who are just beginning the journey there are undoubtedly more questions than answers.

There are four critical areas for making meaningful transformations that lead to improved performance: events, processes, decisions and data. Unlocking operational success requires providers to transform the way each are managed, governed and leveraged throughout the enterprise. The end result is a business with the agility, efficiency and precision to consistently outperform the competition.

Technology is simultaneously the cause of today’s most critical business challenges and the means by which to address them.

The speed at which data is being produced and the speed at which business is changing are two items unparalleled in history. Their confluence is anchored by customers who, armed with information, expect better products, faster service, consistent responses and lower prices.

Both large and small providers are recognizing the need to adapt. They are focused on evolving their business to not only respond, but continue to grow as well.

These revelations are certainly not new. Providers have been responding to these challenges for many years. Motivated by sheer cost however, many small and mid-sized businesses could not predict high enough return to warrant the investment in technology to adapt; until now.

Therefore the proliferation of organizational transformative initiatives, motivated by development, maturation and affordability of innovative solutions that allow providers to transform, compete and succeed.

TARGETING PERFORMANCE

Improving operational success has taken center stage for business transformational initiatives. Innovative tools, approaches and technologies are enabling providers to better perform with greater agility, flexibility and precision.

High performance is no longer achievable only by providers with an abundance of time, resources and money. Open source has become a viable option as well, and many businesses are migrating away from traditional licensing options as a further means of reducing costs. However the focus remains solid – improve operational performance and business success will follow.

Whether a provider is beginning the journey or reaching for higher levels of performance, information technologies are providing the means. However as recent history shows, discretely implemented software solutions are not enough to create meaningful transformations.

PROVIDERS NEED MORE THAN TECHNOLOGY

For many providers, applications and systems remain technologically and strategically discrete. Although performance in a given area may improve, without sufficient improvement in other areas the overall performance remains limited. The result is emphasized and perhaps compounded performance issues throughout the enterprise.

Effective performance improvement requires a complete vision based on strategy, connectivity and dependencies between four core areas of focus:

1. The events that happen within a business.
2. The processes that are created as a result of those events.
3. The decisions that are made.
4. The data that supports all three.

High performing providers have effectively addressed each of these areas through a disciplined approach of governance, strategy and innovative technology solutions. They create greater competitive advantage by mastering the performance of each area and the relationships between them. Performance improvement is not accomplished through an implementation. It requires an evolution in which the nature of the business fosters better connectivity, agility, precision and consistency.

PLANNING FOR SUCCESS

Each of the four core areas requires significant planning and focus. Providers with an abundance of resource availability are able to focus on more than one simultaneously. However without an abundance of resources, slow and incremental steps can produce the same level of transformation and value.

Independent of scope, the most critical point is that changes are made. Effective and efficient response to market challenges and opportunities requires a business poised with agility and precision. It requires a business with knowledge and control of its events, consistency and efficiency in its processes, precision and effectiveness in its decisions, and quality and availability of its data. Information technology has produced approaches, tools and technologies that help providers make meaningful changes in the management and governance of all four.

The first step in performance improvement is to conduct an analysis to identify and prioritize the most critical focus areas for a business. The second step is deploying a solution that addresses the needs of a particular department, line of business or business processes.

By approaching improvement with a clear and concise strategy providers can realize a return sooner and validate solution applicability. Solutions can then be scaled to provide streamlined and reusable services resulting in enterprise performance improvements.

EVENT OVERSIGHT

Business events are defined as planned and unplanned occurrences that drive responses and processes internal to a business. Business Event Management is a discipline designed to improve the detection, identification and response to business events. Whether events are major or minor, businesses must be able to detect, identify and respond with efficiency and effectiveness.

The increasing speed of commerce is introducing more events per day, per minute and per second for many providers. Hence efficient detection and response to just a fraction of these events can result in dollars gained or saved per year. It makes sense that providers are focusing on improving their performance in identifying events or event patterns, as well as generating the right response, at the right time and for the right reason. High performing providers apply event management technologies to better respond to business events. Not only do they save uncountable resources and money, their increased knowledge and management of business events creates greater competitive advantage and business value.

PROCESS ADMINISTRATION

A business process is defined as a set of business activities that represent the steps required to achieve a business objective. Business Process Management is a discipline designed to improve the performance and consistency of business processes. Business Process Management helps providers break down organizational silos and promote streamlined cooperation between business units.

Business Process Management technologies (BPM) have become cornerstone products for enterprise software vendors. BPM is solidly rooted as a core element of their product stack and continues to drive complementary software developments, including B2B integration, content management and decisioning. Although the market offers diverse solutions, the diversity breeds confusion as well. BPM technology selection is easier for providers with significant investments in vendor technologies. However for providers without significant vendor investment wishing to leverage BPM to improve operational performance, more detailed analysis of capabilities, features and return are required.

Business processes can be spawned in response to an internal event such as an unavailable production part or an external event such as a customer order. In both cases BPM helps providers to:

- Maximize the effectiveness of company resources
- Adjust with agility and flexibility to meet changing business requirements and customer expectations
- Optimize processes for timely response to internal and external events
- Increase the speed at which a company can bring new products or services to market
- Improve customer satisfaction
- Improve competitive advantage and positioning

High performing providers are investing in BPM approaches and technologies to better address business challenges that cause inefficiencies, lost revenue and lower customer satisfaction. Improving the way business processes are managed is a critical component for improving operational performance.

DECISION MANAGEMENT

Business decisions are defined as the operational logic and policies that guide business processes. Decision Management is a discipline designed to improve the management, consistency, precision and agility of business decisions.

Decision Management helps providers extract strategic decisioning logic from traditional programmed solutions into a central repository maintainable by business experts. It improves operational performance by facilitating faster time to market for decisioning changes and enabling providers to better react to market opportunities.

Decision Management generally includes technologies to address the major needs of strategic business decisioning: Business Rules Management Systems, Predictive Analytics and Decision Optimization.

Staying competitive in a fast-moving market requires agility, flexibility and precision. Decision Management has created value for providers with diverse business challenges, and creates a decisioning platform allowing providers to respond business policies to market challenges and opportunities.

Decision Management benefits include:

- Automated quoting and underwriting
- Strategically tiered pricing
- Faster time to change of strategic business policies
- Accurate fraud detection and handling automated claim processing
- Regulatory compliance

High performing providers are investing in Decision Management approaches and technologies to improve operational performance of their strategic decision-making tasks. Decision services are often deployed across the application infrastructure to provide re-useable decisioning throughout the enterprise.

DATA CONTROL

Business data is defined as the information describing business assets such as resources, products, customers and events. Data Management is a discipline designed to improve the management, governance, quality and usage of business data.

Trusted data is perhaps the most critical company asset. It helps providers detect and correlate events, optimize business processes and make better decisions.

Given the volatility of today's market, access to quality, timely and synchronized information is even more important

Data Management eliminates uncertainty that can jeopardize business success, and ensures that a company can pursue opportunities with knowledge and confidence.

Traditional database management technologies are typically at the core of data management solutions. Many software vendors also implement more focused technologies that address data-related challenges.

At minimum providers should implement robust data quality and governance processes that increase data value across the enterprise.

The three previous keys to unlocking operational success are critical focal points of an effective improvement strategy. Data is perhaps the most critical because of its importance to all three. The quality of an event, a process or a decision is only as good as the data that supports it.

Events require data for correlation and context. Poor data could cause incorrect correlation of event data signifying fraud, or perhaps the correlation of two events indicating production shortages.

Processes require data for routing and decision-making. Poor data could cause processes to stall, or perhaps incorrect routing to business functions unable to properly resolve a customer issue.

Decisions require data for precise and consistent decisioning. Poor data could jeopardize customer risk assessments or inadvertent denial of a customer medical claim.

High performing providers are investing in Data Management to mitigate risks associated with poor data. By ensuring the reliability, access, quality and timeliness of data, providers are able to increase operational performance to better respond to market changes and opportunities.

CONCLUSIONS

Operational performance is synonymous with business success and will therefore continue to sit atop IT agendas into the future. The relationship between the four core focus areas is more than superficial. Strong dependencies dictate the level of performance achievable from strategic IT initiatives. Although providers may not have the resources to simultaneously pursue improvement in more than one area, strategic and measured improvement initiatives with smaller scopes will produce meaningful results and greater competitive advantage.