Whitepaper

Top 10 Steps for a Successful FPM Implementation

Financial Performance Management

REVELWOOD®

KEY INSIGHT

An executive sponsor with power can drive processes and make necessary changes to channel the success of the project.

EXECUTIVE SUMMARY

Today's tough economic climate demands that companies continually look for opportunities to improve business performance. One of the top areas of concern for CFOs is the need to leverage analytical information to make strategic decisions that maximize shareholder value. But with disparate data in multiple systems and hundreds if not thousands of error-prone spreadsheets managed by multiple people, most Finance departments spend their time gathering and verifying data rather than analyzing it.

Financial performance management (FPM) solutions simplify this challenge by offering a set of business processes and applications that streamline and enhance enterprise planning, reporting and analytics. Data is automatically aggregated and centralized on a single, common platform, enabling one 'version of the truth' and real-time visibility into the data. This allows the Finance team to focus on the more strategic aspects of the business.

While most understand the power of FPM, many companies don't consider that FPM projects are cross-functional, collaborative and require simultaneous changes to people, processes, culture and technology. Because of this, more than 40% of FPM initiatives don't live up to original expectations or even fail outright. However, if implemented correctly, FPM solutions can lead to great success and significant ROI.

With more than 20 years experience with FPM implementations, Revelwood discusses 10 critical steps to follow for FPM implementation success in this paper.

1) GET AN EXECUTIVE SPONSOR

Every FPM project relies heavily on the support of an influential and determined executive sponsor. Bottom line, FPM demands strong leadership. An executive sponsor can directly influence the culture of an organization and essentially steer the success of the project. Their involvement and effectiveness are the best predictors of the project's success and they should have a direct interest in the problem that is being resolved. Therefore, it is essential to select a sponsor positioned high enough in the organization that is empowered to make key management decisions for the project.

2) DEFINE THE REQUIREMENTS

Perhaps the most important step with respect to a successful FPM implementation is the preparation needed beforehand. It is critical to define requirements internally before engaging the partner and before the project starts—not on-the-fly, when the project is in motion. If requirements have not been clearly defined, it is imperative to take a step back and identify how to approach an FPM project within the company. Launching an FPM implementation on time and within budget is directly correlated to clearly defining requirements in advance.

Some important questions that must be answered before starting an FPM implementation include the following:

- What is the purpose of the project and what defines success?

- When must the project start and when must it be completed?

- Are there other projects underway or planned that may coincide with this project?

- Who will own the project when it ends?

- Who will be the system administrator when the project is complete and will this person be brought in from the start of the development phase, if not earlier?

Defining the requirements for the project is a collaborative process and should engage the broadest swath of interested parties possible within the company. Early participation by Finance, Accounting, IT, end-users, management and others with a stake in the outcome will ensure the best definition of what the company needs from an FPM implementation. A clear definition of the project's goals and an understanding of how the project fits in the company's overall strategic direction are crucial for the overall success of the project.

3) PHASE THE PROJECT

Financial performance management is more than just a budgeting or reporting tool. The purpose of FPM is to provide the data, both historical and projected, to a company's management team so that strategic and tactical decisions can be made with the best supportive information. The management team should understand the nature of the processes and systems associated with this and clearly communicate their vision of FPM within the company.

With the larger goal in mind, the implementation of an FPM system should be split into phases. The reasons for this are three-fold:

- To attain short-term benefits while still working toward a long-term goal.

- To obtain "buy-in" from the operational staff on how the system works within their processes.

- To mitigate risks associated with large turn-key projects (e.g. discovering late in the project that assumptions made early on were not valid).

The phases of the project and order in which they are accomplished can change from company to company, but will ultimately assist in the successful completion of an FPM implementation.

4) TAKE OWNERSHIP

One of the important, non-technical aspects of making an FPM implementation successful is taking ownership of the project. Ownership starts at the analysis and design (A&D) sessions and progresses through the lifecycle of the project. Although there is an initial dependence on the implementation partner for knowledge of the software, application and project development, an immediate and ongoing transfer must occur while the consultants are still working on the components and phases of the project. This allows you to move along the learning curve and eventually develop a firm understanding of all the modules in production.

5) COMMUNICATE THROUGHOUT THE PROJECT

Establishing a plan for formal and informal communication is a fundamental requirement for running a successful FPM project. Ongoing project communication creates user buy-in, keeps people in the loop and improves efficiency of the overall project. It is critical to develop this effective communication strategy before the project even begins. You will want to keep your project team members, executive sponsors and end-users aware of what is happening and where things stand throughout the project. Be sure to proactively disseminate information to all those involved through memos, status reports, project logs, newsletters, bulletin boards, conference calls, live meetings, wikis, etc.

It is also a good idea to plan a project kickoff meeting for all sponsors and members of the team. Not only does this get everyone on the same page from the start, but it allows you to solicit input and feedback from team members early on. Regular status meetings throughout the project help keep everyone on track. Finally, having a project close meeting ensures that everyone gets closure on the project and is able to communicate their experiences to ensure even greater success on the next project.

6) INVOLVE IT

FPM projects are often initiated, managed and owned by the Finance organization—especially in cases where the technology solution is relatively easy to own and maintained by business users. This is a good thing since Finance owns the business process (budgeting, planning, financial reporting, etc.) and the data, and thereby has a sense of ownership of the system itself. However, it is critical to recognize that the IT organization should be considered a valuable business partner in helping ensure the ongoing success of the solution. IT involvement is important in three major areas of FPM projects:

- Vendor Selection - IT should have direct input into the technical requirements of the solution. Platform, architecture, hardware and software, communication and support are just a few areas where IT's expertise can contribute to helping the project team identify the best vendor solution.

- Data Integration - One key aspect of an FPM solution is that data must be integrated from potentially multiple, disparate data sources into the new system. IT will likely need to be involved to help get access to those data sources and work with the implementation team to develop the queries/extracts necessary to pull the correct data from those source systems into the FPM solution.

- Infrastructure Support - IT is going to be responsible for making sure that the hardware and software required for the solution has been acquired, is located in the proper place and is operating correctly. This includes functions like backup, disaster recovery, archiving and network access. IT must also make sure that users have proper access to the system and that single sign-on, where appropriate, is supported.

7) IDENTIFY AND TRAIN THE VARIOUS USERS

The importance of training for an FPM project's success cannot be overstated. Having spent the resources to purchase, develop and implement an FPM system, inadequate training can derail the entire process. Proper planning for training should consider the following:

- Who will be trained? There are likely several groups of users—system administrators, power users, typical end-users and casual users that will need training customized to their unique needs.

- When will training take place? Training is essential for initial solution deployment, but it's also important to consider training needs beyond the first rollout. There may be future phases or ongoing training needs to consider. Remember there are less desirable times to train—vacation periods, holidays, close and quarter close times.

- Who will do the training? Often the training is done by the implementation partner or software vendor, but internal trainers or the project team can also be used for training in some cases. Remember to consider the training materials—what materials will be needed, who will prepare them and how detailed they should be.

- What training methods will be used? Often computer-based training is effective, as is the use of online training. Capturing training on video can be helpful for those who aren't able to attend a scheduled training session or for future training.

- Where will training take place? This can be the single biggest bottleneck in rolling out an FPM system and must be addressed as soon as possible. Training can be conducted onsite or at outside training facilities. Be sure to consider training for remote and international offices. Attention should be paid to the type of room that will be used (e.g. large conference room or dedicated training center), as well as any requirements for special training IDs and security.

8) STAFF THE IMPLEMENTATION TEAM WITH CARE

When starting an FPM system implementation, it is important to feel comfortable with the consultants who are assisting in the design and creation of the system. It is even more important to ensure that the team within your organization is properly chosen for the development, maintenance and administration of this system. There are many people who will be involved with the project including a project sponsor, subject matter experts and IT personnel. However, the two most critical roles on the team are the project manager and the system administrator.

The project manager, along with the consultant's project manager, is responsible for ensuring that the project runs smoothly. This includes being a central point of communication amongst all project team members as well as ensuring that all deliverables are provided on time. Specifically, the client project manager will be responsible for making sure the data files, sample reports, test plans, etc. are provided to the consultants in the agreed upon time frame.

9) CLOSE THE LOOP ON THE PROJECT

There should be a finite beginning and end to the project. When the end is near, measure results, close the loop and take complete ownership from the implementation partner. Ensure goals were met, projects were successful and that ROI can be calculated. Discussing and documenting what worked and didn't will also be helpful for future projects. Talk about future requirements, new ideas and improvements to the system. Think, where do we go next?

10) CHOOSE THE RIGHT PARTNER

Knowing how to select who will implement your FPM solution can have a significant effect on the success of your project. Start by exploring the differences between the software vendors, general purpose consultants and implementation partners that specialize in the technology you have selected.

- Software vendors are undeniably experts in developing great technology, but may not know how to solve your specific business problems.

- Large, famous consultancies tend to cost more, take longer and usually deliver less than smaller, more focused specialists.

- Implementation partners tend to have a wealth of experience in solving specific client problems with software solutions.

Always select an implementation partner after choosing the product and make sure that everyone who will be implementing the solution has demonstrated experience with that product. Be sure to ask for specific examples of how the implementation partner met their client's needs on other FPM projects. Here are some questions you can ask:

- How did they define the business problem? Ensure the implementation partner is not solving the situation before they know what the situation is.

- How did they solve the business problem? Make sure they can define the breakdown of steps of how they solved it.

- How many FPM implementations have they done? You don't want the implementation partner to learn how to use the software at your expense.

- What is their real-world success rate on FPM projects? Be sure to ask for client referrals and call the referral personnel.

- What certifications are available from the software vendor? Ask the implementation partner about their certification status.

IN CONCLUSION

Implemented successfully, FPM solutions can make a significant impact by enabling organizations to predict, measure, evaluate and impact business performance. Often, FPM solutions can revolutionize decades of traditional concepts and practices, enabling companies to be stronger, more efficient, more profitable and better equipped to handle the increasingly competitive and fast-paced business environment.

ABOUT REVELWOOD

For 20 years, Revelwood has helped organizations grow revenue and profits through the use of data and analytics. We leverage the best of IBM's Analytics technology and Cognitive Solutions to optimize operational performance, customer outcomes and financial results.

Predictive Analytics | Financial Performance Management | Business Intelligence

WHAT MAKES REVELWOOD DIFFERENT?

- We speak business first, which means we deliver useware not shelfware.

- With hundreds of successful implementations under our belt, we're known as the industry's leading IBM Analytics experts.

- Our out-of-the-box implementation accelerators and tools to ensure that our solutions are delivered in a fraction of the time required by a standard implementation.

- Our implementation methodologies are built on more than 20 years of best practices to ensure the best results, on time and within budget.

- We make "heroes" of our clients.

Get to know us and our Analytics solutions. You'll find our rapid growth and stellar reputation is due to our ability to provide world-class solutions. Contact Revelwood today.

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