

## Managing the Organizational Change Needed to Capture Value from BI

*Excerpted from "The Profit Impact of Business Intelligence", Steve Williams and Nancy Williams, Elsevier, Inc., 2007.*

It is one thing to build a BI asset. It is another thing to ensure that the potential value of that asset is realized. Managing organizational change is critical to ensuring that the BI asset, once built, is put to good use to deliver bottom-line results. Typically, organizations grossly underestimate the effort required to institutionalize and optimize the use of the BI asset. Because business users can often avoid using BI applications, they often do. Training alone is not usually adequate to ensure that business users will get on board with the BI program. Organizational incentives may need to be put in place to ensure that business users will make the changes needed to leverage the new BI asset.

Organizations also are often unwilling to make changes needed to operational systems to ensure that the information they need to run the business is available and of high quality. Because of the organizational challenges associated with change, it is also common that the potential for the use of BI to improve business performance is not optimized.

So what can you do?

### **1. Utilize Business Process Reengineering Approaches to Optimize the Use of New Business Intelligence Capabilities**

Old IT paradigms usually persist when BI deployment activities are developed. Because acceptance testing and user training have usually signaled the end of a project, most BI efforts stop at this point. The problem with this approach is that business users are often confused about how to do their jobs "the new way" now that they have a new BI application. In some cases, the effect of the new BI capability is minor; in others, the effect is dramatic, completely changing the way that a job has been done in the past.

For example, we worked with a client several years ago who was used to generating a campaign mailing list from valid names in a database. To improve the response rate and reduce the marketing costs associated with obtaining a response, a BI application was developed to support customer segmentation analysis and to generate a targeted list of high-probability prospects. This new capability fundamentally changed the way that the identification of campaign targets was to be performed.

Training alone would have been inadequate to ensure that this new "to be" business process was put in place and used as intended. If business users are not helped along with understanding and adjusting to changes in underlying business processes needed to optimize the use of a new BI application, odds are that the application will not be used as intended. As a result, the potential business value will be compromised.

In addition, the IT department is not the organizational unit that should be charged with this activity. The business organization must work in conjunction with IT staff during the requirements phase to fully articulate both the "as is" business process and information capability and the desired "to be" business process and information capability. As the BI application is implemented, the business organization is responsible for ensuring that business process changes needed to realize the potential value of the new BI application are put in place.

Organizations that manage organizational and business process changes needed to capture the value of a BI asset are more likely to achieve a good return on their investment.

## **2. Make the Organizational Changes Needed to Obtain the Data Required to Deliver BI**

By definition, BI is about change. In addition to business users needing to adjust to new informational capabilities, changes are also often required so that the organization can capture new types of data needed to provide a BI capability and to ensure the quality of that data. This change usually affects owners of the operational systems who are charged with designing the systems needed to capture business data and set standards for data quality. It also affects business-side people who are charged with inputting the data into the systems. A BI program can be limited by the organizational will to make these changes. Often, the need for more and better data collides with the organizational desire to speed up and reduce the cost of operational processing.

One client several years ago had a need for richer demographic data in order to better profile and understand customer behavior. Rather than putting in place efforts to add to the data currently available about customers, an effort was underway to reduce the amount of available customer data to shorten the length of time and cost required to take customer orders. Because the client's BI strategy was not explicitly aligned with its business strategy, the impact of this change was not visible to key business decision makers. As a result, they had no vote and the operational needs to reduce the time and cost of taking customer orders won out.

## **3. Create the Appropriate Organizational Incentives**

Most people in organizations do not like change, even if they understand logically what change may be beneficial to the business. Even when given a BI application that can help them do their job better, and provided with the necessary training and support, resistance is often met. It is common that people may want to resort to what they know and have done for years. To ensure that the people who are needed to capture the value of the BI asset are using it in the way that is intended, it is important to create organizational incentives for "doing the right thing."

One organization built in management objectives affecting bonuses for actively using the BI application. Other organizations send strong signals that senior management will be using new BI application capabilities to manage the business and expects that the rest of the business will use them as well. Organizations that recognize the need to institutionalize the use of BI assets through creating organizational incentives are more likely to capture the potential ROI of their BI asset.

## **4. Take Advantage of the Full Potential of Information**

Many organizations have a hard time moving away from the status quo. Accustomed to having little to work with, they have a hard time thinking about the full range of possibilities of how they could use information for competitive advantage. Some organizations, by nature, resist change and will only embrace it when forced to. Other organizations are so focused on the present that they don't seem to have the organizational bandwidth to fully exploit the possibilities.

There are organizations, however, that are capturing the potential of BI for competitive advantage. These organizations will be the leaders in defining new ways of competing, and will reap the rewards of exploiting this new capability.

### **About the Authors**

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Steve is a leader of the business intelligence/data warehousing (BI/DW) industry, both in developing new methods and showing how to apply them in complex business situations. Since founding DecisionPath in 1999, Steve and his DecisionPath colleagues have shown clients how to connect their BI/DW investments to vital strategic goals so they can measure their return on investment and ensure that their goals are achieved. He is a co-developer of the BI Pathway method and a judge for the yearly Best Practices competition sponsored by The Data Warehousing Institute (TDWI), the BI/DW industry's premier educational organization. He has an MBA from the Darden School at the University of Virginia and a B.S. in Business Management from the University of Maryland.

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### **About DecisionPath Consulting**

DecisionPath Consulting helps major private and public sector organizations make better management decisions using information. We provide strategy, business process, technology and program management services in the specialized fields of Business Intelligence, Data Warehousing and Performance Management. Through a defined process that aligns enterprise mission and strategy with technical architecture, DecisionPath designs and delivers successful BI/DW programs where others fail. DecisionPath's consultants are noted thought leaders and educators in the fields of business intelligence and data warehousing and we combine those skills with our hands-on experience to ensure that our customers' BI/DW initiatives are deployed on time and within budget.

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