



# Building a Business Intelligence Culture of Excellence



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*Marketing Technologies Group*

# Web Cast Objectives

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- ◆ 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

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- ◆ 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?

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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?

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- ◆ 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?

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- ◆ 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?

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- ◆ 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?

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- ◆ The trend toward centralization is good but not sufficient.
- ◆ It addresses critical IT needs
- ◆ It doesn't adequately address functional needs

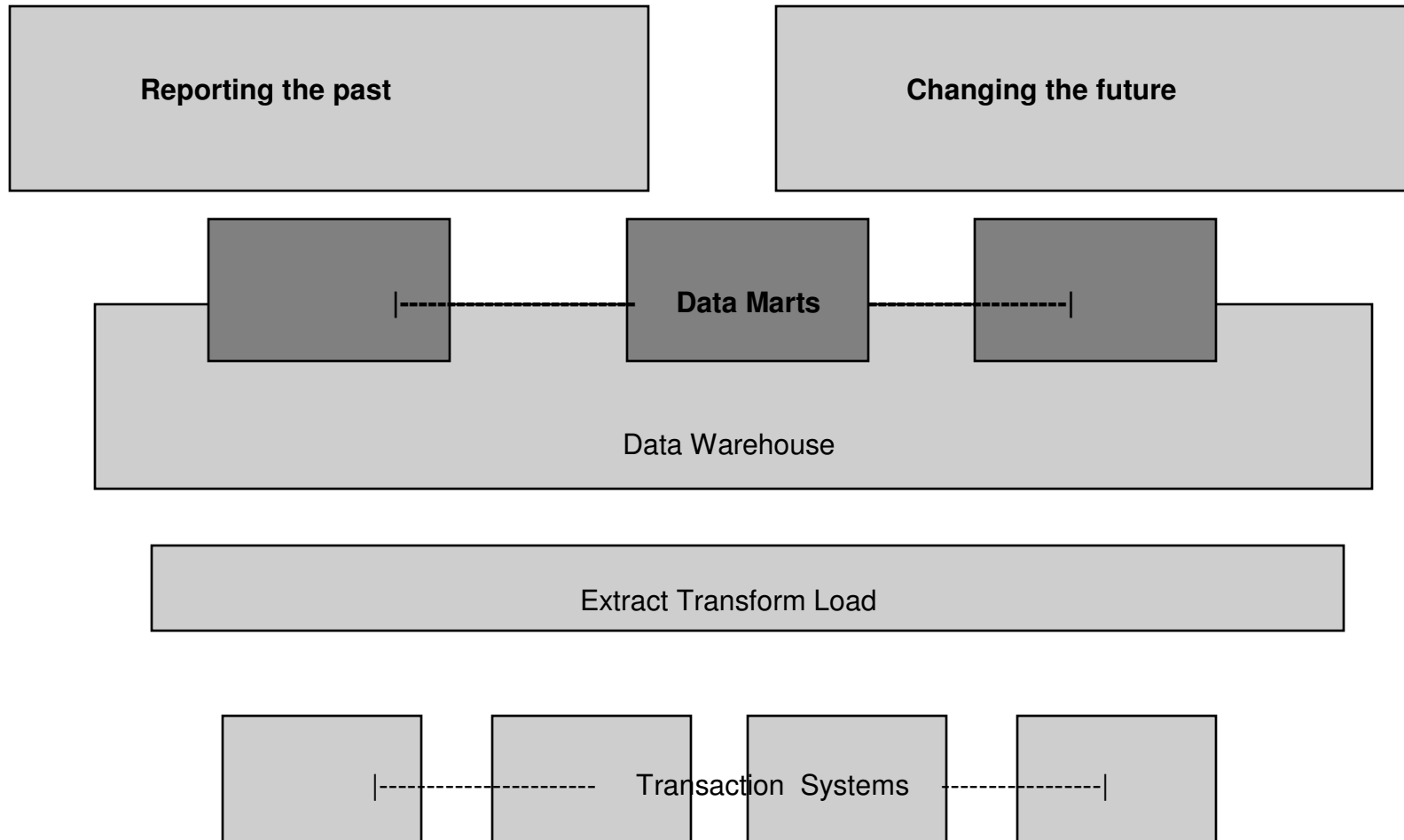
# Why BI Is Different

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- ◆ Each functional area is a specialization of it's 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

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Don't Just Report the Past

# Change the Future

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- ◆ 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

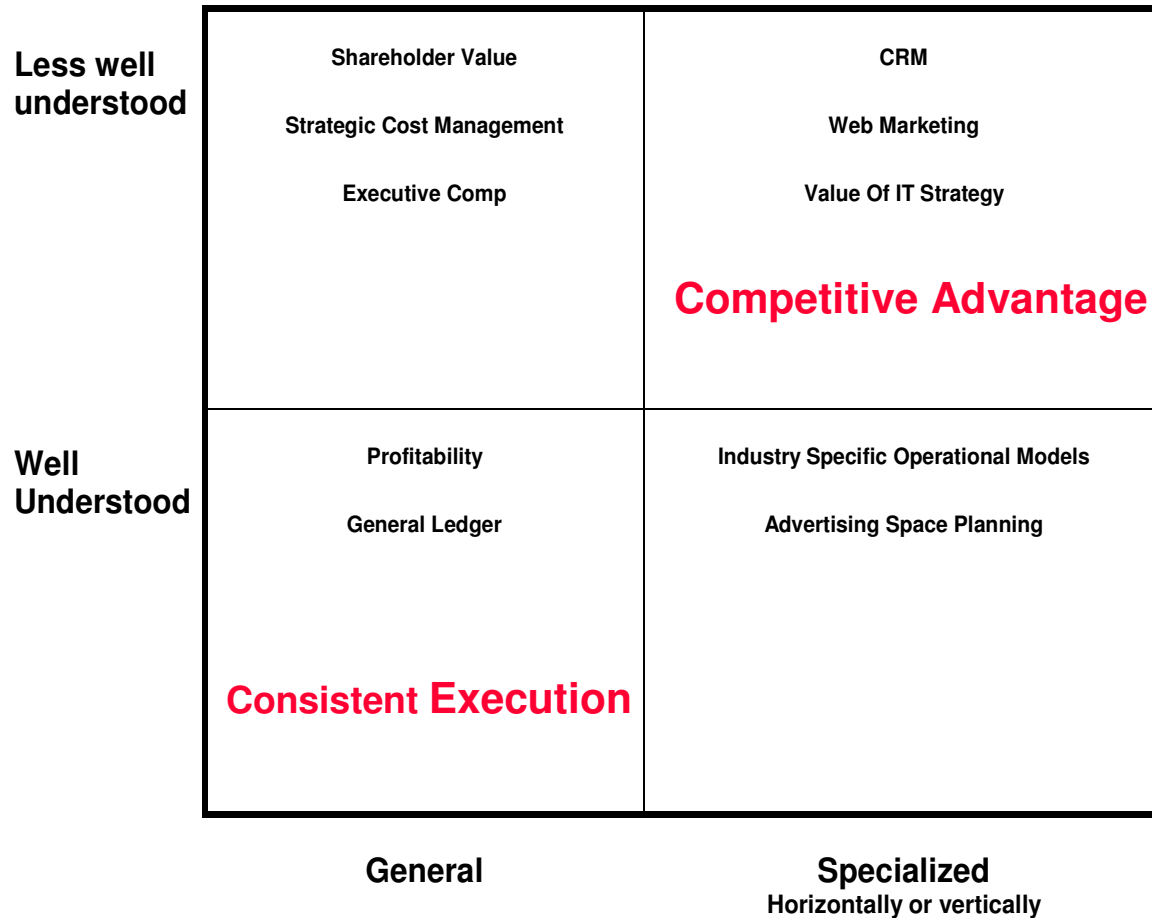
# To Centralize or Not to Centralize

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- ◆ 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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# How Cubes Support Specialized Decision Making

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- ◆ 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

# How Cubes Support Decision-making and Accountability

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- ◆ Cross-sectional views
- ◆ Collapsing dimensions with logic
  - e.g. Gross margin ratio
  - e.g. D. C. F.
    - » Risk
    - » Time value
    - » Profitability
    - » Investment requirements

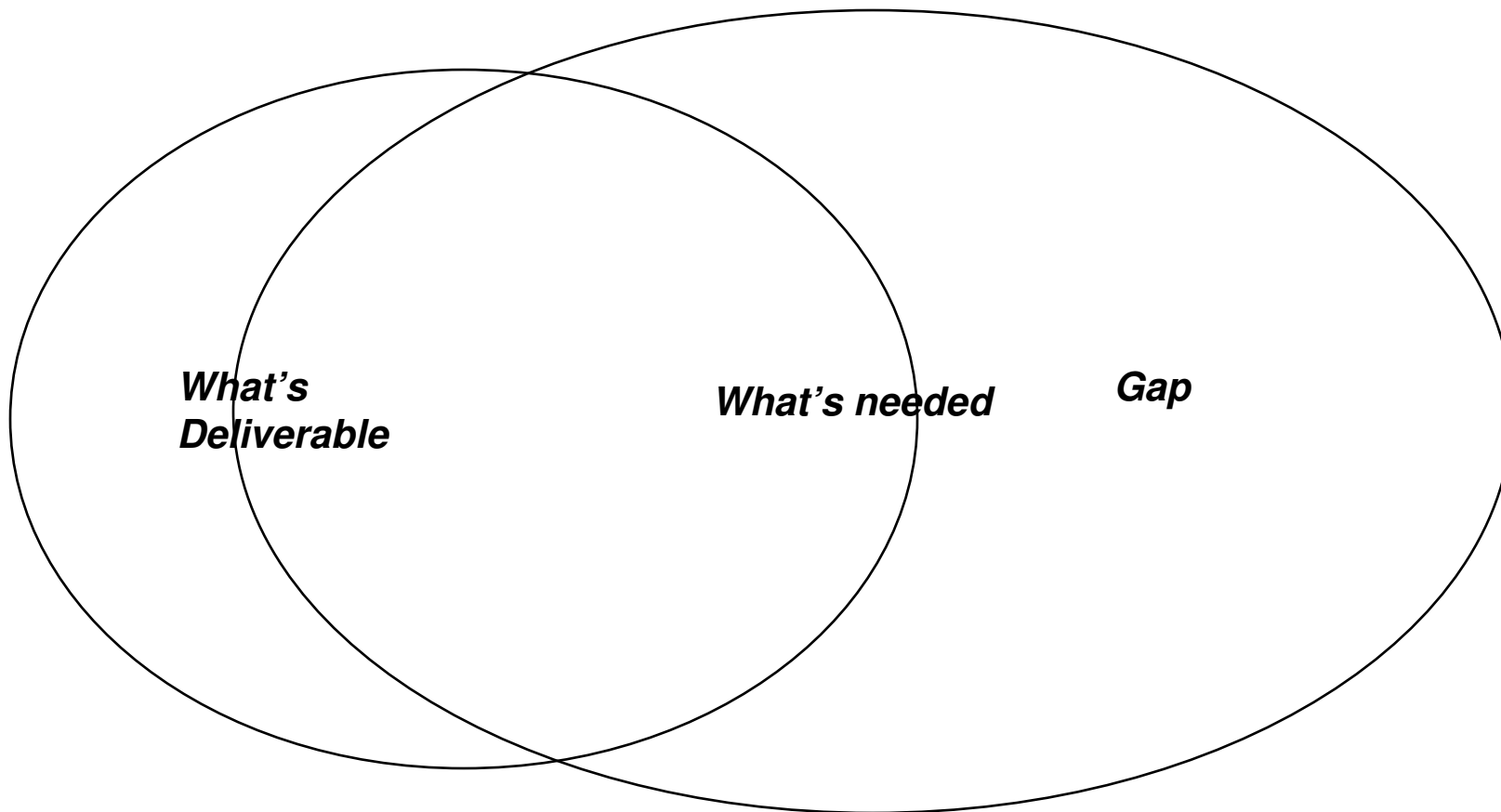
# Examples of Specialized Decision Making Frameworks

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

# BI Process Stable Frontier

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# Capability Gap

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- ◆ Capability gap results because:
  - logic isn't well understood
  - its 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?

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- ◆ 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

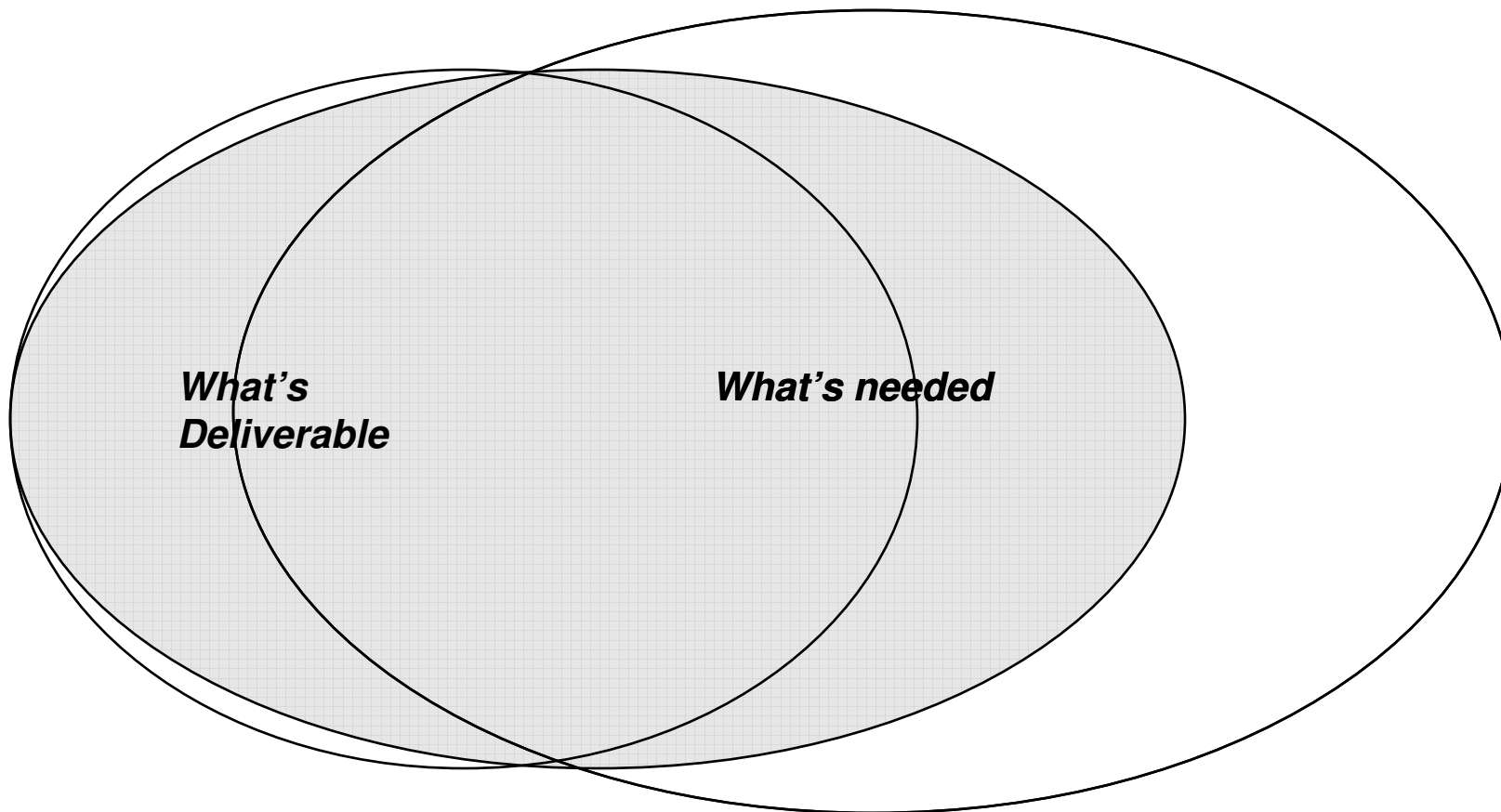
# Making a Decentralized Competency Center Work

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- ◆ Effective priority setting
- ◆ Culture of learning, experimentation and innovation
- ◆ Effective cross-functional training
- ◆ Consistent long term executive support and governance

# BI Process Stable Frontier

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# Effective Priority Setting

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- ◆ Use value based approach (shareholder value)
- ◆ Invest in strategies not projects

# From Learning to Action

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- ◆ Technical keystrokes
- ◆ How to apply it productively to achieve change and create value
- ◆ Teamwork required to make this work
- ◆ Motivated people



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***BI Fast Lane On-Line Mini-Classes***