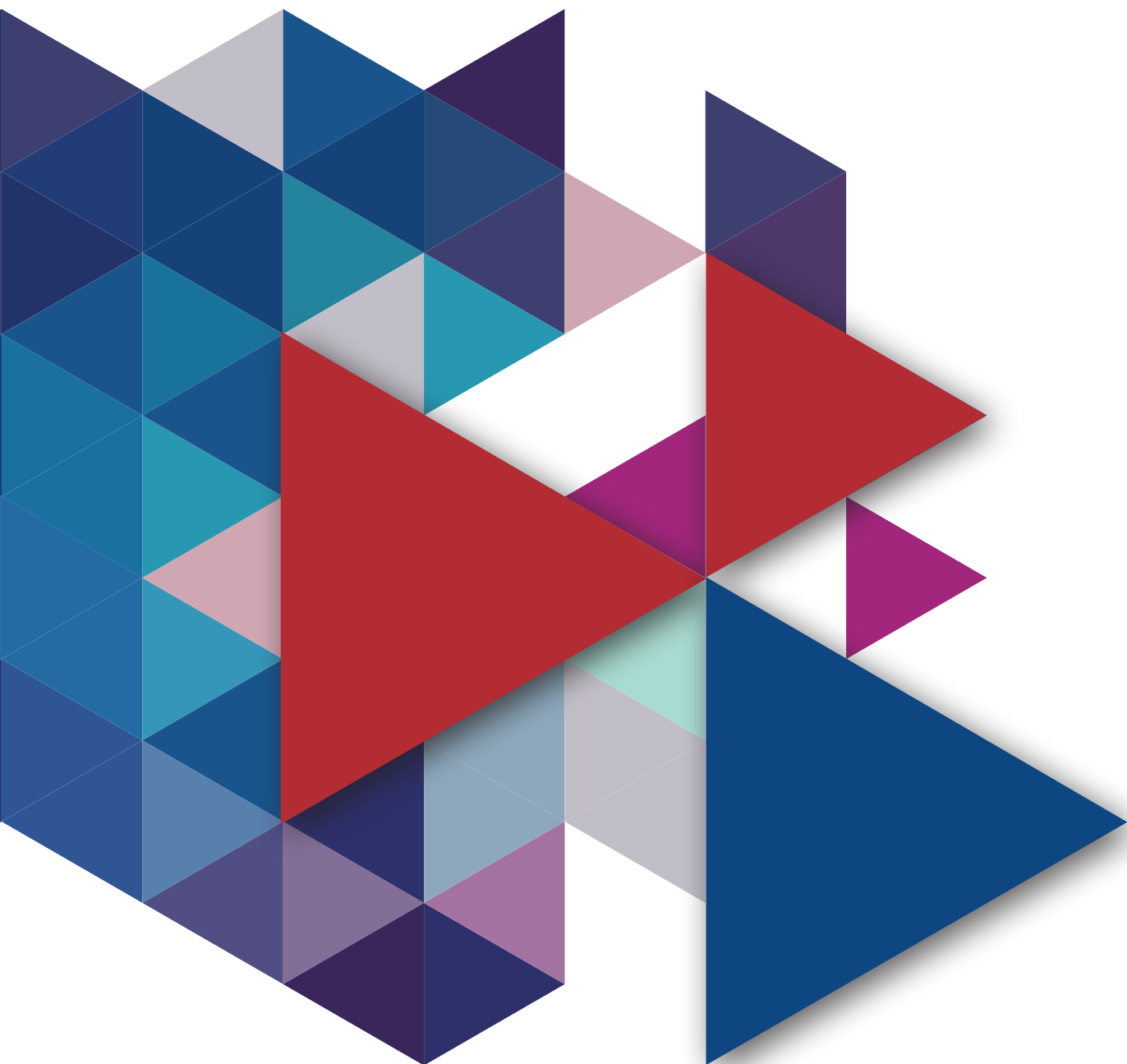


Beyond Strategy Execution ▶





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01

The world's first strategy execution system.

CorPeuM has been specifically designed to focus on strategy execution in today's complex, fast changing business environment. It possesses the attributes of a modern BI/CPM solution in that it is multidimensional in nature; is financially intelligent; can handle a mixture of financial and statistical measures; is multi-user where users are controlled in terms of their access and data manipulation capabilities; has named-based rules for generating analyses with integrity; and supports unlimited numbers of business dimensions, members and supporting structures. However, the way this has been put together and the additional capabilities that have been added, sets CorPeuM apart from other CPM applications. It's why we describe CorPeuM as the world's first strategy execution system. The following sections cover those differences and explains why they are critical for an effective strategy execution application.



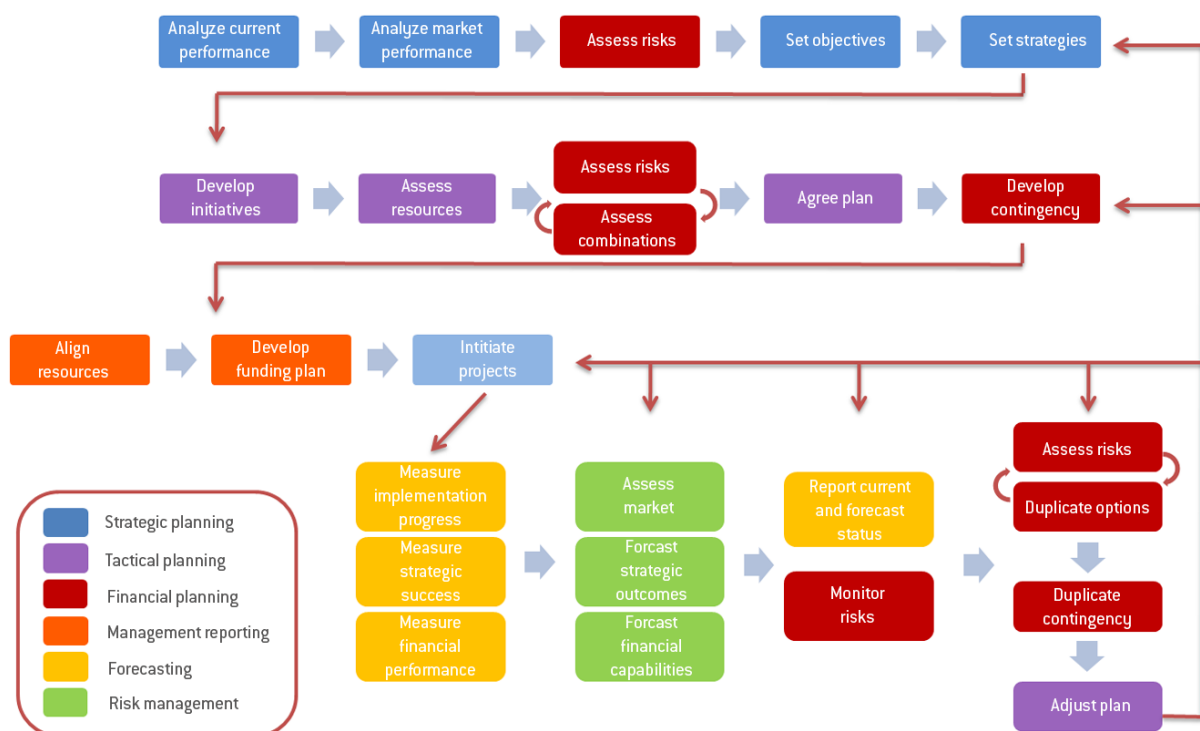
Benefit



CorPeuM provides a single integrated environment where all the components required to manage the execution of strategy can be defined and operated as a single application. No other software is required.

The complete solution:

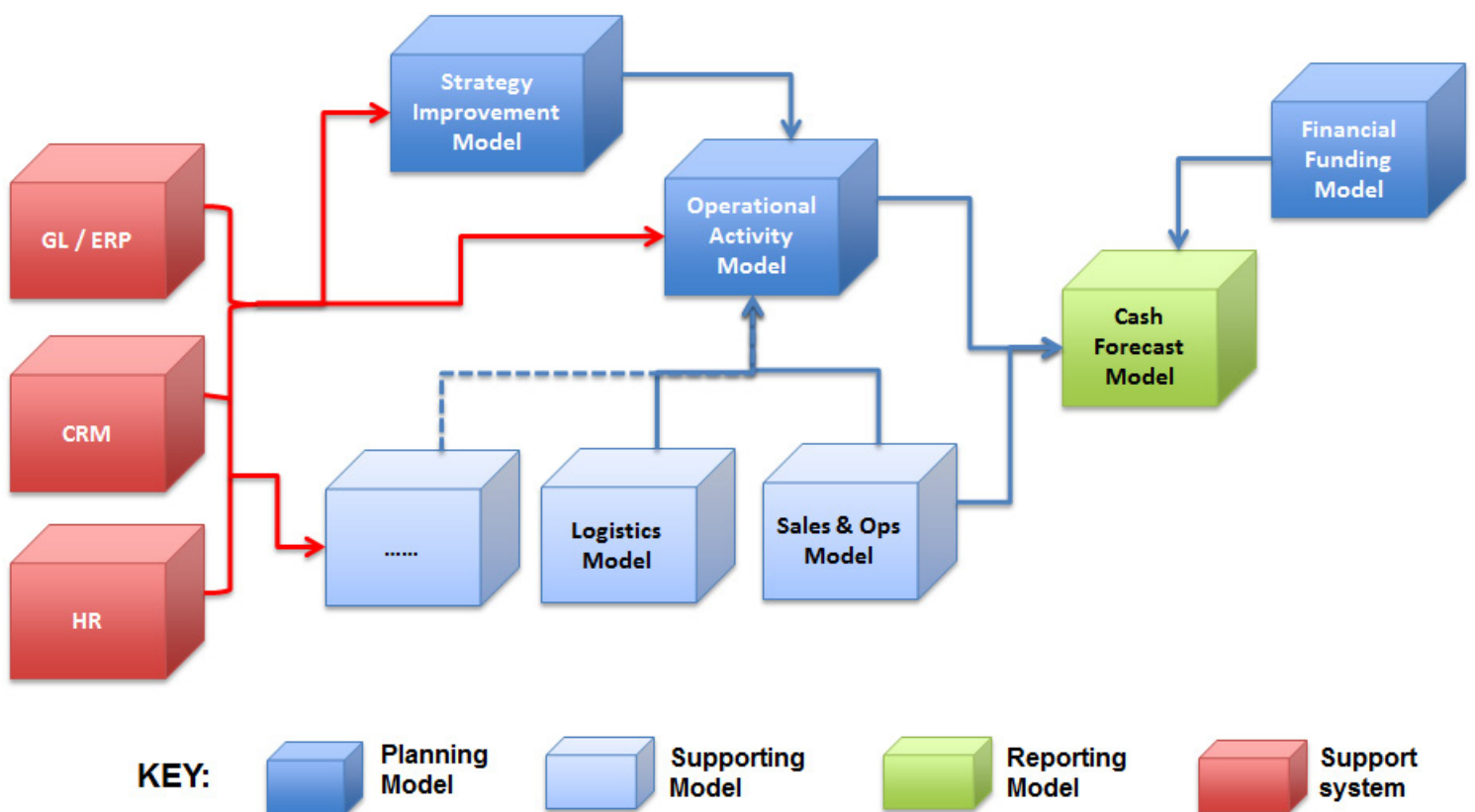
Strategy execution is not a dashboard or a planning and reporting application. It's far more than that as it has to cover all the processes involved in managing performance. These are typically seen and often implemented as the six distinct processes of Strategic Planning, Tactical Planning, Financial Planning, Forecasting, Management Reporting, and Risk Management. However, as the following graphic shows, these processes consist of a number of interconnected sub-processes that together form the basis for managing performance.



None of these can be left out; they all require information from other areas, and it's only when they are configured to work as a single application can strategy be formulated and its execution managed. Which is why the CorPeuM platform has been built as a complete application rather than constructed from discrete components in the hope that they will fit together.

Integrated Planning Models

To plan and monitor execution, a number of interconnected models are required. For a manufacturer these models can be viewed as follows:



Benefit

CorPcuM provides a multi-cube architecture that enables the building of different models from standard components. These models automatically interact with each other and can be embellished with non-dimensional information such as supplier and customer payment terms that can then be used in reporting and analyses.



Key planning models and supporting management systems:

At the centre of the execution system is the Operational Activity Model that shows the relationship between activities, resources and outcomes for 'business as usual'. I.e. what is likely to happen if the organisation continues on its current course within the forecast business environment. Its primary aim is to support the allocation of resources and provide an assessment of whether the resources allocated represent good value. This is done by contrasting expenditure with activity and the results being achieved.

Supporting this model could be a number of optimization models that can be used to enhance the effectiveness of resources for a particular activity. Examples include those that optimize sales with production (more commonly known as Sales & Operational Planning), and the logistics involved in delivering products to customers.

The Strategy Improvement Model works with the Operational Activity Model to identify those activities that can be improved, and the resources involved.

These models are typically fed by transaction and supporting BI systems to provide actual results for comparative purposes. For example, the general ledger and HR systems can be used to supply actual costs consumed, while an invoicing or CRM system can be used to supply actual revenue figures.

These models need to be combined to create specialized reporting models. For example, a cash flow model would take budgeted expenses and production profiles, combine it with supplier and customer payment terms, to produce a forecast cash flow.

The final model in this schematic is the Corporate Funding Model whose role is to ensure there is adequate working capital and from which sources to enable the plans to function.

These models should be integrated with each other, so that a change in one is automatically reflected in another.

Integrated Reporting Models

03





Quite often, reports and analyses will be required that are a function of data found within different models. Cash reporting and planning is a good example of this. To generate an accurate forecast, data will need to be collected from both the Operational Activity and Strategy Improvement models. These contain financial figures on a P&L basis, which may not necessarily reflect when cash actually flows in and out of the organization. To calculate this, the Cash Flow Model will need to use customer and supplier payment profiles.

To help with planning, the Cash Flow Model should allow management to assess:

- Changes to customer orders and payment terms.
- Changes to specific supplier price and payments terms.
- Planning a mix of suppliers for the same bought-in materials/services.
- The timing of when external resources are bought in.
- The impact of change in financing arrangements.

To generate these models, standard definitions will need to be used to reflect the report/analysis being supported and enriched with calculations, currency conversions and filters that restrict the members displayed.

Where hierarchies are involved, reporting models should reflect the structure at a fixed point in time; the current structure; or a structure based on any combination of attributes.

To acquire data they should be linked to the source data held in one or more data models, which can also include the output of another reporting model. This enables data to automatically flow between models so that plans and results are always up to date.



Benefit

The way CorPeuM models data is intuitive. Data is captured in the format and level of detail as in the original transaction system and do not have to reflect the reports that are required. Data can be combined with other information on such as payment profiles to generate other analyses for reporting purposes. As requirements change, the original data models do not need to be updated.

Intelligent Attributes

Planning and monitoring strategy typically involves different measures and measurement types for each initiative being proposed. There are measures of activity to monitor implementation milestones, measures of success to review impact, and measures of resource to enable them to happen.

Combining these measures is difficult if not impossible with most CPM systems. For example, to report activity and success by initiative will require each measure to be individually selected and placed on a report, as there is no logical link between these individual dimension members. However, CorPeuM

has an intelligent attribute capability that associates any dimension member such as an individual measure, with one or more other dimension members.

For example particular measures of success and activity can be associated with different initiatives and departments. CorPeuM is then able to intelligently combine these and report on them, simply and easily. As more initiatives are added, or attributes change, then reports are automatically reconfigured to present the right information to the right people, but in the context of any decision to be made.

Value Chain - Global View

Operational Area Sales	Calendar W2013	Version Budget	Currency euro			
	Sales					
	Sales (Total)	Marketing Programs	Lead Qualification	Sales Meetings	Contract Negotiation	Sales Order
	Level of Success					
	Revenue	No. of Responses	No. of Leads passed on	No. of Proposals	Average No. of negotiation meetings required	Average order amount
	10	10	30	30	30	30
	Market position	Website hits	% Leads converted to sales	% proposals converted to sales	% negotiations converted to sales	Win rate
	50	50	45	45	45	45
	Level of Activity					
		No. of Mailings	No. of active conversations	No. of Meetings	No. of sales proposals submitted	No. of sales proposals followed up
	20	60	60	60	60	
Level of Resources Required						
Materials used in Products						
Manufacturing Costs						
Warehouse Costs						
Delivery Costs						
Salaries and Wages	223,077	20,000	50,769	50,769	50,769	
Rent						
Utilities						
Telephone						
Insurance						
Office Supplies						
Other Goods and Services						
Total Resources	223,077	20,000	50,769	50,769	50,769	



Benefit

CorPeuM is able to intelligently combine activities with resources as well as measures of implementation and success. This enables strategic initiatives to be reported, along with budgets and forecasts and presenting them in an effective format that focuses on execution.

Time / Date Intelligence

The time dimension within CorPeuM is a true calendar and not just a silo for containing data. It understands the normal spans of time such as days, weeks, months and quarters in each year, and can also be configured to understand weekends, holidays, seasons and any other kind of time grouping.

To go with this calendar, all data is assigned a date (this is a true date and not just a storage cell) irrespective of the structures in which it is collected. So for example, sales forecasts can be entered on a weekly basis, with interest rates calculated daily.



CorPeuM has a true calendar for storing data and structures. This ability to assign true dates has some powerful reporting and analytical capabilities. For example, CorPeuM can intelligently combine monthly, weekly and daily information and work out the implications of holidays, to produce a consistent, accurate forecast of cash in any time period (including those not yet defined).

Time is also assigned to structures where the date of any reorganization is stored. This means CorPeuM can report historical data in both the structure that existed at time or as in the current (or proposed) structure.



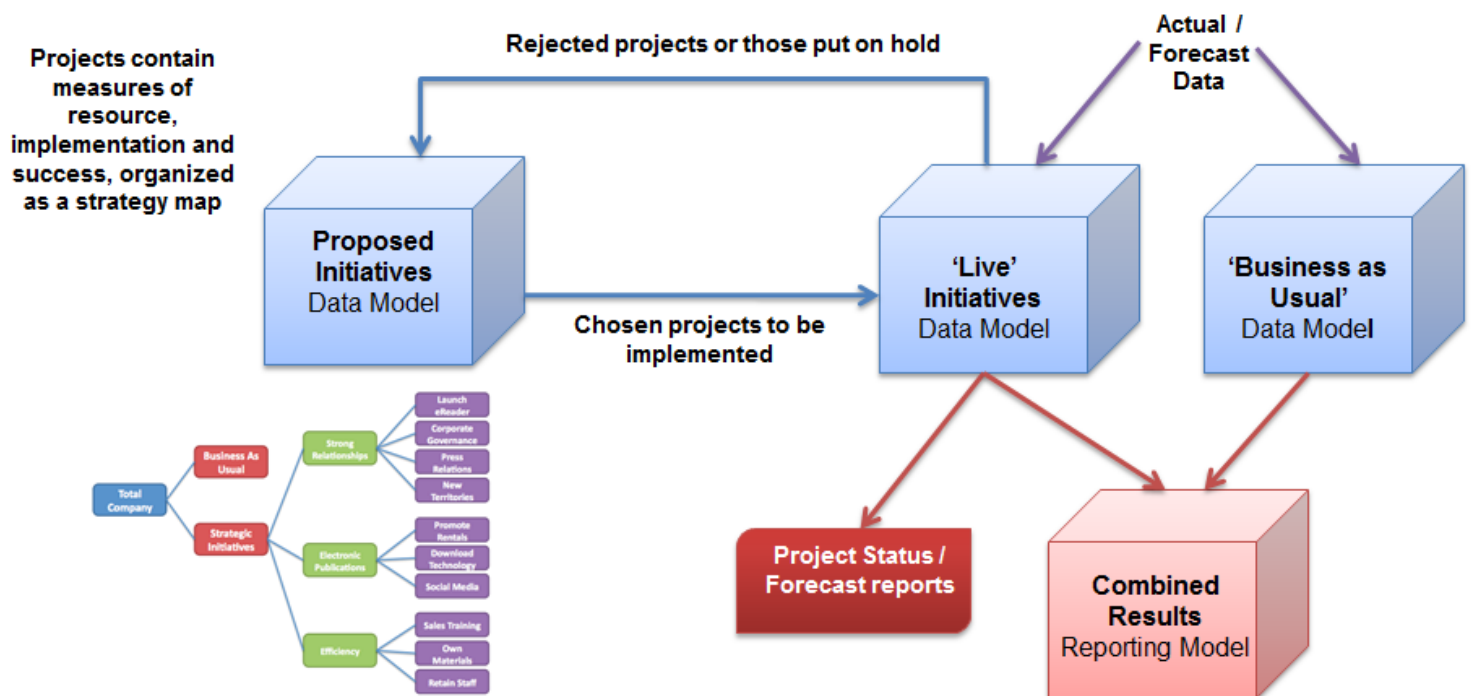
Benefit

CorPeuM assigns true dates to both data and structures, and can support multiple calendars (e.g. local, international) that recognize local differences. This allows any data to be intelligently aggregated into any calendar grouping (e.g. weekly, monthly) irrespective of the year, location or how the data was originally collected.

Selection and Modelling of Initiatives

The role of strategy is typically to improve an organisation's existing business model. This 'improvement' can be shown as a 'cause and effect' relationship that impacts selected parts of the organization.

There are many methodologies such as the Balanced Scorecard that can help organizations to choose the most appropriate initiatives. But whatever method is chosen, they will need to be linked to the Operational Activity model, as together they form the overall plan of how the organization intends to meet its objectives.



To assess which initiatives are to be adopted requires a planning system to model them in isolation and in combination with other initiatives. This allows managers to optimize the impact of initiatives with the resources available while taking into account the market opportunity and competitor activity.

Once chosen, initiatives will need to be tracked in terms of their impact and the resources being consumed. This will be for both past performance – did they achieve what we had planned – and future performance – are they going to achieve what we planned. Depending on the answers, initiatives may then need to be reviewed, replaced or even cancelled. To manage the planning and execution of strategy requires a range of data to be collected with each initiative, including:



Benefit

CorPeuM provides a planning environment that allows users to propose initiatives that can then be selected and combined with 'business as usual'. Once selected, CorPeuM then goes on to monitor their implementation and subsequent impact on overall results.

- **Why?** What was the reason behind the creation of the initiative? Is it addressing a particular issue with the Operational Activity or is it in answer to a particular threat.

- **Who?** Who will be responsible for its implementation and delivery of results? They may not necessarily be the same person and it may involve multiple departments

- **When?** What are the timescales for the initiative to start and end? Is a minimum duration required to achieve an impact and is it dependent on the action of other initiatives or actions?

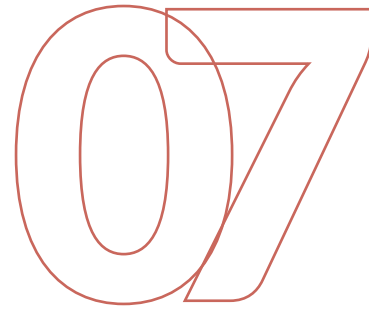
- **Impact?** What is the impact on the Operational Activity – i.e. how it will add value to which activities and by how much?

- **Resources?** What resources are required for its implementation? What departments need to be involved and what role do they play?

- **Activity?** What are the milestones through which implementation can be monitored?

- **Risk?** What risks are being run and what is the potential impact on overall performance? What other activities are in jeopardy if this initiative fails? Where possible, how can those risks can be measured?

Each of the above needs to be displayed when selecting initiatives over others, and in monitoring performance to determine whether they should continue, require modification or should be cancelled/replaced.



Management Processes

Management processes are primarily concerned with 'what' and 'when'. From a user point of view they determine when users interact with what parts of the planning models used to manage performance. From a data flow point of view they determine what and when data flows between models.

Within each major process, there are a number of interconnected tasks that each department has to perform, in a specific order and at specific times. For example, budgeting may start off with the setting of a high level goal to which sales will decide on how this will be delivered throughout the year. To do this they may need to work in collaboration with marketing and production. Once this has been completed, other areas of the organization can start allocating resources that fit in with the sales and marketing plan.

In the past these planning and reporting activities were run according the organizations planning/reporting calendar, and focused onto a particular period of time such as the current or next year. But as we have seen, the volatility of today's business environment means that organizations are now unable to predict events even a few months out and so waiting for the next annual planning process when dealing with unexpected issues makes no sense at all.

In the book 'Best Practices in Planning and Performance Management', research into high-performing companies found that: "Best Practice companies decouple their internal management processes from the calendar and provide a set of planning and reporting processes that utilize continuous processing and monitoring of activity. The passage of time becomes (just) one of many criteria for triggering the reporting of information or the initiation of planning or forecast activities."

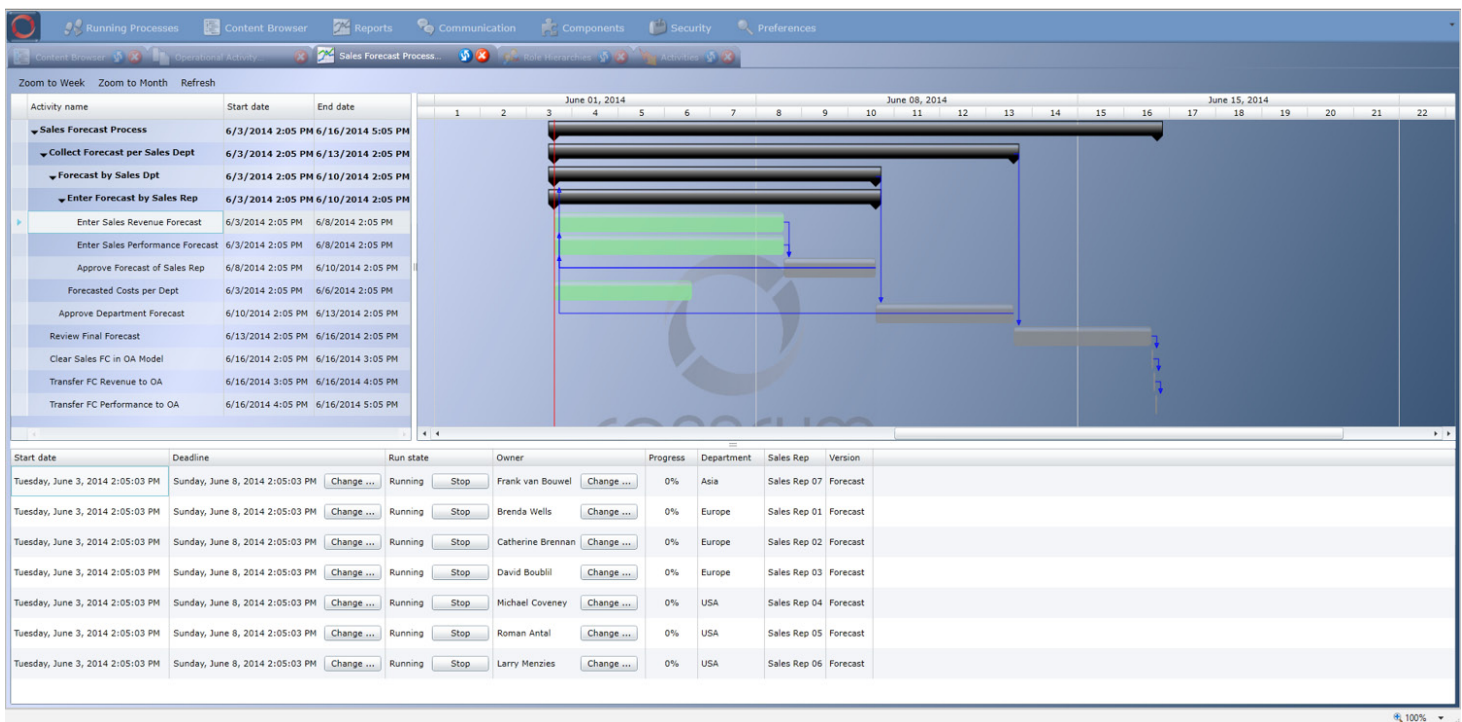
The report goes on to say: "Aspects of strategic planning are not once-a-year events but a continuous process. The pace of change is so great that management needs to monitor the strategic implications of new developments on a continuous basis." To be able to do this on a continuous basis, where activities are triggered by events and exceptions is difficult. It can't be done through menus as these define activities in a pre-set order. The only sensible option is through an intelligent workflow capability.

CorPeuM has an in-built workflow capability where an administrator can order a series of tasks to be set, which can be triggered according to dates and/or events. These tasks determine how data is collected, transformed, approved and turned into analyses and reports. When a process is started, CorPeuM automatically distributes specific tasks to those involved, as and when they are required to respond.

Notifications are sent if deadlines are violated and late tasks or exceptions can be automatically escalated to those responsible for overseeing any action. For example, if a particular strategic initiative is falling behind on implementation, or is forecast not to deliver the benefits planned when launched, CorPeuM can automatically alert those involved and enforce a series of remedial actions.

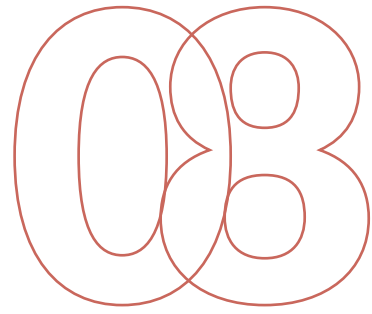
CorPeuM's interactive workflow timeline.

To control the entire process, administrators are provided with an interactive time-line where they can look out for bottlenecks and re-assign or re-start tasks as appropriate. This ensures an efficient and effective continuous process – an essential requirement for effective execution.



Benefit

CorPeuM provides a planning environment that allows users to propose initiatives that can then be selected and combined with 'business as usual'. Once selected, CorPeuM then goes on to monitor their implementation and subsequent impact on overall results.



User Passports

Everything a user can do in CorPeuM is defined in their own personal user passport and includes information on:

- Their role in a particular process
- The data they can view and/or modify
- The functionality they have access to e.g. building reports, creating processes
- General settings, such as their language, credentials and contact information

This passport works in conjunction with CorPeuM's workflow capabilities and ensure users are directed to those tasks they need to action. In fact, the only place they need to look is at their personalised 'to Do' list – this contains everything they need to know and do.

Users can have multiple roles depending on the process and can have 'role hierarchies' that are used for defining approval processes and escalation paths.

The screenshot displays the CorPeuM user interface. At the top, there is a navigation bar with icons for Running Processes, Reports, Communication, Components, Security, and Preferences. Below this is a 'To Do' section with a 'Descriptor' sidebar. The main area shows two process cards: 'Process: Budgeting John Morell 2013-10-14' and 'Process: Strategic Planning John Morell 2013-10-14'. Each card contains a task card with details like Type, Parameters, Owner, Start date, Due date, and Status. A pop-up window in the foreground shows a 'New To Do item' notification from Frank van Bouwel, with details about the container, activity, type, and owner.

Task	Type	Parameters	Owner	Start date	Due date	Status
Enter Sales Budget	Data Entry	Business Unit: North	John Morell	10/14/2013 1:25:18 PM	10/19/2013 1:25:18 PM	Running
Validate Sales Budget	Data Validation	Business Unit: North	John Morell	10/14/2013 1:25:18 PM	10/19/2013 1:25:18 PM	Running, Data valid
Set Strategic Goals	Data Entry		John Morell	10/14/2013 1:23:57 PM	10/19/2013 1:23:57 PM	Running

Notification: New To Do item
To: Frank van Bouwel
Container: Review Adjustments Frank van Bouwel 2014-09-29
Activity: Review Adjustments
Type: Open URL
Owner: Frank van Bouwel



Benefit

CorPeuM supports users by giving them views, actions and tools that personally links them with the implementation of strategy.



Audit Trail By User and Process

All plans evolve over time. Planning systems that focus purely on results, don't reveal the process that individual managers went through in setting targets; the actions that were going to be required; and just as important, the reasons why.

Similarly, knowing what works in a plan and what doesn't is extremely valuable. This requires plans to record what activities were carried out, who did them, how they were financed, and whether the assumptions made about the business environment were correct. All of which must be available for future reference when reviewing past results. Even knowing where a course of action failed is useful information, providing the lessons are learned and history is not allowed to repeat itself. Because of this the ability to track change – whether that is data or structures is essential.

All data and structures held by CorPeuM is tracked in terms of how it was entered and modified throughout the different processes.

With data, each task in a process stores its modifications and adjustments to existing values as increments, together with information about process, task, user and time of change. This means that a task in a process will never overwrite the values collected by a previous task or other processes, but it will store the difference with the previous value. This way of storing values allows for a full audit trail of every value in the system and also provides full or partial roll-back of a process.

For structures, CorPeuM tracks how model definitions have changed over time. All of this change information can be used in reports so that users can see the impact of change from one period to another and how summary results have been impacted by a structure or accounting changes.



Benefit

CorPeuM allows users and management to see the story behind each and every number.

Reports and Analyses

Those decisions will typically lead to altering the organization's business model; modifying existing strategic initiatives; developing new initiatives; and where necessary, the re-allocation of resources.

Those decisions will typically lead to altering the organization's Operational Activity; modifying existing strategic initiatives; developing new initiatives; and where necessary, the re-allocation of resources. All of which are performed under the control of management processes.

The output of the planning framework is a mixture of formal reports and alerts supported by in-depth analyses. The content will typically show actual, planned and forecast data for the organization at any point in time and allows them to answer questions in the following categories:

Backward looking / internal focus:

- Did the organization achieve its objectives?
- Were the strategic initiatives implemented as planned?
- How do the initiatives rank in terms of their impact on objectives?
- What was the cost of the initiatives against what was planned?
- How have costs in running the organizational Operational Activity (i.e. business as usual) changed over the past year?
- For the same activities how do peer groups (e.g. sales departments) perform against each other?

Backward looking / external focus:

- How is the organization performing against competitors?
- Were the assumptions made about the business environment correct?
- What significant events happened that were not expected?

Forward looking / internal focus:

- What trends are being revealed about organizational performance that could impact overall objectives?
- Is the organization on course to achieve its objectives?
- What is the likely cost of current initiatives in the future?
- Is the cost worth the result expected?

Forward looking / external focus:

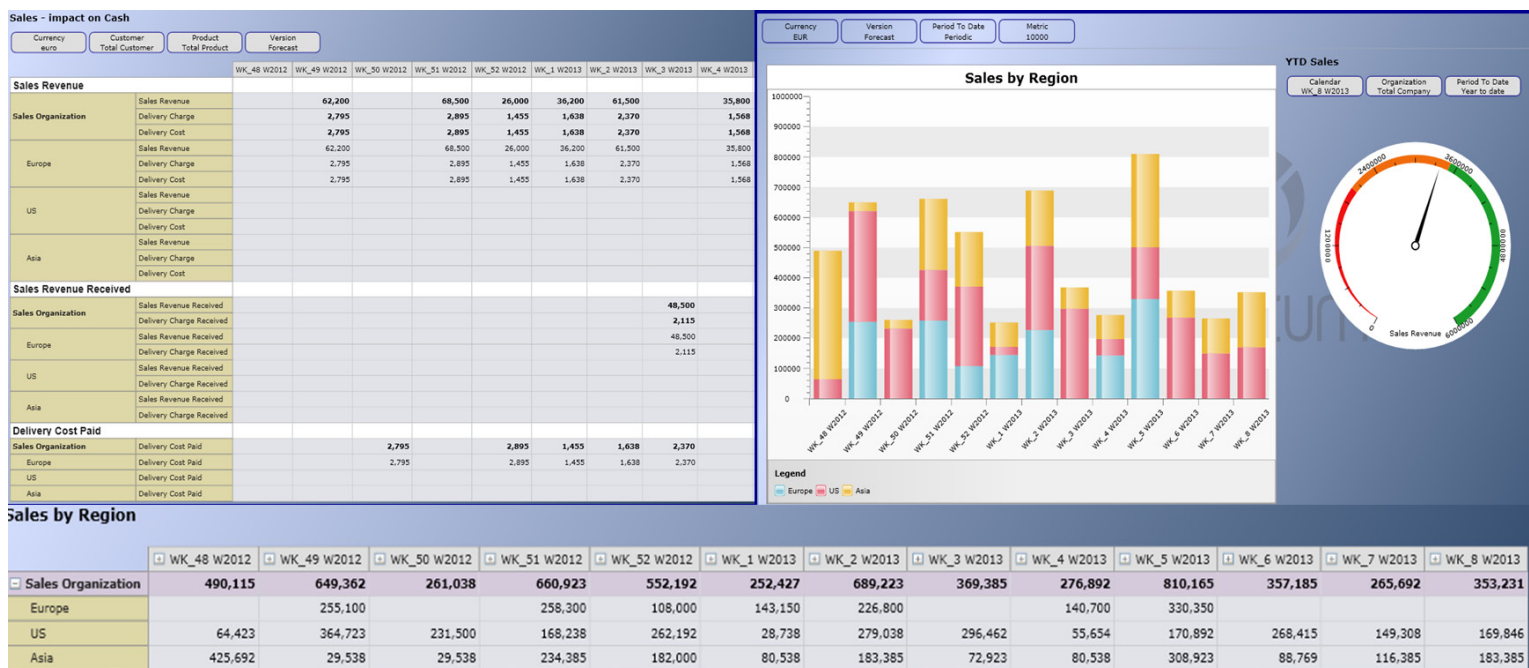
- What business assumptions are likely to change in the future and what would be the impact on organizational objectives?
- What risks is the organization running and what would be the impact if they materialized?

Forward looking planning decisions:

- How could the organization improve projected results?
- What resources would be required? What would the organization give up/acquire to fund this change?



Combining data to answer these questions is a challenge for any generic reporting system, which is why CorPeuM has its own reporting capability that simplifies the generation of contextual reports. To simplify the setting up of reports, content is defined in 'blocks' that consist of a specific set of measures and associated dimensions. The data for each block can come from multiple data/reporting models that can be made to act as though they were a single report. This enables, for example, placing scorecard KPIs alongside the corresponding P&L details for specific strategic initiatives.



Benefit

CorPeuM has an integral reporting system that has access to any data and any structure in any model. These can be combined to produce reports in the context of execution.

Rental Pricing

The final area that makes CorPeuM different is in its pricing policy.

For a Strategy Execution system to be effective it needs to be widely accessible. This can be a costly business as most CPM vendors require a large up-front fee and an annual maintenance payment. Then there is the cost of implementation that is typically around 50% of the software purchase price, with administrator training sessions that can last several weeks, signifying the complexity of the application.

CorPeuM has done away with both. To start with, there is no up-front fee, just a low-cost rental that enables the application to be used throughout the organization at a fraction of the cost of other systems.

Next, because CorPeuM has been designed to meet the needs of strategy execution, there is no other software to buy or that needs to be integrated. This greatly reduces complexity of learning and implementation as well as spending on other licenses to complete the solution. With CorPeuM you know the costs involved as nothing is hidden and you have a system that will grow as you grow.





➤ Summary

In this paper we have tried to highlight some of the unique capabilities that CorPeuM possesses that justifies our claim of being the world's first strategy execution system.

We have two further papers that may be of interest to organizations wanting to build a strategy execution system:

- CorPeuM Performance Management Platform: This provides an overview of the components within the CorPeuM platform and how they fit together.
- CorPeuM Strategy Execution case study: This provides a detailed description of CorPeuM in action as a strategy execution system.

CorPeuM is made up of an international team of acknowledged experts in the field of corporate performance management. Our experience in designing, using and implementing 'best practice' systems for planning, budgeting, reporting and analysis in some of the world's leading organisations, led us to design and build a new and better breed of application that is more able to cope with today's uncertain business environment.

The result is the CorPeuM approach that allows organisations to focus on the execution of strategy by redefining the way they manage corporate performance.

To find out more, contact info@corpeum.com



CORPEUM[®]