

How to deliver on the performance promise

We all strive for better performance but often create 'stretch' targets to will the company to do better. Last year's results are often used as a baseline, but it is next year's performance that shareholders lust over. ICit Business Intelligence's **Mark Bodger** is convinced that an integrated performance management system is the intelligent way to deliver on the promise.

Where do we start? The answer is simple. We start with a plan. The plan is based on some tangibles and a host of intangibles. We have assets (man, machine and money), expenses (man and machine) and we have revenue (customers). The challenge is to take all the variables into account and create a cohesive plan that encompasses the entire organisation.

Many companies still struggle to build such a plan and then struggle further when they attempt to make sense of their performance. There isn't an article on performance management that doesn't ridicule the over-reliance on poor old Excel, but the key message is that Excel was not designed for complex multi-dimensional business planning. Companies are quick to tell me that their problems are too complex and unique and, while this is sometimes true, there are better ways to manage business performance with the right framework.

There are numerous solution vendors that claim to provide integrated planning and so-called predictive planning solutions. The intelligent performance management system is made up of several components. The secret is to ensure that each component is integrated with the next and that the performance data is consistent. It is the lack of integration that causes most vendors to fail to deliver on their pre-sale promises.

Intelligent performance

There are a number of core solutions required to provide an integrated performance management framework:

- Planning and forecasting
- Measuring and monitoring
- Reporting and analysis

Planning and forecasting solutions should be capable of scaling across the business, because the more devolved the process, the more likely that the plan will capture operational drivers. The solution must be capable of linking to underlying source data systems such as ERP or CRM in order to track performance against the plan. The plan answers the question: 'What should we be doing?'

'The challenge is to take all the variables into account and create a cohesive plan that encompasses the entire organisation.'

Measuring and monitoring solutions include scorecards and dashboards. These provide answers to the question: 'How are we doing?' The smarter companies are implementing role-based scorecards to deliver meaningful information to people who have direct control over the performance under their watch.

Reporting and analysis is used to answer the question: 'Why are we performing this way?' While standard weekly reports can, for example, show product sales mix and margin, higher skilled users can ask ad hoc questions and discover trends, top performers, poor performers and more. Distributing the information is a core challenge, but with the right technology, information can be delivered to PDAs,



intranet portals, extranet web pages or simple PDF files by email.

Business intelligence evolution

The road to a fully integrated performance management framework is long. However, the vision and desire to build a robust solution needs to be supported by the right leadership and the right technology in order to turn the vision into a reality. The good news is that many businesses are already on the road and have made significant progress towards achieving their goal – to deliver dramatic improvements in business performance.

As ICit Business Intelligence celebrates its tenth year helping businesses achieve higher performance through better business performance management solutions, isn't it time that all businesses embraced the vision that by better planning, monitoring and reporting they too can satisfy their shareholders intelligently. ■

Further information

ICit Business Intelligence
Email: info@icitbi.com
Website: www.icitbi.com