Chapter 1

Defining Your Business Alignment Strategy

What strategic approach do top-performing, breakaway organizations share? According to the IBM Institute for Business Value study *Breaking Away with Business Analytics and Optimization*, it is the use of business intelligence and analytics. Using BI, analytics, and performance management eliminates information overload by making sense of the massive amount of information that is now available in the enterprise. In order to become a breakaway organization, companies need to establish both a vision about the strategic use of information and a plan to implement this vision.[1]

We know that most organizations have an understanding of one or more of the basic elements of corporate business strategy. They typically define, at least on an annual basis, their top corporate objectives and business unit strategies. They analyze their markets, determine their direction, and create a plan to ensure that resources are available and stakeholders informed. However, it is apparent that most organizations do not sufficiently link these plans to daily operations or manage execution effectively. And while it is recognized that BI technologies can be an enabler to successful execution, many do not have a business alignment strategy that allows them to plan their strategies via data-driven metrics and BI or to map these corporate objectives in order to effectively monitor results to ensure objectives are achieved. This area is often either overlooked completely or implemented on an ad hoc basis versus as part of the basic success of the business strategy.

In fact, according to a study conducted by IBM in September 2010, only 22 percent of organizations are successfully linking strategy to execution with BI and performance management.[2] And we know that when companies fail in strategy execution, company results can suffer.

On the flip side, however, this means that roughly one in five companies is successful in its strategy execution. Such organizations can reap the benefits of overall performance improvements, gaining competitive advantage, finding new opportunities, and creating business impact that is aligned with their goals. They have enabled visibility into the information that matters and improved decision-making capabilities. With the ability to understand, anticipate, and shape outcomes through innovative technologies, these organizations can help to increase efficiencies and effectiveness throughout the key areas of the organization.

Our task in this chapter is to explore considerations and identify steps in developing an effective business alignment strategy for a strategic business intelligence initiative. It should map to corporate business strategy to enable successful execution, a critical first step in the strategic BI initiative. This includes the following:

1. **Assessing Your Current Situation**—Understanding the corporate strategy and identifying how your organization is currently managing its business strategy and monitoring and measuring outcomes
2. **Developing Effective Strategies for Linking the Business Strategy to BI Initiatives**—Examining strategies that are used today and determining how your organization can develop an effective business alignment strategy that improves outcomes and results
3. **Involving Key Stakeholders and Priority Business Areas**—Understanding how to determine, prioritize, and involve key stakeholders who can influence the business and execution strategies
4. **Implementing Sound Solutions**—Learning how proven practices can transform the effectiveness of the organization

An Introduction to Strategic Management Approaches

So how can strategy be managed to achieve the desired outcomes? Many different strategic management approaches may be in use within the organization.

Organizations use various methods today, and others have been used in the past. As examples, some of the highly common ones include, but are not limited to:

- **Balanced Scorecard (BSC)**—A strategic planning and management system that aligns business activities to the strategy of the organization. BSC offers the following:
  - » Stresses the communication of the strategy—both internally and externally—and monitors the progress of the organization against strategic goals
  - » Adds strategic non-financial performance measurements to the financial metrics to provide a more balanced view of organizational behavior
  - » Applies metrics to the decision-making areas of finance, customer, internal process, and innovation

  BSC became popular in the 1990s and is used today by entrepreneurial firms as well as some government departments.[3]

- **Six Sigma (6S)**—A very rigorous system of management tactics that seeks to improve the quality of *process outputs* by identifying and removing the causes of defects (errors) and minimizing variability in manufacturing and business processes. 6S does the following:
  - » Uses a set of quality management methods, including statistical methods
  - » Creates a special infrastructure of people within the organization (Black Belts, Green Belts, and so on) who are experts in these methods
  - » Follows a defined sequence of steps and has quantified *targets*; these targets can be financial (cost reduction or profit increase) or whatever is critical to the customer of that process (e.g., cycle time, safety, delivery)

  Six Sigma was originally developed by Motorola in 1981 and was used first in manufacturing. Its roots are based heavily on Japanese quality improvement initiatives in the automotive industry. It focuses on quantifiable bottom-line results that are tied to strategy.[4]

- **Total Quality Management (TQM)**—A management concept that is often associated with developing, deploying, and maintaining organizational systems required for various business processes. TQM achieves these goals:

- » Reduces the errors produced during the manufacturing or service process
- » Increases customer satisfaction
- » Streamlines supply-chain management
- » Modernizes equipment and ensures workers have the highest level of training

TQM is closely associated with Six Sigma and differs mainly in its approach. W. Edwards Deming is considered the founder of this management model, which preceded Six Sigma.[5]

All of these are solid approaches to managing strategy, and chances are good that management decision-makers use more than one of these, in addition to other management tactics, to control and direct the organization. However, whichever one is used, some common themes arise from these approaches:

- **Goals**—The definition and selection of strategic objectives and/or goals
- **Measurements**—The consolidation of measurement information relevant to an organization's progress against these objectives and goals
- **Indicators and Metrics**—Key Performance Indicators (KPIs) and metrics defined with specific targets and attached to specific objectives
- **Performance**—The interaction and/or interventions made by managers in response to these indicators to apply corrective actions and improve future performance against the goals

Our business alignment strategy process isn't designed to replace any individual approach; rather, it's recommended to orchestrate activities within the organization so that these approaches work together seamlessly. In other words, our process is to help transform *strategy definition* into *strategy execution* using BI, analytics, and performance management.

What do we mean?

In a 2010 survey conducted by IBM, more than 50 percent of organizations indicated that there was a disconnect between what the business needs and what IT delivers.[6] The alignment between these groups can often lead to the inability to work together toward the goals that matter in an organization.

What type of goals matter?

Put simply, the goals that matter most are the ones that are most closely linked to the top corporate objectives. Most often, they are also the goals that tie most directly to revenue and expense management.

Therefore, the key to executing the strategy is to a) *communicate* the strategy across the organization and then b) *act on* new directions identified by the strategy. This can be done using the tactical tools and measurements implemented within the key decision areas to provide visibility and the ability to anticipate and drive future outcomes.

Assessing Your Current Situation

How closely is your organization connecting strategy to execution? What are your company's top objectives? How are they currently executed? How are you measuring and monitoring whether you are on or off track?

As we assess our current environments, it's often easy to see where an organization is aligning business strategies to a BI initiative.

However, as our organizations have grown, separate silos of information have evolved over years or generations. Some of these silos may be viewed as proprietary within an individual department or subsidiary. Some may have been created by processes that are invisible to those outside that area of responsibility or may be based on processes that are no longer current or common.

In order to create a comprehensive business alignment strategy for a strategic BI initiative, collaborative teams need to make progress in revealing these information sources and strategically managing that information to create insight that produces high-value results. The high-value areas important to the business alignment strategy need to be harnessed, and the political cultures representing those organizational entities need to be brought together in a collective to produce results as cross-functional teams rather than individual groups.

The outcomes of a business alignment strategy for business intelligence—the business goals we are we trying to achieve—will help define how to get there and produce better collaboration across teams to work together to achieve those results. Without a clear vision of the connection to strategy, operating in silos and within communities or cultures is a natural instinct. Though there might be substantial effort and complexities, with good vision that is tied to the practicalities of a given business, a strategy can be created that moves the company from the tactical use of information to a focused organization that uses the information strategically in everyday processes.

Where Do We Start?

If your organization is like many, you likely already have a number of BI initiatives taking place—some successful and many that are producing less value. The key to transforming these multiple projects into a high-value strategic initiative is to assess which ones are successful, why they are successful, and how they connect to priority objectives. You can then use this information to create a business alignment strategy for BI and analytics that will define a roadmap of high-value endeavors linked to business objectives that produce valuable outcomes in a series of small successes.

Many of us remember the 1997 book entitled *The Multidimensional Manager* (Richard Connelly, Robin McNeill, and Roland Mosimann, Cognos, Inc., 1997). It examined the partnership between decision-makers in companies worldwide and the people who provide them with better information using BI to drive better decisions. One of its key insights was that, as the complexity of businesses has grown, the majority of successful decision-makers concentrate their focus on a relatively small number of *sweet spots* of information that flow through the corporation.[7]

If we take the advice of the authors in *The Performance Manager,*[8] we can take this concept and follow those sweet spots in our effort to create a solid business alignment strategy. In other words, we can use the information trail to drill into the organization and investigate its core decision-making areas, which are typically these:

- Finance
- Marketing
- Sales
- Customer Service
- Product Development
- Operations
- Human Resources
- Information Technology

We know that we will, of necessity, be required to analyze the data, systems, reports, processes, and functions of these areas. Based on this information, we will be required to develop metrics and analytics, rate the effectiveness of the information to drive execution of the business strategy, and evolve our metrics to become more effective drivers of strategy execution. But who should be involved in this process?

This overall process will be much larger than any single individual because it impacts every area of the organization. This is not merely an IT project, nor simply a BI project. And it is not just a business unit project. It touches every key decision area in the organization. So identifying the stakeholders is a key element of success. These are the people in the organization who have an interest in ensuring that strategy moves smoothly to execution. And each of these people will have a role to play.

> "I've seen several projects fail because sufficient resources were not allocated to the initiative," says **John Boyer**, BI Enablement Lead at **Nielsen**. "Instead of appropriately allocating resources, focusing priorities, and involving the right stakeholders, they try to carve out time from individuals in silos who are already too busy."

In other words, we need to assemble a team of key representatives from the following areas:

- **Executive Involvement**—The executive team representatives who will champion the initiative, help define the business alignment strategy through prioritization, and create the performance management culture
- **Business Involvement**—The line-of-business representatives or subject matter experts who will define the business processes and metrics that are to be tied to corporate strategy and support and champion the management and execution
- **BI Team Involvement**—The BI team representatives who will innovate and define how different business metrics can be applied with data, systems, and processes and help to create successful execution within a BI environment
- **IT Team Involvement**—The various IT representatives who will ensure that all technologies are integrated and interconnected. They will apply technology to enable the business strategy—from information integration to database administration, security, and infrastructure

These representatives will act as the key leaders for the various areas within the organization that hold a stake in the outcome of the business alignment strategy. They must also be key players in helping to establish *credibility* for the overall team within their individual areas. It's a two-way street: they bring the knowledge of their decision-making culture from within their areas, but they must also communicate back—and champion— the vision of the business alignment strategy as it is formulated by the team. And working in partnership together, they can define the roadmap of initiatives that can be executed effectively through people, process, and technology to produce business impact.

Mapping Corporate Objectives to Bottom-Up Needs: Top-Down vs. Bottom-Up

All of us have experienced the difficulty of mapping the diverse operational needs of the company's managers and departments to the requirements and strategic goals of the larger organization. For many organizations, the conflicts between top-down (strategic) and bottom-up (tactical) approaches have sometimes become battlegrounds between business groups. And this difficulty manifests itself in the business alignment strategy: how do you prioritize these initiatives when an abundance of bottom-up tactical approaches exist in addition to the top-down strategy? Should we focus on individual business problems and roll solutions upward to a corporate-wide strategy? Or should we direct the strategy from the top, where the executive goals for the entire organization are more clearly understood? Understanding the pros and cons of both modalities will help us craft the best business alignment strategy for the organization.

The Bottom-Up Approach

When an individual decision area identifies a business problem, the first response is to implement a business solution that helps to solve the immediate goals of that entity. The solution may touch multiple departments or reach across to other decision areas. An example of this might be to provide a reporting or analytical tool that is easy to implement or to apply a legacy solution that has been customized to meet the specific needs of the decision-making area.

Many organizations may also approach business intelligence from a sequential technology perspective. A reporting system may be implemented on a silo of data, and one by one, the IT team may add additional data repositories from various business areas. Over time, there is the accomplishment of having a reporting system on a number of data sets, but it lacks a solid business alignment strategy that understands the outcomes and that links to top business objectives on what it is being used for. The initial reason, pain, or business need was not articulated, and when members of a business unit use the system, some of the information they need is not available or the information cannot be trusted. Little value might be recognized from the initiative.

There are pros and cons in approaching your business alignment strategy in this manner.

- **Bottom-Up Approach Pros**
  - » Individual departments can begin working together toward a tactical common goal that is easily understood by all involved.
  - » Solution implementation takes less time and expense in the short run.
  - » The solution can create a domino effect within the organization, leading other departments to implement similar solutions and/or scorecards.
- **Bottom-Up Approach Cons**
  - » The solution may not be directly tied to any larger organizational strategy.
  - » The solution's metrics—if they exist—may not be part of an organizational framework that informs the overall business strategy.
  - » As the solutions propagate within the organization, the various decision-areas can wander in their alignment to the organization's larger business strategy.

> "A bottom-up approach might be compared to building a house one room at a time without an overall design or even an idea of how big it needs to be," says **Kay Van De Vanter**, Enterprise BI Architect at **Boeing.** "In the end, you have a house, you may have spent lots of time and money, but it may not fit the needs of the family, and if standards and guidelines were not followed, the quality may be too poor to be able to use it as a home."

Most organizations are replete with bottom-up solution approaches, especially in those organizations that have grown through acquisition, rapid expansion, or long technology transitions.

The Top-Down Approach

By comparison, a top-down approach to implementing strategy first identifies the goals of the entire organization and then communicates how those goals will be measured across the enterprise. It defines the goals and the metrics, but it doesn't always define in detail the methods by which the various decision areas will achieve them.

There are, of course, pros and cons in approaching a strategic BI initiative in this manner.

- **Top-Down Approach Pros**
  - » The strategic objectives of the entire organization are cascaded downward and across the entire enterprise.
  - » Everybody acknowledges and understands what is expected.
  - » The strategy of the organization becomes linked directly to the operations of the organization.
  - » The executive decision-makers can support and fund the projects. They then drive the solutions throughout the organization to achieve the goals.
  - » Progress toward goals is measurable using a common syntax and agreed-upon metrics.
- **Top-Down Approach Cons**
  - » Implementation cycles can become lengthy as individual operational conflicts are reconciled.
  - » Top-down strategies require a significant cultural shift within the organization in which the overall executive goals supplant the immediate tactical preoccupations of individual decision-making entities.
  - » The long time-to-value process can derail a project when new priorities arise.

How Successful Companies Make It Work

Clearly, both approaches to implementing business intelligence initiatives are practiced by large and successful companies. It is rarely a lack of business strategy and execution methods that results in less-than-successful initiatives; most often, it's too many disparate strategies and initiatives operating in a disconnected and unprioritized business approach that result in a long time-to-value process or produce less-successful results. Melding a top-down with a bottom-up approach into something that functions within the organization is what the business alignment strategy is about.

Ultimately, this hybrid approach that is common in many growing organizations today is a transitional tactic that can be centrally managed through a strategic framework and organizational body. This approach can allow for managers to help define their own metrics, but it aligns priority and consistency in an organization via a business alignment strategy. Through an assessment of the current initiatives that are taking place through a bottom-up approach and an assessment of key priorities that are not currently covered, teams can better engage, decide on priorities, and align on key initiatives for new development. Whether it is managed by individuals in a business alignment function in the BI department, a separate steering committee, or individuals who closely align with a corporate strategy management function, it can help create higher value and impact in an organization.

Key Concept

This function or partnership will help coordinate cascading corporate strategy and prioritize and align business needs with the BI initiatives. It can prioritize key business initiatives, map them to existing bottom-up initiatives, and identify gaps, thereby defining the roadmap for delivering the series of successes that the organization needs in order to become more strategic in execution. It can also enable individuals with expertise in the business goals to partner with individuals who know what data is available. Then, the priority areas are implemented in a series of small successes in a rapid fashion. Providing an agile BI delivery via a series of smaller successes is key to maintaining momentum on the project and demonstrating value to the organization.

The tactic of implementing the business alignment approach—where top-down meets bottom up—across a consistent framework and communication system permits the following to occur within the organization:

- The decision area gets the implementation that it needs more quickly with less reiterations, due to strong alignment and expertise.
- The solution provides "cultural capital" within the organization as a series of "wins" for the BI process.
- The BI process can be extended to the next project in another decision area.

But why should this hybrid strategy be centrally managed?

By bringing the diverse BI processes into a focused framework, the company can ultimately be guided to a comprehensive, consistent strategic planning mechanism. It will achieve this transition by working with the same Key Performance Indicators (KPIs), sourced from a common information resource.

Developing Metrics and the KPI Design

Obviously, defining standard metrics and turning them into something measurable is not an easy task. This complete effort requires a strong partnership between executives, strategy managers, IT, BI professionals or business analysts, and the business unit managers. The business unit managers define what they are seeking to measure, and the IT and BI teams help to connect the metrics to the reality of the data.

The Performance Manager: A Framework for Strategy

The previously mentioned book, *The Performance Manager*, provides a framework that enables the combined team of BI professionals and business unit managers to guide the conversation to the sweet spots of information.

Within the framework described in *The Performance Manager*, each decision area (Finance, Marketing, Sales, and so on) is guided by core content of each corresponding set of information sweet spots. Using this framework, each area can organize the sweet spots into matrixes of measurements: a) goals, b) metrics, and c) a hierarchical set of dimensions.

In every discipline, specific sweet spots of information that are common across most organizations will create valuable results linked to common top business priorities.

It is a common challenge that when BI teams engage with the various business units, their partners do not know what metrics to measure or what information is available to them. The Performance Manager methodology can form the beginning of the framework from which we can start to explore the information sweet spots that drive the decision-making processes. It's a simple model upon which we can build the architecture of our business strategy, with each decision area and function standing on its own. Figure 1.1 depicts an example.

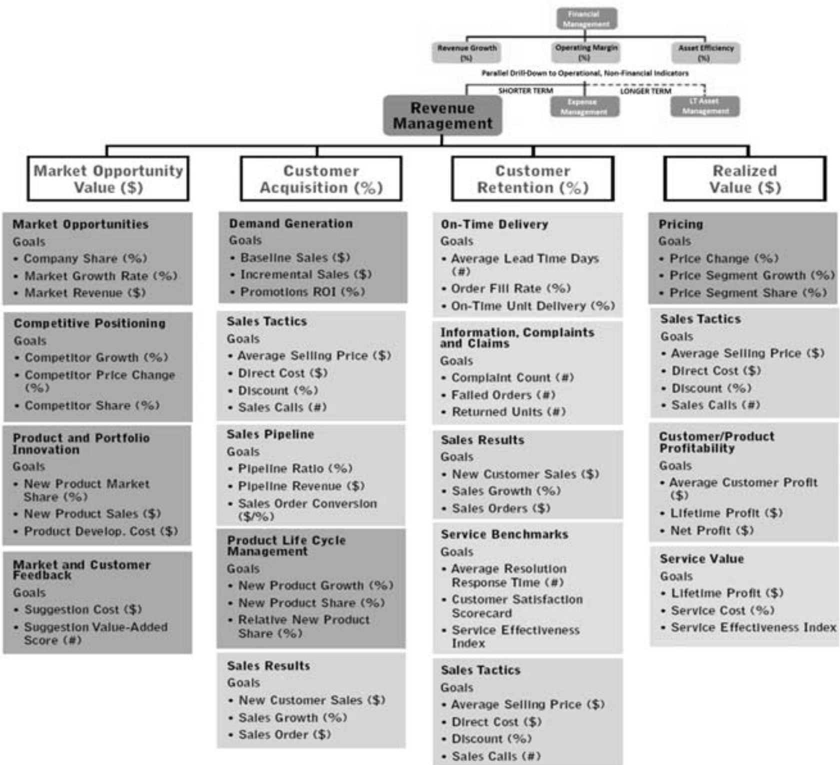

Figure 1.1: A cross-functional perspective on decision areas.[9]

But this model is more than a list of particularly important information sweet spots. The framework charts how individual decision areas and functions are in fact slices of a broader, integrated framework for performance management across the entire company.

While the authors of *The Performance Manager* acknowledge that "Overly grand, top-down enterprise designs tend to fail, or don't live up to their full promise, due to the major technical and cultural challenges involved," this model is designed for precisely such an incremental approach. Decision areas empower individual performance managers to achieve immediate goals in their areas of responsibility. As we combine these goals across decision areas, we can create a scorecard for that function. Then, as we realize performance success, we can build upon it to solve the greater challenge posed by cross-functional collaboration around shared strategies and goals.

Constructing a Methodology Toward Performance Management

The importance of *The Performance Manager* is its methodology. Every decision-making cycle depends upon finding the answer to three core questions (Figure 1.2):

- How are we doing?
- Why?
- What should we be doing?

As a framework for creating a model of the business, this methodology provides a means of measuring our progress. It also enables us to create scorecards and dashboards that monitor the business with metrics to find answers to *How are we doing?*

Likewise, the model uses reporting and analysis to provide the capacity to look at historical data, analyze underlying trends, and identify anomalies to understand the *Why?*

And finally, the framework enables us to plan, predict, and forecast to depict a reliable perspective on the future to answer *What should we be doing?*

But the key insight—one that we fully embrace—is the prerequisite of integrating all of these capabilities across *all* the decision-making areas to enable us to respond to changes happening in our businesses.

To ensure consistency in answering these fundamental performance questions, you must integrate functionality not just within each one, but across them all. Knowing what happened without finding out why is of little use. Knowing why something happened but being unable to plan and make the necessary changes is also of limited value.

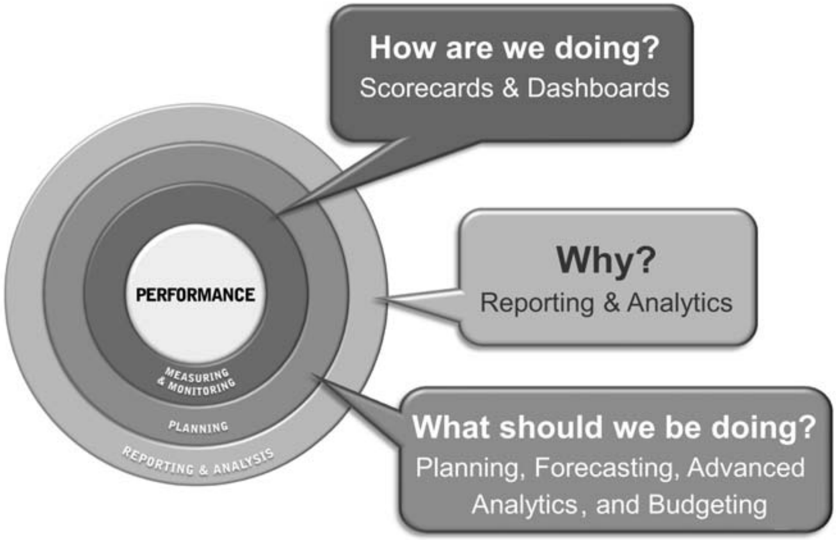

Figure 1.2: Informed, aligned decisions and actions.[10]

Moreover, a key insight that we've discovered is how the strategy must function: it must be *seamless* across the full network of performance managers.

For instance, just as the core questions are connected, the answers must be based upon a common understanding of metrics, data dimensions, and data definitions shared by all the decision-makers in the organization.

Determining Priorities

Determining the priority of decision areas, or sweet spots, to conquer in your business alignment strategy is relatively straightforward: each business process is assessed for its business value in terms of the revenue obtained or the expense it controls—two of the highest-value areas for managing performance. It is also assessed against top annual objectives. A simple scale can be applied to each business demand to rate the overall value to the organization, differentiating low-value business issues and very high-value business issues.

Figure 1.3 provides a sample template for rating these priorities for an organization. This rating can also contain an inventory of the availability of this information and the successes that already exist. This requires a detailed analysis of available IT assets and an understanding of how those assets are being used.

By analyzing the key elements of each business issue, an associated KPI can be created, detailing the importance of the information created by individual sources.

Prioritization Roadmap Matrix

Corporate Alignment	Business Issue	Ratings				
Stakeholder & Business Area	Request	Corporate Priority	Revenue Impact	Expense Reduction	Information Gap	Quick Win
John Doe, Sales	Pipeline Analysis	1	1	3	1	N
	Customer Analysis	2	1	1	3	N
Jane Smith, Operations	Delivery Analysis	2	2	3	2	N
	Claims	3	2	1	3	N
John Smith, Marketing	Demand Generation	3	1	3	2	Y
1	High Priority					
2	Medium Priority					
3	Low Priority					

Figure 1.3: A rating of business issues for a sample organization.

Analysis and Priority

Once basic priorities and ratings are identified, they can be categorized in a business alignment strategy that defines a roadmap for success. The roadmap provides a timeline prioritizing “must do now” vs. “invest for the future” vs. “de-prioritize.” Factors influencing this prioritization include:

- **Key Corporate Priority**—Relation to the top goals of the enterprise
- **High Revenue Impact**—The assets that have the closest link to the revenue goals
- **Significant Expense Reduction**—The assets that provide the best opportunities to improve efficiency and achieve direct cost savings
- **High Information Gap**—The assets in which poor information inhibits decision-making
- **Quick-Win Opportunities**—Correlations between already-available assets where there are opportunities for a quick win

Rolling these assets upward toward the business goals—along with the metrics associated with their values—can permit us to look across both the demand and the supply side of the information and identify those opportunities that will create a series of small successes—something that, as mentioned previously, is critical to maintaining momentum and demonstrating value over time.

Defining the Business Case

With a roadmap that both defines a business alignment strategy for a BI or performance management initiative and links to top corporate objectives and business outcomes, the business case and value impact of the initiative becomes easier to articulate. To define the business case, we can use the business value hierarchy that was mentioned in the introduction. This business value hierarchy provides us with the understanding that investments in BI can generate three basic sources of value:

- An increase in IT efficiency
- A gain in business efficiency
- Improved business effectiveness

According to a recent *Computerworld* study,[11] 67 percent of organizations cited a lack of time, budget, or resources as inhibitors to a successful BI initiative. Such issues are often the result of an inability to demonstrate the concrete cross-organizational value of an initiative. Focusing on these three sets of value provides a strong and compelling business case. And while this may seem simplistic, the business case for many organizations is too often a difficult task because the alignment between the various stakeholders—business units, central IT and BI teams, and the executive management team—is not strong enough to articulate a compelling justification or clear outcome of the initiative. Often, IT efficiencies such as total cost of ownership (TCO) or expense controls are the only justification. In many cases, business efficiencies can be articulated—such as time savings or resource efficiencies—but these indirect benefits are difficult to quantify.

The true value and the core of a business case is strengthened through the outcomes that will be achieved from the overall business alignment strategy for the BI initiative. With outcomes as the core, a comprehensive strategy can be understood to allow an organization to make better decisions faster and thus use time more effectively, focusing more attention on issues that matter—the *sweet spots* that most accurately depict the company's performance. A justification at this level will produce better understanding, alignment, and a focus on common objectives.

As a proven practice, organizations that are successful at BI initiatives will articulate the three sets of value in their business case in order to produce successful results and understanding. Let's take a deeper look at examples of each of these values that should be applied to the business case.

Proven Practice

Increasing IT Efficiency

Obviously, improving IT efficiency is an important source of value, with expense savings at its core through reduction of license costs, resources, and associated hardware costs.

A total cost of ownership discussion will become a strong part of the business case, given that most consideration is typically given to the visible license cost of the software, not to the total costs of a solution—the costs of training, evaluation, consulting, hardware, support, and other areas that need to be considered. If you multiply the costs across all these areas for multiple toolsets and consider the savings that can be achieved by limiting the number of tools, you can deliver a fairly compelling expense-driven discussion.

However, if the BI business strategy project is championed and managed only by the IT department, executive management's backing may not be as strong. Why? Because the project may be perceived as seeking only to refine existing processes rather than to discover new opportunities, which can result in a continual cycle of cutting costs and resources to improve efficiency and the bottom line. So, as important as increasing IT efficiency is for organizations, it creates a less compelling case to focus *solely* on this issue while making a business case.

IT Efficiency Examples

Direct total cost of ownership (TCO) savings in use of IT resources:

- Cost savings or cost avoidance such as through software or hardware license savings and use
- Services, consulting, training efficiencies
- Faster IT response time, improved allocation of work and productivity, employee labor
- Reuse of technical assets and proven methodologies

Increasing Business Efficiency

A stronger business case can be made for the BI investment if we focus on business efficiency. Increased productivity of business users, automation of manual processes that result in shorter sales cycles, faster finance processes, or the ability to reduce inefficiencies and duplication can generate a compelling justification for a project.

Business Efficiency Examples

Productivity savings in terms of business users' time to perform both transactions and decision-making:

- Faster close cycles and improved times to complete work or projects, resulting in cost savings
- Better resource allocation and increased productivity
- Cost savings of time through automation of processes

Improving Business Effectiveness

The third source of value is business effectiveness. This is the outcome of measuring, monitoring, understanding, and planning against an objective and achieving the intended results. Ultimately, the definitive reason for developing a comprehensive BI business strategy is to improve business performance. But how can we measure that improvement?

Most often, the improvements will demonstrate the ability to meet top corporate objectives, or revenue or expense goals, that were prioritized in the alignment strategy. Almost all of these benefits will take the form of higher revenues, lower costs and expenses, reduced risk, or some combination of these three.

Business Effectiveness Examples

Improved business performance from faster and more informed decision-making:

- Higher customer value
- Improved product mix (margins)
- Better sales pipeline conversion ratio
- Enhanced customer retention
- Greater production yields
- Better order fulfillment
- Faster collections
- Lower production costs
- Reduced risk/reduced impact of risks

Summary

As we pointed out at the beginning of this chapter, only one in five companies is able to successfully execute on its business strategy. So how do you become one of those organizations that achieve success? We believe that using a business alignment strategy for effectively prioritizing and linking the corporate strategy—from a top-down approach to the bottom-up tactics—with BI as a way to measure, monitor, plan, and execute on corporate strategy can help organizations better achieve successful outcomes. It is the first step of the journey to business intelligence excellence, and it's a repeatable way to move your organization into a better position to achieve the business goals of the enterprise.

> "Providing business value goes beyond simply reducing cost," says **Brian Green**, Manager of Business Intelligence and Performance Management at **BlueCross BlueShield of Tennessee**. "For example, we were able to deploy a financial performance management application much faster than originally estimated due to the prior investments we had already made in developing a financial data mart and our integrated business intelligence deployment strategy. By leveraging existing technology investments, skills, and resources, there were a number of efficiencies that were created, which resulted in a faster time to implement our solution. We are now working on an initiative to further increase value by enabling shorter financial forecasting cycles."

Checklist of Recommended Approaches

- ☑ Leverage success in your organization. Assess the current situation in your organization to better determine the high-value and low-value initiatives that already exist.
- ☑ Prioritize decision areas, or sweet spots of information, by mapping key areas of value against corporate objectives, revenue opportunities, and expense savings. This is critical to producing high-value results. Prepare a value matrix that demonstrates the areas of highest value and importance.
- ☑ Create a roadmap of priorities that results in a series of high-value wins to kick the project off to a successful start. Prepare the roadmap and timeline based on the prioritized sweet spots, and map to existing projects that exist today in your organization.
- ☑ Align and produce strategy in partnership with various stakeholders to gain momentum. Create a map of stakeholders that corresponds to the sweet spots of information to collaborate in determining priorities. Ensure that a business alignment team—whether fixed or virtual—is created to deliver consistency and priority across business alignment strategy. Determine who from your organization needs to be involved in this team.
- ☑ Prepare the business case. Ensure it contains IT efficiency, business efficiency, and business effectiveness outcomes to demonstrate maximum value.

Business Alignment Strategy Overview

Overview

Describe the initiative at a high level.

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Corporate Objectives

Describe your top corporate objectives and identify how they impact the strategy.

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Assessment

Determine successful initiatives that exist today that can be leveraged.

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Roadmap

Describe the top decision areas—or sweet spots—that will be tackled in order of priority, and rate them to determine the timeline and roadmap.

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Value Outcomes

Describe the IT efficiency, business efficiency, and business effectiveness outcomes.

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Business Case

Demonstrate the costs, resources, and expenses valued against the value impact they will enable.

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Stakeholders

Describe the project team and stakeholders (assess your champions and your roadblocks).

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