## Contents

Preface to the First Edition  xi  
Preface to the Third Edition  xiii  
Acknowledgments  xv  
Introduction  1  

### PART ONE  
**WHY PERFORMANCE MANAGEMENT MATTERS**

1 Traditional Management Processes Are Obsolete  
   Better-Informed Customers  6  
   Changing Market and Business Models  7  
   Structural Change in the Economics of Business  10  
   Globalization  13  
   Regulatory Revolution  13  
   Growth through Acquisition as the Normal Course of Business  15  
   Redefining Asset Values  16  
   Changing Delivery Channels  17  
   Compressed Cycle Times  17  
   Vast New Information Sources  18  
   Technology and Systems  19  
   Need for a Burning Platform  22  

2 What Is Performance Management?  24  
   Defining Performance Management  24  
   Best Practices Defined  27  
   Types of Best Practice  31  
   Applying Best Practices  32  
   Best Practice Adoption Is Now a Necessity  34  

3 Sizing the Opportunities  38  
   Beyond Benchmarking  38  
   Defining the Right Metrics  39  
   Conclusion  57  

vii
PART TWO
BEST PRACTICES

4 Using Best Practices to Drive Change 61
   A Brief History 61
   From Battlefield to Boardroom 63
   Components of a Best Practice Framework 65
   Best Practice Recipe 65
   Selecting the Right Best Practices 65
   Golden Rule of Best Practice Application 68
   Time to Sacrifice a Few Sacred Cows 69
   No Silver Bullets 73

5 Strategic Planning: Ideas That Drive Results 74
   Defining Strategy 76
   Typical Process 77
   Strategic Planning Best Practices 79
   Communicate, Communicate, Communicate 92
   Strategic Planning Is a Collaborative Process 93
   CEO as Chief Strategist 93
   Hard Side of Strategy 94
   Acid Test 106
   Lessons for a Volatile World 106
   Best Practice Summary 106

6 Tactical and Financial Planning: Translating Strategy into Action 109
   Defining Tactical and Financial Planning 109
   Typical Process 110
   Tactical Planning Best Practices 111
   Financial Planning Best Practices 126
   Lessons for a Volatile World 137
   Best Practice Summary 138

7 Management Reporting: From Information to Insight 140
   Typical Process 143
   Management Reporting Best Practices 145
   Putting It All Together 166
   Lessons for a Volatile World 168
   Best Practice Summary 168
Contents

8 Forecasting: Pass the Crystal Ball 171
   Typical Process 172
   Forecasting Best Practices 173
   Understand Variability 192
   Lessons for a Volatile World 193
   Best Practice Summary 194

9 Risk Management: Place Your Bets 196
   No Excuses 197
   Global Interdependence 198
   Developing an Effective Business Risk Management Capability 204
   Risk Mitigation Techniques 217
   Lessons for a Volatile World 219

10 Technology: Panacea or Pain? 221
   Evolution of Information Technology in Business 222
   Why the Time for Convergence Is Right 224
   Applying Technology to Performance Management—
      Dawn of the Digital Manager 224
   Best Practices for Leveraging Technology 229
   Lessons for a Volatile World 240
   Best Practice Summary 241

PART THREE
MOVING FROM DATA TO DECISIONS

11 Implementing Best Practices 245
   Getting Started 245
   Moving to Implementation 247
   Understand the Overall Strategic Goals and Objectives 248
   Define the Critical Success Factors and Drivers 249
   Define the Appropriate Performance Measures 251
   Link Measures to the Overall Strategy 253
   Define the Reporting Dimensions 253
   Detail and Source the Performance Measures 253
   Design the User Experience 255
   Design and Build the Reporting Process 256
   Integrate the Reporting and Planning Processes—Align Incentives 256
   Develop the Required Skills 257
12 Implementation Secrets
Learn from the Mistakes of Others 259
Effect Change and Then Sustain It 261
It’s about Commitment and Execution 273

13 Managing in an Uncertain World
Leadership Qualities 275
Don’t Underestimate the Impact of Leaders 281

14 Looking to the Future
Fast, Flawless Execution Will Be the Distinguishing Characteristic of World-Class Companies 283
Global Accounting and Reporting Standards Will Become a Reality 285
The Focus Will Shift from Buying Technology to Using It 286
The Annual Budget Will Die—and Few Tears Will Be Shed 287
Finance Executives Will Require New Skills or New Jobs 288
Final Thoughts 288

About the Author 291

Index 293