Managing your error-prone spreadsheets

Create more accurate plans, budgets and forecasts with integrated planning tools for midsize businesses

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Introduction

Has there ever been a more challenging time for midsize organizations? Looking outward, you have to be nimble to react to market shifts at a moment's notice. Your decisions have to be informed, quick and effective. And you have to "get it right the first time," because there are few, if any, second chances.

Looking inward, you don't have confidence in the information you are using for critical decision-making. You don't have the right information in the hands of the right people, and you don't have the staffing to respond quickly to changing forecasts and budgets.

In an ideal world, you'd like your limited staff to spend less time collecting data and more time analyzing how to improve the performance of the business. You know you need a better solution for performance management—planning, budgeting, forecasting, consolidations, analytics and reporting—as part of your strategic vision to link the insights drawn from trusted information to the actions in strategic and operational plans.

This paper describes how workgroups and midsize companies can transform their spreadsheet-only processes to create flexible and timely plans, budgets and forecasts. It outlines recommendations for implementing a complete performance management system, using IBM® Cognos® Express, an integrated reporting, analysis and planning solution purpose built for workgroups and midsize companies.

Business challenges

In today's world, cost-cutting measures and making the most of existing resources have become the order of the day. It's often difficult to find the resources to dedicate to comprehensive planning, budgeting and forecasting. And if you're like most midsize businesses, you probably think these kinds of performance management applications are beyond your means. So you continue to rely on the familiar spreadsheet for just about all of your performance management needs.

You're not alone. Organizations of every size use spreadsheets for core financial functions such as strategic planning, financial reporting and consolidation. However, spreadsheet proliferation for performance management exposes many organizations to significant levels of risk. Spreadsheets require labor-intensive manual processes, are highly error-prone, are difficult to consolidate, exhibit poor data integration and lack access and version control. These risks and inefficiencies can be costly as well.

Despite the known risks, spreadsheets are here to stay and for good reason. They provide the control or lack of dependence on IT and are familiar, flexible and accessible throughout the organization. The challenge for the IT organization is to reduce spreadsheet risks by employing a performance management solution that leverages spreadsheets and eliminates the risks and inefficiencies. The goal? Augment spreadsheets wherever possible with planning applications that integrate easily with spreadsheets and deliver greater business efficiencies.

Managing spreadsheet risk need not be an "either/or" proposition—an impossible choice between high-risk spreadsheets and the perceived high-cost of new planning, budgeting and forecasting applications. Especially at a time of budget belt-tightening, flexible and cost-efficient performance management can be achieved by leveraging the best of your existing spreadsheet investment with an integrated, full-featured planning, budgeting and forecasting solution.

By establishing strategies that embrace and transform spreadsheet-only processes, midsize organizations and workgroups can deliver financial performance solutions with greater accuracy, transparency and rigor, while enabling users to operate in a familiar environment. We recommend the following approach.
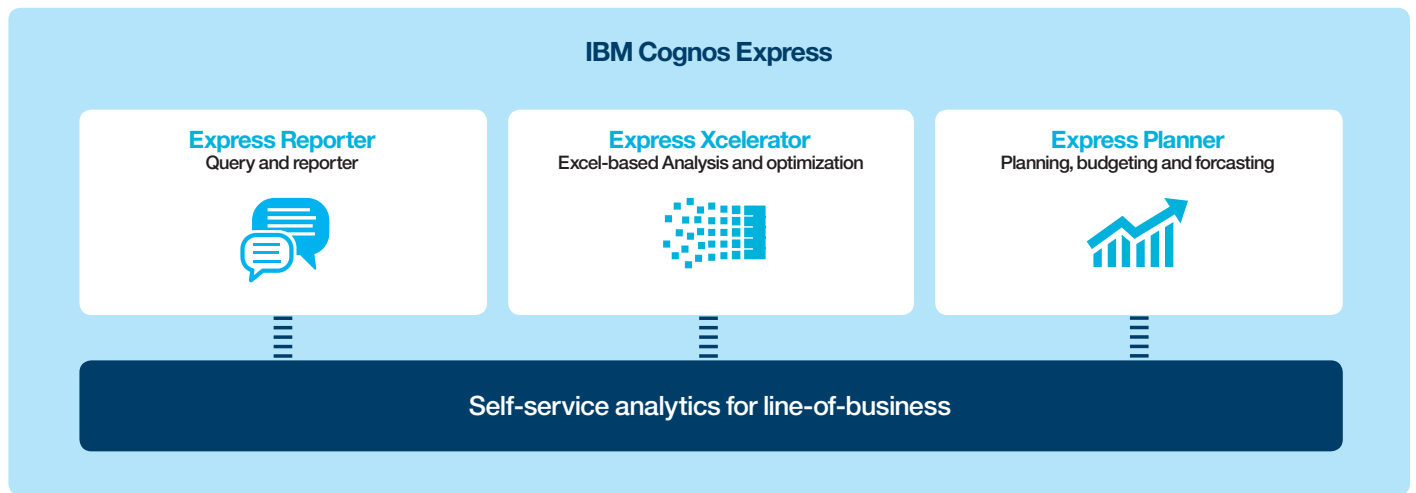
IBM Cognos Express

Express Reporter
Query and reporter

Express Xcelerator
Excel-based Analysis and optimization

Express Planner
Planning, budgeting and forcasting

Self-service analytics for line-of-business

Figure 1: IBM Cognos Express offers a complete, integrated solution for the reporting, analysis and planning needs of workgroups and midsize organizations.

The solution: IBM Cognos Express

If you think that enterprise-class performance management solution suites are beyond your means and spreadsheets alone can't come close to meeting your needs, where do you turn?

Success in a dynamic marketplace depends on getting the right information to and from the right people at the right time. Success requires an integrated performance management solution that ties analytical insight to action, and one that scales across your business to drive decision-making from the storeroom to the boardroom.

You can achieve these goals with an integrated reporting, analysis and planning solution, such as IBM Cognos Express. Cognos Express provides a complete and integrated performance management environment that supports planning, budgeting and forecasting as well as consolidation, reporting and analytics. It automates and manages performance management processes by engaging, empowering and monitoring executives, line-of-business managers and staff across functional areas and business units. For example, with Cognos Express you can create high-level plans, assign responsibility for providing information and track progress until plans are complete. This flexible, accurate planning environment blends a structured, managed workflow with personalized analysis and reporting for improved business agility across the organization.

Let's look at how your current spreadsheet-only processes can be transformed to an effective performance management solution with Cognos Express.

Eliminate spreadsheet errors
Spreadsheet-only "solutions" are fundamentally error-prone. Whether stemming from users (hitting the wrong key), from logic (choosing or creating an inappropriate formula) or from omission (leaving out a critical model component like a row or column), calculation errors are nearly guaranteed. In fact, recent research shows that 94 percent of spreadsheet models are seriously flawed in one way or another.

Make confident decisions
Cognos Express offers a centralized, single performance management solution that encompasses data management, planning, budgeting, forecasting, consolidation, reporting and analysis. It facilitates high participation and collaboration across your company, yet offers managed workflow that enables closely monitored data collection, rapid aggregation, clearly defined rules and hierarchies, a rigorous approval process, role-based security and a clear audit trail that facilitates accountability and accuracy.

Gain greater insight through multidimensional analysis
Even in smaller companies, financial and business data is simply too complex to be effectively stored, managed and utilized in two-dimensional, row-and-column spreadsheets. When you need to assess product-line profitability by cost-of-goods sold, by item, by customer demographic, by region, by sales rep and so on, you need more firepower than linked spreadsheets and even the cleverest macros. And when one measure changes, how do you know that those changes will accurately percolate all through your spreadsheet model? Typically, you don't.

Cognos Express uses an in-memory analytic server that centrally manages business hierarchies, rules, calculations and data. With either a user-friendly web interface or the familiar Microsoft Excel front-end, you can read and write to your data set and then see results instantly. You can slice-and-dice data across multiple dimensions to match the planning, forecasting or reporting needs of the moment—all in real time. Read/write access is controlled by role-based security and changes are instantly propagated to all users.

Collaborate throughout the company
Successful performance management requires high levels of collaboration and participation: the greater the cross-company input, the greater the resulting accuracy and insight. But due to deployment difficulty (and error frequency), spreadsheet-based performance management demands a constrained, centralized process that can represent only a small part of your company stakeholders.

Cognos Express allows you to involve more people more often in your performance management process. Data from across your company becomes valuable information when it can rapidly flow via the web to and from process contributors and management decision makers. Current plans are visible to stakeholders, and all users have read and write capability as required for contribution, ad hoc analyses and "what-if" scenarios. And a rich web interface is perfect for a distributed environment where many of your team members work remotely across business units and geographies.

Automate workflows
With a spreadsheet-only performance management solution, managing process workflow is nearly impossible. You're never quite sure if data contributors are progressing according to plan—or if they've begun work at all. And with spreadsheets, greater participation does not mean greater effectiveness.

Figure 2: Cognos Express is a powerful, easy to use budgeting and planning environment that is accessible on both your desktop and on mobile devices.

Cognos Express helps guide the performance management process by enabling finance and line-of-business managers to assign functional responsibility to individuals or groups. Contributors submit data according to schedule, and tasks are designated as not started, in progress, approved, rejected or not delegated. Reviewers monitor progress and accept or reject contributions as needed. Cognos Express makes the entire performance management process highly visible and helps enhance timeliness and accountability.

React faster to changing business conditions
With spreadsheets flying back and forth through cyberspace, you never know if everyone is working with the most recent iteration of a plan, budget or forecast. The result is likely a "final version" that's based on inaccurate or mismatched data.

Cognos Express enables planners, analysts and managers to develop iterative plans, budgets, forecasts, reports and analyses. Maybe you want to revise a forecast using the assumption that revenue in five regions will increase by 15 percent next quarter. Email alerts notify analysts and contributors of the revised assumption, remind contributors that they must submit new numbers or provide driver information to plan stakeholders. Comments—such as reasons why a contribution was approved or rejected—can be stored along with each change in task status.

Simplify data aggregation
Consolidating input from multiple users and spreadsheets also inhibits performance management process effectiveness. A single person or group has to collect the numerous spreadsheets and unite them in a single version. Even if individual spreadsheets are error-free, aggregation is a huge task that can drag on for weeks. IBM Cognos Express streamlines data aggregation and lets you perform fast and precise data loads.

Secure, trusted performance management

An error-prone, cumbersome spreadsheet-based performance management process does not engender confidence. It does not allow your company to analyze results, react to market change, ask and answer "what-if" questions, then alter plans, budgets or forecasts rapidly and effectively. Real-time response is virtually impossible, and—as a midsize business—you're at a competitive disadvantage against larger companies in your space.

Cognos Express gives you critical performance information when you need it. At its core is a powerful in-memory, multidimensional analytic server that enables lightning fast "what-if" calculations. Cognos Express is the only purpose-built performance management product for midsize companies that can model "what-if" scenarios in real time—essential for survival in challenging economic times.

An advanced performance management application, such as Cognos Express, helps promote both relevance and credibility within an organization. Since users across the company are always working with the most current data set, results are more believable and better reflect daily reality.

Credibility is also enhanced by advanced security functions—more secure data is more reliable data. With Cognos Express, you control individual access based on the role each person plays in the performance management process. For example, a plan manager can easily administer and monitor all tasks and functions in a forecast cycle. And a built-in audit trail—along with the solution's managed workflow—further establishes data credibility and facilitates statutory compliance.

Think big, start small

Cognos Express is member of the Cognos 10 family of products, which delivers the essential foundation for Business Intelligence, Performance Management and Business Analytics solutions. These products are designed to work together to help individuals, workgroups and entire organizations gain value from applying analytics to every business decision.

Cognos 10 products are right-sized for your organization and integrated so you can start addressing your most pressing needs with the confidence that you can grow your solution to meet future requirements. For example:

- Initial deployments can address the needs of individuals by instantly deploying the desktop capabilities of IBM Cognos Insight for data discovery and planning.
- Workgroups or departments can grow to share that insight through a server, add reports on larger data sets and interact with them on mobile devices with Cognos Express.
- Organizations can combine those insights with real-time and corporate information, place them on scorecards and deploy broadly with IBM Cognos Enterprise.

Every step of the way, IBM helps organizations on their journey to make better decisions and optimize business performance.

Conclusion

Clearly, a spreadsheet-based approach to performance management is inadequate to meet the challenges facing a growing midsize business. Cognos Express supports key planning, budgeting, forecasting, consolidation, reporting, analytics and data management processes in one integrated solution. Immediate feedback enhances decision-support at all levels of your business, so you can spend more time on what you do best—running and growing your business.

With Cognos Express, midsize companies can get consistent, reliable information to answer three critical business questions: *How are we doing*? *Why*? and *What should we be doing*? With insights drawn from answering these questions, managers can make better, faster decisions and make immediate updates to plans so they can drive greater efficiencies, reduce costs and capitalize on new growth opportunities.

Cognos Express is the first and only integrated business intelligence (BI) and planning solution purpose-built to meet the needs of midsize companies. It delivers the essential reporting, analysis, dashboard, scorecard, planning, budgeting and forecasting capabilities that midsize companies need at a price they can afford. Everything is included in a pre-configured solution that is easy to install, easy to use and easy to buy.

For organizations that are beginning to embark or expand on a BI and planning strategy, Cognos Express includes everything needed to get started right away. It offers powerful yet easy-to-use business analytics capabilities for both novices and advanced users to encourage broad adoption throughout a company.

Its modular design and integration with the Cognos 10 family of software provides midsize companies with the ability to match their business needs to budget and resource constraints and grow over time. With IBM Cognos Express, midsize companies can achieve their strategic vision to turn disconnected data into information, turn information into valuable insight and turn insight into action with timely and effective plans, budgets and forecasts.

About IBM Business Analytics

IBM Business Analytics software delivers data-driven insights that help organizations work smarter and outperform their peers. This comprehensive portfolio includes solutions for business intelligence, predictive analytics and decision management, performance management,and risk management.

Business Analytics solutions enable companies to identify and visualize trends and patterns in areas, such as customer analytics, that can have a profound effect on business performance. They can compare scenarios, anticipate potential threats and opportunities, better plan, budget and forecast resources, balance risks against expected returns and work to meet regulatory requirements. By making analytics widely available, organizations can align tactical and strategic decision-making to achieve business goals. For further information please visit **ibm.com**/business-analytics.

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