

Jihočeská univerzita  
v Českých Budějovicích  
University of South Bohemia  
in České Budějovice

# Information Systems Strategy and Management

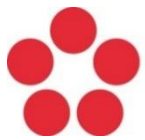
CORPORATE PERFORMANCE MANAGEMENT AND ITS ROLE  
IN BUSINESS MANAGEMENT



EVROPSKÁ UNIE  
Evropské strukturální a investiční fondy  
Operační program Výzkum, vývoj a vzdělávání

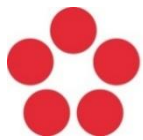


MINISTERSTVO ŠKOLSTVÍ,  
MLÁDEŽE A TĚLOVÝCHOVY



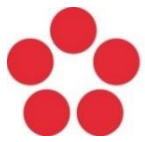
# CPM Characteristics

- CPM is the main representative of performance management systems.
- Corporate Performance Management is a comprehensive term that describes all the processes, methodologies, metrics, and systems needed to measure and manage the organization's performance (Geishecker & Rayner, 2001).
- It is a comprehensive system of organizational, automation, planning, monitoring and analytical methodologies, procedures, metrics, processes, and systems that help management manage their business performance.

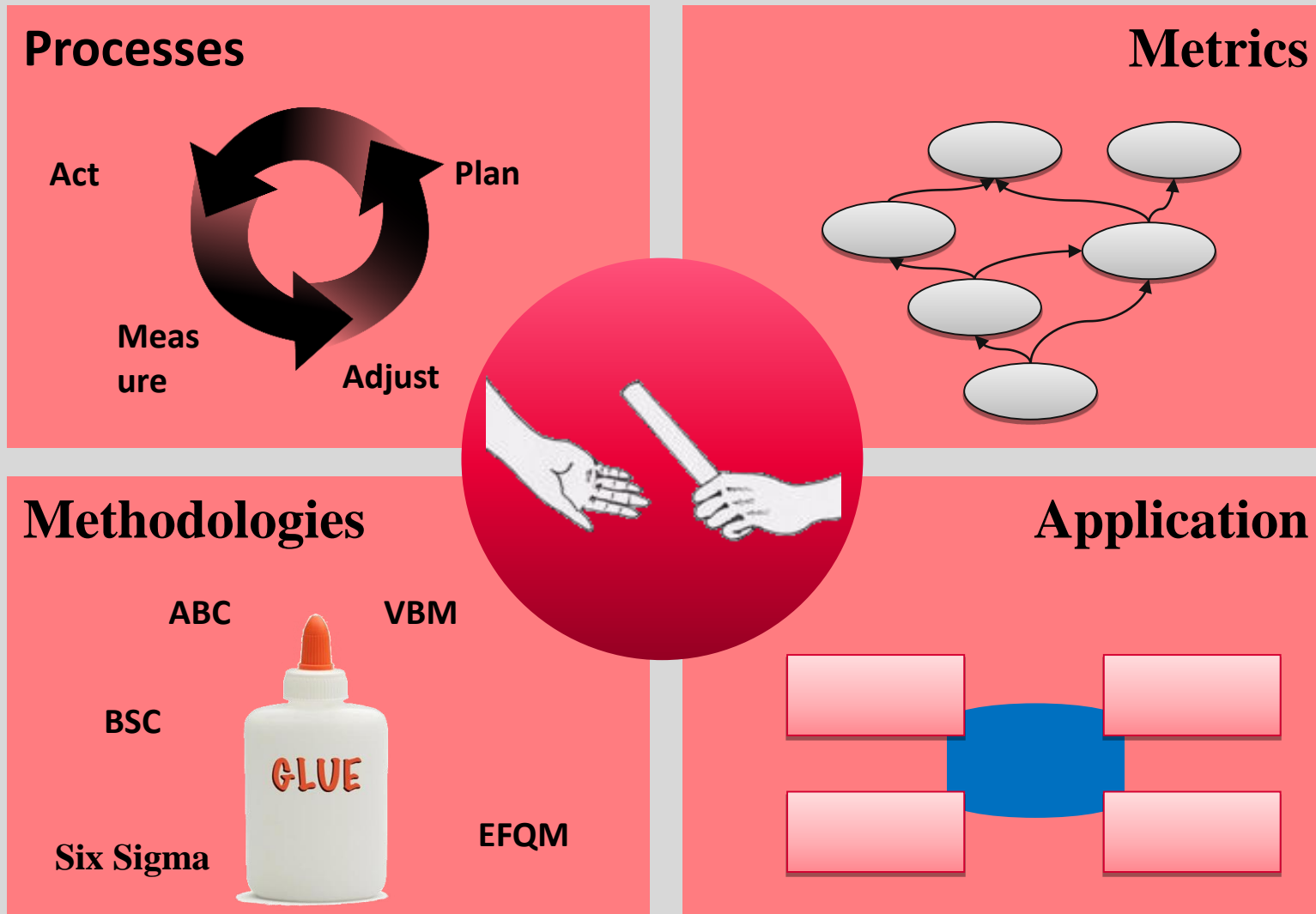


CPM is a holistic approach to business strategy implementation and monitoring, combining: (Coveney, 2003):

- **Methodologies** - including methodologies that support efficient business management (e.g., Balanced Scorecard). At the same time, technological methods for the implementation of CPM systems can also be included in this group;
- **Metrics** - which are defined in the implementation of these methodologies in a business;
- **Processes** - used by organizations to implement and monitor performance management;
- **Applications and technologies** - information systems to support performance management at all the levels of the organization, supporting the given methodologies, metrics, and processes.



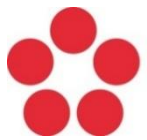
# CPM Characteristics



ABC = Activity-Based Costing  
BSC = Balanced Scorecard

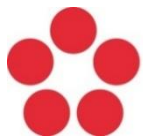
EFQM = European Foundation for Quality Mgmt.  
VBM = Value-Based Management

Figure 7-1 CPM as a Relay Run per (Chandler, 2007)



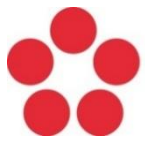
## CPM methodologies

- **Balanced Scorecard (BSC)** - Introduced in the early 1990s by R. Kaplan and D. Norton, which is a comprehensive system of balanced, not only financial standards, aiming to streamline the implementation, monitoring, and correcting of business strategies;
- **Total Quality Management (TQM)** - representing the 1960s approach based on quality management by all the employees of the organization, pursuing long-term success that is based on customer satisfaction;
- **EFQM Excellence Model (EFQM)** - a model introduced for the first time in 1992, based on the premise that excellent business results can only be achieved with the utmost customer satisfaction, employee satisfaction, and respect for the environment. However, this is conditional on the precise handling and management of processes, which requires not only properly defined and developed policy and strategy, but also a sophisticated system of managing all the kinds of resources and building partnership relations.



## CPM methodologies

- **Six Sigma (6σ)** - a set of principles implemented by Motorola in the 1980s, which aims to systematically improve processes by eliminating their defects. The measurement, analysis, and improvement of business processes, the effort to eliminate variations in outputs and the involvement of resources across organizations are again at the forefront;
- **Activity Based Costing (ABC)** - represents a modern management accounting method, which emerged in the 1980s, it allows the allocation of costs to the individual process activities. It is a strategic tool for business process optimization and monitoring;
- **Theory of Constraints (TOC)** - promoted since 1980s by E. Goldratt. It is a managerial philosophy that seeks to achieve the objective (profit) through the identification and removal of constraints in the system (business) to ensure greater flow and objective achievement.
- **Economic Value Added (EVA)** - Developed in the 1990s



# IT Infrastructure for CPM

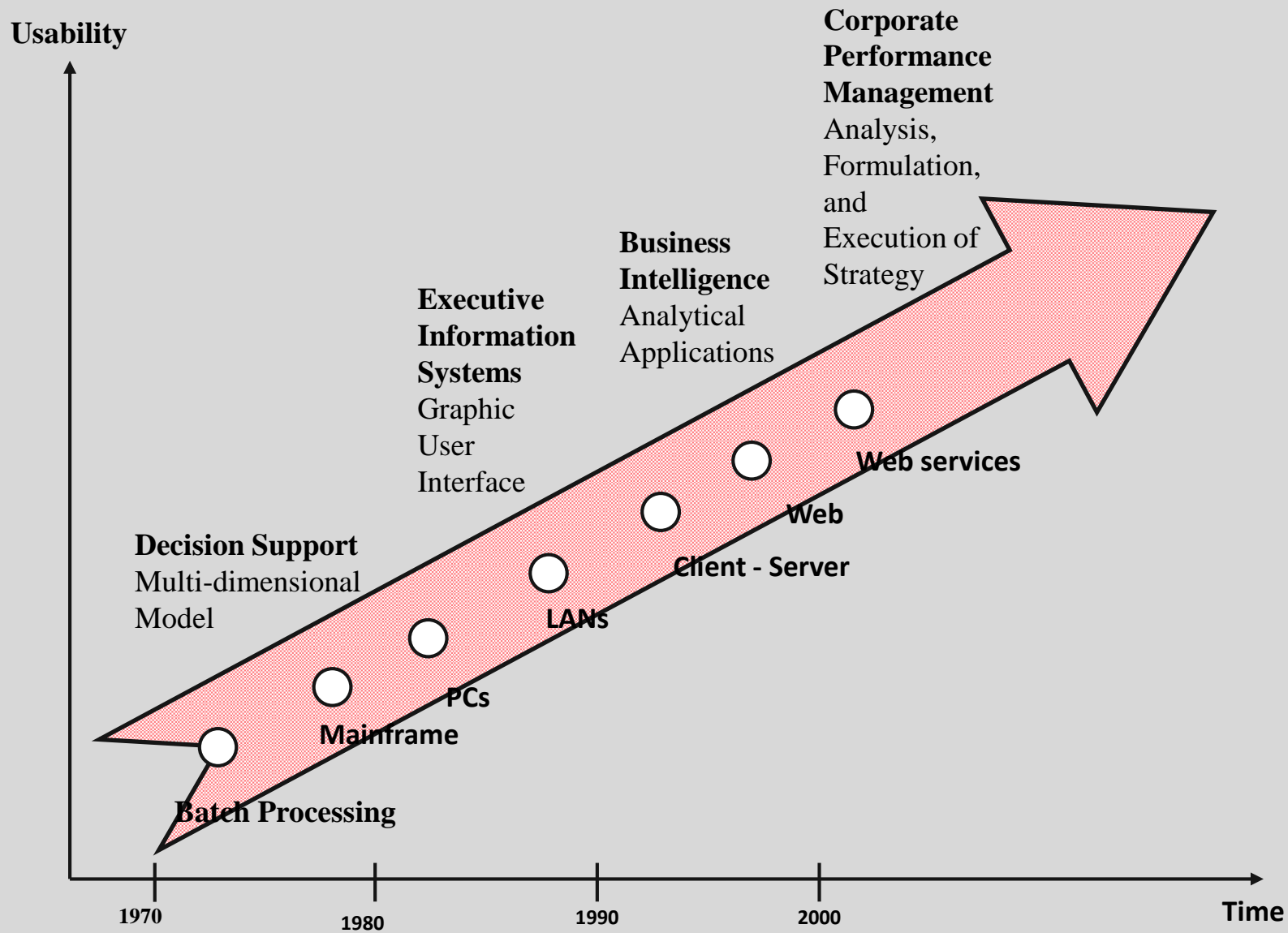
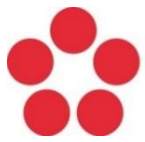


Figure 7-2 Development of BI Technologies (Coveney, 2003)



# IT Infrastructure for CPM

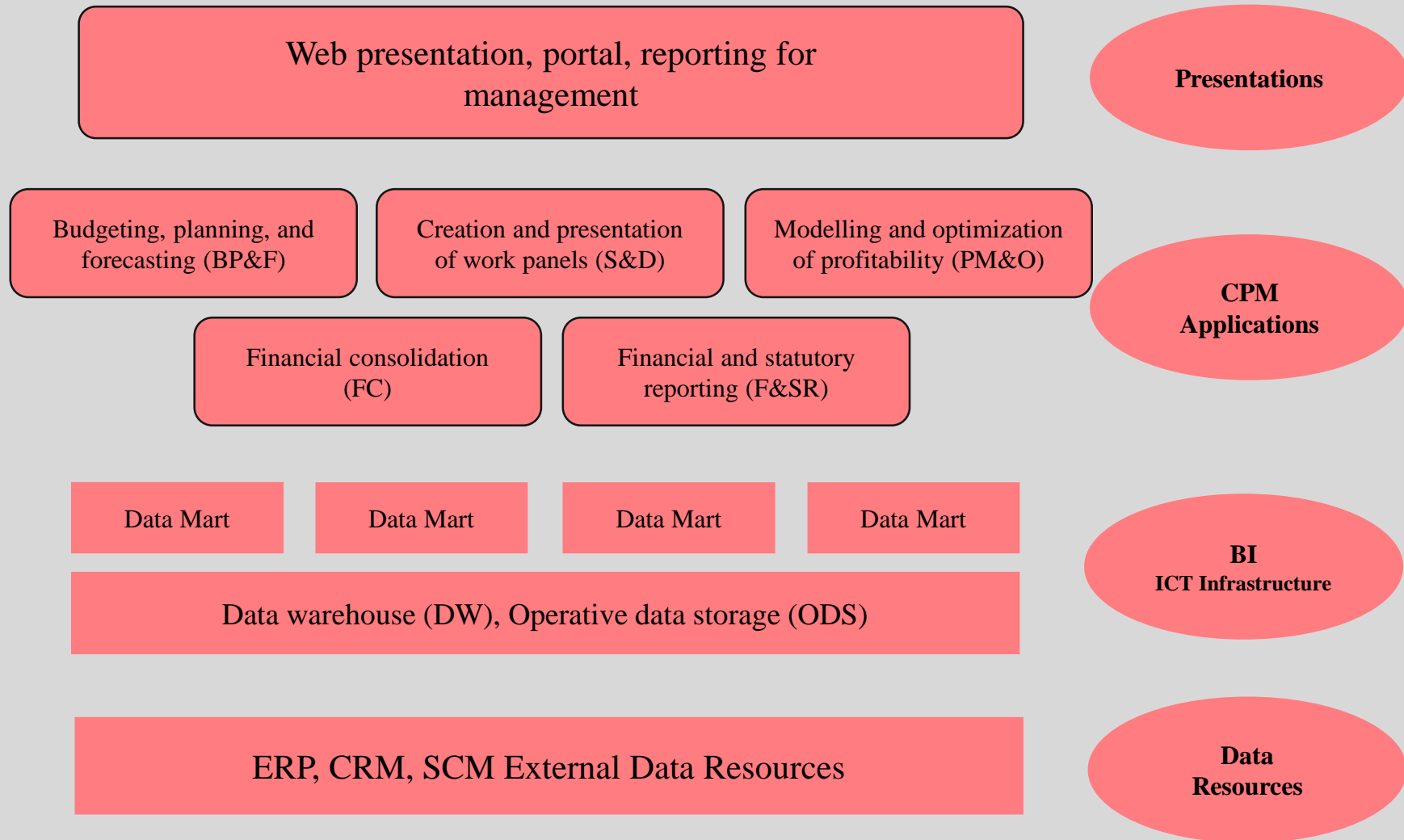
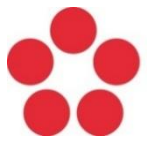


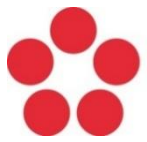
Figure 7-3 CPM technological infrastructure (Chandler, 2007)





# Business intelligence technologies

- **Online Analytical Processing (OLAP)** - Tools that allow one to quickly analyse data stored in databases, aggregated into multidimensional views and hierarchies.
- **Datawarehouse (DWH)** - a data warehouse, is the main storage of enterprise data for later processing in analytical applications. Robust relational database systems (Oracle Database, Microsoft SQL Server, Sybase IQ, IBM DB2) are configured for this use.
- **Extraction, Transformation, Loading (ETL)** - tools for extracting data from data sources (such as relational databases, company transactional systems, web services, flat files), transforming them and uploading to a data repository (e.g., DWH).



# Business intelligence technologies

- **Analytical Tools** - Analytical client tools that inquire the OLAP server based on user requests, and display results in a variety of graphs, decay trees, contingent tables.
- **Reporting Tools** - client tools used to automate corporate reporting generated from OLAP servers, as well as other data sources. They are primarily used to view predefined reports or define ad-hoc reports.
- **Business Dashboards** - are applications that allow you to organize a presentation of selected predefined key performance metrics in a clear and intuitive graphical form.
- **Business Process Management (BPM)** - these are applications that allow one to monitor the performance of individual business processes, in terms of their connection to the company's