

PMMD Implementation of the Balanced Scorecard

Because of the accelerated change environments we live in, our world is less predictable and less certain, these dynamics tend to overwhelm the predicative capacity of the organizational information systems and control systems that were designed to report performance after it occurred. The new world needs more and more anticipation of surprise or the ability to predict the entire picture. Hence the use of the Balanced Scorecard (BSC) to advance lead-indicators, and focus to anticipation rather than past performance.

At the Savannah River Site, the Procurement and Materials Management Department (PMMD) is now merging the BSC into the recently reengineered business processes. Our use of the BSC comprehensively examines the PMMD organization from four dimensions (Customer Satisfaction, Financial, Learning and Growth, Internal Business Process) linking action and activity to Strategy. We view the use of the BSC as a means to extrapolate leadership vision and strategy management, tying actions in the business process to individuals, groups, and department strategies. Given the historical reliance and the universal acceptance on performance measurement systems; engaging the BSC to implement the building philosophies and core values identified by the Business Process Reengineering (BPR) will help forestall some of the common impediments of cultural transition and paradigms of the new BPR strategic vision monitored by selected metrics.

Building a BSC may seem simple on the surface but it is deeply challenging when the architect's consideration for criteria which provide value, are linked to strategy, and are built around the philosophies and values of a new management system accepted by each employee. We are utilizing a Top-down, bottom-up process whereby we focus on both the DOE regulatory or Top-down criteria and develop the bottom-up architecture prospective of value of performance and its measurement criteria for the individual, group, or management. This activity utilizes all personnel in gaining understanding of the valued measurement aligned to strategy. The design imputes must be internal rather than external and measures must be personal to achieve buy-in of the investment. These measures are then consolidated into the appropriate categories and translated into a system of mechanics (combination of automation and manual observations/subjective analysis). Personal performance should be indentured or rolled-up to the performance of the department, accordingly, personal performance reviews should be tied into the metrics and measures aligning individual performance to department performance, i.e.: when employees have outstanding performance, the department's performance is outstanding. Although difficult to control through the HR perspective, the company must provide incentives for outstanding performance contributions by individuals in order for the system and program to work effectively.

The following process to develop and implement a meaningful BSC is used by PMMD.

Process

1. Define Project objectives

- Facilitate strategic vision through the publication of a Strategic Plan with objectives, goals and targets. Build consensus around Strategic Objectives and Targets
- Start with Leadership endorsement and commitment

2. Conceptualize baseline criteria, benchmark, and build architecture

- Boilerplate criteria based on BPR and DOE regulatory mandates
Regulatory
What's important to each level researched by survey form?
- System focus on value added data that can be automated (objective)
- Some data will require individual input (subjective)
- View results from life cycle cost perspective when applicable
- Reflects Cause and effect relationship
- Must include Performance drivers considered to be leading rather than lagging metrics
- Must translate to financials
- Strategic Plan that has been approved and endorsed by each level of management leadership must now gain consensus of the PMMD workforce. Must be accepted as the tool for communication and tracking performance perspective of the long view (strategic).

3. Hypothesize results

4. Survey critical needs for criteria measurements and refine criteria

- Implementation issues: culture (customer and Learning), IT, Strategic view
- Consolidate wanted metrics to needed metrics with consciousness of value
- Emphasis of Measurements tied to Strategy
- Select measures based on risk management, some will roll up and some will not roll to next organizational level.
- Real time information providing a snapshot in time
- Strategic Plan must have goals for achievement; these goals must be reviewed/changed periodically to capture the strategic vision and perception of attainment or compliance. Dynamics of change and environments/continuous improvements.

5. Pilot process

6. Evaluate results and refine program, develop blueprint

7. Communicate results and obtain buy-in and consensus building