



## Operational dashboard vs. Analytical dashboards

What problem are you solving?

By Lyndsay Wise, Chief Analyst, Wise Analytics.

# Demystifying Dashboards

Dashboards have become the front-end and first line of access to business intelligence and often the best way to gain insight into an organization's operations and performance. However, it can be difficult to decipher the differences between dashboards and get a proper understanding of which solution best fits the needs of the organization.

This article aims to dispel the uncertainties surrounding, and to explain the value of, different types of dashboard software options. Organizations will understand why dashboards are an invaluable tool and what type of solution to consider when evaluating dashboard offerings.

## Understanding dashboards and their business value

Depending on your business challenges and the overall goals of your dashboard implementation, the type of solution you choose will differ. While there are a variety of business cases that discuss why your organization should choose one solution over another, many dashboards have similar front-end interfaces for data visualization. This makes it more difficult to identify differentiators. This increases the importance of identifying the purpose of the dashboard and how it will be used so that right type of dashboard is chosen for the job.

Before identifying how dashboards are used, or what solution best suits the individual business needs of the organization, let's take a step back and identify what the actual value of implementing a dashboard is. In a sense, just as a dashboard in a car identifies and provides feedback regarding the status of the car – the speed, the odometer reading, whether it needs servicing, and the fuel levels, etc. – dashboards do the same thing, only more. Not only can organizations identify how they are performing, but they can also define metrics and set goals so that they can meet and exceed performance expectations and identify issues proactively.

The simplest example is when looking at sales operations. Metrics such as bookings vs. quota, rep performance, individual product categories, customer behavior and demographics, can be monitored separately, together, or as part of broader initiatives. The value this brings to the business is significant. Once companies gain regular insights into their performance, they see deeper into their data. For instance, sales dashboards can identify what products

or services are most successful, how to drive sales based on leads, pipelines, or product placements, how demographics relate to sales, etc. In addition, flags or alerts can help identify issues before they become problems.

Consequently, the list of benefits for an organization that implements a successful dashboard can be long indeed. They include:

1. Saving time
2. Saving money
3. Insight into customer behavior
4. Aligning strategy with tactics
5. Ensuring a widespread goal-driven and performance culture

So, how does an organization choose the best dashboard for its situation?

## A closer look at analytical and operational dashboards

On a high level, the two main categories are **operational dashboards** and **analytical dashboards**. Other types of dashboards exist depending upon the type of delivery required or the visualizations desired, but understanding the difference between an operational versus an analytical dashboard is the first step.

**Analytical dashboards** focus on gaining insights from a volume of data collected over time – often the past month or quarter – and use this to understand what happened, why, and what changes should be made in the future. For instance, organizations may want to compare trends over time or identify why certain products are performing better in one sales region as opposed to another. Or companies might want to look at the success of marketing campaigns by combining sales data with product placement and marketing campaign strategy to determine the success of individual campaigns and areas for improvement. Analytical dashboards use sophisticated models, what-if analysis and pivots to identify patterns and opportunities, and to help align strategic goals with performance management initiatives. These dashboards are often used by business analysts, experts, who are responsible for outputting reports for general consumption. In short, analytical dashboards are meant to help an organization establish targets based on insights into historical data.

*Operational, or KPI dashboards tell you if you're on target today. Analytical dashboards set targets for tomorrow. Choose by knowing what problem you need to solve.*

Operational dashboards manage intra-daily business processes – frequently changing and current performance metrics or key performance indicators (KPIs). Examples span almost every department but are particularly common in environments where it is essential to act on opportunities and issues quickly: such as sales, marketing, help-desk, supply-chain etc. Overall, operational dashboards are best suited to departments that require low latency data feeds and a continual view into what is happening within the business unit. Although operational dashboards may also help identify trends over time, or provide context around the KPI, the ability to drill through to current information, to get alerts, and to identify potential operational issues as they occur is what sets them apart from their analytical counterpart. These dashboards are often used department or organization wide, as they require less training than analytical dashboards, and eliminate the requirement for report distribution. In short, operational dashboards are meant to help an organization understand if it's performance is on or off target, and by how much, in real time.

To choose the best dashboard for any given business problem, the first step is to ask some questions. The answers to these questions will not only guide you to the types of business metrics to measure, but can also help determine the type of dashboard to deploy. The last column identifying the type of dashboard to deploy.

# Dashboard Selection

Business Questions	Implications	Analytical or Operational
<p><b>1. What business problem(s) we are trying to solve?</b></p>	<p>Identify what is driving the need for a dashboard solution and to define the scope of the project.</p>	<p>Trends or deeper insights                      – <b>analytical.</b>                      KPI awareness or time sensitive                      – <b>operational.</b></p>
<p><b>2. Who will be using the dashboards?</b></p>	<p>Design, features and required training will change based on the role of the dashboard user.</p>	<p>Executives or analysts                      – <b>analytical.</b>                      Line of business (LOB) managers, general workforce                      – <b>operational.</b></p>
<p><b>3. What gaps exist in our performance?</b></p>	<p>The identification of gaps can be used to develop a set of metrics that will be used as the basis for the development of the dashboard.</p>	<p>Performance issues – <b>both.</b>                      If intra-daily performance                      – <b>operational.</b></p>
<p><b>4. What are our goals?</b></p>	<p>Before developing metrics it becomes important to identify what you hope to achieve by using dashboards as well as align those goals to the department's or company's overall strategy.</p>	<p>Strategic and analytical goals                      – <b>analytical.</b>                      Are employees aware and tracking against goals                      – <b>operational.</b></p>

<b>Technical Questions</b>	<b>Implications</b>	<b>Analytical or Operational</b>
<b>5. What is the state of our data infrastructure?</b>	Organizations with strong and broad data warehousing and BI infrastructures may choose to leverage existing data, by better exposing both operational and analytical intelligence.	Broad and clean infrastructure – <b>both</b> . Discreet operational or transaction-based solutions – <b>operational</b> .
<b>6. What are the data latency requirements?</b>	The currency of the required information helps define the dashboard. Organizations requiring frequent updates will most likely look at operational dashboards.	Low latency, time sensitive, and real time – <b>operational</b> .
<b>7. Where does the data reside? How many data sources are you looking at using?</b>	Not all dashboards are created equal. Some dashboards only support one data source per visualization, while others allow users to combine various data sources to enable broader and deeper understanding.	Multiple data sources within a single dashboard or set of visualizations – generally <b>analytical</b> . Improve visibility of individual systems and applications (one data source) – <b>operational</b> .


## Looking forward at performance

Use these ideas to guide you toward the kind of dashboard that best suits your requirements. In many cases, businesses will require both analytical and operational dashboards in different parts of the company for the sake of long term performance insights and day-to-day business decisions respectively. Starting with the above questions helps bring decision makers one step closer to choosing the best type of dashboard for their situation.

*About the Author:*

*Lyndsay Wise is the president and founder of WiseAnalytics, an independent analyst firm focusing on the areas of business intelligence and business performance management. For more than eight years, she has assisted clients in business systems analysis, software selection and implementation of enterprise applications. She is a monthly columnist for B-eye-Network, DashboardInsight and writes reviews of leading technologies, products and vendors in business intelligence, business performance management, marketing performance management and customer data integration.*

*Disclosure: Klipfolio specializes in operational dashboards, where the visibility of frequently changing information (often called performance metrics, or key performance indicators) from multiple data sources is paramount to a department or entire organization.*

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[sales@klipfolio.com](mailto:sales@klipfolio.com)  
+1 877 233 6143 US & Canada  
+1 613 233 6149 Worldwide

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