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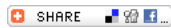
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INNOVATION: Is business intelligence an oxymoron?

By Steve Epner

Friday, April 16, 2010



Business intelligence (or BI as it is often seen in management literature), is hyped as a top technology initiative today for most organizations. Two things: first, it is not new; second, the new tools offer capabilities we have not seen before.



Steve Epner
Innovation

The ability to immediately access data pertaining to finance and cost management, operational performance, and sales and marketing trends can improve a company's ability to manage and give it a competitive edge. The potential has been there for years, now that the tools are easier to use, will your organization take advantage and do something that feels new.

In my Corporate Entrepreneurship class (Saint Louis University MBA program) the students learn that "you can only manage what you can measure." Without good metrics, managers are lost. As I tell them, "managers get paid for only one thing – and that is to move numbers." It is the responsibility of the owners and leaders of our organizations to define the numbers to be moved, the direction to move them, the distance and the time frame. After that, get out of

the way and let the managers do their duty.

The problem is that too many organizations do not have the metrics well defined, cannot produce current results in real time, and have very little understanding about how important it is to get the definitions right and the numbers produced. Reports that come out 15 days after an event occurs are too late to do anything but assess blame.

I talked to Dave Winkler about the new opportunities (he is the BI practice leader at Brown Smith Wallace) and he agreed, "One of the biggest driving factors for business intelligence today is the need to access information to make fast decisions without having to wait for monthly reports." BI can be a tool to allow management personnel to accurately get around waiting for approved financial reports from the accounting department. Plus, today there is a need for non-financial and external information plus the ability to connect data from all sources to create usable metrics.

Since Business Intelligence is a buzzword, we better define what it includes. For this discussion BI is a combination of applications and business processes that put critical information into the hands of business users so they can make faster, better decisions and do their job better.

BI should go beyond standard weekly or monthly reporting on activities taking place within an organization (although these reports are often needed).

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Imagine taking leading indicators from financial databases and merging them with internal data to find trends that help make future business projections significantly more accurate. BI applications combine data from multiple sources to identify trends and provide better numbers for managing the day-to-day requirements of a profitable business.

Retrieval and trending applications should be available to employees at all levels so they can harness the power of information. Better, more accurate and timely numbers mean better management. This will translate into increased sales, reduced downtime, improved operational effectiveness, and costs reductions, all of which will improve the bottom line.

BI can also be used to help streamline processes. Now more than ever, businesses are seeking ways to reduce the time and effort to complete any process. A subset of BI is the well known scorecard that can be implemented within work groups or departments to measure and manage performance.

Efficiency improvements usually require a detailed examination of an internal process (for example Order to Cash). Analysts look for measurement criteria that equate to the efficiency of that process (for example: the time from order receipt to picking). Harnessing that information and turning it into performance criteria is the objective of a BI initiative.

Ultimately, a successful implementation will require some cultural change. Our employees need to know they will be held responsible for performance, it will be measured, and it will be published. Managers should reach out to employees and include them in the definitions. That way, everyone takes ownership and implementation becomes much easier and faster.

A good way to start is by developing department-oriented objectives. Then let the team create the key performance indicators or metrics to be used to report performance for that department or even individuals within the department.

Time will be your most limited asset. Time is necessary to uncover the organization's operational and data-collection weak spots before jumping into a solution. Give yourself time to do it right. A poor first attempt will limit the future possibilities. Done correctly, you will have a new tool to help improve performance in every aspect of the organization.

Steve Epner is founder and president of the Brown Smith Wallace Consulting Group. The company assists clients with the integration of strategic business planning, information systems and tactical requirements. Epner currently is an Innovator in Residence at Saint Louis University. www.bswllc.com

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Comments



wmorrisoz (anonymous) says...

Steve

Great post. This is very much aligned with the approach we have been advocating and I totally agree that done correctly Operational BI can add tremendous value by helping everyone making daily business decisions to make better decisions, more quickly.

Wayne Morris, myDIALS Inc.

April 25, 2010 at 3:02 p.m. ([permalink](#) | [suggest removal](#))

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