

Strategy Implementation and Performance Management

Knowing how we performed on classical financial measures



Drive strategy implementation and understand the enterprise's past and future performance

BusinessMinds

Philip Parslov

CEO



Agenda

- Recent changes in businesses and how these challenge current performance management
- How to adapt performance management to manage the modern enterprise

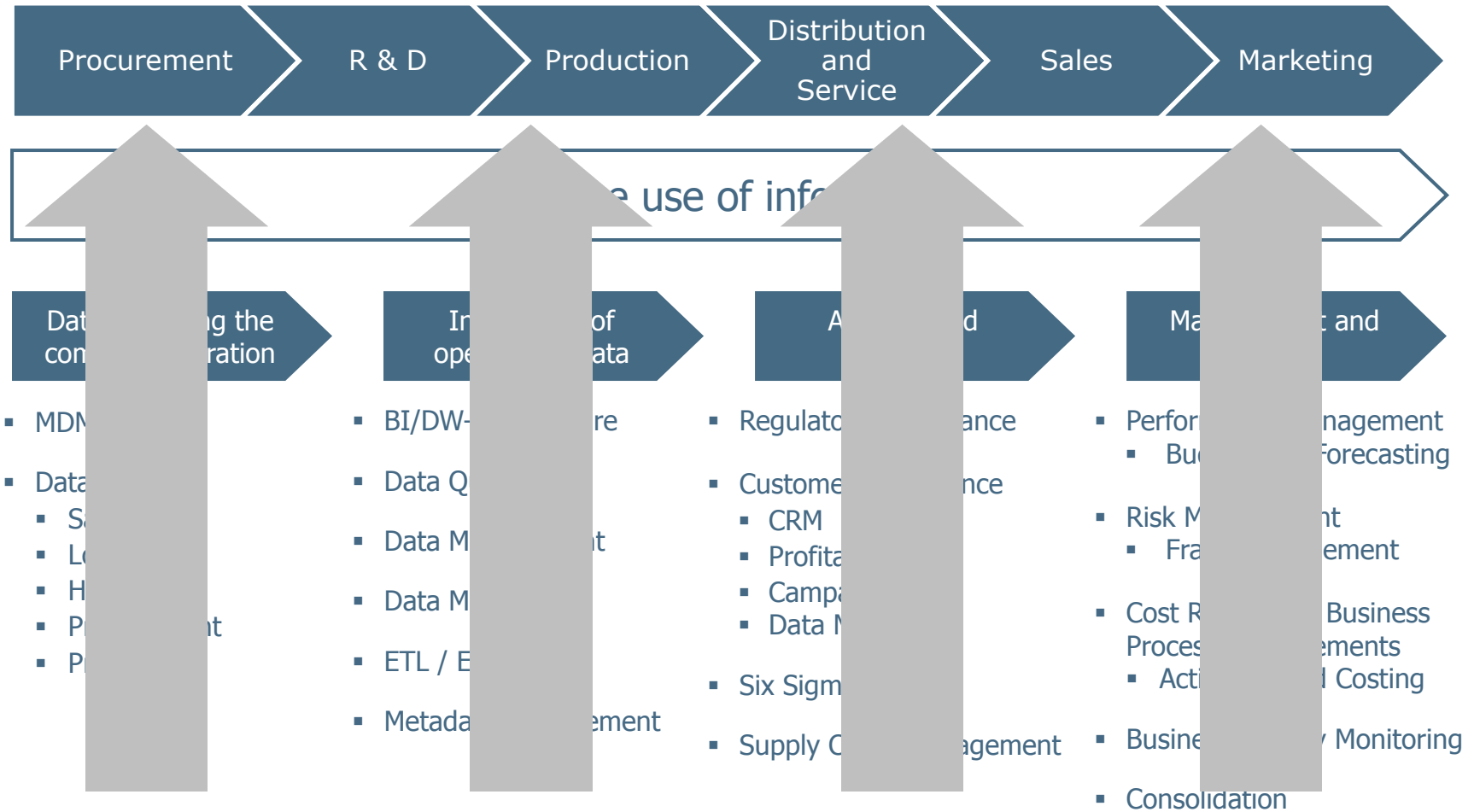


BusinessMinds' Mission

- Create *insight through information* available to decision makers at all levels of the organisation
- Be the best consulting company with this focus, demonstrating the market's highest *competence and experience*
- Be a trendsetter in this area



Information Value Chain – how to differentiate from the competition by proactive use of information



BI Strategy, roadmap, BICC, Data Governance

Method, project management, review & audit, courses & workshops, test, frame work



Selected Performance Management Projects

Large Utility



- Production planning

Large Telco



- Corporate performance reporting
- Attempt to combine financial and S&M KPIs

Large Financial



- Financial consolidation, budgeting and forecasting
- Attempt to think CPM into the wider picture



Sample Performance Management Framework

Overall business idea

Strategic statement

Goals

Business objective

Business objective

Business objective

Business objective

Balanced Scorecard Dimensions

Finance

Customers

Business Processes
(e.g. Procurement, Production,
Order Fulfilment)

Learning and
Innovation

Metrics

Tendency to focus on

- Assets such as production lines, buildings, physical infrastructure
- Actions we do to create our products / services
- Past performance



Enterprise Developments

Work

Transformational



Transactional



Tacit



Information



One view of the enterprise

Assets

Intangible



Tangible



Fitness



Past performance



Position for the future



Enterprise strategy must dictate KPI's

- Performance management should monitor strategy implementation through the right KPI's
- *Intangible assets* and *tacit work* are crucial elements of enterprise strategies



To manage performance in the forward looking value generating enterprise we need to monitor a balanced set of KPI's

We need indicators relating to tangible and intangible assets in all quadrants

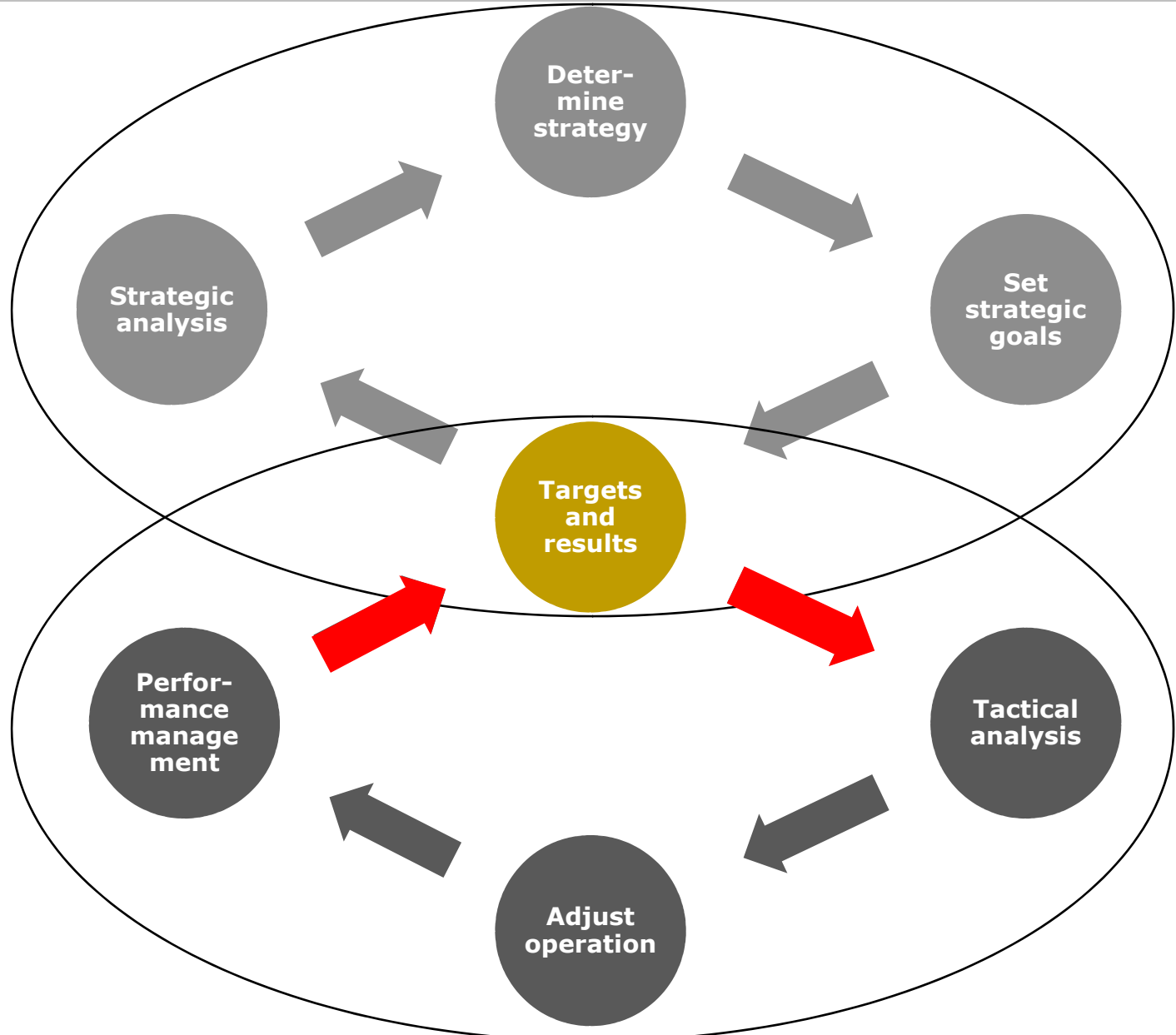
	Lagging	Leading
Supports Strategy	Indicators showing that we <i>did</i> implement the strategy	Indicators verifying that we <i>are</i> implementing our strategy
Supports Operation	Indicators showing that we created satisfactory results to support the future enterprise	Indicators showing that we are an <i>going concern</i> ¹



We need to ensure that Strategy and Operations Management are Linked

Strategy Management

The strategy is concerned with creating assets



Operations Management

Operations is concerned with the optimised use of assets



Sample Value Driven Performance Management Framework (BSC used as sample)

Overall business idea

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Business objective

Business objective

Value Drivers

Value Driver

Value Driver

Value Driver

Value Driver

Value Driver

Value Driver

Value Driver

Value Driver

Balanced Scorecard Dimensions

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Sales
Total Assets Turnover
Return On Assets
Return on capital Employed
Economic Value Added

Number of customers
Segments of customers
Share of wallet
Market share
Key accounts

Cost
Throughput
Quality

Employee satisfaction
Employee retention
Skills