Reporting – Simplified, Standardized, and Centralized

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This essay is part of a series, *Controllers' Corner: Two-Minute Essays on Financial Management and Control***, which asks industry thought leaders for their opinions on critical issues facing today's finance organizations.**

Smart decision-making requires relevant information in the right format at the right time. Yet, in spite of the time and resources that Finance and IT teams have spent to gather, prepare and report on information, there is still a large, unfulfilled demand for quality and timeliness.

Q. Given the pressure to drive down costs and improve decision-making, while making investments that return value quickly, what options are open to the Controller's office for improving the reporting ecosystem?

As the economy continues to sputter and grind along, organizations are left with a greater need for insight and visibility to drive the actions that will help them survive a global recession and position them to capitalize on the recovery. They are facing the age-old quandary of how to do more with less. Long gone is talk of a "multi-year big bang" and global ERP implementations to enable insight into the business across all borders, both geographical and organizational. Instead, the focus is on identifying low-cost alternatives to simplify, standardize and centralize reporting.

For good reason, Finance generally owns the final measurement of how a company is doing and how it will be doing in the future, from a cash flow and profitability perspective. For this reason, Finance is the ideal location to drive change and transform an organization's reporting and performance management culture.

There are philosophically two ways to embark upon such an endeavor. The first approach is for Finance to take

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a top-down view, focusing on what drives profit and success across the financial metrics and down into sales and operations. This is basically an outside-looking-in focus, where the company must cast aside preconceived notions and truly assess what measures or changes will drive what impacts to the business.

The second alternative is to take an enterprise view of the various metrics and measures that are used across the various business silos and then assess which ones truly drive management decisions and actions and thus should be standard measures for the organization. Through executing either approach (or a hybrid of both) and with a substantial amount of executive support, Finance can drive standard reporting across the enterprise that is most likely radically more streamlined and focused than they had originally relied upon and commanded to be created from a myriad of sources. This effort to identify what information drives decisions and actions should yield tangible cost savings as well as positive business impacts.

Armed with the knowledge of what is truly needed, Finance can work with other functional groups such as IT to develop a flexible reporting architecture to connect and consolidate numerous disparate source systems. Once information is available across the organization, Finance can push standard reports from centralized locations, potentially capitalizing on lower cost resources, economies of scale and reduced time spent manually reconciling multiple systems in offline, uncontrolled spreadsheet analysis. Finance can drive one version of the truth across the organization.

Another benefit of simplified, standardized and centralized reporting is that it enables day-to-day knowledge sharing by the organization's business analysts, helping to expedite synergies and the sharing of lessons learned, and helping to identify trends across business units more easily. Furthermore, creating a global repository reduces the time needed for implementation as well as the costs associated with licensing and maintaining a standard reporting tool

for use across the organization. Other gains that could be seen include a greater ability to enhance data mining, predictive modeling and real-time alerts to changes in key metrics or value/cost drivers.

A key concept needed to drive any improvements in reporting regardless of technical capabilities, is the notion that you must know what you must know. The starting point has to be to assess the information you need, followed quickly by the capability to make that information readily available across all borders.

About Patrick Jelinek
Patrick Jelinek is a Managing Consultant within IBM's Strategy and Transformation practice, focusing on Financial Management in the Industrial Sector. He has helped to design and implement numerous transformations across Fortune 100 companies, in addition to managing and developing training for IBM's Business Performance Management global community. Patrick Jelinek may be contacted at pjjelinek@us.ibm.com.

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