

Public sector organizations need business intelligence now more than ever

By Gloria J. Miller, CEO MaxMetrics GmbH

With the public sector playing a leading role in counteracting the world financial crisis, improving the effectiveness of government is more essential than ever before.

According to a recent study by Queisser, Miller, and Göttsche, public organizations that had deployed performance management software and implemented a decision-making support entity (Business Intelligence Competency Center or similar) reported that they were comparatively more effective in responding "... quickly to address competitive changes in the market."

The survey respondents were from 160 non-profit, educational institutions and Federal, state and local government organizations across 30 countries. Fifty-three percent of the respondents indicated that they used business intelligence and performance management software and that they had a decision-making support entity such as a Business Intelligence Competency Center (BICC).

Based upon analysis of the survey data, the study, entitled "Performance and Organizational Change through a Business Intelligence Entity in Public Sector Organizations," concluded that in addition to implementing performance management software, public organizations should also consider implementing a BICC.

The study revealed that the BICC responsibilities were correlated with several characteristics of superior performance. For example,

- BICC's with the authority to commit the organization to actions related to buying, making or implementing software had the highest correlation with those that indicated that the use of their decision-making software was responsible for improving the organization's financial performance and the ability to select the most promising strategic actions. They also reported having more efficient business intelligence software implementations.
- BICC's that were responsible for establishing cross-functional policies, procedures, organizational structures, and practices for using decision-making software were those that were the highest correlated with their organizations being able to quickly adjust to address competitive changes in the market.

These findings were underscored by one of the organizations interviewed as part of the research. An American "Midwestern County" organization was an early adapter of BICC, with over seven years' experience with BICC, balanced scorecard, and a systematic "results based, customer-focused" strategy and process to produce tangible results.

The organization uses business intelligence and performance management software for collecting, analyzing and reporting data. A web based system, updated every 2 hours, is used by 500 decision makers to access information and reports within the county government, including: 6 lines of business, 22 departments and business units, and key metrics.

By using the system, they have been able to change the organization's mindset from "the budget drives the planning" to "the planning drives the budget." For example, the Transportation Department presented a plan of pavement safety designed to reduce the number of traffic deaths. The process of reallocating dollars in the budget to support this plan was more efficient with the new system. Tools and process are now aligned to be useful in supporting ongoing management processes.

The public sector and non-profit organizations spend large efforts aligning networks of people – centralized or decentralized, large budgets, independent leadership teams, and diverse operational objectives to a common direction. In today's environment, public organizations are under scrutiny to manage the details within their own organizations as well as the organizations that are under their governance. Therefore, the public sector needs performance management systems that help them to manage across multiple non-financial dimensions. However, the public expects good fiscal controls and transparency on how the money is spent and managed, especially in the current high stakes environment involving unprecedented public spending to solve pressing economic problems.

The survey was conducted by Troy University's Heidelberg, Germany Site. The research was co-authored by Dr. Thomas D. Queisser, Gloria J. Miller and Thomas Göttsche.

About MaxMetrics

MaxMetrics (www.maxmetrics.com) is a Management and Information Technology Consulting firm with professionals that have vast amounts of experience in helping organizations to implement projects and programs for improving decision making and management.