TOLLRING

INTRODUCING THE HALO EFFECT TO DRIVE COMPETITIVE ADVANTAGE

SEE EXPENDITURE DROP AS SAVINGS RIPPLE ACROSS YOUR ORGANISATION

EXECUTIVE SUMMARY

When measures are taken to create a 'halo effect' in your business the benefits will ripple across the entire enterprise. The halo begins when we start to build a community of like-minded people. A simple strategy based on monitoring behaviour is often enough to persuade employees to act differently.

One approach is to inform the workforce that its expenditure is now being assessed and benchmarked according to job function. Warning employees that their use of resources is being watched, that misuse will be penalised and compliance rewarded, is a simple behavioural-change tactic that can deliver huge savings.

Making people aware that expenditure is being monitored will help create a new mindset and response.   As more and more employees are encouraged to reduce wasteful and unnecessary expenditure, the economic benefits can rapidly spread throughout the workforce and beyond resulting in a deluge of improvements across your wider business community.

This eBook explores the benefits of the 'halo effect'. It will demonstrate how a collective halo is created and why it requires minimal resources. It will dispel some myths about implementation and show how it impacts the bottom line, improving competitiveness to give businesses competitive advantage.

INTRODUCTION

There is a huge amount of wastage in corporate expenditure. In a survey conducted by procurement specialists Proxima[1] the author stated that: "More than £10 billion in annual profits could be unlocked for FTSE-350 companies through just a one percent reduction in operating costs". This puts the need to minimise wastage into focus.

Reducing operating costs should become habitual and is a much more positive way to protect profitability than, for example, reducing headcount. A major source of unnecessary cost is employee expenditure but even if you can achieve reductions, how do you ensure that this downward trend will endure in the long term?

The ability to monitor and attribute costs at the individual level requires sophisticated technology and complex data analysis capability. This would once have represented a daunting challenge but with the rise of cloud-based and hosted services this is no longer the case as they simultaneously remove implementation concerns and costs.

SIX STEPS TO MINIMISE EXPENDITURE AND IMPROVE PRODUCTIVITY USING THE HALO EFFECT

STEP 1. MONITOR EXPENDITURE TO CONTROL IT

When left to their own devices many employees squander resources. It is generally not malicious behaviour just a lack of understanding of how these seemingly insignificant costs can collectively damage the organisation's performance and competitiveness.

What proportion of your organisation's expenditure would you imagine is lost through misuse? Ten percent? Twenty?
It is commonly more like fifty percent[2] and many people find this level of waste staggering.

One solution is to monitor expenditure but monitoring alone is not enough to reduce wastage - you need to enforce it.

The first step of enforcement is to tell the workforce why you are doing it and the positive effect it will have on the company and ultimately on them. You will be surprised how radically this knowledge alone will change behaviour.

Suddenly employees have a more saintly attitude towards the use (and misuse) of mobile devices, conferencing, mileage/petrol, travel, entertainment, expenses, stationery, internal room bookings or any other item that accumulates a monthly cost – hence the 'halo effect' is created. Costs across the enterprise start to fall because everyone knows they will become accountable for their level of consumption when benchmarked against similar job functions or company-wide policy.

Mutual awareness helps to achieve a company-wide buy-in for more responsible behaviour along with a community-spirited desire to participate with everyone else to protect the business. It is a mind shift. Employees more impervious to the message will firstly be easy to identify and secondly motivated by the concern that they will be required to justify their higher costs.

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Enforcement can have the opposite effect, of course, if it is seen as a joke or unreasonable. One of the problems of attributing cost throughout a large enterprise is being able to accurately allocate costs to specific individuals or groups. Effectively managing numerous sources of data and eliminating silos of data is not the problem it once was, however, thanks to the deepening expertise of hosted services and the lower costs of Cloud-based delivery.

STEP 2. CREATING THE ENTERPRISE HALO

It's one thing to create a culture of transparency but how do you make it possible in the first place? You need the right tools and capabilities. Traditional attempts were not so successful because bespoke tools needed to be created from scratch and they were often ineffective and took too long to develop and implement.

Today, hosted or Cloud-based specialists provide dedicated solutions honed by more than a decade of industry experience. Their off-the-shelf, ready to go subscription-based offerings do not raise CAPEX concerns. You can put the right practices in place and do so through low cost subscription to the service provider. No fixed assets means an extremely low risk venture with no long term tie-in and with a typical ROI within six to twelve months funded from savings.

If the tools provide the means to inform, shape and control the environment the rest is down to basic psychology. We are all stakeholders in the organisation that employs us whether at board level or entry level. We subconsciously recognise this but so often we need reminders to shape and maintain our good behaviour. We not only need to hear the message repeatedly and see it with our own eyes, we need to be influenced by those around us to sustain them.

Business psychologists, Pearn Kandola[3], provide valuable insight through their knowledge of the Mexican wave. One of its blogs states that it takes around two dozen people to initiate a Mexican wave which gradually spreads out into a line as more people join in at the rate of twenty two seats per second.

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What is far more interesting from the point of view of achieving sustainable change in a large organisation is what one psychologist observed at the London Olympics. He said "…the waves that started spontaneously were much more successful (in terms of participation and duration) than those started by the commentators encouraging a Mexican wave to begin". The observer attributed the phenomenon to 'Crowd Behaviour', "…when we are in a crowd, we are more likely to behave in line with what other people in the crowd are doing, rather than in line with what one person tells the crowd to do".

This raises the question of application. How do you apply crowd behaviour to the workplace?

Behavioural change usually requires a few strategic employees to be selected as 'champions' just as many organisations now have environmental champions. This group encourages employees around them and like the Mexican wave this influences change amongst the wider workforce.

Unlike the Mexican wave which comes to an inevitable end, behavioural change can be sustained when the champions are supported by other initiatives and finally by enforcing the change through the monitoring and measuring capability.

Any hint of 'big brother' is eliminated by internal communication that explains how careful use of resources helps to save jobs, safeguard bonuses, protect suppliers in the business community and ensures competitiveness.

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STEP 3. MAKE IT EASY FOR EVERYONE TO PARTICIPATE

People will take ownership of the problem of wastage if you help them. Flooding employees with data will not help. Helpful persuasion is needed and this begins with giving the end user intelligent information delivered in the form of simple, relevant dashboards that requires no deciphering to see whether or not the bench mark has been breached.

Delivering the appropriate level of information will foster innate good will. People do generally try to do the right thing if it is made easy for them to cooperate. Clear and relevant information improves visibility and enables management to function more effectively. It can plan for the future by comparing current and historic spending for example. This makes it easier to make forecasts, understand patterns of replacement, know if billing is accurate and see any discrepancies at a detailed level and on a cost effective basis. Management can see if assets are being over used, under used and used responsibility and ensure the individual and the organisation remain compliant with changing HMRC compliance. Given the full and accurate picture you can see what needs to change and to improve and the improved outcomes from the individual, group and company-wide effort.

STEP 4. KEEP THE HALO AFLOAT IN AN OCEAN OF DATA

Most employees are supported by a plethora of devices such as smart phones, land lines, laptops, cars, printers, special equipment, protective clothing and uniforms - all impacting the bottom line. Further consumption, through fuel cards, company credit cards, conference facilities and energy also   add to costs.

Given the amount of data this generates in a large organisation one might think that it would be too costly to identify all expenditure at the individual level.

Until recently many organisations have struggled partly because data comes from so many different sources and in so many formats.

Although it can be cheaper to ignore the problem this is no longer true. Indeed, it is now proving extremely costly to ignore.

Specialist service providers can solve the problem through their increased expertise in handling complex data and application integration on your behalf, enabling them to provide multi-level visibility across the enterprise. Today it is relatively easy to account for and attribute small costs throughout the largest enterprises. When implementation, disruption and risk are no longer big issues it is possible to control and recover costs economically when managed by hosted services or via the Cloud.

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STEP 5. AVOID THE PITFALLS WHEN IMPLEMENTING A 'BIG DATA' SOLUTION

'Big data' or 'Business Intelligence (BI)' projects can send a shiver down the spine of many organisations because they are tainted with a high failure rate history[4]. So, why take on a big data project when what is required is already accomplished? Today's hosted and Cloud-based specialists can simply supplement and enhance your existing investment in BI.   These service providers can integrate obscure data sources to provide you with information everyone can utilise.

Security has been a top concern but this too is changing.   A recent survey quoted by Forbes[5] found in favour of Cloud versus on-premise applications which said "...cloud-based applications are less likely to be attacked than on-premises environments, a new study of 70,000 security breaches for a 12-month period across 1,600 companies, released by Alert Logic, a security vendor, concludes".

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STEP 6. ENHANCE THE VALUE OF YOUR SUPPLIER COMMUNITY

Companies are in business to make a profit. Everyone seeks ways to add value to the service they provide. Sometimes this can go a little too far where short-term profiteering by the supplier often leads to unnecessary costs for the enterprise. It is better to have the ability to monitor spend and be able to justify price variations than to be mystified by the supplier's limited breakdown of their costs and for distrust to damage the relationship. It is better to raise any concerns at the time than to reach a point where the relationship fails and causes disruption to both you and the supplier.

Suppliers whose tariffs, fees or charges are difficult to unravel and understand unfairly rely on customer obfuscation to prop up margins and avoid cannibalising their revenues streams. But analysis and benchmarking tools can effectively remove the veil and show that obfuscation is not good business practice since it first corrodes the relationship leading to a loss of business, eventually damaging the corporate reputation. Expenditure information can of course have much more positive effects. A large parent company used Tollring to analyse its operational data which led to a dramatic increase in sales. This came about because the data revealed that one of its subsidiaries, a wholesaler to the construction sector with hundreds of branches throughout the UK, had a high number of unanswered calls.

This was revealed by analysis and monitoring of call-data at branch level. It rectified the situation with a "call-back within the hour" alert to branch based staff and discovered that every one percent improvement within the hour equated to an additional £1 million in sales.

CONCLUSIONS

Creating a halo effect in your organisation is one of the most effective ways to remove waste from company expenditure. It is achieved by introducing a monitoring process and informing the workforce that consumption in all its forms is being monitored and benchmarked.   As behaviour changes the financial benefits will ripple across the entire enterprise from an expanding community of like-minded people.

It only requires a few simple steps to bring about a change of attitude and achieve sustainable improvements that will increase the profit margin. This includes:

1. Select a monitoring solution.

2. Inform the workforce of this capability.

3. Change the mind-set across the workforce to encourage the 'halo effect'. Provide relevant, accurate and timely information in a suitable format according to their role.

4. Ensure people can participate by tailoring relevant and easy to understand information appropriate to each level of the workforce and job function. This will enable the 'halo effect' to gather momentum.

5. Choose a cloud-based or hosted solution rather than another onsite big data implementation or at least ensure a genuinely 'agile development approach' for consolidating data from different parts of the organisation.

6. Ensure the new capability embraces the wider business community, such as suppliers, extending the 'halo effect' externally.

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ABOUT TOLLRING

Tollring is a market leading software developer providing data visualisation and business intelligence tools that help manage, understand and control a wide array of communications information, resources and assets.

With offices in the UK, the USA, India and Australia, Tollring specialises in business communications analytics, call recording solutions, telecoms expense management and fraud detection. Deployed as one single solution in the cloud, Tollring focuses on delivering the right information at the right time, accessible on any device.

Our innovative solutions are developed in-house and distributed via an extensive channel partner network to over 27,000 businesses globally.

Tollring prides itself in its high levels of technical capability and strives to deliver outstanding levels of support having been certified in quality standard ISO 9001 and ISO/IEC 27001 for Information Security Management.

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