Why performance management?
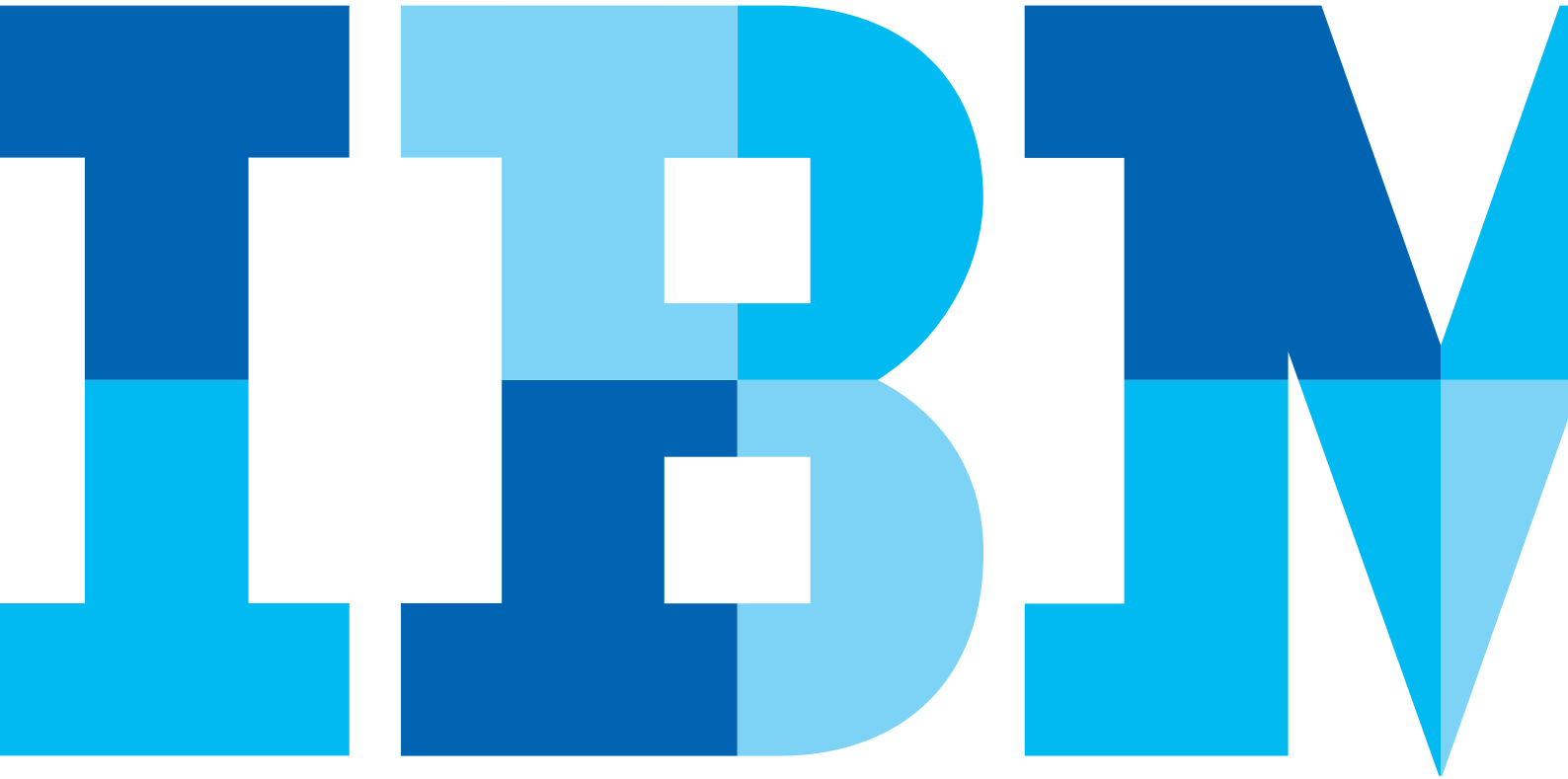# A guide for the midsize organization

Gain competitive advantage without breaking the bank

Contents

Abstract

Performance management links the insights drawn from trusted information to the actions in strategic and operational plans. It sees reports, scorecards and plans not as separate technologies or processes, but as critical partners in managing your organization.

Midsize organizations are uniquely positioned to take advantage of a performance management approach to business. Compared with larger companies, they have more agility to bring information and people together and respond faster to changing market conditions. They seek efficiency and effectiveness. They must enhance operational performance to confront the challenges they face today while positioning themselves for success in a future economy.

This paper provides an overview of how performance management can help midsize companies meet those challenges using IBM Cognos® Express, an integrated, one-stop business intelligence (BI) and planning solution purpose-built for midsize companies. IBM Cognos Express is a cost-effective choice for performance management. With one performance management solution, midsize companies can:

- Turn disconnected data into information
- Turn information into valuable insight
- Turn insight into action

At the same time, one integrated solution cuts the costs of performance management deployment through:

- A single-vendor solution that reduces IT overhead required to deploy, maintain and integrate systems
- Intuitive business-user interfaces that increase user adoption and success
- A modular approach that lets you start small and grow as you prove the model

Overview

Revenue growth. Tight margins. The need to out-innovate larger rivals. Midsize organizations are challenged to make decisions fast enough to keep pace with the rate of change or level of turbulence in the economy. Managers know they must monitor company performance closely to minimize threats and maximize opportunities. Yet, they often lack critical information to do the job at the level they require.

Good decisions are the building blocks of great business performance. To make the best decisions, midsize companies need better insights drawn from better information. Business intelligence (BI) provides the information foundation for these better insights. These insights lead to action through improved strategic and operational planning processes. Linking insight to action—reports to tangible plans—is the heart of performance management.

By linking the insights gained through BI with action-based planning, midsize companies can use performance management to understand the issues influencing business performance and marshal the resources to deal with them effectively. With a performance management solution, managers are better able to address the critical business elements of growing revenue, reducing operating costs and improving processes. By performing these functions with greater agility than larger rivals, they can level the playing field with larger competitors.

Business problems

Midsize companies understand the need to make solid and informed business decisions. Yet, creating a decision culture isn't easy. The technologies many people rely on—spreadsheets, databases and desktop systems—produce data silos in disconnected systems. This reduces the usefulness of the information for decision-making, which in turn compromises better performance.

At the same time, the volume of data and the number of data sources are growing. Users grapple with too much information. They cannot easily access, view and use the right information for decision-making. IT staffs are challenged to provide solutions that enable productivity and agility in the face of market and customer demands. Midsize organizations typically lack the full complement of staff, experience, infrastructure, time and/or budget to select, implement, deploy and manage applications and toolsets.

Business drivers

Integrated business intelligence and planning solutions deliver a single source of information for distribution company-wide. These solutions are cost effective and eliminate reliance on a patchwork of spreadsheets, legacy solutions and manual processes.

Spreadsheet Madness

Most midsize organizations still rely on error-prone spreadsheets for key management processes such as planning, budgeting, forecasting, consolidation, analysis and reporting. Spreadsheets were never designed to handle the performance management needs of complex, rapidly growing organizations in dynamic, competitive markets. They were never intended to be used as a data store for millions—even billions—of cells. Nor were they designed for simultaneous use by hundreds or thousands of users across a company.

Spreadsheets simply don't provide midsize companies with full knowledge and insight into their business activities from the standpoint of having "a single version of the truth." This is because most of a company's data is siloed in disparate Microsoft® Excel® spreadsheets updated by manual processes. The information is often outdated and spread across the business.

Midsize organizations can break their dependence on spreadsheets. By unlocking the data captured in operational systems and transforming it into useful, relevant information, organizations can understand critical issues, trends and opportunities. They gain an accurate, forward-looking view of the business, and everyone collaborates to make better strategic decisions and optimize business performance for better business outcomes.

Performance management enhances compliance, accountability and transparency. These functions are critically important in good times to compete in a global economy—and essential to the survival of a business in a tough economy.

Cost of ownership

Many midsize organizations believe that performance management solutions are complex, expensive and beyond their reach. However, a performance management solution does not have to be cost-prohibitive, mean overhauling existing IT investments or require extensive IT resources. Performance management should leverage existing IT resources and infrastructure to speed time to results, lower cost of ownership, minimize risk and maximize return on investment. Value-based performance management promises to improve operating performance—without breaking the bank.

The solution

Performance management does not have to be an "all or nothing" proposition. By taking incremental steps to integrate information, technology and people, companies can gain value from their investment today and continue to meet future demands as their business grows.

The result? Your organization gains a cost-effective performance management solution that enables better decision-making, helping you to:

• Plan where the business is heading, manage progress against plan and stay on course
• Analyze business information to understand what is driving trends and to spot anomalies
• Improve customer loyalty through better customer insight
• Respond faster to changing market and business conditions
• Reduce costs and improve productivity across business units, operations or product lines.
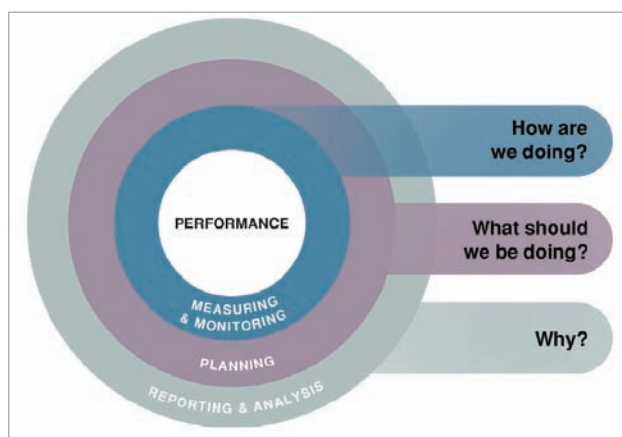
A performance management solution allows organizations to answer three key business questions.

The performance management solution

From a technology perspective, performance management is the integration of business intelligence and planning. These key technology areas allow organizations to answer these three key business questions:

- *How are we doing?*
- *Why?*
- *What should we be doing?*

Ideally, the answers to these questions should be based on a common understanding of metrics, data dimensions, data definitions and views of the organization. A consistent, integrated technology platform is vital to effective performance management. The result is a shared understanding and accountable actions.

A performance management solution has components that are common to any management information system—software, business processes, users and hardware. They interact to improve information delivery, performance oversight and performance effectiveness. By integrating information, technology and people, your decision-makers can become true performance managers.

Performance management components

Performance management software for midsize companies should provide answers to your performance management questions:

- **How are we doing?**
  Measures and monitors performance with scorecards and dashboards to track your key metrics.
- **Why?**
  Offers reports and analysis to let you see data, gain context, understand trends and spot anomalies.
- **What should we be doing?**
  Provides planning, budgets and forecasts to let you identify and share a reliable view of the future.

Scorecards and dashboards help answer the "How are we doing?" question by quickly and easily communicating complex information derived from many different sources. This includes setting targets, linking metrics that impact each other and making them dynamic so people can get at the data to see why a metric trends up or down.

Reporting and analysis capabilities answer the "Why?" question by creating a seamless experience of analyzing and reporting on information drawn from any data source. People can dig deeper into results and learn when, where and how variations occur. They also understand how business strategy translates into operational priorities.

Planning capabilities answer the "What should we be doing?" question. It is the integration of budgeting, planning, forecasting and financial reporting. Users create plans, then monitor and adapt them as business conditions change. Performance targets become more reliable and predictable, rather than best guesses.

It's important that these capabilities be integrated and modular, so they can be implemented incrementally. In this way, you can start anywhere—say, with planning or analysis or reporting—and deploy wherever your business needs, budget and resources dictate. You can deploy tactically across departments and then connect initiatives together as they evolve.

To be successful with performance management, midsize organizations need a unified decision-making platform that combines all of these key capabilities. A unified system aligns decision-makers across the organization, uniting data from different departments and operational areas for the most complete picture of the business. For example, if Marketing decisions improve demand, then Sales and Operations needs to ensure the supply is ready. In this way, good decisions cause other good decisions. The end result is better alignment, accountability and performance.

Web-based

A point-and-click, task-based interface is easy for people to use and delivers self-service functionality to the business. This translates into higher customer satisfaction and extends the systems' capabilities to the largest number of users while reducing the administrative burden on IT departments. With Web-based deployment and administration, IT doesn't have to install and manage client desktop software. Reporting and ad hoc queries can be delivered through secure extranets to customers, suppliers, partners and other stakeholders.

Microsoft Office

Most midsize organizations use Microsoft Office applications like Microsoft Excel, Microsoft Word and Microsoft PowerPoint®. Performance management solutions for the midmarket need to integrate seamlessly with these applications, and business intelligence systems are a leading source of information for these systems. It's important to have efficient access to business intelligence features such as cross tabs, graphs, charts and tables that automatically refresh content, maintain links to contextual information and create complex desktop reports such as briefing books and dashboards.

IBM Cognos Express for performance management

IBM Cognos Express is the first and only integrated, one-stop business intelligence and planning solution purpose-built to meet the performance management needs of midsize companies. It provides the essential reporting, analysis, dashboard, scorecard, planning, budgeting and forecasting capabilities that midsize companies need at a price they can afford. Everything is included in a pre-configured solution that is easy to install, easy to use and easy to buy.

IBM Cognos Express provides midsize companies with consistent, reliable information to answer the three critical business questions: *How are we doing? Why?* and *What should we be doing?* With insights drawn from answering these questions, managers can make better, faster decisions and optimize business performance to drive greater efficiencies, reduce costs and identify new growth opportunities.

For organizations that are beginning to embark or expand on a business intelligence and planning strategy, IBM Cognos Express includes everything needed to get started on their performance management journey. It offers powerful, easy-to-use capabilities for both novices and advanced users to encourage broad adoption throughout a company.

IBM Cognos Express offers a complete, integrated self-service solution for a midsize company's performance management needs. The following four IBM Cognos Express modules can be used separately or together:

- **IBM Cognos Express Reporter** for reporting and ad hoc query
- **IBM Cognos Express Advisor** for analysis and visualization
- **IBM Cognos Express Xcelerator** for Microsoft Excel based business analysis and optimization
- **IBM Cognos Express Planner** for planning, budgeting and forecasting

IBM Cognos Express offers a complete, integrated solution for a midsize company's reporting, analysis and planning needs.

You may purchase the full product with its reporting, analysis, dashboard, scorecard, planning, budgeting and forecasting capabilities or you may start with the specific module or modules you need today, secure in an easy growth path for the future. This flexible approach gives you the freedom to "think big, but start small"—an effective strategy to match project and business needs with budget and resource constraints.

IBM Cognos Express Reporter
Often, the first step toward initiating or expanding a business intelligence strategy involves moving beyond the canned reports included with your corporate applications. You need the flexibility to create reports that combine information from a variety of different sources. You need to build different types of reports that support the needs of various users throughout the company.

IBM Cognos Express Reporter delivers complete, self-service reporting and ad hoc query capabilities for business users to access, modify or author reports quickly and easily. It provides a consistent view of information throughout your company so users are never confused, misinformed or misaligned.

This self-service design helps reduce the cost and time needed to share information throughout the organization. Reduced demands on IT help eliminate reporting backlogs that frustrate business users. The result is better decision-making company-wide.

IBM Cognos Express Advisor
You need to spot emerging trends quickly and answer essential business questions such as, *"Which are our most profitable products and what makes them profitable?"* or *"Who are my best customers?"* and *"How effective is my customer service?"* IBM Cognos Express Advisor provides the ability to answer these questions quickly by analyzing complex data and then communicating business insights through high-impact visualizations.

An intuitive planning environment blends a structured, managed workflow with personalized analysis for improved business agility.

You can easily explore and customize data with interactive visuals. For example, click on an image in a chart to drill up or down for additional information or drill through to find the source of the data. Deliver key insights throughout the company using intuitive Web-based dashboards and interactive reports that encourage wide user adoption.

IBM Cognos Express Advisor includes an in-memory analytics server that connects quickly to operational data sources and creates a dimensional view of your business. You can analyze key areas, such as products or channels, and compare them in light of other important factors such as regions, customers and time.

Business users can also combine multiple views of their data in a single screen or dashboard to create visually appealing, interactive overviews of critical business information. So business users can spot changing business conditions quickly and take immediate action.

IBM Cognos Express Xcelerator
Many financial and business analysts are skilled spreadsheet users who don't want to give up this tool. Yet most companies recognize the significant risk in spreadsheet-only business processes. With spreadsheets, it is difficult to control access to key financial and operational data and to audit changes. Information is locked in silos and different people can modify information using inconsistent calculations and rules. In addition, spreadsheets lack the ability to slice and dice large sets of data across multiple dimensions.

IBM Cognos Express Xcelerator extends and transforms common spreadsheets for real-time business analysis and optimization. Users can work within an Excel environment to create custom analysis and build their own "what-if" business scenarios. This approach allows business users to use existing Excel skills and investments while overcoming the risks and limitations of spreadsheet-only processes.

A powerful in-memory analytics server lets users build and test business scenarios with "what-if" modeling capabilities and then update plans immediately using write-back capabilities to align the right resources to capitalize on new opportunities. This closed-loop process enables midsize companies to take full advantage of trusted insights gained through analysis and immediately apply those insights to critical operational areas, such as workforce management, inventory management and expense planning, for better business optimization.

IBM Cognos Express Planner

IBM Cognos Express Planner delivers a structured planning process that is easy to deploy and use. It streamlines information gathering, aggregation and analysis for continuous planning, budgeting and forecasting. It replaces slow, cumbersome manual planning processes with automated daily, weekly or monthly planning tools using the latest, accurate business data.

A managed contribution model is used to collect input from systems and staff in any division or location. This managed contribution component has an easy-to-use Web-based interface that can handle large numbers of participants while using the in-memory analytics server for speedy processing. Managers can quickly assemble and deploy planning solutions while monitoring the status of every participant in the planning process to assess the maturity of the planning cycle and eliminate delays in adapting plans.

IBM Cognos Express Planner provides an intuitive planning environment that blends a managed workflow with personalized analysis for improved business agility. Users not only contribute their own data into planning templates. They can also create their own personalized hierarchies and dimensions to test a variety of business scenarios and write ad hoc changes back to operational systems or data warehouses for immediate business impact.

A complete path for growth

As midsize companies grow so do their business needs. To address this requirement, IBM Cognos software provides a growth path for companies to add capabilities and expand their usage of business intelligence and performance management throughout the organization.

While midsize companies should have a vision for business intelligence that is pervasive and connected to planning, they should be able to start small. They can use an incremental strategy that matches their business needs to budget and resource constraints and grow over time with proven IBM Cognos solutions.

At every step of the way, IBM helps organizations on their journey to performance management so they can make better, faster decisions and optimize business performance to drive greater efficiencies, reduce costs and identify new growth opportunities.

Value-based solutions for midsize organizations

IBM Cognos solutions provide midsize organizations with simplified deployment and integration to take advantage of existing investments and minimize IT complexity. This reduces the demands on IT departments for lower total cost of ownership.

IBM Cognos Express includes everything required for immediate use in a preconfigured solution. It plugs into your existing infrastructure with minimal impact and can be deployed in as little as an hour. A single, centralized Web-based console manages all administrative aspects of installation, deployment and ongoing management, using only a few simple mouse clicks. There is no extra burden on IT staff and no additional investment in software infrastructure.

All the essential reporting, analysis, planning, forecasting and budgeting capabilities are available in one integrated solution from IBM. This simplicity eliminates the time and costs associated with more complicated, developer-centric implementations. You are more productive right away. It also reduces the complexity of deployment and ongoing maintenance, which minimizes the IT resources required.

An open, adaptable performance management solution means midsize organizations can manage costs while tailoring their needs for today and tomorrow.

Modular deployment

While it's true that performance management requires top-down commitment, thinking big doesn't have to equal starting big. In fact, thinking big but starting small is the key to success. By starting small, tangible ROI can be had quickly and that success can be radiated incrementally to other parts of the midsize organization.

Many customers begin with one performance management capability and build from there. They may start with reporting or analysis solutions to turn their business data into meaningful information relevant to company goals. Or they may extend and enhance their spreadsheet-based budget process to include multidimensional analysis and strategic planning, enabling a new level of insight and action.

By starting with a small deployment, midsize organizations can establish quick wins. This helps to build success and support and create opportunity for further expansion. As requirements grow, a company can add more capabilities. And with each step, they improve their decision-making and performance.

Performance Blueprints

IBM Cognos solutions include a number of Performance Blueprints, which provide out-of-the box performance management solutions for fast deployment. Downloadable and free of charge, the Blueprints consist of pre-defined data and process and policy models based on proven best practices in planning, budgeting and forecasting. They address performance management process areas that directly impact an organization's ability to create business value in areas such as financial forecasting, headcount planning, capital expenditures and sales compensation.

Midsize organizations often lack the internal expertise or manpower for application development. With Performance Blueprints, they gain performance management functionality with low customization costs. Companies see benefits faster and accelerate return on their investment.

A sampling of Blueprints include:

- Strategic Finance Performance
- Expense Planning and Control Performance
- Capital Project Planning Performance
- Workforce Planning Performance
- Integrated Financial Planning and Forecasting

Extensive partner network

IBM Cognos software has an extensive partner and reseller network. IBM Cognos partners provide products, services, techniques and technology expertise to help our customers improve business performance and gain competitive advantage. In addition, Cognos partner solutions combine technology expertise, methodology and techniques along with a practical blend of industry-specific knowledge. They help you sharpen your strategic focus, overcome barriers to success and gain competitive advantage.

The broad range of partnerships allows us to meet the distinctive needs of midsize organizations in purchasing, deploying and servicing their performance management solutions—efficiently and cost-effectively. A sampling of our partner offerings include:

- A reporting solution that extends the reporting capabilities of Loan Origination System software used by mortgage lenders
- A retail dashboard that summarizes the key operational indicators of the retail business, allowing users to identify areas that are not performing to plan
- An audit processor that provides reporting and analysis to extend the reach of application usage information to the IBM Cognos community
- A solution that allows organizations to combine claim and policy data into a single repository and conduct in-depth P&C risk management analysis and reporting.

Conclusion

Midsize organizations have the same business challenges as larger organizations, but they must be agile and smart to compete with larger rivals. Finding greater efficiencies and saving time and money are always key requirements.

Performance management has emerged as a strategic imperative in midsize organizations. With an integrated approach to business intelligence and planning, midsize companies can create an effective performance management strategy. This approach is central to gaining competitive advantage and higher profits.

Any organization—large or small—can benefit from better decision-making and performance management. Whether the goal is growing the business, out-performing the competition, driving innovation or streamlining operations, a unified performance management platform can help small and midsize organizations leverage their data and resources and scale to meet their needs as their businesses grow and change.

The right performance management solutions can enable business transformation while maximizing value and return on investment. Thousands of midsize organizations rely on IBM Cognos performance management solutions. Recognizing the need for quick time to value that is critical for midsize organizations, IBM Cognos software delivers tailored packages and pricing, flexible delivery models, best practices, blueprints, analytic applications, services, training and support—including a 3,000-partner network—all designed to accelerate your deployment and speed time to results.

About IBM Business Analytics

IBM Business Analytics software delivers complete, consistent and accurate information that decision-makers trust to improve business performance. A comprehensive portfolio of business intelligence, advanced analytics, financial performance and strategy management and analytic applications gives you clear, immediate and actionable insights into current performance and the ability to predict future outcomes.

Combined with rich industry solutions, proven practices and professional services, organizations of every size can drive the highest IT productivity and deliver better results.

For more information

For further information or to reach a representative: **ibm.com**/cognos.

Request a call

To request a call or to ask a question, go to **ibm.com**/cognos/contactus. An IBM Cognos representative will respond to your enquiry within two business days.

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