

Performance management myths

Precisely how much value do we want to add to business net worth from the \$6 billion per annum business performance market? ICit Business Intelligence's Mark Bodger tells *Excellence in Leadership* there is more to BPM than simply slicing and dicing data.

Having invested heavily in BPM solution procurement and selection processes, companies seemingly falter when the promised 'value added' work finally begins.

Software implementation

The first myth is that BPM is a software implementation project. The whole point of introducing BPM is to affect human behaviours that will drive improvements in business performance. Too often companies approach BPM projects with inadequate business requirement definitions, too little resources and too high expectations. While IT is crucial to the delivery of an efficient and robust solution, business decision makers must define the metrics and processes that will deliver true performance improvement with data that can support better decisions. ICit's Mark Bodger believes this is where external BPM experts should take a leading role in advising companies on how to approach BPM. It is fundamentally a change management process, a journey that takes many detours before arriving at the destination.

Job done

Myth number two is the belief that, by simply deploying BPM solutions to colleagues' desktops, the job is done. The mechanics of defining processes, KPIs, data definitions and data extract routines is hard graft, but it will fail to deliver business performance improvement unless sufficient time is devoted to training users on how to interpret the numbers flowing from the new system. The finance team often drives the BPM initiative and they hold the key to helping colleagues understand the data and to make better decisions to improve product margins, reduce overheads or optimise investment choices.

Functionality

The third myth is that all BPM products will provide the same richness of functionality.

We have seen heavy consolidation activity recently; effectively leaving the choice between IBM, Oracle, SAP or Microsoft. All vendors now purport to offer the entire range of solutions, so choosing the best fit is difficult and requires clearly defined requirements and deliverables. For example, if the BPM driver is simply to deliver better information in minimum implementation timeframe then the choice becomes clearer.

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'Clients often have point solutions in mind, such as speeding up the production of the management accounts, the hardest job is to convince them to take a step back and think about a two to three year vision before embarking on implementation,' says Bodger.

A problem shared

Myth number four is that companies believe their problems are unique to them and they require industry specialists to implement a solution. 'In our experience it is often the other way round, that having a challenging and enquiring mind is more useful than ten years experience in a particular vertical market'. The fundamentals of financial applications that are the cornerstone of the BPM market are generic across all businesses – profit and loss, balance sheet and cash flow. While



these come in a variety of shades and colours, there is sufficient commonality to dismiss the myth that specialist industry specific consultants are required to implement BPM.

Once upon a time

Myth number five is that BPM is a one-time implementation. Nothing could be further from the truth. BPM is the epitome of continued process improvement. As BPM starts to deliver insight into the underlying business drivers, more focus is placed on the cause and effect of actions and this drives a stronger desire for even better information. 'One of our clients started out with a vision to simply present consistent numbers by channel. They are now running marketing promotion test and learn exercises in real-time to drive increases in sales.' The exciting side of BPM is when operations engage in the process and when they get it right, the results of their actions flow back to the CFO's office – finally giving a return on investment.'

Performance management is the key process to drive shareholder value. With careful planning, clear objectives and using expert help along the way, BPM can deliver results that you might not have expected. ■

Further information

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