

Cascading the Balanced Scorecard

The IMF/TGS Experience: Aligning a Diverse Department to a Performance Management Framework

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▶ Introduction and Objectives



- Discuss the challenges and opportunities faced by Government and Not-for-Profit *service organizations* in implementing the Balanced Scorecard and associated performance management systems
- Review the challenges involved in the deployment of Balanced Scorecards, and in integrating and aligning these through cascading
- Learn how the International Monetary Fund, Technology and General Services Department integrated scorecards and performance management tools across disparate service organizations, and succeeded in aligning and cascading multiple scorecards in an overall performance management framework

▶ Agenda

Introduction and Objectives

Integrating Strategy and Performance Management

Strategy Alignment and Cascading

The IMF Technology and General Services Department Experience

Discussion and Conclusion

▶ What Is Strategy?



— **Strategy is the way an organization seeks to achieve its core purpose:**

- A set of goals or objectives
- A method involving people, resources, and processes

— **Strategy includes:**

- Identification of the directions and areas that are most important in pursuit of the mission
- Recognition of the operating environment in which the agency or organization operates
- Determination of priorities for resources and communication

— **Strategy specifies what you do and what you don't do**

— **Strategy is about change**

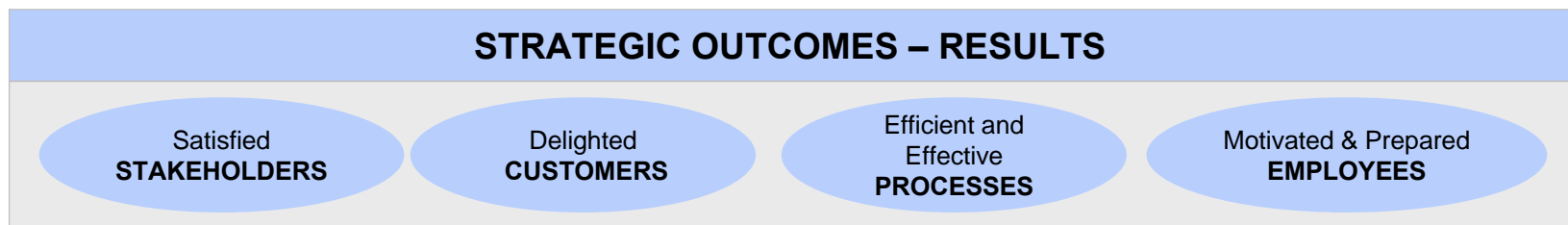
Change Agenda for Canadian Blood Services

from...		...to
Blood products	Mission	Expanded products and services
Tactical, operational, crisis	EMT focus	Longer term strategic dialogue
Resisted and not understood	Implementation of Quality Systems	Championed and owned
Short term, single source funding	Funding	Multi-source funding, strategic investments
Inherited, ineffective,	Infrastructure	Refurbished, modern, purpose-built
Responsive and limited visibility	Medical R&D	Targeted, strong and visible thought leadership
Manual	Core Processes	Standardized and automated
Top down	Leadership	Identify, develop, empower
unclear benchmark	Unit Cost	Well defined, near benchmark
Priorities and strategy unclear	People	Connected to the strategy

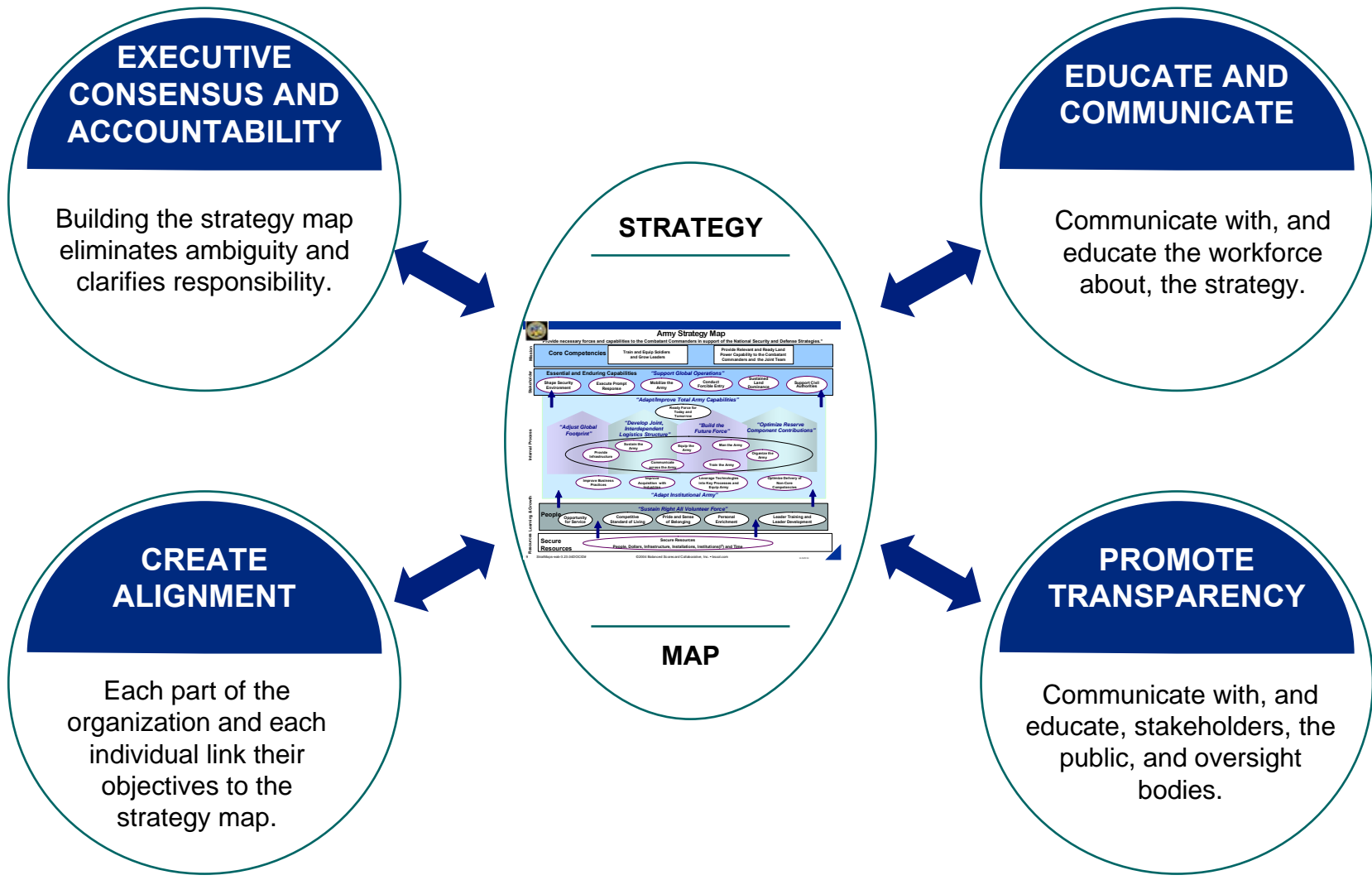
▶ What is a Strategy Map and Balanced Scorecard?

At the highest conceptual level, the Strategy Map and Balanced Scorecard provide a **framework** that helps organizations **translate strategy** into **operational objectives** that drive both behavior and **performance**.

- ▶ The Balanced Scorecard is part of a continuum that translates core purpose, values, and vision into desired outcomes



► Strategy Maps Help Us Achieve Our Mission and Vision

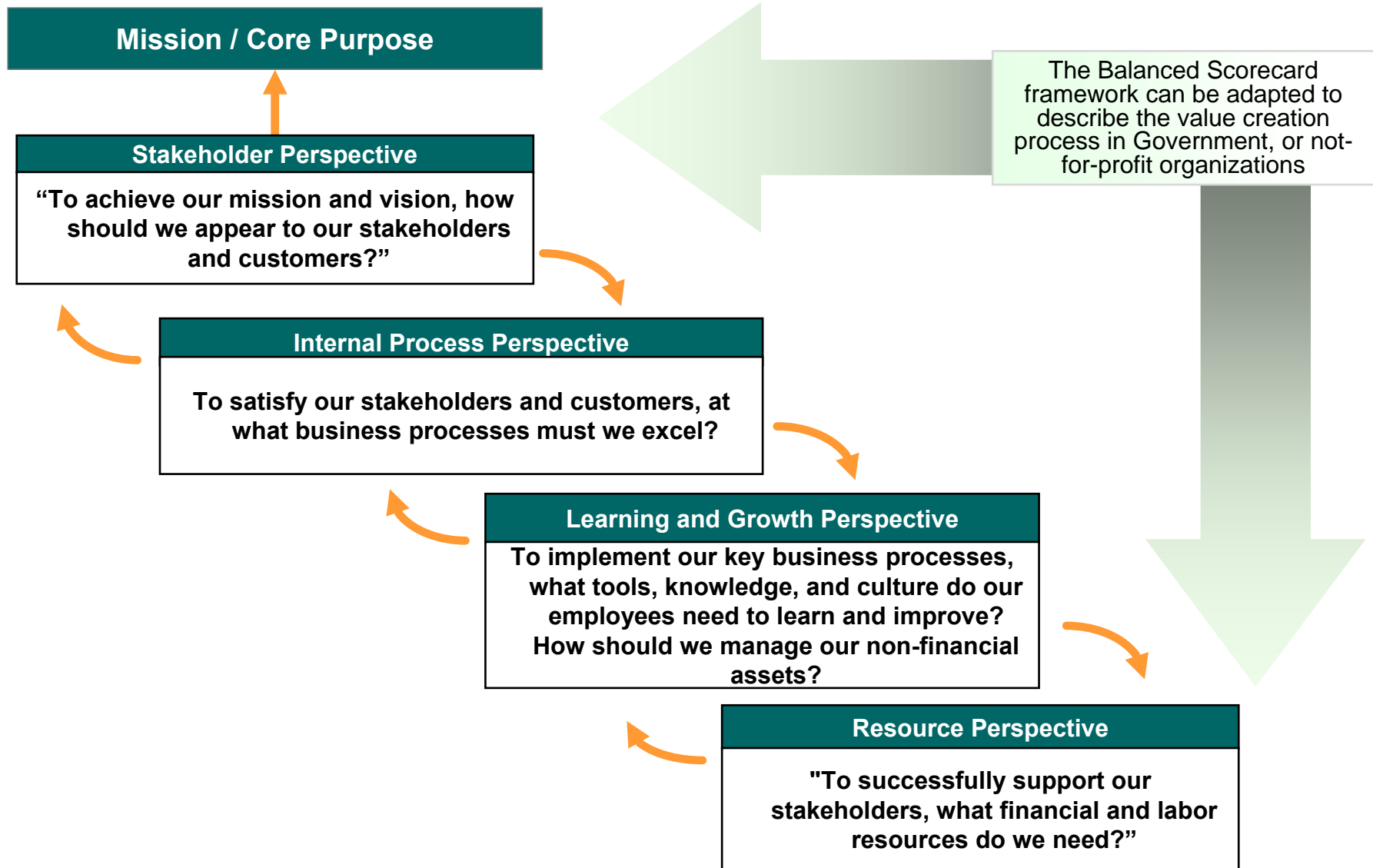


▶ A Strategic Objective or 'Objective' is:

- **A short (3-8 word) statement that describes a strategy, something that an organization wants to be able to *do well***
- **An action statement that clarifies what strategy is to be implemented**
- **Enduring, relevant for 3-5 years**
- **Part of a linked set of priorities that deliver the overall strategy**

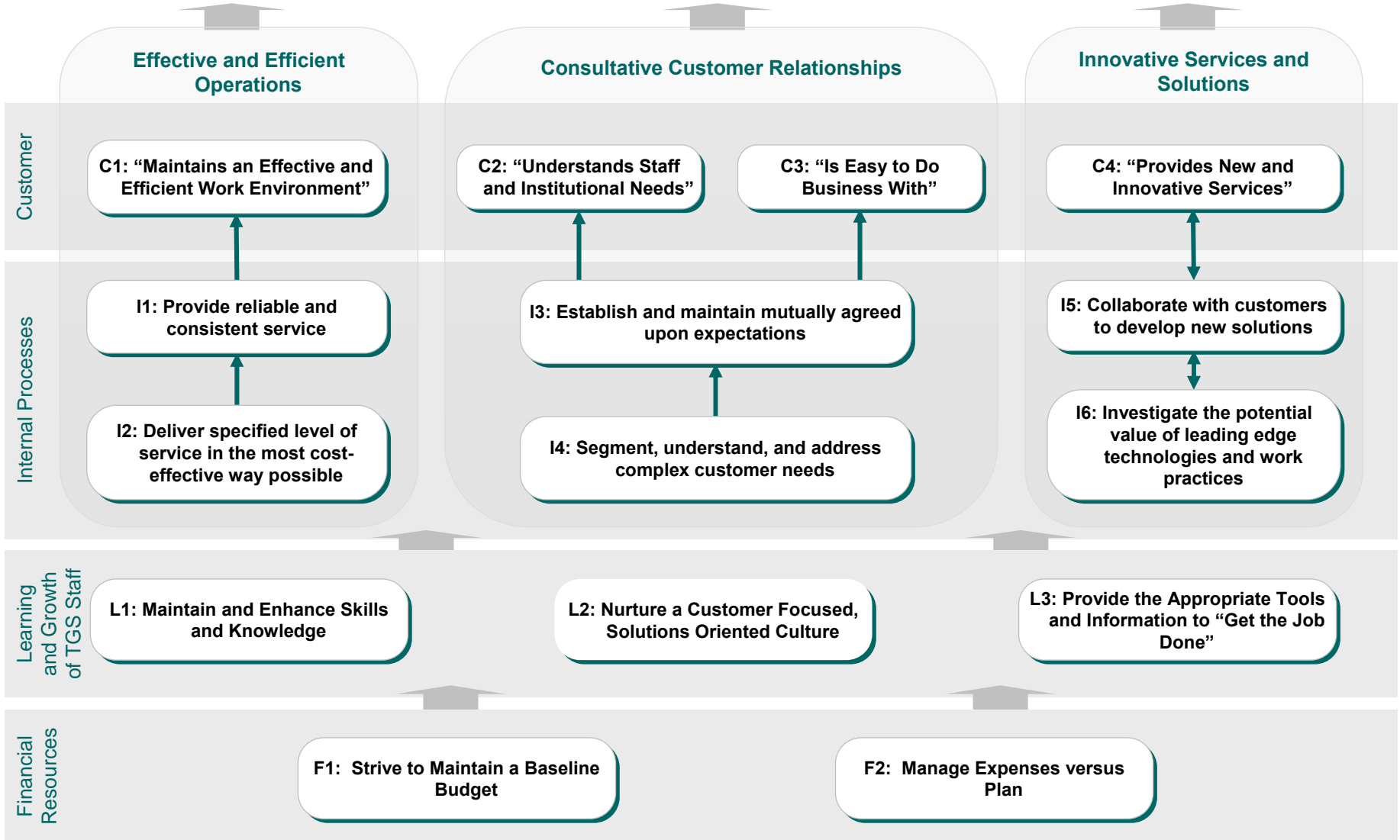
Provide reliable and consistent service

Perspectives in Not-for-Profit Organizations



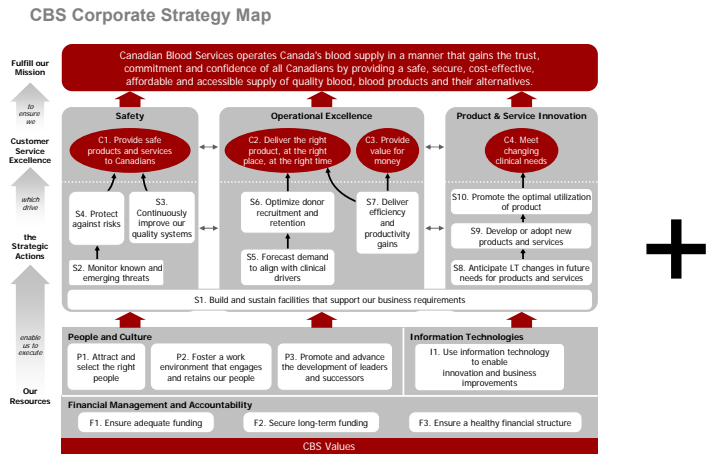
IMF Technology and General Services Department Performance Map

Executive Directors, Management, and Fund Staff agree that TGS effectively supports the Fund's work



► Strategy Description and Performance Management are Founded on Two Basic Components:

The Strategy Map



The Balanced Scorecard

Example Strategic Objective	Measures	Targets			Initiatives
		FY06	FY07	FY08	
Build primary development testing capabilities and technology platforms	<ul style="list-style-type: none"> Strategic business volume through test work (\$) 	\$85M	\$100M	\$115M	<ul style="list-style-type: none"> Center of Excellence Project Plan
Adopt best-in-class laboratory management systems and information technology	<ul style="list-style-type: none"> Cost savings reinvested through the process (\$) 	\$13M	\$26M	\$40M	<ul style="list-style-type: none"> Infrastructure Implementation

CBS Corporate Strategy Map

Canadian Blood Services operates Canada's blood supply in a manner that gains the trust, commitment and confidence of all Canadians by providing a safe, secure, cost-effective, affordable and accessible supply of quality blood, blood products and their alternatives.

Fulfill our Mission

↑
to ensure we

Customer Service Excellence

↑
which drive

the Strategic Actions

↑
enable us to execute

Our Resources

Safety

C1. Provide safe products and services to Canadians

S4. Protect against risks

S3. Continuously improve our quality systems

S2. Monitor known and emerging threats

Operational Excellence

C2. Deliver the right product, at the right place, at the right time

S6. Optimize donor recruitment and retention

S5. Forecast demand to align with clinical drivers

C3. Provide value for money

S7. Deliver efficiency and productivity gains

Product & Service Innovation

C4. Meet changing clinical needs

S10. Promote the optimal utilization of product

S9. Develop or adopt new products and services

S8. Anticipate LT changes in future needs for products and services

S1. Build and sustain facilities that support our business requirements

People and Culture

P1. Attract and select the right people

P2. Foster a work environment that engages and retains our people

P3. Promote and advance the development of leaders and successors

Information Technologies

I1. Use information technology to enable innovation and business improvements

Financial Management and Accountability

F1. Ensure adequate funding

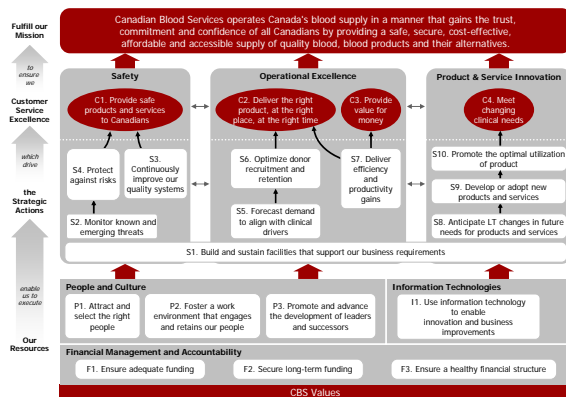
F2. Secure long-term funding

F3. Ensure a healthy financial structure

CBS Values

Strategy Maps Were Extended Throughout CBS

Corporate Strategy Map

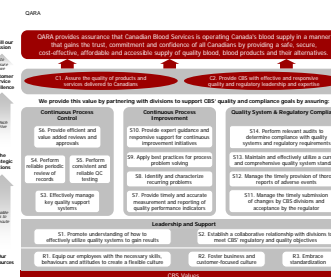
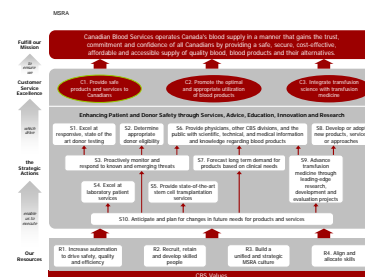
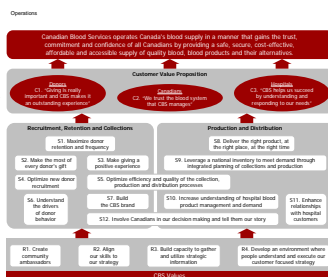


Board Strategy Map

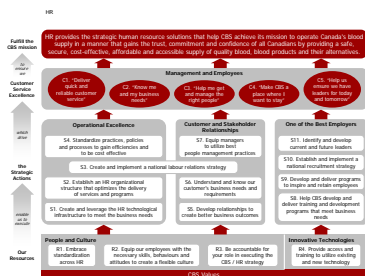
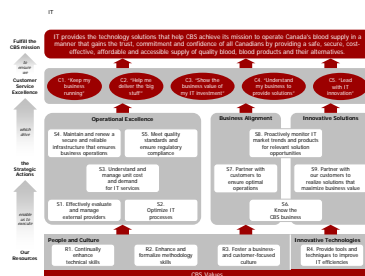


CEO Strategy Map

Operating Divisions



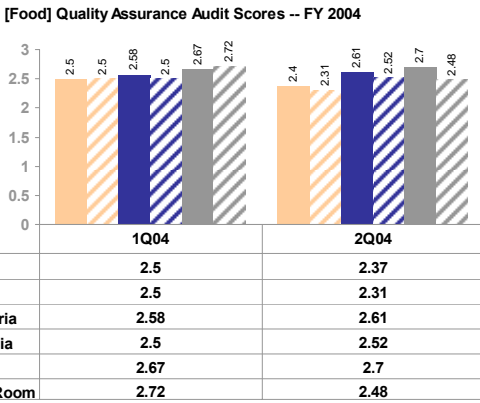
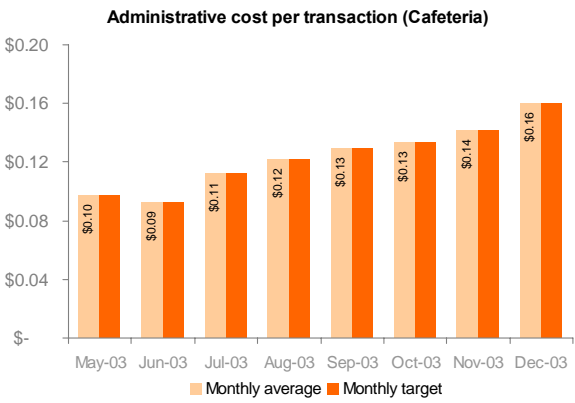
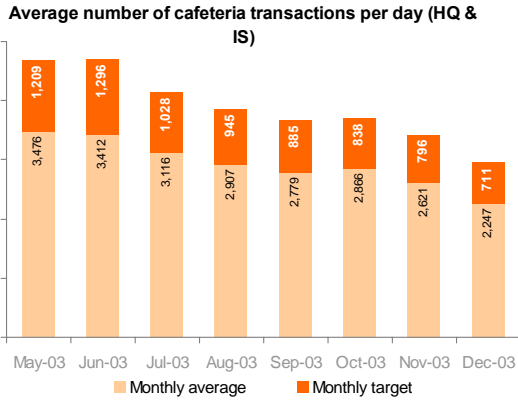
Enabling Divisions
(HR and IT)



Core Service “Mini-Scorecards”

ID	Core Service	Service Objective	Volume Metric	Cost Metric	Service Quality Metric	Customer Satisfaction
Food Services						
AS-1	Cafeteria and Executive Dining Room (EDR)	Provide the best possible food and service quality at the lowest cost possible for cafeterias and cafes in HQ and I-Square	# of transactions (customers and/or meals served) per day (utilization rates)	Administrative cost per meal served (AD) – based on # of positions in Hospitality section	Quarterly Review -- External Performance Audit (quality rating for Food services by area)	Customer Satisfaction Survey Score – bi-annual – captures overall satisfaction
		Service Standard	N/A	TBD	Depends on individual service	71% - contractual 80% - “Stretch”

Once standards have been defined, a small set of critical performance indicators – a “mini-scorecard” – will be developed for each Core Service. Note this example uses illustrative data.



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Strategy Alignment and Cascading

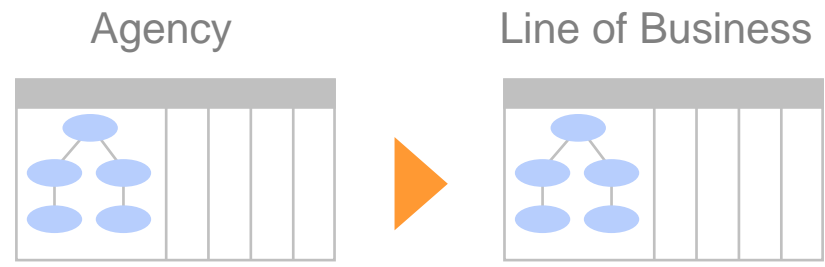
The IMF Technology and General Services Department Experience

Discussion and Conclusion

Objective Cascade Methods

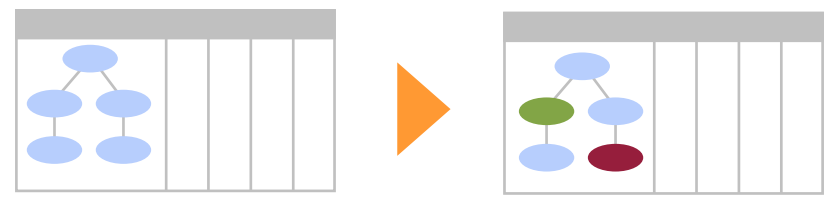
Identical

Identical Objectives



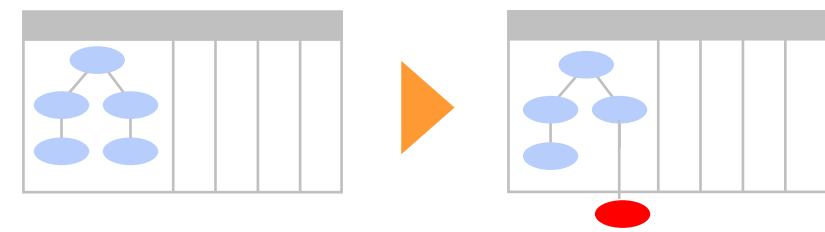
Contributory

Translated, but Congruent Objectives



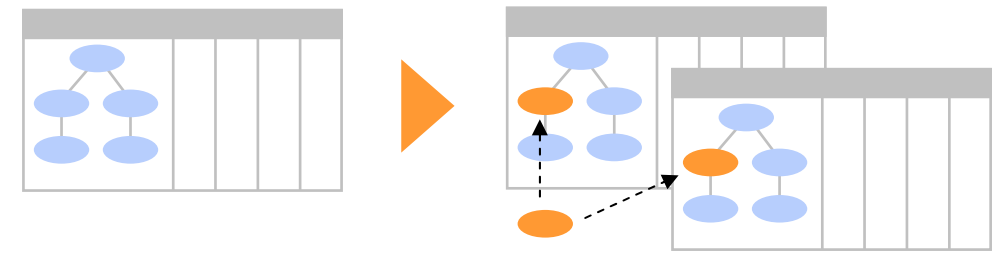
Unique

New Objectives do not Link Directly to the Parent

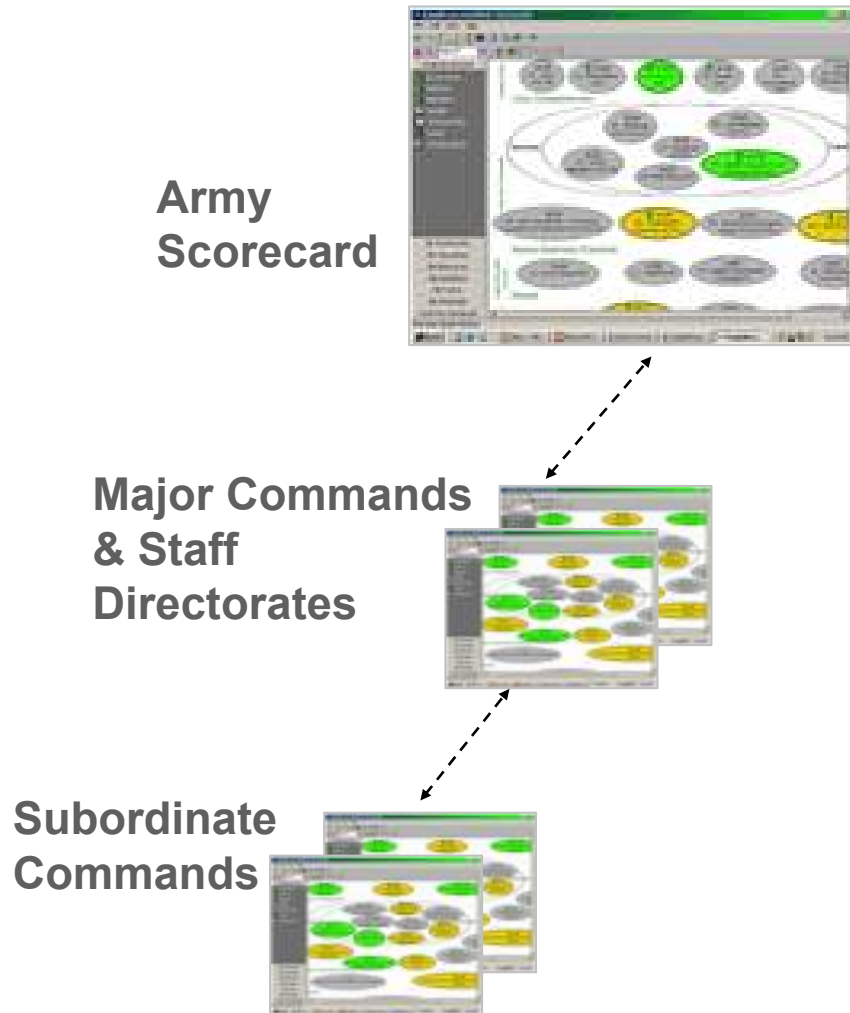


Shared

An Objective Jointly Owned by More than one Scorecard

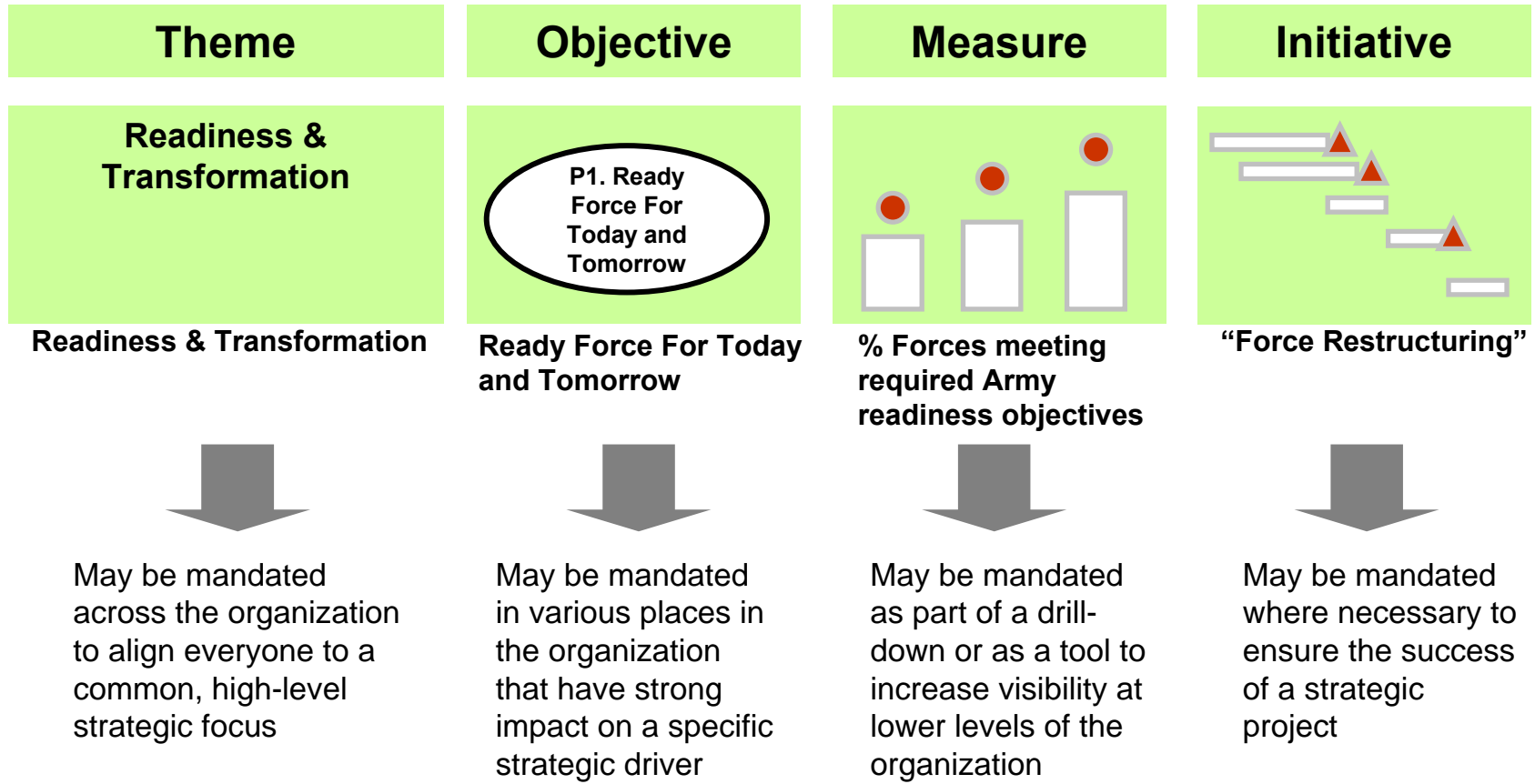


▶ Cascade by Theme – U.S. Army



- HQDA Operations Center
 - 36 Major Commands
 - 300+ Subordinate commands
-
- Themes stayed consistent throughout the process
 - Army developed a language and a culture around the themes of “readiness”, “transformation” and “business practices”

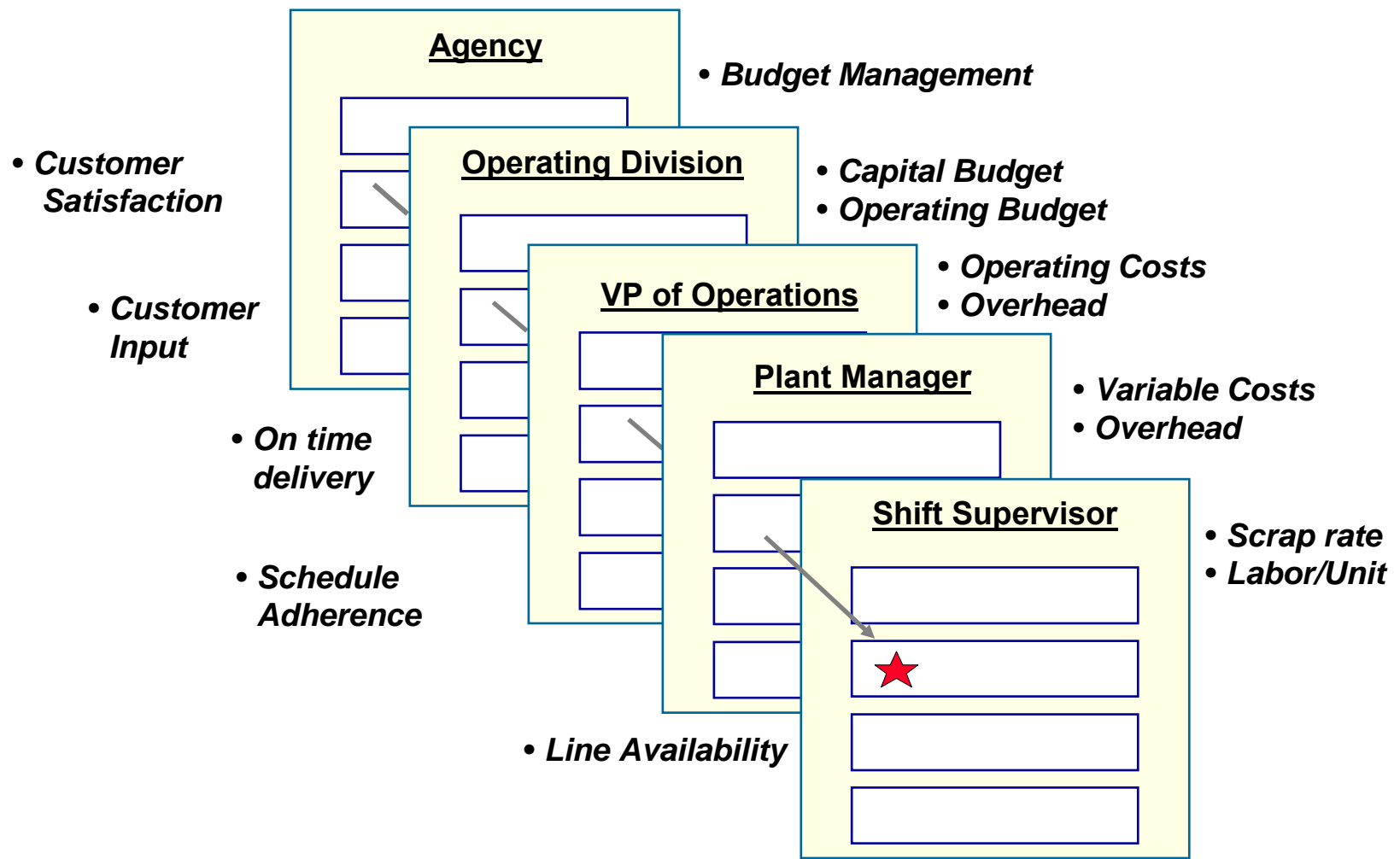
▶ Which elements of the BSC architecture become mandatory?



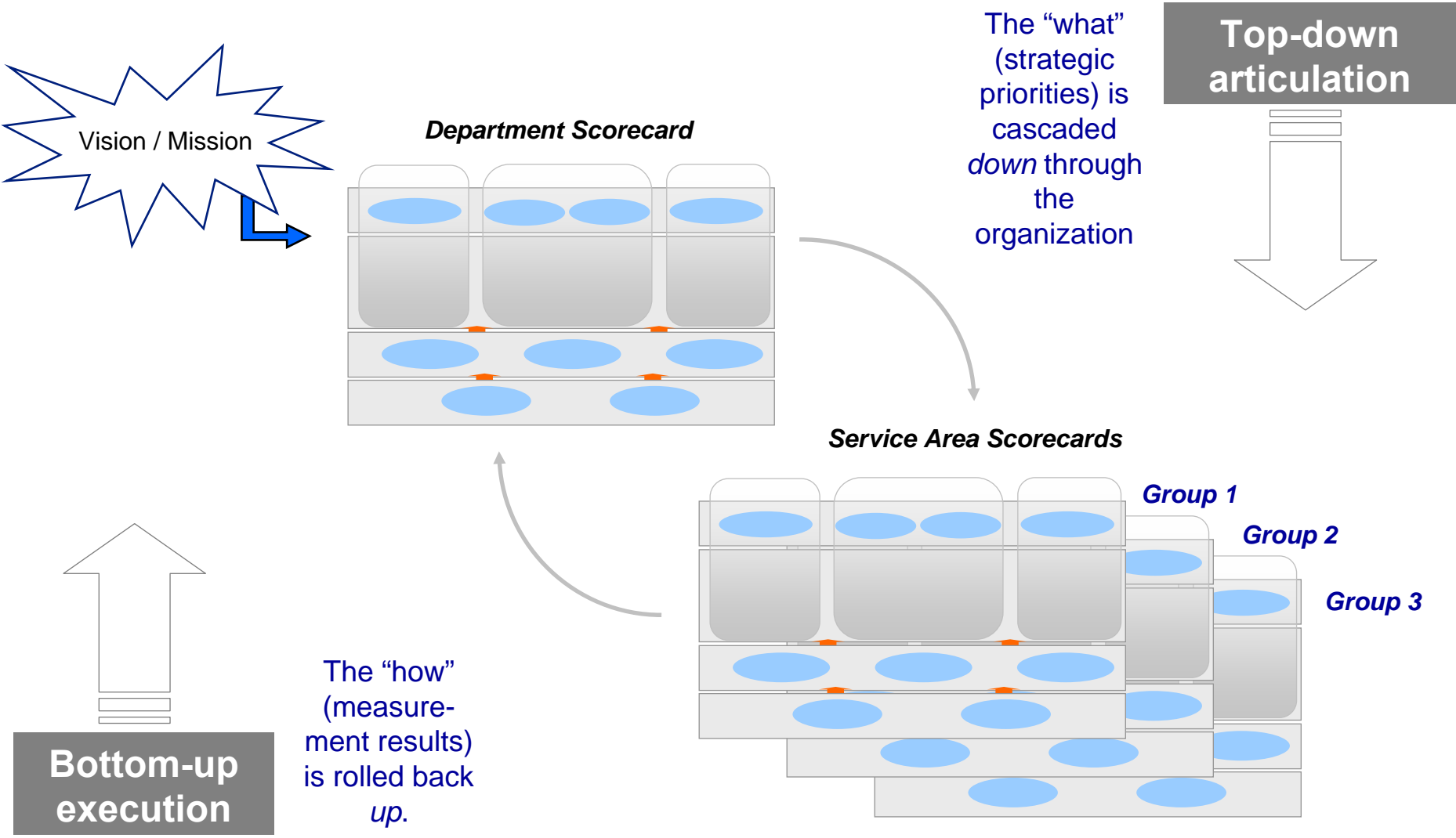
▶ Cascading Provides a Framework for Aligning Performance Goals

Customer Example

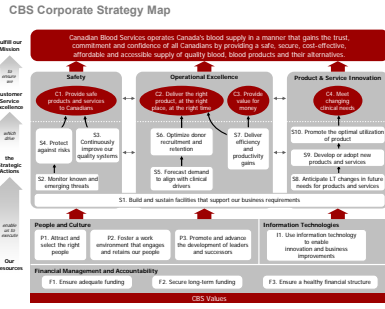
Financial Example



▶ Example – TGS used one strategy map with identical objectives, but allowed customized objective descriptions and measures



▶ The Balanced Scorecard is part of a continuum that translates core purpose, values, and vision into desired outcomes

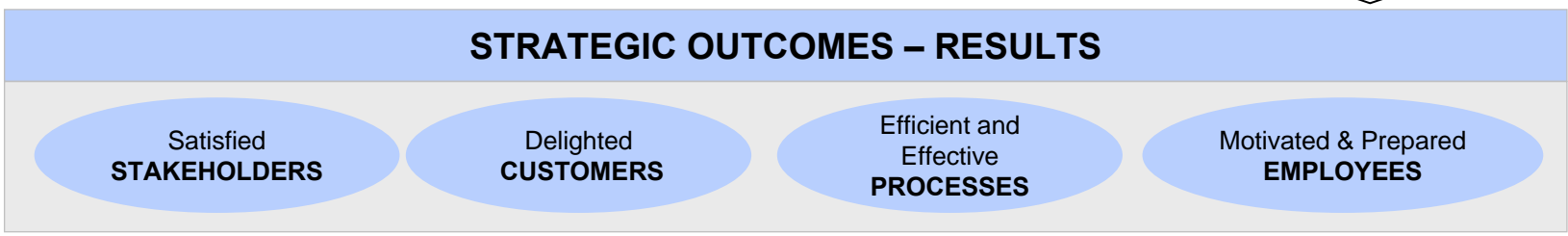


Strategy Alignment for Service Organizations

Core Service "Mini-Scorecards"

ID	Core Service	Service Objective	Volume Metric	Cost Metric	Service Quality Metric	Customer Satisfaction
AS-1	Collectors and Donor Rating System (CDRS)	Provide the best possible food and service quality at the lowest cost possible for customers and donors in CCA and Quebec	# of transactions	Administrative cost per unit (per day) (collected on # of possible in-houseable cases)	Quality Review - Donor Satisfaction	Customer Satisfaction
	Service Standard	N/A	TBD	Depends on individual service	75% - contractual data - "Sweet"	

Once standards have been defined, a small set of critical performance indicators - a "mini-scorecard" - will be developed for each Core Service. Note this example uses illustrative data.



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The IMF/TGS Experience: Aligning a Diverse Department to a Performance Management Framework

The views expressed in this paper are those of the author and should not be attributed to the International Monetary Fund, its Executive Board, or its management.



What is the IMF?

- The International Monetary Fund (IMF or the Fund) is an international organization of 184 member countries.
- Established in 1946 to
 - ❖ foster global monetary cooperation
 - ❖ secure financial stability
 - ❖ facilitate international trade
 - ❖ promote high employment and sustainable economic growth
 - ❖ reduce poverty

Facts about the IMF

Offices

- Two adjacent headquarters buildings in Washington, DC
- Small offices in Paris, Geneva, Tokyo and New York
- Five regional technical assistance centers—in the Pacific, the Caribbean, East and West Africa, and the Middle East
- Six regional training centers
- Resident Representative offices in approximately 90 countries

Staff

- Approximately 2,700 staff, most in Washington, DC
- Additional on-site personnel include contractual employees and some vendor company employees who work at IMF facilities on a daily basis

IMF's Technology and General Services Department

- TGS formed as a department in 1999 by merging functions from several departments and bureaus
- Handles most operational support functions (but not HR and finance)
- Approximately 400 staff plus an additional 900 contractual and vendor personnel
- Some work is outsourced
- Annual budget of approximately \$190M
- Customers: primarily IMF staff and other on-site personnel, with broader constituencies for certain services

TGS Service Groups and Divisions

Front Office

Administrative Services

Facilities Management

General Services

Information Services

Security Services

Technology Services

Client Services

Economic Systems

Financial & Admin Systems

Infrastructure

Multimedia Services

Language Services

Arabic & Russian

Chinese, English and Portuguese

French

Spanish

Interpretation

Reference & Terminology

Performance Management Program: Key Issues

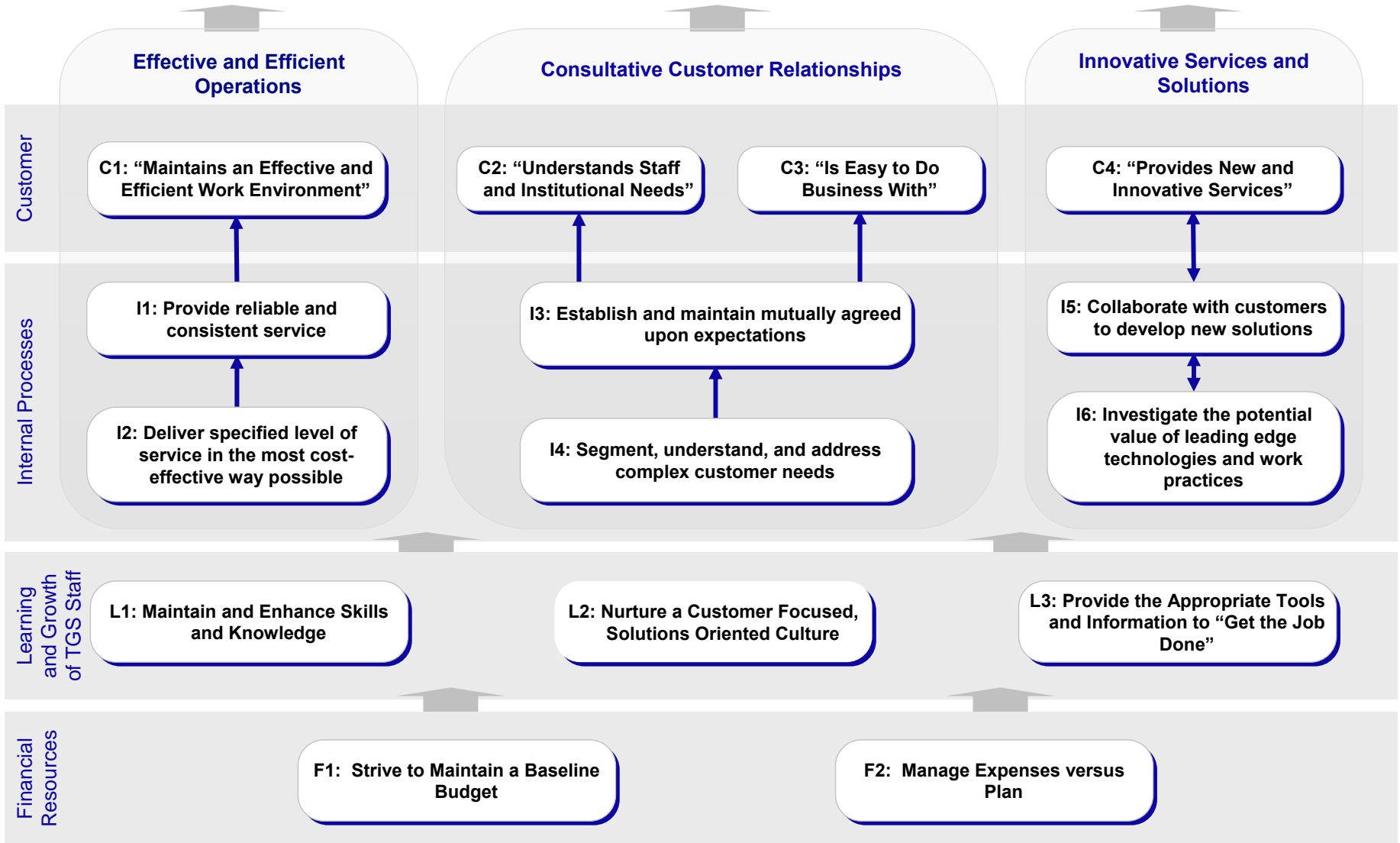
- Defining common objectives for a broad range of services
- Creating alignment, especially with service managers from different disciplines and organizational backgrounds
- Determining the scope of coverage for the program (all services?)
- Cascading the program to the service groups and individual service managers
- Creating meaningful reports for each organizational level

Strategic Decisions

- Commit to a single strategy map for the department and the three service groups
- Focus on a group of “core services”
- Develop aggregate measures and stoplight reports to roll up the data
- Institute a survey program that would be useful for all levels of the organization

TGS Performance Map

Executive Directors, Management, and Fund Staff agree that TGS effectively supports the Fund's work



Core Services

Definition - a service which meets at least one of these three criteria:

- Very important to our customers/the work of the Fund (the impact of service failure would be very high)
- Frequently requested (high volume of transactions)
- Requires significant resources (in the aggregate, not per transaction)

Core Services

Administrative Services

- Facilities Help Desk
- Cleaning Services
- Mail Delivery Services
- Meeting Room Services
- Audio Visual Services
- Travel Services
- Shipping Services
- Procurement Services
- Info Services, Electronic Resources
- Library Services: Collection Utilization
- IS: Collection Development & Mgmt
- IS: Institutional Repository Content
- IS: Availability of Historical Content
- Departmental Records Mgmt
- The Concordia
- Food Services

Technology Services

- Application Development
- Application Maintenance
- Infrastructure Development
- Telephone Services
- Network Services
- Remote Access Services
- E-mail Services
- Workstation Services
- Client Services
- Creative Services
- Document Distribution
- IT Security Services

Language Services

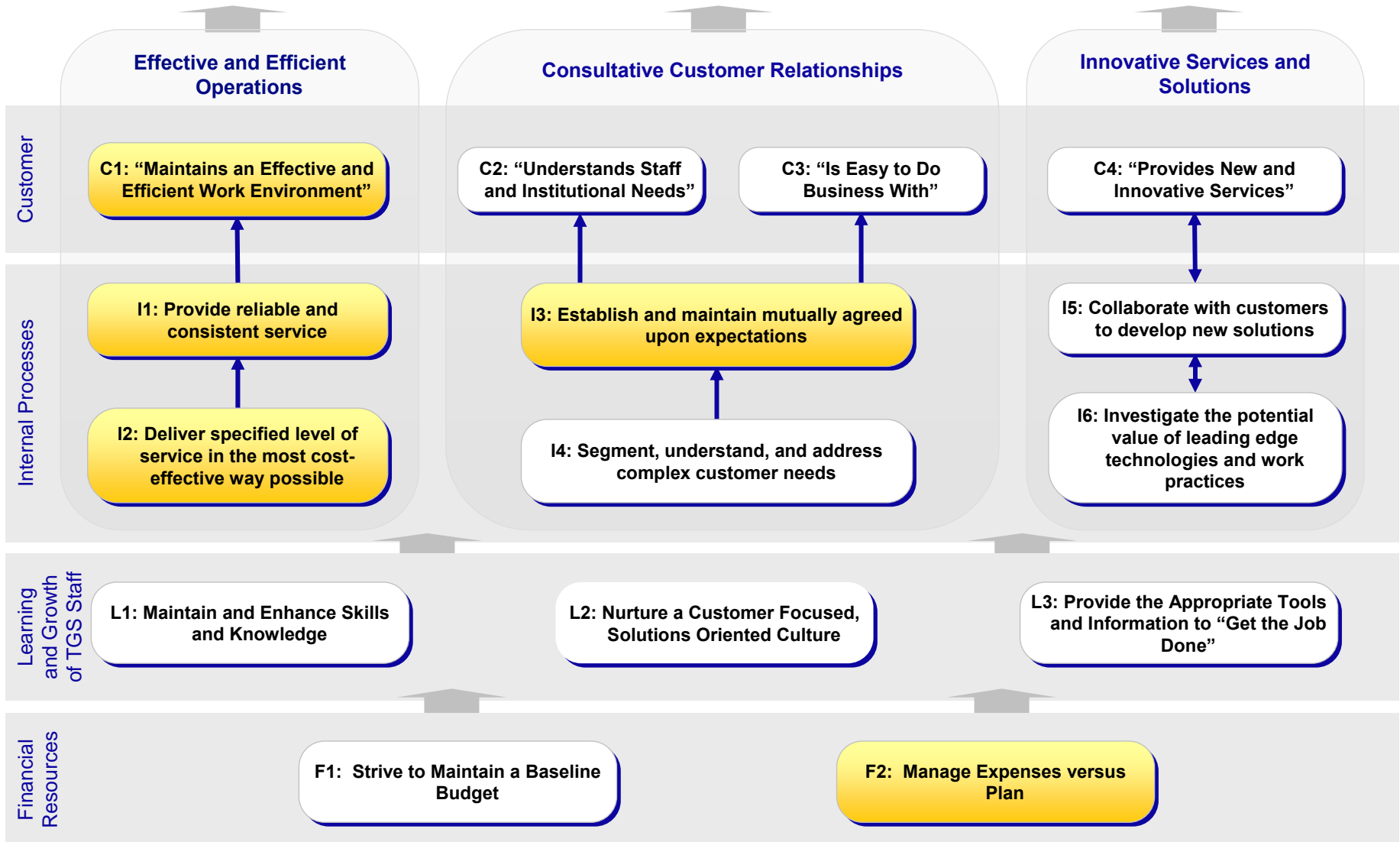
- Translation
- Interpretation
- Publication Translation

Cross-Group/Other Services

- Office Moves
- Business Continuity
- Security Services, HQ
- Security Services, Field

Key Objectives for Individual Core Services

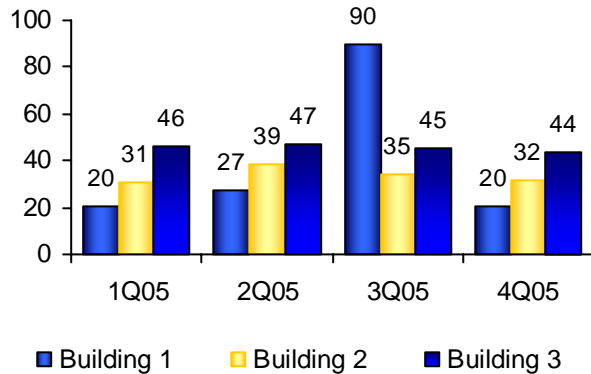
Executive Directors, Management, and Fund Staff agree that TGS effectively supports the Fund's work



Sample Mini-Scorecard

Volume

Number of Reports



Management Issues

VOLUME:

The problem experienced in Building 1 in 3Q05 has been resolved. . . .

QUALITY:

Target service levels have been achieved in each of the last two quarters. . . .

COST:

The cost per square foot continues to alternate above and below the target level. . . .

SATISFACTION:

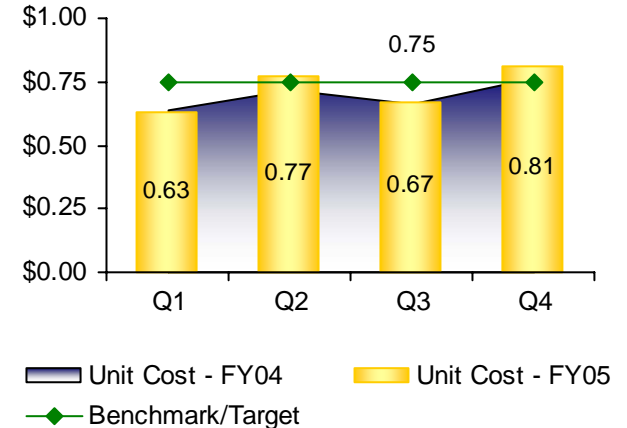
Scores remain high. . . .

ACTION ITEMS:

Diagnostics on the causes of the cost fluctuations are nearly complete. Next steps. . . .

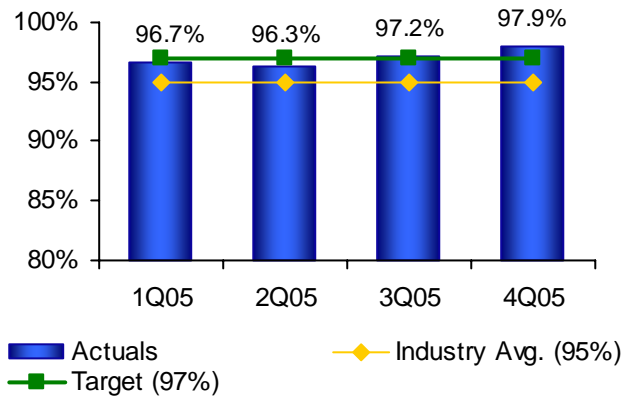
Cost

Costs per Sq. Ft (\$)



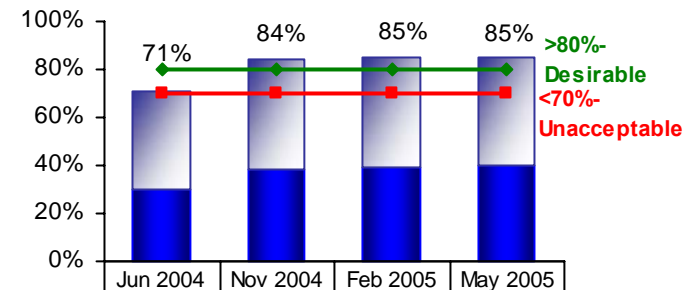
Quality

Percentage of Service Levels Met



Satisfaction

How satisfied are you with _____ service?



	Jun 2004	Nov 2004	Feb 2005	May 2005
Very Dissatisfied	5%	0%	1%	0%
Dissatisfied	11%	5%	3%	3%
Neither	13%	10%	10%	7%
Satisfied	41%	46%	46%	45%
Very Satisfied	30%	38%	39%	40%

Departmental Reports

- Draw heavily on data from the mini-scorecards, plus survey results and administrative and financial information
- Assign stoplight values to mini-scorecard quality, timeliness and satisfaction measures and report in summary tables



TGS

Administrative Services

Facilities Help Desk

Cleaning Services

Mail Delivery Services

Audio Visual Services

Catering & Meeting Room Svcs

Travel Services

Shipping Services

Procurement Services

IS: Electronic Resources

Library Svcs & Collection Utilization

IS:Collection Development & Mgmt

IS: Institutional Repository Content

IS: Availability of Historical Content

Records Management

The Concordia

Food Services

Technology Services

Application Development

Application Maintenance

Infrastructure Development

Telephone Services

Network Services – Core Network

Network Services – Server Services

Network Services – Storage Services

Network Services – Print Services

Remote Access Services

E-mail Services

Workstation Services

Client Services – Help Desk

Client Services – CMC

Client Services – NetAdmin

Creative Services

Document Printing/Distribution

IT Security Services

Language Services

Translation

Interpretation

Publication Translation

Cross-Group / Other

Office Moves

Business Continuity

Security Services, HQ

Security Services, Field

Key

(G) Quality goals being achieved

(Y) Mixed performance

(R) Quality concerns

■ = Quality data reported but no target set

No Quality Indicator.

* Survey-based measure

What about Service Group Scorecards?

Administrative Services

- Facilities Help Desk
- Cleaning Services
- Mail Delivery Services
- Meeting Room Services
- Audio Visual Services
- Travel Services
- Shipping Services
- Procurement Services
- Info Services, Electronic Resources
- Library Services: Collection Utilization
- IS: Collection Development & Mgmt
- IS: Institutional Repository Content
- IS: Availability of Historical Content
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Technology Services

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Language Services

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- Publication Translation

Cross-Group/Other Services

- Office Moves
- Business Continuity
- Security Services, HQ
- Security Services, Field

- In addition to the roll-up stoplights for the core service summary pages, include slides with summary data for the three service groups
- Service group managers address issues in the summary data and highlight performance-related developments in their service group
- May discuss one or more core services in their group if they have:
 1. Made significant strides in a performance area
 2. Experienced performance problems
 3. Completed a service-specific survey and/or
 4. Been the subject of Fund management's attention



Customer Satisfaction

Nov 04	Feb 05	Aug 05	Nov 05	Feb 06
78%	76%	75%	78%	80%

C1: "Maintains an Effective and Efficient Work Environment"

Overview

Satisfaction:

- ◆ Overall satisfaction

Quality

I1: Provide reliable and consistent service

3Q05	4Q05	1Q06	2Q06	3Q06	4Q06	1Q07
<i>Number of core services with Quality indicators and targets:</i>						
8	8	8	8	8	8	8

Quality:

- ◆ Overall quality

Timeliness

I1: Provide reliable and consistent service

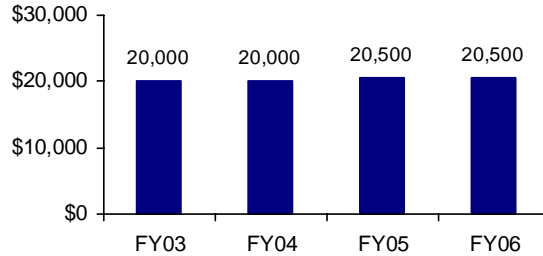
3Q05	4Q05	1Q06	2Q06	3Q06	4Q06	1Q07
<i>Number of core services with Timeliness indicators and targets:</i>						
2	2	2	2	2	2	2

Timeliness:

- ◆ Overall timeliness



Administrative Cost Per Capita



Cost-Effectiveness

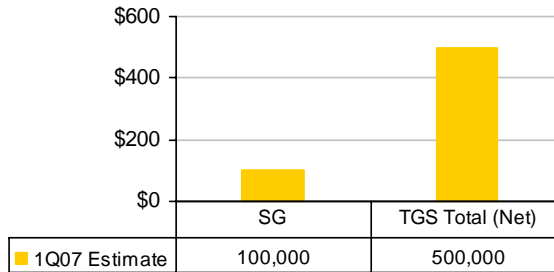
I2: Deliver specified level of service in the most cost-effective way possible

Baseline Budget

F1: Strive to Maintain a Baseline Budget

Group V - Unanticipated Budget Demands (\$000s)

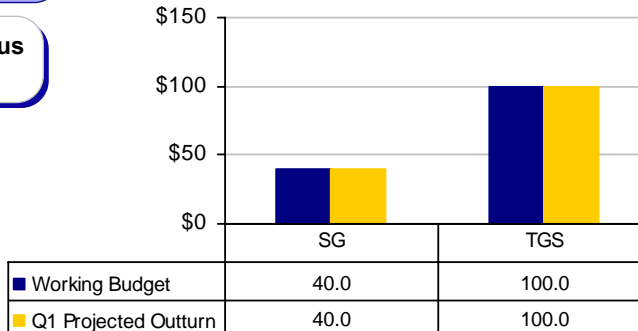
(Absorbed within existing budget envelope)



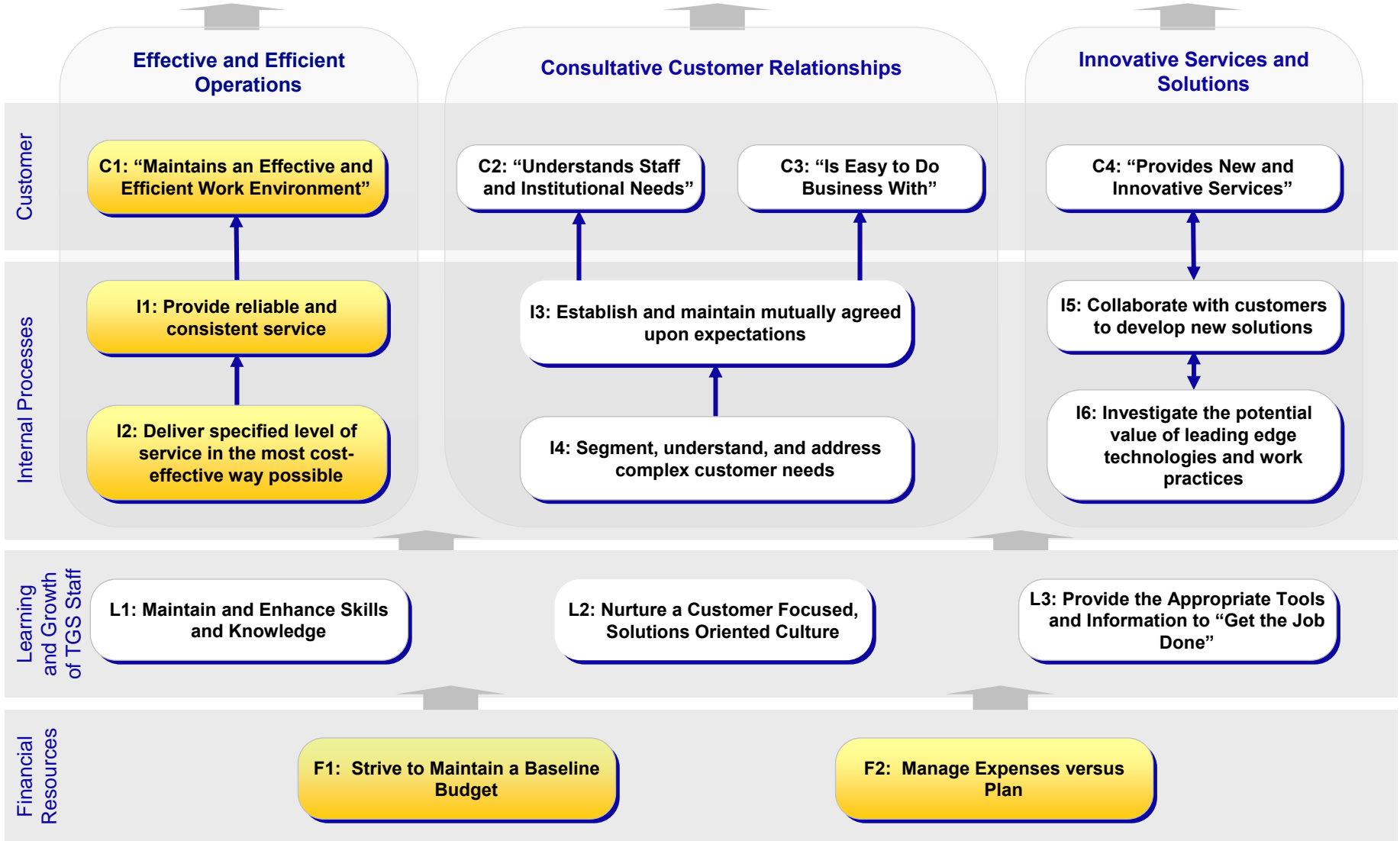
Manage Expenses

F2: Manage Expenses versus Plan

FY07 Working Budget vs. Projected Outturn (Millions)

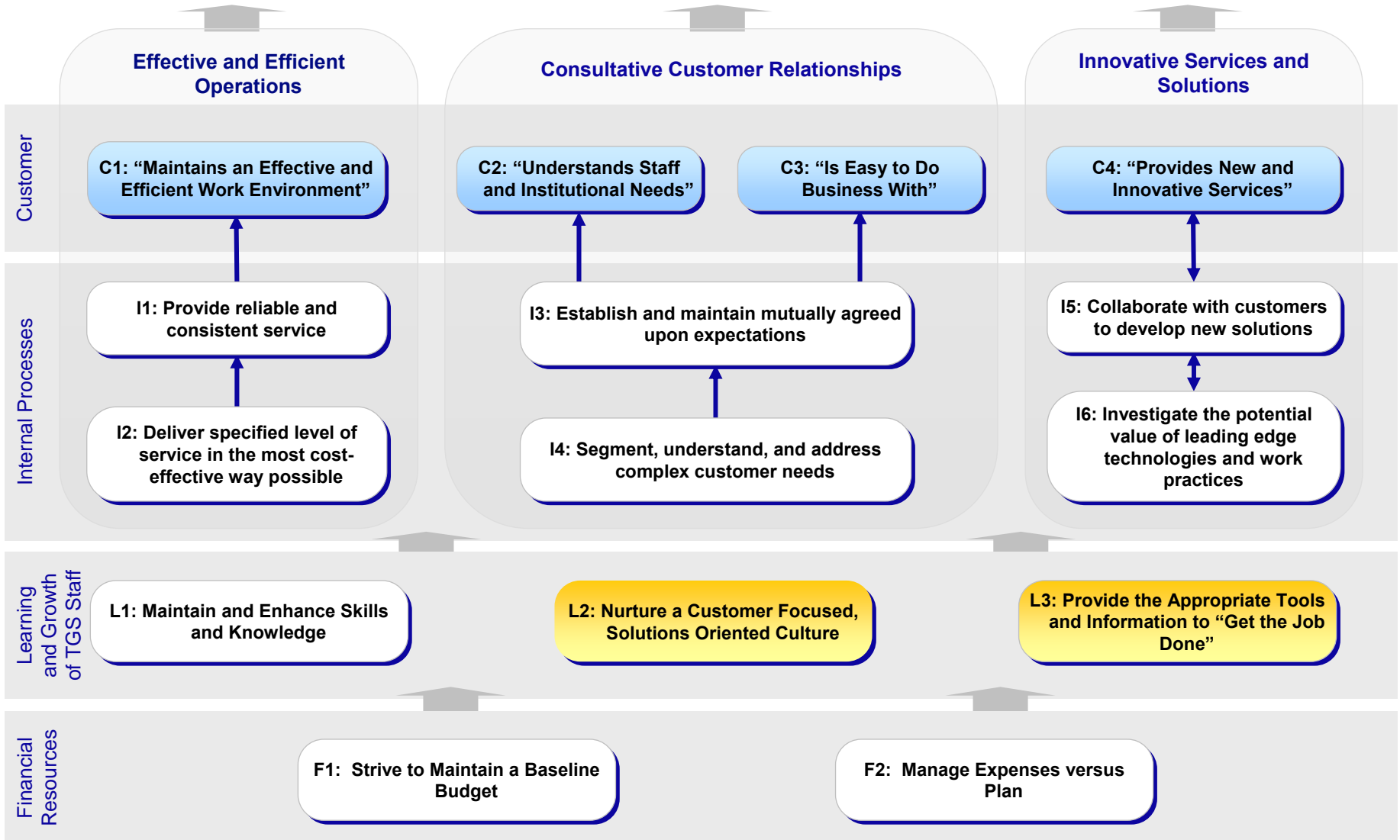


Executive Directors, Management, and Fund Staff agree that TGS effectively supports the Fund's work



Objectives Addressed by Surveys

Executive Directors, Management, and Fund Staff agree that TGS effectively supports the Fund's work



Key

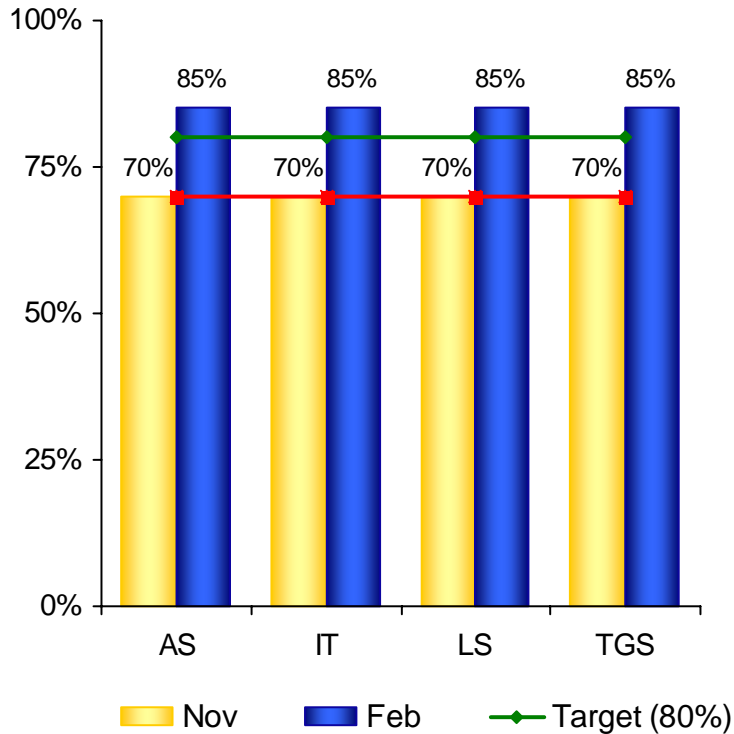
Customer Surveys

TGS Employee Surveys

C1-C4: Survey Results for the Department and the Service Groups

Satisfaction

Average Satisfaction Scores for Services, by Service Group and for TGS as a Whole



MEASURE

Service group scores are the average of responses to survey questions regarding satisfaction with TGS performance on their core services. The departmental score is the average of a series of questions for TGS as a whole, based on objectives C1-C4.

PRE-MEETING PERFORMANCE ANALYSIS

This graph shows the satisfaction scores for services within each service group and for the department as a whole. . . .

DISCUSSION NOTES

INITIATIVES

Lessons Learned

- Alignment is critical but does not come easily, especially in a diverse organization.
- The process is evolutionary and takes time.
- It is very important to create value for managers at all levels.
- Keep it as simple and practical as possible.

Some Next Steps

- Continue the evolution
- Implement performance management software
- Continue to obtain/review/update cost and service benchmark data
- Revisit the Strategy Map? (TBD)

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