



**Good Decision Making: Information is Key**

**NGR**

**Helping Businesses **Grow****

# Good Decision Making: Information is Key

Life is full of decisions. What separates successful business owners is their ability to assess, predict, plan and execute. The less we leave to chance, the more successful we will be.

## Don't Gamble on Your Future

Las Vegas is a wondrous place with towering casinos, neon lights, and the constant "cha-ching" of coins hitting slot machine trays. People come from all around the world to place their bets, ever hopeful that they'll win big. Some will play the percentages and some will trust their gut, but most will leave Las Vegas with less money in their pockets.

There's always a chance to win big when you gamble, but, as the saying goes, "the odds are stacked against you". Casino owners don't make decisions based on their gut. They gather detailed information to drive decisions that optimize their investments. From the layout of the casino floors, to loyalty programs, to free drinks, to cheap buffets, to the rules of the games themselves, every detail is meticulously planned to drive profits. They leave the gambling to their customers.

While the manufacturing or distribution industry is not nearly as glamorous as a Las Vegas casino, we can learn a lot from their approach to decision-making. When it comes to getting the best possible return on investment, information is key.

## Money Doesn't Grow on Trees

As the economy has faltered over the past half-decade, businesses have had to adapt to increasing competition and decreasing profit margins. Many companies have gone out of business, while others have looked to mergers and acquisitions to maintain profitability. There's still a lot of money to be made in the Manufacturing or Distribution Industry, but we must work smarter to succeed.

The first place to look for additional profits is in the work you are already doing. We've established that it's harder these days to

make money, so make sure it's not being wasted. Successful companies build on their strengths and address their weaknesses. Who are your most profitable customers? What types of work are most profitable? Incent your salespeople to go after more of that business. At the same time, take a look at your unprofitable business. If you can't find ways to be more efficient, or raise your prices, it might be time to introduce those jobs to your nearest competitor.

As my old boss used to say, "There are only two knobs to turn for profitability: revenue and cost". Successful companies keep a constant focus on both. Keeping costs down is critical, but more than one company has saved themselves right out of business. Increasing sales is also important, but gaining new work is only valuable if it is profitable. The trick is to find the right balance between increasing internal efficiency and investing in new technology or capabilities that will enable you to more profitably produce existing work and expand your product offerings to generate new business opportunities.

Deciding where to invest can be challenging. Should you buy a new equipment or a new machine?

In a sea of numbers, it can be hard to figure out which numbers to believe or even where to start. Many companies struggle to capture, sort and analyze data, but if you don't know how much it costs, what you'll save or how it will increase your bottom line, how can you be sure you're making a good investment?

## Gathering and Using Critical Information

In today's fast paced and increasingly competitive world, companies with an integrated ERP (Enterprise Resource Planning) system or MIS (Management Information System) have an inherent advantage. These systems are designed to capture key sales and production data, allowing savvy business owners and managers a detailed look at their operation's strengths and weaknesses. The real question is, are you able to find and sort the data you need to make decisions?

ERP and MIS systems come in all different shapes and sizes, with a wide variance in capability. Most systems claim, and many have, a large degree of configurability and customizability that can be instrumental in creating a solution that gathers and presents the data you need to run your business intelligently. However, a system that is specific to your industry will generally be much easier to implement than a generic system, as it will capture and deliver the information you need with a minimal amount of configuration.

### **Making the Transition from Reactive to Proactive Business Management**

As companies grow, their business management systems must grow. Disconnected spreadsheets and home-grown databases are replaced by the integrated Estimating, Ordering, Purchasing, Production, Shipping, Accounting and Inventory Management capabilities of an advanced ERP system. The driving force behind this change is the transition from Reactive Business Management (looking at what happened last month and making adjustments) to Proactive Business Management – looking at business trends and making adjustments in advance to take advantage of those trends. Let's take a quick look at the difference:

Company A has been in business for 40 years. They create estimates using spreadsheets that they've developed over the years and have an MIS system to track their orders and production jobs. They have a big scheduling board in the conference room where they lay out the production schedule, making adjustments throughout the day. They are making a respectable 5% profit on their \$25MM/year in sales. Bob, the owner, is feeling the pinch from competition, as well as from declining run lengths. Bob knows that in order to succeed, he's going to have to produce work more efficiently and increase sales... but how? He can see from his financials that last month he barely broke even, despite good sales numbers, but figuring out exactly why is a challenge. He has his production staff working most Saturdays and most of the jobs are being delivered on-time. Bob looks at his reports from last month, but doesn't see any glaring problems, so he heads home hoping that next month will be better.

When Bob comes in the next day, he reads an article in an industry publication about the record profits at his cross-town rival, Company B. They started in business around the same time as Bob's company, but implemented a new ERP system two years ago. Joe, the CEO at Company B, realized that he had to find products and services that would set his company apart and create value that would keep Company B from competing solely on price. The streamlined flow and automated scheduling created by the new ERP system has allowed Joe to increase the number of production jobs by almost 20% without hiring additional staff or working on Saturdays. This has allowed Company B's salespeople to go after work that they had been turning away previously because it wasn't profitable. Joe also realized, after looking at data collected by his ERP system, that by replacing an old conventional press with a new digital model, he could drop his internal costs on short-run work by 15%.

### **Don't Hope to Survive – Plan and Thrive**

We are constantly reminded about the challenging state of the economy, both at home and abroad. The business landscape is constantly changing and successful companies work hard everyday to adapt and improve. They don't hope for improvement in areas they can't control. They don't look back and cry about what could have been. They don't gamble with their hard-earned money. Successful companies learn from their mistakes, gather data, make plans and generate new opportunities. They invest in tools, like integrated ERP systems to help them succeed. They understand that when it comes to making critical business decisions, information is key.

# About NGR

NGR Technosys is a global supplier of business management and revenue performance management solutions. At NGR, we live and breath business every day. We are passionate about helping our customers achieve their ambitions. Our range of business management and revenue performance management solutions are continually evolving as we innovate to answer our customer's needs.

Our Business Management solutions support accounting, operations, customer relationship management, human resources, time tracking, merchant services, and the specialized needs of the construction, distribution, healthcare, manufacturing, nonprofit and real estate industries.

Our Revenue Performance management solutions transform marketing and sales teams of all sizes to accelerate predictable revenue. Our Revenue Performance Management solutions are both powerful and easy to use, providing explosive revenue growth throughout the revenue cycle from the earliest stages of demand generation and lead management to deal close and continued customer loyalty.

To find out more about NGR's Business Management solutions or Revenue Performance Management solutions and how they can benefit your company, please visit us at [www.NGRTechnosys.com](http://www.NGRTechnosys.com) or call us at +91 8985 11 2309 or email us at [info@ngrtechnosys.net](mailto:info@ngrtechnosys.net).

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