

# 9 Rules to Manage Performance Metrics

16 March 2021



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## Mini-Courses (Members Only)

(Eligible for FPAC, CTP and CPE Credits)  
5- minute courses on a variety of topics that include:

- › Connecting Data
- › Extract-Transform-Load Data Structure

## Webinars

(Eligible for FPAC, CTP and CPE Credits)

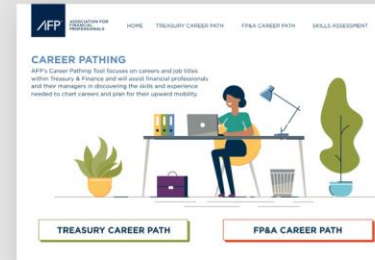
- › FP&A Data Visualization:  
How to Tell Number Stories with Pictures
- › Implementing Rolling Forecasts

## AFP Collaborate

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## AFP Newsletters

AFP'S Newsletters provides case studies, best practices and news for financial planning and analysis professionals.



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Discover the skills and experience you need to get to the next level.



## AFP Research

- › The Technology and Data Platform Supporting Finance Decisions *Underwritten by Workday*
- › AFP FP&A Survey:  
How Relevant is your Budget?
- › AFP Compensation Survey

## FP&A Guides

Past guides include:

- › Scenario Planning  
*Underwritten by Workday*
- › Making Excel Work for FP&A  
*Underwritten by Vena Solutions*
- › Planning in the Age of Volatility  
*Underwritten by Workiva*
- › How FP&A Can Become a Better Business Partner *Underwritten by Workiva*



# Today's Experts



**Hari Ramani**  
PT Controller &  
Reporting/Analysis Lead  
  
Royal Dutch Shell



**Lance Rubin**  
Founder, Model Citizn  
  
Co-founder, Full Stack  
Modeller



**Kevin Wong**  
  
Asia Finance Lead  
  
Blue Bottle Coffee



# Part 1: Creation



# **Poll Question 1:**

**How many of the metrics in your organisation are used to drive the right business decisions...**

- Less than 25%
- 25% to 49%
- 50% to 75%
- Greater than 75%



## Hari Ramani

PT Controller &  
Reporting/Analysis Lead

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# Propel the Company Into Action

- To drive action, the metrics need to be specific, forward looking and action- / outcome-oriented)
- Drive towards clear targets with interim checkpoints that allow for validation against ultimate potential





## Lance Rubin

Founder, Model Citizn

Co-founder, Full Stack  
Modeller

# Construct with “SMART KISSes”

### SMART:

- **S**pecific
- **M**easurable
- **A**chievable
- **R**eliable
- **T**ime Based

### KISS

- Get started and testing through time on simple KPIs.





**Kevin Wong**

Asia Finance Lead

Blue Bottle Coffee

## Align the Organisation From Top to Bottom

- Top-level metrics needs to break down to a fundamental level - something that all levels of the organization can agree and support on.
- The metrics (and people) should be able to draw a line from the strategic to operational to tactical levels.



# Part 2: Maintenance



## **Poll Question 2:**

**We have a review process to evaluate our metric inventory (e.g., usefulness, ease of measurement)**

- Strongly agree—we have a structured process to do this
- Agree
- Disagree
- Strongly disagree—we have metrics older than me!



## Kevin Wong

Asia Finance Lead

Blue Bottle Coffee

## Validate internally

- Metrics needs to be reviewed on a timely basis by all level of the management team.



## Hari Ramani

PT Controller &  
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## Validate externally

- Evaluation against market / business conditions (changes in the environment are one of the reasons for metrics obsolescence)
- Usefulness in driving business direction (i.e., alignment with strategy / goals)
  - Watch out for metrics that do not have good progress



## Lance Rubin

Founder, Model Citizn

Co-founder, Full Stack  
Modeller

## Automate for execution

- Automate the production of the metrics and report, thereby allowing it to be visible to more people more often
- Authenticity and interpretation





# Part 3: Retirement





## **Poll Question 3:**

**How many metrics have you retired this year?**

- None
- A few
- Many



## Lance Rubin

Founder, Model Citizn

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Modeller

# Reflect on the Purpose for Creation

- As the fact patterns change in business is it still relevant?
- Has the goal been achieved and no longer needed?
- Consider whether a replacement KPI is needed to start the cycle again.
- How do we avoid creating unnecessary vanity KPIs?



**Kevin Wong**

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## Balance Consistency with Utility

- Constantly reassess market changes and relevance of the performance metric in the business. The key is focus, remove any unnecessary KPIs, replace with few important KPIs to look forward to.
- Some KPI should be presented at all times -- these are timeless and ties directly to the overall vision of the business.



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## Define Obsolescence

- When targets are achieved.
- What metrics are rendered obsolescent.





Summary: 9 Rules to Manage Performance Metrics			
	Hari	Lance	Kevin
Creation	<b>Propel the Company Into Action</b> <ul style="list-style-type: none"> <li>To drive action, the metrics need to be specific, forward looking <b><i>and</i></b> action- / outcome-oriented)</li> <li>Drive towards clear targets with interim checkpoints that allow for validation against ultimate potential</li> </ul>	<b>Construct with “SMART KISSes”</b> <p><b>SMART:</b></p> <ul style="list-style-type: none"> <li><b>S</b>pecific</li> <li><b>M</b>easurable</li> <li><b>A</b>chievable</li> <li><b>R</b>eliable and</li> <li><b>T</b>ime Based</li> </ul> <p><b>KISS</b></p> <ul style="list-style-type: none"> <li>Get started and testing through time on simple KPIs.</li> </ul>	<b>Align the Organization From Top to Bottom</b> <ul style="list-style-type: none"> <li>Top-level metrics needs to break down to a fundamental level - something that all levels of the organization can agree and support on.</li> <li>The metrics (and people) should be able to draw a line from the strategic to operational to tactical levels.</li> </ul>
Maintenance	<b>Validate externally</b> <ul style="list-style-type: none"> <li>Evaluation against market / business conditions (changes in the environment are one of the reasons for metrics obsolescence)</li> <li>Usefulness in driving business direction (i.e., alignment with strategy / goals) <ul style="list-style-type: none"> <li>Watch out for metrics that do not have good progress</li> </ul> </li> </ul>	<b>Automate for execution</b> <ul style="list-style-type: none"> <li>Automate the production of the metrics and report, thereby allowing it to be visible to more people more often</li> <li>Authenticity and interpretation</li> </ul>	<b>Validate internally</b> <ul style="list-style-type: none"> <li>Metrics needs to be reviewed on a timely basis by all level of the management team.</li> </ul>
Retirement	<b>Define Obsolescence</b> <ul style="list-style-type: none"> <li>When targets are achieved</li> <li>What metrics are rendered obsolescent</li> </ul>	<b>Reflect on the Purpose for Creation</b> <ul style="list-style-type: none"> <li>As the fact patterns change in business is it still relevant</li> <li>Has the goal been achieved and no longer needed?</li> <li>Consider whether a replacement KPI is needed to start the cycle again.</li> <li>How do we avoid creating unnecessary vanity KPIs?</li> </ul>	<b>Balance Consistency with Utility</b> <ul style="list-style-type: none"> <li>Constantly reassess market changes and relevance of the performance metric in the business. The key is focus, remove any unnecessary KPIs, replace with few important KPIs to look forward to.</li> <li>Some KPI should be presented at all times - these are timeless and ties directly to the mission of the business</li> </ul>





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