

Enabling Strategy using IT through Objectives and KPIs



June 7th, 2011

Get There Faster.™

From Strategy to Objective through KPIs

Basics

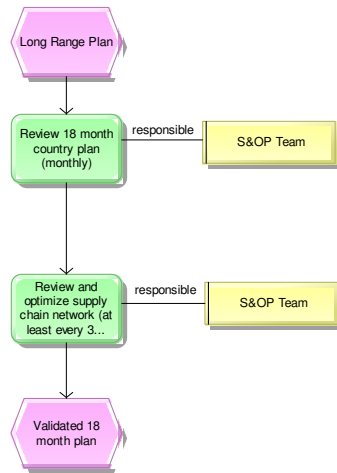
- Strategic Initiatives are supported by Business Objectives
- Business Objectives are measured through KPIs
- KPIs are generated using “current” and “past” data using IT systems
- Data is captured from Business Processes
- Smaller KPIs roll into larger enterprise KPIs
- Every KPI has one primary owner and multiple secondary owner

Contents:

- Available Information
- KPI Object with attributes
- KPI Containers from Mega Processes (Scenarios)
- Relating KPIs to Business Objectives
- Relating KPIs to Business Process
- Defining KPIs through Data and Application
- Roll up of KPIs into Broader KPIs
- **Next Steps to achieve integration**

Available Information

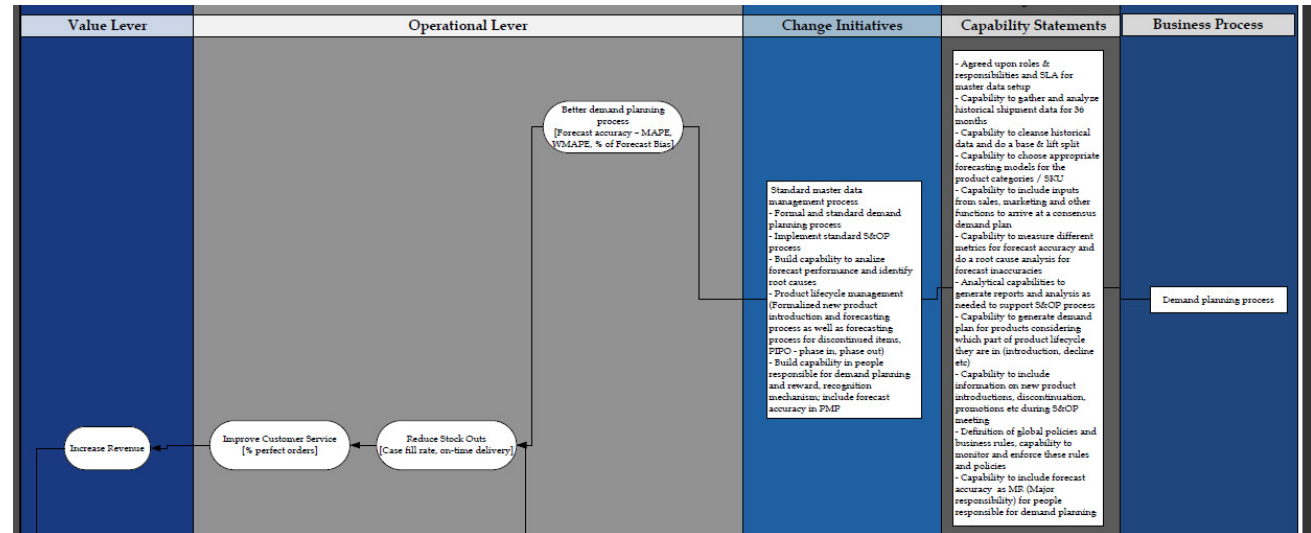
KPI Details



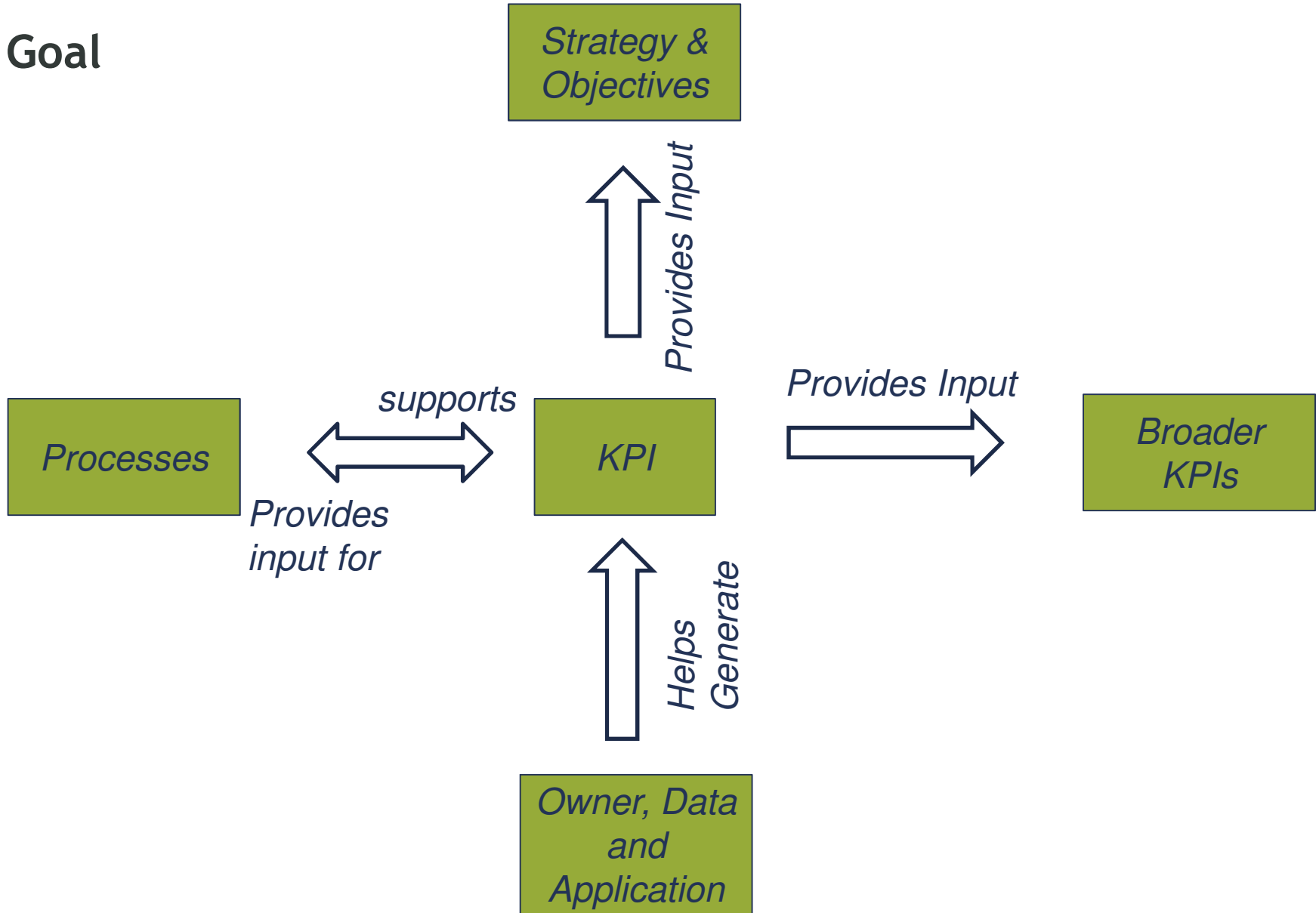
Metric Name	Description	Formula	US Formula/Definition	Frequency of tracking	UOM	Directionality	Metric Category	Priority	Primary Owner	Secondary Owner
Case Fill Rate	To measure if the cases being ordered are being delivered complete as measured by Clorox.	% FR = Total number of Cases shipped / Total number of Cases ordered	For S&OP US uses in the denominator Actual cases plus cuts, which is the same as orders.	Monthly	%	Increase	Business Performance	High-level	F2S	ME, OTC
Forecast Accuracy (MAPE and WMAPE)	To measure forecast variability - 1 Month Lag	% FA = 1 minus the absolute value of Actual sales minus Forecast divided by Actual Sales		Monthly	%	Increase	Process Performance	High-level	F2S	-
Inventory Turns	To measure our past Inventory Performance	ITR = Total COGS for rolling 12 months (in Currency) / Average Inventory (in Currency)	I Need to find out how Finance US is measuring ITR. For the S&OP, it will be the same formula but cases instead of currency.	Monthly	Turns	Decrease	Business Performance	High-level	F2S	ME
Inventory Value vs. Budget	Total Inventory investment including FG, RM, and WIP	Total inventory value		Monthly	Currency	Decrease	Business Performance	High-level	F2S	S2P, ME
On Time Delivery (OTD)	Percentage of orders which all of the items are received by customer in the time committed	# of orders that are received by the customer in the time committed/Total orders received		Monthly	%	Increase	Business Performance	High-level	OTC	F2S, ME
Order Fill Rate	The percentage of orders that were shipped and delivered complete and on time in the given period (Eg: month) <small>This is a KPI that measures the</small>	# of orders that were shipped & delivered on-time/Total # of orders in the given period <small>% DN - Total number of Orders</small>		Monthly	%	Increase	Business Performance	High-level	OTC	F2S

Strategy and Objective Information

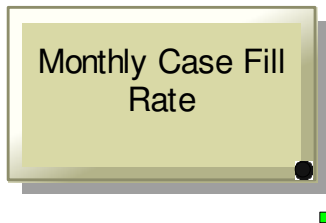
Business Process



Goal



Customer Example: Available Information



Clorox Metrics Formula: $\% \text{ FR} = \frac{\text{Total number of Cases shipped}}{\text{Total number of Cases ordered}}$

Clorox Metrics Category: Business Performance

Clorox metrics Directionality: Increase

Clorox Metrics Frequency of Tracking: Monthly

Clorox Metrics Primary Owner: F2S

Clorox Metrics Priority: High

Clorox Metrics Secondary Owner 1: ME

Clorox Metrics Secondary Owner 2: OTC

Clorox Metrics UOM: Cases

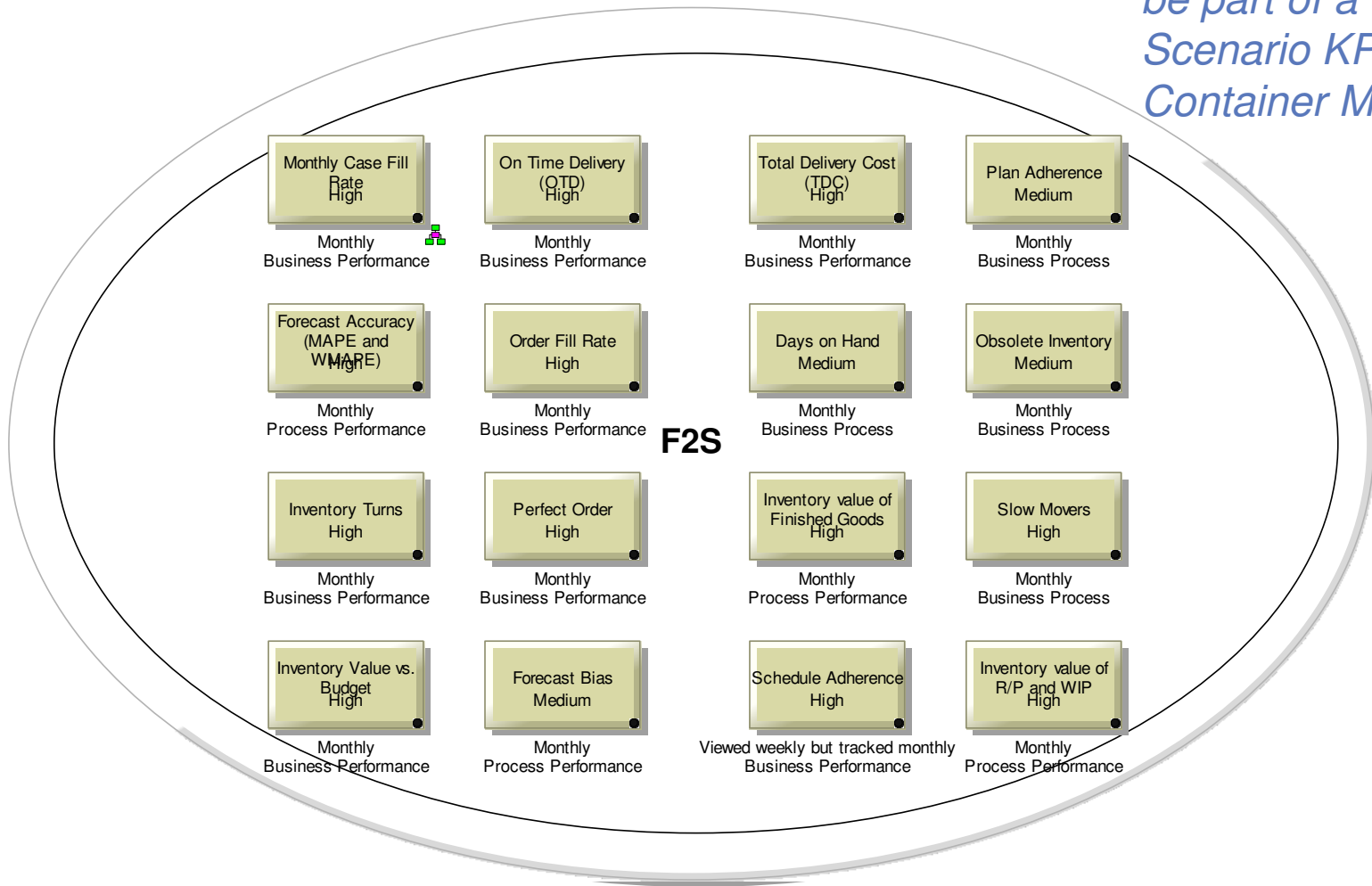
Description/Definition: To measure if the cases being ordered are being delivered complete as measured by Clorox.

The KPIs expressed in excel document has been uploaded to ARIS as a Library of Objects with all associated information as attributes

- 📁 KPIs
 - 🟢 % of Information requests un-answered [KPI instance]
 - 🟢 # of Headcount booking JEs [KPI instance]
 - 🟢 # of headcount performing transactions vs. analytics [KPI instance]
 - 🟢 # of Hours analyzing variances [KPI instance]
 - 🟢 # of internal control exceptions [KPI instance]
 - 🟢 # of JE's by type [KPI instance]
 - 🟢 # of Users booking JEs [KPI instance]
 - 🟢 % OEE- Pkg. and Molding [KPI instance]

KPI Containers from Mega Processes (Scenarios)

The same KPIs can be part of a Scenario KPI Container Model



Relating KPIs to Business Objectives

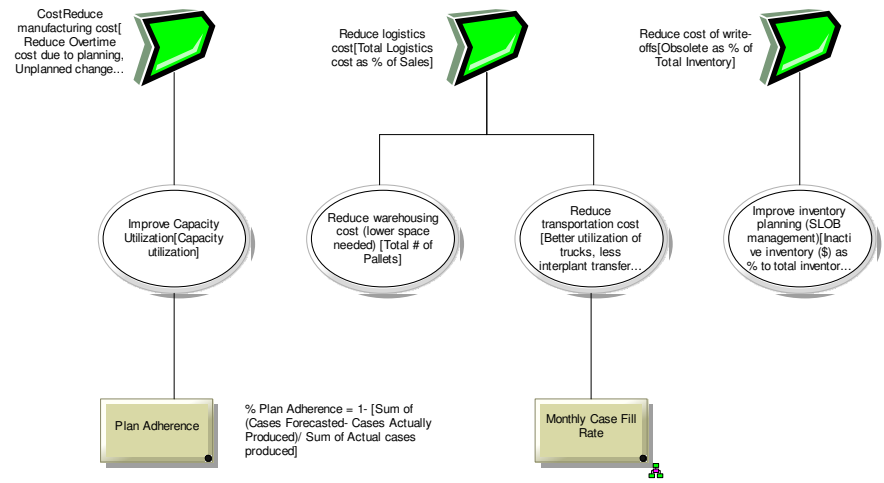
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In an ARIS model we create relationship between Strategic Initiative, Objectives and KPIs

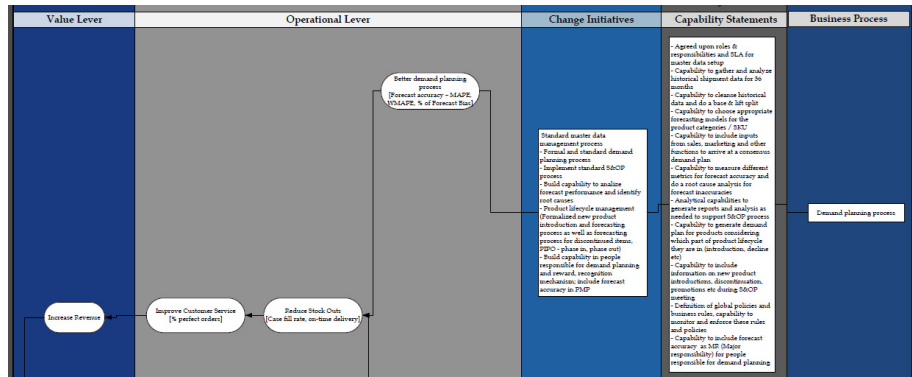
KPI Details



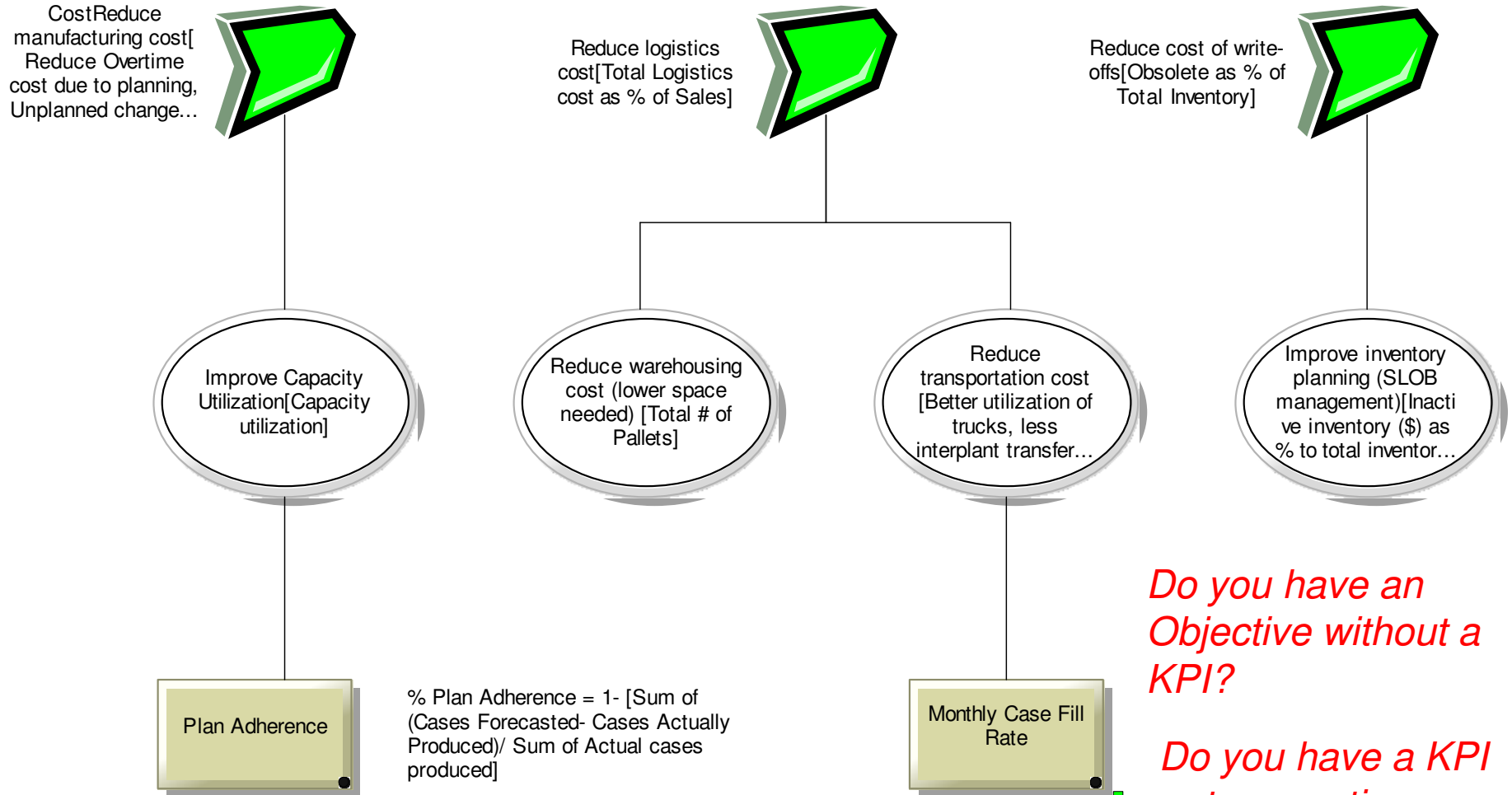
Strategy and Objective Information



Are we meeting our objectives? KPIs help measure it.



Objectives Model (Relating Objectives to KPIs)

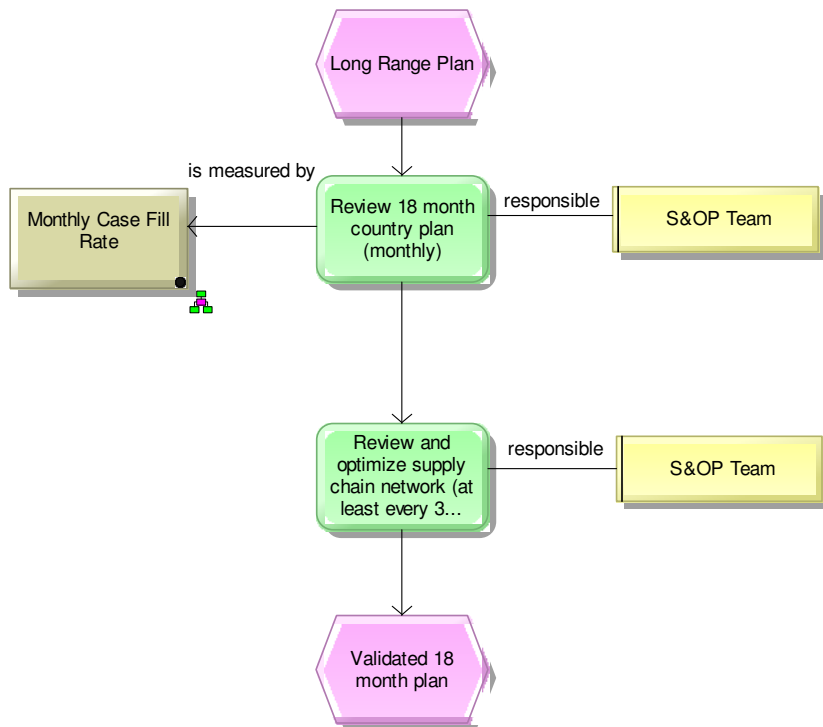


Do you have an Objective without a KPI?

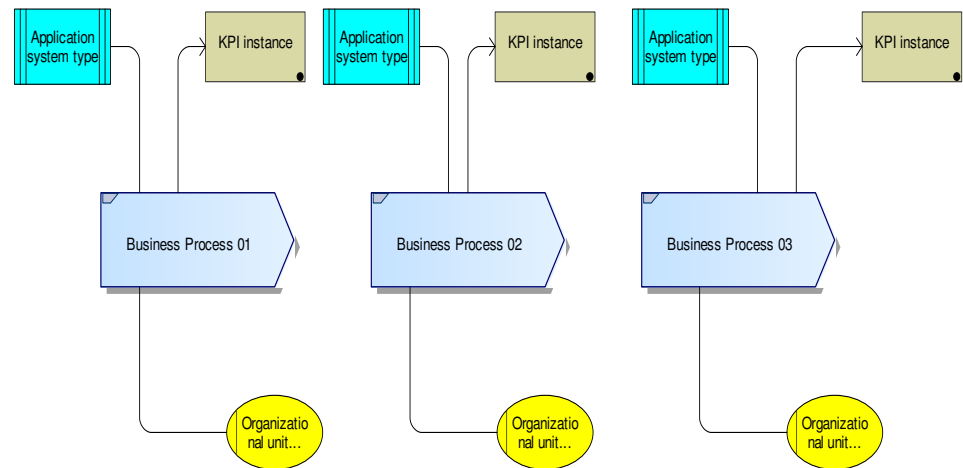
Do you have a KPI not supporting any objective?

Relating KPIs to Business Process

In an ARIS KPIs can be tied to both Business Process or Value chain objects to create business context for the KPI.

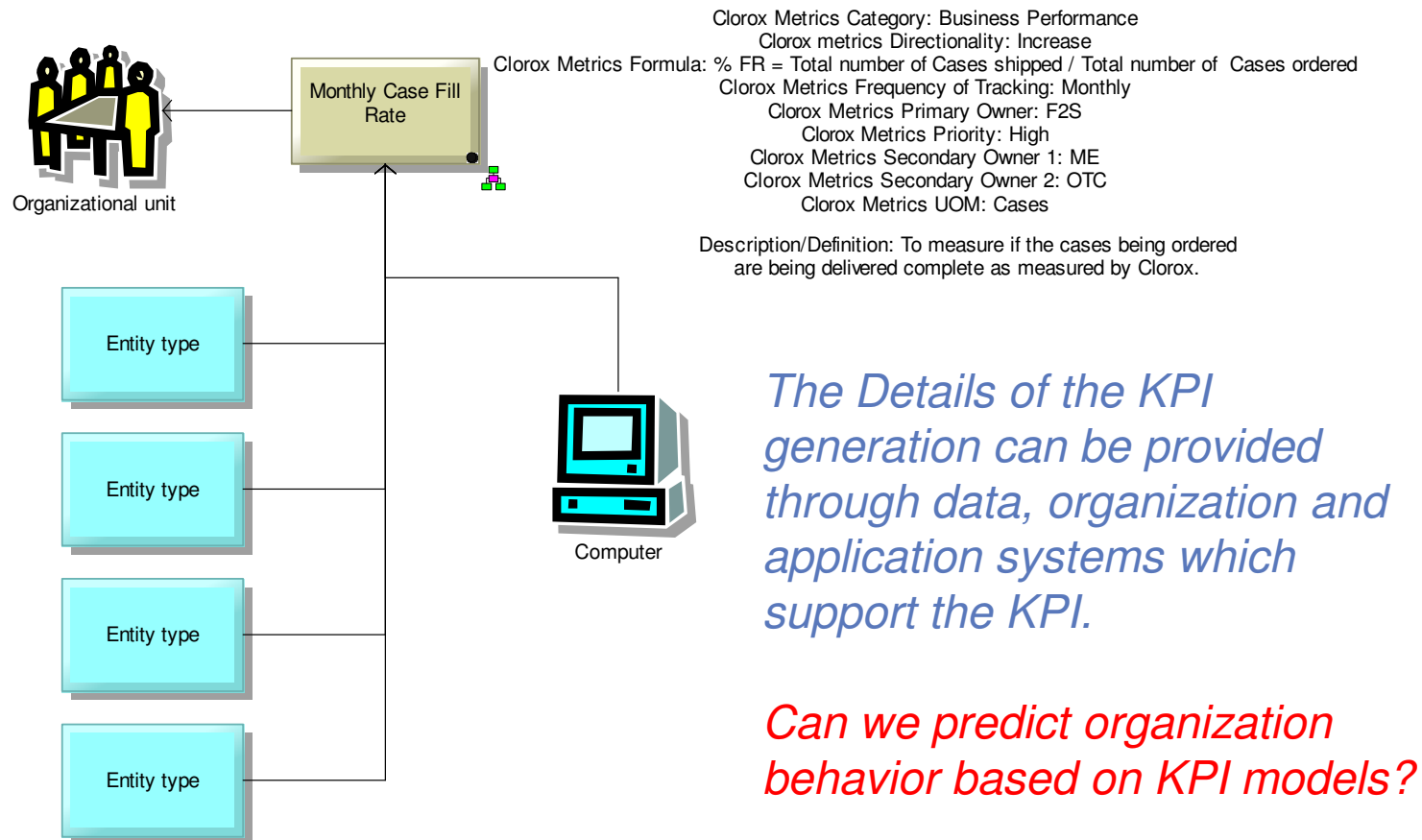


KPI tied to Business Processes

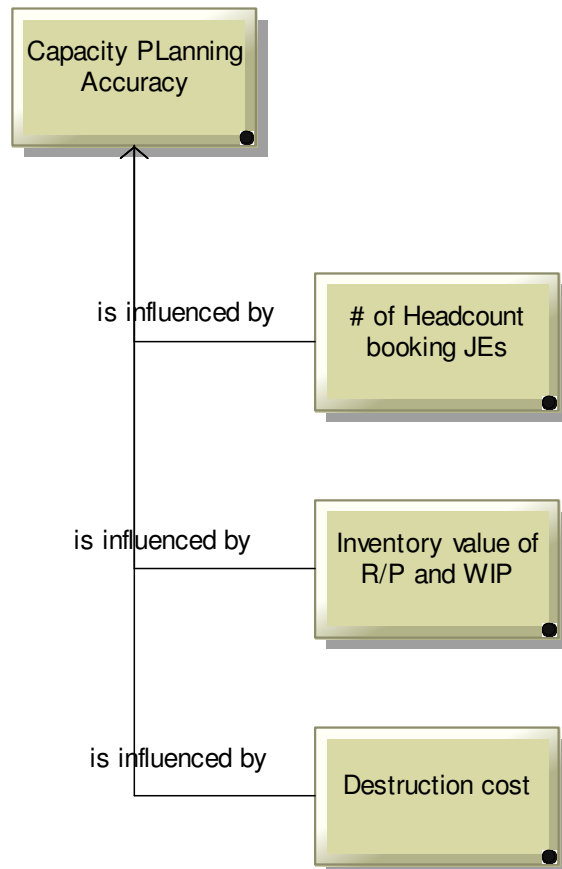


KPI tied to Value Chains

Defining KPIs through Data and Application



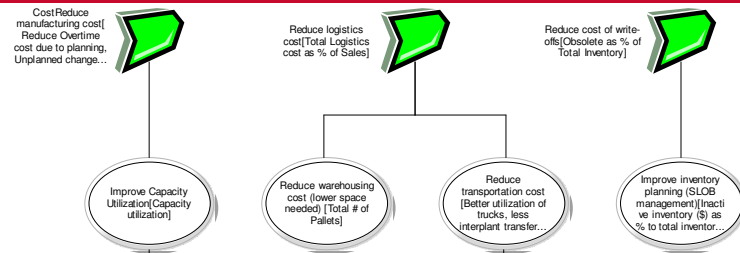
Roll up of KPIs into Broader KPIs



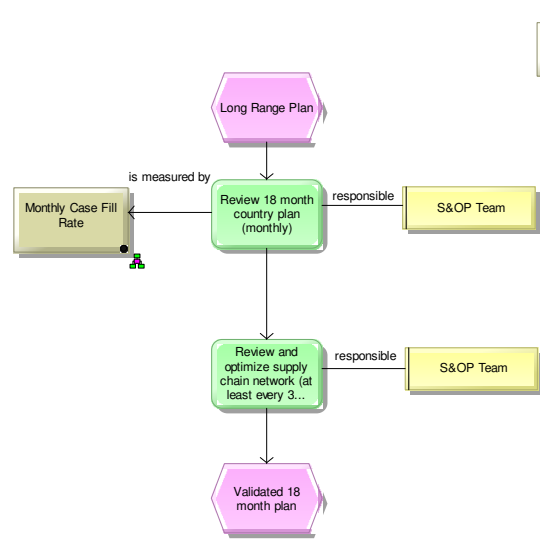
Lower Level KPIs roll into broader executive level KPIs

Can we design Broader KPIs with contents in ARIS?

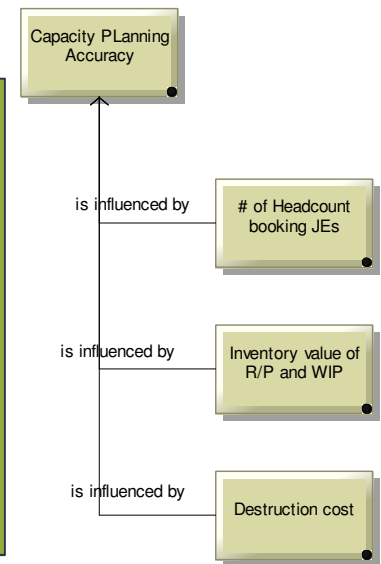
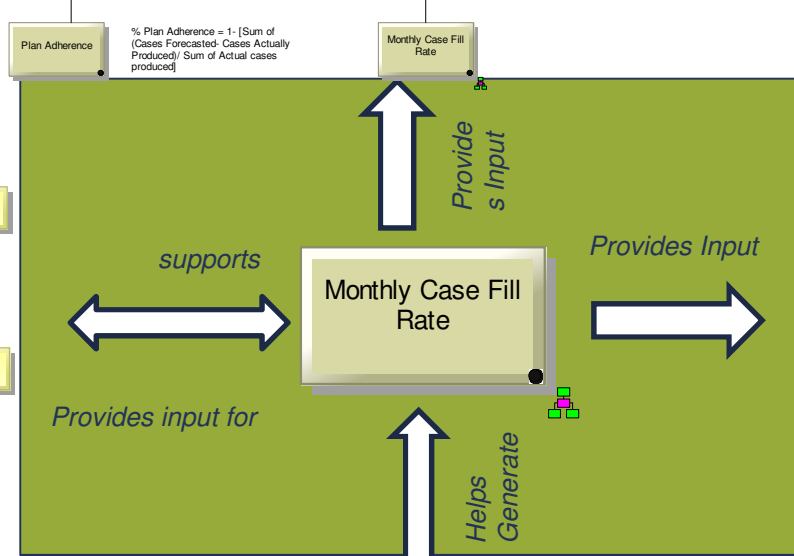
Goal



Strategy Model

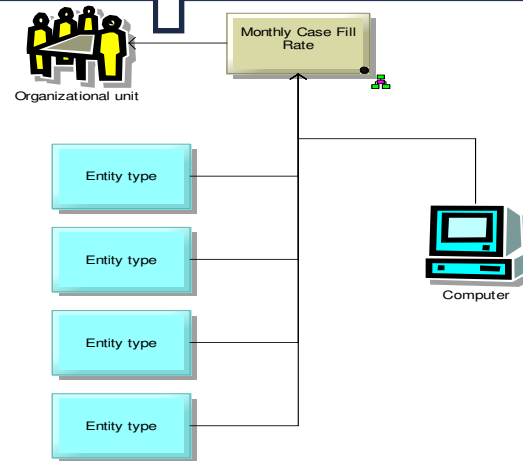


Process Model



KPI Tree

KPI Details



Steps for KPI Integration Model

- Tie KPIs to Business Process Steps or Value chain objects
- Tie KPIs to the Operational Objectives
- Gather Information about input data to KPIs along with the Application Systems which provide the data.
- Gather information about broader KPIs which are supported by these KPIs (executive dash board KPIs)