IBM White Glove Events

Moderator: Tim O'Brien
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10:00 a.m. CT

Operator: We'd like to welcome everyone to today's web event titled "Best Practices and Actions" webcast featuring "How to Use KPIs to Design Insightful Reports."

At this time it is my pleasure to turn the floor over to Mr. Tim O'Brien. Mr. O'Brien, you have the floor.

Tim O'Brien: Thank you very much and welcome, everyone, to this installment of the "Best Practices and Actions" webcast series featuring "How to use KPIs to Design Insightful Reports." This will be present by Jeremy Hope, co-founder of the BBRT also author of a couple of books out there – I'm sure you'll all familiar with called "Beyond Budgeting" as well as "Reinventing the CFO." And he's also authored many articles that have been published to different magazines, business magazines that have – you know, can we start over?

Operator: OK. Hold on. Let me …

Tim O'Brien: I'm sorry.

Operator: Let me stop the recording.

Tim O'Brien: My computer just went hokie as I was speaking.

Operator: OK. All right.

Tim O'Brien: I lost my, you know, anyway.

Operator: OK. Is everything OK, now?

Tim O'Brien: Yes, everything's great.

Operator: OK. I'm going to hit the record again. I'm going to do the intro just like before and then – take two.

Tim O'Brien: Oh. All right.

Operator: I would like to welcome everyone to today's web event entitled "Best Practices and Actions: How to use KPIs to design insightful reports." At this time it is my pleasure to turn the floor over to Mr. Tim O'Brien. Mr. O'Brien, you have the floor,

Tim O'Brien: Thank you and welcome, everyone, to this installment of the "Best Practices and Actions" webcast series featuring "How to Use KPIs to Design Insightful Reports." This webcast will be presented by Jeremy Hope, co-founder of the Beyond Budgeting Round Table also author of a few books entitled "Beyond Budgeting" and "Reinventing the CFO," as well as many articles that have been published though various outlets that you may be familiar with.

This is the third webcast in the series that's being brought to you today. It's the key performance indicator series. The first webcast was on how to select the right KPI by aligning them with team-based success factors, also how to dumb KPIs into intelligent analytics and this being the third how to use KPIs to design insightful reports. Certainly look to those earlier webcasts in this series and the two following, the fourth and fifth, in the series as I think you'll get a lot of value out of these webcasts.

So before I hand the microphone over to Jeremy Hope, I just wanted to give you all a quick update on the IBM Cognos Innovation Center, which is bring you this webcast series, today. We are a membership-based community and that is we consist of business analytics customers within IBM. Around the globe, we've got over 7,000 members today who participate in our community. We also partner with third party thought leaders like Jeremy Hope and David Axson of the Sonax Group, David Norton from the Balance Scorecard Collaborative of Palladium, as well as within IBM Steve Luke and

(term GBS), Peter Nieuwenhuizen who wrote a book called "Simply Strategy" and other thought leaders around the globe. These are just a few that we're mentioning here.

And all of that work that we do as we deliver events to our community like this webcast, like live event workshops that we do literally around the globe – all this work produces some great output that membership can benefit from, which is IBM Cognos Performance blue print. These are pre-built data process and policy models that are built around a particular business practice. So they're really solutions that could be along functional lines such as say headcount and compensation planning or workforce planning or even along industry verticals like retail where we've got a number of store operations planning blueprints, merchandising planning blueprints – I encourage you all to go out to our website and take a look at what's out there. There's a number of them. I think there's over 45 blueprints.

Also what we deliver to our community is podcasts where we interview different customers to try and understand how they were able to successfully deploy our solutions and the value they've gotten out of it. What were some of the challenges that they faced through this deployment and how they overcame them. So there's a lot of great stuff in that respect you can leverage. We also host a financial performance management customer advisory board. So this gives you access to our product management and development teams. And we have benchmarking tools as well that you can leverage at no cost.

And, you know, all of this output that we deliver, including customer success stories and these IBM Cognos Performance blueprints that I talked about – all of this stuff, a great deal of resources you can leverage, a great way to navigate through all the – instead of going out to ibm.com to find it all, we've created what we call the IBM Cognos Innovation Center, a widget, and this allows you to filter by what live events are coming and you'll be able to see what we're delivering literally around the lobe, the globe. Are they coming to your city soon? You can find out there. Webcasts like this one – we'll have a listing of all those and, of course, the blueprints and different white papers we have available, customer success stories and other resources like on-demand webcasts are all listed there, our online community, our LinkedIn group, our

Twitter account, all of that stuff's available to you – a great way to stay connected with the Innovations Center.

So definitely look to download that at ibm.com/cognos/innovation-center. And before I hand the microphone over to Jeremy, I just really want to really quickly want to give you a sense of what business analytics is at IBM. Essentially it's really answering questions that any decision maker in your organization is going to be looking for answers to before a real decision is made. And it really starts with asking the question of what's happening? How are we doing today? And that's typically done through measuring and monitoring tools like dashboards and scorecards, reports and real-time monitoring for immediate results, insights to business performance.

So you might be looking at a few key performances indicators to see if you're on target. Are you above target? Are you below target? And then within the same system – and this is the key, which really is something that a lot of organization are having to go in and out of different databases like access databases, data warehouses, Excel spreadsheets, access data – it was all that kind of stuff we didn't typically house under one roof.

And one way or another that next question of OK, I've understood what's happening, how we're doing. Look at this key performance indicator and seeing that we're above target and I want to understand why. What's – why is this? And you want to be able to drill through in context from that number into the detail within the same solutions. And what comes to mind is single version of the truth. If you're logging in and out of different systems to try and get answers to these questions, typically you find the data doesn't tick and tie very well. But to an integrated business analytic solution, you can answer that next question of why you're at a (query) trend in statistical analysis, content analytics to find deeper analysis trends and patterns.

And once you've got context around why your key performance indicators or your targets are above or below or even on target, you want to be able to act on it. You want to be able to ask that question of what's likely to happen going forward. You want to do your worst what if analysis, your predictive modeling, your planning and budgeting, for foresight to plan and allocate your

resources. And essentially those three questions – answering those questions through different solutions that IBM offers that is what business analytics is. It's really answering those questions. How are we doing today? Why, why are we above or below target? And then lastly, what should we be doing going forward? What's likely to happen and then doing that what if analysis scenario planning and planning and budgeting.

So hopefully that was helpful to give you context around business analytics. To find out more about the Innovation Center, you can simply go to ibm.com/cognos/innovation-center. And I thank you all for allowing me to pass that information on to you. It is now my pleasure to introduce Jeremy Hope for the keynote presentation for this webcast. Jeremy?

Jeremy Hope: Thank, Tim and hello, everyone. And welcome to this webcast on how to use KPIs to design insightful reports.

It's reckoned that even the best manager or investors struggle to get half their decisions right. When you think about it managers can only respond to the information they receive. If this is slow, infrequent and unhelpful, then it is highly unlikely that they are able to assess a situation and take the right action. If, however, it is fast, frequent and insightful, there's a fair chance that they will respond rapidly with the right decisions.

How reports are prepared and presented is critical to success. But this has been a neglected part of performance management for too long. In this webcast, I hope to shed some light on the latest thinking, which in turn again I hope will help you to improve your reporting system.

As Tim mentioned, this webcast is the third in a series of five about how to derive and use KPIs. I will be presenting throughout 2010 for IBM Cognos. Tim mentioned the first two. Well, the final two are how to use KPIs to support performance evaluation and reward and how to use KPIs to empower people through better transparency and communication. Also as Tim noted, to get a complete picture and the full understanding of the message here, it would be great if you were to view all of these five webcasts.

So let's begin. By thinking about how most corporate reporting systems work, each month most managers receive accounting reports that tell them how the business is performing and whether they need to take any action to meet the predetermined budget. If they want more information, they can drill down into lower levels of detail and find out what's going on by division, department or call center. They can see reports that tell them how many blue pens were purchased in location X or Y, compare this year's budget and last year's actuals. They can tell whether 20 or more types of travel and entertaining expends are within budget. They can analyze every detail about product sales and whether each product has met its gross profit target and kept within its estimated standard cost.

But it's what the reports don't tell managers that's important. For example, they don't tell them much about where they are today, where they are heading in the near term, what is a trend and why it is occurring, how the results compare with peers or best practices. Though far from perfect, this is a better context for performance evaluation on a budget or what action they need to take to improve performance.

The reality is that few real insights are revealed because accounting numbers show only a one-dimensional view of performance. They fail to show a host of other factors that can have a dramatic impact on financial performance. From employee satisfaction and customer relationships to product quality and process efficiency – in other words, financial reports tell you the score but don't help you to play and win the game.

These are not the only problems. Most organizations produce far too many reports that have too many pages and contain too much detail. Most are of little or no value. And at least half should be eliminated or combined with other reports.

Here's a tip. Gather your finance team together and prepare a list of all the reports you produce each week, month and year. Then apply one test to see if they're useful or not. If the trend line on the key numbers on the report changes, does anything happen? In other words, does anyone take any action? If the answer is no, just eliminate the report. Do not consult anyone as

managers will instinctively look for reasons why they need the report. Just wait and see what happens. And I can almost guarantee that nothing will happen and you will have saved the finance team many days and weeks of unnecessary work.

So what, you might say, these reports cost little to prepare. But studies suggest a different conclusion. When you take into account the time spent gathering and analyzing data then coding and entering it into the system then preparing budget and reports, you begin to see how much time and money is spent. This is low-hanging fruit in terms of performance improvement and should not be overlooked.

Another problem is that reports are too slow and infrequent. In most organizations, information flow is around the business at a glacial pace with only eight percent of reports being available on demand. It is often around mid-month before leaders and managers know what happened in the previous month. That means flying blind for around six weeks at a time. In fast changing markets filled with fickle customer, managers need to know immediately if things are starting to go wrong or even when growth is accelerating too quickly. And given the huge sum spent on technology over the past 20 years, this is totally unacceptable.

In 1992, Kaplan and Norton introduced the balanced scorecard and it has since become a best selling concept. The illustration here is a simplified version of real scorecard report. It does convey how most scorecards report performance today. Managers typically agree three to five metrics for each of the four scorecard perspectives. Set targets based on these metrics and then compare actual performance with them. Many reports using traffic lights or happy or miserable faces to represent good, average or poor performance sometimes with arrows indicated the direction of change.

Another development is that management incentives are increasingly based on these results. The benefits so that the measurement reporting and the overall framework is more balanced between financial and non-financial measures and represents a more holistic view of business performance.

One of their more recent books Kaplan and Norton have explained that the balance scorecard should be seen and used as a strategic management system rather than a performance measurement system. Most users still use the scorecard to set targets and measures and reward performance. In other words, most scorecards are used as just another lever of top-down control. And the opportunity to build frontline knowledge and capability has been lost.

While a balanced scorecard was and still is a major step forward, reporting part of the system lacks depths and insight. Here are some of the problems. One – there are too many metrics, often between 20 and I've seen scorecards with up to a hundred leading to long, detailed reports. Two – most metrics that are financial are lagging. There's not enough effort made to include leading or predicted non-financial indicators. Three – Theometrics focus on culture, ethics or risk. Well, the banks spent around four percent of their revenues on risk management. Very few of their reporting systems predicted the credit crunch and the catastrophic impact it had on corporate reputations and shareholder value. Four – the only context with success is the annual target. Many scorecard users see the scorecard and just another budget with bells and whistles added. The same negotiated targets and bearings reports are in evidence. Five – most metrics are single point with not enough trend analysis. Six – few reports provide real insight. Too many scorecards focus on simple metrics rather than the root causes of performance. And seven – spreadsheet and power point slides are still used to explain results. This presents managers a heaven-sent opportunity to window dress the results but few of them ever miss.

Now I'm not suggesting that scorecard reports are worthless, far from it. They are a major step forward. It's just that I think we can do so much better, possibly as much as an 80 percent improvement for no more than 20 percent more effort.

So the accounting numbers and balanced scorecard reports are not the answer for the reporting problem. What do we want? Well, here are five features of a reporting system that I think would provide managers with the information they need to make a reasonable assessment of what is happening and what, if any, action they need to take.

Those well-designed reports should tell us five things. First about the context – a report to be meaningful, the reader needs to know how success is defined. Do we compare results with fixed-targets and budgets or relative performance based on, for example, peers, best practices or prior periods? Second – level. What is going on today and is their cause for review? Thirdly – trend. What is the trend? And what would be the likely outcomes over the next six to 12 months? Fourth – analysis. Why is the trend moving up or down? And fifth – action. What action, if any, should we take?

And then now look at each of these five features in turn. So let's start with context. How does a reader of a report know if performance is good, bad or indifferent and therefore whether any action is necessary? Most reports show current performance against an agreed budget or target. But, as I said on many occasions, fixed-targets more often than now are a poorer way to drive performance. They need to be reset every year. And that can take many months. But it'll lead to incremental targets, typically two to three percent higher than last year as managers worry about the uncertainty of planned outcomes. And they too often lead to unethical reporting as managers strive and strain to meet the commitments they've made. If we insist on measuring performance against a fixed-target then it would not surprise us when we fail to adapt to unforeseen events nor should it surprise us if frontline people are forewarned about a looming problem but never pass the information up the line.

Teams are rewarded for compliance and control rather than innovation and initiative. But quality expert (Edward Dunning), for one, was a skeptic. He believed that answering the question, how do you know, is crucial. People would talk about the performance in terms of numbers and he would ask how do you know? How can you possibly assess things with the minuscule, little elements you're looking at here? How do you know? This is a disturbing question for all those involved in performance measurement. An alternative is to opt for relative goals and measures.

Take a look at the table of car quality on the right. I'm willing to bet that many of you first looked for your own make of car. Well, I can also see from

the screen how small the print is so you probably can't see it. Then you probably looked at the actual figures, the fault ratio. This is relative measurement in practice. It harnesses what social scientists call intrinsic motivators including pride, passion and peer pressure.

One of the great social scientists of the 20th Century, Frederick Herzberg, used the analogy of the battery and the dynamo. Whereas targets like batteries need charging at regular intervals, in the case of targets usually each year. But relative measures like dynamos are constantly recharged as people reset their goals based on the performance of their peers. All performances ultimately relatively – it doesn't matter if you set a target and meet it. If your competitors have done better than you, the market will sell your shares and eventually you will go out of business.

We can use relative measurement to compare your performance against other organizations. And you could also use it to compare the performance of teams inside the business. There are many independent and industry benchmarking services you can use to track relative performance. For example, the American Customer Satisfaction Index was established in1994 to provide a new economic indicator's tracking the quality of products and serves from the perspective of the customer. Research is showing that this index is a leading economic indicator and a predictor of financial performance at the firm level.

Of course, most firms use market research to survey their own customers and provide customer satisfaction reports. This use to be a long, drawn out annual process. But many firms are now using continuous sampling methods to monitor satisfaction levels. The American Productivity and Quality Center is another organization that does great work on benchmarking, focusing on internal processes such as the supply chain or customer service.

We also provide benchmarking on back-office functions and processes, such as finance, I.T. and human resources. Individual sectors also have their measurement compiler. As we just noted, one of the best knowns in the auto industry, where the J.D. Power charts track the relative performance of cars in many countries across the world. And the employee satisfaction field – the Great Place to Work Institute has been tracking satisfaction levels for over 10

years. Like with customer satisfaction, many studies show a strong correlation between being a great place to work and financial success.

But most reports on relative measures tract internal peer-to-peer comparisons. This means, of course, that comparative information. But it's often difficult to find for external comparisons is readily available. Many companies are no using relative measures to compare the performance of sales teams, lines of business, brands, plants, branches, regions and countries. There are many ways to slice and dice businesses to support relative performance measures.

Here are some organizations that use relative measure as an integral part of their reporting systems. In these organizations, the aim is not to have aimless negotiations about targets with all the time wasting and dysfunction of behavior involved. Relative performance is relentless. It doesn't presume that performance stops on December the 31st and starts again on January the 1st.

Hilton Hotels uses internal benchmarking to establish targets with individual properties. It expects each property to close the gap each year between its current performance and that's at one of Hilton's top tier or green zone hotels. This is how it works. Let's assume that a low performing hotel has a current score of 50 on a particular metrics such as customer satisfaction. Where as the best performance score for a comparable property is like say 90. That's a difference of 40. Hilton would then set a target for this property; close the gap by say 25 percent each year. So the target for the following year would be 60 and the year after that assuming that best practice hasn't changed, would be 67.5 and so on.

This approach acknowledges that step changes in performance take time. The Hilton approach to target setting also recognizes that improvement becomes more incremental as properties approach performance perfection.

Southwest Airlines holds internal competitions each year and the winners hold a reward and receive a lot of publicity across the company. Each year, for example, the cleaning teams compete for a prize that gets their name on a

plane. Peer pressure is a more powerful performance driver than fixed targets and far cheaper than financial incentives.

Swedish bank Handelsbanken uses peer comparisons extensively to drive performance improvement. They use only a few KPIs, but while not perfect, are good enough. Every month, each branch or region can see where they are compared to other branches or regions. Branches uses just two KPIs – cost to income ratio and profit per employee. Regions use cost to income ratio and return on equity. The low performers, the head office, is not telling them what to do. Instead the message is that you are closest to the customer and you have the necessary authority to do what has to be done. In other words, there are no excuses. If they don't improve, then action will be taken to change managers or other members of the team.

What's important is that there were no structured lead tables nor are there any reports with comments that name and shame under performance, rather they just published the results. The power is in the pride, passion and peer pressure. The teams feel. Each teams knows who they compare themselves to. They don't need a structured lead table to show them. No manager wants to go to a peer group meeting then in the fourth quartile.

Before I go on to talk about reporting in more detail, an important principle is where possible to use only one page for a report. One way to do this is to break the page into four quadrants – one each for level, trend, analysis and action. This forces the person preparing the report to be brief, yet capture the key pieces of information that the reader needs. Further (date) can be found should the report reader require it.

Toyota is a great believer in this principle. Most problems are dealt with in superficial ways and few reports actually pinpoint the root cause of their problems. Toyota famously uses what it calls A3 reporting to examine and solve problems. A3 is a paper-size, typically 11 inches by 17 inches.

Guys, I've just – on my screen there's an interruption. So I've lost the screen. Can you still see it?

Tim O'Brien: Yes, Jeremy. We're at the slide where you've got leveled circled with some information within the circle.

Jeremy Hope: OK. So I'll just carry on and then say next slide. OK.

Tim O'Brien: OK. Super.

Jeremy Hope: OK. Toyota believes that when you structure your problem solving around piece of paper, then you're thinking is structured and focused.

Next slide.

The first quadrant addresses the question what is going on today and is there cause for review? This part of the report is an (extrap) from the team's KPI dashboard and typically shows what has been going on over the past week or so. Should this performance be ringing and the alarm bell. And are there any signs of looming problems? Just as a fuel gauge in a car forewarns drivers that they only have 30 to 40 miles to go before they run out, so management indicators should inform teams when to sit up and take action.

All the levels in a solve team – absentee levels, on the shop floor and failure calls in a service center are all examples of KPIs forewarn managers of problems ahead. In this example, the level of failure calls in a call center are still running at unacceptable levels and the variation between agents is wider than expected. Too many organizations fall into the trap of using KPI dashboards will dials and graphs that show how this or that indicator performing against the short-term target. As soon as a KPI becomes a target then management behavior changes to meet the target, often leading to short-term tactical decisions that fail to address the root cause of the problem.

Next slide, please, 14.

The second quadrant focuses on the trend. Patens and trends provide more insight than columns of figures. Trends can be adjusted for season fluctuation and show, for example, moving averages. The time horizon depends on the business. Monitoring the performance of a call center, for example, might look at a moving window as 13 or even up to 26 weeks. Trend reports should

show a benchmark to give the reader some reference point as to whether the performance is good or bad. In this example, despite previous attempts of improvement a call centers (forward) their calls about his calls that should not be made in the first place are still running at unacceptable levels that is dramatically higher than best practice.

Next slide, number 15.

The analysis quadrants gives the reader some essential background information on why the trend line is moving up or down and whether further action is required. It should be short and to the point and focus on the root causes of good or bad performance. In this example, an investigation has revealed that staff turn over is far too high and training is too long and broad based. The aim is to shorten the time spent on training new recruits by focusing their training on the top ten or 90 percent of call-related problems and refer the other 10 percent, that take a long time to sort out, to supervisors until the person is sufficiently competent to deal with them.

Next slide, number 16.

The action plan quadrant tells the reader whether or not action needs to be taken and provides a summary of what action is proposed. The reader can then consider the whole report and decide whether the local manager is in control of the situation or whether it requires some intervention from a higher level.

Reading and evaluating this report takes only a few minutes and might solicit an email or phone call to gather more information, to maybe challenge the analysis or action plans. This enables each team to continuously monitor and self-regulate it's performance, taking the necessary action when appropriate. It also enables senior managers to monitor performance of the team but only interfere by exception.

Next slide, number 17.

In the previous webcast, I talked about how analytics can provide managers with more insightful information that could lead to swift response to potential

problems. Imagine that you are the chief operations officer, managing five all centers. Your screen as alerted you that calls center one has just took turn from yellow to red. So you look at the next level of detail and you find that process quality indicated has turned red. By the two analytics, you can see that call handling has turned also from yellow to red. So you look at the latest report from the manager on failure rates and you see they're getting worse.

So you ask about the analysis and action plan and how long it will take to turn around. You can see they're transferring someone from team two or team three to take over team one. We decide to give team one more chance to see if the change in training program will work.

The benefit of this system is that reports are sent directly to an electronic device. No one is manipulating the numbers. It enables executives to monitor performance and only interfere by exception. But really of course, a danger but in the wrong hands these reports could lean to micro-management. This is the wrong approach. The real benefits are the opposite, more empowerment, as local teams are fast, relevant information to take fast action knowing that senior people can see the same information at the same time.

Empowerment and control used to be tradeoffs. But this is no longer the case as control can now be everywhere at the same time.

Next slide, number 18.

While reporting on a page is great for individual or even small clusters of KPIs, managers also need to see the bigger performance picture. The best organizations producing insightful reports have combined KPIs, training, forecasts and best practices goals. This focusing on peer performance gaps rather than the rearview mirror of budget variances. And this example, the team is looking at a 12 (quarts), a moving performance window. So we set out courses of actuaries, five courses of forecast in the medium term best practice goal. This goal provides the context for the report and it doesn't remain static. In an update to his best in class performance improves, it tells a reader what success should look like and how far away the business is from achieving the result.

The executive team can see, usually for the first time, a more complete view of performance including the financial metrics and non-financial KPIs. These prompt different question from those usually asked about budget variances, such as why are we not improving against our peers? What actions have we taken? And what more do we need to do? And why are our forecasts consistently too optimistic or pessimistic. They focus on performance improvement issues and relate directly to strategy. Now compare this review with a typical budget meeting where line-by-line variances are discussed. What do we learn from such a review? Not much is the answer.

Next slide, 19.

What would such a business review meeting be like? It would have three steps – check, plan and act. The cycle starts with check – where are we right now? What does a mid-term future look like? How are we doing against our peers or best practices? The answer to these questions enable managers to decide whether there is any need to make a change. Assuming that a change is demanded, then the second step is plan. What are our best options? What are the risks? What resources do we need? And what do we need to do to coordinate with other teams?

The third step is act. How should we execute the plans? There is no actually versus budget reports, a no explanations or variances. These meetings have a different purchase. Instead of explaining variances the team focuses on whether they are in the context of medium term aspirational goals. It is the trend line or trajectory toward the medium term goal that is important. Will business as usual take us to where we want to be or do we need to take further action? In this way control focuses on the trend line and best practice gaps rather than the short-term members.

Next slide, number 20.

CFO of U.K. manufacturer Tompkins, Ken Lever, is a great believer in trend reporting. In an interview for my book, "Reinventing CFO," he explained the benefits of this type of reports. We can now see patens and pictures of how things are changing and this enables us to ask a lot more relevant questions

about performance. One of the things I track is moving and (royal) totals on operating profit and cash flow for each of the businesses. If I see the two moving out of line, I then ask what's happening and that triggers a constructive dialogue with the business unit team. It might, for example, mean that a business is over invested in which case we need to pull back. We also do some scenario planning exercise and we use the forecast information to support them.

Next slide, number 21.

In this report, Team A sees its performance relative to other teams over a period of time. This helps them to understand what are their strengths and weaknesses and what do they need to do to raise their game. This type of report divides all teams into four (quartiles) and shows each core time in a different color. To be effective, this reporting system requires that teams, whose performance is being compare, use the same KPIs. Otherwise peer comparison reports, of course, would not work. Each team kind of course set their own goals for each KPI or analytic, but these goals will not be the ones that performers will be reported against on the system. While the key financials will usually be the actual results from the management information system, the results for analytics will be based on best practice standards set by senior executives.

Next slide, number 22.

So what does best practice reporting look like today? Here are six guidelines. One – eliminate unnecessary reports, usually around 50 percent. Two – make reports fast, usually online, frequent and relevant. Three – base the context for good or bad performance on relative performance rather than fixed-targets. But be careful with lead tables. It is often better to simply make the results open and transparent without comment. Four – keep most reports to one page showing level trend analysis and action using a nesting of KPIs from high-level views – these are usually clusters of KPIs or analytics – down to individual KPIs. Five – make reports available electronically direct from the system, leaving no opportunity for manipulating the numbers. And six –

maintain the highest ethical standards. Anyone that abuses the system should clearly understand that this is a firing offense.

In the next webcast we will look at how we can best use KPIs to evaluate a new (ward) performance. I hope to see you then. Thanks for listening. I'll now hand you back to Tim.

Tim O'Brien: Great. Thank you, Jeremy, for some great stuff that you have delivered over the past 45 minutes, appreciate that. Some of the information going out of that is not just about defining what the key performance indicators to give you the right context. And you mentioned things like level, trend analysis and action and got into specifics around what those can mean to change the management conversation from why aren't you achieving your target to a more strategic discussion around getting to those acceptable levels within the key performance indicators. How to structure a report appropriately to have the most success in getting the most out of your employees and aligning them to the overall company strategy.

So great stuff. Thank you, Jeremy, and thank you everyone for your time, appreciate it. As we mentioned, this is the third webcast in a series on key performance indicators brought to you by Jeremy Hope and the IGM Cognos Innovation Center. The next webcast will be on how to use KPIs to support performance evaluation and rewards. Again, I encourage you to check out the earlier webcasts – number one and two – number one being how to select the right KPIs by aligning them with team based success factors, the second one how to turn dumb KPIs into intelligent analytics and what you just hear today is how to use KPIs to design insightful reports.

Look for the next webcast series coming to you. Thank you for your time. Thank you, Jeremy, for that great presentation – really, really excellent stuff. And appreciate your time.

I can now turn it back to the event host.

Operator: And this concludes today's presentation. You may now disconnect.

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