>> Performance Management: Building a Top-notch Strategy

An enterprise performance management strategy begins with a detailed plan, good communication and a solid infrastructure. By Sandra Gittlen

Tough economic times dictate that organizations become masters at managing their risk and improving cost efficiencies. While there is consensus among business leaders and IT that performance management provides the best strategy to make this happen, some have struggled to see results from their enterprise initiatives.

This should not come as a surprise. It took decades for many organizations to implement and grow their information infrastructure and amass silos of data. Understanding how to reap the benefits and turn this information into a strategic asset doesn't happen overnight. A solid plan, good communication and the right infrastructure are required to make it happen.

Fortunately, "a well-implemented performance management effort [offers] many great benefits in this economy, including giving business users direct access to enterprise-wide data so they can make critical decisions about staffing and inventory, as well as how to increase overall productivity," says David O'Connell, senior analyst at Nucleus Research.

In a finely tuned performance management scenario, companies are able to answer the key questions of how they are doing, why that is and what they should be doing. They use sophisticated software such as IBM Cognos 8 Business Intelligence and Performance Management solutions to measure and monitor key metrics using scorecards and dashboards; draw reports and analyze data to gain context, understand trends and spot anomalies; and model future scenarios using planning, budgeting and forecasting tools.

However, a recent Computerworld survey of IT professionals found that, although most of the respondents say they have made aggressive investments in performance management and business intelligence, for many, these deployments have not always been the home runs they expected. Most organizations are still managing through multiple reporting tools and data silos, and they are in very early stages of maturity when it comes to

business intelligence and performance management strategies.

Only 14 percent of respondents say they consider their efforts to be at the top of the maturity scale and are executing their initiatives via enterprise practices around business intelligence and planning. Just over 20 percent say they are in the process of using BI and performance management technologies and processes to gain a consistent view of the data intended to improve decision making.

O'Connell says too often companies are falling short of a performance management utopia because instead of using enterprise-class, automated software such as IBM Cognos 8 Business Intelligence, organizations are stringing together ad-hoc networks of tools that require extensive IT involvement to extract data from disparate data silos. Also, in many instances, they have failed to gain executive buy-in and/or foster a joint partnership between business and IT.

Indeed, 25 percent of survey respondents say they are too bogged down trying to use multiple tools throughout the organization to sift through a backlog of reports that consistently show conflicting results to realize any significant cost savings. The largest portion of respondents say they are in the nascent stage of driving business intelligence and performance management into a few departments or functional areas.

More than half of the respondents cite a lack of time, budget and resources as a primary reason for not being able to get more out of their performance management investment. A secondary reason: Other initiatives take higher priority. Ironically, when done correctly, performance management adds time, money and resources back into your organization so that you can tackle more strategic projects.

Those that have had success in their performance management initiatives note improvements such as a closer alignment between business and IT; more effective processes for detecting performance issues; cost efficiencies; improved timeliness; accuracy and transparency

of business information; faster decision making; improved customer satisfaction; and increased IT productivity.

As organizations know, these benefits could be instrumental in doing battle in a struggling economy. So how can IT professionals, who have wrestled with their performance management deployments, cross the chasm and realize those results?

The following steps can help IT professionals maximize the return on performance management investment:

Create an IT and Business Partnership

Performance management is an enterprise-wide project and needs the participation of many business units. "When we first started down the path of business intelligence and performance management, it was a big-bang, business-only initiative, and it fell flat on its face. We quickly learned that if you start out too big on performance manage-ment, and without the participation of IT, it's not going to work," says Chris Sorensen, team leader for data management at Calgary,

Alberta-based WestJet Airlines, Ltd.

The original deployment goal of WestJet's performance management project was to examine the company's route profitability. "All employees own stock in the company, so we're conscious of – and motivated by – profit," Sorensen says. "We wanted to give our business users the ability to analyze all the financials surrounding moving our guests around – from the time the aircraft goes up until it lands – to uncover and solve cost inefficiencies."

Yet making performance management a business-only project worked in direct contradiction to this objective. "We needed our business counter-parts to help us understand their processes," he says. To that end, Sorensen deployed IBM Cognos 8 to lay the foundation for business/IT collaboration.

The departmental-focused approach is often the downfall of performance management projects, O'Connell says. "You need business users involved to illustrate broken workflows, and then work with IT to fix them." It's O'Connell's belief that performance management projects ideally should be driven primarily by people outside of IT and not with

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Current State of Performance Management Maturity

Which one of the following statements best describes the current state of your organization's performance management maturity today?

39%	We are in the process of driving business intelligence or performance management into a few departments or functional areas with capabilities such as reporting, dashboards, analysis, scorecards or planning to improve insight into the business.
25%	We currently have multiple tools throughout the organization, and we are trying to wade through the backlog of reports that constantly show conflicting results.
22%	We are in the process of implementing standard business intelligence or performance management technologies and processes to gain a consistent view of data that will improve decision making.
14%	We are connecting strategy to execution through performance management and have enter-prise-wide practices around business intelligence and planning.

any one business unit. He recommends creating an ad-hoc committee of business and IT across functions that will act as a Business Intelligence Competency Center (BICC), or governing body, to help set and hold standards for all performance management projects.

Gain Executive Buy-in

The most effective BICCs are seeded with employees who are officially tasked to address performance management. "You have to formalize their involvement, and make it part of their annual review," O'Connell says.

In most cases, this means getting buy-in from top executives and show-ing them the ROI. "You have to come up with concrete numbers as to why a BICC is a good idea," he says. A BICC champion should show them how, when properly deployed, a performance management project, guided by the BICC, gives individual workers and line-of-business managers the visibility they need to make business more profitable on their own. "CEOs and invest-ment committees are usually unaware of how blind their lines of business are flying, so you have to demonstrate how that will change," he says.

Sorensen considers himself lucky that his executive team bought into performance management and a BICC early on. "We're a fact-based and number-hungry company competing on analytics. So everyone knows we need quicker access to data and, more importantly, a clear and uniform understanding of that data to succeed," he says.

But Sorensen warns that executive buy-in is not a "won-and-done" deal. The BICC has to keep executives engaged by cheerleading incremen-tal achievements. For instance, when fuel prices spiked in 2008, WestJet was able to use its IBM Cognos profitability measurement tools to quickly draw data from multiple systems and better optimize the movement of a guest across the network without impacting other guests.

Take Time to Evaluate Your Data

Because the ultimate goal of performance management is clear visibility of information across the enterprise for better decision making, Sorensen says it is hypercritical to make data standardization and quality a priority.

"Data quality was a much bigger bugaboo than we expected. The quality of what we were pulling and how we were pulling it came under scrutiny early on, and we had to backtrack," he says.

A simple readiness assessment, which can be done by a vendor or consultant, can help you determine what data analysis skill sets you'll need for your performance management endeavor to give users access to the most accurate data dimension modeling.

At WestJet, the BICC includes a corporate library group that standardizes enterprise-wide terms such "guest," "booking channel" and "gross sale." "We want to make sure our metadata is an apples-to-apples comparison," Sorensen says.

This attention to detail helps the flow of data from requirements gathering and performance management straight through to production. "Building this into the process up front will save a lot of angst later," he says. WestJet has been able to dramatically decrease its development and post-release time by adhering to data quality standards.

Start Small

When it comes to performance management, smaller is definitely better, according to O'Connell. It is understandable that companies would want to see a rapid return on investment, but applying performance manage-ment right away to every corner of the organization can fail.

Instead, pick easy wins such as streamlining financial budgets to build knowledge among the team and support from other stakeholders. "Performance management is a journey – not a sprint – so go slow, and take time to learn," he says.

Sorensen adds that he learned this lesson the hard way, too. "We tried a big-bang approach at first, and it definitely did not work. We quickly learned we needed to do little bits in a consistent fashion to make sure they aligned with the business," he says.

For instance, although he is excited for everything that IBM Cognos solutions can do, Sorensen is making sure that his current crop of users are comfortable using the analysis, planning and reporting tools for specific tasks before introducing them to additional feature sets such as queries, key performance metrics, forecasting and budgeting.

Create Self-serve Analysts

One of the biggest benefits of a successful performance management initiative is the ability to reallocate IT resources away from fulfilling a multitude of report requests. Therefore, the BICC should focus on self-service solutions for users.

"We want our users to come up with creative solutions to problems, so we give them the tools to slice and dice the data in real time in a way that makes sense for them. They get to be true analysts and no longer have to spend their time shoveling through different data repositories," Sorensen says.

Already, WestJet has extended the IBM Cognos Web-based environ-

ment to more than 150 users. Getting that data closer to the user has reduced elapsed data query times from days to hours, resulting in much faster decision making and highly empowered users.

But for self-service to truly work, the BICC and IT have to build in a feedback loop. "You have to know how users are doing with drill-downs and what features they need added on," O'Connell says.

The BICC, as part of its mandate, should communicate frequently with performance management users through a portal, meetings or e-mail newsletter. "Don't just deploy the tools and leave them there. Users change their preferences and business requirements rapidly when they get exposed to new technology, so you have to stay close," he says. And the happier users are, the more buy-in you'll get for the project overall.

At WestJet, the BICC invites users to share information with each other and swap report-generation tips. "We have a great culture where people want to learn from each other," Sorensen says. Self-service methods free IT to aid in the BICC's best practices performance management and to convert data that is trapped in segmented systems into enterprise-available warehouses.

Gather Ideas for Your Next Project

Even while Sorensen and his team gain confidence in their data quality and deployment abilities, Sorensen is planning his team's next performance management rollout. After they complete a major back-end system overhaul this year, plans are to offer users IBM Cognos 8 BI personal dashboard capabilities.
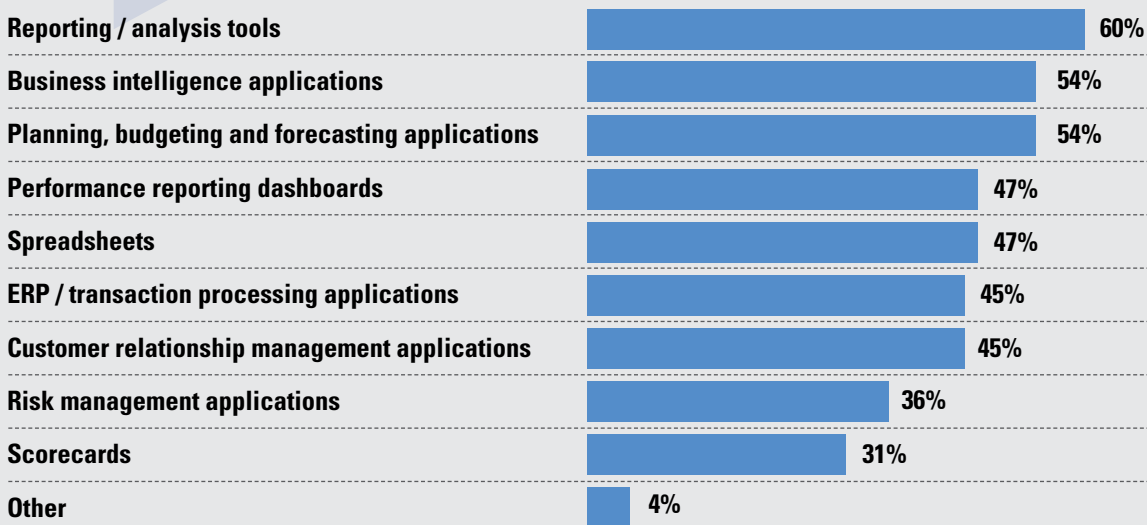
"We want to make sure our analysts can become event driven and focus on what is important to them," Sorensen says.

When organizations find users are proactive vs. reactive, they'll know they've reached performance management nirvana, O'Connell says. "They can start shortening project times, eliminating the tasks that would have been fulfilled by IT or a business intelligence department, and move on to figuring out how to manage costs in a way that provides the maximum benefit at the lowest cost to the organization," he says.

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Current Investments in Applications / Solutions

In what types of applications/solutions is your organization currently investing to support its performance management initiatives?

Reporting / analysis tools	60%
Business intelligence applications	54%
Planning, budgeting and forecasting applications	54%
Performance reporting dashboards	47%
Spreadsheets	47%
ERP / transaction processing applications	45%
Customer relationship management applications	45%
Risk management applications	36%
Scorecards	31%
Other	4%

Base: 100 qualified respondents