

## Revving up business performance Enabling an integrated approach to performance management through technology

B.C. Forbes declared, “If you don’t drive your business, you will be driven out of business.” Unfortunately, it’s hard to drive when you can’t see. Despite massive investments in ERP, CRM, and other enterprise systems, many companies still don’t have the information they need to make good business decisions.

In most cases, the problem isn’t a lack of information – it’s a lack of insight. Performance Management Technology (PMT) can help by enabling an integrated approach to all aspects of performance management, from budgeting, planning, and forecasting to financial consolidation and reporting. Many companies view these processes as necessary evils. The activities are time-consuming, slow, and inefficient, and rely heavily on spreadsheets and manual effort. Also, the final output often has little connection to the company’s business strategy – or to what people on the front lines actually do.

Technology, when tempered with business know-how, can provide the foundation for an integrated approach to managing performance. The results? Performance management processes that should be fast, efficient, and repeatable – and information that should be timely, accurate, relevant, and consistent across the enterprise. This integrated approach can support your strategic agenda by providing forward-looking financial and non-financial insights that can help you make better decisions, change direction more quickly, and capitalize on new opportunities.



### Ways to create more value with Performance Management Technology

Companies with effective performance management systems can easily create rolling plans, budgets, and forecasts that don't just gather dust on a shelf but actually help manage the business. They can close their books accurately and on time without a lot of late nights and personal heroics. And their leaders and managers can focus on making strategic decisions, rather than spending the first 20 minutes of every meeting arguing over whose data is right.

An effective way to make these things happen is to take a flexible, integrated approach to performance management and leverage existing resources and investments. A dynamic view of integrated business performance can greatly enhance the likelihood of achieving the strategic objectives. Of course, integrating the components of performance management isn't easy. Here are some lessons we've learned while helping companies around the world in their efforts to deploy performance management technology.

**Start with business strategy.** The traditional approach to planning, budgeting, and forecasting relies heavily on individual input and "gut feel" – and the results are often out of sync with what is actually happening in the business. Effective performance management starts with an enterprise business strategy and key business drivers, which should help produce consistent action across the organization.

**Combine internal and external reporting into a single thread.** Many companies handle external reporting and internal management reporting as completely separate activities. This often leads to conflicting information and needless duplication of effort. Internal and external reporting should be managed as a single, integrated process that simply tailors its output to meet the needs of two different stakeholders.

**Set priorities.** Most companies suffer from too many reports that deliver too little insight. Think about what information is truly needed – and who needs it – and

design your reports accordingly. Don't be afraid to eliminate reports that provide little value or insight. Such reports often create more problems than they solve.

**Manage change.** Performance management information should be used by decision-makers throughout the business. That widespread impact is a blessing, but it's also a curse – creating organizational resistance that can easily undermine the overall effort. Involve key stakeholders early and often to get their insight and establish a sense of ownership.

**Don't give up.** Effective performance management deployments require collaboration, patience, and commitment across the entire organization. At first, many functions and operating units are likely to resist the effort – viewing integration as a threat to their decision-making independence. But eventually most will realize that an integrated approach to performance management can help improve their decision-making and lay the groundwork for future financial success.

#### Bottom-line benefits

- Provide information that is timely, accurate, relevant, and consistent – a single version of the "truth"
- Improve the efficiency of key processes: budgeting, planning and forecasting, financial consolidation, and reporting
- Develop plans, budgets, and forecasts that align with business strategy
- Achieve greater consistency between internal management reporting and external reporting
- Manage risk and improve compliance and control
- Get more value from ERP and other big IT investments

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