How to Develop Your EPM Strategy

A Step-by-Step Guide with Downloadable Templates and Tools

US-Analytics

Developing a Thoughtful EPM Strategy

If you're reading this eBook, you're probably already familiar with enterprise performance management (EPM). But we'll give you a refresher, just in case.

EPM • *a form of business planning that involves evaluating and managing an enterprise's performance to reach goals, enhance efficiency, and maximize business processes.*

It sounds simple enough, but there's a lot involved when trying to develop your own EPM strategy. There are many processes, people, and systems you must consider before you have a completely thought-out strategy. In this eBook, we'll cover everything from choosing the right technologies to managing EPM projects without a hitch.

You'll learn the steps, tools, and services available to you to develop the EPM strategy unique to your organization.

First Things First

Before you get started with your EPM strategy, there are three things you should know: your role, the challenges, and your players.

Know your role

You know your organization needs to implement an EPM strategy, but what's your role in this major project? If you're a CFO or a finance leader, you have the opportunity to help guide the strategy. Start by analyzing your organization's problems and prioritize actions. You should prepare for unexpected challenges and shift your traditional way of thinking to be more open-minded about new processes.

Know your players

You don't want to spend a lot of time debating your EPM processes or systems. It's a waste of time and resources. Before getting started, you need to look at the teams who will benefit and use your EPM strategy. You should assess these teams to discover their needs, how they need to improve performance, and what issues they face with their current processes. You can also take this time to decide when (annually, semi-annually, quarterly) to evaluate the performance of your finance team.

The challenges

There are several barriers you'll come across while formulating an effective performance management solution. Knowing these barriers is one of the first steps in developing your EPM strategy:

1. Understanding how EPM solutions can best be applied to **solve industry or functional business problems**

2. Ensuring that your business and technology value is clearly identified and understood by all stakeholders — you must **build a consensus**

3. Selecting the **optimal EPM tool** to address your **business** and **technology needs**

4. Knowing what it will take — **the cost, resources, and time** — to deliver a successful EPM solution

The EPM Maturity Model

The EPM maturity model is a tool for objectively evaluating how close your EPM process is to completion and if it needs any ongoing improvement. You'll be looking at your current state and how to get to your desired future state. For your process to be mature, it needs to be complete in the following ways:

- Usefulness
- Automation
- Reliable in its information
- Continuously improving

Download Maturity Model
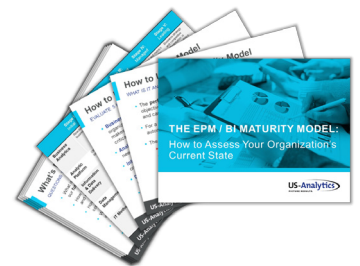
How will the Maturity Model help with my strategy?

The maturity model will help you benchmark your current state; describe your future state; prioritize performance management goals; and rally your organization to embrace change.

The Maturity Model

	Stage I: Initial	Stage II: Developing	Stage III: Established	Stage IV: Managed	Stage V: Leading
Business Analytics	Reactive to state of business; unaware	Analytics are siloed efforts; metrics are not aligned across the organization	Performance management analytics and metrics are department focused	Analytics and metrics adopted across the organization; financial and operational are linked	Business strategy and competitive differentiation is based on analytics
Analytic Platform	Office productivity tools	Department solutions	Business function applications	Enterprise platform	Architecture: cloud, hosted, and on-prem solutions
Information & Data Delivery	Point data solutions; unaware	Siloed data solutions	Department or subject data marts; inconsistent data quality, master data, and ETL methods	Data warehouse; master data management and data quality and movement are formalized	EDW, IoT, big data
Data Management	Data is managed as a project requirement	Aware of the importance of managing data as a critical infrastructure asset	Data is treated at the organizational level as critical for successful mission performance	Data is treated as a source of competitive advantage	Data is seen as critical for survival in a dynamic and competitive market
IT Methods	Informal and inconsistent processes, artifacts, and deliverables	Structured processes and architecture artifacts; basic design guidelines	Consistent architecture process with standardized deliverables and reference architecture	Formal architecture practice with accountability and metrics	Proactive architecture changes to deliver greater enterprise value; continuous improvement

How do I use the Maturity Model?

You'll need to evaluate five key areas of your organization:

- **Business Analytics:** Supports the analytic needs of the organization; facilitates turning data assets into corporate information; makes using information easier and encourages analysis; supports critical decision-making processes
- **Analytic Platform:** The tools to support performance management needs
- **Information & Data Delivery:** The methods to centrally or cohesively organize and deliver data to the analytic platform
- **Data Management:** The methods and processes for controlling data definitions and standards across the architecture
- **IT Methods:** The IT organization's processes to support performance management architecture and solutions

Questions to consider

- What is our current state on the maturity model, and what should our future state look like?
- How can EPM / BI solutions be best applied to bridge the gaps and solve our business problems?
- How can I identify the business value and communicate it to all stakeholders to build consensus?
- What are the best practical methods to start an EPM / BI initiative?
- Which EPM / BI tool is optimal for addressing our business and technology needs?
- What will it take — cost, resources, and time — to deliver a successful EPM / BI solution?

Evaluating EPM Technologies

Finding an EPM solution for your organization is a daunting task, but finding the right EPM solution can seem almost impossible. There are a lot of software vendors out there, from big names like Oracle Hyperion to up-and-coming players like OneStream. We'll give you an overview of several of these products to help you better understand the decision you're facing.

Oracle Hyperion

Hyperion has a large following of loyalists, and for good reason. Oracle was once again named the leader in Gartner's 2016 Magic Quadrant for Corporate Performance Management Suites. Hyperion has an application to fit any and all of your EPM needs with a growing suite of cloud products. The fact that Hyperion is a well-established product means there is a vast number of Hyperion resources and experts with deep experience to help you optimize your EPM tools.

Hyperion Planning

Hyperion Planning provides a robust modeling framework that helps develop reliable financial forecasts based on sales and operational assumptions to produce cost-effective enterprise alignment. With Oracle Hyperion Planning, you have a solution that is best in class and proven in the marketplace to provide timely, actionable plans to help make informed business decisions. Oracle Hyperion Planning can be deployed on-premises or in the cloud.

Hyperion Financial Management (HFM)

HFM is a financial consolidation and reporting application built with advanced web technology and designed to be used and maintained by the finance team. It provides financial managers the ability to rapidly consolidate and report financial results, meet global regulatory requirements, reduce the cost of compliance, and deliver confidence in the numbers.

Hyperion Financial Close Management (FCM)

FCM helps teams manage all financial close cycle tasks, including ledger and sub-ledger close, data loading and mapping, financial consolidation, account reconciliation, supplemental schedule management, tax/treasury and internal and external reporting processes — any task associated with the extended financial close.

- **Close Manager:** This task management solution helps you complete anything that needs to be done during the close process – whether in the transaction system, general ledger, consolidation system or reporting system. Employees are assigned to each task, and the tasks are given a due date relative to each period end date so it's also easy to identify bottlenecks in the process.

- **Account Reconciliation Manager (ARM):** As a module dedicated to the management of account reconciliations, ARM helps companies reduce risk by providing real-time visibility into the performance of reconciliations. ARM ensures that all prepared reconciliations are properly qualified. It also helps companies streamline and optimize performance by automating certain reconciliation tasks and supporting risk-based reconciliation cycles.

- **Supplemental Data Manager:** This module is dedicated to the management and subsequent preparation of Financial Supplemental Schedules. Financial footnotes are required for SEC compliance and are an integral part of Financial Statements. The solution helps companies streamline the supplemental data collection process and introduces visibility as well as efficiency into the process. It provides a simple user interface to design flexible data models required for collecting complex information from the stakeholders for Financial footnote disclosures.

Hyperion Financial Data Quality Management Enterprise Edition (FDMEE)

FDMEE allows business analysts to develop standardized financial data management processes and validate data from any source system — all while reducing costs and complexity. Fully integrated with Oracle EPM applications, Oracle Hyperion Financial Data Quality Management Enterprise Edition is the only enterprise-class system of its kind for managing the quality of financial data.

Oracle EPM Cloud

If you know anything about the EPM space, you know the cloud is a hot topic right now. Oracle is continually working on their suite of EPM cloud products and enhancing the existing offerings. Going to the cloud has its benefits — there's no upfront capital investment, implementations take weeks instead of months, and upgrades are automatic (no more patch installations!).

- **Oracle Planning and Budgeting Cloud Services (PBCS):** PBCS allows you to quickly adopt world-class planning and budgeting applications with no CAPEX infrastructure investments, driving market-leading functionality across lines of business in the enterprise with flexible and customizable deployment options and virtually no learning curve.

- **Oracle Financial Consolidation and Close Cloud Service (FCCS):** FCCS still has a way to go before it can adequately replace HFM. However, FCCS has some attractive standardized features, such as entity and account hierarchies, as well as calculations and reports.

- **Oracle Account Reconciliation Cloud Services (ARCS):** ARCS provides real-time visibility into the performance of reconciliations, ensuring that all reconciliations prepared are properly qualified. It also helps companies streamline and optimize performance by automating certain reconciliation tasks, including high volume transactional reconciliations. Account Reconciliation Cloud includes two modules: Reconciliation Compliance and Transaction Matching.

OneStream XF

OneStream has been around for a little over 15 years. Tom Shea, the founder of Oracle FDMEE, and Bob Powers, the inventor of HFM, wanted to create a user-friendly platform. They also didn't want organizations to have to choose between a single-purpose application that only meets their planning needs or one that only meets their financial consolidation needs. With OneStream XF, you get one unified CPM platform — planning and forecasting, account reconciliations, and financial consolidation and reporting all live in the same place.

Financial Consolidation and Reporting with OneStream XF

At the core of OneStream XF is financial consolidation and reporting. OneStream promises to simplify financial reporting for even the most complex organizations.

Instead of having various applications across the office of finance — a siloed structure that is vulnerable to data inconsistencies — a unified performance management platform like OneStream creates a single source of truth. OneStream's financial consolidation and reporting promises to deliver several things, including:

- A **more complete system** with true multi-GAAP, multi-entity, multi-currency, automated IC eliminations, minority interest, and partial ownership
- **Increased automation** with the capability to automate cash flow reporting and a better understanding of the movement of accounts with a packaged Flow Dimension
- **Improvement of controls** with embedded data quality that adds the power of guided workflows and complete audit controls to ensure accuracy
- A **faster close** with the ability to immediately identify errors and increased transparency for more expedient resolutions

Planning, Budgeting, and Forecasting with OneStream XF

Planning and budgeting teams remain separate from financial consolidation and reporting teams largely because their systems don't integrate. Unfortunately, both teams need the data in the other's systems to compare actual versus budget. What the office of finance gets instead is data inconsistency.

The planning and forecasting capabilities of OneStream XF promise guided and controlled processes that allow you to adapt as your business changes. OneStream guarantees to improve your planning processes in these four ways:

- **Simplified use** through the familiarity of Excel and workflow
- **Unified reporting** with combined operational and planning processes
- **Improved agility** with one rational system where actual, budget, and forecast all live together
- **Reduced budget cycles** with seed budgets or rolling forecasts through an automated data copy between scenarios
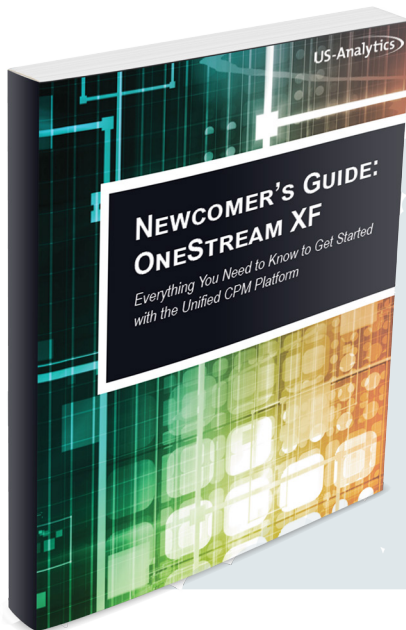
Want to learn more about OneStream?

Download The Newcomer's Guide to OneStream XF!

Learn more about OneStream's specialty planning modules, account reconciliation tool, the OneStream XF MarketPlace, OneStream's compliance solutions, and more! **Download here**.

Planning a Successful EPM Project

Customers often ask, "What can we do to make sure our project will be a success?" Sometimes this question is so important to a client that they will go the extra mile to pay for advisory services. There are three key areas that determine whether your project will be a success:

- Understanding the complexity gap

- Analyzing the current maturity of your organization (using the **EPM Maturity Model**)

- Choosing an implementation partner

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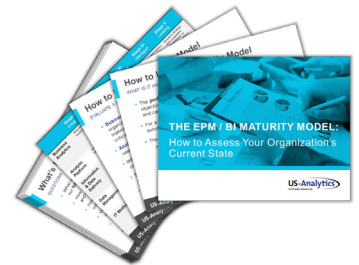
The Complexity Gap

Essentially, the complexity gap is the **magnitude of change a project is expected to bring about** coupled with a **company's ability to manage change**.

Ability to manage change

All projects require change, and every company has a different level of ability to embrace change. Some companies are nimble and can adapt quickly to new functionality or processes. Others simply are not and require a lot more effort to embrace a change. Be it a corporate culture element or some other factor, some companies can change easily and some cannot.

Magnitude of change

The other element of change is the magnitude of change from a functionality, or process, or people perspective — in other words, the maturity difference between the company's current state and future state. If a company is expecting dramatic change in terms of the new technology, its people, and its processes because the current level of sophistication in each of these areas is pretty low, then that is considered a larger change.

A **high complexity gap** will be a large amount of expected change and a low ability to embrace and effect that change:

- High degree of expected benefits
- Low current maturity level
- Low ability to embrace change

A **low complexity gap** will be a small amount of expected change and a high ability to embrace and make changes:

- Low degree of expected benefits
- High current maturity level
- High ability to embrace change

Every project in every company lies somewhere on this complexity gap spectrum. Understanding your complexity gap up front is extremely important to a successful project.

Complexity gap —› Time & budget

A successful project is the full realization of all the anticipated benefits — on time and on budget. Well, if your company and implementation partner both understand the project's unique complexity gap, you will understand the accurate amount of time and budget needed.

There is a direct relationship between the complexity gap and the time, money, and effort required to execute a successful project. The higher the complexity gap, the more budget and time are needed to get the company from its current state to its desired future state.

Understanding this direct relationship is the key to undertaking a successful project. You can see from this graph that when projects deviate from understanding the complexity gap and the resources required for full realization, the project will either result in…

- De-scope of functionality (if the organization aimed too high)
- Underutilization of benefits (if the organization aimed too low)
- More time and money required to achieve desired results (which, if you recall, is not a success)
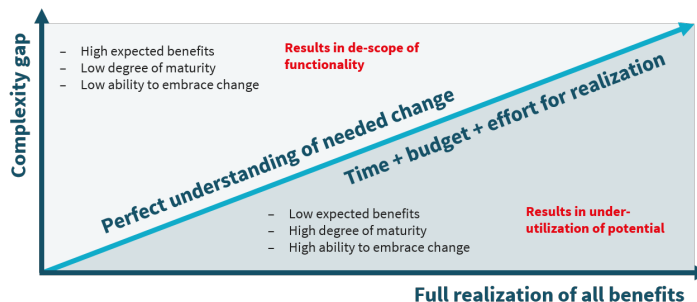
How to determine your complexity gap

To evaluate your organization's ability to manage change, examine the workplace culture. Are employees encouraged to share new ideas? On the list of corporate values, are continuous improvement, innovation, or agility prioritized? Do your processes and systems easily support change? How long do new initiatives typically take to get off the ground? Capacity to manage change is a subjective measure, so be realistic and consider the contexts both inside and outside your department.

Analyzing the Current Maturity of Your Organization

When you analyze the current maturity of your organization (using the **EPM Maturity Model**) against the goals of the project, the outcome is a **Gap Analysis**, which measures the effort required to close those gaps and achieve a successful outcome. The gap analysis is the starting point to minimizing risk and maximizing the benefits of the project.

For an EPM project, the gap analysis should thoroughly examine three main areas:

- **People:** organizational set-up and change management
- **Process:** aligning all stakeholders and improving process
- **Technology:** data availability, infrastructure, and applications

Technology

Data and its availability are critical to the success of a project. Access to the right level and granularity of the necessary components of financial information should be the foundation of a project. Lack of the necessary data elements could require heavy investment in order to achieve the desired outcome. Consider the following questions:

- Is there sufficient detail in the ledger system to enable the types of anticipated features? For example, if a P&L by product line is necessary, then product should be in the GL ledger feed. Also, consider the relationship to the accounts. Is there product only available for revenue? Or expenses as well?

- Is ledger detail available to support tax reporting on state use taxes and federal provisions?

- Are intercompany trading partners identified at the right level to enable automation?

- Do entity structure ownership relationships and ownership percentages enable minority interest and equity pick-up automation?

- Does integration with fixed asset details enable the capture of activity for roll-forward schedule and cash flow statement automation?

- Is there a common reporting account structure that supports internal and external reporting?

- Are FP&A and account departments able to plan, forecast, and report actuals from one common chart of accounts?

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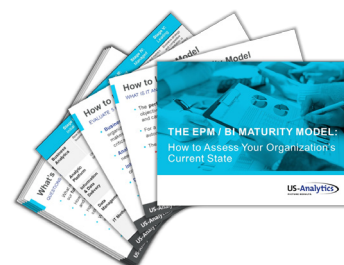
Download Gap Analysis
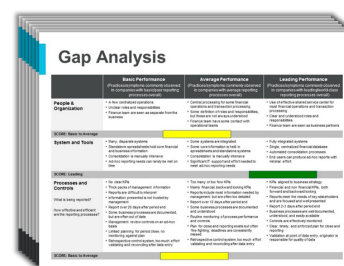
Investment in the application software and the underlying server structure can be large. Understanding the interactions between applications and the required investment up front will pay dividends later:

- Prepare for upgrades to servers and operating system software.
- Enable access to data via table structures or flat files.
- Prepare to set up multiple environments for development, testing/training, and production.
- Consider application interoperability and compatibility with existing tools, like Microsoft Excel and web browsers.

Process

Process improvement is a major component of a successful project. Aligning the various user groups such as finance for forecasting and accounting for reporting is essential for success. Common definitions of financial metrics improve communication across the organization and allow for the analysis of data and information instead of just reporting.

Below are best practices in process improvement:

- Avoid conflicting end user goals, such as the level of detail needed to accurately forecast versus the external needs of US GAAP reporting.
- Establish common definitions of financial metrics like EBITDA among finance, operations, and accounting.
- Align operational reporting on product profitability, cost center analysis, and accounting definitions as much as possible to provide one version of the truth.
- Understand manual process steps as targets for automation to shorten reporting cycles.
- Remove manual intervention for data preparation to streamline the process and enable better information quality.

People

Ultimately, people are at the center of a successful project. From the executive sponsors to the end users, it's the people that will define success and reap the rewards. Remember from the complexity gap concept that one factor is a company's willingness to adapt and embrace change.

Change management is often overlooked but is essential to success:

- Gain committed executive sponsorship to foster an attitude from end users that the project is important for the company and will therefore take precedence to conflicting priorities. It will also promote resistance to change and help dispel the feeling that the "old way" is the only way.
- Elect strong senior client personnel as co-PMO with the implementation team to enable effective communication to executive sponsors. This will also enable the project team to get answers to tough questions on design and gain traction for change.
- Nominate internal project resources that know the business and end user community. This helps with creating effective training materials and delivery as well as testing design components against known requirements.
- Finally, make sure the internal project team is fully dedicated to the project. When project teams have to split time between the project and their regular jobs, it strains the team and limits project priorities. Limiting project time often leads to project delays.

Choosing an Implementation Partner

Once you have an understanding of the complexity gap and the maturity of your organization, you can now choose an implementation partner. To help you evaluate prospective implementation partners, this blog post will detail the three most important selection criteria and how to predict success in those areas.

Selection criteria

Successful projects rely heavily on the implementation experts (consultants) that actually perform the required activities. There are a lot out there, from the Big 4 to mid-tier firms to smaller boutique firms like US-Analytics. At the end of the day, whoever is selected must prove to have the following three core competencies and bring excellence in all three.

Functional expertise

Strong functional expertise — knowledge around technical accounting issues, process expertise, and best practices — is critical to matching your unique requirements and business intricacies to the design and ultimate success of the application and project.

How to spot it: Look for team members who have real-world corporate experience. A new CPA just out of college will not have the same level of experience as a former business unit controller or FP&A director with 5 to 10 years of experience, regardless of letters after the name.

Project management

Strong project management experience will help the team anticipate potential and actual road-blocks, facilitate change, hold all parties accountable for action items and deadlines, and ultimately drive the project to success.

How to spot it: Look for team members who have completed multiple projects that are similar to yours. PMP certification helps to ensure that proven project management methods are used. Most importantly, bear in mind that the most knowledgeable team members have learned from successes as well as failures. The project manager's personality and fit with your company culture go a long way as well.
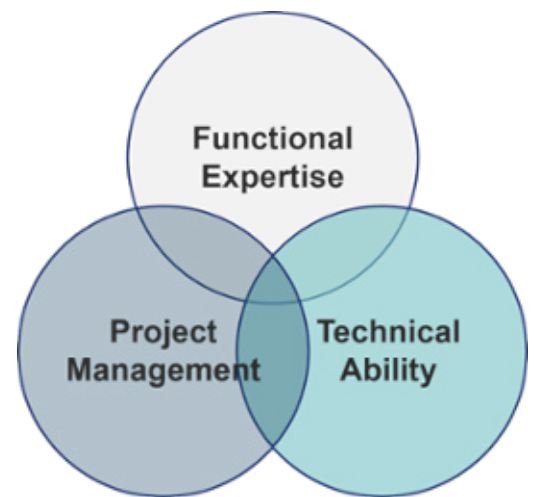
Technical ability

- Use the information gleaned from the gap analysis regarding specific functional requirements as a litmus test for technical ability. Ask specific questions on your complex requirements and how they propose to solve them.
- Certifications in a particular technology are useful, but experience designing and building very complex solutions will demonstrate that they've "been there done that," so ask pointed questions.
- Reputation within the implementation community will usually go a long, long way as well. You have to be effective to remain in the field a long time.

The best implementation partner will demonstrate a proven track record of success in all three of these areas — and all three are critical for success. Most projects fail because one or more of these areas are not equally represented. If your business is complex as indicated by the gap analysis, technical ability is very important in order to realize the full benefits of your application implementation. That said, keep in mind that the other two areas are just as important for the simple reason that your complex business model must be both understood by the implementation team from a functional standpoint and then realized through good project management.

Tales from the field

Let's now look at a few real-world examples of projects applying the principles we've covered in this eBook. Note the correlation between understanding the complexity gap and achieving expected results.

Global diversified business that implemented a consolidation system across 3 disparate business units

- Expected benefits to multiple departments through migration of existing system
- Took time to understand the underlying data model for reporting
    - No data model to support enhanced reporting
    - No capability to embrace change in timely manner
    - Used this knowledge to tee up enhancements later
- Modified scope of project after analysis to achieve attainable success and launched a unification project globally

Global manufacturer that dedicated qualified internal resources on the project full time and empowered them to make decisions

- Took the time to understand current state against the future vision
- Added detail to current consolidation system for plant level validations and reporting
- Painfully discovered weaknesses in controls for loading data in European division and improved them
- Integrated and improved planning and forecasting tools
- Shortened close cycle by 5 days

Global retailer that implemented multiple systems simultaneously and was aggressive in reporting layer features and functionality

- Implemented new system from home-grown toolset
- Simultaneously underwent global SAP rollout
- Scaled back reporting toolset to accomplish basic reporting and functionality at first, then expanded
- Changes in the chart of accounts required a new data model and allowed for expanded reporting down the road

Building an EPM Roadmap

At this point, you should have an established vision of how EPM can help achieve your organization's business objectives.

You may have decomposed big topics (e.g. "reduce manufacturing waste of Product X by 10 percent") into tighter areas (e.g. "vendor and supply chain quality," "manufacturing specifications," and "financial controls"). Each subtopic has associated initiatives or projects. Taken in total, you have a portfolio of projects to be organized, evaluated, scheduled, and lastly funded.

Now, the task at hand is evaluating the collection of initiatives and preparing a rationalized list of projects. This project matrix is the basis for the deliverable document — the roadmap. The EPM/BI roadmap is the visualization of the initiative matrix.

Download EPM/BI Roadmap Templates
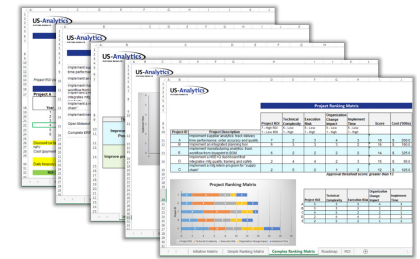
The initiative matrix

The initiative matrix is a simple two-by-two grid that visually aligns the business objectives with the initiatives. This simple exercise serves two purposes:

1. Validate that all "big topics" are addressed by a project and that all projects solve a "big topic."

2. Foster communication and continued team buy-in. The initiative matrix provides a macro view of how the organization chooses to close the gap and reach its business objectives.

A simple ranking matrix

Rationalizing and evaluating the project list can be as simple as assigning a sequencing order plus a relative ranking of value delivered and project complexity. Implicitly this compares expected project costs with revenue gains (or cost savings) — but not on a formal level. This is a fully acceptable method for low cost investment or less risky projects.

A complex ranking matrix

A more robust evaluation process should consider the project's financial payback, technical complexity, execution risk, organization change impact, and implementation time. Each project is awarded a score by category and tallied to compute a total score. Then, a threshold is determined. All projects above the threshold will be funded, and projects falling below the threshold will considered at a later steering committee meeting.


The roadmap

Now comes the fun part: preparing the roadmap. Be sure to include critical projects that could impact the delivery and timeline of the project portfolio. These are noted with grey bars in the example below.

There is a difference between roadmaps and project plans.

- The roadmap shows the major initiatives by major category time-phased across logical rollout groupings. The roadmap highlights key dependencies between and across initiatives and serves as the improvement "blueprint."

- The project plan is a collection of activities across time to accomplish a specific objective with defined scope, resources, and assumptions. Typically, this is tactical in nature.
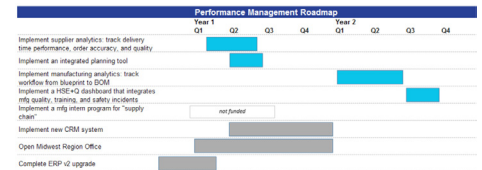
Monitoring business performance

Preparing the initiative matrix and roadmap sets the path forward to achieving operational business objectives. The value in this exercise is highlighted by McKinsey's research that firms that actively managed their strategic and operational portfolio achieved up to 40% greater value than firms that took the status quo approach.

What's next? Monitoring and controlling the project portfolio. This is the perfect time to establish a PMO framework that collaborates with executive leadership to monitor business performance. The management model is depicted below.

Ready to rank your initiatives and build your roadmap?
[Download the free workbook](#) containing all the templates shown above — the initiative matrix, simple ranking matrix, complex ranking matrix, and roadmap — plus a project ROI calculator to determine when your project will pay for itself.

Managing EPM Projects

Once you've started your EPM project, it's important for you to have a clear method of showing the status of the project. This project is transformational for your department and affects a lot of company stakeholders. And, adding further pressure, the project has a lot of visibility with senior executive leadership within your organization.

How will you know what information makes a good status report? How will you present information to the project team that establishes credibility and sets a tone for leadership? How will you know what the leadership team needs to judge that the project is a success? A lot is riding on this project's success!

Download EPM Project Milestone Map

What is a status report?

First things first, what is a status report as it applies to an EPM project? It's a snapshot in time of the most relevant information on your project.
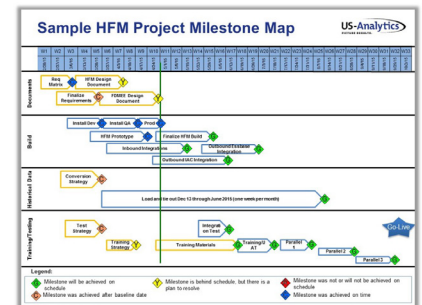
EPM projects have a lot of moving parts — managers will have to deal with a lot of complexity. From the most detailed Work Breakdown Structure (the master list of all activities) to detailed project plans with interdependencies that span the entire project (including risks, issues, budget metrics, and communication plans), the project topics can be exhaustive and difficult to understand.

However, the most important topics to communicate are:

- Where is this project now compared to the original plan
- What are the barriers to success
- Where will the project finish compared to the plan

It's okay to have a status report that is more tactical to communicate to the project team and a separate executive-level status report. In fact, this is most often the case, so don't feel compelled to put everything in one document.

What information is relevant in a status report?

With all the different moving parts of a project, what is relevant and important to have on a status report?

Measuring status

First, let's talk about how to visually communicate status. It's a common practice to use some form of a "stop light" approach:

- **Green:** progress is on track for that activity or milestone
- **Yellow:** there are risks and/or issues, but there is a plan for resolution, and if the plan works then no impact will occur to the timeline
- **Red:** there are issues that are going to affect the timeline and must be addressed immediately; escalation may be needed

Overall project status

At the highest level, it is handy to know if a project is on track or not. Sometimes this overall status can be broken down into categories like scope, budget, and people.

Milestone status

A milestone is a very important item within a project; it represents a significant event and/or a defined work product. Milestones usually require acceptance criteria and can be a gating factor to continuing the project.

A good status report will include both major work products and the major phases of a project in order to gauge progress. Include milestones that are coming up six to eight weeks out, and update completed milestones.

When reporting on the status of a milestone, be sure to include these specific components:

- Milestone name that corresponds to the statement of work (SOW) and the project plan
- Date it is scheduled to start and when it's scheduled to end
- Current date status (on time or behind) and revised end date, if necessary
- Percentage complete (e.g. if a work product is late and only 10% complete, the status should be red
- High-level notes on progress
- Associated risks or issues and perhaps a dependency on other items (e.g. a signed off design document in a red status may not affect going to the build stage)

Risks and issues

A risk is an issue that hasn't occurred yet. In other words, if you can identify a potential problem down the road — such as vacation schedules for key resources, or how a component of the application is dependent on a data element controlled by a different implementation — those items haven't happened yet and are risks. Risks need potential solutions (a mitigation strategy) so that they don't become issues. Issues are risks that have happened and/or problems that have popped up without any forewarning.

Your project should have a documented, comprehensive risks and issues log that includes all open and closed items, but highlight only open issues on your status report in order to assign action items to resources and track progress.

Accomplishments

Recognizing that progress is being made is important for the team's state of mind. Don't spend too much time on this, since the project should primarily focus on the future, but do acknowledge when tasks, actions, and milestones are completed.

Key objectives and action items

Key objectives are topics that are not specific to a single person and are owned by a part of the team or by the entire team. Once completed, these team goals will move to the accomplishments section. Examples of key objectives include:

- Hold security requirements meeting
- Deliver first draft design document for review
- Test user interface for cash flow inputs

Include key objectives for this current week if the status meeting is at the beginning of the week, or for the following week if the status meeting is at the end of the week. Another item to consider reporting on is the upcoming need to involve a wider audience. For example, you may need to get global business units involved and they will need a lot of runway to muster their own resources.

An action item is slightly different in that it is a very specific action that is assigned to an individual and requires an owner, a requested date (if needed), and a date due. These actions are used to call out specific items that need to occur both by whom and when. They should also be put on the accomplishments section the following week.

Key decisions

Similar to the risk and issue log, keeping a master list of all key decisions made is very important. If at any point in the project the team questions when a decision was made, referring back to the key decision log is a great way to refresh everyone's mind. Highlight the most recent key decisions made on a status report in order to socialize amongst the team and make sure that those decisions are accepted and agreed upon before they are "closed" and put in the master log.

Should the status report be in any particular form or format?

Content, not form, is the key. If your company has a PMO office, they may have a form already. At the end of the day, whether it's in PowerPoint or Word or even Excel, it's the content above that should be included in the status. If the required format is missing a key item, recommend it be added!

What is the best way to report to executive leadership?

Successful reporting to executive leadership relies on anticipating what a good executive will ask about and expect. So, if you want to impress those above you, use these recommendations to anticipate what they will ask for and provide the information before they ask.

Executives generally want to know:

- What is running behind and what is the plan to catch up?
- What is required from a broader company perspective in terms of resources in the near future?
- How is the budget to actual and where will the project end up overall?
- What risk mitigation and issue resolution plans are underway or needed? (This is not the time to point out new issues that do not have a plan thought out — discuss your plan ideas and get approval or different thoughts.)

Executives want high-level information that encapsulates the main ideas. I've found that a good tool that will facilitate this sort of conversation is a milestone map. This is a visual representation of the major project milestones laid out in a timeline with a snapshot of the status of each item.
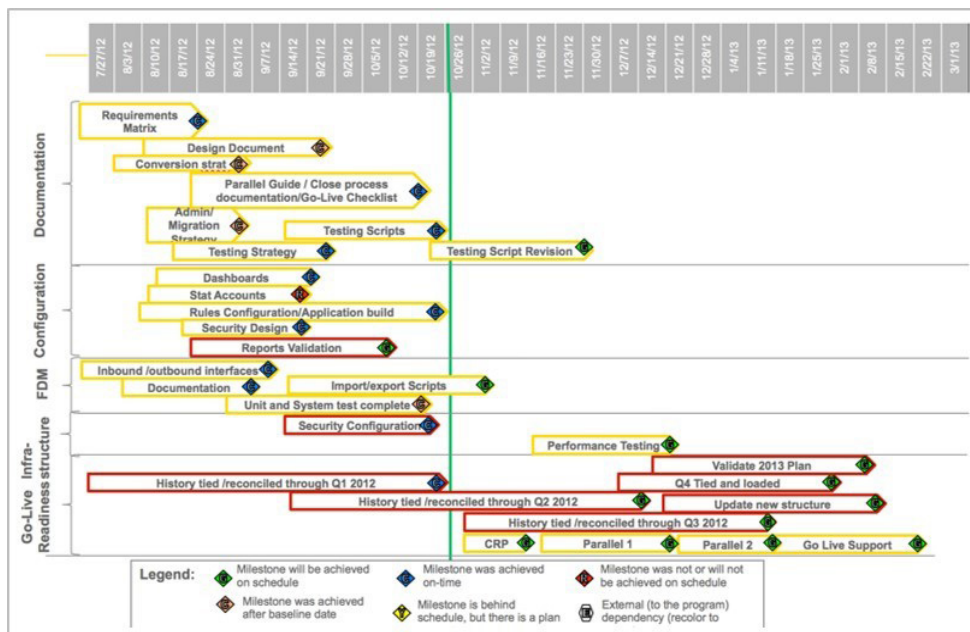
Download the Project Milestone Map Template

It's essentially a project Gantt chart with the major milestones represented that also incorporates the status of each milestone. The status condition follows the stop light format with two additions:

- **Green:** Milestone will be achieved on time
- **Yellow:** Milestone is at risk to be behind, but there is a plan
- **Red:** Milestone will not be achieved on schedule (these are focus areas for executives)
- **Blue:** Milestone was achieved on time
- **Pink:** Milestone was achieved but achieved late (red items will become pink)

Incorporating this visualization tool will go a long way to illustrating major project activities quickly. In your executive status report, consider including a milestone map, major risks and issues, key decisions, and budget versus actual.

To get started on tracking the status of your project, **download the Project Milestone Map Template!**

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