

# BPM Scales New Heights

by [Eric Krell](#)

**Meet the award-winning organizations and financial visionaries who are taking business performance management to higher peaks of productivity.**



Business performance management (BPM) technology, as deployed by its most successful adopters, has reached the final phase of what Gartner Inc. calls the "hype cycle." This conceptual framework charts the maturation of emerging technologies through five distinct phases: an initial appearance or "trigger," a peak of inflated expectations, a trough of disillusionment, a slope of enlightenment, and a high plateau of enhanced productivity.

Firmly entrenched on the sunny uplands of that fifth phase are the winners of the seventh annual *Business Finance*/Hyperion Vision Awards for Excellence in Business Performance Management: Best Buy Company Inc., Fujifilm, St. John's Hospital and United Asset Coverage Inc. These organizations have demonstrated their success at navigating the ups and downs of BPM initiatives and managing the resources that enable that success. They share several other crucial characteristics, including performance metrics that are tightly tied to strategic planning; relatively short closing processes; and frequent, flexible, accurate forecasting and budgeting.

The fact that more and more companies are seeing their BPM practices advance to the promised land of enhanced productivity made choosing this year's Vision Award winners a tough challenge for the panel of judges, which comprised Marvin Balliet, first vice president and director of business programs and solutions, global private client, Merrill Lynch & Co. Inc.; Cody Chenault, senior director, The Hackett Group; Connie Debbink, regional vice president of budget and site support, Covenant Healthcare System Inc.; Carl Goossen, CFO, Spray Equipment & Service Center Inc.; John F. Morrow, vice president, the new finance, AICPA; Todd Naughton, vice president and controller, Zebra Technologies Corp.; John O'Rourke, senior director of product marketing, Hyperion Solutions Corp.; and John Pancoast, executive director, Exult Inc.

Chenault, who is based in Atlanta, notes that the scoring was tighter this year than in previous years' contests. "In the past, you often saw one company way out front, followed by a group of companies that were lagging behind," he says. "This year, it seems as if there are more companies that are out in front in terms of shortening their financial reporting cycles and generally making it easier for end users by equipping them with the right planning tools." He thinks most companies can improve their BPM practices by scaling back the number of metrics in their scorecards and focusing on those that correlate most strongly with critical performance areas.

David Giannetto, director of Cohn Consulting Group's enterprise performance management practice believes that BPM projects which fail usually do so because the end users of the system have a hard time seeing its value when project leaders describe the benefits – instead of demonstrating them.

Other judges point out that organizations are implementing or expanding their BPM programs in a broader and more strategic fashion than they have in the past. "Overall, I saw an excellent mix of financial and operational performance measures," says O'Rourke. "Plus, those measures are now linked to the company's strategic plan, which is vital. These companies are ensuring that their measures add up to where they want to go strategically." At Fujifilm, for example, director of business development Scott McNulty used BPM logic to reengineer his company's consumer rebate process, greatly reducing its costs and turnaround time.

What's more, BPM functionality is becoming increasingly important to companies' efforts to meet looming Sarbanes-Oxley deadlines. The winners in the top three revenue categories report that their BPM system is providing significant support to their compliance campaign. Darren Jackson, Best Buy's executive vice president and CFO, notes that his company leveraged its BPM capabilities to reduce the time it takes to file its quarterly financial reports from an average of 45 days to the 35 days required by Sarbanes-Oxley.

Performance management expert David A.J. Axson, a co-founder of The Hackett Group who is now a corporate planning executive with Bank of America, believes that business technology is entering an "age of convergence," in which companies will finally achieve success in integrating their software systems with their people and processes.

"Only the combination of the judicious use of technology, optimized business processes, and suitable trained and motivated people can realize the true value of a technology investment," Axson notes in his book "Best Practices in Planning and Management Reporting: From Data to Decisions" (John Wiley & Sons, 2003). This year's Vision Award honorees have demonstrated the reality of that convergence -- and its rewards -- in their innovative applications of BPM technology.

## **Fujifilm**

Revenue Category: \$1 billion to \$5 billion

Location: Valhalla, N.Y.

Images don't lie -- at least, not at a company that's recognized for its innovations in imaging and recording-media technology. Fujifilm's BPM capabilities give the company a crystal-clear picture of its financial performance, markets and customers.

In 2002, McNulty brought financial management thinking to bear on a brand-oriented challenge -- widespread customer dissatisfaction with the protracted response time of Fujifilm's consumer rebate programs, which took six to eight weeks to mail out checks. McNulty saw that applying BPM capabilities to the rebate process could deliver substantial sales, marketing and customer-satisfaction benefits.

Fujifilm partnered with Roseland, N.J.-based Cohn Consulting Group to apply principles of business performance management to the rebate program. The result is a system that combines online analytical processing (OLAP) reporting, active analytics, financial reporting, and Web interactivity for customers and customer service employees. The system enables Fujifilm to analyze customer data contained in the rebate requests and use the results to gauge rebate promotions' performance, anticipate customers' buying patterns and reveal new marketing opportunities. Fujifilm's BPM software has greatly enhanced customer service managers' ability to make informed, effective decisions. And the company now mails out rebate checks within eight days of receiving customers' requests.

David Giannetto, director of Cohn Consulting's enterprise performance management practice, worked with McNulty on the initiative. He believes that BPM projects which fail usually do so because the end users of the system have a hard time seeing its value when project leaders describe the benefits -- instead of demonstrating them. That's why he and McNulty used a "show, don't tell" approach.

The customer rebate initiative has shown the rest of the organization how BPM systems can create value in the form of efficiency gains, enhanced customer satisfaction and faster access to critical information. The project's success has stimulated interest in BPM capabilities throughout the company.

"Business performance management is a difficult thing to get your arms around, especially if you don't have a passion for business processes, data and efficiency," McNulty notes. "But buy-in is much easier if you can show people actual benefits like cycle-time reduction, cost reduction and greater access to information."



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