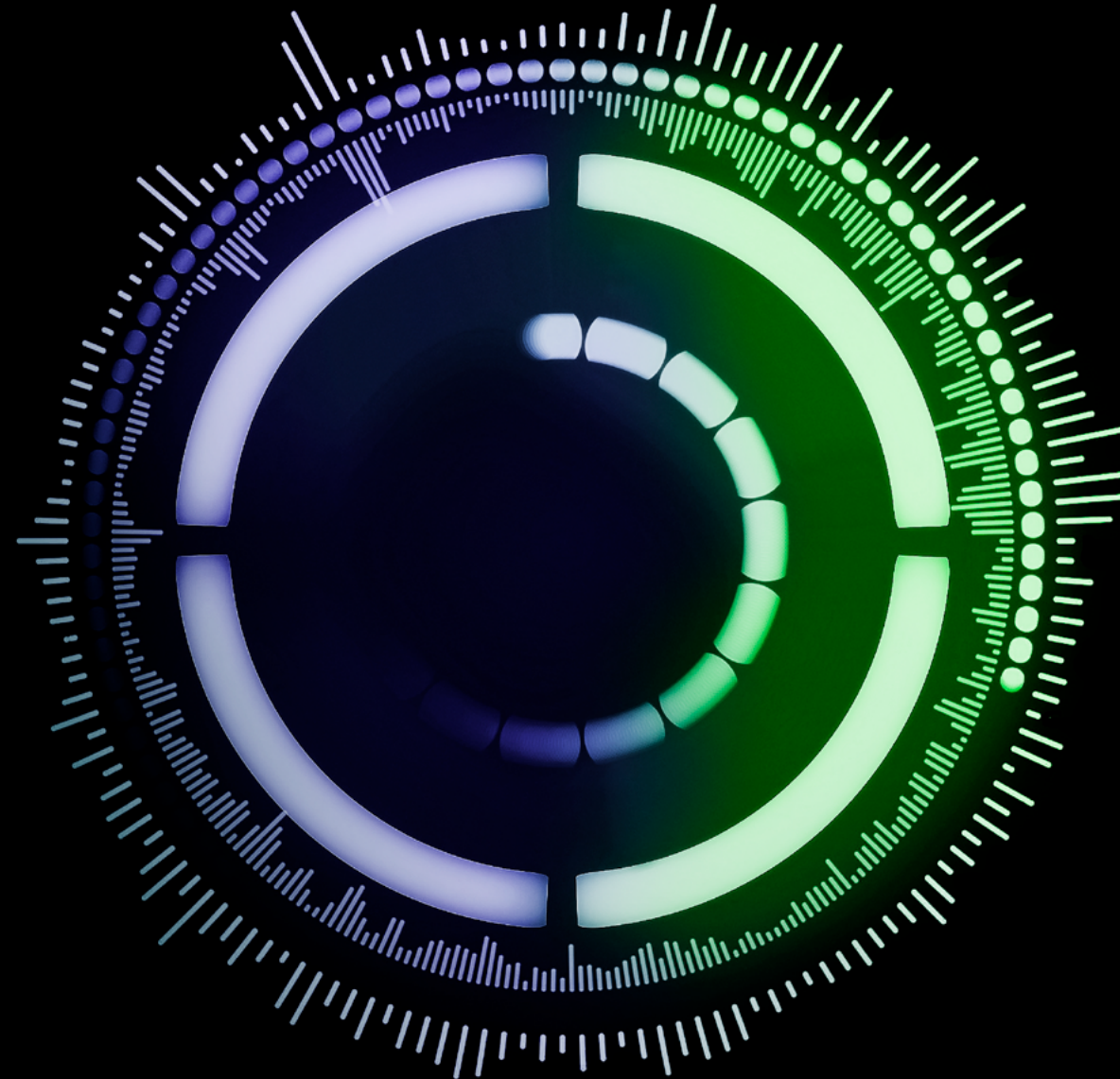


Insight-Driven Performance **The future of Enterprise Performance Management**

(Part of the Dynamic Finance series)



What's inside





You cannot make progress without
making decisions.

JIM ROHN

Insight-Driven Performance:

The future of enterprise performance management

Effective decision-making is fundamental to realising success for any organisation. Each decision made – big or small, strategic or operational – is a nudge on the organisation's steering wheel. How well an organisation selects and co-ordinates those nudges will determine its direction of travel, how long or bumpy its journey is and whether or not it actually gets where it wants to go.

So it makes perfect sense for organisations to seek to optimise how they make decisions – understanding with clarity the factors which affect their decisions, how their decisions are put into practice and how they monitor the effectiveness of those decisions in order to do it better and better each time of asking.

And yet, in today's dynamic world it can seem vanishingly hard to cultivate effective decision-making in our organisations. How can distributed decision makers make choices that are consistently in the best interests of the organisation? How can the right information be made available to the right people at the right times in the right ways?

The challenge of understanding and optimising the many factors which go into an organisation's decision-making could seem a dizzying prospect but it's not a new one. The ongoing practice of making effective decisions in pursuit of strategic and operational goals is known as 'Enterprise Performance Management (EPM)'.

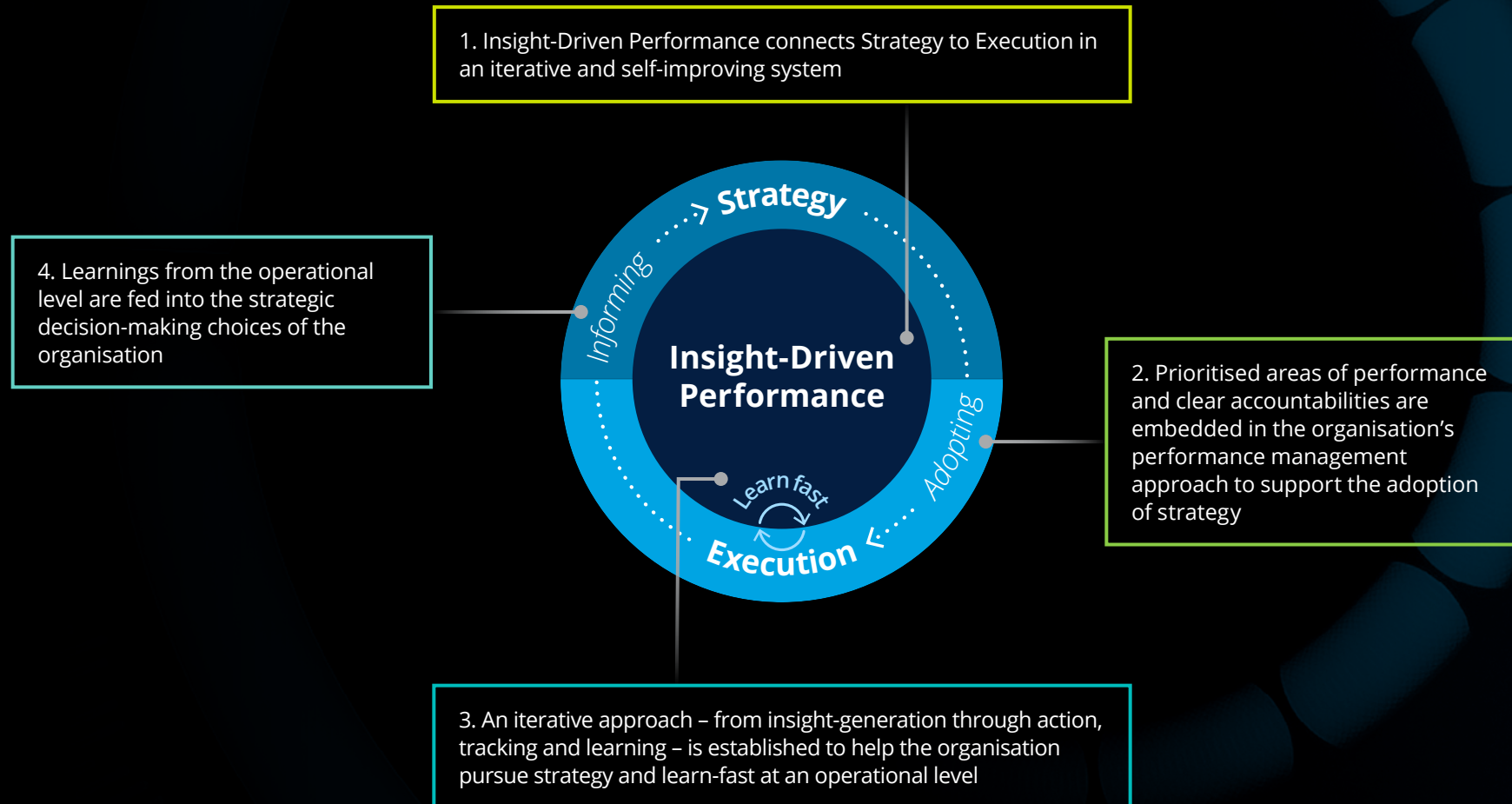
EPM is far from a new discipline, but the increasingly dynamic business environment and emergence of new technologies mean that it is not only possible but critically necessary that organisations seek to design and implement the enablers of effective decision-making.

As a global leader in EPM, we have helped our clients to pioneer and shape its leading practice. Our view of the future of EPM is 'Insight-Driven Performance', where insight-generation is industrialised to enable winning choices reliably and repeatably across the organisation, at all levels.

In this paper we share the features of Insight-Driven Performance and highlight the components which all organisations should be optimising in order to shape their decision-making and get where they want to go.

What is Insight-Driven Performance?

Insight-Driven Performance is the industrialised generation of insights within an organisation, to make informed choices reliably and repeatably across all of its levels and functions in pursuit of its strategic ambitions.



What do we mean by 'Insight'?

Since 'insight' is the distinguishing feature and primary fuel of the Insight-Driven approach to performance, it's worth a brief pause to highlight how we're defining it and how it's generated:



Insight-Driven Performance requires the organisation to not only generate the insights, but to take the informed actions necessary to turn those insights into enterprise value:



Thriving in a dynamic environment: The insight-driven qualities of leading organisations

The contemporary business environment means that it is more complex than ever to make effective decisions in pursuit of growth, yet never more important to find ways to do so. The organisation's who will consistently win versus their competitors, are those capable of making effective, dynamic decisions in the face of environmental disruptors.

DISRUPTORS TO ALL ORGANISATIONS

Demands of the connected world

Increasing expectation to connect with and closely respond to the needs of ever more stakeholder groups – shareholders, partner businesses, customers, regulators and more – is multiplying the complexity of decision-making and prioritisation

Exponential data growth

The ongoing explosion of data sources, varieties and volumes places a premium on 'seeing the wood for the trees', effective data strategy and the robustness of an organisation's data management

Emerging technologies

The adoption and capitalisation of new technologies is its own competitive arena where few organisations can afford to be left behind, but competing demands a specific blend of skills and capabilities to succeed

System-shocks

In a dynamic world, one of the few reliable constants is change itself. Environmental, political and economic shocks aren't going away, and they have the ability to change the entire context of an organisation's decisions

QUALITIES OF ORGANISATIONS PRIMED TO SUCCEED

Collaborative

Collaboration – within an organisation and within its business ecosystem – unlocks both innovation and opportunity and is a source of competitive advantage for those organisations who can get it right

Learning-oriented

As successes and mis-steps come and go, it is an organisation's ability to learn that will determine the relative balance of the two – and which of the two an organisation is destined to repeat

Data-led

Organisations who acknowledge the importance of data as the raw material of insight-generation and put it practically and culturally at the heart of their decision-making will consistently outperform those organisations who don't

Technology-enabled

New technologies can make the generation of insight more rapid, reliable and repeatable across the whole of an organisation providing them with the tools to drive consistently improving performance

Agile

Agility and adaptability can't insulate against systemic-shocks, but they are qualities that allow organisations to adjust to those shocks faster and more effectively than their competitors

Who's steering this thing?

The evolving role of Finance in managing business performance

Enterprise Performance Management (EPM) has long been the domain of Finance due to its role as monitor, scribe, and ultimate communicator of business performance. As the role of Finance evolves, continuing as steward and functional process operator but increasingly shifting more towards being a strategist and catalyst of the business too, EPM is similarly evolving.

Organisations are moving beyond the description and discussion of what has already happened, where course-corrections occur primarily according to annual and monthly reporting and planning rhythms. Instead, they are making data-informed projections more frequently, taking timely action and iteratively learning to manage performance in a dynamic, ongoing, and pre-emptive way – and feeding these operational insights into the strategic decision-making process.

The boundary and emphasis of EPM is also changing, from Finance-centric to truly Enterprise-wide, with optimisation sought for the whole business across functional siloes.

Due to its legacy performance management responsibilities, data familiarity and connections with the other functions of the organisation, Finance is primed to continue as the 'Conductor' of performance management – with the CFO's role increasingly becoming 'Centre For Optimisation' of the business.

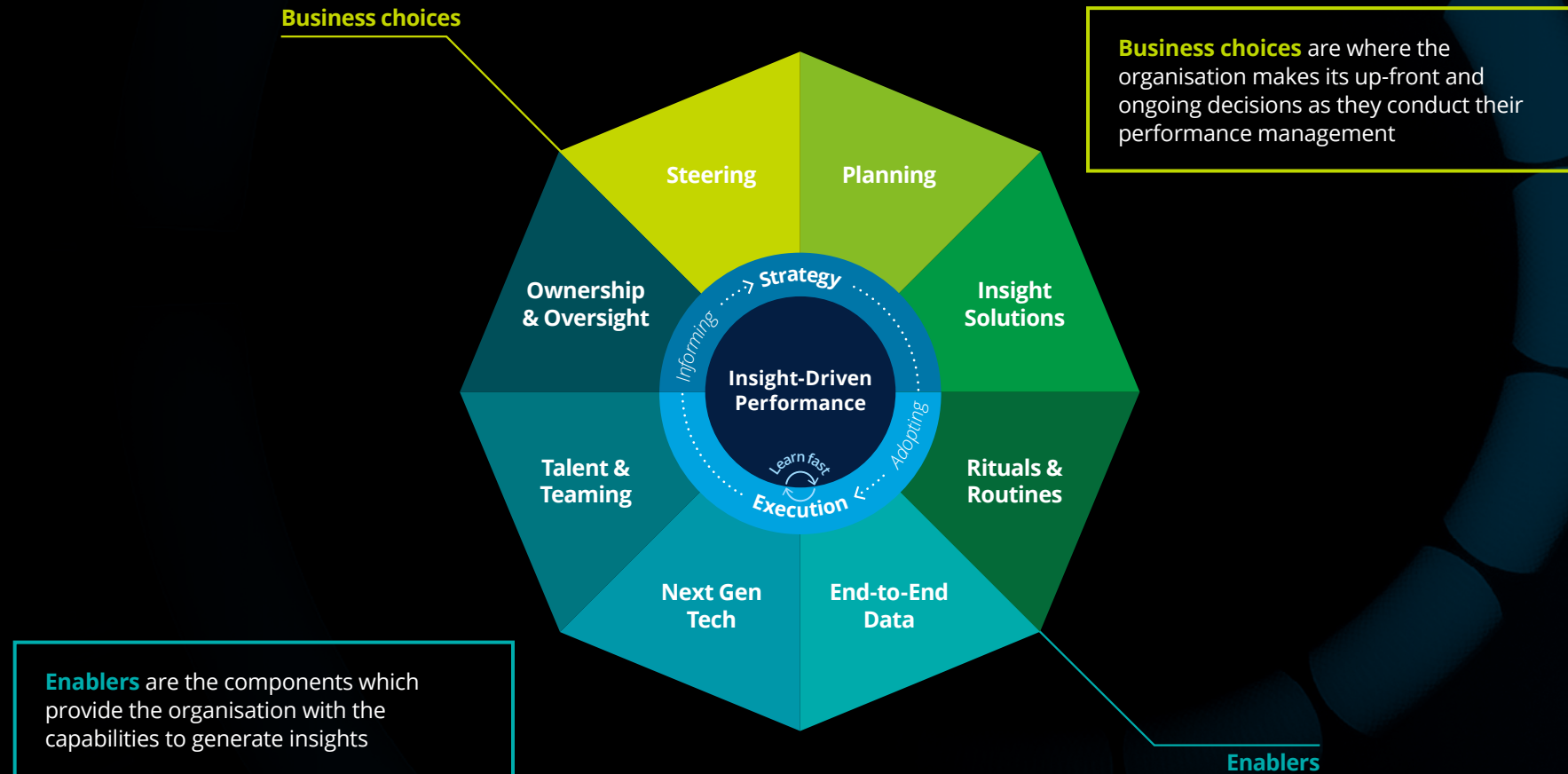
Finance is often asked to be the referee, coach and star player of performance management. Rising to these challenges asks a lot of Finance, but they have the skills and capabilities to help their organisation's win.

Top five responsibilities of Finance in Performance Management:

- 01 DECISION-MAKER**
Within their own sphere
- 02 CONNECTOR**
Bringing the business together
- 03 BUSINESS PARTNER**
Coaching and supporting others with analysis
- 04 SCORE-KEEPER**
Recording and communicating the results
- 05 PROCESS OPERATOR**
Keeping the show moving

The components of Insight-Driven Performance

Insight-Driven Performance depends on eight core components to realise enterprise value and iteratively improve. The maturity and effectiveness of an organisation will vary across the different components, but seeking to understand, assess and selectively improve the maturity and effectiveness of the different components is a vital step for any organisation seeking to optimise its decision-making.



Insight-Driven Performance: Steering

'Steering' combines the choices that an organisation makes around its strategic priorities, its approach to performance management and how it connects those two things. Effective Steering prioritises the appropriate KPIs and Key Business Questions for the organisation and establishes clear accountability for the different elements of performance. Choices made in Steering help to inform and instruct design choices and priorities for all other elements of performance management creating a 'golden thread' that connects the full organisation.

Business choices



Steering in action for our clients:

A *Leading Global Consumer Health business* has established a steering model that connects and directs its Commercial, Finance and Marketing organisations in pursuit of their multi-billion pound organic growth strategy. The model has helped shape reporting solutions and performance dialogue, creating the ability to track performance and 'learn-fast' resulting in a 300% ROI from insights generated within the first six months.

Questions to consider:

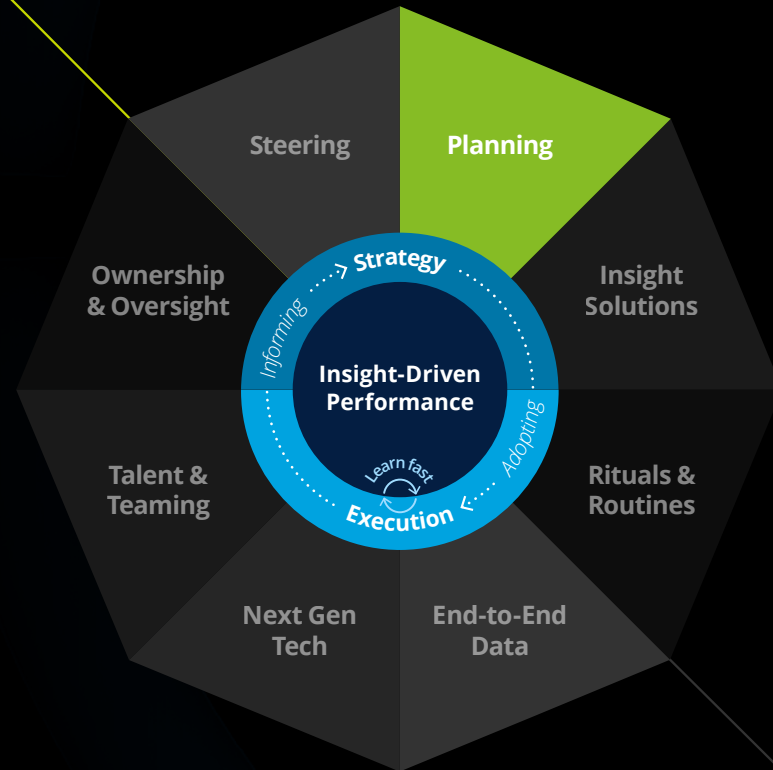
- Is your current performance management approach sufficiently aligned with your organisation's strategic priorities?
- Do your decision makers know where to focus and what to prioritise?
- In the event of strategic change or unexpected shock, how easily could the emphasis of your performance management approach be adjusted?

Enablers

Insight-Driven Performance: Planning

'Planning' encompasses all elements of Planning, Budgeting and Forecasting. Planning for strategic direction, Budgeting to cascade annual targets to the business and Forecasting to provide realistic outlooks for the current financial year. Planning directly supports insight solutions by providing scenario analysis and a true understanding of the different drivers which can influence future business performance.

Business choices



Planning in action for our clients:

A leading global telco client implemented a number of different planning models around the business covering workforce planning, internal trading, contract modelling and supply chain capacity planning. These models linked directly to each other, utilising drivers and scenario modelling. The implementation saw the planning process reduce time by 30% over the year and improved the accuracy of the forecasting to a variance of Actuals to Budget of <5%.

Questions to consider:

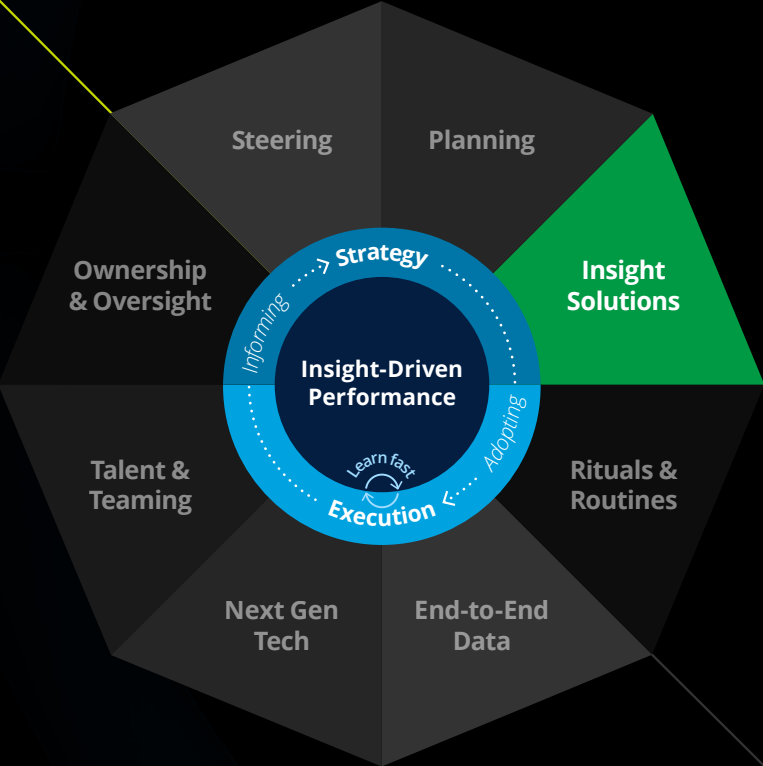
- Are your financial and non-financial plans connected and utilising each other's data as drivers to influence the financials?
- Does your system provide you with the capability to complete scenario modelling to understand different future options?

Enablers

Insight-Driven Performance: Insight Solutions

'Insight Solutions' are the *reporting and analytics* tools which an organisation uses to make *information* available to its *decision makers* to help to generate *insight*. This component includes *descriptive* management reporting solutions which tell 'what happened', but also *predictive* analytics solutions which help the business understand 'what if?', and *prescriptive* analytics solutions which tell the business to 'do this'.

Business choices



Insight Solutions in action for our clients:

A *Luxury Sporting Brand* implemented a combination of pre-built and bespoke Predictive, Prescriptive and Artificial Intelligence-driven insight solutions to become a more insight-driven organisation. The programme saw an EBITDA increase of 25% in year 1, with a 32% cash margin improvement from clearance events and a 10% incremental margin increase from promotions.

Questions to consider:

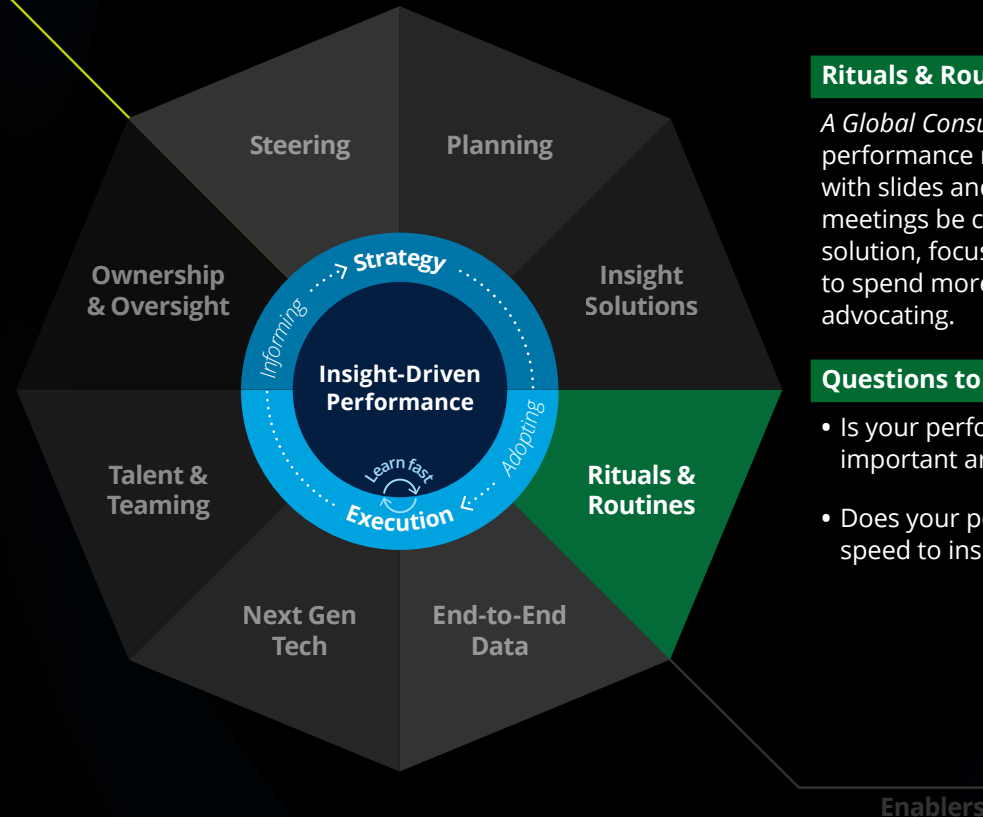
- How difficult is it for decision makers to access the information they need?
- How rapidly are you moving the focus from descriptive to predictive and prescriptive?

Enablers

Insight-Driven Performance: Rituals & Routines

'Rituals & Routines' are the elements of *culture* which an organisation can leverage to *influence* the management of performance. From the form, focus and feel of *meetings*, to how *performance dialogue* typically flows and the underpinning *values* and *incentives* which influence the *behaviours* that people in the business exhibit.

Business choices



Rituals & Routines in action for our clients:

A *Global Consumer Goods organisation* took a step-change in its performance management rituals and routines by dispensing with slides and mandating that performance management review meetings be conducted in their live management reporting solution, focused on a set of key business questions, in order to spend more time enquiring collaboratively and less time advocating.

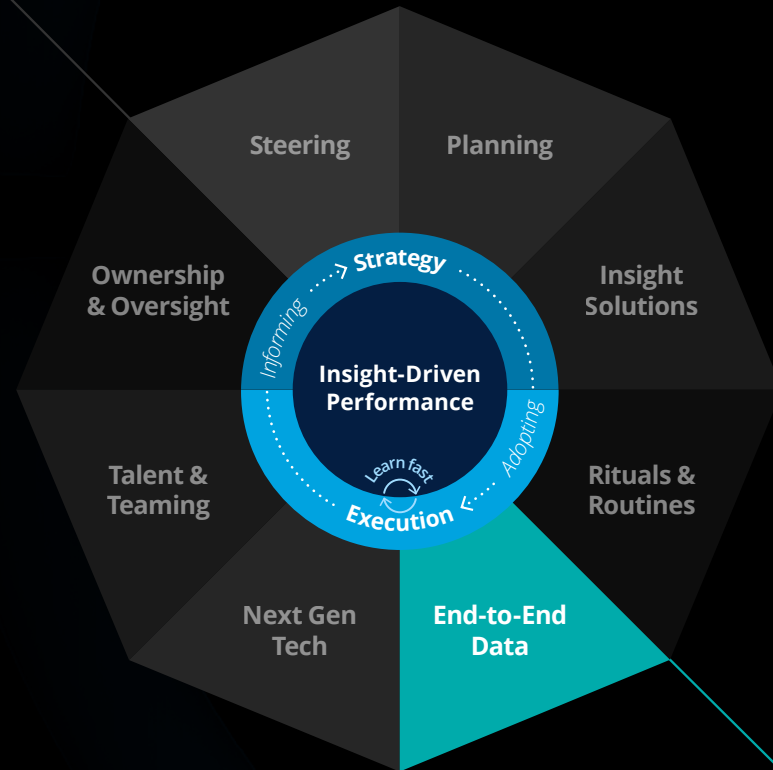
Questions to consider:

- Is your performance dialogue directed towards the most important areas of performance?
- Does your performance culture increase or decrease your speed to insight and from insight to action?

Insight-Driven Performance: End-to-End Data

'End-to-end Data' is the raw material input to *insight-generation*. How the organisation *sources, ingests, manages* and *governs* internal and external *data* determines how effectively and efficiently it can generate insights. By pursuing an '*end-to-end*' view of data, across functional boundaries and different areas of performance, the organisation can obtain a *holistic* view of how it is performing.

Business choices



End-to-End Data in action for our clients:

A *Global Consumer Goods organisation* established an end-to-end commercial data platform, housing eCommerce, CRM and Sales & Operational Planning data for multiple markets and product categories. The platform also leveraged social media in 8+ languages to distil strategic insights from millions of conversations across the globe and drive strategic insights on key consumer moments..

Questions to consider:

- Are you improving your ability to harness data to generate insights?
- Is data quality managed proactively or reactively?

Enablers

Insight-Driven Performance: Next Gen Tech

'Next Gen Tech' is the field of new and emerging *technologies* which enable organisations to generate *insight* in novel and previously inaccessible ways. From an aligned *Digital Core* of ERP, Planning and Consolidation tools through *Artificial Intelligence* and *Cognitive* technologies, *Automation*, *Visualisation* and *Advanced Analytics* solutions and even the *Internet of Things (IoT)* – there are a host of off-the-shelf and custom applications which organisation are using to get to new insight, faster and more consistently.

Business choices



Next Gen Tech in action for our clients:

A Professional Rugby Club adopted innovative 'Internet of Things' (IoT) gumshields containing motion sensors and transmitters to allow them to gather and analyse data on player collisions which has allowed them to better monitor and understand the load put on individual players in training and matches. This has led to improved head-injury assessment outcomes through earlier intervention, reduced player injuries and time lost to injury, contributing to the Club winning their national league championship.

Questions to consider:

- Are next gen technologies providing your organisation with a springboard to new insights?
- How effectively do you pilot new technologies and scale successes?

Enablers

Insight-Driven Performance: Talent & Teaming

'Talent & Teaming' is how an organisation *structures* itself, its teams and its *people* in order to enable effective performance management. Organisations who are succeeding today attract, develop and retain *business and technically-savvy talent* critical to insight-generation and put them in team structures that optimise *interactions*.

Business choices



Talent & Teaming in action for our clients:

A Global Pharmaceutical Organisation transformed the insight and analytics capability of its people through the establishment of a structured 'Dojo' training academy geared to raise the data and analytics literacy of its business people and competency of its technical people. Running for over a year, they certified practitioners in all functions and markets, raising the calibre of performance dialogue and establishing a customer-centric approach to insight generation.

Questions to consider:

- Are your people equipped with the knowledge and skills they need to generate insights?
- Are your teams structured in ways that make handoffs and interactions easy?

Enablers

Insight-Driven Performance: Ownership & Oversight

'Ownership & Oversight' is the way that an organisation *governs* the components of performance management to assure and *continuously improve* its approach. Putting in place a *framework* of appropriate checks and balances, with clear *owners* and accountability is a way to safeguard the operation and optimisation of its approach.

Business choices



Ownership & Oversight in action for our clients:

A Leading Alcoholic Beverage organisation harmonised and co-ordinated the development of consistent KPI definitions and aligned data hierarchies across functions and markets through the establishment of a KPI & Data Council. The Council brought together business and technical leaders, established clear domain ownership and accountability and became a driving force for continuous improvement.

Questions to consider:

- Is there clear ownership and accountability for the different elements of performance management?
- Is governance driving alignment and improvement or generating bureaucracy?

Enablers

Before you go

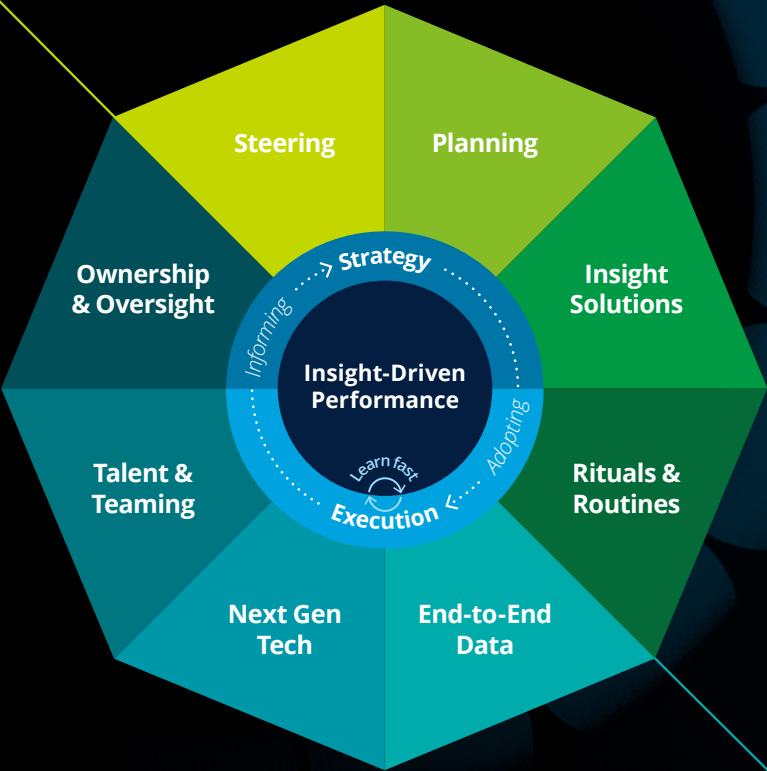
There are many factors which combine to shape the effectiveness of an organisation’s decision-making. Our view on Insight-Driven Performance sets out the eight critical components of Steering, Planning, Insight Solutions, Rituals & Routines, End-to-end Data, Next Gen Tech, Talent & Teaming and Ownership & Oversight.

It’s not unimaginable for leaders to feel a degree of awe at the scale of the challenge to transform how their business makes decisions. Rather than being overwhelmed into inaction, those who succeed will be those who understand the value of improvement and understand that the varied components represent ample ways to make a difference.

Our challenge to you is to take a fresh look at your own organisation’s maturity in each area today and to determine where your own ‘big bets’ and pilot initiatives will be best focused.

As our opening quote highlighted – ‘You cannot make progress without making decisions’, that is as true for how a business improves its approach to enterprise performance management as it is to the strategic and operational choices that the approach informs.

Business choices



Enablers



Choices are the hinges of destiny.

PYTHAGORAS

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