

Global Survey
Results : Executive
Summary



Executive Summary: 20 Years of Measuring and Managing Business Performance From KPIs and Dashboards to Performance Analytics and Big Data

By Bernard Marr

In 2012, in recognition of the 20th anniversary of the Balanced Scorecard, the Advanced Performance Institute (API) and Actuate surveyed over 3,000 companies, asking them about their use of performance measurement and the Balanced Scorecard. The results revealed evolving philosophies towards Business Performance Management, but also unveiled habits that continue to hold some organizations back. Find out the key results from *Measuring and Managing Performance – A Global Study* in this Executive Summary.

[Click here to read the full study.](#)

3,083 companies were surveyed

32% of responses came from companies with 5,000 employees or more

20% of companies have not yet benefited from the evolution of BPM

Over two-thirds of all companies surveyed use KPIs, making it the most widely used BPM tool

The Advanced Performance Institute (API) and Actuate – the BIRT company – took the 20th anniversary of the Balanced Scorecard as an impetus to take stock of the current performance management practices in companies across the globe. The resulting study, *Measuring and Managing Performance – A Global Study*, had responses from 3,083 companies across all continents, making this one of the largest and most comprehensive studies ever conducted in the field of enterprise performance management. The main participants were based in North America (32%) and Europe (41%), followed by Australia (7%), Africa (6%), the Middle East (3%) and South America (3%).

The companies represented in the study varied from large multinational companies to small- and medium-sized enterprises. A good cross section was achieved, with large companies of 5,000 or more employees creating the largest individual group, at 32 percent. Twenty-nine percent of respondents were from companies with 1,000 to 4,999 employees; 22 percent had 50 to 999 employees and another 17 percent employed one to 40 people.

In terms of industry sectors, again a good cross section was achieved, with representatives from all major sectors. The largest individual group is represented by the services sector, with almost a quarter of all participants falling into this category, followed by government, retail and wholesale, manufacturing, and energy and utilities – all with around 10 percent each.

PART I: BPM – THE CURRENT STATE OF PLAY

Participants were asked to identify the statement that best describes their current approach to measuring and managing performance. Five percent of respondents reported that they have no or very little performance data, and therefore no or little insights and decision-support information. A further 15 percent reported that their approach to measuring and managing performance generates some facts and data but the collection and usage is ad-hoc, sporadic and uncoordinated. This indicates that 20 percent of companies haven't really benefited from the introduction of BPM tools and practices and are somehow 20 years behind the times.

There was another group of respondents (12%) who reported that they collect and report performance but that it generates only limited insights, while the largest group among respondents (36%) reported that they collect and report performance data in order to produce reports or dashboards that provide some useful insights for the business. About one-third of the companies in the survey reported higher levels of maturity and benefits. In the more mature approaches to measuring and managing performance companies collect data in a coordinated fashion that leads to improved operational decision-making (7%) and improved strategic decision-making (11%). The most sophisticated approach to BPM is one where performance data is used to make both operational and strategic decisions and where companies use it to develop strategic foresight and make predictions for the future – 14 percent of the respondents in the survey believe that this is what their company is doing.

What Tools Do Companies Use to Manage Their Performance?

As far as the tools companies use, the most common was Key Performance Indicators (KPIs). Over two-thirds of all the companies surveyed stated that they use KPIs; examining the responses in more detail indicates that the actual number is even higher, as some respondents stated they use tools such as dashboards, benchmarking or Balanced Scorecards instead, and those usually require KPIs as well. Performance appraisals are the

60% of respondents use performance appraisals

38% of the companies surveyed use the Balanced Scorecard

Financial performance is the most measured aspect of business

second most widely used performance management tool. Sixty percent of respondents stated that their company uses performance appraisals to manage business performance.

Other tools include:

- *Mission and vision statements.* These were used by over half of the companies surveyed.
- *Management dashboards (also referred to as Executive Dashboards).* These were the fourth most popular management tool, with just over half of all companies in the survey stating they use them.
- *Lean management and Six Sigma.* Just under half of all companies in the *Measuring and Managing Performance* survey reported that they use lean management or Six Sigma approaches to manage their performance.
- *Benchmarking.* Forty-one percent of respondents stated that they use benchmarking. Benchmarking also goes hand in hand with the application of lean management approaches, where benchmarks are used to identify improvement targets.
- *The Balanced Scorecard (BSC).* The BSC was used by 38 percent of all companies in the study. This figure is in line with findings from similar studies and indicates that the use of this popular management tool is still on the rise.
- *Reward and recognition systems.* These were used by just over one-third of all companies surveyed.
- *Rolling forecasts.* The study found that almost one-third of companies surveyed use rolling forecasts. These companies regularly revisit their original forecasts (and related budgets) and revise them in light of new insights. Instead of an annual budgeting process, companies revise their forecasts and budgets maybe monthly or quarterly.
- *Enterprise risk management.* The study showed that 20 percent of companies surveyed use enterprise risk management as a tool to manage performance.

It is common that companies use a number of tools to manage performance. For example, those that use tools such as the Balanced Scorecard would also use KPIs and often benchmarking and dashboards. The *Measuring and Managing Performance* survey found that only a minority of companies relies on a single tool to manage their performance. Two-thirds of the companies surveyed use three tools or more and just under half of them use five tools or more.

Which Business Perspectives Do Companies Measure and Monitor?

This survey found that financial performance is still the most measured aspect of any business, with 87 percent of all respondents stating that they are measuring it; if government organizations are excluded, the percentage of companies who measure financial performance becomes almost 100 percent. The second most popular business perspective for which companies have performance measures in place is operational performance (75%) followed by customer (69%), employees (68%), and sales and marketing (53%). Lower numbers of companies also measure aspects of IT performance, culture and leadership, social responsibility and environmental performance, as well as supply-chain performance.

While 63% of respondents reported positive levels of satisfaction with their performance measurement activities, 37% reported levels of dissatisfaction

19% of respondents reported their main motivation for measuring and reporting performance is to comply with external demands

Many performance management tools have shown very high satisfaction ratings in previous user surveys. *Measuring and Managing Performance*, though, found that satisfaction levels are somewhat subdued. While the majority of respondents say that in general people in their company are somewhat satisfied (42%) or mostly satisfied (19%) with their performance measurement and management activities, there were also 18 percent stating that people are somewhat unsatisfied and a further 16 percent saying people are mostly unsatisfied. Three percent even stated that people are completely unsatisfied, compared to two percent who say people are completely satisfied.

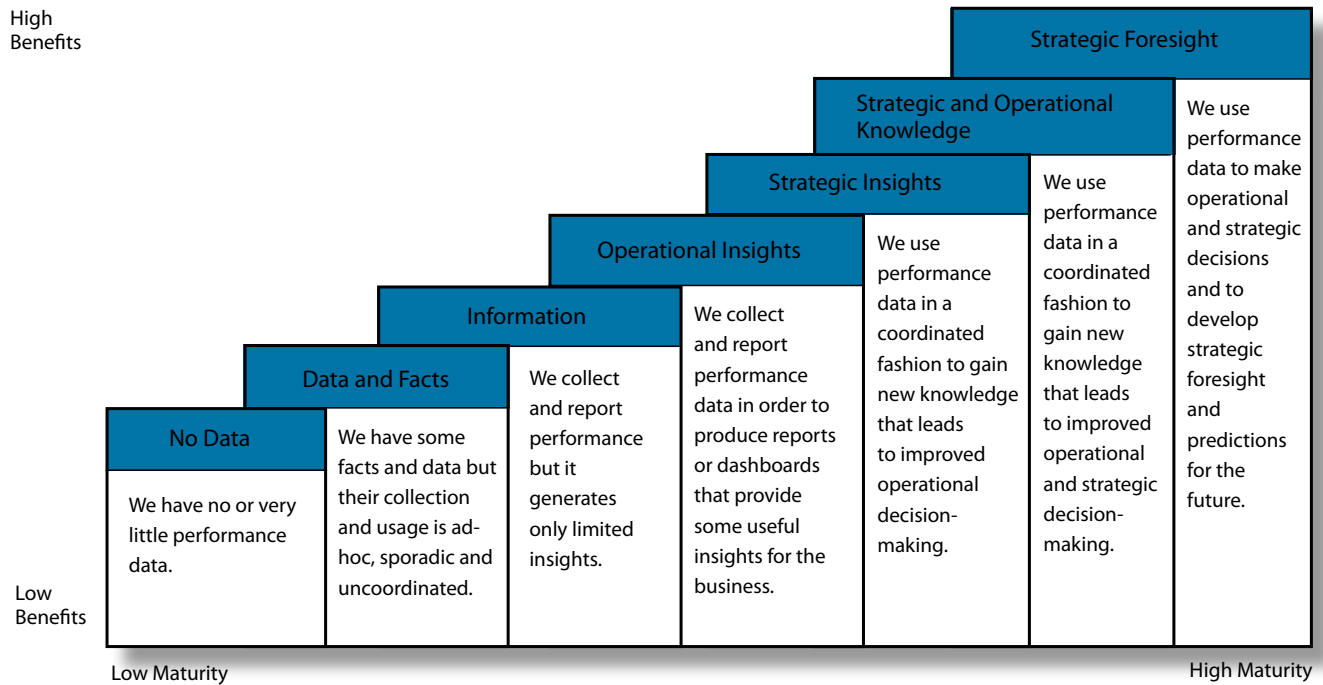
To find out whether companies get business benefits from their performance management activities, the survey asked participating companies about the benefits they gain from measuring and managing performance. One-fifth of all the companies in the survey stated that they are getting very limited or no benefits from using performance measurement and performance management. Most companies (61%) stated that senior management teams get insights into how well the company is performing. Less than half of the respondents felt that measuring and managing performance would provide operational teams with insights that improve operational decision-making, and less than one-third of companies believed that measuring and managing performance would provide managers with insights that improve strategic decision-making.

PART II: BPM MATURITY MODEL

The *Measuring and Managing Performance* survey identified seven important factors that influence the level of satisfaction with the BPM approach and the level of benefits companies derive from their efforts to measure and manage performance. These factors help establish the level of maturity of any BPM approach.

The most mature implementations have these factors in common:

1. *Buy-in and ownership of BPM is pervasive throughout the business.* In order to enable a successful BPM implementation, it is vital that companies create pervasive buy-in and communicate the need and reasons for measuring and managing performance throughout the organization, creating a closed loop where everyone receives data from the same system and there is trust and transparency in that data. In this survey, about half of the respondents see top-down buy-in with little buy-in at the grassroots. Nine percent reported a complete lack of buy-in and 21 percent reported pervasive buy-in.
2. *The reason for measuring and managing performance is internal and voluntary.* The most mature and successful implementations are those where BPM is introduced voluntarily by the company to improve its decision-making and generate new insights and understanding that drive performance improvement. This survey indicates that about one-third of companies do implement performance measurement and reporting to improve learning and performance. This is contrasted by another third that sees it more as an internal pressure to report upwards and demonstrate performance. Nineteen percent of companies reported that the main motivation for measuring and reporting performance is to comply with external demands to demonstrate performance, while 13 percent reported the main motivation as voluntarily, providing information to external organizations.



[Figure 1: BPM Maturity Model.]

About one-third of companies reported that their performance measurement activities mainly focus on the past

3. *Companies align strategic measures with operational measures.* Many companies are struggling with the alignment and integration of strategic and operational metrics. Operational measurement is too often done without alignment with strategic measures. This can create a disconnect between strategic and operational priorities. The *Measuring and Managing Performance* survey found that companies that only use KPIs to measure and report operational performance report low levels of benefits. The study also found that companies that have strategic KPIs but don't align them with operational metrics also report low benefits. However, those companies that integrate them and use strategic and operational KPIs and align them with Strategy Maps or Mission and Vision Statements report the highest levels of satisfaction and benefits.
4. *There is an alignment between traditional performance measurement and performance analytics.* Those companies that reported that they combine approaches such as KPIs and Balanced Scorecard with Business Intelligence and analytics generate more benefits in the form of richer and more comprehensive business insights. Bringing together strategic KPIs with analytics also ensures a more real-time view of the business where traditional KPIs often provide a historic view and analytics a more real-time approach.
5. *The focus of measuring and managing performance is now and the future.* In order to be truly effective any performance measurement and management activity should be concerned with the next quarter and the things to do to improve performance in the future. But instead, many companies still focus their activities on the past. In this survey, about one-third of companies reported that their performance measurement activities mainly focus on the past, while half believe it is a mix between historic and real time. Eleven percent see their focus as mainly real time while seven percent focus mainly on the future

61% of respondents primarily use office tools to report and analyze their performance

6. *There is a focus on data quality.* Over recent years companies have become more aware of the need to manage data quality. The most sophisticated companies have a well-governed data quality management process that allows them to manage and monitor data quality throughout the organization, but in this survey almost half of the companies have only reactive data quality management (i.e. they're looking at areas where data quality has become an issue). Fifteen percent said their data quality management is undisciplined, leading to poor or varied data quality.
7. *Companies use dedicated technology to measure and manage performance.* Similar to other studies, this one found that 61 percent of companies surveyed use office tools such as Microsoft Excel and PowerPoint as their main tools to report and analyze performance. Twelve percent use dashboard software, 15 percent Business Intelligence or analysis software and only 10 percent use integrated performance management and analytics software.

[Click here for the full analysis of Measuring and Managing Performance – A Global Study.](#)

Actuate: The BIRT Company

Actuate – The BIRT Company™ – founded the BIRT open source project, which serves as the foundation of ActuateOne®. ActuateOne applications deliver the most insights to the most people – ensuring organizations are ready for Big Data and touch devices. ActuateOne empowers developers to deploy business analytics and customer communications applications with one BIRT design to access any data, provide one user experience for any user, supported by one platform for any cloud, on-premise or touch device deployment.

Advanced Performance Institute

The Advanced Performance Institute (API) is a world-leading independent research and consulting organization specializing in organizational performance. The institute provides expert knowledge, research, consulting and training on concepts like strategy management, performance management, analytics, Business Intelligence, Key Performance Indicators and big data. The aim of the Advanced Performance Institute is to provide today's performance-focused companies, governments and not-for-profit organizations with insights, advice and services that help them deliver lasting change and superior performance. The institute has a long and successful history. It was established in the mid-1990s and has continuously grown to its current world-leading position with clients from across the globe. It is headquartered in the United Kingdom and operates across Europe, the United States, the Middle East and Australasia.