

# BI – Endangered Species

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(I recently visited a prospect to give a presentation on BI. I was kept waiting as a harassed CFO and equally harassed unit accountants were in their monthly meetings. There were many other unit accountants still waiting for their turn. It set me thinking, could there be a better way of reviewing corporate performance ?)

## Introduction

Darwin's theory talks of 'survival of the fittest'. Those who can adapt, survive, those who cannot perish. In the current environment there are two species which are endangered. One is tigers of whose, as per a popular advertisement, only 1411 numbers are remaining. The second, in my opinion, are Managers who can't use BI tools. I feel that these managers will perish faster than the tigers.

I recently met the CFO of a large company. The CFO loves the sense of power. He loves to call all the SBU accountants to the head office and make them wait while he is talking to each one of them about performance. The SBU accountant feel thrilled that they have been called for a meeting at HO. Meetings after meetings take place, commitments are given and broken, and then life goes on as usual..that is till the next round of meetings.

## A Typical Review Meeting

I once attended one such meeting and it goes somewhat like this :

- CFO : How is the inventory turnover ratio so low ? You were committed to improve the same ?
- SBU-Accountant : Yes sir,...but...
- CFO : Why is the ratio of overdue to total dues so high ? Is the collection poor ?

SBU-Accountant : No sir...but...

CFO : How is the profitability so low ? Are you having problem in consumption accounting ?

SBU-Accountant : Yes sir...but....

The next question is fired before the first one is answered. There are ten people waiting outside, and it is already 7 pm. There is no time to listen to answers. The SBU accountant is duly throttled, and he goes back irritated that he has not got sufficient time to answer the questions.

I saw the report which the CFO was using. It was a single excel sheet of key numbers of the SBU. The accountant carried with him a thick bunch of supporting papers. He had to shuffle thru the papers to find the right answers. And when he gave an answer the CFO asked him another question. And then because of the pressure of time, nothing further could be done. Problems could not be identified and therefore could not be resolved.

I can very well understand if the above timeline was sometime in the 1980 or even the 1990. But this happened recently, i.e. 2010. There are excellent quality BI tools available, which will make such regular review meetings redundant. Both the CFO and the SBU accountant will be able to see the single version of truth. Both the big picture as well as drill down to the problem areas would be easily and intuitively seen. They will be able to quickly identify the problem and agree to the solution. More time would be spent on doing real work, rather than air-dash, meetings and waiting.

## State of Meetings

I recently visited a website named Effectivemeetings.com found the following :

### The State of Meetings Today

#### Why Do Meetings Have a Bad Reputation?

Meetings dominate the way in which we do business today. In fact, approximately 11 million meetings occur in the U.S. each and every day.<sup>1</sup> Although many of us complain about meetings, we can all expect to spend our careers deeply immersed in them. Most professionals attend a total of 61.8 meetings per month and research indicates that over 50 percent of this meeting time is wasted.<sup>3</sup> Assuming each of these meetings is one hour long, professionals lose 31 hours per month in unproductive meetings, or approximately four work days. Considering these statistics, it's no surprise that meetings have such a bad reputation.

#### How Are Unproductive Meetings Affecting Us?

Most professionals who meet on a regular basis admit to daydreaming (91%), missing meetings (96%) or missing parts of meetings (95%). A large percentage (73%) say they have brought other work to meetings and 39% say they have dozed during meetings. One might be tempted to snicker at these statistics... but have you seriously considered how these inefficiencies affect *you* and *your* organization?

I am not surprised at the above. While I don't have supporting research statistics for India, but my gut feel is that the scenario will be similar.

## **What's the Solution ?**

Printing out MIS reports in the current scenario is like typing a letter on an old Godrej typewriter. It is outdated. Such MIS reports are two dimensional and nothing further can be done with it.

Essentially what was given to the CFO, in the above example, was a printed sheet of paper containing some basic metrics by which he was measuring the performance of the SBU. But being just a sheet of paper, if he wanted details, he had to ask the SBU accountant. He could not intuitively drill down into the report. He could not creatively see combinations of several sets of data, and arrive at new perspectives of data. With such two dimensional reports, all he could do was to express his anger at the accountant.

Two dimensional reports are rarely actionable. I just fail to understand why the CFO has to ask a question to the accountant for greater details. The BI must be setup so that he can drill down himself. Or better still, the report must on its own show the exceptions which the business user wants. The discussions should be on possible actions to take rather than digging for more info.

I would like to imagine that the above company implemented a BI system which has the following user interface :



## Key Performance Indicators

Part A : This would contain a series of appropriate Key Performance Indicators for the function under review. For example the KPI in an Accounts Receivable department could be :

- Collection Plan to Actual Collections : 90%
- Overdue to Total Dues : 15%
- DSO : 45 days
- Bounced cheques to Total Collection : 1.5%

## Dashboards

Part B : This would contain a set of dashboards which would give a greater insight into key functional areas. These would contain some trend data . For example for the sales and marketing function the dashboards could be :

- Order Booking Trends
- Invoicing and Gross Margin Trends
- Overdoes to Total Dues

- Collection Plan to Actual

### **Analytical Reports**

Part C : This would contain links to detailed analytical reports where the user can drill down to the lowest level of granularity to identify the problem areas. For example these could be :

- Accounts Receivables Snapshot Report
- Accounts Receivables Trend Report
- Sales and Gross Margin Analysis Report
- Bounced Cheques Report

### **Blogs**

Part D : This would be a blog where the users could write some of their observations for others to see.

### **Actionable Information**

The CFO could see the overall health of the function by checking out the KPI. He could drill down into the individual SBU and BU's if required. He could filter out only the non-performing SBUs. He would then study the trends as shown in the dashboards. For a detailed analysis he could open the various analytical reports which would contain 'intelligent dimensions' which help him quickly identify trends and study problem areas. As he skims through the data, he could send emails of actions to be taken, or write some of his blogs. These would be accessed by the appropriate SBU accountants who could reply to his emails, pointing out certain details which the CFO may have missed out, or take appropriate action.

No need for regular meeting darbars.

No need for paper printouts.

No need for sending excel files back and forth on email.

A single point of distribution of all reports and a single version of truth.

All reports to be leading to crisp information which should lead to actions. Period.

Sounds idealistic ? It does, but it is possible with today's technologies. And it is possible without having to sell off one hand and one leg.

## Conclusion

Easy to use phones, made telephone operators extinct.

Easy to use cars, made drivers practically extinct.

Easy to use office productivity software made secretaries extinct.

Easy to use accounting software, made the munimji's extinct.

Corporate managers, read between the lines. If you don't learn how to use BI solutions for your decision making data requirements, you would be next on the extinct list. Your place will be taken by the young bi-savvy manager who knows how to use these solutions. A person who works smarter, not harder will replace you.

### About the Author:



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