# SELL MORE, SPEND LESS AND WORK SMARTER

## Business Intelligence Creates VALUE CREATION Across an Organization

By Greg Steffine,
SDLC Partners

**EVERY ORGANIZATION TODAY FACES THE CHALLENGING MANDATE OF COMPETING MORE EFFECTIVELY. "SELL MORE, SPEND LESS" IS THE NEW BUSINESS EDICT, AND THE PROCESS OF "WORKING SMARTER" IS MORE IMPORTANT NOW THAN EVER BEFORE. AS COMPETITION GROWS, TECHNOLOGY EVOLVES AND MARKET DEMANDS INTENSIFY, BUSINESS LEADERS AND THE COMPANIES THEY MANAGE FACE INCREASING PRESSURE TO DRIVE INNOVATION, DIFFERENTIATION AND PERFORMANCE. THE AIM, OF COURSE, IS VALUE CREATION.**

Organizations exist to create value. In fact, value creation is the primary focus of managerial activity. That's what business professors Prahalad and Ramaswamy write in their book, "The Future of Competition." And who doesn't know a manager, regardless of industry or company size, who isn't under intense pressure to do just that? This mandate to create value is the primary reason corporate leaders consistently rate business intelligence (BI) as one of their top investment priorities. They recognize the instrumental role information plays in driving innovation. They understand the significance of information in creating differentiation. And they know the importance of information in monitoring and managing performance. In short, they rely on information to help their companies sell more, spend less and work smarter. For these business leaders, business intelligence enables value creation.

**ORGANIZATIONS CREATE VALUE BY EFFECTIVELY MEETING THE UNIQUE AND DIVERSE INTERESTS OF THEIR PRIMARY CONSTITUENT GROUPS.**

**>> Stakeholders are investors, of money or time or both. They expect a for-profit enterprise--public or private--to provide value through cash dividends, share value appreciation, and improvement in non-financial performance measures. In the case of a not-for-profit, stakeholders are donors, clients or partners who expect some form of tangible outcome associated with that firm's advocacy effort--something Harvard professor Michael Porter calls "social value."**

**>> To employees--those who represent the organization and conduct its operation--value consists of meaningful work, respect, and a role in the decision-making process.**

**>> As for customers, they expect value in the form of quality products or services the market finds both useful and affordable.**

Helping organizations meet or exceed the expectations of these constituent groups is the primary role of BI. It works by providing business leaders (and all knowledge workers, for that matter) with the information they need to improve decision-making. By empowering people to better manage, optimize, discover, and innovate, BI enables value creation.

The problem is, business leaders who effectively use BI to support value creation represent the exception rather than the rule. For every organization that successfully utilizes information to improve decision-making, many more fail to capitalize on BI's promise of insight-to-impact. Leaders of these companies certainly recognize the need to become smarter and more sophisticated about the way they do business. But, unlike their BI-savvy counterparts, they struggle to put their hands on the information they need to deliver desired results. Instead of selling more, spending less, and working smarter, these leaders find their people selling less, spending more, and working harder.

This apparent gap between the effective use of BI and value creation is evident in the results of a recent study of middle managers conducted by Accenture. Among the key findings: 53 percent of the study participants say that less than half of the information they receive on a routine basis is even valuable. And 42 percent say that at least once a week they inadvertently use the wrong information to guide decisions. Unfortunately, for far too many executives, information is simply missing from the decision-making process.

Others do, in fact, successfully use business intelligence to drive more effective decision-making. Attend one of the conferences sponsored by The Data Warehousing Institute (TDWI) and you'll hear some pretty impressive success stories. But case studies that illustrate 50 percent reduction in operating expense or 1000 percent ROI are not the norm. And resource-rich companies like Wal-Mart, Harrah's, and Visa--typical examples of BI that works--represent the exception, not the rule.

This much we know: executives want better information for management decision-making, and they're willing to invest in order to get it. Makes sense. After all, an organization's survival ultimately rests on how well it creates and maximizes value across its constituent groups, and right information plays a critical role in making that happen. Fact is, when information is missing, so is the insight executives need to create value. And with no insight there can be no impact, regardless of the priority executives place on BI, or the amount of money they throw at it. It's a pervasive problem and one that touches companies of every shape, size, and industry.

At the end of the day, an organization that struggles to put right information into the hands of its decision-makers does so because its BI Value Chain is broken.

In the next issue of *TEQ*, I'll introduce the BI Value Chain and the important role it plays in helping business leaders harness the power of information in order to create and maximize value. ■