



Business Impact

“SAS’ performance management systems start with the familiar areas of strategic activity, planning and financing, then extend to all of the [bank’s] operations, including the management of clients, suppliers and operations, providing in-depth focused and predictive analysis for each business area.”

Franco Arzuffi

Head of Management and Control Applications
Banco Popolare di Verona e Novara

Challenges

- **Too many metrics.** Banks often fail to distinguish between urgent and important metrics (tactical vs. strategic), which creates noise, robs employees of valuable time and provides little direction in terms of priorities.
- **Inappropriate metrics.** Intuition or easy-to-find metrics are used instead of those that are statistically relevant to the industry and to the desired objective.
- **Insufficient context or alignment.** Without communicating a metric’s or KPI’s performance in relation to how others affect it upstream, or how it influences others downstream, employees risk misidentifying root causes or negatively affecting others once action is taken.
- **Inability to forecast future performance.** Without context or statistically relevant metrics, banks struggle to set realistic targets, miss objectives and reduce confidence in their management systems, which drives a culture based on intuition instead of facts and makes it harder and more expensive to sustain consistent performance.

How can we gain a thorough understanding of what is driving our performance and risk?

YOUR GOAL: Create a data-driven organization that acts on facts, not intuition

Warren Buffett once said, “Risk comes from not knowing what you are doing.” Most businesses have mountains of data, thousands of metrics and hundreds of key performance indicators (KPIs), but many only track indicators that are easy to obtain, but not necessarily relevant. That translates into too much “noise” and not enough understanding about how, why or if those metrics support strategic outcomes. To complicate matters, strategy itself begins as a hypothesis, and many are blinded by its eloquence. Collectively, this raises the risk that scorecards and dashboards will induce employees to concentrate on the wrong things, in the wrong context, at the wrong time. Unfortunately, few can prove it, let alone recognize that the issue exists. As a result, employees may waste time, act in isolation, resort to guesswork or instinct, and become unable to see or prove if a strategy is flawed. Management and executives get frustrated and question the organization’s ability to move to a data-driven culture. For the organization as a whole, it means suboptimal performance and the potential to pursue flawed strategies for months or years – at higher cost and risk.

While most organizations communicate performance through dashboards or scorecards, there are many variants – from tables with traffic lighting, gauges and dials to more sophisticated strategic scorecards and strategy maps. A single organization can track hundreds or even thousands of metrics, making it difficult to focus. Strategic scorecards go further by showing which metrics/KPIs are strategically important and which are influenced by the one being investigated. They also make it easier to trace and understand how one objective gets cascaded across multiple departments/units.

OUR APPROACH

As good as strategic scorecards may be, however, there is still the fundamental problem of strategy being based on hypothesis – meaning the relationships that communicate “influence” are based more on instinct and intuition than fact. SAS approaches the problem by providing software and services to help you:

- **Communicate results** using the best attributes of all dashboards and scorecards – alerts, tables, gauges, dials and charts – to capture attention.
- **Provide context and alignment** using the best attributes of strategic scorecards – strategy maps, cascade management and linkage to initiatives.
- **Speed implementation and align with industry best practices** by selecting metrics and KPIs – organized hierarchically by function – from a library of prebuilt, banking-specific strategy maps, process-flow diagrams and even a pre-populated four-level balanced scorecard.
- **Go further to statistically prove relationships within the hypothesized strategy** by testing for correlation and causation, then simulate and forecast future performance to inform fact-based decisions.

Instead of adding to the noise, SAS seeks to simplify decision making by providing proven facts, in context, to the right people at the right time.



THE SAS® DIFFERENCE: Intelligent scorecarding

Most dashboard and scorecard applications let banks communicate results using alerts, tables, gauges, dials and charts to capture attention. Most strategic scorecards add context and alignment through strategy maps, cascade management and linkage to initiatives. Only SAS delivers all this and more by applying business analytics to dashboarding and scorecarding so that measures and cause-and-effect relationships are no longer just a perception, but are validated with evidence. SAS provides:

- **Correlation techniques** that enable you to statistically:
 - Prove which metrics are truly valid and “key.”
 - Prove how much one metric influences another.
 - Prove relationships within a hypothesized strategy.
 - Simulate and forecast future performance for consistent, fact-based decisions.
- **The power of SAS Analytics in an easy-to-use, point-and-click environment** that gives you confidence in your analysis, so you can rely on facts, not instincts.

In short, SAS delivers *intelligent scorecarding* to improve efficiency, accuracy and speed, whether your scorecard is tactical or strategic. What’s more, the SAS solution also integrates with other SAS solutions to provide additional, proven insights on risk, cost, customers, quality, suppliers, employees, IT and the environment.

CASE STUDY: Banco Popolare di Verona e Novara (BPVN)

Situation

BPVN needed a system to methodically and pragmatically evaluate activities in the primary areas of commercial and client relations, risk, finance and auditing, and back-office operations. Among the bank’s objectives were limiting risks in large and innovative projects, and creating a common control methodology to manage the entire system in an integrated and consistent manner.

Solution

SAS delivered an intelligent scorecarding solution that enabled the bank to:

- Conduct performance management interventions to improve operational efficiency.
- Analyze performance indicators based on product and service life cycles.
- Align indicators for profitability, risk, yield and efficiency.
- Measure the performance of internal and external services.

Results

- Establishment of a performance-based culture.
- Achieved the ability to understand and control the causes and effects of changes in strategies and tactics.
- Improved communication within the corporate structure.
- Sped up the implementation of major corporate projects.

What if you could ...

Reduce noise

What if you could prove which metrics were truly key and eliminate the ones that were irrelevant?

Get to the root cause of a problem

What if you could prove how metrics influence and are influenced by others so you could avoid decisions that could have a negative impact on others?

Improve alignment and communication

What if you could easily see how all objectives are adapted as they cascade throughout business units by ensuring that all parts of the bank are “flying in formation” toward the same goal?

Reduce cost/risk while improving agility/competitiveness

What if you could prove that a strategy was flawed months or years ahead of traditional methods?

Accurately simulate and forecast future performance

What if you could create a culture that delivers consistent, fact-based decisions and results?

You can. SAS gives you THE POWER TO KNOW®.

SAS FACTS

- SAS has been in the business of delivering proven statistical insights since 1976.
- SAS is considered a visionary by IT analysts in the field of strategy management and the leader in the field of predictive analytics.
- SAS was one of the first vendors to receive certification by the Balanced Scorecard Collaborative back in 2000.

Learn more about SAS® software and services at: www.sas.com



SAS Institute Inc. World Headquarters +1 919 677 8000

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