



# FINANCE FORUM

2009

## Strategy Management with IBM Cognos 8 BI Scorecarding v8.4

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## ***Agenda***

- Performance Management
- Strategy Execution Failure
- Scorecarding Maturity Level
- IBM Cognos 8 BI Scorecarding Value
  - Addressing Strategy Management & Scorecarding Issues
- Customer Success: Eneco
- Product Demo: IBM Cognos 8 BI Scorecarding
- Conclusion & Summary
- Q & A

## *Addressing the Needs of Business*



### Informed

Provides more trusted information with the additional context to add perspective to the information.



### Engaged

Invites business users with more a dynamic & interactive business intelligence experience.



### Aligned

Improves alignment between strategy & operations with complete visibility from business operations to advanced analytics & strategic plans

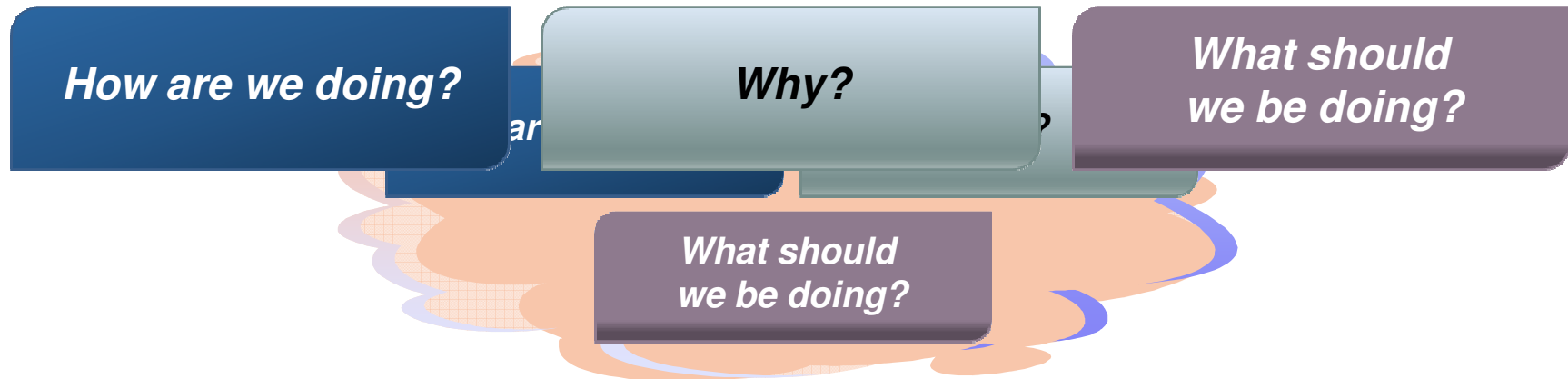
## *Three Questions that Drive Performance*

*How are we doing?*

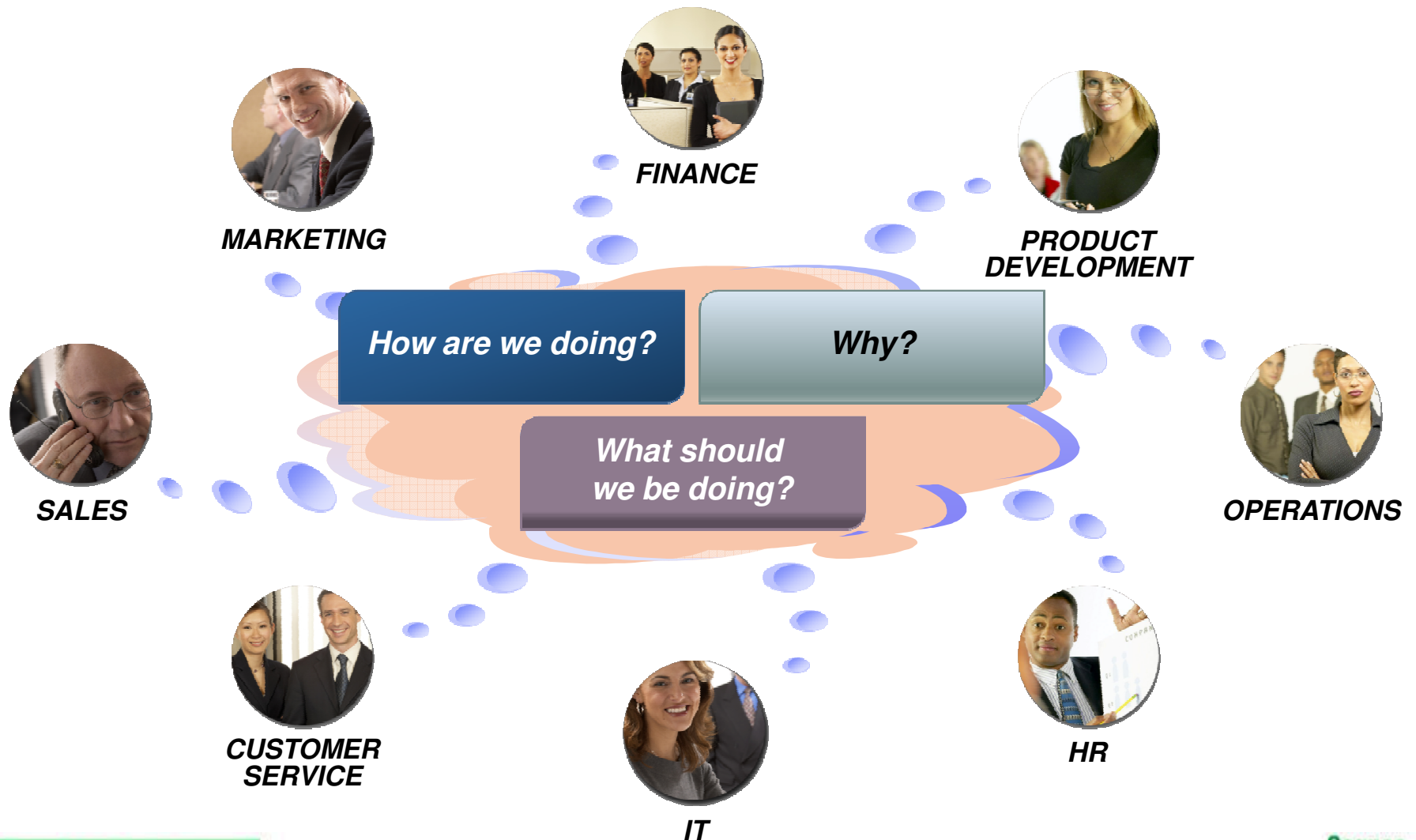
*Why?*

*What should  
we be doing?*

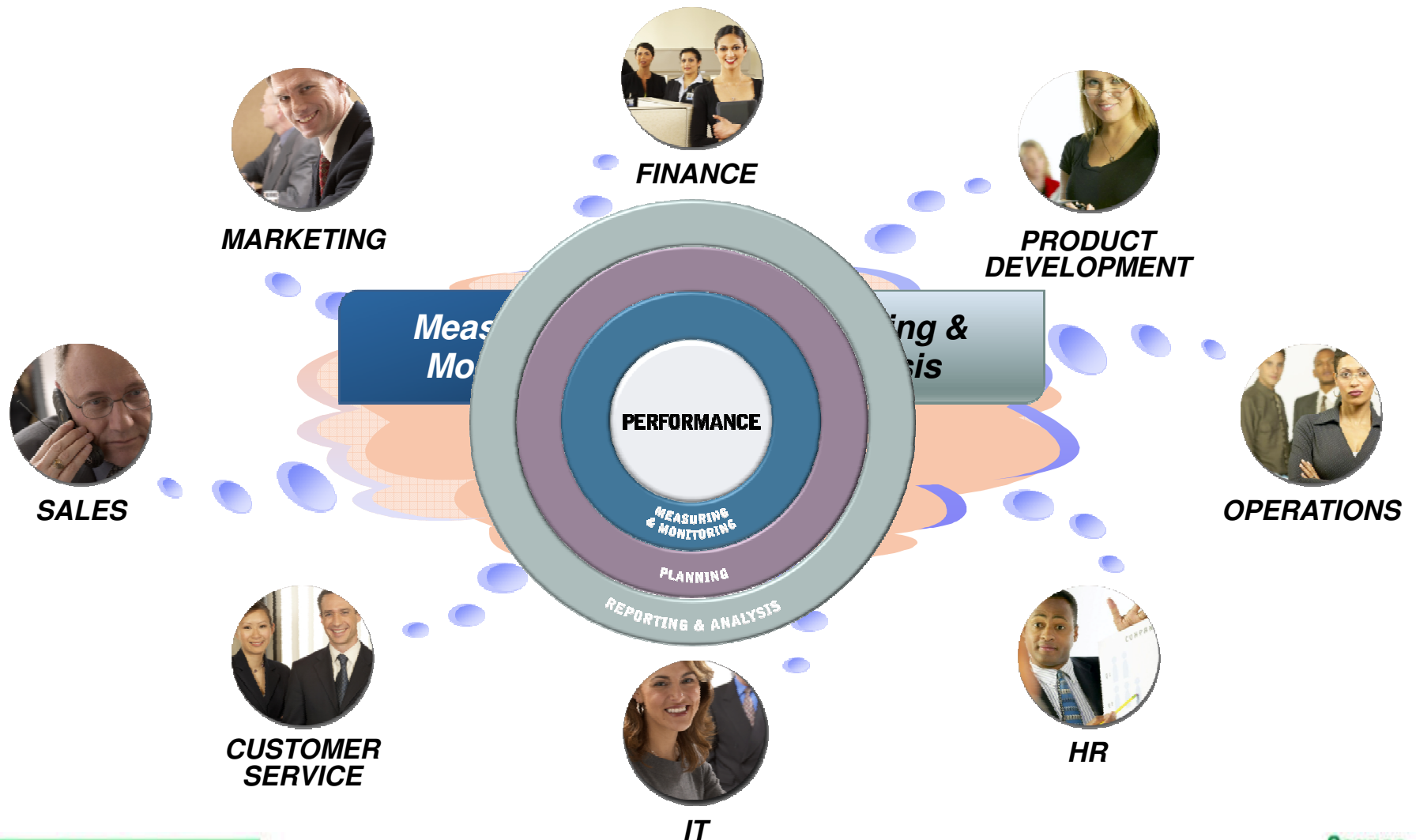
## *Three Questions that Drive Performance*



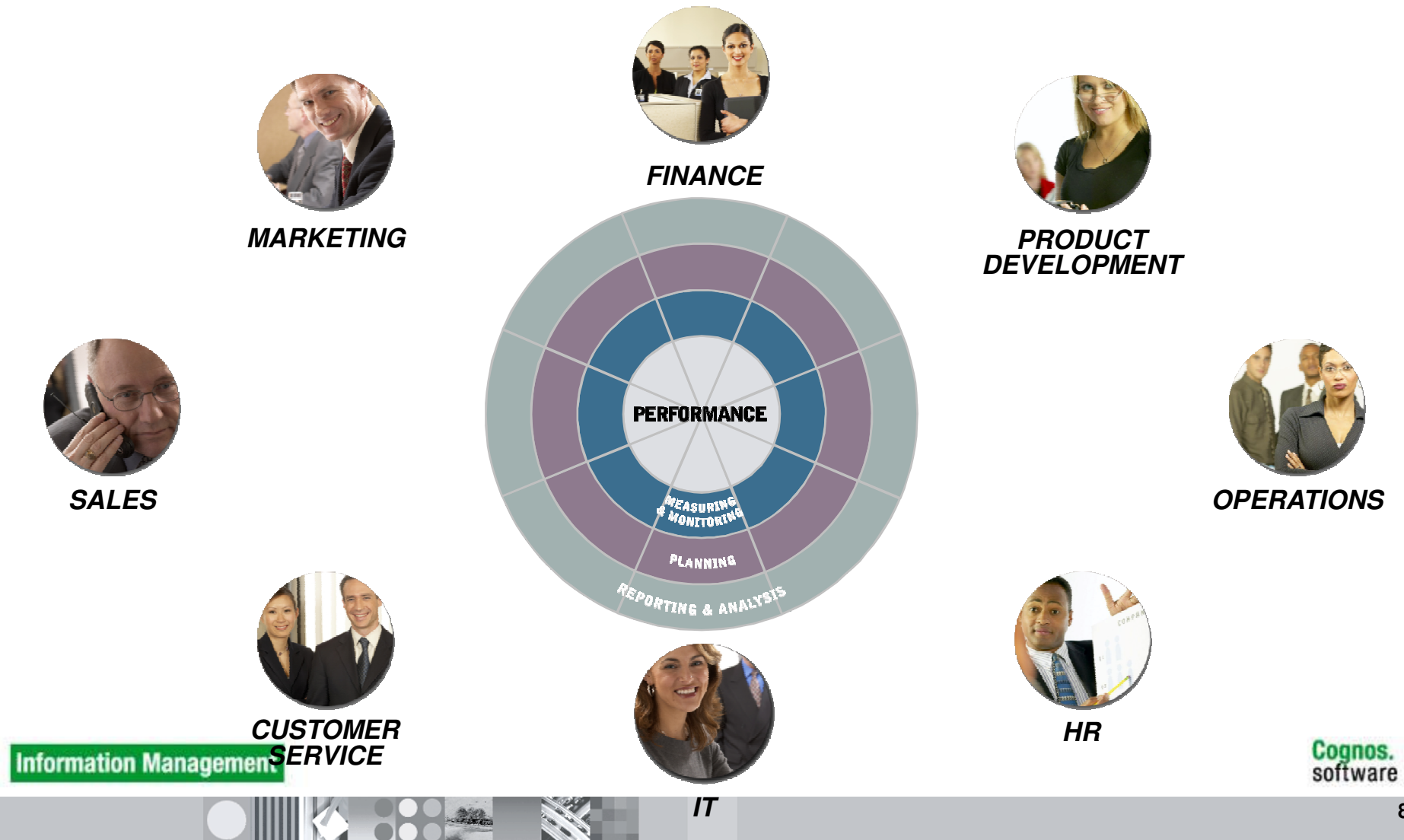
## Three Questions that Drive Performance



# Performance Management Capabilities

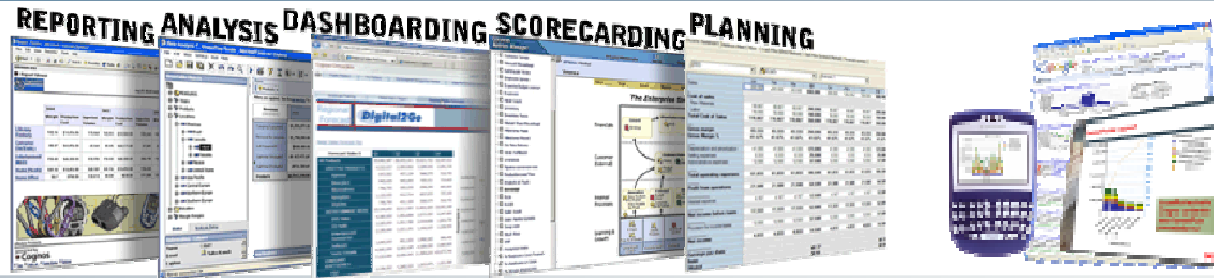


# *Performance Management Capabilities Across the Organization: Plan, Understand and Optimize Performance*

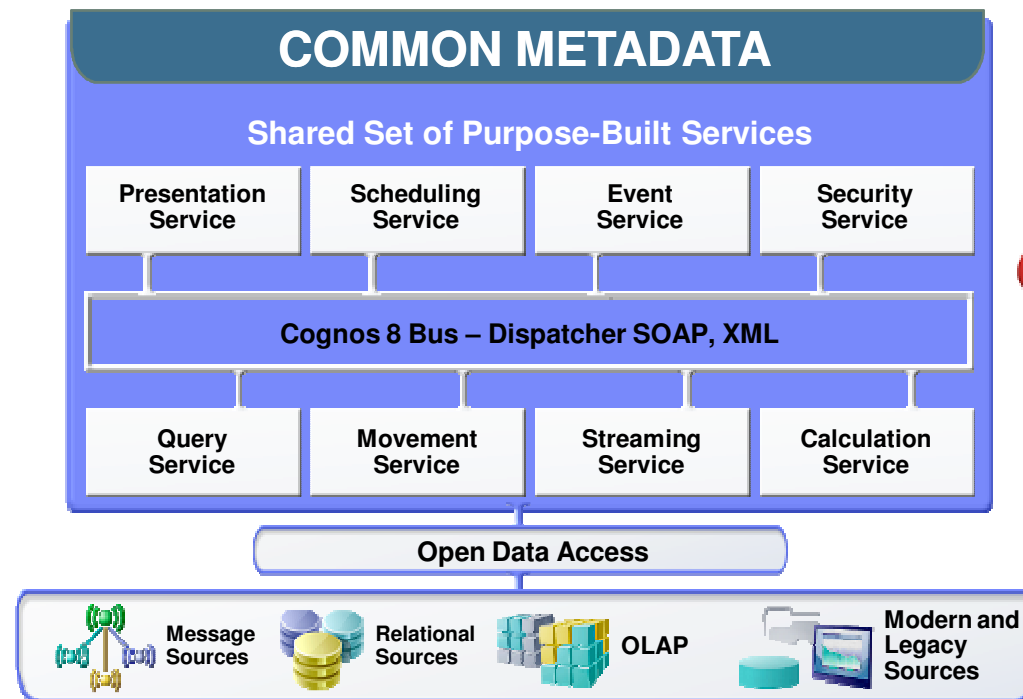




## IBM Cognos 8 Platform – Single Foundation...Growing Capabilities



IBM Cognos  
BI



**COGNOS 8 v4**

Information Management

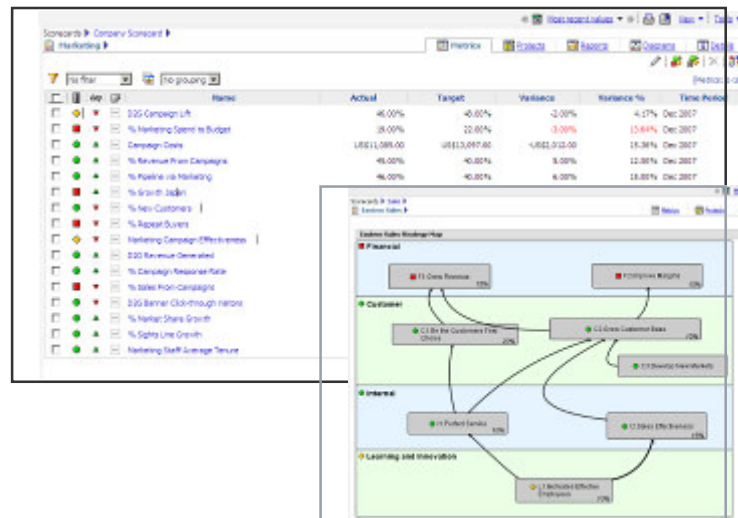
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## ***Answering the question “How Are We Doing?”***



- **Dashboards**

- Provides at-a-glance, high impact views of complex information
- Helps quick focus on issues that need attention and action
- Are highly visual and intuitive
- Combines information across disparate sources

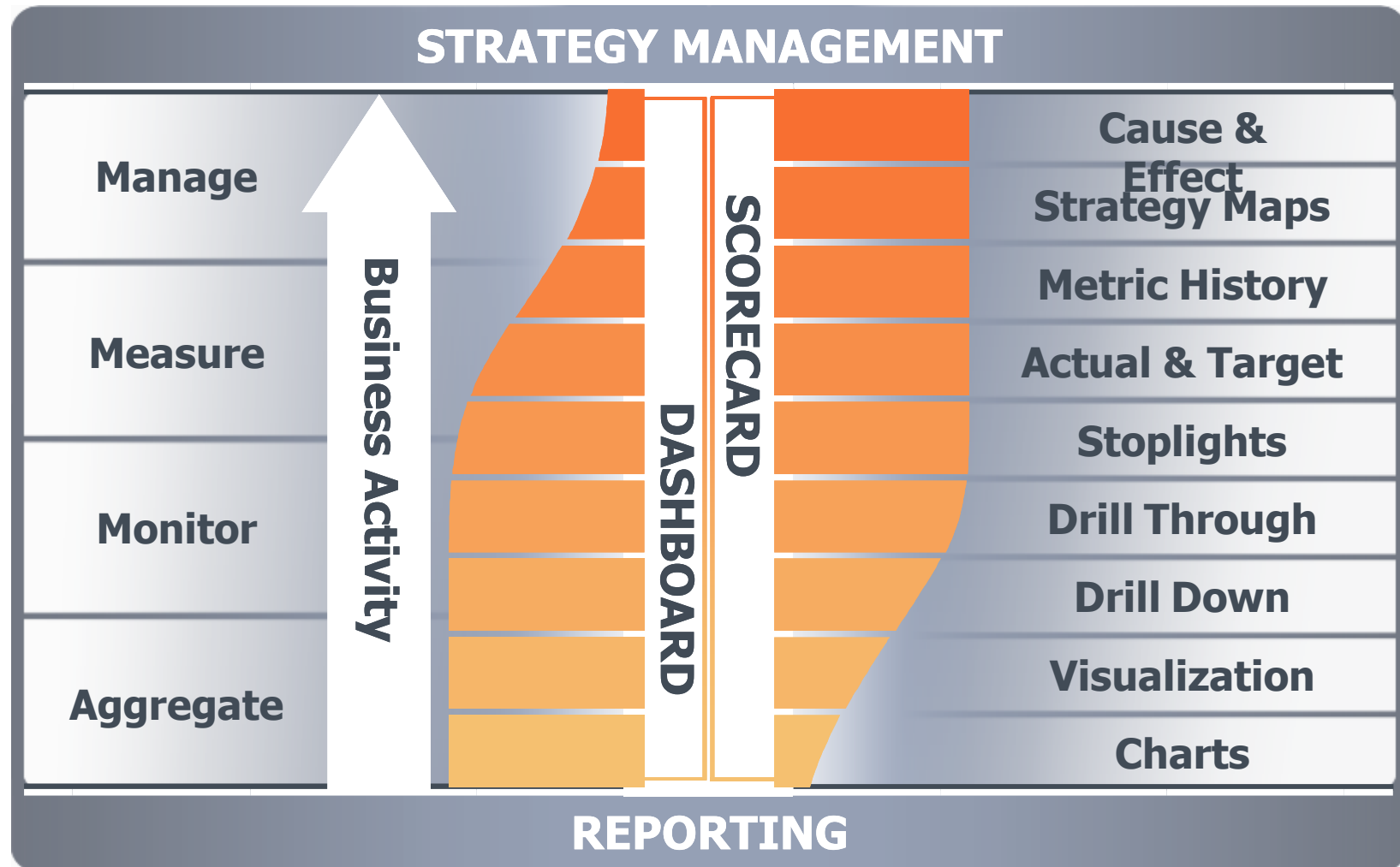


- **Scorecarding**

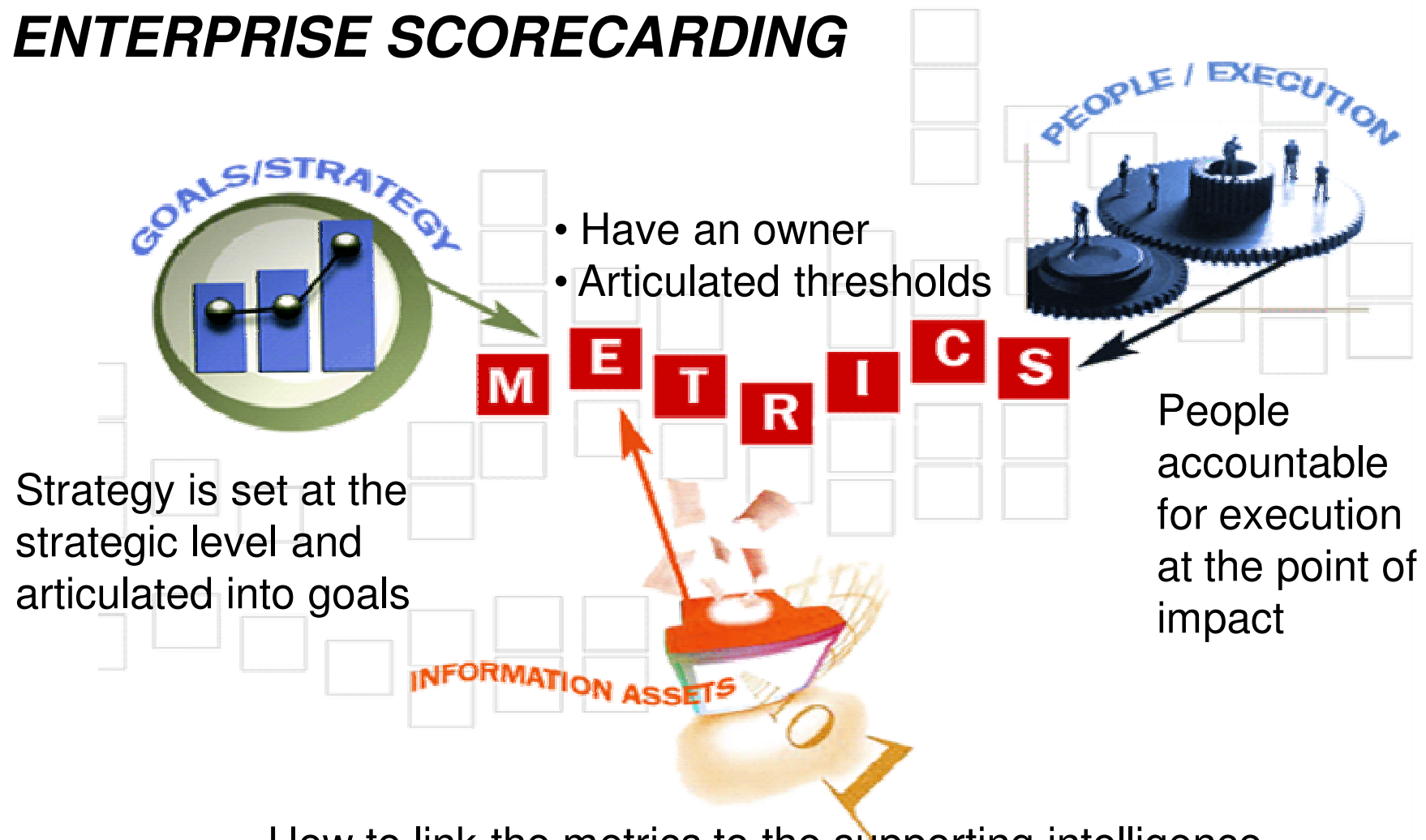
- Provides instant measurement relative to targets and benchmarks
- Aligns decisions and tactics with strategic initiatives
- Ensures ownership and accountability



## Scorecard & Dashboard Spectrum



# ENTERPRISE SCORECARDING



How to link the metrics to the supporting intelligence so **not just** measuring performance, but **managing** it.

## ***Trends in Scorecarding***

- Integrated Scorecards & Dashboards
  - Dashboard linking to functional scorecards
  - Key metric supported by a dashboard
- Bridge Between Planning and BI
  - Populate targets with planning #'s
  - Embed Live BI
- Operational Focus
  - 70% Operational vs 30% Strategic
- Guidance from Methodologies
  - Balanced Scorecard most popular
  - “Quality” Methodologies Growing

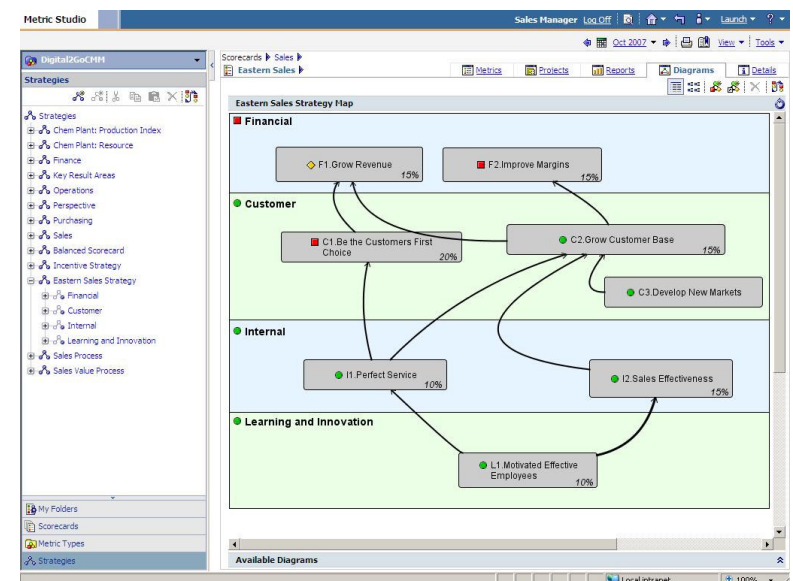


## ***Strategy Execution Failure***

- Less than 10% of companies successfully execute their strategy (Fortune Magazine)
- If not, they would face:
  - Mediocre growth
  - Lost market share
  - Lower profitability

## Reasons for Strategy Execution Failure

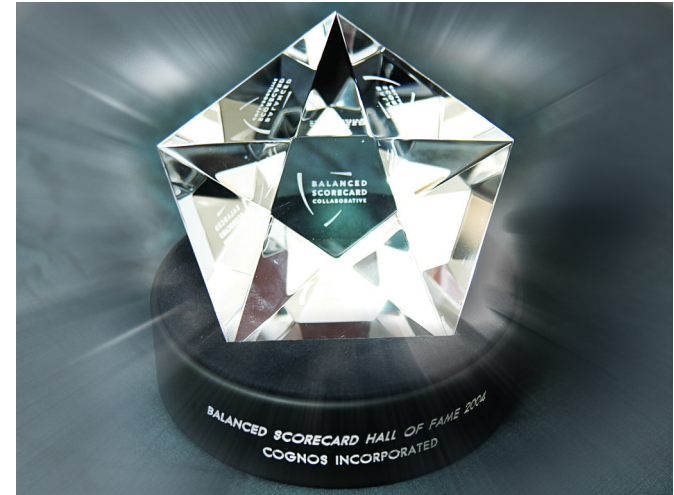
- Lack of *strategy communication*
- Lack of *ownership & accountability*
- Lack of *focus* on strategic objectives
- Lack of a *comprehensive* business view
- Lack of strategic *initiatives*





## ***Strategy Management***

- Drive strategy execution from the top
- Translate strategy into terms everyone can understand
- Align every part of the organization
- Make strategy everyone's job
- Make strategy a continual process

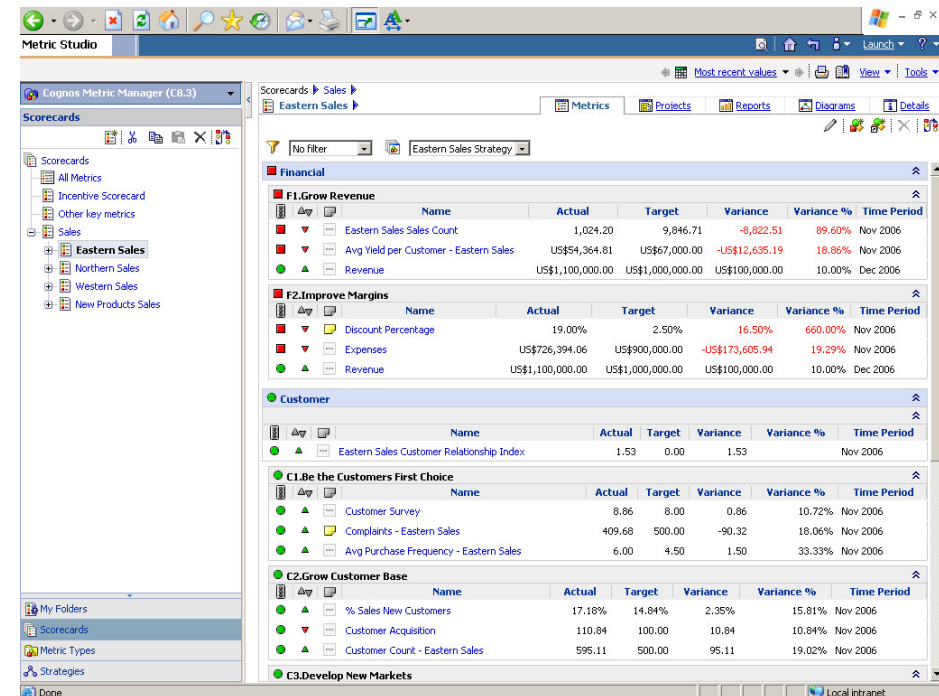


Strategy communication and strategic information access is a key component of successful strategy execution



## What is a Scorecard?

- Captures strategic and tactical objectives
  - Improve revenue by 20%
  - Reduce costs by 10%
  - Increase market share by 5%
- Provides a status of how an organization/LOB/Dept is performing against objectives
  - Red, Yellow, and Green indicators
- Use KPIs to provide objective status
  - Single metric
  - Multiple metrics in a weighted average



## *Scorecarding Maturity Level*

- Visualize metrics in a report or dashboard
- Metrics not strategically aligned
- Basic performance monitoring

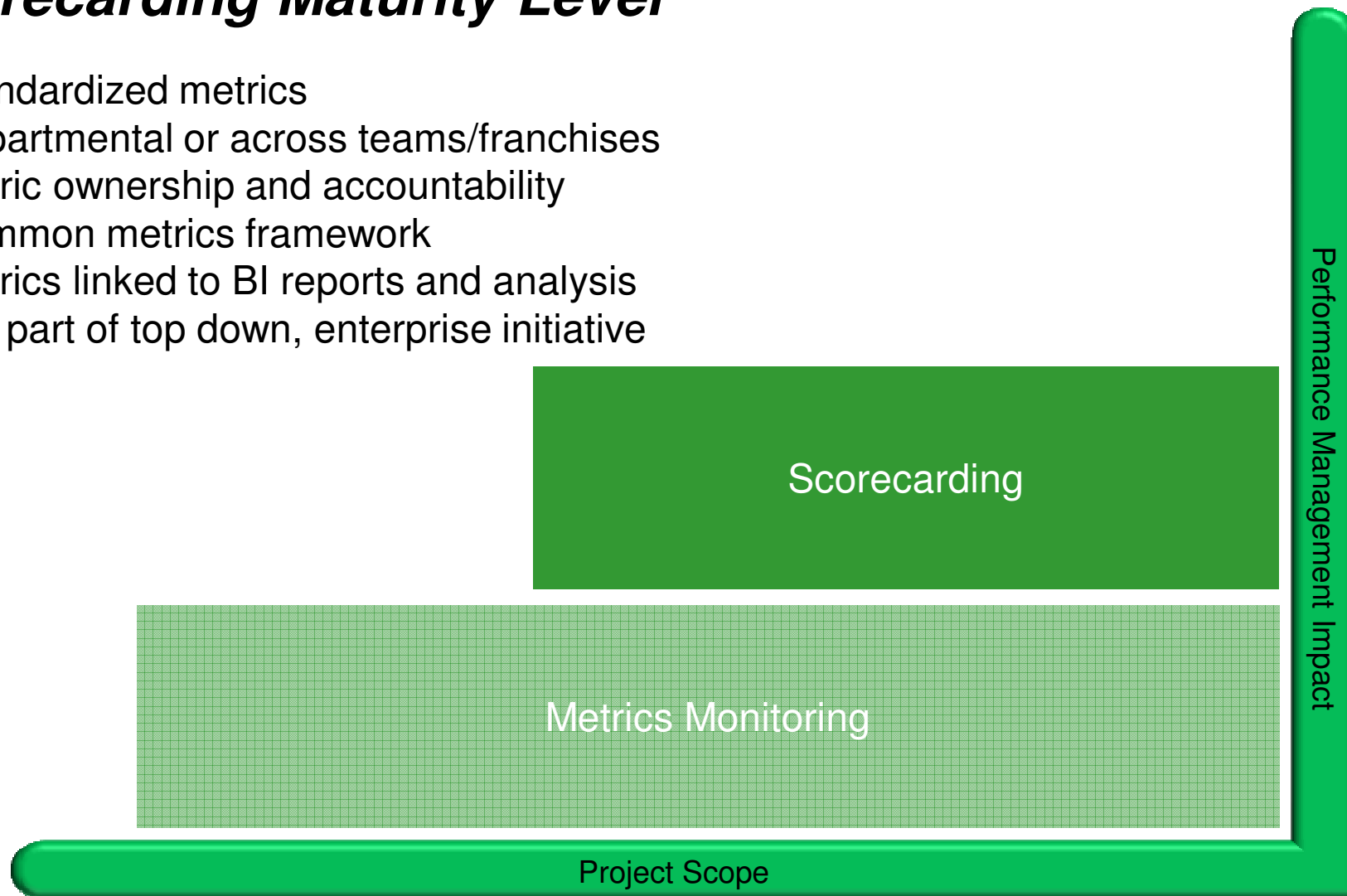
Metrics Monitoring

Project Scope

Performance Management Impact

## ***Scorecarding Maturity Level***

- Standardized metrics
- Departmental or across teams/franchises
- Metric ownership and accountability
- Common metrics framework
- Metrics linked to BI reports and analysis
- Not part of top down, enterprise initiative



## ***Scorecarding Maturity Level***

- Top down, enterprise wide initiative
- Management methodology driven (BSC)
- Strategy Maps created
- KPIs tied to strategic objectives
- Scorecards cascaded across organization
- Strategic initiatives defined
- Integrated in formal planning process
- Strategic goals driven by both financial and non-financial indicators

Strategy  
Management

Scorecarding

Metrics Monitoring

Project Scope

Performance Management Impact

## Slide 20

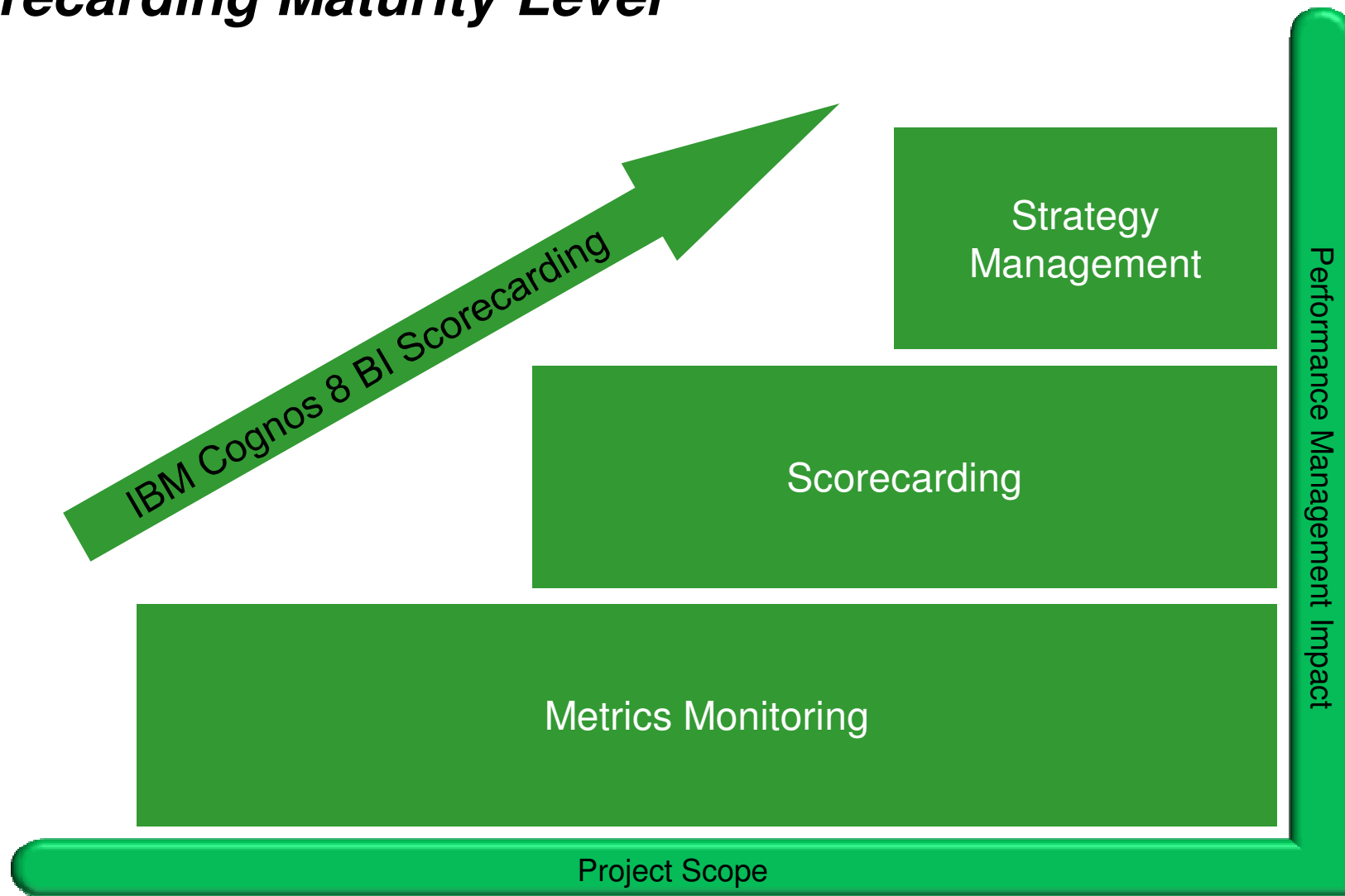
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**A1**

Need to recript this

Administrator, 02/08/2009

## *Scorecarding Maturity Level*

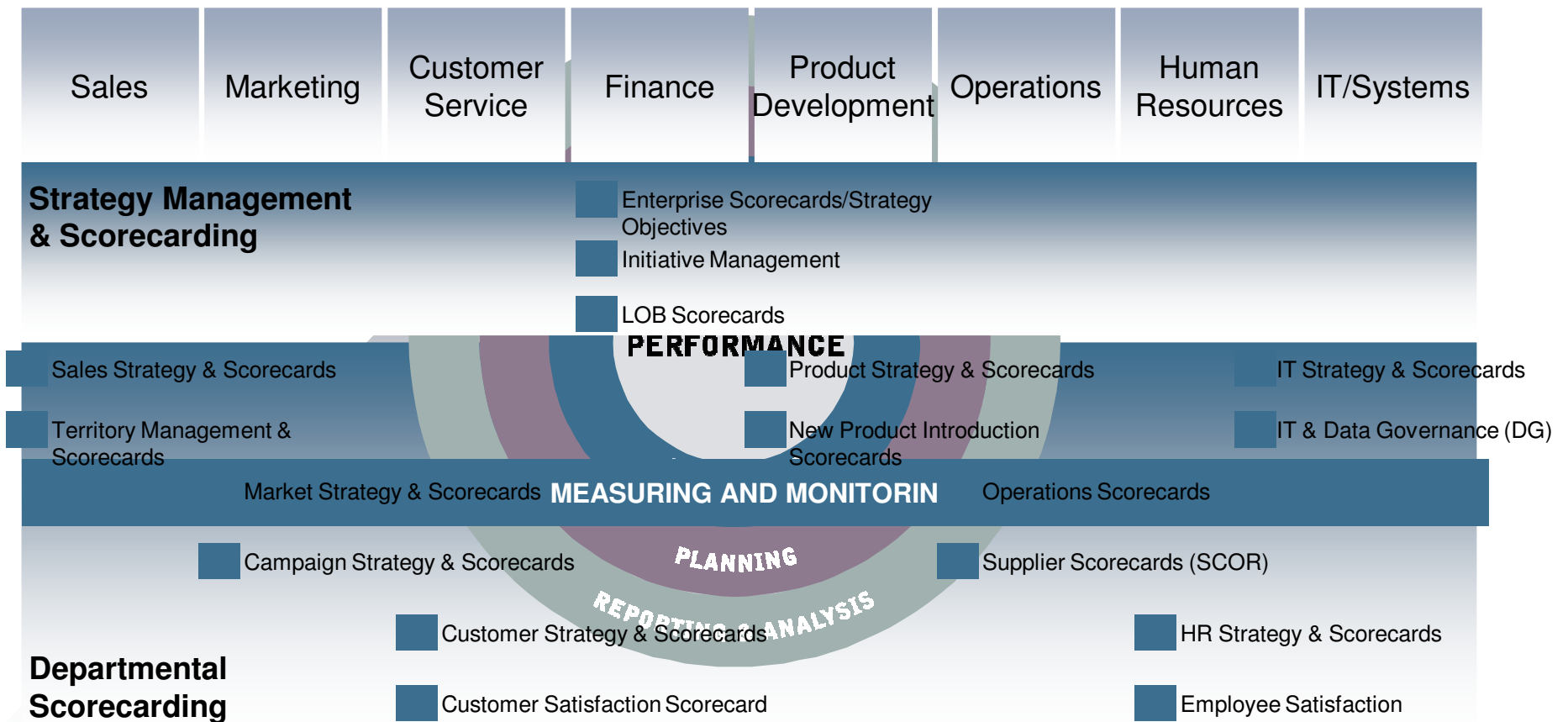


## ***IBM Cognos 8 BI Scorecarding***

- Automates the strategy management and scorecarding process allowing an organization to link strategy to execution
  - Metrics monitoring
    - Provides a common metric framework
    - Metrics monitoring by leveraging BI platform (dashboards & reports)
  - Scorecarding
    - Tracks performance against departmental and/or tactical objectives
    - Ensures accountability and ownership
    - Provides departmental and employee focus
    - Scorecard metrics linked to BI reports and analysis for diagnostic detail
    - Create metrics with consistent business rules defining thresholds and targets
  - Strategy Management
    - Tracks performance against strategic objectives
    - Communicates the strategy across the organization
    - Scorecards cascaded across organization
    - Links strategy to resource management (budgeting) through strategic initiatives

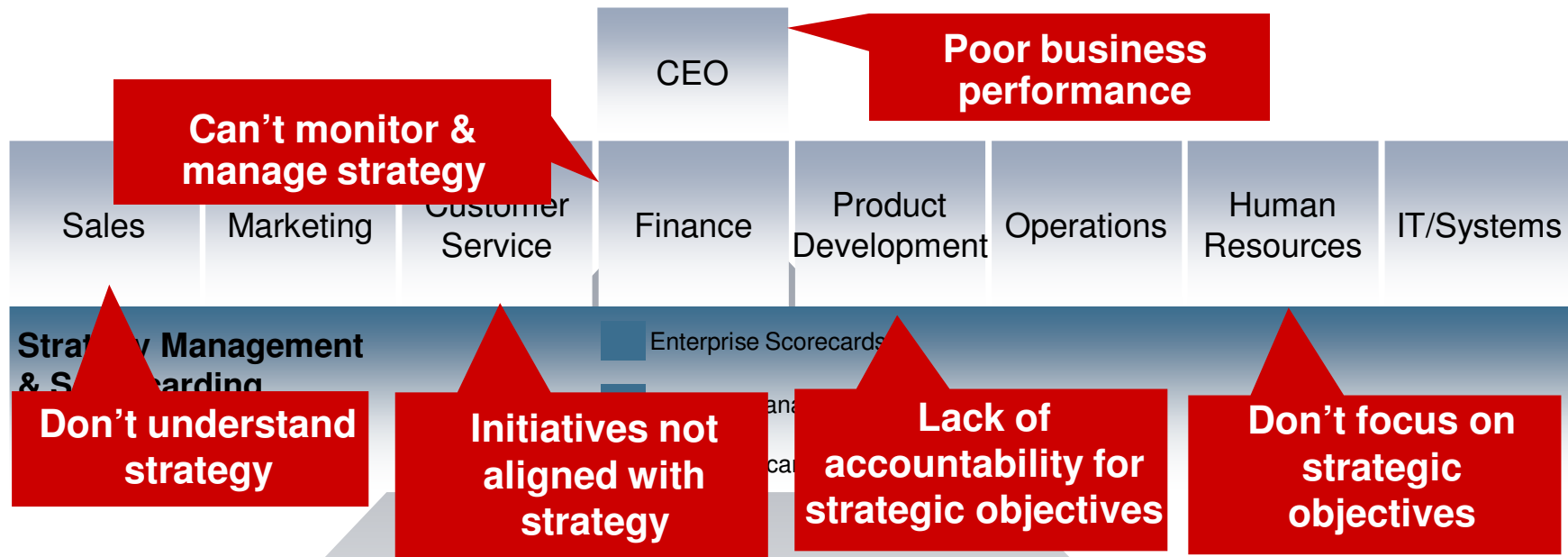
## Strategy Management & Scorecarding

*Plan, Understand and Optimize Performance*





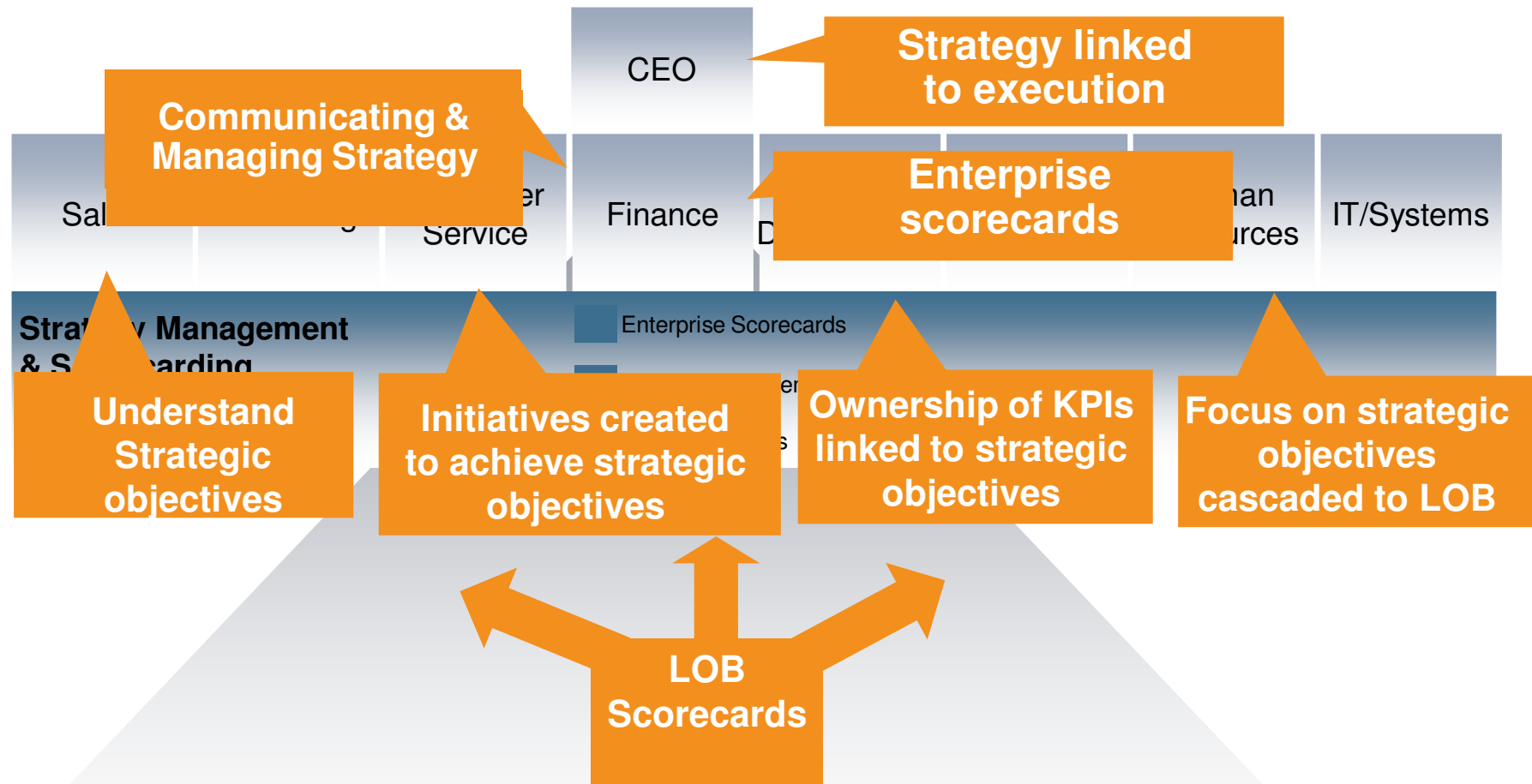
## Challenges: Strategy Management & Scorecarding



### **PAIN:**

- Inability to link strategy to execution.
- Can't communicate, monitor and manage strategy effectively.
- Department's don't understand strategic objectives and don't align activities/initiatives/projects to support them.
- Resulting in lackluster performance.

## Challenges: Strategy Management & Scorecarding



**IMPACT:** Strategy is monitored and communicated. Enterprise and LOB scorecards are created. Employees, initiatives & budgets are aligned to strategy.

## **Eneco**



- Accounts receivable decreased by €10 million
- Annual savings of €1 million in direct mail costs
- Increased marketing conversion rate from 10% to 65%
- Savings of €2.5 million in customer contact center and billing department

## **Gartner**

Information Management

### **Performance Pain**

- Industry deregulation
- Delivering profitable revenue growth
- Growing profitable customers
- Focusing business goals on operational excellence
- Adopted paper-based, manual system BSC

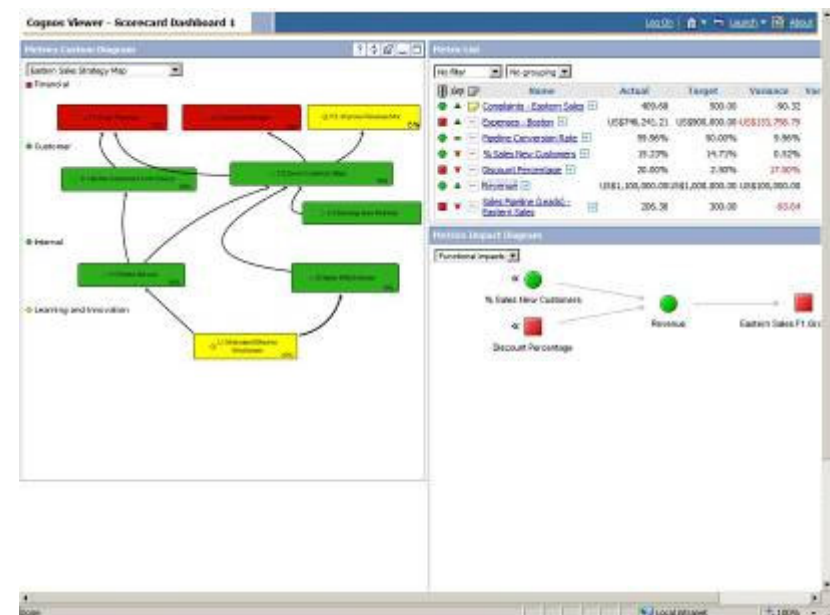
### **IBM Cognos Solution Impact**

- Strategy communicated across the enterprise
- Linked strategic operational measures to financial outcomes
- Monitor progress against strategic objectives and adjust strategy as needed
- Established a BICC in 2006

**Cognos.**  
software

## IBM Cognos 8 BI Scorecarding v8.4

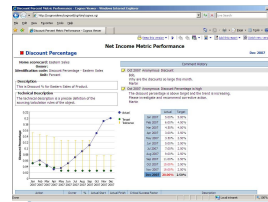
- Strategy Map & Impact Diagram portlets
  - Strategic scorecard information now available in portal based dashboards
- IBM Cognos Go! Dashboards
  - Scorecards and metric lists available



**You can communicate scorecards & strategic information more easily to a wider audience**

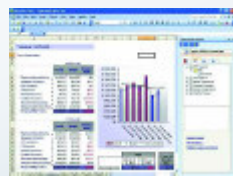
## Create Once, Consume Anywhere

### Managed Reports



> Scheduled personalized pre-authored scorecard reports

### Go! Dashboard



> Dynamic and customizable dashboards based on trusted scorecard data

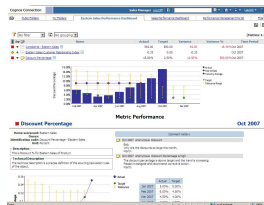
Create  
Scorecard  
Info Once  
in C8 BI  
Scorecarding

### Scorecarding

> Interact with and customize all scorecard information



### Portal Dashboard



> Scorecard info via portlets

### Go! Mobile

> View and consume scorecards on Mobile Devices

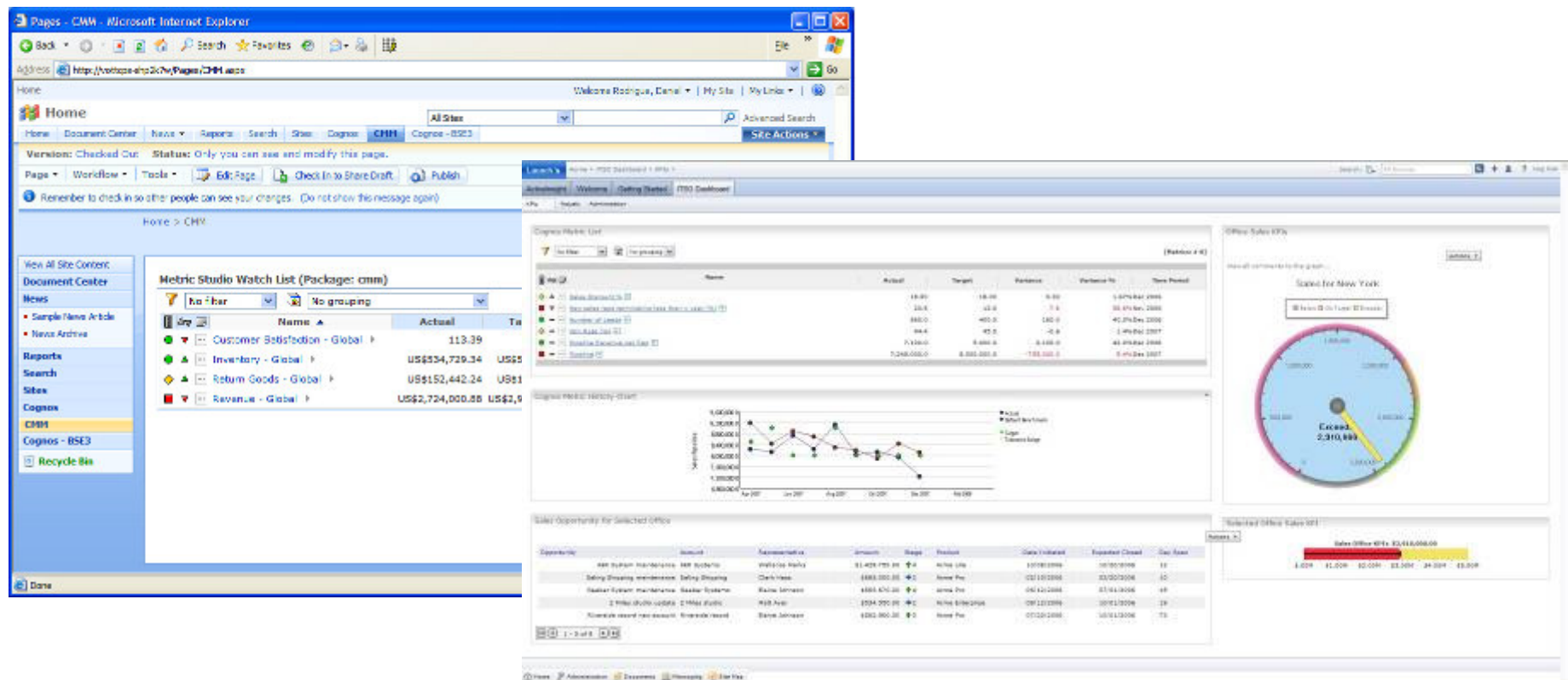


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## Supports Open Standards

- IBM Cognos 8 BI Scorecard portlets support **WSRP** (Web Services for Remote Portlets)
  - Can be viewed in non-IBM Cognos portals





## Role Based Views: C-Level Execs

- Display strategic objectives in a strategy map
- Monitor strategic performance in dashboards
- Bring strategic reports to management meetings
- View strategic reports & dashboards on their mobile devices



## Role Based Views: VPs & Managers

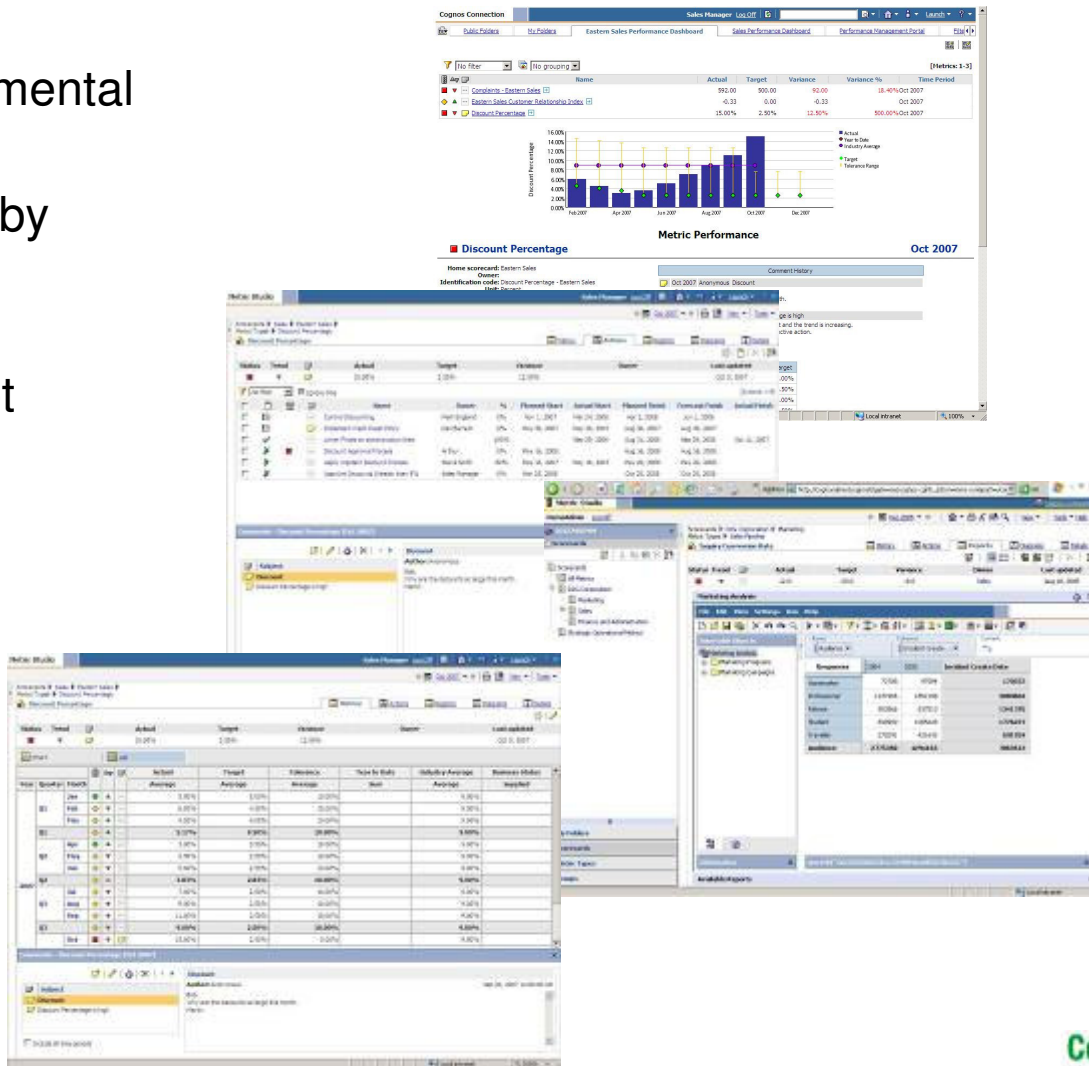
- Display departmental objectives in strategy maps
- Monitor departmental performance against operational objectives
- Use impact diagrams for insight into operational performance
- View operational reports & dashboards on their mobile devices





## Role Based Views: Analysts

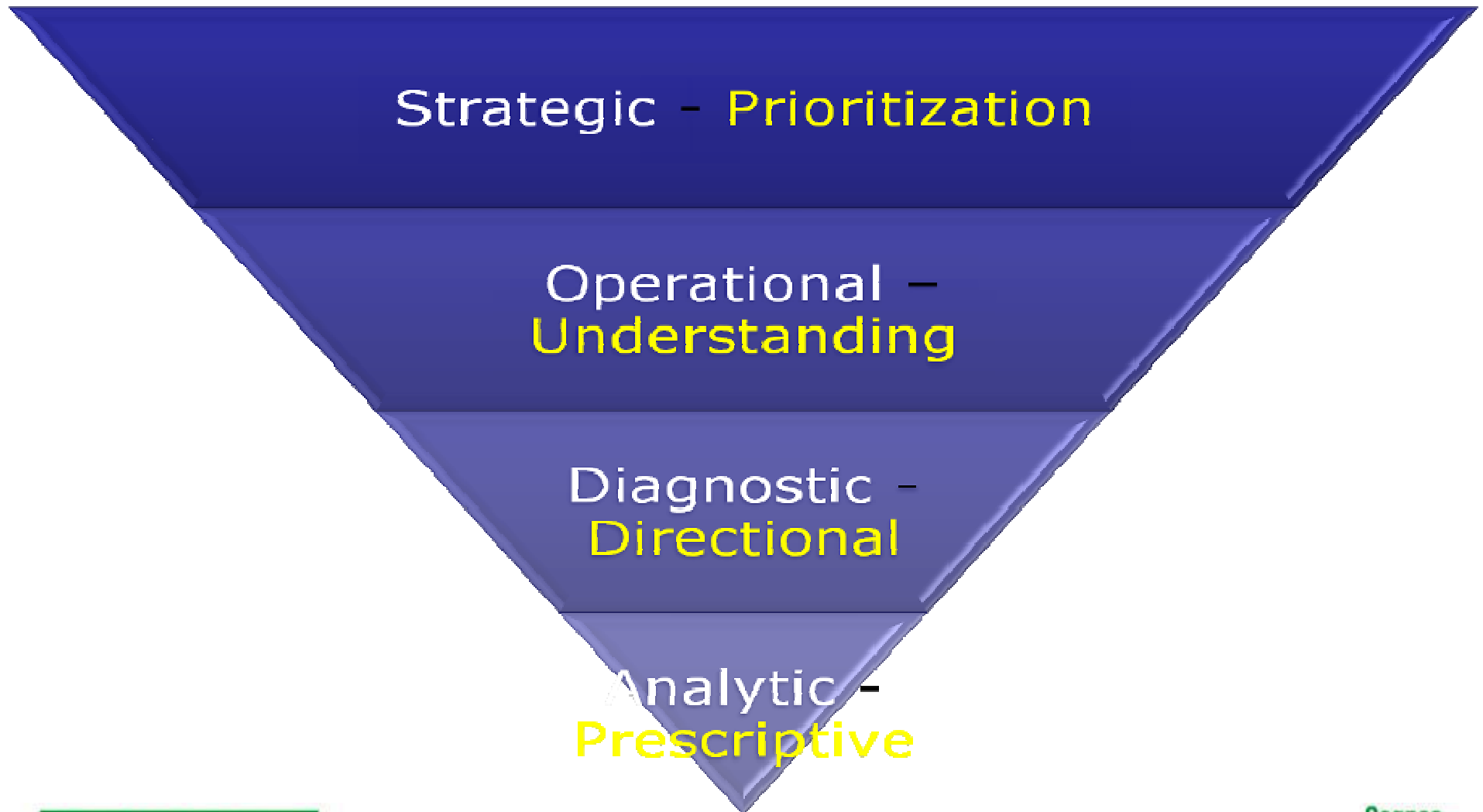
- Use dashboards to track performance against departmental objectives
- Respond to actions created by manager to improve metric performance
- Use reports & analysis to get diagnostic details on metric performance
- Edit/update company & departmental scorecards



## ***Common Scorecarding Pitfalls***

- Too many non-important metrics in a scorecard
- No strategic importance
- Chasing non-strategic reds
- Initiatives/Projects/Reports not aligned with strategic objectives

## *Top down approach*



## Digital2GoCMM

## Scorecards

## Scorecards

- All Metrics
- Incentive Scorecard
- Test
- Executive Team
- Company Scorecard
- Marketing
- CFO Scorecard
- Other key metrics
- Finance
- Sales
  - Eastern Sales**
  - Northern Sales
  - Western Sales
  - New Products Sales
- BI Admin

Scorecards &gt; Sales &gt;

Eastern Sales &gt;

Metrics

Projects

Reports

Diagrams

Details

## Eastern Sales Strategy Map

## Financial

F1.Improve Revenue

F2.Improve Margins

## Customer

C1.Be the Customers First Choice

C2.Grow Customer Base

C3.Develop New Markets

## Internal

I1.Perfect Service

I2.Sales Effectiveness

## Learning and Innovation

L1.Motivated Effective Employees

Available Diagrams

My Folders

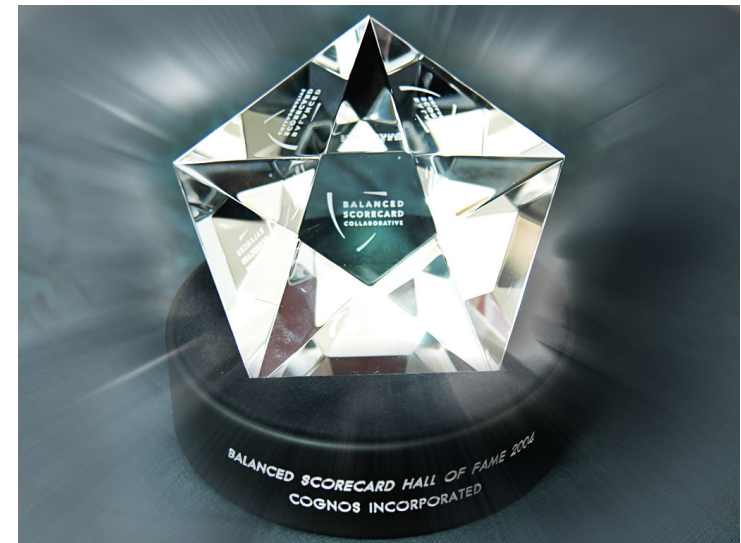
Scorecards

Metric Types

Strategies

## Conclusion

- IBM Cognos 8 BI Scorecarding
  - Core component for Performance Management
  - Automates the strategy management and scorecarding process
  - Addresses customer requirement across the scorecarding maturity level
  - Version 8.4 enables organizations to get scorecard information out to a wider audience
- Top down approach
  - Links strategy to execution
  - Communicates strategy
  - Provides employee focus
  - Ensures accountability and ownership
  - Link strategy to resource management (budgeting)





## Summary

### IBM Cognos 8 Scorecarding



- Instant Focus on Objectives and Performance
- Automatically Delivers Awareness of Performance Issues
- Ensures Accountability and Ownership
- Helps Manage Corrective Actions
- Uncover the Cause of Performance Issues through Embedded Reports
- Ensures Reliable and Authoritative Information
- Enables Communication of Strategy
- Personalized Design and Centralized Management of Scorecards



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