

Combating Performance Management Challenges

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The health and efficiency of every organization can be evaluated based on a certain set of specific performance metrics. In order to be truly valuable, these metrics (or key performance indicators) must be readily available to decision makers and be presented in a way that enables employees to collaborate and plan based on an understanding of the factors that are impacting their business. Most organizations are able to identify and define the key performance indicators for their business but struggle with the next step in leveraging their business intelligence assets- Performance Management.

Performance Management consists of organizing, automating and analyzing these key performance indicators in the context of the business processes, methodologies and systems that produce them. Performance Management helps businesses make more efficient use of their financial, human, material and other resources.

The Performance Management shortcomings within an organization are very seldom strictly a technology problem. Often, there are business process issues which require addressing as well.

This paper takes a look at a few common Performance Management problems and how they can be overcome.

The Performance Management solution is a very manual process.

Most organizations rely on manual processes at the departmental or enterprise level to produce and deliver the measures that are used in performance management. Often this involves an analyst reconciling email, spreadsheets and standalone applications and databases to create operational and performance data. As part of this process, the data often must be manually scrubbed and re-organized in order to remove exceptions and make it conform to the business rules of the organization before presenting it in manually created reports.

This is typically a VERY expensive process in terms of resource hours – often much more so than anyone aside from the analyst realizes. Frequently, the analyst is the only employee who knows how to perform the calculations that the rest of the organization relies upon and without her participation, it is nearly impossible to produce quantified results.

One of my clients relied upon a very labor intensive process to produce their monthly operational reports. Though the reports were produced following the same process each time, they were spending \$10,000-\$15,000 per month in labor costs to prepare them. An analyst would spend up to two weeks per month working with different stakeholders in the company to collect, validate and scrub data in mixed formats being sourced from multiple systems and other manual processes. She would then spend several additional days populating a homegrown dashboard.

This analyst eventually left the company. No documentation of the data acquisition or the dashboard creation process had ever been produced and no one else in the organization was aware of all of the steps that the analyst went through to produce the dashboard. For six months, the executive committee had problems evaluating

company performance while a new analyst was hired and tried to replicate the previous dashboard creation process.

My organization was brought in to help document and automate the processes of acquiring and applying business logic to the data and transforming it into the appropriate format for presenting to business users and to design and implement a comprehensive dashboard solution. During the engagement, we interviewed the new analyst and other business stakeholders to extract and document the details of how the organization's performance management numbers were created, the business processes that impact the performance management numbers, and the process for aggregating the data and producing the dashboard. Armed with this basic knowledge, we constructed a reporting solution using Microsoft SQL Server. A set of SQL Server Integration Services packages that extracted the same data from the same sources was created to replace a significant number of manual processes and deliver the organization's performance management data to the reporting data warehouse in an automated fashion. Lastly, SQL Server Reporting Services and Dundas Reporting controls were used to implement a set of crisp, colorful, and insightful reports delivered on demand through a Web browser.

After deploying the solution, our client was able to free up significant amounts of the analyst's time as well as the time of other internal resources, resulting in a savings of thousands of dollars every month. These resources are now able to be applied to other revenue-generating activities. In addition, executives are now confident that all performance results will be consistently measured month to month and year to year because the data is being delivered in a consistent manner from a trusted source.

The Performance Management data is often wrong and cannot be trusted.

Unpredictable or incorrect results can be the downfall of any Performance Management solution. When users lose confidence in the system and the data it produces, they stop using it and often end up creating a means of producing this data on their own. This often leads to further misinformation and a breakdown of the Performance Management process as the number of data sources and users who may influence the data increase. The executive committee of one of our clients almost never used the reports provided by IT because the reports being used were not put through a thorough quality assurance assessment prior to launch and were released with a number of problems. The IT group did not have any QA resources to devote to testing the reports and expected the users to perform the QA and notify them of any issues. The users, on the other hand, expected the results to be correct when delivered.

We helped our client redesign the reports to improve their operational reliability and data quality. The testing, strategy and release process for new reports was also revised in an effort to win back the solution's lost credibility. This involved putting in place a more stringent quality assurance process. We consulted with the client on how to better structure the QA process to include user acceptance and basic "smoke" tests to examine report accuracy, ensure more accurate documentation, and perform a thorough requirements and test results review prior to releasing new reporting enhancements. We also performed the functional testing against the client's business requirements to ensure their accuracy. The original reports were re-released with great success and subsequent enhancements have been made to further extend the functionality. None of the original problems with data quality or reliability remain. As a result, our client's executives are more confident in the quality of the reports and the data within them.

For another client, an occasional incorrect result caused problems during monthly managerial status meetings - especially when the numbers presented a manager or department in a negative light. Due to an underlying

mistrust of the system and the numbers it produced, our client would spend more time debating whether the numbers were correct or not instead of addressing the issues these numbers raised.

This client asked my organization to help them get to the bottom of their Performance Management problems. Our solution required a technology enhancement as well as a business process change. We enhanced existing reports with powerful drill-down capabilities that allowed appropriately authorized managers and executives to examine hierarchical performance data to very granular levels of detail. When poor performance metrics were realized, users were able to thoroughly analyze the source data to find the problem and correlate it with the larger organizational issue.

In addition to drillable reports, managers were given the ability to view their own performance numbers in advance of the rest of the organization. This gave them the opportunity to review and take action proactively before subpar performance became a problem impacting the entire organization.

The Performance Management solution does not provide managers information when they need it.

If performance results take several days to calculate and create or have operational dependencies that adversely impact their timeliness, then they are often stale to the point of no longer being actionable.

We assisted one client with this problem by implementing a reporting solution with an “up to the minute” focus. In the past, all reports had been produced on a monthly basis at a set time due to perceived operational dependencies. After a thorough analysis of business requirements and an operational assessment of the organization, existing business processes were also changed so that the availability of the existing snapshot monthly reports was staggered based on the availability of the source data. Sales reports became available immediately after the month closed while other reports such as “Labor” were available on two week intervals due to the time reporting system and system processing requirements.

Due to a demand for more current data, we also built for this client a series of more refined snapshot reports - reports delivered on a weekly basis providing more granular detail and containing month-to-date rollups. We also provided our client with basic ad-hoc reporting capabilities so that the actionable performance data being produced could be analyzed on demand by the organization’s managers and other decision makers.

The Performance Management solution is not fast enough to respond to changing needs.

Many customers complain that it takes weeks or months for their internal IT Department to deliver new reports, or to have existing reports enhanced to provide critical modifications.

One of our clients developed and maintained their Performance Management data using a paradigm that required both a Web developer and a database administrator free at the same time to work together to author reports and produce the data itself. The biggest problem was scheduling – the Web developers and database administrators worked for different managers with different priorities, which made it difficult to guarantee availability at the same time in order to complete a project.

Our solution for this client was to remove the human element from the equation and provide a more automated solution with a flexible toolset. In this case, the introduction of Microsoft Office SharePoint Server and its native support for report publishing and delivery eliminated the need for a dedicated Web developer for report authoring. The database administrator tasked with reporting was able to define new reports and publish them without relying on the involvement of others. In addition, by incorporating Microsoft PerformancePoint Server as

part of the solution, the time required to deploy new reports and make changes to existing reports decreased dramatically. The benefit of the solution was that most of the existing reports were able to be plugged right into PerformancePoint via a Web page-based report – one of the many report types supported natively by PerformancePoint.

The Elements of A Successful Performance Management Solution

The deployment of a successful Performance Management solution requires a willingness to evaluate existing business processes and a comprehensive analysis of business and operational requirements. When implementing a Performance Management solution, an organization must form a project team whose members have experience in not only designing and developing Performance Management solutions but also understand how managers typically evaluate performance, make decisions, and analyze data. They must ultimately understand how business decisions are made.

Selecting the right Performance Management toolset is also of critical importance. There are many commercial product offerings which include only portions of a comprehensive solution. There are other enterprise offerings that are cost-prohibitive for anyone other than the largest organizations and whose implementations are extremely complex and labor intensive. Microsoft provides a comprehensive solution made up of a set of server platforms deployed in most organizations (Microsoft SQL Server and Microsoft Office SharePoint Server) and a set of end user tools (SharePoint and Microsoft Excel) familiar to the vast majority of business users. Microsoft Office PerformancePoint Server 2007 is a relatively recent offering that offers additional support for business planning and the delivery of performance management data to end users.

The third critical piece of creating a successful Performance Management solution is to define in advance the business processes employed to produce, extract, gather, update, and disseminate data and to calculate, share, and discuss Performance Management analysis and conclusions. The keys are to carefully plan, communicate and document these crucial activities so that they are well understood throughout the organization and that the solution is flexible enough support decision-making at the personal, departmental and organizational level.