PRESENTATION AND SYNTHESIZING OF THE INFORMATION PROVIDED BY THE DASHBOARD

PREZENTAREA ŞI SINTEZA INFORMAȚIILOR OFERITE DE TABLOUL DE BORD

P. ŞTEFEA[1], DELIA RAMONA GABRIS[2]

[1]West University of Timisoara, Faculty of Economics and Business Administration, Timisoara, Romania; i_petroman@yahoo.com
[2]SC INTEROPTIK SRL

Abstract: *Knowing the financial condition and the performances of a business, based on different methods of analysis, be it financial, economic, value creation etc. must not allow limiting oneself only to a "state of observation" in the strict sense of the word. The continuous pursuit of performance requires a measurement of it which must exceed the simple reflection, taking into account that the final target of a managerial system is making the most efficient decisions which optimize the conditions for achieving the performance.*

Key words*: indicators, dashboard, economic and financial analysis, accounting, performance*

INTRODUCTION

Galbraith said that: "An optimal economic system is one which tends to cover the maximum of social needs". The conclusion of this postulate is that the primary reason of being of a business is to meet social, economic or environmental imperatives by mobilizing the technical, material, human and financial resources, thus justifying its existence [2,5].

Knowing the financial condition of a business is an imperiously necessary characteristic of managerial processes. However, just this source of information which satisfies only certain needs is considered insufficient and only partially represents an efficient management system.

A completion of the attributions imposed to a management system of "excellence" is represented by ***efficient management.*** It is not enough to know how to manage assets; the important thing is in what way and how well you know to do that [1,3].

Nowadays, the specialists in the field have discovered that the modern instrument for efficient management, capable to cope with any changes occurring in the businesses, which can monitor if the execution of the strategies is in line with the managerial targets and which can even be assimilated to an "organizational magnifying glass", which prevents chaos and corresponds to the needs of efficient management is the ***dashboard.*** It is considered to be the most useful and efficient "*vehicle"* which modern managers use in order to reach the "destination", success [4].

MATERIAL AND METHOD

The dashboard is considered to be an instrument of excellence in business and it represents an ensemble of management practices, shared by all the officers of an organization, whose purpose is to tend towards excellence in all fields, both organizational and operational ones.

The dashboard, a modern piloting instrument, *can only be accessed after a prior "formatting",* by means of a selective and integrated analysis of the elements of the informational system.

The attribution of a decision maker which pilots a business with the aid of the dashboard reflects a certain process of use of the information, the act of management being accomplished within the cycle:

RESULTS AND DISCUTION

The central moment of this cycle is the *decision.* Making correct decisions, based on the information contained in the dashboard models, resides in the ability of the managerial team or the top manager, taking into account that the decisional information must be conveyed to those who carry it out and especially that it is transformed into actual "production".

Adapting the information according to the managerial needs is accomplished by means of instruments or methods of "treating" the informational resource, which are a unitary ensemble of the means of compilation, recording, processing and transmission of data.

The decision – making process, in view of an efficient piloting of a business, involves going through three fundamental stages, which can be

associated with the three approaches which the economic specialty literature provides and which are found in a permanent symbiosis:

- the information action or process rendered by *accounting;*
- the "processing", analysis and quantification of information, *the economic and financial analysis;*
- consulting the piloting/control instrument, *the dashboard.*

These economic approaches have separate roles in the information process in the company; however, in order for the managers to make the correct decisions in view of attaining the established objectives, the information provided by them must be found *in the informational system in a "cascade" processing process.*

a) The accounting information – accounting – basis of the economic – financial analysis

Accounting is found on the first step of this triad because of the need for it to be a capable and useful instrument, within the reach of researchers, who, based on the highlighted information, can understand and manage to valorize their abilities, in order to eliminate the uncertainty and to prepare their own actions in a rational, effective, efficacious way which provides certain, adequate and verifiable answers, in accordance with the current requirements projected into a controllable future.

An important aspect is the fact that the accounting information is, in fact, the raw matter found in the company, which is going to be processed in order to obtain a finite product.

b) The "processing", analysis and quantification of the information – economic – financial analysis

The "raw matter" processes in view of making managerial decisions leads to the ***final product of accounting, represented by the financial reports.*** The analysis of the financial reports draws attention towards the *second fundamental element* of the triad, namely ***the economic – financial analysis,*** which is considered to be the knowledge to interpret the information provided by accounting, presented in the various reports.

The information provided by using the various methods specific of the economic-financial analysis can highlight for the analyst the progress, the evolution or involution of the company, as the case may be, by revealing the symptoms, the dysfunctions, by investigating and analyzing the facts and responsibilities, by identifying the negative factors which have led to the

occurrence of dysfunctions, activities or phenomena in the company. Also, the information provided as a result of the economic – financial analysis lead to the making of the financial models required in order to draw up the previsions.

Most of the times, however, the results of applying these methods only provide a "fragment" of the information required to make a substantiated financial decision. A rate or a financial indicator analyzed alone only has a certain significance, thus not being able to characterize the entire activity of a company.

Thus, only a "battery" of information or indicators monitored in dynamics, for several years or comparatively with other indicators which quantify the economic activity of other companies, can provide a correct overview of the economic reality at that time, of the tendencies of the company, which can highlight the aspects regarding the monitoring and control of the correct enforcement of the strategy.

C. Consulting the piloting/ control instrument – the dashboard

The need to control the "business" and to monitor it in real and adequate time, so that the quickest and most efficient decisions can be made by the top managers, and not only, when the situation requires it, has led to the creation and use of the third instrument of the triad, *the dashboard.*

The dashboard, based on the information that was collected, recorded, processed, quantified and monitored, provided by resorting to the two fields, accounting and economic – financial analysis, is the instrument filtrating and refining the information provided by them, compiling the most pertinent and illustrative indicators, both financial and non-financial ones, which help revealing the deviations of the business from the path leading to the established destination.

The information presented in the dashboard characterizes and renders a snapshot taken at the right time, revealing all the activities carried out in the company, allowing those who view them to make the most correct and immediate decisions, and also to monitor whether the "effects of their work" are in line with the previously established strategy.

Within the decision-making process, the indicators play a particularly important role. They are not a simple finding, but are real "pawns" found in continuous movement, which can express the measure of

the effort made, or especially, to be made, and also the performances obtained.

In what follows we will briefly present the information related to the indicators contained in the dashboard models.

Operational dashboards are used in order to control the operational activity and to make sure that the processes stay within the limits provided for productivity, quality and efficiency.

The motto of operational indicators shows *"what is going on at this moment"*.

At operational level, the dashboard indicators show interest for:

- directing the persons in charge towards the priority target;
- directing the action towards attaining the proposed targets;
- identifying corrective actions, collecting information on the obtained results, identifying and understanding the deviations from the targets.

Below we propose, generically speaking, the following indicators which can be seen on the operational dashboard:

Table 1

Proposed operational dashboard

N No	Specification	M.U.	Planned level[8]	AAttained level[9]	Deviation	RReaction
0	1	22	3	44	5=4–3	66
	Financial operational indicators					
1	Value of money claims towards the clients within the term	lei				
2	Value of money claims towards the clients outside the term	lei				
3	Term debts with respect to the suppliers	lei				
4	Outside term debts with respect to the suppliers	lei				
5	Debts towards the staff and the state budget within the term	lei				
6	Debts towards the staff and the	lei				

[8] Broken down value from the annual or six – monhly plan for the current month
[9] Actual recorded value during the current month

N No	Specification	M.U.	Planned level[8]	AAttained level[9]	Deviation	RReaction
0	1	22	3	44	5=4–3	66
	state budget outside the term					
7	Debts towards banks within the term	lei				
8	Debts towards the banks outside the term	lei				
9	Penalties for payment delay	lei				
10	Incomes from U.A.S. 1	lei				
11	Incomes from U.A.S. 2	lei				
12	Incomes from U.A.S. N	lei				
13	Other incomes	lei				
14	Cash – ins from the operational activity	lei				
15	Payments related to the operational activities	lei				
16	Net operational cash flow	lei				
	Economic operational indicators					
17	Production volume	p.u.[10]				
18	Average productivity in physical units per direct productive employee	p.u/pers				
19	Degree of utilization of the production capacity	%				
20	No. of actual available staff	pers.				

b) Tactical dashboards

The indicators captured in the tactical dashboards allow us to monitor and manage the performance of the departmental processes and projects in relation with the purposed. While the motto of the indicators encountered in the operational dashboard is "shows what is going on at this moment", the specific indicators of the tactical dashboards focus on displaying what happened in the past and help the users explore the methods of improving the results shown.

[10] u.f. – physical units

Table 2

Indicators proposed for tactical dashboards

No.	*Specification*	*M.U.*	*Planned level*	*Attained level*	*Deviation*	*Reaction*
0	1	2	3	4	5=4–3	6
	Financial tactical indicators					
1	Current liquidity	-	1,00÷2,00			
2	Fast liquidity	-	0,65÷1,00			
3	Immediate liquidity	-	0,35÷0,65			
4	Capacity to reimburse the total debts based on CAF	%	>1, min. 0,33			
5	Degree of covering the debt service	%	min. 1			
6	Working capital	lei	>0			
7	Stable financing rate	%	>1			
8	Working capital requirement	lei	<FR			
9	Cyclic financing rate	%	<1			
10	Net treasury	lei	>0			
11	Global financing rate	%	>1			
12	Duration in days of the stock rotation	days	60			
13	Average period of cashing the money claims towards the clients	days	30			
14	Average duration of operating cycle	days	90			
15	Average duration of paying off the debts towards the suppliers	days	30			
16	Average duration of NFR rotation	days				
17	Profitability of operating incomes	%				
18	Lucrativeness hreshold	lei				
19	Relative safety margin	%				
20	Blind spot	days				
	Tactic economic indicators					
21	Number of clients with orders over x million lei	no.				
22	Number of clients with orders under x million lei	no.				
23	Total production/performance capacity	p.u.				
24	Medium value productivity of the labor	lei				
25	Yield of the directly productive fixed assets	lei				

Strategic dashboards provide both an external and an internal overview of the company and focus on the long-term overall functioning of same.

The utility of the indicator system in making strategic decisions can be considered from two points of view: creating value for the company and accomplishing the mission of the company by implementing the strategy, the variety of the viewed indicators being quite large, starting from the financial indicators (EVA, ROCE, CFROI, CA, etc.) and ending with non-financial or non-material indicators.

As an example, we propose the following indicators which can be viewed in the strategic dashboard:

Table 3

No.	Specification	M.U.	Planned level	Attained level	Deviation	Reaction
0	1	22	33	44	5=4–3	66
	Strategic financial indicators					
1	Fixed assets rate	%				
2	Working assets rare	%				
3	Financial stability rate	%				
4	Global financial autonomy rate	%				
5	Global indebtedness rate	%				
6	Own working capital	%				
7	Economic profitableness	%				
8	Financial profitableness	%				
9	Financial lever	%				
10	Value of the investments	lei				
	Strategic economic indicators					
11	Production capacity U.A.S. 1	p.u.				
12	Production capacity U.A.S. 2	p.u.				
13	Production capacity U.A.S. n	p.u.				
14	Specific investment U.A.S. 1	lei/ p.u.				
15	Specific investment U.A.S. 2	lei/ p.u.				
16	Specific investment U.A.S. n	lei/ p.u.				

CONCLUSIONS

Controlling or piloting efficiently the ensemble of activities and processes in a company involves ensuring the quality of the decisions made by the persons in charge with them. This process involves three types of decisions, depending on the time limit they are based on, which can be associated with the three types of dashboards: strategic, tactical and operational.

These types of decisions are made by the persons in charge found on various hierarchical levels, based on the financial or non-financial indicators contained in the operational dashboard models, tactically or strategically, after a prior analysis.

Operational dashboards are used first of all by the first line staff, in order to control operations using *the most current information possible.* As for the tactical dashboards, they are used especially by managers in order to optimize the departmental processes using *past detailed information.* In order to manage the overall strategy, strategic dashboards are used, which are meant for the top management which monitors the *concise historical information* extracted from various sources, as well as *manually captured data.*

From the conceptual point of view, the operational dashboards and the tactical dashboards monitor the performance of business processes, and the strategic dashboards monitor the progress towards accomplishing the strategy.

The overall dynamic image reflected by the indicators, which allows the company managers to find out in due time aspects related to the status and evolution of the systems they lead, to identify the tendencies contributing to the improvement of performance and to make the correct decisions, makes up the federating role of the dashboard.

Based on the data provided by accounting and based on the evaluation indicators used by the economic-financial analysis, the dashboard shows the ensemble of the most significant data providing information on the degree of accomplishing the key-targets; thus it can be considered the "heart of the management", being the access point towards performance, whatever the status of the company may be.

The importance of this instrument is proven by the fact that with it one can access data in the budget system and in general accounting, without

mixing them up, sharing a series of common points. Although it can be correlated with the idea of budget, especially if we take into consideration the pursued strategy, based on the structure of responsibilities existing in the company and applying the same principles of analysis of the differences (assessment in comparison with the past, with the previsions, with the competition), the "appearance" of the dashboard is more slender, more concrete and allows for a more rapid assessment. While accounting provides exact data in a complete way and in an interval which involves a longer analysis, *the dashboard provides information generating decisions "upon accessing".*

Taking into account that the dashboard is meant to highlight the sense of evolution of the company in relation with the fixed targets, by means of alert points and light signals which appear in its models, it represents the instrument which helps point out, control and improve the desired performance, its utility being particularly important in the efficient development of the economic activity of any participant involved in the economic process, illustrating in a very precise and the transparent manner the mirror of the organization.

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