

Best Practice Approaches to Planning, Budgeting, and Forecasting



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As part of an ongoing research program, the Beyond Budgeting Round Table (BBRT) teamed with the American Productivity & Quality Center (APQC) to conduct a study entitled “Planning, Budgeting, and Forecasting: A Best Practices Snapshot.” The study examined five industry-leading companies that each used markedly different approaches to planning, budgeting, and forecasting. While each of the companies approach was different, the study identified ten best practices that were continued in and vital to the overall success of these best in class organizations. This white paper will outline these best practices and illustrate each lesson learned.

Identified Best Practices

1. Planning, budgeting, and forecasting processes must fit your organizational culture.
2. Comprehensive planning, budgeting, and forecasting processes ensure that strategy effectively translates into action.
3. Exercise caution when providing earnings guidance.
4. Use relative targets to avoid the pitfalls created by fixed targets.
5. Align incentives for optimal performance.
6. Effective planning, budgeting, and forecasting processes provide ways to continuously update operational plans to adapt to changing conditions.
7. Effective planning, budgeting, and forecasting processes should facilitate easy redeployment of resources to pursue high-value initiatives versus fixed assignments driven by an annual budgeting process.
8. Use your financial performance management systems to understand facts as well as cause-and-effect relationships.
9. Use continuous rolling forecasts to gain forward visibility and coordination aligned with operating cycles.
10. Communication and understanding—vital to achieving success.

This paper illustrates how these best practices are applied to improve planning and control by high performing organizations globally. Consider how these practices might significantly improve your company’s current planning, budgeting, and forecasting processes.

1. Planning, budgeting and forecasting processes must fit your organizational culture.

The most successful companies are founded on a strong, distinctive, thoroughly ingrained corporate culture that serves as the bedrock of organizational strategic planning. Best-practice companies reinforce this culture in the design of their planning, budgeting and forecasting processes. These processes tend to reflect linkages between culture, strategic focus, and unique management skill sets resulting in a highly competitive and efficient organization.

This is illustrated in Andrew Campbell's 1999 *Harvard Business Review* article, "Tailored, Not Benchmarked," which describes the planning approaches for three great companies: **Emerson Electric**, **Dow Chemical**, and **Granda**. Emerson creates value by concentrating on continuous incremental improvement. The company regularly conducts rigorous detailed reviews in which they analyze both their processes and the competition. Dow Chemical uses its hard engineering culture to keep the focus on cost reduction, while Granda takes a softer approach, using its hotel and entertainment venues to focus on customer intimacy and achieve dramatic profit increases. Each of these companies provides an excellent example of using the planning, budgeting, and forecasting processes to take advantage of their culture and achieve outstanding results.

Campbell's article also points out the pitfalls of borrowing practices from other enterprises that do not fit a company's own culture and management skills. If an organization like Emerson has a strategic focus on being the low-cost provider, its planning system must focus on cost leadership. However, if the focus is on customer intimacy, the company will need different measures and a different management review process. Likewise, the corporate culture supporting a product leadership strategy might include tracking new product development and product innovation rather than focusing only on being the low-cost provider.

Solutions from Cognos, an IBM company, provide unique capabilities to support diverse corporate cultures.

For example, to be successful, insurance companies must provide rapid assessment of their markets and related risk profiles. The tools they use for spotting trends require real-time analysis, based on up-to-the-minute information, rather than stale data that may be quarters old.

UK-based **Equity Insurance** is a leading retail insurance provider operating an award-winning syndicate in the Lloyd's of London insurance market. Equity met its financial performance management needs by implementing IBM Cognos TM1 for a streamlined budgeting system across all of its companies. Processes that formerly took 24 hours to update are now refreshed every five minutes. Equity's Finance Systems Manager, Richard Smith, notes, "TM1 has allowed us to increase our reporting capability, streamline group reporting, implement a simple and easy to use management reporting method, and alternatively improve our overall accountability. We can now perform complex business modeling and identify key performance indicators."

Equity uses a central database to store its multi-dimensional data that is constantly updated, providing every user with the most recent information. This facilitates future business planning and allows TM1 to be used for complex business modeling. Smith explains, "With all this data at the touch of a button, we can better plan for our customer needs."

The Philadelphia Care Foundation is one of the largest Dutch organizations for people in need of care, support, and networking, regardless of cause, disability, or age. The Foundation, helping approximately 10,000 individuals live as independently as possible, employs the service of 9300 and is distributed across approximately 900-small scale locations across 23 regions in the Netherlands.

Faced with rapid growth, regional distribution, and an increasingly complex regulations, Philadelphia needed an information structure that would support the corporate culture by helping them maintain high levels of client care, while responding to regulatory pressure. Using IBM Cognos 8 Planning, Philadelphia developed a model that allows regional managers to easily budget and report on costs and revenues per location per client. The Web-based solution gives them access to a data warehouse with information from financial, client, personnel, and salary administration systems. A budget calculator developed in-house by Philadelphia handles the translation of the data in the source systems to complement the IBM Cognos 8 Planning solution. “This had to be done in a very specific way, adapted to our organization,” says the company’s Information Manager Jacob Remijnse. “It is important to us, for example, that you can review personnel costs per location, and the system should also allow for the distinction in funding for the different types of care provided to our clients. Each year, the system of funding results in many changes.”

IBM Cognos 8 Planning provides Philadelphia with the flexibility and support of corporate culture they were looking for. “You can easily change data and immediately see the consequences for all levels of financial planning,” says Remijnse. “This allows you, for example, to pass on the consequences of a government measure or work with multi-year budgets.”

2. Comprehensive planning, budgeting, and forecasting processes ensure that strategy effectively translates into action.

Closely linked to organizational culture are a firm's strategic plans. Once overall strategy objectives are determined, each organization has some process, whether formalized or not, that focuses on tactics to carry out action plans. Planning, budgeting, and forecasting activities can be the cornerstone of such plans, helping ensure that actions achieve strategic goals by: precisely compiling and analyzing vast amounts of data on key performance drivers, enabling the company to track real facts, and then compare them with strategic goals. Financial performance management technology from Cognos readily facilitates planning, budgeting, and forecasting. It helps companies to allocate resources, evaluate which products and services are most profitable, reduce waste and costs, and create shareholder value. And Cognos solutions enable managers to create management reports, scrutinize operating costs, support frontline managers, and plan future activities with ease.

A common pitfall in many organizations is trying to focus planning solely on achieving a financial objective. A comprehensive, successful planning, budgeting, and forecasting process requires operational details of the tactics and activities to be deployed or improved. Such non-financial aspects of planning are often ignored, making it extremely difficult for businesses to see how their strategy is being deployed. It takes both financial and operational planning, budgeting, and forecasting processes to turn strategy into effective action.

Cadbury Schweppes Americas Beverages, one of the largest international beverage and confectionary companies in the world, used IBM Cognos TM1 to create a single performance management platform that eliminated manual planning, budgeting, and forecasting processes and provided more time for sophisticated financial analysis. The system provides a centralized approach to performance management activities, from detailed budgeting and planning to reporting and analysis.

Cadbury's solution also allows it to save money and review strategy by performing *what-if* scenarios to test strategic decisions—such as supply chain commitments and marketing assumptions—before investing large amounts of time and resources. Cadbury has also significantly decreased labor costs by automating planning, budgeting, and forecasting functions and eliminating manual input: Average savings amount to 10 worker hours per month, which in turn saves thousands of dollars every year.

GTC Biotherapeutics, Inc. is a biotechnology company. GTC applies transgenic animal technology in the development, production, and commercialization of therapeutic proteins. The transgenic animals, typically goats, carry DNA designed to produce therapeutic proteins during lactation. The milk is then purified into the final product, which meets all the requirements for any biologic drug.

GTC uses IBM Cognos TM1 to convert strategy into detailed action plans. Used for both in-house and third-party development projects, plans indicate how GTC development activities convert into financial results. TM1 helps evaluate alternative approaches by examining differing yield scenarios. GTC's Senior Director of Financial Planning and Analysis Jim Kneece notes that, "IBM Cognos TM1 allows us to integrate activity plans from Microsoft Project directly into our forecasting system, which allows us to model in exactly the same way we do our work. We can clearly see what is driving our business and the potential effects of different strategies." He also notes that, "this planning tool has created mutual value by linking the operational lines and finance."

3. Exercise caution when providing earnings guidance.

While current trends are moving away from providing earning guidance, more than half of all publicly held organizations still provide guidance in some form. In fact, an argument in favor of using traditional budgeting is that it supports provision of guidance. However, providing earnings guidance has become much riskier due to increased government oversight from legislation such as Sarbanes-Oxley and related regulatory pressures.

Some organizations like **Coca-Cola** and **Wachovia** simply do not provide earnings guidance, while others provide a range of guidance instead of point estimates. Others offer only either an annual or quarterly estimate. No matter the approach, the key question becomes, “How does this earnings guidance affect strategic decisions in your organization?”

A common complaint of traditional budgeting systems is that providing earnings guidance creates a performance trap that leads companies to focus on reaching quarterly targets at the expense of long-term success. A traditional budget is the tool used to allocate targets throughout the organization (often accompanied by both cushions and sand-bagging). Any attempts to provide guidance require numerous assumptions about the economy, customer behavior, and competitor actions. Such assumptions are often false, making one wonder why executives imply they can control the future, and therefore, provide reliable guidance.

In cases such as **World Com** and **Enron**, the pressure to “meet the numbers” led to outright fraud and criminal behavior. A much more prudent practice is to simply not offer earnings guidance and let your actions relative to the competition speak for itself.

Southwest Airlines does not provide earnings commitments to Wall Street. Like an increasing number of US companies including **Gillette**, **Coca Cola**, and **Berkshire Hathaway**, and a number of European companies like **Nokia** and **UBS**, Southwest provides analysts with information, but not specific forecasts or promises. This means there is no cascading of fixed performance targets down through the organization. Instead, key elements of business intelligence are shared openly, goals are set by each business unit within broad-based and well-known parameters, and performance is evaluated against Southwest’s rivals.

4. Use relative targets to avoid pitfalls created by fixed targets.

Traditional budgeting typically establishes inflexible targets for each operational unit. These targets are negotiated between varying levels of management who are usually focused on protecting their turf and earning a bonus rather than looking out for the welfare of the overall organization. Common practices include inflating budget expense requests and deflating revenue goals in an effort to set expectations low enough to be easily achieved. Meanwhile, corporate staffs seek to counteract such “sandbagging” with efforts to force targets upwards. The result is a negotiation game that favors those with the most information. Consequently, performance, growth and profits are sub-optimized. Jack Welch, noted author and former General Electric CEO, called such behavior “an exercise in minimalization.”¹

Best-in-class organizations set relative targets based on high-level key performance indicators (KPIs) such as return-on-equity, free cash flows, or cost-to-income ratios. Stretch goals are then set and aimed at maximizing profit potential and creating value, both in the short- and long term. Managers can then be evaluated and ranked using a range of relative indicators rather than managers’ own numbers. Such indicators provide a much more adaptive method of determining a manager’s contribution to the organization. These relative indicators include comparison to historical performance data such as prior-year results, internal peer group performance comparisons, external evaluations to direct competitors, and external benchmarks against world-class performers. Relative targets are self-adjusting, in that environmental fluctuations automatically impact everyone’s performance.

Under such an approach, managers are more willing to accept stretch goals because their performance is not evaluated or rewarded by simply “meeting the numbers.” Instead, emphasis is placed on performance in relation to the competition and on creating additional shareholder value. This process transforms goals from arbitrary financial numbers to more operational objectives. Relative measures are closer to how the organization is viewed in relation to the marketplace, which places the emphasis on factual competitive measures rather than an arbitrary fixed number.

Traditionally, fixed targets have stifled creativity and worked against maximizing profit. Welch decries traditional budgeting, along with its use of hard fixed targets, by commenting that, “... [I]t sucks the energy, time, fun and big dreams out of an organization. It hides opportunity and stunts growth.”² Clearly, the use of hard fixed targets is not the way to achieve optimum efficiency or profits.

TV Guide Online also examines relative targets to evaluate its performance. Vice President of Finance and Research Jonathan Kahan explains, “By analyzing the historical data for TV Guide Online and our competition, not only were we able to increase our users, but we focused on increasing our market share, which contributed to our revenue growth.” TV Guide Online uses IBM Cognos TM1 to look at their year-over-year growth and the competition. TV Guide Online used the services of Revelwood, Inc., an IBM Cognos TM1 Platinum Reseller, to implement the solution company-wide to enable comparison of relative targets across individual business units.

¹ Jack Welch, John A. Byrne. *Straight from the Gut* (Warner Books, Inc, 2001) p385.

² Jack Welch, Suzy Welch. *Winning* (Harper Business, 2005) p189.

5. Align incentives for optimal performance.

A common criticism of the traditional budgeting process is that it results in negotiated targets that provide incentives to minimize goals to more easily reach incentive bonuses. The conflict of interest between goal setting and individual rewards often results in dysfunctional behavior that can destroy an organization. Fixed targets are negotiated in a game of liar's poker where managers are incented to minimize goals and projections. As a result, the various levels of the organization constantly try to minimize expectations instead of stretching to achieve maximum results.

To avoid the problem, organizations should decouple incentives from the budgeting process. Instead, rewards should be based on the value created, with a focus on optimizing performance. This shift eliminates most of the game-playing that is so prevalent in traditional approaches.

The debate on incentive plans was triggered by Alfie Kohn's 1993 *Harvard Business Review* article titled "Why Incentive Plans Cannot Work." Kohn concludes that when it comes to producing lasting change in attitudes and behavior, rewards are like punishment in that they are striking and ineffective. Once rewards run out, people revert to their former behaviors. They do not create an enduring commitment to any value or action. It is a move from extrinsic motivation to intrinsic motivation: The mind shifts rewards to evaluation and recognition of value created, along with a sharing of that value with those who created it.

6. Effective planning, budgeting, and forecasting processes provide ways to continuously update operational plans to adapt to changing conditions.

Action plans are used to bridge the gulf between strategic objectives (with their accompanying performance targets) and the current state of the business. The plans tell the company at large what must be achieved and when. Plans are more effective when they are continuously updated to adapt to changing business conditions.

Cumberland Packing Corporation is a family-owned company with a long record of innovation and safety. The company was the first to package sugar in small individual packets. This was followed by the firm becoming the inventor, manufacturer, and marketer of Sweet N' Low.

Cumberland uses IBM Cognos TM1 as a primary business performance application. TM1 enables Cumberland to better understand its revenue and performance by division, geography, product, distribution channel, and customer. These varied views help the company make alterations to trade promotions and packaging formats as needed to boost sales and revenues. Data is collected and analyzed so that logical informed decisions can be made quickly. Rapid decision-making enables Cumberland to seize opportunities for growth and to prevent customer issues. The ability to assimilate information quickly provides Cumberland with a strong advantage over competitors who lack this capability.

Kansas City Southern Railroad (KCS) uses IBM Cognos TM1 to provide quick reviews of operating results. In their monthly reports, KCS color-codes accounts to indicate whether results are on target, more than 10 percent ahead, or more than 10 percent behind. By clicking on any color-coded account, managers can drill back through each layer of detail all the way to source data. This rapid analysis leads to deeper understanding and faster response to changing conditions.

Oranta, formerly The National Joint Stock Insurance Company (NJSIC), is a leader in the Ukraine insurance market, with the most developed agent network in the country: 7,000 employees, 27 regional offices, and 508 affiliate, agencies and branches. Due to its multi-divisional structure, the company's budgeting process was labor- and resource-intensive, as were its analysis and reporting processes. Because of the large number of branches and retail sales agents, process efficiency and timeliness suffered.

Using IBM Cognos 8 Planning, Oranta is able to create various budget models and versions, and can forecast profits, losses, and cash flow company-wide and for individual regional directorates and branches. As a result, NIJSC Oranta managers now have uninterrupted access to budget information and are able to control the fulfillment of financial targets on across the organization. The Cognos solution's *drill-down* feature enables users to perform comparative analyses of planned and actual indicators, and evaluate performance by financial accountability centers quickly and easily. Such flexibility gives Oranta the ability to respond rapidly and effectively to changing business conditions.

7. Effective planning, budgeting, and forecasting processes should facilitate easy redeployment of resources to pursue high-value initiatives versus fixed assignments driven by an annual budgeting process.

Many organizations use the budget process to pre-determine a level of resources for each business unit. But this requires assumptions about output levels and future market conditions. When actual demand is less, resources are underutilized. When actual demand is greater, additional costs are required or service to customers is diminished.

Today's marketplace is rapidly changing. The volatility of the stock, bond, and currency markets, as well as global competition, environmental concerns, and scientific innovations make successfully managing a corporation difficult in the extreme.

In the face of change, an initial reaction is to try to improve forecasting. While some techniques will yield more accurate results, the fact is that business environment change is very difficult to predict, especially so when forecasting is performed annually. The underlying question: Should you even try build a management system based on the need to predict the future? As an alternative, we find organizations maintaining flexibility by making resources available as required.

Suggested ways to achieve flexibility in resource allocation are using guidelines and establishing an internal market for operational resources. If the organization establishes broad financial guidelines based on key performance indicators, operational managers have discretion to commit and utilize resources as needed. Another viable approach is to establish an internal market for operational resources. This process allows operational managers to decide their own needs based on the frontline's input without the red tape associated with most budget processes. Many organizations are beginning to use expense ratio analysis to enhance flexibility and responsiveness. Such a shift focuses on how quickly an organization can adapt to change. Speed and agility then become the keys to success in an uncertain world.

CiCi's Enterprise recently implemented IBM Cognos TM1 to improve its visibility to resources. CiCi's is a highly differentiated pizza company. It is a leader in the United States, offering an "all-you-can-eat" format that provides guests with food and service at an extremely low price. TM1 was implemented to provide a single repository for all data with daily and intra-day updates. This allows multiple *what-if* scenarios as well as multiple planning iterations in a short period of time. Financial and Operations Analyst Jessica White notes that TM1, "[P]rovides an integrated model for store sales analysis comparison with store purchases," enabling real-time review of resource utilization and adjustment.

8. Use your financial performance management systems to understand facts as well as cause-and-effect relationships.

Leading companies use their financial performance management systems to analyze large amounts of factual data, which in turn is used to evaluate cause-and-effect relationships, which enables the assessment of action plans and the extent to which the overall organization is meeting strategic goals.

An example of this approach is **P&M Healthcare** (a subsidiary of **Complete Healthcare Resources**), which runs 35 nursing homes in Texas. P&M has been able to convert massive amounts of operational detail into a handful of key drivers. Vice President of Financial Management, Crawford Milling, notes:

“When I go out to individual facility operators, all I ask for is two or three basic assumptions. We look at the number of patients and staffing. In a nursing home business, we’re putting nurses on the floor to take care of those patients, so we use a formula to link the number of patients that we have to the staffing levels we need. And that’s basically all I get from those guys (in the field), but when they get a budget back from me, it tells them everything they need as far as how much they’ve got to spend in every GL account, what their staffing numbers ought to be in terms of hiring people by level of expertise, how many patients they are going to have, and exactly what their level of payment would be. So when they get it back, it tells them basically what their business plan is for the next year.”

This cause-and-effect algorithm was built over time, initially in a spreadsheet format. P&M converted to IBM Cognos TM1 to provide greater ease and convenience when updating. The current process also enables splitting revenue into different types of payments between third-party payers such as Medicare and Medicaid.

A similar approach is taken at **Blue Mountain Resort**, Ontario, Canada’s largest mountain resort, which employs 350 fulltime employees annually and adds 1400 seasonal employees during the winter and 350 during the summer.

The resort contains 13 different lines of business including restaurants, ticketing outlets, call centers, and lodging sites. IBM Cognos TM1 gives frontline managers the information needed to make timely strategic decisions. TM1 analyzes data from numerous sources such as customer usage, equipment rentals, and occupancy.

In the case of sales forecasting, Blue Mountain frontline managers can determine whether or not sales expectations are being achieved, gauge the effectiveness of marketing campaigns, and modify room rates by examining actual performance against historical data, climate conditions, and competitors’ results. TM1 lets users accurately evaluate the sales impacts of multiple factors such as a new marketing campaign’s effectiveness, advertising return-on-investment, and capacity loads for each business unit. Blue Mountain’s TM1 financial performance management system provides a view of factual data and sophisticated analytical capabilities to determine whether or not strategic goals are being met.

Using cutting-edge solutions to more fully understand cause-and-affect relationships can be found in leading corporations in every category. Methodological details may differ, but the desire to truly know and understand what drives success is constant.

9. Use continuous rolling forecasts to gain visibility and coordination aligned with operating cycles.

Many organizations claim to forecast, but they are often unclear why they do so. It is typical to assume that a forecast is to provide visibility to plans, but in actual practice, the exercise is typically an interim performance evaluation with the objective of merely confirming that original targets will be achieved—just another opportunity for sandbagging and shading the truth.

A related problem with forecasts is that organizations often only forecast to period end. This approach, called “forecasting to the wall,” is only concerned with the period-end numbers (as if a wall stopped the organization at period end)—more sandbagging, more shading the truth.

Organizations can overcome such problems by moving to a continuous rolling forecast to provide visibility and coordination. The approach is characterized by a consistent look-forward period, a planning strategy that frees senior management from the constant questioning of period-end numbers. The objectives must be visibility and coordination, with both being well-separated from performance evaluation. This separation is necessary to make sure forecasts provide the best estimates of likely outcomes (performance evaluations should be reserved for the actual results delivered).

GTC’s IBM Cognos TM1 planning application described above is successful because it is continuously updated with real-time facts, results, and activities. GTC’s Jim Kneee notes that the forecast process “refreshes in a fraction of the time previously required. Using the real-time calculations, we typically perform several interim forecasts throughout the cycle.” This is compared to former systems which required significant time and manual labor before delivering outcomes which might have become obsolete before being published. The current process enables GTC to evaluate the potential impacts of developing a new market, contemplating a merger or acquisition, or evaluating different market scenarios before investing large amounts of capital, worker-hours, or resources.

Rolling forecasts have found favor in both public- and private sectors because they provide a more accurate picture of where the organization stands in comparison to competitors and the marketplace in general. However, it is vital that an organization use continuous forecasting as an on-going process for keeping a vigil on market changes, challenges, innovation breakthroughs, and profit opportunities. This simply cannot be achieved by merely forecasting to the end of a fiscal period.

10. Communication and understanding—vital to achieving success.

Achieving success depends on an organization's ability to communicate corporate culture, action plans, resource allocation, and worker commitment. To be truly effective, all managers within an organization need to be operating with a common purpose, and using the same information. The information must be action-based, real-time, and rapidly disseminable throughout the entire organization.

Successful organizations use planning, budgeting, and forecasting processes to communicate and strengthen critical components of their business such as corporate culture and overall organizational goals. The use of a common set of plans can create thoroughgoing transparency, which in turn promotes trust, employee empowerment, and unity of purpose.

Examples vary across the corporations mentioned here. Many use rolling forecasts to communicate; continuous forecasting requires all levels of the organization to interact and participate in established action plans. It also allows all functions to operate with a common set of financial numbers and principals, which creates complete organizational integrity.

In addition to traditional methods of organizational communication, firms such as **Huntsman Chemical** have performance management platforms that enable text notes to be added to their budgets. Notes can be essential to understanding the reasoning behind the numbers and to creating a commitment of purpose. Huntsman Director of Financial Systems, Jim Bell, explained it by saying, "While budgeting is by nature a numbers-oriented activity, there is also a certain amount of explanation that needs to occur. Since IBM Cognos TM1 enhances Microsoft Excel, not only are budgeting managers able to work in familiar applications, but they are also able to use TM1 to add textual notes explaining variances." Other leading energy firms are using a similar approach to append notes on local customs or weather anomalies to the budget information so that all necessary decision-makers in the organization have a better understanding of the marketplace and the factors related to operational excellence.

Fortum is one of the leading energy companies in the Nordic and Baltic regions. Its activities include electricity and heat products, sales and distribution, power plant operation and maintenance services, as well as other energy-related services. Fortum is also the largest Nordic company in electricity transfer, sales, and district heating, and is the second largest in electricity production.

The company's operations are divided into seven business units that at one time prepared their own annual budgets using a spreadsheet-based approach. Looking for a more modern alternative to ensure vital planning, budgeting, and forecasting data was available throughout the entire organization, Fortum turned to IBM Cognos 8 Planning for a faster, more effective planning process. The business units now use Planning to support the monthly reporting process and to collect data for the entire year's forecast. According to the company's controller Mika Sappinen, extending its use has gone very smoothly. "The biggest benefits have been attained by speeding up processes and increasing their effectiveness," he says, "and having up-to-date information readily available is a major step forward. Data is immediately available to everyone. Everyone has access to the same information and structures. We can now easily compare actual results and forecasts to the previous year and the budget."

Other organizations may use alternatives such as a Balanced Scorecard or Six Sigma to create and link strategic objectives throughout the workforce. Software tools such as a performance scorecard can help to drastically facilitate system-wide communication. Another factor to consider is that repeating a message—such as one related to corporate culture or strategic objectives—helps to ingrain it in the workforce: The more deeply performance keys are disseminated and understood, the more accepted and solidified the message becomes.

Clear messages become stronger when they are frequently repeated. The method of communication may vary, but the message itself should be sent and reinforced often.

About Cognos, an IBM company

Cognos, an IBM company, is the world leader in business intelligence and performance management solutions. It provides world-class enterprise planning and BI software and services to help companies plan, understand and manage financial and operational performance. Cognos was acquired by IBM in January 2008. For more information, visit <http://www.ibm.com/software/data/> and <http://www.cognos.com..>

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