

Integrated Performance Management

CFOs in a role of driving company performance

- Is your company overwhelmed with tons of reports but delivering only a little of meaningful information for decision making?
- Are you delivering management information with a great delay after the month end?
- Is your management information financial only and contains only limited information about non-financial drivers?
- Are your plans interlinked with strategic objectives and initiatives?
- Are your plans and budgets based on operational data or is it purely a management exercise to distribute resources?
- Are you able to produce reliable forecasts?

During the past decade, companies spent heavily on ERP and other integrated systems to improve their performance. Yet, many still don't have the information needed to make critical business decisions. The problem is lack of meaningful, timely, and useful information, coupled with the absence of consistent processes to enable better decision making.

In addition, many current performance management systems do not help with one of the primary challenges facing businesses today - how to execute competitive strategies. The winning message is oftentimes weakened and misunderstood by the people who need to drive the change necessary to beat the competition.

Integrated Performance Management (IPM) combines strategic planning and budgeting, reporting and performance measurement, organizational alignment, information technology and compensation - replacing a jungle of disconnected processes and reports with a single version of the truth that decision-makers can use to do their jobs better.

Contacts

For more information on Deloitte's MC services in Latvia, please contact:

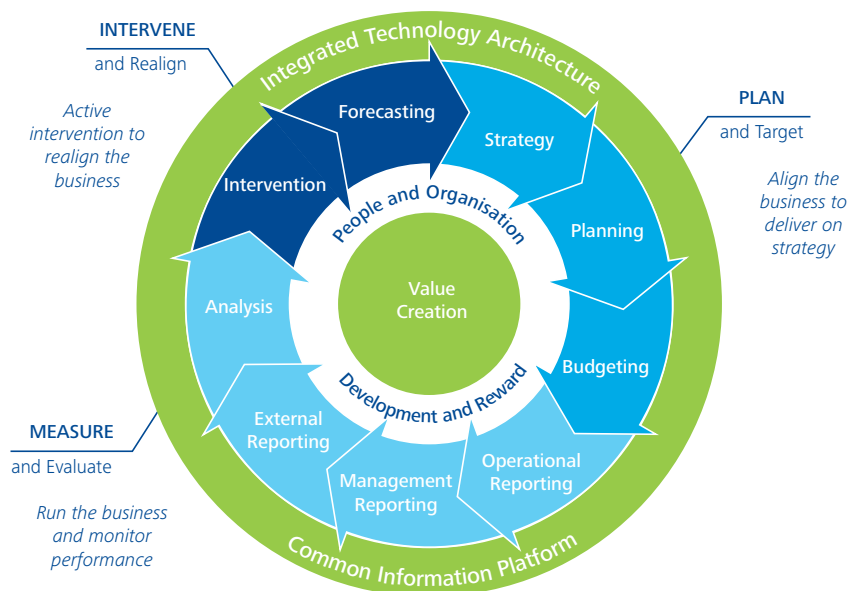
Deloitte Latvia

Phone number: (6) 707 4100

Fax number: (6) 707 4103

Email: latvia@deloitteCE.com

IPM Framework



How To Drive More Value

We've helped some of the world's leading companies successfully to adopt IPM. Here are some key lessons we've learned along the way.

Communicate strategic imperatives in a uniform voice: IPM is a vital component of successful strategy execution, helping to identify and communicate those actions and measures that drive value.

Measure what matters: Companies often focus on performance measures that are abstract and disconnected from day-to-day operations. Focusing on performance management will help you to break down complex strategy into simple, specific metrics.

Present a single version of the truth: Companies tend to have too many reports and information systems that offer too little insight. What decision-makers really need is accurate, reliable data across the entire enterprise. To make this happen, create a "common business language – a business dictionary" that works to improve the quality of information necessary to evaluate performance.

Ground plans in reality: Most forecasts and budgets contain so much padding and pass through so many levels of revision that in the end they're barely recognizable. A more efficient approach is to use your strategy and key performance indicators to develop budgets and planning models that are based on operational data.

Bring high-level targets down to earth: Performance measures are supposed to give company direction and focus. However if employees can't relate the high-level measures to their daily activities, they will simply ignore them. The key to success is tying company's overall strategy and goals to detailed performance metrics that make sense at all levels of the company.

How can Deloitte help?

Based on our experience, we have developed the Deloitte approach to IPM for assisting CFOs and CIOs with improvement of performance management processes and systems. We see the improvement not just as an activity performed by Finance or IT department, but strong cooperation between these two departments is vital for the success of implementation. Deloitte approach consists of 3 main steps:

1. Quick Assessment of current status of performance management processes, systems and architecture by using maturity models specifically developed for CFO's and CIO's perspectives. Together with management we identify major painpoints of the process.
2. Roadmap preparation outlining all necessary steps to be taken to promote performance management processes to the desired level. All inter-links will be considered, such as resource and people constraints, logical sequence and business priorities.
3. Design and implementation is coming from the roadmap and may contain specific actions incl. design of planning and budgeting process, costing and profitability calculation, fast close and/or integrated reporting and analysis. We have the capability to implement vast majority of leading performance management systems, ranging from Oracle / Hyperion platforms, to SAP, Cognos or Microsoft.

Bottom-Line Benefits

- Improved strategy execution by communicating key metrics and targets.
- Meaningful budgets and forecasts through the use of operational data.
- Replaced the flurry of confusing data with a single version of the truth.
- Aligned and accepted business goals by translating them into specific metrics meaningful to employees.
- Increased speed of delivering information.

Deloitte Latvia is one of the leading professional service companies in Latvia, providing audit, tax, consulting and financial advisory services by more than 60 local and foreign professionals. For a detailed description of the legal structure of Deloitte Touche Tohmatsu and its member firms please visit www.deloitte.com/lv/about.