

HOW dashboards CAN CHANGE YOUR CULTURE

Companies become performance-accountable organizations.

BY COLIN DOVER

The right technology can tell you how your business is performing at any moment. That technology produces dashboards, which can ultimately change the culture of your business by transforming it into a performance-accountable company. A company begins to become a performance-accountable organization when management commits to increasing each person's knowledge and understanding of what drives performance: What is the potential impact of a planned acquisition on our balance sheet? Can our existing inventory cover our forecast? How do current sales compare to our forecasts and forecasts to plans?

Dashboards provide such insights that let individuals see the big picture and, more importantly, understand the impact of their actions on the rest of the company. When dashboards were introduced a few years ago (they actually derive from the old executive information systems of the 1980s), only high-level executives had access to them to see how the business was performing. Now many companies are requiring several levels of employees to use them as measurement tools.

Business intelligence is all about getting the right information in front of key users at the most valuable time. To do this, dashboard software delivers at-a-glance summaries presented in a highly visual and intuitive format so managers can monitor progress toward goals. Because their attention is directed to the most important information they should monitor, managers can quickly identify problem areas and take corrective action. Immediacy is a crucial supporting element of any successful dashboard since users can only take the right action when they have timely information.

Let's take a closer look at dashboards, questions you should ask in a discovery stage before implementing dashboards, tying incentives to performance, and examples from companies that use dashboards.

WHY DASHBOARDS?

An article on dashboards might be an unlikely place for a discussion on ant colonies, yet it's a great way to think about this powerful performance metric and the impact it has on a company's culture. Ants have an innate concept of collaboration in the workplace; they all have a common understanding to work as a team. Each ant also has an apparent appreciation for what its role is within that group, so all are able to conceptualize working toward the same common goal.

Dashboards allow employees to operate like an ant colony. Each employee receives a goal, uses a dashboard to understand the context of his or her role, then uses the dashboard again to measure his/her individual performance against that context. If one of the worker ants is disabled in the colony, there's no loss in time or productivity because all of the other ants understand the common goal and where the other ant left off. There's an implicit sense of load balancing. Dashboards create that sense throughout an organization. If implemented in the right way with usable triggers, alerts, and perceptions, they let every member of the group understand and work toward the common goals.

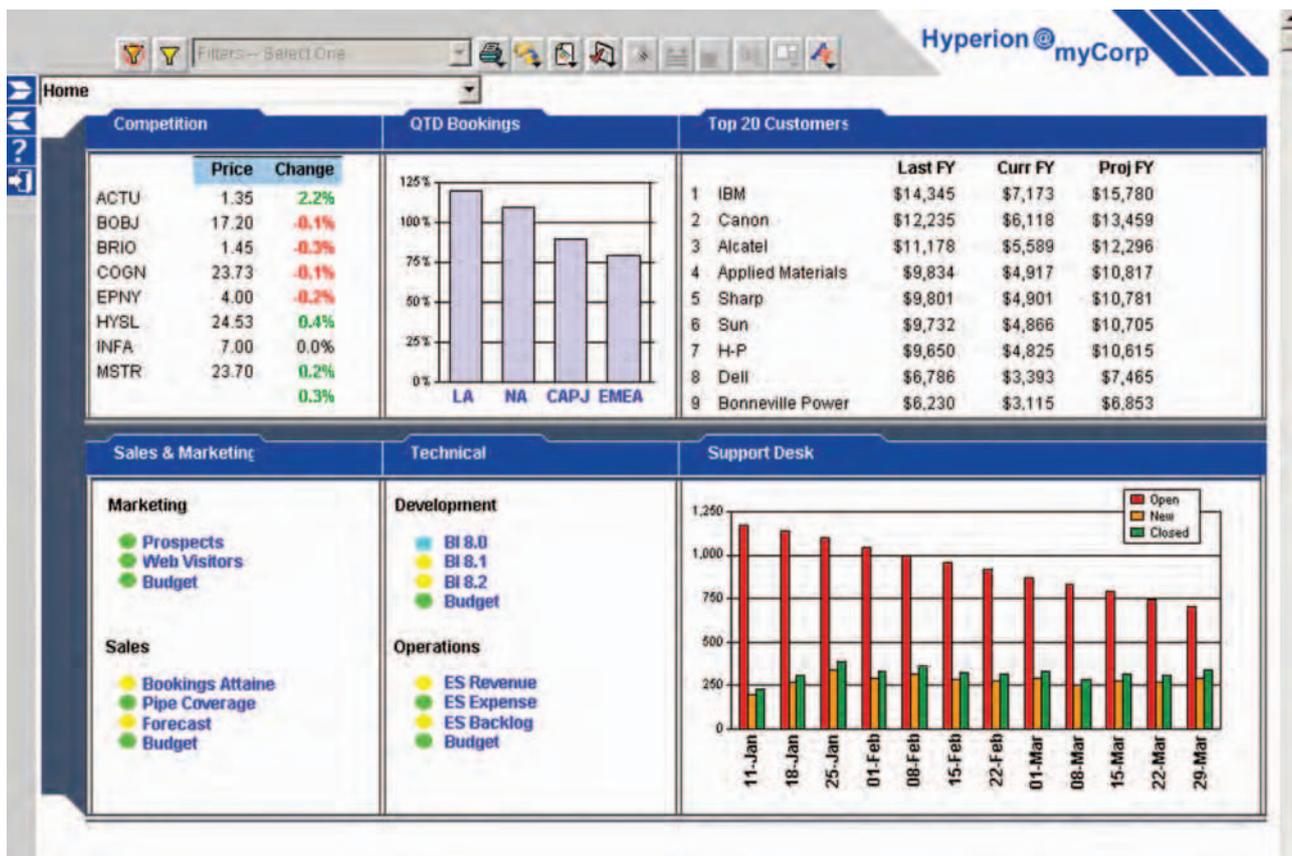
To empower both managers and knowledge workers to

make the most effective decisions and improve performance, dashboards rely on measurable data and metrics of key performance indicators (KPIs), which are quantifiable statistics that executives and managers use to see how the business is doing. For example, a company might want to know the percentage of income that comes from repeat customers, the percentage of customer calls answered in the first minute, or the number of product units that are rejected by a quality inspection. The data comes from multiple systems and is brought together through a set of integration technologies that companies may already have, including online analytical processing (OLAP), query and reporting, ad-hoc analysis, data integration, and application development tools. Integrating these technologies provides a common view of data from transactional applications—such as billing, collections, manufacturing, sales force automation, and call center—and from data warehouses, spreadsheets, flat files, and Web logs. This view ensures that all managers have access to a single version of the truth.

When implemented properly, dashboards:

- ◆ Provide executives and key decision makers with a relevant overview of data drillable down to the granular level in a context that clearly shows what's driving their business performance.
- ◆ Enable executives to align resources, creating a nimble organization that can respond quickly to change and drive a culture of transparency and accountability.
- ◆ Provide a framework that lets users begin at a summary level and navigate in an iterative fashion to quickly prioritize actions required to improve business performance.
- ◆ Enable proactive responses across departments, and enable managers to adjust operating activity to respond to the impact of performance vs. plans and forecasts.
- ◆ Provide a consistent view of key performance areas across departments and business units in order to spot trends early, detect variances, and prioritize issues to facilitate corrective action.
- ◆ Enable employees to view them at all times—even when the user is offline, in the field, or on a plane.

Of course, dashboards have different degrees of deployment—anything from a single view in four easy measures of the health and wealth of the business right down to the alignment of appropriate resources to requirement, meaning that a company can use a dashboard to assess whether it has the appropriate resources to address company requirements for success. An underpinning value is that they readily reflect the state of an



This dashboard shows operational performance—from sales performance through bookings results to top customer revenue (top). The bottom left and center of the dashboard show departmental metrics through threshold alerts (green, yellow or red—if there is a problem area). The bottom right monitors support calls and how the company has closed on them. This is a centralized view into different types of information so that the user can get an immediate sense of what's happening in the organization. Everything in the dashboard relates to actions, which means that users can drill into more detail to get a clearer picture of business issues. Then, if necessary, they can take corrective action.

organization. While it's very easy to look at a P&L, it's just as easy to show the direct connection in the business that relates to increased or decreased profitability. In fact, when fed with the right analytical data, a dashboard can deliver such results immediately. (Note, though, that while the user may receive results immediately, the data may not be "real time" or instantaneous—the age of the data depends on the reporting parameters set into the dashboard during the implementation phase.)

An example of a different kind of deployment would be a talent-management-focused dashboard that can match the right people with the right skills to the right place within an organization. This type of application will reveal where latent skills exist within individuals who have been assigned to different tasks. For example, in a hospital environment, a pediatric nurse might have skills that the oncology department could use. By designing the dashboard with the right exceptions and alerts, compa-

nies can take existing staff profiles and match them to internal headcount requirements, thereby using the people they already have more effectively. (For an example of a company-wide deployment, see "Dashboards Energize Employees.")

FROM INFORMATION OVERLOAD TO DATA AT YOUR FINGERTIPS

Organizations depend on multiple people and information sources to understand the state of the business, and without tools such as dashboards they may waste time gathering reports that contain duplicate and/or incomplete information. Because of this disparate information, organizations have an inconsistent view of operating performance since current tools for performance monitoring often require managers to search for information in multiple sources and compile it themselves. The result? They lack relevant, timely insights, and that delays diagnosis of

dashboards

ENERGIZE EMPLOYEES

At one energy company, employees at all levels interact with a Growth Through Excellence report via an intuitive dashboard in order to improve operations, increase sales, reduce expenses, and improve repair call efficiency. Ever since the program became part of their culture, the company has been seeing positive results.

For example, they achieved material savings by reducing repeat repair calls.

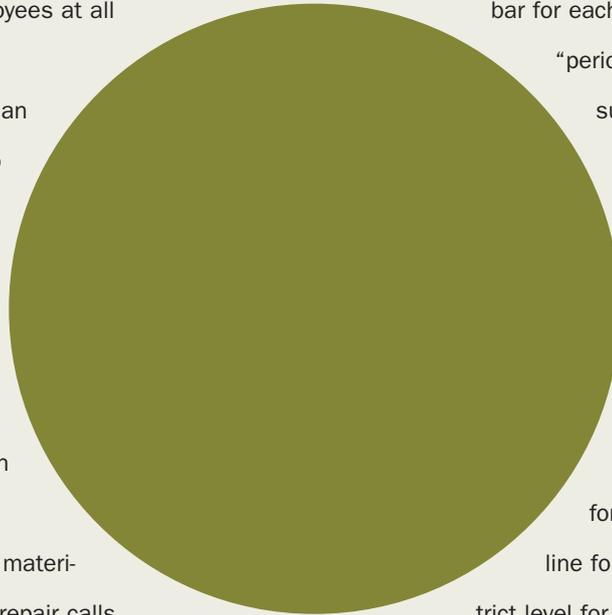
With more than 600,000 repair calls annually and an opportunity cost of approximately \$200 for each repeat call, reducing these calls was critical. Over eight months, repair calls were reduced 2.82%. With a savings of \$1.3 million, the company can attribute at least 2% directly to the dashboard and the management initiatives derived from the data. Here's a closer look at how this energy company uses their Growth Through Excellence dashboard.

By clicking selections from drop-down boxes, users are able to explore data by KPI measure, time period, location, and employee. The dashboard includes two automatic charts, one that displays trend data and another that displays Pareto, or peer comparison, data. The trend chart displays the selected KPI measure by business quarter on a weekly basis (i.e., one vertical

bar for each week) and includes a "period-to-date" bar, which is a summation of all data for the selected business quarter. The trend chart also has a target line that corresponds to the target value associated with each KPI measure. The Pareto chart ranks employee performance (i.e., one vertical line for each employee) at the district level for the business quarter.

The Growth Through Excellence dashboard has improved operations and customer service throughout the company. Now there are 400 to 500 hits per month, thus demonstrating the importance of the dashboard to company operations. For example, districts improve performance by using reports that measure their performance against other districts, and managers see how employees rate against one another and against staff in other districts. Managers can focus on improving the skills of technicians who need this help and showcase outstanding technicians as examples.

The company also has applied the component design of this application across other projects. This reusability of design has decreased design time, and therefore cost, on the other projects.



and response to problems. Monthly fire drills to support executive requests for information are particularly disruptive.

To move from such an information-overload environment to a dashboard environment requires the following business drivers to be present:

- ◆ A need to align business strategies to ensure accountability throughout the organization.
- ◆ Information overload and the need to manage by exception, which implies that managers give general guidance to subordinates and then require that only changes from the agreed-to plans have to be communicated.
- ◆ A desire to focus the organization on targeted financial and operational metrics that both reflect and affect business performance.

Dashboards drive a culture of transparency—and accountability—throughout the organization because they monitor progress toward achieving corporate, department, or individual goals. Since employees at all levels use dashboards, those with little technical knowledge can get the information they need without calling the IT help desk.

In this type of culture, managers have the opportunity to make their own decisions and act quickly based on the information they can access via their dashboard. By using dashboards that contain operational summaries and by being able to drill to granular-level detail, managers can intervene quickly when things go awry and also highlight long-term opportunities almost immediately.

Take a bank's global ATM network, for instance. Information around a particular ATM won't be useful if it appears in a report the next week. It needs to show up with a simple click on the dashboard at 4 p.m. before the Friday evening rush. Dashboards can report with such immediacy. Prior to dashboards, the bank could lose multitudes of dollars in ATM transaction fees if they were unaware of an ATM outage for several days. Now they can be notified about a problem within several minutes.

At a higher level, dashboards give general managers, CFOs, and chief operating officers the information they need on demand without requiring a monthly barrage of analyst reports, PowerPoint presentations, and Excel files from their staffs. At a glance they can understand performance across departments and business units.

The job of the business analyst changes as well. Prior to dashboards, business analysts may have been tasked with reading more than 20 green bar reports per month to learn about profits by product, new quarterly customers,

and expenses across all business units. A dashboard mouse click provides a drill-down into underlying financial data. With this data, analysts can uncover trends in spending and make better cost recommendations.

THE DISCOVERY PROCESS

Before implementing such applications, a company must go through an initial discovery process to learn and evaluate the cultural changes that dashboards will have on its people as well as its business position. Because performance metrics delivered to individuals are ultimately aligned with the success of the business, they must be defined well. The big question is, "What motivates employees?" Without an investment in examining issues that drive employees, dashboards will be off target. A necessary part of the discovery process includes understanding these key drivers, the core translated goals of the organization, as well as unlinked departmental goals, linked departmental goals, and behavioral goals.

During this process, managers should consider three streams of thought regarding dashboards:

- ◆ It's imperative that managers and knowledge workers alike understand that dashboards are predominantly a data-delivery vehicle. Without such understanding, there's a danger that dashboards become a dumping ground for incongruous, unrelated, unlinked items that aren't tied to the overall business or to something that is contextually relevant to an individual.
- ◆ Where deployed appropriately, dashboards should help answer tough questions that organizations need to ask themselves, irrespective of department objectives. What does each person in each functional area need to do to support the individual business goal? How does an individual perform the role that ultimately drives performance at the top line? Where is the connection between an employee's individual role and the overall success of the company?
- ◆ In terms of data, what's the breadth of accessibility that will drive each dashboard? As mentioned, a dashboard is a delivery vehicle, but for what and from where? Dashboards succeed when managers have 100% accessibility into the data that feeds the application.

Cognizant knowledge of the impact of these dashboards will determine which approach to take while implementing them—slowly or all at once. It's also important for managers to decide which staff members need to see what information because users are often giv-

en far too much functionality; setting permission levels at the outset so people see only the data they need saves valuable time. In any good dashboard implementation, each user will be able to see only the data for which they have the specific access rights.

THE SECRET TO SUCCESS

As with other technologies, the powers of dashboards rely significantly on the success of user adoption. It comes down to how rapidly a critical mass of users will adopt the dashboard interface to perform their daily activities. A company can emphasize the importance of dashboards, but they are generally only as successful as their user acceptance rate. But once there's a successful initiation, dashboards take off. Dashboard users spread dashboard envy within their department and across the whole organization.

When implemented appropriately, dashboards can become a catalyst for stimulating performance-focused behavior within an organization. There are two ways to ease employees into the cultural changes. First, managers can drip feed the technology over a period of time, meaning the software becomes part of the user desktops, and soft training (seminars, electronic presentations, etc.) may be provided but won't be enforced. Second, a more effective implementation process might have the organization requiring dashboards as the corporate standard tool for viewing the business, for delivering critical messages to its employees, and for completing individual performance evaluations.

LINKING EMPLOYEE BEHAVIOR AND INCENTIVES

In the general sense, it's easy for employees to say they understand how their daily activities affect the company's overall success and profitability. Dashboards, however, quantify and qualify the activity-to-success ratios, creating a straight connection between employee behavior and incentives that directly impact individuals.

Rather than prod employees to become more productive, many companies tie individual performance to incentives directly related to their benefits, bonus, and compensation programs using dashboard metrics. When they become a motivational stimulant for employee accountability, dashboards drive individual employee performance.

Take an employee's personal compensation plan, for example. If 40% of the variable income is bonus based, a typical company will determine that bonus amount on intangible manager input. Dashboards bring much more

tangible elements to the employee success evaluation. With a clear view of top and bottom lines, a dashboard shows how each employee's activities directly relate to overall profitability as well as shareholder measures. This gives incentive programs much more meaning and creates urgency for the employees to develop goals for themselves that relate to the overall success of the business in order to guarantee their individual success as well.

WHY NOT USE OTHER PERFORMANCE METRICS?

While both dashboards and scorecards serve as primary vehicles for communicating performance management within an organization, dashboards drill down deeper into the company's bottom line. Scorecards primarily track personal measures, communicate goals and align organizational units, and establish accountability for actions, goals, and initiatives, all within a specific time period.

Data highlighted within dashboards spans financial and operational measures, usually in the context of planned and/or expected performance levels. Dashboards truly allow companies a more intuitive perspective because of the enhanced graphical display of data-driven performance information that provides visibility into both current and historical activity. Dashboards leverage disparate data sources and bring the data to the dashboard to broadly distribute relevant business information.

And when used with a powerful analytic engine, dashboards get the right information in front of key users at the most valuable time—a key principle in business intelligence. To achieve their goals, managers first must understand the cultural effects on personnel by going through the discovery process. Then they must choose good performance indicators, which must ultimately align with the success of the business. For example, if the goal is to increase sales, the measure would be number of units sold or dollar value of sales. Dashboards ultimately can be among the highest-ROI solutions an organization can implement because they allow the company to unify all of its measures across systems and empower users to do tasks they couldn't do otherwise—all in a very cost-effective manner. ■

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