



BUSINESS INTELLIGENCE: A Breath of Fresh Air for Your Company

BY GARRETT J. SULLIVAN

Ronald Reagan captured the essence of the 21st century when he said, “Information is the oxygen of the modern age. Without it, you will perish.” In the same way the oxygen around us determines our quality of life, our ability to gather information correlates to our potential for company profit, as well.

Today, business intelligence is a dynamic, money-making weapon that can help you work smarter instead of harder. Business intelligence is defined as a “set of methodologies, processes, architectures and technologies that transform raw data into meaningful and useful information used to enable more effective strategic, tactical and operational insights and decision-making.” It’s a technical description, but one that can have a dramatic effect on businesses of any size.

In my previous article, “Is It Time for You to Start Kedging?,” I wrote about the importance of employing enterprise software to increase efficiency and profitability. Most, if not all, mid- to large-size construction companies use an enterprise software system incorporating accounting and construction management functions. If you already use these programs, you are probably familiar with the various features of the system’s dashboard. The data you can glean from the dashboard are certainly helpful at a glance, but just like the columns of a spreadsheet, they can only tell part of the story. Your dashboard can’t provide an overarching, global view of your company, but business intelligence programs can.

Consider the following situation:

Jim (name changed) is the president of a successful mainland construction company with revenue of \$250 million a year. His company prides itself on the ability to mobilize quickly, reaching remote sites all across the continental United States. The senior management team has set a goal of doubling the company’s revenue within the next three years. However, their current reporting system consists of an elaborate, Excel-based data sheet prepared each week during a four-hour-long conference call attended by all of the project managers.

To achieve the growth goal, I suggested Jim utilize construction business intelligence reporting technology. The company proceeded to deploy a business intelligence

program which allowed them to review all of their projects (approximately 10 large-scale jobs) during an hour-long conference call. The staff found this type of reporting was easier to grasp and provided a greater overall understanding, both of individual jobs and the company as a whole. They are now well on their way to their \$500 million goal.

Construction business intelligence takes the functionality of dashboards to a new level. It gathers information from financial statements, scorecards, dashboards, and other key performance indicators, and displays it in an easy-to-read picture, graphical or numerical representation. Business intelligence allows you to analyze a single project, or all projects at once, while staying abreast of job margin erosion, cash management, labor costs, job margin by project manager and much more.

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On most programs, information can be exported to Excel for a deeper dive if so desired.

Business intelligence programs provide an automated Work in Progress (WIP) statement which can save a tremendous amount of preparation time for your accounting department. Most programs today come with prepackaged dashboards, and are available on mobile devices and the cloud.

Bonding industry professionals often find busy markets to be more dangerous than tight markets as contractors tend to have more opportunities to take risks. Sometimes these risks don’t work out. Business intelligence helps mitigate these risks by allowing your team to address any deviations from plan quickly and keep all jobs on track.

Every construction firm has its own unique strengths and weaknesses, and the same is true of construction business intelligence systems. Before committing, make sure you research several programs, matching their features and functionality to your needs. Speak with other firms that have employed business intelligence and find out what has or hasn’t worked for them. As with any new process, getting used to a new reporting methodology can take time, but it almost always leads to leaner, more cost-efficient administration in the long run.

If information really is oxygen, business intelligence ensures that your company is never out of breath. 🏠

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