

An Oracle White Paper
January 2012

The Business Intelligence Competency Center: Enabling Continuous Improvement in Performance Management

Contents

Executive Overview	2
Introduction	2
Trends and Challenges	3
Challenges	3
Benefits	4
BICC Framework.....	4
Definition	4
Framework	5
Governance.....	5
Sponsor.....	5
Charter	5
Structure.....	6
Funding	7
People	7
Roles and Skills	7
Performance Assessment and Compensation	9
Process	9
Services	9
Measurement	9
Project Management	10
Communication	10
Getting Started	10
Conclusion	12
Footnotes	13

Executive Overview

Business Intelligence delivers greater insight into performance and enables organizations to become more efficient, agile and competitive. The Business Intelligence Competency Center is an entity that leverages the BI investment and provides for continuous improvement in performance management. People, Processes and Governance are three pillars of the BICC concept that are critical to its success. Steps that lead to an effective program are defining a compelling vision, realistically assessing the organization's readiness, identifying the right Executive Sponsor and managing internal change. Establishing a BICC is a complex undertaking but with careful planning and a dedicated team, it can provide long lasting impact for the business.

Introduction

Several years ago a large multi-national bank thought it had created a successful Business Intelligence Competency Center (BICC). It ended up being a group that had the directive to establish standards, but in reality it didn't listen to - or engage with - the business itself. Eventually the business users found themselves trying to circumvent this group and get the information they needed through whatever means possible. Essentially the BICC became ineffective for the business.

In another scenario, a large manufacturing company had Individual business units maintaining their own databases and creating their own reporting processes. There was no consistency and they were getting multiple answers to the same question. This company first established a global Business Intelligence (BI) roadmap and replaced inefficient legacy reporting applications with a single BI platform. They initiated global data management and governance, ensuring global data integrity, stability and visibility. They have built a solid foundation for a fact-driven culture, and they are on the path to creating a global BICC.

Which factors enable one organization to establish an effective BI Competency Center, while others fail? What are the main components of a successful BICC? Which topics should you consider when contemplating an investment in a BICC initiative?

This paper explores the concept of a Business Intelligence Competency Center, also called a Business Intelligence Center of Excellence, in three parts. First we will look at major market trends and some of the prominent business issues that point to the need for a BICC. We present a framework for a BICC and a process getting for started. We conclude with keys to success and strategies for managing the risks.

Trends and Challenges

To remain competitive in a volatile and ever-changing environment, organizations are seeking ways to work more efficiently and more effectively, and to respond more quickly to opportunities and threats (1,2). Analytics can provide competitive differentiation, and taking an analytical approach to the business requires that the various components of an effective system be brought together in a collaborative and coherent structure. Information technology, rather than being limited to providing tools and technology support, can be an integrating discipline that enables the business to operate as a seamless, well-run machine (3). Companies that effectively use and govern information technology have been shown to produce profits that are 20% higher than the norm (4).

Embracing analytics can lead to more consistent, fact-based decision making allowing organizations like Proctor and Gamble to “apply the critical mass of expertise to its most pressing issues” (5). One recent study found that 75% of CIO’s wanted to eliminate silos of information and were seeking to develop an enterprise BI strategy (6). To bring about an enterprise wide view of performance that is broader and more valuable than a fractured perspective, companies must go beyond integrating data. They must “eradicate all of the limited, piecemeal perspectives harbored by managers with their own agendas, needs and fears – and replace them with a single holistic view of the company” to avoid the scenario where “Expediency overrides strategy” (7).

In a sense, we have arrived at a point of widespread adoption, and people are no longer wondering IF they will deploy BI in their organizations. They are wondering whether the BICC could be a mechanism for continuously improving insight and performance, and for leveraging their existing software investment. Some are unsure whether the BICC is just another administrative program or whether it can play a strategic role in the business. We hear questions like “How do we organize ourselves? How do we deal with some of the big issues that we see around BI? Where do we go from here?”

Challenges

What are some of the main challenges that we confront in creating a BICC? At a high level, it’s necessary to clearly understand the strategic goals of the organization before it can be possible to align with them. For example, if the company’s goal is to deliver top-notch customer service, and the focus of measurement and operations is on cost reduction, the goal will likely be compromised. Strategic goals must be clearly stated and communicated.

Departmental silos can get in the way. People in HR may be comfortable with their HCM system and the supporting HR analytics capability, and Finance can rely heavily on purpose-built financial applications. But when it comes to getting on the same page about hiring and compensation costs, it can be difficult for departments to agree on the numbers. Behind this issue is the lack of consistent data definitions, performance measures and process standards. For example, does the company have a standard definition of “Employee” that includes full-time, part-time, contract, on-leave, hired, retired, etc?

Organizational and geographical boundaries can also make collaboration difficult. In the normal course of work there's often no easy way to share ideas and information, especially when conducting analysis across time zones and different languages.

One of the biggest challenges surrounds the trade-off between flexibility and standards. For example, a large manufacturing company based in the Midwest US explained that their business units initially proved to be open to the concept of standards and common techniques, but resisted at the level of business specifics. People like to control their own destiny and to have flexibility in their work and systems. Lines of business (LOB's) want to move quickly and not be slowed by IT mandates and corporate initiatives.

At the same time, independence can be sub-optimal over time because the company cannot easily get economies of scale and develop cross functional best practices. This is the tension that exists between flexibility and standards. As organizations mature in their ability to manage systems and adoption, they have the potential to provide users with the same (or a greater) level of productivity through standards, as they would have had working separately (8).

Benefits

The BICC is an entity that brings together Business and IT and provides a visible, structured approach to analytics and fact-based decision support. It can mean gaining competitive advantage through deep performance insight, by aligning perspectives and by allowing people to spend less time chasing and rationalizing and more time solving problems. It can be a vehicle for rationalizing the systems environment, reducing the number of systems in use and controlling cost by standardizing business processes and software.

It can improve compliance by enabling the organization to align with regulations and simplify documentation. It can enable a more agile and confident organization. For a global financial services company, the BICC concept represented a way of bringing together the various views of a customer to create a 360 degree view and to improve cross selling and customer service. Developing a cross functional plan that included effective communication between business groups and IT required a mechanism for managing enterprise wide customer information and collaboration.

BICC Framework

Definition

A Business Intelligence Competency Center is a team of people established to promote collaboration and the application of BI standards and best practices across the organization.

"Team" means that there is a group of people working together. "Established" means that the BICC entity is a formal part of the organization. "Promote" means that there is continuous, visible and top-down communication about the BICC importance, goals and results.

Framework

There are three main pillars of a BICC: Governance, People and Process. Each pillar consists of five components as shown in Figure 1. Governance is how the BICC will be chartered, structured and funded. People are the roles, skills and reward system that drives the Center. Process is the services that will be provided, measurement system and operational mechanism for the Center. Every organization is different and needs to adopt its own approach, but everyone will end up considering these topics at some point. The star depicts the convergence of three domains and represents a balanced approach.

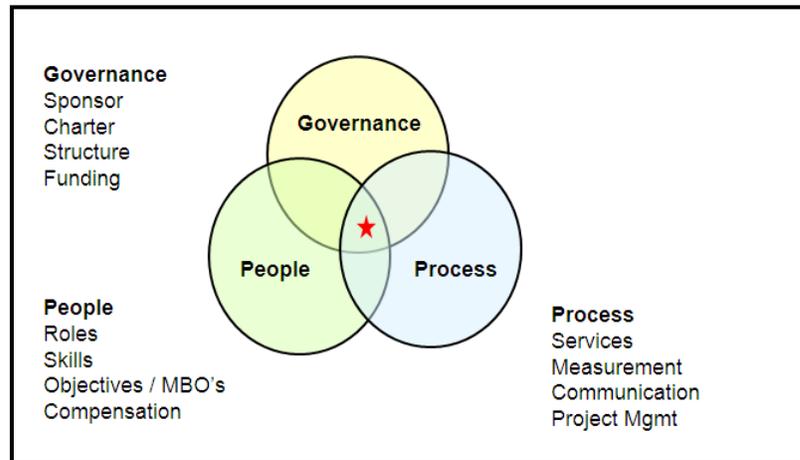


Figure 1: BICC Framework

Governance

Sponsor

An Executive Sponsor is critical to the success of a BICC. Who is a good Executive Sponsor? The person in this role is a senior level executive, ideally the CEO but potentially another C-level leader who is convinced of the value of a BICC. This person is influential, respected, actively involved and committed to the journey but is not just a figurehead, is not passive, is not low level and is not hard to reach. The Sponsor must have the authority to make things happen, the leverage to obtain and retain support across the Executive Suite, and the commitment to sign up for results (9). Creating a BICC is about creating CHANGE. Change is hard, people resist it, and it's necessary to have consistent, engaged high-level support to bring it to reality.

Charter

The Charter is the statement of the BICC's purpose and goal. It could be to define and propagate best practices, to drive adoption of analytics, to reach certain milestones in a business process, or to achieve cost savings. It can include a future-state vision of the analytic culture (10). By nature a

BICC is a cross functional structure and this means getting agreement on the charter across the organization. It is hard work, but without it the goal will be unclear and the results of the effort minimized. Focusing on business goals is key. A nation-wide transportation organization initially struggled to get momentum, finding that BI captured a lot of interest but ultimately they needed “business pull rather than IT push”.

Structure

How will the Center be organized? There are a number of different models, ranging from a stand-alone department in parallel with other functions, to a virtual and distributed group. The best model is the one that makes sense for your organization, taking into account the existing organization structure, culture and politics. If the target goal is to improve financial performance management, the Finance function is a logical home and the CFO is a natural sponsor. If the goal is BI standardization, then consider the CxO of a target function or the CIO.

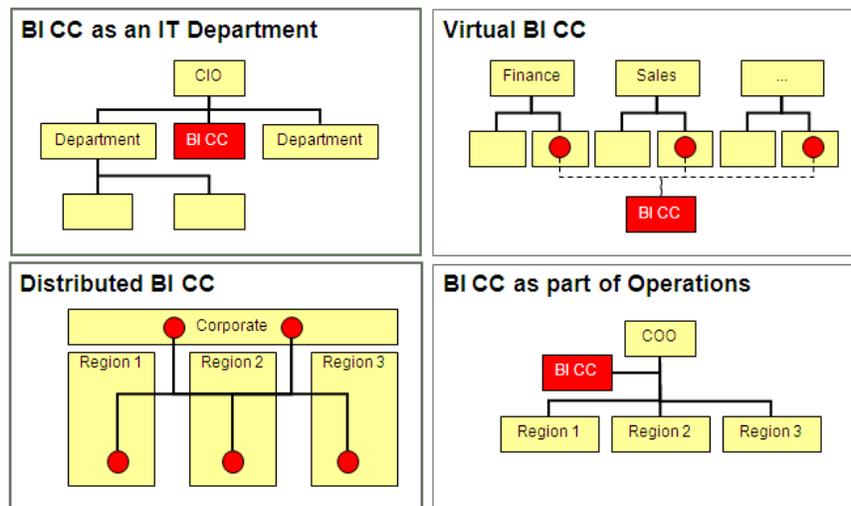


Figure 2: Alternative BICC Organizational Structures

A key principle to keep in mind is that the BICC represents an effort to institutionalize best practices across the organization. It is an entity that can ‘facilitate discussion and decisions among the stakeholders’ (11), in other words it is a mechanism for enabling dialogue among people, groups, functions and business units which might otherwise not be able to easily collaborate. At the conclusion of a 2-hour meeting at a major global bank to discuss the concept of a BICC, it was not surprising to learn that the five participants, representing different parts of the business, had not been together in the same room any time recently.

Planning for the structure and placement of the BICC often involves discussions about centralization versus decentralization. Studies have shown that the most profitable companies tend to centralize their IT strategy, emphasizing standardization and lower ongoing operational costs (12). On the other hand, the best approach for some companies might be an “Advisory and governance role for external BI efforts” (13). Large companies “often require the benefits of a

hybrid...model to achieve both the synergies emphasized in centralized models and the autonomy allowed by more decentralized models.” (14). The right balance is unique to each organization and focusing on the ultimate business goals can be a way to help identify the best structure.

Funding

How will the BICC be funded? As a cross functional entity, costs can theoretically be distributed across different constituent functions and groups, but is what the most effective and efficient approach? There are a number of alternative funding models which include the following:

- Cost Overhead model – single sponsor covers all costs. Advantage: no barriers to use. Disadvantage: encourages use of “free” services.
- Activity model – users charged by activity or project. Advantage: equitable, heavy users pay more. Disadvantage: encourages tactical rather than strategic work; accounting nightmare.
- Subscription model - charges levied by group and time period. Advantage: low barrier to entry. Disadvantage: requires significant effort to define requirements of each group.
- Services model – annual charges based internal SLA’s. Advantage: pay for performance. Disadvantage: requires discipline and venture funding to start up.

A large global bank found that funding was a big issue. There were long discussions about which functions and groups would most benefit, and which ones should pay what percentage of the operating costs. They experimented with the idea of a federated funding model, but ultimately decided that central funding was necessary to get the program moving.

A business case can establish the rationale and highlight the opportunity for the enterprise. The business case can be built by focusing on two types of desired outcomes – greater revenue (or profit) and lower costs. The business case methodology involves identifying KPI’s that drive success and compensation for the organization, benchmarking internal current-state values against desired state and best practice, and developing a quantitative value proposition for the potential. The potential revenue increase and cost reductions can be achieved through analytics with the BICC as the enabling entity. It can be possible to show that the cost of funding the BICC can be more than covered by the potential for revenue increase and cost savings.

People

Roles and Skills

Regardless of the organization model there is an internal BICC team structure that contributes to the effectiveness of the program. It consists of a set of stakeholders wrapped about a Core Team. The Core Team is small, full time, includes the key skills needed for success, and has proven ability to work closely together as a team. The Extended Team consists of representatives of the main stakeholder functions and groups. These people provide input and test and sell the ideas to their respective groups. SME’s are subject matter experts whose knowledge of the business process, IT

environment and organization are essential. Roles should be formally defined with written job descriptions and measures of success for each one.

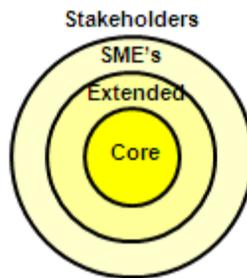


Figure 3: Team structure

Within the Core Team there are a few sub-roles that are critical to the success of the Center. These roles include Program Lead and Project Management, as well as people intimately familiar with analytical methods and software, business processes and IT systems. The Core Team remains small - less than 8 people, and ideally is full time.

Business skills include the knowledge of LOB business processes, KPI's that drive individual functions as well as cross-functional activities. Analytical skills include data exploration, analytical and statistical analysis techniques and familiarity with software. IT skills include data modeling, business analysts, data quality, solution architecture and data integration. This is not a comprehensive list but representative of skills that will be needed at various times to help sort out the plan and roadmap for pursuing best practice.

When it comes to selecting the people to fill the roles, there's a tendency to look around for the people inside the organization who are available to help. The people that you want, especially for the Core Team, are the BEST people in the organization. They are the ones who intimately know the business, the processes and the people. They are known and respected, and they are the enablers of a successful new undertaking. When you ask for their time and commitment and their managers scream – you know you've found the right people.

At the same time, don't overly penalize the source groups to the point of dysfunction. Skin in the game is effective, such as when costs are shared, but some jobs need to be backfilled out of operational necessity. If the BICC roles are intended to be rotational (ie the people will return to their home organization after 12 months) consider a temporary backfill.

It is important to recognize that the BICC is an agent of business transformation. It brings about change in the organization – new ways of making decisions and running business processes. Mobilizing people with different agendas to come together and develop a shared vision a common solution is difficult (15). The people who are involved in bringing about change need to have relationship-building and negotiation skills. As change managers, they themselves need support, and providing the team with coaching, leadership development and communication skills will help them to succeed (16).

Performance Assessment and Compensation

Defining, launching and running a BICC is not a night-and-weekend job, so don't assume that people can work that way. Asking people to 'volunteer' for BICC work, while maintaining their regular jobs, is guaranteed to burn them out and jeopardize the success of the initiative. Formally modify the job descriptions of employees who work on the project, full time or part time, and define how they will be evaluated and compensated in their new or combined roles. Writing new job descriptions with associated performance measures is not a trivial task and typically requires HR assistance. It does take time and thought, but shortcuts rarely work well.

Compensation can also serve as a tool for driving adoption of standards in the user community. One communications company changed the compensation of LOB leaders to include usage of approved BI software. Not only did this method drive faster adoption but it also provided visibility for the initiative and company goals.

Process

Services

What, exactly, will this Center do to improve competitiveness, profitability, growth or operational efficiency? How will it help the stakeholders to improve their results and do their jobs? Services could include defining standards for data or metrics, best practices for vendor selection, software deployment or business processes, ensuring systems integration and data quality, or providing user training. SLA's provide formal descriptions of services that the BICC intends to deliver, as well as the quantitative measures of responsiveness, quality and efficiency. Demonstrating the transparency and accountability of the BICC is important in establishing credibility and momentum (17).

Measurement

A good program has a measurement system. There are two types of measures to consider for a BICC. Business measures, such as process cycle time, analysis and decision making time, customer satisfaction, lead conversion, etc. target root issues that exist and are the reason for creating the BICC in the first place. Tracking them closely over time can reveal the degree of impact that results from the adoption of best practices.

The second type of metric focuses on the operation of the BICC itself and measures the responsiveness and quality provided to its stakeholders. Have commitments been met, software deployed, response times honored, processes documented, training completed?

I've worked with some companies who wanted to measure the ROI of new software, or the efficiencies gained through new procedures. They were never able to assess the effectiveness of software deployments or best practices because they never took the time to baseline their current state conditions. With no basis for comparison, documenting improvement is subjective

and it is difficult to convince sponsors and funding sources that progress has been made. One important step is to take stock of the current state before embarking on any changes.

Project Management

Project Management is an absolute necessity for success. Why? Creating and managing a BICC is complex undertaking. It involves change, cross functional agreement and alignment, constant executive level support, consistent and open communication and detailed task management. There are many people across the extended team who need to be informed, convinced, cajoled and reminded to keep things moving. It is a gearbox that enables synchronization and continuous improvement, and it needs structure and lubrication to keep it operating efficiently.

For example, getting agreement on a new set of KPI's (or just one) involves multiple meetings to solicit input, define, explain, adjust, convince, push and get closure. If people are in different places, or speak different languages, it becomes more complicated. Someone has to keep the ball rolling.

Communication

'Why are we doing this?' 'Why are we doing it *now*?' 'I don't have time.' 'I like the system we have now.' Sound familiar – there are lots of reasons why people resist change, even if it purports to improve their work. To neutralize the resistance and to help people understand the value of the BICC, there must be constant, consistent communication. The message should include WHAT are we doing, WHY are we doing it, HOW will we all benefit, and how each person will benefit. Senior management, from the Executive Sponsor on down through the management chain, must visibly support and protect the risk-takers who can lead everyone to a new way of doing things. It may sound trite, but you can't communicate enough.

Getting Started

A short list of the main activities for establishing a BICC follows:

- Define the vision – why are you doing this work?
- Identify an Executive Sponsor
- Conduct a Readiness Assessment
- Develop a business case and obtain funding
- Determine organization structure
- Define scope and key measures
- Define initial roles and enlist the team
- Conduct a current state analysis
- Build a phased project plan including launch and communication

Here is a short description of some of these activities.

Vision: an analogy to creating a BICC is constructing a house. Start with an idea or theme, then create a conceptual design, evaluate the availability of skills, resources, budget and your risk appetite. Then develop a detailed plan. (18).

Readiness Assessment: Before beginning the journey, it may be worthwhile taking the temperature of the organization and its propensity to support and embrace a major BICC initiative. One way to approach the assessment is to review each of the factors mentioned in the preceding section (Governance, People, Process and their sub-topics) and to rate preparedness or feasibility on a scale of five: 1 = not ready, 5 = well positioned. If you are honest and realistic, this exercise can surface the challenging areas that you will face.

Business Case: demonstrating the potential to improve the business is key to selling the BICC concept throughout the organization and to obtaining funding. It's possible that the benefits of the BICC could more than cover the cost of the program.

BICC Structure: key influencers of the structure are the Executive Sponsor, the target KPI's and the funding source(s). To avoid a long protracted argument about structure and placement, focus a smaller start-up team on a few of the main issues, in the part of the organization that has the greatest interest or the greatest potential gain.

Scope: Prune the scope as much as possible, then prioritize. What MUST happen for this Center to be viewed as a success in 90 days? 6 months? 12 months? Identify the hard problems and the big goals, but start with smaller wins and build momentum and credibility in stages.

Even with a well defined vision and plan, starting with a small team of experts and showing progress and impact is a good way to build credibility, momentum and the case for further funding and support. Start simple and evolve.

A large integrated manufacturing company provides an example of an incremental approach to building a BICC. As a result of organic growth and acquisitions, the company found it necessary to address duplications and inefficiencies in its information systems. They leveraged work done in one of their business units which had standardized on a single BI platform, and extended it to a company-wide initiative. To show progress and maintain control, they initially focused on one function – Finance – and used a “small, dedicated project team to deploy segments of deliverables in rapid succession.” (R5). At the same time, they began to build a BICC with the goal of leveraging knowledge, best practices and templates in other approved deployments.

Where will you encounter obstacles and what are some of the other risks? It's worth thinking about them up front and planning ways to work around or through them. Silos, by definition, have walls. Help people see what they have to gain, so you can break down the walls. BICC's are about creating change, and change brings about resistance. Engage experienced change managers, and be sure that Executive Sponsorship is clearly and continuously communicated. Organizations are living entities and we can expect the org structure to change. Be ready to morph the team as needed, to add new constituents and to adjust the skill mix to meet requirements. Regardless of

motivation, people flame out on night and weekend jobs after awhile. Make sure that the core team is full-time.

Conclusion

Business Intelligence presents the opportunity to steer with insight rather than with hindsight. The BICC is a mechanism for leveraging the BI investment and for converting best practices and standards into organizational efficiency, effectiveness and competitive advantage. The BICC is a process, not a project; it is a journey rather than an event. There are a lot of moving parts in a BICC – people, process, software, standards and governance. Progress doesn't happen on its own – it requires strong executive sponsorship and full time project management, and it is important to keep in mind the ultimate goal of improving and serving the business.

Footnotes

1. Feld, Charlie. Blind Spot: A Leader's Guide to IT-Enabled Business Transformation. Olive Press, 2009, p. 35.
2. Buytendijk, Frank and David Landry. "BI Optimization: Building a Better Business Case for Business Intelligence". Redwood Shores, CA: Oracle White Paper, October 2009.
3. Feld, Charlie. Blind Spot: A Leader's Guide to IT-Enabled Business Transformation. Olive Press, 2009, p. XVIII.
4. Weill, Peter and Jeanne Ross. "A Matrixed Approach to Designing IT Governance". Cambridge: MIT Sloan Management Review, Winter 2005.
5. Davenport, Thomas H. "Competing on Analytics". Boston: Harvard Business Review, January 2006.
6. Davenport, Thomas H.; Harris, Jeanne G. and Robert Morison. Analytics at Work. Boston: Harvard Business Press, 2010, p.47.
7. Davenport, Thomas H.; Harris, Jeanne G. and Robert Morison. Analytics at Work. Boston: Harvard Business Press, 2010, p. 45-46.
8. Eckerson, Wayne. "Business Intelligence Maturity Model. The Data Warehousing Institute (TDWI), 2-page poster published in 2007.
9. Davenport, Thomas H.; Harris, Jeanne G. and Robert Morison. Analytics at Work. Boston: Harvard Business Press, 2010, p. 58.
10. Feld, Charlie. Blind Spot: A Leader's Guide to IT-Enabled Business Transformation. Olive Press, 2009, p. 15.
11. Baesel, Patrick and Bob Croker. "Business Intelligence as a Shared Service". Redwood Shores, CA: Oracle White Paper, March 2010.
12. Weill, Peter and Jeanne Ross. "A Matrixed Approach to Designing IT Governance". Cambridge: MIT Sloan Management Review, Winter 2005, p. 29.
13. Imhoff, Claudia. "Getting It All Together: Creating BI Centers of Excellence". Intelligent Solutions, Inc., Powerpoint presentation, 2004, p. 27.
14. Weill, Peter and Jeanne Ross. "A Matrixed Approach to Designing IT Governance". Cambridge: MIT Sloan Management Review, Winter 2005, p. 32.
15. Various authors. Managing Change and Transition. Boston: Harvard Business Press, 2003. Compilation of excerpts from books, articles and online productions of Harvard Business School Publishing, p. 33.
16. Davenport, Thomas H.; Harris, Jeanne G. and Robert Morison. Analytics at Work. Boston: Harvard Business Press, 2010, p. 99.
17. Baesel, Patrick and Bob Croker. "Business Intelligence as a Shared Service". Redwood Shores, CA: Oracle White Paper, March 2010.
18. Feld, Charlie. Blind Spot: A Leader's Guide to IT-Enabled Business Transformation. Olive Press, 2009, p. 90.



"The Business Intelligence Competency Center:
Enabling Continuous Improvement in
Performance Management"
January 2012
Author: Jake Krakauer

Oracle Corporation
World Headquarters
500 Oracle Parkway
Redwood Shores, CA 94065
U.S.A.

Worldwide Inquiries:
Phone: +1.650.506.7000
Fax: +1.650.506.7200

oracle.com



Oracle is committed to developing practices and products that help protect the environment

Copyright © 2012, Oracle and/or its affiliates. All rights reserved. This document is provided for information purposes only and the contents hereof are subject to change without notice. This document is not warranted to be error-free, nor subject to any other warranties or conditions, whether expressed orally or implied in law, including implied warranties and conditions of merchantability or fitness for a particular purpose. We specifically disclaim any liability with respect to this document and no contractual obligations are formed either directly or indirectly by this document. This document may not be reproduced or transmitted in any form or by any means, electronic or mechanical, for any purpose, without our prior written permission.

Oracle and Java are registered trademarks of Oracle and/or its affiliates. Other names may be trademarks of their respective owners.

Intel and Intel Xeon are trademarks or registered trademarks of Intel Corporation. All SPARC trademarks are used under license and are trademarks or registered trademarks of SPARC International, Inc. AMD, Opteron, the AMD logo, and the AMD Opteron logo are trademarks or registered trademarks of Advanced Micro Devices. UNIX is a registered trademark licensed through X/Open Company, Ltd. 0112

Hardware and Software, Engineered to Work Together