Managing in Turbulent Times
Tony Politano, Oracle Enterprise Solution Group
Agenda

• The Rise of the Chief Performance Officer
• The 6 C’s of the CPO
• Management Excellence Driving Performance
• Q & A
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The Natural, Unavoidable and Ambiguous
Turbulence = Natural

- Competition
- Governance
- Globalization
- Finance and Money Markets
- Political Change
- Disruptive Technology

... What’s Next?
Performance Measurement = Unavoidable

- Revenue
- Margin
- EBITA
- Budget Variance
- New Student Enrollment

. . . Why not?
Ownership of Performance = Ambiguous

- Finance
- COO
- CEO
- CIO
- Sales
- Everyone
- Nobody

...Who?
Chicago Public Schools Announces Executive Appointments

The announcement will lead to a more efficient, results-oriented organizational structure at CPS.

June 9, 2009 - Chicago Public Schools Chief Executive Officer Ron Huberman today announced the establishment of an executive team that heralds the beginning of a larger streamlining in the management of the nation’s third largest-school system.

Chief Performance Officer

Sarah Kremsner has been named Chief Performance Officer, a newly created role. Sarah will be responsible for creating a comprehensive performance management system.
What is a CPO?

- Single point of focus for performance management
- Cuts through the static in the data
- Provides a ‘heads-up display’ to Key Executive
- Data filtering and relevance
- Complements the COO role, who is managing operations

Source: Chief Performance Officer, A Politano
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The 6 C’s of The Chief Performance Officer

Collector - Find data from all corners of organization

Data can be in many places:

- ERP, CRM, SCM
- Data Warehouses, Data Marts
- Planning, Budgeting and Forecasting
- Departmental Databases
- Spreadsheets, Access
- External Sources – Partners, Syndication

Source: Chief Performance Officer, A Politano
The 6 C’s of The Chief Performance Officer

Consolidator - Put data into one logical place

Data must be Logically understood:

- Some data is right for *lift and shift*
- Other data is better fit for *stay and integrate*
- Many will be a hybrid
- Leverage your EPM Platform

Source: Chief Performance Officer, A Politano
The 6 C’s of The Chief Performance Officer

Condenser - Extract relevant performance data

Measure What Matters:

• Focus on metrics that are true KPIs
• Seek out cause and effect
• Model to the root cause
• Ensure traceability
The 6 C’s of The Chief Performance Officer

Communicator - Right data to right people at right time

Pervasiveness is the key:

- Get to the performance data to the people that need it
- Leverage integrated EPM platform
- Use latency as an advantage instead of a problem
- Consistency and traceability

Source: Chief Performance Officer, A Politano
The 6 C’s of The Chief Performance Officer

Collaborator – Rally around the data and share insights

Make performance the DNA of the organization:

• Found it, Fix it
• Cross Line-of-Business Collaboration
• Predictive modeling

Source: Chief Performance Officer, A Politano
The 6 C’s of The Chief Performance Officer

Controller – Enforce governance, control and monitoring

Manage What Can Be Measured:

- Governance is a top down process
- Stewardship is a bottom up process
- CPO controls from a middle-out perspective
- Explicit and implicit controls

Source: Chief Performance Officer, A Politano
The 6 C’s of The Chief Performance Officer

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Management Excellence: The Next Competitive Edge

**Operational Excellence**
- **Cost** – Lean and Mean
- **Quality** – Six Sigma, TQM
- **Speed** – Real-time, JIT

**Management Excellence**
- **Smart** – Deep Insight
- **Agile** – Decisive Action
- **Aligned** – Across the extended enterprise

**Time**

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World Class Finance Organizations Out Perform Peers in Both Effectiveness and Efficiency

- Finance cost is 50.8% lower than peer
- Require 54.2% fewer FTEs
- Spend 40.0% less time collecting and compiling versus analyzing data
- Have 65.7% fewer errors in customer invoices
- Have DSO that is 21.2 days shorter
- Operates with 44% fewer compliance staff and with 47% lower audit fees

Source: CFO Challenges and Opportunities in the Flat World, Hackett Group, November 2007
Today’s Reality: Management Activities Are Fragmented

- Lack of business alignment
- Low predictability in performance
- Inconsistency in business decisions

Is this the best way to work in difficult times?
Strategy to Success: Oracle’s Framework for Achieving Management Excellence
The 7 Imperatives To Deal With The Crisis

1. Get insight… and share it
2. Monitor continuously
3. Plan flexibly
4. Rethink strategy
5. Invest and divest wisely
6. Build trust
7. … and do all this in concert
Get insight... and share it

Imperative #1
Customer Successes

- World’s leading aluminum producer
- Global consolidation across 58 LOB, 5 days
- Global forecasting, reporting for 1,000+ users
- World-class fast close

Record to Report is the management process for providing strategic, financial and operational feedback to all stakeholders inside and outside the organization, to understand how a business is performing.

Manages multiple acquisitions per year
Financial consolidations on top of SAP
Monthly close process down from 5 days to 2 or 3.
Monitor Continuously

Imperative #2
Customer Successes

**Charles Schwab**
- Sales Analytics to 1,700+ financial consultants
- 5-9% of analytic alerts result in new opportunities
- 2,400 hours/week time saved

**Analyze to Adjust** is the management process for analyzing trends and deviations -- and their root cause -- from an organization's goals in order to take corrective actions.

- Sales, Service, Marketing analytics to 1,250+ employees
- Enhanced sales productivity, increased customer responsiveness
Plan Flexibly

Imperative #3
Customer Successes

- Detailed competitive benchmark for 32 countries
- Sales analysis down not only by model but by sales channel, fuel type, chassis type, etc.

Plan to Act optimizes capital and resource allocations across the organization in order to effectively execute its strategy. This process involves budgeting, planning and forecasting.

- 6mo rolling forecast by retailer per item
- Match purchasing with forecast
- High ratings from retailers
- Close partnership with BestBuy
Rethink Strategy

Imperative #4

Stakeholder Environment
Market Model
Business Model
Business Plan
Business Operation
Business Results

GAIN TO SUSTAIN
INVESTIGATE TO INVEST
DESIGN TO DECIDE
PLAN TO ACT
ANALYZE TO ADJUST
RECORD TO REPORT

4
Customer Successes

- Test permutations of enrollment strategy; out-of-state vs in-state, class number, retention data
- Overall view of balance sheet based on enrollment, research programs, inflators, cost of capital

**Design to Decide** is the strategy formulation management process for designing the business infrastructure and partner network to deliver value to customers in the most profitable way.

- Lost investment-grade credit rating, credit rating back to investment grade
- Simulate capital structure and cash flow
- 3% accuracy in net income projection
Invest and Divest Wisely

Imperative #5
Customer Successes

- Accelerate assessment and integration of acquisitions
- Test scenarios for their impact on performance
- Set earnings guidance for Wall Street

Investigate to Invest is the management process for identifying, evaluating and creating the most attractive market opportunities that generate the highest returns.

- 3-month strategic planning cycle
- 5-year plan for earnings and share price
- Simulations on store openings and closures
Build Trust

Imperative #6

Stakeholder Environment
Market Model
Business Model
Business Plan
Business Operation
Business Results

GAIN TO SUSTAIN
INVESTIGATE TO INVEST
DESIGN TO DECIDE
PLAN TO ACT
ANALYZE TO ADJUST
RECORD TO REPORT
Customer Successes

- All KPIs available on City’s web site
- Alignment of KPIs across 40+ city services
- Based on continuous improvement

Gain to Sustain ensures that the business gains all the necessary contributions from its stakeholders to drive business performance, while meeting the required stakeholder expectations.

- Deliver BI to 1M merchants about marketing performance
- Ability to understand what ads are successful, and where to run them
... And Do All This In Concert

Imperative #7
Management Excellence Delivered
Oracle’s Integrated Analytic Solution
Oracle’s Integrated Analytic Solution
Oracle’s Integrated Analytic Solution
Oracle’s Integrated Analytic Solution

- Financials
- HR
- Procure & Spend
- Projects
- Supply Chain
- Order Mgt
- Logistics

- Sales
- Marketing
- Service
- Contact Center
- Price
- Loyalty

- Scorecard
- Strategic Planning
- Financial Close
- Planning & Forecasting
- Profitability Management

- Financial Services
- Communications
- Healthcare
- Retail
## Comprehensive BI Applications

**Complete, Prebuilt, Best Practice BI Solutions**

### Sales & Contact

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### Prebuilt adapters:

- Oracle BI Suite Enterprise Edition Plus
- PeopleSoft
- Siebel
- SAP

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Further Reading

http://www.oracle.com/epm

Management Excellence White Papers:
  • How Tomorrow's Leaders Will Get Ahead
  • The Metrics Reloaded

Profit Online Podcast
  • Beyond Competitive Advantage: EPM and Management Excellence

Publications
  • Journal of Management Excellence, Issue 1 - 4

CPO Information
  www.ChiefPerformanceOfficer.com
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Oracle Enterprise Performance Management drives Management Excellence

making organizations Smart Agile Aligned