

**PATHWAYS** to Business Intelligence

*from Joe Orlando*

## **ARE YOU REALLY READY FOR BUSINESS INTELLIGENCE?**

*written by Joe Orlando*

In the day of the simple country store, Business Intelligence was comprised of knowing what was “in stock,” what was “out of stock,” what it cost to replenish and how much turnover was in a given period. Today, retailers capture how long a product is on a specific shelf and does it sell better here or there – in which season and at what price and it was sold to whom.

Every competitive business recognizes the power in knowledge. The definition of “knowledge” is both subjective and obscure. All too often, a business is unable to succinctly express what information it wants and what it will do with this information. Many earnest efforts are made to develop effective data reporting resources. The most common mistakes are costly, time consuming and wasteful.

Taking the path less travelled can seem daunting and treacherous. When it comes to BI, it can often be the right one.

Because different companies have various needs and goals, a business intelligence system will differ from one company to another. Classic BI is merely a reporting tool for historical performance. Effective analytics and data mining can establish a series of “knowns” and expectations from a series of influencing data points to provide a trending forecast that can lend a few potential outcomes with which managers can make decisions. Much like how a meteorologist relies on readings of barometric pressure; wind speed and direction at different altitudes in conjunction with high and low pressure areas, next week’s weather can be predicted better than relying on whether someone’s arthritic knee is throbbing in pain.

It is common to build reports comprised of disparate data points from functional islands reported separately and conclusions are drawn manually. Without a predefined plan, BI can cause managers to react and the overall enterprise can appear rudderless. Managers struggle with the truth but BI isn’t intended to be there to endorse the business’s decisions or validate a specific strategy but to provide sensitivity to how things are progressing against goals and targets– and provide alerts if the targets and goals are slipping away - and most importantly, provide insights into which dials to turn that will get everything back on track.

The most common tool managers rely on as BI resources are simple Excel spreadsheets. As a platform for BI, Excel spreadsheets are inherently flawed. The manual entry nature of most Excel spreadsheets simply means that, on average 7-11% of the data in a spreadsheet is an error. In addition, as exposed by most Sarbanes Oxley audits and security penetration tests, spreadsheets rarely have adequate

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security, protection and process compliance to ensure the integrity of the data. For example, sales people who aren't likely to make their sales figure for a period are readily there to change data points that reset their expected sales but the changes are rarely reflected in all relevant data.

Additionally, spreadsheets are portable. This means that there will be numerous versions and even more copies of versions floating around inside and outside of an organization. Those on laptops, tablets and flash drives are the most commonly found to wind up in the wrong hands.

The fact is, it isn't about the data but it is in planning for how to use the data to create knowledge an organization can act on. For many organizations developing BI, they work to define what data they want, but this is only a small first step – not the end. Assessing, first, how an organization will act with what information is the first real step in assessing the genuine use of business intelligence. Figuratively, as if you are planning a trip, establish your destination objective and plot the most desirable route to your current location. Next, establish an honest gap analysis and assessment of the resources, effort and commitment required to move from where the organization is to where it needs to be. This is a very critical step since a swimmer doesn't set their destination goal to be half way across a lake.

Establish how decisions are made before deciding what data you want and when. Decisions are, typically, a result of cascading inputs. Analytical systems see this as "if this– then." Experienced managers use a great deal of information to make decisions. Not all the information is in the same place, in the same applications, in the same form or even in the same functional departments. Inherently, experienced managers gather data points from here and there and the outcome helps guide their actions. Effective BI delivers the collective "reasoning" derived from the existing data points to empower managers to make the best decisions based on all the relevant information available.

Be sensitive to certain realities. In developing effective business intelligence resources, remember that 60% to 80% of the real end users are going to be non-technical. In addition, recognize that what is available is too much for too few. To serve the needs in a separate and compartmentalized way will hamper the ability for the organization to operate with a genuine real time dashboard. The components should seamlessly aggregate to a collective overview as easily as it would be to take a snapshot of relevant information in a defined smaller "ecosystem." While it seems obvious, too few BI systems create a picture that easily delivers the sum of its parts as a refined presentation of results.

Process "Best Practices" call for defined and communicated workflows – complete with interdependencies and relationships exposed. Best practices in BI require the same discipline be applied to the flow, importance and dependency on data throughout the enterprise. A great of data will be discovered to be historically relevant but serve little purpose in overall strategic decision

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making. Users likely defined the need by stating how that data point has always been a metric watched but few can say why it is relevant any longer.

A business intelligence system can therefore be customized to answer the particular needs of a particular company. The tools and necessary resources can be designed in such a way that it features the company's unique performance indicators and measurements. This way the business intelligence system will help determine if the company's strategies and plans are compatible with their goals. This is an important part of the assessment process because it is at this stage that the company's current status and position is analyzed to determine how it is going to fare in the next few years to come.

To ascertain if your organization is ready for Business Intelligence, explore how your situation stacks up.

### **Senior Executive Commitment**

Sponsorship to drive the establishment and reliance on a solid BI strategy is more important than the requirements, design and development stages. Is it being woven into the culture? Are groups likely to feign support? – submit requirements but maintain their own particular reporting tools outside the BI infrastructure?

### **Well defined short and long term goals.**

- Is the organization ready to do a genuine assessment on setting, documenting, communicating and steering based on short and long term goals? Are all oars in the water pulling in the same direction and cadence?
- Establish key performance indicators KPIs – as mile markers toward 3-5 year enterprise goals.

The foundation of a successful Business Intelligence Competency Center is critical.

- The driving inspiration behind a BICC is (and should remain) a service orientation. It isn't about the IT department—developing and maintaining an application.
  - o Service orientation – for example – good ones implement a classic help desk tracking system to ensure users receive the highest level of support.
- Keep as a mantra - Be an adaptive, responsive and proactive resource.
- BICC metrics established in the planning phases - keep an eye on the targets.
- Experienced staff with the service mentality to support the functional areas.
- Measured benefits linked to the incentives for a service oriented organization.
- Manage the content to relate to the end user needs.
- Continuous training—for BICC staff and users—with a focus on continuous improvement.

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**From a technical aspect, Business Intelligence benefits can be derived from the following approaches.**

- Use of DataMarts that automatically propagate spreadsheets in a central workspace.
- Locating historical data - collection tools – actions expected- migration of data to a single source for analytics.
- Knowing how to work from unstructured data to deliver a comprehensive executive performance dashboard
- From the start, establish a regular and natural approach to data cleansing and processes to ensure integrity, security and optimization...as a continuous effort instead of on a project basis.

**Start with solid vendor management policies – don't let vendors drive the strategy and outcome.**

- Data integration, reports, analytics and performance management tools – being able to buy as modules – when ready.
- Training – feedback loops – development resources for specialneeds – adhoc access

**A good BI platform must have:**

- Traceability – transparency – meta data integration ---- compliance with governance and regulatory requirements
- Ease of adoption by functional areas - relevant – ready to use logical and physical data models, data integration processes, analytical models and a series of cascading standard reports
- Benchmarks – industry performance – competitor intelligence – market research.
- Solid BI reporting will deliver more than ROI, customer churn, costs of goods sold or other classic metrics, real BI can help to show what combination of offers or promotions have the most impact on aggregate gross margin contribution. For example, which bundle of services at what pricepoints deliver the highest profitable ARPU from which segment of mobile customers?

Business Intelligence is not immune to what haunts most other major enterprise initiatives. An organization gets out of Business Intelligence what it is willing to put into it. Customer relationship Management (CRM) and Enterprise Resource Planning(ERP) are just two classic initiatives that experience a 60% to70% failure rate to complete and/or fully implement. A great many senior executives have disparaging things to say about what they got against what they expected and, in almost every instance, it is easy to find where the commitment waned and the effort simply became

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too difficult to do well.

To relate the effort to how we think:

Business Intelligence is less like a diet and more like a commitment to a complete change in lifestyle. Are you really ready?

About the Author: Orlando Joseph



Global Technology Executive with strong business and financial acumen. Strong ability to link marketing strategy and results directly to overall business strategy and company financial goals. Keen abilities to develop strategy from in-depth analysis of buyer and/or customer insights. Documented program development skills, from advertising to digital presence across all relevant marketing channels. Possesses excellent influencing skills and able to drive consensus. Able to recognize and articulate a future direction; provide strategic direction, and have the ability to direct global and localized products, brand, advertising and related specialties while managing budgets. A strong track record of new product development and demonstrated ability to forge strategic alliances with key partners. Accustomed to driving results and delivering return on investment.

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