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Brian:

Welcome to this pod cast, Driving Performance With Metrics That Matter. I'm Brian Chaput, joining me today is Bob <Jewell>, IBM's worldwide director of portal solution sales and Steve Bauer, an IBM solutions sales leader. For some background every organization regardless of size has measures or metrics that they look to, to help them understand how they're performing. An on going challenge, however, is that most organizations are what we would say are data rich but information poor. Einstein himself was quoted as saying, that not everything that can be counted counts and not everything that counts can be counted. And what I really think he was trying to say is that data without context is just that, data, and not necessarily information.

What we are going to cover in the next few minutes, is an overview of how to potentially improve performance by delivering data in context as key performance information that drive the metrics important to the organization. So Bob, you talk with clients quite frequently, can you share some common challenges organizations are having related to performance improvement?

Bob:

I'd be glad to Brian. First of all, when I'm speaking with the organizations and more specifically with the executives and managers that run them, the bottom line is, they are trying to improve execution of their business and they are under increasing pressure to make better decisions and make those decisions faster. The problem they're facing is the data to make that decision as you pointed out, they have all the data but it's spread across the organization in multiple systems, multiple data sources and it's very difficult to get to. And what is happening is they're getting reports, static reports and then they're consolidating those into spreadsheets and the information is not timely. It's many times inaccurate because of the manual nature of some of the efforts that's going on and at the end of the day; they're not performing, not executing the business the way they would like.

Brian:

That's great, so to summarize what you've said. What you're finding is that most organizations may not be achieving their potential in terms of performance because they are challenged by the inability to get to the information and then the lack of real time insight and the ability to act upon it to take advantage of the information related to their key performance indicators and their corporate goals. So based on all that, what specifically do you advise clients to consider when helping them address that challenge?

Bob:

Well there are four specific areas that I focus on with customers when talking to them about improving the overall performance management. And the first is really, and they are doing this, it's to define the strategy and the vision of the organization and most companies have done that but they are having trouble communicating that throughout the

organization. The second is to identify clear measurable metrics or key performance indicators that will align with those strategies. And sometimes organizations even get to that point, but the third area is the one they start having the most difficulty with and that's once they define these metrics and objectives and goals, they have a real difficult time cascading that throughout the organization. So communicating the detailed elements to an individual level, not just the profit of an organization but how does my impact to that profit have an effect on the business, so what is my specific measurement, as Bob Jewel in the organization to the overall profit measurement. So I not only have communication of that metric but also the accountability for that particular metric. And finally, and probably the most important is the ability and really tools to help me measure where I am on my particular key performance indicators or metrics.

Bob:

So that seems very straight forward bob, thanks and while I want to get to the first two elements regarding the definition and alignment of goals and metrics and that's where the process starts, let's first talk a moment about the last two elements. You mentioned that the goals and metrics need to be widely communicated and that employees also need a tool to see, manage and act upon the key metrics related to those goals. What's that tool of choice?

Brian:

Well the tools that most companies are turning to are dashboards, some type of visual, visualization of the data in their organization. And we could point to surveys that actually show where over 5 billion dollars of investment are going in to performance dashboards in 2006 alone and it's going into organizations of all sizes not just large corporations but small and medium-sized businesses as well. The big change in the area of this visualization of the data or the dashboard is the ability to get this information real time and to get it roll-based and to have that information secure so it's not just a static view of my business, a historic view of my business, it's what's going on today and it's the parts of the business that are important to me based on my role in the organization.

Bob:

In fact, at IBM we've seen companies of all sizes and various industries benefit greatly from performance dashboards. In fact, one of those companies Transmontaine recently shared their perspective on their dashboard's success as part of their performance management process and a web cast for others to listen to. For some background, Transmontaine is headquartered in Denver, Colorado and they are a leading provider of supply chain and distribution services for oil, gas and chemical products. And they have revenues in excess of 8 billion dollars annually. As I mentioned with us today, is Steve Bauer from IBM who is very involved with the Transmontaine's success. Steve can you share with us an overview of the dashboard that Transmontaine has deployed to help improve business performance.

Steve Bauer:

Sure Brian, I would be happy to. As you can imagine, Transmontaine's business relies on complex logistics, so any efficiencies and improvements that they can realize in the

supply chain process, can help them perform better as an organization. One significant area that they wanted their focus on was the reporting of sales and distribution information, with the goal of being able to move it from a specialized after the fact reporting process, to more of an online real time process. As I mentioned in the recent web cast, in which they participated, they were able to accomplish that with a performance dashboard rapidly created and delivered with IBM's WebSphere portal and WebSphere dashboard framework solutions.

Brian:

Thanks for that quick overview Steve. So as you mentioned, their primary goal is one of moving away from static, what I heard to be labor intensive and specialized reporting. So how has addressing that challenge with the performance dashboard benefited Transmontaine?

Steve:

Brian they've benefited in many different ways, in fact in four major areas. First, they are maximizing revenue by eliminating missed and under billed accounts and they are also increasing customer services and satisfaction with faster response to these inquiries. Second, they are improving decision making with immediate access to accurate transactural information regarding customers, products, locations and other critical information. Another area in which they are benefiting is increasing productivity and efficiency and in fact they are saving this in a couple of different ways. First they are saving up to two hours per customer request and second they're decreasing the report compilation time by up to two hours per day. This is leaving more time for them to sell and service their customers.

Lastly, they are able to reduce the implementation costs and delivery time of these dashboards by using the IBM solution. Specifically Transmontaine was able to use their existing IT resources and pull performance data from their existing systems and deliver this valuable people performance information via these dashboards in just a matter of weeks.

Brian:

Steve thanks, those are certainly some compelling benefits. So Bob, getting back to the discussion at hand, Transmontaine is one of many organizations improving performance with real time dashboards because they did what you mentioned earlier as a key facet of the process. They identified key corporate goals of customer satisfaction and improved efficiency and then employed a system of real time metrics and a dashboard that will align with those goals.

Bob:

That's right Brian and as you remember those are the first two things. It was necessary for the company to define the vision and strategy for the organization and the concrete goals. And companies like Transmontaine have done that and then they've given the right tool to the employees, in this case the dashboard, that really allows them to have a complete view of the business operation that they are responsible for and the key metrics

and they can now in real time understand the performance measurement that they need to monitor their business area.

Brian:

Yes, so to give another example and playing off what Transmontaine actually was able to accomplish, is the process for defining metrics that matter really starts with the definition of a key corporate goal or goals and the good news is that most organizations already have these. For example, one might be customer satisfaction. The next step then in the process would be to define each goal is measured and that is, you know what are the metrics? So for customer satisfaction, one metric might be on time delivery and another might be product quality and once those metrics are identified then the next step would be to define the drivers or what we would call the key performance indicators or KPIs. So to continue our example, one KPI might be manufacturing cycle time since it impacts on time delivery which in turn impacts customer satisfaction. The last part of course is to determine, you know where is the data that resides to drive the informational KPI and we've seen that in organizations, it might come from any number of sources such as an ERP system or a database, maybe a legacy in-house built application or a spreadsheet. You know any number of sources of that information can exist.

Bob:

That's right Brian. Taking this approach and really communicating it visually, while providing the tools to collaborate and take action at the greatest point of impact. What that means, that point of impact is when the problem occurs, so I can take action when I see the problem occurring today if that's when it is, not next week by getting a report that tells me when it happened. And the other key thing is now being able to have that data and then collaborate with my colleagues, my other employees to help solve the problem. So everyone in the organization is able to visualize and see the information that's important but how it relates to everyone else in the organization, so as in the case of Transmontaine and others, it's the complete operational perspective that everyone gets and keeps everyone on the same page but able to work on problems as they occur.

Brian:

That's great Bob and thanks for your overview and your system and process of how organizations need to look at how they are performing and some possible solutions to that that are on dashboards to help them with that. I'm sure our listeners found this brief overview of how to drive performance with metrics that matter and your specific insight in how to get started very enlightening. For those listeners, for more information about the IBM solution employed by Transmontaine and others, as well as additional customer successes, I would encourage you to visit IBM on the web at www.ibm.com/lotus/activeinsight. Thank you all for listening.