Building a Business Intelligence Culture of Excellence
Web Cast Objectives

- What’s the problem?
- What’s been tried?
- Where has it failed?
- What’s the trend now?
- Why it will fail? (why is BI different?)
- What’s the better alternative?
Web Cast Objectives

- Why is a BI culture of excellence advantageous?
- What architecture works (technical and cultural)?
- What elements transform the BI environment from a center of competence to a culture of excellence?
Where’s the Problem?

Technology delivers results but:

- Increasingly expensive
  - increasingly viewed as an endless pit
- Too many failed projects
- Too few projects fully meet objectives

Are we really creating business value?
What’s Been Tried?

- **Early 80s**: embedded IT support
- **Late 80s**: PCs and cost pressures
  - Companies centralized support
  - Functional depts. bought PCs and a spreadsheet and did their own thing
  - Spreadsheets set financial modeling back 20 years.
  - Spreadsheets got too big and complicated (spreadsheet hell)
- **90s**: Windows
  - BI tools proliferated
  - DWs gained steam thru the 90s
  - Linkage of BI tools to DW
What’s the problem now?

- Fragmented, ad-hoc approach to BI priorities
- Priorities not always clear
- Too many BI tools
- Skills/Training
- Too expensive
- Not measuring results
- Data quality
- Are we creating business value?
What’s the Trend?

- Centralize BI function to:
  - Reduce cost
  - Improve return
  - Improve data quality
  - Improve security

- Benefit from:
  - Reuse
  - Specialization
  - Standard technology
  - Managed priorities

Objective is to benefit from experience, specialization and shared infrastructure to increase ROI
Why It Will Fail? (sort of)
Why Is BI Different?

- The trend toward centralization is good but not sufficient.
- It addresses critical IT needs
- It doesn’t adequately address functional needs
Why BI Is Different

- Each functional area is a specialization of its own (Finance, Marketing, Sales, HR…)
- Competitive Advantage comes from being ahead of the competition (get there first)
- You need to be faster “from learning to action”
Business Intelligence
Culture of Excellence Architecture

- Reporting the past
- Changing the future
- Data Marts
- Data Warehouse
- Extract Transform Load
- Transaction Systems

Extract Transform Load

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Don’t Just Report the Past
Change the Future

◆ Modeling and simulation
  ▪ Recognize past patterns
  ▪ Codify logic
  ▪ Validate logic
  ▪ Isolate subjective variables
  ▪ Simulate possible futures
  ▪ Know what's knowable
  ▪ Apply management judgment to the rest
To Centralize or Not to Centralize

- Chaos vs dumbing down
- Centralization works well for building the warehouse
- Centralization works less well for specialized analysis and modeling
Specialization Quadrants

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<tr>
<th>Less well understood</th>
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<th>Well Understood</th>
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<td>Shareholder Value</td>
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<td>Strategic Cost Management</td>
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<td>Industry Specific Operational Models</td>
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General

Specialized
Horizontally or vertically
How Cubes Support Specialized Decision Making

- Cubes support comparison – cross sectional views
- Cubes are position sensitive – cross dimensional logic
- Easy to specify sophisticated logic
- Global logic is fast and less error-prone
- Fast queries
- Faster hardware vs the cube: Is the cube dying

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How Cubes Support Decision-making and Accountability

- Cross-sectional views
- Collapsing dimensions with logic
  - e.g. Gross margin ratio
  - e.g. D. C. F.
    - Risk
    - Time value
    - Profitability
    - Investment requirements
Examples of Specialized Decision Making Frameworks

- Financial statement simulation
- Shareholder value
- Executive comp
- Sales pipeline
- Comp sales
- Waterfall allocations
- Vintages
- Transform dimensions
- Decision models
- Difference cubes
BI Process Stable Frontier

What's needed

What's Deliverable

Gap

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Capability Gap

- Capability gap results because:
  - logic isn’t well understood
  - it’s too hard to program
  - combination of both
- It has to be understood at least partially before it can be programmed.
- Functionally or vertically specialized people will always understand the logic first.
- The closer together you bring functional specialization and development skills the better
What’s to Be Done About It?

- Driven by business objectives - not technologies
- Prioritize based on value creation *(shareholder value)*
- BI capability should reside in the functional areas closest to the business objectives
  - perhaps in addition to a central group but not in a central group only
- Establish learning organization culture with cross functional teams
- Iterative development approach
- Open architecture
- Tiered architecture
Making a Decentralized Competency Center Work

- Effective priority setting
- Culture of learning, experimentation and innovation
- Effective cross-functional training
- Consistent long term executive support and governance
BI Fast Lane on-line mini-classes

BI Process Stable Frontier

What’s needed
What’s Deliverable

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Effective Priority Setting

- Use value based approach (shareholder value)
- Invest in strategies not projects
From Learning to Action

- Technical keystrokes
- How to apply it productively to achieve change and create value
- Teamwork required to make this work
- Motivated people
Building a Business Intelligence Culture of Excellence

BI Fast Lane On-Line Mini-Classes