

Strategic Performance Management

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- Over 23 years experience in Audit & Accounting
- Audit experience with Ernst & Young in 3 different countries
- 16 Years Commercial accounting experience in infrastructure, property, retail & health sectors.

Strategic Management Accounting

- ▶ There are many definitions that exist.
- ▶ Why does it matter?
- ▶ Avoid “Paralysis by Analysis”. All analysis *MUST* be effective and relevant.
- ▶ Management reporting needs to be about all components of the business and not just financial.
- ▶ Key elements of SMA.

Importance of Quality Business Analysis

- ▶ This is clearly a highly critical process in business. It starts with defining the business/operational structure.
- ▶ Strategic Cost Analysis.
- ▶ Strategic market analysis.
- ▶ These processes will enable the organisation to provide the highest quality to their communities.
- ▶ There needs to be a certainty and reliability in the quality of information provided to the users.

Typical Information Flow Map

REPORT WRITING TOOL

COMMON DATABASE

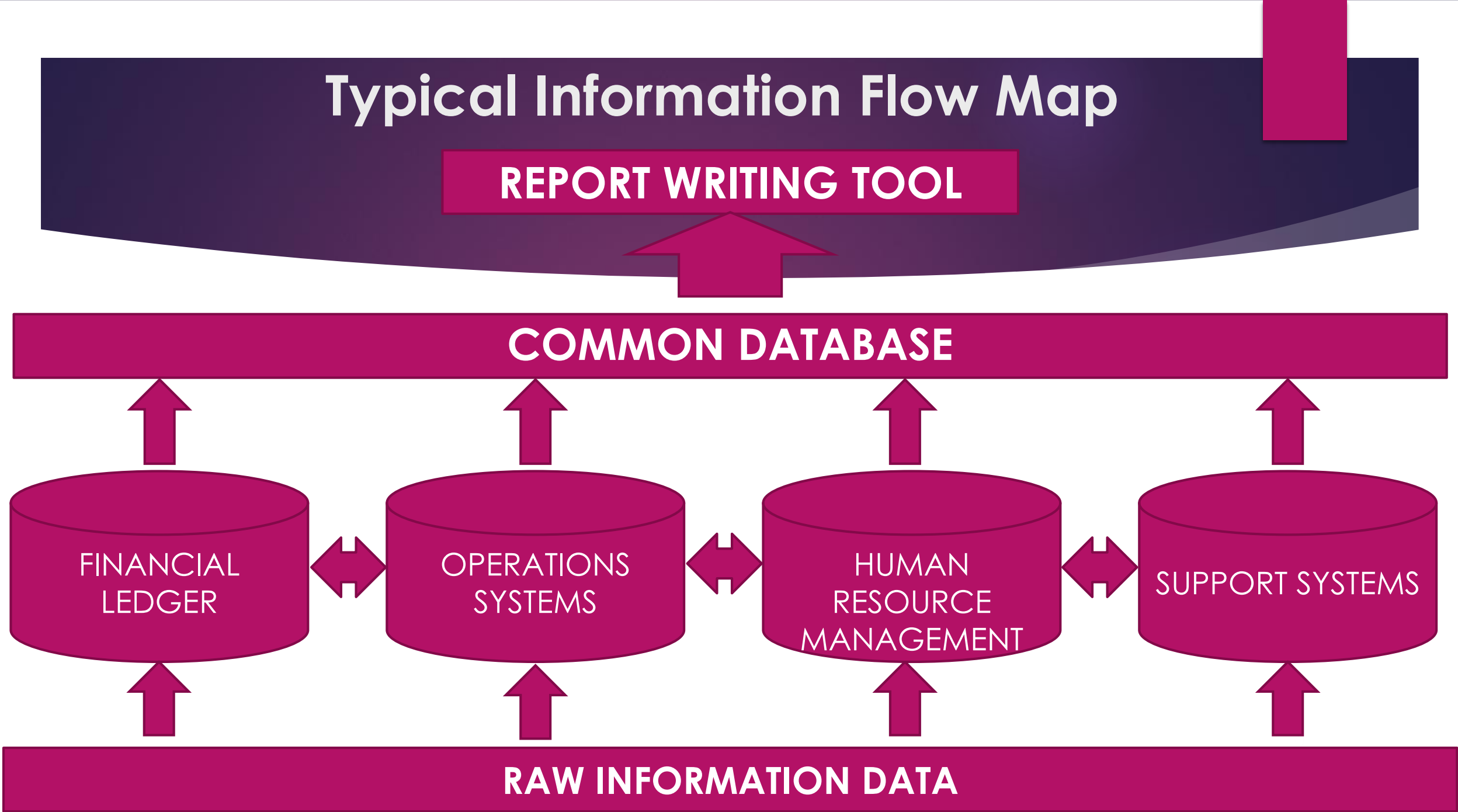
FINANCIAL
LEDGER

OPERATIONS
SYSTEMS

HUMAN
RESOURCE
MANAGEMENT

SUPPORT SYSTEMS

RAW INFORMATION DATA



Other SMA Analytical Tools

► Balanced Scorecard.

Financial or Stewardship	<ul style="list-style-type: none">• Financial Performance• Effective Resource Use	
Customer & Stakeholder	<ul style="list-style-type: none">• Customer Value• Satisfaction and/or Retention	
Internal Process	<ul style="list-style-type: none">• Efficiency• Quality	
Organizational Capacity or Learning & Growth	<ul style="list-style-type: none">• Human Capital• Infrastructure & Technology• Culture	

Other SMA Analytical Tools

- ▶ Value Chain Analysis

Value Chain Analysis



Threat of New Entry

- Time and cost of entry
- Specialist knowledge
- Economies of scale
- Cost advantages
- Technology protection
- Barriers to entry

Threat of
New Entry

Competitive Rivalry

- Number of competitors
- Quality differences
- Other differences
- Switching costs
- Customer loyalty

Supplier
Power

Competitive
Rivalry

Buyer
Power

Supplier Power

- Number of suppliers
- Size of suppliers
- Uniqueness of service
- Your ability to substitute
- Cost of changing

Threat of
Substitution

Threat of Substitution

- Substitute performance
- Cost of change

Buyer Power

- Number of customers
- Size of each order
- Differences between competitors
- Price sensitivity
- Ability to substitute
- Cost of changing

Other SMA Analytical Tools

- ▶ Capital Value Maximisation to ensure the best utilisation efficiency is achieved for grants received.
- ▶ Awareness of economic factors affecting the business, customers and competitors.

Method of delivery of SMA

- ▶ Open communication is key.
- ▶ Real-time access to information is desirable.
- ▶ Critical to have a working partnership between all areas of the organisation. There must be no “silos”.

Objectives and stakeholders

- ▶ Organisation must keep sight of stakeholders and objectives.
- ▶ Continue to achieve development and improvement in the provision of services.
- ▶ Achieve optimal utilisation of grant funding and reporting on use of funds.
- ▶ Comparability to other organisations in the sector with a view to achieving/maintaining Best Practice.

Other Current Issues

- ▶ AASB 16 Lease .
- ▶ Effective date 1 January 2019.
- ▶ Start assessing now the impact on your business.
- ▶ Put in place any required changes in accounting.
- ▶ Critical is having required information available for reporting and in particular comparative “prior year” numbers.

Any further questions?



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CENTRE