

FINE  
ARTS<sup>of</sup>  
VALUE

LBA Levend Beriker&Associates

**Beyond Budgeting Round Table**  
April 23, 2008 - Dallas, Texas

# LIBERTY@WORK™

## Framework for Enterprise Scorecard Optimization™

**B**udgeting and planning are dreaded chores for most managers. Nevertheless, a company cannot thrive without a plan.

Planning related processes are intended to answer two critical questions in managing the enterprise: Are internal resources being efficiently allocated? Do targets represent strong, efficient, but achievable goals? For example, a bank branch can target, for a number of relationship managers, the average quarterly volume of deposits expected from each relationship manager, and average service transaction times at the branches. All of these are interrelated at the branch level. Furthermore, one can't strike a value-maximizing balance among these items unless their impact on overall enterprise efficiency is taken into account. A "balanced scorecard" can't approximate efficient targets because its targets include subjective determinations of what is "achievable", and that determination is captured in a static relationship. Most businesses either end up with targets that are too low, and money is left on the table, or the targets are too high, which means demoralized managers with dysfunctional incentives, and the risk of losing them to a competitor. (See the sidebar conversation between Store Manager and Executive.) At the end of the conversation we are left with more questions than answers. What is the actionable performance guidance for the manager? Is the manager able to "balance" taking into account the results for his region. Who is the better negotiator?

### BUDGETING AND PERFORMANCE PLANNING

The conversation between the executive and store manager might look like the beginnings of an exercise in optimization, but there are two problems that will inevitably compromise any resulting targets. First, in most companies, targets are set by business unit managers

and are generally understood to get translated into bonus plan targets. So, managers will go through an apparently objective review of historical growth for each line of business, then extrapolating those results with a modest upward bias. But their clear incentive will be to understate the true potential of their business, at least to some extent. Senior management can impose a global constraint by insuring that all the business unit targets add up to an earnings projection that can be sold to the investment community, but a lot of intercompany negotiations may need to take place to arrive at such a goal.

### Performance Dialog Retail Chain Branch Management

**Executive VP:** "Your transportation cost per dollar revenue has gone up sharply?"

**Store Manager:** "We pick up seasonal grocery items from local growers in refrigerated trucks, the produce arrives crisp, which drives STORE TRAFFIC and WASTE is reduced - as we had discussed earlier."

**Executive VP:** "I am not sure if that is as IMPORTANT as the cost increase you are incurring. After all produce is only 15% of revenues at your store, RANKING third behind soda pop and dairy."

**Store Manager:** "But our BOTTOM LINE has improved over LAST PERIOD."

**Executive VP:** "But does that TAKE INTO ACCOUNT the investment cost of the trucks. The store ROI [another high level KP] is likely to be lower NEXT PERIOD. [(So, the EVP is interested in the FUTURE PERIODS as well.)"

**Store Manager:** "How are the OTHER STORES in our region doing?"

**Executive VP:** "I actually did a comparison; you are in the last quartile in profit growth. [So, he is also interested in rate of change in KPI]."

**Store Manager:** "Was the comparison between stores in Arkansas? [Which stores are my PEERS? Why is geography the only dimension of peer performance evaluation?]"

**Executive VP:** "Yes and unfortunately we are getting low returns on investment in the region; we are counting on all of you to improve next quarter."

The second problem is that if there are a dozen or more key performance indicators per business unit, then these KPIs need to be weighted according to some criteria. Considering a large number of decision making units (a DMU can be a branch, a sales manager, a store, etc.) are allocated target values, it is clearly “unfair” to apply the same “standard” weight for all. If these weights are fossilized in a scorecard, then the business can lose its responsiveness to changing conditions in an attempt to look good against the imbedded metrics, especially if they are tied to variable pay.

Conventional planning systems have no unified analysis around the inherent trade-offs faced by a manager trying to respond to a shifting market. Even if they agree on the trade-offs for this particular manager, they risk “local optimization” that may undermine overall enterprise efficiency.

Executives should aim for global optimization-accounting for the constraints of all business units at once. Such optimization can't be done with a spreadsheet - it requires a more advanced modeling tool.

The first problem can be solved by a mechanism that separates target setting for the budget from target setting for bonuses, but this can only be reliably done for the company as a whole. The problem remains for “how to allocate an objectively set global target to the business units and decision making units below them”.

This latter problem, as well as the issue of establishing local targets that are globally optimized, is solved with the Intelligent Target Setting [ITS] tool developed by LBA in Europe. ITS generates targets for resource allocation and target setting in dynamic manner, enabling managers to do their local best and serve the best interest of the enterprise as a whole.

From a senior manager's perspective, “efficiency” means the optimal balance of all FACTOR INPUTS, where the prices of those inputs are allowed to be determined within each business unit. So, the optimal cost of produce transport may vary from the Midwest to the East Coast, yet may achieve similar returns because New York labor prices are higher and refrigeration is more costly.

Global optimization requires input from all users of a common resource; one person's output target is an input for another. To solve this problem requires a MULTI-STAGE OPTIMIZATION that can cover the WHOLE ENTERPRISE.

The current approximation to this process is the performance review period, whereby weeks or months of analysis and meetings are consumed in an effort to determine how to “tweak” or re-align the system. Alternately, the ITS platform turns this into a one week exercise using a highly sophisticated yet user friendly modeling interface.

ITS offers a non parametric solution, which means there are no predefined relationships between volume, revenues, costs, numbers of employees, etc.

Instead, management establishes the basic decision-making units as an input for this tool (i.e., the nodes), and pulls data associated with these nodes from every available source. Each node may be defined by multiple dimension of performance, such as products, geography, employees, customers, or even virtual groupings. KPIs can then be defined across nodes, based on management's sense of the drivers or leading indicators or value creation. This model simultaneously optimizes every indicator for every node and generates actionable levels for each variable of performance.

## WHAT IS GLOBAL EFFICIENCY?

Accounting profit is a key measure of performance from the investors' perspective. Unfortunately, profit cannot be managed directly. It arises from many, complex relationships within the organization. It is driven by numerous performance metrics that may provide little line of sight to employees on the front lines.

## VALUE MINING WITH ITS

Companies that have implemented our enterprise scorecard optimization tool grow the value of each business, regardless of its sector, at least 10 percent more than 'planned' under the older methods, and often over 30 percent higher.

At any given time, an organization will have slack and constrained resources. ITS identifies this slack, and enables management to put it to work. For a bank with an asset base of 300 Billion, ten percent improvement could yield 30 Billion in asset growth. At a one percent margin, this would translate into 300 million more in profits. ITS users are seeing this kind of growth.

Efficiency is about doing more with less in terms of time, energy and materials. It means defining the successful formula with precision for each node of performance at anytime. The result will be the highest possible value created at the given market value of resources at any one time. The dialogue between the Store Manager and Executive would read:

"Your exact contribution to overall enterprise profitability may not be objectively determinable using any number of KPIs, but you know you're moving the ball in the right direction if you maximize efficiencies under your control."

## IMPLEMENTING ITS

### How much expert guidance is required to build a set of ITS models?

After IT staff and consultants have created the Performance Warehouse, the model is ready to begin relating inputs across all lines of business to outputs at each node. ITS takes these relationships, generates the targets and writes it back to an OLAP cube as easily as saving a model in Excel.

ITS can integrate operating and financial factors of performance. It can allocate "overhead" or common expenses such as IT infrastructure expenses or shared services. Previous periods' overhead allocation is used as the initial output value in the model, and multiple allocation criteria are selected as the drivers. Likewise, one can take individual employee performance scorecards and generate the correct (unbiased) score for performance.

## CONCLUSION

On the path to operational efficiency, there are a number of seriously institutionalized obstacles. It is very hard to generate operational inefficiency by trying to force KPI's or KPI ranges with insufficient information about enterprise data. It is harder yet when KPI ranges are linked to balanced scorecards and eventually, bonus systems. Intelligent Target Setting™ is an internal benchmarking system that takes into account the thousands of possible prices for each resource, assigns the most favorable possible price (weight) to each variable of each node, then, and ranks each node for relative overall efficiency, in terms of production of outputs. ITS facilitates the successful implementation of corporate strategy.

Efficiency for the enterprise cannot be achieved without an eye on the overall results all the time. Before resources are allocated we must remember to do it with due regard for its actual "price," as reflected by the relative weight of a KPI in an advanced scorecard. This is how we can pursue operational efficiency.

LBA, January 2008, [levendberiker@LBA.com.tr](mailto:levendberiker@LBA.com.tr)



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# AKBANK

## HITS BULL'S-EYE EVERY TIME WITH PROCLARITY ANALYTICS

Türkiye's leading bank, Akbank has attained balance, accuracy and speed in target setting, monitoring and communication of performance for its branch network with the "AkTarget" project, implemented on Microsoft ProClarity Analytics and Microsoft SQL Server platforms. The strategic agility AkTarget system facilitated for Akbank has an important role in helping Akbank maintain its position as Turkey's most profitable private bank.

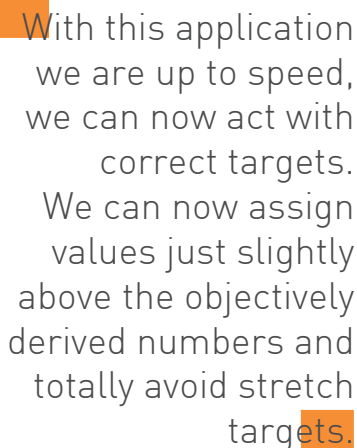
# Microsoft ProClarity Analytics Client Solution

## OVERVIEW

Established in 1948, Akbank is the largest private bank in Turkey in terms of profitability and market value. Akbank reaches its clients through 13 regional offices and 700+ branches in individual, corporate, commercial, trade finance as well as private banking services. Non-bank financial services in investment and equity markets are provided by Ak Securities, Ak Investment Fund, Ak Asset Management, Akbank Private Banking Department and Ak Pension Fund.

Akbank conducts its banking activities through a strong branch network across the country, numbering close to 700 branches, 13,000 employees and 13 regional offices and its headquarters in Istanbul. Akbank's success and important place in Turkish banking attracted Citigroup as a long term strategic partner. Citigroup and Akbank, signed the strategic partnership agreement in October 2006 and Citibank became a 20% shareholder in Akbank, 9 January 2007.

Strong capital adequacy, stable deposit composition, the ability to attract low cost overseas funding and strong asset growth performance,



With this application we are up to speed, we can now act with correct targets. We can now assign values just slightly above the objectively derived numbers and totally avoid stretch targets.

Galip Tözge  
Retail Banking Branches AGM  
AKBANK

made Akbank the most profitable bank (not-counting asset disposals). Net profit in the first nine months of 2007 stood at 1.4 billion USD and total assets were 57 billion USD. Capital adequacy rate of 19,7% is among the highest in the sector.

Galip Tözge, AGM in charge of Akbank Retail Banking Branches, emphasizes the geographical diversity and the heterogeneous nature of branch banking: "We have branches in the most affluent neighbourhoods of Istanbul such as Etiler and the western-most Black Sea coastal town of Ardahan. This means we are trying to set performance targets that address the banking needs of diverse target segments, complicated by huge variances in scale and product needs. We wanted all these branches to be assigned targets that would provide effective guidance in the right direction, and in a consistent manner. This was not a task that we could achieve to our satisfaction using simple parametric models. Ours was a set of multi-variable formulas with a great many unknowns and a lot of data."

Galip Tözge, draws attention to the importance of setting the "best targets" possible in directing sales teams, as they cater to the diverse needs of each sector they serve. These targets, as much as they assist in achieving goals, are a fundamental component of the performance reward systems, hence, effect the morale and motivation of bank branches and employees. Although Akbank achieved results with earlier, internally developed systems, these systems took too long and forced the performance review periods to be too far apart for their satisfaction. The bank had reduced the planning cycle from one year to six months with a great deal of internal effort and was in search of a solution that would allocate targets with a greater degree of effectiveness and ease.

## Solution Overview

### AKBANK

#### Client Profile

Akbank reaches its clients through 13 regional offices and 700+ branches in individual, corporate, commercial, trade finance as well as private banking services. Established in 1948, Akbank is among the largest private banks in Turkey in terms of profitability and market value.

#### Commercial Profile

Akbank sought the capability to rapidly and effectively re-align the performance of its heterogeneous branch network, spread across Turkey. Akbank wanted to direct its branch network in the right direction at the right time and monitor target achievement with ease and accuracy.

#### Solution

Akbank decided to work with LBA and commissioned the AkTarget System running on Microsoft ProClarity Analytics ve Microsoft SQL Server.

#### Benefits

- Target setting process duration was reduced by a factor of ten, allowing planning and targeting frequency to rise from semi annual to quarterly.
- Thanks to the project, target achievement rates improved 350% and the strategic goal of profitable growth was achieved.
- Objective quota allocation with AkTarget was received as "fair" by branch management and provided a source of employee satisfaction and motivation.
- Using Microsoft ProClarity's analytical capabilities, the bank was better able to determine the factors that would lead to improved customer satisfaction.

#### Software and Services

- Microsoft ProClarity Analytics
- Microsoft SQL Server
- Microsoft .net Software Technologies



The Microsoft Proclarity based Intelligent TargetSetting system really brought us to speed. **We now work with quarterly targets, but with the tool at hand we can generate monthly and even weekly targets and monitor target achievement.**

Because we enjoy macro-economic stability today in Turkey, quarterly targets suffice; but our platform will let us re-adjust our targets with higher frequency in more volatile circumstances



The bank, evaluating its options, decided that it should seek consulting support from a firm with expertise in the area of planning and performance management and chose to start working with LBA - Levend Beriker&Associates.

## SOLUTION

At the end of the discovery phase conducted with Akbank, LBA recommended the development of an advanced Business Intelligence solution, and their "Intelligent Target Setting" system was given the project name AkTarget.

Levend Beriker, managing director and founder of LBA, was introduced to Business Intelligence solutions in 1984 and has since been working on projects that would facilitate performance achievement and profitability improvement in a broad range of sectors.

Introduced to Proclarity in 1999, the company recognized the potential analytical tools held in serving the needs of all businesses and decided to focus on Proclarity in its solutions. LBA became a Microsoft Solution Partner after Microsoft acquired Proclarity and has continued to implement it in a variety of verticals. Levend Beriker, indicates that they run into a multiplicity of databases in all companies they work with and that Microsoft SQL plays a consolidating role, as its presence continues to spread across businesses: "At branches and operations centers different applications are used for different functions and the databases that these applications generate are held in separate data silos. By selecting the data that is useful to us in modeling for business optimization and collecting it on an SQL Server, we first facilitate analytics. SQL Server has a special approach to data handling that allows our Intelligent Target Setting application, developed on ProClarity and Microsoft .NET to work with speed and reliability. Proclarity is the business intelligence front-end that leverages advanced visualization for effective decision making."

Following this project that LBA completed in 2005, variables and data that would be used for target setting across all departments of the bank was gathered on Microsoft SQL Server and Intelligent Target Setting was implemented using different models. Levend Beriker describes LBA's service as "achieving multi-dimensional, global efficiency": "We are in pursuit of "more with less". Using the Intelligent

Target Setting platform, we build different but integrated models. In effect our platform takes on the trial and error process for you, eliminates the inefficient combinations generated by intuition and simplistic models, and tells you what you should do to achieve global optimization. The greatest benefit of using our approach is the agreement that is reached by all, on resource and performance quota allocation."

Using the AkTarget system, Akbank assigns multiple targets to each and every one of its branches, in the most effective manner. As a decision support tool, the Proclarity front end displays target achievement rates and improvement potential in detailed graphics. This way management can monitor the targets allocated and relative peer performance for each branch. Galip Tözge, underscores that the degree of reliability of these indicators also has a very important effect from the perspective of managerial credibility.

Akbank is a bank that insists on profitable growth. For this reason, volume metrics (such as number of customers), profitability and working with correct margins are strategic criteria. AkTarget takes into account these criteria and achieves global optimization, assigns targets to each unit of the banks and helps create a balance of service. LBA's founding partner Beriker says that, the work that started with AkTarget project is now followed by Ak+Quality, Ak+Service and Ak+Reward projects: Soon after the completion of "Ak-Target Project in 2005 the performance of our solution became apparent as the target achievement rates rocketed, and more and more branches started qualifying for a bonus. Other departments such as Quality Management, and Human Resources requested similar work. We are leveraging the information generated by our work in "quality", "service" and "incentive compensation" projects as we head into work in other departments. They all use each other's information and are connected by common variables. Thus, we help discover the most desirable form of performance dynamics for the whole organization."

## BENEFITS

With AkTarget, delivered on Microsoft ProClarity Analytics ve SQL Server platforms, Akbank managed to reduce the planning cycle from six months to three. Galip Tözge states: "This system really brought us to speed. We now work with quarterly targets, but with the tool at hand we

can generate monthly and even weekly targets and monitor target achievement. Because we enjoy macro-economic stability today in Turkey, quarterly targets suffice; but our platform will let us re-adjust our targets with higher frequency in more volatile circumstances."

Following the implementation of AkTarget, branch target achievement in Akbank has risen considerably. Galip Tözge indicates that with AkTarget project target achievement has gone up 3.5 times. In many cases overall achievement rates have risen from 40-60% to 80- 100% and the percent of underperforming branches has been reduced drastically.

Galip Tözge says: "We look at our ProClarity analysis graphics and note the branches

that used to overperform by a large margin. That means we were underallocating. With the Microsoft ProClarity Analytics platform we can now monitor the performance of all branches and correctly allocate to them the targets for greatest efficiency. With this application we are up to speed, we can now act with correct targets. We can now assign values just slightly above the objectively derived numbers and totally avoid stretch targets."

Tözge, says the success of AkTarget project is directly reflected in Akbank's return on equity, the project had a very noticeable value added in 2006 as Akbank became the most profitable bank in the sector.

AkTarget project helps assign "reasonable" goals to branches using objective methods. According to Levend Beriker "If, for example, Akbank decides to raise its "volume" by any measure by 50% in three months, we can allocate this to the branches in a fair manner"

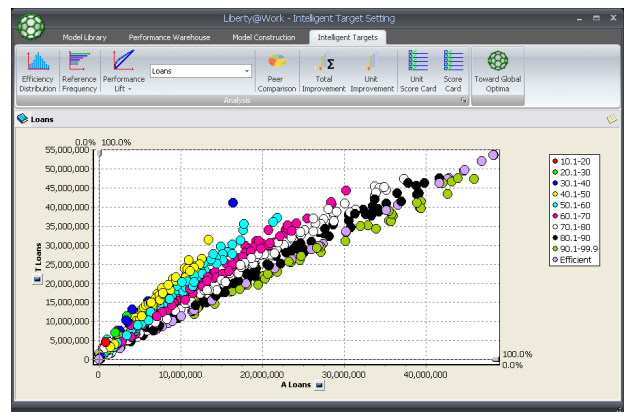
The system also raises job satisfaction and motivates employees to work with greater motivation. As the employees realise that their targets are more attainable and allocated fairly, they work for greater efficiency, as they are more sure that their bonuses will also be fairly distributed. Galip Tözge, Akbank AGM in charge of Retail Banking Branches points out that the new system has a positive psychological effect on employees as well: "In the old days, the target setting periods were synonymous with high stress periods. Now there is non of that, target setting has become a fun exercise."

On the other hand, AkTarget Project has an important impact on Akbank customer satisfaction, Using the Microsoft ProClarity Analytics platform the bank can monitor time to service, and assign the most appropriate personnel and equipment resources.

Microsoft ProClarity platform is now a part of Akbank's fundamental strategic management tools. Working with constantly updated information, it facilitates rapid changes in direction and allocation of new targets, especially during extraordinary events such as a market downturn. Teams that react rapidly to the new circumstances are selected as role models and help allocate targets correctly. ■

Soon after the completion of "AkTarget Project in 2005 the performance of our solution became apparent as the **target achievement rates rocketed, and more and more branches started qualifying for a bonus.** Other departments such as Quality Management, and Human Resources requested similar work.

Levend Beriker  
Managing Partner



## Microsoft Solution Partner: LBA – Levend Beriker Associates

www.lba.com.tr

LBA has facilitated implementation of strategic initiatives at some of the most prominent companies in Turkey and takes pride in its long-standing relationship with them. **LBA's clients come from a broad range of sectors including automotive, banking, financial services, durable goods, energy, retail and textile.**

**LBA's practice is built upon many years of hands-on business experience in a volatile economy and pioneering implementations in value based management.** The common thread is our aim to bring in a value added focus to the way business is conducted in an enterprise.

From Corporate Level Strategy to Performance Management and Rewards Systems, LBA is in the business of implementing tightly integrated, multidisciplinary set of solutions for the value conscious enterprise.

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# **INTELLIGENT TARGET SETTING™**

**Platform For Empowering  
Enterprise Performance Optimization™**

“The real practice of producing efficiently is about doing more with less time, energy and materials and defining the successful formula with precision, for each node of performance, anytime.”

## THE LIBERTY TO ACHIEVE OPTIMAL PERFORMANCE

The goal of every business is to achieve a return beyond the average return on investment – for investments of equal risk. This is probably the oldest description of a performance driver.

Shareholder value is trusted in the hands of multiple hierarchies of managers who act on behalf of shareholders, as agents of value creation. Yet the same “agents” often find themselves making a choice between their own interest and the best interest of their company.

The main source of this misalignment is the periodic target setting and allocation of resources inside organizational boundaries, more specifically, locally formulated estimates that are adopted as “achievable targets” for executives, managers and front-line information workers.

Linked to incentive systems, these targets almost guarantee average performance. Company strategy is executed against resistance as “battles are won but the war is lost”. To achieve superior performance, companies need a platform that can help set agreed and actionable values for quotas and resources such that the parts can pursue sustainable efficiency gains for the whole, by turning company plans into defensible everyday decisions and actions.

Intelligent Target Setting Platform (ITS) is the missing link in performance management (PM) applications from Balanced Scorecard to Financial Planning and Budgeting that enables employees at all levels to contribute to managing the business for success. It uses the familiar and easy-to-use Microsoft environment to help people make intelligent and defensible decisions using the wealth of data business applications generate.

## ITS ENABLES COMPANIES TO ACHIEVE THE FOLLOWING

### • Align Strategy and Execution

Companies can dramatically improve business performance by inviting all knowledge workers to participate in a system that promotes efficient allocation of resources and fair assignment of performance targets.

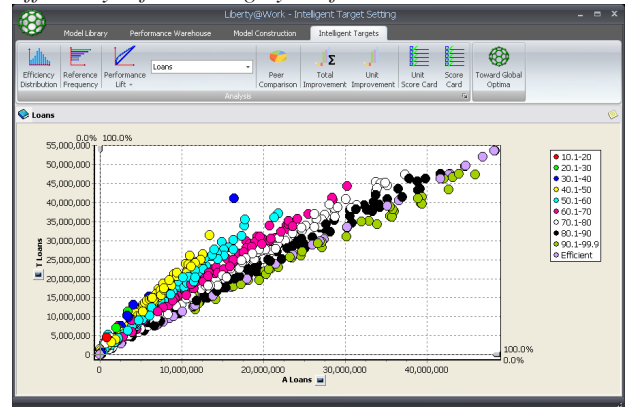
### • Improve Insight and Decision-making

Beyond providing timely and actionable information, ITS makes it easy to model and analyze the complex efficiency problems inherent in modern business dynamics.

### • Involving All Sides in the Resource Management Processes

Often the planning process is seen as an exercise of financial control housed inside the “planning and strategy” department, repeated annually, semi-annually and quarterly and in rare cases, monthly. Yet, operators in the field decide daily and multiple times a day with little regard for the quarterly resource allocation plan or the performance targets of others inside the organization. With ITS

## Efficiency Lift Charting by Performance Unit



the time required to revise plans and provide guidance is reduced to days instead of months, harmonizing the drivers of efficiency, at any level of the organization.

## WHAT IS ITS?

ITS, is an efficiency modeling platform that anybody who is used to Excel's “pivot tables” can drive to optimize business processes from CRM to Supply Chain Logistics. It provides the value creating set of parameters that planning, budgeting, forecasting, score carding and reporting requires.

ITS provide employees at all levels of the organization with complete insight into performance optimization opportunities through easy-to-build models. It features a step by step methodology for optimization of ad-hoc or predesigned performance optimization models and the facility to share them in public or private model libraries without the need for advanced mathematical skills.

ITS utilizes widely-used and supported Microsoft

	Hide Peer Branch 002	Show Peer Branch 077	Branch 243	Branch 585
Efficiency Score	73.6	100	100	100
Peer Weight	0	0.519	0.092	0.281
A Interest Expense	603474	592072	1184434	754163
T Interest Expense	594603.4	562072	1184434	754163
IP Interest Expense	-1.47%	0.00%	0.00%	0.00%
A Interest Income	921882	1050158	1215426	626765
T Interest Income	921882	1050158	1215426	626765
IP Interest Income	0.00%	0.00%	0.00%	0.00%
A Non-Interest Expense	360713	430541	370490	262675
T Non-Interest Expense	360713	430541	370490	262675
IP Non-Interest Expense	0.00%	0.00%	0.00%	0.00%
A Loans	3067030	4832170	4169627	3028632
T Loans	40829082	53648708.7	46283477.97	33564981.52
IP Loans	35.79%	11.00%	11.00%	11.00%
A NB Deposits	6401103	11569542	19165203	11740301
T NB Deposits	10397134	12842191.62	21275375.32	13031734.11
IP NB Deposits	62.27%	11.00%	11.00%	11.00%
A Time Deposits	30852242	25472122	42937721	96465919
T Time Deposits	41895250	28274553.2	47660869.2	10707171.2
IP Time Deposits	25.79%	11.00%	11.00%	11.00%
D Fees and Commissions	467088	496079	69325	71905

Efficient Peers and Sources of Improvement

technologies such as the robust data integration, analysis and reporting capabilities of Microsoft SQL Server data management platform and ProClarity Server for information sharing and collaboration.

ITS provides the user with performance lift opportunities by decision unit (customer, salesperson, location,

etc.). The frame above displays the results of efficiency rating, areas of performance lift for the unit and the automatically selected efficient peers.

ITS also leverages Microsoft SQL 2005 Data mining capabilities such “clustering” of decision units. The additional insight gained with SQL 2005 data mining can enhance the performance lift that ITS discovers and leverage other possible CRM investments.

## THE BENEFITS OF ITS

ITS enables companies to adapt and thrive by aligning people to overall company strategy, enabling frequent re-alignment with plans and making it easy for them to visualize and understand the next action.

- **Broader Adoption of Performance Management**

Scorecard Targets are allocated fairly and objectively, and are seen to be more attainable. Likewise, performance based rewards are also “fairly” distributed. “Target management becomes a fun exercise for all.”

Resource decisions are more objectively determined and are seen to be more fair, thanks to ITS and the transparency it brings to the performance management process. Working with constantly updated information, ITS, facilitates rapid response to competitive threats and re-allocation of resources. Teams that react rapidly to the new circumstances are selected as role models and help allocate targets correctly.

With ITS, target achievement rates raise considerably and the percent of underperforming units is reduced drastically.

- **More Effective Planning and Budgeting.**

Enables better planning, budgeting and management by exception by bringing peer competition into the planning process and helps guides strategy from the bottom up.

- **With ITS, it is easier to monitor the performance of all units** and correctly allocate the targets that will yield the highest overall efficiency without the top-down/bottom-up approaches that induce low-balling and stretch targets. The results are directly reflected in higher returns on capital invested and management effectiveness.

- **ITS enables the widest adoption of advanced performance management** through easy-to-use scorecards, efficiency plots and other views that empower employees at all levels to gain critical insights and effectively contribute to managing the business.

- **Faster and More Accurate Performance Optimization.**

With ITS, delivered on Microsoft ProClarity Analytics and SQL Server platforms, the planning cycle can be reduced to monthly or even weekly and management can closely monitor strategic targets whenever necessary.

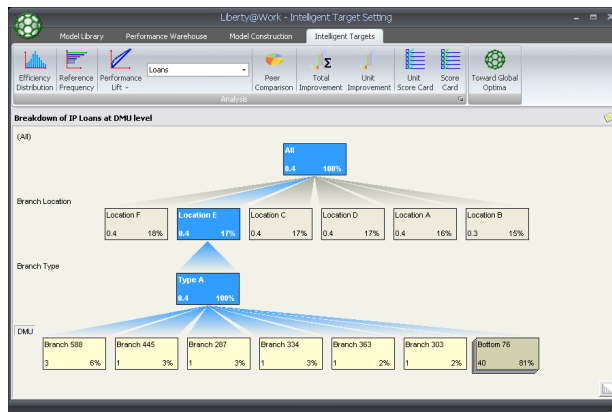
- **ITS also helps reduce the time people spend conferencing** on resource allocation matters, collaborate more effectively to solve problems and receive information via the familiar software applications they use every day.

## ITS KEY FEATURES

ITS features extensive functionality for score carding, competitive analysis and efficiency planning, for example:

- **Integrated Enterprise Data**

ITS models can run on data from multiple enterprise systems. This ensures that performance information is the most comprehensive, accurate and up-to-date and that all departments are managing from the same baseline of understanding.



*Distribution of improvement suggested by the ITS model*

- **Office Integration**

ITS works on the common Microsoft platforms that delivers information via Microsoft ProClarity and soon Performance Point Server. This makes it easy for them to access, monitor and understand performance information, enabling them to take actions that drive better business outcomes.

- **Centralized OLAP Model Management**

Central management and control of SQL OLAP cubes enables more accurate results and tighter collaboration for maintaining data integrity across multiple sources. This also reduces the time required to populate forecasts, plans and budgets.

- **Everyone Shares Performance Models**

Business users can set up models to manage processes such as portfolio management, opportunity and risk analytics. Finance professionals have access to credible input for forecasting and cost allocation. Anyone can also create custom scorecards and run optimization models.

- **One version of truth and a memory for the best mathematical solution**

Enables users to generate consistent models from financial and on-financial data and facilitates multi-stage decision-making for optimal results.

- **Combining the power of OLAP reporting and advanced mathematical optimization**

ITS utilize widely-used and supported Microsoft technologies and provides integration to existing enterprise systems, enabling companies to leverage their IT investments and employee skill sets. It is also very easy for analysts to adapt to rapid modeling for optimization.

## WHY ITS?

ITS, is a proven for greater creativity and innovation in management of performance. It compliments and corrects existing planning mechanics and helps organizations avoid the pitfalls of complex enterprise planning.

## ITS PLATFORM PARTNER - MICROSOFT

ITS works with Microsoft ProClarity, a Business Intelligence offering that supports the entire organization. ITS scales to the most critical enterprise value needs and has the best economics to make enterprise-wide deployment affordable.

## TECHNICAL FOUNDATIONS

ITS, is developed using the following Microsoft products and technologies.

- Analysis Management Objects Library
- ProClarity Library
- ActiveX Data Objects Library
- SQL Server Native Client Library
- Visual Studio 2005 – Visual Basic .NET
- SQL Query Language
- MDX Query Language

## PARTNER PLATFORMS AND TOOLS

ITS, leverages the following Microsoft products and technologies:

- .NET Framework 2.0
- SQL Server 2005
- Analysis Services 2005
- ProClarity Analytics 6.3
- Microsoft Office
- Windows Installer

## ITS IMPLEMENTATION CASES BY SECTOR

**Sales Effectiveness Management - Optimization of sales channels, sales forces, and key account management.**

- Automotive
- Banking
- Consumer Retail
- Energy Distribution
- Insurance
- Pharmaceutical Distribution
- Textiles

**Sourcing and procurement initiatives - Inventory smoothing and optimization of outsourced logistical services**

- Automotive
- Consumer Retail
- Textiles

**Manufacturing/Production & Quality Initiatives –Six Sigma Implementation**

- Automotive
- Textiles

**Operational Efficiency – Staffing and Service Quality**

- Banking

## About LBA

A We are a management consultancy firm recognized for delivering “the value focus” to the way businesses are run. Our teams are all led by **Levend Beriker**, Mr. Beriker is a graduate of Cornell University School of Engineering and Indiana University Business School.

LBA has facilitated implementation of strategic initiatives at some of the most prominent companies in Turkey and takes pride in its long-standing relationship with them. Our clients come from a broad range of sectors including automotive, banking, financial services, durable goods, energy, retail and textile.

Our practice is built upon many years of hands-on business experience in a volatile economy and pioneering implementations in value based management. The common thread that ties all our services is our aim to bring in a value added focus to the way business is conducted in an enterprise.

From Corporate Level Strategy to Performance Management and Rewards Systems, LBA is in the business of implementing tightly integrated, multidisciplinary set of solutions for the value conscious enterprise.

We believe, our list of client companies attests to our claim to being “value builders.”

## Associates

### Mahmut Karayel

Mahmut Karayel is the head of financial analysis and a member of the US infrastructure team and US Real Estate team based in the San Francisco office for Babcock&Brown, since 1997. More recently, Mahmut has been involved with B&B's M&A process, financial modeling process improvement, and risk modeling efforts. He has performed in a technical advisory role for LBA. Throughout his career, Mr. Karayel has held various engineering, managerial, and academic positions. Prior

to joining Babcock & Brown, Mr. Karayel was the Director of Investment Analysis at GATX Capital, prior to which he was the Manager of Pricing Policy at USL Capital. He is a graduate of the University of California at Berkeley where he received a Ph.D. in Operations Research.

### Marc Hodak

Marc Hodak is the founder of Hodak Value Advisors, LLC. Mr. Hodak has advised dozens of companies, public and private, in diverse industries such as telecommunications, transportation, aerospace, textiles, and real estate. Before founding HVA, Mr. Hodak was a senior project manager at Stern Stewart & Co. where he led EVA® implementations and related projects, as well as their effort to create alternate delivery of intellectual capital to clients; including development of interactive training on EVA principles and applications used in 17 countries around the world. Mr. Hodak holds an MBA degree in Finance from the Wharton School and a B.S. degree in Aerospace Engineering from the University of Maryland. He also passed the Bar exam in Patent Law.  
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### Stephan Hostettler

Dr. Stephan Hostettler is Managing Partner of Hostettler & Partner in Zurich, specialized in implementing sustainable value based corporate governance. For more than ten years, Dr. Hostettler has been guiding key executives of numerous mid- and large-sized companies from various sectors through the process of implementing value based management, incorporating “Economic Value Added” in strategic business units, capital budgeting and allocation, sustainable growth strategies, reporting processes as well as design, calibration and communication of cash, equity, share and option plans. Prior to founding his own consulting business, Dr. Hostettler held the position of Vice President at Stern Stewart & Co., New York, one of the leading consulting firms in Corporate Finance and Corporate Governance, and worked as Associate Director in Equity Research at UBS Warburg in London and Zurich.

  
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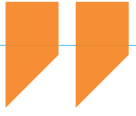
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The real practice of producing efficiently is about doing more with less time, energy and materials  
and defining the successful formula with precision, for each node of performance, anytime.







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