



# FINANCE FORUM

2009

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

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Information Management

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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

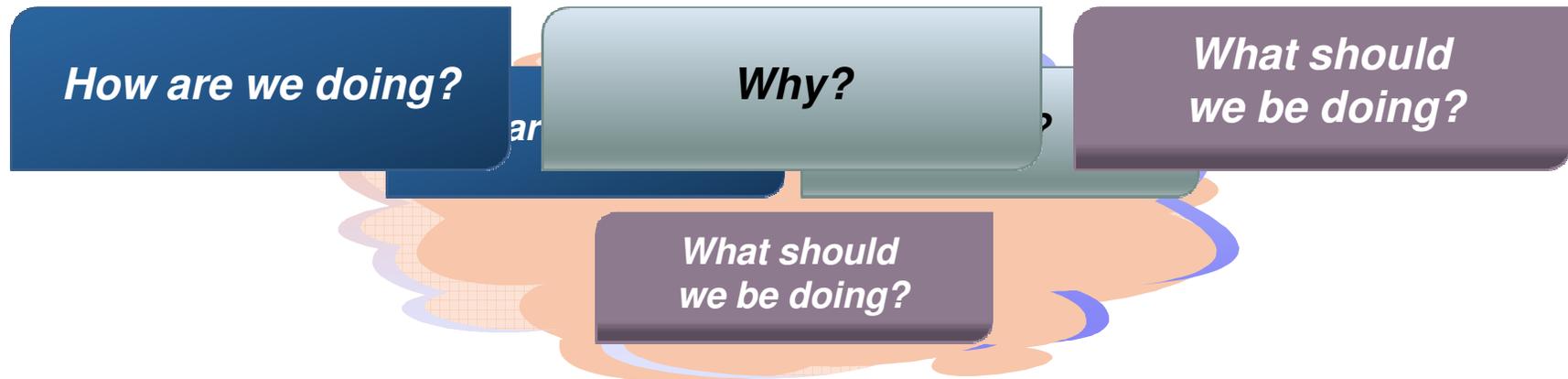
## *Three Questions that Drive Performance*

*How are we doing?*

*Why?*

*What should  
we be doing?*

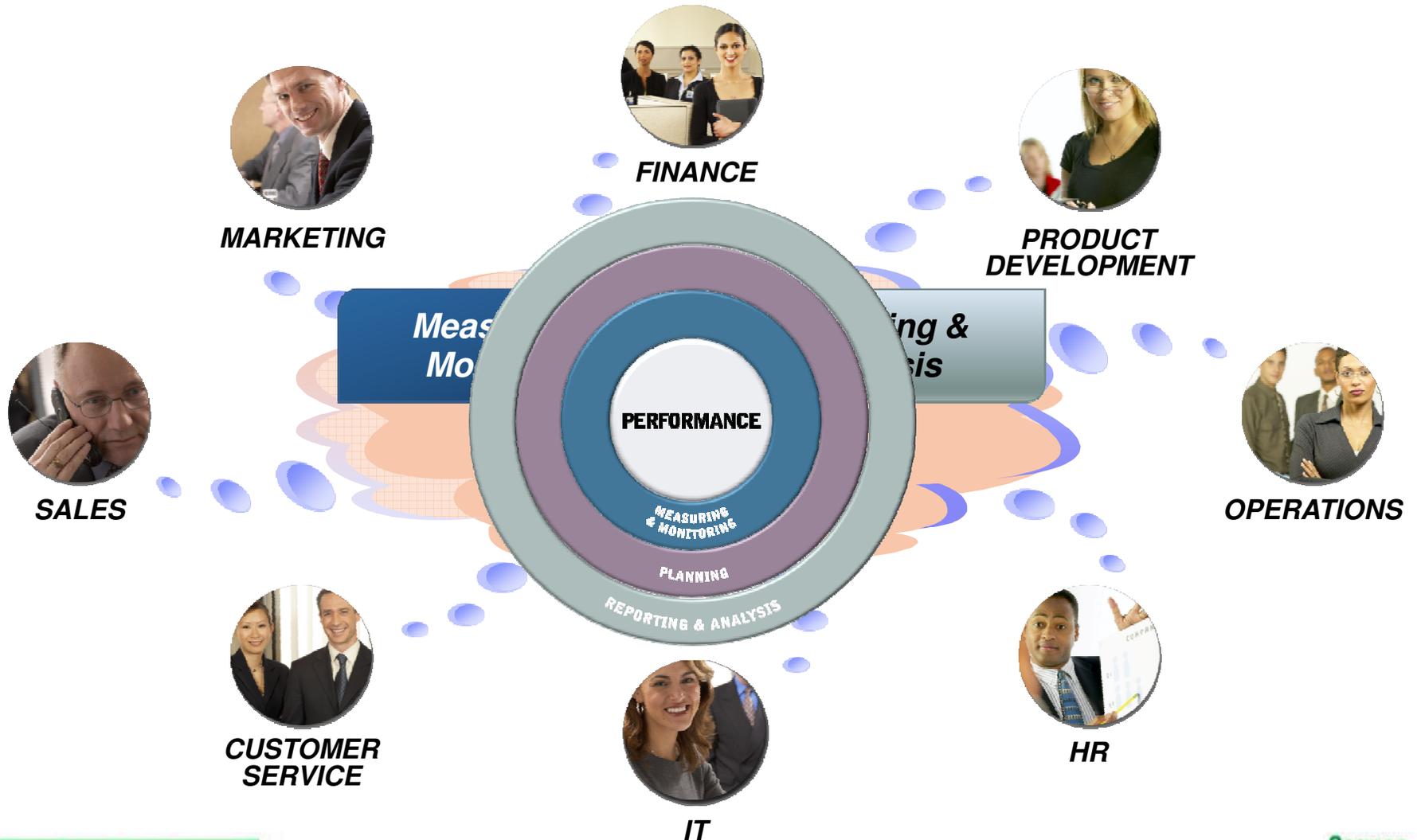
## *Three Questions that Drive Performance*



# Three Questions that Drive Performance



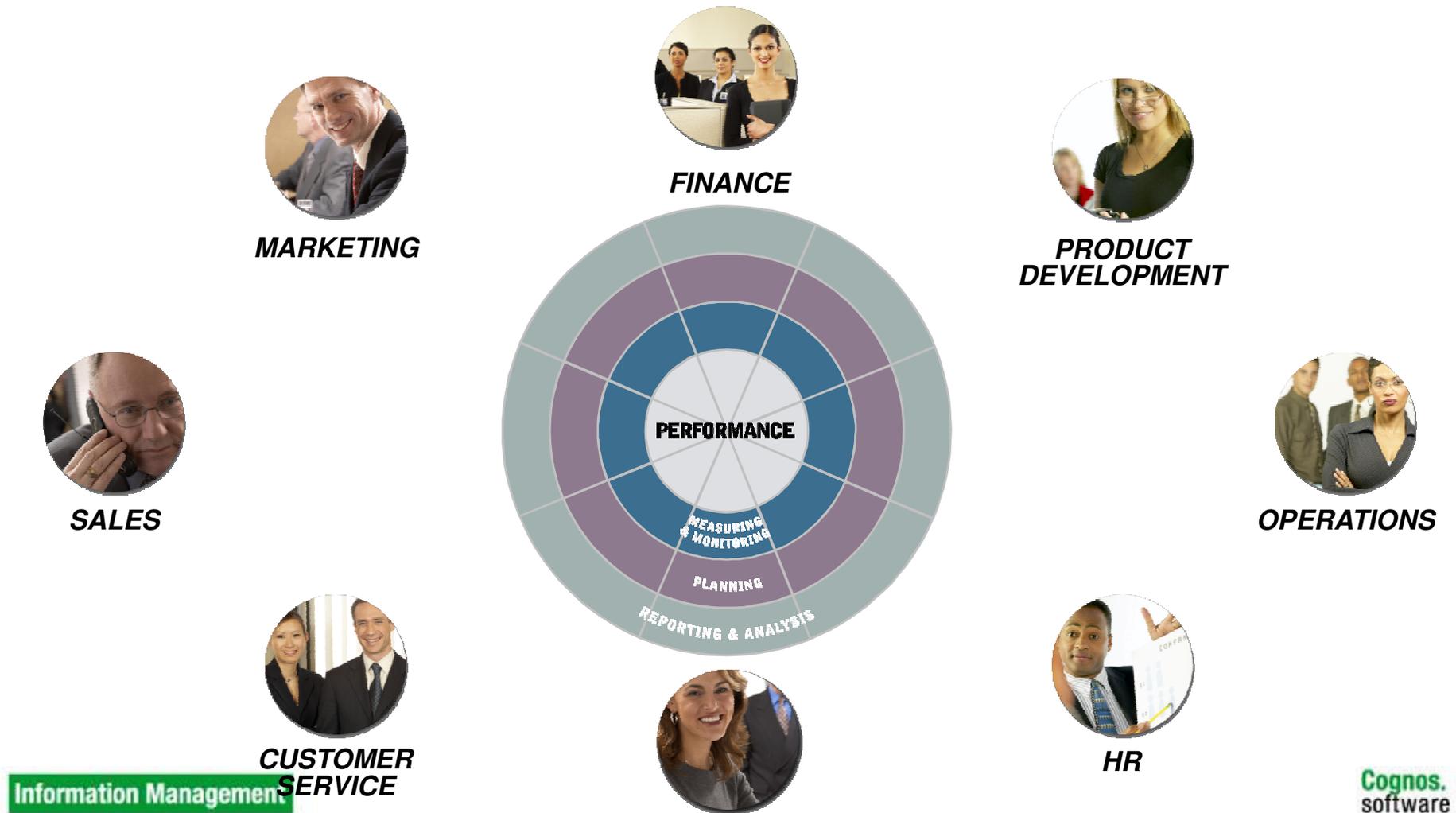
# Performance Management Capabilities



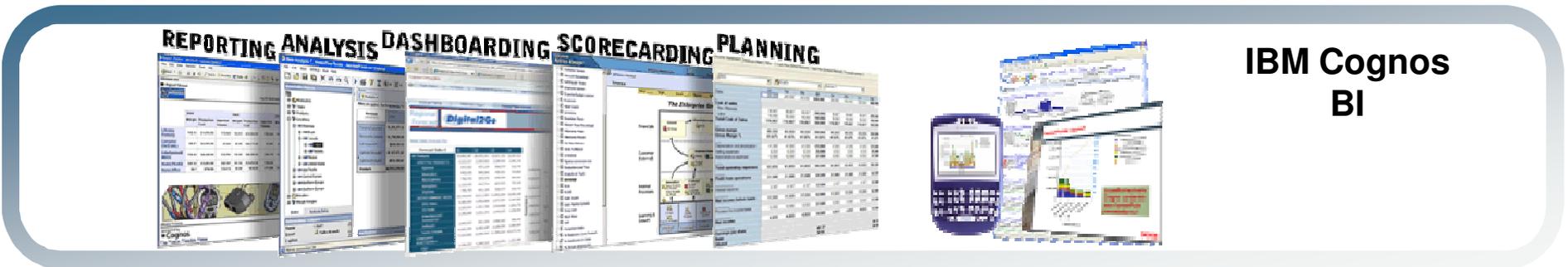
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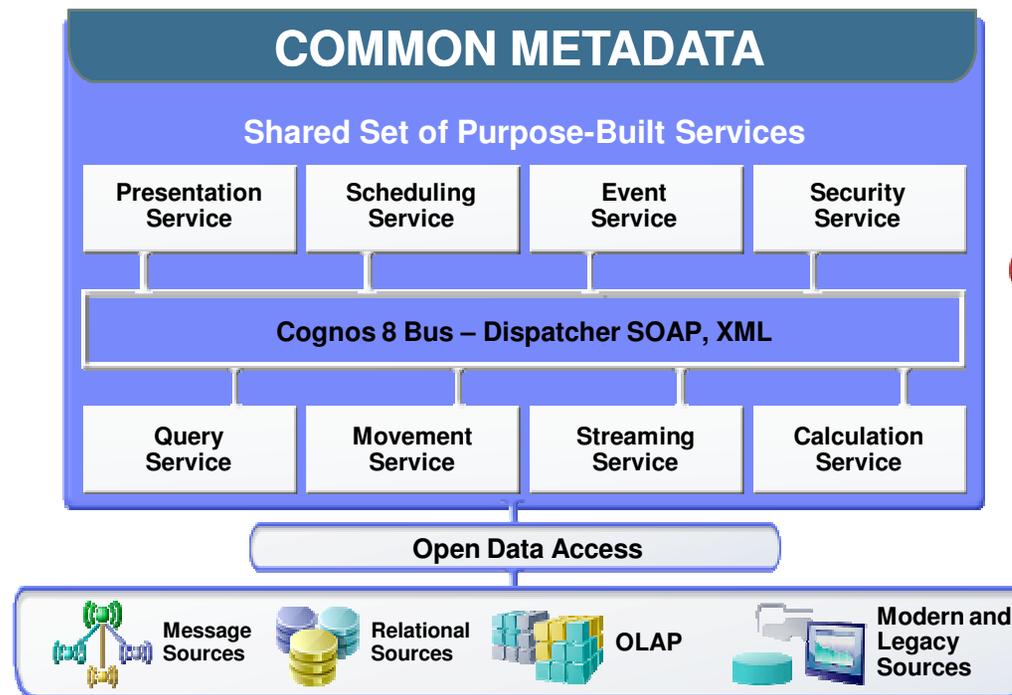
# Performance Management Capabilities Across the Organization: Plan, Understand and Optimize Performance



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



IBM Cognos  
BI



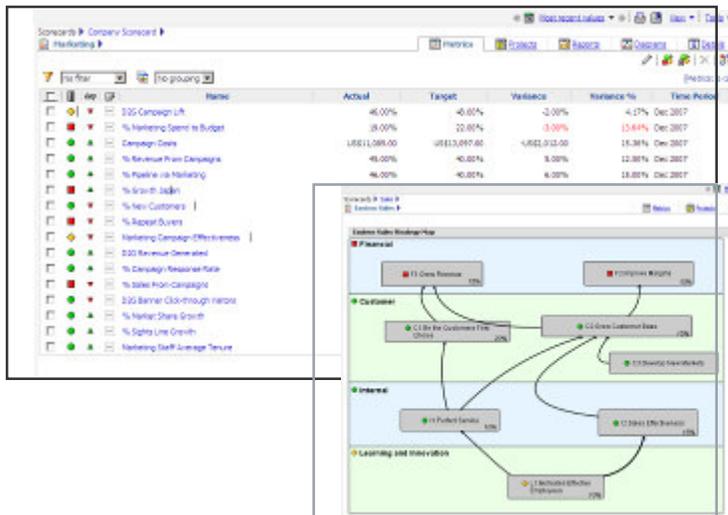
**COGNOS 8 v4**

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



### ■ Dashboards

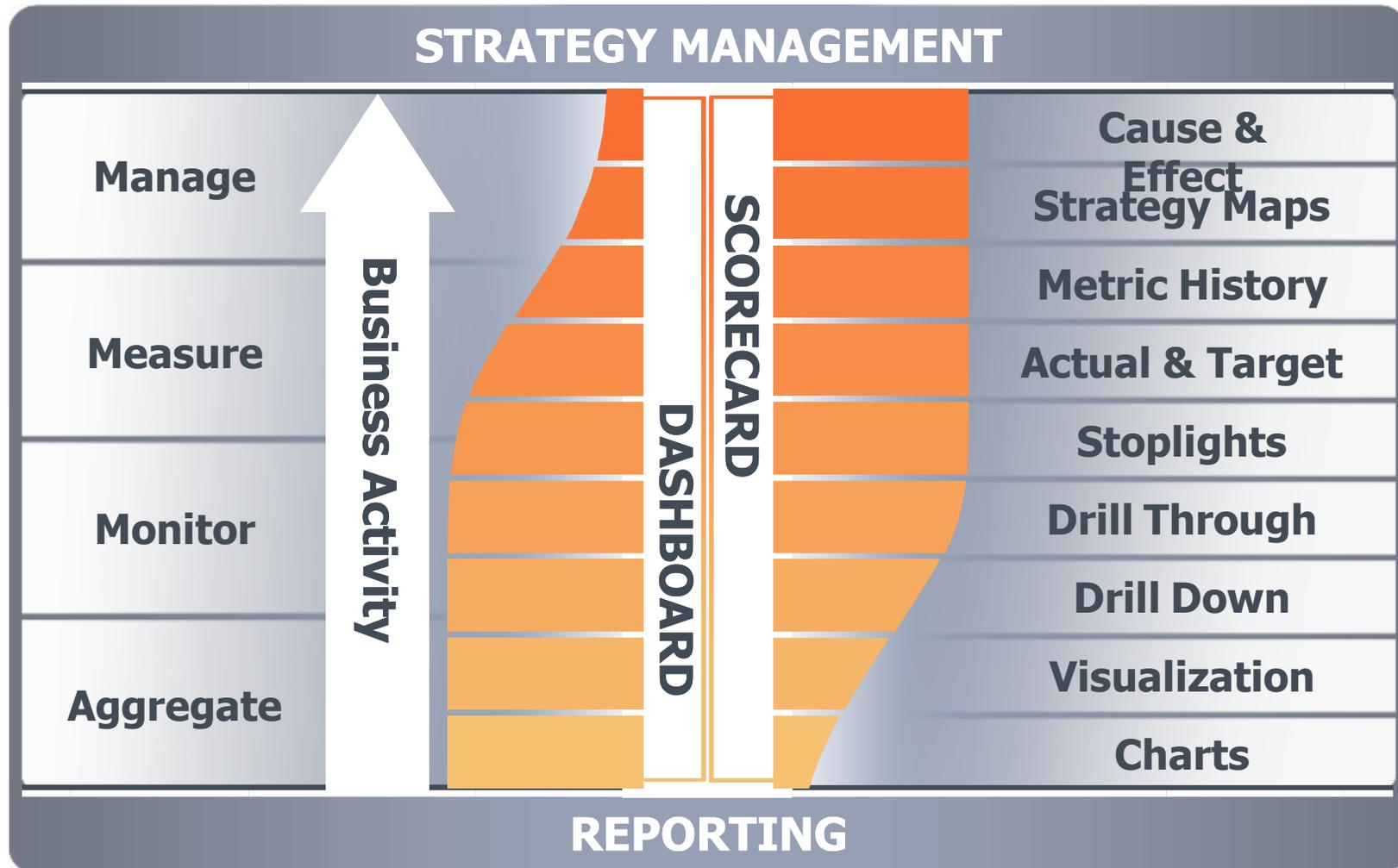
- Provides at-a-glance, high impact views of complex information
- Helps quick focus on issues that need attention and action
- Are highly visual and intuitive
- Combines information across disparate sources



### ■ 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



Strategy is set at the strategic level and articulated into goals

- Have an owner
- Articulated thresholds

M E T R I C S



People accountable for execution at the point of impact

INFORMATION ASSETS

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



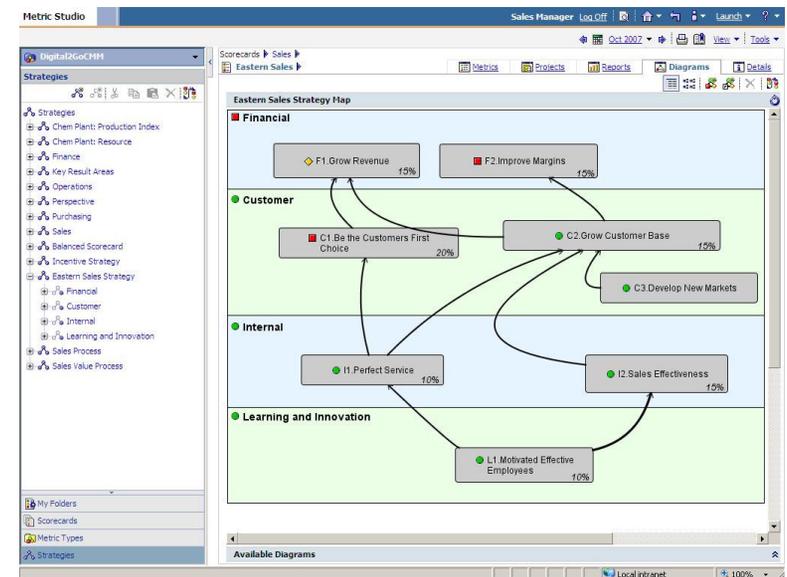
## ***Strategy Execution Failure***

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



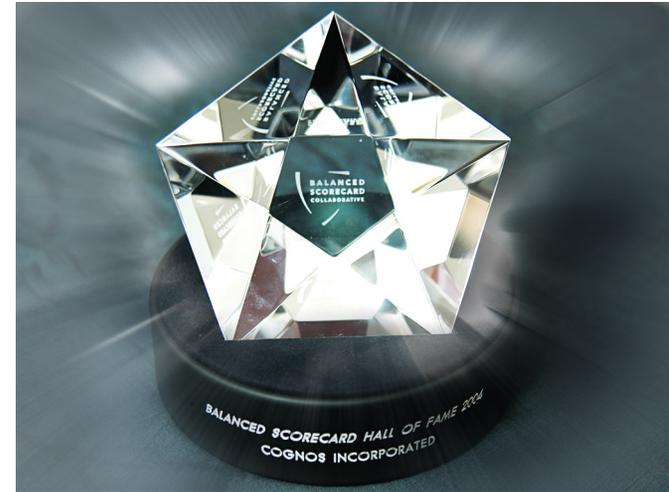
## Reasons for Strategy Execution Failure

- 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

**Financial**

Name	Actual	Target	Variance	Variance %	Time Period
Eastern Sales Sales Count	1,024.20	9,846.71	-8,822.51	89.60%	Nov 2006
Avg Yield per Customer - Eastern Sales	US\$4,364.81	US\$67,000.00	-US\$12,635.19	18.86%	Nov 2006
Revenue	US\$1,100,000.00	US\$1,000,000.00	US\$100,000.00	10.00%	Dec 2006

**F2.Improve Margins**

Name	Actual	Target	Variance	Variance %	Time Period
Discount Percentage	19.00%	2.50%	16.50%	660.00%	Nov 2006
Expenses	US\$726,394.06	US\$900,000.00	-US\$173,605.94	19.29%	Nov 2006
Revenue	US\$1,100,000.00	US\$1,000,000.00	US\$100,000.00	10.00%	Dec 2006

**Customer**

Name	Actual	Target	Variance	Variance %	Time Period
Eastern Sales Customer Relationship Index	1.53	0.00	1.53		Nov 2006

**C1.Be the Customers First Choice**

Name	Actual	Target	Variance	Variance %	Time Period
Customer Survey	8.86	8.00	0.86	10.72%	Nov 2006
Complaints - Eastern Sales	409.68	500.00	-90.32	18.06%	Nov 2006
Avg Purchase Frequency - Eastern Sales	6.00	4.50	1.50	33.33%	Nov 2006

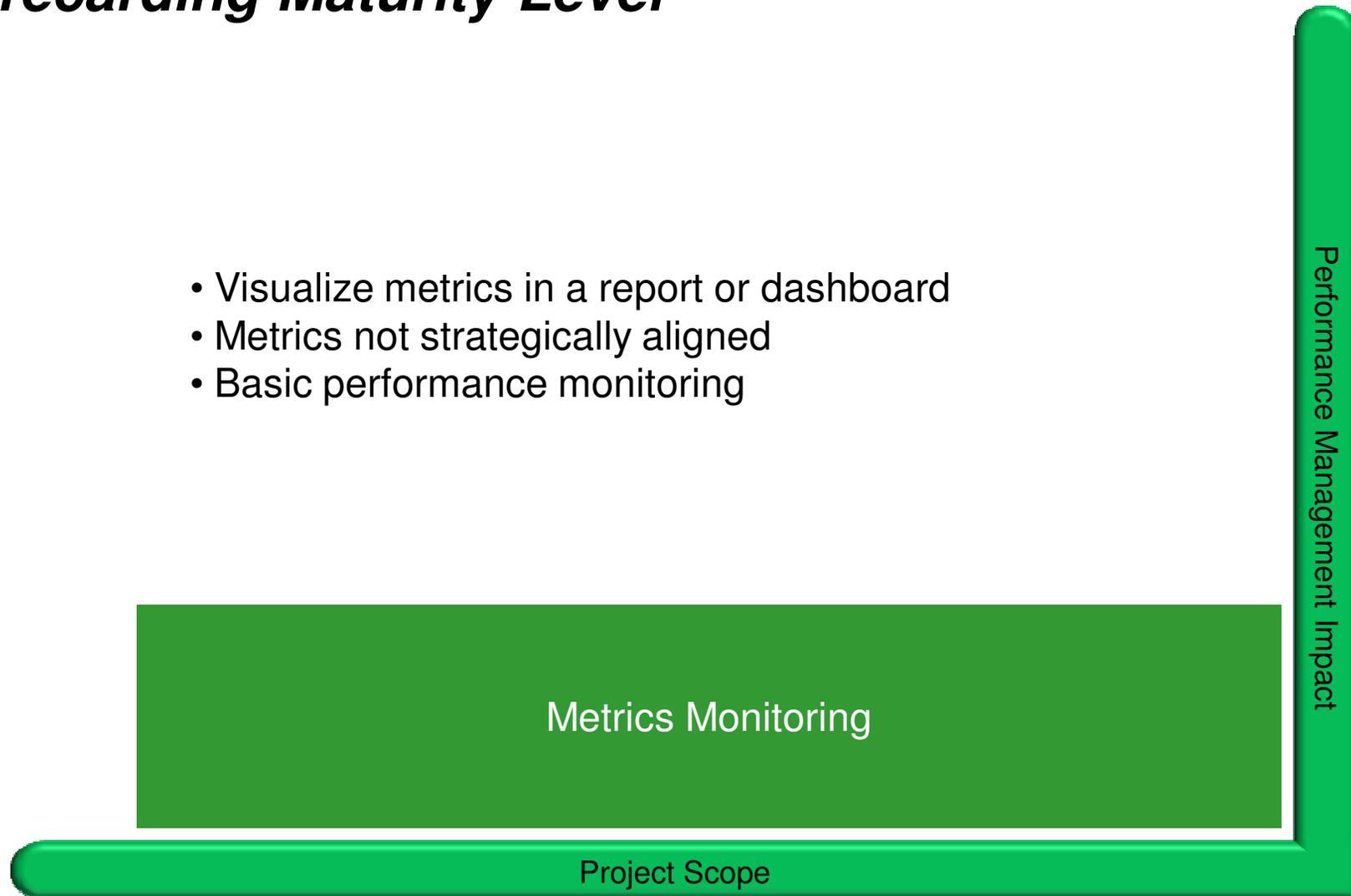
**C2.Grow Customer Base**

Name	Actual	Target	Variance	Variance %	Time Period
% Sales New Customers	17.18%	14.84%	2.35%	15.81%	Nov 2006
Customer Acquisition	110.84	100.00	10.84	10.84%	Nov 2006
Customer Count - Eastern Sales	595.11	500.00	95.11	19.02%	Nov 2006

**C3.Develop New Markets**

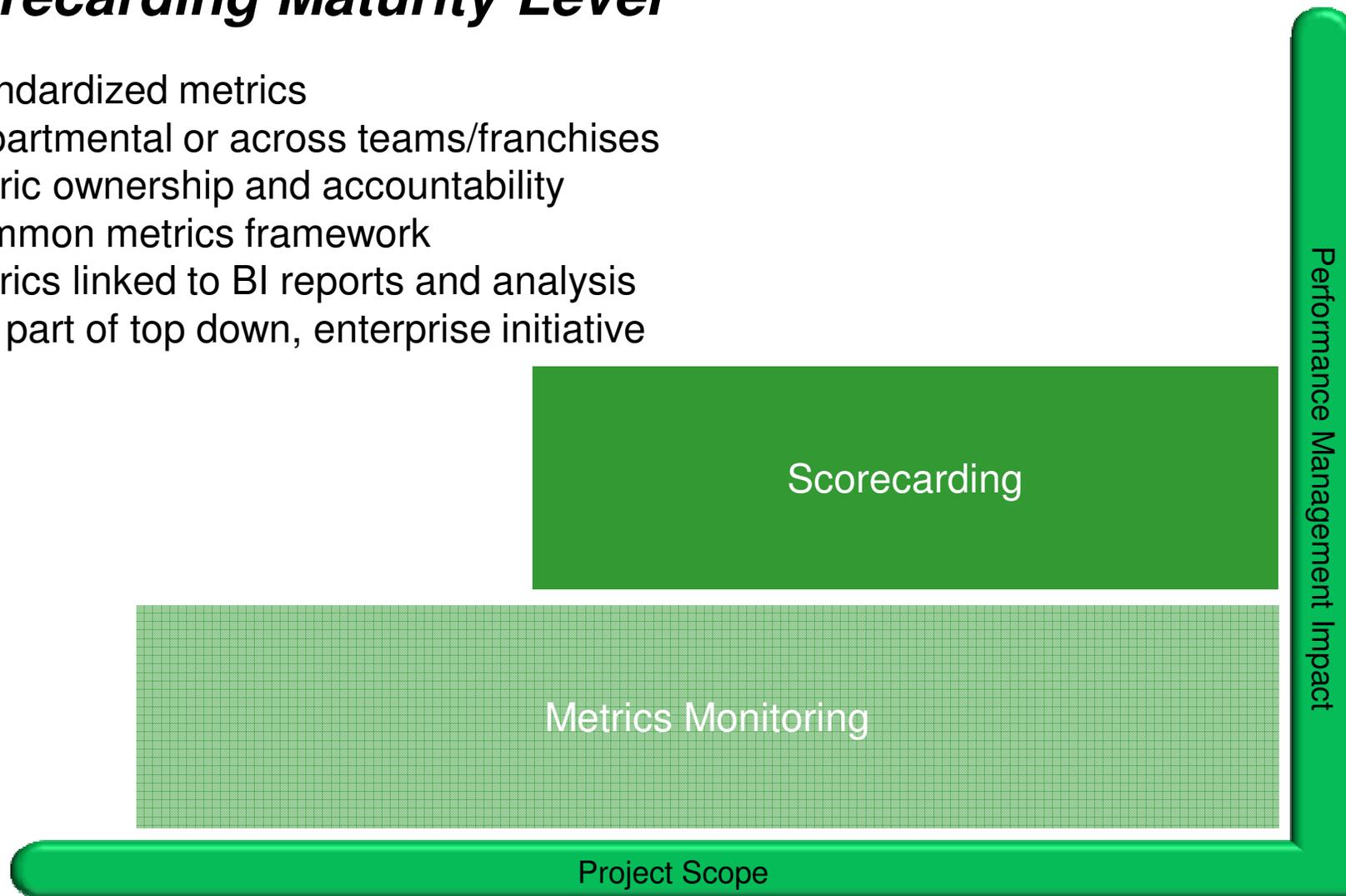
## *Scorecarding Maturity Level*

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



## *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**

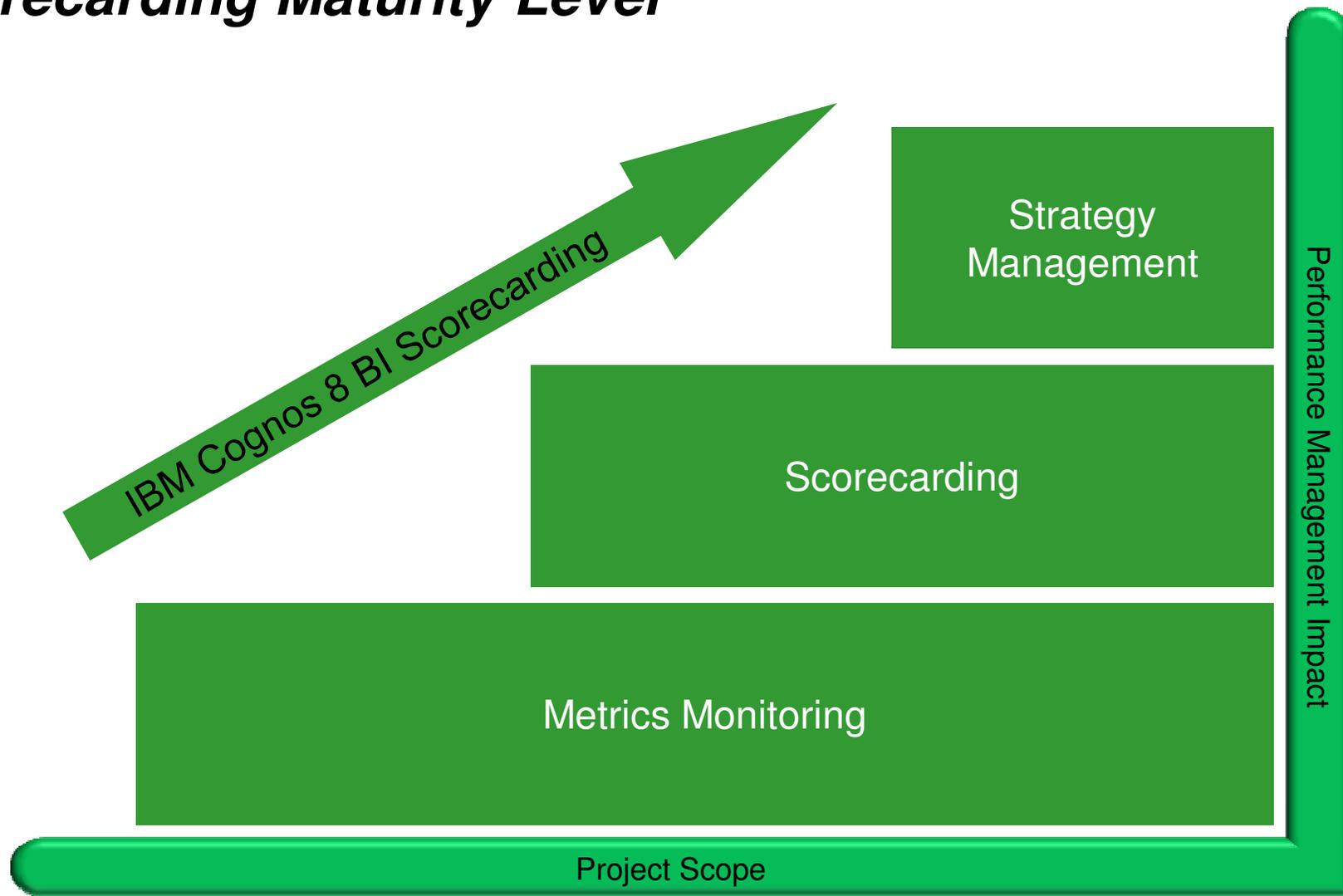
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**A1**

**Need to recript this**

Administrator, 02/08/2009

# Scorecarding Maturity Level

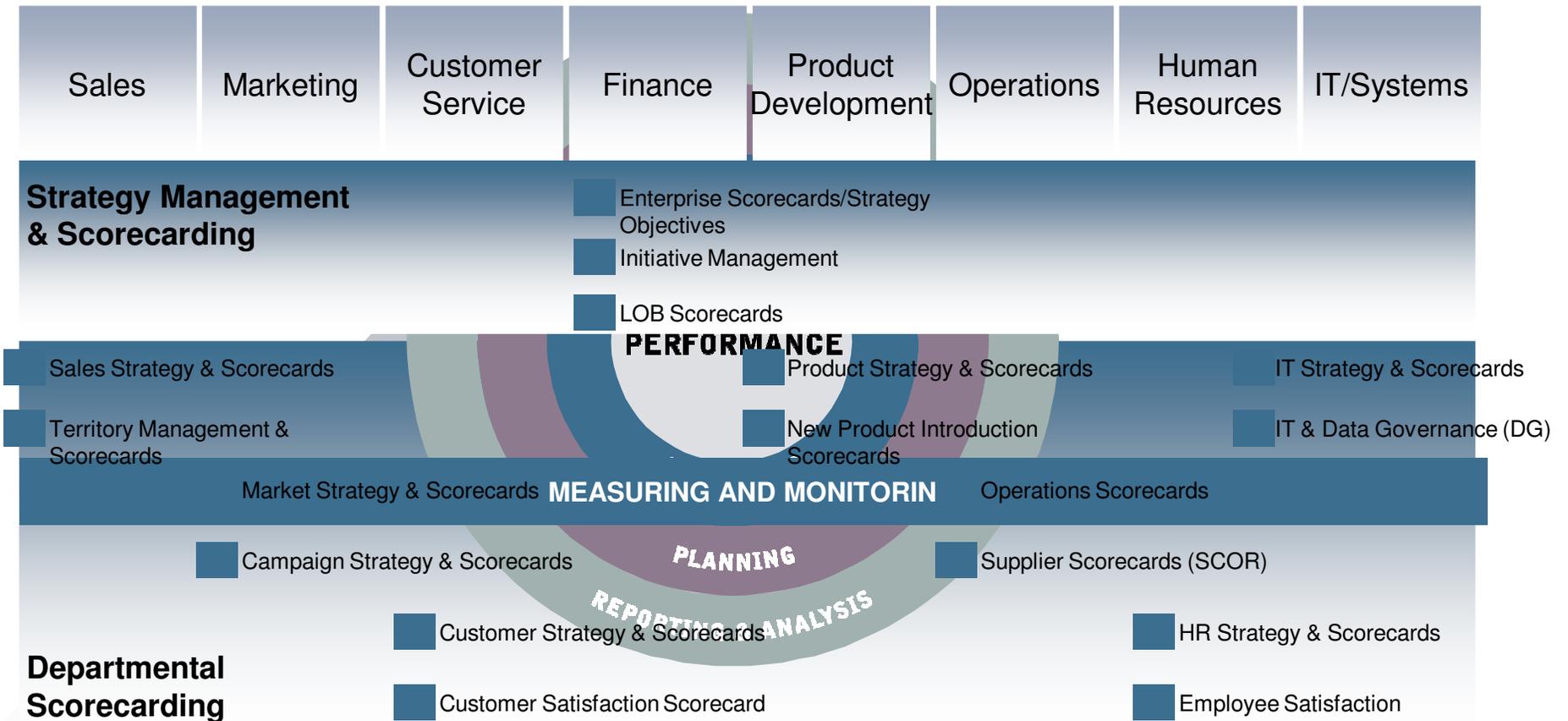


## ***IBM Cognos 8 BI Scorecarding***

- 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

## **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

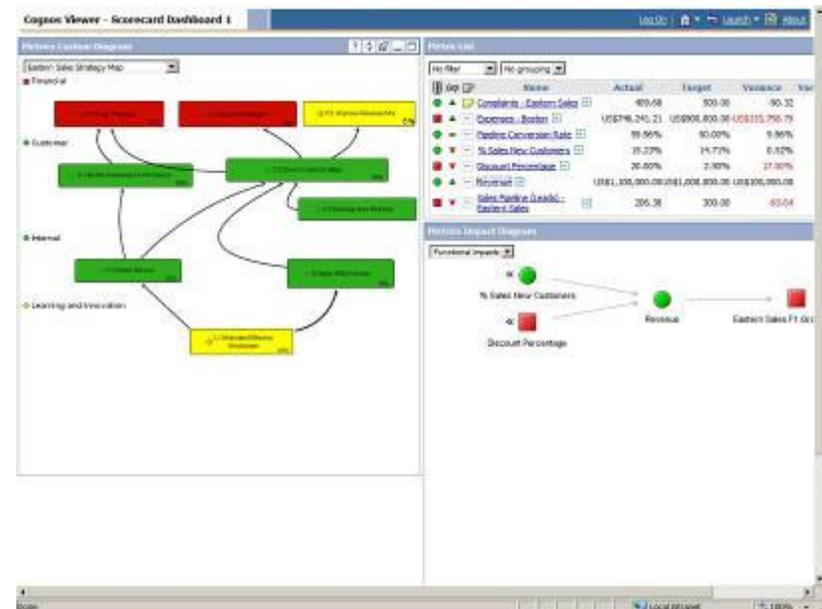
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## IBM Cognos 8 BI Scorecarding v8.4

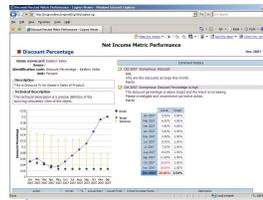
- Strategy Map & Impact Diagram portlets
  - Strategic scorecard information now available in portal based dashboards
- IBM Cognos Go! Dashboards
  - Scorecards and metric lists available



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

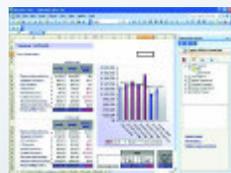
## Create Once, Consume Anywhere

### Managed Reports



> Scheduled personalized pre-authored scorecard reports

### Go! Dashboard

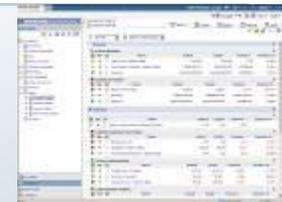


> Dynamic and customizable dashboards based on trusted scorecard data

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



## Supports Open Standards

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

The screenshot shows a Cognos 8 BI Scorecard dashboard with the following components:

- Metric Studio Watch List (Package: cmm)**

Name	Actual	Target
Customer Satisfaction - Global	113.39	
Inventory - Global	US\$534,729.34	US\$5
Return Goods - Global	US\$152,442.24	US\$1
Revenue - Global	US\$2,724,000.88	US\$2,0
- Cognos Metric List**

Name	Actual	Target	Variance	Variance %	Time Period
...	18.00	18.00	0.00	0.0%	0.0%
...	20.0	20.0	0.0	0.0%	0.0%
...	440.0	440.0	0.0	0.0%	0.0%
...	45.0	45.0	-0.0	-0.0%	0.0%
...	8,400.0	8,400.0	0.000.0	0.000.0%	0.0%
...	7,248,000.0	8,000,000.0	-752,000.0	-9.4%	0.0%
- Cognos Metric History Chart**: A line graph showing 'Sales Metrics' over time from April 2007 to November 2008. The Y-axis ranges from 0 to 1,000,000. The chart shows two data series: 'Actual' (black line with squares) and 'Target' (blue line with circles).
- Sales Opportunity for Selected Office**

Opportunity	Amount	Measurement	Amount	Stage	Product	Date Initiated	Expected Closed	Op Area
IBM System Maintenance - IBM Software	\$1,428,750.00	WebSite Tools		At Risk	At Risk	10/01/2008	10/01/2008	10
Deloitte Shipping maintenance - Deloitte Shipping	\$883,000.00	Client Fees		At Risk	At Risk	02/10/2008	03/02/2008	10
Headier System maintenance - Headier Systems	\$553,670.00	Basic Services		At Risk	At Risk	04/12/2008	01/01/2009	10
2 Miles Studio update - 2 Miles Studio	\$534,200.00	Web App		At Risk	At Risk	09/12/2008	10/11/2008	10
Revenue record new account - Revenue record	\$262,800.00	Basic Services		At Risk	At Risk	07/22/2008	10/11/2008	10
- Selected Office Sales KPI**: A gauge chart showing 'Sales Office KPI' with a value of 2,310,889. The gauge has a scale from 0 to 10,000,000.

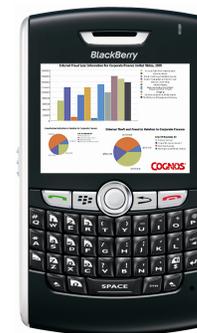
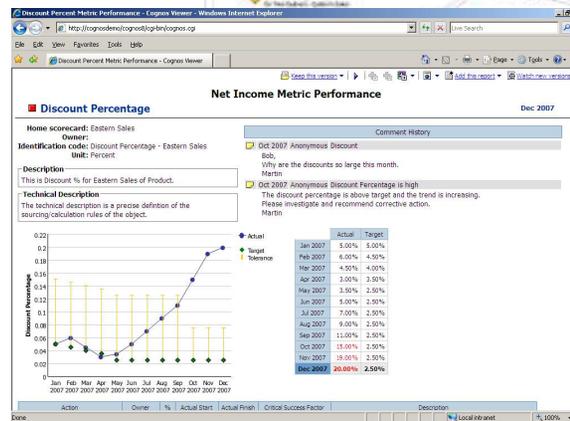
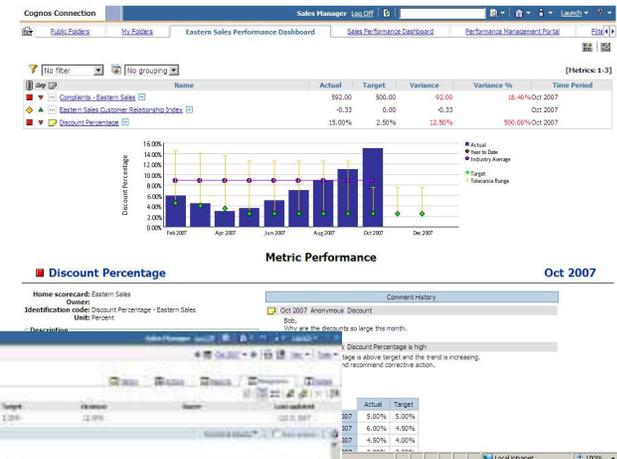
## Role Based Views: C-Level Execs

- 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



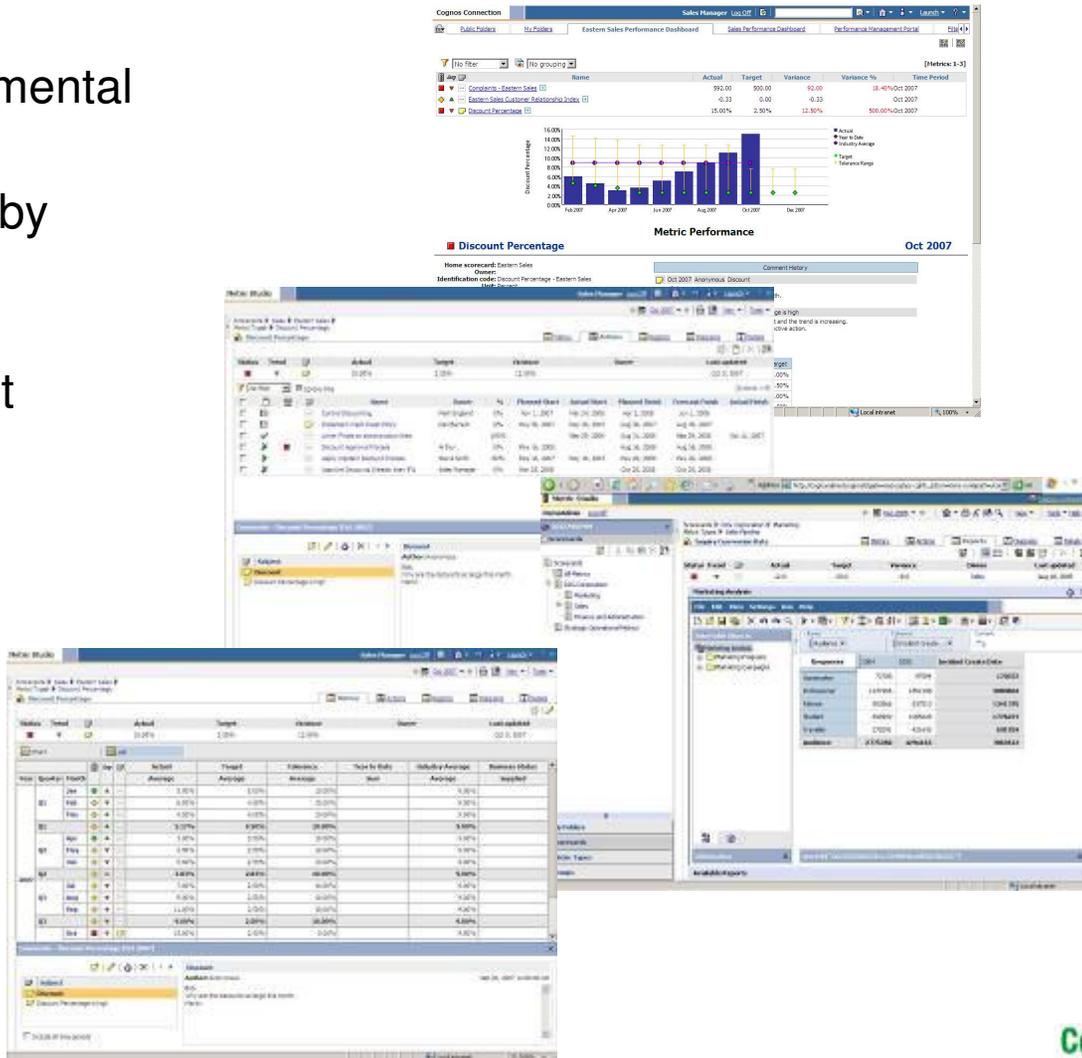
## Role Based Views: VPs & Managers

- 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*



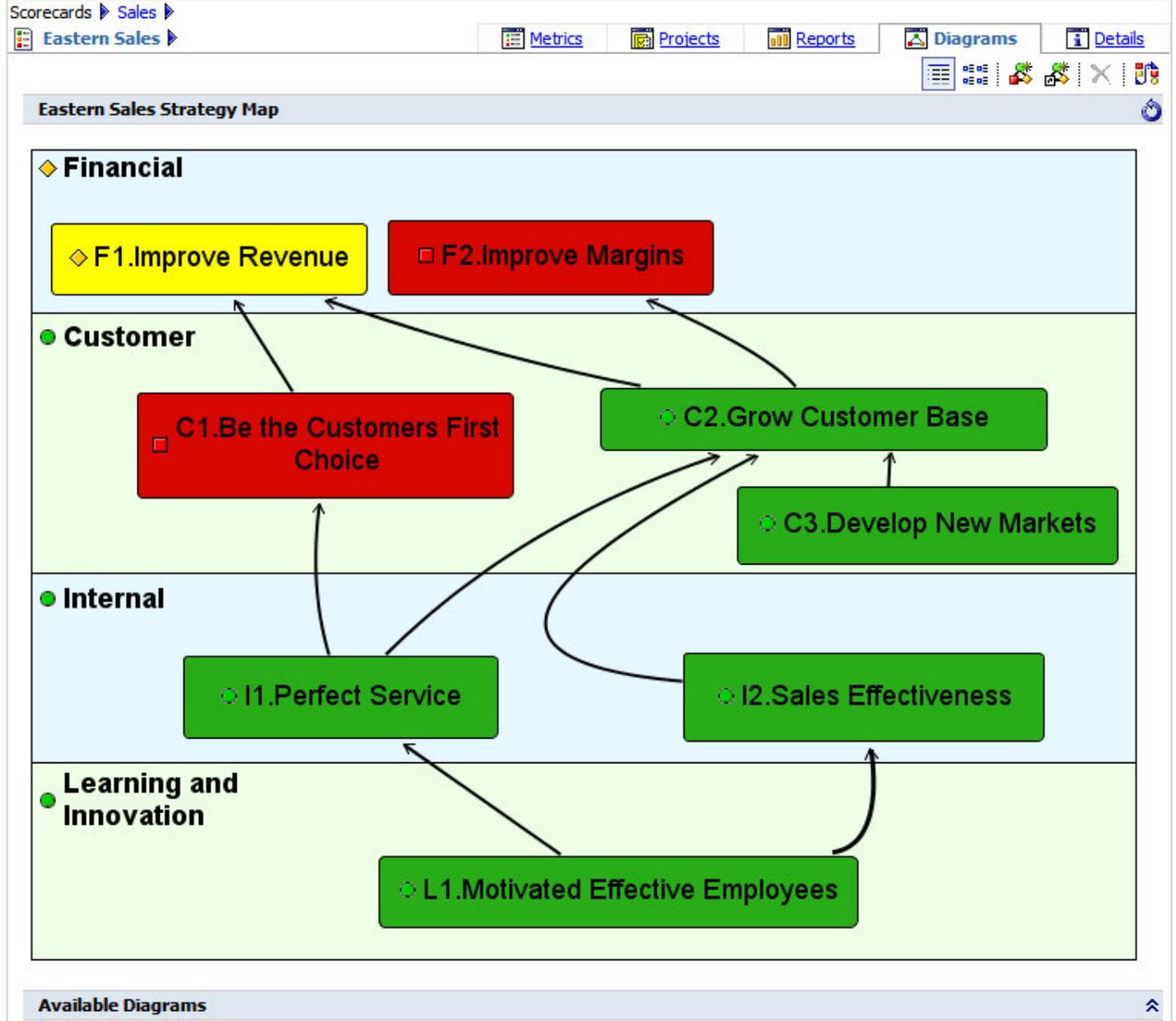
**Digital2GoCMM**

**Scorecards**

- 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

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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