Enterprise Performance Management

Getting the value from your digital investments
Fundamentally, Enterprise Performance Management (“EPM”) is about Managing the Performance of the Enterprise.

A simply stated objective, however one that needs the careful integration of the planning and execution business processes. These processes need to be supported by forward-looking and insightful information.

Failing to define and govern the decision-making processes will lead to a poor return from technology investments and wasted effort in production of reporting and analysis.

Securing robust technology and data is fundamental to managing the performance of any enterprise. Many organisations have invested millions to implement and maintain these enablers.

However, to maximise the return on these investments, it is critical to translate data into information, and then embed this insight and related actions into the decision-making heartbeat of the business.

**An effective EPM framework steers the business and provides a heartbeat for decision-making**

EPM ensures the right focus and direction for the organisation. This includes:

- A robust understanding of what makes money and what loses money
- A clear ‘line of sight’ from corporate goals to operational activities
- An ability to set the right targets
- An alignment of the organisation and individuals to profitable activities.

It should also ensure **future orientation and transparency**, as opposed to taking a purely backward-looking, score-keeping perspective, ensuring:

- Management interventions at the right points
- Travelling in safety – “no surprises”
- Focusing on “what should we be doing next?” not “what happened?”
- Making appropriate choices made when faced with trade-offs and competing investments.

All of this should be achieved in a cost effective manner. Control at any cost is not an option.

**The Capgemini EPM Framework ensures all critical elements are effectively integrated**

Capgemini’s EPM framework (see Figure 1) considers the specific skills and disciplines required to drive value. The framework is based on three components:

- **The Aligned Organisation** level is focused on the planning processes at both a strategic and operational level, as well as aligning the allocation of resources to strategic goals.
- **The Informed Organisation** is concerned with identifying the right Key Performance Indicators (KPIs) and developing a robust understanding of the organisation’s profitability ‘levers’. As well as employing analytics to understand performance and assess future options, it also ensures robust capabilities to feed this critical analysis into empowered decision-making teams.
- **Finally the Integrated Organisation** is concerned with ensuring that there is an organisational capability to support effective EPM. This includes the development of specialised teams to drive efficiency, and Business Partnering skills to ensure that the business is challenged and influenced towards better results.

**The Business Case is broad and compelling**

Investments in EPM can be sizeable, particularly when they have an enterprise-wide scope or when they address several components of EPM in one step.

Major programme costs include software, technology and infrastructure, process development, acquisition of new capabilities and implementation support.
Despite the scale of some investments, the benefits are substantial:

- **Technology based savings** – a lower total cost of ownership (TCO) is secured by standardising and optimising the toolkit and providing an integrated delivery architecture.

- **Efficiency and productivity savings** – reduced effort to report or plan is secured by using a more effective delivery and development model for management information, freeing-up end users to focus on more commercial and strategic activities.

- **Fact-based decision-making** – standard data definitions and a single reliable view of results across customer, product or channel information speeds up analysis; it also facilitates internal and external comparisons.

It is in this last category that the value of the investment can be hardest to quantify or prove, but this is likely to dwarf other elements of the Business Case.

The trick is to demonstrate how “better information” or “better planning” will be used to drive improvements in the organisation’s overall margins. A small percentage improvement in margin very quickly provides a substantial payback.

One B2B distribution business built its Business Case with a margin improvement equating to less than £500 per branch, per annum. This could be achieved by a trivial reduction in stock units lost and improving the product mix. Once the senior management team understood how the solution would improve stock and margin information, the project funding was made available immediately. In reality the Business Case has been greatly exceeded.

**Programmes of improvement in EPM can be triggered for a number of different reasons**

Many recent programmes have been triggered by transitions to a global operating model, often supported by a major ERP implementation. This necessitates a re-wiring of the performance management framework, and generates new dimensions of operational data.

In addition to these major programmes, there are a number of other triggers:

- **Discipline-led** programmes tend to focus on a specific component of the EPM framework. For example, there may be concerns about:
  - The robustness of the planning processes – e.g. “we go into an inappropriate amount of detail and it delays the process; this makes our plans obsolete before we start delivering against them”
  - The ability to trust data or accurately analyse profitability – “we don’t know where the organisation creates and destroys value across its increasingly complex channels and Supply Chain”, or
  - The strength of the link between strategic objectives and operations – “we don’t think all functions are managing the right performance areas to contribute towards our strategic goals”

**Fig 1: Enterprise Performance Management**

**Aligned Organisation**

- Effective Strategic Planning
  - Planning to meet the changing market
- Integrated Business Planning
  - Agree a single view of future actions
- Integrated Funding Process
  - Allocate resources throughout business cycle

**Informed Organisation**

- Robust Operating KPI’s & Reporting
  - Know where you are
- Integrated Profitability Management
  - Know the levers you can pull
- Advanced Business Analytics
  - Know your options

**Integrated Organisation**

- Master Data Management
  - Master consistent data
- Business Partner Skills
  - Engage and coach the business

**Fig 1: Enterprise Performance Management**

**“Agile strategic goal setting”**

**“Flexible planning to support achievement of strategic goals”**

**“Information and insight to support dynamic decision making”**

**“Accountability and process to drive achievement of goals”**
Effective EPM is enabled by governance, data, technology, and efficient operating models

Master Data Management ensures that reference data is well governed thereby securing comparability across the organisation. Whilst not particularly sexy, this discipline is absolutely crucial to obtain a reliable view of performance by customer, product and organisational entity across markets. This allows allocation of resources on the most effective basis.

There are a number of other key enablers which EPM needs to address:

- **Information Strategy.**
  This is the glue that unites the business and technology agendas. It covers areas such as the vision for information management, information governance and standards and information quality. A joint business and IT strategy ensures a cost effective programme.

- **Organisational capability.**
  There are a number of options for efficient and effective delivery. For example, a Leveraged Insight Centre (LINC) centralising planning and reporting capabilities, which can also be supported through an offshore model.

- **Closed-loop Processes and robust Governance.**
  EPM is a continuous cycle of management from the planning of business activities, by considering strategic objectives and options, through to allocating business resources to the most profitable areas, and then monitoring performance and taking corrective action.

- **Technology and architecture.**
  It is vital to use the right tool for the right job in the acquisition, management and exploitation of data. Stretching a technology too far beyond its core functionality can seriously impact performance and user experience.

Capgemini leads the field

At Capgemini we believe our role is to bring our EPM, functional and technological expertise along with our tools and methods to make change happen in a sustainable fashion.

Specifically we bring to bear the following:

- Deep experience with over 1,000 EPM practitioners globally and a further 4,000 BI and EPM technology specialists;
- Market-leading (and vendor independent) technology experience;
- Tools, methodologies and accelerators to help you identify where to start and how to achieve your objectives in an efficient and effective manner;
- Deep Industry knowledge supported by Sector Specific EPM offerings;
- Global reach – with operations in 36 countries.
Client Success Stories — a few snapshots

Robust KPIs and Reporting
Capgemini worked with a FTSE-100 consumer products company to improve core areas of its EPM agenda. Robust KPIs and Reporting were defined across all functions to ensure a clear “line of sight” from strategic objectives through to operational activities, and also to specify the global standard reports to highlight variance from target performance. The Operating Model for Master Data Management was embedded to deliver a step change in the ability to consistently apply sales and marketing data across all its end markets.

Integrated Profitability Management
Capgemini is working with a leading UK distribution company to improve its capability in transparent, reliable and regular gross margin reporting. The programme is tackling issues in business behaviours, stock integrity, accounting and data consistency; this business is now using the reporting to highlight business opportunities and manage towards increased gross margin targets.

Integrated Business Planning
Capgemini worked with a global alcoholic drinks company, to develop its strategic and financial planning capabilities. The planning cycles have been aligned and linked formally, improving the quality of performance debate between the different business units. The cycles have also been significantly compressed and are supported by a new technology platform, improving the relevance of the business conversations and the cost of running the planning cycles.

Global BI Platform
Capgemini is working with one of the world’s biggest consumer products organisations in the multi-year implementation of a global BI platform. This major programme is providing the capability to manage the increasing globalisation of key categories and functional areas, while also supporting a change in the organisation’s operating model and facilitating global visibility and benchmarking.
Capgemini, one of the world's foremost providers of consulting, technology and outsourcing services, enables its clients to transform and perform through technologies. Capgemini provides its clients with insights and capabilities that boost their freedom to achieve superior results through a unique way of working, the Collaborative Business Experience®. The Group relies on its global delivery model called Rightshore®, which aims to get the right balance of the best talent from multiple locations, working as one team to create and deliver the optimum solution for clients. Present in more than 40 countries, Capgemini reported 2010 global revenues of EUR 8.7 billion and employs 110,000 people worldwide.

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