

When establishing corporate strategies and goals, are you integrating performance monitoring and management into your enterprise transformation programs?

How do you make sure performance assessment integrates risks?

And by the way, what is performance? Is it just a number? Is performance a number of units produced per day, for instance?

Then how do you know if this number is good or bad? Is it then rather the same number checked against a target objective?

Where does that target number come from? Is it realistic? Does it take into account likely risks? Is it dependent on another target objective earlier in the process chain?

Do we believe that everything will simply tie itself together? Strategy, risk, processes, objectives, performance...

How can you fit the puzzle pieces together and align your business performance to your organization's strategy?

Performance is more than just an indicator whose value you want to improve; it's not just a number. Performance has to be measured against the company's strategy. The key to performance management is bridging the gap between a theoretical strategy and the actual business landscape (company resources, risks, regulations, the economy, etc.) It's a continuous



improvement process to turn the strategy into palatable results by making sure they are aligned with each other. And if not, setting up the relevant action plan should be the immediate next step.

This is a trickle down process, the strategy will be broken down into objectives for each process and these processes must be executed by employees in order to turn the vision into performance. To an extent, performance then depends on the employees' adhesion to the strategy and on how well they align their work to it during day to day operations. You need to monitor that performance, to check that the strategy is being actually implemented. You also want to be able to adapt this strategy or its deployment, in case it

is not working or a new strategic risk forces you to adjust. To drive performance forward, or to enable transformation, you need to monitor it.

You cannot manage what you cannot measure, and you cannot measure what you cannot see.

But here come the risks. You cannot consider your processes' performance in a vacuum; they exist in the real world, not just as neat diagrams in some tool. If you do not take into account the operational risks that threaten your processes you are basically looking at a fantasy world. Processes are executed in a world with risks, and risks affect the outcome of these processes. In a word, they affect

performance. When performance is adversely affected, the strategy is jeopardized and achieving corporate goals is now far more difficult at best.

That's why the impact of risks has to be monitored too, but once again, not in a vacuum. If monitoring performance without risk is unrealistic, then monitoring risks with no ties to performance is useless. Knowing that an IT failure has a 3.57% chance of happening every month helps little in improving business performance. On the other hand, knowing that such a failure could affect the revenue of the division by 6%, with additional losses later down the road, is a much better indicator that some-

thing has to be done to improve this process' performance.

Only by integrating the risks into their process and business context, in the space where they affect the operations' results, can you possess a full, accurate knowledge of how well your organization is executing its strategy. This monitoring opens the door for continuous improvement of your operations and of their alignment with strategy. It opens the door to what we at MEGA call Operational Governance.

An integrated enterprise GRC solution will enable GRC executives to undertake performance assessment holistically, based on a thorough knowledge of the enter-

prise's business context and processes, and adopt a risk-driven approach all the way up to action plans if performance objectives are not reached.

Only a risk-aware business performance management approach can ensure consistent enterprise transformations and their alignment with the strategy.

Readers may want to check how [MEGA GRC Solutions](#) cover this critical requirement.

*Antoine Damelinourt,
Product Marketing Manager,
MEGA International*