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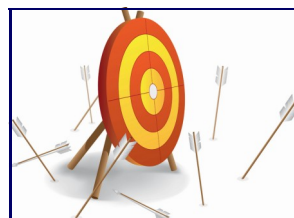
Strategic Execution Management— The next big thing!

Many years of business and consulting experience has taught us that most strategies fail to get fully executed. This is a lesson that even the most sophisticated organisations must deal with as recognised by Tony Hayward the CEO of BP: **“Our problem is not about the strategy itself, but our execution of it.”**

In recognition of this issue, Blue-plate has been appointed the first UK partner of KeyneInsight Inc. of Bloomington, Indiana for their KeyneLink strategy driven execution management system. KeyneLink enables management to define, monitor and manage individual responsibilities and accountabilities for execution at all levels throughout the or-

ganisation. KeyneLink is an approach supported by a web-based system recording an individual’s objectives which are linked to the strategy. Progress in executing the strategy can be reviewed and discussed between managers and their subordinates on a regular basis. The whole point about KeyneLink is to facilitate this regular communication with a focus on managing performance based upon SMART objectives that are explicitly aligned with the strategy. This systematic approach beats leaving strategy execution to the vagaries of differing corporate cultures and management styles that bedevil large and even small organisations.

Being web-based KeyneLink



Great idea but poor execution!

is easy and quick to deploy with no capital outlays or IT involvement.

Contact Jeff Herman for a KeyneLink demo or to participate in the next scheduled webinar.

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Special points of interest:

- Don’t neglect coaching
- There is a lot to learn from school
- We speak your language—sometimes.
- Leave out the hard-coding
- There is no double-entry for carbon
- Where next for finance?
- The capital costs of operational risk

“Organisations with a formal strategy execution process outperform organisations without one.” *The Execution Premium* - Kaplan & Norton

Read all about it.

Blue-plate is now firmly in the blogosphere with a range of thought leadership postings relating to financial management and other consulting issues and experiences. Our postings cover both the hard issues such as strategic execu-

tion management, target operating models, financial management as well as softer issues relating to coaching for finance staff. The blog provides an exciting and speedy mechanism to provide clients with useful insights. This

newsletter provides a taster menu of some of the blog postings, but for the main course visit [Blueplate Blog](#).

Do accountants need coaching?

There are some areas where increasing performance demands are easier to see than others. Take soccer, for example. The Premier League is today regarded as the best in the world and who would argue that it is more skillful and entertaining than the old first division games of 20 years ago. Increasing performance demands are also true of finance, where accountants now have to juggle increasingly complex sets of rules and regulations, systems and technical tools. And now, more than ever, accountants need to be team players, able to contribute to the

game plan and fill a variety of roles. Football's advances have been made with the support of increasing numbers of expert coaches focusing on every aspect of player performance. A recent report from the ACCA shows that accountants are beginning to catch up, in terms of coaching support, but still have some way to go. For a rising accountant, core technical knowledge and skills are taken as read. What is harder to teach in a classroom is how those skills can be applied creatively to solve complex, situation-specific challenges. If we expect finance

people to perform at the highest level, then they're going to need expert coaching and development covering all aspects of their game. This is vital for the emerging challenges in dealing more effectively with people and with roles that require them to be at the very heart of business strategy development and execution.



Expert coaching - not just for footballers.

School building lesson saves money!

Lessons on how to do things efficiently, to time and budget can be found at Watford Grammar Girls School, where a purpose built Maths and ICT building has recently been completed. With only very limited financial support from state funding, the school managed an in-house project to raise the funds, design the building, commission and manage its construction and fit it out at a total cost that resulted in a 35% saving on what was originally quoted just to construct the shell of the

building. Stephen Morales the school's Business Manager, identified that the project brought together all the very best elements of organisational practice, project management, budgeting, financial control, team work, motivation, collaboration, managing change, innovation, design and creativity, investment planning, fundraising, tendering, troubleshooting and medium and longer term planning.

One of the lessons that future governments might conclude from this experi-

ence is that the public sector can be just as efficient as the private sector if they are not micro-managed from a centralised bureaucracy.



A school building lesson — well within time, cost and quality

Sprechen Sie deutsch ?

Despite the prevalence of English as the business lingua franca, Blue-plate's experience of working in Europe, is that it is still enormously advantageous to engage a consultant who is fluent in the client's native language. Increasing amounts of work are now in



Business is global, so learn to say hello!

Europe with German, Dutch and French clients, whose capability to effortlessly switch between various languages never ceases to intimidate those amongst us who haven't progressed their foreign language skills beyond asking where the coffee machine is.

One of our German speaking

consulting linguists was recently successfully tested to the full when asked to take on an additional task of reviewing German legal documents.

For those consultants who are late starters, we have found that learning at least the basic language phrases can be much appreciated. Your correspondent can now add, to a limited repertoire, hello in Japanese, Malay and Dutch.

Spreadsheet road to success



Spreadsheet errors can have catastrophic consequences for financial reporting and pricing. Our top tips for spreadsheets include

Take the right path to spreadsheet success.

1.Planning- a third of the time should be spent on the specification and design, a third on building and a third on testing.

2.Variables - Put every variable on a variables sheet, all of them!

3.Instructions - Create a simple flow-chart in the front sheet of the model and produce an operating manual.

4.Structure - Of course the flowchart will be easy to do because your spreadsheet obeys the principle of having inputs, calculations and results on separate sheets!

5.Soft coding - Omit hard coded values in your formulae – change a variable value such as the VAT rate only once and every formula that requires the VAT rate looks to that cell .

6.Lookup!- VLOOKUP and HLOOKUP

are difficult to audit and manage. If you do use them then use the COLUMN or ROW functions to create a dynamic link to the source data or, better still, use a combination of INDEX and MATCH functions.

7. Dynamic - Make your timescale dynamic. Have the start period as a variable and have the column headings as functions. And have the start period in the same column on every spreadsheet.

Follow these tips and avoid the temptation of shortcuts, that can lead you astray.

No accounting for carbon

Unlike double-entry bookkeeping there are no agreed standards for carbon counting, reporting and auditing. As a result, corporate social responsibility reporting has become a marketing opportunity for corporations to flaunt their green credentials. An energy management policy can provide a unique opportunity for accountants to expand their influence by engaging with the disparate parts of their organisation in its development and implementation. Such a policy, having the objective to improve the efficiency of energy con-

sumption, will, as with any performance improvement initiative, require the monitoring of performance measures and a strategy for interventions to manage the outcomes. Although energy management is not a new concept, the emphasis has altered from a cost management perspective to one of carbon emissions and social responsibility. The challenge for accountants is to develop the skills, competencies and a similar set of generally accepted disciplines and measures that enable greenhouse gas emissions to be accounted

for in a way that is comparable with that used for more traditional accounting and to answer questions such as:

- If a £1m has been spent on travel, what are the associated carbon emission impact?
- If a £1m is forecast to be spent on travel, how can the carbon impacts be mitigated?
- How do we fully account for all the energy costs consumed in the production and delivery of a product or service?

“Unlike double-entry bookkeeping there are no agreed standards, disciplines, measures or policies for carbon counting, reporting and auditing.”

The role of the finance function?

It may seem odd, but the role of the finance function in any business seems to be in a continual state of flux in response to competition, regulations and the latest management fashions. We used to take for granted that finance was there to keep the books, do the accounts and instinctively to



Finance must be prepared for anything!

say no to any change because of internal controls! Now we must decide if we want a business partner who can take responsibility for driving business performance or a controller who views the business through the foggy lens of a balanced business scorecard? Recent spectacular business failures and capital adequacy regulations,

have shifted the focus to the controllership end of the finance role spectrum requiring a better understanding of risk management and the impact on capital of poor operational controls. However, in reality the finance function must cover the whole spectrum of roles. This means having the capabilities to be both the enabling business partner, but also to say a steadfast no when required.

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- Specialists in financial management consulting.

If you wish to discuss any issues raised in this newsletter or explore ways in which Blue-Plate can help your organisation, then, in the first instance contact Jeff Herman.

Blue-Plate Consulting specialises in financial management issues, providing a truly independent and viable alternative to the big consulting firms. Our core competencies are in financial management, business and process architecture and design.

Blue-Plate's scalability of talent, skills and the use of only experienced management consultants and qualified accountants provides clients with top class consulting delivery. Clients appreciate that they only pay for the consultants actually working on the project and not for additional account management overheads that are typical of the large consulting firms.



www.ibconsulting.org.uk



www.rgconsult.com

Solvency II and operational risk

“Operational risk has resulted in bankruptcies in the financial services industry in the past and remains one of the key risks to manage in the future”. So said the Chief Risk Officers Forum in a report in May 2009.

Despite this apparent high-profile, operational risk has tended to be something of a Cinderella in the risk community. Other forms of risk - Solvency II recognises three: market, counterparty and underwriting – have been perceived as more significant and more interesting. The Operational Risk Insurance Consortium (ORIC) recognises almost 80 categories of operational risk, many of them very mundane and workaday, dull even - “accounting errors” is one example.

There are, however, real costs involved. Since 2005, ORIC has been gathering data on loss incidents from 18 of its members,

some of the UK’s largest life and non-life companies. At the end of Q1 2009, the database, excluding endowment mis-selling, documented approx 1,750 incidents representing a loss value of almost £600 million. The aforementioned “accounting errors” alone generated over £70 million of loss and included several single-incident losses of over £15 million. Not so dull after all!

In addition, Solvency II is raising the profile of operational risk dramatically, making it mandatory for companies to allocate capital specifically to it, based on regulated methods of calculation. Amazingly, 61% of the companies in a recent preparatory exercise declared they did not capture operational risk loss incidents at all, and of the 39% who did, not all attempted to quantify the incidents as a basis for systematic risk management.

Things will clearly have to change. But how?

The technical tools for assessment of operational risk are in almost all cases, already available. The challenge has more to do with attitudes and behaviours and with the status of Risk within the business. This is a leadership issue and Blue-plate believes there is a key role for the FD taking a strong lead. This means tightening-up risk management within Finance itself and resolving any issues with Risk in overlapping areas of interest where unhelpful conflict often arises. Above all, it means allying with the Risk Director to create a strong force within the business to raise the status and impact of operational risk management, reducing both the costs of losses and the cost of additional capital cover. Go FD!