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

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THE POWER TO KNOW.

■ Business Impact

■ Challenges

- **Too many metrics.** Organizations 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 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, organizations 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.

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 organizations 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 to taxpayers.

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 best practices** by selecting metrics and KPIs – organized hierarchically by function – from a library of prebuilt, government-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 organizations 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: Portuguese National Institute for Public Administration (INA)
■ Situation

The INA needed a system to integrate data from three different transactional sources and use it to provide business intelligence to get an enhanced view of management responsibilities, review performance, gain a better understanding of constituents and ultimately, to help the leaders of Portuguese public administration make change happen.

■ Solution

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

- Integrate data from an Oracle database, from SAP R/3 transactional data and from several other information systems.
- Monitor, manage and forecast its KPIs.
- Help administrators across the country design objectives and review performance with:
  - An information management board for each of the country's public hospitals.
  - Balanced scorecard initiatives for the country's police departments.

■ Results

- Strategic information is provided more quickly and more accurately.
- Executive-level dashboards with drill-down capability lets top administrators in all cabinets extract meaning from the information in support of strategic decisions.
- With SAS' predictive capabilities, the INA is "actually learning from the past, and the insights from SAS offer continuous learning."

■ 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 organizational units by ensuring that all parts of the organization 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 business since 1976 and today has customers at more than 50,000 sites worldwide.
- Public sector organizations in more than 80 countries use SAS.
- All 15 major US federal departments rely on the power of SAS software, and approximately 85 percent of independent US government agencies and commissions use SAS.

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