

Your management information: hindsight or insight?

Initial findings from a CFO Europe survey sponsored by PricewaterhouseCoopers



In February 2007 CFO Europe conducted a survey, sponsored by PwC, of senior finance executives to better understand the quality of information available to executives; and to what extent, in practice, management information (MI) drives decision making.

Until recently, the debate regarding MI has centred around the technology and data, but little attention was paid to whether or not MI produced action; and if not, why not.

Over 200 senior finance executives responded, most likely because, as the survey shows, providing decision support is at the top of their agenda for the coming year and they believe it is key to becoming a valued business partner.

This summary paper contains some preliminary findings. A more extensive report will be published that will combine the survey findings with insights from finance directors on this topic.

To obtain a copy of the full findings when they are published, please visit: www.pwc.com/uk/financefunction

68% of senior finance executives agreed that senior management were paying more attention to management information than they had before, but only 45% were satisfied with the quality of their MI.

What's letting MI down?

Financial information

- 83% rate data accuracy as good or excellent
- 74% rate relevance as good or excellent
- 69% rate timeliness as good or excellent

But non-financial doesn't score so well...

- only 49% rate data accuracy is as good or excellent
- 55% say relevance is good or excellent
- 43% say timeliness is good or excellent

This may be because 73% of respondents say the quality of non-financial information is the responsibility of someone else or no single individual. Only 48% include predictive analysis or commentary, 52% say they benchmark performance against the competition, and only 37% say their MI includes external market information.

But getting good MI is incredibly difficult

28% of respondents are still reliant on spreadsheet based technology to manipulate MI and only around half have a structured framework in place such as a balanced scorecard. To further add to the workload, 84% that are still dealing with the demands of increasing compliance and regulatory burdens.

And the world doesn't stand still. Organisational complexity, reporting and organisational structures are key barriers to producing useful MI. Followed hotly by insufficient resources to create the information and technology challenges.

What do managers do with received data?

55% occasionally or frequently ignore it. 75% challenge it either occasionally or frequently. 57% doubt the validity of reported data either occasionally or frequently and a massive 83% occasionally or frequently seek supporting information or ad hoc confirmation.

Where are improvements sought?

- 36% say technology
- 30% say processes
- 25% say people
- 10% say metrics and data

No clear view might suggest some confusion with regard to the right solution.

PwC work with clients to help them to resolve these problems. We recognise that if management are to trust and respond to MI, that information must be centred on their needs, not technological limitations. Furthermore, to achieve a culture of corporate performance management gaining insight is important but driving action is critical and finance has a key role to play.

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