

Gauge performance by the dashboard? (Optimal Finance). (business software innovations)

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SPEEDOMETERS, ODOMETERS, AND GAS GAUGES ARE USEFUL, BUT WHAT IF your vehicle's dashboard tracked your car's up-to-the-minute resale value or prioritized repairs based on the degree to which each task would improve the vehicle's performance? That might be a car worth its sticker price, but only if the rest of its parts, particularly its engine, also functioned smoothly.

Lifting a page from automakers' design books, business intelligence (BI), business performance management (BPM), and ERP vendors are fitting their latest applications with sophisticated dashboards that deliver business-critical information from back-end systems to the managers who drive organizational performance. Executive dashboards represent the top-level, graphical interface of a system that depends on a deep supply of other working components, particularly a company's financial systems, to enrich the intelligence managers and executives use to make decisions.

In practice, the current crop of dashboards that are available can provide sharper and more convenient visibility into factors--ranging from profitability to customer satisfaction--on which monthly, quarterly, annual, and long-term corporate performance hinges.

Delivering that information requires an orderly information systems infrastructure. Yet, even when that order exists, dashboards hit speed bumps, such as the challenge of delivering the right information, in exactly the right amount, to the appropriate decision maker. While implementing the highly customizable dashboard functionality contained in OutlookSoft Corp.'s BPM solution last year, executives at Reckman Coulter Inc., a \$2 billion laboratory equipment manufacturer based in Fullerton, Calif., encountered that challenge.

"During one of our early attempts to implement a dashboard, an employee said, "This is a great tool, but it's kind of like trying to take a drink of water from a fire hose,"" says Gary Willenbrecht, senior manager for worldwide planning and analysis in the diagnostics division of Beckman Coulter. "If you don't properly design the high-level indicators, senior executives will feel like too much information is being thrown at them."

Balance via Scorecards

That problem rarely surfaced before the explosion of Internet technology. The precursor to the executive dashboard--executive information systems (EIS)--emerged in the 1980s. In the 1990s, data warehouses and online analytical processing (OLAP) improved upon the analytics capabilities EIS sought to deliver. But these tools usually required that users navigate the data to find the necessary information. A more recent fixation on metrics and technology ROI has inspired wider acceptance of Robert S. Kaplan and David P. Norton's Balanced Scorecard methodology, the notion the duo launched in 1992 of weaving together measurement and management systems. As a result, generic scorecarding methodology--strategic performance objectives distilled into key performance indicators (KPIs) that are given a stoplight color depending on their real-time progress--now forms the core of executive dashboard functionality. Most recently, role-based executive dashboards have reached deeper into organizations. Divisional vice presidents, leaders of functions, and product

managers can use the same type of capability to access information tailored to their specific decision-making needs.

Dashboards also count as aggressively marketed functionality within new solutions. PeopleSoft this month launched its investor portal, which helps automate complicated financial reporting and governance processes, such as the creation and approval of the IOQ, through premapped processes. In that case, dashboard users can gauge 15 KPIs that PeopleSoft, based on its analysis of client companies and best practice companies, has identified as pivotal factors in completing the financial reporting process in compliance with Sarbanes-Oxley.

In or Out of the Box

PeopleSoft, Oracle, and other ERP vendors promote the fact that their solutions--or "portals" (PeopleSoft, for example, considers its dashboard functionality the top-third layer of its portal solution, which also provide access to transactional systems so that users can rectify problems when red lights arise)--contain "metrics out of the box" that require minimal customization, but enough flexibility that users can add new metrics that relate to unique needs. Oracle positions its dashboard functionality against ERP competitors by promoting the metrics and intelligence it delivers as part and parcel of its transactional systems, negating the need for a top layer of functionality to extract data.

"The lowest-common denominator is going to be financial data, but I also believe that most businesses want to understand some key metrics around their operations, which just aren't held in financial systems," says John Hagerty, vice president with AMR Research in Boston.

Manufacturers need to gauge the status of backlogs and orders. Financial services firms need to track customer satisfaction. "Dashboards are really an accumulation of all different types of data," Hagerty adds.

Willenbrecht agrees, noting that the focus of Beckman Coulter's new dashboard initiative has centered on financial metrics. "But we're having a lot of discussion about non-financial metrics, headcount ratios, for example," he says. "And we want to develop productivity and efficiency metrics."

Beckman Coulter gravitated to OutlookSoft's Excel-based solution in part because of the dashboard flexibility it offered and the way it leverages existing technology, such as the Internet and the prevalence of Excel throughout the company's operations in 40 countries. Like other cross-enterprise functionality and applications, a company's preference for dashboard solution types depends on its existing infrastructure. A company with a consolidated ERP system would likely rely on its ERP vendor, or a database or platform vendor that can pull data from the ERP database. Companies with a less unified transactional environment may be more inclined to invest in dashboard functionality from a BI or BPM vendor.

Regardless of which route a company chooses, the value of dashboard functionality translates to better strategic decision-making capabilities. When a Beckman Coulter vice president of commercial operations sees a declining trend graph or a red box on his dashboard during an operations review,

the vice president uses the dashboard to determine why it exists and then executes a plan to correct the problem.

Willenbrecht also reports that the dashboard capability helped the company leave three senior financial analyst positions unfilled as those vacancies arose during 2002.

Prior to dashboards and the scorecard methodology they now employ, "only the heavy-duty finance guys and the CEO tended to understand the complete bottom-line impact of key decisions," says Eric Chriss, a San Diego-based partner with Tatum CFO Partners, LLP, a partnership that operates like the corporate finance equivalent of a national law firm.

Its BluePlan model is an Excel-based tool that provides key performance metrics, what-if scenarios, and progress reports to decision makers. Tatum's Chriss says that a central benefit of BluePlan and its dashboard functionality is that non-finance managers and important individuals outside the organization (venture capitalists, for example) "can more quickly and more easily understand what the CEO and the CFO already know like the back of their hands."

It is notable that the first application a firm bulging with corporate finance expertise developed and trademarked centers on dashboard functionality. Similar thinking inspired PeopleSoft's marketing mantra for its portal products: "Make everyone a CFO." The idea is to equip more managers to see, think, and act like chief financial officers within their domains.

But technical functionality, no matter how sophisticated, only travels so far. Even with the advent of digital gas gauges that show how many miles, down to the tenth, an engine will continue firing before conking out, Triple-A's roadside assistance service remains busy. The final decision to stop for gas, cut off a line of credit, or invest more in a product line still ultimately depends on the judgment of your drivers.

Sidebar:

EXECUTIVE DASHBOARD FUNCTIONALITY seeks to prune and prioritize the glut of information deluging key decision makers--as evidenced by the glut of vendors offering the functionality. Barbara Brahmstedt, vice president, services for BPM Partners Inc., in Stamford, Conn., organizes the functional space into three categories or capabilities. Executive dashboards, she notes, provide a convenient graphical representation (charts, maps, links, and graphs) of financial and non-financial KPIs and relay how they're tracking with predefined objectives. Performance scorecards, which unlike dashboard tend to be bidirectional, use dashboards to deliver standardized measurement capabilities such as Balanced Scorecard, Six Sigma, and ISO 9000. Corporate portals Brahmstedt notes, are Web-based entry points that usually provide access to executive dashboards, performance scorecards, and other information. BPM Partners provides an industry-specific executive dashboard solution to several verticals. Other solutions with dashboard functionality are industry agnostic but platform-specific (such as the large ERP vendors). Some solutions, from vendors such as Cognos and Hyperion, contain database-specific dashboards. And still other vendors, such as Computer Associates and CorVu, offer solutions with dashboard functionality that pull data regardless of the type of industry, platform, or database it occupies.

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