

# Mapping CPM

Companies have many avenues to explore when they set out to implement corporate performance management (CPM) systems, but one organisation's road to success is another's blind alley. 2GC's Gavin Lawrie explains that finding your way means knowing where your company is trying to get to, and understanding that there is more than one kind of CPM.

The experts in corporate performance management (CPM) implementation stress one thing more than any other in their advice to companies investing in new systems - know what you want from CPM before you start. This seems like sound advice for any spend on technology or process improvement, but investment in CPM is all too often driven by a perceived need, rather than a specific corporate goal.

A failed implementation can be an expensive mistake, unnecessarily tarnishing the image of CPM and ensuring an organisation misses out on the advantages of performance management over the long period it would take for CPM to once again rise up the management agenda.

'People are often unclear about what a performance management system is good for. They end up wanting one, but they are not sure why. They may have been told to look for one because it was recommended in an auditor's report, but they are not even understanding what PM does, let alone understanding its benefits,' says Gavin Lawrie, founder and managing director of 2GC Active Management.

Consultancy 2GC advises commercial and not-for-profit organisations on the design, implementation and application of CPM systems. Its success in helping large and small enterprises find the right approach is in part down to its ability to clarify for its clients what CPM can actually achieve.

For instance, Lawrie has seen many companies pursue balanced scorecards after seeing competitors or businesses in their group benefit from them. Often, they lack a clear idea of what these scorecards might achieve, so Lawrie's advice is to take a step back and identify the goals that determine

which kind of CPM would benefit an organisation.

'There are four ways in which PM data can be used. The simplest is for incentives - setting targets for salespeople - which sets up a reward loop that is seen to work well in changing behaviour and improving performance, as long as rewards are structured in the right way,' he notes.

'Another relatively simple use is to retrospectively monitor and evaluate past projects, particularly in organisations where accountability is crucial. Both are interesting uses of the data, but they

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both emphasise the accuracy - not the timeliness - of data,' he adds.

The two more sophisticated approaches to CPM, by contrast, see timeliness of data become the deciding factor in their success.

## When speed trumps precision

Operational PM systems use simple feedback loops to control short-term changes to known processes. They manage tasks to optimise efficiency on a production line or in a call-centre.



Here, a swift response must follow from the analysis of task monitoring data to bring a process towards pre-programmed goals.

The greatest trade-off between timeliness and accuracy, however, is in the transformational realm of strategic PM.

'In operational PM, you know the response to achieve your goal. With strategic PM the goal may be to reorganise a company to be more customer-centric, so the interventions tend to require you to do something else, but not necessarily something you know about. This requires a forward-looking, constructive view of the world. What you measure depends on what you will do, not what you have done,' remarks Lawrie.

He urges companies to realise that an investment in one kind of CPM solution cannot easily be adjusted to achieve the goals of other solutions. It is no use investing in strategic PM to improve the performance of a production line, and PM system for project analysis will not enable business transformation or corporate reorganisation around strategic goals.

In short, be specific about what you need CPM to do, and it will work for you. ■

## Further information

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