

Corporate Performance Management: Connecting the Dots

Corporate performance management will be on the agenda for many enterprises in 2004. CPM connects management processes, methodologies, metrics and technologies.

Corporate performance management (CPM) is one of the hottest trends in business intelligence. Under the CPM “umbrella” are the processes, methodologies, metrics and technologies for enterprises to measure, monitor and manage business performance.

The theory about putting the right management controls in place was defined in the early 20th century. Metrics and performance indicators have been around for the same period of time, although often dominated by financial reports. Management information systems were introduced in the 1970s, and the balanced scorecard dates from 1992.

CPM introduces a holistic integration of these elements. It is an enterprisewide strategy that seeks to align departmental initiatives to prevent managers from optimizing local business at the expense of overall corporate performance. It is not a one-off project, but is an ongoing process — part of the inherent daily effort of managers.

CPM is all about “connecting the dots,” leveraging what you already have and aligning the various aspects to move in the same direction. In this Spotlight, we further connect the dots of CPM for you.

Drivers and Challenges

“Drivers and Challenges of Corporate Performance Management” provides an introduction to the various elements of CPM, and shows how to identify the drivers and how to overcome the challenges. Drivers include identifying corporate transparency issues, where management processes break down and the emergence of the real-time enterprise. Challenges include internal politics, a lack of integrated data and a business climate that only allows for the execution of short and simple projects. CPM is not an easy task, and requires careful maneuvering. Embracing CPM calls for a solid road map, which is described in “Mapping the Road to Corporate Performance Management.”

One of the first steps is to think about the roles and responsibilities in a CPM initiative. These are described in “Define Organizational Roles Before Implementing CPM.”

Equally important is to answer the question “How can my organization benefit from CPM?” In “Are You Ready for Corporate Performance Management?” we provide 18 questions and a scoring model to help you address that question. To further inspire you in your own initiatives, we found an excellent example from an angle you may not expect: the IS organization from an enterprise in the public sector. “Balanced Scorecard Puts De Lijn on Road to Better IT Service” documents this case study.

The budget is typically the main instrument to manage corporate performance, but many of us realize that the budgeting process is often broken. “New Way to Budget Enhances Corporate Performance Management” describes a radical, but interesting, alternative. Many organizations often don’t realize the importance of data quality. It is one of the reasons why projects do not generate the anticipated benefits and why projects run over budget. “Corporate Performance Management Demands Data Quality” provides the necessary guidelines to achieving quality data.

Despite the challenges of implementing CPM, you have no choice but to adopt CPM because regulatory bodies simply demand insight into your corporate performance. This does not always have the desired effect, as pointed out in “New Laws Can Help or Hinder Corporate Performance Management.”

Connecting the Dots

CPM does not stand on its own, but is closely related to many other concepts and initiatives. In “CPM Is Key to Business Process Fusion,” we explain how CPM is a necessary step on the road to this new process-based approach to enabling the real-time enterprise. In “Intangible Assets in Corporate Performance Management,” we explore the importance of incorporating nontraditional factors in your CPM planning and control processes.

“Reap Mutual Benefits by Deploying BAM and CPM Together” addresses the importance of identifying and monitoring key performance indicators at near-real-time speed to better tune your CPM strategy. And, finally, “Synergy Is Required Between CPM and ERM Strategies” illustrates the relationship and interdependence of an enterprise’s CPM and enterprise risk management (ERM) strategies, and how you can benefit from coordinating them.

Features

“Define Organizational Roles Before Implementing CPM” — To embed the corporate performance management (CPM) initiative in the organization, this framework defines the roles and responsibilities for each CPM component. **By Bill Hostmann**

“Are You Ready for Corporate Performance Management?” — A self-assessment test can help you find out where and how to place the right focus in your CPM road map. **By Frank Buytendijk, Brian Wood and Lee Geishecker**

“Balanced Scorecard Puts De Lijn on Road to Better IT Service” — Nonprofit and service organizations can benefit from a public transport operator’s approach to measuring an IS organization. **By Frank Buytendijk**

“New Way to Budget Enhances Corporate Performance Management” — When the budget is broken, a new way of planning is needed to make organizations more effective. **By Frank Buytendijk**

“Corporate Performance Management Demands Data Quality” — Controls and process changes can help you eliminate bad data in CPM initiatives. **By Ted Friedman**

“New Laws Can Help or Hinder Corporate Performance Management” — Your company’s culture, as well as regulatory governance laws, influences a CPM strategy. **By Frank Buytendijk**

“CPM Is Key to Business Process Fusion” — CPM in business process fusion addresses the central issue of “feedback on what.” **By Brian Wood**

“Intangible Assets in Corporate Performance Management” — Continuous monitoring and evaluation of your assets and proxies influences CPM success. **By Brian Wood and Marc Halpern**

“Reap Mutual Benefits by Deploying BAM and CPM Together” — Business activity monitoring and CPM intersect at numerous points to streamline common processes. **By Bill Gassman**

“Synergy Is Required Between CPM and ERM Strategies” — Processes and controls for CPM and enterprise risk management need to be aligned with each other and with shareholders’ expectations. **By Brian Wood and Lane Leskela**

Recommended Reading and Related Research

“Drivers and Challenges of Corporate Performance Management” — A good business case for CPM should highlight not only the benefits but also the risks. **By Frank Buytendijk, Brian Wood and Lee Geishecker**

“Mapping the Road to Corporate Performance Management” — The road to CPM is full of detours and roadblocks, so use our road map to not get lost. **By Frank Buytendijk, Brian Wood and Lee Geishecker**