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How to write a report that people read and leads to a "Yes"

by David Parmenter

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1. **Background**

This toolkit is for all managers who, from time to time, need to prepare a report. It is based around the wisdom and better practices of many report writers I have met and authors on the topics of change management and reporting.

1.1. Where was the training in report writing?

The most damning thing in this whole area is how random the training is. Report writers bring knowledge from their previous organisations and before long you have a potpourri of reporting styles that arrive on the executives' desks.

I have worked for four major multinationals and none of them offered or gave me training in report writing. Their view was, 'You have a degree so you should be able to write a report'.

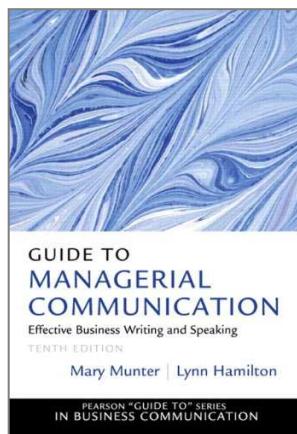
Well, the answer is yes I can, but will it be convincing enough to get the important project that I am invested in over the line. Unfortunately, not in most cases.

I did however attend, at my own expense, a course on 'business communication' and the lessons have stayed with me ever since and will be penetrating into this toolkit.

TIP#1

Get yourself on a business communication course

1.2. A book you should devour



We need to learn how to write reports in order to make them attractive to read. The reports need to be brief and follow 21st century best practice. I would recommend that you attend a business writing course, if you have not done already. The approach to writing we perfected in University is the exact opposite to what is required in business. A great book to read is Mary Munter's "Guide to Managerial Communication: Effective Business Writing and Speaking" 10th Edition (Prentice Hall). From the information conveyed in Munter's book you will learn to invert your writing similar to a journalists style. Starting with your recommendations and then answering the five whys. It makes for shorter reports.

1.3. Purpose of reports

Reports should be designed to encourage action to take place, on a timely basis, in the right direction. They thus need to:

Timely	Be completed while management is still motivated to do something about the issue in question.
Structured	Be planned so they are structured with the reader's decision in mind (especially written reports).
	Utilise business writing best practice such as the guidelines in Mary Munter's "Guide to Managerial Communication". ¹

Avoid unnecessary detail	Report meaningful numbers. Is it necessary to report Sales of \$23,456,327? Surely \$23.5 million is much easier to read and relate to.
Contain best practice graphics	Follow the guidelines of Stephen Few, an expert on data visualization.
	Contain a 'Florence Nightingale graphic' to wow them and to live on past the life of the report.
Consistent, concise and error free	Have consistent formatting and judgement calls.
	Be concise - be a merging of numbers, graphs and comments on the one page where possible
	Be free of inconsistent numbers within the report, spelling, grammar and punctuation errors.

1.4. A level of frustration

Board members and the senior management team have complained for years that they are sent too much information, yet we still insist on preparing 20-page month-end financials. The cost of preparing, analysing and checking this information is a major burden on the accounting function, creating significant time delays and consequently minimising its value.

The IT and Finance teams need to learn basic design principles, visual design and User experience (UX). As a CEO has recently pointed out to me:

"Our reports look 'cool' but are completely unusable as our company logo is more important than the content and the resulting navigational problems with split windows etc."

"In my current and past job, we had a ton of decent information, but nobody really knew how to leverage it properly. I feel companies need to make it as easy and as compelling as possible to leverage information. That requires a bit of help and assistance. A well-developed reporting strategy and training goes a long way."

1.5. Selling change –this is what many reports are trying to do

You will come up with some innovative ideas that if implemented will have the potential to permanently improve customer experiences and your organisation's profitability. However, getting these ideas through the many doubters is a difficult task. Fortunately, an intelligent thinker has written about a bullet proof way to sell and lead change.

John Kotter's eight steps to leading change effectively

In 1996, John Kotter, a change management guru and professor at Harvard Business School, published *Leading Change*², in which he put forward an eight-stage process of creating major change. The first four stages should be evident in the content and the way you have written your report.

Stage 1 Establish a sense of urgency. Here we need to appeal both to the intellectual and the emotional sides of the executive team. There are two things you need to do. First, ambushing the CEO with a compelling elevator pitch to ask

for the chance to pitch the idea. Second, delivering a masterful sales presentation, of around 15-20 minutes, that creates the burning platform, and seeks permission to run a focus group to assess, validate and scope the proposed initiative.

The 30-second elevator pitch is designed to capture the attention of the decision-makers (the term is so-called because you need to be able to get your point across in the time it takes for the decision-maker to reach their floor in an elevator ride, as that might be your only opportunity to pitch). It must be well rehearsed so that when you ambush the CEO, you are prepared. The aim is to be so persuasive that they come back to you in the next few days to discuss it further.

Stage 2 Create a guiding coalition. In every organisation you have oracles; those individuals everyone refers you to when you need something answered (e.g., "You need to talk to Pat"). These oracles exist right across the organisation and might hold, seemingly unimportant positions. Do not be fooled. An investment at this stage is paramount. In one case study, an organisation held three, two-week workshops which were designed to progress their planning tool implementation. Yes, that is six weeks of workshops. The CEO was present for part of each of the workshops and the wisdom from the oracles was channeled, by an expert facilitator, into a successful blueprint for the project.

No project will ever succeed without a guiding coalition of oracles behind it. In "The Three Laws of Performance" Zaffron and Logan point out that when you present the "burning platform" you are aiming for an overwhelming "Hell no" response upon asking the question "Do you want this future?" The oracles will want the reinvented future, which you have articulated.

TIP#2

If you are not going to get the oracles on board you may as well go fishing.

Stage 3 Develop a vision and strategy. For the journey to be seen and resources made available, we must master future-based language that is compelling and motivational.

Stage 4 Communicate the change vision. Kotter emphasized that it's not likely that you will under-communicate a little bit; you will probably under-communicate a lot, by a factor of 10. This will undermine your initiative, no matter how well planned. During a project, the project leader needs to obtain permission from the CEO to gate crash any gathering in the organisation and have a 10-minute slot to outline the project and progress to date. One sure-fire way to failure is to believe that staff will read your project newsletters and emails.

Stage 5 Empower broad-based action. Early on the need for change and the right to change must be handed over to teams within the organisation. Once the invented future is set in the minds of the organisation's staff, the staff will march toward this future. All the significant management writers have emphasized that some chaos is good so let teams embrace the project in their own way.

Stage 6 Generate quick wins. Obvious, yes, but frequently missed. Always remember that senior management is, on occasion, afflicted by attention deficit disorder. Progress in a methodical and introverted way at your peril. We need easy wins, celebrated extrovertly, and we need to ensure we set up the CEO to score the easy goals.

Stage 7 Consolidate gains and produce more change. This is the flywheel effect so well expressed by Jim Collins in his books "Built to Last" and "Good to Great": when staff are working in unison, the flywheel of change will turn faster and faster.

Stage 8 Anchor new approaches in the culture. Make heroes of the change agents, ensure their values are embedded in the corporate values and be sure to weed out those in management who have not embraced the change and who, over time, will be dousing the fire of change at night when nobody is looking.

2. **Basics of reporting**

Whilst many experts in the field of reporting will have a different list for Reporting 1:01, I have structured this section based on my experience in report writing over the last forty years.

2.1. Get smart with your time -time management techniques to adopt

You will never be successful if you do not devote your best self to the report. That means adopting time management techniques and controlling that beast the email.

The rocks, pebbles and sand lesson on time management

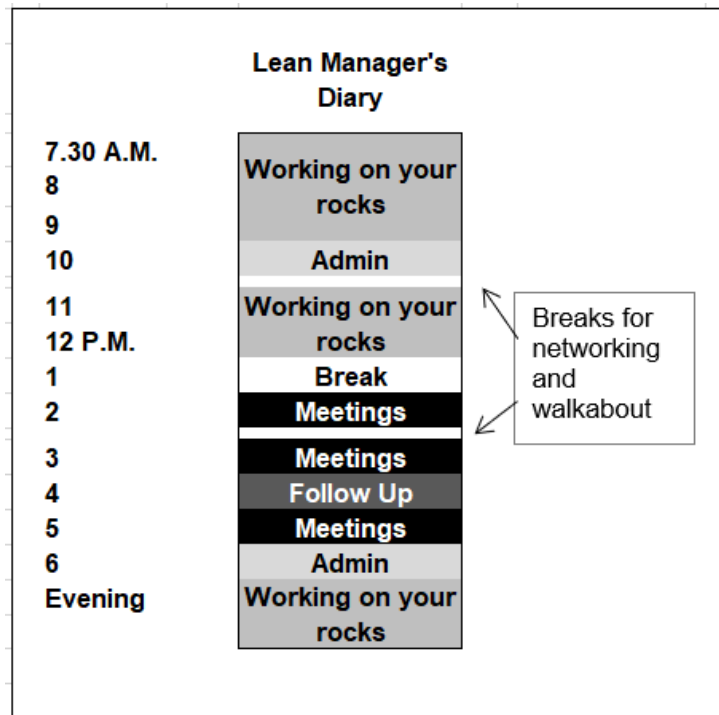


A philosophy professor is lecturing to his students. He brought out an empty jar. Filling the jar with some small rocks, he asked, "Is it full?". "Yes", they replied. Then he lifts a container of small pebbles and pours them in. "Is it full?". "Yes", they replied. Then he lifts a container of sand and pours it round the rocks and pebbles. "Is it full?". "Yes definitely", they replied. Then he pours in a cup of coffee into the container and it fills up all the spare space.

He explained, "Rocks are the important things in your life — you must give them priority each day otherwise you can't fit them in. Small pebbles — are the next important things. The sand (your emails, routine meetings, daily chores) — are the least important activities and should be made to fit around the more important tasks".

"So why the coffee?" a student asked. "To remind you that you should always make time, every day, for a coffee with either a work colleague, a client or a friend," the professor replied.

Have two, two-hour blocks of time every day to move a report forward



My father, changed his career in his thirties, moving from a clerk of the court to train as a lawyer. He had a full working day, four children under seven and a requirement to take seven exams together. Failing one exam meant a re-sit of all seven. As he only had the opportunity to study in the evenings and at weekends, my father had to follow a strict study timetable which he then introduced to me when I began to study for my university entrance exams. He took me aside and told me how he managed to study effectively.

He said the sweet spot for being productive was to work

in a series of 1.5-hour / 2-hour blocks of time, free of interruption where you can concentrate on a key task, a Stephen Covey "Rock", ensuring that you have a 10 to 20-minute break between these blocks of time.

I have applied this technique when writing my books, toolkits and articles, and when preparing presentations. I normally manage three blocks each day and have found it to be most beneficial.

Looking at the typical working day it would make sense to start the day off with two of these blocks; hence moving meetings to the afternoon.

If you have a report to research and write do not expect any major progress unless you achieve this benchmark every day.

Learning to say "No" to diversions and "Yes" to your report

Zoe Chance in her book, "Influence is your superpower - how to get what you want without compromising who you are"³ has pointed out that far too often we have become a 'people pleaser' scared that "No" might offend. She recommends that for 24 hours you say "No" to everything. During this exercise you will find out that it does not bother people as much as you had thought and sometimes your involvement was not necessary in the first place.

Frances Booth author of "Distraction trap: how to focus in a digital world"⁴ makes some very valid points.

TIP#3

If you are not full-time on a project ensure you plan and achieve, 2*two hour blocks of uninterrupted time each day on the report.

TIP#4

When you say "No" to a unrelated request you are saying "Yes" to that report you are working on.

"Learning when and how to say no is a way of valuing and managing our time."

"When we say no to one thing, in effect we're also saying yes to something else."

Tips for saying 'No'

Pause and think first	Avoid an instant answer, listen carefully and ask questions. Are they trying to move a monkey on their back to your back? As Booth says, "Pausing before responding uses far less time than it takes to backtrack."
Is it a "Rock" opportunity	Does it pass the "I would get started tomorrow if I had the chance test" If it does not it probably does not fit within the organisation's critical success factors or your current "rocks" and it will not be more interesting in three or four weeks' time.
What will you need to abandon?	Always know how many projects you currently have on and realise if you say "Yes" to a new project one or maybe two projects will need to be reassigned or abandoned.
Avoiding the time wasters	Is the person asking you a 'time waster', one who does not respect others time, cancels meetings at a drop of a hat, is the kiss of death to a project?
If "No" is the right answer let it remain a "NO".	Practise your response: "I don't think I am the right person because_____. Have you thought of _____." "That's very interesting but I don't have the time right now. My workload frees up by _____." "This is a busy fortnight; please can you contact me again after _____". "If I took that on I would have to abandon a couple of my projects to make room. I thus reluctantly decline."

Move to a stand-up desk with three screens if you have not already

One common response I find when asking workshop attendees who have three screens, if they would go back to working with one or two screens is a resounding "Hell, No!"

In this picture you see that I have a stand-up desk with three screens. The middle one being my laptop. I would have four, except it would cut out my sea view.



If you have only one or two screens you are driving a model T Ford in the 21st century. Try three screens for a week you will never go back. Please note I am not suggesting that you use one for your emails. I have suggested in the third series that these are to be reviewed only two or three times a day starting at 10.30 am.

Research points out that stand-up desks will increase life expectancy and your productivity. Interestingly, from a reputable study, the findings were quite damning. They found if you sit for more than eight hours a day you have a:

- 91% increased risk of developing type 2 diabetes
- 14% increased risk of heart disease
- 15% increased risk of early death

Interestingly, no amount of exercise in the early morning or after work can eradicate the damage caused by sitting for this length of time.

I now only use my chair for 40% of the time. Search the web for "Health benefits + standing desks" for more information.

Never move a meeting because you are busy

I learnt this lesson when I was a consultant in London. It had snowed and the four inches that settled on the road brought chaos, laughable to those in snow ravaged countries of Europe. We were to meet the client at their premises. The client cancelled as he was stuck at home.

The consulting partner said we can visit you at home. We spent the whole day getting there and back. On the trip back I asked the partner, "*Why did we not move it to another day, it would have been more efficient.*" He responded, "*When you move a meeting, you have rolled that commitment into another day.*" These words have resonated in my mind for the last 40 years.

Every time when it looks easier to move the meeting to another date the consulting partner's advice comes back to me and I avoid the temptation to cancel the meeting. Every time, afterwards I reflect and thank that partner for the sound advice.

Why you should eat a frog every morning

How often do you have a task that you need and want to do but you find every reason why you should not start it? This is procrastination. Studies have revealed that procrastination is an issue of self-regulation failure and is a risk factor not only for poor mental health, but also poor physical health and other aspects of well-being.



"Nearly 25% of adults around the world are chronic procrastinators," according to research conducted by Joseph Ferrari, Professor of psychology at DePaul University and author of the book *"Still Procrastinating: The No Regrets Guide to Getting It Done."*

Here is a cure. Eat a 'frog' every morning. It will change your life.

Mark Twain once said that, "If you eat a frog first thing in the morning, you know that the rest of your day will be better because the worst is behind you". Your frog is your worst task, and you should do it first thing in the morning.

Far too often we dread a task (Mark Twain's frog), perceiving that it is either nearly impossible or we simply hate doing it. It creates a dark mood that impacts our ability to focus and complete other tasks.

I learnt on a self-development course to ask myself, when I wake up in the morning, *"What don't I want to do today?"* The subconscious will answer you back honestly. Your task, when you arrive at work, is to do that very thing that is unpalatable to you. Make that call, organise that appointment, give that reprimand or write that report you have been avoiding. Two things will happen: the feared task will not be so hard to complete, and you will feel much lighter as this great weight is lifted off you. Try eating a frog a day – I hope you find it as useful as I have.

Controlling the wild beast — your email

There are ten rules to follow to control this wild beast. I want to focus on the ones that will affect your project and the end report.

Rule 1: Never open emails before 10:30 a.m.

In the good old days, we would handle mail at 10:30 a.m. when the mail finally arrived from the mailroom. We thus started the day with scoring a goal—undertaking a service delivery activity. Now the first thing we do is open the email, and suddenly one hour has evaporated. Some of us have not disabled the email alert, so we get interrupted every time a new email arrives.

Only look at emails two or three times a day when you have freed up enough time, so you can action them in the moment, rather than handle the same email two or three times.

Remember the adage "Handle a piece of paper once", this applies also to emails. That means read, action, delete, read, action, delete until the box is empty.

TIP#5

If you carry on giving your most productive hour to emails don't come crying to me that your report missed the window of opportunity or that it was not your best effort.

If something is very important, you will get a phone call. This technique will help you get more 1.5-hour blocks of concentrated time in your day. If you do receive the odd urgent email, you could, as a friend of mine does, scan for these at 8:30 a.m. My friend, however, had the control only to handle these urgent emails and then moved on with the day, leaving the replies to the bulk of the emails to later in the day. For me, even looking at the in-box before 10:30 a.m. is too risky as curiosity wins every time.

Rule 2: Never send project emails late at night or at the weekends, use the delay timer

There is nothing wrong in having an idea late at night or on the weekend and putting it into an email. The key is to schedule the "send" anytime between 8.00 a.m. to 9 a.m. on the next business day. If you would not ring that staff person at 11 p.m. then do not press send. If you do ring staff out of office hours, then you need therapy.

In France, they have made it illegal to send work emails over the weekend. The law requires companies with more than 50 employees to establish hours when staff should not send or answer emails. The goals of the law include making sure employees are fairly paid for work and preventing burnout by protecting private time.

As French legislator Benoit Hamon indicated, the law is an answer to the travails of employees who "leave the office, but they do not leave their work. They remain attached by a kind of electronic leash—like a dog."

Rule 3: The five-sentence rule for every project email

Treat all email responses like text messages and limit them to something you can count easily: five sentences. With only five sentences, you will be forced to ensure that all terms, conditions, and papers are attached to the email. This has the added benefit of ensuring that all important documents are saved separately.

Rule 4: Have an attention-grabbing header

Make the header the main message of the email. For example: Freeing up more time—reengineering of_____. Never recycle the header you received in previous correspondence. Make the header more meaningful. If you cannot think of a good email header, maybe you should not send the email.

2.2. Achieving a common understanding of the assignment

I promise you one consistent thing in life is that with every communication there is a mis-communication. Your job is to minimise it. As night follows day your manager will have left something out in the quick debrief. Since you will need to explain, in the executive summary, about the scope of the project you should write your understanding early on and get it approved by your manager more than once!

2.3. Planning your research

You need to think outside the box here. Think about:

- The oracles you will need to interview and get on-board the project
- The organisations that are already doing this that we have a connection to. Your research may well lead to working collaboratively with competitors for as Peter Drucker said, "Your backroom is someone's front room".

- What research strings you will use on the internet such as “_____ (topic)”+ pdf or “_____ (topic)”+ “best practice” + pdf to search for reports on the topic
- Who are the relevant suppliers? Construct a shortlist of relevant suppliers before making contact
- What has been done in the past? You can guarantee you will not be the first to think about this in your organisation. Find that report.

2.4. Designing that Florence Nightingale graphic

Florence Nightingale revolutionised the use of statistics to create a compelling argument and was one of the first to use diagrams to communicate her analysis of casualties. Her diagram is revered as a forerunner to data visualization as we know it today, see Exhibit 2.1.

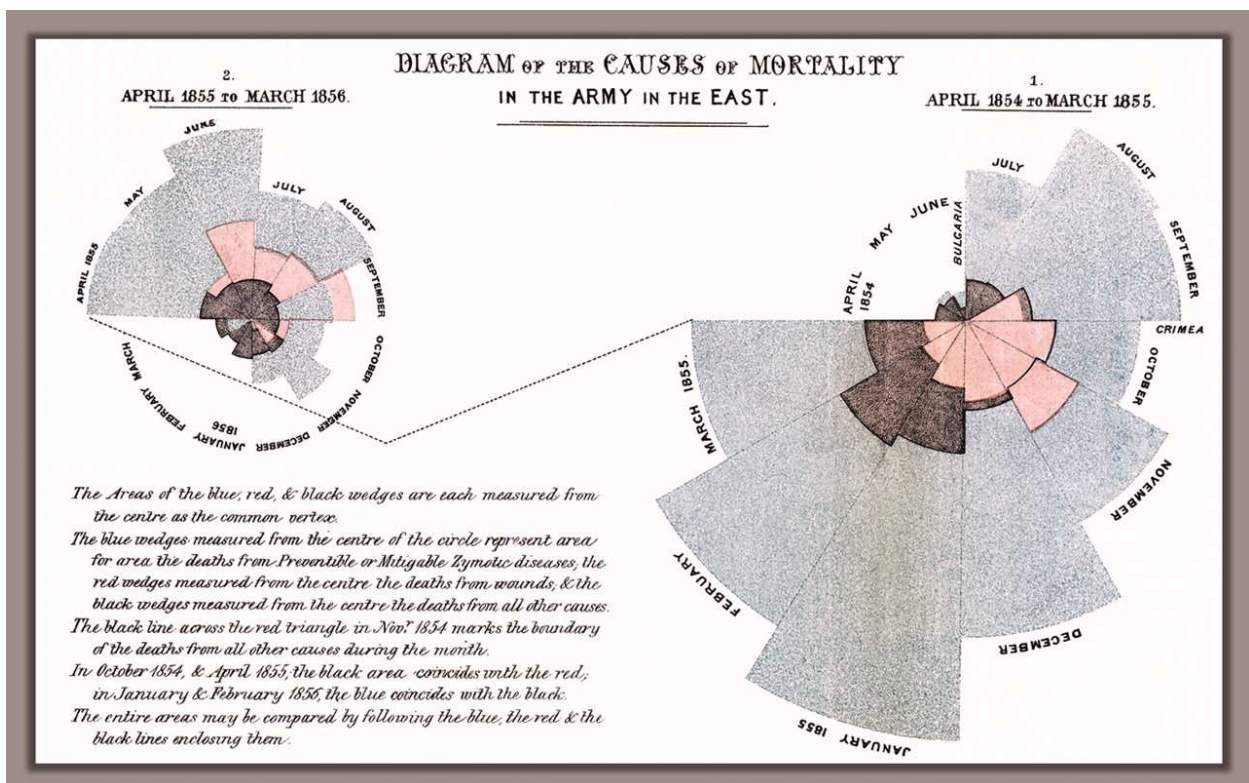


Exhibit 2.1: Florence Nightingale’s diagram on war casualties

Florence Nightingale’s Rose’ diagram, saved countless lives when the military finally woke up and realised that ten times more soldiers died of infectious disease than from wounds received in battle. In other words, it was disease, not the Russians, that was the real enemy. She plotted the data clockwise on two connected circular charts, with 30-degree segments representing each month. For each month, causes of death were shown in superimposed wedges: The large lighter shaded area represents the ‘preventable diseases’ (such as cholera and dysentery), red for ‘wounds’ and black for ‘all other causes’.

Early on in the project you need to think how best to show the compelling evidence you have gathered.

TIP#6

Create a clever graphic that transcends the life of the project. As we all know a picture is worth a 1,000 words.

2.5. Interviewing techniques when doing research

Throughout your working career you will be involved in projects where you are looking to solve an existing problem, introduce change or assess which new system would work better for the organisation. You need excellent interview techniques in order to extract the valuable golden nuggets of information that exist waiting to be discovered.

When I was a consultant in London (1985-87) I was taken to an interview by a partner in the firm. He had prepared for the meeting meticulously, thinking about the questions. He asked the questions and then allowed the interviewee to cover topics slightly outside the question. He always brought them back gently to the topic. He said that you will always be surprised by the gems you find. From that point I ran all my interviews as I would land a hooked trout. I give them line while they are running and then bring them back efficiently and gently.

Finding the real reasons why something is happening

You will be asked to write a report on something that needs fixing. Too many reports do not end up changing anything because the writer:

- Did not research properly -thus the report lacks credibility
- Did not understand how to sell change
- Saw the report as the end product not the start of the journey

The preparation

You need to know something about your interviewee. Your research will show through and impress. Don't forget they will probably have a LinkedIn profile. You then need to prepare your questions.

If I was preparing my questions to investigate a particular process within an organisation. I would ask:

- Who is involved in this _____process?
- Who should be involved in this process who currently is not involved?
- What are the main issues around this _____?
- What would you like to see changed if you had a magic wand?
- What are the main benefits of the process?
- Why did this process develop in this way?
- When are the main tasks performed?
- How long has the current process been operating?
- When was this process last reviewed? Was there a report? Do you have a copy?
- Who else should I talk to about this process?

You simply use the Who, What, Why, When, and How as guides to the type of questions.

I always ask my magic wand question as the staff working in any system know all the problems.

Use the 'five whys' rule to get to the heart of the problem

Six sigma and Toyota have adopted the 'five whys' questioning technique to get to the root cause of a problem. It is like peeling the layers off an onion. To each answer to a why question you then ask, "Why is that?" The rule states that by

the fifth why you will have located the real problem, and if rectified, a permanent benefit will flow back to the organisation.

Avoid the temptation for back-to-back interviews

Yes, you could do six interviews in a morning and feel good about the achievement. However, it would give you compromised information as:

- Interview fatigue will set in and the interviewee will see that you were just going through the paces
- You will miss out on those coffee sessions at a café where a key interviewee will be more relaxed and open up more
- You need to allow 60-90 minutes for a fact-finding interview as you need time for them to open up. If you finish early you can then take a mini break.

Observations are sometimes more informative than an interview

You need to schedule walkabouts. Arrange to sit alongside an operator and see what they are doing and you will find them entering something twice into two different systems. You find out that someone told them to do it. When you chase up the other system you find out that someone in head office set it up without realizing that the other system had the information in the first place.

Always, I mean always take notes at an interview

The same London partner I have mentioned always took notes with an expensive fountain pen. In one interview it ran out of ink. I will never forget the awe that was on the client's face as he proceeded to refill it. I immediately bought myself a \$600 Parker Gold nibbed pen and it is with me 40 years later.

Even if you think as an interviewer, you do not need notes still do it as the interviewee will not know you have total recall. The note taking says to the interviewee, 'What you are saying is important.' Always remember that 'It is perception that rules the roost'. I developed a note taking technique based on some external research I had found and took notes during interviews as follows:

- Format your page as in , see Exhibit 2.2.
- Comments on the background, process steps, problems in the left column
- Comments on the more important stuff such as possible solutions, dates, key facts, other people to see, name of key reports to read, I would write in the right column.
- During the interview I had ideas. I learnt very quickly it is not sensible to share these as they need to be reviewed before sharing. In addition, they would divert me from asking the planned fact gathering questions I had prepared. I put these ideas in a box in the top right-hand corner or wrote them in brackets to refer to after the interview.

Name: _____	
Questions	Ideas
<u>Background, Process steps, Problems</u>	<u>Possible solutions /Dates/ People</u>

Exhibit 2.2: Interview notes

Find the oracles and interview them

Find the oracles, those long serving employees who remember everything. If one has recently retired get permission to phone them. The offer of a lunch somewhere local to them should do the trick. You have spared them from their current home maintenance job.

If it has been particularly valuable send the retired employee a dinner-for-two voucher at a good local restaurant.

Don't forget the receptionists especially if they have been there for at least three years. They are often a fountain of knowledge.

If they say something profound circle it in your notes and use the quote in the report with their permission.

Getting the oracles behind the project – ask the magic question

Zoe Chance talks about the magic question to get to the win/win solution. "What would it take to ____?" The power of this question is twofold. When we try to influence people we should remember that they have the answers so why not ask them? When they answer, they are then committed to the outcome if that condition is met.

TIP#7

Interviewing the oracles is important on so many levels. The project will not fly if they are not behind it. One question to ask them, "What would it take for you to get behind this project?"

Interview techniques checklist

Good interviewing is relatively simple. With about 15 -20 mins preparation you can interview well if you cover the points in the checklist, see Exhibit 2.3.

Interview techniques checklist	Is it covered?
1. Recheck venue of interview especially if the venue is a meeting room that could be double booked	<input type="checkbox"/> Yes <input type="checkbox"/> No
2. State the purpose of the interview and reconfirm the time available.	<input type="checkbox"/> Yes <input type="checkbox"/> No
3. If you are travelling to meet them, reduce the risk of a no show by ringing them the day before saying how much you are looking forward to the interview.	<input type="checkbox"/> Yes <input type="checkbox"/> No

Exhibit 2.3: Interview checklist (full template is included in the email)

If an interviewee asks to see your questions in advance give them the general themes rather than the actual questions.

2.6. Designing graphs with an understanding of data visualisation

Data visualisation is an area that is growing in importance. No longer is it appropriate for well-meaning accountants and managers to dream up report formats based on what looks good to them. There is a science behind what makes data displays work. The expert in this field is Stephen Few. Stephen Few has written the top three 'best-selling' books on Amazon in this field, see below for details.

A must visit for all corporate accountants, analysts and managers is Stephen Few's company's website where he has lodged many high quality white papers on the topic of graphical displays (www.perceptualedge.com/articles). His books, see Exhibit 2.4, are highly rated, and can be found on Amazon.

TIP#8

Become a disciple of Stephen Few. He has spent more time thinking about communicating through graphics than anybody else.

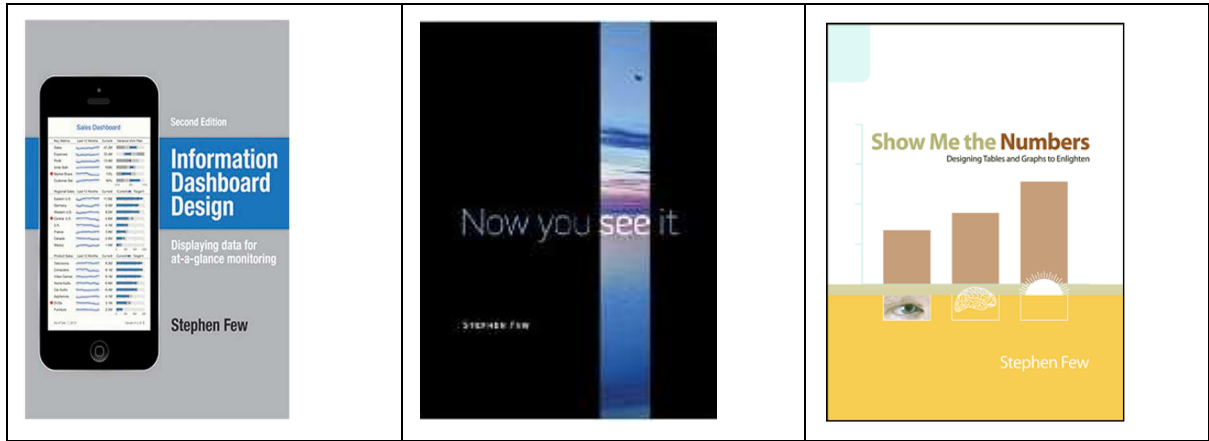


Exhibit 2.4 : Stephen Few’s books

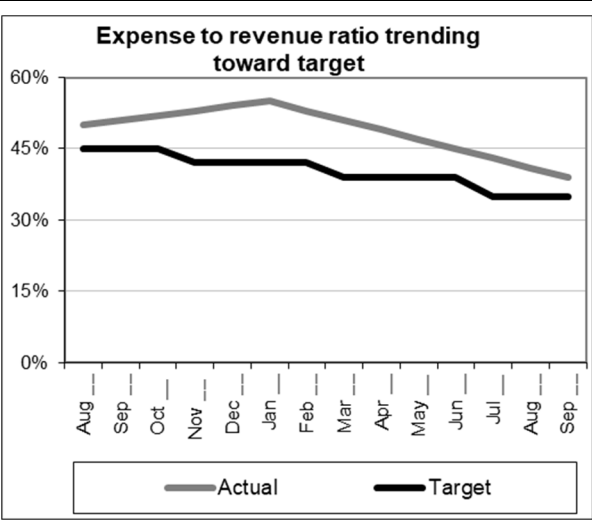
Some rules to follow on graphic design

Exhibit 2.5 lists advice with graphs, utilizing Few’s wisdom, and some better-practice solutions I have observed over the years.

Exhibit 2.5 Advice on designing graphs

Common graph problems	Example of a better practice graph
<p>Supply adequate context for the data: Far too often we show graphs which do not give enough information as to what is good, satisfactory or poor performance.</p> <p>In this example the industry and company average has been added.</p>	
<p>Avoid displaying excessive detail or precision: Graphs should summarize the information and be a big picture view. The graph should have no more than a five-point scale. Often rounded numbers are better except when displaying a major number like NPBT. e.g., use 40 instead of 40,000 and put 000’s on the top of the scale.</p>	

Always start the scale at zero: Often to emphasize a point the press will show an exchange rate between a very narrow band say US\$ to Euro between a five cents range magnifying the movement. Stephen Few is adamant that this may mislead and give rise to a poor decision.

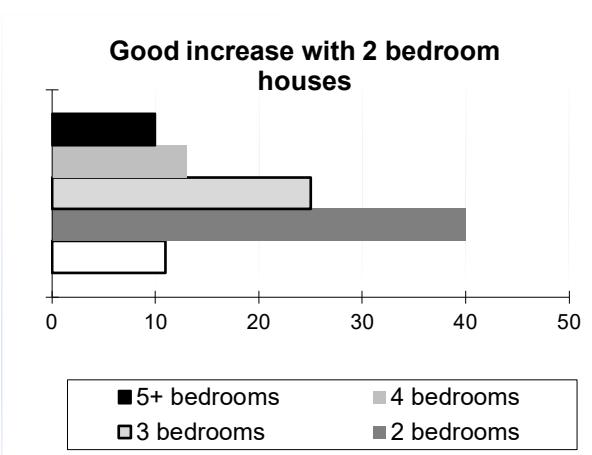


Avoid using these graphs: The following graphs should be banned from use:

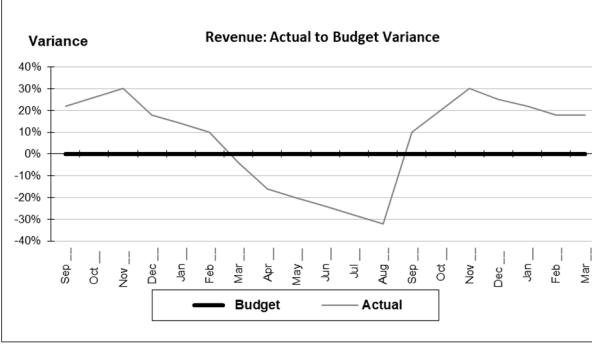
- pie charts
- radar graphs
- 3D graphs

Few points out that it is far better to use a horizontal bar graph instead of a pie chart.

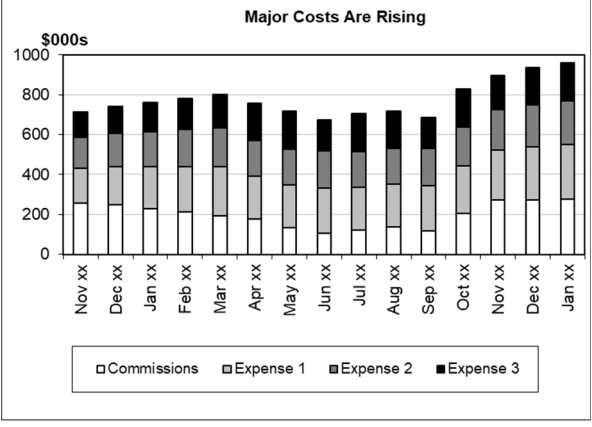
In the horizontal bar graph the magnitude between highest and lowest is clearly seen as are the values.



Make one data series the baseline: Few also indicates the benefit of making one data series the baseline and showing the other as a variance to it. For example, actual shown against a budget, which is on the baseline.



Show a minimum of 15 months' trend analysis: Trend analysis is required, going back at least 15 months to ensure any seasonality in the operations is captured. This gives the ability to compare the performance in last three months against the same period last year.



<p>Explain turning points: Key turning points on graphs should be explained by a note on the graph.</p>	
<p>Use up to five gridlines: The gridlines on the graph should be limited to around five lines. I always make these a medium tone of gray. Black on yellow is the best combination for clarity, so when using color graphs, make the background a light yellow.</p>	
<p>Use the graph title to say something important: Like a journalist, you need to treat the title as important "real estate." If you cannot say something important maybe, you should use a different graph.</p>	

Do not overlook bullet and sparkline graphs

Stephen Few has introduced a new concept called "bullet" graphs. These are particularly powerful when combined with Edward Tufte's "sparkline" graphs; see Exhibit 2.6. A sparkline graph looks like a line graph without the axes. Even with this truncated diagram, you can still see the trend. The bullet graph shows different details about current performance. The shades used range from dark grey (to indicate poor performance) through to lightest grey (to indicate good performance). The dark vertical line indicates a comparative measure such as a target or last year's result.

TIP# 9
I would be surprised if you could not find a use for a bullet and spark graph in every report you write once you have mastered them.

Stephen Few is very cautious about the use of colour. He draws attention to the fact that many readers will have some form of colour blindness. In Exhibit 2.6 the only use of colour would be red bullet points indicating the exceptions that need investigation and follow up.

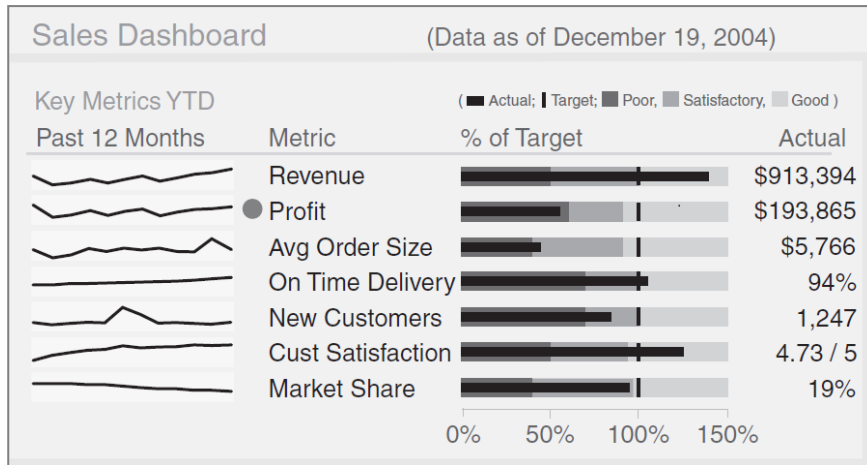


Exhibit 2.6 Advice on designing graphs

2.7. Planning what you want to say

Far too often the writer will leave a report to the last minute and then in a hive of activity complete it feeling very righteous. Invariably, while well written it can never have the persuasiveness of a paper that has been meticulously planned.

Use Post-It stickers

A great technique is to first map the subject headings out in a mind map. Then do a mind dump on Post-It stickers covering all the points, diagrams, pictures you want to cover in the report. Have one sticker for each point. Then you place your stickers where they fit best, see Exhibit 2.7. Using stickers makes it easy to re-organize them. You then document the headings using the organisations' style template, heading 1 maybe font 16 and numbered, heading 2 font 14 and numbered, heading 3 font 12 underlined and not numbered. You can then send the report plan out for comment from three to five people who are experts on the topic. Their feedback will be invaluable and will lead to a better report.

TIP# 10
 I use Post -it stickers and turn the adhesive part to the right so that I can write five thoughts per sticker and then I cut them out. Each point having its bit of adhesive.

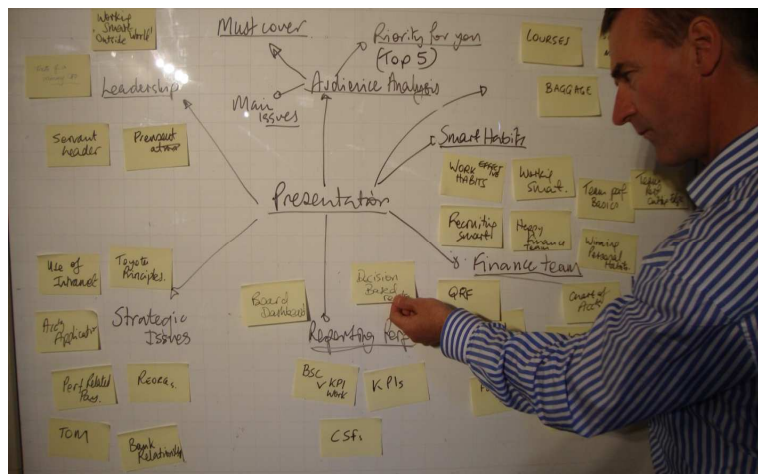


Exhibit 2.7 Planning a paper using post-it stickers

Using outline in word

In outline you select how many levels you want to see. If you chose all them the whole document is there. In Exhibit 2.8 I have chosen the first two levels. When I move a second level heading all the subheading and text move with it. If I add a heading it is in the document awaiting text. The + sign indicates that there are subheadings that sit below this heading.

TIP# 11

Make sure you spend some time with a trainer each year to master those 10%ers in the applications you use frequently.

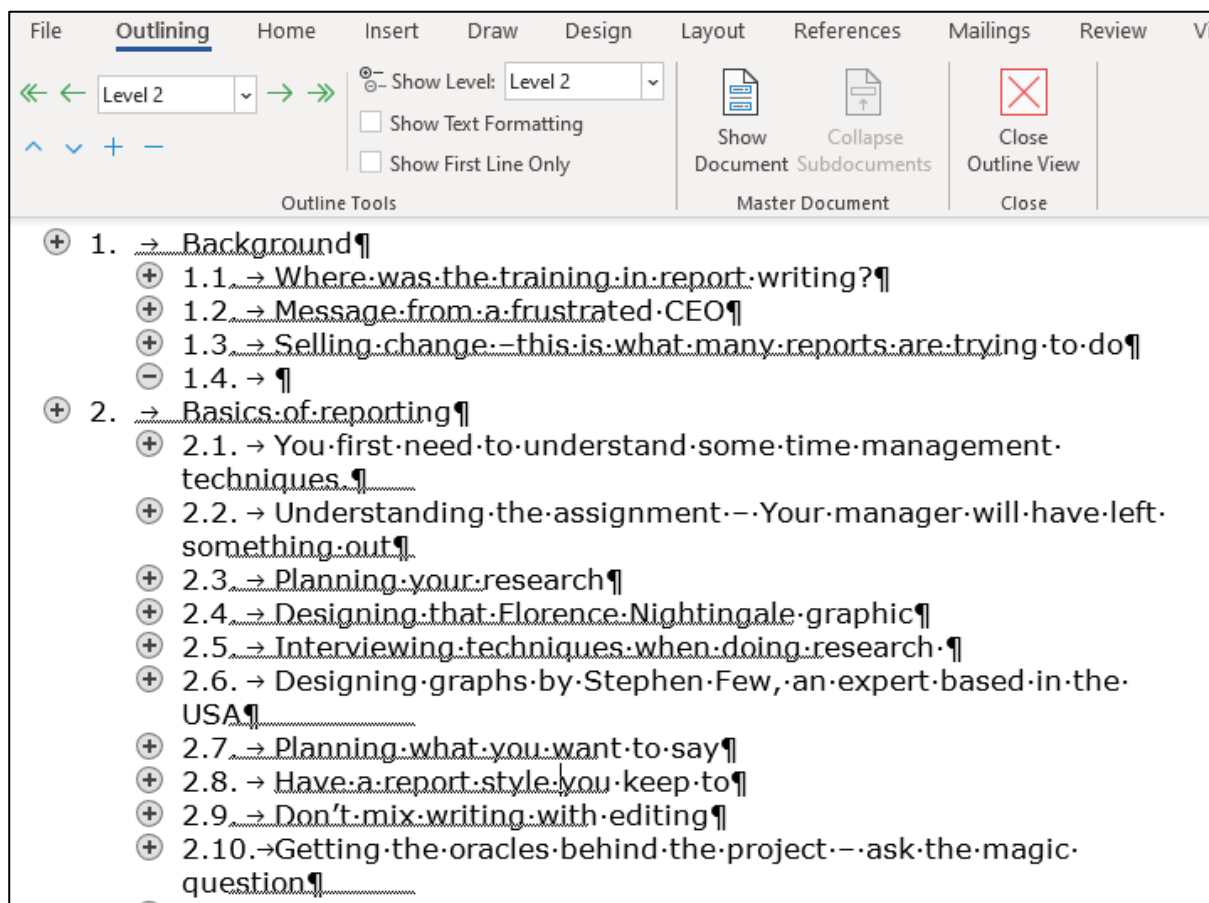


Exhibit 2.8 Outline view found in the 'view' tab

Many years ago, I got a trainer in every three months with the agenda "Surprise us." He would spend an hour observing how we were using our Microsoft suite of applications, and then talk to us all about the features we were not using that would save us time. I will never forget his lesson on tables. He pointed out you could write a book in a series of tables and nobody would know if you did not outline the table.

I was talking with a friend who has a brilliant brain and he mentioned that Microsoft Word used to baffle him. He, like so many others, had learnt to use it without training sessions. Whilst 90% of the features in these applications are of minimal value around 10% of them are stunning and are must know about and must use features.

My Microsoft Word top five tricks are:

1. Master tables – you will find that you use the structure quite often without needing to outline them.
2. Set up a template for the styles you want heading 1, 2 ,3, bullet point, numbered list, story, quote, exhibit heading
3. Use Outline view to plan your structure and to reorganise it when you realise there is a better way.
4. Use dictate and editor
5. Customise the quick action toolbar and replicate your chose in all other Microsoft applications you use. I have undo, repeat, speak selected text, quick print, email it,

2.8. Have a report style you keep to

As early as you can adopt a report writing style that contains as many better practices as you can muster and gets the message across. Your style should be you and a reader should be able to recognise the writer from the phrasing.

A call to action in the headings and first paragraph – like a journalist

Why do we waste so much real estate? Why not title the January Finance Report -'Recovery better than expected' or 'Still away to go before remedial measures take effect.' Each heading should summarise what is in the paragraphs beneath it. You are in effect becoming a journalist who wants to prick the readers' interest.

Writing style –Barbara Minto's inverted pyramid

Instead of writing the traditional university essay where you had an introduction, and you wove through the findings to come to conclusions and then finally recommendations. Begin with your first recommendation and then support it with your main arguments and then further support, cascading down into the detailed support. It is the same concept of the 'Five Whys' used by Kaizen teams. With every answer to the question why, you ask again why that happened thus cascading down to the root cause.

The advantage of writing this way is that the reader who agrees with your main argument for the recommendation, can and will, naturally skip further detail and move onto your next recommendation.

Selling change in a report

If selling change is involved in the report you are writing I recommend that you read the article on John Kotter's 8-step process for leading and selling change⁵. The first step is to 'Establish a sense of urgency'. I was so taken by his reasoning which explained why so many of mine and others' initiatives had failed that I wrote a whole chapter dedicated to 'Leading and Selling Change' in the front of my book 'The Financial Controller and CFO's Toolkit', Third Edition.

After 40 years of report writing I would recommend the following order for most reports:

The burning platform	Always start with this as you need to say early on why "You better read this".
----------------------	--

TIP# 12
Mastering this technique will give your reports much clarity.

Executive summary	Now you have their attention give them the summary recommendations, just in case they are in total agreement, and it is a done deal.
The oracles that were interviewed	It is important that these are listed early on and important quotes from them are highlighted in italics.
Recommendation #1 supported by findings, recommendation #2 supported by findings etc.,	Now we use the inverted pyramid style of writing. Start with your main recommendation and then support it with your main arguments and facts. Answering in effect a series of why questions. This technique means that those who agree straight away do not need to bother with the whole logic. That is for the doubters.

Beware of the over use of bullet points

In his book "How to make an IMPACT⁶," the author Jon Moon points out that bullet points are an excuse for writer's diarrhoea. Far too often it is an unstructured mind dump. Some bullet points being replicas, others so minor that they should not be present at all.

Here are some rules:

Important lists should follow Jon's WiT (Words in a Table) rules	Jon Moon suggests when setting out lists ensure you have a summary of the listed point next to it, as demonstrated here and above.
Take three goes to get the list right	You will never get the list right first time. In the editing phase always look to merge similar points together.
Remember the rule of three	Keep your list to no more than five. Delete minor points. The more memorable lists should be restricted to three takeaway points. A technique used by Steve Jobs. Lists over 10 points should be in the Appendix
Consistency	Keep bullet points short, preferably no more than three lines long. Where possible keep them to the same length and use periods at the end of each line only if they are complete sentences.

Limiting the use of empty words

During the review process we should remove all meaningless, empty words, sometimes referred to as "weasel words". This is not as easy as you might think. As we move up the management ladder, we increasingly use empty words such as:

Accelerate, adaptive, balanced, benchmark, best practice, bottom line, collaborative, dynamic, effective, efficient, empowered, holistic, integrity, leverage, optimized, outcomes, outputs,

recognition, reliability, strategic fit, synergies, transformation, value added, well-being, world-class.

Don't mix writing with editing

As an author I welcomed the advice I received over twenty years ago to never mix creative thought with editing. I was encouraged to write, ignoring typos, and even writing two versions of the same paragraph so I could choose the best version, a day later when I was tidying the piece up.

You will never get flow if you are constantly correcting your work. It makes writing tedious and slow. You are forsaking those leaps of connectiveness that you get when your mind is left to fly.

2.9. Getting your presentations persuasive

So often we under sell our ideas or poorly present the results through spending too much time on the report and too little on the all important presentation. A presentation to the Board or executive team is one of the few times these people see you in action. It is thus important to get it right and we need to embrace the better practices around "winning" presentations. I set some practices from the chapter I have written in my management book⁷. I have included the guidelines in Appendix xx.

10/20/30 rule	For the 15-20 presentation use Guy Kawasaki's 10/20/30 rule: limit yourself to 10 slides, 20 minutes, and a minimum font size of 30 points. The objective of the presentation is to get permission to run a focus group with a cross-section of the organisation's oracles to obtain their green light.
Post-It sticker planning	Use Post-It stickers to plan the structure of the presentation, as already discussed.
Aim for 10 practice sessions for a 20 minute sales pitch	The shorter the presentation, the more you need to practise – a minimum of ten live tests (10 *20 minutes is not such a big deal is it?) with a mock audience who take notes and who only provide feedback after your uninterrupted practice. Some of the final practices should be with the thought leader who will be in the meeting. Remember mumbling to yourself in front of the TV is not a practise session.
Orchestrate your support	Prime the thought leader to speak first, after you deliver your presentation covering the points you want emphasised.

'Would any of them want to do this presentation instead of me?' Before you speak look at the audience and ask this question, 'Would any of them want to do this presentation instead of me?' Invariably the answer is "NO" so why get worried.

Have a killer opening Start with a killer opening few lines that get their attention.

2.10. Adopt these quality reporting processes

Using sound quality assurance processes will mean you can turn up at meetings knowing that your document is internally consistent.

Ban all late changes to the report

Once the report is prepared, no adjustments to the numbers should be allowed unless they are very material. There is nothing worse for the finance team than to submit a finance report to the CEO that is inconsistent. This is frequently caused by a late change not being processed properly through the report. As night follows day, the CEO will be sure to find it. I am sure many readers have been guilty of this one.

It is far better to hold back the adjustments. If the CEO says to you, "I thought the sales were higher, " you can say, " Pat, it is a pleasure working for such an astute CEO. You are right, the sales are understated by \$30,000; however, there are adjustments totalling \$27,000 going the opposite way, so I have not booked the adjustments as the net difference is immaterial. I am booking these through this month. However, if you like I will adjust this month's report. " Most CEOs will feel pleased with themselves for spotting the shortfall and then move on to another issue.

Check numbers for internal consistency

Ask a colleague to carry out this exercise for your next report. Print the report and ask them to mark all pages with a number, e.g., for a five-page report mark 1 of 5, 2 of 5, see Exhibit 2.8. For every number that appears elsewhere, either in a box, table or graph write the page reference where it appears again, by the page number, and initial to indicate that you have checked this number in the subsequent page and it is right.

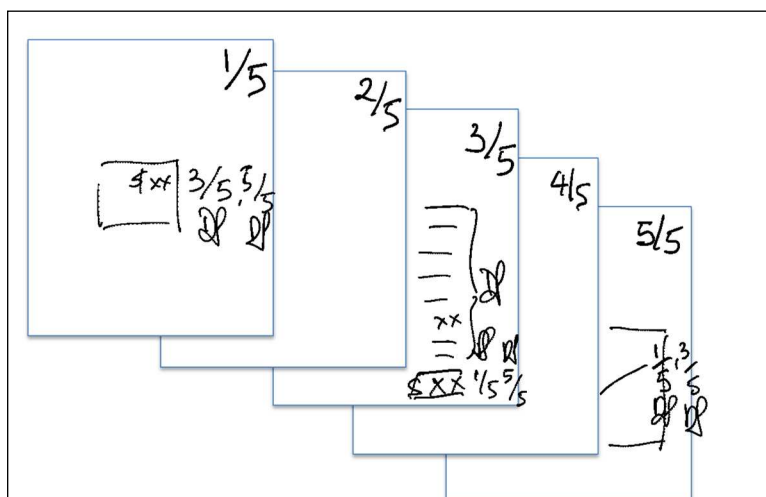


Exhibit 2.8: Checking for consistency

This quality assurance document should be left around so the CEO sees it one day. When asked, 'What are all these references and red ink?' you say, 'This is the quality assurance we do every time we issue a report to you'. I assure you they will be impressed and want you on their important projects.

The two-person read through



For all reports going to the C -Suite or Board you should use a two-person read through. I learnt this technique, like many of you, when I was an auditor.

The originator of a report gets another person to read aloud the report while they follow the words on another copy. By hearing the words, the writer can check the 'dance of the words', their rhythm, and amend to correct spelling, grammatical errors and make it an easier read.

Text to voice facility

The quick access bar see arrow on Exhibit 2.9, on word and in outlook has a "speak selected text" option. Select "more commands", and then select "all commands". You will then get an alphabetical listing. This is a valuable tool for a read back. I use this facility on all emails and smaller documents. This tool is available in Word, Excel, PowerPoint and Outlook and most likely in other applications.

This facility does not replace the two-person read through on those important reports as you will miss out on some collective editing that occurs when two minds are working on the one document.

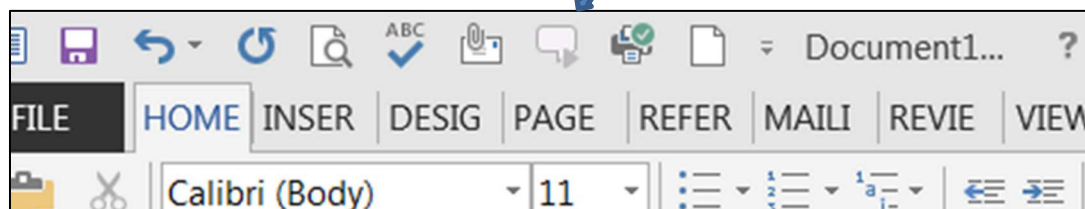


Exhibit 2.9: Speak selected text icon in the 'Quick access toolbar'

The author should do a final check for the "two gremlins"

The two gremlin rule states that in every piece of work there are always at least two gremlins that sneak through. If I find them and they are minor I leave them and release the report. If you do not find them look again or someone else will spot them. I would always change typos in the first couple of pages or in the recommendations, as these can undermine the report.

Separating content and format reviews

Never the twain shall meet. As a friend pointed out to me, a reviewer who is good at reviewing content often is not good at reviewing formatting. So, select two reviewers who undertake the two different tasks.

- The format review should be limited to have you used the firm template, have you got a logical flow with headings, are all headings using the prescribe headings template

- The content review should be checking have you addressed the remit, are the recommendations clearly set out and supported with logic. Lastly is the spelling and grammar correct?

2.11. Limiting the use of Excel in reporting

Be very wary if you are utilising data from large spreadsheets. Some of the common problems with spreadsheets are:

<i>Broken links or formulas</i>	An individual might add or eliminate a row or column so that, when a group of spreadsheets is rolled up, the master spreadsheet is taking the wrong number from the one that was modified.
<i>Consolidation errors</i>	Often, a spreadsheet will lock up or show a screen full of "REF", "REF" "REF" errors, because it was not designed to be a tool for handling a rollup of dozens of different worksheets.
<i>Input of the wrong numbers</i>	Entering the wrong number can happen in any process, but spreadsheet-based systems often require rekeying of information, which can produce data inconsistencies. A spreadsheet might use a look-up table that is out of date or an entry might have been inadvertently or mistakenly overwritten.
<i>Incorrect formulas</i>	A subtotal might omit one or more rows, columns or both. An individual might overwrite a formula because they believe theirs is more accurate. Or, someone might use an outdated spreadsheet. Or, allocation models might not allocate 100 percent of the costs. Allocation methods might be inconsistent.
<i>No proper version control</i>	Using an outdated version of a spreadsheet is very common.
<i>Lack of robustness</i>	Confidence in the number a spreadsheet forecast churns out is not assured. In large spreadsheets you will not have the time to check all the formulas because they can reside in any cell of the spreadsheet.
<i>Inability to quickly accommodate changes to assumptions</i>	What would you do if your CEO asked, "If we stopped production of computer printers, what would be the financial impact? I need the answer at the close of play today." Your spreadsheets are not able to provide that quick answer.
<i>Designed by accounting staff</i>	Most accounting staff have not been trained in system documentation and quality assurance, which you expect from a designer of a core company system.
<i>Lack of corporate office control</i>	Many people in a business can use spreadsheets to create their own forecasts at a ridiculous level of detail. This can lead, as a friend once said to me, "To the march of a million spreadsheets."

2.12. Avoid unnecessary detail

Always report meaningful numbers. Is it necessary to report sales of \$23,456,327? Surely \$23.5 million is much easier to read and relate to.

Think in big numbers like the CEO does. If a number is not on his radar than round it out.

2.13. Remember the decision maker is an alligator

Zoe Chance, an associate professor at Yale, focusing on decision making and behavioral change talks about the two states we can be in when making a decision. The alligator state when the decision maker does not want to work hard and involve much cognitive resources, but instead will go for the easiest option to take action. The courtroom state when we look at the decision from both sides and seek to come up with a rational decision.

In reality the alligator state wins out so you have to make it easy to digest, approach them at the appropriate time (alligators eat less than 50 times a year), and take all the complexity out of the decision making process.

3. Common reporting requirements

3.1. Fortnightly update to your manager

Progress report for _____ - June _____

Activities

Activity	Risk of Non-Completion	Behind	On-Track	Done
_____	0%	0%	0%	100%
_____	0%	0%	0%	100%
Visits to _____ and follow up	0%	0%	25%	75%
Visits to _____ and follow up	0%	0%	75%	25%
Website redevelopment	0%	0%	25%	75%
Interviews with _____	0%	0%	25%	75%
Interviews with _____	0%	0%	50%	50%
Interviews with _____	0%	0%	0%	100%
Report on _____	0%	0%	0%	100%

Projects

Project	Risk of Non-Completion	Behind	On-Track	Done
Project 9	0%	0%	0%	100%
Project 8	0%	0%	25%	75%
Project 7	0%	0%	0%	100%
Project 6	0%	0%	75%	25%
Project 5	0%	0%	0%	100%
Project 4	0%	0%	25%	75%
Project 3	0%	0%	50%	50%
Project 2	0%	0%	0%	100%
Project 1	0%	0%	0%	100%

Highlights

- _____
- _____
- _____

Roadblocks

- _____
- Project _____ needs more resources
- Yet to find time to start _____ because I have ___projects on the go.

Deliverables for the next period

- Attending _____ conference
- Launching _____
- _____

Here we want to do three simple things:

1. What I did in the last two weeks
2. What is getting in my way
3. What are my planned deliverables in the next reporting period

3.2. Monthly stewardship (budget holder's) reports

3.3. Reporting progress on a major project

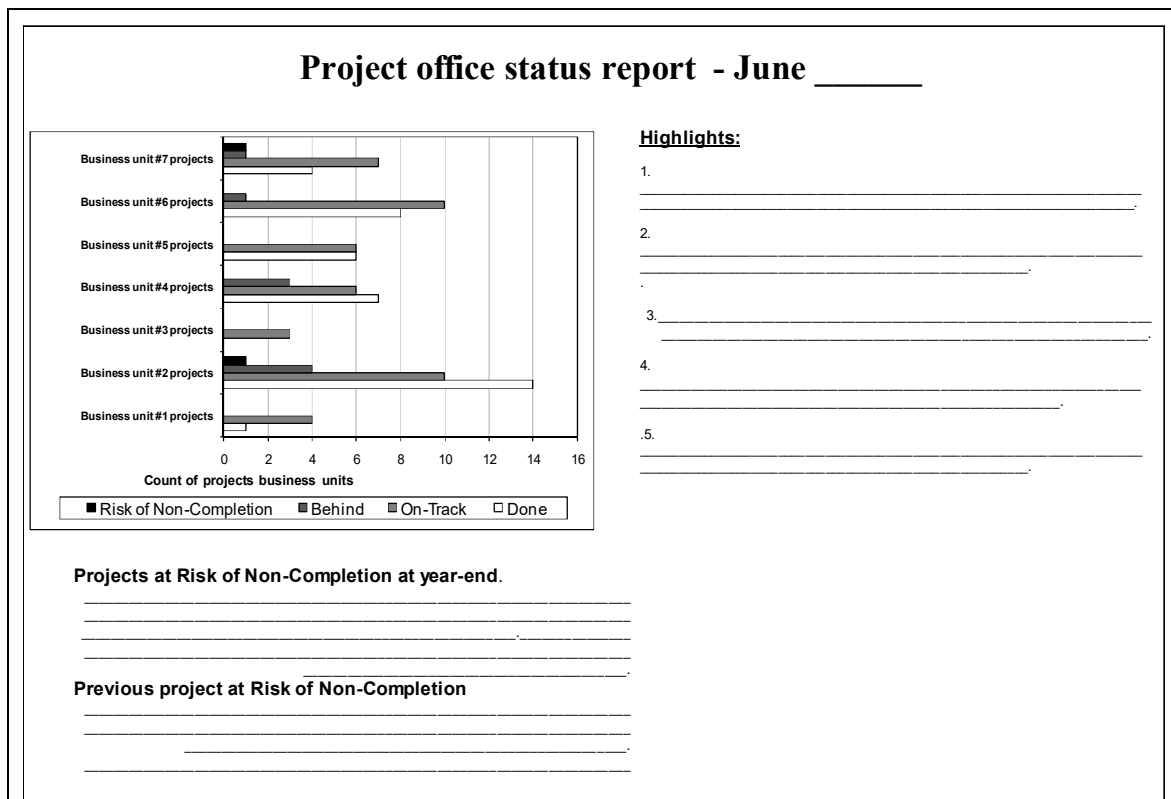
3.4. Reporting progress on multiple projects

Project reporting can be a huge burden on a project team, consuming significant amounts of time, creating documents that are too long, poorly structured, and often lacking quick reference action points.

Project management software was first designed for very complex projects such as "putting a man on the moon". Project managers charging in excess of \$200 per hour for their time can spend it completing endless progress schedules. As a rule of thumb, if more than 5% of the project time is spent on reporting, balance has been lost. Project reporting is best managed by progressively updating a PowerPoint presentation. This means that at any time the project team can give an interesting and informative progress update.

I believe it is only worthwhile measuring metrically, by that I mean without estimate, those performance measures that are so fundamental to the organisation that they affect nearly every aspect of its operation. For example British Airways "late planes" measure (see Management Magazine October 2002). "Project progress" certainly does not fit into this category and hence I promote a four-quadrant project management approach. To me a project is either 0%, 25%, 50%, 75%, 100% complete. I am not interested in any other in between assessments as by their nature they can only be very arbitrary.

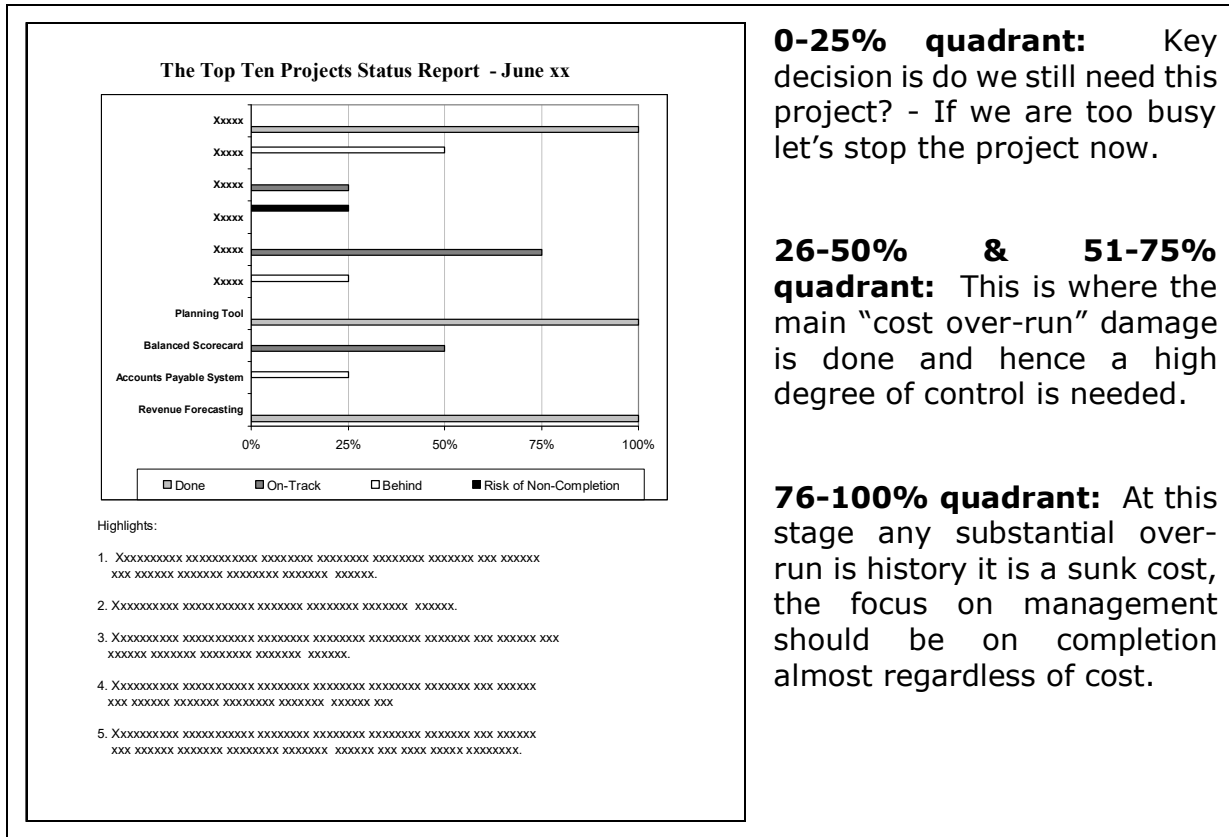
Reporting against a whole series of projects (30 or more)



Features: Summarises the status of projects. Useful for private and public sectors. The latter can call it a summary of the statement of intent (SOI). This one page focuses not only on projects at risk of non completion at year end but also on the success stories.

Project reporting can be a huge burden on a project team, consuming significant amounts of time, creating documents that are too long, poorly structured, and often lacking quick reference action points.

Reporting progress of the major projects (less than 10)



The key message for projects in the last quadrant is to finish the project no matter what the sunk cost is. It is thus not particularly helpful for the accounting team to constantly focus on the over-run. It would be far better to focus on the remaining costs and compare these against the benefits of finishing. Post project is the place for post-mortems. This will help reduce the tendency for staff to remove themselves from an over-running project to a project with a new budget.

3.5. Proposing a new cloud based application (a SaaS application)

To propose a new software as a service (SaaS) you would need two reporting processes, a presentation and a supporting report. Do not think the presentation can do both as firstly, you will end up with too much detail on the slides, and secondly, the structures are different.

The presentation structure

For the 15-20 presentation use Guy Kawasaki's 10/20/30 rule: limiting yourself to 10 slides, 20 minutes, and a minimum font size of 30 points. The objective of the presentation is to get permission to run a focus group with a cross-section of the organisation's oracles to obtain their green light.

1. The burning platform- the reasons why we have to change
2. The shortlisted options – the study done and who was involved in the shortlist

3. The shortlisted options, costs and their relative merits, what support you have from the oracles
4. Demonstration of how these systems work
5. The purchase and implementation process
6. Proposed action: permission to run a focus group with a cross-section of the organisation's oracles to obtain their green light and to present back to the C-Suite the next steps.

The report structure less than 10 pages

1. The one page executive summary
2. The burning platform- The history, the reasons why we have to change
3. The shortlisted options, shown in a detailed table, covering costs and their relative merits- what the oracles have said
4. The proposed purchase and implementation process
5. Recommendation: Seeking permission to run a focus group with a cross-section of the organisation's oracles to obtain their green light and to present back to the C-Suite the next steps.

3.6. Proposing a new product or service

As before you would need two reporting processes, a presentation and a supporting report.

The presentation structure (using Guy Kawasaki's 10/20/30 rule)

1. The burning platform- the reasons why we have to change, the pioneers/migrators/settlers map
2. What has been happening in market and what have the opposition been doing?
3. The opportunity- the strategy canvas
4. Imagine where your organisation could be
5. Proposed action: permission to run a focus group with a cross-section of the organisation's oracles to obtain their green light and to present back to the C-Suite the next steps.

The report structure less than 20 pages


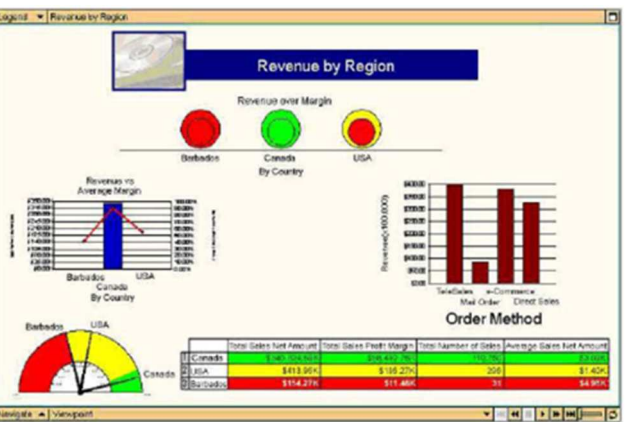

1. The one page executive summary
2. Outline the "Blue Ocean Shift" (BOS) process, by W.Chan Kim and Renee Mauborgne
3. The burning platform- the reasons why we have to change, the pioneers/migrators/settlers map
4. What has been happening in market and what have the opposition been doing?
5. The opportunity- the strategy canvas
6. Imagine where your organisation could be
7. Recommendation: permission to set up a blue ocean shift innovation project.

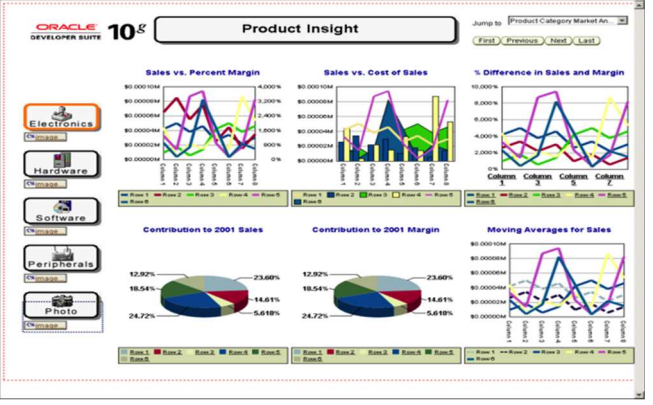
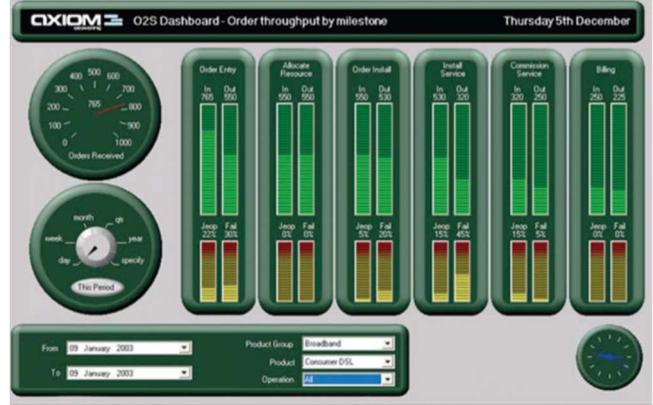
4. Designing and Drafting One Page Dashboards

4.1. Common Dashboard pitfalls

Stephen Few has come up with a very useful list of common pitfalls in dashboard design in a must-read article available on his website (www.perceptualedge.com). Exhibit 2.3 lists common problems with dashboards, utilizing Few's wisdom.

Exhibit 2.3 Advice on Dashboards

<p>Problem & Symptoms</p> <p>Exceeding the boundaries of a single screen: Here Few is warning us to think about the design carefully and avoid giving the reader the option to access different alternatives. We need to define what should be seen instead of leaving the manager to click on an icon to get the important data.</p>	<p>Example of Poor Graphics</p>  <p>Source: Stephen Few, www.perceptualedge.com</p>
<p>Problem & Symptoms</p> <p>Introducing meaningless variety: Don't introduce a myriad of different graphs just because you can. Don't use a graph if a table would be better, and don't use a pie chart when a horizontal bar graph would be better.</p> <p>Source: Stephen Few, www.perceptualedge.com</p>	<p>Example of Poor Graphics</p> 
<p>Problem & Symptoms</p> <p>Arranging the data poorly: Make sure issues are linked together. Position graphs about the same subject together on the dashboard.</p> <p>Source: Stephen Few, www.perceptualedge.com</p>	<p>Example of Poor Graphics</p> 

<p>Using a lot of colour to highlight everything: Few points out that many readers cannot distinguish between certain colours and it is better to be a minimalist with colour only using red to highlight areas of concern.</p> <p><i>Source:</i> Stephen Few, www.perceptualedge.com</p>	
<p>Cluttering the screen with useless decoration: Managing the white space is important. Only things that matter to the reader should be included.</p> <p><i>Source:</i> Stephen Few, www.perceptualedge.com</p>	

4.2. Three well designed dashboards

Set out below is an example of winning monthly report to management from a competition run by Stephen Few.

<p>Airline competition entry #1</p>	<p>Use of precise numbers, no basis of what performance is a norm, very short time range</p>
<p>Airline competition entry #2</p>	<p>Better use of more modern graphics. Colour used to highlight problems.</p>
<p>Executive dashboard</p>	<p>Using spark and bullet graphs. Using Red, yellow and green is a poor combination for readers with colour blindness.</p>

4.3. Three poorly designed dashboards

It is very easy to look at dashboards that break many of the data visualisation rules. Here is a selection.

<p>Social media performance</p>	<p>Use of precise numbers, no basis of what performance is a norm, very short time range</p>
---------------------------------	--

Cloud dashboard	Use of donut graph, lack of scale, No reference to last period.
Executive dashboard	Too much information, Use of precise numbers

Exhibit 2.4 Airline competition entry #1

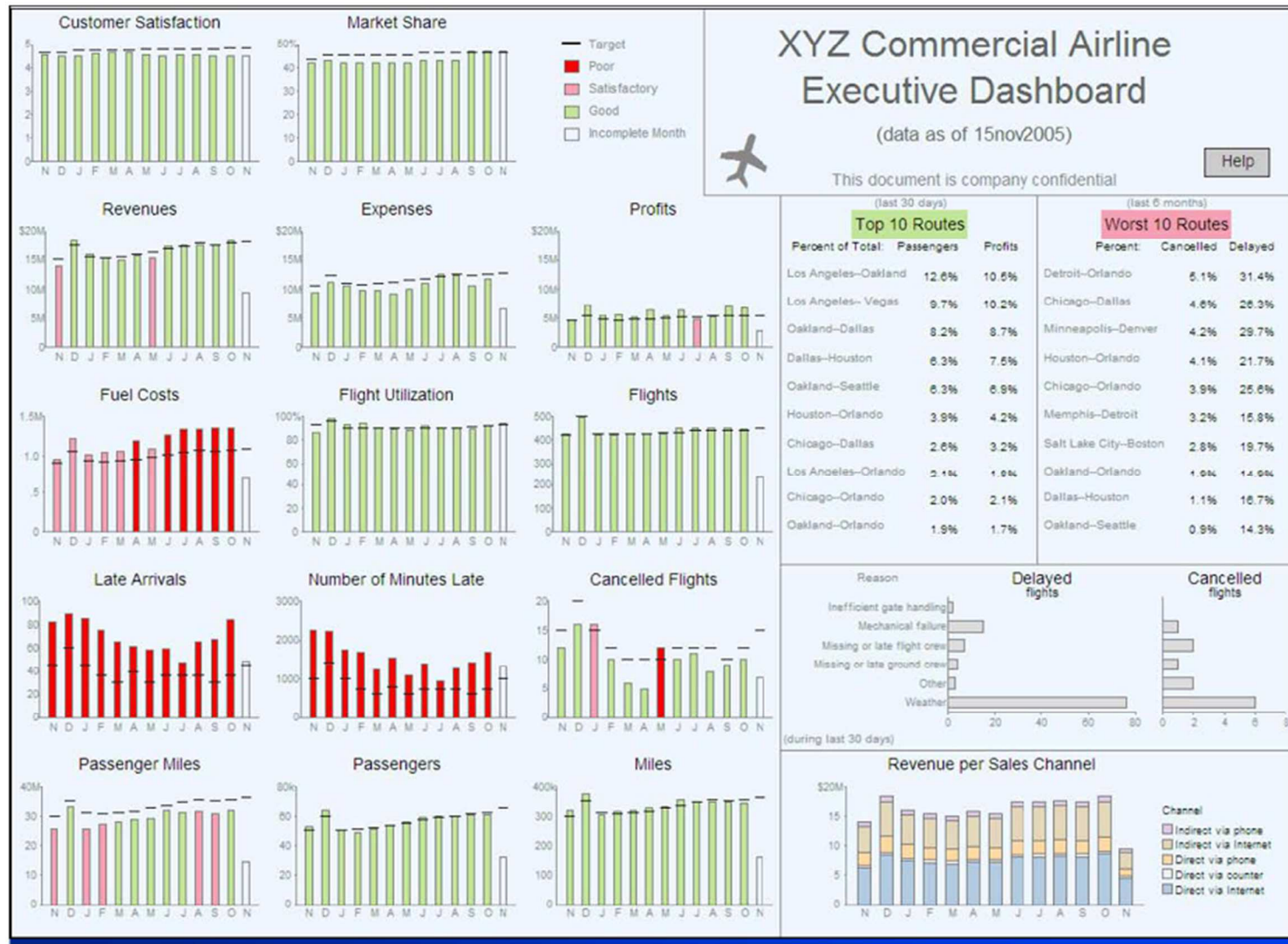


Exhibit 2.5: Airline competition entry #2

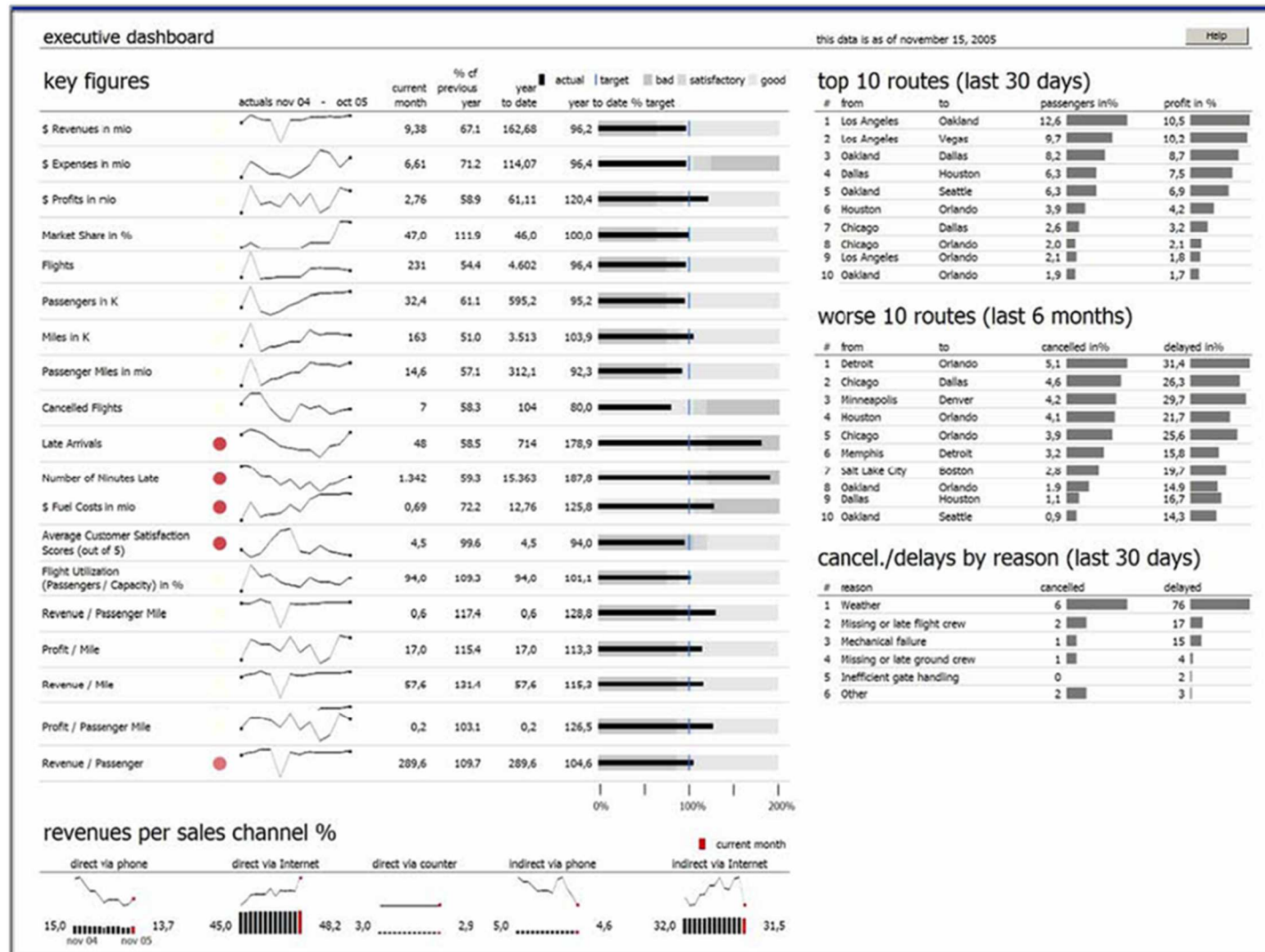
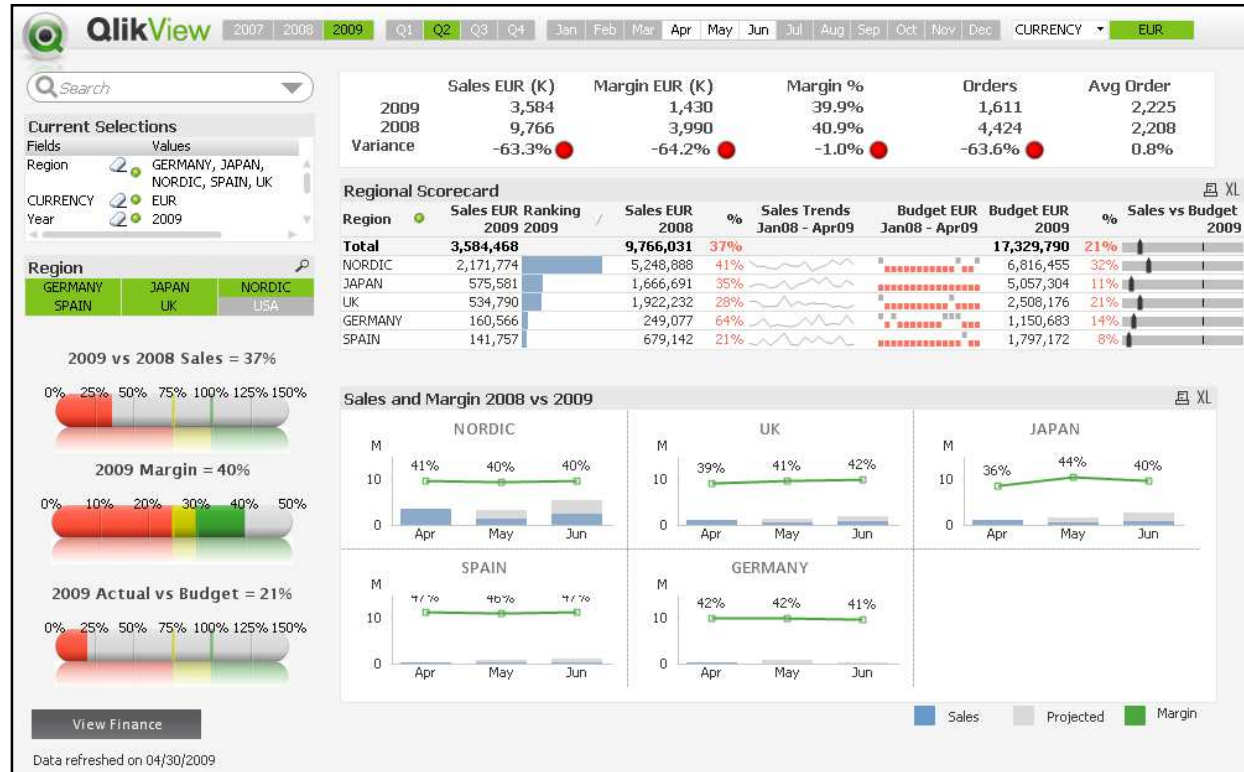
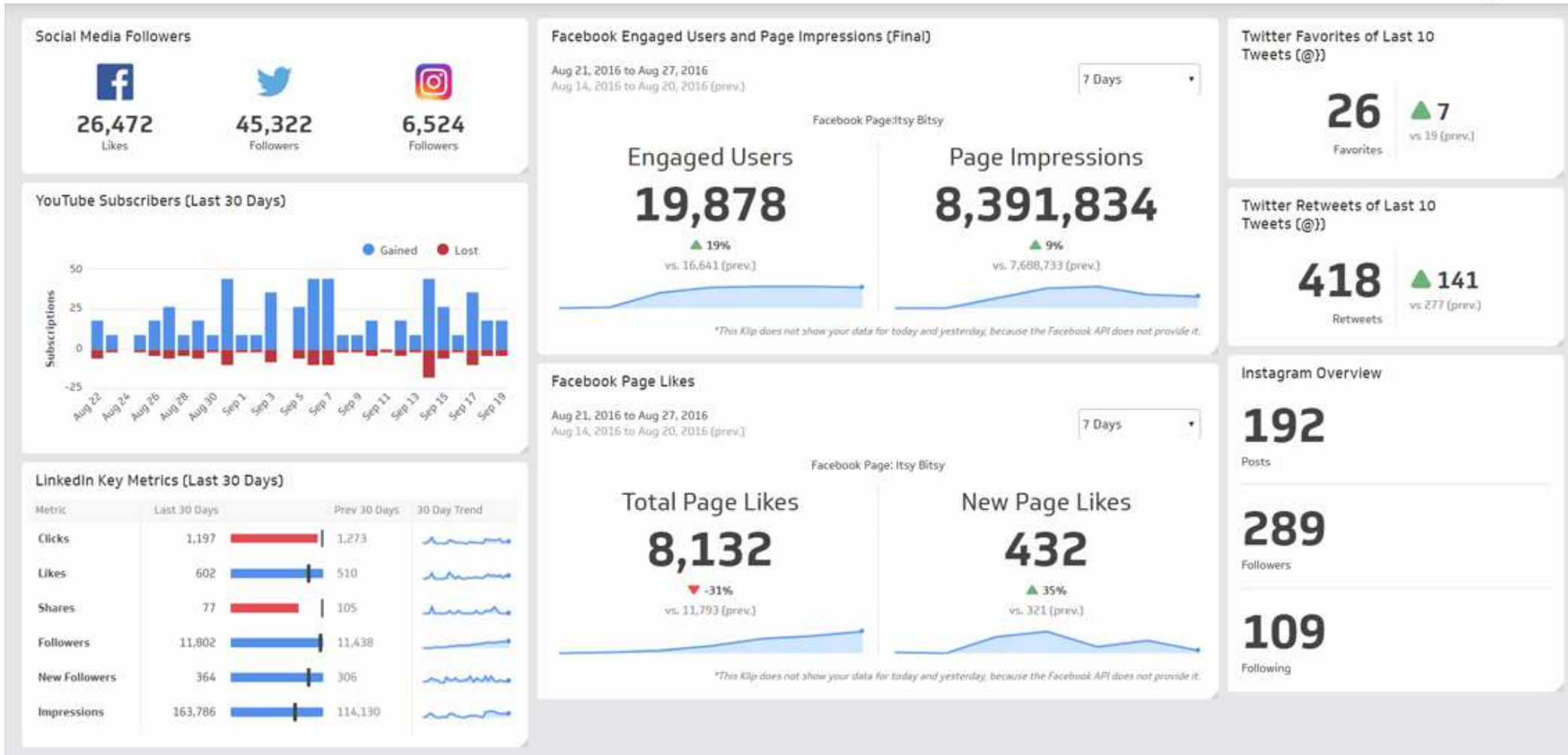


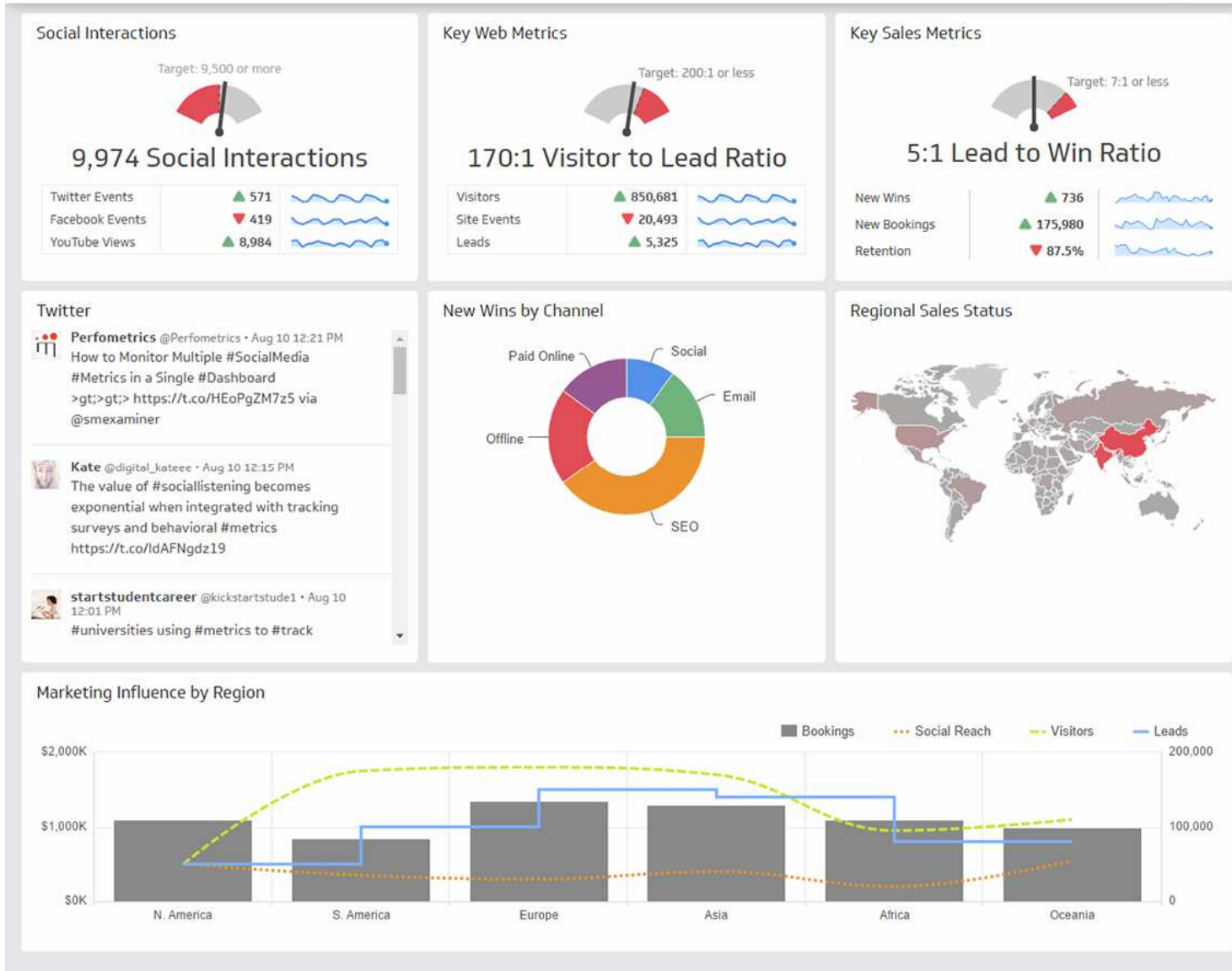
Exhibit 2.6 Monthly dashboard for Management



Social Media Performance



Cloud Dashboard



Executive Reporting Dashboard

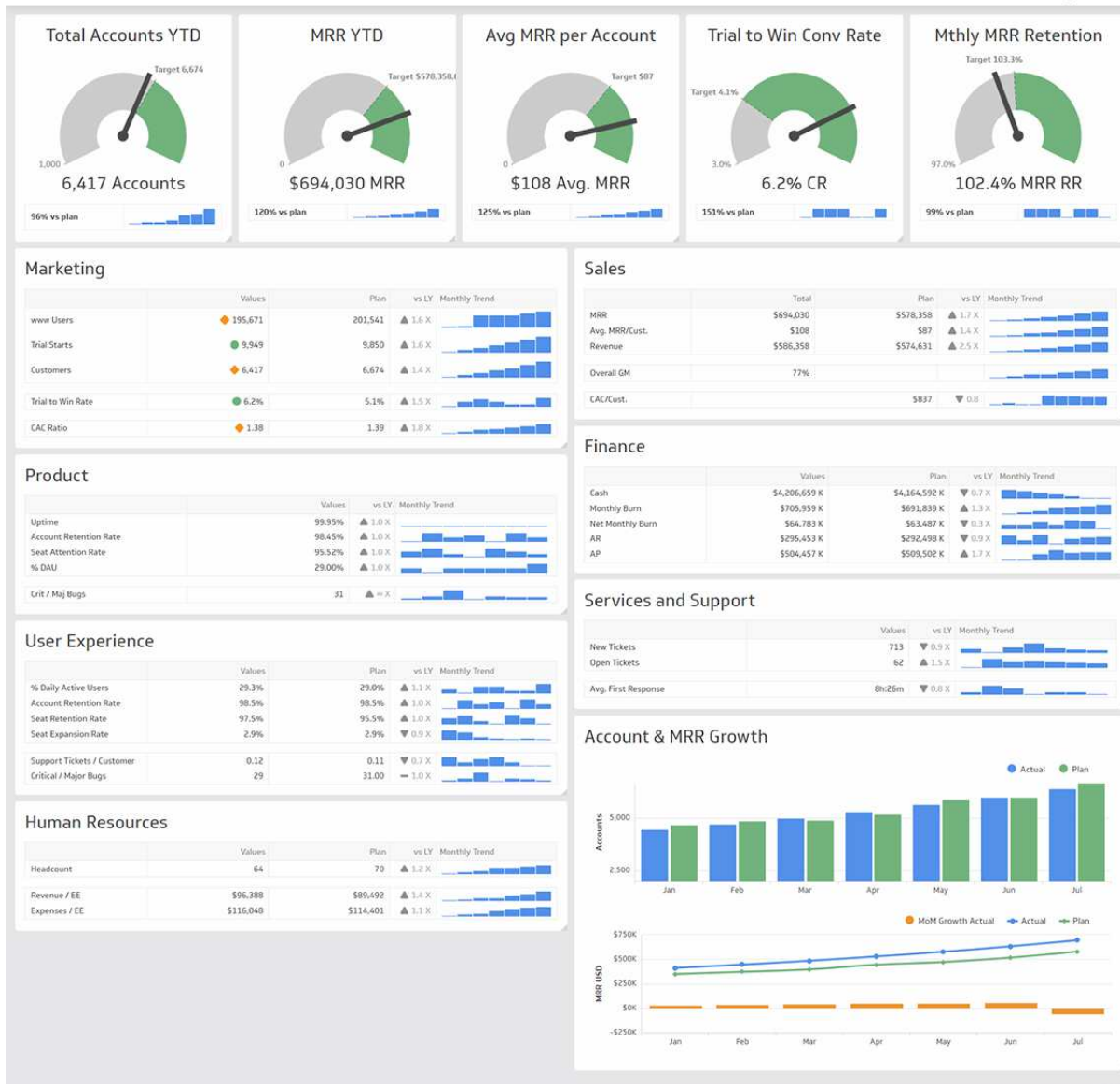


Exhibit 3.4 An A3 page summary finance report for the CEO

Areas-to-Note

The expected shortfall at year-end is largely a result of the electrical consumer division and the _____ division.

NPBT Falling Just Short of Budget

Legend: YTD Actual, Budget, YTD Forecast, Last year

Financial Performance - For the Six Months to 31/12/

The expected shortfall at year-end is based on current sales demand and our product range is expected to be _____.

Significant variances

- Plastics sales were 15% on the month and 25% on the year to date.
- The plastics business is benefiting from the local and overseas demand from the motor industry.

Performance of Business Units

Finance Report
31 December _____

Business Unit xx's Performance is a Concern

Legend: Business unit x, Business unit xx, Business unit xxx

The electrical consumer division decline is of concern. A special strategy meeting is being held on 31 January to investigate new revenue avenues to help weather this storm.

Major Business Units Performing Well

- Plastics has had another good month. The sales exceeded target and gross profit margin was maintained at 35%. The launch of _____ will further increase the momentum this business already has.

Under Performing Business Units:

- The sales for the electrical consumer division have further declined and there is every chance that the year-end result may hold further surprises. There will be a weekly watch on sales and order volumes and these will be reported by 8am every Monday morning.

Financial Performance for the _____ month to ended _____ 20_____

	Actual	YTD Budget	Variance ¹	Forecast	Full Year Plan	Variance
Revenue						
At Expense and Sub	95.2	80.1	(4.9)	73.8	85.9	(12.3)
	42.1	41.7	0.4	36.1	50.8	(3.4)
Total Revenue	97.3	101.8	(4.5)	129.7	145.4	(15.7)
Expenses						
(Revenue)	50.2	53.4	3.2	69.0	70.3	0.4
Accommodation costs	26.1	26.0	(0.1)	25.8		
Subcontractor costs	10.2	11.5	1.3	14.7	16.4	1.7
	4.5	3.0	(1.5)	3.0		
	3.3	3.3	0.0	6.8	7.8	0.8
Total	96.1	99.2	3.1	119.3	127.9	(8.6)
Surplus/(deficit)	(0.8)	2.6	(3.4)	117.9	137.9	(8.4)

1. These numbers represent order sales or additional revenue
2. 100% of the year has been completed.

Statement of Financial Position

At Expense and Sub

	Actual	Previous month	Movement
SHAREHOLDERS' FUNDS	23.5	23.0	0.5
Represented by:			
Bank and Cash	6.3	9.5	(3.2)
Debtors	5.3	5.5	(0.2)
Total Current Assets	11.6	15.0	(3.4)
Property and equipment	16.2	16.1	(1.0)
Intangible assets	22.6	19.2	4.4
Total LI Assets	38.8	39.3	2.5
Total Assets	50.4	51.3	(0.9)
Current liabilities	9.1	9.5	(0.4)
Unearned income	3.3	6.1	(0.6)
Employee liabilities	6.3	6.5	(0.2)
Total Current Liabilities	20.7	22.1	(1.4)
Non-Current Liabilities	4.2	4.2	-
Total Liabilities	24.9	26.3	(1.4)
NET ASSETS	25.5	25.0	0.5

1. Working capital ratio: ...

Areas to Note

Debtors have benefited from the weak dollar in making outstanding debt. The amount held is overdue more than 30 days & is now \$5.0m down from \$5.5m

Key Actions Required

Features: An A3 page summary report for the CEO. The concept here is to give the CEO an A3 summary of the financial report which is easier to read than the full finance report.

You can also use the back for analysing the business units. For a retail operation I suggested they put their 200 retail shops in three league tables, the large, medium and small shops based on sales per square foot or employee, shading the top and bottom quartiles.

If designed right this A3 page will become the main report.

Exhibit 3.5 Reporting a Profit & Loss forecast (this is covered in more detail in 4.3. Quarterly rolling forecasting / planning)

Summary of Forecast Profit & Loss for the period ending _____

* includes estimate for December

\$M	Quarter 1				Quarter 2			Quarter 3	Quarter 4	Quarter 5	Quarter 6	
	9 months to 31/12 *	Jan	Feb	Mar	Y/E forecast	Apr	May	Jun	Jul- Sept	Oct - Dec	Jan - Mar	Apr - Jun
	\$M											
INCOME												
Income 1	56.5	6.5	6.5	7.0	76.5	6.5	6.0	6.5	18.5	18.5	18.5	18.0
Income 2	35.2	3.9	4.1	4.3	47.5	3.9	3.7	3.9	11.0	11.2	11.4	11.0
Income 3	22.7	2.5	2.7	2.9	30.8	2.5	2.3	2.5	6.8	7.0	7.2	6.8
Total Revenue	114.4	12.9	13.3	14.2	154.8	12.9	12.0	12.9	36.3	36.7	37.1	35.8
EXPENDITURE												
Cost category 1	35.4	4.6	4.7	4.6	49.3	4.8	4.9	4.8	12.4	14.4	14.6	12.0
Cost category 2	15.9	2.0	2.1	2.2	22.2	2.2	2.3	2.4	6.7	6.6	6.8	7.0
Cost category 3	9.5	1.1	1.2	1.1	12.9	1.3	1.4	1.3	4.0	3.9	4.1	3.6
Cost category 4	5.7	0.6	0.5	0.6	7.4	0.8	0.7	0.8	2.3	1.8	2.0	2.1
Cost category 5	4.3	0.5	0.6	0.5	5.9	0.7	0.8	0.7	2.2	2.1	2.3	1.8
Cost category 6	4.1	0.5	0.4	0.5	5.5	0.7	0.6	0.7	2.0	1.5	1.7	1.8
Other operational costs	8.1	0.9	1.0	0.9	10.9	1.1	1.2	1.1	3.4	3.3	3.5	3.0
Total Expenditure	83.0	10.2	10.5	10.4	114.1	11.6	11.9	11.8	33.0	33.6	35.0	31.3
Management overview					(0.7)							
Net Profit	31.4	2.7	2.8	3.8	40.0	1.3	0.1	1.1	3.3	3.1	2.1	4.5

Income Forecast Based on a Slight Decline

Causing Expenditure Volatility

Areas to Note

1. _____
2. _____
3. _____
4. _____
5. _____
6. _____
7. _____
8. _____

Features: Rolling quarterly forecast showing year end position and the remaining five quarters of the 18 months forecast. Whilst Q2 is forecast monthly it may be shown as a quarterly number. The expenditure graph looks at the main 3 expenditure lines and highlights where budget holders are playing the old game of locking in slack. The revenue graph highlights the reasonableness of the sales teams' projections. Also included is a management overview which rounds the year end number to land on something more realistic and easier to remember.

How to write a report that people read and leads to a "Yes"
 by David Parmenter Copyright ©2024 www.davidparmenter.com

Page 47

4.4. The Toyota A3 investment proposal

One of the important principles that make Toyota so successful is the need for transparency. This view is carried through to their investment proposals. All proposals have to fit on an A3 page - a very difficult task. It ensures clarity of thought and reduces the possibility that the proposal will be 50 pages because it represents a \$500m investment. Toyota has recognised that a large investment document will not be read or fully understood by all the decision makers. In fact, the larger the document the less there is 'clarity' for decision making. A must-read book is 'The Toyota way' by Jeffery Liker where the Exhibit 4.7 came from.

Exhibit 4.7 The A3 Toyota proposal

Investment Proposal for _____ / /

Current Situation

Year	% of total orders under \$5,000	% of total value of orders under \$5,000
2016	~78%	~15%
2017	~82%	~18%
2018	~80%	~16%

Plans

•→ _____

•→ _____

•→ _____

Acceptable business-related purchases using the purchasing card

Small tools	<input type="checkbox"/>	<input type="checkbox"/>
Auto spares	<input type="checkbox"/>	<input type="checkbox"/>
	<input type="checkbox"/>	<input type="checkbox"/>
	<input type="checkbox"/>	<input type="checkbox"/>
	<input type="checkbox"/>	<input type="checkbox"/>

Unacceptable business-related purchases using the purchasing card

Cash advance	<input type="checkbox"/>	<input type="checkbox"/>
Computer hardware	<input type="checkbox"/>	<input type="checkbox"/>
	<input type="checkbox"/>	<input type="checkbox"/>
	<input type="checkbox"/>	<input type="checkbox"/>
	<input type="checkbox"/>	<input type="checkbox"/>

Controls

•→ _____

•→ _____

•→ _____

Labour Costs and Time Analysis

Labour and Materials Savings

•→ _____

•→ _____

•→ _____

•→ _____

•→ _____

Time Savings

•→ _____

•→ _____

•→ _____

Estimated Costs of Set-Up

•→ _____

•→ _____

•→ _____

Return on Investment

•→ _____

•→ _____

•→ _____

Section Break (Next Page)

Proposals

Significant Variances

•→ _____

•→ _____

•→ _____

•→ _____

•→ _____

Implementations

- 1.→ _____
- 2.→ _____
- 3.→ _____
- 4.→ _____
- 5.→ _____
- 6.→ _____
- 7.→ _____
- 8.→ _____
- 9.→ _____

Timelines

Key Dates	30/4/20	/ /	/ /	/ /	/ /	/ /	/ /	/ /
Key Task	Present at	Issuer selection	Training for pilot programme					

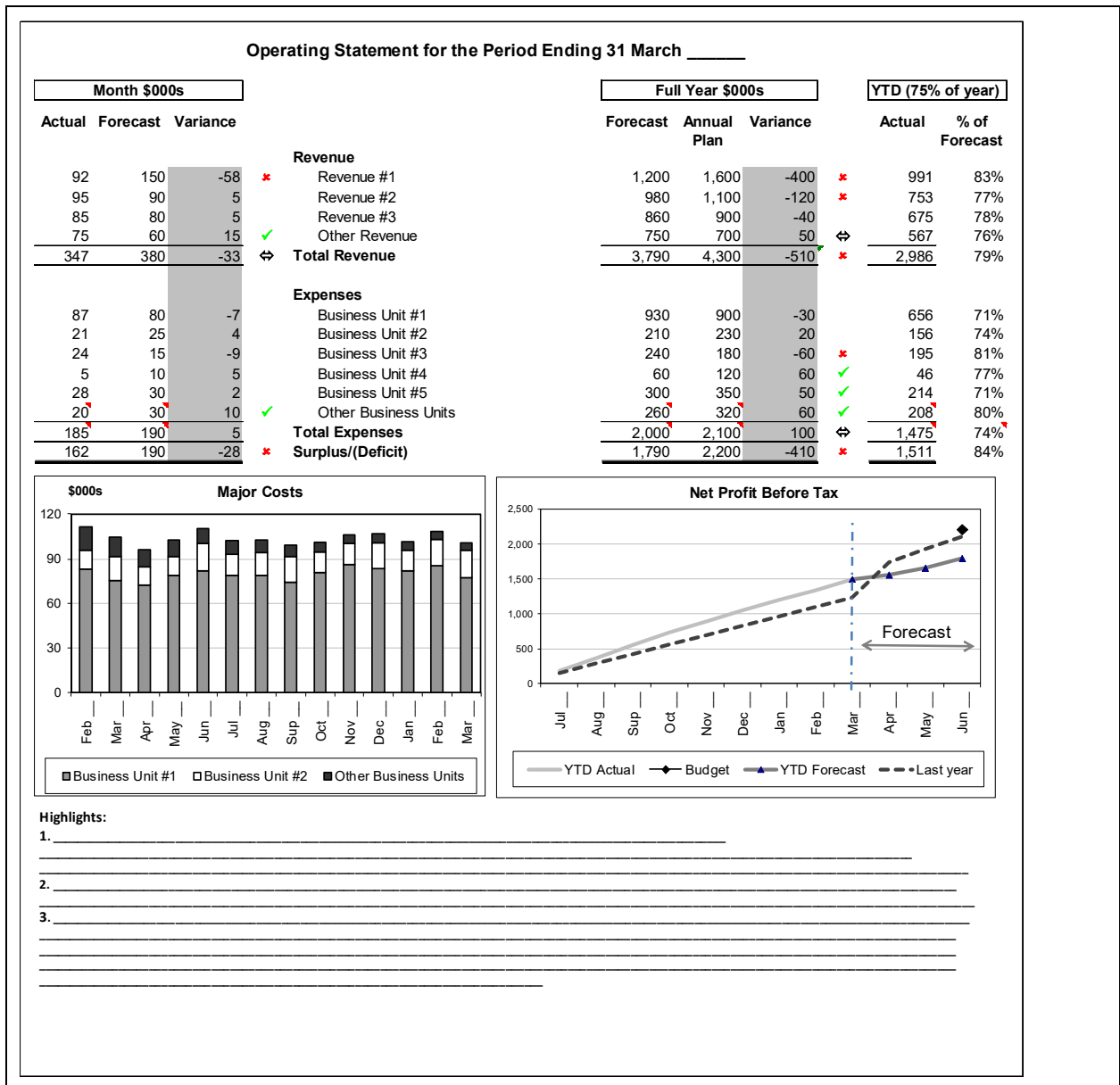
By forcing project teams to put their investment proposal on an A3 page you are ensuring clarity of thought. Large investment proposals will not be read or fully understood by all the decision makers. In fact, the larger the document the less there is 'clarity' for decision making. A must-read book is 'The Toyota way' by Jeffery Liker⁸

4.5. Reporting against a recent forecast rather than a budget

Organisations who are using rolling forecasting and planning, are no longer comparing actual against a flawed monthly budget. Instead, they compare last months actual against the most recent forecast see Exhibit 4.10. The year to date (YTD) actual is no longer compared against a YTD budget. Instead YTD progress is evaluated alongside progress against the year-end forecast and the accompanying trend graphs. Trend analysis now becomes much more the focus. The forecast year-end numbers are now more prominent and moved to where the YTD numbers are traditionally placed. Commentary is much more targeted as there is little scope for the “explain it all away” timing difference comment as the forecast is updated quarterly.

It is best to erase the word budget and replace with forecast, or target, or expected actual etc. The YTD actual is no longer compared against a YTD budget, it is compared against last year’s YTD or against the full year’s forecast e.g. if we are 75% through the year, we might expect an expenditure category to be between 70%—80% of YTD total!

Exhibit 4.10: Reporting with a rolling forecast target



Commentary is much more targeted as there is little scope for our “explain it all away” timing difference comments as forecasts are only, at worst three months old.

You still need to report against the annual plan but you will only do this at the end of each quarter, when the forecast has been updated. In other words, you still need to get the ball through the goal posts, albeit from a different side of the field than you first thought. This is particularly important in the public sector where there is much accountability for what you said you were going to achieve and the cost of doing so.

4.6. A One-Page Board Dashboard

A dashboard should be a one-page display (see the exhibit 5.2). The commentary should be included on this page.

A good dashboard with the KRIs going in the right direction, will give confidence to the Board that the management know what they are doing and the “ship” is being steered in the right direction. They can then concentrate on what they do best, focusing on the horizon, for icebergs in the first-class lounge, instead of parking themselves on the “bridge” and getting in the way of the captain (who is trying to perform important day-to-day duties).

A board dashboard completed overnight

One accountant, after attending a KPI workshop went home and prepared a Board dashboard for the board meeting the following day. It was not hard as most of the graphs required had been prepared for previous papers. He simply updated and repositioned them. He arrived early to meet the Chairman and said, “I know you do not like surprises but I have just prepared a one page summary of the organisation, I think you will find it useful”. The Chairman agreed and opened the Board meeting explaining the origins of this new one pager. It was such a success that accountant was instructed to make it the first page of all future the Board papers.

Exhibit 5.2: An A3 page Board Dashboard

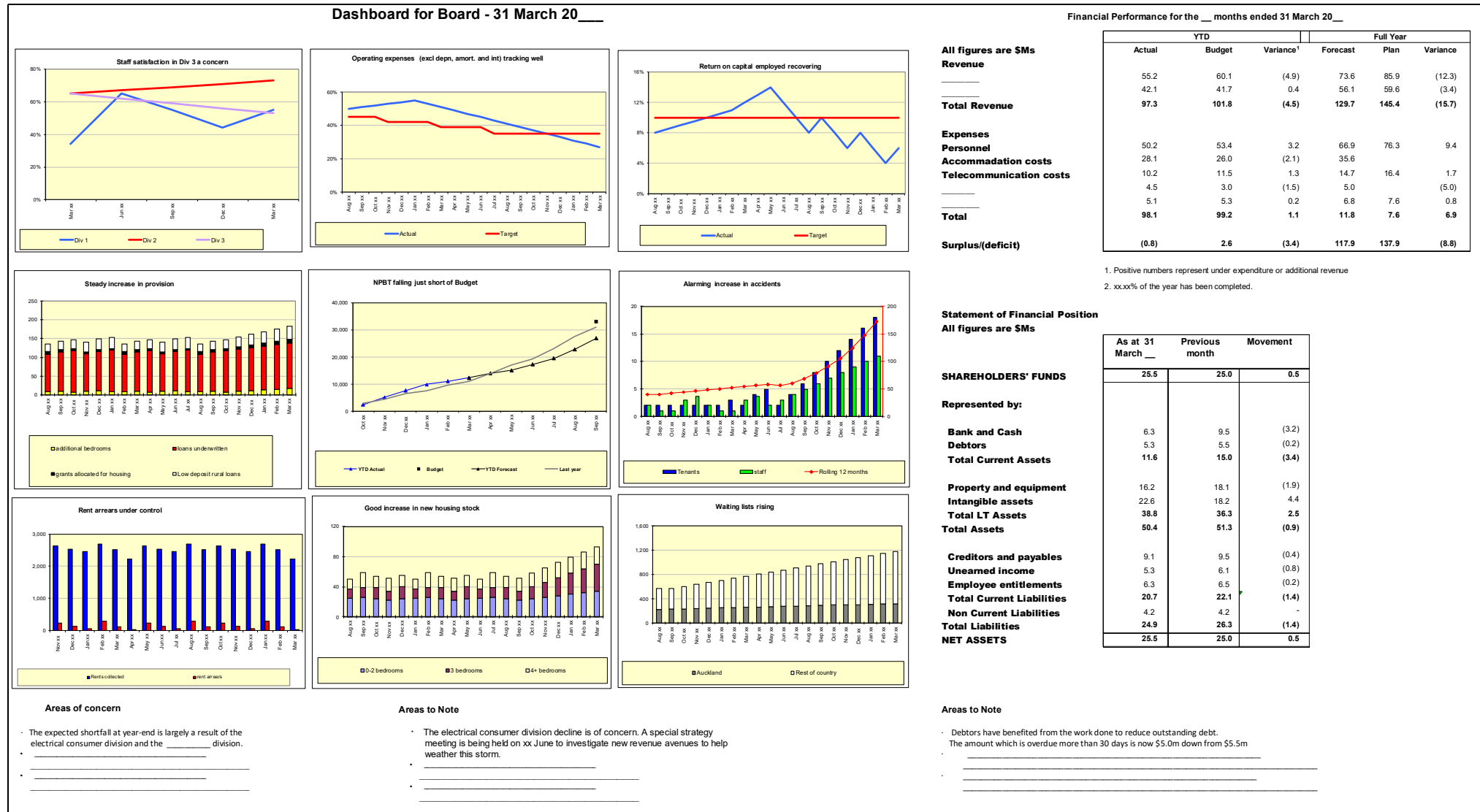
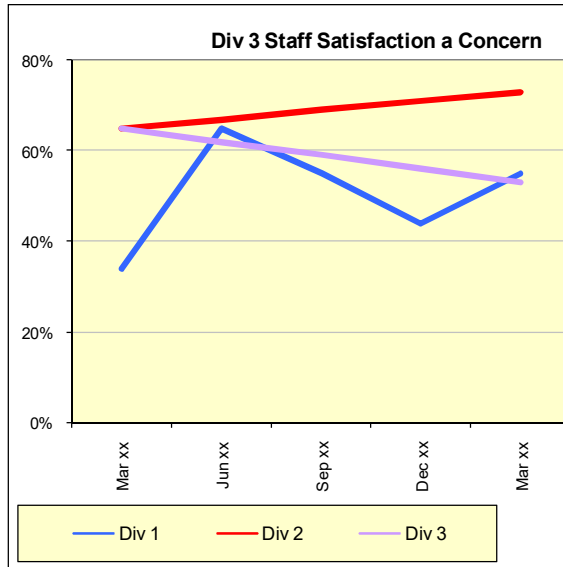


Exhibit 5.3 Examples of key result indicators for a Board dashboard

Staff satisfaction:

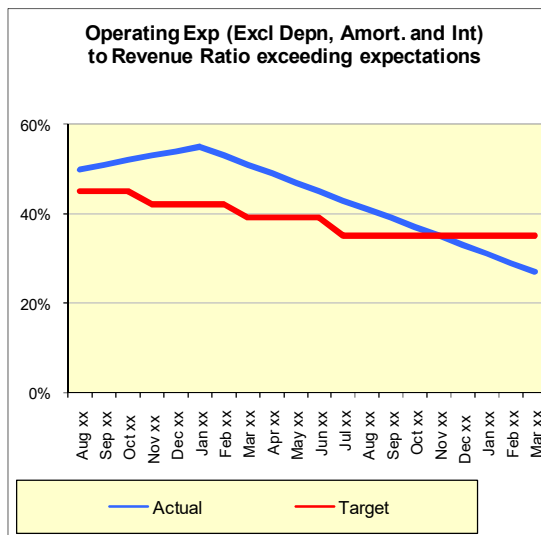
As one person said, "Happy staff make happy customers, which make happy shareholders." A staff satisfaction survey should never be sent out to all staff; instead a survey should be sent to a statistical sample run three to four times a year. This will give more useful and timely information.

See my article on "How to seek staff opinion and not blow your budget" www.davidparmenter.com.



Expenses to revenue as a ratio:

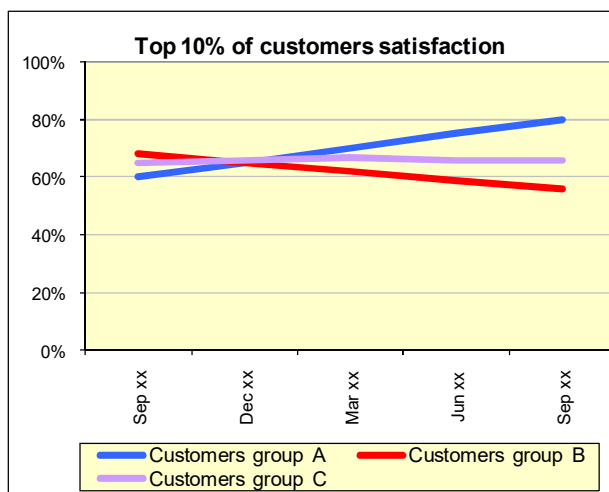
The Board should be interested in how effective the organisation has been in utilizing technology and continuous improvement. This graph clearly shows if the cost of operations is tracking down as a percentage of revenue.



Customer satisfaction:

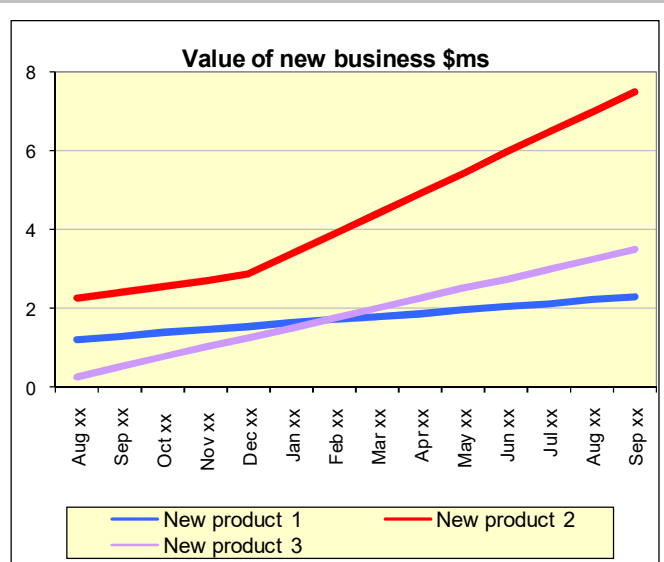
In every organisation, your customers should be set out in groups as to their importance to you. Airlines have between four and five different categories for their registered frequent flyers. Satisfaction needs to be measured at least every three months for your key customers and for the next level down.

I believe the lowest group of customers should not be surveyed as they contain the disgruntled and price driven customers that are often not profitable and thus can be abandoned.



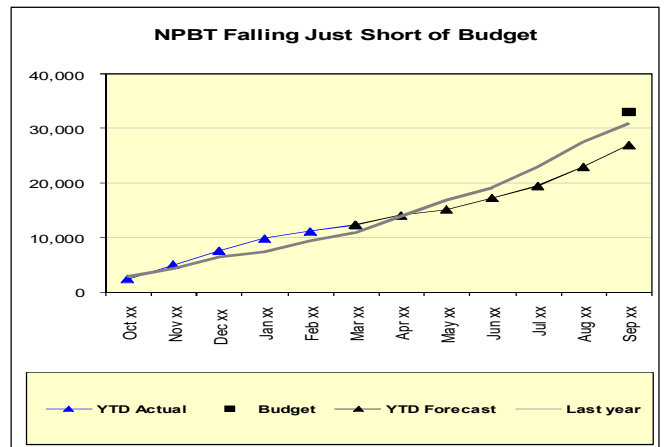
Value of new business:

All businesses in the private sector need to focus on the growth of their new offerings, their rising stars. In the government and non-profit sectors, this graph would look at the take-up of new services.



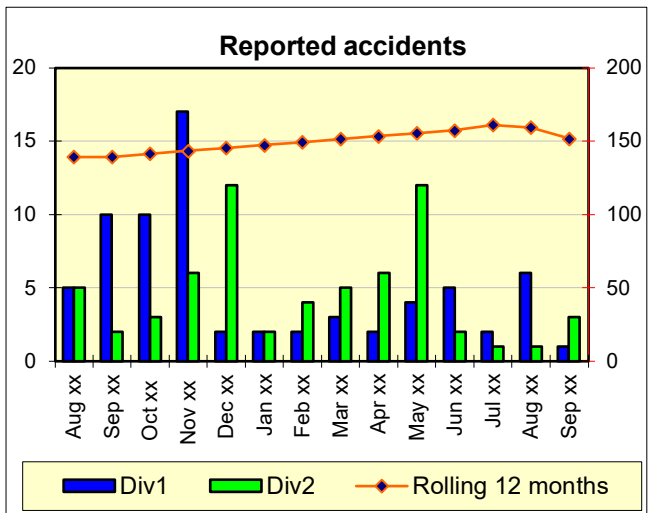
Net profit before tax (NPBT):

Since the board will always have a focus on the year-end, it is worthwhile showing the cumulative NPBT. This graph will include the most recent forecast, which should be updated on a quarterly basis bottom-up. Note that the year-to-date budget line is not included. Instead we show last year's actual progression which is a more valid comparison.



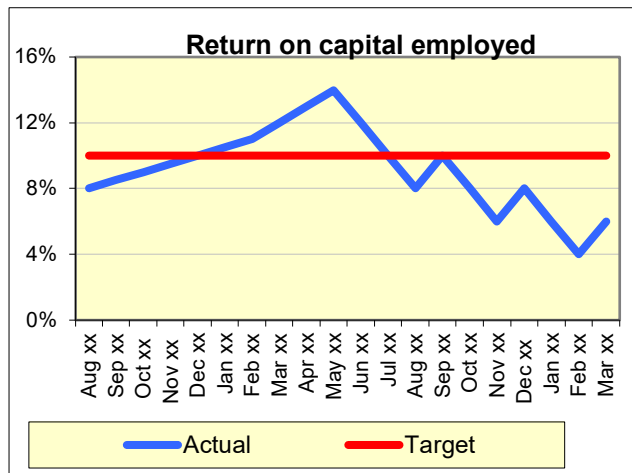
Health & Safety:

The well-being of staff is a major focus of responsible management, and boards are interested in the status. For manufacturing, accident rate, including near misses, should be the focus. In the service and non-profit sectors, we might look at staff turnover rate.



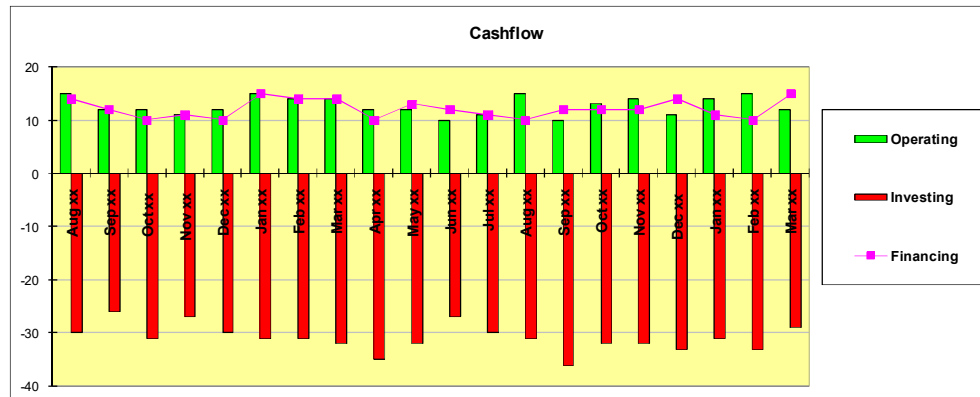
Return on capital employed (ROCE):

ROCE has always been an important KRI and should not ever be called a KPI. It is a result of all the actions of management and staff over a period of time.



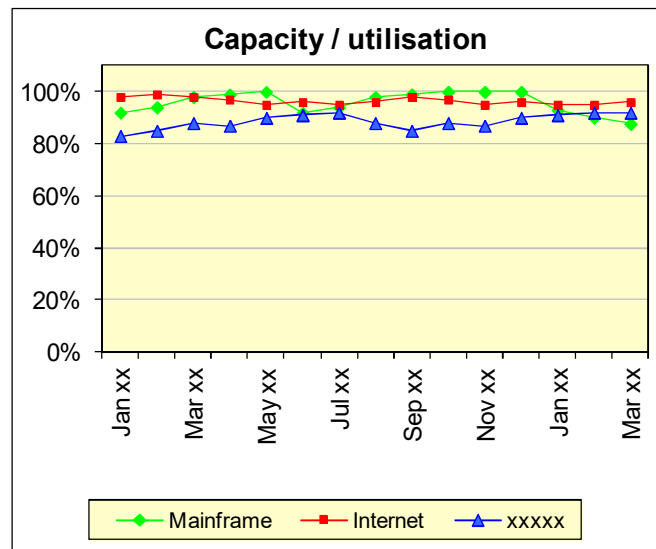
Cashflow:

This cashflow graph should look 15 months back and 6 months forward.



Capacity:

Monitoring the capacity of key machines and plant is always important. The graph should go forward at least 6 to 12 months. The board needs to be aware of capacity limitations, and such a graph will help it focus on the need for new capital investment.



4.7. Reporting the rolling forecast to the Board

In addition, it is helpful to show the forecast in context to the past, present and future. Jeremy Hope, the beyond budgeting pioneer, and the leading guru for corporate accountants, has designed these formats, illustrated in Exhibit 5.4, 5.5 and 5.6.

Exhibit 5.4: Quarterly trend reporting

Trend reporting

	← History				Today	→ Future					Goal
	Q-4	Q-3	Q-2	Q-1	Q+1	Q+2	Q+3	Q+4	Q+5		
OPERATIONAL											
On-time delivery	86%	85%	85%	87%	88%	88%	89%	89%	90%	98%	
First time through rate	89%	88%	89%	89%	89%	90%	91%	92%	93%	96%	
Working capital cycle time (days)	45	45	44	44	44	43	43	42	42	30	
FINANCIAL											
Sales (\$m)	300	310	330	320	300	330	340	330	350	400	
Gross profits	120	130	115	120	110	115	125	125	135	150	
SG&A costs	90	102	114	112	105	110	105	105	105	90	
Net profit	30	28	1	8	5	5	20	20	30	60	
Net cash flow	35	30	5	12	10	10	26	25	35	70	

▪ designed by J Hope

Exhibit 5.5: sales trends

Continuous improvement reporting

	← History				Today	→ Future					Goal
	Q-4	Q-3	Q-2	Q-1	Q+1	Q+2	Q+3	Q+4	Q+5		
SALES											
Sales per quarter	300	310	330	320	300	330	340	330	350	400	
Sales change % over same quarter last year	2.2%	2.1%	2.3%	3.0%	0%	6.4%	3.0%	0%	9.4%	5%	
Sales latest 12 months	1100	1160	1180	1260	1260	1280	1290	1300	1370	1600	
PROFITS											
Profits per quarter	30	28	1	8	5	5	20	20	30	60	
Profits change % over same quarter last year	5.5%	5.7%	-3.6%	-3.8%	-83%	-83%	95%	60%	83%	5%	
Profits latest 12 months	105	100	85	67	42	19	38	50	75	240	

▪ designed by J Hope

Key features of these two graphs include: an easy to read format, the colour contrast makes it clear that the numbers refer to a different period. The goal is set out in the far-right column.

Exhibit 5.6: Comparative performance

Relative performance reporting

	← History Today								Goal
	Q-4	Rank	Q-3	Rank	Q-2	Rank	Q-1	Rank	
OPERATIONAL									
On-time delivery	86%	9	85%	8	85%	9	87%	9	3
First time through rate	89%	11	88%	10	89%	11	89%	11	3
Working capital cycle time (days)	45	10	45	11	44	10	44	10	3
FINANCIAL									
Sales (\$m) % Growth	2.2%	6	2.1%	7	2.3%	9	3.0%	10	3
Gross profits %	40%	5	42%	6	35%	11	37%	12	3
SG&A costs %	30%	8	33%	8	35%	12	38%	14	3
Net profit %	10%	8	9%	7	0%	15	3%	16	3

▪ designed by J Hope

Key features include: Comparative performance is very important in any performance related pay scheme. It is far better to compare against your competition rather than a pre-set target that cannot hope to be relevant. It does require the industry to agree to share some agreed data through an intermediary.

5. Reporting on your indicators to improve performance

It is of little help to tell senior management team that the horse has bolted halfway through the following month. If management are told immediately "the barn door has been left open", most will soon remember to "close it".

5.1. Getting your KPIs to work

Most businesses can be controlled successfully by monitoring key measures, often referred to as key performance indicators (KPIs). One of the celebrated cases is the way that Lord King, Chairman of British Airways turned around the company by focusing on one key measure... "delayed departures". Wherever Lord King was, the EIS could provide him with the delayed departures and the contact details of the British Airways representatives at the relevant airport. Lord King would ring the BA representative who soon realised a second phone call would not be a good career move!! Very soon all sorts of inventive ways were introduced to catch up time on late planes and much progress was made in eighteen months.

I would like to challenge your current thinking as to what are KPIs. I believe many KPIs are not true KPIs they are merely performance indicators. Thus, it is important to revisit your performance measures, as you may not have investigated deep enough to find the true KPIs. Let me explain.

5.2. The four types of performance measures

From the research I have performed, from workshop feedback across diverse industries and as a by-product of writing my book "Key Performance Indicators – developing, implementing and using winning KPIs", I have come to the conclusion that there are four types of performance measures in **two groups of two**.

There are measures that summarise the collective effort of a wide number of teams. I call these Result indicators. Some of these result indicators are great summaries the collective efforts of all the teams and I call these **Key Result Indicators**.

There are measures where the responsibility can be tied down to a team or a cluster of teams who work closely together. I call these **Performance indicators**. Some of these performance indicators tell staff and management what to do to increase performance dramatically, and I call these **Key Performance Indicators**.

The 10/80/10 rule

Kaplan and Norton recommend no more than 20 KPIs. Hope and Fraser suggest less than 10 KPIs. I believe the 10/80/10 rule is a good guide, what I mean is that there are about 10 key result indicators (KRIs), up to 80 performance and result indicators (PIs & RIs) and 10 key performance indicators (KPIs) in an organisation. Very seldom do there need to be more measures than these numbers, and in many cases less.

Exhibit 6.1: The 10/80/10 rule

Types of Performance Measures (PMs)	Characteristics	Frequency of Measurement	Number of measures
1. Key result indicators (KRIs) give an overview on the organisation's past performance and are ideal for the Board as they communicate how management have performed e.g. return on capital employed (%), Employee satisfaction (%)	These measures can be financial or non financial . Does not tell you what you need to do more or less. A summary of the collective efforts of a wide number of teams.	Monthly, quarterly	Up to 10
2. Result indicators (RIs) give a summary of the collective efforts of a number of teams on a specific area e.g., yesterday sales (\$), complaints from key customers		24/7, daily, weekly, fortnightly, Monthly, quarterly	80 or so. If it gets over 150 you will begin to have serious problems
3. Performance indicators (PIs) are targeted measures that tell staff and management what to do e.g., number of sales visits organized with key customers next week/ next fortnight, # of employees' suggestions implemented in last 30 days.	These measures are only non financial . Staff know what to do to increase performance.	24/7, daily, weekly	Up to 10 (you may have considerably less)
4. Key performance indicators (KPIs) tell staff and management what to do to increase performance dramatically e.g., planes that are currently over two hours late, late deliveries to key customers	Responsibility can be tied down to a team or a cluster of teams who work closely together		

Key Result Indicators (KRIs)

The common characteristic of KRIs is that they are the result of many actions. They give a clear picture of whether you are travelling in the right direction, and of the progress made towards achieving desired outcomes and strategies. They do not, however, tell management and staff what they need to do to achieve desired outcomes. Only performance indicators and KPIs can do this.

For the private sector, key result indicators would include:
Net profit before tax
Net profit on key product lines
Customer satisfaction (by customer group, showing the trend over an 18-month period)
Return on capital employed
Employee satisfaction (by groups showing the trend over an 18-month period)

For government and nonprofit agencies these measures would also include:
Availability of the major services that are offered, e.g., average waiting time for service
On-time implementation of infrastructure projects

Membership numbers (for professional organisations)

A car's speedo provides a useful analogy. The Board will simply want to know the speed the car (the organisation) is travelling at. Still using this analogy management needs to know more information since the car's speed is a combination of what gear the car is in and what revs the engine is doing. In fact, management might be concentrating on something completely different, such as how economically they are driving.

Separating out KRIs from other measures has a profound impact on the way performance is reported. There is now a separation of performance measures into those impacting governance (up to ten KRIs in a dashboard) and those impacting management.

Performance and Result Indicators (PIs and RIs)

The 80 or so performance measures that lie between the KRIs and the KPIs are the performance and result indicators (PIs). The performance indicators while important are not "Key to the business". The PIs help teams to align themselves with their organisation's strategy. PIs complement the KPIs and are shown with them on the organisation's, divisions', departments' and teams' scorecards.

For the private sector, performance indicators could include:

Abandonment rate at call center—callers giving-up waiting

Late deliveries to other customers (excluding key customers)

Planned abandonments of reports, meetings, processes that are no longer functioning

Number of innovations implemented by each team/division

Sales calls organized for the next week, two weeks, and so forth

Number of training hours booked for next month, months two and three, and months four to six—in both external and internal courses

For government and nonprofit agencies, Performance Indicators could also include:

Number of media coverage events planned for next month, months two to three, and months four to six

Date of next customer focus group

Date of next research project into customer needs and ideas

The RIs summarise activity and all financial performance measures are RIs e.g. daily or weekly sales analysis is very useful summary, but it is a result of many teams' efforts. We need to look at the activities that made the result to fully understand what to increase or decrease.

For the private sector, result indicators that lie beneath KRIs could include
Sales made yesterday
Number of initiatives implemented from the recent customer satisfaction survey
Number of planned initiatives to be implemented next month to improve the timeliness of _____
Number of initiatives implemented from the staff survey
Number of employees' suggestions implemented in the past 30 days
In-house courses scheduled to be held within three weeks where attendee numbers are below target
Number of staff trained to use specified systems (key systems only) the staff survey

For government and nonprofit agencies, result indicators would also include:
Weekly hospital bed utilization
Percent coverage of [Enterprise Name]'s supported services
Number of people on treatment/tested for [Disease Name 1], [Disease Name 2], and for [Disease Name 3]
Grants achieving their public health targets as per grant agreements
Percentage of investments covering low-income, high disease-burdened countries

Key Performance Indicators (KPIs)

Key Performance Indicators represent a set of measures focusing on those aspects of organisational performance that are the most critical for the current and future success of the organisation. I believe KPIs have certain characteristics, and I have developed a seven point checklist.

Non-Financial	Non-financial measures (not expressed in \$s, Yen, Pounds, Euro etc)
Timely	Measured frequently e.g. 24 by 7, daily or weekly
CEO focus	Acted upon by the CEO and senior management team
Simple	All staff understand the measure and what corrective action is required
Team based	A team can be phoned, and they will accept responsibility, and can take action to improve measure
Significant impact	Major impact on the organisation's critical success factors

Limited dark side	Have been tested to ensure that they have a positive impact on performance, with any unintended consequence being of minor significance.
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Non-Financial: When you put a dollar, yen, pound, or euro sign on a measure, you have already converted it into a result indicator (e.g., daily sales are a result of activities that have taken place to create the sales). The KPI lies deeper down. It may be the number of visits to contacts with the key customers who make up most of the profitable business.

Timely: KPIs should be monitored 24/7, daily, or perhaps weekly for some. A monthly, quarterly, or annual measure cannot be a KPI, as it cannot be key to your business if you are monitoring it well after the horse has bolted. I have yet to see a monthly performance measure improve performance.

CEO focus: All KPIs will have the CEO's constant attention with daily calls being made to the relevant staff enquiring about exceptions or recognizing their outstanding performance. Staff will perceive talking about poor performance with the CEO, on a regular basis, as career-limiting and will take innovative steps to prevent recurrences.

Simple: A KPI should tell you about what action needs to take place. The British Airways "late plane" KPI communicated immediately to everybody that there needed to be a focus on recovering the lost time. Cleaners, caterers, ground crew, flight attendants, and liaison officers with traffic controllers would all work some magic to save "a minute here and a minute there" whilst maintaining or improving service standards.

Team based: A KPI is deep enough in the organisation that it can be tied to a team. In other words, the CEO can call someone and ask, "Why did this happen?" and that manager will take on the responsibility to fix the issue. Return on capital employed has never been a KPI, because the CEO would get nowhere saying to a GM, "Pat, I want you to increase the return on capital employed today."

Significant impact: A KPI will affect more than one critical success factor and most of the balanced scorecard perspectives. In other words, when the CEO focuses on the KPI, and the staff follows, the organisation scores goals in all directions.

Limited dark side: All measures have a dark side, an unintended consequence where staff will take some remedial actions that will be contrary to the desired intentions. Before becoming a KPI, a performance measure needs to be tested to ensure that it helps teams to align their behaviour in a coherent way to the benefit of the organisation. The possible unintended consequence associated with measuring all the selected KPIs being checked to ensure they are not major or of significance.

5.3. Unintended behaviour – the dark side of measures

Measurement initiatives are often cobbled together without the knowledge of the organisation's critical success factors and without an understanding of the behavioural consequences of a measure.

Every performance measure has a dark side, a negative consequence. The key is to understand it. Well over half the measures in an organisation will be encouraging unintended behaviour. The importance of understanding this dark side and the careful selection of measures should never be underestimated.



How performance measures can go wrong can be illustrated by two examples.

Example: City Train Service

A classic example is provided by a city train service that had an on-time measure with some draconian penalties targeted at the train drivers. The train drivers who were behind schedule learned simply to stop at the top end of each station, triggering the green light at the other end of the platform, and then to continue the journey without the delay of letting passengers on or off. After a few stations a driver was back on time, albeit the customers, both on the train and on the platform, were not so happy.

Management needed to realize that late trains are not caused by train drivers, just as late planes are not caused by pilots. The only way these skilled people would cause a problem would be either arriving late for work or taking an extended lunch when they are meant to be on duty. Management should have been focusing on controllable events that led to late trains, such as the timeliness of investigating signal faults reported by drivers, preventative maintenance on critical equipment that is running behind schedule, etc.

Example: Accident and Emergency Department

Managers at a hospital in the United Kingdom were concerned about the time it was taking to treat patients in the accident and emergency department. They decided to measure the time from patient registration to being seen by a house doctor. Staff realized that they could not stop patients registering with minor sports injuries, but they could delay the registration of patients in ambulances as they were receiving good care from the paramedics.

The nursing staff thus began asking the paramedics to leave their patients in the ambulance until a house doctor was ready to see them, thus improving the "average time it took to treat patients." Each day there would be a parking lot full of ambulances and some circling the hospital. This created a major problem for the ambulance service, which was unable to deliver an efficient emergency service.

Management should have been focusing on the timeliness of treatment of critical patients and thus they only needed to measure the time from registration to consultation of these critical patients. Nurses would have thus treated patients in ambulances as a priority, the very thing they were doing before the measures came into being.

5.4. Reporting the KPIs to management and staff

Reporting measures to management needs to be timely. As mentioned KPIs need to be reported 24/7, daily or at the outside weekly, other performance measures can be reported less frequently, monthly and quarterly.

Intraday/Daily Reporting on KPIs

At least half of the KPIs will be reported 24/7 or daily. Exhibit 6.2 shows how KPIs should be reported on the intranet. Some form of table giving the contact details, the problem, and some history of performance is required. Another benefit of providing senior management with daily/ weekly information on the key performance areas is that the month end becomes less important.

Exhibit 6.2 A daily KPI report

Planes more than two hours late											
Time: 4.30pm 12 Sept 20__											
Flight number	Statistics of last stop			Region manager's name	Current time at location	Contact details			Number of planes over one hour late		
	Arrival late by	Departure late by	Time added			Work	Mobile	Home	Past 30 days	30-day average of past 90 days	30-day average of past 180 days
BA123	1:40	2:33	0:53	Pat Carruthers	18:45	_____	_____	_____	4	4	2
BA158	1:45	2:30	0:45	Basil John	10:48	_____	_____	_____	2	3	1
BA120	1:15	2:27	1:12	_____	20:45	_____	_____	_____	4	4	7
BA146	1:25	2:24	0:59	_____	21:45	_____	_____	_____	5	4	4
BA177	1:15	2:21	1:06	_____	22:45	_____	_____	_____	1	4	2
BA 256	1:35	2:18	0:43	_____	23:45	_____	_____	_____	5	4	5
BA124	1:45	2:15	0:30	_____	0:45	_____	_____	_____	2	4	6
Total	7 planes										

One government department had a 9 o'clock news report every morning covering the processing of benefit payments by each office around the country. Regional management teams were able to compare their service levels and achievements daily. In other words, if organisations report their KPIs on a 24/7 or daily basis, management knows intuitively whether the organisation is having a good or bad month.

Intraday Exception Reporting to the Chief Executive Officer on Human Resources Issues

It is vital that certain human resources issues be reported to the chief executive officer immediately when they occur. The following issues need to be addressed in private and public organisations:

- All job offers that are more than three days outstanding should be personally followed up by the CEO. The lack of acceptance means, in most cases, that the candidate is still looking around. A personal call from the CEO saying, "I understand, Siobhan, that we have offered you the position of _____. I believe you will succeed well in this role, and I will take a personal interest in your career. What do we need to do to get your acceptance today?" could help convince the candidate to accept. This 10-minute call could well save over \$20,000 of recruiting costs, a return of \$120,000 per hour!
- In-house courses with low registrations because staff and their managers think that daily firefighting is more important than training. Here the CEO makes a phone call to the manager emphasizing that training is and should be the most important priority. Managers will know to expect a call whenever they get this priority wrong.

- Staff members who have been ill for over two weeks who do not have an activated back-to-work program—the CEO should phone the HR advisers responsible for setting up the back-to-work program, visits to the company doctor, and partial return planning (e.g., a couple of half days in the office each week).
- Most CEOs treat accidents or safety breaches seriously, and, therefore, these are reported—an acceptable report-back time would be within an hour of the incident.
- The CEO should follow up on all key staff members who have handed in their notice. This would be reported within an hour of resignation. A personal phone call may be enough to turn around the situation or, at the very least, open the door for a return in the future.

These issues can be reported, by HR staff, in a simple intranet-based report, as illustrated in Exhibit 6.3, to the senior management team and the CEO.

Exhibit 6.3 Example of a Daily Human Resources KPI Report

		<u>Contact details</u>		<u>Details</u>	
<u>Position offers still outstanding</u>	<u>Candidate</u>	<u>Work</u>	<u>Mobile</u>	<u>Recruiting manager</u>	<u>Days outstanding</u>
Financial Controller	Pat Toms	_____	_____	Jim Curruthers	3
Stores Manager, Brisbane	Basil John	_____	_____	Sally Smith	3
Key recruitments in progress for which the last interview was over two weeks ago					
	<u>Manager</u>	<u>Work</u>	<u>Mobile</u>		
Sales representative (Northern region)	Jim Curruthers	_____	_____		
CFO	Sally Shell	_____	_____		
Teams not represented in the in-house courses to be held in next two weeks					
	<u>Manager</u>	<u>Work</u>	<u>Mobile</u>	<u>Expected numbers from team</u>	<u>Average training days of team in past six months</u>
Team xx	Jim Curruthers	_____	_____	3	1
Team yy	Sally Shell	_____	_____	4	1.25
Team zz	Bob Helm	_____	_____	2	1.5
Team ss	Ted Smith	_____	_____	1	0
Accidents and breaches of safety					
	<u>Manager</u>	<u>Work</u>	<u>Mobile</u>	<u>Remedial action</u>	
Pat Gow was in a car crash, unhurt but needs two weeks' recovery time	Jim Curruthers	_____	_____	Increase participation in advanced driving courses paid by company	
Key staff who have handed in their notice today					
	<u>Job Title</u>	<u>Work</u>	<u>Mobile</u>	<u>Length of service</u>	<u>Importance</u>
Susan George	Financial Controller	_____	_____	3 years	Considered next CFO
John Doe	HR Manager, _____	_____	_____	10 months	Managed the _____ project
Jenny Gilchrist	Systems Coordinator _____	_____	_____	15 years	Expert in _____ system

Weekly KPI Reporting to the CEO

Some KPIs need only be reported weekly. Set out in Exhibit 6.4 is an example of a weekly KPI report.

Exhibit 6.4 Weekly KPI Report

<u>Status of initiatives completed from the recent key customer satisfaction survey</u>	<u>Status</u>	<u>Mobile</u>	<u>Manager assigned responsibility</u>		
Improve order entry system	No action	_____	Jim Curruthers		
Improve tracking of deliveries	No action	_____	Sally Smith		
Improve accuracy of pricing and discounts	Extra check in place for key clients		Not assigned		
<u>Date of next visit to key customers</u>	<u>Sales representative</u>	<u>Date of visit</u>	<u>Mobile</u>	<u>Date of last order</u>	<u>Working days lapsed between visits</u>
ABC Limited	Jim Curruthers	12/11/___	_____	1/11/___	15
_____	Sally Shell	5/11/___	_____	12/10/___	10
_____	Bob Helm	14/11/___	_____	12/09/___	30
_____	Unassigned				60
<u>List of key projects that are running late</u>	<u>Manager</u>	<u>Weeks late</u>	<u>Mobile</u>	<u>Remedial action</u>	
KPI project	Jim Curruthers	6	_____	Increase participation in advanced driving courses	
New sales ordering system	Bob Helm	10	_____	_____	
<u>List of project managers with late projects</u>	<u>Number of late projects</u>	<u>Late projects last month</u>		<u>Recommended action</u>	
		<u>last month</u>	<u>Mobile</u>		
Susan George	6	4	_____	Abandon _____, reassign _____ and _____.	
John Doe	5	7	_____	Phone call as progress being made	
Jenny Gilchrist	4	2	_____	Phone call as problem brewing	
<u>Innovations planned for implementation</u>	<u>Within 30 days</u>	<u>30-60 days</u>	<u>60-90 days</u>	<u>Details</u>	
Team _____	0	0	1	_____	
Team _____	2	2	2	_____	
Etc	1	2	1	_____	
<u>Abandonments planned</u>	<u>Within 30 days</u>	<u>30-60 days</u>	<u>60-90 days</u>	<u>Details</u>	
Team _____	2	1	1	_____	
Team _____	2	2	2	_____	
Etc	1	2	1	_____	

5.5. Reporting RIs and PIs to Management

Weekly Human Resources Update to CEO

There are some HR issues that the CEO needs to focus on weekly. They are not as critical as the intraday or daily HR exceptions, and thus are not considered KPIs. The following HR issues need to be addressed in most organisations:

- It is not uncommon for new staff to miss out on the planned induction program. This can have a negative impact on their performance over the short-to-medium term. The CEO should make it known that there is an expectation that staff will attend induction programs and that phone calls will be made to follow-up on exceptions.
- In-house courses to be held within the next two months should be highlighted weekly where there are low registrations.
- Higher-than-average sick leave in a team may indicate a problem with leadership. The CEO should follow up when next in the area.
- The CEO needs to keep a weekly focus on the recognitions planned for the next week or two weeks. Peters and Waterman and Jim Collins have emphasized the importance of celebration as a communication tool and a way of inspiring staff to exceed normal performance benchmarks.

The suggested intranet-based report that should be accessible to the HR staff, senior management team, and CEO is shown in Exhibit 6.5.

Exhibit 6.5 Weekly HR Report

Number of planned CEO recognitions for next week/two weeks					
	Reason	Work	Mobile	Suggested recognition	
Jim Curruthers	Led project _____	_____	_____	Meeting in CEO's office	
Sally Shell	Led project _____	_____	_____	Meeting in CEO's office	
Susan George	KPI project manager	_____	_____	Meeting plus CEO newsletter feature	

In house training courses due in next two months					
	Enrollments	Expected numbers	Date of course	Days left	
First Aid	5	20	_____	25	
Supervisors Part 1	3	45	_____	18	
Leadership part 2	40	60	_____	14	
Presenting	6	20	_____	15	

Staff who have been ill for over two weeks					
	Manager	Work	Mobile	Length of illness	Back to work programme started
_____	Jim Curruthers	_____	_____	10	Yes
_____	Sally Shell	_____	_____	15	Yes
_____	Ted Smith	_____	_____	25	No

Teams with above average sick leave					
	Manager	Last 30 days	Days per employee	Average per month for past three months	
Team _____	Jim Curruthers	5	1.5	4	
Team _____	Sally Shell	8	2	7	
Team _____	Ted Smith	3	1	12	

New staff who have not attended an induction programme within weeks of joining					
	Manager	Work	Mobile	Mitigating circumstances	
_____	Jim Curruthers	_____	_____		
_____	Sally Shell	_____	_____		
_____	Ted Smith	_____	_____		

Weekly/Monthly Updates to Management and CEO

There are endless ways these can be shown—see Exhibit 6.6—through icons, gauges, traffic lights, and so on.

Exhibit 6.6 Examples of reports sent to management



Reporting organisational progress to staff

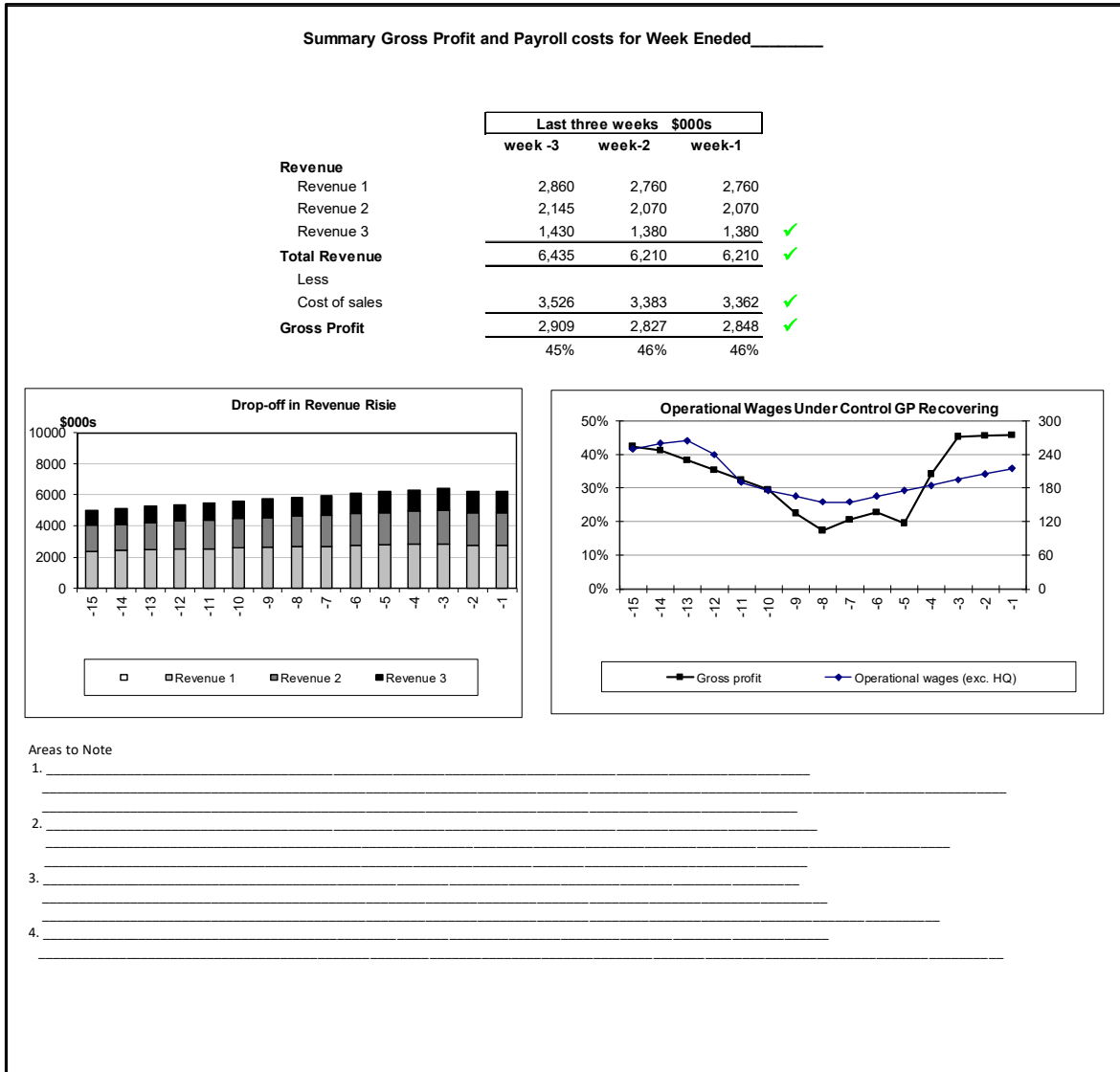
Using a monthly icon-based report for staff is a good idea because they tell staff what is good, what is adequate, and what needs to be improved without giving away confidential data. If this icon report happens to be left on a bus, it would not be damaging to the organisation if it found its way to a competitor. Exhibit 6.7 is an example of an icon staff report that covers the critical success factors and reminds staff about the strategies.

Exhibit 6.7 A Monthly Report to The Organisation's Staff

Weekly report on sales and gross profit

I set out two versions of what this report could look like in Exhibits 6.11 & 6.12.

Exhibit 6.11 Weekly sales and gross profit



Here we are focusing in on three to five revenue lines and the cost of sales. Accruals for materials will need to have been automated so we have a reliable gross profit number. A couple of graphs give the results compare to the last 15 weeks.

Exhibit 6.12 Weekly sales and gross profit (smartphone version)

Sales Dashboard

Top 3 Products

Measure	Last 13 weeks	Last week	Variance from plan	Today as at ___ A.M.
Prod. #1 Sales		245		55
Gross Margin		33%		25%
Prod. #2 Sales		185		15
Gross Margin		31%		35%
Prod. #3 Sales		95		10
Gross Margin		52%		44%

All Other Products

Sales: 450 65

Gross Margin: 28% 32%

Comments

The decline in Sales for Product 1 are due to discounting by _____.

Gross profit margin on product 2 has dropped due to _____.
This is a one-off event and we expect it recover on future sales

The _____ product range has had to be heavily discounted to reduce excess inventory. It is likely that this will have to continue and a paper is being prepared for the next executive meeting to determine if production should cease.

Designing sales reports for smartphones and tablets requires much thought by well-trained people.

There is a whole raft of suppliers who can revolutionise your reporting. some solutions are:

- Tableau
- Targit
- Dundas BI
- Qlik view
- Board
- Cognos BI
- Power BI
- Proclarity

In this screen we are focusing on the top three products.

The last week column shows the end point of the sparkline.

The bullet graph shows how we are doing against plan. The shades used range from dark grey (to indicate poor performance) through to lightest grey (to indicate good performance). The dark bullet reaches is the result.

Today as at ___A.M show the real time update for today's sales.

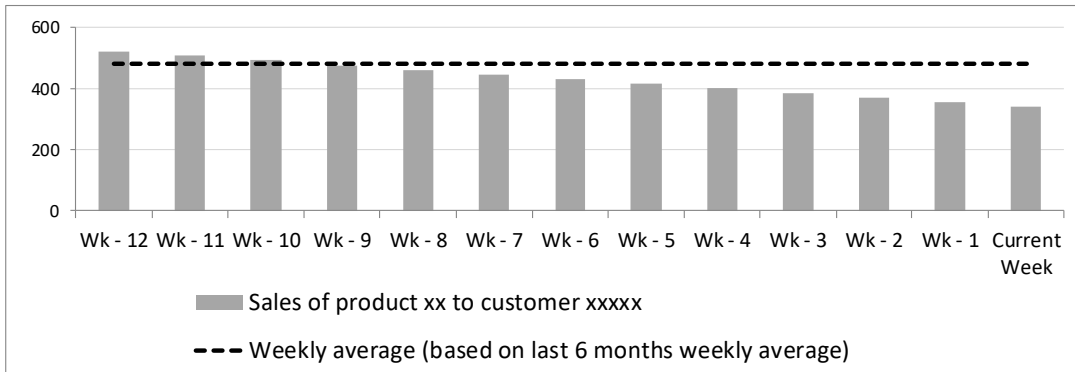
Weekly key customer's sales

On a similar vein it is important for the SMT to monitor how products are being purchased by the key customers. This is especially important after a launch of a new product, or, after your competitors launch a new competing product. Set out below is an example of how this could be done.

Weekly Sales to Key Customers

	\$000s		
	Last Week's Sales	Weekly Avg. Last 180 days	Variance
Customer #1			
Product 1	450	400	50
Product 2	400	460	-60
Product 3	340	310	30
Product 4	375	425	-50
Other products	185	105	80
Total Revenue	1,750	1,700	50
			0
Customer #2			
Product 1	340	480	-140
Product 2	380	450	-70
Product 3	120	190	-70
Product 4	180	190	-10
Other products	180	220	-40
Total Revenue	1,200	1,500	-300
			0
Customer #3			
Product 1	220	160	60
Product 2	190	140	50
Product 3	160	120	40
Product 4	190	150	40
Other products	1,140	1,130	10
Total Revenue	1,500	1,300	200

Sales of Product xx to customer xxxx



Areas to Note

1. _____

2. _____

3. _____

Weekly late project reporting

Many Australians and New Zealanders are innovative people who love to get on with a project but often fail to tie up the loose ends or finish it. I am always encountering projects which are stuck in limbo, and so will only be of value to the organisation when someone refocuses and completes them. Set out below are two report formats which I believe should be tabled weekly to senior and middle management to enable them to focus on completion.

Weekly Tracking of Projects That Are Past Their Deadline			
Manager	Number of Projects Running Late	Number of Projects Running Late Last Month	Total Projects Currently Being Managed
Kim Bush	7	0	8
Pat Carruthers	5	3	10
Robin Smith	3	3	12
_____	3	2	5
List of Major Projects That Are Past Their Deadline	Original Deadline	Project Manager (Sponsor)	Time Complete to
_____	___/___	AB (YZ)	5 days
_____	___/___	DE (RS)	15 days
Strategic Plan Project	___/___	AB (RS)	90 days
Balanced Scorecard Project	___/___	DE (YZ)	15 days
Rolling Planning Project	___/___	AB (YZ)	60 days

Features: This list will help promote finishing. There is a dual focus, on the project manager and the project.

Weekly list of overdue reports

Past Deadline Reports

Week Beginning __/__/__

Report Title	Date: First Draft	of	Manager's In- Tray	Version #	Original Deadline
Annual Report	__/__		DP	>10	__/__
Annual Budget	__/__		DP	>20	__/__
_____	__/__		DP	>10	__/__
_____	__/__		DP	5	__/__
_____	__/__		DP	4	__/__
_____	__/__		PC	>10	__/__
_____	__/__		PC	1	__/__

Actions to be taken:

Annual Report	_____
Annual Budget	_____
_____	_____

Features: Focuses management on those reports that are well past their deadline. The version # helps management realise the cost of revisions. The manager's in-tray column focuses on the guilty manager and helps encourage action.

6. Writer's biography



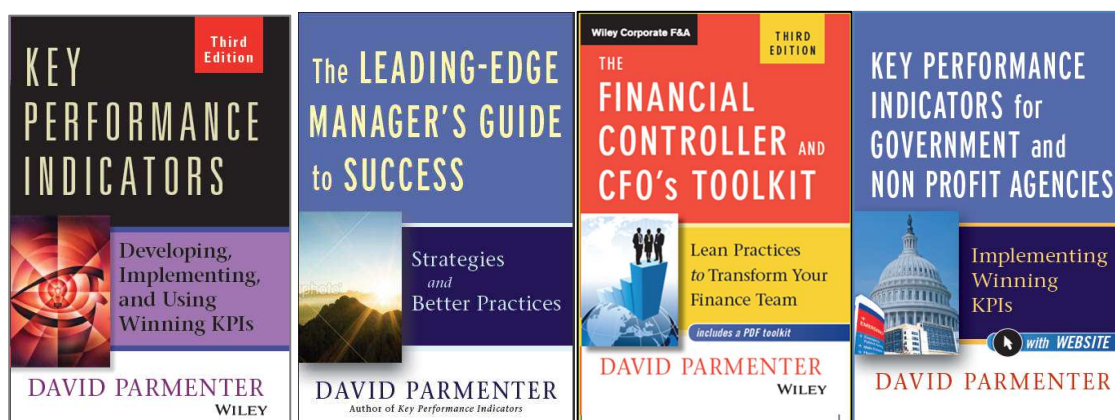
David Parmenter is an international presenter who is known for his thought provoking and lively sessions, which have led to substantial change in many organisations. He has spoken in 31 countries and in most continents in the world. Besides delivering in-depth workshops he has been a keynote speaker for the IBM Finance Forum, The World Capability Congress, TEC Malaysia, and Profiles International Romania. David is a leading expert in:

the development of winning KPIs, replacing the annual planning process with quarterly rolling planning, quick month-end processes and making reporting a decision based tool.

John Wiley & Sons Inc have published his four books, including "The Financial Controller and CFO's Toolkit", "The Leading-Edge Manager's Guide To Success – Strategies And Better Practices", "Key Performance Indicators – Developing, Implementing And Using Winning KPIs" and "Key Performance Indicators for Government and Non-Profit Agencies".

David has also worked for Ernst & Young, BP Oil Ltd, Arthur Andersen, and Price Waterhouse. David is a fellow of the Institute of Chartered Accountants in England and Wales.

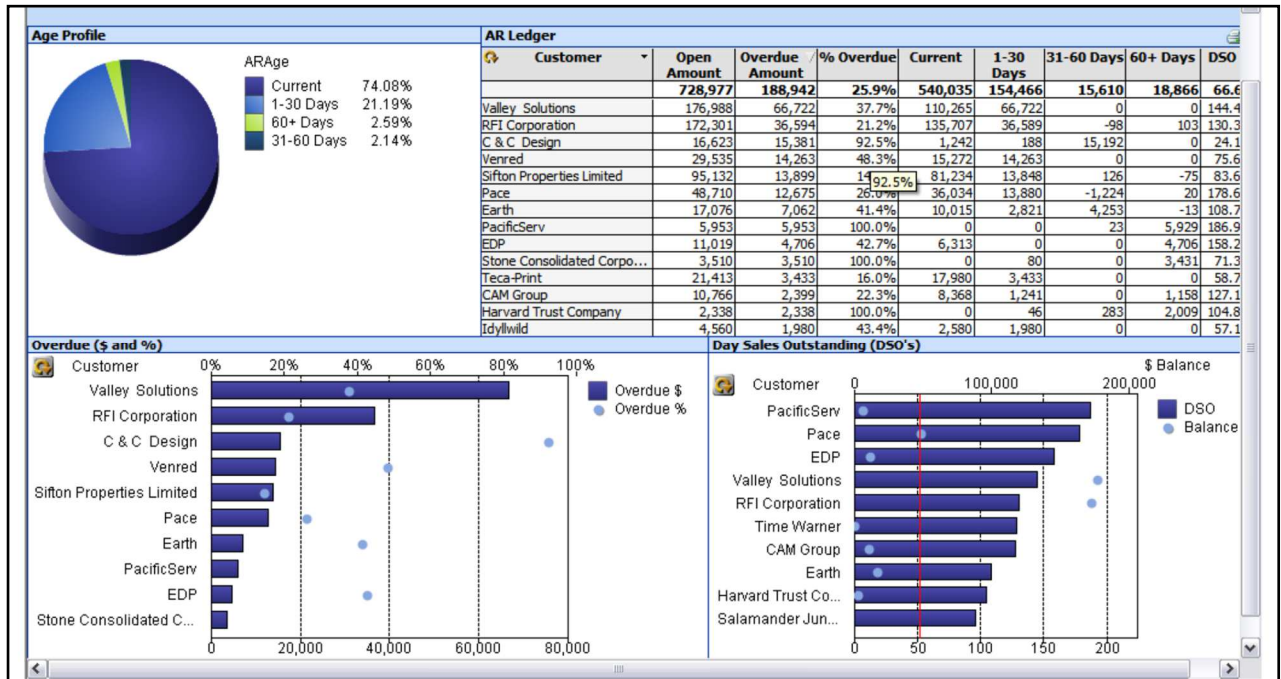
He has written over 100 articles for the accounting and management journals. He has won two 'article of merit' awards from the International Federation of Accountants. (2007 and 2009). His published articles titles include: "*Quarterly rolling planning - removing the barriers to success*", "*Throw away the annual budget*", "*Beware corporate mergers*", "*Implementing a Balanced Scorecard in 16 weeks not 16 months*", "*Convert your monthly reporting to a management tool*", "*Smash through the performance barrier*", "*Is your board reporting process out of control?*" "*Implementing winning Key Performance Indicators*", "*Quick month end reporting*" "*Conquest leadership- lessons from Sir Ernest Shackleton*" "*Should we abandon performance measures?*" "*Putting the finance team on the map*" etc.



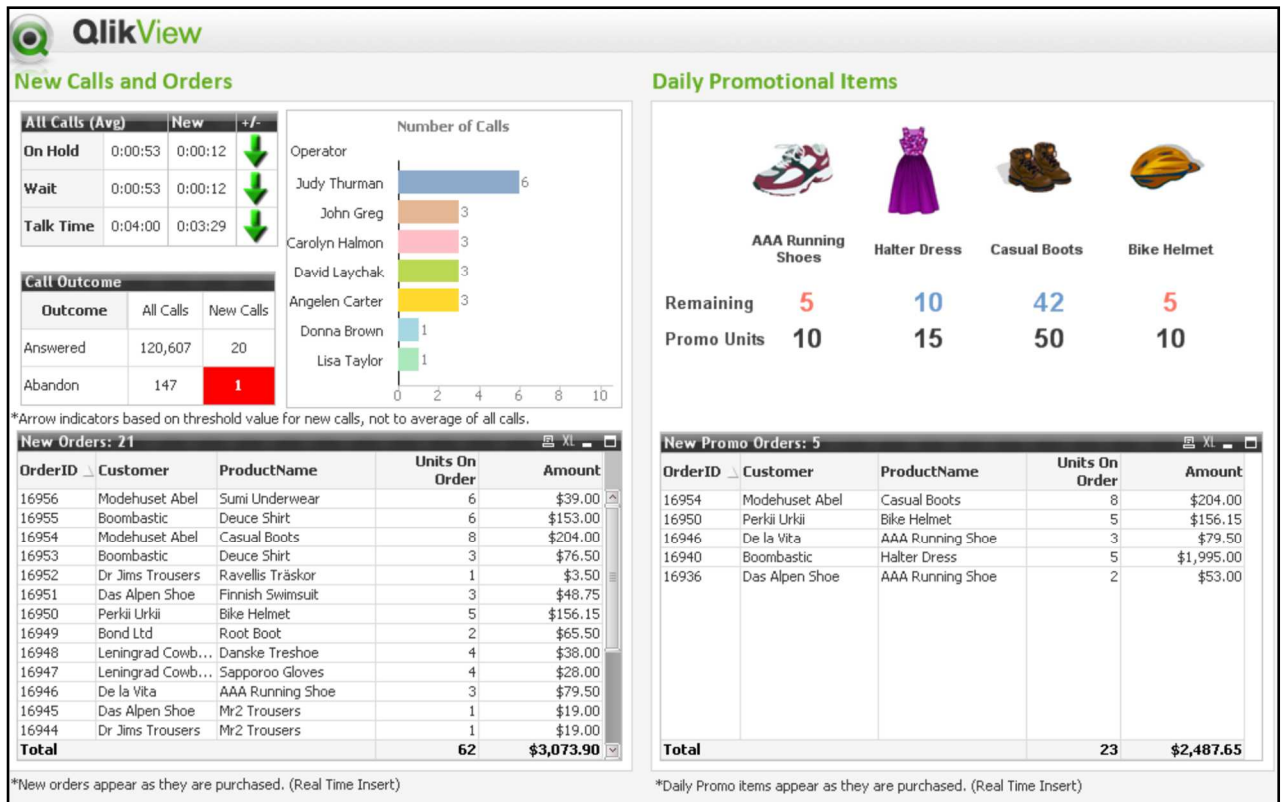
7. Appendix 1: Interview Checklist

8. Appendix 2: Examples of report formats from a reporting tool

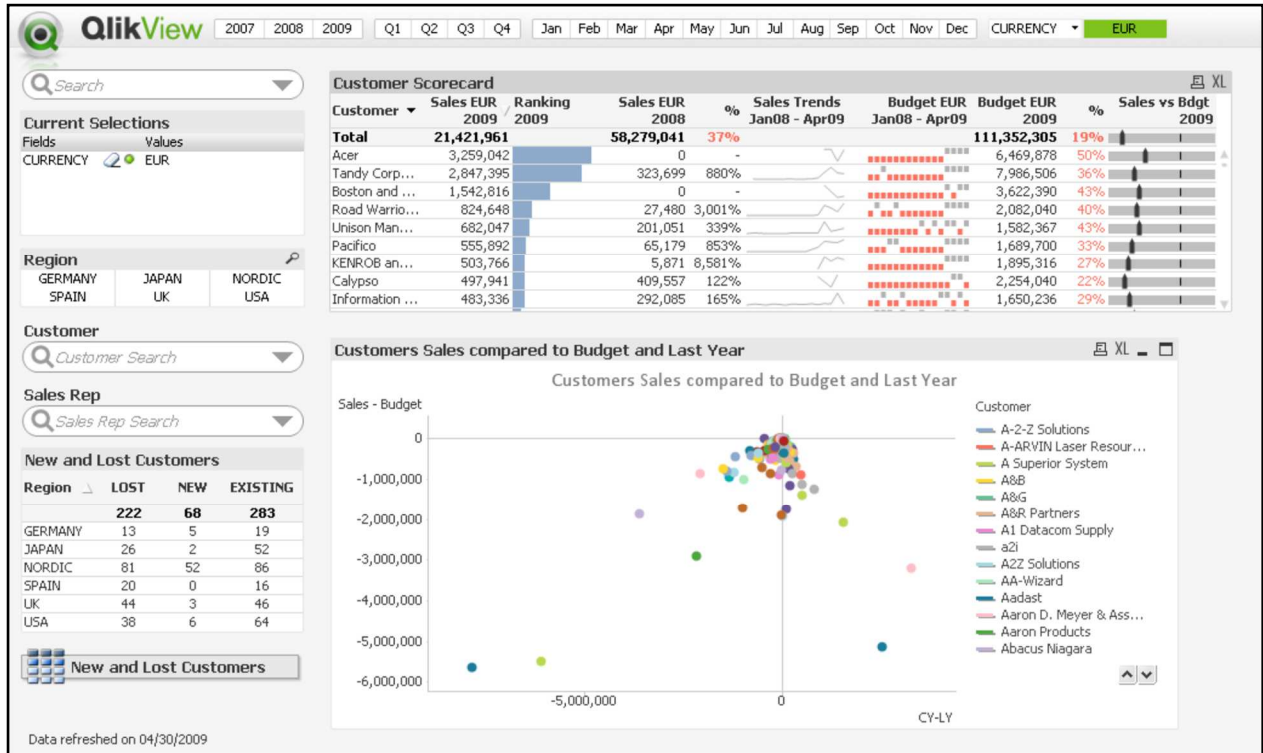
Debtors Analysis



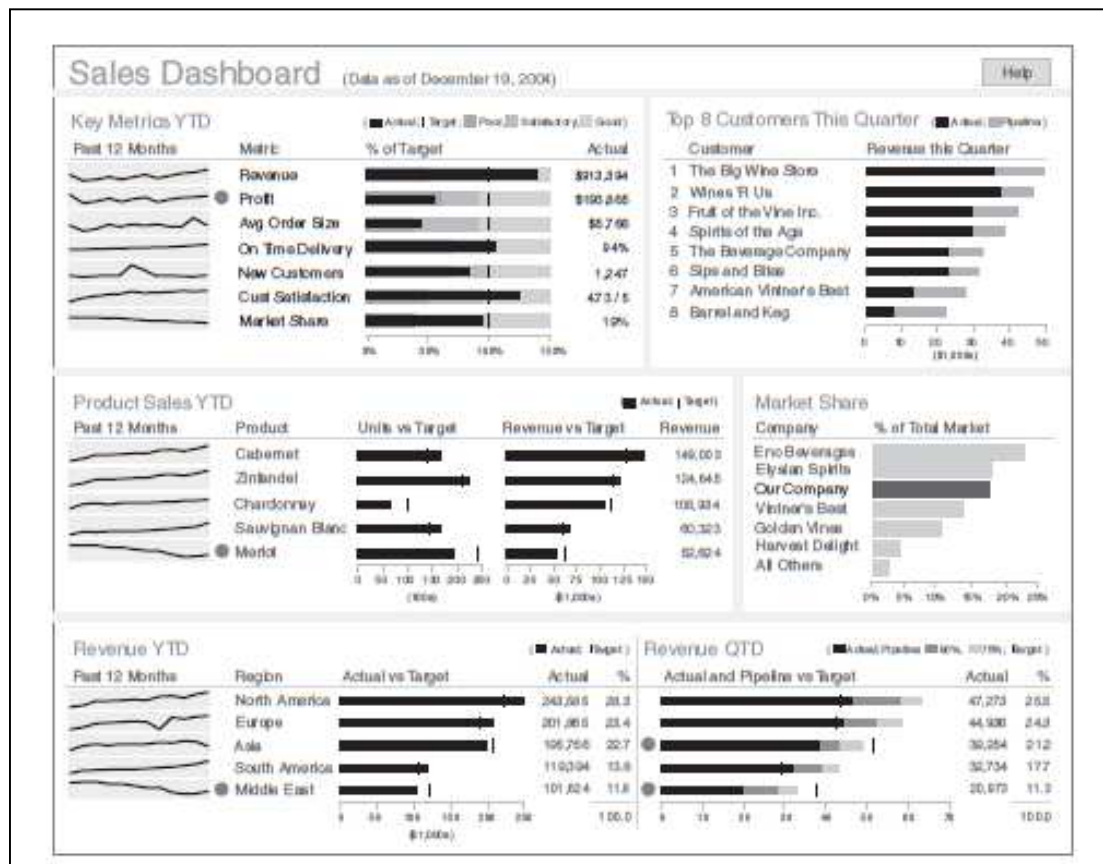
Call centre example



Sales by customer example



A Stephen Few example of a sales dashboard



Sales by products example

Product Scorecard

Product Type	Ranking 2009	Sales Jan08 - Apr09	Sales EUR 2009	Sales EUR 2008	Variance	Margin EUR 2009	Margin EUR 2008	Margin vs 2008
Total			21,421,961	23,042,945	-7%	9,233,040	9,626,413	-4%
Vegetables			3,722,971	4,439,662	-16%	1,555,603	1,781,055	-13%
Meat			3,198,388	3,368,716	-5%	1,413,156	1,447,175	-2%
Canned Shrimp			2,723,193	2,353,892	16%	1,056,610	877,322	20%
Dairy			1,510,529	1,665,694	-9%	501,682	520,238	-4%
Snack Foods			1,499,333	1,897,261	-21%	737,476	930,978	-21%
Fruit			1,161,141	1,242,660	-7%	536,992	517,622	4%
Canned Tuna			917,558	836,829	10%	324,330	284,331	14%
Pizza			756,350	709,739	7%	393,073	391,470	0%
Starchy Foods			670,391	672,534	-0%	334,637	325,600	3%
Jams and Jellies			659,288	791,435	-17%	319,333	376,140	-15%
Baking Goods			629,317	697,703	-10%	321,601	343,883	-6%
Hot Beverages			564,501	660,320	-15%	272,051	302,746	-10%
Canned Sardines			477,730	580,354	-18%	208,088	244,848	-15%

Sales Rep Scorecard

Sales Rep	Ranking 2009	Sales Jan08 - Apr09	Sales EUR 2009	Sales EUR 2008	Variance	Margin EUR 2009	Margin EUR 2008	Margin vs 2008
Total			21,421,961	23,042,945	-7%	9,233,040	9,626,413	-4%
Stewart Wind			3,335,499	2,878,037	16%	1,253,429	1,032,830	21%
Judy Thurman			2,869,388	3,389,290	-15%	1,411,185	1,571,141	-10%
Lee Chin			1,640,503	1,768,743	-7%	567,428	587,182	-3%
John Greg			1,147,863	1,044,146	10%	545,895	479,576	14%
Cheryle Sincock			842,325	899,534	-6%	252,523	256,125	-1%
Brenda Gibson			763,548	820,851	-7%	206,882	205,640	1%
TAGnology			713,958	652,541	9%	342,824	302,875	13%
Martha Richard			555,819	913,049	-39%	295,061	476,590	-38%
Amelia Craig			539,160	651,116	-17%	266,830	306,931	-13%
Brad Taylor			525,019	638,202	-18%	227,870	263,313	-13%
David Laychak			489,177	643,766	-24%	216,904	275,726	-21%
David Howard			465,066	543,385	-14%	186,851	245,882	-24%
Karl Anderson			460,953	490,619	-6%	224,421	227,062	-1%

Data refreshed on 04/30/2009

Rolling Forecast Data Entry

Account Type - Revenue (€)	Forecast Jul.12	Forecast Aug.12	Forecast Sep.12	Forecast Oct.12	Forecast Nov.12	Forecast Dec.12	Forecast Jan.13	Forecast Feb.13	Forecast Mar.13	Forecast Apr.13	Forecast May.13	Forecast Jun.13	Forecast Jul.13	Forecast Aug.13	Forecast Sep.13	Forecast TOTAL
Total Allowances	15,979	20,796	50,674	15,159	6,562	20,919	19,721	18,483	18,470	13,154	11,594	44,995	27,025	27,063	24,442	335,036
Total Other Income	49,787	60,329	59,404	69,182	55,404	55,183	64,676	56,620	63,006	47,425	50,909	53,586	89,193	104,116	112,997	991,815
Total Govt & Other Grants	37,937	46,535	52,827	42,658	37,302	40,736	38,479	35,699	42,995	30,316	41,055	46,381	85,802	68,584	70,639	718,346
Total Interest Income	20,668	19,521	11,617	14,656	9,710	18,955	16,444	20,725	8,549	13,246	14,203	16,315	20,900	21,066	15,310	241,884
Total Revenue	124,371	147,581	174,522	141,654	108,978	135,793	139,320	131,526	133,021	104,141	117,761	161,278	222,919	225,389	225,389	2,287,081
Grand Total	124,371	147,581	174,522	141,654	108,978	135,793	139,320	131,526	133,021	104,141	117,761	161,278	222,919	225,389	225,389	2,287,081

Actual vs Forecast

Revenue: Actuals (green bars), Forecast (blue line)

Expenditure: Actuals (red bars), Forecast (blue line)

Notes: RF.Apr.2012 This is a new note for this version

Account Group - Total Allowances (1)	±%	Q 4/12	Q 1/13	Q 2/13	Q 3/13	Q 4/13	TOTAL
Allowance Income	±%	70,695	94,396	55,734	-93,379	313,888	441,334
Account Group - Total Other Income (4)	±%	48,338	185,593	150,748	112,962	-42,678	454,963
Corporate Income	±%	95,527	34,784	-163,633	-22,415	-38,977	-94,713
Bequests	±%	59,412	99,085	-590	-20,954	2,449	139,402
Corporate Sponsorship	±%	36,599	134,182	-37,015	-48,076	-65,733	116,109
Account Group - Total Govt & Other Grants (3)	±%	58,382	-14,631	-232,289	-868,685	-2,587,569	-3,644,801
Federal Government Grants	±%	44,460	36,076	-52,281	-208,446	-123,862	-304,053
Other Grant Income	±%	75,835	47,904	-48,359	-355,214	-133,559	-413,393
Account Group - Total Interest Income (1)	±%						

Presentation content	<p>6. At least 10 to 20% of your slides should be high-quality photographs, some of which will not even require a caption.</p> <p>7. A picture can replace many words; to understand this point you need to read <i>Presentation Zen: Simple Ideas on Presentation Design and Delivery</i> by Garr Reynolds,¹⁰ and <i>Slide:ology: The Art and Science of Creating Great Presentations</i> by Nancy Duarte.¹¹</p> <p>8. Understand what is considered good use of colour, photographs, and the “rule of thirds.”</p> <p>9. For key points, do not go less than 30-pt-size font. As Nancy Duarte says, “Look at the slides in the slide sorter view at 66% size. If you can read it on your computer, it is a good chance your audience can read it on the screen.”</p> <p>10. Limit animation; it is far better that the audience is able to read all the points on the slide quickly rather than holding them back.</p> <p>11. Use Guy Kawasaki’s “10/20/30 rule.” A sales-pitch PowerPoint presentation should have ten slides, last no more than 20 minutes, and contain no font smaller than 30 pt.</p> <p>12. Be aware of being too cute and clever with your slides. The move to creating a lot of whitespace is all very well, provided your labels on the diagram do not have to be very small.</p> <p>13. Never show numbers to a decimal place nor to the dollar if the number is greater than 10,000. If sales are \$9,668,943.22, surely it is better to say, “approx. \$10 million” or “\$9.6 million.” The precise number can be in the written document if it is deemed worthwhile.</p> <p>14. Never use clipart; it sends shivers down the spine of the audience and you may lose them before you have a chance to present.</p>
Use technology	<p>15. Where possible, if you are going to present on a regular basis, make sure you have a Tablet PC, which gives you the ability to draw when you are making points. This makes the presentation more interesting, no matter how bad you are at drawing.</p> <p>16. Have a simple remote mouse so that you can move the slides along independently of your computer.</p>
Practise, practise, practise	<p>17. Practice your delivery. The shorter the presentation, the more you need to practice. For my father’s eulogy, I must have read it through 20 to 30 times. It still remains today the best speech I have ever delivered and the one I prepared the most for.</p>

Presentation itself	18. Bring theatrics into your presentation. Be active as a presenter, walking up the aisle so that those in the back see you close up, vary your voice, get down on one knee to emphasize an important point; have a bit of fun and your audience will, too. Very few things are unacceptable as a presenter.
	19. Always tell stories to relate to the audience, bringing in humour that is relevant to them. A good presenter should be able to find plenty of humour in the subject without having to resort to telling jokes. No doubt, some of the audience have heard the jokes and would rather hear them from a professional comedian.
	20. Make sure your opening words grab the audience's attention.
	21. Understand Stephen Few's work on dashboard design if you are using graphs.
	22. Always remember the audience does not know the whole content of your speech, particularly if you keep the details off the slides; if you do leave some point out, don't worry about it—they don't know or would not realize the error.
	23. If there has been some issue relating to transportation, technology, and so forth that has delayed the start, avoid starting off with an apology. You can refer to this later on. Your first five minutes is the most important for the whole presentation and must therefore be strictly on the topic matter.
	24. Greet as many members of the audience as you can before the presentation, as it will help calm your nerves, and it will also give you the opportunity to clarify their knowledge and ask for their participation such as at question time. The other benefit is that it confirms that nobody in the audience would rather be doing your role, so why should you be nervous?
	25. If you are delivering a workshop at the end shake hands with as many of the audience as possible by positioning yourself by the door when the audience leaves. This develops further rapport between presenter and audience.

¹ Mary Munter, *Guide to Managerial Communication: Effective Business Writing and Speaking*

² John Kotter, *Leading Change*

³ Zoe Chance, *Influence is your superpower - how to get what you want without compromising who you are*

⁴ Frances Booth, *Distraction trap: how to focus in a digital world*

⁵ John Kotter, *8-Step Process For Leading Change*, Finance & Management Special Report March 2014

⁶ Jon Moon, *How to make an IMPACT: Influence, inform and impress with your reports, presentations, business documents, charts and graphs*, Prentice Hall, 2008

⁷ David Parmenter, *The Leading -Edge Manager's Guide to Success- Strategies And Better Practices*, John Wiley & Sons 2011

⁸ Jeffery Liker, *The Toyota Way: 14 Management Principles from the World's Greatest Manufacturer* (New York: McGraw-Hill, 2003).

⁹ David Parmenter *The Leading -Edge Manager's Guide to Success- Strategies And Better Practices*, John Wiley 2011

¹⁰ Garr Reynolds, *Presentation Zen: Simple Ideas on Presentation Design and Delivery*, New Riders, 2008.

¹¹ Nancy Duarte, *Slide:ology: The Art and Science of Creating Great Presentations*, O'Riley, 2008.