Keynote

Dealing with Dilemmas: Where Business Analytics Fall Short

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Frank Buytendijk
Dealing with Dilemmas: Where Business Analytics Fall Short

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Variance analysis
Root-cause analysis
Trend analysis

a-nal-y-sis (ə-nəlˈē-ə sīz)
-- noun, plural –ses /-siz/
• the separating of any material or abstract entity into its constituent elements
• a method of studying the nature of something or of determining its essential features and their relations
• a philosophical method of exhibiting complex concepts or propositions as compounds or functions of more basic ones.
Today’s Business Culture

Don’t Give Me Problems
Give Me Solutions

If You’re Not Part of the Solution You’re Part of the Problem

But Dilemmas Are a Good Thing

But If We Focus On Solutions, Are We Sure We Understand The Problem?

... at the bottom of a problem, often a dilemma can be found ...
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Dialectics

Aristotle

Thesis

Synthesis

Antithesis

Georg Wilhelm Friedrich Hegel

Fighting the “Tyranny of the OR”

The Genius of the AND:

Stability or Progress
- Stable progression

Growth or Compliance
- Compliance as a differentiator

Strong culture or individual autonomy
- Freedom within structure

Jim Collins

“It’s not about compromise, or balance, it’s about going the full way.”
Strategy Is Making Choices...

Product Innovation

- Threshold
- Leadership

Customer Intimacy

Operational Excellence

Source: The Discipline of Market Leaders (Treacy/Wiersema)

Big Choices, Big Decisions

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Strategy is…

Creating Options

Traditional Strategy
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Modern Strategy

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Direct Bank Case Study

Direct Bank
- Offers savings account and personal loans via call center and Web
- Multiple Countries
- Corporate Demands a higher Return on Equity

Close call centers
Change investment policy
Launch marketing campaign
Introduce Islamic Banking

Cost Cutting
- Increased Risk
- Increased Performance

Riskier Reinvestment
- Increased Risk
- Increased Performance

Market Awareness
- Increased Risk
- Increased Performance

Islamic Banking
- Increased Risk
- Increased Risk
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Introspection
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Communication

Reconcile

Source: Theory of Constraints
Centralization and Decentralization

<table>
<thead>
<tr>
<th>Centralization</th>
<th>Decentralization</th>
</tr>
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<tbody>
<tr>
<td>+ Control</td>
<td>+ Flexibility</td>
</tr>
<tr>
<td>+ Economies of scale, lower cost</td>
<td>+ Market focus, growth scenario</td>
</tr>
<tr>
<td>+ Uniformity</td>
<td>+ Empowering people</td>
</tr>
<tr>
<td>-- Less flexible</td>
<td>-- Less control</td>
</tr>
<tr>
<td>-- Less focus on specific markets and growth</td>
<td>-- Higher cost</td>
</tr>
<tr>
<td>-- Less empowerment</td>
<td>-- Fragmentation, no learning</td>
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The Original Balanced Scorecard

- **Financial**
  - How are we perceived by the shareholders?

- **Customer**
  - How do our customers look at us?

- **Growth/Learning**
  - How are we able to learn and adapt?

- **Vision, Strategy and Objectives**
  - How effective and efficient are our processes?
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Cause-and-Effect

- **Benefits:**
  - Links key performance indicators (KPIs) as a collaboration tool
  - Links intangible assets to tangible outcomes
  - Identifies gap or fit for the large amount of data and reports
  - Creates leading indicators

Reconstructing The Balanced Scorecard

1. Value or Profit?
2. Bottom-up or Top-down?
3. Innovation or Optimization?
4. Listen or Lead?
5. Long-term or Short-term?
6. Inside-out or Outside-in?

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Global Dealing with Dilemmas Survey

- Europe
- North America
- Rest of World

n=580

Create Your Strategy Elastic™

- Value
- Profit
- Inside-out
- Outside-in
- Top-down
- Bottom-up
- Listen
- Lead
- Optimize
- Innovate
- Long-term
- Short-term

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Conclusions
Traditional strategy management creates dilemmas, think in ranges and options

Traditional vertical management structures create dilemmas, align horizontally
There Are Many Methodologies
- Software Can Help

Q&A

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