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The winning business case for business intelligence

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Business Intelligence (BI) no longer runs independently of the formal IT organization with little or no oversight. BI projects are now subject to a credible business case and ongoing oversight by the Project Management Office.

In the previous article titled: How to ensure business intelligence doesn't turn into business disaster, I discussed how to avoid a losing business case. Today I'll explore what a winning business case looks like.

Developing a winning BI business case

How do you, as an experienced BI analyst or a cautious project manager, develop a winning BI business case that sells your BI project proposal? The elements of a winning BI business case include:

- A compelling story that addresses a current pain point or responds to an appealing business opportunity.
- A frank risk mitigation strategy.
- Objectives that align with the organization's strategy.
- A realistic budget and resource estimate.

The major considerations in selecting a winning BI business case strategy are:

- Scale of the BI project. Scale includes factors like number of data sources, number of measures, volume of data and number of end-users.
- Formality of your organizational culture. Formality refers to how carefully, perhaps even exhaustively, a BI project must be described before being considered for approval.
- Openness of potential project sponsors. Openness refers to the amount of latitude senior executives are willing to exercise when approving budget requests.
- BI maturity of your organization. Maturity refers to how widespread familiarity with BI concepts is and to what extent the application portfolio is ready to respond to the demands of BI applications.

I've described a series of real-world, not textbook, business case strategies that can win approval for your BI project and help you move forward to delivering benefits. You can select one of the business case strategies below based on how closely the strategy matches your particular BI project characteristics and your organization's culture.

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No BI business case

No-BI-business-case avoids investing effort developing a BI business case that you'd rather invest in developing exploratory BI software. This strategy is worthwhile when you want to pursue a small idea or you're at the very beginning of something bigger that's still very fuzzy in your mind.

In this approach, you only hold a verbal discussion with your project sponsor that includes:

- We've identified a tantalizing business opportunity.
- We think a BI application will help us capture the opportunity.
- We see these benefits.
- We're not sure if the opportunity is as real as it appears.
- We need only a small amount of funding, typically less than $50,000, to conduct some analysis and build an exploratory or throw-away BI prototype.
- If the BI proof of concept is successful, we'll come back with a more formal project proposal that includes a BI business case.

For example, let's say you observed one of your more talented analysts struggle with a complex query and its related data visualization about a customer category you're not serving well. You see the business value the analyst is targeting, and you recognize what's missing from your environment that's causing the struggle. You wander into your bosses' office, scribble a chart on the whiteboard and pitch your BI proof of concept idea that will produce the chart.

When the business opportunity captures the imagination of your project sponsor and the investment is particularly low, avoiding a BI business case altogether can be a successful strategy for securing funding for your small, department-centric, BI proof of concept project.

Propose a narrowly focused, enterprise-wide BI business case

In some cases, proposing a narrowly focused enterprise-wide BI business case can be an effective strategy that can lead to a successful BI project. Narrowly focused means addressing only a small number of measures but on an enterprise-wide basis so that most employees can benefit and see value for the organization. This approach likely only works in organizations that have already achieved a reasonable level of BI maturity.

This narrow focus reduces the common risks, such as people change management hurdles and data integration challenges, that lead to enterprise BI project failure.

For example, the BI project focus can include measures like margin or customer responsiveness reporting across all divisions and business units.

You should create a simple project charter that describes this narrow focus BI project and facilitate a consensus to go ahead among the involved stakeholders. This narrow focus can be successful even with an overly ambitious executive because it delivers at least a part of his or her vision because:

- The first tangible deliverables will be in production use within a short time.
- The estimated cost is within an acceptable range.
- You are minimizing BI project risks.

On completion, you can then follow-up this first success with another narrow focus, enterprise-wide BI project because you will have enhanced your credibility through tangible, irrefutable delivery.

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Build business cases for a program of BI projects

Sometimes the business opportunity to implement BI is so large, that the opportunity can't possibly be realized by a single BI project, even a dangerously large one.

In this situation, the best strategy is to propose a set of related BI projects with individual business cases. To manage risks and ensure coordination, these BI projects are best managed as a program. Together these BI projects will deliver enterprise-wide functionality and benefits. Individual BI projects are typically scoped to:

- Deliver department-focused benefits.
- Minimize project inter-dependence to maximize project concurrency.

For example, the senior leadership of the organization has discovered that most departments are starved for actionable data and are hip-shooting most decisions based on historical, personal experience of managers and analysts. While well-intentioned, this haphazard decision-making is causing avoidable customer dissatisfaction, production rework problems that are undermining margins and misspent marketing dollars among an extensive list of problems.

You should create a set of project charters where each one describes a BI project in the program. You'll use these documents to seek approval from all the executives involved.

This program approach can be successful because each BI project is:

- Sponsored by an executive with a direct interest in ensuring a successful outcome.
- Being executed by a small project team that is focused on a clear, manageable, department-focused goal.
- Modest in scope so that it avoids approval reluctance among the executive sponsors.

Build business cases for a series of BI releases

Sometimes the business requirements to implement or upgrade BI are large enough that a single BI project can't complete the work. A series of BI releases may be a more successful strategy. In this situation one or more of the following constraints are typically in play:

- Inter-dependence among the releases that prevent performing the work as a program.
- Lack of sufficient budget in a given fiscal year.
- IS staff fully allocated to other projects.
- The maximum amount of change that affected staff can absorb in any given timeframe.

The best strategy in this situation is to propose a series of BI releases that successively deliver more of the contemplated functionality and benefits.

For example, a disjointed portfolio of systems is being used to run the business of a division. While this situation was tolerable in the past, significant recent growth in business activity caused the near collapse of some systems that are not capable of dealing with the increased transaction volume and higher number of concurrent end-user sessions. To no one's surprise, a brittle set of BI applications collapsed as well.

The solution is to upgrade the overwhelmed systems one at a time and then rebuild the associated BI application. Replacing each BI application is defined as a BI release.

You should create a set of project charters where each document describes a BI release. Each successive BI release should be described more generally than its predecessor. After each release is complete, you'll improve the description of the next release based on your newly acquired experience. You'll use these documents to first seek initial approval from all the executive sponsors involved. You'll use the refined project charter for each release to reaffirm approval to continue with the next BI release.

As you complete each BI release, you will enhance your credibility through tangible, irrefutable delivery.

Build a business case for intangible benefits

Historically the road to BI project approval was based on credible, tangible benefits. Intangible benefits were seen as useful icing on the cake but never the basis for approval.

In recent years we've seen huge increases in the market value of businesses defined by their intangible network effects and operational leverage in the new Internet-based economy. These businesses, based largely on intangible assets, are being valued more highly than more long-standing businesses based on traditional accounting-defined tangible assets. Examples of intangible assets are design, branding, R&D, and software. Examples of tangible assets are machinery, buildings, and computers. The leading examples of businesses, based on intangible assets, in the west are Facebook, Amazon, Google, and Apple. Baidu, Alibaba, and Tencent are the Chinese equivalents.

Many companies envy the emergence of these Internet-based businesses. This envy creates the opportunity to build a business case for BI projects that are based largely on intangible benefits such as:

1. Customer service and engagement including:
   - Social media monitoring and trend spotting.
   - Website effectiveness and performance.
   - User experience assessment.
   - Purchasing patterns.
   - Shopping cart abandonment.
2. Investigating new opportunities such as:
   - Gathering, integrating, and licensing business data.
   - Transforming products into services.
   - Entering third-world markets with revised products.
3. Employee engagement and empowerment including:
   - Turnover analysis.
   - Morale monitoring and improvement.
   - Succession planning.
4. Brand enhancement including:
   - Reputation monitoring and burnishing.
   - Marketing and advertising effectiveness.
   - Defending patents and trademarks.
5. Compliance monitoring for:
   - PCI.
   - HIPPA and privacy.
   - Data breach risks.

When pursuing intangible benefits, your business case should include discussion of potential opportunities and likely threats from competitors and technology developments. You can craft a simple business case that outlines broad themes to sell intangible BI projects. Resist the temptation to quantify benefits because such low-confidence estimate can be easily challenged to undermine your proposal.

What strategies would you pursue to develop a winning business case for a BI project to tackle an opportunity in your organization? Let us know in the comments below.

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About Yogi Schulz

Yogi Schulz has over 40 years of Information Technology experience in various industries. Yogi works extensively in the petroleum industry to select and implement financial, production revenue accounting, land & contracts, and geotechnical systems. He manages projects that arise from changes in business requirements, from the need to leverage technology opportunities and from mergers. His specialties include IT strategy, web strategy, and systems project management.