



# Pinnacle 360° – An Introduction



## Pinnacle Associates



# The reality of existing traditional auditing

## Issues:

- Assessor competence
- Numbers of people available / needed
- Distraction from everyday activities
- Cost
- Time required
- Value of the results?
- Sufficient evidence gathered?
- Examples of failure – Enron and others
- Sample size often small and unrepresentative
- Compliance not effectiveness focused
- Inconsistency of application and interpretation
- Lack knowledge of business and System Thinking

‘it is *not* the auditors ‘fault’ they are only human  
Conclusion - there needs to be other supporting methods



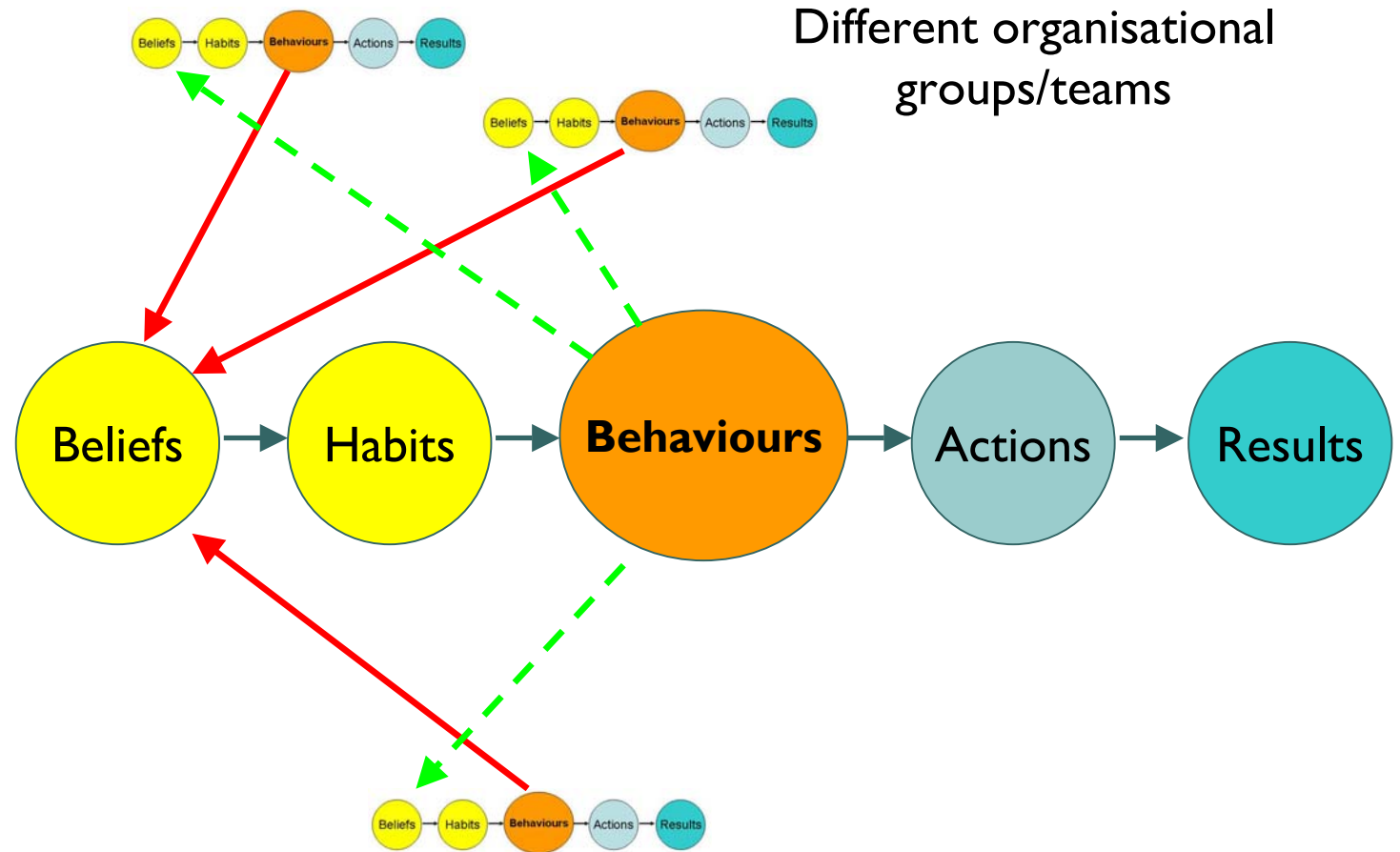
# Directors want to know which business drivers and risks need attention

Current auditing cannot do this effectively. WHY?

- You need many pieces of evidence to do this, from a wide variety of sources
- One piece of evidence will provide information about a number of these drivers in different amounts
- Managers manage these drivers, not the tactical detail usually contained in current reports
- It is what people do (the behaviours) and the impact they are having that counts, not the documents they create or complete
- Real world behaviours need to be measured and linked to the drivers.
- This creates large volumes of evidence that people cannot consistently analyse and report on at the driver level

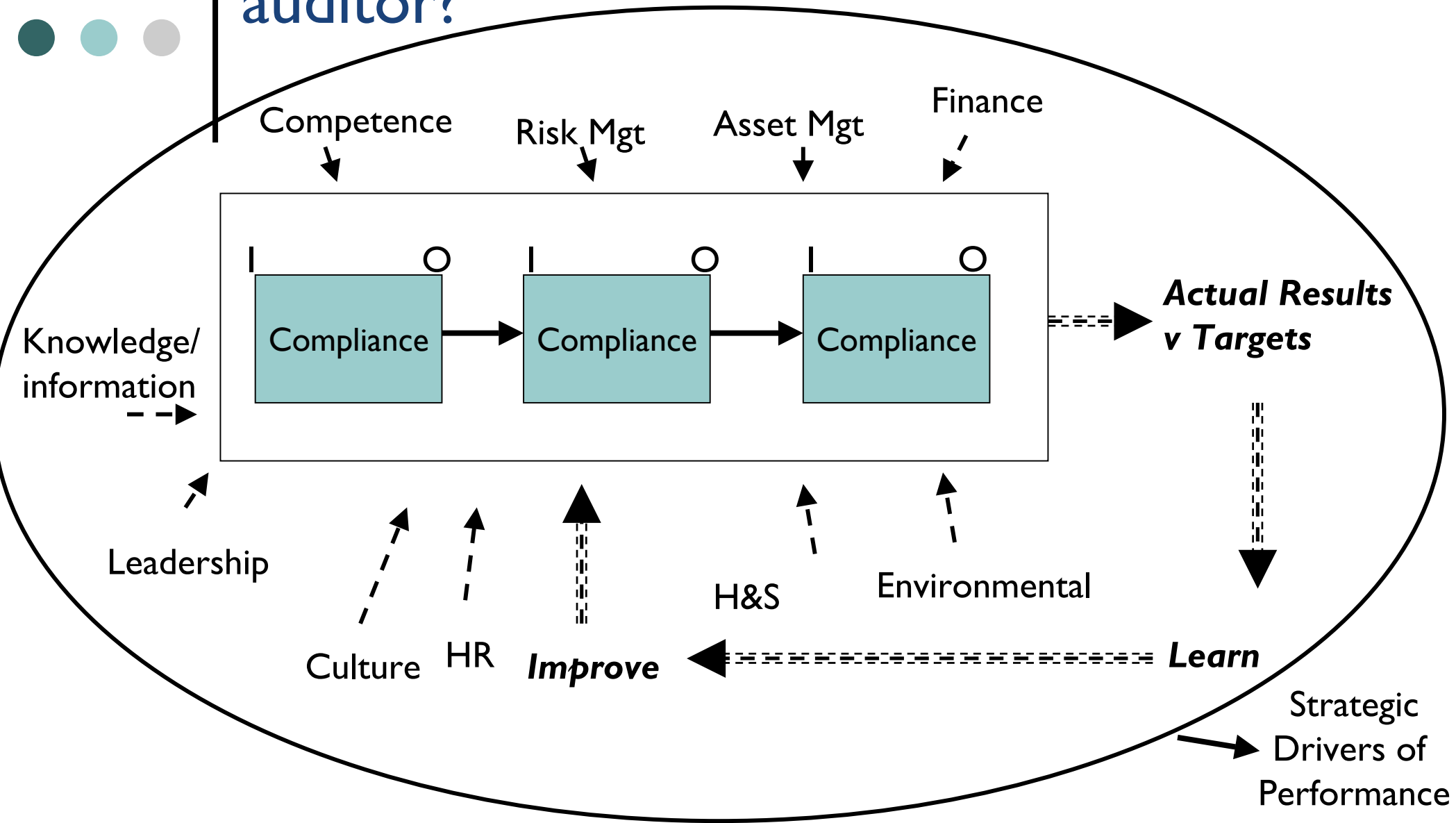
if it isn't written down it isn't audited!!!! – this is not auditing the real world

# What can / should you audit?



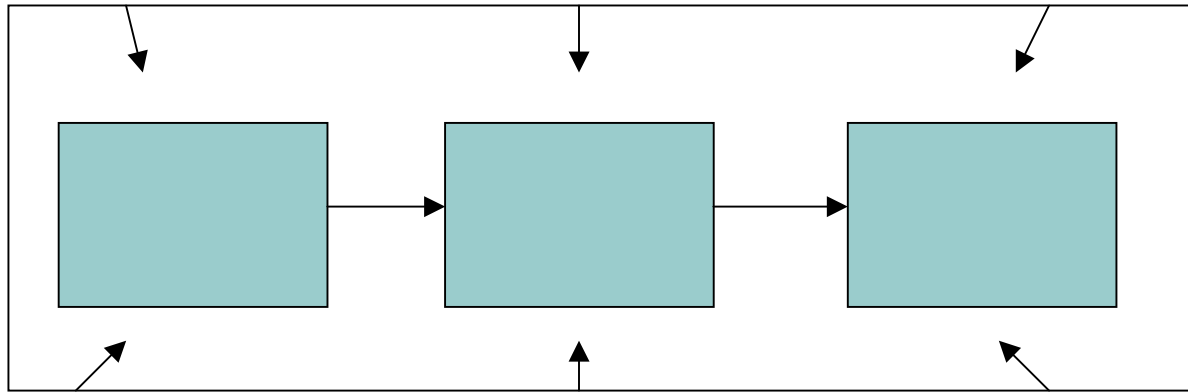
Behaviours are the lead indicators of organisational risk  
- to both compliance and effectiveness

# Management auditing – the super internal auditor?



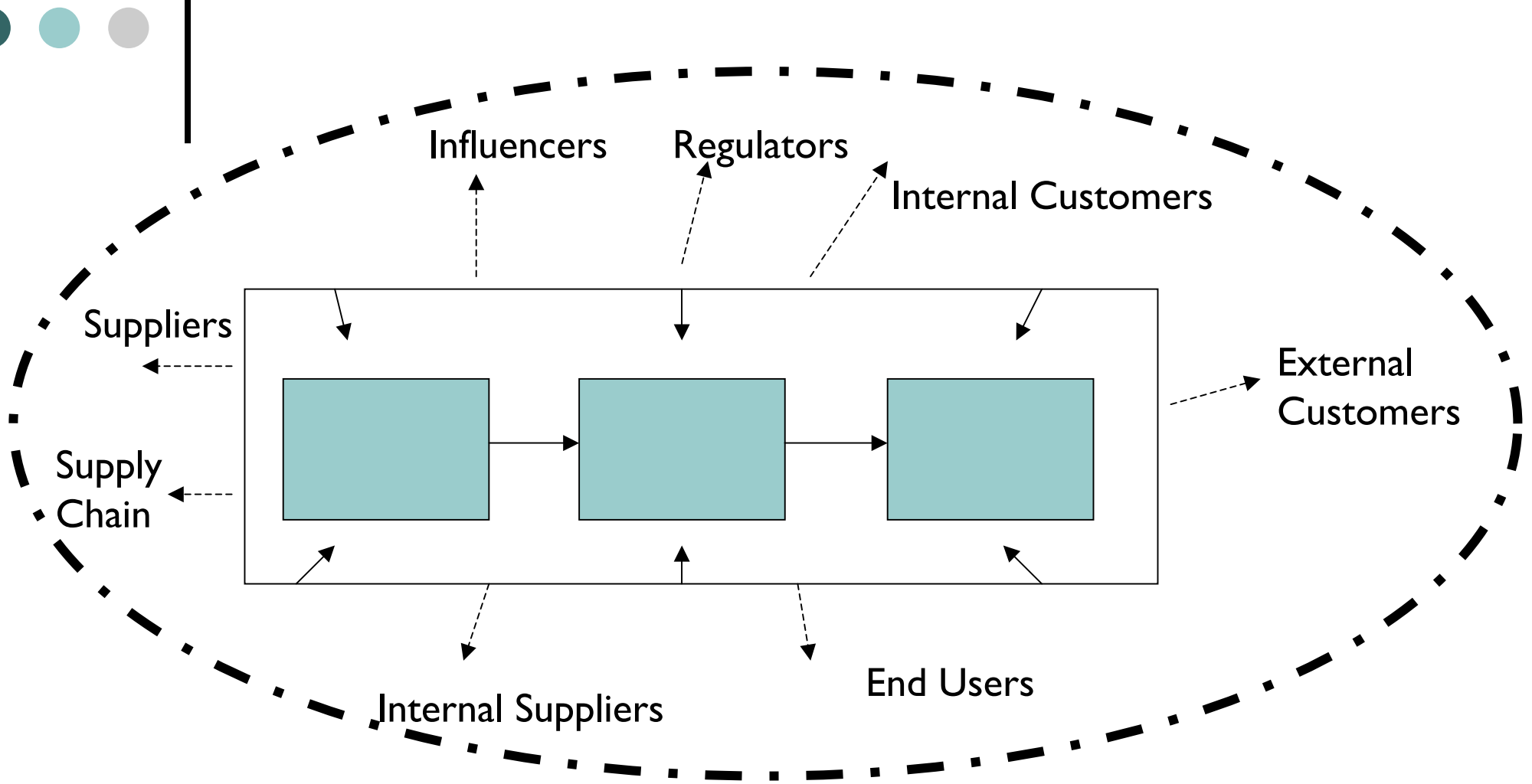
‘compliance plus process inputs and outputs plus management – more like the real world but the super auditor does not exist!’

# But it gets worse - typical internal process auditing approach



‘focuses inwards and engages people internal to the process  
but this only generates part of the picture’

# Organisations need a Pinnacle 360° view



‘engages people internal and external to the process who experience behaviour, are impacted by or contribute to the process’



# Why do we run Pinnacle 360° assessments?

## **Provide information to:**

- Highlight current strengths and weaknesses/ potential risks, by measuring behaviours exhibited and experienced by different groups and roles
- Identify priority areas for improvement activity based on good practice and/or business objectives
- Support the next phase of business growth
- Give a gap analysis against required standard(s) / drivers of performance

Provide everyone with the opportunity to input as they see it



## What is Pinnacle 360° assessment?

By combining an appropriate mix of on-line Pinnacle 360° assessment and on-site assessment, significant added value results are achieved:

- On-line: The Pinnacle 360° assessment method measures performance, asking participants to respond to statements presented by selecting the most appropriate response that describes the behaviour they are seeing exhibited and/or experiencing.
  - Anonymous and secure environment
  - Allows different groups participating to see different statements that are written in a way that is meaningful to them*and/or*
- On-site: Targeted people to people based follow-up for resolving potential risks and compliance coverage



## What is delivered?

Reporting of performance – this can cover such things as:

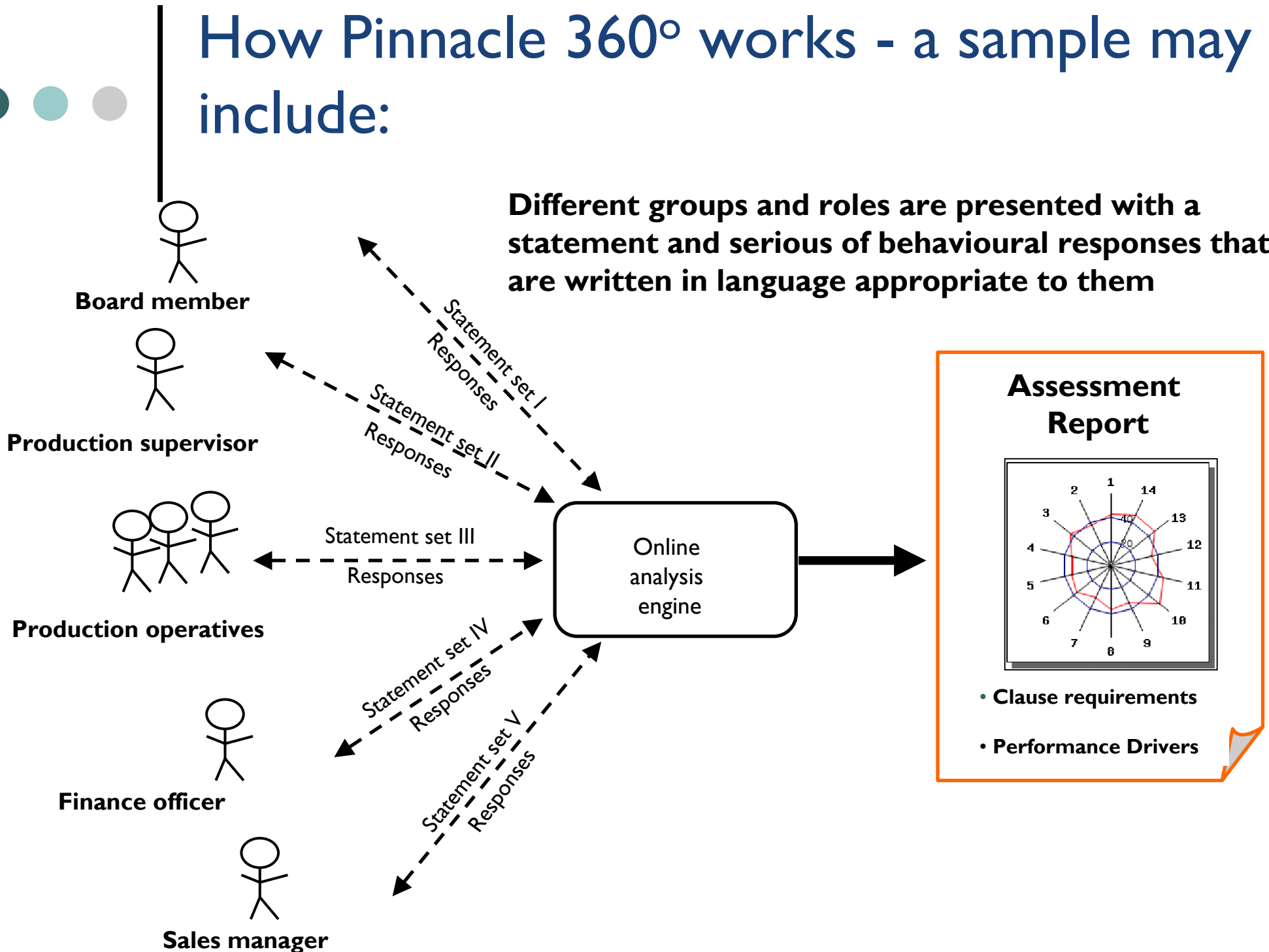
- Against the organisation's business performance drivers
- Against Corporate Social Responsibility/Corporate Governance drivers of performance
- Against the principles of ISO standards and best practice
- By groups, departments, sites in the organisation to benchmark and identify risk and improvement areas

Enables:

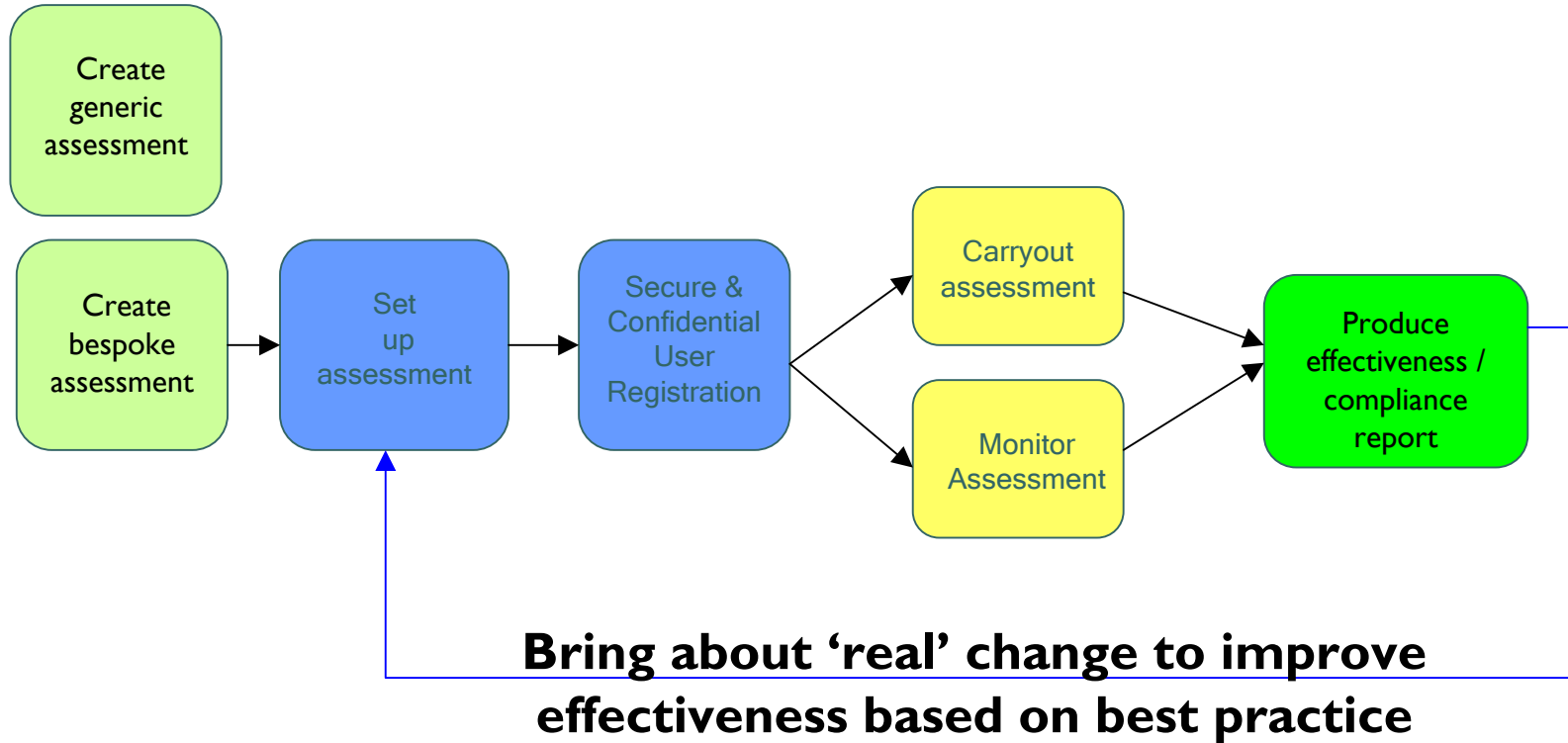
- Accurate targeting of improvement activity
- Consistent benchmarking of performance
- Demonstration of due diligence and measurement of 'effectiveness'
- Measures what people do rather than what they say they do

# How Pinnacle 360° works - a sample may include:

Different groups and roles are presented with a statement and series of behavioural responses that are written in language appropriate to them



# Pinnacle 360° – the mechanics



..realising the opportunity to improve

# Example Pinnacle 360° Screen 1

Logged in: Phil McNee

Your Home

**Assessment:** Environmental, Health and Safety Initial Assessment

**Organisation:** Client

**Scope:** Benchmarking Site Performance

## Statement

**Environmental, Health and Safety (EHS) incidents are reported**

## Responses

I know of at least one significant EHS incident in the last six months that was not reported as it should have been.

I can confidently say that all EHS incidents however small, are reported and recorded.

Everyone is comfortable with reporting EHS incidents, big or small, so all get reported, addressed and communicated.

Some of us report EHS incidents, both major and minor, but I do not think that everyone does this.

A summary of all EHS incidents and their causes is regularly issued and I believe this gives a fair reflection of what is happening.

Proceed

Progress



[Exit]

# Example Pinnacle 360° Screen 2

Logged in: Phil McNee

Your Home

**Assessment:** Corporate Social Responsibility Initial Assessment

**Organisation:** Client

**Scope:** Benchmarking Site Performance

## Statement

**Corporate Social Responsibility performance is communicated**

## Responses

Management regularly communicate the organisation's CSR performance.

Rarely, if ever, are we told how well the organisation is performing when it comes to CSR issues.

I don't really know how well the organisation is doing when it comes to CSR performance but I know how well the part I work in is doing.

Management regularly communicate how our own performance is contributing to the overall CSR performance of the organisation.

Someone regularly checks we understand the organisation's performance including its CSR results.

**Proceed**

## Progress



[Exit]

# Example Pinnacle 360° Screen 3

Logged in: Phil McNee

Your Home

**Assessment:** Financial Process Management Assessment

**Organisation:** Client

**Scope:** Benchmarking Site Performance

## Statement

**Quarterly accounts are used to manage the business overall**

## Responses

The Main Board doesn't review performance quarterly or if it does I am not ware of the outcome.

Sometimes it is unclear what actions have been agreed by the Main Board or the true impact of these on the business.

The main board routinely review business performance and identify strategic and tactical actions.

Accurate records show agreed strategic and tactical actions resulting from a review of the Accounts.

Realistic feedback on prioritised actions is always provided to the Management Board based on the Accounts.

Proceed

Progress



[Exit]

# Example Pinnacle 360° Screen 4

Logged in: Phil McNee

Your Home

**Assessment:** Understanding our Business Environment Assessment

**Organisation:** Client

**Scope:** Benchmarking Site Performance

## Statement

**Consolidated information about our business environment is reviewed**

## Responses

All of the business intelligence gathered is passed to a nominated group, who sift through it all to make their recommendations.

As far as I am aware, we do not formally review business intelligence information in any structured way.

All business intelligence gathered is reviewed by the relevant person, using the same methods of valuation and prioritisation.

Different teams/people reviewing such information work under similar rules to provide their analysis to inform business planning.

After initial analysis by the responsible people, refined business intelligence is reviewed further by a nominated group of people.

**Proceed**

## Progress



[Exit]



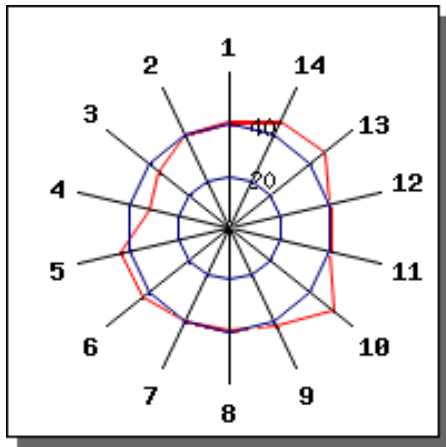
## What is involved?

- A Client assessment coordinator (fully supported) to:
  - complete basic set-up
  - invite and monitor participation
- It typically takes 10 to 15 minutes per participant to complete a Pinnacle 360° assessment
- All a participant needs is internet access, but other methods can be used e.g. PDA or even paper returns
- The rest is automated
- Example reports can be provided – results are expressed as a percentage with 40% representing compliance, less than 40% representing greater risk and higher than 40% gears towards best practice

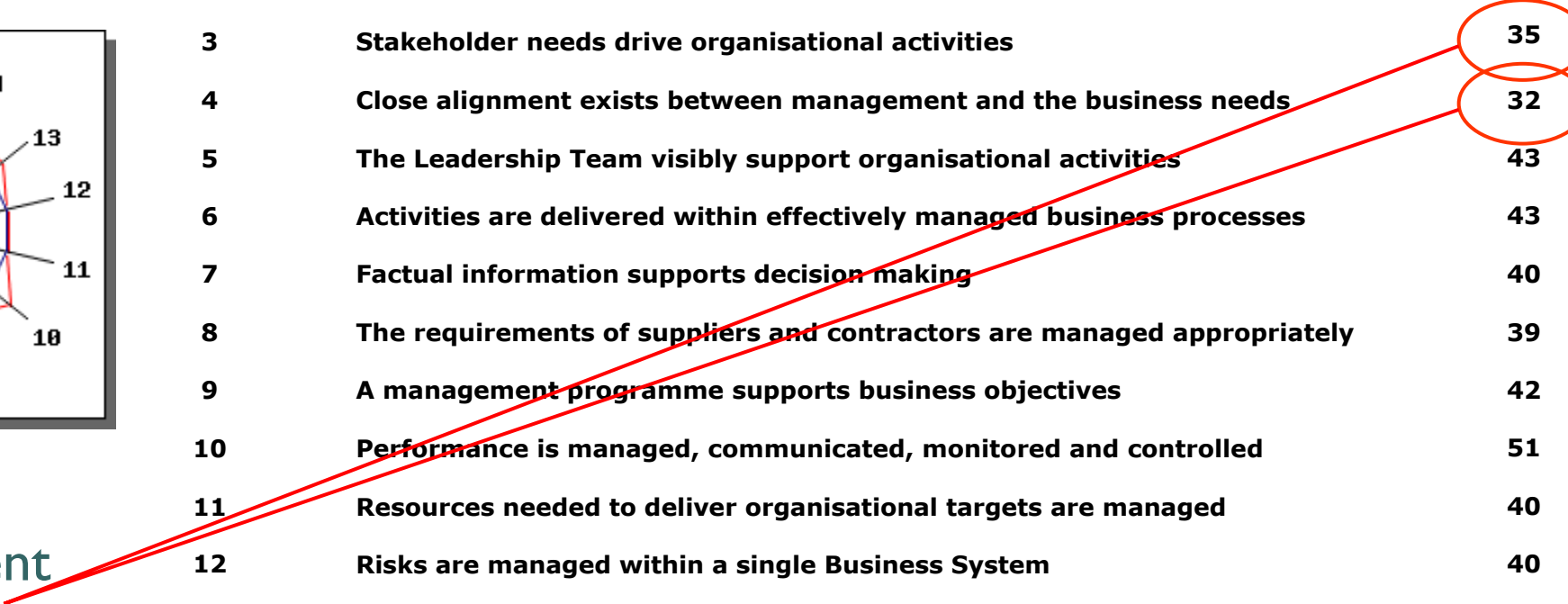
# A summary of results against performance indicators



Performance Driver	Description	%
1	Sustainable and appropriate business practices are promoted	41
2	Industry best practice is applied	40
3	Stakeholder needs drive organisational activities	35
4	Close alignment exists between management and the business needs	32
5	The Leadership Team visibly support organisational activities	43
6	Activities are delivered within effectively managed business processes	43
7	Factual information supports decision making	40
8	The requirements of suppliers and contractors are managed appropriately	39
9	A management programme supports business objectives	42
10	Performance is managed, communicated, monitored and controlled	51
11	Resources needed to deliver organisational targets are managed	40
12	Risks are managed within a single Business System	40
13	People are fully engaged with requirements and contribute to delivery	47
14	Continual improvement of performance is embedded	46



Improvement areas??





## What are the benefits?

- Accurate targeting of improvement activity
- Wider coverage for more representative and deeper information, with the confidential environment promoting greater honesty
- Automated collection, collation, analysis and reporting to save time
- Convenience - minimises cost and disruption to the business:
  - Involves key staff at their convenience
  - Reduced on site auditing/assessment costs
- Consistent basis for benchmarking performance
- Measures effectiveness and not what is written down



## What are the benefits?

Pinnacle 360° Assessments provide organisations with the ability to assess behaviours and actions in the real world, not just what is written in procedures and documents.

People rarely follow procedures, and if they introduce risk into an organisation as a consequence of their behaviour, then organisations need to know about it and manage it!



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