

Strategic Business Intelligence: *Transforming Source Data into a Formidable Competitive Advantage*

Strategic Business Intelligence (SBI) is emerging as a significant management tool and is being used increasingly to develop fact-based knowledge to support strategic decision making. Three key areas where SBI is being used to deliver 'high impact' benefits are:

- **Enterprise Performance Management (EPM):** Early adopters of SBI typically build dashboard-reporting mechanisms to report and monitor the operations of the business, whilst more advanced users extend this application to monitor strategy implementation.
- **Business Simulation and Modelling:** With an emphasis on analysis of 'business processes', SBI tools take up where Business Process Reengineering (BPR) left off. Whereas BPR reduces cost through elimination of 'waste', Analytical Modelling 'Optimises Processes' by identifying which processes (e.g. production lines) should be used, what format should be adopted and in which sequence.
- **Strategic Business Intelligence Analytics:** Representing the 'implicit' element of 'knowledge' SBI provides the capability to analyse significant amounts of data and turn it into meaningful information. SBI provides the means to literally 'mine' data to interpret trends, detect patterns and predict outcomes.

Case Studies: The outcome from the use of SBI systems, processes and technology is significant:

Illustrative Applications: EPM, Business Simulation and Strategic Intelligence

Business Simulation and Modelling: The CEO of a major resource company sought the means to protect operating profits whilst undertaking a program to dispose of 'obsolete stockpiled inventory', over a period of years. In seeking the solution our consultant built an analytical model that reflected various 'scenarios' of potential outcomes. The findings were phenomenal: **a previously loss making 'problem' was turned into an asset building opportunity (delivering millions of dollars in returns), in a time frame that lopped 6 years of the targeted completion date.**

Enterprise Performance Management: HC+P assisted a media organisation to apply SBI technology to build 'Dashboard Reports' that measured and reported both operating performance (financial, non financial) and strategy implementation. The output was an on line, open communications medium delivering a highly visible method of performance reporting. this allowed proactive decisions to be made in areas of greatest strategic relevance to the business. Examples: problems in 'start up' businesses were identified and averted, problems in operations were detected early and rectified immediately.

Optimising Production Processes: By analysing production line 'constraints' (machine speed, waiting time, available hours) Business Analytics can determine the optimal mix required to reach a desired target (maximise cost, minimise downtime, maximise throughputs). Through the application of 'data rich' modelling techniques, optimisation is achieved in a way that may be based on quite abstract solutions. An example is a recommendation to run one machine at a loss, whilst freeing up a supply line to make more profitable products elsewhere.

Customer Retention: Data Analysis can be used to identify the means to reduce 'customer churn' and hence add significant volume to the bottom line. Business Analytic tools are used as 'filters' to assess potential customer behaviour, especially those that are most likely to become dissatisfied and leave. Wherever this is the case, potential 'churner's' can be contacted prior to final defection, allowing suppliers to take action to avert this eventuality from taking place. This methodology provides clear focus for sales resources and saves time and money as it avoids the use of more common 'blanket retention plans'. It also identifies types of customers; e.g. those that could require extra attention to retain. This knowledge can also be used to monitor associated costs and if appropriate, enact modifications to marketing plans.

Getting Started: In the absence of comprehensive SBI tools, organisations suffer from an inability to analyse data thoroughly. Initially, basic software can be used to mine source data and to develop 'one off' answers to questions such as those discussed above. In the longer term, comprehensive Strategic Business Intelligence solutions are applied to support a mindset of transformation – **from Gut Feel to Informed Decision Making.**

Let us help: we will be delighted to talk: hcandp@hcandp.com; (03) 9863 8980; www.hcandp.com.