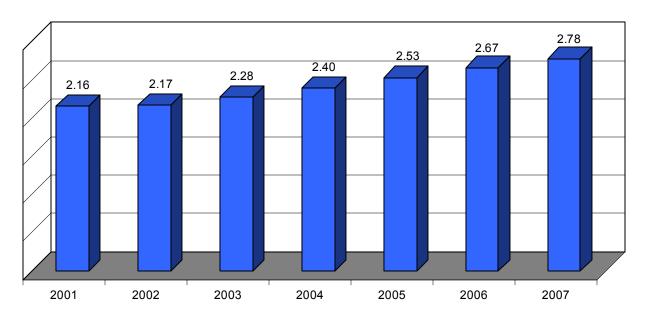


# Managing Information, People and IT to Drive Business Performance



#### The Elusive Value of IT

#### "The Information Technology (IT) Paradox"



Worldwide IT Spending (In Trillions of Dollars)

Source: Gartner Dataquest June 2003



For many managers, Information and IT Usage is a "Black Hole": They focus on IT Deployment and expect a direct link to Business Value







# Business managers typically look at IT as a visible (hard) factor that they can invest in and influence.



Information Technology Practices

- See
   Adapt/align IT to the
   business
- Measure
   User satisfaction
   Quality of IT Services
- Manage
   IT Project Portfolio
   ROI of IT Projects



# The Business Value of IT Visible Hard Factors

IT Deployment (25%)

#### Invisible "Soft" Factors

Information and IT Usage by people (75%)

Managers

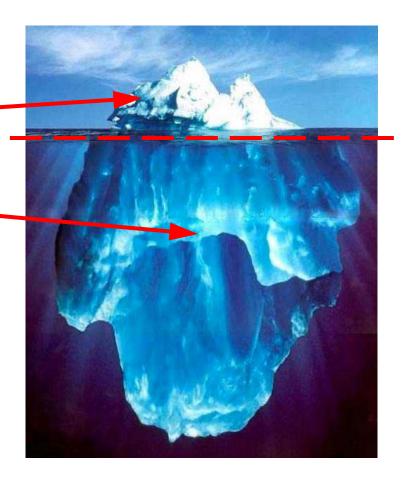
**Employees** 

Customers

**Partners** 

**Suppliers** 

## Deploymen t of IT





# Soft factors are not captured and factored into the measurement and management approaches.







**Information Information Behaviors** and Values

Management **Practices** 

Information **Technology Practices** 

- Difficult to See Information's Value
- Difficult to Measure Employees' Behaviors and Values for Using Information
- Difficult to Manage Better Knowledge and **Information Management**



### Four Years of Leading Edge Innovative Research

- Conducted at Europe's leading Business School:
   IMD in Switzerland
  - Over 100 global companies including:







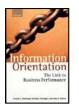








- More than 1200 senior managers
- Across 26 industries
- Nearly 40 countries
- Leading international business publications



Oxford



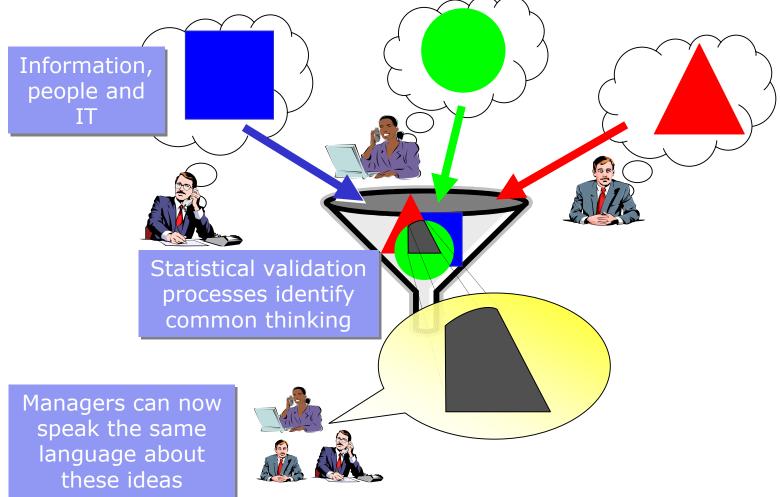
M.I.T.



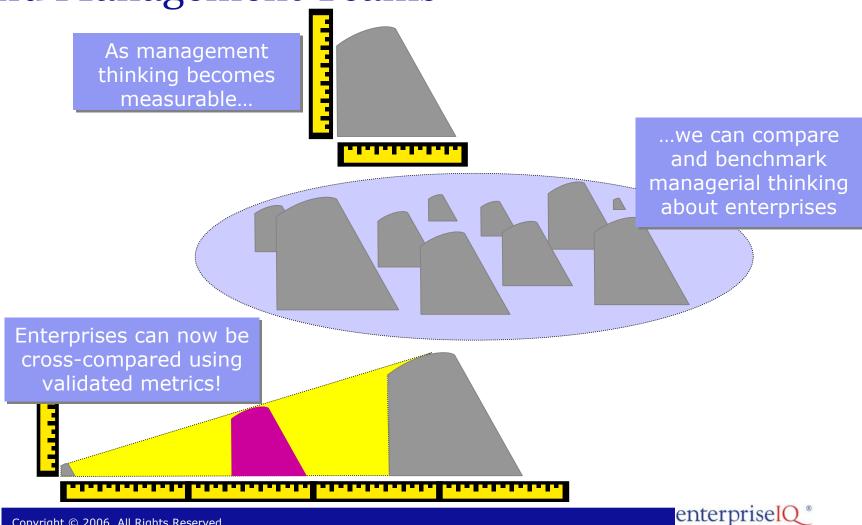
Wiley



The Research Focuses on Managers' Shared Ideas

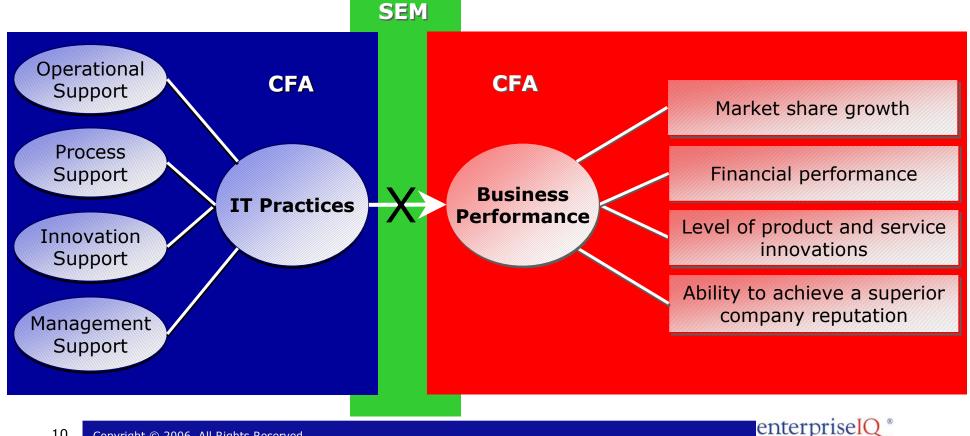


Validation of Shared Ideas Allows Measurement and Comparison of Managers and Management Teams



### Our Analysis Confirms or Disconfirms Shared Ideas of Managers and Management Teams

Example: Confirmatory Factor Analysis (CFA) Structural Equation Modeling (SEM)



### New Performance Metric

Information Orientation [10] is the first, validated Measure of Information Effectiveness to Business Performance

P	eo	D	e

Information Behaviors and Values (IEV)

**Proactiveness** 

**Sharing** 

**Transparency** 

**Control** 

**Formality** 

**Integrity** 

#### Information

Information Management Practices (IMP)

**Sensing** 

**Processing** 

**Maintaining** 

**Organizing** 

**Collecting** 

#### **Technology**

Information Technology Practices (IMP)

IT for Management Support

**IT for Innovation Support** 

**IT for Business Process Support** 

**IT for Operational Support** 



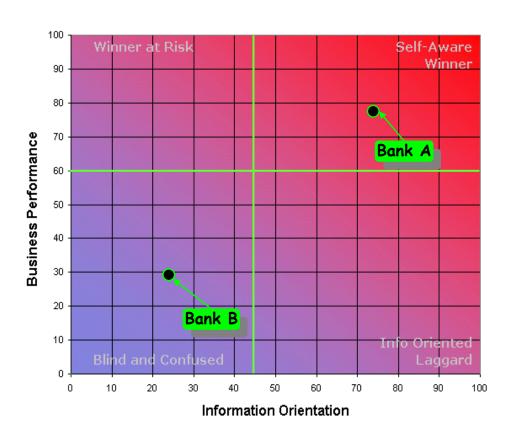
# IO Maturity

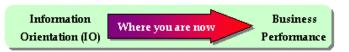
# The Maturity Framework: Management Prescriptions for Information and Knowledge Use

Information Behaviors And Values	Information Management Practices		Information Technology Practices	
Proactiveness Sharing Transparency	Sensing Processing	Higher IO Maturity	IT for Managemen Support IT for Innovation Support	
Control Formality Integrity	Maintaining Organizing Collecting	Lower IO Maturity	IT for Business Process Support IT for Operational Support	



# Differences Between High and Low Companies





#### Self-Aware Winner

Practices Information Orientation to drive high performance

#### Winner at Risk

Delivers good performance now, but lower IO may prevent continued success

#### Info Oriented Laggard

Understands Information Orientation, but suffers fundamental weaknesses

#### Blind and Confused

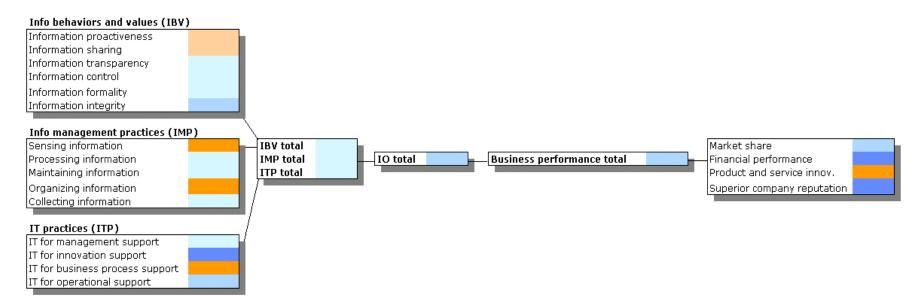
Major business change required/needed

Median

0 and 100 represent the minimum and maximum values of the benchmark



# Bank B: Low 10, Low Business Performance



- The majority of IT resources and personnel were committed to converting the IT operational and transaction systems of the bank with that of a merged bank. After five years, only 80% of the two systems had been merged.
- Two additional restructuring programs, the transition to the Euro, and Y2K during the late 1990s continued to focus the IT department's attention almost exclusively on infrastructure and operational issues.

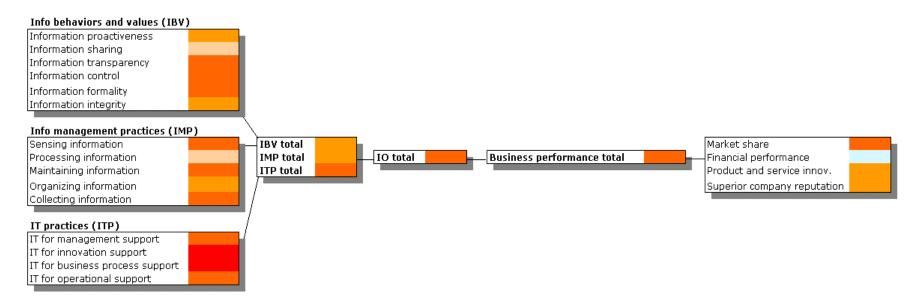


### Low 10, Low Business Performance

- Customer channels fragmented
- Cross-selling in the branches failed
- Relationship managers relied on personal systems
- Product managers had inadequate decisionmaking tools and complained of overload
- Senior managers blamed "IT problems" for under performance



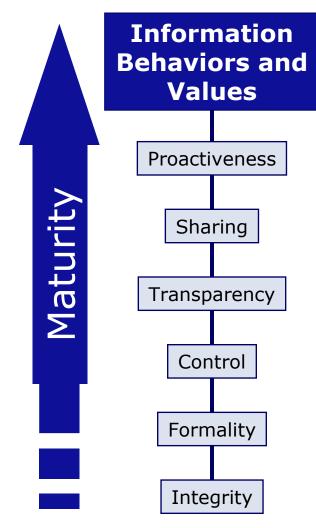
### Bank A's Senior Managers Focused on Both Hard and Soft Factors



- First successful branchless bank in region, profitable since opening, 1996.
- Value Proposition to Customers: truthfulness, simplicity, high interest rates
- In 2000, awarded Best Bank of the Year in country for the third year in a row.
- By 2001, country's fifth largest retail bank with 400,000 customers, growing at an annual rate of 25%



## Bank A: Developing IBV Maturity



**CEO** "expects us to act". Dynamic working plans: teams established; self regulated; peer education; one of highest customer service levels in banking industry

Few formal management meetings – **people obligated to share problems** with managers in real time

"CEO **trusts us and lets us make mistakes**." Open discussions of mistakes and solutions codified

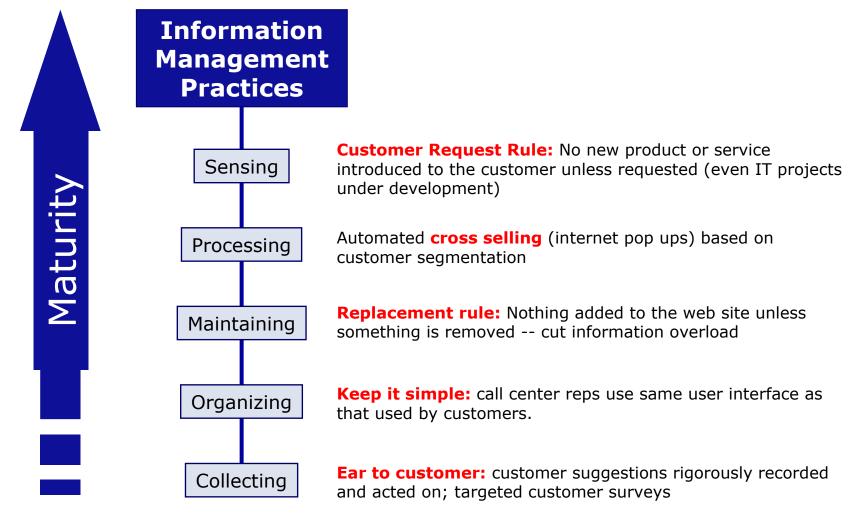
**Everyone knows what everyone else is doing.** Performance information is transparent at all levels; "people know their targets for revenues and costs;" incentives tied to transparent reporting

**No paper on desks;** removal of bookshelves to encourage people to put information into the system; "all the information I need to run my business I can find easily in the system"

**Truthfulness:** practiced top-down (e.g. transparent service fee schedule, account interest capitalized every month, CEO's controversial letter asking customers to increase average withdrawal amounts)

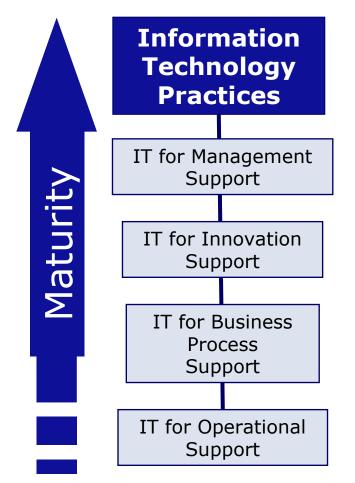


## Bank A: Developing IMP Maturity





## Bank A: Developing ITP Maturity



Maintains profitability by managing lending and deposit levels across different business units; Deep knowledge of customer and cross selling key

**Auto-dealer portal** providing personalized dealer sales & customer information strengthening partnerships

On-line **credit approval within 15 seconds** for home mortgages and auto loans

Direct link to institutional and national banking infrastructure; Merged 4 product call centers into 1 – cross trained

One face to the customer (internet, phone, WAP, digital TV channels); lowest cost services and highest interest rates



### Global Financial Services (GFS) Group – Case Study

### **GFS**

- In 60+ countries
- 30 million customers
- 60,000 employees
- Annual revenues of \$40 billion
- Manages \$300 billion of assets





### The Importance of Asking the "Right" Questions

Non-life
insurance
(individual and
commercial
customers)

**Life** insurance (individuals and businesses)

Asset
Management
(private and
institutional
investors)

Reinsurance (finite risk and traditional reinsurance)

**Core Businesses** 

How can IT be used as a strategic tool for competitive advantage?

Key Corporate Customers



Asset Management



### GFS' SWOT Analysis of the IT Area: Focus and Key Weaknesses/ Opportunities

#### **Focus**

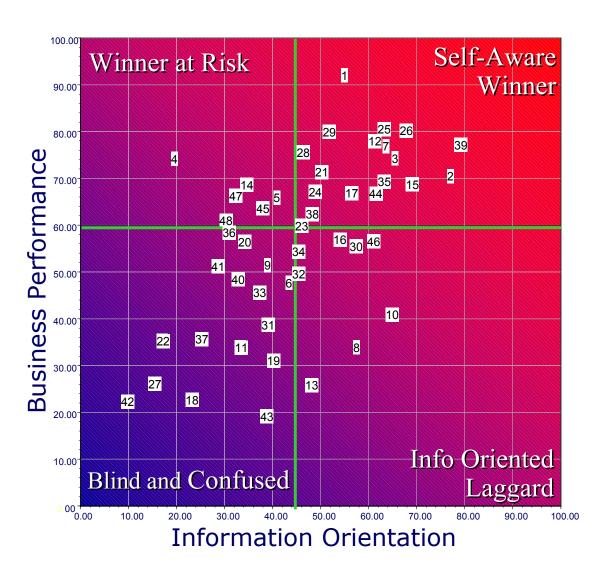
- Competitive analysis: IT focus
- Current and new technology: business impacts
  - mobile computing,
  - call centers,
  - E-commerce
- IT capabilities: money, people, organization
- Past and current IT projects: evaluation

#### Key Weaknesses/ Opportunities

- Organization, culture, and skills
- Measurement systems
- Accessibility of data
- Uniformity of worldwide service standards
- Regulatory requirements
- Funding mechanisms for IT



#### BU Comparison: Information Orientation vs Business Performance



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#### **Info Oriented Laggard**

Understands Information Orientation, but suffers fundamental weaknesses

#### **Blind and Confused**

Major business change required/needed

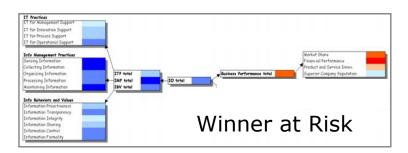
— Median

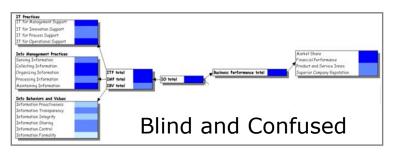
# The Management Challenge: Optimize the Portfolio Strategy Across the Group

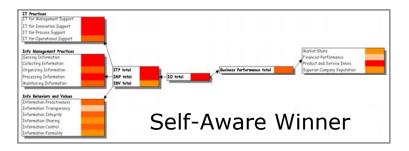
#### IO Diagnostic<sup>™</sup> Conclusion:

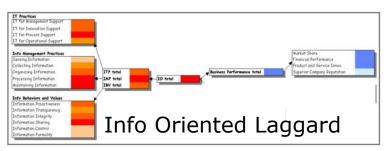
Managers have to build on their strengths and minimize their weaknesses across all BU's

to improve the overall Information Capabilities of the Group.



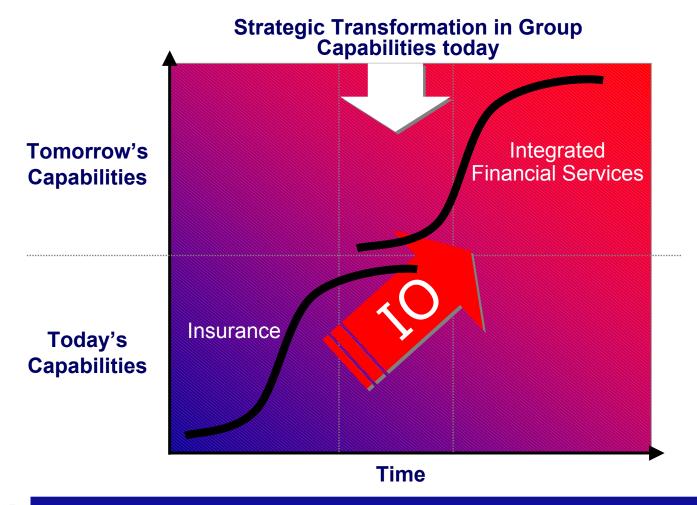






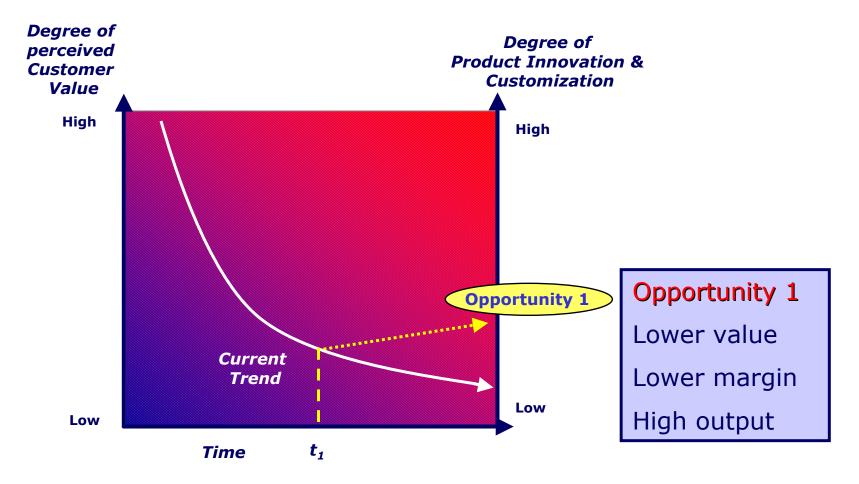


# Finally, the Group Must Improve (10) to enable its future business vision

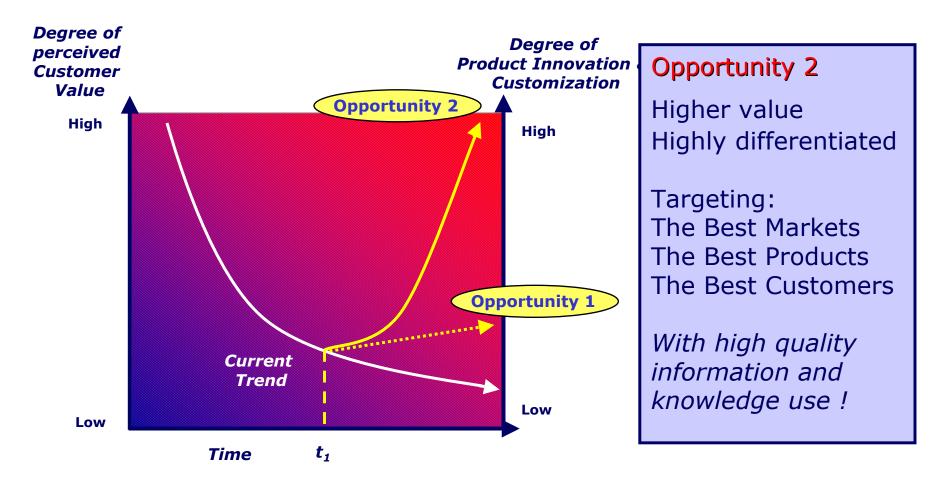




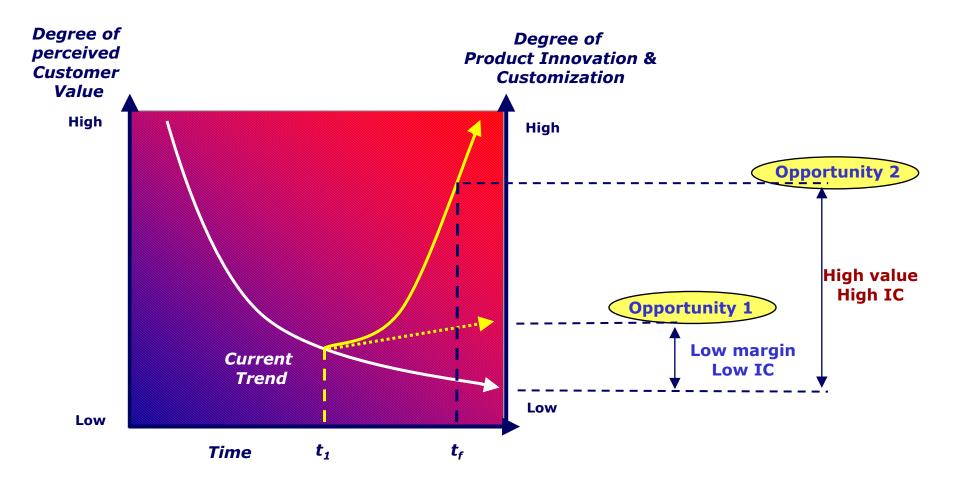
# Opportunities for Companies to Compete in this Business Environment



# Opportunities for Companies to Compete in this Business Environment



# Opportunities to Compete Depend on Leveraging Information Capabilities





#### enterpriseIQ Success Story 1

### **ASEAN Subsidiary - Global Industrial Products:**

Accelerating eBusiness & CRM

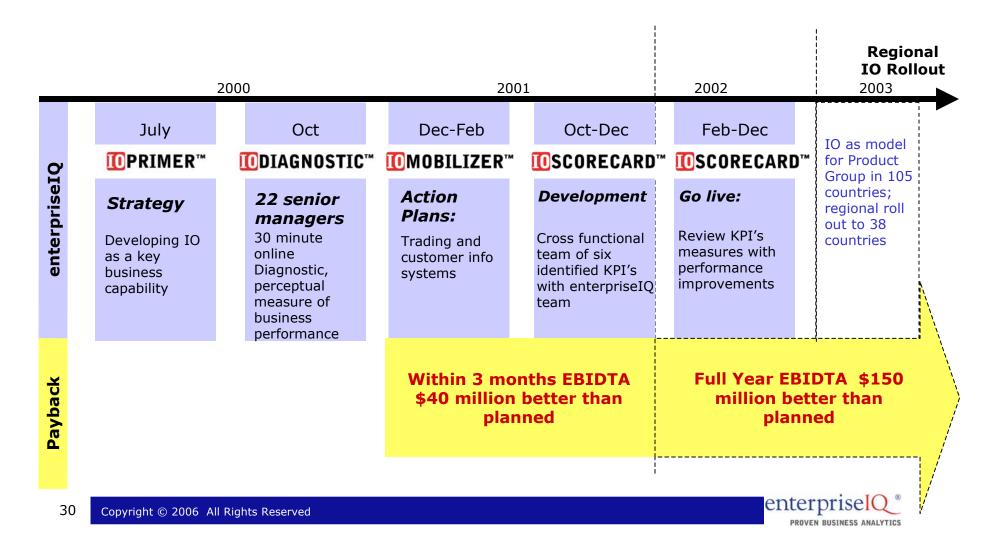
<b>ERP</b> 99/2000	I	ebSAL Launc	_	Phase 18 CRM	ı2	Regional Rollout 2002	
	July	Sept	Jan	March	Dec	May-Dec	
O O	<b>I</b> PRIMER™		<b>IDIAGNOSTIC</b>	™ <b>IO</b> MOBILIZER™		<b>I</b> OSCORECARD™	
enterpriseIQ	Accelerating eBusiness and websales		60 senior managers	Action Plans: • CRM • Information Behaviors & Values		<ul><li>Development</li><li>Implementation</li></ul>	
ROI	Most innovative In 2 months, 20 Within 8 months	First mover advantage in webSALES  Most innovative company in Thailand  In 2 months, 20% of sales online  Within 8 months, 60% sales online  webSALES investment of US\$ 65		2001 Highlights  • 100% improvement in operating income  • 13% increase in top line sales with stable operating expenses  • CEO promoted to head of Asia  0,000 recovered in 6 months		IO as model for Asia Region	
29 Copy	yright © 2006 All Rights	Reserved				enterprise <mark>lQ</mark> ®	

PROVEN BUSINESS ANALYTICS

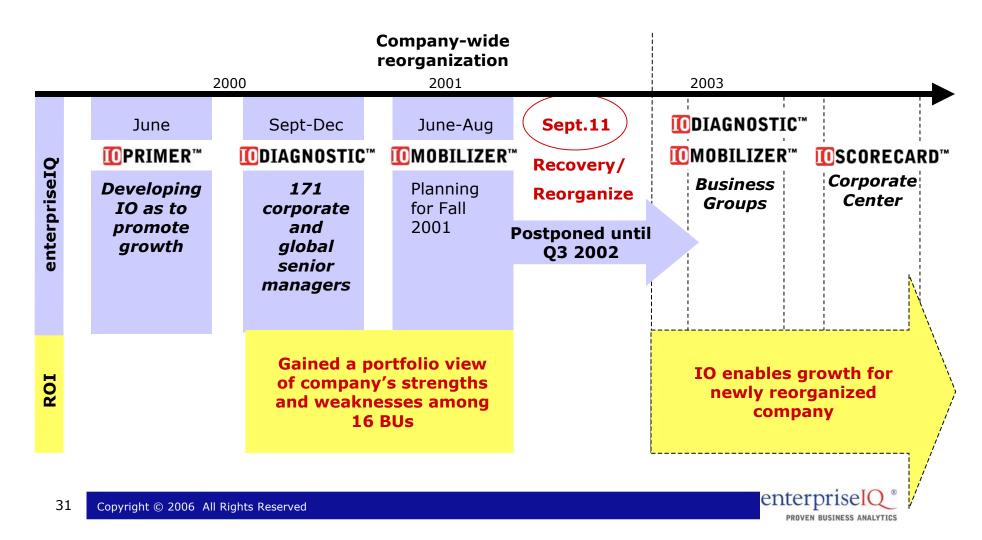
#### enterpriselQ \*Success Story 2

### Product Group of Global Financial Services:

Leveraging information in a deal-making business

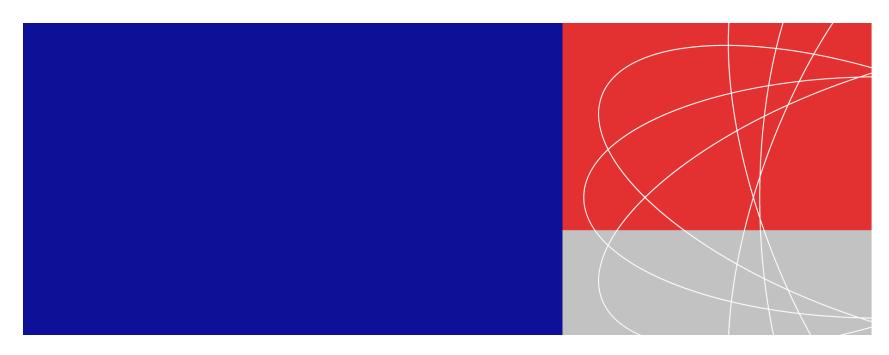


# enterpriseIQ \*Success Story 3 Global Insurance Company: Positioning itself for growth



# Lessons Learned about Competing with Information

- The mindset and actions of the company's managers are critical to effective information use and to achieving business results with information, people and IT capabilities
- Building the Company's Information Capabilities is as much about people behaviors and information practices as it is about IT –management control plays a critical role!
- Leveraging information and knowledge for bottom-line impact is no longer « soft » or « intangible »: We can see, measure and leverage these assets by managing the Information Orientation of our company.



To find out more about how we can help you to leverage information and knowledge in your organization, please contact us

#### **Headquarters**

Rue Jacques Chardonne 9 CH - 1803 Chardonne Phone /Fax +41 (0)21 691 1546

On the Internet E-mail: info@enterpriseIQ.com www.enterpriseIQ.com

