

Strategic Business Intelligence

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Introduction - When markets keep moving and competitive situations intensify as a result of globalization, technology development and increasing customer sophistication the need for timely and strategically relevant information becomes critical. Most organizational control system such as financial ratios, balance scorecards and performance metrics provide useful historical / feedback type information. However in a competitive environment, concurrent and feed-forward type business intelligence information is also required. Strategic business intelligence systems combine and integrate feed-forward, concurrent and feedback information to provide strategic insight to leaders.

Strategic business intelligence is described for the purpose of this paper as an organization specific process involving data and information identification, collection, organization, dissemination and utilization to support the strategy development, management and adaptation process to achieve improved competitiveness.

SBI Process - When describing how a SBI process can be established in an organization, it is useful to start with the end in mind. Thus the desired outcome of a Strategic Business Intelligence (SBI) system is the provision of critical information in a timely fashion to support organizational planning and decision making efforts, enabling the organization to improve its competitiveness and business performance.

Competitiveness and performance is influenced by environmental forces (i.e. Broad external, External direct impact and Internal). The organization's ability to perform within these environment forces depends on how well it is able to identify, manage and gain leverage from opportunities and threats. Environmental forces exert pressure on organizations. External macro environmental forces come from the political, economic, social, technological, environmental and legal forces that place limits on what

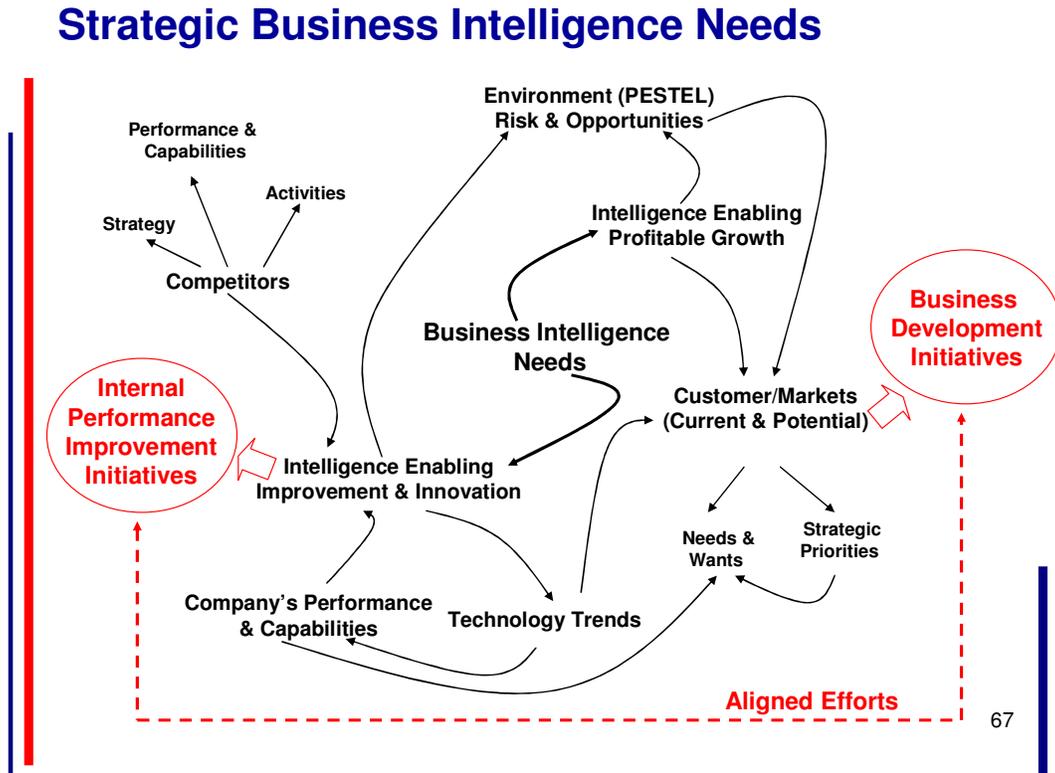
organization may do. Forces from the direct impact external environment come from external groups that are closer to the organization and come from the industry and market specific forces created by suppliers, customers, competitors and business partners. The internal organization environment also creates forces from its structure, processes, people, systems and resource constraints. These forces, their impact, significance and direction need to be understood through the SBI.

SBI is something every business needs in order to compete in a dynamic, difficult and competitive business environment. SBI systems do not have to be linked or associated with advanced and expensive computer software and hardware systems. Many organizations do not have at their disposal multi-million dollar budgets that can be spent on state of the art computer programs, hardware and information management capabilities.

Establishing an effective SBI needs to start with first management taking time to clarify the business intelligence needs it requires. At a high level SBI meets two major objectives the first is to enable the organization to improve and innovate and the second is to direct efforts for sustainable profitable growth. These two objectives may be used as a reference point to map out business intelligence information needs of an organization.

The intelligence needs map presented in Figure 1 is an example of the business intelligence needs that one organization required to obtain based on the major objectives of helping the organization improve, innovate and grow. From these two major objectives other information needs were identified, for example, relating to competitor the leaders felt that they needed to understand competitor performance, capabilities, strategy and activities in the market.

Figure 1



Once the intelligence needs are identified, the next step is to evaluate where and whether this information currently exists within the organization. These first two steps provide clarity, define the scope and establish a base line. The third step would be to develop a list of potential methods to fill the gaps of business intelligence. Having a list of alternatives, the next step is to define the evaluation criteria to assess each of the alternative intelligence gathering methods proposed. Information gathering can be done through manual report filling and /or automated computer systems that use data-mining and standard report generation tools to suit user requirements. There is no one best way and deciding which methods to use would depend on the requirements and constraints of the specific organization. This leads to the next step which is the need to define evaluation criteria. Examples of evaluation criteria may include, budget constraints, return on investment, level of detail, user sophistication and time to implement. Using the agreed selection criteria, an assessment of the various alternatives can be done and a

decision made on the method or methods that will be used to fill the business intelligence need gaps. The final stage will be the implementation planning and deployment.

Conclusion – This paper described the importance of organizations' having a strategic business intelligence (SBI) system given the dynamic and competitive business environment. A working definition of SBI was presented together with a X step process for design and deployment. The first steps was to clarify business intelligence needs of the business, the second step was to evaluate where and whether this information currently exists, the third step was to develop a list of alternative methods to fill the intelligence gaps, the forth step was to define the evaluation criteria, the fifth step was to assess and make a selection and the sixth step was to plan and deploy the plan.