

Information drives decisions. Decisions drive actions. Actions create value.

The goal of a public corporation is to maximize shareholder value. Information from internal and external sources is used to make decisions, which determine the actions which create shareholder value when executed. Actions often create information as well, such as sales data, which can also be fed into the process. Improvement in any step has the potential to increase shareholder value.

There are many tools used in the course of business: enterprise software, spreadsheets, various process methodologies, management consulting, etc. Despite the apparent variety of approaches and technologies, all ultimately seek to achieve the same objectives:

1. Gathering/storing information
2. Using that information to make decisions
3. Executing actions to create value

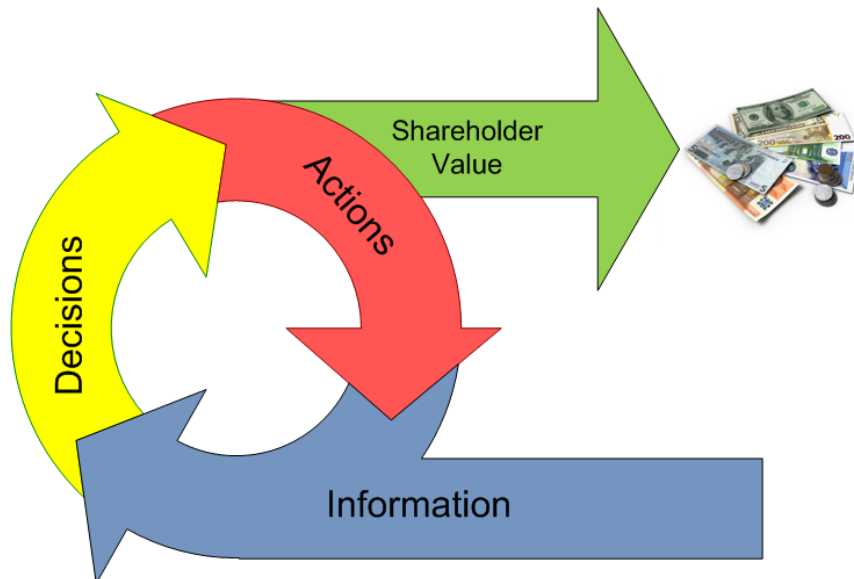


Figure 1: Creation of shareholder value from information. Information drives decisions, which lead to actions generating value.

Different parts of this “value creation cycle” have achieved various levels of maturity. Data gathering and reporting would widely be considered fairly mature, and the use of tools and technologies for streamlining execution continues to improve. The key gap is the connection of information to the shareholder value created by decisions.

Corporations only create shareholder value if information can be used to make better decisions.

The amount of available information continues to increase exponentially. Current estimates are that digital information now doubles yearly; by 2011, it is estimated the amount of digital information will double every 11 hours. The shareholder value of decisions must be connected to this information. The ability of human beings to perform this task is essentially constant, and severely limited, and so information gathered by corporations is increasingly under-utilized. Current efforts are focused on tools/methods for increasing human understanding, but this inevitably requires reducing the amount and complexity of the information to be commensurate with human capability. Lost information means lost shareholder value. Operational and analytical disciplines currently have limited interaction, but must work together if a corporation is to gain full value from its information.