



BearingPoint

How to take your Performance
Management to the next level...

Geoffrey Bourke

13th November 2012



Agenda



- About BearingPoint and our Performance Management expertise
- BearingPoint Research on Dashboard effectiveness
- Key Tips for developing a Strategic Dashboard
- Case Study –Developing a Strategic Dashboard
- A methodology for identifying your specific MIS Requirements
- Choosing MIS Technology
- Q&A



**How to take your Performance
Management to the next level...**

Introduction to BearingPoint



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- 
- A faint, light gray world map serves as a background for the list of bullet points, showing the global reach of the company.
- BearingPoint is an independent consulting firm with European roots and global reach.
  - We provide **business consulting** services to our clients, enabled by our management and technology capabilities.
  - Our focus is on achieving **business results** for our clients by solving their broader business problems and their need to move from strategy through to execution.
  - We combine comprehensive expertise (methodology and own research) and our global network to manage **Performance Management & Controlling** (PM&C) projects.
  - Our spirit: **To get there. Together.**
  - **A presence in 33 countries** including 27 offices in 16 European countries
  - **3,200** consultants
  - **60% of major European public and private organizations** are among our clients* (*data from Eurostoxx 50)

About BearingPoint



Management Consulting

Business Strategy and Transformation

Customer Management

Supply Chain Management

Risk, Compliance, Governance

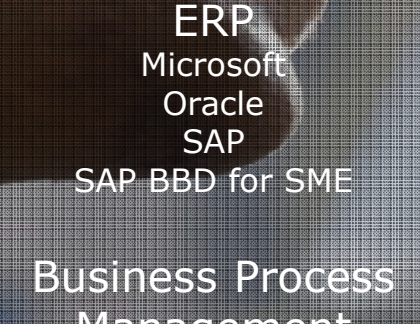
People and Organisations

Enterprise Solutions

Business Intelligence

Dashboards/ KPI

Hypercube

A close-up photograph of a hand holding a pen, with the pen tip pointing towards the bottom right. The background is a light blue grid pattern. The text is overlaid on the image.

ERP
Microsoft
Oracle
SAP
SAP BBD for SME

Business Process
Management

Technology Solutions

IT Strategy and Transformation

Business Systems Integration / SOA

Technology Infrastructure

Managed Services

Applications Management

Outsourcing Advisor

Recent publications: BearingPoint, a major player in Performance Management

- **In times of crisis real time information is required:** *FinancieelManagement.nl* – June 2012, Dutch publication related to our KPI Library partnership
- **56% of managers not satisfied with their dashboards:** *FinancieelManagement.nl* - September 2011, Dutch publication based on publication report after DFCG investigation
- **Top Managements are frustrated with their dashboards,** *La Tribune* - December 2010, interview of Damien Palacci, associate director at BearingPoint, in charge of the performance management team
- **Dashboards: are-they a real help to decision-making?** *DFCG Magazine* – November 2010, covering the main ideas exchanged by the workshop actors who participated in the elaboration of the questionnaire in the DFCG investigation
- **SNCF Proximités improves its financial performance management:** *Option Finance* – October 2010, presenting the project of the Financial function reorganization in the « Proximités » branch of SNCF
- **Financial reporting: the indicators that CEOs expect:** *Option Finance* - April 2010, on the improvement of financial reporting
- **The future of Forecasting processes:** *Observatoire Finance – Gestion*, 2009, Study, in partnership with DFCG





How to take your Performance Management to the next level...

BearingPoint Research on Dashboard effectiveness



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Have you ever questioned ...



- Why you receive the Dashboard / Reports you receive?
- Why you receive the number of Dashboards / Reports you receive?
- What your ideal would Dashboard look like?
- What is holding you back to have this implemented?

These types of questions were the basis of a survey conducted by BearingPoint and the French CFO and Controller community (DFCG)

BearingPoint / DFCG mixed workshops & survey of more than 170 CEOs & CFOs



Research shows that current dashboards do not live up to the manager's expectations

BearingPoint surveyed the Finance Management and General Management populations receiving dashboards.

Their main criticisms identified were as follows:

- The dashboard is too focused on observation, **not sufficiently orientated towards action** (61% of respondents)
- There is a **lack of oversight** of operational managers by financial staff and a **lack of qualitative analyses that go beyond figures alone:** such as comments and action plans (50%)
- A view of dashboards that is **too financial and not sufficiently forward-looking** (44%)
- They receive **a profusion of documents:** 47% of respondents consider that there are far too many dashboards
- A **lack of clarity an correlation** between the business strategy and objectives and their translation into measurable indicators (39)
- There is **insufficient uniformity and no sharing of the benchmarks** for indicators (44% of respondents)
- Some even have **irrelevant indicators** (44%) and are **available too late** (33%)



Have you ever questioned why you receive the dashboard you receive? What would your ideal dashboard look like and what stops you from having it implemented?

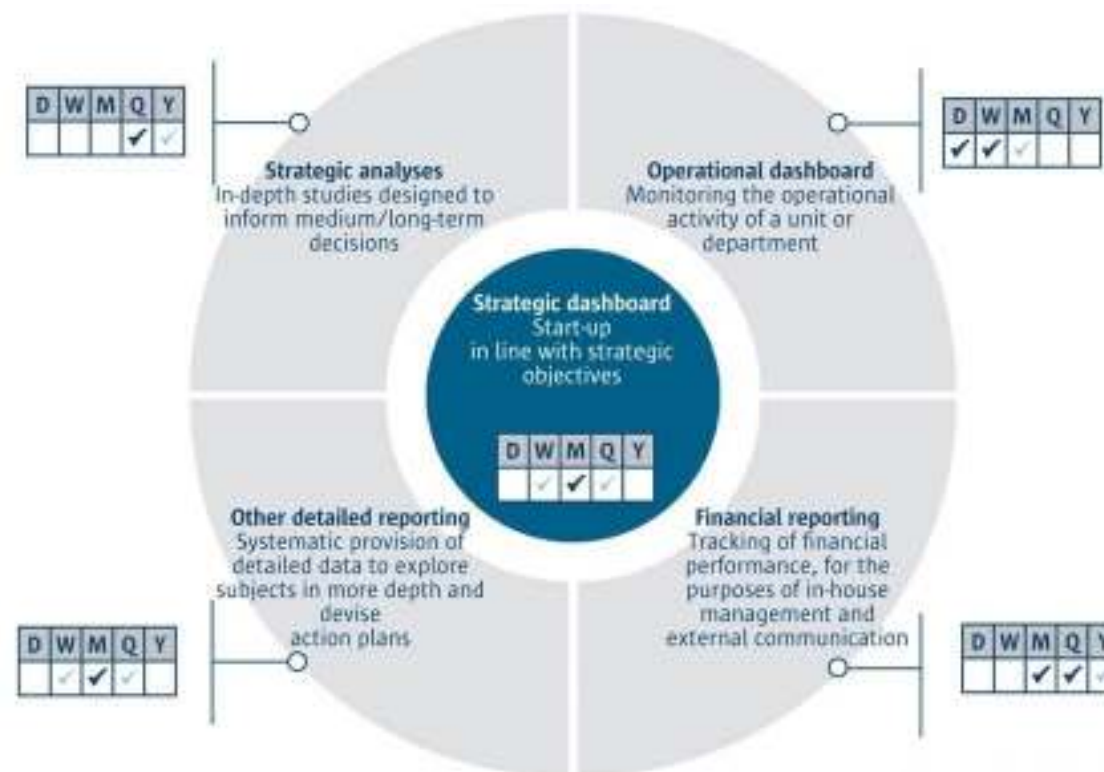


**How to take your Performance
Management to the next level...**
**6 Key Tips for developing a
Strategic Dashboard**

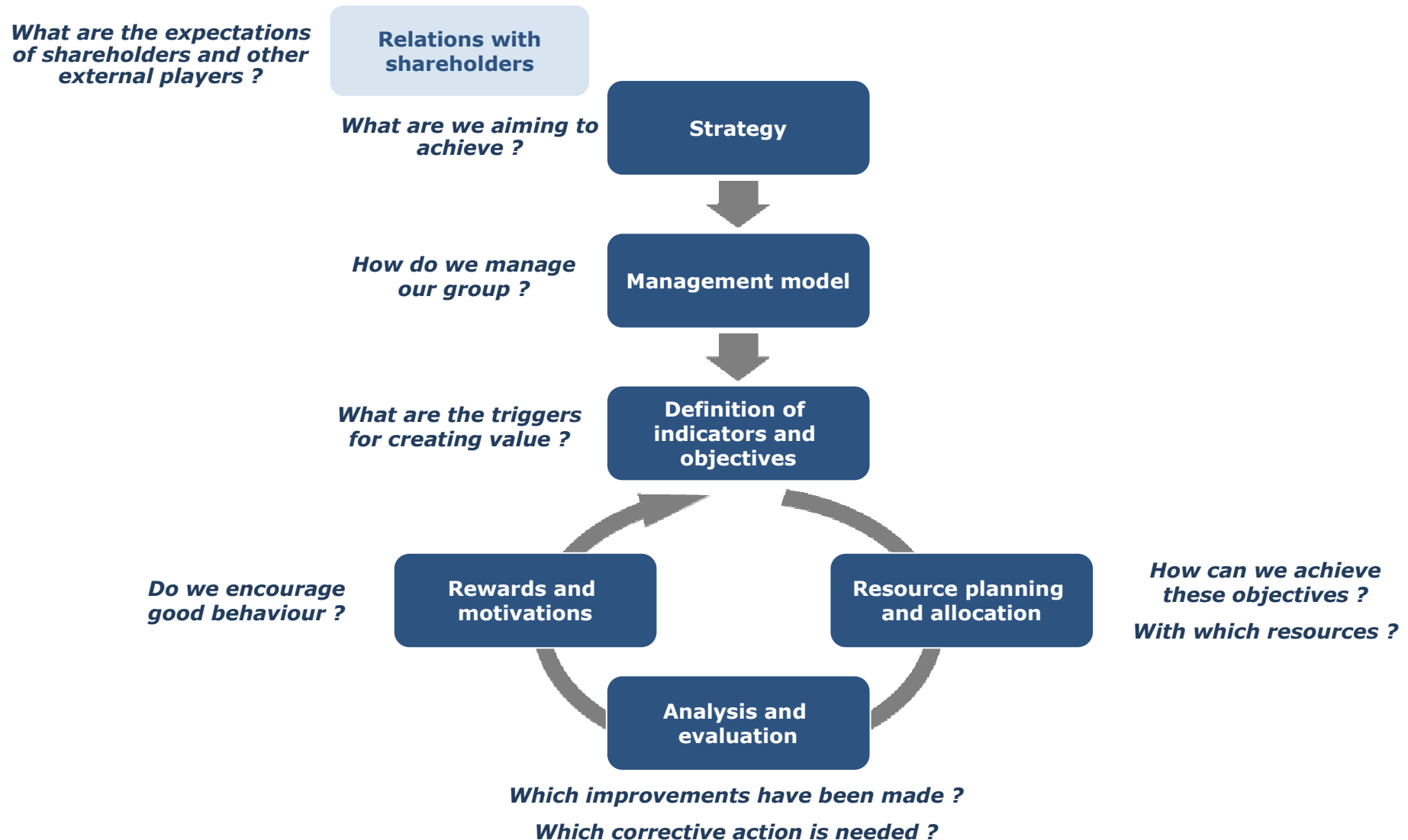


Tip 1: The strategic dashboard is at the core of the performance management system

- A powerful tool to **align the organisation** with the defined strategic objectives
- Cross organisation by nature, **it encourages collaborative work** in organisations that are operating most of the time in a vertical model
- Global and concise, it allows a **hierarchical interpretation of performance** and provides specific access to further detailed information



Tip 2: Performance management is a process to grasp as a whole



Tip 3: Work on several levels, from the executive summary to the detailed analyses

Executive summary of the dashboard directly readable on Smartphones:

1

- Concise and quick view of indicators
- A measurement of the value of the indicator, concept of progress and whether or not the objective is achieved
- Key comments with possible reference to an attached file for more details

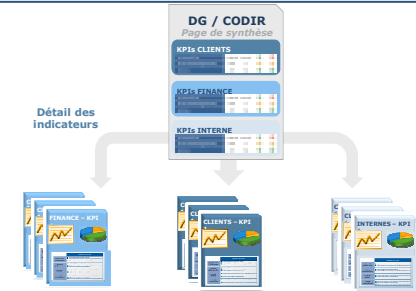


Earnings	Progress	Result / Objective
€970M	↑	✓
€472M	↓	✗
€355M	↓	✗

Complete dashboard sent by e-mail / published, providing:

2

- Detailed figures for each indicator
- Qualitative comment
- A comparison with the budget, the previous period and year



More detailed analyses available on request, allowing

3

- A more in-depth analysis of each indicator
- Monitoring of action plans in progress



Tip 4: The content of the strategic dashboard is Key

A Management tool enabling the mobilisation of the organisation and its performance control

What a Strategic Dashboard is :

- ✓ **A concise document**
Ex : 15 priorities and 30 KPIs maximum !
- ✓ **Defined, shared, accepted and integrated principles aligned with the management model**
Ex: a Business Review support, activity reviews support...
- ✓ **Defined, shared and accepted principles of responsibility**
Ex : a single stakeholder for each indicator, in charge of justifying the evolution
- ✓ **A production process**
Ex : models for the maximum automation of dashboards' production, persons in charge of figures and comments reporting, a person responsible for the consolidation process ...

What a Strategic Dashboard is not :

- ✗ **A library of indicators**
The dashboard does not replace reporting
- ✗ **A tool made to answer all questions**
Dashboards points out the main issues, that must be instructed with precision
- ✗ **A tool designed to serve different levels of management**
On the other hand, dashboards can be « cascaded », with strategic objectives waned in sub-objectives
- ✗ **A simple evaluation of the achievement of objectives**
A progress oriented management completes the vision « actual/objective »

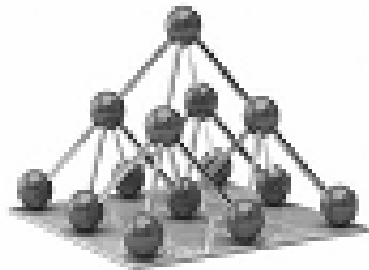
Tip 5: Around twenty « SMART » indicators, reflecting the management priorities

Specific



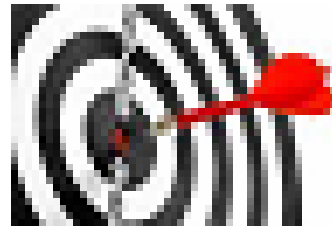
Simple and specific to pull the right triggers

Measurable



Measurable to assess the indicator with sufficient accuracy

Achievable



Realistic and linked to the management cycle

Reliable



A clearly identified manager for each indicator

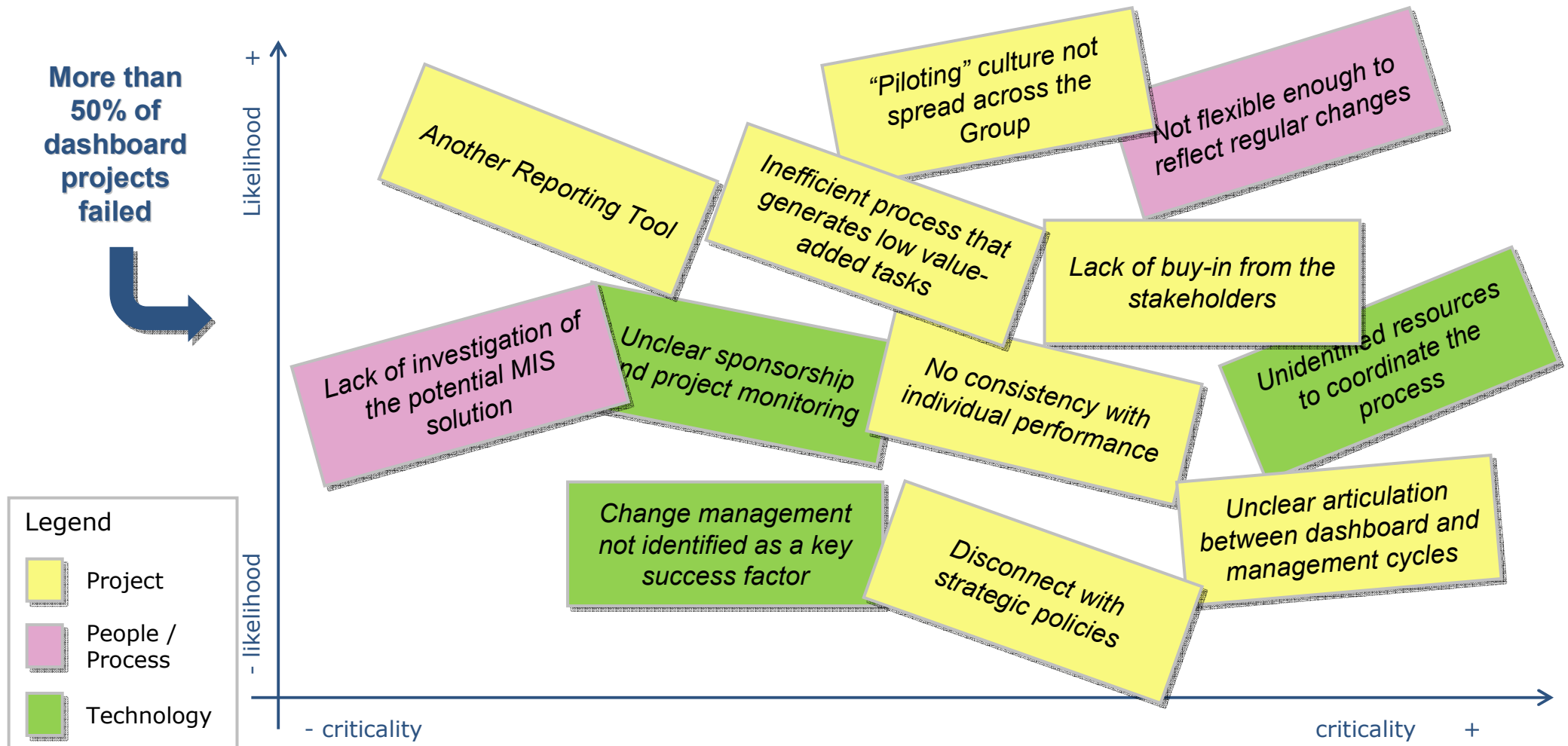
Time - limited



A time horizon of the target consistent with the rate of change of the indicator and the frequency of monitoring

Tip 6: More than 50% of dashboard projects fail by ignoring the required cultural change

Enforcing the piloting culture is a step change: a continuous focus on change management is key to reach your Performance Management goals





How to take your Performance Management to the next level...

Case Study



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Case Study Questions

What approaches should be considered by the management team to create an effective performance management and reporting capability for the whole organisation – concentrating on people, process and technology?

■ *How should they go about linking performance metrics to company strategy, which includes moving into additional markets in America?*

■ *What key areas do you believe they should focus on for metrics, across the whole business?*

■ *Given the distributed nature of the workforce (manufacturing and sales teams) how could online / mobile reporting tools support the organisation?*



**How to take your Performance
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**A methodology for Identifying
your specific MIS Requirements**

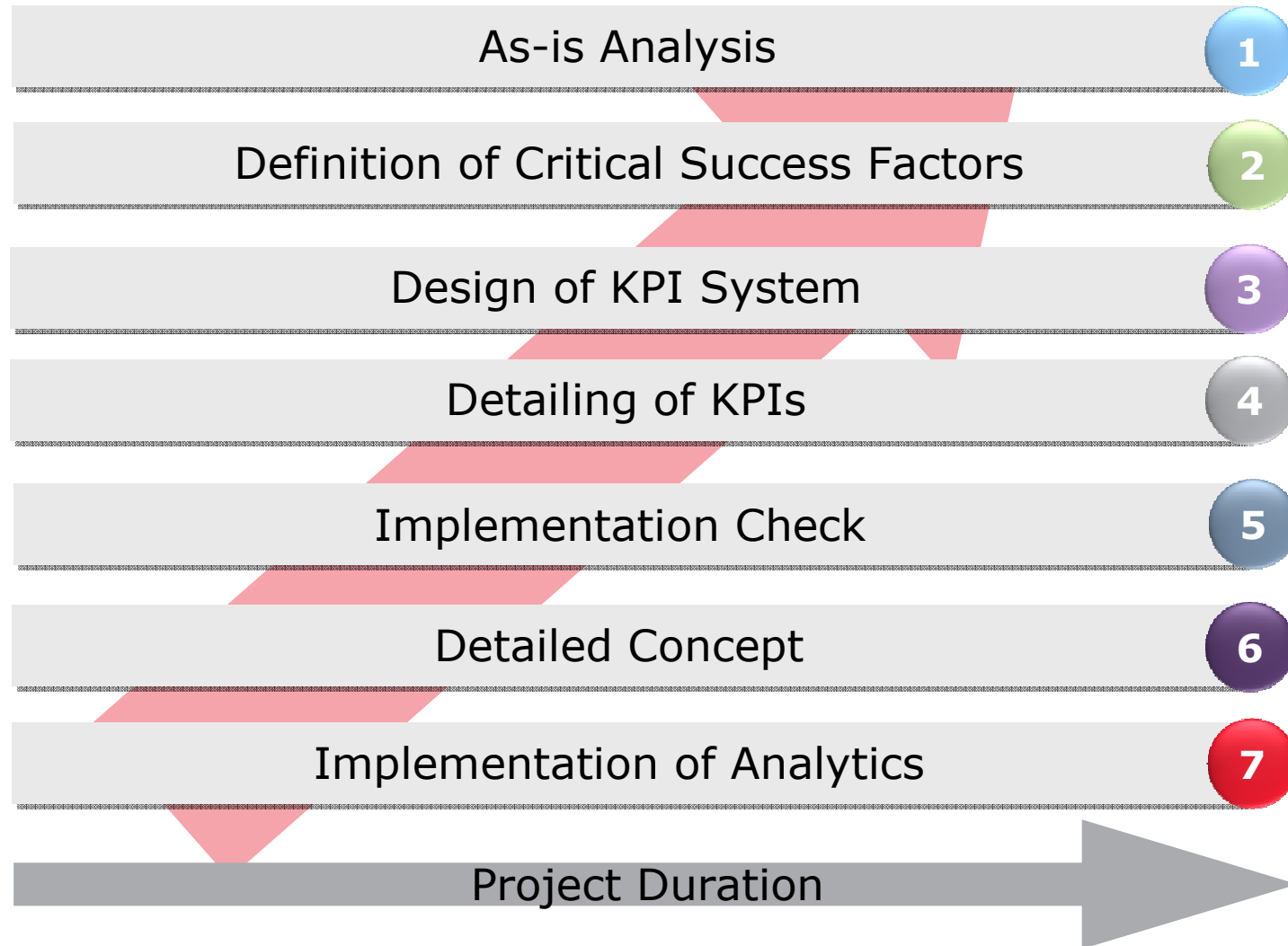


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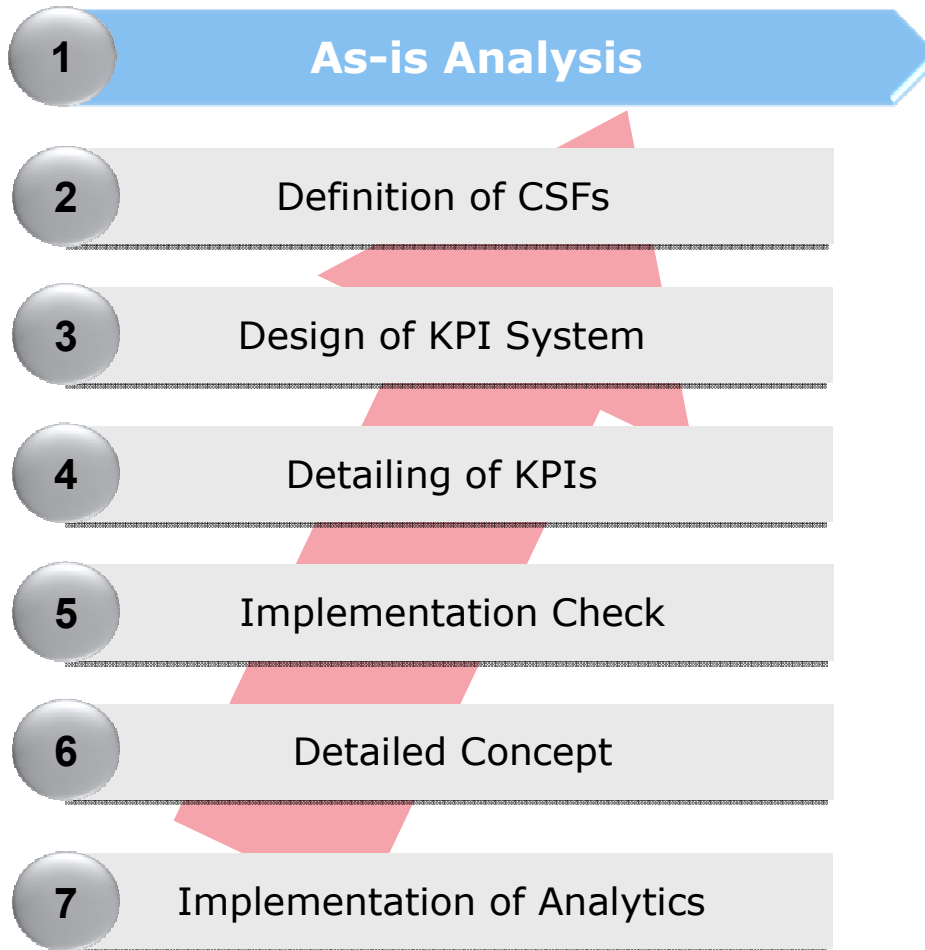


Methodology: 7 key steps

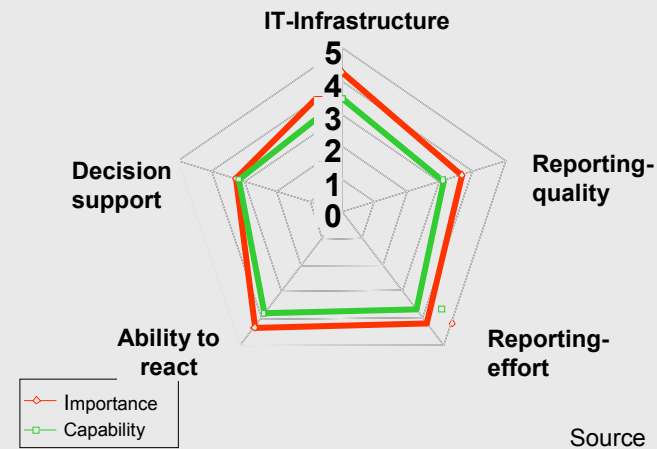
Work Packages



Step 1: Analysis of existing position – processes and systems

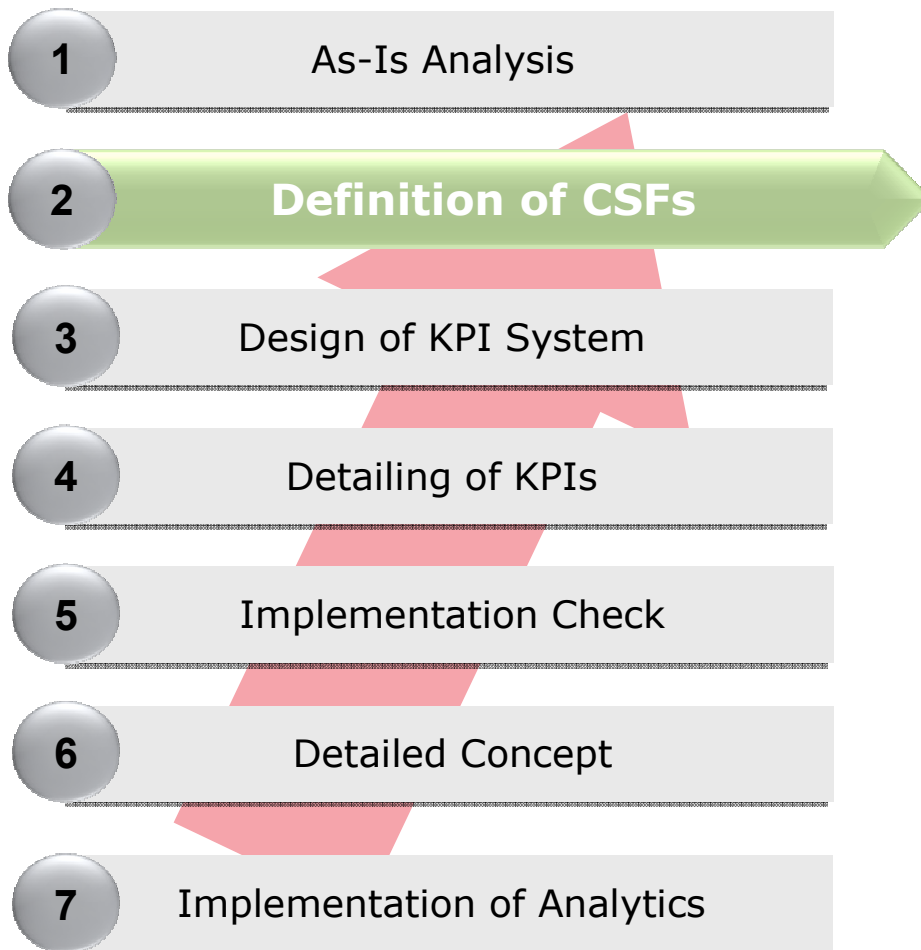


Example: Capability matrix

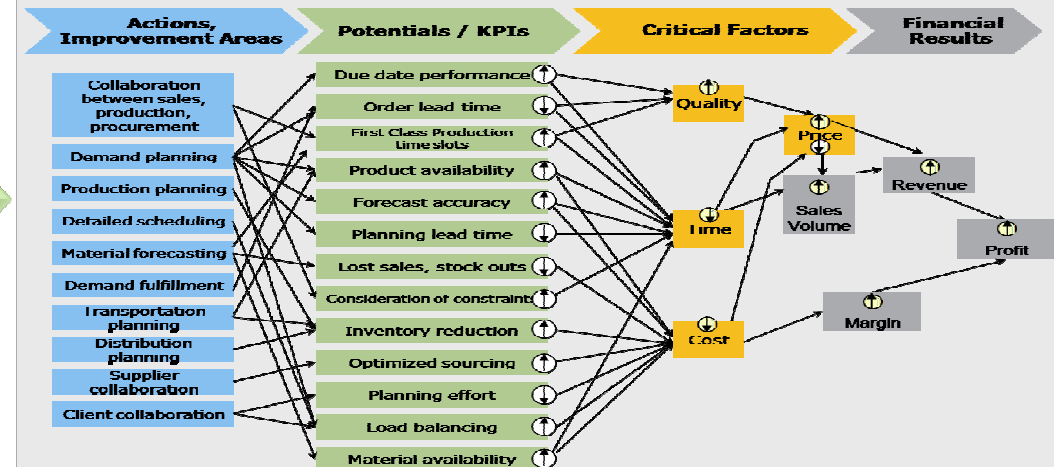


- Analysis of processes
- Evaluation of current reporting
- Identify & prioritize areas of improvement
- Analysis of systems landscape (domestic / global)
- Identify opportunities for performance measurement and analytics
- Evaluate benefits & ease of implementation

Step 2: Define goals, objectives and critical success factors

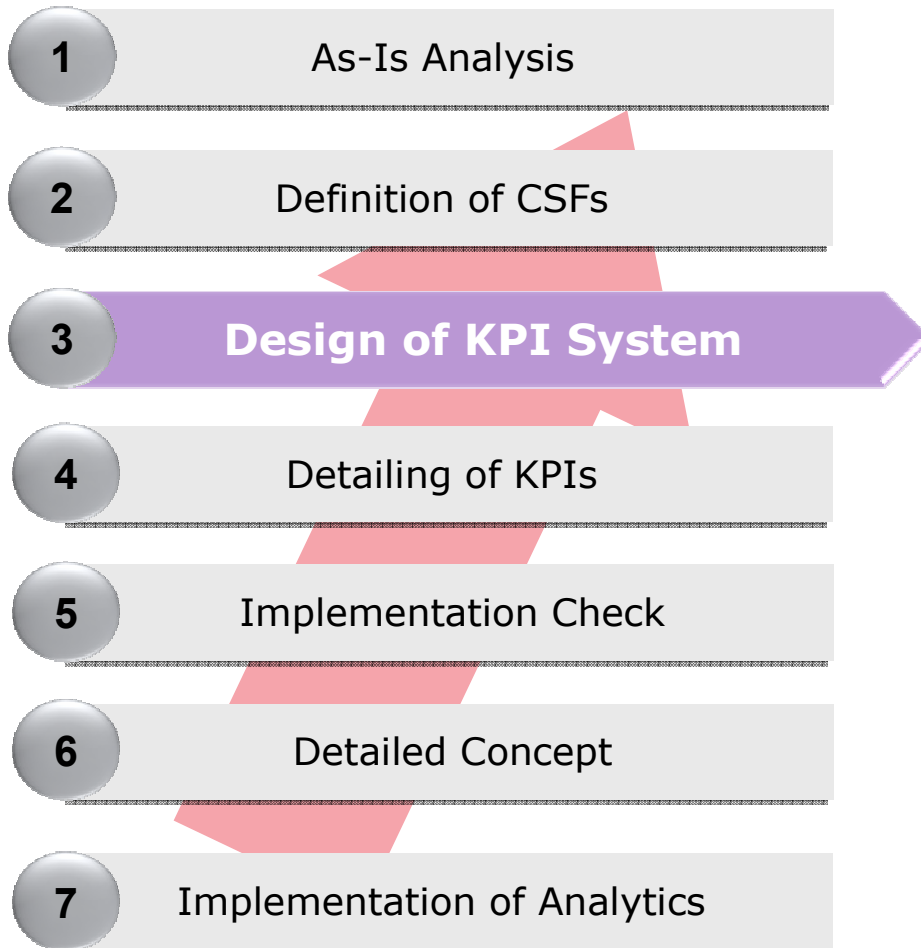


Example: Value Driver Tree

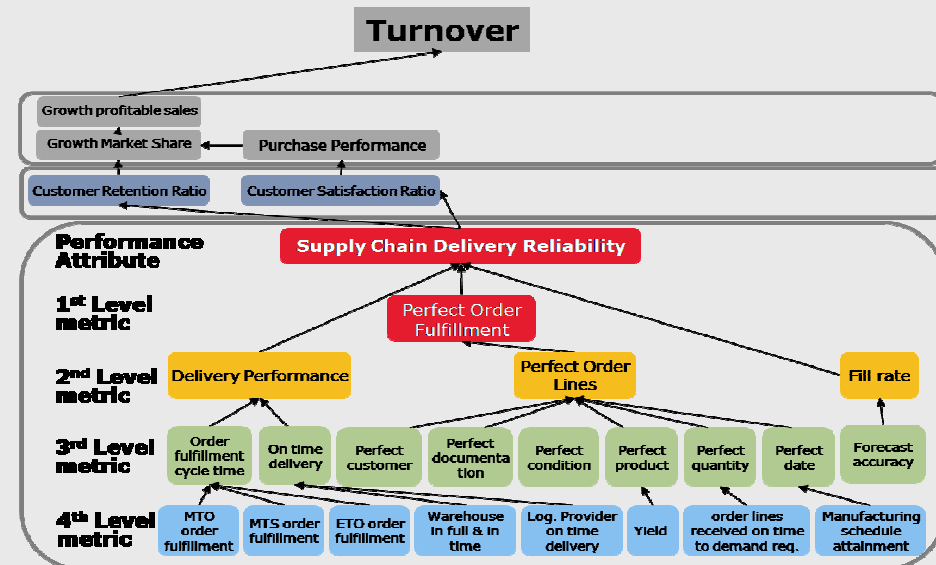


- Develop goals together with management and business unit leads
- Identify critical success factors (CSFs) on a operative basis with business experts in the various processes
- Breakdown of the goals and CSFs
- Classify goals and CSFs regarding the perspectives of a Balanced Scorecard
- Develop the Value Driver Tree

Step 3: Design KPI framework and system

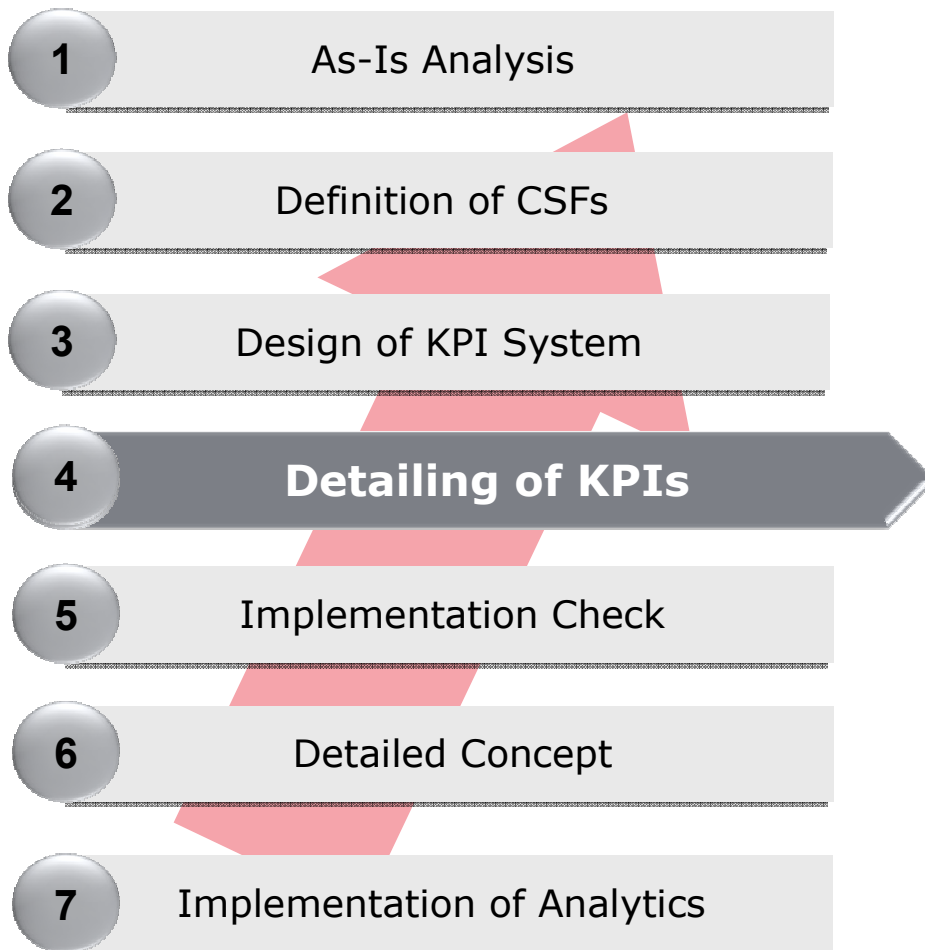


Example: KPI Hierarchy



- Derive Key Performance Indicators (KPIs) from Critical Success Factors
- Consider all relevant organisational levels
- Evaluation and consolidation of KPIs considering defined quality criteria such as service, specificity, availability or measurability
- Using the Value Driver Tree for proofing the cause-and-effect consistency of the KPI model

Step 4: Develop detailed KPIs

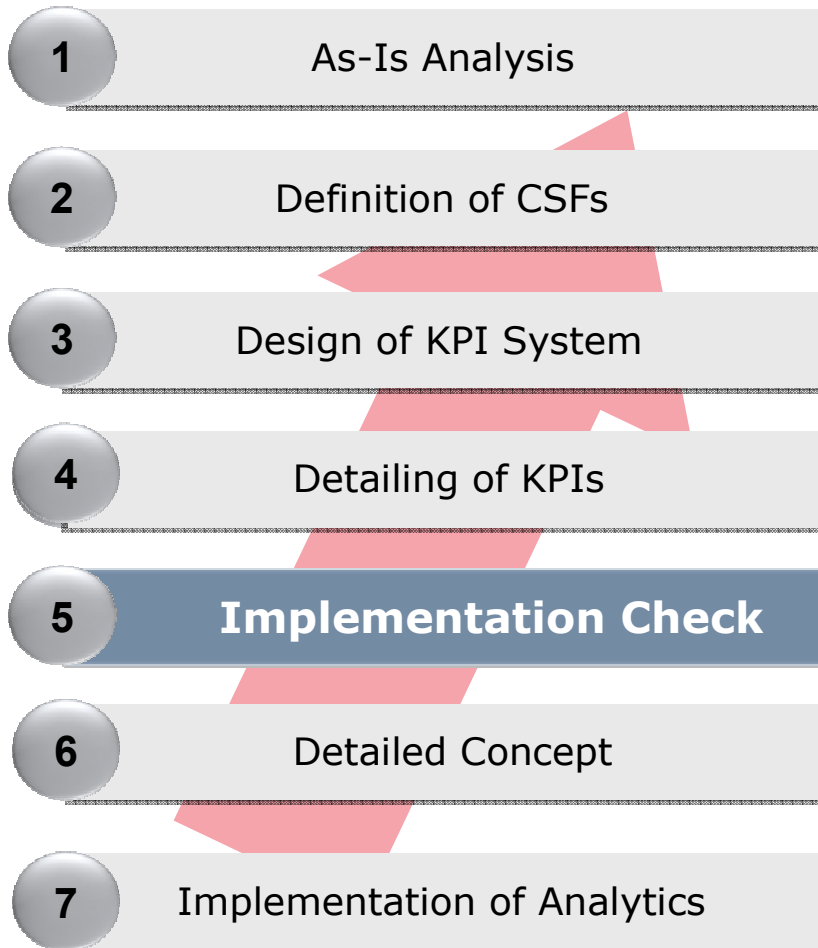


Example: KPI specification card

KPI NAME		
Definition	How is the KPI described?	
Interpretation and Handling	How will the KPI be interpreted and handled in the right way?	
Supply Chain goal	Which goal is being tracked?	
Necessary data	Which data is needed?	
Data Sources	Which data sources are relevant?	<i>Formula</i> $\frac{\text{Part of kept delivery due dates}}{\sum \text{orders within a period}} \times 100 [\%]$
Owner	Who is responsible for definition, creation and usage?	
Formula	How is the KPI being calculated?	
KPI levels	On which level will be reported?	
Reporting frequency	Yearly/quarterly/monthly/weekly/daily	
Targets	Which are the target values (e.g. benchmarks)?	
Dimensions	What characteristics are required?	

- Develop KPI catalogue
- Specification of KPIs with specification cards
- Content of specification card:
  - Purpose, formula, data sources, etc.
  - Frequency, dimensions, etc.
  - User / relevant organizational units
- Consider:
  - Best Practice
  - Company or country specific requirements
  - Standard KPIs

Step 5: Prepare for implementation – processes and tools



- Check...
  - ...availability of data in data sources
  - ...availability of characteristics and granularity
  - ...number and type of extractors
  - ...logic needed in ETL, Staging or Front-end
  - ...number of data store objects
  - ...data volume
  - ...roles & responsibilities
  - ...roll-out planning
  - ...number & allocation of users
- Define applicable Business Intelligence System

Example: KPI benefit evaluation



Step 6: Design analysis and reporting processes

1 As-Is Analysis

2 Definition of CSFs

3 Design of KPI System

4 Detailing of KPIs

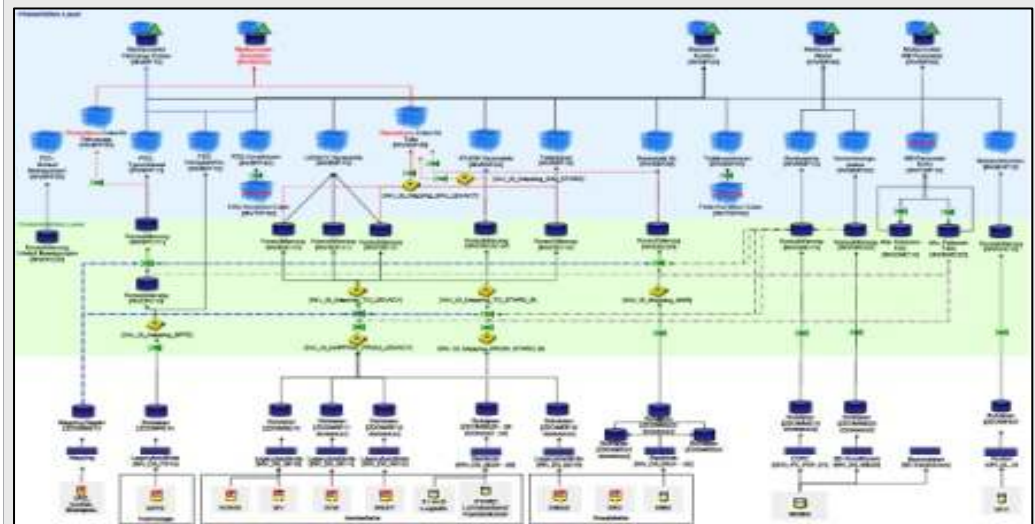
5 Implementation Check

6 **Detailed Concept**

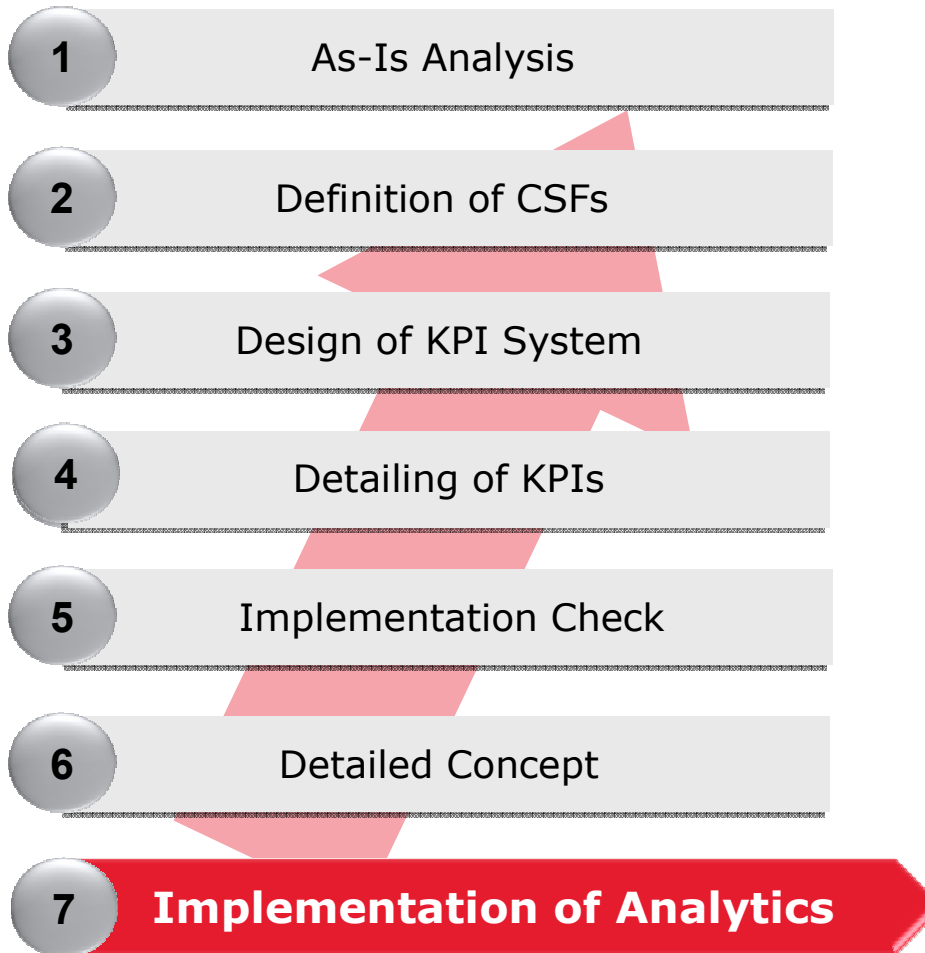
7 Implementation of Analytics

- Design of analysis processes
- Design of reports, dashboards and cockpits
- Build up data models (Micro-architecture)
- Design of data flow and staging (Macro-architecture)
- Definition of user interfaces for additional, planning or manually corrected data

Example: Data staging and flow



Step 7: Implementation, training and rollout



- Realisation of data model, extraction, loading and transformation
- Implementation of staging area and infocubes / facts
- Functional and integration testing
- Documentation
- Initial loading
- Set up authorization
- Rollout
- Training key user and Support

Example: Spend Management Cockpit





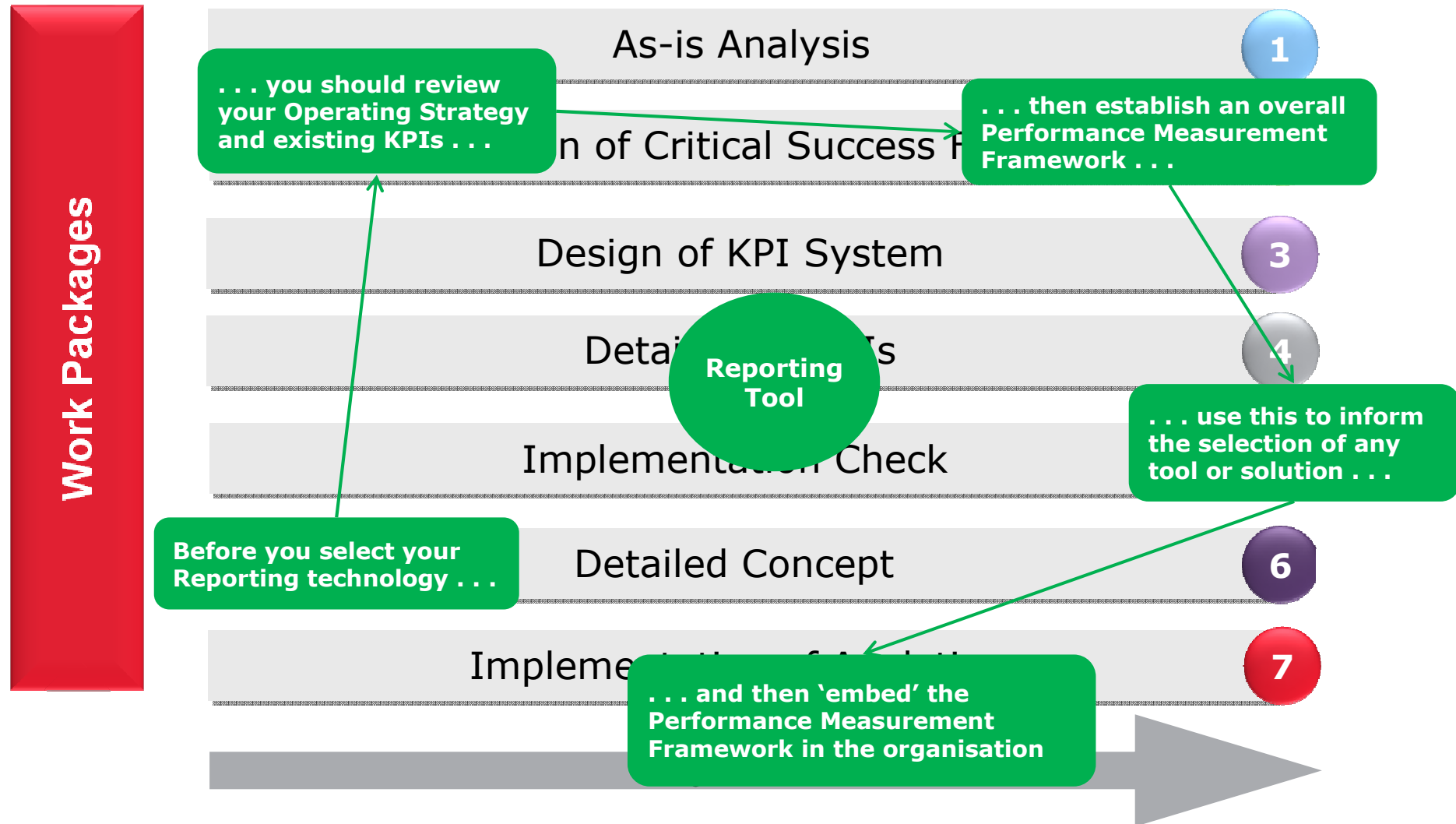
**How to take your Performance
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Choosing MIS Technology



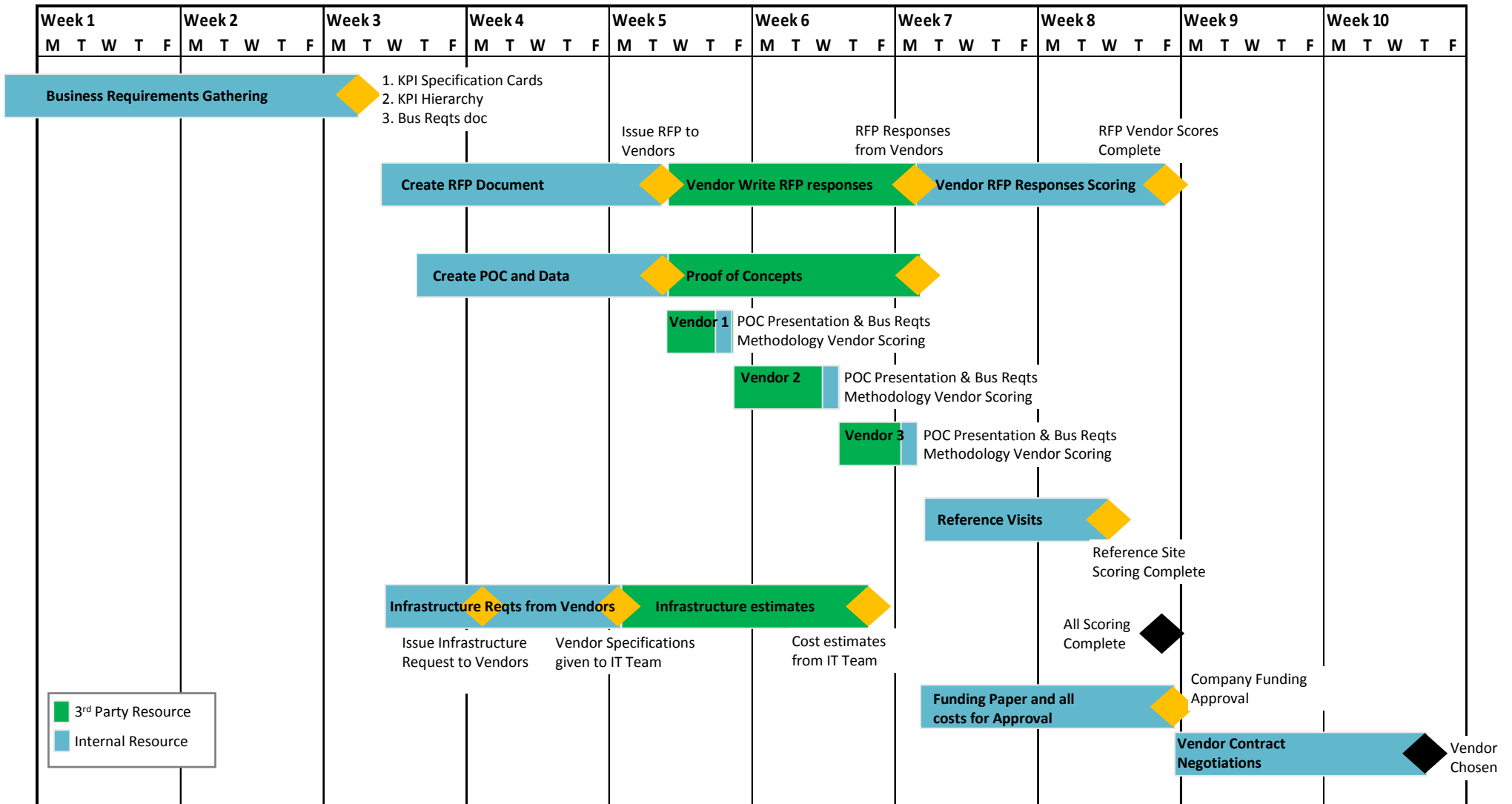
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Choosing Technology: Link to Company Strategy and Performance Management



Choosing Technology: Approach – achievable timeframe



Some Key Questions to consider when embarking on the MIS journey...

What are we proposing to do ?

- Initiate a project with the objective of creating a corporate performance management framework.
- Start by determining the right measures to assess performance at the strategic (business) level – our KPIs
- Design a KPI hierarchy which links operational level measures (metrics) for a subject area to our KPIs
- Implement a repeatable and consistent process for performance management and KPI measurement which is embedded in all areas of the organisation
- Enable this process with suitable technology

Why do we believe it is important ?

- We have a large number of KPIs and metrics which we are not aligned with our current operating strategy
- Many of these KPIs and metrics are not used, nor are owned by any particular individual
- We believe that some of these KPIs and metrics mean different things to different people, are not reliable and are not consistently defined or understood
- We have a number of existing technology solutions providing the data to calculate each existing measure, and are currently selecting an additional solution
- We believe it will improve our decision making capability

How we will approach it ?

- Review the position in relation to our KPIs and metrics: what they are, how they're measured & who is responsible
- Define a revised high-level framework, including our strategic (business) level KPIs and the subject areas
- Complete a pilot for a specified subject area to develop a detailed KPI/metric hierarchy and scorecard, using data and enabled by a new technology solution
- Review industry benchmarks & set performance targets
- Implement, measure and report across the organisation

Where will we see benefit and value ?

- A rationalisation of our existing KPIs and metrics with the objective of providing a smaller set of SMART indicators
- Greater accountability and ownership for KPIs - performance can be measured, compared and rewarded
- A consistent and repeatable performance measurement process which can evolve with the needs of the business
- An increased capability to make timely and informed decisions and take action
- A potential rationalisation of technology and improvement in data quality



**How to take your Performance
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Discussion - Q&A



Discussion – Q&A



Your contact at BearingPoint



Geoffrey Bourke



T +353 (1) 418 1121
M +353 (86) 839 7709

BearingPoint
Montague House
Adelaide Road
Dublin 2

geoffrey.bourke@bearingpoint.com
www.bearingpoint.com



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