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BUSINESS INTELLIGENCE PIPELINE BLOG

February 03, 2005

Politics-Free KPIs

By Ted Kemp



Some people believe executive participation is the most important factor in a performance management initiative's success. Those people are right. But that's also what makes performance management such a headache. When executives and business managers lead, politics inevitably follow.

Business performance management involves setting long-term strategic goals, and then tracking how closely the organization is executing the steps that will bring about attainment of those goals. Performance management is about steering the business along the poorly marked trail to success.

The map that helps companies stay on track, if there is one, is made of key performance indicators, or KPIs. A KPI is a metric that provides a direct measure of how well a company is meeting its strategic goals. For example, "How many new customers are we winning through our direct mail campaigns?" or "How many seconds is our warehouse management software shaving off ship times?"

KPI development, then, is absolutely critical before a performance management initiative begins. But like many components of business intelligence, KPI development is not primarily an IT issue. First and foremost, it's a business issue, one that requires the input of high-level executives from several departments.

And therein lies the rub. By the very nature of who's involved, KPI development can become hopelessly entwined with company politics. After you gather your KPI design team, it won't take business managers long to realize they're formulating the very gauges by which they'll be labeled as either successes or failures. As BPM Partners CEO Craig Schiff writes in an Intelligent Enterprise [story about metrics development](#) we ran earlier this winter, "The people in the room may ultimately be judged (and potentially compensated) on how they perform against the measures the team is selecting."

But there is a way around the problem: Finding a moderator. Ideally, the CEO or principal of a business possesses the impartiality to effectively officiate the design of KPIs. That way, line-of-business managers stay focused on success for the business instead of worrying about their own reputation or workload. Another nice thing about in-house moderators is that, unlike outside consultants, they don't cost anything.

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Speech Analytics is a form of artificial intelligence that treats compressed voice files as searchable data for gathering any aspect of the interaction between customers and call agents.

Other times -- perhaps most of the time -- CEOs and other high-level operations executives aren't available to oversee KPI meetings. They're just too busy. In those cases, it's helpful to have a neutral, disinterested party who can guide KPI sessions.

So who can play that role? Independent business performance management consultants can assist with KPI design, moderate the process and report back to top executives, reassuring them that the process remains strategically focused. Some KPIs will very tangibly impact people's livelihoods, says BPM Partners vice president John Colbert. Managers will have to hit these metrics. It's the consultant's job to ensure that managers don't design KPIs that maximize their personal return, or benefit their department over some other department.

"If the chief executive can't do that, you need someone who can be the tie-breaker," Colbert says.

In order for KPI generation to succeed -- and, therefore, for performance management initiatives to succeed -- politics have to be removed from the process as much as humanly possible. If your organization has failed at building politics-free KPIs, try bringing in a referee.

January 27, 2005

Crime Fighter BI

By Ted Kemp



I might be the one person in the United States who's never watched a single episode of CSI Wherever-It-Is-Now. That doesn't mean crime shows can't hold my attention, though. It's just that, being more the analytical sort, I'm drawn to the factual, documentary-type criminal cases shown on Court TV, A&E, Discovery and the like.

The technology modern forensics investigators have at their disposal amazes me. Gas chromatograph mass spectrometers, hemoglobin-reacting luminol, fingerprint-matching database apps, mitochondrial DNA tools -- you name it, they've got it. And the stuff works. But there's one area where law enforcement technology is lagging, even though the applications exist to remedy the situation: data-sharing between agencies.

Enter the University of Central Florida, and its FINDER system. The Florida Integrated Network for Data Exchange and Retrieval is a pioneering network that boosts cross-jurisdictional communication between that state's 355 law enforcement agencies. Detectives query the system based on criminals' names or other identifying criteria, and then specify which databases in the network they want to search. Queries bounce off the data sources and return summary reports with hyperlinks to relevant information. In short, the system transforms raw, far-flung data into precise intelligence, which is the very core of BI. You can read about Florida's initiative [here](#).

Individuals who commit crimes in multiple locales -- bank robbers or serial murderers, for instance -- often get away with their deeds because law enforcement officials can examine patterns or similarities only from within their jurisdiction. They can act only on the data they have at hand. This is a problem on the national level in the United States and in other countries, and even a challenge within states or provinces. The Florida system, which is in the early going, is designed to broaden the data view for law enforcement and enable queries against that information.

Such an undertaking isn't easy. Central Florida's engineers have to travel from agency to agency, doing systems integration work and ensuring that departments' XML-based Web services are converting data into acceptable formats. Any IT pro who's carried out such work knows it can be a rough job

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As Linux gets more robust, database analytical tools and report-generation capabilities will be added, The Advisory Council says. Also, cost isn't the only factor to consider in evaluating application service provider options.

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within a single organization, much less across several, varied entities. Florida's betting the end result will justify the effort.

Some of us in the business intelligence community can forget there's a need for knowledge-based intelligence far beyond the world of "business." But Florida's efforts in law enforcement data-sharing, analytics and reporting can teach all BI practitioners a thing or two.

January 20, 2005

Diverse Priorities

By Ted Kemp



As business intelligence professionals assess their priorities for '05, early indications show that organizations will be engaging in BI-related tasks that run the full gamut of the practice. Unlike last year, when data integration and data quality dominated most companies' BI efforts, this year will see more improvements being made on the analytical front end.

The latest Business Intelligence Pipeline poll yielded some interesting results concerning the BI work that lies ahead for our readers. We asked you to name your biggest business intelligence priority in 2005, and data integration, at 35 percent, came through as the leading concern for this year. No surprises there, given what a huge undertaking it's been for so many organizations for more than a year now.

More surprising was the relatively even split between data integration and two other poll options: Data quality issues scored first among 27 percent of respondents, while analytical improvements rated highest among a greater-than-expected 29 percent of readers. Nine percent of readers answered "other." (We didn't include business process management or performance management efforts as options in the poll since the other choices we provided are, in effect, components of such initiatives.)

A lot of organizations, large and small, are ready to focus more energy on crunching their various data stores. This shows, at least anecdotally, that a lot of those cumbersome and meticulous data quality and integration efforts that have been underway out there are ready to begin yielding true analytical insights. If you're among those organizations, congratulations on what I know can be a trying effort. You deserve a pat on the back.

Elsewhere, we get a revealing look at where business intelligence stands as a priority relative to other IT efforts in a [news item](#) we ran recently. A Gartner Inc. survey of more than 1,300 CIOs in 30 countries showed business intelligence ranking second only to security enhancement as the top technology priority in the business world this year. The study also showed IT budgets growing 2.5 percent this year -- the highest increase in three years.

CIOs, Gartner concluded, are ready to start spending more money on initiatives that contribute to the growth of their businesses. BI software increasingly is seen as way for IT to help companies find ways to make business processes better and more efficient. "Business intelligence is changing from the quantity of data to the quality of data in terms of getting the right information to the right people at the point of need," said Gartner analyst Mark McDonald.

Business intelligence efforts will vary almost as much as there are organizations using the technology. But for a growing portion of companies, BI is ready to start giving something back to the bottom line. That's good news for business intelligence professionals now, and on the road ahead.

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