Information is a right, not a privilege

A business performance management imperative

By Dale Vile, Freeform Dynamics Ltd, May 2011

In a nutshell: Organisations today rely on effective management of business performance at all levels. Research suggests, however, that a lack of complete, accurate and timely information frequently hampers effective local decision-making. While increased overhead and risk are the natural consequence, IT-led improvement efforts are not the answer. Senior management must provide direction and air cover to overcome ownership and political challenges.

Introduction

The pace and complexity of business today means key decisions are being made throughout the organisation on an ongoing basis, even among employees working at the edges of the operation. Whether driven by design or natural forces, this reality was confirmed during a recent study in which 123 senior business managers from large European enterprises were interviewed on the topic of business performance management. Two thirds of participants highlighted a strong culture of local empowerment and decision making within their organisation, with most of the rest alluding to a need for local management in at least some parts of their business.

However, the same study highlights significant shortfalls in meeting the information requirements of this extended base of decision makers. Some organisations do better than others, but significant information availability and access related issues are broadly cited, with impacts in the form of increased overhead, cost and risk. To put it bluntly, while many employees have been given responsibility to drive various aspects of business performance, they are not always furnished with the information needed to fulfil that responsibility effectively.

Accumulated problems and historical constraints are coming back to bite

Most of the information required to enable effective performance management is derived from electronic data stores, but as IT systems have proliferated over the years, 'information assets' have often become fragmented. Add to this the fact that the same or similar information is frequently held in multiple places using different formats and conventions, and the result is a range of challenges to do with locating, accessing, collating and interpreting what's needed.

Business managers participating in our study were very forthcoming in highlighting the consequences. Some key employees end up wasting huge amounts of time manually sourcing, reconciling and analysing information, and even then end up with gaps, inconsistencies and all of the challenges that stem from trying to work with multiple versions of 'the truth'. Other employees simply don't have the time to track down and process useful data that they know is buried somewhere in the system, so end up making decisions on a blind or partially blind basis.
As an operations director from a large insurance group summed it up in the study:

> *"Integrating information is essential. Corporate goals, whether these are long term strategies or short-term initiatives are almost impossible to achieve without the correct information."*

This organisation was actually doing better than most, but was still far from solving the problem satisfactorily.

Even where mechanisms are in place to deliver management information, e.g. through data warehousing and other BI initiatives, the amount of processing and manipulation required can introduce significant delays, rendering information much less useful by the time decision makers get their hands on it. A senior finance manager from a telecoms company articulated a need that was clearly evident across the study sample as a whole:

> *"We know that optimising information and data will improve decision making. Information must be delivered faster."*

Shortfalls around the accuracy and completeness of information, together with its frequency and timeliness, were highlighted across the board. Fewer than two in five described availability of overall financial and operational performance information as being 'good', and in areas such as product and customer profitability, and various aspects of customer relationship management, the frequency with which needs were being met was even lower.

The solution starts with senior management ownership

It is tempting to point the finger at IT when considering the problems we have been discussing, and look to the CIO to drive improvements. This is a mistake. The IT department does not own the data, nor does it own the business processes that determine performance. While technology and IT discipline around information management and integration have an important enabling role to play, IT cannot by itself define the business requirement.

Something that comes through loud and clear from the study is that business people are generally not very clear about the information that's important to them. Key Performance Indicators (KPIs) are often ill-defined or incomplete, and if you don't know what you need to measure and monitor, no amount of technology or effort from IT will fix this. We then run into some other common problems. When asked about blockers and impediments to driving improvement, the top three highlighted issues were 'Lack of information ownership' (64% of participants), 'Lack of process ownership' (62%) and 'Disjoints and conflicts between business units' (58%).

It is factors such as these that undermine IT-led initiatives to implement horizontal information management solutions and policies. With no anchor in specific prioritised business objectives, and a lack of authority to resolve ownership issues and political conflicts, these often stumble and rarely deliver against expectations.

What's clear from our study is a need for senior business management to acknowledge more explicitly that information access is becoming a right, not a privilege, and that high level sponsorship is required to provide both focus and air cover for improvement activity. From this starting point, ownership ambiguity can be cleared up, governance processes can be established, and efforts and investments can be directed to achieve maximum business impact.

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