

IBM Cognos Performance Manager Demo Finance Transcript

Now you can improve performance and create more significant and sustainable business advantage than ever before.

A new best-practice decision-making approach from IBM breaks corporate performance into specific business functions, each containing information sweet spots that can transform companies from being middle-of-the-pack to industry leaders.

Better information is the vehicle that drives leadership-producing actions. Let's see how...

Finance really needs but two tools: a magnifying glass and a crystal ball. Finance must be able to clearly know, control and report what is happening and what has happened. And, Finance must also clearly see the future, spotting upcoming opportunities and how to take advantage of them.

Answering the following key questions can help Finance lead the way to improving overall corporate performance ... Where is your business performance strong or weak? ... What underlying factors affect financial performance? ... How do you best support, coordinate, and manage the delivery of meaningful plans? ... How do you manage working capital, collect accounts receivable, and monitor cash use effectively? ... How do you balance and structure the financial funding options, resources, and risks of the business? ... What are your investment priorities and why? ... How can you efficiently manage cash and liquidity requirements?

This dashboard provides a great overview for Finance managers – from illustrating typical finance metrics to indicating performance in other departments that can affect finance numbers. Declines in these areas can harm sales, renewals, and employee turnover and associated costs.

You notice that while your Order Backlog was brought under control in the winter...you're underperforming versus targets and previous year results in the most recent quarters. But key Finance pulse points, such as sales, and profit and earnings metrics, are trending well.

Scorecards allow you to consolidate thousands of data points into smaller pools of key performance indicators. Fortunately, as a whole, your scorecard looks good. If you like good news, you can sort the indicators by descending performance. And you can reverse that if you want to focus on problem areas that need attention – in this case: Overhead, Training and Days Sales Outstanding in Asia.

You decide to investigate Overhead, the worst performing metric. An impact diagram shows Overhead is affecting Net Profit upstream, and that Training Expenses appears to be causing the Overhead problem. How could Training account for such a big problem,

especially when larger expenses are green? A performance management system helps uncover root causes that may not be obvious.

Drilling further, you see that while Training Costs are relatively flat, they're well above summer targets. Clearly there's a disconnect between actual and planned.

Using Alerts, you can trigger events based on defined conditions, such as Training Expenses being red. In this case, you can trigger an automated email to your HR VP if training costs continue to exceed forecast. She will then be expected to manage it.

Looking again at your Impact Diagram, you see Net Profit is also being affected by warnings in Consulting Services and Customer Support Revenue. You decide to find out more.

A historical chart shows the gap between actual and targets is widening. While the metric isn't out of control yet, you'll want to find out from Customer Service why they're underperforming.

Managing Operating Profit and Margin is another Finance sweet spot. Here you see revenue, gross and operating profit and margins by major division. All are performing very well. In your role as Performance Advisor, you may want to raise forecasts so "the street" knows you're anticipating higher profits. You also know you may have more funds available to invest for further growth.

This report gives greater detail about Net Sales, clearly showing seasonal variability and increased contributions by various divisions.

This view ranks regional offices by Sales. Germany and Belgium especially merit further investigation, as they are significant contributors that are below target.

Accessing reports on your mobile device is ideal when traveling or tracking what's happening overseas during non-traditional work hours. With IBM, reports on your mobile device are more than static emails; they're fully interactive, so you not only see which product lines are leading the way ... but how they're performing quarter-by-quarter. You're always connected and in control, even when you're not at the office.

The Income statement is another sweet spot for financial performance. In this case, rather than being a set of disconnected spreadsheets, you can easily choose any view you wish to see.

Looking at the Americas, you see you're exceeding forecasts across the board. As a Finance manager, you're responsible for visibility and control. And while you have clear visibility that the business is healthy, this level of variability shows a lack of control.

One way to extend your control is by extending the Planning and Budgeting function out to front-line managers. They have the best handle on actual costs and potential revenue.

Unlike spreadsheets, the IBM planning function gives Finance clear visibility into the numbers entered. Here, you can see a front-line manager extended payment terms to suppliers due to the anticipated strain on cash flow from an upcoming product launch. You can pre-set limits on modifications to prevent front-line managers from placing the company at risk. The result: You've achieved the right balance of empowering front-line operations managers to make decisions they're best positioned to make, while still maintaining the visibility and control your job demands.

That same control is extended to forecasting, which requires input from a number of front-line managers. At a glance, you can check the status of the current forecast, including who has completed their work and who hasn't. You can also easily see variances from prior forecasts. This level of visibility is critical for financial confidence and control, and for better performance management.

These are just a few examples of how a performance management system can serve as the magnifying glass *and* the crystal ball that Finance needs.

Select the onscreen link to discover the potential of Performance Management for your organization! Attend a Performance Management Experience Workshop or email us for additional information.