A Fast-Moving Consumer Goods Company and Business Intelligence Strategy Development

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ABSTRACT

The paper used the case study approach to report on how a Fast Moving Consumer Goods (FMCG) company developed their Business Intelligence strategy. Many companies are aware of the benefits that Business Intelligence brings to the corporation—however struggle to have an appropriate or well defined strategy. The authors document in the paper how the company experienced limited benefits with their initial Business Intelligence implementation—however, the subsequent development of a Business Intelligence strategy allowed the firm to redress initial project short-comings across several business areas. The company’s Business Intelligence strategy included elements that directly addressed governance and resource management, business technology alignment, innovation and skills capability. The research investigated the experiences of a global FMCG company regarding their Business Intelligence use and the findings may not be generalizable.

KEYWORDS

Business Intelligence, FMCG, Implementation, SAP, Strategy

INTRODUCTION

The adoption of Enterprise Resource Planning (ERP) systems by global corporations has allowed many firms to integrate their business processes resulting in organizational data being centralized in a common data repository (Raber et al., 2013; Hawking and Sellitto, 2015). An important benefit of centralized data access is that it enhances a firm’s capabilities to extract, prepare and subsequently analysis the data so as to better inform organizational decision makers (Elragal 2014). Indeed, ERP-derived data has become a primary resource that allows a firm to generate information that is relevant, current and complete—allowing managers to perform not only their every-day operational tasks, but also strategic planning activities (Isik et al., 2013).

As a result of the significant amount of data collected through enterprise systems, companies have utilized Business Intelligence solutions to interact with these systems, to gain greater insights into business performance (Aruldoss et al., 2014; Hawking and Sellitto, 2015). According to Raber et al. (2013), Business Intelligence has become an important component of a firm’s information system offering that has been built on technology innovations such as database warehouse systems and interactive user analytics tools. Howson (2007, p. 2) suggests that Business Intelligence is a process that “…allows people at all levels of an organization to access, interact with, and analyse data to manage the business, improve performance, discover opportunities, and operate efficiently.”

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Indeed, the analysis of corporate data allows a firm to improve productivity and achieve competitive advantage over other firms that may not have the same analytical capabilities (Luftman and Ben-Tvi, 2010; Greiner, 2013). According to Foshay et al. (2015), firms continue to make significant investments in Business Intelligence and associated data analytics capabilities even though these systems can be complex to adopt. Arguably, the reporting of strategic approaches on how organizations might use Business Intelligence is desirable—providing practical value for industry groups and researchers.

One sector undergoing important changes regarding the use of Business Intelligence is the fast moving consumer good (FMCG) sector. The FMCG sector has experienced increased industry competition because of mergers, global consolidation, changing regulations, new markets and the advent of digital technologies (McKinsey, 2010; PwC, 2015). Although the use of Business Intelligence in the FMCG has been documented by various technology vendors and consultants (SAS, 2010; McKinsey, 2010; PwC, 2015), research in regards to how firms in this sector might align Business Intelligence with company strategy to enhance organizational capabilities is limited (Raber et al., 2013). Huang and Yasuda (2016) indicate that there is a critical need to understand ERP-related issues associated with post-implementation developments across specific industry sectors. Hence, this paper’s contribution centers on reporting the development of the Business Intelligence strategy of a global FMCG company and the elements central to that process. The reported Business Intelligence strategy provides important insights that can be potentially adopted by others in the FMCG industry, companies in other trade sectors or government departments.

LITERATURE REVIEW

Enterprise Resource Planning (ERP) systems are important in allowing companies to improve their business capabilities and performance (Hawking and Sellitto, 2015). Early work by Davenport et al. (2003) highlighted how firms used their ERP systems to undertake activities that allowed them to not only create business benefits, but to subsequently sustain competitive advantage over time. The realized benefits associated with ERP systems adoption directly reflect how business processes are made more efficient and effective across corporate functions (Hawking et al., 2011). According to Davenport et al. (2003), ERP systems adoption should dynamically progress through an Integrate, Optimize and Informate stage—each stage directly reflecting the degree of enterprise system maturity achieved by a firm. This concept of maturity is not only system focused, but importantly reflects the holistic advancement of the firm’s personnel and organizational processes in an ever-changing environment. Accenture (2013) suggests that ERP system maturity can be viewed from a number of perspectives that include:

A. **Systems Consolidation:** Where systems are simplified and consolidated around a common platform resulting in reduced information technology costs and risk.
B. **Process Integration:** Business processes are streamlined, standardized, automated and supported by the ERP system. This results in improved efficiencies and effectiveness.
C. **ERP Enabled Business Optimisation:** The transformation of business activities that are supported by the ERP system allow the firm to achieve operational excellence.
D. **Innovative Capabilities:** Differentiated capabilities leading to a competitive advantage can be achieved through the leveraging of the improved business processes and operating models facilitated by the ERP system.
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