PERFORMANCE REPORTING
AN EYE ON THE FACTS

A KPMG and ACCA Thought Leadership Report
ABOUT THE RESEARCH

This global report is the second of three pieces of research that have been jointly commissioned by ACCA and KPMG in the UK to evaluate how the Enterprise Performance Management (EPM)* capability within Finance functions is providing the Chief Financial Officer (CFO) with the appropriate people, processes and technology to deliver effective and efficient Performance Reporting.

The data used in the report is from a survey which was conducted between 11th September 2015 and 28th September 2015, and represents the views of over 1,100 Finance professionals from more than 50 countries. Whilst employees from organisations of all sizes participated in the survey, over 60 percent were from organisations with over 1,000 employees with annual turnover of at least US$100m.

*Enterprise Performance Management (EPM) consists of Planning, Budgeting & Forecasting Performance Reporting and Dimensional Profitability (including costing)
INTRODUCTION TO PERFORMANCE REPORTING

The ACCA and KPMG in the UK share a view that Performance Reporting should be developed within a performance management framework which collectively organisations can use to convert data into insightful, relevant and timely management information that is at the kernel of supporting fact-based decision making.
There must be a focus on collecting the data that really matters to the organisation – i.e. what is the right data to support an integrated set of defined key performance indicators.

In addition, data quality is imperative, and is the bedrock upon which a Performance Reporting capability should be built, ensuring that there is absolute trust in the data provided to the business.

It is also essential that this data is supported by a robust governance structure to ensure integrity in the data is maintained on a sustainable basis.

The management team needs performance information which is consistent, controlled, timely, relevant, complete and delivered in a cost-efficient manner.

How the Finance function is structured, and how efficiently and effectively it delivers its Performance Reporting capability, will determine success.

The ultimate goal of Performance Reporting is increased speed and quality of decision making in the business to deliver a sustainable competitive advantage.

The skills and behaviours that Finance professionals bring, and the provision of appropriate technologies to support them, form the essential groundwork to achieving this step change in performance.
BUILD THE RIGHT DATA AND GOVERNANCE FOUNDATION

Q1a. How often is internal benchmarking used to compare current performance across the organisation?

- Daily: 3%
- Weekly: 6%
- Monthly: 42%
- Annually: 16%
- Ad-hoc: 18%
- Don’t know: 11%
- Never: 3%

Q1b. How often is external benchmarking used to compare current performance against peers?

- Daily: 1%
- Weekly: 2%
- Monthly: 16%
- Annually: 26%
- Ad-hoc: 28%
- Don’t know: 18%
- Never: 9%

Q2. Which one of the following do you feel is the biggest impediment to the effective and efficient use of external data in the reporting process?

- Data structures including quality and volume of data: 36%
- Culture takes top-down decision regardless of what the data shows: 27%
- Cost: 12%
- Technology landscape: 9%
- No perceived benefit: 7%
- Don’t Know: 9%

OVER 71 PERCENT BELIEVE THEIR ORGANISATION APPLIES A COMMON SET OF KPIs CONSISTENTLY

ALMOST 40 PERCENT OF RESPONDENTS BELIEVE DECISIONS ARE BASED ON ‘GUT FEEL’

AVOID THE SNAKES AND LADDERS OF PERFORMANCE REPORTING

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MEASURE WHAT MATTERS

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KEY ACTIONS TO BUILD THE RIGHT DATA AND GOVERNANCE FOUNDATION

USE THE RIGHT MEASURES
The measures increasingly need to change to reflect the faster pace of business and to combine a mix of internal and external data. Always ensure the measures continue to reflect the strategy of the business, and are a mix of leading and lagging indicators.

GET THE STRUCTURES RIGHT
Ensuring the data structures are consistent and scalable is critical. Getting these right means the business always has comparable measures and is also able to continually expand the structure as the data requirements grow with the business, instead of wasting time with manually reworking the data.

MANAGE DATA CONSISTENTLY AND SUSTAINABLY
Use robust governance structures deployed in a pragmatic way to manage your data standards consistently.

DEFINE YOUR INFORMATION REQUIREMENTS
Focus on defining the information requirements prior to developing a data model, associated governance or deploying any new enabling technology.

USE EXTERNAL COMPARATORS SUSTAINABLY
This powerful tool can support decisions on investing resource. Look to integrate comparators as part of business as usual rather than a one-off or purely cyclical exercise.
STRUCTURE THE DELIVERY MODEL FOR SUCCESS

Q3. What is your current delivery model for the reporting process? i.e. how does your organisation deliver performance reporting?

- Local BU/Group: 73%
- Captive Shared Service Centre: 17%
- Captive Centre of Excellence: 7%
- Outsource Provider: 4%

Q4. What do you believe is the most efficient and effective delivery model for delivering performance reporting?

- Local BU/Group: 54%
- Captive Shared Service Centre: 20%
- Captive Centre of Excellence: 19%
- Outsource Provider: 7%

Q5. What do you think are the primary reasons for organisations using predominantly onsite personnel to deliver performance reports rather than offshore solutions?

- Data security: 25%
- Upfront cost: 19%
- Potential loss of IP: 15%
- Culture change: 15%
- Previous transformations not delivered expected benefit: 10%
- Don't know: 4%

Q6. Finance staff involved in performance reporting are principally seen by the organisation as...

- Gatekeepers of data: 18%
- Provider of basic financial analysis: 38%
- Business partner but only for internal meetings: 26%
- Business partner for all meetings (incl. with customers/3rd parties): 15%
- Don't know: 3%
KEY ACTIONS TO STRUCTURE THE DELIVERY MODEL FOR SUCCESS

1. BUILD THE RIGHT DATA AND GOVERNANCE FOUNDATION

2. STRUCTURE THE DELIVERY MODEL FOR SUCCESS

3. EMPOWER FINANCE PROFESSIONALS TO COLLABORATE WITH THE BUSINESS EFFECTIVELY

SET THE TONE AT THE TOP
Ensuring the right tone from the top is critical. Without a clear perception that Finance can add value through Performance Reporting insights and the data they control, organisations will struggle to maximise the benefit of their investments across the delivery model, process and their people.

MONITOR REPORTING DELIVERY
Shadow organisations appear when trust breaks down between areas of the business, i.e. local Finance and SSCs / CoEs. They are not a solution, they are duplication. Organisations need to monitor where information is coming from to ensure it complies with the delivery model and where it does not they need to solve the problem at source.

LEVERAGE THE RIGHT LOCATIONS
Location analysis for Shared Services and Centre of Excellence is traditionally driven by cost saving requirements. However capability, scalability and cultural fit with the organisation must be considered equally alongside cost efficiency targets, whether it is captive or outsourced.

DEMONSTRATE SECURITY TO BREED TRUST
Finance will be one of the first to understand the cost-benefit case of offshoring. However, to prevent Finance viewing the process as a risk, organisations need to demonstrate the controls in place for information security.
EMPOWER FINANCE PROFESSIONALS TO COLLABORATE WITH THE BUSINESS EFFECTIVELY

Q7. How much training is provided to staff to help them understand the process/tools behind Performance Reporting and the level of influence it has on the success of the wider business?

- None: 9%
- Informal training for new joiners: 23%
- Informal training for all staff: 23%
- Formal training for tools only: 20%
- Formal training to understand wider impact in organisation: 20%
- Don’t Know: 5%

Q8. Has your organisation invested in a specific reporting application? (not Excel)

- No: 21%
- Yes, and application has delivered benefits as expected: 30%
- Yes, but application has not delivered all benefits: 36%
- Yes, but application has not delivered any benefits: 6%
- Don’t Know: 7%

Q9. How are your reports delivered and viewed? Please tick all that apply.

- Face to Face meeting: 21%
- Directly in an email: 24%
- Excel / PPT doc: 29%
- Reporting tool: 20%
- Tablet/mobile application: 5%
- Don’t know: 1%
KEY ACTIONS TO EMPOWER FINANCE PROFESSIONALS TO COLLABORATE WITH THE BUSINESS EFFECTIVELY

1. BUILD THE RIGHT DATA AND GOVERNANCE FOUNDATION
2. STRUCTURE THE DELIVERY MODEL FOR SUCCESS
3. EMPOWER FINANCE PROFESSIONALS TO COLLABORATE WITH THE BUSINESS EFFECTIVELY

REMOVE THE TRANSACTIONAL BURDEN
Empower retained Finance to partner effectively with the business by removing the burden of transactional activity, such as data extraction and month-end close.

TRAIN FINANCE OF THE FUTURE, NOT THE PAST
Training programmes for retained Finance should not focus heavily on the technical/transactional Finance processes that does not form a large part of their day job.
Training should instead be focused on softer skills such as communication and stakeholder management, as well as on-the-job training for aspects such as commercial acumen.

ENCOURAGE FINANCE TO “STEP OUT INTO THE FIELD”
Retained Finance must be encouraged to remove themselves from their transactional roots and join their colleagues in the field, playing an active role in meetings with suppliers, customers, contractors etc.
This should be enabled by mobile reporting solutions and cloud-based technology.

INVEST IN APPROPRIATE ENABLING TECHNOLOGY
Invest in reporting technologies that assist with data analysis and interpretation, allowing Finance to showcase their analytical skills and become more influential as business partners.
Ensure that the right technology is selected which matches your delivery model – i.e. ensure that technology can incorporate elements of SSCs, CoEs or outsourcing reporting delivery models.
WRAP UP