

**BI Radio**  
**Episode 23 – Performance Culture**

(00:00)

**Station ID:** This is BI Radio

(00:12)

**Montage:**

- Yes, knowledge is power, but it's even more powerful if you share knowledge.
- Yes, our biggest challenge is now picking what's next.
- That's what I think we're doing now.
- But the real key is activism.
- I see the savings and they're intangible more so than dollar savings.
- The tool is really not the limiting factor.
- And the only limitation honestly is our internal resources to make that happen.

(00:35)

**Ken Seeley:** Hi there, and welcome to BI Radio. I'm Ken Seeley. On the show today, building a performance culture. We look at how organizations make that transition from disconnected spreadsheets to data-driven decisions. Kelsey Howarth talks to two successful clients about their reactions, eureka moments and the lessons they've learned along the way. But first up, the human side of performance management. Delaney Turner talks to author, consultant and former Gartner analyst, Howard Dresner about his new book, and how to build a performance-directed culture.

(01:15)

**Delaney Turner:** Hi. I'm Delaney Turner with IBM, and this morning I have the great privilege of speaking with Howard Dresner. Howard, welcome to the show.

**Howard Dresner:** Thanks, Delaney, it's a pleasure to be here.

**Delaney Turner:** Now you've called this a performance-directed culture, and this is the culture that companies need to adopt. Could you just go a little deeper into the core elements of that culture and perhaps describe what it would look like to an outsider?

**Howard Dresner:** First of all, some of the key elements of a performance-directed culture include alignment with the mission of the organization. And that also suggests you have to have a pretty good mission statement associated with your company. And then you have to get everybody aligned with that mission; and that means that they need to understand their contribution to that mission individually and as a group, and as a function. Next you need to have transparency and accountability, and I really mean that. You need to have complete transparency

within the organization. And then we all need to hold ourselves accountable, as well as the organization has to be held accountable. So it has to be operated in both directions.

**Delaney Turner:** Right.

**Howard Dresner:** And then I also took a look at things like conflict resolution. How do organizations resolve conflict? And those that are truly performance-directed cultures resolve conflict in a very productive way. They air issues openly and they encourage people to surface issues and they debate those issues, and they resolve those issues collectively. And that's actually a part of the culture, as opposed to most organizations where conflicts tend to brew for a long time.

**Delaney Turner:** Right, right.

**Howard Dresner:** You may have passive-aggressive behaviour. That's a favourite in most organizations where people walk into a meeting and you seemingly have agreement, but in fact, you don't.

**Delaney Turner:** Right.

**Howard Dresner:** And then you have to have an ability to act upon insight. So when you learn something, yes, knowledge is power, but it's even more powerful if you share knowledge and can actually get the organization to act in a more orchestrated way and as a single organism. So those are sort of the core tenets. Now how would that look to the outside? Well, customers would be delighted because you would be responsive to them.

**Delaney Turner:** Yes.

**Howard Dresner:** Partners would understand their role within your organization and would want to partner with you because the flow of communications would be very worthwhile, very consistent. They would know exactly where they stand. Shareholders would clearly want to invest in your organization. So it would really be a very high-functioning ecosystem of stakeholders. So from the outside people would see a very successful organization that does extremely well within their market, which tends to be responsive to all of those stakeholders. And internally, all of the employees would be extremely motivated. There would be very high morale because they would understand their role in the context of the organization. And they would understand the impact of their efforts within that organization and would be rewarded accordingly.

**Delaney Turner:** That's a very visionary aspirational statement. It sounds like a great place to work, but it's also a very tall order. What are the factors that really get a company to adopt or build this culture?

**Howard Dresner:** Well, I have to say it's an evolutionary process, and it's not something that can occur overnight, but it can start almost anywhere. But the real key is activism.

**Delaney Turner:** Okay.

**Howard Dresner:** And somebody, or someone, multiple individuals, are truly passionate and motivated and can serve as a catalyst within the organization. And there's a lot that goes with that, right? They have to be well-respected as well with an organization, and that can occur from IT. It can occur within the business operations. It can occur within finance, or within the executive suite as well. But you really need to have somebody that is absolutely committed and passionate and relentless in order to make it happen.

**Delaney Turner:** Reading through the case studies in the book, it looks like companies seem to follow a typical trajectory, regardless really of their industry. They begin with manual processes, they bring in desktop systems, then they go enterprise-wide with ERP, they put some BI on it, and then eventually move to performance management. Is there a similar trajectory in the evolution of a performance culture?

**Howard Dresner:** Yes, there is, and this is a good place really to talk about those four forces that need to be present to really create a performance-directed culture.

**Delaney Turner:** Right.

**Howard Dresner:** And the first is visionary leadership. And when I refer to visionary leadership, I'm really talking about the CEO and other C-level executives that really understand the value of things like the alignment with the mission and the transparency and accountability. You also need to have business advocacy. So the business leaders, not the C-levels, but the layers below them on the business side, line of business, really have to get it and have to be committed to this notion of a performance-directed culture and see the benefit to them as opposed to something that's imposed upon them.

**Delaney Turner:** Right, right.

**Howard Dresner:** Which they probably will resist or treat with benign neglect.

**Delaney Turner:** Yes, or be passive-aggressive about.

**Howard Dresner:** Absolutely. The next, as I mentioned already, is that organizational activism that needs to be present somewhere in that organization. And then the last one is data literacy, and this was really the first time I've mentioned technology. But there needs to be an appreciation, understanding, of how information and information systems can help to support that performance-directed culture.

**Delaney Turner:** Right. At what point do companies recognize that they need to change the way they do business?

**Howard Dresner:** If you don't have, or you don't start off with that sort of visionary C-level executive, you tend to need what I call a wake-up call. And wake-up calls can take many different forms. They can be economic. You know, all of a sudden, like where we are now, the

economy is struggling and organizations are being challenged to figure out how to stay afloat, if not thrive in this sort of an economic condition. That's a wake-up call. In other instances, they can be more cataclysmic. One of the organizations that we were dealing with was severely impacted by the 9/11 terrorist attacks. Well, there's a fairly significant wake-up call. Or they could be a new competitive threat, where all of a sudden you have a paradigm shift within your market, if it's recognized before it's too late.

**Delaney Turner:** Right.

**Howard Dresner:** So those sort of wake-up calls force management to step back and take a look at the business and their market in a different light and start to become activists. And I wish I could say that most organizations were in that position.

**Delaney Turner:** Yes.

**Howard Dresner:** Sadly that's not the case. I mean, the good news is, there's clearly a need for this sort of a book, so I'm very happy for that. The unfortunate part is that it's a relatively small minority that have had those wake-up calls and have the various elements in place to start moving towards a performance-directed culture.

**Delaney Turner:** Well, this has been absolutely enlightening and a rare pleasure. Howard Dresner, thanks for speaking with us today.

**Howard Dresner:** Delaney, thanks for the opportunity to share some of my thoughts with you.

(09:30)

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(10:05)

**Station ID:** Interviews, insights and opinions on performance management. You're listening to BI Radio.

(10:15)

**Kelsey Howarth:** Hi, I'm Kelsey Howarth. In a challenging economy manufacturers and consumer-packaged goods companies need all the competitive advantage they can get. Today you're going to listen in as I speak to Ian Farthing, the Vice President of Corporate Services at Dorel Industries, and Mark Otten, Manager of Applications and Development at Ameriwood Industries, a Dorel company. Dorel is a world-class juvenile products, home furnishings and bicycle company. Here they share how IBM-Cognos software helps them make better, faster

decisions and some lessons they learned along the way. Could one of you tell me a little bit about Dorel?

**Ian Farthing:** Sure. Dorel is a \$2 billion public company, which is listed in Toronto on the Toronto Stock Exchange. We have operations all over the world, many countries in Europe, Australia, Japan, China, North America obviously. We're not that well known, but some of our brands that we own are Cosco, Safety 1st, Schwinn, Cannondale. So that's often how we introduce ourselves to people so they know who we are. Five thousand employees, quite diverse and been around since 1962, and still growing and still acquiring companies going forward.

**Kelsey Howarth:** Great. What were some of the central pains or issues that your organization faced before IBM Cognos software?

**Ian Farthing:** Our issue was just getting consistent information, financial and non-financial data. Not knowing if information was coming in on a consistent basis across divisions. Excel all the time made our processes inefficient. We just knew that there was a better way to work and so we decided to do a complete BPM solution, and meeting some of the challenges that your group and your challenges also.

**Mark Otten:** Our divisional focus was a lot around trying to sort through the tonnes and tonnes of data that we collect from our transactional system in helping people get better reporting and better analytics. Our drivers were taking the 300 or so reports that would go out to everybody at the end of the month but were essentially three reports. But with all the different permutations it drove a lot of paper, a lot of things that could go wrong in the report cycle.

**Kelsey Howarth:** I've heard you speak and you talked about having the vision of having performance management at the executive level down to the warehouse floor. How far along are you with that?

**Ian Farthing:** Well, in the data we've identified where we want to be. Our biggest challenge is now picking what's next. What's the next piece of information we want to collect? And the only limitation honestly is our internal resources to make that happen. So in terms of satisfying head office, we're certainly right on track. That comment about satisfying down to the warehouse floor comes from the belief that the Cognos tool, just the BI tool on its own, is great at operational reporting. And it has nothing to do with head office. In other words, we're not dictating to them what they should be doing with Cognos. We've told them, here's Cognos. They've got their own team, and they're using it locally. I think Mark's group is going to be there real soon. It's coming slowly. That's okay. I mean, we set reasonable timelines. And at some point I firmly believe that the majority of our companies will be using Cognos as their tool, but it's not necessarily a mandate because I feel like we've already achieved our return on what we spent just by certain pieces of the company using Cognos in the way that they best see fit. So that's why I use that terminology from head office down to the warehouse.

**Kelsey Howarth:** In terms of outcomes, can you give me a sense of time savings, reduction in costs or just better decision-making?

**Ian Farthing:** I've been to board meetings with members of management and the outside board members, and it's just the fact that the CFO has access to information that's really real time, up-to-date and he can talk about this division and that division and this customer and that customer and all that in a way that's more confident, backed up by data. And I think that's very powerful. Beforehand he would have had to ask for, and someone would have to put together, and it was an ad-hoc type situation whereas now, it's on demand. I think that in terms of efficiency, you can do a better job. Some of those statistics you see about finance groups spending 80 per cent of their time collecting the information and 20 per cent analysing it, I think we're going to see a shift and really coming around where it should be. And I think we've got a bit of that so far, but I think that's another benefit that's still to come in terms of finance having the better ability to spend more time in analysing and interpreting the data and less time just putting the data together.

**Kelsey Howarth:** Yes.

**Ian Farthing:** So I think that's probably one of the benefits that it's subtle, but it's also very large.

**Kelsey Howarth:** I'm always interested in the user stories. Are there any eureka moments, or just stories that really stick out in your mind where people were really amazed at what they were seeing?

**Ian Farthing:** Something really simple. We just created this report called Year-to-Date Sales, and it just had all of our units on there, and it's year-to-date versus prior year, and we just made it available to all the executives. And I don't know why this one in particular was so exciting, but when they saw that every day that it's an up-to-date report versus prior year, I mean, by country, by customer, by SKU, they were just doing cartwheels. It was funny to see the reaction that the executives had when they saw this.

**Mark Otten:** It validates that we're going in the right direction.

**Ian Farthing:** Yes, exactly. And it kind of just sets us up for the next, whatever next thing we decide to roll out. It's going to be another hit because it's going to be that much more information. Do you have a eureka moment?

**Mark Otten:** Well, it was certainly a cool feeling when I started getting e-mails from people high up in the organization, both in my division, as well as at Dorel, asking me questions about some of the reports they were getting. So I knew it was having an impact. I knew that people were taking it seriously. And so that felt good and it made us kind of redouble our efforts and our enthusiasm to keep going and keep the momentum up.

**Kelsey Howarth:** Great. Could you tell us a little bit about some of the lessons you've learned along the way?

**Mark Otten:** I think that having a core team that has the ability to start small and learn as they go is really key. Another lesson learned was that the tool is really not the limiting factor. The limiting factor for us as Ian I think alluded to a little while ago is just our resources within the

core team to be able to take the input we get from the business users and from Ian and push those back out in terms of a product. So it's just really key that we've got to be careful about our priorities and be careful about how we spend our time.

**Ian Farthing:** I think for me a lesson learned was in terms of what we did right, I think what we did do right was we did a good job engaging a lot of people early on in the process and making them aware of what we're trying to accomplish and why we're doing it and how it would benefit them and how it would benefit Dorel, and I think we did that well. So I think that was my lessons learned as much as theory vindicated, so I take great pride in that part.

**Kelsey Howarth:** Yes.

**Ian Farthing:** In engaging people early on. I'm very proud of that part.

(18:30)

**Kelsey Howarth:** For more information on IBM Cognos Solutions for Manufacturing, please visit [ibm.com/cognos/manufacturing](http://ibm.com/cognos/manufacturing).

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(19:15)

**Station ID:** Insights on performance management from the people who shape the industry.

(19:25)

**Kelsey Howarth:** Hi, I'm Kelsey Howarth. Today you're going to listen in as I speak with Chris Framel, IT manager at the Albuquerque Bernalillo County Water Utility Authority. Here Chris shares how the organization united data from 26 departments, thousands of cost centres and millions of records to create a true performance management system. Hear about some of the benefits of the system and some lessons learned along the way. Could you tell us a little bit about the Albuquerque Bernalillo County Water Utility Authority?

**Chris Framel:** Well, we provide water/sewer services to the residents of the City of Albuquerque and we also provide billing services for the Solid Waste Department for the City of Albuquerque.

**Kelsey Howarth:** What were some of the central issues or pains your agency faced before Cognos?

**Chris Framel:** Our problem was is that most of our reporting was done through, at that time, a mainframe product. And to really do anything with that data you had to either re-key it or just have a calculator by side while you were looking at the reports. Or to search things, you'd have to go through the reports page by page to look for what you were searching for. So there was really no way either for the user to generate their own reports or get data or download it into Excel or do anything like that, but it was also very difficult for the IT shop to generate reports, because you had to have some programming skills in those proprietary programming languages and you had to write the programs. So we had 26 departments with thousands of cost centres. That could take up a lot of programmers' time on doing all those different reports.

**Kelsey Howarth:** What was your strategy followed for finding a solution?

**Chris Framel:** Well, what happened was is back then we owned a product from GEAC Financials, that was our financial system. And they had determined I guess that companies were having the same problem that we were having, so they ended up providing Cognos PowerPlay. So we went ahead and bought that, and that started helping out. And basically when they opened up Impromptu for us we bought that through our financial vendor and we started using Impromptu and PowerPlay for reporting. And then eventually we kind of broke away from having our financial vendor be our third party through Cognos and we just ended up going to Cognos directly.

**Kelsey Howarth:** Can you speak to some of the outcomes in terms of new efficiencies gained, cost savings or better information?

**Chris Framel:** I just know how hard it is to get some of this information out beforehand and how much easier it is right now to either run the report, dump it into Excel, schedule reports and send it out, create reports. It's much easier. It just depends upon what people come to me and what they need to do in Cognos is the savings. Most of the savings is gained upon saving time of having to create the report manually. And that's where the savings is done. Sometimes it can be done to improve a job, send a notification out on a service request, instead of having somebody to check e-mail, just running like Event Studio every five minutes to look at our Service Request system, and when it finds a particular service request it sends that e-mail to the workers in the field that will get the work done. So I see the savings and they're intangible more so than dollar savings, but if I had to go through all the reports we produce in Cognos, I could probably come up with an idea of what we're saving versus what they used to have to do manually. Now they can go get the report, get the data, without having to call me up and say, or my department up and say can you run this report for me and send it to me in Excel? They can go do that themselves. So it saves me time as well, and I can do other things.

**Kelsey Howarth:** Are there any sort of eureka moments where you saw information you simply never knew before? Any stories that stick out in your mind?

**Chris Framel:** I think the best one is, I think, for me, from Water is just being able to look at water usage and revenue amounts across various dimensions in an analysis cube here at Water. And that's going against millions of records, but once it comes into a cube it's very easy to look



around and see areas and monitor your water consumption, and certain billing cycles that are having problems, certain accounts that are having problems and things like that.

**Kelsey Howarth:** Have you moved beyond solving an initial problem to tackling other business issues?

**Chris Framel:** Getting reports out, let's just say writing a report for somebody, that might be solving a problem. The business issue now is we're kind of really trying to use it more as a business process to improve business processes and improve customer service. Or using Event Studio to notify people of issues arising, and it might not be a problem, but just what's going on. So let me say that creating a report for somebody who can't get the information, that would be just solving a problem. I think more now, yes, we're still creating those reports, but I think we're using Cognos in a way that is improving the business process. And how can we put that into a business process to make somebody's job more efficient? That's what I think we're doing now.

**Kelsey Howarth:** Right.

**Chris Framel:** And I think that's why we're probably using Event Studio more now is to instead of somebody wants to see this information or this type of information, or they're monitoring this, or they're looking for this problem, instead of running reports, we just run Event Studio every five minutes, every four hours, every once a day, to notify them, then they can take action. So to me, I think we're using it more to improve business processes now.

**Kelsey Howarth:** Right.

**Chris Framel:** Which could be considered solving a problem, but to me it's making the job more efficient.

**Kelsey Howarth:** What are your future plans? Any lessons learned along the way?

**Chris Framel:** Initially we didn't promote PowerPlay very much, so the usage of some of the tools in Cognos are not what I wish they would be. But it's getting better and better. If I had to do it all over again, I would have probably marketed this in a little bit different way and highlighted a lot on the benefits of Analysis Studio PowerPlay. Now I'm working on highlighting PowerPlay, but I'm also trying to highlight Metric Studio by sending out e-mails and by putting metrics on SharePoint, and I'm trying to highlight Event Studio by showing people instead of running a report to go find an issue, or an event let's say, we can do this and run this every few minutes for you and let you know when somebody's going to come off a probation and you need to give them a raise. And we send out birthday cards to everybody on their birthday. Well, we have an event report that e-mails our HR department when somebody's birthday's coming up so they know to send them a card. So it's something small, but beforehand they'd have to go run a report to find out whose birthdays are coming up. No, that's not done anymore. So we use it from very high level reports to something as simple as notifying somebody that a birthday's coming up.

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**Kelsey Howarth:** For more information on how IBM Cognos software is helping government agencies, please visit [ibm.com/cognos/government](http://ibm.com/cognos/government).

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(28:20)

**Ken Seeley:** Well, that's a wrap. I'd like to thank our guests today. From the City of Albuquerque's Bernalillo County Water Utility Authority, Chris Framel; from Dorel Industries, Ian Farthing; from Ameriwood Industries, Mark Otten; and from Dresner Advisory Services, Howard Dresner. Thanks as well to our segment producers Kelsey Howarth and Delaney Turner. And finally, to our head producer, composer, and audio engineer, Derek Schraner. A reminder to check us out online at [radiocognos.com](http://radiocognos.com), or at our new home at [ibm.com/cognos](http://ibm.com/cognos), where you can listen to previous shows, download individual segments and view the transcript of each broadcast. You can also follow us at Twitter at [twitter.com/ibmcognos](http://twitter.com/ibmcognos), or e-mail us at [biradio@ca.ibm.com](mailto:biradio@ca.ibm.com). I thank you for listening. I'm Ken Seeley and we'll see you in about six weeks.

(29:20)

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