CONTENTS

	PART 1: OVERVIEW OF ENTERPRISE PERFORMANCE MANAGEMENT	1
1	INTRODUCTION	
	A Dilemma for Accountants	3
	Accountants' Problem of Denial	4
2	ENTERPRISE PERFORMANCE MANAGEMENT: MYTH OR REALITY?	
	Executive Pain—A Major Force Creating Interest in Performance Management	6
	What Is EPM?	7
	Is EPM a New Methodology?	7
	Clarifying What EPM Is Not	8
	What Has Caused Interest in EPM?	9
	The EPM Framework for Value Creation	10
	The EPM as a Continuous Flow	12
	A Car Analogy for EPM	13
	Where Does Managerial Accounting Fit In?	14
	EPM Unleashes the ROI From Information	15
	Management's Quest for a Complete Solution	17
	PART 2: MANAGERIAL ACCOUNTING	21
3	DO ACCOUNTANTS LEAD OR MISLEAD?	
	The Perils of Poor Navigation Equipment	23
	The Perils of Poor Managerial Accounting	24
	The Accountant as a Bad Navigator	24

4	A TA	XONOMY OF ACCOUNTING AND COSTING METHODS	27
	C	Confusion About Accounting Methods	27
	A	Historical Evolution of Managerial Accounting	29
	A	an Accounting Framework and Taxonomy	29
		Asking What? So What? Then What?	31
		Predictive Versus Descriptive Accounting	32
	C	Co-existing Cost Accounting Methods	33
5		NAGERIAL ACCOUNTING DESIGN COMPLYING WITH THE SALITY PRINCIPLE	35
	R	emoving the Blindfold With ABC/M	35
	C	Overhead Expenses Are Displacing Direct Expenses	36
	In	mpact of Diversity in Products, Service Lines, Channels and Customers	37
	G	Frowing Discontent With Traditional Calculation of Costs	38
	A	activities Are Expressed With Action Verbs	39
	D	rivers Trigger the Workload Costs	41
	S	trategic Versus Operational ABC/M	42
6	STRATEGIC COST MANAGEMENT FOR PRODUCT PROFITABILITY ANALYSIS		
	A	BC/M Is a Multi-Level Cost Re-assignment Network	45
	D	rivers: Resource, Cost, Activity and Cost Object Drivers	48
	В	usiness and Organisational Sustaining Costs	48
	T	he Two Views of Costs: The Assignment View Versus the Process View	49
		Vertical Axis	50
		Horizontal Axis	50
	Н	low Does Activity-Based Costing Compute Better Accuracies?	51

	Activity-Based Management Rapid Prototyping: Getting Quick and Accurate Results	53
	Product Profitability Analysis	54
	Two Alternative Equations for Costing Activities and Cost Objects	55
	PART 3: STRATEGY MANAGEMENT	57
7	THE PROMISE AND PERILS OF THE BALANCED SCORECARD	59
	What Is a Balanced Scorecard?	59
	Balanced Scorecards Are Companions to Strategy Maps	60
	Measurements Are More of a Social System Than a Technical One	62
	Scorecard or Report Card? The Impact of Senior Management's Attitude	63
	GPS Navigators for an Organisation	63
	How Are Balanced Scorecards and Dashboards Different?	64
	Scorecards and Dashboards Serve Different Purposes	65
	Scorecards Link the Executives' Strategy to Operations and the Budget	68
	Dashboards Move the Scorecard's Dials	68
	Strategy Is More Than Performing Better	68
	Getting Past the Speed bumps	69
8	DESIGNING A STRATEGY MAP AND BALANCED SCORECARD	<i>7</i> 1
	Eight Steps to Create a Strategy Map	71
	Scorecards and Strategy Maps: The Enabler for EPM	76
	PART 4: PLANNING, BUDGETING AND FORECASTING	79
9	PREDICTIVE ACCOUNTING AND BUDGETING WITH MARGINAL EXPENSE ANALYSIS	81
	What Is the Purpose of Management Accounting?	81
	What Types of Decisions Are Made With Managerial Accounting Information?	82

Rationalisation	82
Planning and Budgeting	83
Capital Expense Justification	83
Make Versus Buy, and General Outsourcing Decisions	83
Process and Productivity Improvement	84
Activity-Based Cost Management as a Foundation for Predictive Accounting	84
Major Clue: Capacity Only Exists as a Resource	85
Predictive Accounting Involves Marginal Expense Calculations	86
Decomposing the Information Flows Figure	88
Framework to Compare and Contrast Expense Estimating Methods	90
Predictive Costing Is Modelling	91
Debates About Costing Methods	91
10 WHAT'S BROKEN ABOUT BUDGETING?	95
The Evolutionary History of Budgets	96
A Sea Change in Accounting and Finance	98
The Financial Management Integrated Information Delivery Portal	99
11 PUT YOUR MONEY WHERE YOUR STRATEGY IS	101
A Budgeting Problem	101
Value Is Created From Projects and Initiatives, Not Strategic Objectives	103
Driver-Based Resource Capacity and Spending Planning	104
Including Risk Mitigation With a Risk Assessment Grid	105
Four Types of Budget Spending: Operational, Capital, Strategic and Risk	107
From a Static Annual Budget to Rolling Financial Forecasts	108
Managing Strategy Is Learnable	108

	PART 5: INTEGRATING ENTERPRISE RISK MANAGEMENT AND ENTERPRISE PERFORMANCE MANAGEMENT	111
12	THE INTEGRATION OF ENTERPRISE RISK AND ENTERPRISE PERFORMANCE MANAGEMENT	113
	How Do ERM and EPM Fit Together?	113
	Is Risk an Opportunity or Hazard?	114
	Problems Quantifying Risk and Its Consequences	114
	Types of Risk Categories	115
	Risk-Based EPM Framework	117
	Risk Managers: Friend or Foe of Profit Growth?	118
	Invulnerable Today but Aimless Tomorrow	119
	PART 6: BUSINESS ANALYTICS FOR ACCOUNTING AND FINANCE	121
13	WHAT WILL BE THE NEXT NEW MANAGEMENT BREAKTHROUGH?	123
	The History of Management Breakthoughs	123
	Will Business Analytics Be the Next Breakthrough?	124
14	HOW DO BUSINESS INTELLIGENCE, BUSINESS ANALYTICS AND ENTERPRISE PERFORMANCE MANAGEMENT FIT TOGETHER?	127
	The Relationship Between Business Intelligence, Business Analytics and Enterprise Performance Management	128
	Overcoming Barriers	129
15	CFO TRENDS WITH ANALYTICS	131
	Analytics as the Only Sustainable Competitive Advantage	131
	Resistance to Change and Presumptions of Existing Capabilities	132
	Evidence of Deficient Use of Business Analytics in Finance and Accounting	133
	Sobering Indication of the Advances Still Needed by the CFO Function	134
	Moving From Aspirations to Practice With Analytics	135

	Customer Profitability Analysis to Take Actions	135
	Rationalising and Validating Key Performance Indicators in a Strategy Map and Balanced Scorecard	136
	Moving From Possibilities to Probabilities With Analytics	137
	Fill in the Blanks: Which X Is Most Likely to Y?	139
	Increased Employee Retention	139
	Increased Customer Profitability	139
	Increased Product Shelf Opportunity	139
	The CFO Function Needs to Push the Envelope	140
	PART 7: HOW TO BEGIN IMPLEMENTING ENTERPRISE PERFORMANCE MANAGEMENT	143
16	WHERE DO YOU BEGIN IMPLEMENTING ANALYTICS-BASED PERFORMANCE MANAGEMENT?	145
	Accept That Analytics-Based EPM Is About Integration and Speed	145
	Assuming an Enlightened Leadership Team, Then What?	146
	Embrace Uncertainty With Predictive Analytics	147
17	A CALL TO ACTION—BUILDING A BUSINESS CASE	149
	The Obsession With ROL Justifications	149
	Management and the IT Function Can Be Obstacles	150
	Is EPM Art, Craft or Science?	151
	Balancing a Smart, as Well as a Healthy, Organization	151
	The Power of Business Analytics	152
	The Future of Analytics-Based EPM	152