



Information advantage for management

Data integration is a task for top management

A number of years ago, Canadian bank staff accidentally sent confidential data about hundreds of customers to a scrap yard proprietor in West Virginia, USA. When the recipient attempted to draw the bank's attention to its error, the contact person took the story for a joke and hung up. Serious errors of this kind show that data problems are also corporate problems and can destroy long-standing business relationships in the blink of an eye. They also remind management not to lose control of data, one of the most important resources for business success.

Every CEO is aware of the strategic and operational significance of having clear-cut information readily available on highly networked markets. Nevertheless, many CEOs spend a lot of time nowadays searching through e-mails, endless checklists, and Excel tables for important information. Having done so, they usually still want two things – more information and more time.

At first glance, it appears as if isolated software applications containing inconsistent, and even contradictory, company data are responsible for the jungle of data and information. The information that the CEO receives is similarly unreliable as every department has its own view of the company. This leads to paralysis rather than analysis. Ultimately, however, IT is not responsible for the problem. Rather, it delivers the basis for solving the problem – provided that management has the necessary commitment to do so.

Thanks to IT, the information platform for successful company management is better than ever before. Business software records every business transaction, the Internet provides a gateway to external information, and customized portals evaluate the data in real time and display it in a user-friendly manner. In practice, however, it is only possible to tap the potential that lies in these advantages if the CEO promotes the development of an integrated database that combines all internal and external sources consistently.

“Data integration projects are strategically important and require the personal commitment of top management to ensure that all parties perceive both the need to change their thinking and the advantages of doing so,” explains Professor Hubert Österle, Director of the Institute for Information Systems at the University of St. Gallen, Switzerland. Ultimately, the effort is worthwhile. An integrated database – created for example using service-oriented business process platforms based on SAP NetWeaver® – provides the conditions for sound decision-making supported by reliable data. Only then is it possible to harness the opportunities that exist and quickly implement new management concepts.

Standards improve strategy implementation

One of these management concepts can be described as “standardization” and directly addresses the problems that many companies experience in implementing their strategy. According to the “Business 2010” study conducted in 2005 by the London-based business institute Economist Intelligence Unit (EIU) on behalf of SAP, companies only manage to achieve 63 percent of their strategic targets. The companies surveyed put this down to unsatisfactory resources, weaknesses in strategy communication, or cultural differences. In almost all cases, the reasons were attributable to one and the same problem – a lack of standardization.



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Standardized content, concepts, and key figures make it easier to anchor the organization and communicate the strategy. They create the conditions for ensuring that all the units in a company pursue the same goals – irrespective of country and culture. The Chinese and Germans may speak different languages, but sales and commission mean the same thing in both countries, especially when they are based on unambiguous key figures and clear rules. Irrespective of local peculiarities, standards encourage strategy, business processes, employees, and systems to move in the same direction. In addition, standards based on consistent data offer one other crucial advantage. They enable the focus to be placed on a few quantifiable key figures, make achievements comparable, and allow room for ideas that accelerate the required transformation.

Transparent information boosts confidence

To remain competitive, companies have to make full use of the information at their disposal, identify problems and opportunities quickly, and implement decisions in real time. Konrad Hilbers, CEO of Home Shopping Europe, compares the requirements with a juggler trying to keep 25 balls in the air: “When one of the balls drops, we have to pick it up as quickly as possible, without letting the others drop, too.”

It is not enough nowadays for a company to examine profit development only once a quarter. CEOs who wish to avoid nasty surprises have to be able to check the company’s pulse almost in real time. To enable this, the Henkel Group has replaced five different reporting systems with a single, integrated database. It is used both for external accounting and for the preparation of management information. This has allowed the group to improve the quality of management information and the comparability of its reports. Thanks to the automation of process steps and the discontinuation of manual data reconciliation, Henkel is now able to complete its monthly accounts within five days of closing.

The demands for greater transparency through accelerated accounts and compliance with statutory regulations such as Basel II and the Sarbanes-Oxley Act have greatly increased the demands on management tools. Speed of reporting and clarity of information have also become key criteria for evaluating the stock value of a company and that of its top management. CEOs who are in control of their data also show that they are in control of their processes. Modern data and information management is a strategic tool for CEOs who want to implement their strategy in daily operations faster and better than their competitors.

In this article, you will find out ...

- Why CEOs should not leave important IT decisions solely to their IT department
- How IT can support you effectively in the management process
- Why you can make faster and more effective decisions with an integrated database