WHITEPAPER TWO:

Less is really more
Technology has made it possible for businesses not only to scrutinise data, but to store it—in vast quantities. This has led to an epidemic in report creation, and fostered a belief among some businesses that micro-reporting is the way to gain ultimate visibility. But nothing could be further from the truth.

**EIGHT BOSSES BOB**

If you’ve ever seen the hilarious 1999 film ‘Office Space’, you’ll be all too familiar with the phrase ‘TPS report’. It’s something disgruntled employee Peter Gibbons has to produce for no fewer than eight different bosses.

“Eight, Bob,” he explains to a hapless management consultant.

“So that means when I make a mistake, I have eight different people coming by to tell me about it. That’s my real motivation—not to be hassled. That and the fear of losing my job, but y’know, Bob, [that] will only make someone work hard enough not to get fired.”

The film, of course, is a parody of office life. But for those of us who have ever been tasked with doing something for a line manager or boss, it touches on one or two corporate truths—in particular the trend for ongoing, and in some cases incessant, internal reporting.

**THE STARTING POINT FOR ANY BUSINESS DECISION**

There’s little doubt that concise reporting of pertinent information has become one of management’s most valuable tools. We talked at some depth about this in our last whitepaper.

Reports can provide critical information that allows staff to make well-informed choices for the good of the company as a whole. It’s not just management who stand to benefit. Reliable intelligence is the starting point for any good business decision, from knowing how much stationery to order to taking the company into an IPO.

But is there such a thing as too much reporting? Is the micro-visibility that some managers crave really that necessary, or would a simpler, more consolidated approach actually be more useful?

**ALL ABOUT THE NUMBERS**

Traditionally, reports were all about the numbers. Their role was to provide a picture of financial health, often by focusing on aspects that were easily quantifiable: profits over the last quarter, or the number of units shifted in the past month for example. These were normally requested by upper management, many of whom were just looking for confirmation that the business wasn’t teetering on the brink of receivership.

Lately, however, an epidemic for reporting on a much wider and more detailed scale seems to have taken hold. Reports are no longer the domain of somebody in Finance with access to the figures. Nowadays, anybody in the business can be tasked with producing data, often in seemingly niche areas.
You probably know the sort of reports we’re talking about. Reports to record:

- web traffic
- new customer interactions
- involvement in corporate social responsibility initiatives
- energy costs
- social media return on investment
- advertising spend by segment
- staff punctuality and productivity,

Not to mention the good old status update, which has a habit of being demanded during the most time-critical periods (such as the launch of a new project or product).

**DATA ON ITS OWN COUNTS FOR NOTHING**

There’s little doubt technology has played its part in this epidemic. Computer systems have made it much easier for businesses not only to scrutinise data but to store it too. Where previously, managers may only have been able to look back over a period of a year or two, now they can import all the historical data they want and look back 20 or 30 years.

But here’s the thing: large volumes of data alone are of little use.

You may have heard the phrase ‘you can’t manage what you can’t measure’. You may even have used it to justify the creation of a report. All too often however, businesses mistakenly believe they’re measuring data when all they’re actually doing is collating it. And that’s of little use to anybody.

It’s human nature to measure the easy wins (revenue minus expenses equals profit, for example) and stick the results in a report. But it takes a lot more effort to make sense of aspects of the business that are less easily quantified (like customer satisfaction). That’s often where the scrutiny is most acutely needed.

Technology may allow us to print out a pretty graphic of new customers in June, for example, but if we’re not going to try to interpret why we lost more customers than ever during the month of April, is there really any point in creating the report in the first place?

**FURTHER DISADVANTAGES**

There are other limitations to this style of reporting—all.

Reporting, by its very nature, tends to focus on recent past events – P&L in the last month, sales last week, orders placed on a Tuesday. And this, in many respects, is quite inhibiting.

For many businesses, focusing on where they should be in a month, 12 months or 5 years’ time is a far more important consideration than how many electrical sockets they sold in Q4 of 2013. Side by side with previous quarters the figures mean something, but if a company’s management team is constantly asking staff to produce reports, the chances are they’re not really looking ahead. That obsession with the short term can very often come at the cost of future opportunity and growth.

Perhaps the most obvious disadvantage to obsessive reporting is the time it takes. Yes, technology means it’s much easier to create reports than it used to in the days of spreadsheets and paper ledgers, but the fact remains that the more time you ask your staff to spend on reporting, the less time they’re spending on their primary job function.

This is counter-productive, especially when the people tasked with producing reports are very often the same people who are responsible for delivering the business’ products or services. It also has a nasty habit of fostering resentment amongst the workforce. After all, when have you ever heard an employee utter the words, “Wasn’t that report a nice break from the norm?!”
A couple of other points to consider are these:

- The time it takes to create lots of different reports compromises the validity of the data. The longer they take to produce, the less up-to-date they are.
- The more small reports you create, the greater the likelihood is of data overlap between jobs, projects or departments. This means effort is being duplicated across the business. It also introduces the possibility of errors.

**KEEPING YOUR EYES ON THE ROAD AHEAD**

In truth, there are many better things your staff could be doing than preparing reports, and plenty of businesses do recognise this. In fact, data has increased so dramatically that many managers now regularly complain of information overflow.

So what’s the solution? How do you get the critical data you need, and the occasional deeper insight, without tying people – or yourself – up in knots?

The first step is actually to take a step back. If you have a powerful ERP system at your disposal then there are any number of reports you could choose. But as we’ve already touched upon, there are very few advantages to reporting on everything. The trick is first deciding exactly what it is you need to see, and then choosing (or building) the reports that give you that information.

Benjamin Esty, Chair of the General Management Program at Harvard Business School, said a successful manager gets ahead by “knowing more and more about less and less”. In other words, he or she only really needs to know the most critical business elements, and in many cases, a consolidated report can provide that information.

So when it comes to getting the most out of your reporting, the key is to see reporting as only one half of the solution. The other is defining your requirements, identifying trends and developments which could impact your business and, most importantly, establishing appropriate plans of action to meet your KPIs.

So if you feel you may be caught up in the epidemic of over-reporting, or you’re considering implementing an ERP system and want to ensure you can get the best from its capabilities, there are two questions you might want to ask yourself:

1. **Do I understand what I want to report on?**
   You don’t know what you don’t know. Understanding the importance of a clear definition of reporting requirements is the key to ensuring you don’t get lost in too many meaningless reports.

2. **What am I trying to draw from my reports?**
   Turn reports into insights and define an action plan. More importantly outline what exactly you want to do with the knowledge sitting in front of you.

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