

Business Intelligence Competency Centers

A Team Approach to
Maximizing Competitive
Advantage



GLORIA J. MILLER
DAGMAR BRÄUTIGAM
STEFANIE V. GERLACH



WILEY

John Wiley & Sons, Inc.

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Foreword

The world of Business Intelligence (BI) is changing, and the ideas in this book can help organizations address the transition. Business Intelligence has been with us (under several different names) for several decades, and one could argue that it has always been useful. However, in the past it has also been somewhat “marginal”—addressed to important but somewhat esoteric business problems, and rarely visible either to senior executives or to external customers or business partners. There clearly have been exceptions to this pattern, but for the most part BI and its practitioners have dwelled in the “back rooms” of organizations.

For an increasing number of organizations today, however, this is no longer the case. Based on research supported by SAS and Intel, I have concluded that the leading edge of BI involves companies in which analytics are central to their strategy and competitive advantage. These firms and organizations have employed sophisticated analytics and fact-based decision making to drive and support competition based on one of several possible strategic capabilities. The retailers Wal-Mart and Amazon, for example, have used analytics to optimize supply chain management. Travel and entertainment firms such as Harrah’s and Marriott have used analytics to support customer loyalty and revenue management. In the financial services industry, Capital One and Progressive have focused on the analysis-based pricing and marketing of their products. In professional sports, the Oakland A’s, Boston Red Sox, and New England Patriots have employed analytical approaches to selecting and compensating human resources—their very expensive players.

In these organizations, analytics and BI have escaped the back room for the boardroom. They are highly visible capabilities that get mentioned in annual reports and analyst briefings. Companies do not become analytical competitors without the urging and close attention from the senior executive suite. These firms have reached the ultimate stage in the SAS “information evolution model” described in this book: They are not only optimizing their business processes, but also creating innovation in products, services, and business models.

Of course, the emergence of analytical competition raises the question of how companies can build the necessary analytical capabilities. As this book suggests, based on survey results of how BI is managed now, most organizations today do not even handle the back-office BI role well. And even those analytical competitors I have found in my research typically took many years to build their analytical muscle; a faster route to success is needed. But the changes required to compete on numbers are both broad and deep. Serious analytical competition requires more than the traditional BI tools of hardware, software, and data. Substantial changes in organizational culture, employee behaviors and skills, and managerial decision styles will also be required. Some group within analytically focused organizations must take on the task of facilitating the development of the required BI capabilities.

That is where the primary subject of this book—the Business Intelligence Competency Center, or BICC—comes in. There is no better candidate organization to ensure that the requisite BI tools are available, to educate and train managers and users on analytical techniques and decision making, and to work with executives to ensure that BI supports the company’s business strategy. Of course, BICCs can be useful even if BI plays only a support role in how a company competes. But creating such a center—whether it is called a BICC or something else—is absolutely critical when a company is attempting to make analytics a strategic weapon.

Here I won’t go into the details on how to organize a BICC or the specific functions that should be included in one. The rest of this book has plenty of useful content of that sort. My point here is only to point out the essential role of the BICC in analytical competition and to alert readers to the highest and best use of this new organizational entity. Establishing a BICC is a good idea if you are doing any sort of Business Intelligence. However, if you use a BICC only to support a back-office BI approach, your organization is leaving a lot on the table, and it may be difficult to get the

needed resources from senior management to embed BI into the organization's most strategic processes and capabilities. The most successful and strongly supported BICCs will be those that enable a new wave of analytical competition. In these environments, the return on investment in the BICC will be the growth and profitability of the entire enterprise. It would be competitively foolhardy not to endow such an important institution with all the support and resources it requires for a long and fruitful life span.

Tom Davenport



Preface

Purpose

This book advises organizations on how to set up and run Business Intelligence Competency Centers (BICCs). The book was developed to provide an overview of the BICC concept and its benefits and to give recommendations for BICC setup and maintenance.

Who Should Read This Book

This book has been written for anyone interested in the concept of BICCs and in how to plan, set up, and run them. The suggested audience includes the potential executive sponsor, information technology management, the business units that will be supported by the BICC, as well as the team of individuals tasked with the work of setting up the BICC and the individuals actually manning the BICC.

Depending on your role and interest, you might want to focus on specific sections in this book. The table below contains recommendations about which chapters will be of most interest to you.

The BICC Book Web Site

This book contains some checklists, job role descriptions, and other tools that you might find useful to have in electronic format. You can download these items from the SAS Web site. Note that the Web site is protected; you will need to use this login information:

URL: www.sas.com/bicc/book

User Name: bicc

Password: moreinfo

Note also that you must enter both user name and password in lowercase.

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