ICD Associate Grant Denholm explains how to...

Maximise the Value in your Database

There are many reasons why companies have failed to build effective databases in the past - and we list some of them here. Grant Denholm, senior data analysis, explains that the most important thing to get right is what data should be included.

This could be a vital tactic now in preparing for the future of your business.

Why attempts often stall:

- multitudes of different internal systems in different formats, therefore making the data incomplete and inaccurate.
- sales people won't provide the data as they are either too busy or don't see it as their job.
- attempts to incorporate external data prove too difficult and time consuming.
- The software that was purchased for the database project doesn't have all the functionality that is needed and additional software is now required.
- The project has gone over budget and the key stakeholders are now wondering about the value of the investment.

There are many different sources of data but often including them all is too expensive or just impractical. The golden rule therefore is to only include information that will add value to your marketing efforts. Some key data items therefore are:

- **Customer Information**: Whatever industry you are in, there are some basics that you will require
- **Address**: Companies may have several addresses. For example, Accounts Payable may be different to production or marketing. In addition, a company may have several field offices or branches. They need to be included but linked to the parent company.
- **Contacts:** Each company may have several contacts and the database should be designed so that these contacts are attributed to their specific part of the company. It is also worth including a field that distinguishes decision-makers vs. influencers in addition to their standard job title.
- **Other information** personal data such as the name of a contact's spouse or birthday should never be on the company database. This information is unlikely to add value to your marketing efforts. If appropriate, sales people can keep it in their own records.

- **Industry:** The standard SIC Codes are still widely used although they have their limitations, mainly that they date back to 1992 and so do not reflect the substantial changes in technology and the economy since then. There is a project underway called Operation 2007. This is timed to coincide with the revision of the European Union's industrial classification system, NACE. The UK is required by European legislation to revise the SIC in parallel with NACE so that it remains identical down to and including the 4 digit class level. For more information on Operation 2007 and the potential impacts, you should contact the National Statistics Office Industrial Classifications Branch.
- **Size of Company:** This is a useful piece of information although it can be difficult to define. Defining by value is difficult if your customers are not PLCs. A better definition is the number of employees at the site and/or Total Company.
- **Transaction or Sales History:** You need to think about two things here. First, the level of detail of sales require on the database and second, how long should the record go back in time? If your company has warehoused the complete sales history of customers then you are lucky and this decision is made a bit easier. Again, you need to think about the value of this data in future marketing. It may not be necessary to keep the data at a low level of granularity but rather to summarise it to a higher level. This will save valuable space on your database and will be quicker for analysis queries.
- **Communication History:** The database should contain enough open fields to record when the targeted individual has been sent a direct mailer, email or telemarketing call. Additional fields should be included to properly record the nature of the message and offer. This will equip you to not only segment based on what the target audience has been sent in prior communications but also be the basis for analysis when a response or sale is the result of a series of communications.
- **Response Behaviour:** Probably the most important piece of information you will be asked for from the database is 'who has responded to our marketing?' Ideally, you should record mail, phone and email responses as well as attendance at seminars or trade shows. A proper contact and response history is invaluable when selecting customers for future communications or segmenting them for analysis.

SOURCES OF DATA

Once you have decided what information you want to populate your database with, you then need to define exactly how it is going to be gathered. You also need to be aware of not just how much it costs initially but how much the ongoing costs are of keeping it up to date. If it can't be updated easily or cost-effectively, then it may not be worth having, as it will quickly go out of date.

There are certain data sources to consider in the pursuit to obtain the most accurate and complete data for the marketing database.

- **Accounting Files:** The Accounts department is probably the best place to start when putting together a list of customers. However, you need to be aware that in most instances, the address held is for billing purposes only and the name on the record is the person responsible for paying the invoice. This is unlikely to be the contact you want on the marketing database. Having said that, the sales information held in this file is extremely useful and the ideal scenario is to extract the company name and address plus the sales data from that file into your marketing database.

- **Marketing Lists or Databases:** Over time the marketing department accumulates various lists that are derived from advertising responses, trade shows and even direct mail efforts. While they may be recorded on the same software (e.g. Access), they have never been merged and de-duped and are treated as separate lists. These need to be merged with existing customer records to obtain a true net prospect list. Remember too that if you have purchased lists for mailings, most of the time they are for a one-use only and therefore cannot be imported into your database without the express permission of the list owner.
- **Sales Contact Information:** Although this should be a good source for information, too often the sales people have their own data capture rules and you find that some fields in their system are not used for the purpose originally intended. Data quality can also be an issue with shorthand notes and abbreviations being used. So if you are using this source, be very careful and check that you are actually getting what you think you are getting.
- **Customer Service Records:** This is very similar to the issues you may experience with the Sales Contacts. Again it may be very useful but you need to be aware of what you are getting.

Once you have identified all of your data sources, you then need to bring it together, via a match and merge process, into your marketing database. This is a complex process and unless you are experienced in it, things can go horribly wrong. It is worth speaking to a company that specialise in this field. An investment at this stage will pay dividends in the long run.

UPDATING THE DATABASE

So now you have a database containing your customer and prospect information. But it starts to get out of date almost from the minute it goes live. People move jobs with alarming frequency, companies move premises, expand or unfortunately go out of business.

How do you keep your brand new database up to date? The issues are two fold:

- What data needs to be updated and how often?
- What is the method for updating each element?

The method to answer the first question is to establish the decay rate of each of the data elements and combine it with its importance to establish a priority that then will allow you to arrive at the frequency of updating. Other data elements, like SIC code, do not change and so long as they are initially correct then you can forget about them until the core system is amended.

As to the updating methods, they are many and which ones you use will probably be dictated by the type of business you are in and the type of customers you have. If you are a corporate lawyer, you may not be comfortable with sending your contact a request to update all the names at their company.

"But whatever you do, do not send a list of customers and prospects to your sales team and ask for the list to be updated. This just won't work and will be viewed as marketing keeping the sales person from doing their real job," concludes Grant.

If you would like to meet ICD to understand how to maximise your customer database or if you would like to receive more information, email us info@icd-partnership.co.uk or call us on 0797 3329 669.