

**IBM Cognos Performance**  
Better Intelligence. Better Business.

**IBM Cognos Strategy Management  
& Scorecarding: Linking Strategy  
to Execution in Turbulent Times**



## *Agenda*

- Performance Management Challenges
- Customer Example
- Scorecarding to Strategy Management
- IBM Cognos 8 BI Scorecarding
  - Addressing all levels
  - Addressing all users
  - Demo
- Summary



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# *Performance Management Plan, Understand and Optimize Performance*



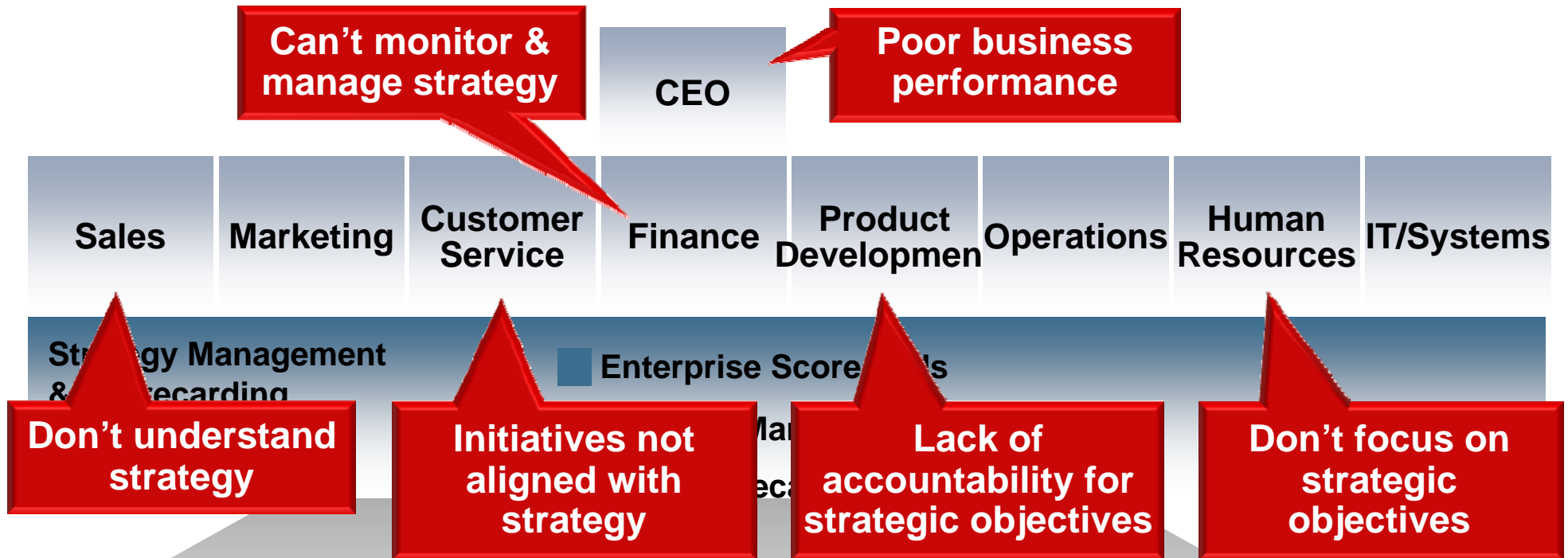


## ***Strategy Execution Failure***

- Less than 10% of companies successfully execute their strategy \*
  - Mediocre growth
  - Lost market share
  - Lower profitability
  
- Reasons for Failure:
  - Lack of strategy communication
  - Lack of ownership & accountability
  - Lack of focus on strategic objectives
  - Lack of a comprehensive business view
  - Lack of strategic initiatives



## Challenges: Strategy Management & Scorecarding



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



## Even in Turbulent Times, Strategy Execution Remains Major Concern for Executives

THE WALL STREET JOURNAL

WSJ.com

CAREERS | NOVEMBER 20, 2008, 12:21 A.M. ET

### Executives Shift to Survival Mode

*Work-Force Issues Move to Back Burner as Financial Worries Take Precedence*

By GARI TUNA

Business executives are shuffling their priorities and risk-management supplant work-force

The Conference Board last month again surveyed business and company presidents who were asked in a survey about their top concerns. The differing results reflect the economic environment that deepened in September, and the slowing global

Among the 190 executives who responded, business strategy remained the top priority for respondents, up from 25% in late summer. "Speed, flexibility [and] adaptability to change" performance and financial risk were the top concerns. Neither were among executives'

### Crisis Management

Top five concerns among executives world-wide

Relative rankings			Cite challenge as being of 'greatest concern'	
July/Aug.	Oct.	Challenges	Oct.	July/Aug.
1	1	Excellence in execution	55.4%	46.0%
3	2	Consistent execution of strategy by top management	47.0	41.9
7	3	Speed, flexibility, adaptability to change	46.6	24.5
16	4	Global economic performance	44.6	17.2
11	5	Financial risk, including liquidity, volatility, and credit risk	43.8	20.8

Note: The global top 5 list is weighted by regional representation in global GDP as established by the International Monetary Fund

Source: The Conference Board



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## Case Study - Eneco

### Performance Pain

- Delivering profitable revenue growth
- Growing profitable customers
- Focusing business goals on operational excellence

### IBM Cognos Solution Impact

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



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

**Gartner**



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## What Is A Scorecard?

- Captures strategic and tactical objectives

- Reduce stockouts by 10%
- Increase market share by 5%

- Provides a status of how an group is performing against objectives

- Red, Yellow, and Green indicators

- Use KPIs to provide objective status

- Single metric
- Multiple metrics in a weighted average

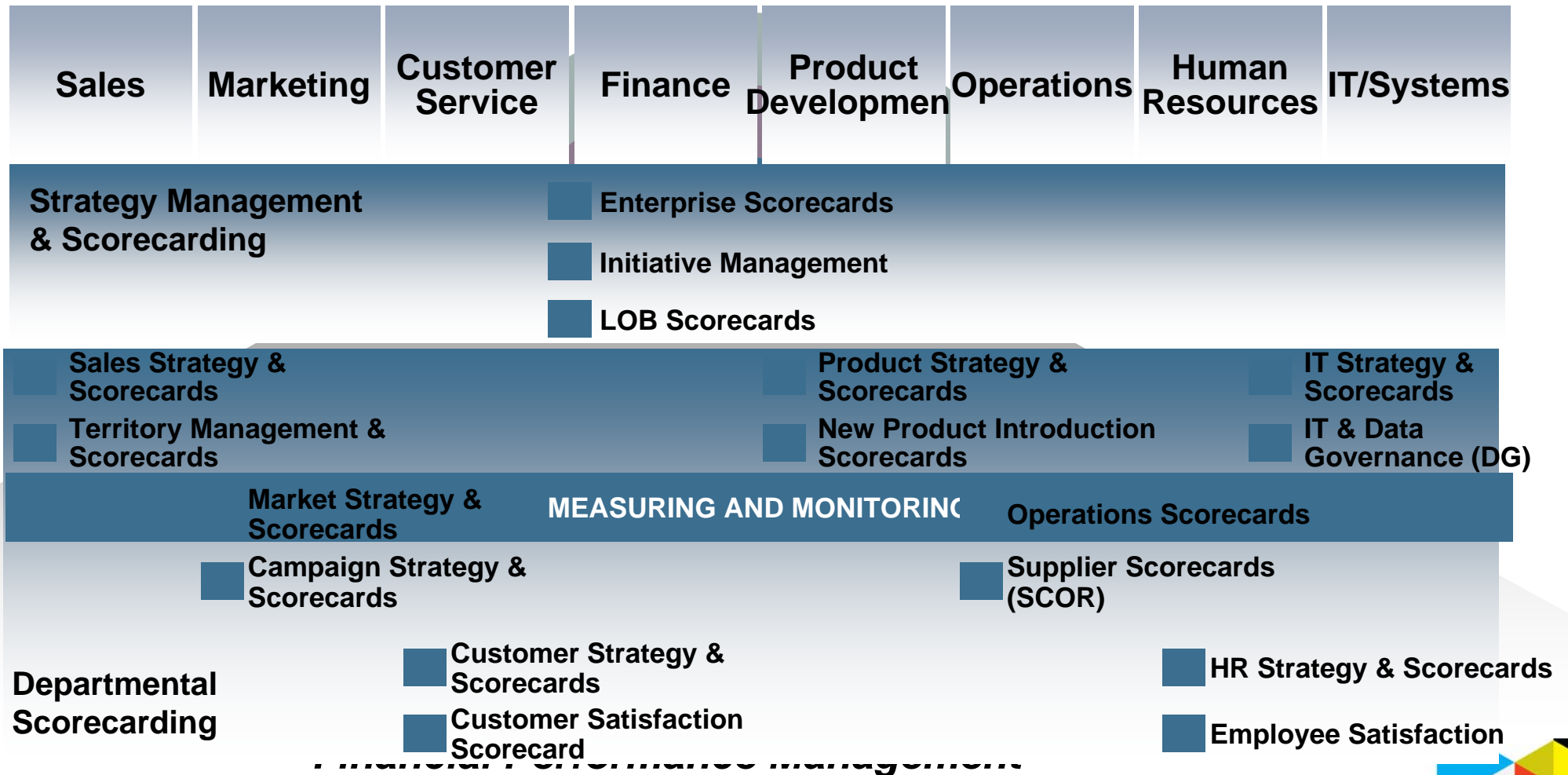
The screenshot displays a scorecard titled 'Financial' with two main sections: 'F1.Grow Revenue' and 'F2.Improve Margins'. Each section contains a table of metrics with columns for Name, Actual, Target, Variance, Variance %, and Time Period. The 'F1.Grow Revenue' section includes 'Eastern Sales Sales Count', 'Avg Yield per Customer - Eastern Sales', and 'Revenue'. The 'F2.Improve Margins' section includes 'Discount Percentage', 'Expenses', and 'Revenue'. Each metric is accompanied by a status indicator (red, yellow, or green) and a dropdown arrow.

Financial						
F1.Grow Revenue						
	Name	Actual	Target	Variance	Variance %	Time Period
Red	Eastern Sales Sales Count	1,024.20	9,846.71	-8,822.51	89.60%	Nov 2006
Red	Avg Yield per Customer - Eastern Sales	US\$54,364.81	US\$67,000.00	-US\$12,635.19	18.86%	Nov 2006
Green	Revenue	US\$1,100,000.00	US\$1,000,000.00	US\$100,000.00	10.00%	Dec 2006
F2.Improve Margins						
	Name	Actual	Target	Variance	Variance %	Time Period
Red	Discount Percentage	19.00%	2.50%	16.50%	660.00%	Nov 2006
Red	Expenses	US\$726,394.06	US\$900,000.00	-US\$173,605.94	19.29%	Nov 2006
Green	Revenue	US\$1,100,000.00	US\$1,000,000.00	US\$100,000.00	10.00%	Dec 2006



## Strategy Management & Scorecarding

*Plan, Understand and Optimize Performance*



## ***Scorecarding Readiness Level***

- Visualize metrics in a report or dashboard
- Metrics not strategically aligned
- No formal targets assigned to metrics
- Basic performance monitoring

**METRICS MONITORING**

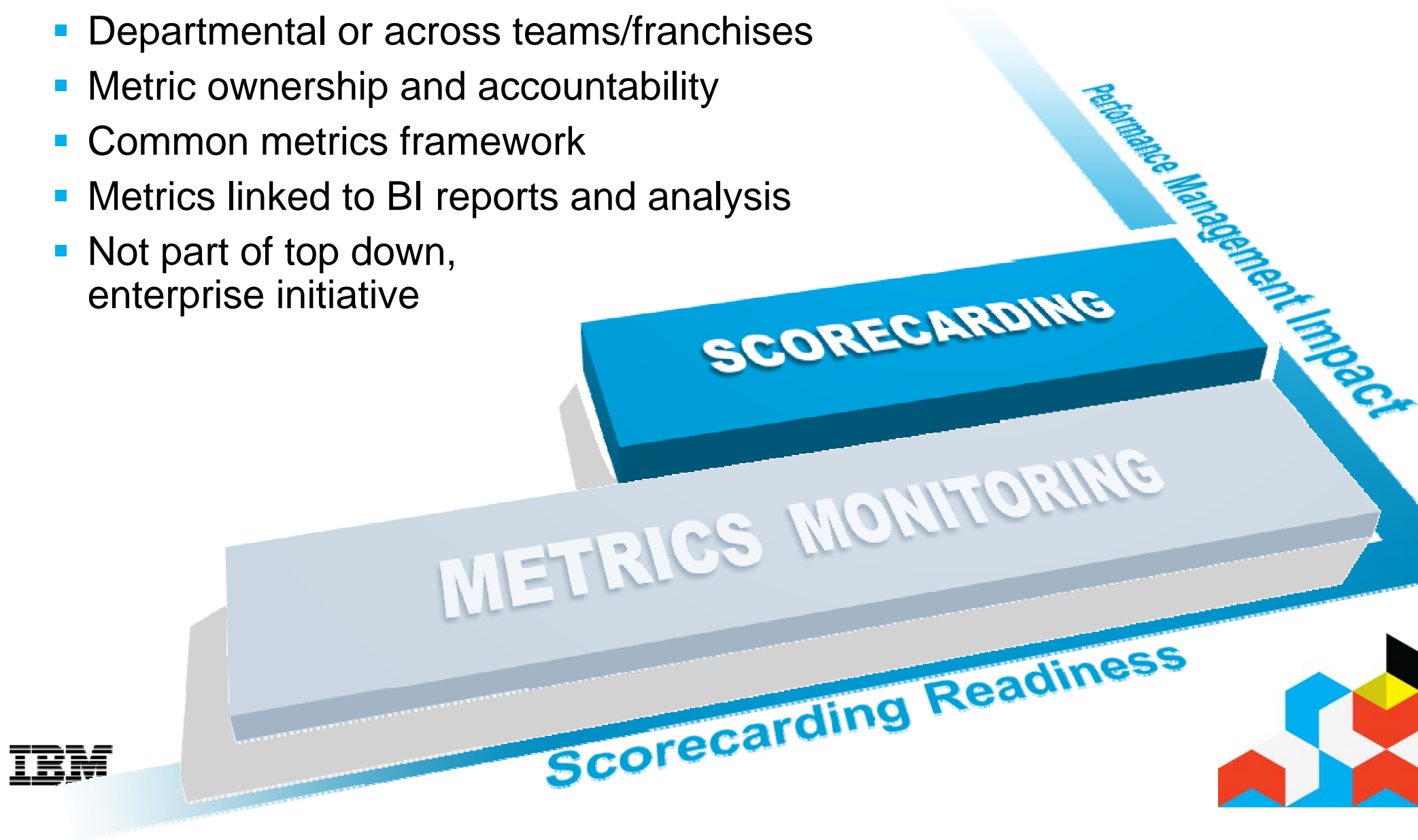
**Scorecarding Readiness**

**Performance Management Impact**



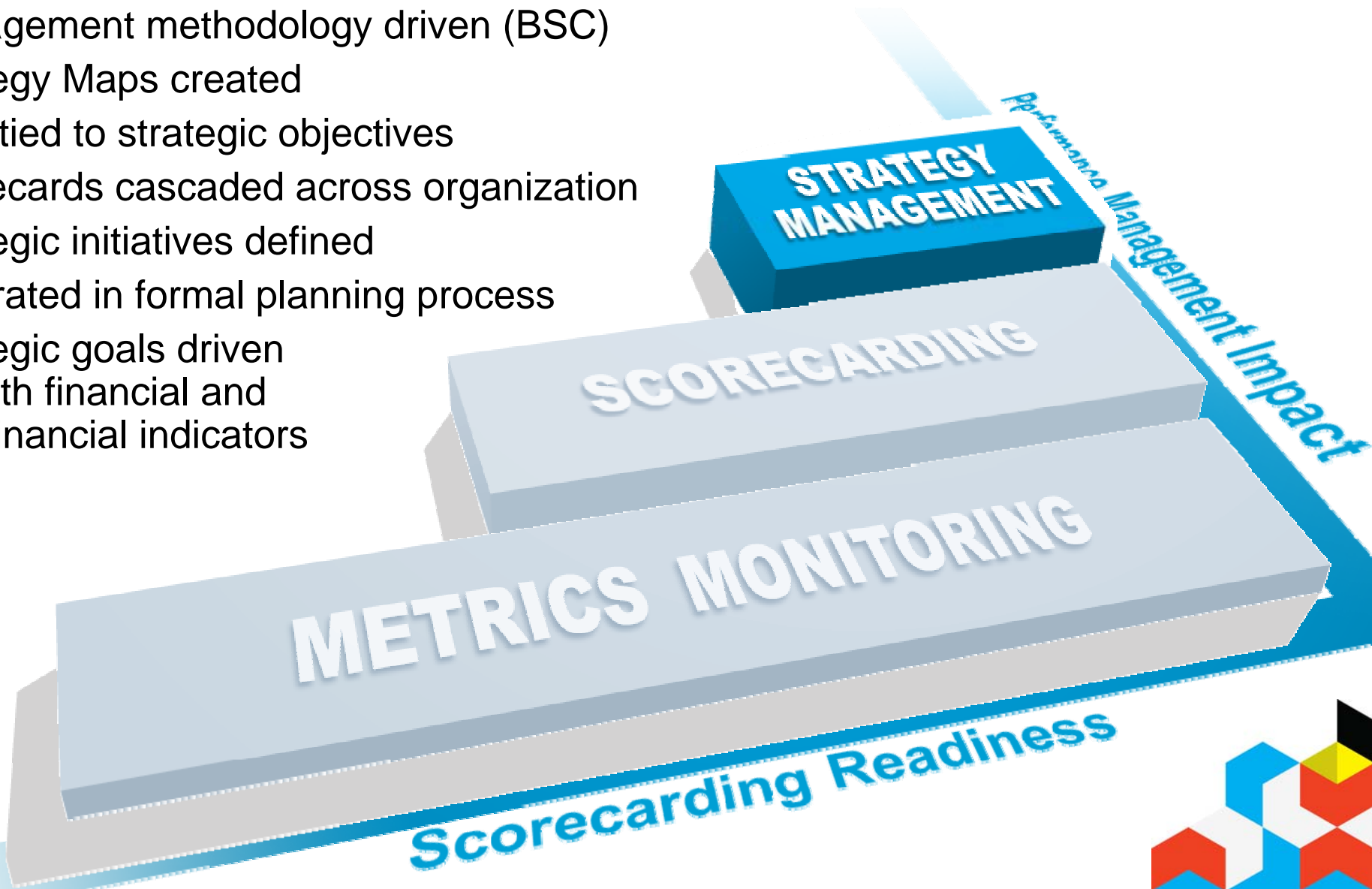
## ***Scorecarding Readiness Level***

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



## ***Scorecarding Readiness Level***

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



## Scorecarding Readiness Level





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

- Automates the strategy management and scorecarding process allowing an organization to link strategy to execution
  - Metrics monitoring
    - Define and monitor metrics by leveraging BI platform (dashboards & reports)
  - Scorecarding
    - Tracks performance against departmental and/or tactical objectives
    - Ensures accountability and provides focus
    - Scorecard metrics linked to BI reports and analysis for diagnostic detail
    - Create metrics with consistent business rules defining thresholds and targets
  - Strategy Management
    - Communicate the strategy across the organization
    - Cascade scorecards across the organization
    - Link strategy to planning through strategic initiatives



***Demo Part 1 (AVI included on next slide)***



**Digital2GoCMM**

**Scorecards**

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

My Folders

Scorecards

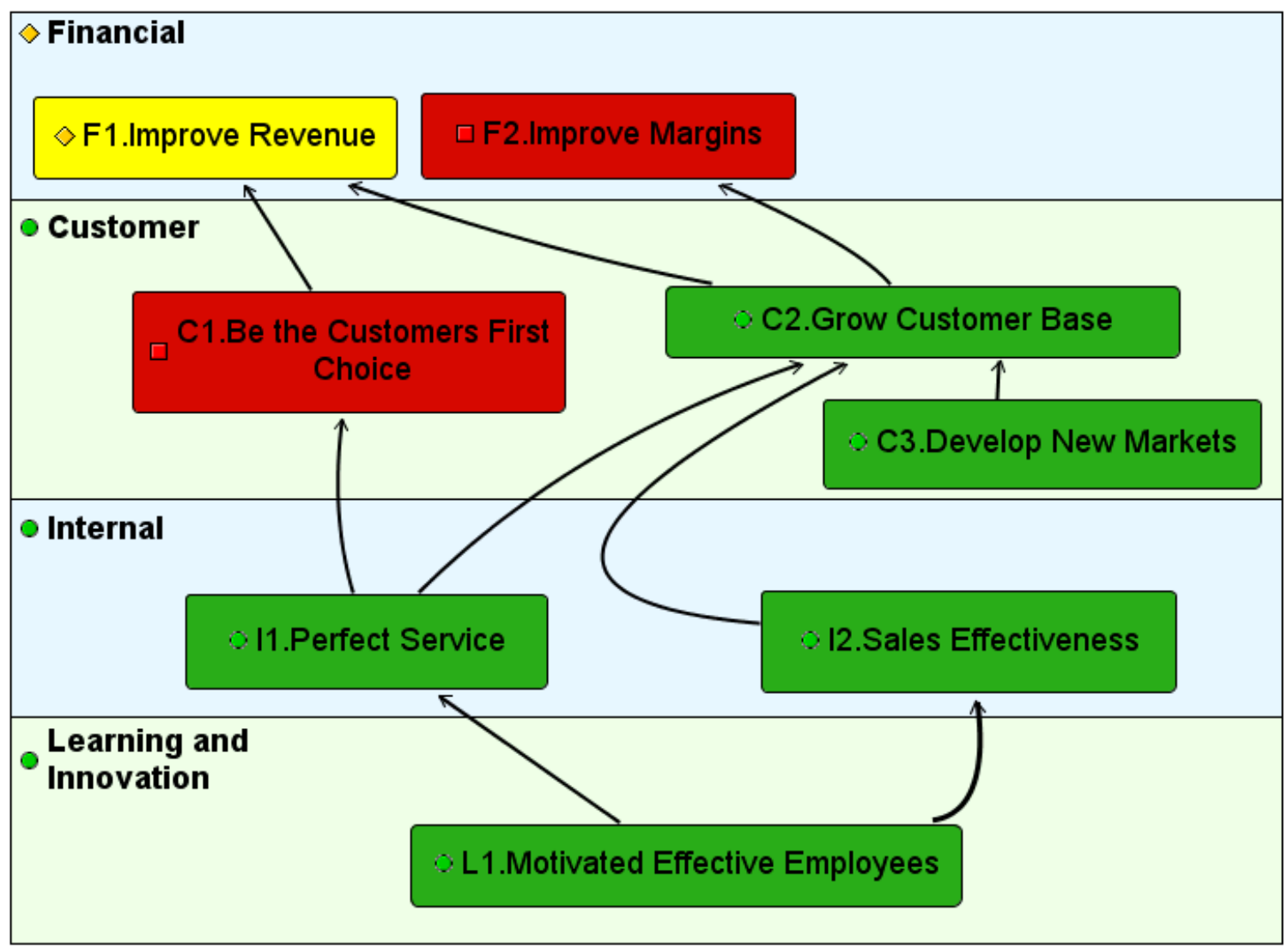
Metric Types

Strategies

Scorecards ▶ Sales ▶ Eastern Sales ▶

Metrics | Projects | Reports | Diagrams | Details

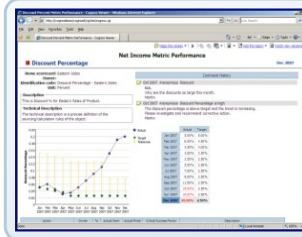
**Eastern Sales Strategy Map**



Available Diagrams

## Create Once, Consume Anywhere

### Managed Reports



> Scheduled personalized pre-authored scorecard reports

### Go! Dashboard

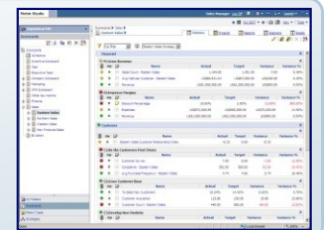


> Dynamic and customizable dashboards based on trusted scorecard data

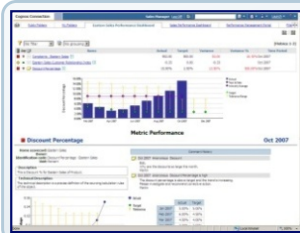
Create  
Scorecard  
Info Once  
in C8 BI  
Scorecarding

### Scorecarding

> Interact with and customize all scorecard information



### Portal Dashboard



> Scorecard info via portlets

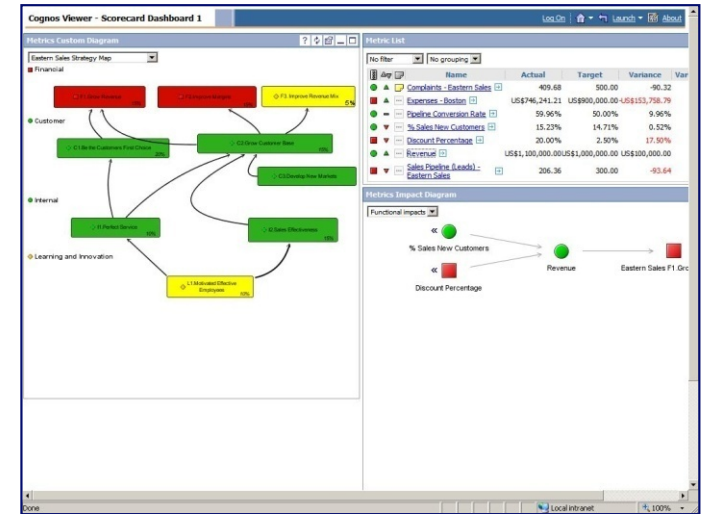
### Go! Mobile

> View and consume scorecards on Mobile Devices



## IBM Cognos 8 BI Scorecarding v4

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



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



## Supports Open Standards

- IBM Cognos 8 BI Scorecard portlets support WSRP
  - Can be viewed in non-IBM Cognos portals

The screenshot shows a Microsoft Internet Explorer browser window displaying a non-IBM Cognos portal. The portal's address bar shows `http://vottcps-shp2k7w/Pages/CMM.aspx`. The portal's navigation menu includes Home, Document Center, News, Reports, Search, Sites, Cognos, and CMM. The main content area displays a 'Metric Studio Watch List (Package: cmm)' with a table of metrics and their actual values. Below this is a 'Cognos Metric List' table with columns for Name, Actual, Target, Variance, Variance %, and Time Period. A 'Cognos Metric History Chart' is also visible, showing a line graph of metric values over time. On the right side, there are two portlets: 'Office Sales KPIs' featuring a gauge chart for 'Sales for New York' with a value of 2,910,000, and 'Selected Office Sales KPI' featuring a horizontal bar chart for 'Sales Office KPIs' with a value of \$2,910,000.00. The bottom of the browser window shows the 'Done' status bar.

Name	Actual
Customer Satisfaction - Global	113.39
Inventory - Global	US\$534,729.34
Return Goods - Global	US\$152,442.24
Revenue - Global	US\$2,724,000.88

Name	Actual	Target	Variance	Variance %	Time Period
Sales_Bookings	18.30	18.00	0.30	1.67%	Dec 2006
Item sales open terminations less than 1 year (%)	30.8	13.0	7.6	58.4%	Nov 2006
Number of Leads	560.0	400.0	160.0	40.0%	Dec 2006
Win Rate (%)	44.4	45.0	-0.6	-1.4%	Dec 2007
Employee Revenue per Rep	7,100.0	5,000.0	2,100.0	42.0%	Dec 2006
Statewide	7,249,000.0	8,000,000.0	-755,000.0	-9.4%	Dec 2007

Opportunity	Account	Representative	Amount	Stage	Product	Date Initiated	Expected Closed	Day Span
ABR System maintenance	ABR Systems	Wallace Marks	\$1,429,750.00	#4	Acme Lite	10/08/2006	10/20/2006	12
Baling Shipping maintenance	Baling Shipping	Clark Hase	\$485,000.00	#2	Acme Pro	02/10/2006	02/20/2006	10
Geostar System maintenance	Geostar Systems	Elaine Johnson	\$565,670.00	#4	Acme Pro	06/12/2006	07/01/2006	19
2 Miles studio update	2 Miles studio	Matt Ayer	\$234,350.00	#2	Acme Enterprise	09/12/2006	10/01/2006	19
Riverside record new account	Riverside record	Elaine Johnson	\$562,960.00	#3	Acme Pro	07/20/2006	10/01/2006	73



***Demo Part 2 (AVI Included on next slide)***





**Digital2GoCMM**

**Scorecards**

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

My Folders

- Scorecards
- Metric Types
- Strategies

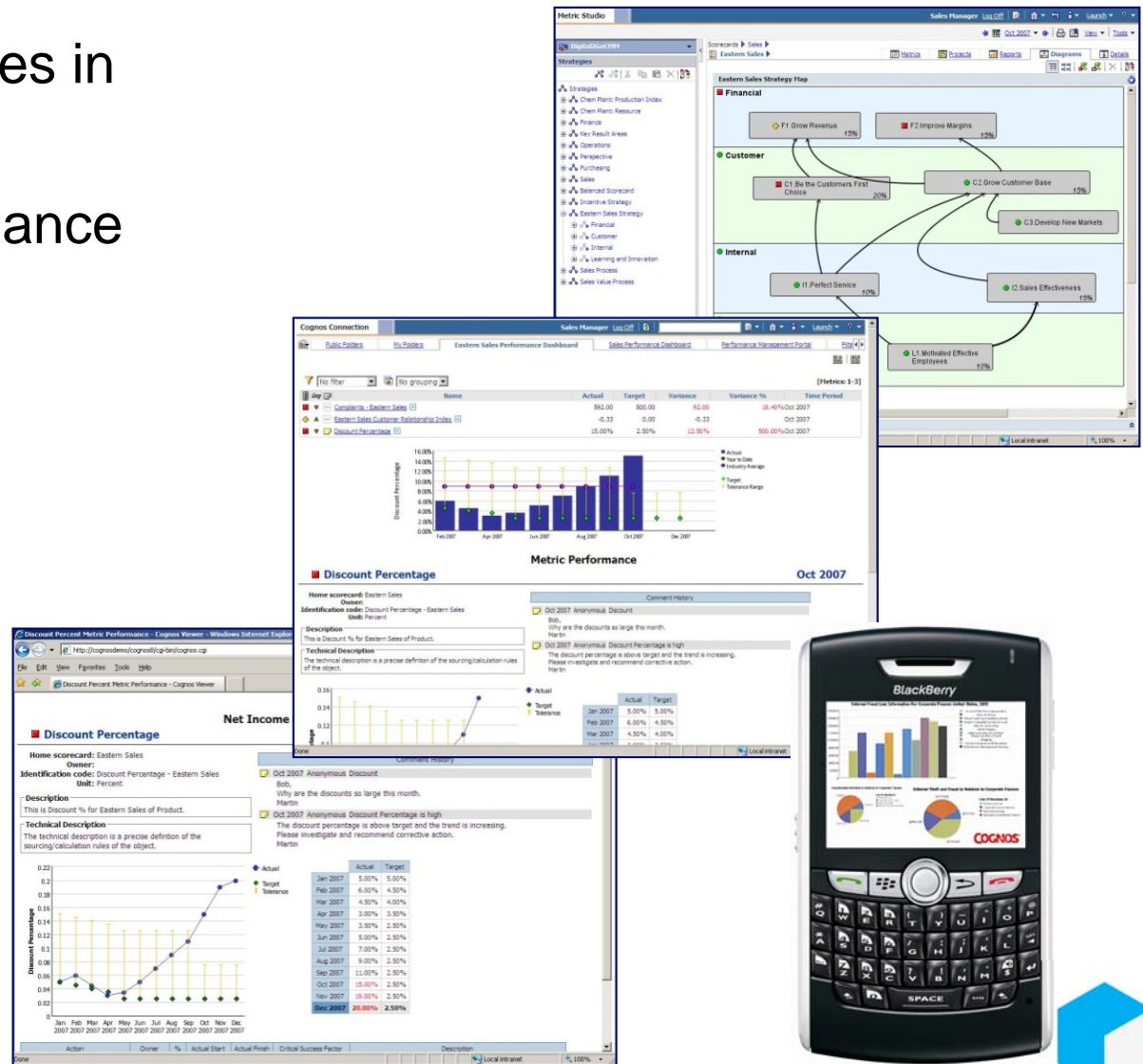
Watch List Metrics

Poor  No grouping [Metrics: 1-2]

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Name	Actual	Target	Variance	Variance %	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Discount Percentage	15.00%	2.50%	12.50%	500.00%	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Revenue Growth	9.00%	11.00%	-2.00%	18.18%	<input type="checkbox"/>

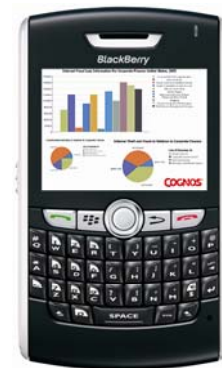
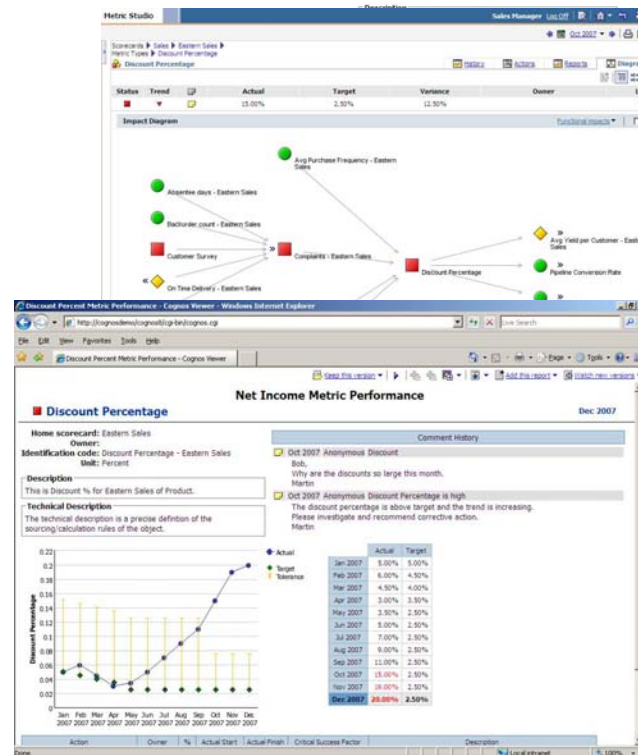
## Role Based Views: C-Level Execs

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



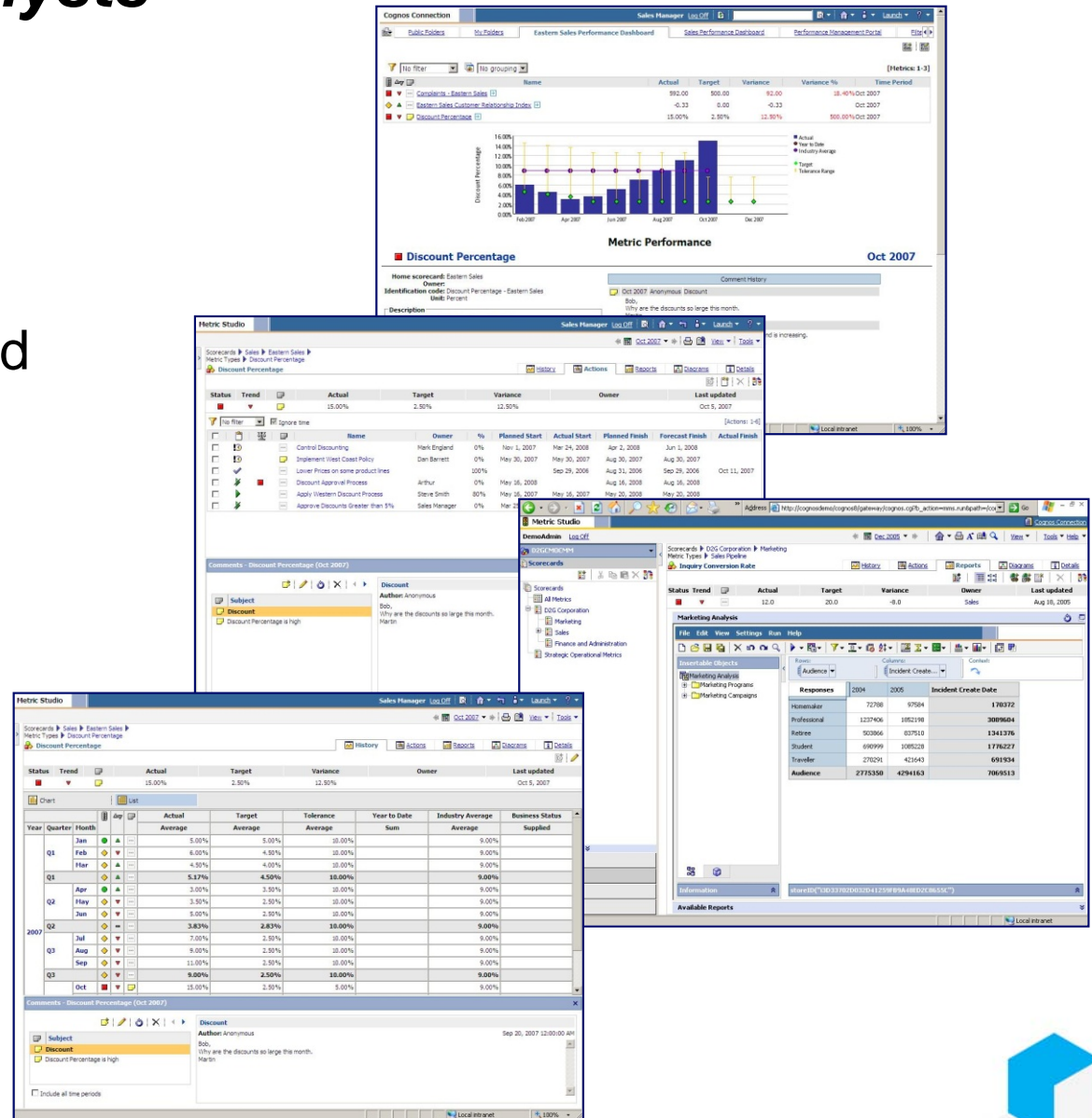
## Role Based Views: VPs & Managers

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



## Role Based Views: Analysts

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

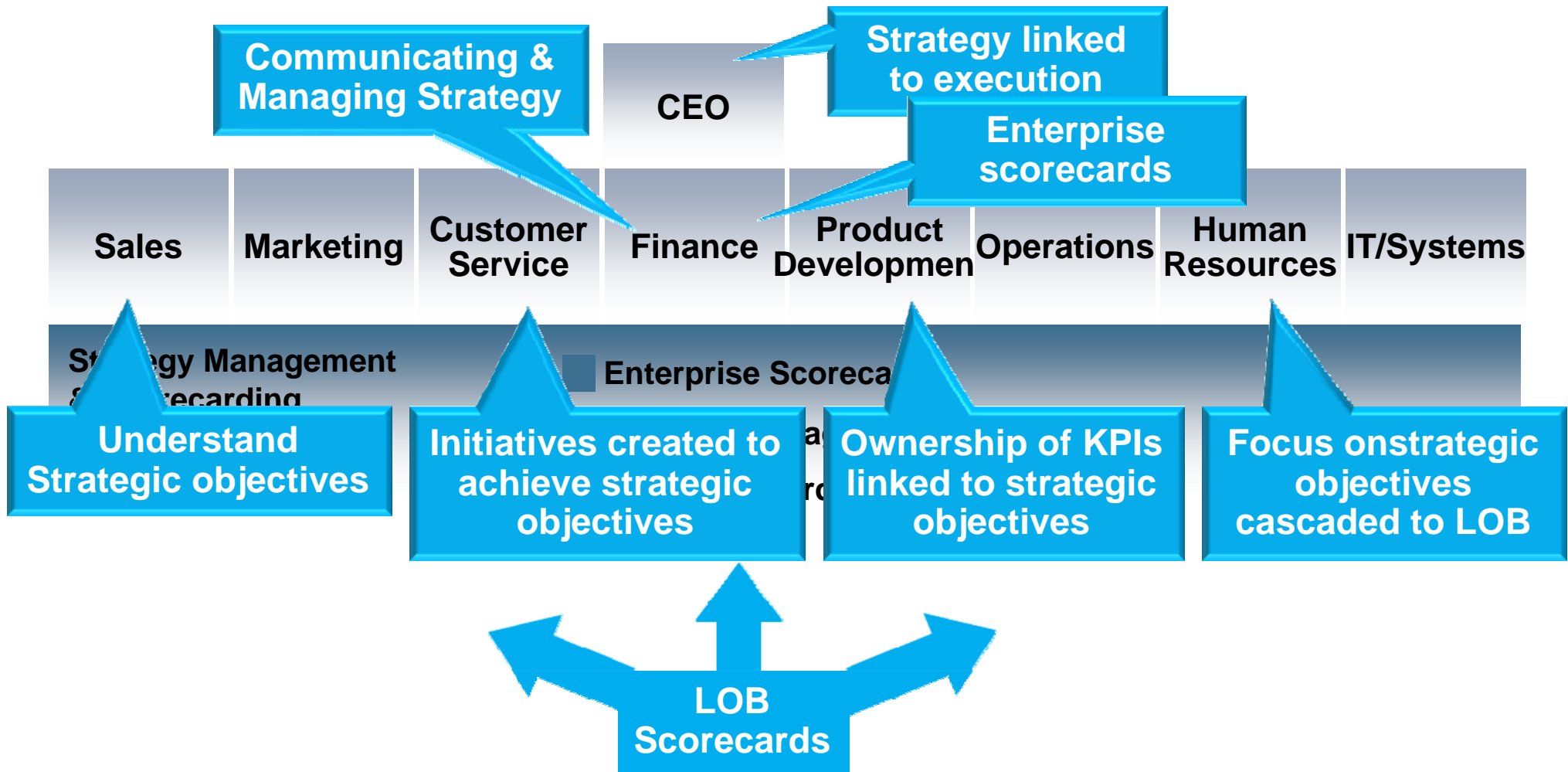


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## Benefits: Strategy Management & Scorecarding



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



## ***Conclusion***

- IBM Cognos 8 BI Scorecarding
  - Core component for Performance Management
  - Automates the strategy management and scorecarding process
  - Addresses customer requirements across the scorecarding readiness level
  
- Top down approach – IBM Cognos 8 BI Scorecarding
  - Links strategy to execution
  - Communicates strategy
  - Provides employee focus
  - Ensures accountability and ownership
  - Link strategy to planning

