Creating a High-*Performance* Culture

IT TAKES MORE THAN an executive decision to implement a game-changing Performance Management strategy, execute a systems implementation plan, and foster the organizational changes required to make the effort successful. This white paper is intended to provide guidance and best practices aimed at: aligning business and IT, breaking down organizational and political barriers that stand in the way, demonstrating the value of Performance Management, and creating an implementation roadmap for success.

COGNOS®
THE NEXT LEVEL OF PERFORMANCE™

COMPUTERWORLD

GOOD DECISIONS ARE THE building blocks of great business performance. By integrating information, technology, and people, your decision makers can become performance managers.

Many organizations have invested in business intelligence systems, or BI, to improve their insight into the business. Performance Management extends BI to integrate reporting, monitoring of corporate goals, and planning into a holistic system. This holistic system empowers decision makers with the answers to key questions—How are we doing? Why? What should we be doing?—in order to improve decision making.

By making a performance culture pervasive within an enterprise and empowering workers, coordinating them with decision making, and connecting them to strategy, organizations can make better decisions more quickly. Performance managers look at metrics, plans, and reports in their functional areas to make the best possible decisions.

Performance Management preserves the direction and intent of senior management and empowers operations to do the right job well. At the executive level, "we have cor-porate executives starting to identify what they feel is really the mission of their company, the goals and objectives, and then beginning to try and figure out how to communicate that to a much wider employee base," says David Stodder, vice president and research director for information management and IT Performance Management at Ventana Research.

Performance Management requires a management culture that encompasses business processes, technology, and methodology for supporting goal setting, performance monitoring, data analysis, and information dissemination. "When they get into Performance Management, companies have to move away from the idea that they're just delivering reports," Stodder says. "This is a leap that organizations have to make. Doing Performance Management and assigning metrics out to people is different than doing a static report."

Key Issues for Performance Management

Performance Management is rapidly moving from vision to practice because organizations are now looking to information systems as

strategic and competitive weapons, rather than as just a means of squeezing out efficiencies. In addition, executive management requires greater visibility into operations to comply with Sarbanes-Oxley and other regulatory requirements focused on good governance, greater transparency, and recognition of risk.

Moving from theory to practice takes effort, however. A high rate of user adoption is necessary to achieve a level of integration across the enterprise that will align the organization with a shared, single version of the truth. Performance Management requires the ability to create plans and budgets that con-

nect line and functional managers with the goals and objectives of executive management.

Market research firm IDC says that successful Performance Management initiatives are largely defined by nontechnical, business-related issues such as executive support, establishment of competency centers, business process reengineering, internal communication, and project management. However, says IDC, "None of these business initiatives can succeed without the support of a robust underlying IT architecture and appropriate end-user decision-support software."

Automation of Performance Management enhances the ability of an enterprise to adapt as business conditions change, and to recognize trends and changes in operational and financial metrics. It helps ensure that those metrics are made available to the right people and are used to make adjustments to operations and strategies. That provides both the means to make certain that performance is measured against targets, and to hold people accountable for their roles in that performance. Performance Management can also be a vital component in an organization's ability to comply with regulations such as Sarbanes-Oxley.

Taking the Path to Performance Management

Initially, the concept of enterprise-wide Performance Management may seem daunting. But somewhere in any organization there is likely already a starting point that can be leveraged and enhanced to promote a Performance Management initiative. Often, organizations can build upon an existing reporting capability, or perhaps a system being employed to enhance planning or risk management.

Reporting, a key component of business intelligence and Perform-

ance Management, is a common starting point for Performance Management initiatives. Reporting delivers the ability to answer fundamental questions about the business by providing deep insight into critical data.

Creativity Inc., a leading designer, marketer, and distributor of basic crafting, beading, organization, paper crafting, and scrap booking products, deployed a new CMS ERP system across its five divisions but quickly realized that the analysis capabilities were too limited. "We were generating reports from three separate ERP and accounting packages," explains Jim Mulholland, vice president of information technology for Creativity Inc./Westrim Crafts. "As the reports were being produced from operational systems, they were limited to standard formats. We needed to remove the veil on the data so we could arrange it the way we wanted, and report only those metrics that really matter."

With a Cognos BI solution, Creativity can now email its management team key reports every day as well as at the end of the month. It also runs reports to send to its board of directors. "With Cognos 8 BI, management is able to ensure that information is flowing properly and accurately, and really reflecting the key business metrics," explains Mulholland. Moving forward, Creativity will also integrate its international vendor data into its data warehouse to provide a view into the entire supply-chain cycle, including suppliers, warehouses, and customers. The company is developing dashboards using Cognos 8 BI, and expects to deploy Cognos 8 Planning.

Executive-level and business dashboards can help to communicate complex information quickly, providing management with an effective way to measure and monitor business processes. They repre-

sent the next step up from scorecards, which allow an organization to present findings to the business audience at a higher level and can help to align teams and tactics with strategy, communicate goals consistently, and monitor performance against targets.

Coming Together

As organizations begin to standardize on processes and technologies that help improve business performance, they soon realize that business intelligence exposes vast data inconsistencies contained in their ERP and CRM systems, in their databases, and in other data silos. All of this data must then be brought together to create consistent, meaningful information.

The University of North Texas, for example, wanted to provide employees with the IT foundation necessary to help improve the quality of its education and overall student experience. UNT began overhauling its IT environment by moving its mainframe legacy system to PeopleSoft ERP, and then it selected an Oracle data warehouse. With the new IT environment in place, the time was right for UNT to deploy a Cognos BI solution.

"Data, especially out of an enterprise system—not necessarily PeopleSoft, any enterprise system—can be confusing," says John Hooper, executive director of the administrative information systems group at UNT. "What can happen at the modeling layer within Framework Manager has been really important because you can start to put the data together in such a way that the user recognizes it more readily, and is able to make use of it on their own."

To understand and drive performance, Cognos customers recognize that strategic initiatives must be linked to the planning, budgeting, and forecasting process to drive effective resource allocation across the enterprise. Budgets and forecasts, in turn, need to be supported with certified financial data from an efficient financial consolidation process that provides a timely, reliable, and transparent view of financial performance.

Siza Dorp Group, a demand-driven health care provider in the Netherlands, was formed from mergers among Siza, Het Dorp, and Koonings Jaght. The merged organization needed dynamic information to provide insight into activities from various perspectives and manage it in a focused way. "We first examined precisely what it was that we wanted to manage," recounts Thomas Geelkerken, project manager for BI and planning, in the ICT department of the Siza Dorp Group. "This led to a strategic plan with four aspects: finances, personnel, clients, and quality. We developed our information requirements based on this and analyzed what reporting would be needed to meet these requirements."

So Siza Dorp Group created a data warehouse and chose Cognos 8 BI for the development of the desired reporting and analysis. After financial reporting was developed and implemented in a few months' time, reporting on personnel and clients followed. The provider also decided to integrate budgeting into the environment, using Cognos 8 Planning. With the developed reports and analysis possibilities, the Siza Dorp Group has up-to-date and detailed management information available from several points of view. This information can now be distributed quickly and easily to different users via the Web. The next step for the Siza Dorp Group will be in the area of scorecarding with Cognos 8 BI.

While the reporting-led roadmaps outlined above are quite typical approaches, there are others. In some cases, organizations have reacted to a potential risk factor and implemented a BI or Performance Management system to ensure management is not caught unawares. In other cases, departments or business units may have recognized the need for a more structured approach to measurement against objectives and worked with IT to initiate a pilot Performance Management project.

Alignment of IT with Business Goals

ERP deployments deliver immense value, but the data they hold is not easily accessible for the deep-detail or cross-departmental reporting organizations require for Performance Management. Typically, they are challenged by low user acceptance, lack of accessibility by business users, and difficulty in changing analytical capabilities separately from the transactional data system.

ERP is also just one of multiple data sources. Performance Management requires the ability to sort through multidimensional data to organize and extract information that can help managers make the right decisions. With a centralized metadata model, organizations can apply consistent business rules, dimensions, and calculations to their data, regardless of its source.

Enterprises increasingly are opting for a Web-based deployment model that reduces the burden on systems and training while improv-

ing user adoption. With centralized deployment and administration, IT does not have to install and manage client desktop software, minimizing deployment and maintenance costs.

Traditionally, information has been delivered to mobile workers through desktop formats such as Microsoft Excel®, PDF, and HTML. Unfortunately, these tools offer limited practicality for mobile BI, as they have not been optimized to provide the required interactive experience. The recent availability of Cognos 8 Go! Mobile overcomes these limitations by delivering a rich mobile client interface designed for business intelligence. It allows executives, leaders, and mobile workers to use their handheld devices to read and interact with Cognos 8 BI reports, dashboards, metrics, and other information.

Connecting Process to Strategy

Completing the journey from reporting to Performance Management means building sustainable and continuous links among every aspect of corporate performance—including resources, processes, and initiatives—and aligning them with the corporate strategy. Cognos customers have done this in a number of ways, including:

- Using scorecards that link strategic objectives, initiatives, and key performance indicators to com-

municate the right information quickly to the right people

- Gathering information from front-line personnel to identify opportunities and align resources with objectives

- Identifying performance gaps in time to put new initiatives in place and act on them

These and other integrated business processes become possible when your enterprise reporting and business intelligence solution is anchored by strong planning, budgeting, forecasting, and financial consolidation.

Strategic initiatives must be linked to the planning, budgeting, and forecasting process to drive effective resource allocation across the enterprise. Budgets and forecasts, in turn, need to be supported with certified financial data from an efficient financial consolidation process that provides timely, reliable, and transparent views of financial performance.

Best Practices Make Perfect

Once the decision has been made to embark on the Performance Management journey, an organization must focus on how best to accomplish the tasks ahead. Adoption of industry best practices delivers more value, faster, for a Performance Management system.

To help ensure effective integration of planning and other business processes and speed deployment of your Performance Management initiatives, the Cognos Innovation Center has developed Performance Blueprints that translate best practices used at customer sites into easily implemented solutions that include predefined data, process, and policy models.

The blueprints address functional and industry-specific processes to help coordinate financial and oper-

ational planning, improve forecasting reliability, allocate resources effectively, streamline project implementation schedules, and reduce risk and the cost of ownership.

Complementing the blueprints is *The Performance Manager: Proven Strategies for Turning Information into Higher Business Performance,* a Cognos publication that distills insights and lessons learned from years of experience with thousands of customers into advice for leveraging your information assets to support Performance Management goals.

Ventana's Stodder says organizations will be more successful if they take the time to define the metrics that will measure performance and, in general, if they start by defining a small number of metrics "rather than try to do the whole thing at once."

Winning Strategies

In addition to defining metrics and leveraging best practices, each organization needs to sculpt strategies to extend BI and Performance Management throughout the enterprise. To do this, many companies utilize a Business Intelligence Competency Center (BICC) to facilitate predictable, repeatable, consistent, and dependable deployment and use of BI. At Creativity Inc., a BICC known internally as its Analytical Center of Excellence is tasked with maintaining the company's BI solution, which is deployed throughout the five divisions. The BICC is also responsible for the company's reporting, analysis, and future BI requirements.

When an initial reporting project provides a successful demonstration that there is better insight into the mounds of data locked deep within the IT infrastructure, many organizations then use the platform to extend and display the data via business and executive-level

Getting answers and acting on them means integrating reporting and analysis, planning, and measuring and monitoring across your organization. The Cognos Performance Management framework provides the tools to do so, and also identifies best-practice decision areas, or information sweet spots by business function, such as finance, product development, IT, HR, marketing, and executive management.

scorecards and dashboards.

With *The Reporting and Performance Management Roadmap*, Cognos provides a proven method for implementing a Performance Management solution using reporting as the catalyst. By following the roadmap, organizations can put in place an effective reporting solution and then build it along well-thought-out lines to transform business processes and drive better performance.

Delivering a successful solution is achieved through a strong partnership between IT and the business unit. Many IT executives say that a strong and visible business champion, or executive sponsor, is a key element in forging acceptance of a Performance Management system across the organization. "Without senior-level sponsorship and understanding of the strategic importance of the effort, it will be almost impossible to get optimal results," according to Ventana Research.

Performance Management Framework

Getting answers and acting on them means integrating reporting and analysis, planning, and measuring and monitoring across your organization. The Cognos Performance Management framework provides the tools to do so, and also identifies best-practice decision areas, or information sweet spots by business function, such as finance, product development, IT, HR, marketing, and executive management.

■ Reporting and Analysis

Integrated reporting and analysis software delivers user-friendly information from all of your data sources to ensure alignment with a single, reliable version of the truth. Timely reports across multiple sources provide the information you need, when you need it. Information must be given to workers in the manner they want it, over the Web, on mobile devices, and through common interfaces like Microsoft Office.

■ Planning

Finance and other department managers use integrated software to translate business strategies and objectives into plans, budgets, and forecasts that provide dynamic, interconnected models for better visibility and control over performance. Finance is connected to other departments, linking financial projections with the sales, head count, expense, and capital expenditure plans that underpin them. Plans are communicated enterprise-wide; feedback for the planning process is enabled across departments, functions, and geographies and targets; and plans and resource allocations can be adjusted as conditions change.

■ Measuring and Monitoring

Scorecards, dashboards, and financial consolidation software solutions help companies answer a fundamental Performance Management question: How are we doing? Scorecards distill information into a small number of metrics that show executives immediately how the company performs against targets it set. Dashboards translate complex information into high-impact presentations using gauges, maps, charts, and other graphical elements. Financial consolidation software combines multiple diverse ledgers into a single, common chart-of-accounts structure to improve planning and forecasting with a single version of financial facts.

Conclusion

Executive management bears the ultimate responsibility for the success or failure of the business. As "chief balancing officers," executive management needs to understand and manage across financial and operational systems. This is the crux of its information challenge, and it is the most significant advantage of a Performance Management system.

Good decisions are the building blocks of great business performance. The Performance Management system from Cognos integrates software, services, best practices, and partners. The result—a common understanding and accountable actions based on answers to your Performance Management questions.

COGNOS®
THE NEXT LEVEL OF PERFORMANCE™