Take These Steps to Develop Successful BI Business Cases

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In reviewing many organizations' experiences with developing business cases for business intelligence (BI) and performance management (PM), we have identified essential factors for success in developing BI business cases.

Key Findings

Maximizing the return on your BI/PM business case requires the following action:

- Tight coupling of BI/PM strategy to overall business drivers and objectives.

- Sustained commitment from senior business leaders that is represented by long-term funding.

- A formal benefits-realization process that begins with a clear and agreed-on set of current key metrics relevant to the areas of expected benefits.

- A BI strategy and initiative communication process that engenders quick successes that can be internally publicized to secure subsequent buy-in and sustain enthusiasm.

Recommendations

For IT and business leaders:

- Address these five factors before working on developing any BI and PM business case.

- Use the Gartner BI and PM framework to assess the criticality of the relationship between business objectives and BI initiatives.

- Establish a process for adjusting your BI strategy and business case as business drivers and priorities change.

- Ensure a well-funded and properly constituted BI competency center is in place to advocate the continued relevance and connection of the BI strategy to overall business objectives.

WHAT YOU NEED TO KNOW

Taking a tactical approach to BI and PM projects will lead you on a path to failure. Instead, create a strategic approach to BI and ensure that the business cases for your BI and PM initiatives help to meet essential enterprise business objectives.

ANALYSIS

IT leaders in many businesses have found it challenging to create business cases that advance a strategic approach to BI and PM. Although cost issues tend to be reasonably clear and capable of quantification, the benefits to be derived from such initiatives are often difficult to define, quantify and realize.

Managing and containing initial expectations is also critical. A common approach is to define a small-scope project as a prototype of the overall program. This approach requires less cost, time and risk, but must be defined and executed so as to prove a compelling, albeit scaled-down version of benefits that can be realized from the overall project. Prototypes should always have a quantifiable benefit as proof statements, even though substantial qualitative benefits may emerge over the broader project.

In reviewing how many firms have tackled — successfully and unsuccessfully — development of their BI and PM business cases, Gartner has identified five key factors that IT leaders must address prior to drafting their business cases.

Establish a Clear Link Between Your Organization's Business Imperatives/Objectives and the Proposed Initiatives

This step is essential, because a BI initiative must have strategic relevance; otherwise, it becomes tactical and will be treated tactically. We see consistent failure on the part of promoters of BI within organizations in demonstrating the connection between what they are promoting and the strategic imperatives that matter to senior business executives. One of the consequences of this (and a symptom of a prior absence of any link) is a proliferation of BI projects that are programmatic in nature, lack strong business cases, fail to realize significant benefits and, ultimately, drive up IT costs. At all costs avoid scope "creep" (or advancement) that is not clearly and specifically linked back to the business initiatives. Similarly, guard against developing a silo mentality around BI initiatives.

The More Qualitative the Expected Benefits, the More Executive Sponsorship and Business Commitment are Needed

Senior executives are more able, through their organizational authority, to value and promote projects based on strategic drivers that initially may claim only clear qualitative and non-financial benefits, rather than direct monetary benefits. For example, we have seen a number of BI initiatives where the rationale is to provide a platform for balanced scorecard and Six Sigma programs — without the BI initiatives, the performance management programs cannot be optimized. Clearly, those programs will ultimately drive quantifiable benefits, but the business case for the BI initiative on its own could not be measured in direct monetary benefits, although the scorecard strategy overall will have well-defined quantitative and qualitative goals.

In another example, a major global bank took a compliance perspective to drive its initial BI investments, with the business case focusing primarily on survival in a regulated market. However, subsequent initiatives have been propelled by the CEO's intention to have bank

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performance oriented around data and that providing the right information to the right people will result in quantifiable benefits. At this financial institution, subsequent business cases for further BI initiatives are now cursory and focus on the ability to execute the initiative in a timely manner, rather than a detailed benefit analysis.

Dispose of Your Ad Hoc Approach to Tactical BI Projects

An aggregation of tactical, loosely connected BI projects — notwithstanding how may of them your organization is implementing — does not constitute a strategic approach to BI. We commonly see this scenario and it compounds the difficulty of developing compelling business cases for a strategic approach to BI. Here are the most common forces behind this misguided practice:

- A BI application is developed to meet an immediate departmental need, often driven by reporting requirements.

- Benefits of the project are unclear and may not be much more than "better, faster information."

- IT leaders fail to create a baseline metric of "as-is" performance, nor is there a formal approach to benefit realization.

- The project may be implemented without IT support and will probably result in yet another BI product being acquired.

- The project is grudgingly accepted by business leaders and perpetuates the view that BI doesn't produce "real" benefits. The alarming result of this factor is that it can deter business and executive acceptance for future BI initiatives.

These forces are usually driven by either a silo mentality, a resistance to change or both, and represent a serious challenge to enterprisewide initiatives. Organizations with formally autonomous or decentralized structures face an increased challenge. Gartner's view (and a view supported by successful BI cases) is that an effective BI competency center (BICC) is key to driving an enterprise approach.

Measure and Secure Business Agreement on Current, "As-Is" Baseline Metrics That Are Critical to the Business Case

An overlooked aspect of business case development is the inclusion of a credible and agreed-on baseline for metrics that is essential to the strength and persuasiveness of the BI business case. Specifically, gain agreement about the baseline numbers in advance of the project from relevant stakeholders, particularly those who will be assessing the benefits gained. This is particularly important in relation to metrics around labor efforts and costs; for example, identify today's labor costs in generating reports, since such costs often comprise the most obvious and immediate monetary benefits of a more efficient reporting process.

Plan for Short-Term Benefit Realization, but in the Context of an Overall BI Strategy

The virtue of achieving quick success is well understood throughout business and applies equally to BI. This means you should focus on short-term operational wins and other benefits that arise from a solid BI strategy. Opportunities to gain measurable, if not monetary, gains from BI projects are critical because of many firms' prior experience with over-hyped and underperforming BI projects. The strong growth in the corporate performance management (CPM) software market is

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evidence of the increasing number of organizations that understand and focus on measurable gains.

Tactical Guidelines

- Establish a clear link between enterprise business objectives and your proposed BI/PM initiatives.

- Secure executive support and business commitment, especially if expected benefits are mainly qualitative.

- Dispose of your ad hoc approach to tactical BI projects.

- Measure and secure business agreement on current baseline metrics that are critical to the business case.

- Plan for short-term benefit realization, but in the context of an overall BI strategy.

RECOMMENDED READING

"Gartner's Business Intelligence and Performance Management Framework"

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