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# Transforming reporting from bureaucracy to a value driving process

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Reporting is at the core of most corporations and fast-growing SMEs. Yet surprisingly little attention is paid on the actual value add of the reporting process and especially the “bang for the buck”.

**Executive Summary**

**Problem**
As business is getting more complex and the amount of data to track progress multiplies, the amount of reporting also goes up. Reporting easily becomes a mind-numbing bureaucratic process, maintained more due to routines than its real value add. Recipients may be overwhelmed by the amount of data and detail, while insight is missing.

**Why it happens?**
In many corporations the reporting cycles are long and involve a lot of people. It is difficult to see how reporting drives impact and improvement, simply because of a systemic lack of transparency and interaction. This is often made worse due to the IT solution being uni-directional, isolating the person reporting data from those using it.

**Why it happens?**
In this article we introduce a framework describing the reporting cycle, and how reporting can drive impact by being action-oriented and interactive. By making this cycle transparent and including a feedback loop, all participants in the cycle can see how the process adds value. It also puts pressure on report recipients to take actions and track the results.

Although the basic elements are usually covered – what is to be reported and by whom, who the report is intended for – most companies do not consider the reporting process itself in much detail, nor what the expected outcome or resulting actions should be. In this article we present a cyclical framework that puts the reporting process (and ensuing actions) in perspective and provides a way to start examining and boosting the value creation it provides.

## Defining the basic reporting elements is important, but the real value-add comes from integrating reporting into the corporate problem-solving processes

In order to dissect the elements of value add related to the reporting process, it helps to first take a few steps back and look at the purpose of reporting in more detail. There are multiple

types of reporting. We have the usual financial reporting, which most managers review regularly. But we also have project reporting (which for large projects, or programs, can include a lot of material of diverse nature – both data and descriptive) and various forms of "business updates" on different levels of the organization. While some forms of reporting admittedly are "pure routine" or part of "good management practice", in this article we will focus on the type of reporting the purpose of which is to help management actively steer certain activities towards a successful outcome. This can relate to a business unit, a transformation effort, a program, or the delivery of a large project to a customer.

In this type of reports, one often mixes fact-based analyses with descriptive explanations, that provide further background. Given that the purpose of these reports is primarily to help management "steer the effort" (rather than just "inform" them, and/or to fulfill a regulatory requirement of verification), the first thing to focus on is the "so what" of the materials presented. Thus, the report should include analyses that have an implication (the "so what"). To make this blatantly clear to all recipients (and to avoid mixed up interpretations) it also is helpful to state the implication explicitly to speed up the process of understanding. Similarly, while the descriptive part may be needed to provide some background to "why things are like they are", since the purpose of the report is to help "steer" the effort at hand to a (more) successful conclusion, the descriptive part as well should focus on the implication (or "solution" to whatever the issue is), rather than "excuses". We call this synthesizing and solution seeking type of reporting a "forward looking" reporting (as opposed to many statutory financial reports, which in practice only look into the "rearview mirror"). Since we strive to enable the management to steer the effort to a (more) successful completion, and since management (and all other staff) time is often limited (especially in complex projects), it is important that we consider the efficiency and effectiveness of the reporting from the start.

Having described some of the basic concepts of reporting, we can now take a further step back, and look at the overall picture. Here the reporting is an element of a larger process, that includes data collection, issue identification, problem-solving, decision-making and implementing corrective actions. The process, especially in the context of completing a large and complex program or project successfully, is by nature iterative and repeated over multiple cycles during the effort. To connect this to the practicalities of setting up solid reporting practices, consider the framework in figure 1 presenting a four-step cyclical process.

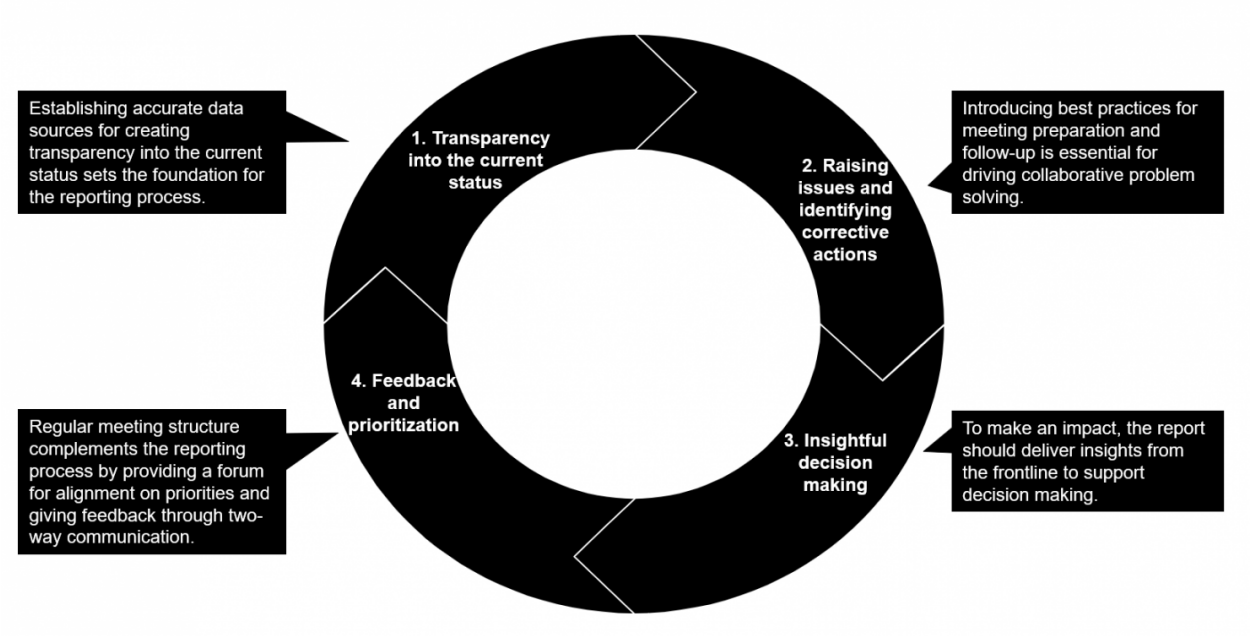



Figure 1: The role of reporting as an enabler for problem-solving and decision-making.

The first step is to ensure data sources and data collection provides the information to establish a transparent and reliable view into the current status (and trajectory, that is, time-based derivatives of first and second orders) of the effort. Without this in place, the entire effort is compromised. It should be noted that this step is by no means trivial – it actually requires a significant effort to define what data to use, and how to obtain it so that it maintains its integrity and can support the process. Since this data will now be analyzed and synthesized, and then processed (by humans, typically in meetings of some sort) to define the implications ("so what"), the second step is about ensuring robust practices for doing this are in place. This is what is typically called "collaborative problem-solving". It must be collaborative, since in large efforts – often including thousands of people, and a complex organizational structure – no single individual has the complete picture of what is going on, nor the detailed understanding of the front-line drivers of potential issues.

The third step is then ensuring the analyses, implications and potential recommendations are reviewed by management, and that this process leads to insightful decision making. This includes several key aspects. First, the reporting process needs to make sure the people involved in the decision making can rapidly understand and digest the material. Thus, the more explicit and clear it is, the better. This also facilitates reaching a common understanding quickly and without unnecessary debate or confusion. They then need to make a judgement whether the suggestions indeed are correct and prudent, or whether an alternative approach is needed. In some cases, this can be facilitated by the report, by presenting a set of feasible options to be considered as a solution. Finally, the decision making needs to be such that it leads to concrete, practical and verifiable actions, that can be tracked and followed up. Thus, precision in defining what exactly the decision is, is needed. Again, here the reporting, by clearly showing the data, analyses, the implications, and recommended actions can help the management to do this efficiently and effectively.

The final step in our framework discusses feedback and prioritization. This step closes the

loop and is thus of utmost importance to make the cycle complete so that the next cycle can start in a good way. Here the decisions are taken into action, often requiring some level of prioritization in the front-line (in addition to the prioritization that the management no doubt seeks to impose!), as well as tracking and following-up the results. In order to make the cycle self-correcting and continuously improving, it is important that the results and feedback on the success of the actions are incorporated as well. This should feed into the reporting cycle, as it continues its loops, and thus be an integral part of the process.

Viewing the process in this way, the process of reporting becomes completely integrated into the cyclical problem-solving, decision-making and implementation process. It creates a loop where information, actions and the results of those actions connect all participants, from front-line to analysts (often in PMO, or project management office) to management, and back to the front-line. It is forward looking and seeks to continuously improve its own performance.

**Setting up the cyclical reporting process requires systematic meeting practices and a culture of fact driven management on all levels of the organization**

After defining the desired elements for a forward-looking reporting process, the next questions are how to implement the process in practice, what kind of pitfalls are there, and how can they be avoided. While it initially may seem straightforward, setting up a value adding reporting cycle for a complex project is by no means trivial. A big challenge is cultural – introducing new routines to break the long-standing traditions of unidirectional reporting and passive (non-action oriented) reviews. Based on our experience, reporting development is most successful when grassroot technical and leadership abilities are developed in parallel with implementing the reporting process and data governance models. This helps to ensure that sufficient buy-in is received from all parts of the organization simultaneously. It also creates an open environment where new ways of working are more likely to be embraced as they provide win-win type benefits for both project management and operative staff.

Deep inclusion of both operative staff and project management is essential to successfully rolling-out best practice reporting practices. Focusing solely on frontline development work such as data source identification, tool and template creation and responsibility definition might distance project management from newly established reporting practices. Similarly, focusing development only on project management monitoring and KPIs can lead to suspicions of “added oversight” and reduce buy-in from operative staff. In addition to these pitfalls, if reporting and meeting practice skills development does not occur simultaneously with process improvement efforts, there is a clear risk that the process will degrade over time as staff will consider it too theoretical or complex. For instance, many excellent frameworks such as “lean” or “takt-time” are often considered to be “fancy buzzwords” by the operative staff. To effectively drive change in ways of working, the organization needs to reach a level of openness and the development team needs to ensure that conflicting interests or silos within the organization do not see the new ways of working as threats. Faculty trainings, transparency of targets and a strong internal core team driving the change can greatly improve the overall buy-in for new ways.

A framework for developing in parallel reporting, problem-solving skills, and a culture of fact

driven management is shown in figure 2. A fundamental step is clarifying the roles and responsibilities, as well as the expected report inputs from the frontline. This is usually done in all reporting development efforts. However, we believe that the process should consider issues on a more holistic level, defining the escalation paths and roles in leading problem-solving. This ensures issues will be resolved on a correct level, increasing accountability and problem-solving efficiency. Taking a holistic approach sets the entire development effort on a more robust base.

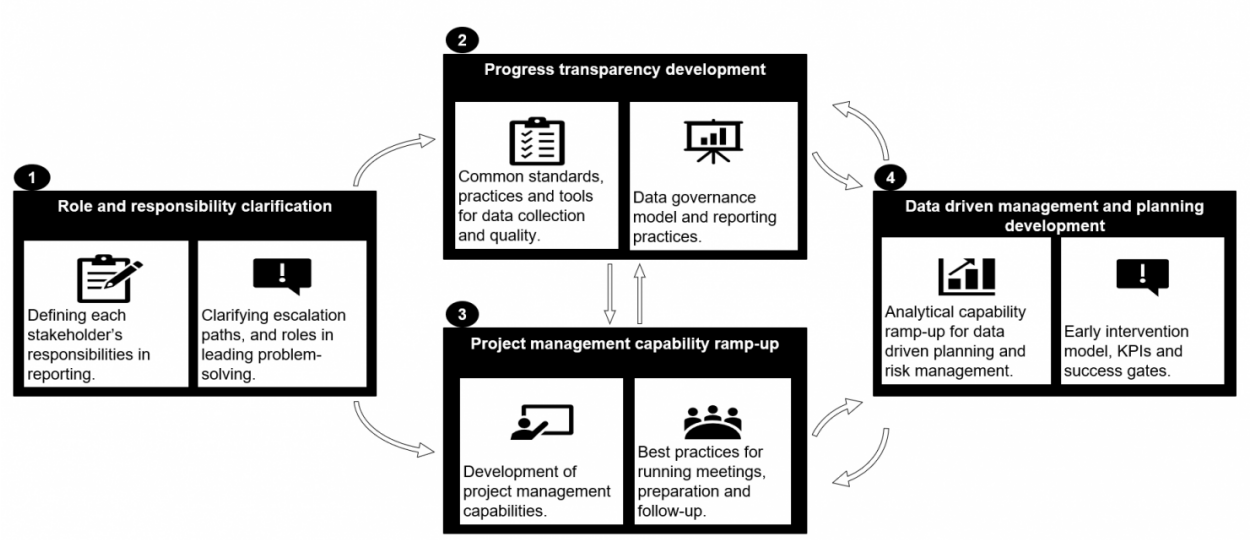



Figure 2: Virtuous loops of project management and reporting development.

To increase progress transparency and to ensure uniform data quality, it is not enough to provide standardized reporting tools and templates. The potential gaps in the analytical capabilities of operative staff should be addressed and adequate guidance on the reporting practices should be offered. This can be achieved through tailored trainings. However, it is critical to tie training to everyday work to illustrate the value-add from the reporting and analytical capability ramp-up in concrete terms. Ideally, staff thereby build skills and tools which also benefit them in their other tasks, hence increasing buy-in. For sustaining the commitment to reporting also in the long run, it is essential that the process results in concrete decisions and actions, whose impact is also seen by the frontline – this is where the cyclical nature of the reporting process plays a pivotal role. To close the feedback loop, harmonized meeting structures should be introduced across the organization to ensure efficient information flow to all stakeholders.

Reddal Expertise
Program management

Optimizing program governance, processes, tools and analytics based on our experience of driving complex large-scale projects.

Meetings should not only serve as a channel for status reporting and feedback sharing, but also provide a forum for collaborative problem-solving. Once the reporting starts creating status transparency and providing data supporting issue identification, the potential for value

creation through ramping up problem-solving capabilities increases vastly. This in turn creates demand for developing the (sub)-project managers' skills as problem-solving leaders. As in any complex project with several interdependencies between subprocesses, the task of identifying, prioritizing, and resolving issues is highly nontrivial. Therefore, it is of utmost importance to make sure the right tools and methodologies are available. In addition, relevant KPIs, as well as mechanisms for driving corrective actions need to be clearly defined and understood across the organization. A typical pitfall, based on our observations, is that despite having the KPIs in place, the early warning signs of not meeting the targets are either not interpreted correctly, or they are disregarded. There is a tendency believing that the situation will resolve by itself and the delays from the schedule will be caught up "by working harder". Tackling this issue requires a transformation towards data driven management culture and introducing early intervention points with clear criteria, where deviations from the plan are addressed without delay. Naturally, a prerequisite for this is having realistic plans in the first place, and the project management adhering to and respecting those plans. Another key element is that all participants in the reporting cycle show the required leadership and initiative to take corrective actions and interventions when progress slippage is starting to be visible. Early engagement is key.

As the different improvement actions reinforce one another, a virtuous cycle is created, where all layers of the organization see the value-add, ramp-up their analytical and problem-solving capabilities, and proactively suggest further development actions. On the other hand, if one of these key elements is missing, the whole process becomes unstable, which rapidly leads to a vicious cycle that eventually undermines all development efforts.

### An impactful reporting process that is data driven, semi-automated, forward looking, cyclical, massively participative and self-improving – real life experiences

Based on our experience with project-oriented organizations, three stages of performance can be observed as organizations develop reporting practices through the virtuous cycle (Figure 3).

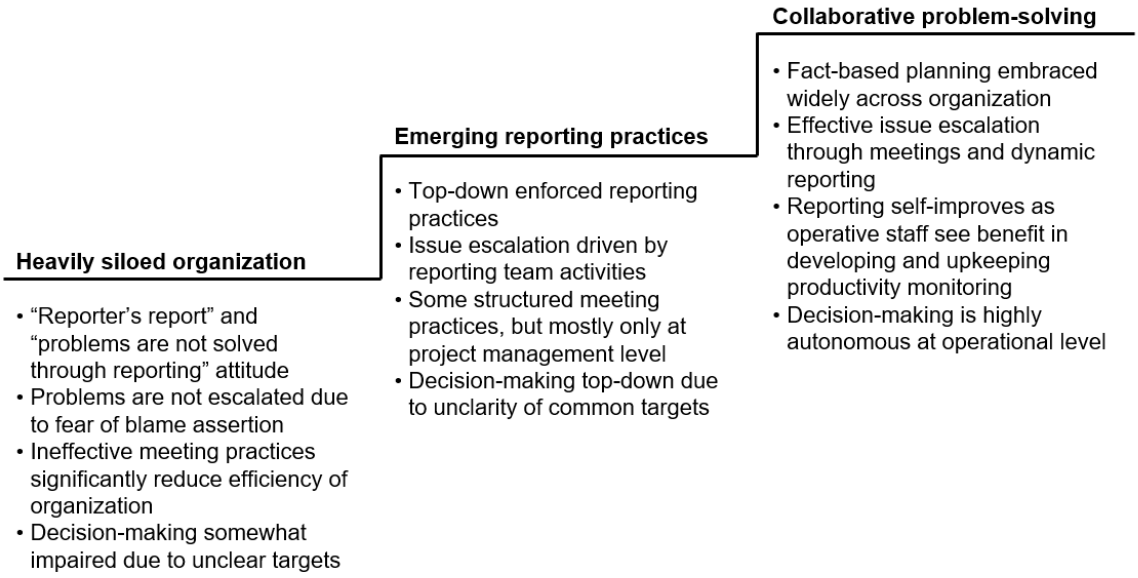



Figure 3: Stages of problem-solving transformation through the virtuous cycle.

The first stage exhibits different functions of the organization being heavily siloed, and data is poorly utilized for decision-making. The reporting team have little frontline insight and little contact to project management ("reporters/PMO just report"). Cross-functional meetings are barely held or might lack substance as there is a fear of asserting blame to other departments; no one wants to be the "bad guy" raising issues as lack of data might cause arguments to sound very subjective. Meetings become "fake positive". Ironically, the opposite can also be observed, where meetings are spent on blame assertion, rather than collaborative problem solving. Inefficient escalation paths and "broken phone" communication further degrade overall decision-making across levels. In this phase statements such as "reporting for the sake of reporting" as well as "problems are not solved through reporting" are often heard.

In the second stage a clear reporting-meeting governance model has been established and an efficient reporting team consolidates materials on a weekly basis; progress information is available in easily digestible format. Large emphasis is placed on target-oriented reports ("what is our target and are we on our way to reach it") and up-to-date qualitative information of production status from the frontline. Automating reporting functions and consolidating productivity information from various sources with software such as PowerBI linked with O365 functionalities can significantly increase transparency and shine light on critical frontline issues. Given good leadership and an action-oriented culture, in this stage project meetings start driving action-oriented outcomes; if current targets are not met, replanning or additional resources are mobilized. Productivity data and targets are openly communicated, and the reporting team works closely with the project management to ensure key issues are raised in meetings; reports are not just published passively, but actively viewed, debated and scrutinized in various forums. The driving force for replanning and fact-based decision-making is however still at the project management – reporting team level.

The third and final stage of performance is where fact-based collaborative problem solving is

adopted across the whole organization (including the frontline) and the regular reporting routines follow the massively participative, cyclic process (figure 4). Historical monitoring and planning have been incorporated into operational level processes and software architecture. Data collection and consolidation is highly automated. Plans and progress data are used in frontline meetings to assess the confidence of reaching targets and identifying required corrective actions early on, minimizing the need for replanning. Higher level meetings are used for collaborative problem solving; issues are raised openly, and the project manager acts as a “judge” in interdepartmental issues to ensure the best project outcome and that compromises are made swiftly when needed. On the operational level key personnel have sufficient autonomy to make daily decisions and to drive actions towards common goals. This autonomy and self-management stems from clearly communicated common goals and sufficient training; The frontline manager understands what needs to be done, he/she has the support of higher management and is aware of the tools available to solve daily issues in his/her discipline. Assuming that the reporting process has been cyclical and transparent for some time, frontline staff have also seen how issues have been addressed and what actions are taken. This helps them to form the skills and judgement to take these actions directly, so that less issues need to be escalated via the reporting process. In this way the cyclical reporting process drives individual learning, that then drives pre-emptive issue resolution directly in the frontline. As a result, the reporting process load decreases, and more attention can be focused on the “big issues”, that require broader problem-solving.

Over time the reporting team and their routines become well established, and the weekly reports serve as agendas for the project level meetings; the project manager and reporting team collaborate to effectively draw correct conclusions and corrective action requirements from the data. The reporting team mainly uses automated reporting with qualitative insights as information but have frontline “collaborative channels” established so that issues can be further validated with qualitative insights if needed. Most importantly project management understand the benefits of meeting and reporting best practices and therefore enforce them across the organization. This reinforces the self-improving reporting cycle, in which all participants aim to provide and utilize good quality information.

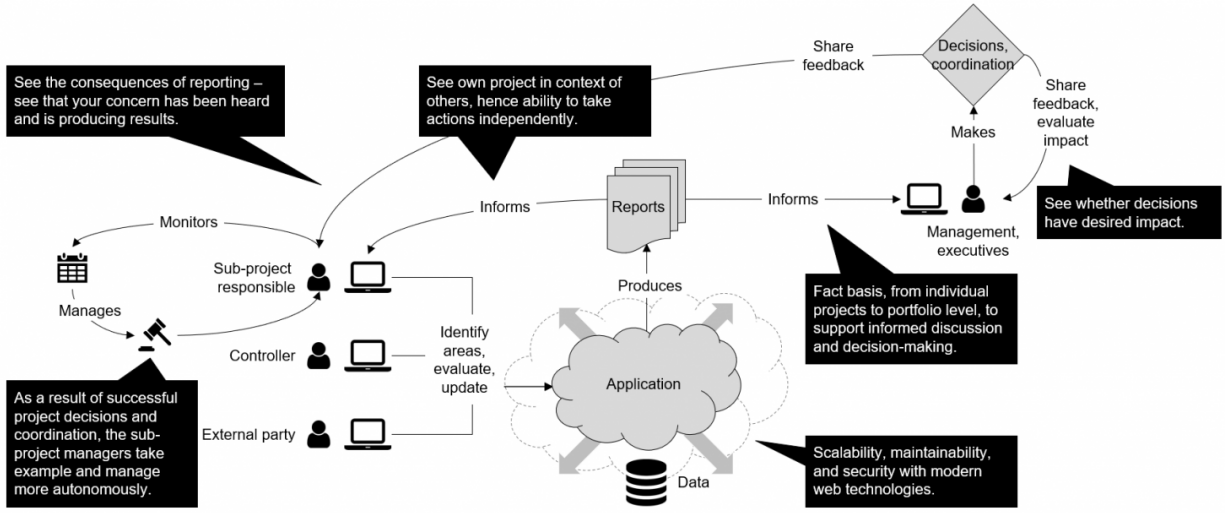



Figure 4: Cyclical, massively participative and self-improving reporting process.

**With a cyclical and participative process in place, tracking value creation can start**

Given the number of resources and time spent on reporting, and the value the process can bring (or, the value destruction a poor process can result in), it is reasonable to take a deeper look at the overall process. Our cyclical framework defines the critical aspects of a well-functioning reporting process and provides a template against which to measure existing approaches. When all participants are actively involved, and the results are shared transparently, the value creation of reporting can be tracked. In addition, the process itself can be subjected to continuous improvement, with all participants being able to provide improvement suggestions. Further, the cyclical approach provides a basis for amending the elements of the reporting, such as what data is collected, how, and how it should be reported in the best possible way to drive action.

Once the basic building blocks are in place, opportunities for further development to multiply the value created open up. An ideal reporting process not only seeks to improve transparency for one project; as there are typically several overlapping projects, the approach enables sharing learnings and insights between ongoing projects, as well as supports in preparation for the upcoming ones. This further drives pre-emptive issue resolution at early stages of upcoming projects, making their progress more robust in later stages.

To sum up, reporting is a highly intellectual process that should be built carefully. For reporting to be effective it must be deeply integrated with core project or program management processes. A poor attitude towards reporting within the organization might indicate that reporting has become too much of a bureaucratic, self-serving function rather than the important problem-solving and steering tool it is intended to be. For reporting to be adopted efficiently, all levels of the organization must understand its importance and skills need to be developed holistically.