

LEARNING CENTER

FINANCE & CONTROLLING

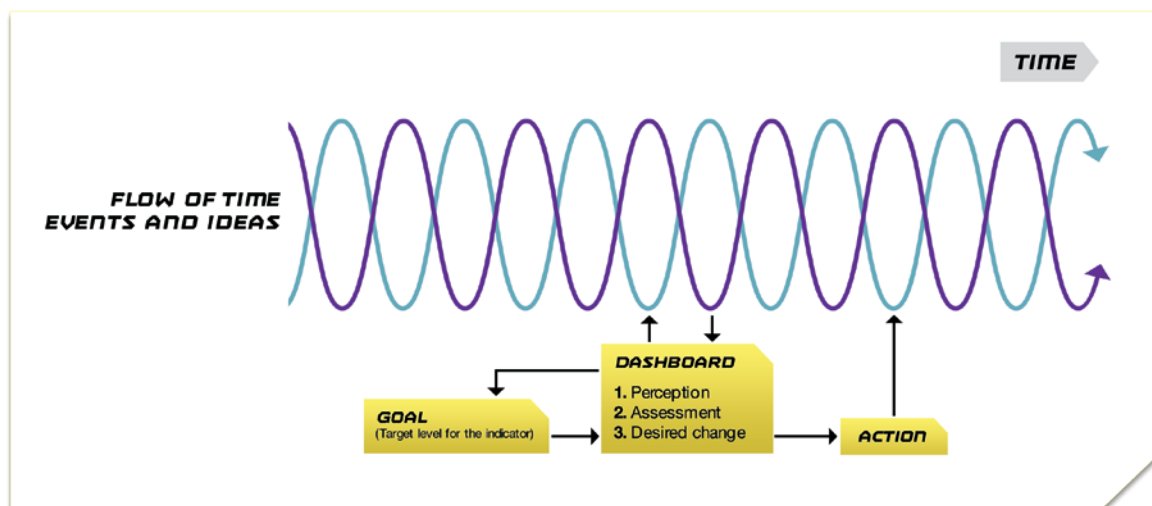
DASHBOARDS & BALANCED & SCORE CARDS

REVEAL
by L'ORÉAL

THE DASHBOARD

• Management tool

The dashboard is a powerful management tool for guiding a company through a rapidly-changing business environment. It gives managers a concise summary of the company's key performance indicators, enabling them to quickly identify areas where the company is falling short of its targets. After implementing the corresponding action plan, managers can also use the dashboard to track progress and quantify improvements.



• Diagnostics

The dashboard is a useful diagnostic tool, as it alerts managers to areas where the company is not performing as expected. This gives managers an indispensable starting point for an in-depth analysis to get to the root of the problem.

• Performance tracking

The dashboard can also be used to track a company's performance since it measures indicators on several levels – giving valuable insight into operations at the many layers of the organisation.

• Decision-making

The information provided in the dashboard helps managers make important decisions. Managers can use the data to develop and implement targeted action plans, and check whether these plans are in fact bringing the company closer to its targets.

• Dialogue

A dashboard facilitates dialogue within an organisation on two levels:

- At a senior management level, by giving an overview of the company's performance and highlighting problem areas. Division managers can use the dashboard to give the rest of the management team a review of their division's activities, explaining the reasons why the division may not have met some of its targets and outlining the planned corrective actions. This also gives senior management an opportunity to ensure that company-wide measures are being implemented consistently across the organisation, and to discuss any targets that may need to be adjusted.
- At a staff level, by encouraging communication and uniting employees around a common goal. The dashboard also illustrates how each person can contribute to improving the entire division's – and company's – performance.

• Reporting

The dashboard is also useful for reporting purposes because it lets managers easily compare actual results with

forecasted income and planned expenditures, as well as with the prior period's results. This provides a framework for explaining any variances and tracking improvements on a weekly or monthly basis.

INDICATORS

INTRODUCTION

CHOOSING THE RIGHT INDICATOR

<http://bit.ly/ok5QqN>

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ARTICLE FROM ANNUAL REPORT

<http://bit.ly/pYRsAB>

• Performance

Performance indicators measure an organisation's effectiveness (how well it is able to meet its goals) and efficiency (the amount of resources it uses to meet its goals).

• Management

Management indicators measure the effectiveness of the steps taken by managers to improve a company's performance. They assume that there is a direct link between managers' action plans and the quantifiable results achieved by the businesses they run. Management indicators can also be used to allocate a company's human, financial, and capital resources.

• Tracking

Tracking indicators give the visibility needed to help a company's different departments and divisions work together effectively. They are especially useful for managing shared resources, as they provide insight into how much of a given resource that a particular department or division is using – and whether it is consuming more than its allocated share.

THE BALANCED SCORE CARD

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REPORTING CALENDAR

<http://bit.ly/ozormo>

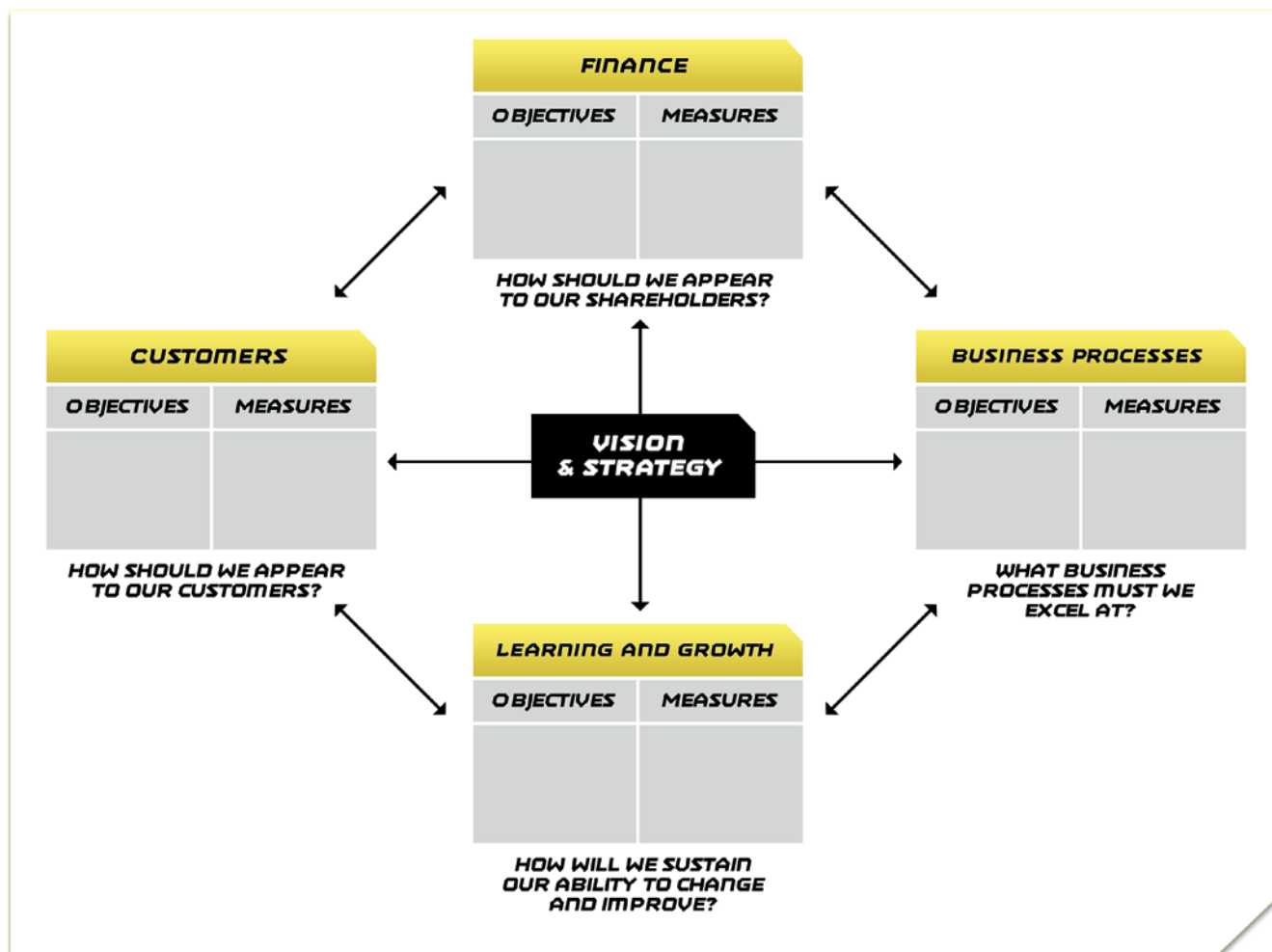
The Balanced Score Card (BSC) is a strategic planning and management tool used to track a company's performance against key management goals. It assesses organisational performance according to four pillars:

- Finance
- Customers
- Business processes
- Growth and learning

The advantage of the Balanced Score Card is that it provides a framework for translating a company's strategy into concrete objectives. The indicators used in the BSC are focused on core growth drivers, thereby enabling managers to concentrate their efforts on factors essential to their business. The BSC has proven to be a robust tool for helping managers to monitor an organisation's long-term strategic performance.

Managers can build a Balanced Score Card by asking the following questions for each of the four pillars:

- What is our overall goal? (e.g., make our core business more profitable)
- What indicators can be used to measure our progress towards this goal? (e.g., our profit margin)
- What should we set as a target for this indicator to prove we have reached our goal? (e.g., increase our profit margin by five percentage points)
- What concrete steps can we take to reach this target? (e.g., lower our production costs by using energy-efficient pumps)





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