tools and measures to help you size up the improvement opportunity. Now including "Lessons for a Volatile World" in each chapter, Part Two summarizes key lessons managers can take away from the events of 2007–2009 and describes the principal best practices for each element of the performance management process—strategic planning, tactical and financial planning, management reporting, forecasting, and risk management. Finally, Part Three provides insights into the steps required to design a best practice-inspired process that is right for your organization, as well as the critical success factors for implementation.

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Best Practices in Planning and Performance Management
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Radically Rethinking Management for a Volatile World

Third Edition

DAVID A. J. AXSON
To Mum and Dad: I miss you both
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This book has its origins in my father’s study during the late 1970s. Dad had bought one of the first Commodore Pet computers to be sold in the U.K. and was writing BASIC programs to automate the financial reporting for the family furniture business. I was his data entry clerk.

After staying up into the early hours of the morning writing programs and laboriously copying them onto cassette tapes—this being before the days of the first floppy disk—I would help him key in the day’s transactions before leaving for school. Over the next few months, we developed a full accounting, budgeting, and financial reporting system for the business—complete with customer database, inventory management system, and scorecard reporting system. We did not know then that this is what these features would come to be called, but they worked. Thus was my interest sparked in planning, management reporting, and the application of computers to business.

Dad sold the family business soon after and moved into computing full time; I left for university to study accounting and computer science. Twenty-five years later, I feel ready to document what I have learned in my journey through the application of technology to business planning and management reporting processes. Starting with my first job at Lloyds Bank (now Lloyds TSB) in London, followed by 18 years in consulting and moving on to research this book, information has been my career. Throughout that time, one of Dad’s earliest pieces of advice to me has remained one of my guiding principles.

One night I was sitting in his study and we were talking about the potential of computers to change the world. I am sure Steve Jobs and Steve Wozniak and Bill Gates and Paul Allen were having similar conversations around the same time. As Dad and I discussed the potential applications to which computers could be put, Dad commented, “The real power of computers will only be realized when the user needs to know nothing about them in order to find them useful.” He was right then and he is still right now. The full potential of computer technology to add value to life in general, and planning and management reporting in particular, will only be realized when the user does not need to have any computer knowledge at all to benefit.

Dad passed away in 1999. I hope this book follows his mantra of keeping it simple by explaining complex things in words people can easily understand.

David A. J. Axson
March 2003
Preface to the Third Edition

The second edition of this book was published in early 2007, just as the first signs of a housing bubble were emerging in the United States. By early 2008, Bear Stearns had failed and signs of further stress in the housing market were clear. However, many commentators were still predicting that the fallout would be limited. Then came September 15, 2008, and the collapse of Lehman Brothers; suddenly all bets were off. I was in Prague that day, and as I observed the beginning of the near collapse of the global financial system, I was conflicted. On one hand, I, along with everyone else, saw the value of my investments plummeting, while on the other hand, here was incontrovertible proof that the management processes upon which organizations have relied for more than half a century were totally broken. In this edition I have updated all the best practices to reflect the learnings from the “crash,” or was it the “crunch”? In almost all cases, the argument for best practices has simply been made stronger. Each of the best practice chapters (5 through 10) now contains a new section, “Lessons for a Volatile World,” which summarizes the key lessons managers should take away from the events of 2007 to 2009. Use this book as a road map for driving fundamental change so that we will all be better prepared next time.

David A. J. Axson
January 2010