



## How “Yes” Happens

Insights from Innovation Center members  
on winning executive support

On May 12, 2009, more than 100 members of the IBM Cognos Innovation Center for Performance Management attended an Innovation Roundtable in Orlando, Florida, as part of IBM Cognos Forum 2009.

They had come from as far as Australia to network, share stories and discover innovative new ways to navigate the sometimes chaotic intersection of people, processes and technology in pursuit of higher performance.

Here, we present key findings resulting from the first of two questions on the agenda: How do you get an executive to buy into your project?

Before we explore ways to obtain executive buy-in, it's best to explain why you need it in the first place.

Buy-in helps your project over the short and long terms. Even the smallest performance management deployment inevitably demands an investment of time and money. So in the short term, executives – most often the CFO – are in the position to liberate both.

Over the long term, buy-in minimizes the disruptions and resistance that can accompany a deployment. After all, performance management should not only provide people with information they didn't have before. It should improve the processes that generate that information and the decisions people make with it.

But even small changes – moving from paper to online reports, for example – can disrupt entrenched work habits and stall your deployment. “People don't like having their processes changed,” says one member, “even if they consist of spending hours printing and collating reports.”

*“You need both the success in the short term to show something tangible, but somewhere on that C-level you need someone who will buy into the vision of what this could be. Without that you’re going to get a lot of start-and-stop.”*

*Roland Mosimann, BI International*

Executives can also bring other departments into a project when initial deployments leave them out of the loop. This was the case for one member who needed to build a new CEO dashboard quickly – and thus, without the blessing of IT: “They had some negative comments about it,” she says. “But once they realized the support was behind it, they supported it too.”

The best case is to have an executive sponsor the project on his or her own, thus eliminating the buy-in issue altogether: “Our CEO said ‘This is ridiculous. We’re spending our time questioning the data instead of figuring out how we were going to get better results.’”

Another way to secure buy-in is to have someone else do it. This was the case for a member who, rather than court executives directly, found a charismatic manager with influence to make the case: “This gentleman was an absolute animal. He was also a visionary. I sold him on it. Next thing you know, he’s talking to the executives and he was just relentless. I just rode his coattails.”

#### **Building the business case: do the math, sell the dream**

The more conventional route to buy-in is building the business case. Again, there are short- and long-term benefits to doing so. In the short term, it forces you to explore the impact of your project in areas beyond its immediate scope and helps you translate your idea into a language your business will understand. In the long term – as you expand into new areas, team members change and distractions pile up – it keeps you focused on the benefits you’re trying to deliver.

#### **Tell them where it hurts**

So basic as to barely warrant a mention, your business case must solve a pain. For new projects, choose something localized and acute, says consultant and Pervasive Performance Group founder Dave Kasabian. “Choose something you can address and solve in a few months. Define the value of addressing it. Put a dollar value on it.”

Even if your vision is enterprise-wide, it’s wise to keep things small. Few companies, says Kasabian, have the appetite or budget for “big bang” deployments. Further, experienced practitioners know it’s the small victories – spun out quickly, strung together and shared through word of mouth – that win over the skeptics and build momentum.

#### **Get to the table with hard ROI**

Hard numbers are must for any business case. Even if you’re passionate about what the benefits could be, you’ll be competing with other projects and right now, says Kasabian, “tangible trumps all.”

Luckily, members routinely cite hard numbers, particularly in efficiency and cost savings. Many devote their first deployments to automating and streamlining routine processes. Consider these examples:

- “It would take an analyst all day to do the report from the previous week – pulling data out of tables, working with spreadsheets, doing all kinds of mumbo-jumbo. We used the same calculations to publish a PDF to one place. Now they can get the answers in 30 minutes.”
- “Our CFO loves payback, so I came up with some. I calculated the amount of their time that would be reduced if I created the budgets, and since I knew everybody’s salaries, I calculated the dollar savings for all the executives, all the managers and all the analysts. I came up with a payback of 16 months. Now I’m doing rolling forecasts and things they never dreamed we could do.”
- “We took tasks that needed 80 man-hours a week to do and whittled them down to two seconds. That’s instant ROI.”

Other members find success with a cost avoidance play – either by moving to a modern system or by eliminating the need for high-value analysts to spend their time wrestling with spreadsheets:

- “Our CIO wanted to replace our consolidation and planning tools with a single system but was getting pushback from the business. So he showed people the cost of supporting older technologies and said the project would pay for itself in a year if we could cut costs by 25 percent. That’s what sold them.”
- “There was so much analysis that the executives needed that as we lightened people’s loads we just moved them where the need was greatest.”

#### **Sell the dream with intangible benefits**

If hard numbers capture immediate attention then it’s the strategic, intangible benefits that build your longer-term vision. Luckily, attendees are equally vocal about these as well. Indeed, many cite them as the best route to greater ROI: the more productive users become, the more likely they are to discover new opportunities for growth, or even greater efficiencies.

Use hard ROI figures to say what will be. Use intangible benefits to describe what could be.

The list of intangible benefits of performance management typically includes the following:

**Accuracy:** Attendees routinely credit performance management solutions with putting an end to debates over numbers. For one member, the CEO’s dashboard supplanted every other information source. “Executives can’t present any other information, whether it’s on a spreadsheet or PowerPoint. Our CEO has said if it’s not on the dashboard we’re not talking about it.”

**Visibility:** Combining financial and operational data and exploring the results from different perspectives lets attendees identify, isolate – and eliminate – longstanding performance pains. This was the case for a member whose revenue model drew data from multiple systems, including SAP: “We’ve actually been able to look at price points, credits and premiums and see where our problem areas are and do a deep dive into revenue. It’s pretty exciting to be able to get to a level of detail that we’ve never had before.”

**Agility:** No sooner is a forecast complete, members say, than it’s time to revisit it. Consider the following member, who saw the credit crisis play havoc with his market projections: “When the market is 22 percent of what you thought it was going to be, you’re going to have difficulties. We re-visit the forecasts every Monday now. That’s how quickly things are moving.”

“The best-laid plans that anybody could put together are obviously going to change.”

**Accountability:** Many members incorporate Balanced Scorecards within their performance management deployments and use the data to populate the KPIs. Doing so, says one member, keeps front-line employees engaged with executive priorities: “We hand our metrics out at the end of the day so people can see where they are at any point. People feel they’re on top of things and clued in, so when the CEO calls and asks ‘Why is this off?’ they already know it’s off and have an answer.”

**Consistency:** Often elusive in decentralized organizations, performance management lets evaluate results across geographies or bring new people quickly up to speed. “We were able to standardize the way our planners look at the numbers,” says one member. “That’s helped a lot, because one may be optimistic, one might not be. Also, if a planner moves on, another can step into the role using the same reports. It’s a very short learning curve.”

**Profitability:** In volatile times perhaps the most compelling benefit, performance management lets companies identify new opportunities for growth. For one member, a looming \$50 million shortfall led him to analyze each rep’s sales data to analyze their routes:

“We said, ‘You’re going to get a bigger paycheck at the end of the month if you go this way and visit this person but not that one, and here’s what you talk about.’ We gave each one a list and told them to call the customers in that order. Our CEO went public and said we couldn’t have made the numbers without business intelligence. That was a great day.”

**Possibility:** Particularly effective with the most visionary of leaders, the most exciting benefits can be those you can’t see yet. Excitement about what could be can also keep mature deployments fresh and continually relevant : “There are a lot of uses of data and tools that aren’t in your analysis,” says one member, “because you will use them for many things that you didn’t anticipate when you built the data warehouse”

**Better decision-making:** Performance management eliminates the need to act on blind hope or gut feel, as well as the resulting inefficiencies and rework that stem from bad decisions. Often, says one attendee, the difference between success and failure is one piece of relevant and timely information. “Putting the right information in people’s hands at the right time means they can make the best decision at any moment. The value of performance management is to have fewer people saying ‘I wish I had known this yesterday.’”

“We know exactly how many times our reps should visit a customer before they get a declining return. Not only that, we know when they should go visit that customer. That wasn’t obvious to our sales force. They knew how they should price the product, but they didn’t know how often they should visit people.”

### **Having it both ways**

The beauty of performance management is that you can sell efficiency and productivity as tangible or intangible benefits, depending on the audience. Consider these two examples:

One member saved his company \$10,000 each month by shortening the financial close process - income statement, balance sheet, full journal ledger and cash flow - from three-plus weeks to a few days. Using insights gleaned from the company’s supply chain data, he was also able to cut customer charge backs due to low fill rates over a span of 18 months. “You can get your buyback pretty quick if you put your mind to it,” he says.

Another sees the same benefits, but from a “soft” point of view: “You don’t want your senior people doing repetitive, mundane tasks. Sometimes it’s as simple as that. You’re freeing people up to do their real jobs and people really love that. Sometimes it means people get to leave at 5 o’clock or get their weekends back and people start liking their jobs again.”

### **Do your research**

Hard, soft or both? There is no definitive answer, but calibration is key. Doing research in your early stages will help you understand the climate within your organization, its appetite for new projects and the ones you’ll be competing against, says Kasabian. “You have to be realistic. If your company is in cost-cutting mode, you can’t go in and propose a multi-million-dollar, multi-year project and expect it to go through.”

Research will help you determine which arguments to use, when to use them and whom to use them with. Discussions about possibilities and agility will do little to win over executives who view the world through a cross tab.



Before you proceed, be sure you know the answers to the questions below. It may mean knocking on doors, but having the answers will increase your likelihood of getting to Yes:

- What other capital projects am I competing against?
- Are they focused on short- or long-term benefits?
- Are they tactical or strategic?
- Who are their champions? What’s their level of influence?

#### **Find friends in IT**

It’s essential to cultivate a good working relationship with your IT colleagues from the start. But – like any relationship – it’s easier said than done. Attendees identify three stumbling blocks: control, communications and culture.

First, control. You may own the business model, but IT owns the data. Roll out a deployment or go too far without their blessing and you risk being labeled a “renegade.” “I knew I had to get something in front of our CEO quickly or the excitement would fade,” says one member. “Now I’m going back and fixing things.”

Communications, many members say, is one area that is improving. As more organizations embrace performance management, more members are finding IT people who can “speak” Finance. “Having people who can do that crossover is key,” says one member.

“We both recognized the need for change and the problems that we had,” says another of his IT colleagues. “Without that common recognition we’d really struggle.”

Culture can be the most challenging aspect of the IT-Finance relationship, as both sides come to a project steeped in vastly different processes and objectives. Consider the examples below:

- “The traditional fault of developers is that they want to build something and move on.”
- “Performance management should be led by IT. Finance is not adept at running projects.”

The good news is that much like every other aspect of performance management, there are no definitive answers. Nor are the responsibilities ever evenly split. “You need to know when to follow and when to lead,” says one member. The key is to focus on building a good foundation that can withstand stress and adapt to change as you expand your deployment. Members frequently say the best route to success is through small victories that build momentum.

“Both sides are learning that we have to work together,” says one member, “otherwise we’re going to get burned in the long run.”

### **Summary**

Executive support is essential to your success over both the short and long terms. And, as our members have demonstrated, there are many ways to secure it. The key is to understand your organization. The better you understand its information needs and the criteria it uses to evaluate ROI, the better your chances of “getting to yes.”

In our next article, we’ll look at the tactics our members have pursued to maintain momentum and expand their deployments further into their organizations.



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The IBM Cognos Innovation Center was established in North America and Europe to advance the understanding of proven planning and performance management techniques, technologies, and practices. The Innovation Center is dedicated to transforming routine performance management practices into “next practices” that help cut costs, streamline processes, boost productivity, enable rapid response to opportunity, and increase management visibility.

Staffed globally by experts in planning, technology, and performance and strategy management, the Innovation Center partners with more than 600 IBM Cognos customers, academics, industry leaders, and others seeking to accelerate adoption, reduce risk, and maximize the impact of technology-enabled performance management practices.

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