Maximize KPI Performance Management With Bowler Charts

Tracking and reporting the right KPIs is the backbone of traditional performance management, but financial planning and analysis (FP&A) leaders struggle to clearly track and report critical key performance indicators (KPIs) in a digestible format. This research explains how bowler charts can drive better management and easy visualization of KPI reporting.

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Overview

Key findings

- Due to increased complexity in the finance data landscape, FP&A leaders are constantly battling between the need for more data and the desire to simplify their reports and better connect KPIs to organizational goals.

- KPIs (and their variables) that are not properly linked to organizational goals drive the wrong decisions and distract decision makers from key performance trends, hindering organizations from reaching their strategic objectives.

- FP&A leaders use multiple analytics and business intelligence (A&BI) solutions to monitor and track KPIs behaviors. However, they often fall into the trap of "more is better," making the visualization so complex that teams struggle to understand what actions to take to improve the KPIs' results.

- Bowler charts (also called bowling charts) are effective monitoring tools that have gained popularity within finance teams due to their easy-to-understand layout and versatility.

Recommendations

FP&A leaders responsible for monitoring and reporting on KPIs should use bowler charts to:

- Make it easier for business partners to answer questions, such as, "Are we hitting our goals?" by simplifying and visualizing KPIs' performance against targets and prior periods.

- Drive strategic, as well as operating reviews, and stimulate operating review alignment by creating a consolidated, color-coded visual representation of KPIs' performance.

- Initiate their organizations' lean transformation journeys by using the results from the chart to quantify and prioritize problems from the perspectives of customers and employees, as well as investigate root causes and build an action plan (i.e., the 3Rs model: result, root cause and remediation).

- Create a planning framework and push the organization to set challenging targets by leveraging the chart to foster a continuous improvement mindset and defining incremental targets based on actual lessons and results.

Introduction

Monitoring, tracking and analyzing KPIs are key activities for FP&A leaders. From this work, FP&A leaders and their teams enable business partners to better assess organizational performance and make effective decisions. Self-service A&BI solutions, manual reports and consolidated financial statements are some of the tools FP&A teams use to share data with the organization. However, the current operating environment and model have complicated the KPI landscape.

FP&A teams are stuck between conflicting priorities: On one hand, they want to provide more and different data, metrics and reports to their partners to illuminate new issues and business scenarios. On the other hand, they need to simplify and synthesize the information that clearly connects to the organization's goals. This dilemma is pushing FP&A leaders to identify more flexible ways to:

- Give organizational results the right level of visibility for business partners.

- Make KPIs more actionable by assigning owners and tracking progress periodically.

- Streamline management reviews so teams can focus on obtaining insights from data rather than creating multiple reporting packs.

But how can FP&A teams drive more tactical performance management and KPI actionability? Multiple tools are available in the market. Bowler charts, while not a novel concept, are increasing in popularity within finance communities due to their easy-to-understand visual layouts and versatility.

FP&A leaders should consider a bowler chart to address four main use cases (see Figure 1):

- Tracking KPIs' progress with a simple visualization

- Providing a consolidated view of KPIs for strategic and operating reviews

- Leading problem-solving efforts

- Creating a planning framework to set challenging targets

Figure 1: The Bowler Chart — Four Key Use Cases

Illustrative

Create a planning framework to set challenging targets.

Track KPIs' progress with a simple visualization.

Lead problem-solving efforts.

Provide a consolidated view of KPIs for strategic and operating reviews.
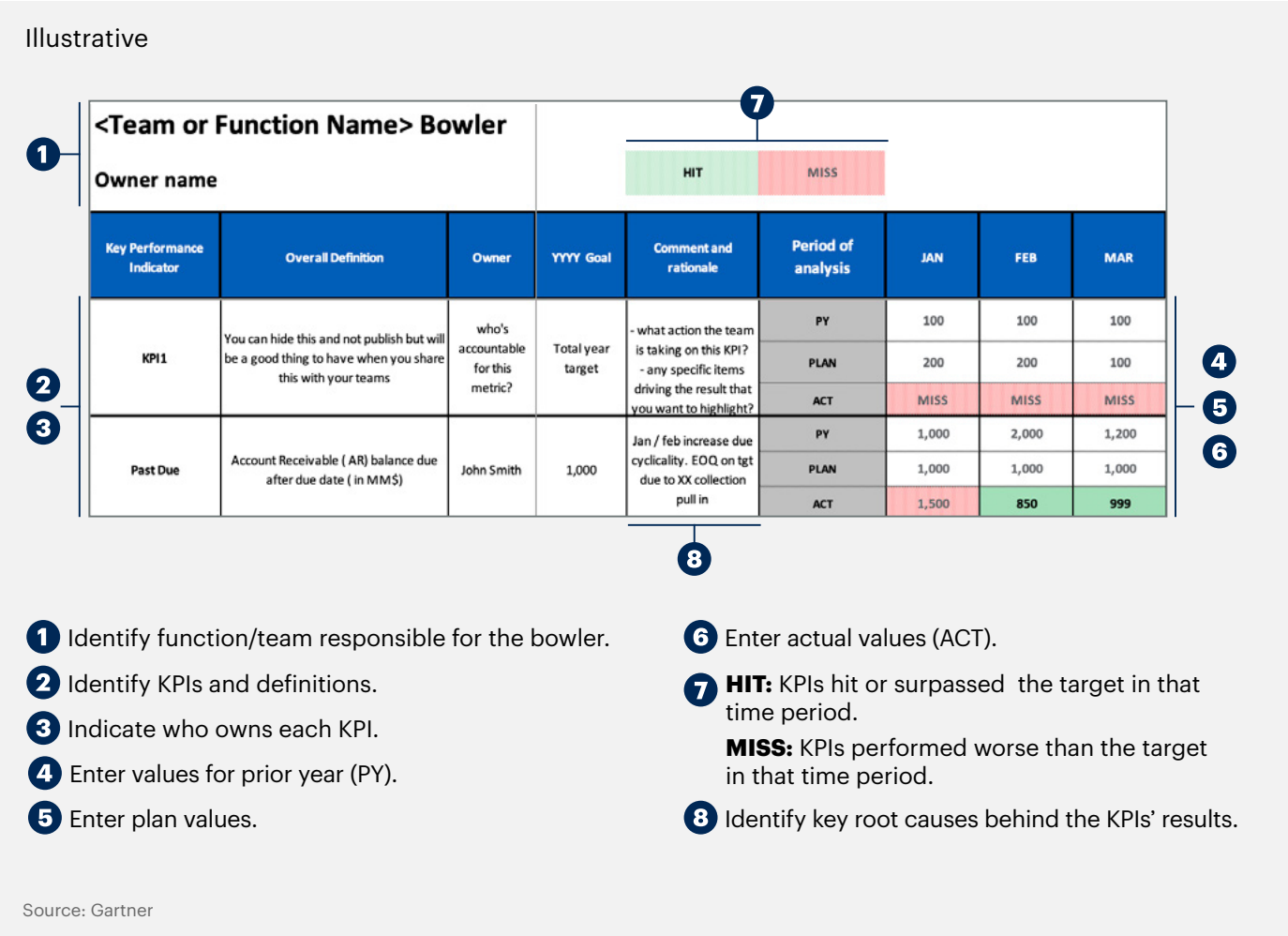
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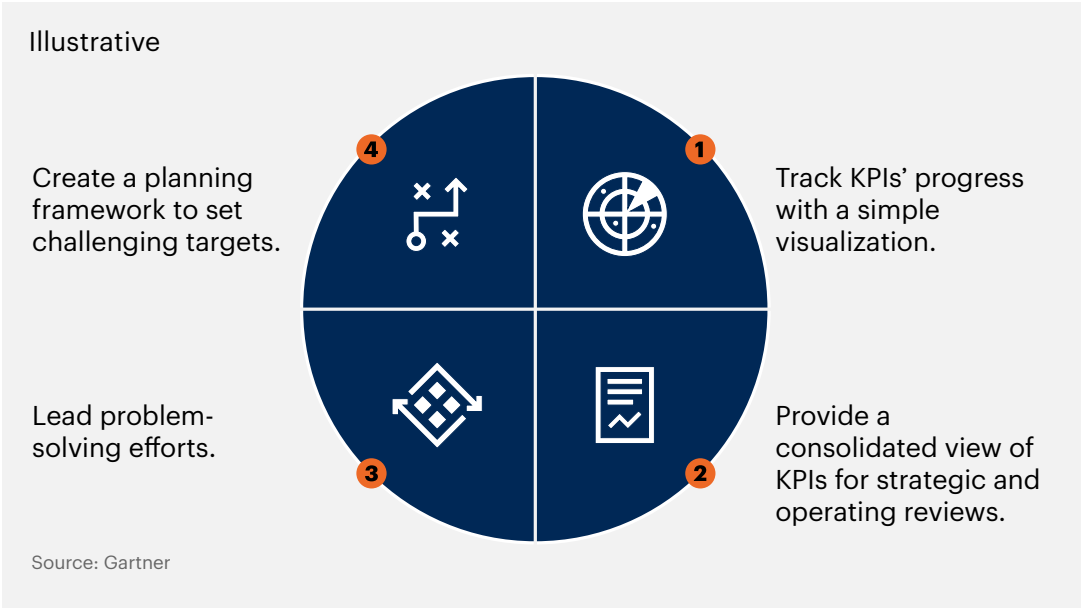
Analysis

A simple visualization to track KPIs' progress

A bowler chart is a simple and visual way to track and report a KPI's progress against targets and prior period values (see Figure 2). Visually, it looks like a scorecard, with KPIs that missed their targets shaded red and KPIs that hit or surpassed their targets shaded green. This color-coding structure allows FP&A teams to quickly check how many times an organization hit or missed its goals.

To create an effective bowler chart, FP&A teams must:

- Clarify the key goals and strategic objectives the organization wants to achieve. Creating a "drivers map" is one way to unpack the enterprise's overall desired outcomes into more strategic, tactical and operational KPIs. By organizing KPIs in this manner, FP&A teams can use a drivers map to develop a common business glossary of KPIs within a narrative that decision makers can easily relate to.

- Only include KPIs that will help the organization deliver on key strategic objectives. FP&A teams need to avoid overfilling the chart with too many indicators; they should limit the chart to indicators that are truly linked to the organization's goals.

- Define a specific time period for which to measure performance. This scope can be a year, a month, a quarter or a week based on the organization's priorities.

- Agree on accountability and owners. The chart must contain the name of the person who will be responsible for explaining a given KPI's results and accountable for its achievements.

Figure 2: The Bowler Chart — How to Use It

Illustrative

1 Identify function/team responsible for the bowler.

2 Identify KPIs and definitions.

3 Indicate who owns each KPI.

4 Enter values for prior year (PY).

5 Enter plan values.

6 Enter actual values (ACT).

7 **HIT:** KPIs hit or surpassed the target in that time period.

MISS: KPIs performed worse than the target in that time period.

8 Identify key root causes behind the KPIs' results.

Source: Gartner

By showing a KPI's score over multiple time periods, the bowler chart helps FP&A teams explain the context to business partners, answering questions such as:

- **Did we meet our goals?** The chart's green/red color coding makes it obvious whether a given KPI performed better or worse than the target at any point in time. The charts only accommodate red or green (no yellow or amber) because the goal is to keep the KPI owner focused on fully meeting the objective.

- **Are we improving?** By visualizing results in a sequential and tabular way, the chart allows leaders to validate whether a given indicator is improving or worsening over time. FP&A leaders can use that trend to build a value story for the organization and trigger actions.

A consolidated view of KPIs for strategic and operating reviews

During management reviews, FP&A leaders and their teams may struggle to convey insights on organizational performance to decision makers. This struggle for clarity hurts FP&A's reputation as a business partner and leaves decision makers without a course of action. By showing clearly defined owners for each KPI and commentaries about specific performances, bowler charts help FP&A teams explain to business partners:

- **What happened and why?** KPIs' owners can use the commentary column to provide some context for certain results. Explanations need to be short and tactical. They cannot just restate the trend; they must clarify the reason for the result and the likelihood of seeing the same performance in the following period (see Figure 3). FP&A teams can use a 3Rs model (result, root cause, remediation) to provide insights and information to the leadership team on KPIs' behaviors in a specific period.

> The 3Rs is a methodology that helps FP&A leaders understand and explain the relationship between the performance of a certain KPI over time (result) and its key drivers (root cause), in order to identify targeted improvement actions (remediation).

- **How do we improve?** FP&A leaders can leverage the chart to understand which areas in the organization need attention and to identify risks and opportunities. They can also use the chart to push for decisions to "win each day" — for example, praising a certain achievement, following up on specific issues or identifying pathways for improvement.

Figure 3: The Bowler Chart — Management Review

FP&A teams may either integrate bowler charts into a self-service A&BI solution, which is used for reporting, or create it in a separate, accessible platform that is open to all stakeholders (such as Google Sheets, Asana or Microsoft SharePoint). The latter option is widely used among all organizations because a separate platform provides an easy-to-build module. The former might require some higher data maturity levels due to the technical and cultural factors embedded in it.

Building a bowler chart in a self-service solution environment may require:

- Finance-IT collaboration in defining data models and the connections between input/output systems, as well as supporting the dashboard buildup.

- Training and teaching users how a given KPI is calculated — its definition, formula and usage. To prevent over metrics confusion and the circulation of multiple versions of the truth, FP&A teams might have to create data dictionaries and glossaries to align stakeholders' understanding on KPIs.

- Providing users and decision makers with guidelines to ensure KPI and decision alignment.

Additionally, FP&A leaders should consider leveraging a reporting calendar that notifies business partners when both preliminary and final results are planned. Then, by circulating the bowler chart and its data a few weeks before the official management review meeting, leaders can select key areas they want to investigate prior to the review. This strategy enables more efficient discussions during the review, which leads to more tactical actions.

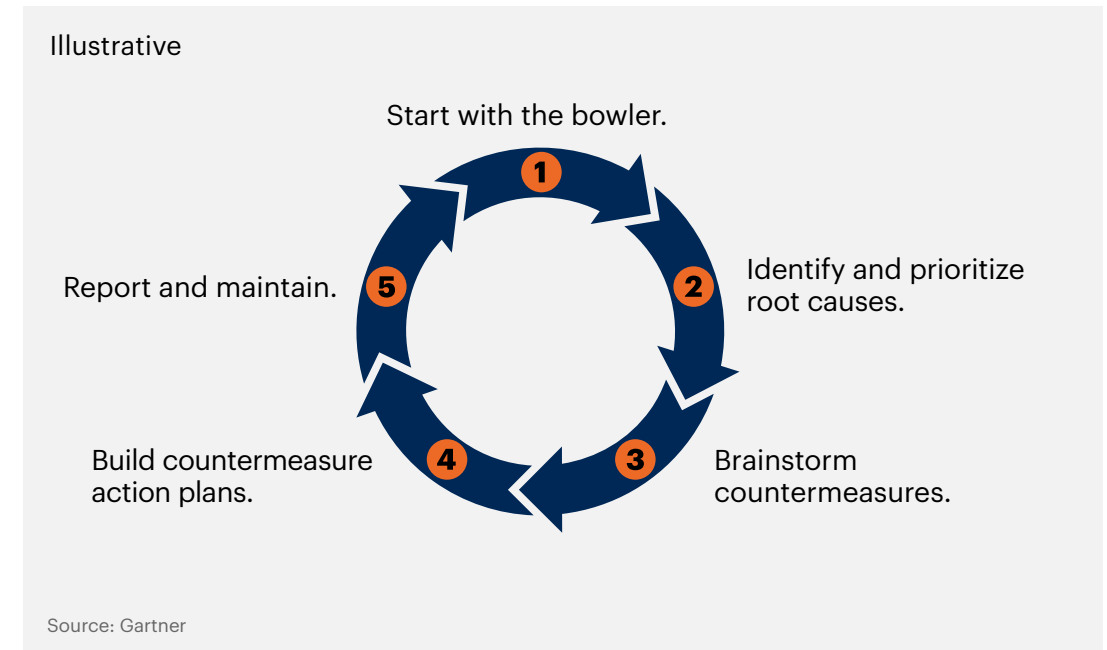**A tool to lead problem-solving efforts**

Time is often at a premium for many decision makers and FP&A leaders. But, even when KPIs have been vetted, it is not uncommon for organizations to track dozens of metrics. Decision makers simply lack the time to investigate each one. By clearly highlighting when KPIs are underperforming against their targets (shading those KPIs red), bowler charts allow FP&A leaders to trigger problem-solving activities or investigate the root causes behind those results.

This approach makes the bowler chart a popular tool among organizations moving toward a leaner way of working. A lean approach aims to optimize business processes and improve efficiency, thereby maximizing the value to internal and external customers. Bowler charts help organizations embrace a lean methodology by allowing finance teams to:

1. Select the red KPIs and identify their primary functions and owners. This step helps define, quantify and prioritize the problem from the perspectives of customers and employees.

2. Reach out to KPI owners to construct a list of the potential root causes behind a given performance. Finance teams can jointly develop and test cause-effect hypotheses, then prototype and experiment to learn more about what caused a KPI to underperform. This approach also allows FP&A teams to generate the three types of great insights: problem-focused, solutions-focused and assumption-focused.

3. Create a problem-solving report to build and execute a countermeasure or action plan to close the gap between a KPI's performance and its target. Problem-solving reports are standard tools used to break down a problem into pieces (problem statement, root causes, countermeasures and sustainment plan) based on the charts' information (see Figure 4).

4. Use the chart to track how performances change over time when selected countermeasures start phasing in.

5. Validate whether the corrective actions are mitigating or solving the issues, or if there is a need to pivot and change.

Figure 4: The Bowler Chart — Problem-Solving Approach

Illustrative

Start with the bowler.

Report and maintain.

Identify and prioritize root causes.

Build countermeasure action plans.

Brainstorm countermeasures.

Source: Gartner

A planning framework to set challenging targets

Besides actual values, bowler charts contain targets from operating plans, budgets and project plans, which are often defined at the beginning of each organization's evaluative period (e.g., the financial year). While setting new targets, FP&A leaders must ensure those targets improve incrementally on previous commitments rather than simply duplicating previous targets.

When using the information contained in the bowler charts to define more aggressive but achievable goals, FP&A leaders must (see Figure 5):

- **Link the organization's vision to its operational strategy.** By using a mix of functional expertise and actual results, FP&A leaders can associate an action plan with a target to improve on previous successes and push the organization to do better on specific KPIs.

- **Leverage the action plan** to determine how the goal's achievability might vary over the course of the year, and resist the urge to simply break the desired improvement into twelfths as monthly increments. Instead, teams can look at the running effect of the actions on the plan and mark the expectations on the chart accordingly.

- **Track progress, and hold KPI owners accountable over time.** Even if targets are set periodically throughout the year, owners need to be accountable for the actual results, as well as the accuracy and validity of the established goals. By regularly comparing actuals with targets, FP&A teams can identify trends and potential reasons for incorrect forecasts and learn from them for future resets.

- **Reward successes when targets are met,** but at the same time create a culture in which "embracing the red" is good. This tactic is particularly important to avoid a blame-focused approach, which is often the secondary effect of having owners for each KPI. FP&A teams can push the organization to continuously do better and strive for continuous improvements while celebrating current successes.

Figure 5: The Bowler Chart — How to Set "Challenging" Targets

Illustrative

Link goals to an action plan. **+** Leverage the action plan for values distribution. **+** Monitor targets' quality and accuracy. **=** Set challenging targets.

Embrace a **"red is good"** culture.

Source: Gartner

Acronym Key and Glossary Terms

Assumption-Focused Root Cause	Uncovers a deeply flawed assumption. Example: A significant increase to the hurdle rate may result in fewer but riskier projects in the pipeline.	Problem-Solving Report	A standard format report used to capture the key elements of problem solving: problem statement, root cause, countermeasures and sustainment.
Countermeasure	An action that eliminates root causes and avoids recurring problems; requires root cause analysis.	Root Cause	The main cause of a problem that must be resolved to prevent the problem from recurring.
Key Performance Indicator (KPI)	A high-level measure of system output, traffic or other usage, simplified for gathering and review on a weekly, monthly or quarterly basis. Typical examples are bandwidth availability, transactions per second and calls per user. KPIs are often combined with cost measures (e.g., cost per transaction or cost per user) to build key system operating metrics.	Solution-Focused Root Cause	Posits alternative approaches to a business decision, problem or opportunity. Example: The profit gain from new products will more than offset the effect of cannibalization.
Metric	Any measurable value used to track and evaluate performance.		
Problem-Focused Root Cause	Identifies the root cause of a business problem. Example: IT costs — in particular, infrastructure costs — have been the single biggest contributor to general and administrative expenses.		

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