

Contents

Foreword to the Second Edition ix

Preface to the First Edition xi

Introduction xiii

Acknowledgments xv

PART ONE

WHY PERFORMANCE MANAGEMENT MATTERS 1

1 Why Today's Management Processes Are Obsolete 3

- Better-Informed Customers 5
- Changing Market and Business Models 6
- Structural Change in the Economics of Business 9
- Regulatory Revolution 11
- Growth Through Acquisition as the Normal Course of Business 13
- Redefining Asset Values 14
- Changing Delivery Channels 15
- Compressed Cycle Times 15
- Vast New Information Sources 16
- Right Technology 17
- Need for a Burning Platform 20
- Notes 21

2 Performance Management Defined 23

- Defining Business Performance Management and Best Practices 24
- Best Practices Defined 26
- Types of Best Practice 30
- Applying Best Practices 31
- Best Practice Adoption Is Now a Necessity 33
- Note 36

3 Sizing the Opportunities 37

- Beyond Benchmarking 37
- Defining the Right Metrics 37
- Conclusion 55
- Note 56

PART TWO**BEST PRACTICES**

57

4 Using Best Practices to Drive Change 59

- A Brief History 59
- From Battlefield to Boardroom 61
- Components of a Best Practice Framework 62
- Best Practice Recipe 63
- Selecting the Right Best Practices 63
- Golden Rule of Best Practice Application 66
- Time to Sacrifice a Few Sacred Cows 67
- No Silver Bullets 70
- Notes 71

5 Strategic Planning: The Ideas That Drive Results 73

- Defining Strategy 75
- Typical Process 76
- Strategic Planning Best Practices 78
- Communicate, Communicate, Communicate 89
- Strategic Planning Is a Collaborative Process 90
- CEO as Chief Strategist 90
- Hard Side of Strategy 91
- Acid Test 101
- Best Practice Summary 101
- Notes 102

6 Tactical and Financial Planning: Translating Ideas into Action 103

- Defining Tactical and Financial Planning 103
- Typical Process 103
- Tactical Planning Best Practices 105
- Financial Planning Best Practices 118
- Best Practice Summary 129
- Notes 130

7 Management Reporting: From Information to Insight 131

- Typical Process 134
- Management Reporting Best Practices 135
- Best Practice Summary 156
- Notes 158

8 Forecasting: Pass the Crystal Ball 159

- Typical Process 160
- Forecasting Best Practices 161

Best Practice Summary 176
 Notes 178

9 Risk Management: Place Your Bets 179

No Excuses 180
 Global Interdependence 180
 Risk Mitigation Techniques 196
 Notes 197

10 Technology: Panacea or Pain 199

Fourth Time Lucky? 200
 Why the Time for Convergence Is Right 202
 Applying Technology to Performance Management—Dawn of the Digital
 Manager 203
 Best Practices for Leveraging Technology 207
 Best Practice Summary 218
 Notes 218

PART THREE

MOVING FROM DATA TO DECISIONS

219

11 Implementing Best Practices 221

Getting Started 221
 Moving to Implementation 223
 Understand the Overall Strategic Goals and Objectives 224
 Define the Critical Success Factors and Drivers 225
 Define the Appropriate Performance Measures 227
 Link Measures to the Overall Strategy 227
 Define the Reporting Dimensions 229
 Detail and Source the Performance Measures 229
 Design the User Interface 231
 Design and Build the Reporting Process 232
 Integrate the Reporting and Planning Processes—Align Incentives 232
 Develop the Required Skills 232

12 Implementation Secrets 235

Learn from the Mistakes of Others 235
 Effect Change and Then Sustain It 237
 It’s About Commitment and Execution 249
 Notes 249

13 Leading Change 251

Leadership Qualities 252

Don't Underestimate the Impact of Leaders 257

Notes 258

14 Looking to the Future 259Fast, Flawless Execution Will Be the Distinguishing Characteristic of
World-Class Companies 259

Global Accounting and Reporting Standards Will Become a Reality 261

The Focus Will Shift from Buying Technology to Using It 262

The Annual Budget Will Die—and Few Tears Will Be Shed 263

Finance Executives Will Require New Skills—or New Jobs 264

Conclusions 265

Notes 265

Index 267