Interviewer: All right we have covered a lot of ground today in the next session we would like to address more of the how? With regards to performance management, how to start an initiative, how to achieve some initial success and then sustain those improvements on a continuos basis. So, I would like to welcome our panelist, I am joined in this round table session by our key known speaker David Axon, Mary Driscoll from APQC, Robert Laredo Qualicom, Scott Wallace of Deloitte and Steve Rogers from IBM. So, we have prepared a series of questions for our panelist and we are going to give them each a chance to answer and respond and give you some tips and guidelines as we move forward. The first topic I would like each of you to address is building support for performance management initiatives with executive management, you know many of our attendees perhaps are looking at their performance management initiatives and kicking them of for the very first time. What advice can you give them to raise that internal case with senior management and perhaps that it is sensitive to these turbulent times. David you have written two books that kind of fuel the executive interest and in confidence in this area what advice do you have for our audience?

David Axon: Thanks Dough, I think it is a fascinating time I think we have tremendous opportunity not withstanding the fact that clearly budgets are constrained at the moment and everyone has got an eye on the short term and managing the expenses. I really see the events in the last 18 to 24 months *shinny and very bright light [phonetic]* on the performance management practices and processes you know you only have to listen to quarterly earnings call *[Inaudible]* to CFO and the CEO one after the other talk about the lack of visibility the degree of uncertainty and volatility and the impact that is having on the level of confidence they have and the speed with which they can make management decisions and what it has really done is it has caused a lot of people to ask pretty serious questions about what are the performance management practices and processes that we relied on for half a century or even relevance in today's world, unless I look back I *[Inaudible]* begin to see a pattern emerging, you know the recession in the early past of the 1980s really triggered of a massive way of manufacturing, redesign and restructuring, you know total quality managements, statistical process control and we really did a very good job of improving quality reducing costs and ways in our manufacturing processes. The recession of the early 90s really kicked of the process reengineering and the ERP way where we really targeted lot of the back office functions be it finance even resources, procurement and drove out a lot of inefficiency and increased productivity dramatically *[Inaudible]*. I think when we look back on this recession this downturn this depression whatever you might want to call it, we may actually see it is a triggering event through a significant way of revisiting and re-architecting the management practices to take advantage of the technology that is clearly there, and one of the most heartening things when I wrote my last book was the first time in my career I could actually validate the technology *can support [phonetic]* best practices. Historically we have always had *[Inaudible]* there were functional deficiencies where the technology was not really in place, I think we have wonderful opportunity now to make the case to senior management the technology is now in place, the best practice understanding in knowledge is in place, we are just not taking advantage of it, now securing the budget may be a little challenging for the next few months, but I certainly think you can make *[Inaudible]* argument.

Interviewer: So David some of those initiatives that you have mentioned are from times past perhaps we are seeing is really big that is, is performance management any different from that?

David: It is not the same older magnitude from an investment stand point, you can make significant progress in the performance management area relatively small by size chunks. The bigger issue is management behavior and culture which is a much more significant issue in getting management comfortable with different ways of operating you know where many people feel the budget is *[Inaudible]* management tool, there is a certain comfort in saying why it is in the budget or you know we budgeted in we planned it therefore we can go execute against it even though in the back of our mind we have a memory that you know our 2008 budget didn't work very well, so how much confidence do we really have in our budget for 2009, so I think the bigger issue is more of a behavioral challenge in getting senior management comfortable with the change in their own behavior that these new practices and tools require is they are going to have visibility and confidence to make decisions in a very complex volatile world.

Interviewer: Right *[Inaudible]* very good. Mary Driscoll you have a unique perspective on this with the American productivity and quality center, what does your research tell you about you know making this case for senior executive?

Mary Driscoll: Well I think it is interesting and we are constantly dipping into the field and gathering live research as we go around the country from CFOs and there is no question that the current economic crisis and that those are exactly the right word for it are drawing CFOs attention to the fact that you know greater risks or completely two types of risks are emerging, risks in the revenue stream, risks in the cost structure and particularly risk of the cash conversion cycle. *[Inaudible]* most folks don't realize that two thirds of all US industrial companies are rated below investment grade okay, so two thirds of our companies are junk bond rated. Many companies are cash rich none the less a lot of their customers are squeezed, and lot of their suppliers are squeezed, so we have a situation where liquidity levels are all of a sudden something that is of interest so I guess my advice to you know finance people when I see people who are joining forces to propose or put a case together for investment in performance management tools and software and analytics, 1# keep in mind understand the burning platform that senior management is on right now, so I wouldn't go in and say hey! This new tool is going to really help us quench data faster, no you want to go in and say look this tool is going to help us provide some insights, pull some insights out of our transaction systems and analyze well what is the different patterns for instance in customer segments and their payment patterns and are there different patterns among customers that are more strategic to us or more high volume revenue those kinds of thing, so you can begin to get in *[Inaudible]* and then anticipate some of these things for instance if you are going to have to increase your bad debt reserve or not that is something that CFO really needs to see, because at the end of the day you want to be ahead of those red flags that get raised, because your bankers are going to be looking for red flags and so are your other capital market investors and capital providers okay and I think the message is how can these new

technologies or more advanced technologies help us get away from doing what David just referred to as very non relevant and after the side things, how can these tools make finance relevant in turbulent times.

Interviewer: Yeah well said I think you linked the current economic climate really becomes a bit of a burning platform for the outcomes that the advanced technologies can bring to the finance function and therefore the initiative in some way is going to make it is own case. *Robert Laredo [phonetic]* let me turn to you at Qualicom, you know wasn't that long ago probably you know that you had to help build a case for the…your executive management team for investment here, what advise can you give our audience?

Robert Laredo: We started our performance management from a system wide perspective about four years ago, but I think performance management has always lived in our company it just wasn't what I call as efficient so our whole process was trying to take our planning process which we knew how to plan, but make it more reliable and make the data more reliable and share that data throughout the company. So, my biggest advice about you know how do you get started, how do you get executive *buying [phonetic]* you all know what data you have in your company that is valuable right now, whether it was valuable two years ago, whether it was valuable now you know that data, it is time to get that data out of excel and into a database that could be shared, a database where people can rely on that data, database where people can start talking about that data and that is really what brings the changes that collaboration on data and that is how we started, we started of small, we started at the beginning up *[Inaudible]*, build that trust use those same people in order to communicate that to the rest of the organization.

Interviewer: All right thanks Robert. Steve turning to you now from IBM perspective you know what are the hallmarks really of a strong case for a performance management initiative among executive management?

Steve Rogers: Thanks, yeah I think we need to look at it from an external and internal drive up view point. I agree with the panel said have been made basically the CFO has the question before him how do they make the enterprise smarter and an area of increased volatility, none of us have the crystal ball to predict what America is going to do on Monday *[Inaudible]* a few months out, but I think what we can predict was uncertainty is that volatility is here to stay with us, so with that volatility an uncertainty in the foreseeable future and unprecedented levels how do you deal with the velocity of decision making that you have to do etc and over the course of our last three studies we have seen that there has been a major upset *[phonetic]* in the interest in performance management, it is actually top to CFOs agenda in each of our three studies that we do benignly *[Phonetic]* and it is growing in importance with them. *[Inaudible]* performance management framework to risks kind of time to what Mary was saying in our last study we saw that 87% of the risks that CFOs had experienced in the last three years where non financial and that was a big quotation marks, because naturally they did come home to roust and a financial number like share price at some point, so externally there is a lot of exogenous factors that folks need to ahead of it internally focussed and the business case should be around cost savings and Mary touched on the working capital and the cash

management stuff, cost avoidance so that you can get ahead of things and then there this concept diverse management, some embedding of risk in your performance management, so that you can evade the ugly stuff and so I think it is really pulling on those *[Inaudible]* but at the same time I think often times we see clients *[Inaudible]* focussed and they need to be bench marking and thinking about where their competitors are going and trying to figure out what the leading indicators are in their business, because when you think about the amplitude and frequency of volatility and the compression of time in decision making really there is a competitive advantage to extending your lead time by knowing what is coming at you.

Interviewer:  You know those are fascinating points Steve and one of the things that we have seen as increased appetite for more rolling in dynamic horizons and performance management right to get out of the *silver battery [phonetic]* and to in frequent look forward , we have also seen this impulse to look operations forecasting so we get more lead time operational cost, operational variance become the financial effect down the road, so it sounds like your team *[Inaudible]* perspective in making our enterprises smarter.

Steve Rogers: Yeah I would agree with that Dough, I mean when you start to take different dimensions of data and make some relationships to them you just start to build some new insights and some new capability.

Interviewer:  Scott I am going to turn to you finally here as a bit of the anchor man on this topic obviously an important topic in galvanizing you know the managements commitment to and then mobilizing some resources to performance management initiative, but as you work with your clientele, what you have seen as working particularly well to you know to move these initiatives forward?

Scott Wallace:  Well thanks Dough, as I listen to my colleagues talk, I mean I think the time have driven a lot of need and a lot of urgency on the part of CFOs and CEOs and boards of directors to get better information, but from a implementation stand point one of the things we are seeing here is well companies would normally look at this more *broad brushed [phonetic]* and try to put in a set of analytic tools.  They are really trying to identify and I would recommend to the audience that you don't really try to identify those areas of pain that are most important that have the highest priority for you for instance Mary mentioned cash management and cash insights to cash in very uncertain economic times that could be the pain for some companies and focus your effort around identifying the analytics that you are going to need and the tools that you are going to need in order to get that to the forefront of your management team, so like Robert mentioned keep it small identify the pain points and be able to deliver something quantifiable or valuable as quickly as possible to not only validate with the use of these tools and the technology, but also to bring that value to your management team and we will see more of our clients do that to scale down from a larger stand point and focus on those things that have the highest priority first to get the wins and then continue on.

Interviewer: Scott along those lines have you seen some minimum pay back period being more formally employed or is it you know, I know those are formal metrics on ranking projects, but what have you witnessed I guess among your clientele in terms of seeking to have that impact quickly enough so you can snowball into bigger and better things.

Scott Wallace: Yeah it is an interesting phenomena, we have seen this before in the last downturn as well where typically many of our clients would have said okay, it is going to take us a year to put in the kind of metrics and the kind of analytic capability we are looking for, we are now just saying okay I really have a problem with this can you help me get this and get this information in front of me in that three to six or three to four months window, because I cant afford to wait in order to get that insight and so it is much more time driven than it is anything else and it is an urgency driven kind of imperative to get these things out there as quickly as possible.

Interviewer: Clearly I think it is our first question here as indicated there is a lot at stake for lot of companies it is been fascinating talking about this, lets not throw into the second question, so this is really about once a case has been raised what should companies you know the audience really do here to help them evaluate technology in implementation partners, you are choosing the right partners, Robert if I can start with you in your experience from Qualicom. What advice can you give our audience in terms of selecting those partners?

Robert Laredo: So first all I mean the technology point of it we definitely wanted a tool or an application that would allow us to plan the way we plan, we didn't want a tool to come in and say here is the best practices of planning this isn't a situation that you are in. We thought and we know that we know how to plan, so we want a tool that is very flexible and address the multiple areas of the business and a tool that could be used in multiple areas of the business, so we had consistency of tool, technology and approach, implementation partners is very important to us, because four years ago we did not know what we know today and I think you learn about it everyday, so we were very adamant about getting the implementation partner to get started, because your first project is probably the best project to really make progress and really sell your pitch, so we knew we had to be successful and quick in our first project, you are taking too longer or not quite hitting the ball on the bat the next time it is going to harder to prove your case, so we implemented implementation partners right away in our first project as well as we trained our users, even the users that weren't quite building their technology, we felt it was important for them to understand the technology understand the capabilities in the technology so we are all on the same page and our partners and *Cognosis [Inaudible]* approach.

Interviewer: Right it is really an interesting advice about choosing wisely both the first initiative in project scope, but also the partners, I am getting from you that it is that initial success that gives you that license to continue to you know transform the processes and transform the practices of your company.

Robert Laredo:  Absolutely, that was our approach and I think that is why I think every data point that you do implement spawns of into multiple areas and that is how it starts growing and that is really what becomes financial performance measurement right, it is because you are working with all the other groups they do that data today, they are working together they have meetings, but now you are enabling that data throughout the organization and people are leveraging that.

Interviewer:  In a lot of way that kind of highlights your other point about choosing a technology that can scale to the problems that within the enterprise, the flexibility to then map to new problems as you continue to I guess spread the wealth and the impact of the solution so, it is an interesting contribution.  Hey! Scott lets turn to you at Deloitte and talk a little bit about evaluating technology in implementation partners.

Scott Wallace:  Well I think thanks Dough I think the first from a technology stand point to get on something that Robert just talked about you know looking at how the technology not only will fit the issue that you are trying to address, but how will it fit within the organization from an IT perspective, sometimes if the buyers are in finance like it is overlooked a little bit, but that will be a almost the first step you know what are the IT minimums that a new technology has got to have in order to fit my organization, secondly can the technology grow with me in other words are there multiple tools that this technology going to provide so that today if I need a planning solution I can get that, but tomorrow I might need a very deep analytic solution and to go through a lots of data, do they have a tool that will do that, so that as you have your successes move along the vendor can grow along with you, and you know regards to the professional you know to your partner on this your implementation partner, you know I think all of us will come with…you of course you are going to look at experience, you are going to look at where we have done it before and look for references and talk about it and I think all that is just *[Inaudible]* do diligence that everybody should do when they are looking for an implementation partner, but I think more than anything you are going to look for somebody that can kind of fit your culture that we will do business the way that you do business on a day to day basis and somebody that is going to partner with you on ideas and discussion of leading practices and integrating those kinds of things into how you do your business, Robert mentioned that at Qualicom they knew already knew how to do planning they were pretty confident in it and you got to have a partner that is going to work with you in that environment bring you good ideas, bring you may be new ideas, but also understand how to work and function in that environment that is so important to that long term relationship and also to the quality of the output.

Interviewer:  Yeah that is an interesting point that I don't imagine all the clients you work with have that same degree of confidence that they kind of have it figured out they just need the sustaining technology.

Scott Wallace:  Well you know absolutely and I would love to have Qualicom as a client, no they don't a lot of time we are hired I mean quite frankly lot of times you are hiring a partner to help you improve that process, because you are struggling both with the process and the technology.

Interviewer:  And you really want to borrow some of those ideas out of leading thinkers or forward thinking companies that have gone before you.

Scott Wallace:  Absolutely.

Interviewer:   Great, hey! David lets turn to you, so the question is really around evaluating technology and implementation partners on this journey, do you have some advise?

David Axon:  Sure you know I think we have seen a fairly rapid evolution here, there used to be a significant bias towards the technology feature function match *[Inaudible]* process.  I think what we are seeing now is an increased focus is you know what we were just talking about in terms of the quality and experience of the individuals who are there to work with you, you know there is a cliché that is thrown about all to often goal strategic partnership, but when you actually go about *[Inaudible]* little bit on what that rally means, it means having people who are aligned with your culture and your business objectives there is also people who can *[Inaudible]* you on this, I think both technology and implementation provider stand point, one of the most valuable tools that they can bring to that is a *[Inaudible]* challenge to you keep you honest in terms of the original objectives you are in the *[Inaudible]* implementation project it is also easy to make compromises that are really for the short term benefit and you are making sacrificing fairly significant components of flexibility, the agility and the transparency that you are looking to try and develop over the long term you know there are different needs across the business and there is a culture in some organizations that tends to lead them towards excessive standardization, you know I call it management communism, we all got to do it the same way.  Well to a certain extent that is a good point that, the certain undepending of standards and practice and policy, what standardization makes a lot of sense, but the businesses is just starting up in south east Asian market and it is very different *[Inaudible]* planning and forecasting requirements when you call business in North America or Western Europe for example, so I think you want a partner who can begin to help you stay honest to the overall objectives that you set at the beginning of the program and the only way they can do that is by bringing in experience and capability to do that, that has credibility with your management team you know if there are people in your partners organization who you do not think would be worthy of working with in your own team, you probably got the wrong partner and to me that is the acid test.

Interviewer:  Great advise, Steve lets wrap up this section with you, perspective from IBM so some tips on evaluating partners both technology and implementation.

Steve Rogers:  Well I think I am in radical agreement with everything that is been said thus far in terms of flexibility in cost on the either it is integration with your legacy environment *[Inaudible]* of the vendor with your business requirements etc and the breath that David just discussed some of that honesty when you are tying to choose someone, the only thing I didn't really hear that I might add to the conversation is taking a look at the total cost of ownership when you are entering into this decision making and

trying to assess if you are looking at two different packages or two different vendors what that total cost is going to be to you may be particularly relevant and given the cost pressures that people are currently facing.

Interviewer: And I think as we discussed a little bit earlier it also you have to think a little bit on to your next step as well you know where do we go from here and sometimes you are going to amortize some of the initial cost into the next two or three or four initiatives and ultimately you know that will benefit you company as you kind of transform the way you are working and managing risk and driving performance. So great Lets turn now to in our life cycle of a performance management project or initiative here to moving into implementation and you know there has been a lots written about a lot talked about the partnership that I guess successful projects have between IT and finance as they work together as an effective team, so I want to talk a little bit about that and you know what advise you can give our audience on increasing the likelihood that we are getting effective collaboration or perhaps may be set another way or what barriers do you have to be vigilant for as you move this initiative forward with IT and finance, so start Wallace can we start with you…with Deloitte.

Scott Wallace: Well absolutely Dough, you know it is interesting I am a finance guy by background and so I come from that perspective and when I look at where companies have come to I think everybody is getting more knowledgeable and is more aware of this, but I think one of the things that you have to do as you are studying these initiatives is to make sure that from the starting point from the get go of the project that you have got IT partners and finance partners at the table together because it doesn't work if it is in one side of the house or the other, so that early engagement is a pretty key thing and well this isn't…these kind of technology solutions are not ERPs or custom development, they still require a lot of integration and management of data, a lot of you know different things of that nature that rely on IT expertise and support as well as the business side, I mean so there is a mix here and we have always said it was and it is just been very difficult for people to get there, but I am seeing more and more cooperation and more and more understanding of what these tools are and how they fit in that in that IT infrastructure and so I see it go on a positive direction, but early involvement and a lot of involvement early on is the key.

Interviewer: Solid advice does for you Robert at Qualicom does any of that bring truth does that *[Inaudible]* bring about early involvement in partnership make sense to you?

Robert Laredo: Yeah absolutely I mean you know communication you hear it in every kind of projects regardless if it is performance management or ERP implementation, but communication was definitely key for us you know we communicate with IT what we thought our purchase *[Inaudible]* was a join communication effort as well as a joint selection effort of what technology we picked as well as what partners we picked. The other thing is that we kind of made a virtual team right a one team both IT and finance even though *[Inaudible]* could be different it was one team that was responsible to delivering that successful project. I really don't believe it needs to report to anybody if it could right, but you know career wise we need to report to somebody, but the team needs

to be effective in delivering for the one person that is the customer, once you get that customer on board you are delivering for them it doesn't matter where you come from, but in the early stages of selecting a partner and selecting technology and understanding the back end you need both teams involved in understanding the front end when the PLC was put in place and giving the you know the requirements to the technology groups so they understood what we wanted to implement you know as both the Cognose whoever we talk to was very key as well, like Scott said it needs to be a collaborative effort and that is how you are going to succeed, so I think we did that here at Qualicom.

Interviewer:  Good proof in ultimate success of the project that perhaps many of these critical success factors are really present in an effective Mary Driscoll from APQC talk a little bit about there is any of your research point to you know the importance of IT and finance partnership.

Mary Driscoll:  Sure Dough, I mean over and over again all the research I have been doing over the recent years and currently continues to hit the theme that on the one hand when it comes to finance, finance needs better people skills, better communication skills and ultimately much…much stronger education or teaching skills and I think this when Bob was talking about you know a successful project has to include everyone's feeling a sense of ownership, you know I talk to myself well these types of projects are so high risk in the sense that failure *[Inaudible]* everybody's face, they should really be managed like a moon shot at NASA you know when the shuttle launches and it is all success you see everybody you know patting themselves on the back everyone is accountable for the success and everyone is accountable for the outcomes.  It is like anything else in basic management how are you going to motivate people particularly teams, finance plus IT who really come from different planets okay, I mean there is a different language, there is a different dress style, there is a different you know taste in movies and musicals whatever they are really…really different types of personalities generally speaking and I think finance may in general have a greater sense of urgency and a better sense of how some of these projects are going to impact decision making at the front line for the business so I think it falls to finance to teach and explain in detail to the IT people what they are trying to achieve in business terms okay and you know I think a lot can be said for cross functional compensation you know particularly if you are looking at the working capital where I have been spending a lot of time lately, you know the solutions are basically obvious okay, but why does, why does the vast majority of those projects fail CFOs tell me they fail because it requires tight collaboration across different functions that are a very used to be you know at odds with each other it is the least competing for resources, so I think all those things a smart CFO and CIO combination would not only put on their checklist the technical requirements, the economic template of the investments, the pay back expectations all of that, but also have a section on their agenda for people management.

Interviewer:  Very good insight, you know I would suspect that in these times you know challenging economic times that these two functions need each other more than ever you know IT budgets could be under intense pressure and yet finance you can see some of the thoughtful investment really unlocking value you know ultimately cost savings better

management of risk or perhaps more profits which we need desperately right to manage, if you see that the perhaps these economic times are going to help improve the motivation for greater cooperation Mary.

Mary Driscoll:  Well I think you will find that more common among the companies that are in good financial health right now and there are some and they see nothing, but opportunity, opportunity to bolster their capabilities and begin to start gobbling up those who fall by the way side okay, so the winners are already kind of sharpening their knives, so that is one mindset and one way to manage that among the companies that are you know on back foot when it comes to spending resources you know I think it really is a time where finance is going to have to get out of that old box of thinking you know no…no…no in recession I am going stand in front of the *[Inaudible]* and over my dead bodies anybody going to get two cents *[phonetic]* out of this checkbook, finance has to really start being able to discern the relative risk and the relative potential reward of different operating expenditures or Capex decisions almost on a portfolio diversification basis okay, some projects you know may have to be stopped or delayed in order to make room for funding of something that is potentially of much greater value, so it is going to require some very adaptive thinking by finance.

Interviewer:  Yeah you made that point still David earlier with the question around the *[Inaudible]* clearly there is going to be premium on kind of staying within capital constraints, but also preserving those high impact projects that are extending our franchise in these times and you know perhaps trimming away that things that are less essential you make the point well.  Well by the way I can't let it go without that comparison of performance management to the moon shot, but perhaps with out all the fancy *[Inaudible]* food in those small packages, [Voice Crossover]

Mary Driscoll:  Very good…very good.

Interviewer:  *[Inaudible]* analogy yeah thanks, so Steve Rogers from IBM perspective talk a little bit and what are unique perspective that IBM has you know one of the obviously preeminent brands of across all sectors, but certainly within IT talk a little bit about IT and finance collaboration?

Steve Rogers:  Yeah most definitely but before I do I definitely want to team up with Mary on the concept of finances from margin IT *[Inaudible]* I think we got a book in that Mary.  Yeah I mean what we are seeing across our clients and customers is the fact that Mary point the CFO and finances *[Inaudible]* themselves in the buying decision when it comes to IT, we are seeing it more and more, so it is curious to me sort of *[Inaudible]* of what Mary was saying as these two groups have to interact with one another just to move the ball forward and with the finance kind of looking at self funding and pay back periods and everything and IT looking for it doesn't meet business requirements etc.  They are having to bridge that linguistic gap between themselves and so may be as we come through this period these two groups to be closer, I think we are all sort of challenging the notion that as you move into implementation these two groups should come together, I think you are little late in the game if these two groups are coming together in the

implementation phase really they should be talking to one another earlier on in the business requirements phase, the design phase etc etc and I think others have touched on them. So, in the composition of the team and some of the other speakers have mentioned it, you need to have focus or well respect of what in there each…within there individual group and if they have the right scope and *[Inaudible]* control and ability to take decisions for their respective areas and it is important that the executives understand that they need to free up the resource *[Inaudible]* or whatever for these folks to be in on these discussions to be driving these discussions and then the other thing what we are saying and it is very true that IBM finance ourselves is that we have got you know a finance IT guy he understands, he takes the language and interpret it back and forth and we are probably going to see more and more of that as we move forward on these translators *[Inaudible]*.

Interviewer: Yep, very good advise absolutely, so David Axon why don't you put a cap on this topic for us, so talk about the IT and finance dynamic dual if they can.

David Axon: Yes, I think the only rivalry in business it has close to this is between finance and human resources and that one is being on even longer to me as finance and IT debate. I think it is important you know we tend to gloss over it with you know cliché and generalizations, it is as at the very outset to understand the generally speaking once you get below the senior management level the motivation of IT and finance are fundamentally different you know IT gets rewarded and doesn't get punished if it brings things on time and on budget and the basic principle behind that is simplicity and standardization they are motivated to minimize change you know how many times over the last 20 years that we had you know no customization, but when you get into the performance management area you know I can wholly agree that we shouldn't be customized accounts payable applications, when I begin to think about the way you forecast a product business versus a service business or like service business doing a business in India versus one doing business in Texas, I can fundamentally see that we have different models, different assumptions, different resources and different definitions that we need to deal with and that is scarce IT people to *[Inaudible]* because it implies complicity and it implies extended time lines and frankly risk of failure, from a finance stand point we are looking for functional capability and we get very frustrated that the IT organization in our words doesn't get it and the IT folks get frustrated that we cant make up our mind, because guess what the world keeps changing, from the beauty of where we are today is we are not talking about necessarily big bang implementations like *[Inaudible]* deployments where in the 1990s whereas you know 50 to 100 million dollars and you waiting for years before you see anything of tangible value and it is really tough to do a post event review of what you got the financial return. The nature of performance management the fact that it can be started in discrete pockets and then built towards a more network environment where as soon as I build *[Inaudible]* puzzle you can get some utilities from the first piece you can begin to see the picture beginning to form clearly don't get everything until you slot the last pieces, but there is utility at every stage of the process and I think that place beautifully into both IT objectives of managing risk and managing cost and managing time and delivery and to finances objectives which is I need something to work and I need it now and if we can begin to have that conversation and

that clarity up front in the goal setting it then simply becomes a task of leadership and I don't mean to over simplify, but to me if finance and IT are not working together it is a leadership problem, it is the project leadership or the project champion, the executive sponsor they are not doing their job properly and they need to be put back on track in terms of ensuring that we do have a common understanding that share goals and objectives and we are both walking towards that. I actually think in times of crisis that can be an advantage, but the downside risk is in times of crisis that is the risk that people hug it down and start look after their own little [Inaudible] and really worry about other people interfering with that, so ultimately it comes down to quality of leadership that we put in place with these projects, we need to understand our best people should be focussed on changing things and if we have to back for our best people in their day to day job to deploy them for the political times to changing process of the practices that is the right thing to do, but also often we put the *[Inaudible]* in charge of the project, because we cant afford to let *[Inaudible]* from day to day job and that is poor logic and poor thinking.

Interviewer: Wow! Great…great advise I mean you covered a lot of ground there about some of the education and expectations setting that you know standardization is the lowest common denominator it is often an impulse of IT to manage cost and complexity you know perhaps *[Inaudible]* service better in performance management it is more of a rapid prototyping *[Inaudible]* develop evolve these solutions over time, which also is you know an IT discipline and I think in a lot.

David Axon: *[Inaudible]* When you actually talk about it, it plays with the strengths of both organizations, both *[Inaudible]* from that dialogue happens only in crisis when the project is on the verge of failure rather than setting the ground rules right upfront.

Interviewer: Right and what *[Inaudible]* you spoke to that in the caps on the leadership and how important it is well said, okay well good thanks for the contributions on that topic about IT and finance lets move now to this notion of the initiative managing the initiative specifically, so you know establishing some critical *[Inaudible]* performance management initiative and then managing to meet those often becomes a key objective of senior executives you know the leadership that you spoke about David measuring progress staying on track you can be a challenge here what recommendations can you provide our audience to keep their initiatives on track what are going to be the milestones or the observable sort of behaviors that are going to let them know that they are on track, lets you know for this David lets begin with you.

David Axon : Yeah, I am *[Inaudible]* Robert, Scott and Steve *[Inaudible]* than I do in terms of the day to day activities that go through these types of projects and I am sure they will give you a good perspective on how you actually keep control of those things *[Inaudible]* lot of moving parts and that is part of the challenge and what I would like to do step back for a minute and to me the essence here is about creating enthusiasm, creating participation and increasing peoples confidence ultimately the acid test of why do we have a performance management process that works is are we making better *[Inaudible]* confident decisions faster, now some of those things you can measure you

can begin to start to measure decision making speed, you could start to measure decision quality it is a little tougher to measure confidence, but you can begin to sense the level of enthusiasm that kicks in through the finance organization and perhaps more importantly the demand that it is being pulled out of finance by the business leadership for better tools, for better analysis and so the extent to which that your early deployments can create energy and enthusiasm and excitement amongst not just the finance community, but the business community you start to create momentum that can be very tough to stop and it can really help you knock down some of those inevitable barriers that all phases you go thorough you know as everyone said and everyone says your first implementation must be a success, so you need to structure it and face it and manage it, so that you basically selling to the audience this most perceptive to what you are trying to do, you are solving a problem that can be solved and more importantly you are doing it in a time frame where people value the results that are being contributed for that, once you can begin to do that you know of course you if you fail on any of those dimensions you never get to the second implementation, *[Inaudible]* better of at that stage, so I think getting to look at the level of enthusiasm and demand that you are creating in the organization by different groups wanting to sharing the tool sets and sharing the knowledge of learning the capability that you are beginning to deploy it could really have some very tangible success it is almost like launching a new product, you want your focus groups, you want your gorilla marketing, you want your word of mouth and almost you need to think of it while launching a new product you need a marketing campaign for the new performance management process and the tools to create that awareness, my final point is two things first of all go life is the beginning not the end all too often I see projects dissipate energy you know they go *[Inaudible]* we have a big party everyone drinks a lot of beer and *[Inaudible]* jobs unfortunately that is the day that real work starts in terms of how the people take these new capabilities that we are deploying to making available to them and actually translating that into making better more comfortable decisions faster.  The final point I would put in place is we need to change one of the measurements *[Inaudible]* I still see people talk about always deploy the system to 500 people or we have 500 users, well it is not deployment that actually matters, it is usage, are they using the system for what it was intended? Are they still doing the bulk of that budgeting forecast on their excel spreadsheet on their laptop and then *[Inaudible]* results into this wonderfully functional global system that you deploy, but you just spend you know three million dollars on the worlds *[Inaudible]* collection engine.  So it is not just deployment that matters, it is usage in the field again the real work that [Inaudible] you go life not before you go life.

Interviewer:  Thanks David that is a really interesting analogy on both for the enthusiasm and then also of course that you know measuring the progress by the milestone of usage, fantastic advise.  Steven turn to you at IBM you want to talk a little bit about you know how our audience might know their initiatives are on track.

Steven Rogers:  Sure and I would actually be really curious in Roberts comments as if like to what David said and what they did at Qualicom.  I think you really need to set up some short terms *[Inaudible]* that you know that you are getting that buyer and moving the ball forward as well as a benefits realization schedule often times what people do is

they set up the business case for it and then the never go back and measure benefits realized and this is important people need to feel the sense of progress, David also commented on the fact that the project is not in when the things goes live and that is very true we found in many implementations not just of business performance management tools, but in large implementation of ERP, but too often when things get *[Inaudible]* it is the change management that gets this quote and we really need to work with people, you can make sure that they are continuing to see the value that everybody understands the goals that are set for the project and that they are interim checks that people are beginning to see what is coming alive and how they can make new associations with data, I forget who said it earlier during our conversation, but it was the comment towards near term focus and how can you address my immediate pain points, if I were to prioritize for a project it would be very much on those near term pain points and making sure that there was clear consistent communication on how those are being addressed or how they where addressed they continue that ownership *[Inaudible]* from the user community.

Interviewer:  Right Steve, Robert lets turn to you at Qualicom *[Inaudible]* you recognized some of the things that have been mentioned to date here it is been some what familiar with your story, but talk a little bit about how I guess in your past work you *[Inaudible]* track and then also look forward for us.

Robert Laredo:   *[Inaudible]* back to the prior question you know we mentioned finance and IT, but the other big component is the customer the actual person that you are developing this out for.  The way we measured our success is the customer engaging with us you know the first thing we start of any project they say hey! Do you have time, no we say do you have time, because you are the driver of this project, you are the one that is going to have to evaluate everything we do, you are the one that is going to be giving us the information that we need in order to progress this project forward, so we really get the customer engaged early on and that goes back to my prior statement of getting them trained and understanding what the capabilities of this technology is even though they might not be building it they are going to be using it and we start measuring through that, we start measuring are they engaging with us, are they asking us for more like David said this is just the start in all of my models that I have to date some of them gone through four or five versions of the actual model just being tweaked in various different ways, that is where I measure success, if they are coming back, if people are asking me for access to data that people within other groups for the data that we produce for that from that other group, I know we are having success in the company, because that data has been shared and collaborated on in our environment, so for me it is really gauging that customer I am a 100% customer focussed, if the customer is engaged and I am providing benefit to that customer then I know that enthusiasm in that data is going to move throughout the organization in a positive way.

Interviewer:  You are so ironically right it is when your phone doesn't ring that you might worry you know that measure of engagement that asking for more all positive signs that you have made an impact and perhaps there is more to get Scott about establishing these goals and measuring whether our initiatives are on track or not, what advise can give our audience?

Scott Wallace: Well Dough we have heard some really…really interesting things from both David and Steven and Robert from Qualicom and I think…I think the things to add in here, because I don't want to repeat everything is this enthusiasm idea getting somebody, getting a set of players that are really A *[phonetic]* players, but that have a vested interest in this thing being successful whether they are the owners of the pain point, whether they are in IT and this is something that they have been you know being asked to do and asked to do and asked to do and haven't been able to deliver or whether they are in finance struggling with spread sheets, but find the A players that have a vested interest that can drive that enthusiasm into the project that will keep this thing on track in moving forward. I think that is going to be a key a key element of this along with what you have heard from the others.

Interviewer: It is a really good point you can see *[Inaudible]* back to the very first point about a executive sponsorship and I think what we are in some ways observing right is that it is probably more *[Inaudible]* than ever on where our these projects, these investments can have an impact you know it is about kind of I guess fueling or finding the fighter of that enthusiasm.

David: I think it is and I know I have talked to some others recently around something similar to this what we talked about having executive sponsorship and stuff and I think you need that, I think you need leaders of whether you call it a *[Inaudible]* team or leadership team or whatever that have that vested interest as well, so not only the A players on the team doing the work, but having owners that own these pain points that have vested interest in this thing becoming real and solving those issues I think really add to the overall success and keeping things on track.

Interviewer: Mary you are the anchor of this question about measuring progress and staying on track with these initiatives what can you add?

Mary Driscoll: Well that I think I will echo what some one said I think it was David in the beginning that you know you really want to look at the beginning of the process you know it is funny APQC of course is you know a benchmarking organization and so I have a view that says on the one hand benchmarks can be wielded very successfully on the other hand they can be wielded unsuccessfully and what I mean by that say for instance a company decides that *[Inaudible]* it really wants to increase its inventory turnover. My question is or I guess my recommendation is that time be devoted to understanding what the root causes of the problem are, so that is kind of several things you want to ask, what really is the problem that needs fixing, I mean you can do a bench mark and find that for companies in your peer groups same size that perhaps your inventory value is out of whack with your revenue level or that your cycle is just unacceptably slow and you want to address that because you do the math and figure out what it is costing you to do tolerate that weak performance okay so everyone just great still get it, lets fix it, what I worry is that sometimes people don't spend enough time being curious about what really are the root causes of a problem, I mean certainly you want to identify what problem needs fixing and what aspects get addressed and what benefits you hope to get out of an

process improvement program or even a intelligence adding program and what are the cost effects *[Inaudible]* value that is a kind of straight forward have to progress, but in addition I would suggest that enough thought be given to the root causes okay of slowness, weakness, lack of intelligence, lack of visibility, why is that people have to be taught or learned to be very…very curious and continue to peel the onions a benchmark data what I said is it can be used unsuccessfully if people just stop at the benchmarking level, what really you need to do is peel the onion go deeper…deeper…deeper to the activity level and identify process latency friction drags those are things that lower your productivity metrics, but also look at the obstacles that are just sitting there hidden under the surface that are going to *[Inaudible]* your ability to get the most value possible out of investing in say a Cognos software application.

Interviewer:  Great advise and thanks everyone for contributing to that.  We are reaching the end of our discussion here, we have one final question which really focuses then on almost the continuous improvement of performance management process or practice, you know how to sustain it perhaps sustain it more cost effectively, but also you know improve it over time and there is a couple of aspects that I think others have you know talked about or written about it.  The need for change management, the training, the communication, so I guess what I would like to do Mary lets start again with you what advise can you provide our audience here on how to sustain or improve performance management and you talked about one of the avenues about is *[Inaudible]* benchmarking these processes, understanding the gaps and what ultimately is the benefit of closing the gaps understanding root causes and really remedying notes, but do you have any other advise you would like to offer?

Mary Driscoll:  Well I think from a project leadership point of view nothing can be more important than helping people to you know really visualize what it is they are doing okay, it is not enough to just go in and say we are going to stop doing X and start doing Y, but really render *[phonetic]* it in business terms, so that people understand oh! okay I get it if we address that and address this then the impact on our customers is going to be such and such on our suppliers or at our people at the front-line of the business, so really kind of put a lot of flesh on the *[Inaudible]* of the picture of what it is you are addressing I would say secondly I just cant imagine how tough some of this work would be in this environment with CFO turn over at you know on all time high with lot of big companies are in a constant state of reorganization and it is very difficult to get continuity you know you can spend you know two months three moths putting together a project plan and testing your assumptions and getting ready to go and all of a sudden whops! you know everybody change seats, so it is just really tough I guess my advise to the senior people would be to be careful to look at what the impact is on these projects that are just gearing up to the start gate when you decide to start moving people around, because the net effect can be you know a really…really sub optimal.

Interviewer:  And perhaps anticipating some of that perhaps that is one of the roles that training plays in some way that it makes succession planning a bit easier, because the necessary education understanding exist in more than one place.

Mary Driscoll: Sure.

Interviewer: Scott Wallace with Deloitte talk a little bit about you know what you think are essential elements around change management, training, communication for now both continues to improvement they are also is kind of you know sustaining these cost effectively.

Scott Wallace: I think Steven mentioned it before in a descoping effort change management *[Inaudible]* training seems to get reduced right away I think it is very important and I think it gets undervalued too early too often in that you have got to get you know people trained they got to be on the project team you have got to especially if they are using partners to implement they need to make sure that they are gaining the knowledge that they are going forward with an understanding of not only the tool, but how it fits in the business environment, it is one thing to have good deep technology, but it is more valuable thing if you can get people that know the technology, but that understand the business reason and the business requirements that are coming up, so it is kind of a two fold thing give the technical training, but give people that have a finance background or have an IT finance background they can help you to continue to push forward and sustain the effort as you go into their future. The other thing is make sure that there is a process in place to allow your users your business partners to provide you input and request on what they need changed, modified develop the new whatever the case might be that they feel very welcome to come with those ideas and those requests and that your process allows them to log in or prioritize him and get back with them either as a delivery or as a priority that when it is going to be delivered, so that you don't turn of the enthusiasm that you have created with the early wins in the implementation and so you want to it is almost a self sustaining kind of thing if you can get that enthusiasm to continue and you continue to deliver value added solutions to that.

Interviewer: But formal almost formally welcoming that feedback and that communication seems to be a really important tool and to making sure that these efforts sustain themselves.

Scott: Well and I think it is and I think again I think it was Steven that said these things don't end at go life. I mean the harder work is when people start to use it and you have to have a mechanism for them to get improvements, because it should constantly be evolving especially in this performance management arena where nothing is standardized everything is customized and they are all unique problems and they have got to have a process that is welcoming to that and a capability technical and otherwise on the other side to build that solutions out.

Interviewer: Well said David Axon let's turn to you on this final step *[Inaudible]* you will of continuously improving our initiatives.

David: Yeah I this is a particular *[Inaudible]* in mind I think companies *[Inaudible]* tremendous amounts of value you know they invest significant time and money and sophisticated technology high capability business partners to help and influence the

systems redesign the processes and then you look at the overall investment project plan you see one line items for training and you know often it is just technical training *[Inaudible]* and call 1800 help me when your screen freezes up, what we have to understand here is we move from the morass of manually maintained spreadsheets that is zipping around the organizations attachments to E-mails that constitute 80 to 90% of the finance planning professionals time simply in managing that flow and the consolidation and the integrity and the security of that data and we implement the performance management system where we now have real time business activity with analysis of the implications of future performance readily available we are creating very…very different jobs and simply telling people have to contact the help desk when that *[Inaudible]* freezes up doesn't really cut it and the amount of investment that most organizations make in helping the people to supposedly going to benefit from those new information the transition from the role of data collected manipulated as report generators into developing a cycle analysis that they can sit there and engage in a constructive and intelligent dialogue with business decision makers that is not something that happens over night, that is not something that happens spontaneously, we really are missing a phenomenal opportunity to invest in the transformation of the skill set and the ability of our people we are creating much richer jobs, one of the benefits of that is we have the opportunity to upgrade our talent, but we are also not doing the best for the people we already have in our organization we are not providing them with the tools the knowledge and the training to really help them take advantage of the phenomenal new capabilities that are potentially available to us, so we really get serious about this and part of the problem is too many people still think change management is soft and switchy and *[Inaudible]* about how people do their jobs in a day to day basis, how they interact with each other and how they take vast amount of information is now available to them and *[Inaudible]* insight that helps make better and comfortable decisions faster which Mary *[Inaudible]* the final point I would make is we have got to do more back testing we are implementing a lot of these news and tools and technology that predicate it all more accurate forecast or more risk awaited plans or more dynamic management processes how often do actually go back and say are we doing a better job, you know have you looked every forecast you have created for the last three years *[Inaudible]* the source of barriers in those forecast and then ensure that you are building that feedback and that intelligence into your models and your process is going forward so you capture that intelligence, you know as we think about that particularly with a very rich data set we are going to have, because we go lot of *[Inaudible]* out there at the moment in both plan and forecast over the last 18 months, we have a real opportunity to take something positive as the current downturn and use it as a knowledge base that can benefit our people it can benefit our decision making process for many years to come.

Interviewer: Some really interesting points about and I think the not only the technology evolution certainly, but the people they are associated with as I can imagine no greater sort of you know interest or reward for a low run project for some of the you know the MBA *[Inaudible]* that we have on our projects and they are truly be a catalyst for better performance rather than be locked in those xx cycles of collection and the likes of you make this *[Inaudible]* David I appreciate you are bringing those things to the forefront.

David Axon:  Thank you.

Interviewer:  Steve lets turn to you for the kind of the capstone on this last point here, could you say to our audience about sustaining and improving these performance management processes?

Steve Rogers:  Really and we have all sort of touched on it, it is the human element that is the governor here, now when it comes to change management and we all hate change, I think we just naturally resistant to change and it is always surprising to me how these efforts get underway with all the investment and such without thinking about the end customer and the value proposition for the end customer and so when folks these scope change management they really are loosing a lot of value and I forgot…I forgot who said it first, but it is just amazing how they dissipate the value, so I think one needs to really think through that value proposition to that end customer and how is it going to make their lives easier, so that they adopt the tools, so they see how the tools are going to change the way they operate how to use the output, how to make decisions and there were some discussions of feedback not only for bugs and such, but also for enhance the capabilities and new ideas on how to use the tool, so it astounding to me that the human element always get lost and here I am from IBM you would think I would be pushing technology…technology…technology to solve the problems, but I think at the end of the day it is that interaction between ourselves the human and the technology that we really need to start to pay little more attention to, so that we can get the most out of these investments.

Interviewer:  Yeah well said Steve and thanks for that contribution, so well we could go on for probably another hour on these topics and we likely will, but with you our audience *[Inaudible]* you know I would like to pay a special thank you to our very distinguish panel you know thanks for being a part of this important conversation and thank all of you for attending the virtual finance forum and enjoy the rest of your day.