



Leveraging on Business Intelligence (BI) for performance management, process improvement, and decision support

By David Maina,
Balanced KPI - ACM,
BI and ERP Expert



Would you mind this?



Vision: A world class Professional Accountancy Institute.



What is BI (BI)?



What is Business Intelligence (BI)?

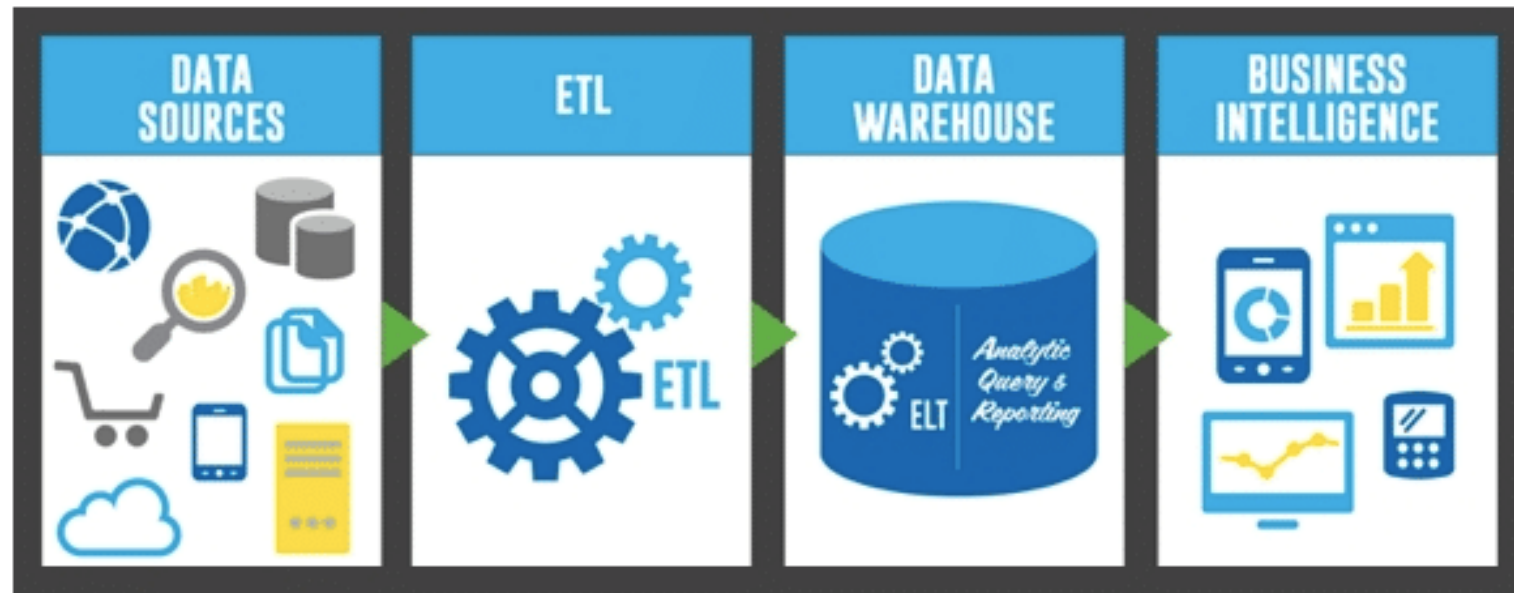
This is the process by which organizations use strategies and technologies for analyzing current and historical data, with the objective of **improving strategic decision-making** and providing a competitive advantage.

For you to do this, you need understand the BI Process...

Vision: A world class Professional Accountancy Institute.



BI Process



Extraction,
Transformation,
Load

Vision: A world class Professional Accountancy Institute.

BI Tools



Business Intelligence tools include:-

- Data warehouses – Data from different sources for analysis and reporting,
- *Dashboards – Visualized data via charts, tables with **performance indicators**,*
- *Reports – Detailed and organized re-formatted data,*
- Data discovery tools - collect and combine data from multiple sources, and
- Cloud data services - cloud computing model that stores data on the Internet.

Vision: A world class Professional Accountancy Institute.



Why BI in Business?



Business intelligence (BI) is ultimately about improving business performance.

The primary way that BI can:-

1. Direct Costs - increase revenues, reduce costs, or
2. Business Processes (BP) - Improving BP that drive financial results.
3. Decision making

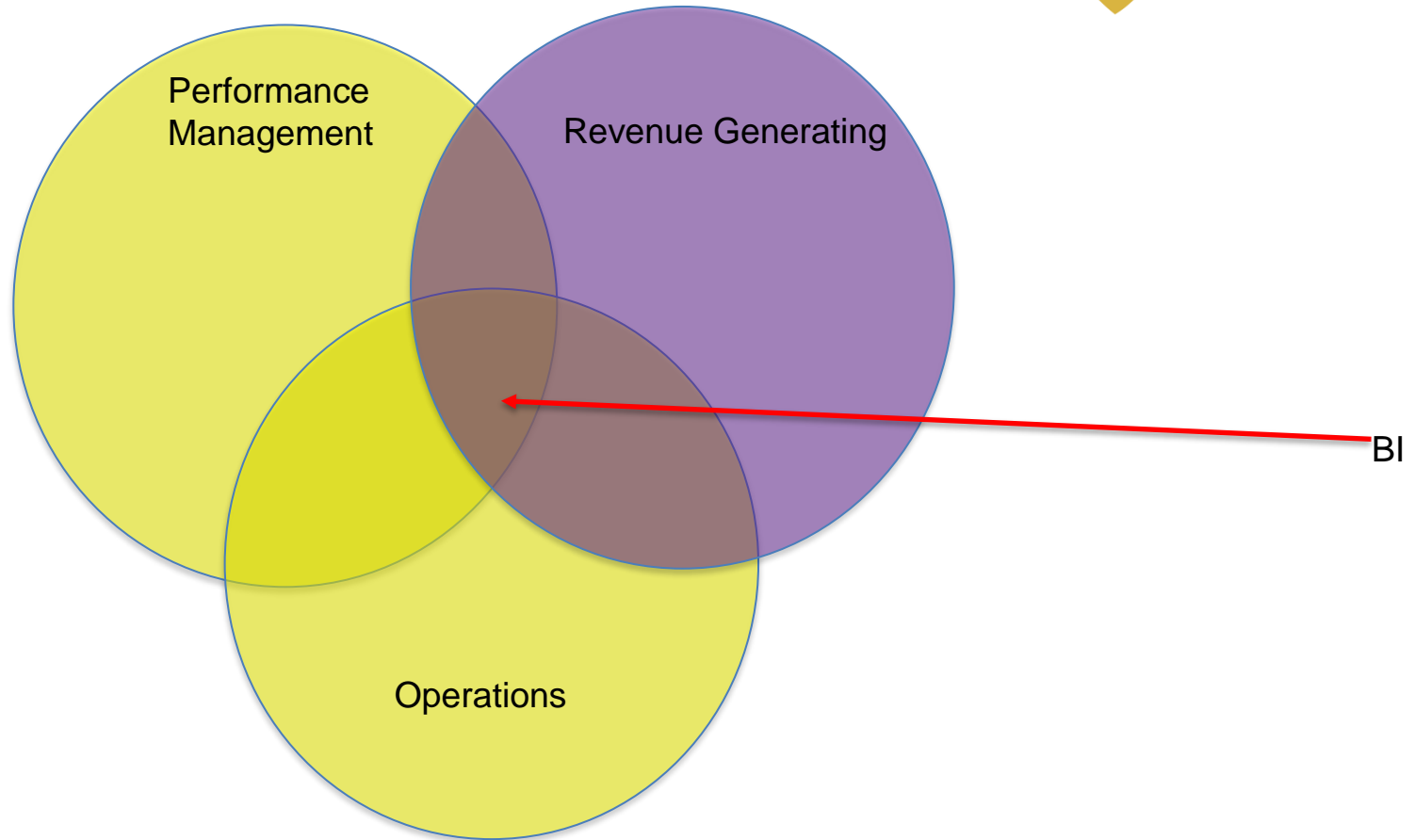
The most relevant business processes to target for improvement generally fall into three broad categories:-

- a. Revenue generating processes; and
- b. Operating processes.
- c. Performance management processes;

Vision: A world class Professional Accountancy Institute.



Business Process Areas in BI



Vision: A world class Professional Accountancy Institute.



Revenue Generating Processes



Revenue generating processes include such activities as marketing, sales, product development, product management, and customer service.



Vision: A world class Professional Accountancy Institute.



Revenue Generating Processes: Example



Case Study : Consumer Choice Influence in Hospitality industry

The Tourism and specifically Hospitality is one of the most driven industry by customer loyalty and brands trust. Many customers make their hotel choose based on experiences, service, feelings and at the end by the price.

- **BI – Can influence and make consumer choice easier**
Analyst data can influence hotel by having partnerships with airlines that fly specific routes using data provided by guests and airlines/airports.
- **BI systems represent a competitive advantage for hotels and travel agencies**
Using historical data hotels and travel agencies can get guest patterns bringing offers the travelers and tourist cannot resist.
- **BI Systems accessibility**
As BI systems are available everywhere, user data allow us to understand patterns of behaviour and assist in targeting our audience. This tools are extremely important, they help administrations and financial management make decisions based on qualified scientific data.

Vision: A world class Professional Accountancy Institute.



Revenue Generating Processes: Example



Case Study : Consumer Choice Influence in Hospitality industry



Revenue Management Concept

Strategy #1: Sets one price for the entire year. The hosts who use this method may increase their prices on the weekends and for the most popular events. This group is performing poorly at Airbnb revenue management and missing loads of opportunities for revenue maximization.

Strategy #2: Uses Airbnb's Smart Pricing tool. It's free, updates automatically, and based on Airbnb's data. What could go wrong? Smart Airbnb hosts quickly realize the prices are low. This is because Airbnb's goal is to put 'heads in beds'. They'd rather give you 100% occupancy at a lower price, then 80% occupancy at a much higher price. This is a win for Airbnb and guests, but not hosts. Additionally, this tool comes with extremely minimal functionality.

Strategy #3: Using a third-party intelligent pricing tool. You want to be in this group. As an Airbnb property manager trying to make the most money for the hosts, *"I had no idea about many of the premium dates due largely to professional conferences (i.e. can charge higher rates) until I started using these tools"*. This alone made the cost worth it.

Decision Making Areas

- Pricing
- Demographic

Vision: A world class Professional Accountancy Institute.



Operation Problems



What operation problems do we go through as a business?

- Out-of-control Overhead Costs
- Too Much Waste (time, labour and space)
- No Performance Monitoring
- Unstable Cash Flow
- Lack Of Planning

Typically, such issues fall under the following categories:

- Waste
- Quality
- Delay
- Control
- Culture

Vision: A world class Professional Accountancy Institute.



Operating Processes



Operating processes include such activities as:-

- purchasing,
- manufacturing,
- logistics,
- demand forecasting,
- sales & operations planning,
- order management (Processing),
- human resources development, and
- asset management.
- e.t.c.

Vision: A world class Professional Accountancy Institute.



Operating Processes: Example



Case Study : Claims Process in the Insurance Industry (Order Processing)

In Status							
Key Metric	Current Month	Last Month	Variance		YTD Actual	LY Actual	Trend
Claim Paid (Count)	432	501	-16%	●	2160	2356	↑
Claim Paid (Value 000')	30.65	28.76	6%	●	153.78	145.87	↓
Loss Ratio	58.20%	57.40%	-2	●	63.78%	67.38%	↑
Claim Rejected	42	74	-76	●	210	299	↑
Rejection Ratio	7.84%	12.03%	-54	●	7.84%	10.41%	↑
Avg Cost Per Claim	65763	61872	6	●	76904	67872	↓



Vision: A world class Professional Accountancy Institute.



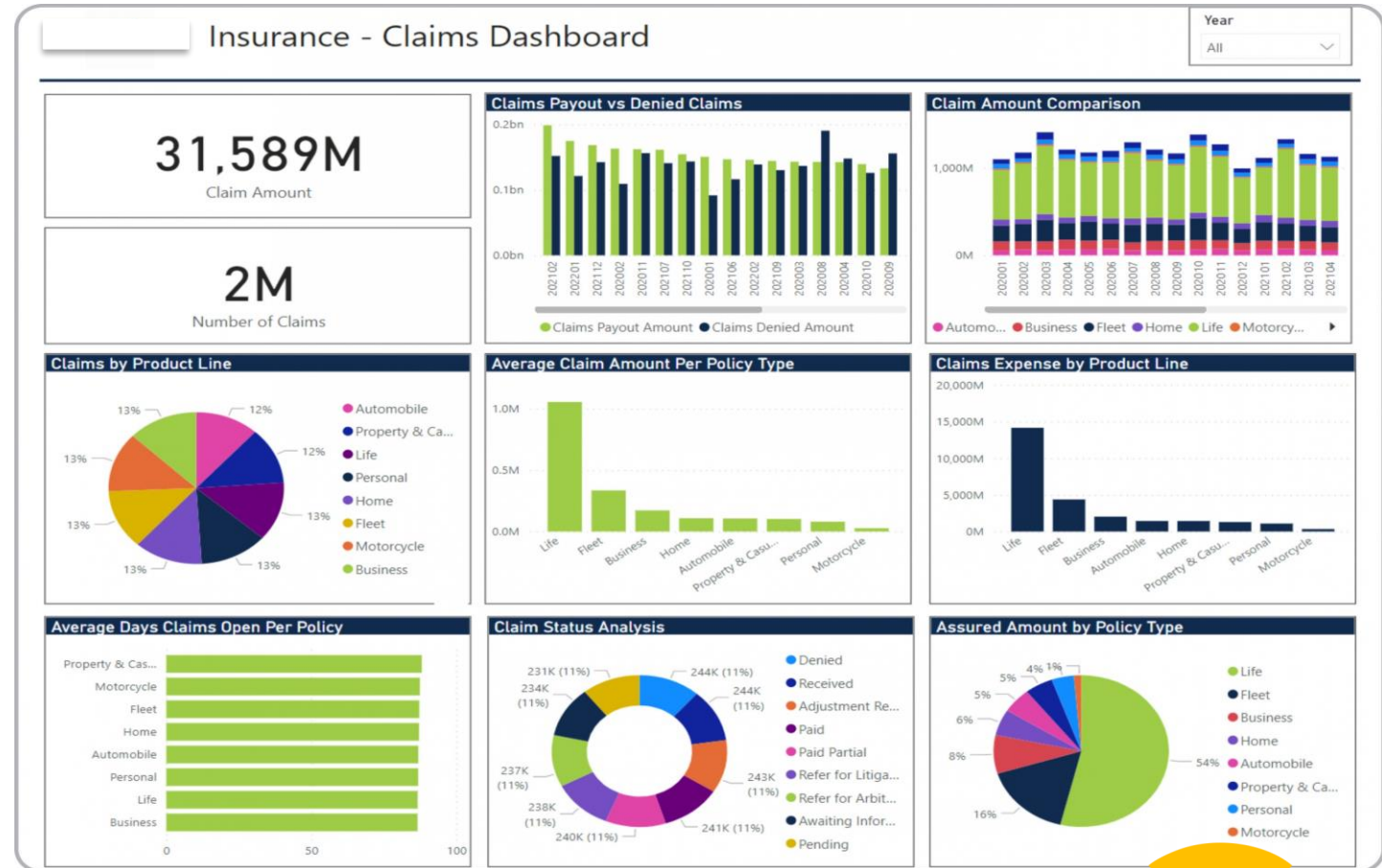
Operating Processes: Example



Case Study : Claims Process - Dashboard

Decision Making Areas

- Risk areas
- Delays
- Top-line
- Profitability
- Decreased Costs



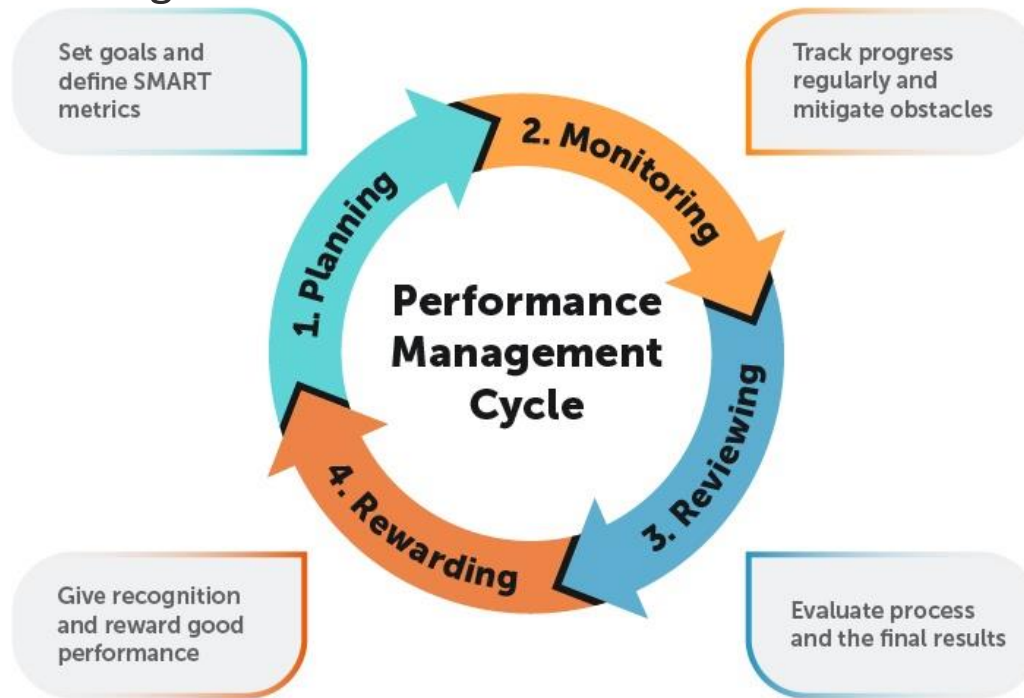
Vision: A world class Professional Accountancy Institute.



Performance Management Processes



Performance management processes include such activities as planning, budgeting, performance monitoring, variance analysis, scenario analysis, and economic forecasting/modeling.



Vision: A world class Professional Accountancy Institute.



Performance Management - Example



Case Study : Employee Performance Management using KPI

A True Performance management is about helping the organization grow as well as the employees. All employees goals should align to the company goals. This way, the employee is allowed to be creative using their competencies in achieving the agreed goals in a SMART.

BalancedKPI.com has simplified Employee Performance Management into 4 Steps using BI to ensure it gives enough reports and dashboards from the data from difference independent systems and users.



Step 1 - Goal Setting

This is where after you agree on your annual goals with your supervisor, you set the goals alongside the targets agreed! This is done once a year



Step 2 - Phasing

This is where you stagger your targets in your goals, Rome was not build in a day. This is done once a year, its the most tedious of them all FYI!



Step 3 - Actuals Entry

This is where you play like you! Record your performance on each goal monthly, additionally you add your insights and actions, just to let your supervisor whats your plan!



Step 4 - Performance Appraisal

You sit and wait for your supervisor to enjoy your performance!

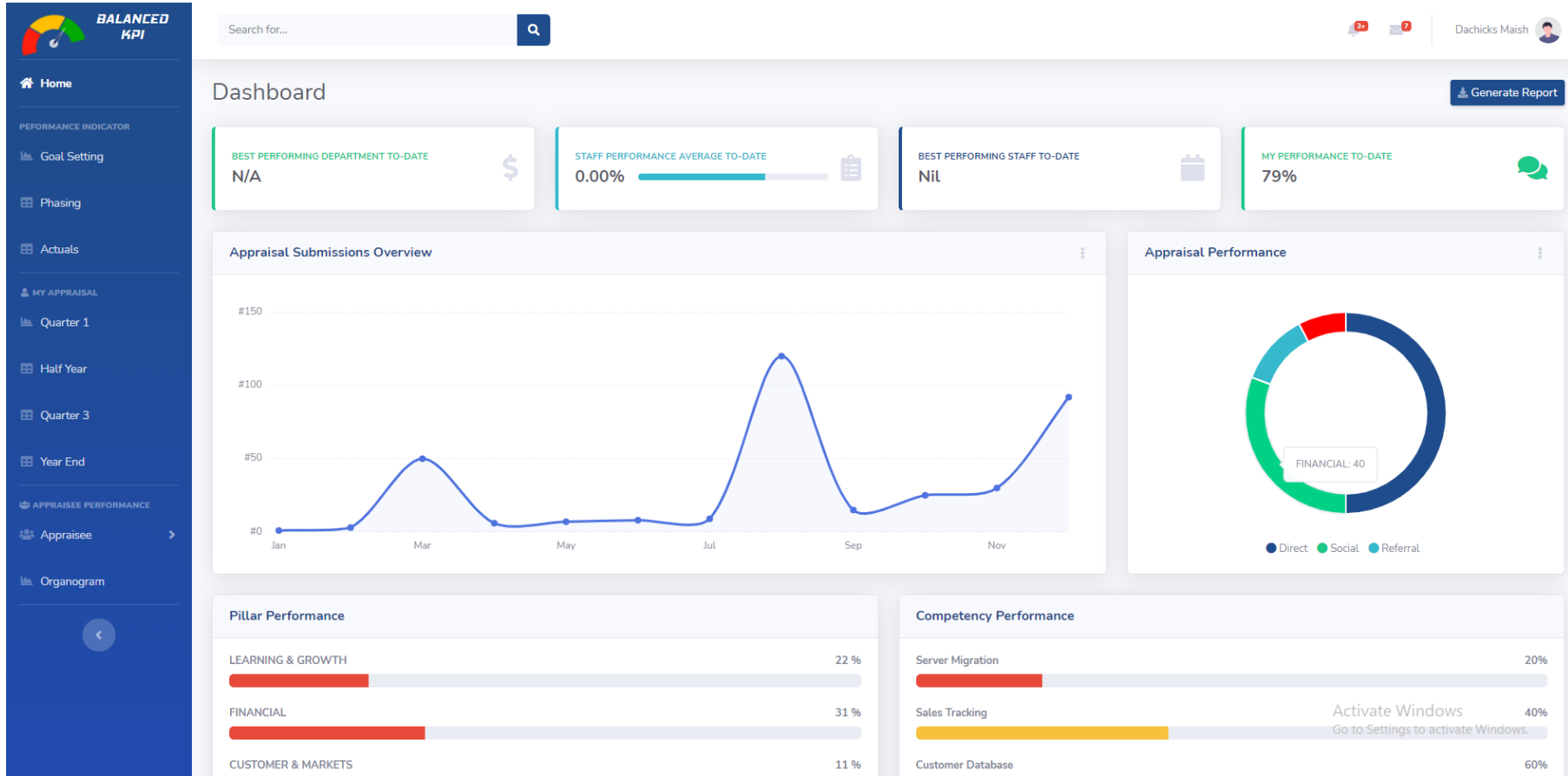
Vision: A world class Professional Accountancy Institute.



Performance Management - Example



Case Study : Employee Performance Management using KPI



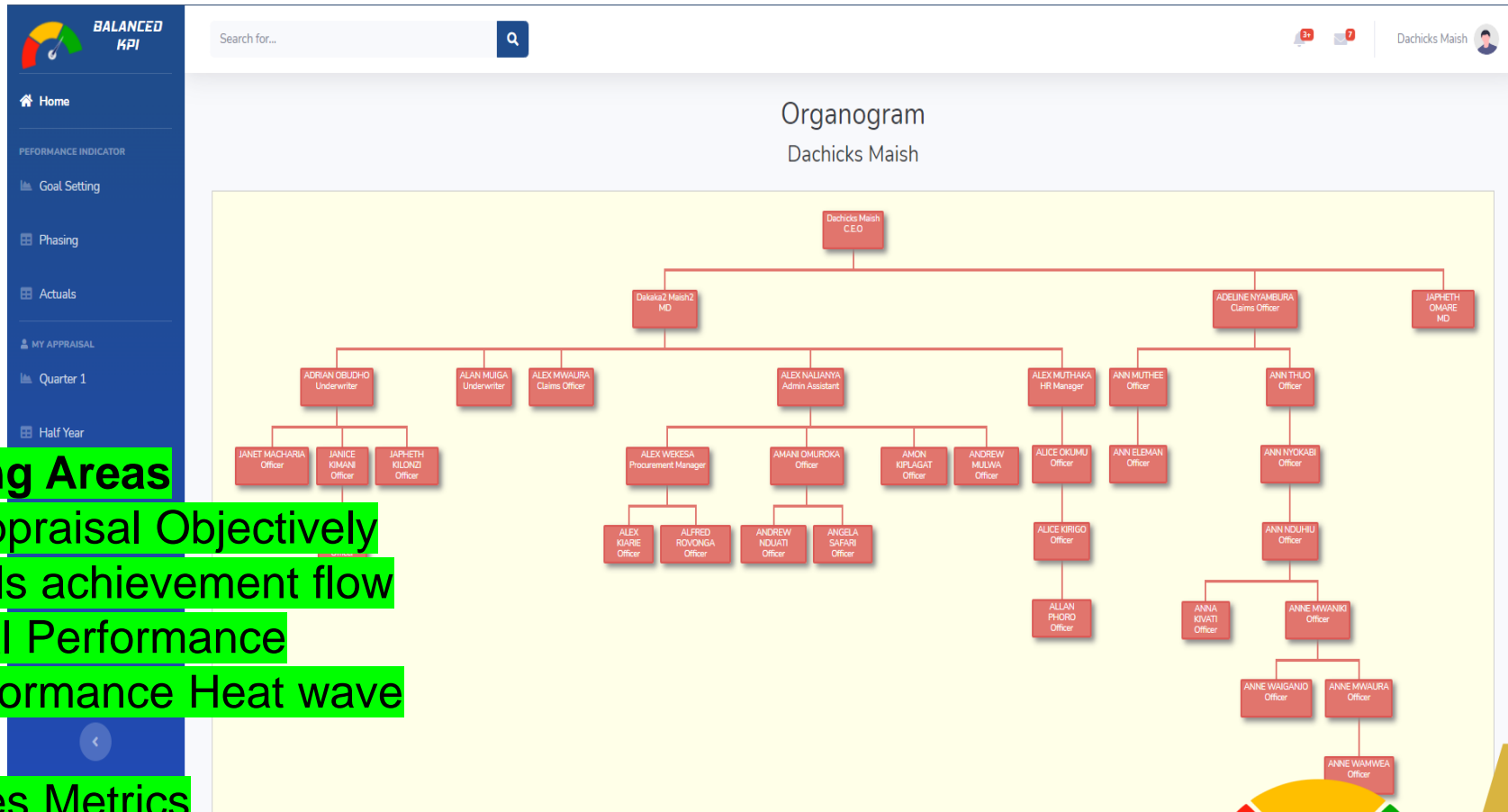
Vision: A world class Professional Accountancy Institute.



Performance Management - Example



Case Study : Employee Performance Management using KPI



Vision: A world class Professional Accountancy Institute.



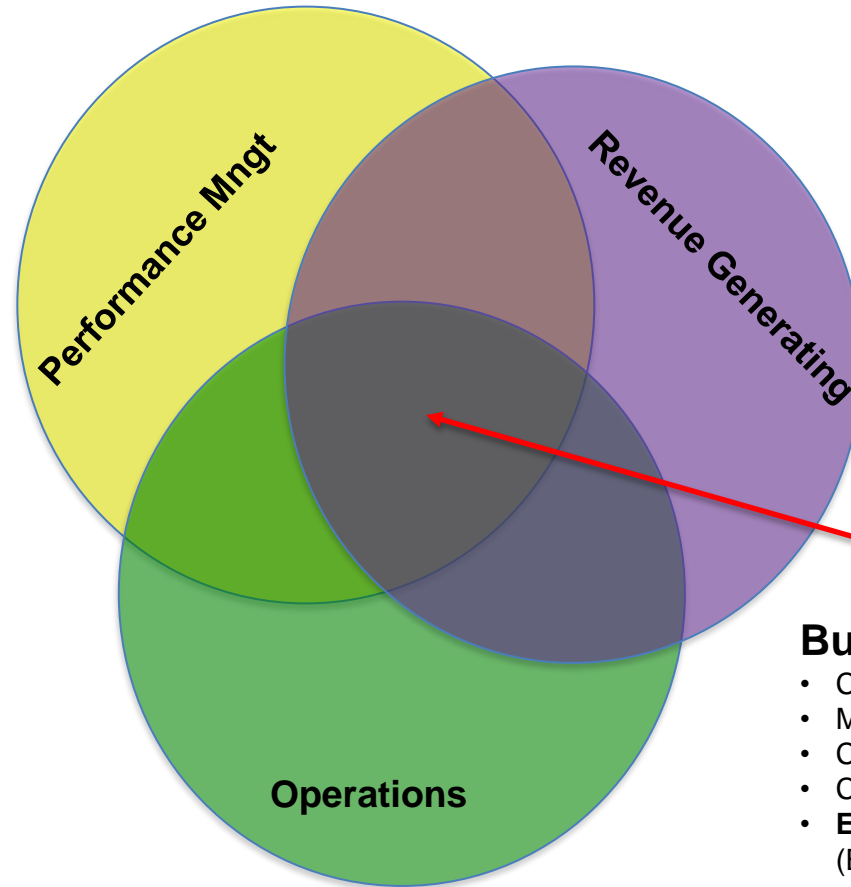
Why Invest in Business Intelligence



Vision: A world class Professional Accountancy Institute.



Business Processes and Operation Processes



Business Intelligence Offers

- Customer segmentation
- Marketing analysis
- Channel management
- CRM
- **Employee Performance Management**
(BalancedKPI.com)

Vision: A world class Professional Accountancy Institute.



Exit());



Thank You

David Maina

ERP Expert & BI Analyst

daxmaish@gmail.com

david@balancedkpi.com

+254 775 632 576

<https://linkedin.com/in/dauti/>

www.BalancedKPI.com



Vision: A world class Professional Accountancy Institute.