

# Why is ABC Hot Again?

October 13, 2004  
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## Brian Wood



Brian Wood is a Research Director specializing in Corporate Performance Management (CPM). He focuses on the methodologies, processes, and metrics that enterprises use to manage business performance, as well as program and project management issues. He also advises clients on issues related to Sarbanes-Oxley and other compliance-related initiatives including Basel II and IAS.

Mr. Wood joined Gartner in 2002. Prior to joining Gartner he was a director in the consulting and advisory business with several world-wide consulting leaders including KPMG, Cap Gemini, and IBM Global Services. He has been responsible for designing and managing the go-to-market strategy and offerings across a broad spectrum of practice areas, and has been directly involved in the planning and control cycles. He has over 20 years of experience in this industry.

Mr. Wood earned a Bachelor of Science degree in finance and a Masters of Business Administration in International Business from the University of Rhode Island.

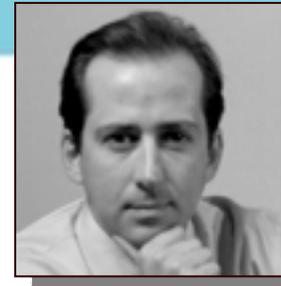


Louis Goldring joined Goldman Sachs in 1995 and is a Vice-President in the Management, Planning and Analysis Group in the Operations Division.

His responsibilities include oversight of all divisional financial and performance reporting.

Over the past three years he has worked with a number of product areas within Operations to implement activity based costing models.

He has an MBA from the Yale School of Management and an M.A. from the University of Chicago.



Frédéric is the Senior Vice President of ALG Software's North American Operations.

Prior to heading ALG's North American operations, Frédéric created and managed ALG's south EMEA division for five years, headquartered in Paris, France, where he rapidly increased revenues and built a sizeable operation.

Before joining ALG, Frédéric founded and managed Transcribe Technologies, a start-up in telecommunications.

Frédéric has been a speaker in many cost management and CPM conferences both in Europe and in the US and has contributed to numerous articles on those topics.

Frédéric holds a Bachelor of Arts degree in Business Administration from the MBA Institute INSEEC Group in Paris, France.

## How This Webcast Will Work

- Questions
- Slides
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# How Corporate Performance Management Can Give Organizations A Competitive Advantage



Brian Wood  
Research Director

# What Is Corporate Performance Management?

## Open Information Culture

### Process

Strategy formulation  
Budgeting, forecasting  
and goal setting  
Performance feedback  
Business activity monitoring

### Metrics

Financial and nonfinancial  
Short-term and long-term  
Qualitative and quantitative  
Lagging and leading  
Aligned

**CPM**

### Methodology

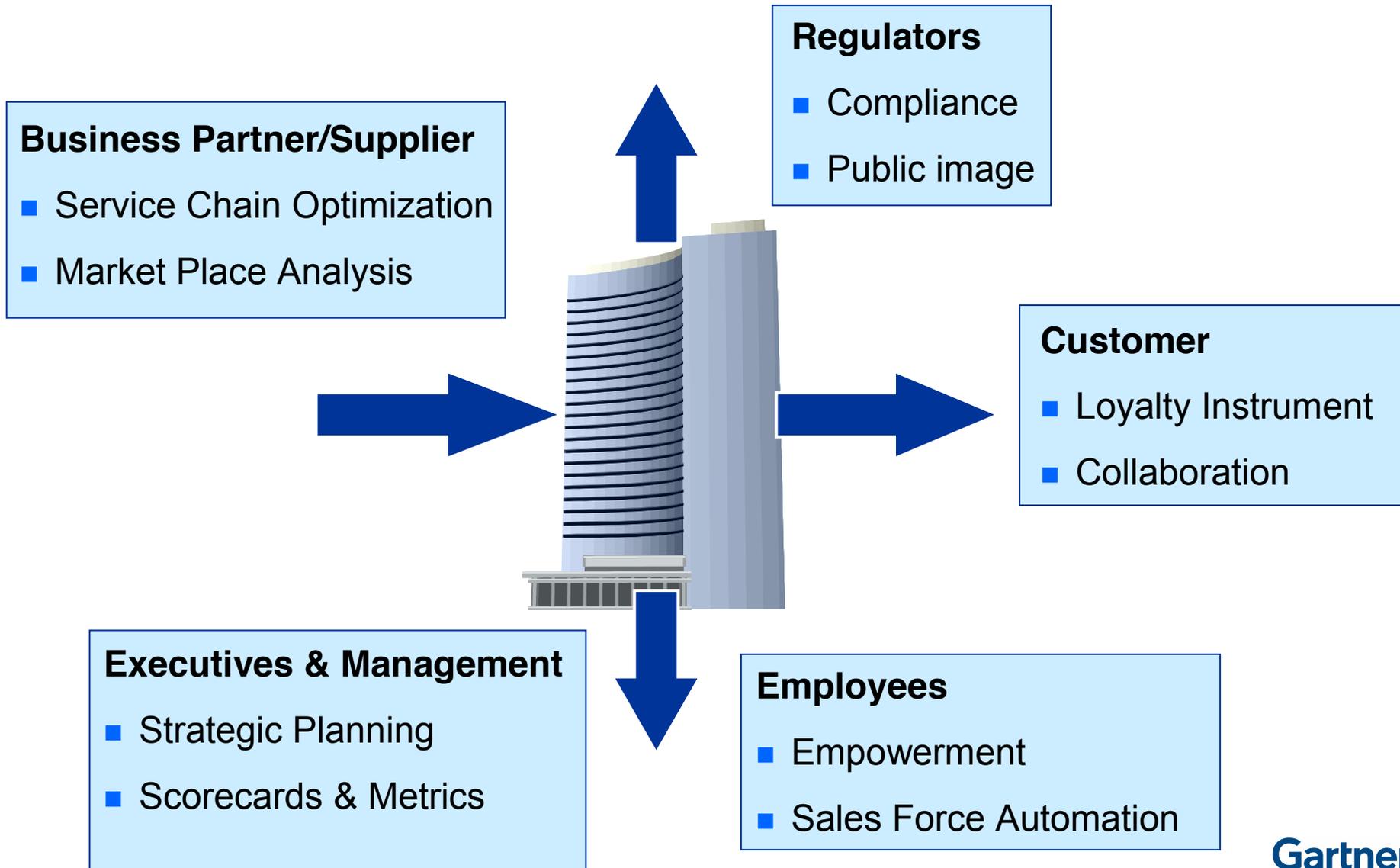
Balanced scorecard  
Six Sigma and European Foundation  
for Quality Management (EFQM)  
Activity-based management  
Value-based management  
Intangible asset management

### Applications

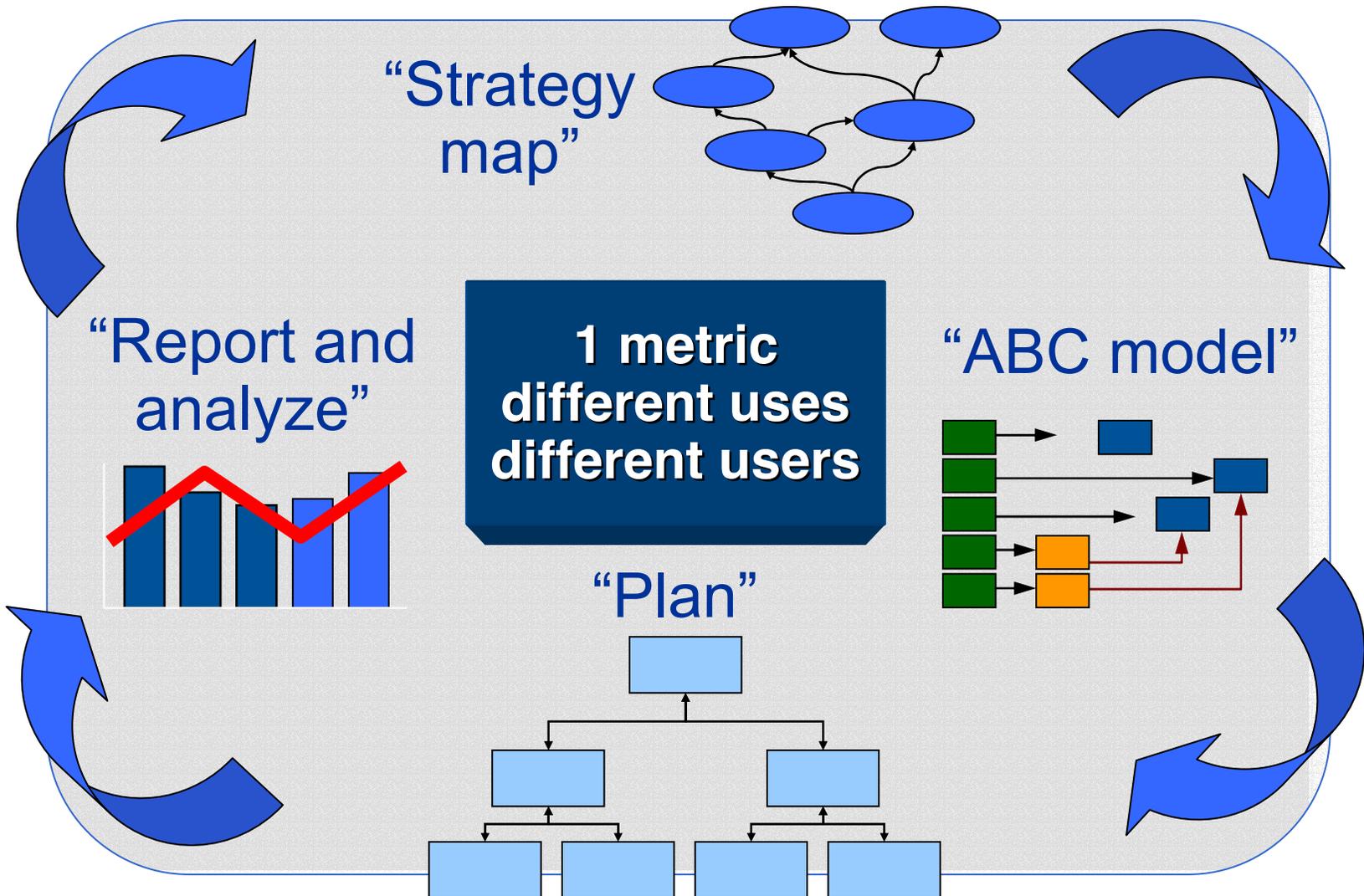
Point solutions  
CPM suites  
Business intelligence  
Data warehousing  
Dashboards, cockpits  
and scorecards

**Organization**

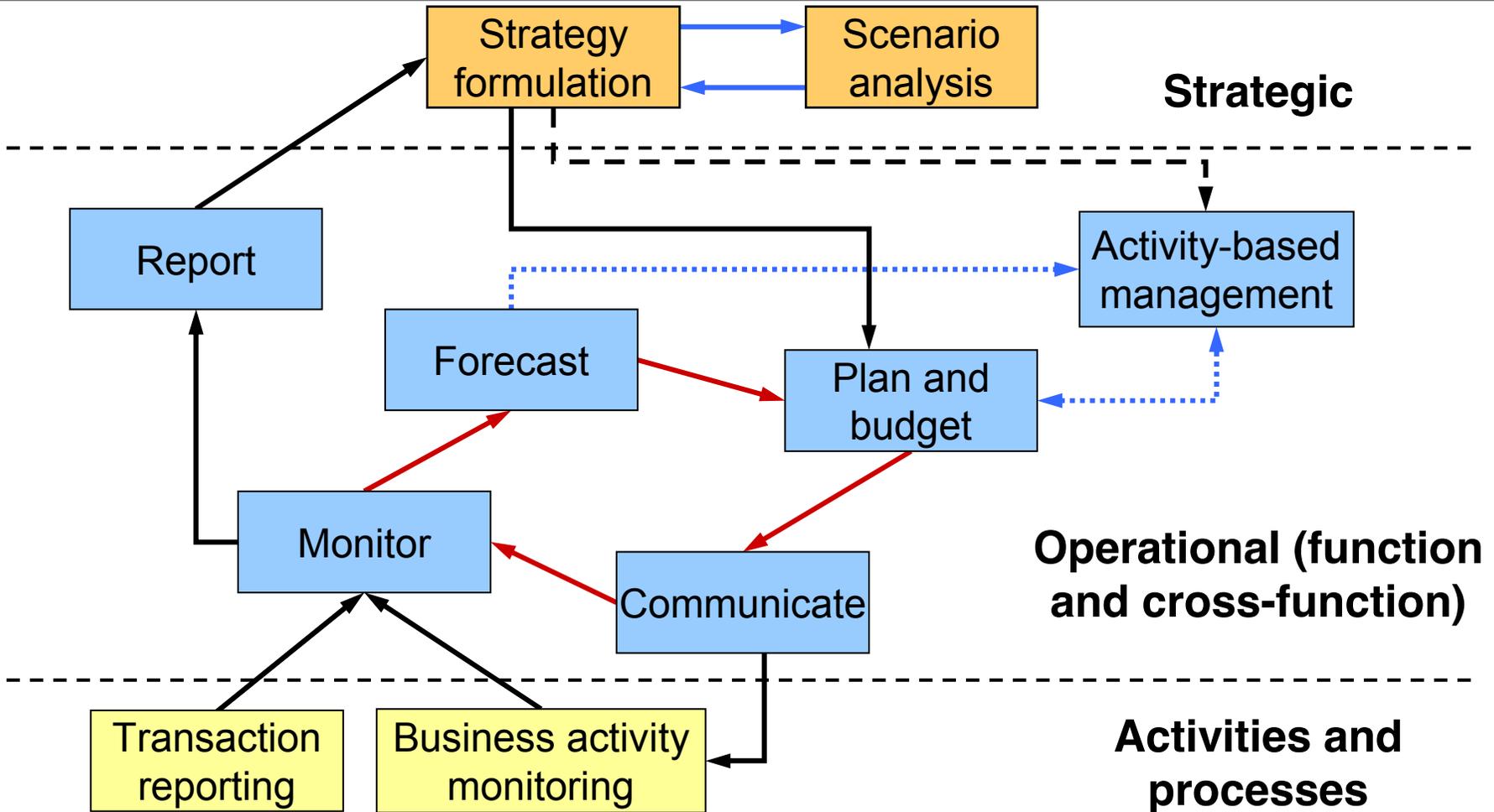
# The Performance Enterprise: Demand for CPM



# The Holy Grail: One Version of the Truth

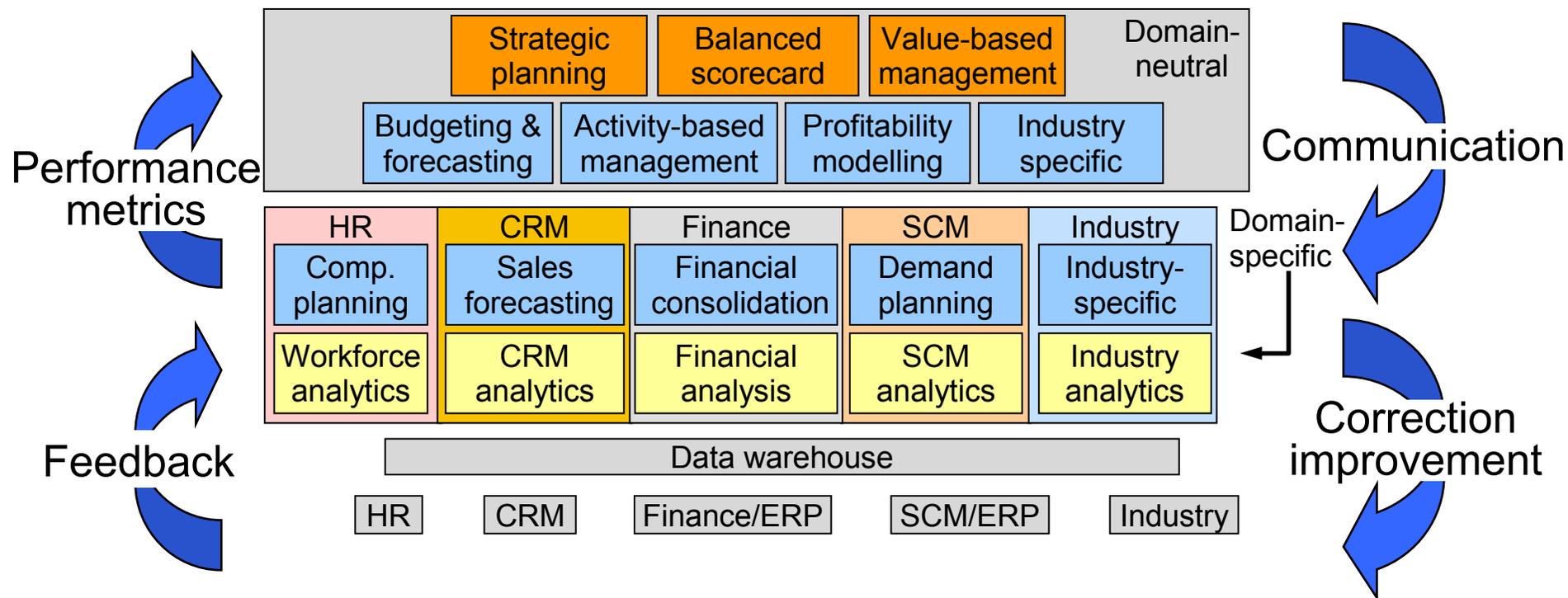


# Connecting the Dots in Managerial Processes



**Key:** Operational feedback loop:   
Strategic feedback loop:    
Links between loops:  

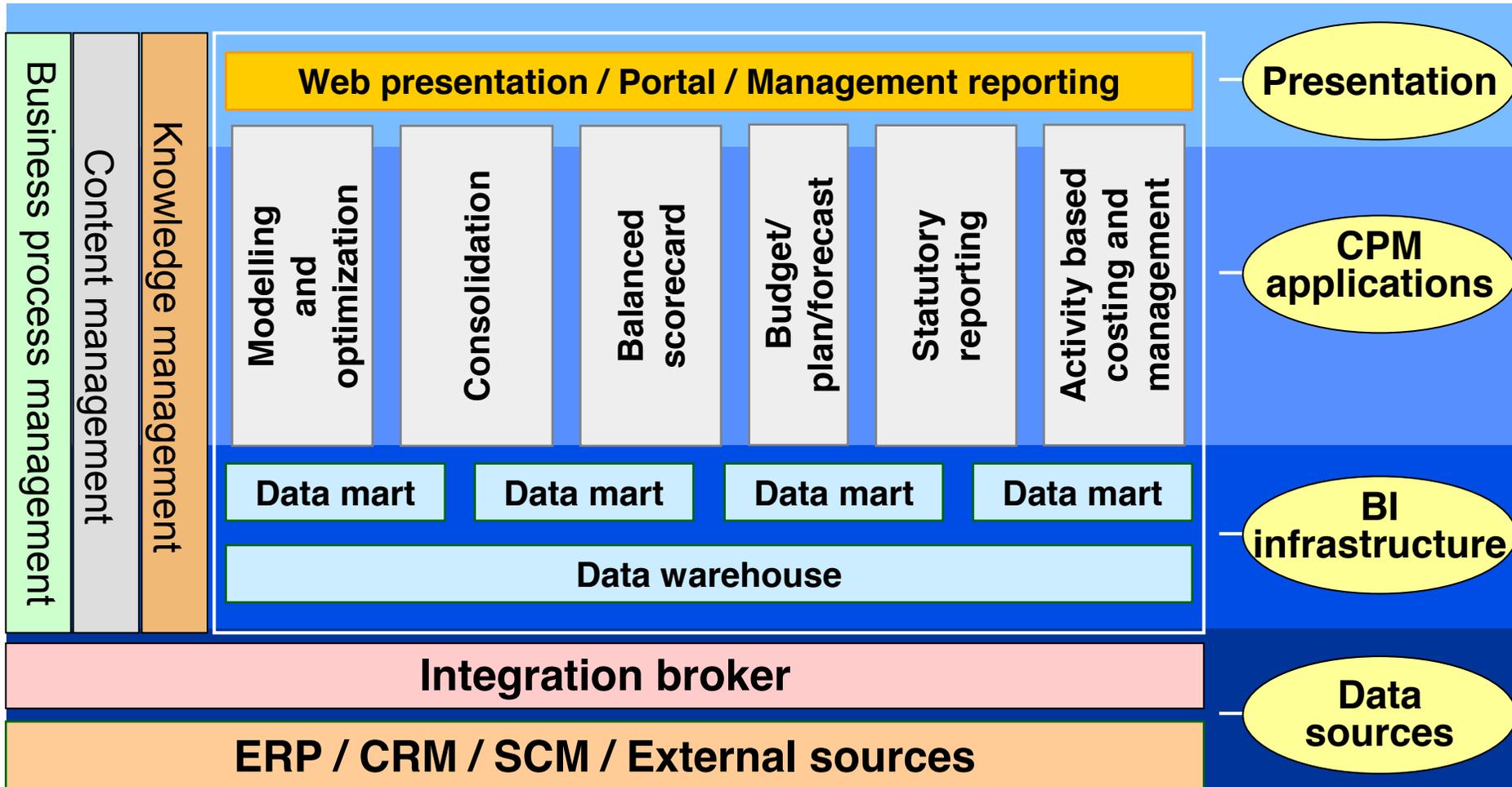
# Use BI Application Framework to Implement the Feedback Loops



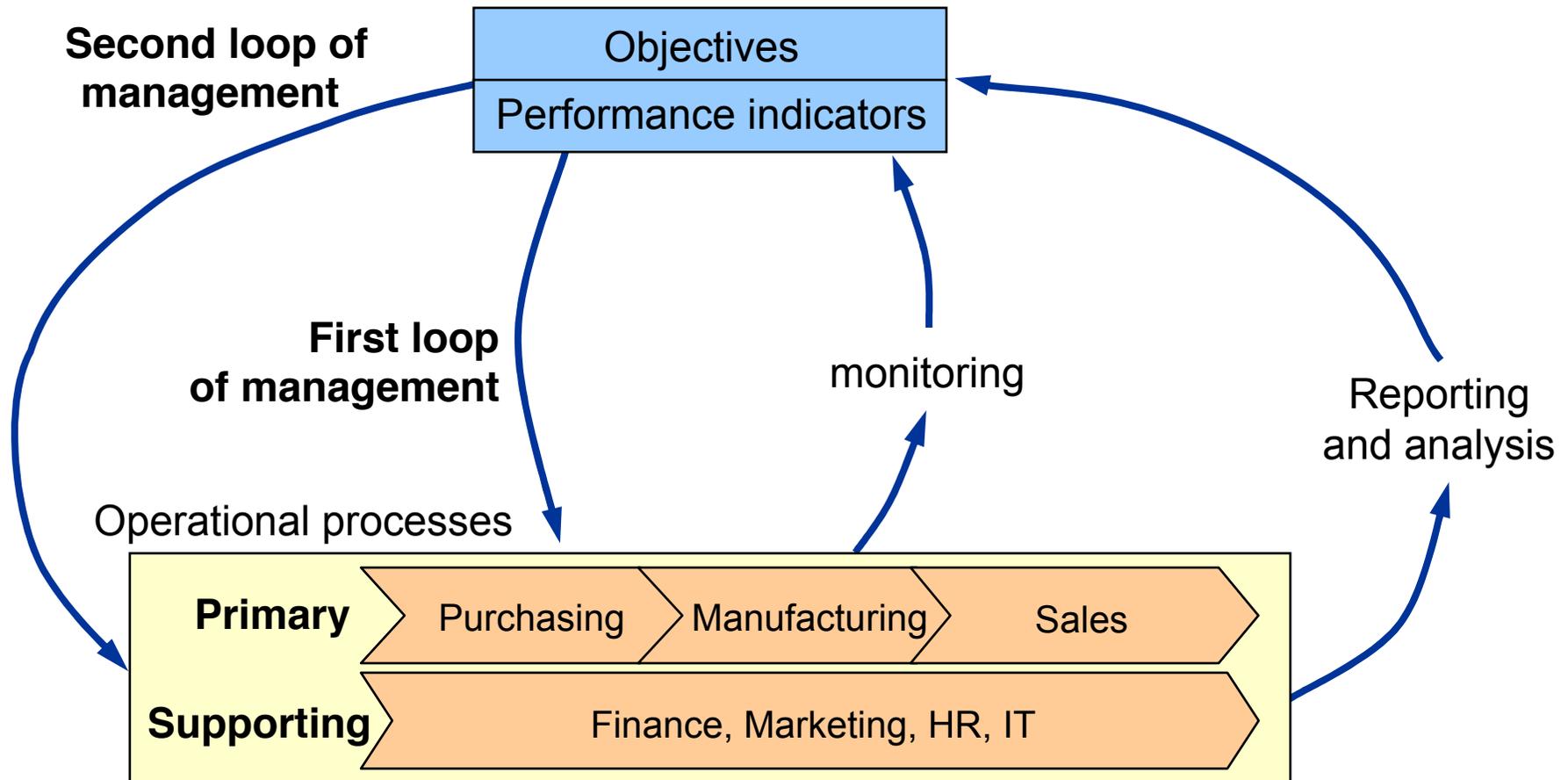
Analytic BI applications
  Operational BI applications
  Strategic BI applications

(Note: All applications shown are examples only.)

# CPM Layout — Building on Existing Infrastructure



# CPM Will Integrate Loops of Management



# ABC at Goldman Sachs



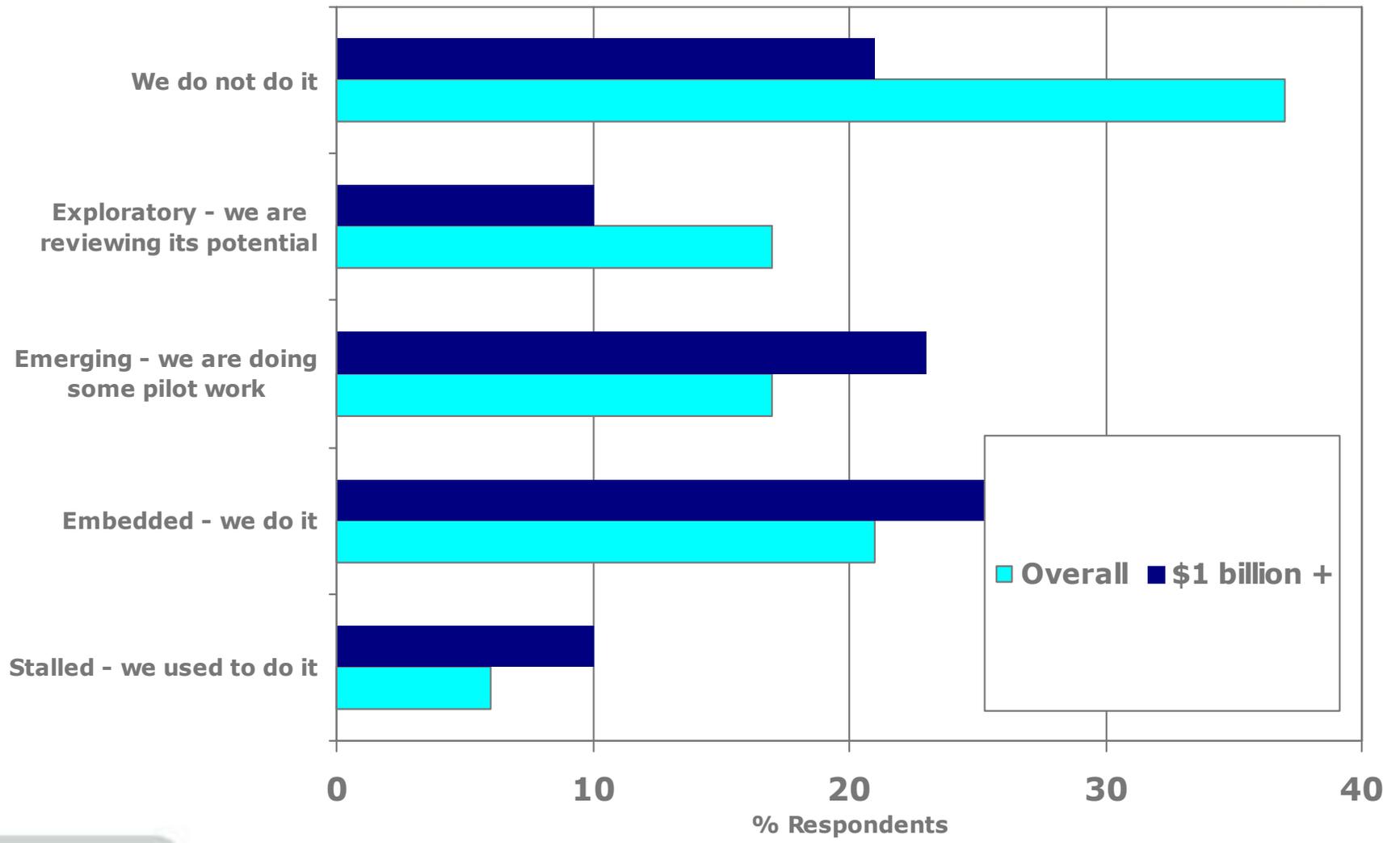
**Goldman  
Sachs**

# ALG Software's mission

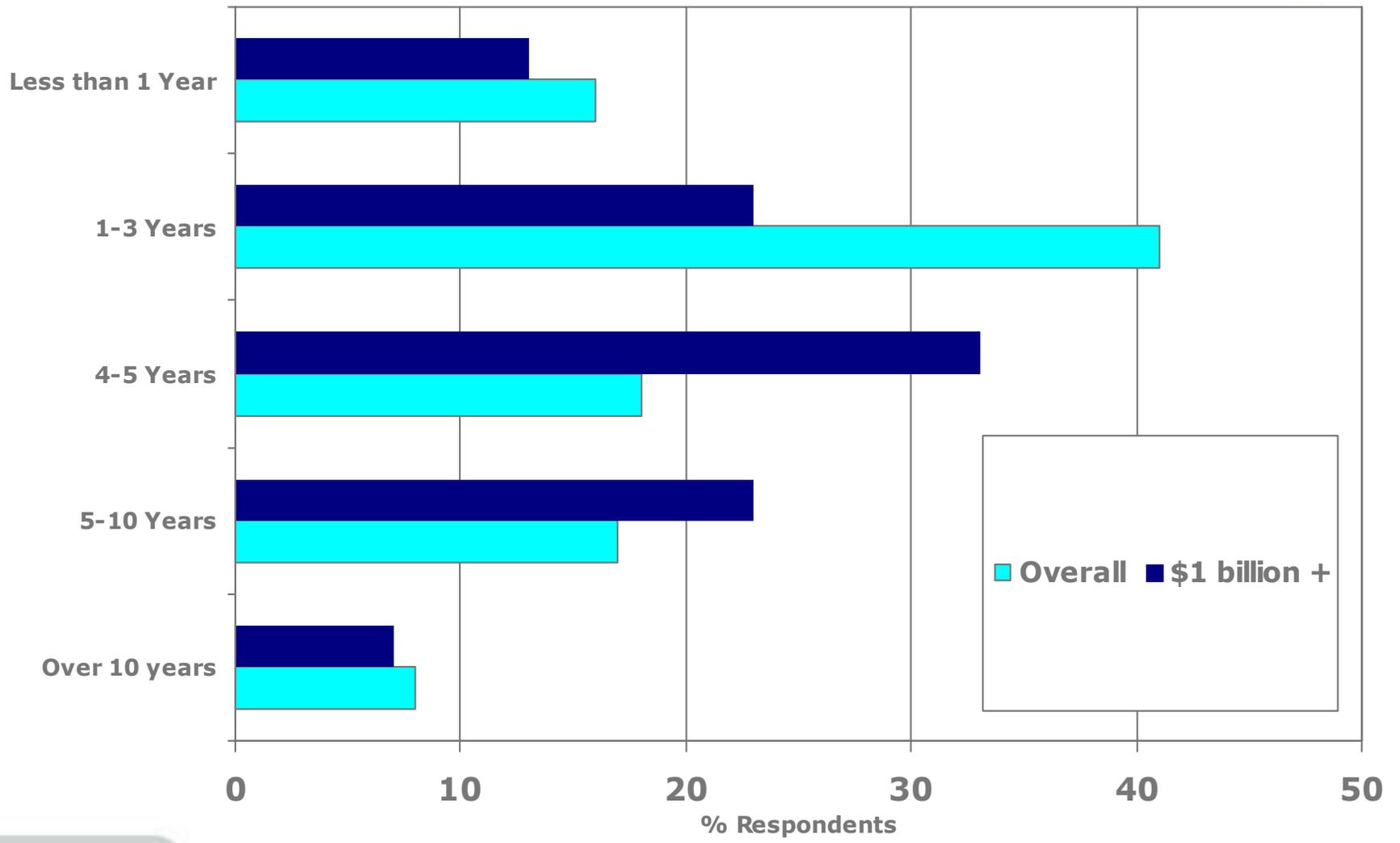
To provide integrated software solutions that link operational and financial perspectives, enabling organizations to increase their visibility into their past, present and future performance, and providing the insight to improve it



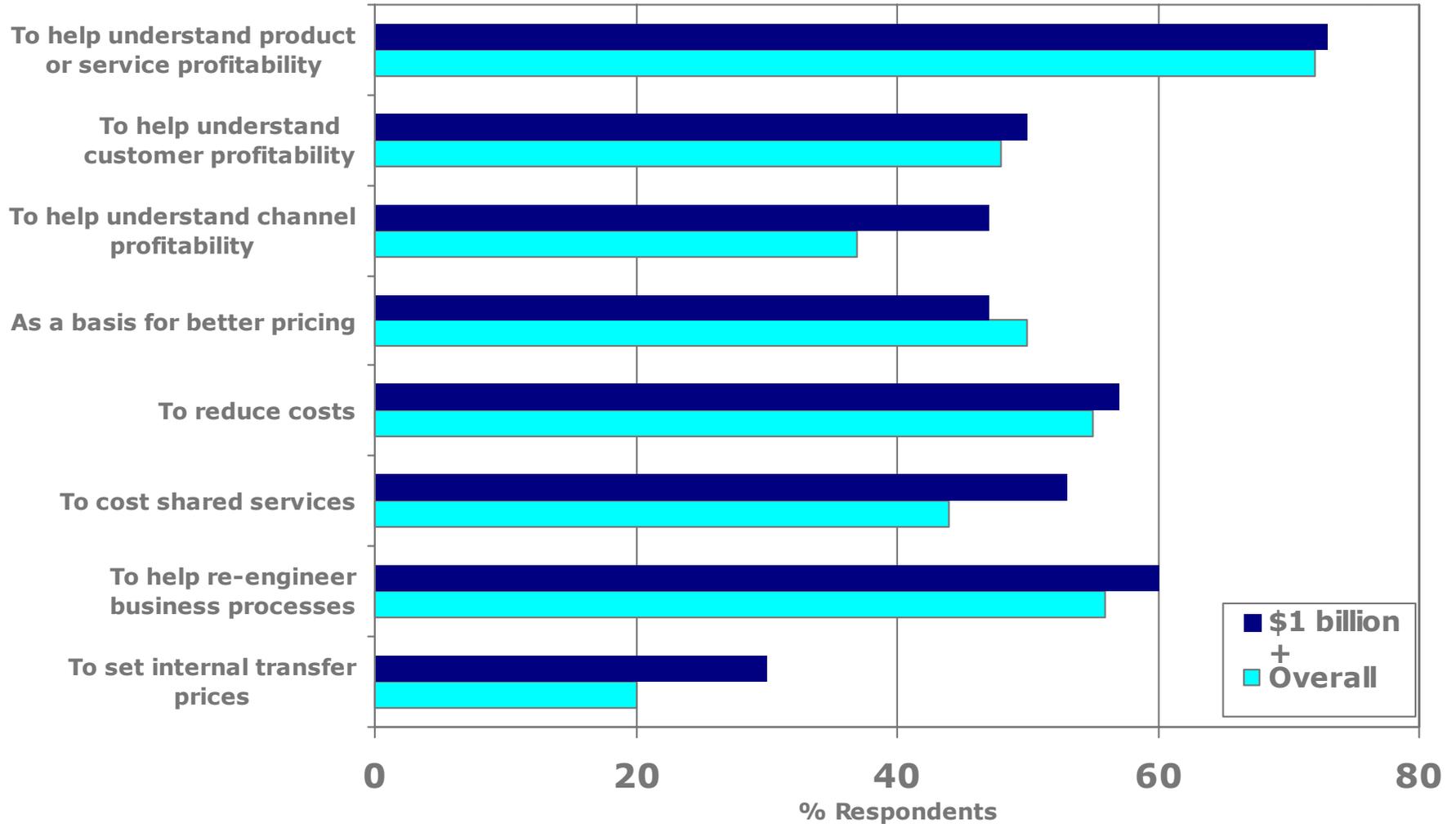
# #1. Current Status of ABC



## #2. How long have you been doing ABC?

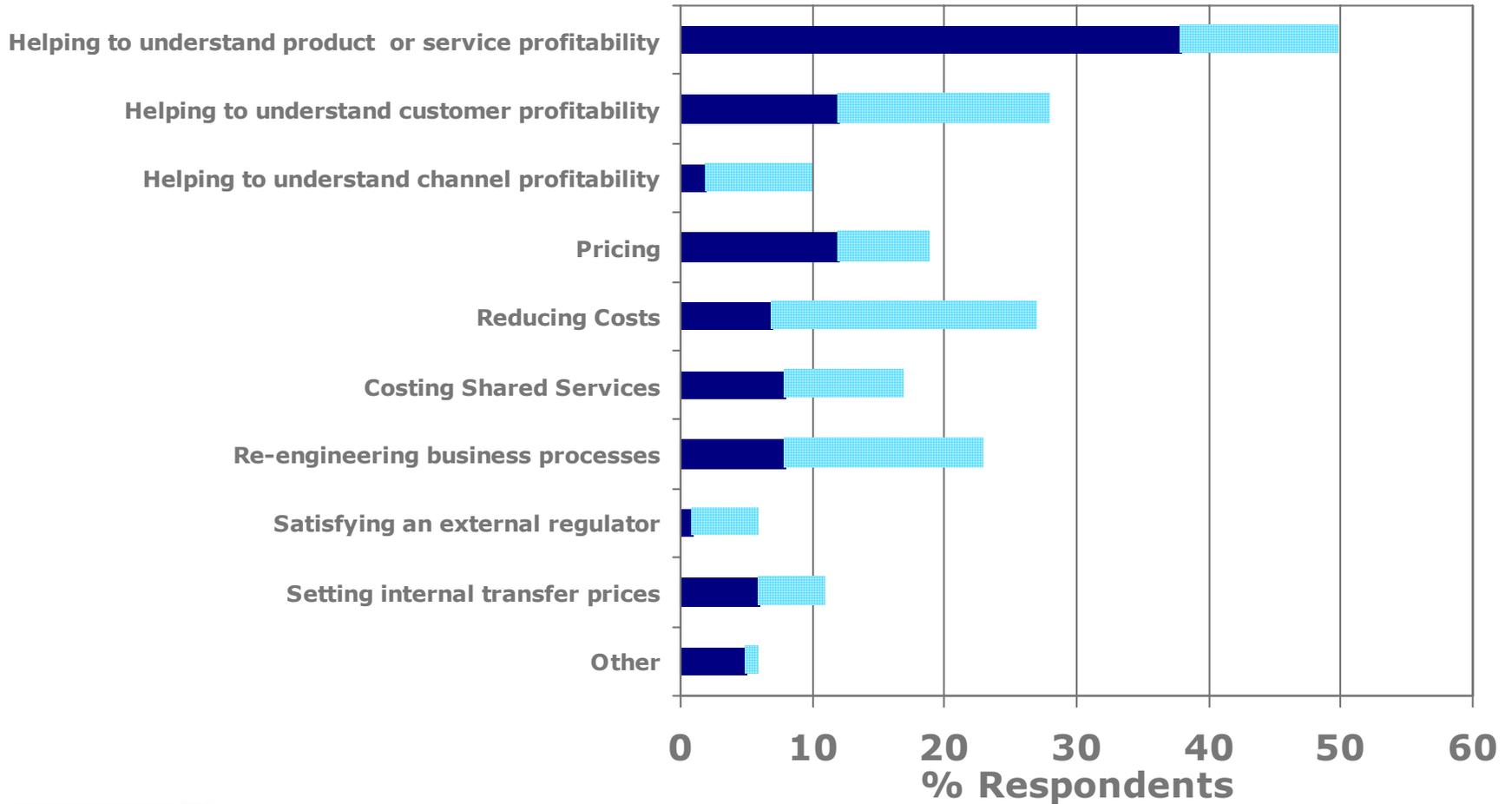


### #3. What were the main reasons to implement ABC?

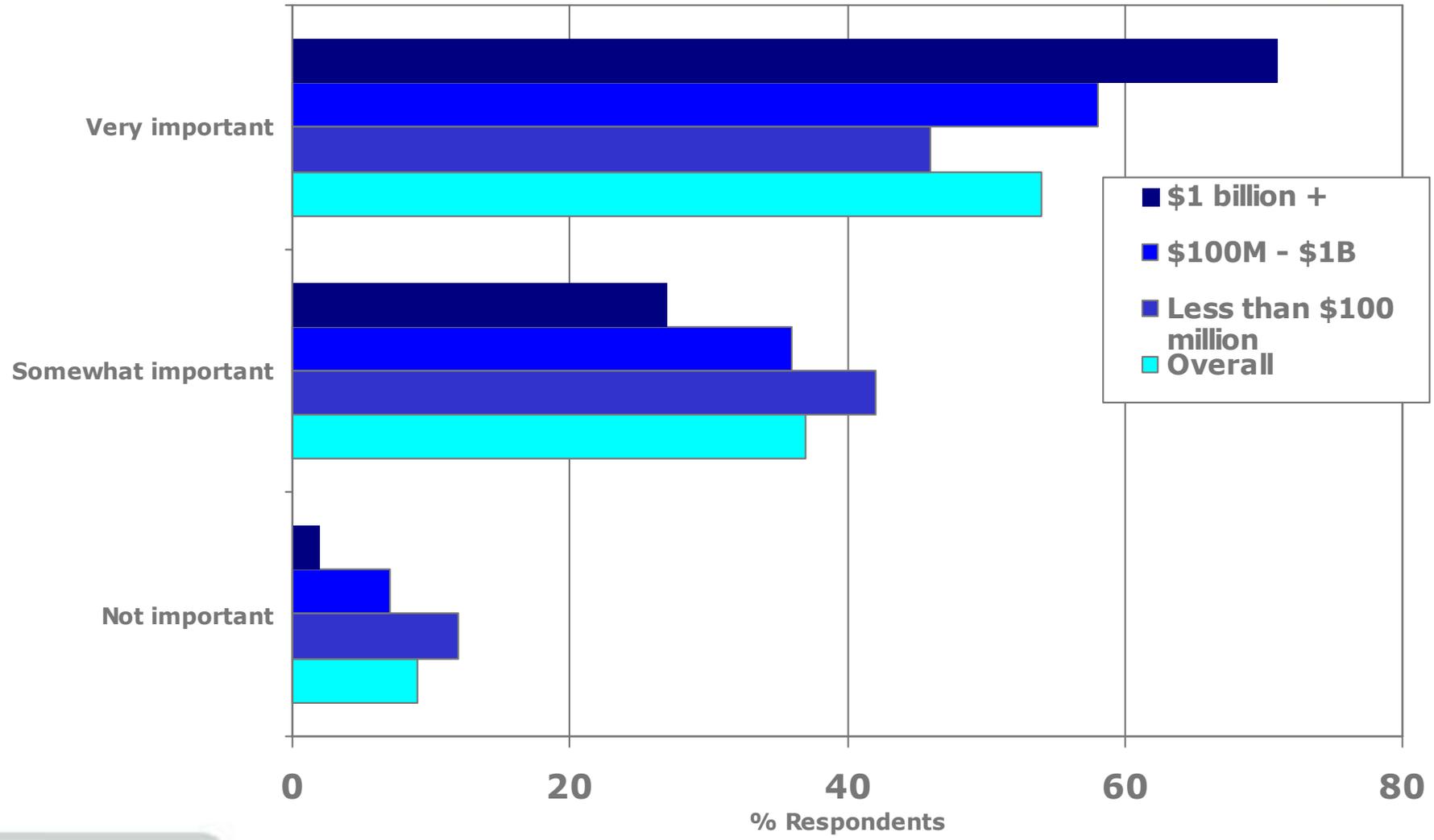


## #4. Where has ABC been most beneficial?

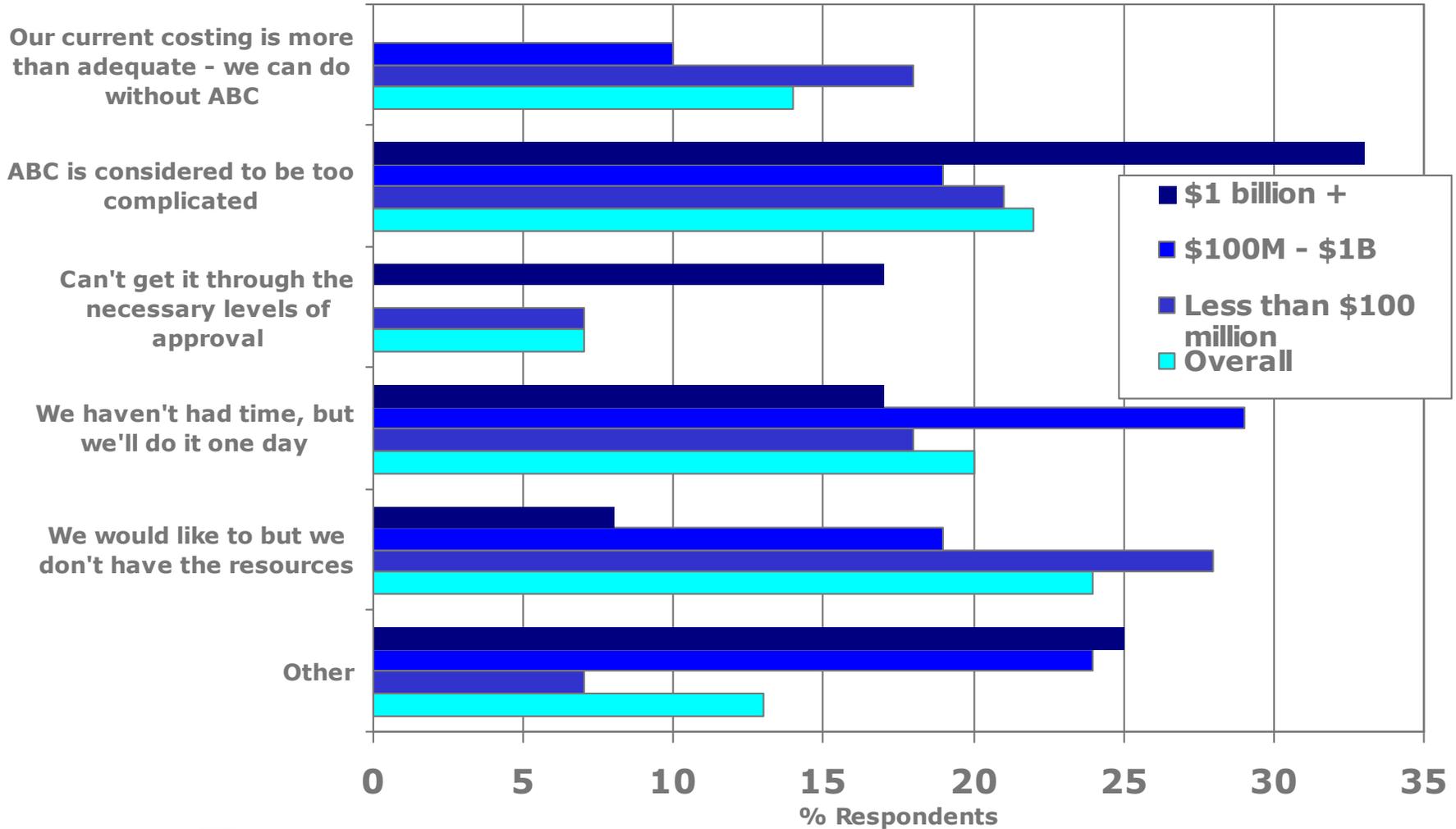
■ First Choice      ■ Second Choice



# #5. How important is ABC data in understanding your company's performance?

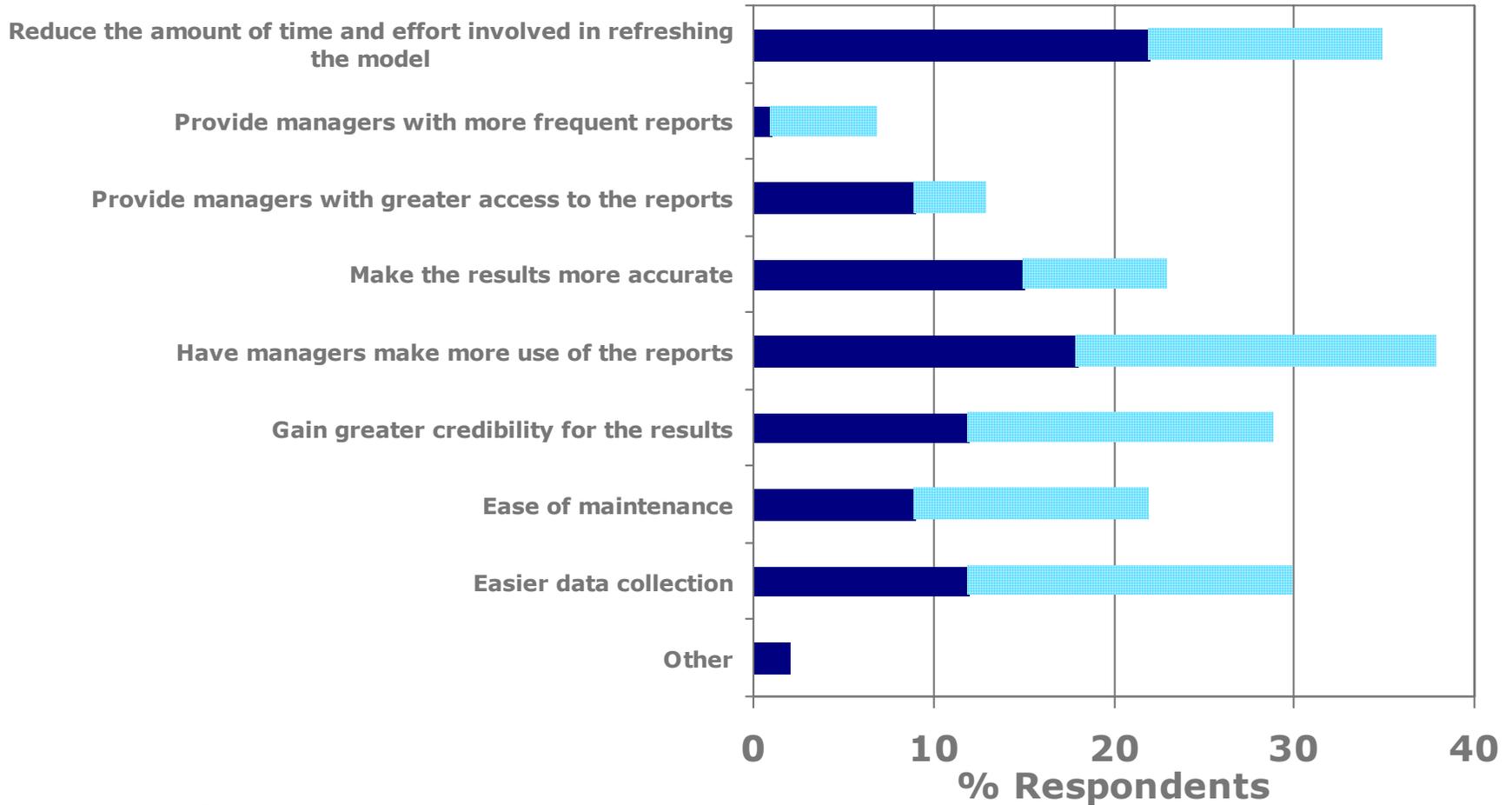


## #6. Why have you not implemented ABC?

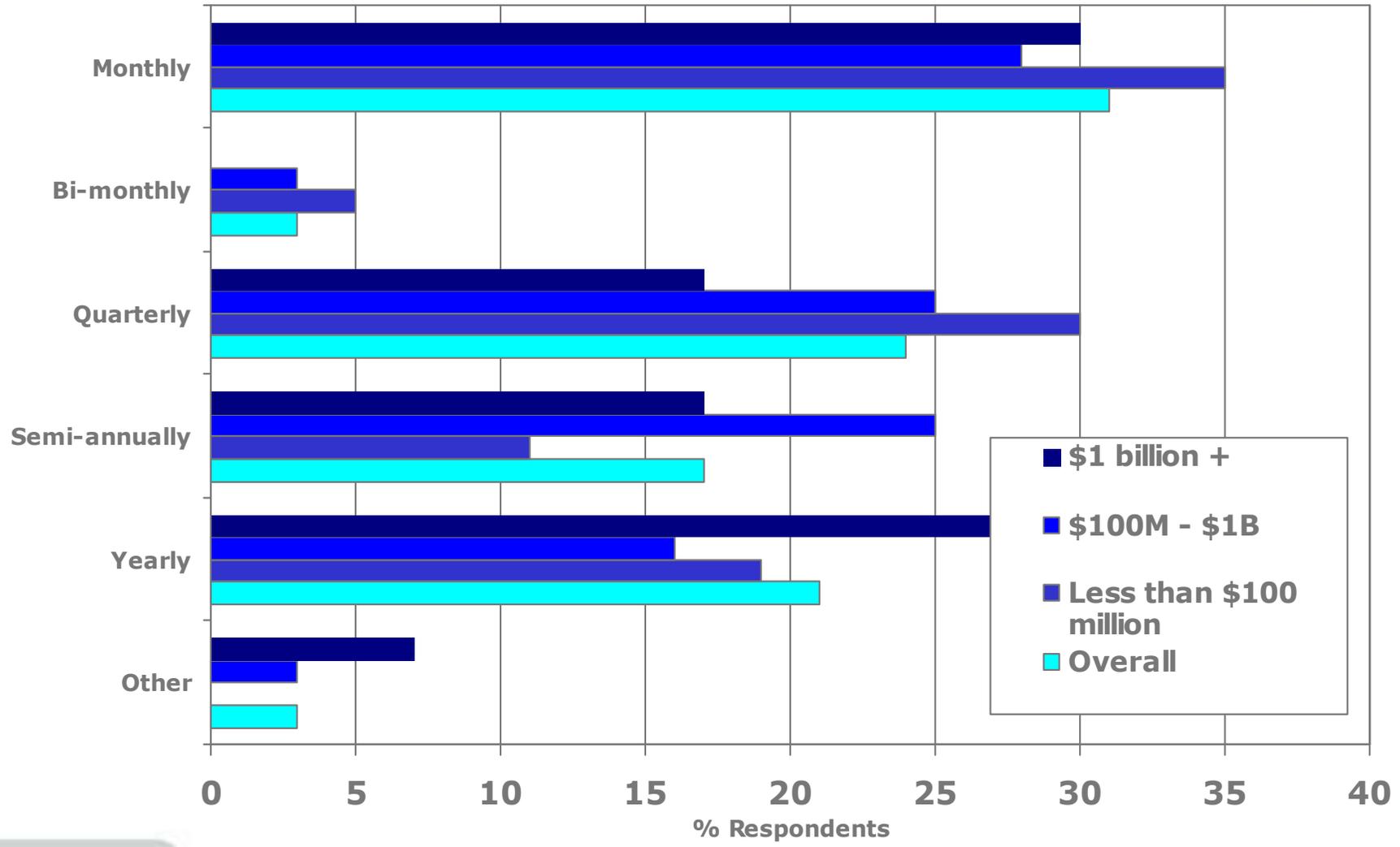


## #7. What two improvements would you make to your ABC implementation?

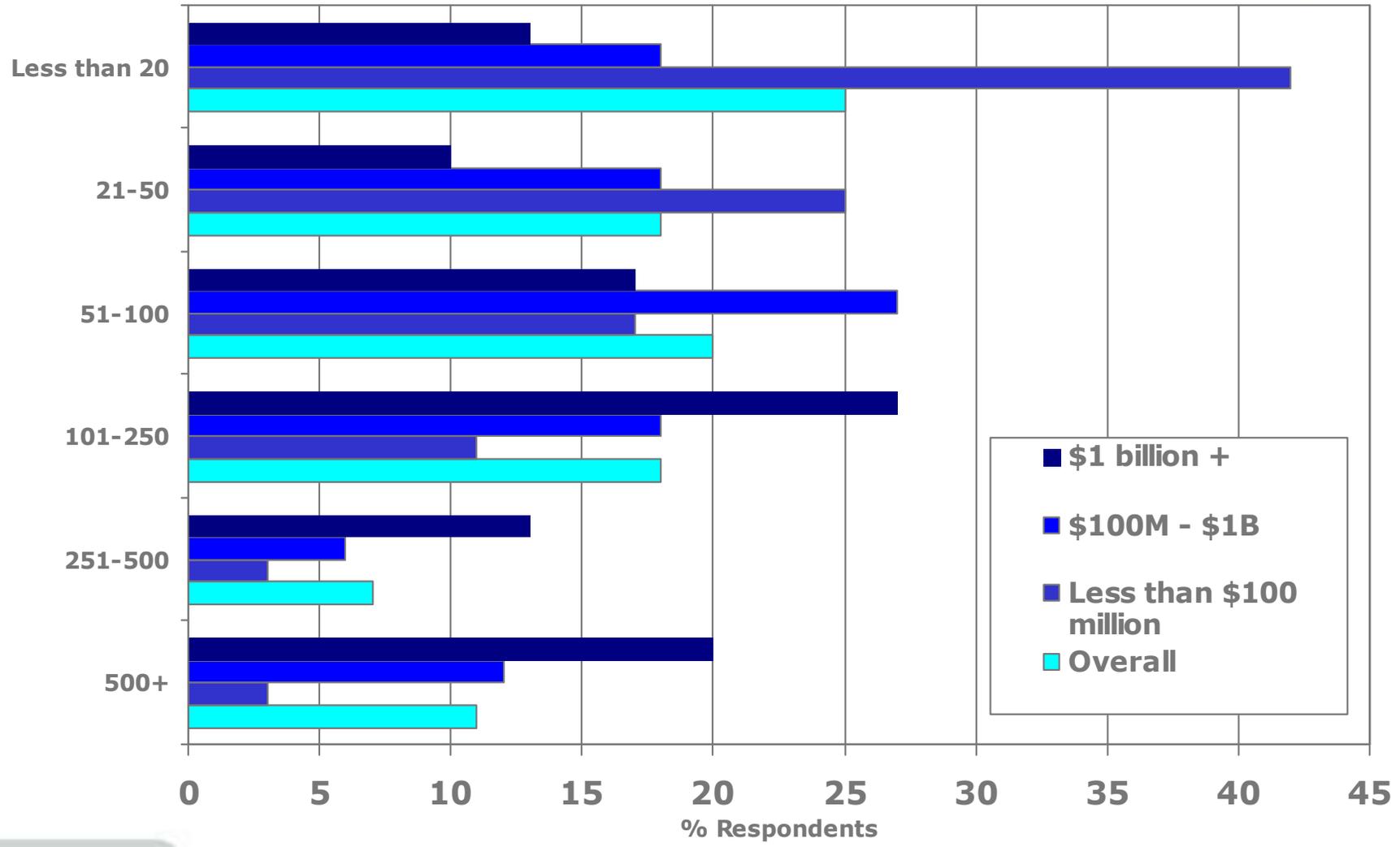
■ First Choice      ■ Second Choice



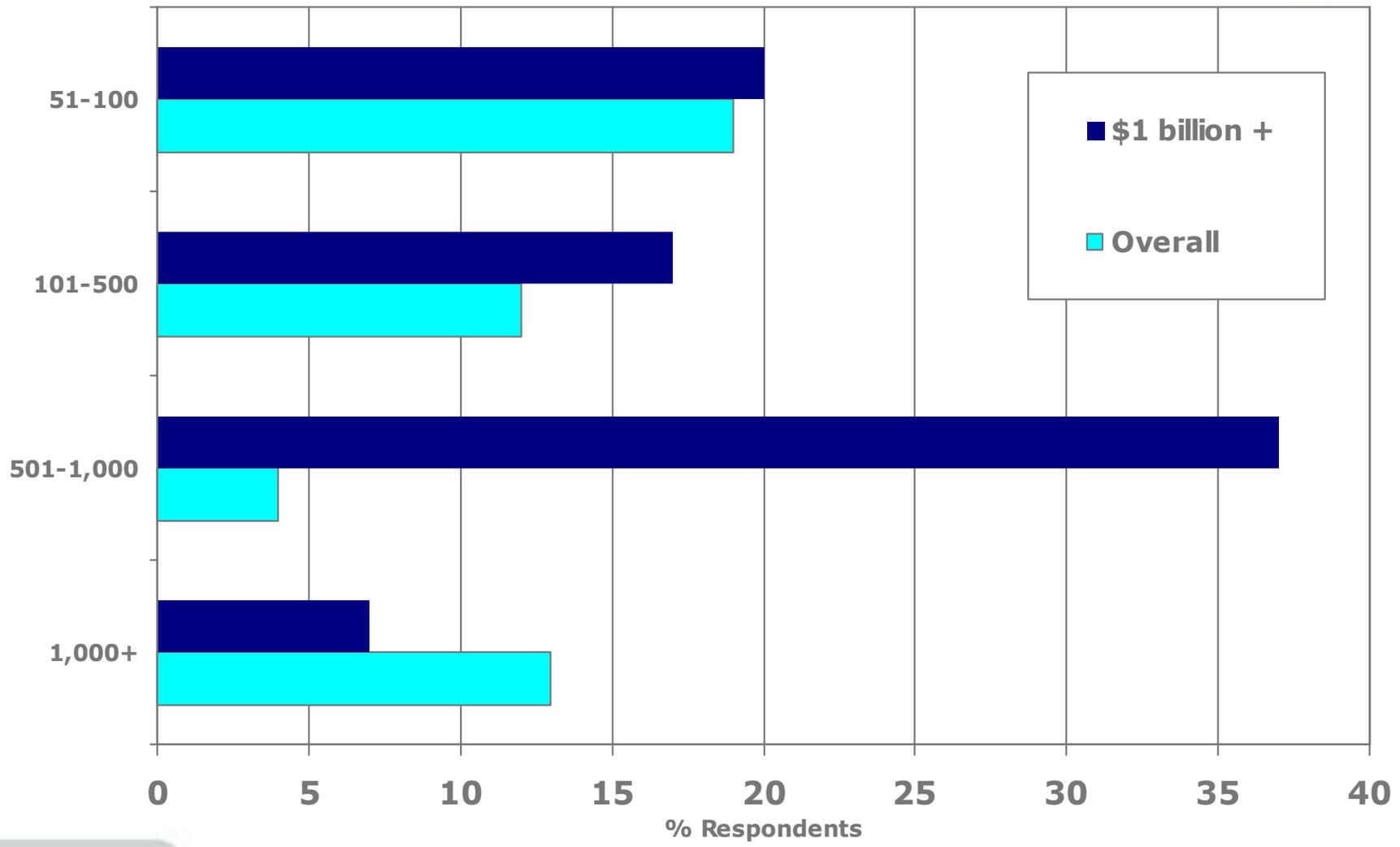
# #8. How often do you recalculate costs?



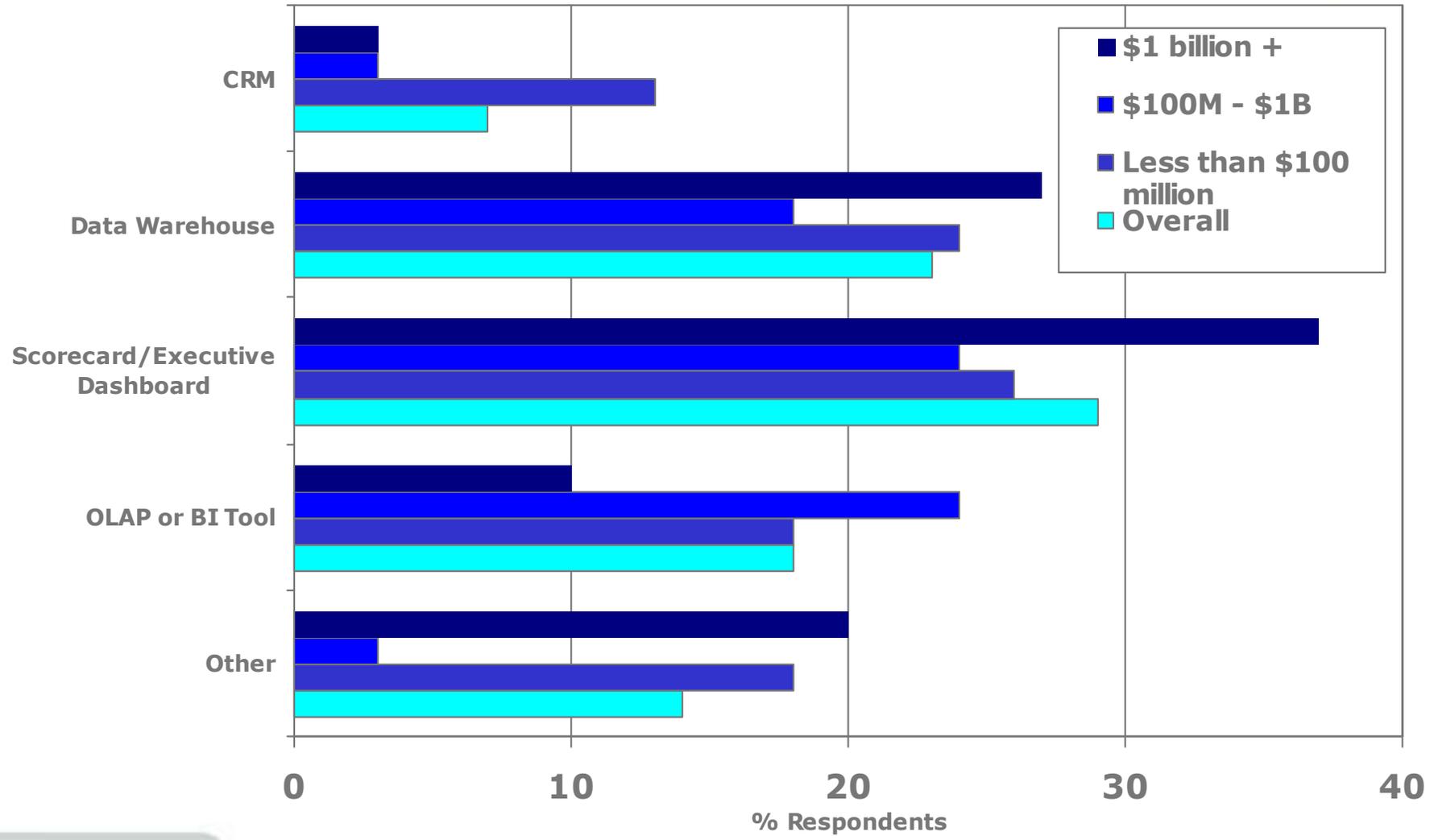
# #9. How many activities does your model contain?



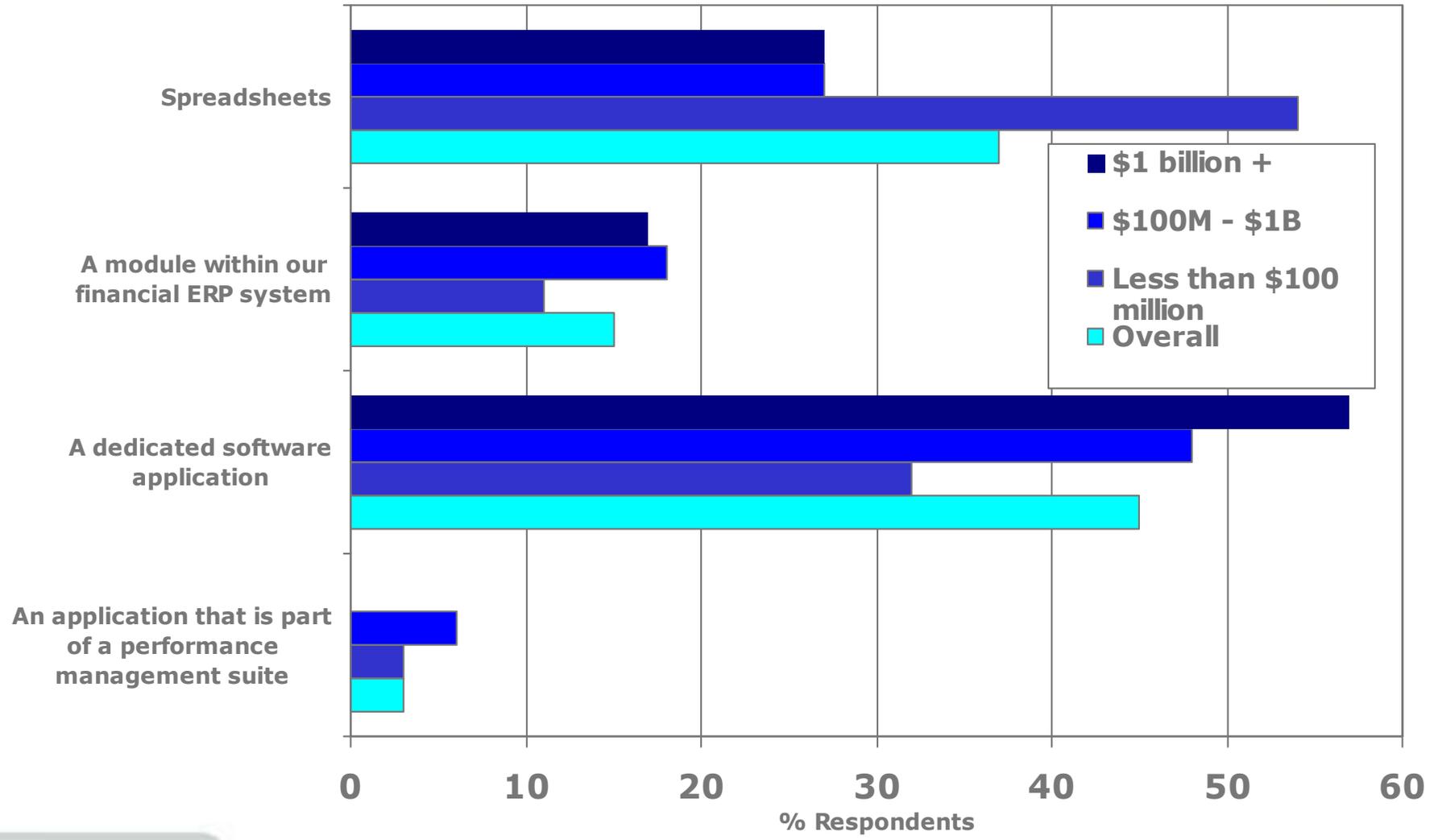
# #10. How many cost objects does your model contain?



# #11. What does the ABC calculation feed into?

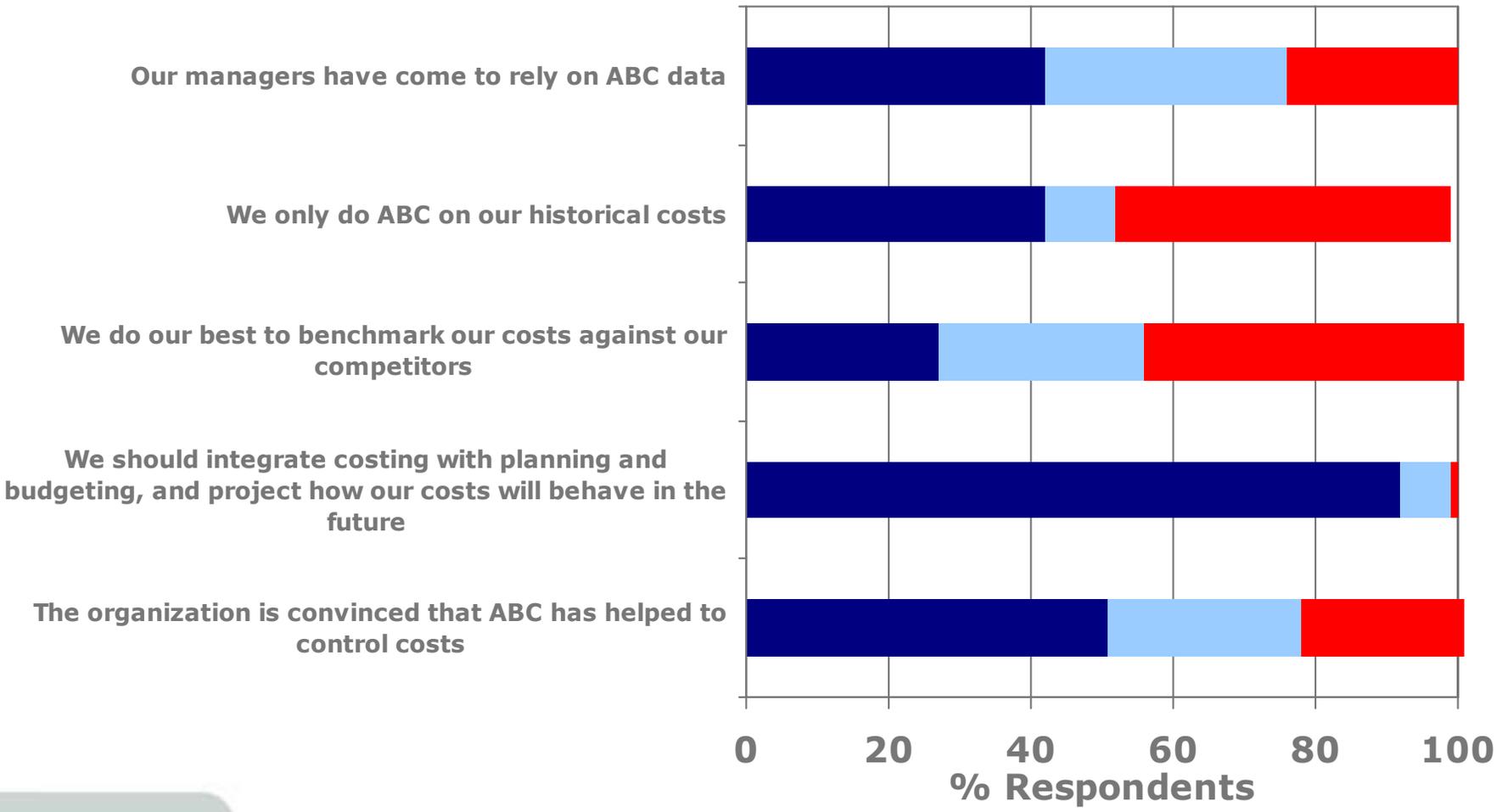


# #12. Applications used for ABC



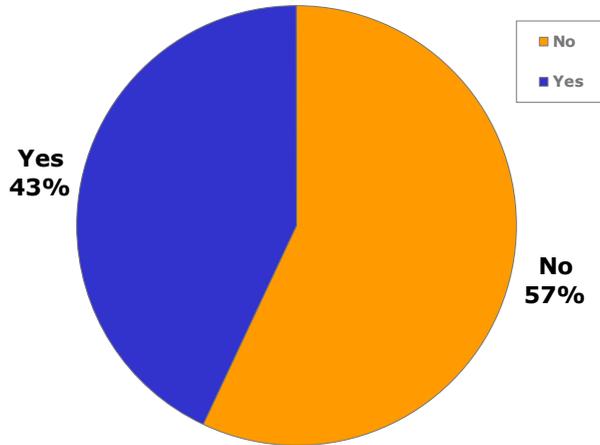
# #13. How do you feel about cost management?

■ Agree
 ■ No Opinion
 ■ Disagree

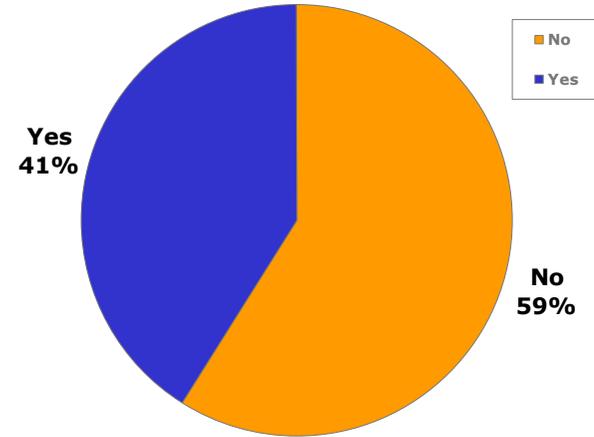


# ABC - Where are we now?

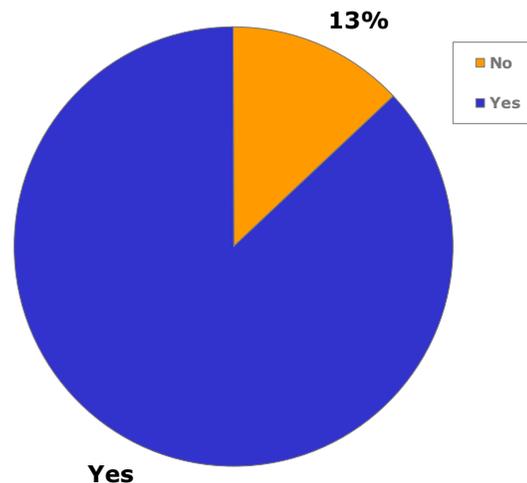
Do you have a BPM System?



Do you feed ABC data into your BPM system?



Do you believe that BPM, in conjunction with ABC, produces better information than BPM or ABC alone?



# Contact Information



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