FY03 Performance Management Orientation for the Office of Research Services

Office of Quality Management
Office of Research Services
National Institutes of Health

NATIONAL INSTITUTES OF HEALTH

March 2003

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ORS

For more information on Performance Management in the Office of Research Services:

http://www.nih.gov/od/ors/od/oqm/pm/index_pm.htm

Or Contact:

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Training Objectives

- Review Benefits of the Balanced Scorecard (BSC) approach
  - BSC Basics
  - What is a BSC?
  - Advantages of the BSC

- Describe the process for Performance Management in FY03
  - Discuss evaluation data on FY02 process
  - Review performance managements roles and responsibilities
  - Present 4 phases of performance management
  - Examine the FY03 Performance Management Plan (PMP) template
  - Discuss FY03 common objectives/measures

Terminology Changes for FY03

- Renamed from the Annual Self Assessments (ASAs) to Performance Management (PM)

- Renamed the ASA Template to the Performance Management Plan (PMP)

- Renamed the ASA Recommendations to Initiatives

- Renamed ASA Teams to PM Teams

Why Organizations Implement the Balanced Scorecard (BSC)

Balanced Scorecard (BSC) Basics

The Future Barrier

Only 5% of the work force understands where the organization is going

The People Barrier

Only 25% of managers have incentives linked to strategy

9 of 10 Organizations Fail To Execute Strategy

The Management Barrier

85% of executive teams spend less than one hour per month discussing strategy

The Resource Barrier

60% of organizations don't link budgets to strategy

It Means That High Performing Organizations…

- Manage strategically (not via micro-management)

- Translate desired future state into something everyone can understand (your employees do not always know what you are thinking)

- Link manager's activities & incentives to strategy (it's not fair to employees' development otherwise)

- Map strategy to budget (put your money where your mouth is)

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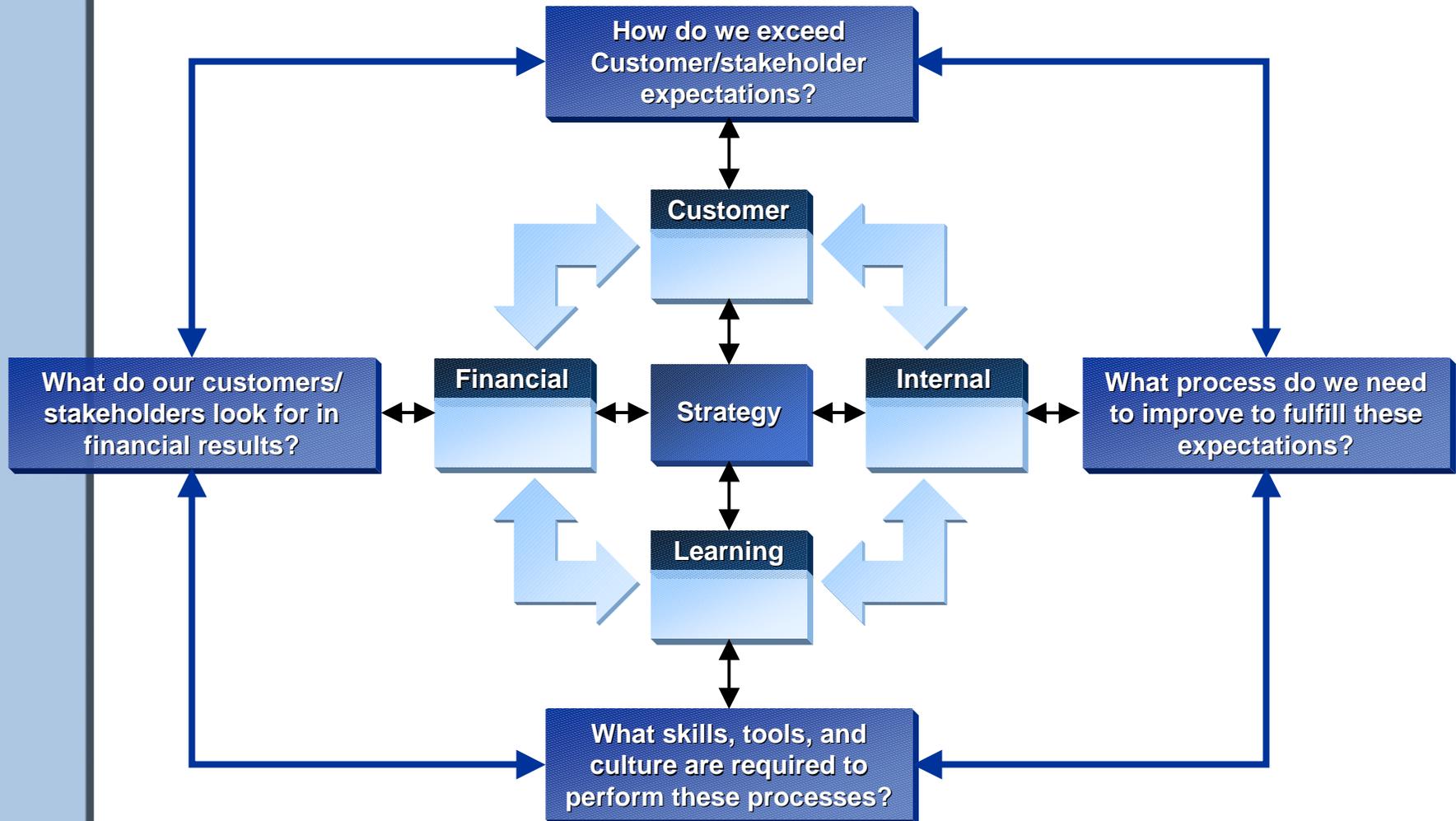# What is a Balanced Scorecard?

- A structured way to look at our organization (a set of lenses)

- A simplified way to tell story

- Structure (rules of thumb)
  - 4-5 perspectives
  - 3-4 objectives per perspective
  - 2-3 measures per objective
  - 3-5 initiatives per objective

What is a Balanced Scorecard? (cont.)

At the highest level, it is a framework
that helps organizations translate strategy into
operational objectives that drive
both behavior and performance.

The Balanced Scorecard for Your Organization

How do we exceed Customer/stakeholder expectations?

Customer

What do our customers/ stakeholders look for in financial results?

Financial

Strategy

Internal

What process do we need to improve to fulfill these expectations?

Learning

What skills, tools, and culture are required to perform these processes?

Statement of what each objective must achieve:
The Outcome

How success will be measured and tracked:
How we will know we are done

The level of performance or rate of improvement needed over time

Key actions or programs required to achieve outcomes and owners of these improvement initiatives

Service Group:

	Objective	Measure	FY 03 Target	FY04 Target	FY05 Target	Initiative	Owner
Customer							
Internal Business							
Learning and Growth							
Financial							

Who made this up?

- Dr. Robert Kaplan and Dr. David Norton

- Research at Harvard University

- Research showed that organizations were…
  - Placing too much emphasis on financial measures - (not in balance)
  - Downsizing to address short-term financial problems - (reactive not proactive)
  - Responding to wall street analysts, not customers

Advantages of the BSC Over Other Approaches

- The BSC is much more than Measures
  - It focuses on the <u>outcome</u>, not just the measure
  - It is <u>holistic</u>, and looks at all parts of the organization
  - It enforces a <u>discipline</u> around planning and doing
  - It <u>institutionalizes</u> the strategic direction
  - It <u>aligns and empowers</u> the organization
  - It is both a <u>process and a product</u>
  - It is <u>collaborative</u>
  - It <u>breaks down barriers</u>
  - It allows employees to <u>execute tactics</u>
  - It allows executives and managers <u>to focus</u> on "the pulse" of their organizations

We Must Ensure That…...

- We don't loose sight of <u>what</u> we are measuring

- We send the <u>right message</u> through the measures

- We are diligent and serious about <u>gathering</u> measurement data

- We adequately <u>"test"</u> the measures

- We <u>develop</u> objectives and measures based on organizational feedback

- We <u>use</u> the BSC as part of our ongoing processes

Why do we need to do this?

Today's Agencies Are Expected to Be:

- Competitive (sourcing)
- Accountable
- Customer-friendly
- Fiscally responsible

External world is highly unstable so planning systems must deal with uncertainty

Structure Is Strategy

1. Strategy is a hypothesis.
2. Strategy is a dynamic process.
3. Strategy is everyone's job.
4. Organizations are systems that must sense, experiment, learn, and adapt.
5. Strategy is an articulation of the direction we want to take an organization.

Adapted from "Planning Is Dead, Long Live Planning, " Jos. Fuller, Across the Board, March 1998.

Process for Performance Management in FY03

Evaluation Data
on FY02 Annual Self Assessments (ASAs)

- OQM used multi-method system to gather FY02 ASA evaluation data
  - ORS Customer Scorecard for the ASAs
    - » 85 respondents out of 220, 37% response rate
  - Focus groups with ASA Team Leaders and Members
    - » 36 attendees out of 220, 16% participation rate
  - Focus group with ASA Consultants and OQM staff
    - » 16 attendees
  - Reports submitted from ASA Consultants
    - » 3 reports
- Summarized and reviewed all the data collected
- Incorporated suggestions into proposed FY03 approach

Note: Full summaries of the *Results from the ORS Customer Scorecard for the ASAs* and the *Results of the Focus Groups Conducted for the ASAs* can be found on the OQM Performance Management web page under the heading FY02 ASA Evaluations.

http://www.nih.gov/od/ors/od/oqm/pm/index_pm.htm

Performance Management in ORS
A Team Approach

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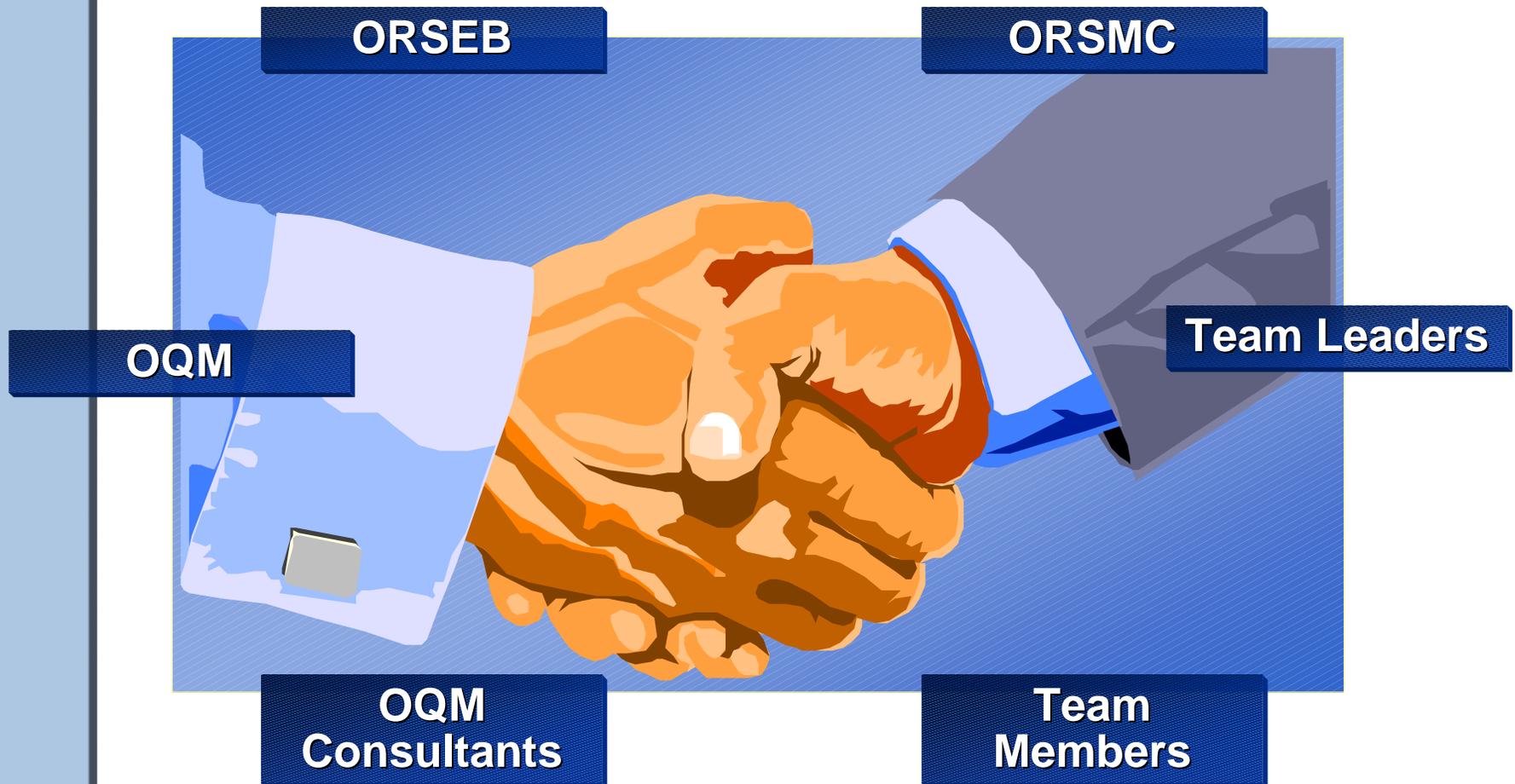
Review Roles and Responsibilities for Performance Management

ORS Executive Board (ORSEB)

- Accountable for performance in functional areas

- Approve Service Group's Performance Management Plans (PMPs) including value proposition, strategy, objectives, and measures

- Lead quarterly (or as desired) meetings by Program Area

- Liaison between Service Group and external customers

  - Identify new ICs Strategic Initiatives (changes in research priorities that may impact services provided by central service organizations)

  - Educate (resources needed to meet service requests, identify constraints, difference in needs from IC to IC)

  - Address specific performance questions, requirements, complaints

- Manage (approve and assess) the implementation of Initiatives (recommendations)

- Agree on ORS common performance measures

- Agree on and be accountable for ORS scorecard (performance management tool)

Review Roles and Responsibilities for Performance Management (cont.)

ORS Management Council (ORSMC)

- Drive commitment to the PM process by providing leadership, personnel, resources

- Identify Team Leaders and Members

- Review and forward deliverables to Associate Director for approval

- Monitor Division/Office progress in performance management implementation

- Decision-making based on Service Group findings and recommendations/Initiatives

- Recognize outstanding team efforts

- Allocate resources within Division/Office based on performance management findings

Review Roles and Responsibilities for Performance Management (cont.)

PM Team Leader

- Lead and manage Service Group performance management effort

- Attend training and follow the ORS process for performance management

- Assemble Team members

- Manage use of OQM Consultant assigned to Team

- Prepare Performance Management Plan (PMP) using the template provided by OQM

- Guide data collection and analysis

- Serve as key point of contact throughout performance management process

- Prepare FY03 Performance Management Presentation

- Deliver Presentation at conference (if selected)

Review Roles and Responsibilities for Performance Management (cont.)

PM Team Members

- Attend training/workshops to learn new skills

- Attend and contribute content area expertise at Team meetings

- Assist Team Leader in developing the FY03 PMP

- Devise methods to collect and analyze data

- Actually collect and analyze data

- Provide ideas on how to improve performance

- Participate in process improvement activities

- Help prepare FY03 Performance Management Presentation

- Assist Team Leader as requested

Review Roles and Responsibilities for Performance Management (cont.)

OQM Consultants

- Follow ORS approach to performance management and deliver message consistent with that of OQM

- Deliver trainings and workshops to Teams

- Serve as technical experts to Teams

  - Provide expertise on BSC, measurement, data collection and analysis, process improvement

  - Coordinate with Team Leader to move Service Group forward to integrate performance management into daily work activities

- Report to OQM on Consultant activities, Team status, issues/obstacles for Teams

Review Roles and Responsibilities for Performance Management (cont.)

Office of Quality Management (OQM)

- Formulate proposed performance management methodology for approval by ORS leadership

- Develop training and tools for Teams

- Provide Teams with technical advice/Consultants

- Highlight and address issues/obstacles faced by Teams in implementing methodology

- Assist ORSEB in developing the ORS Scorecard

- Gather data from Teams on the ORS common measures

- Provide status reports to senior leadership

- Evaluate methodology and implement changes based on information gathered

The ORS Performance Management Process and the Plan-Do-Check-Act Cycle
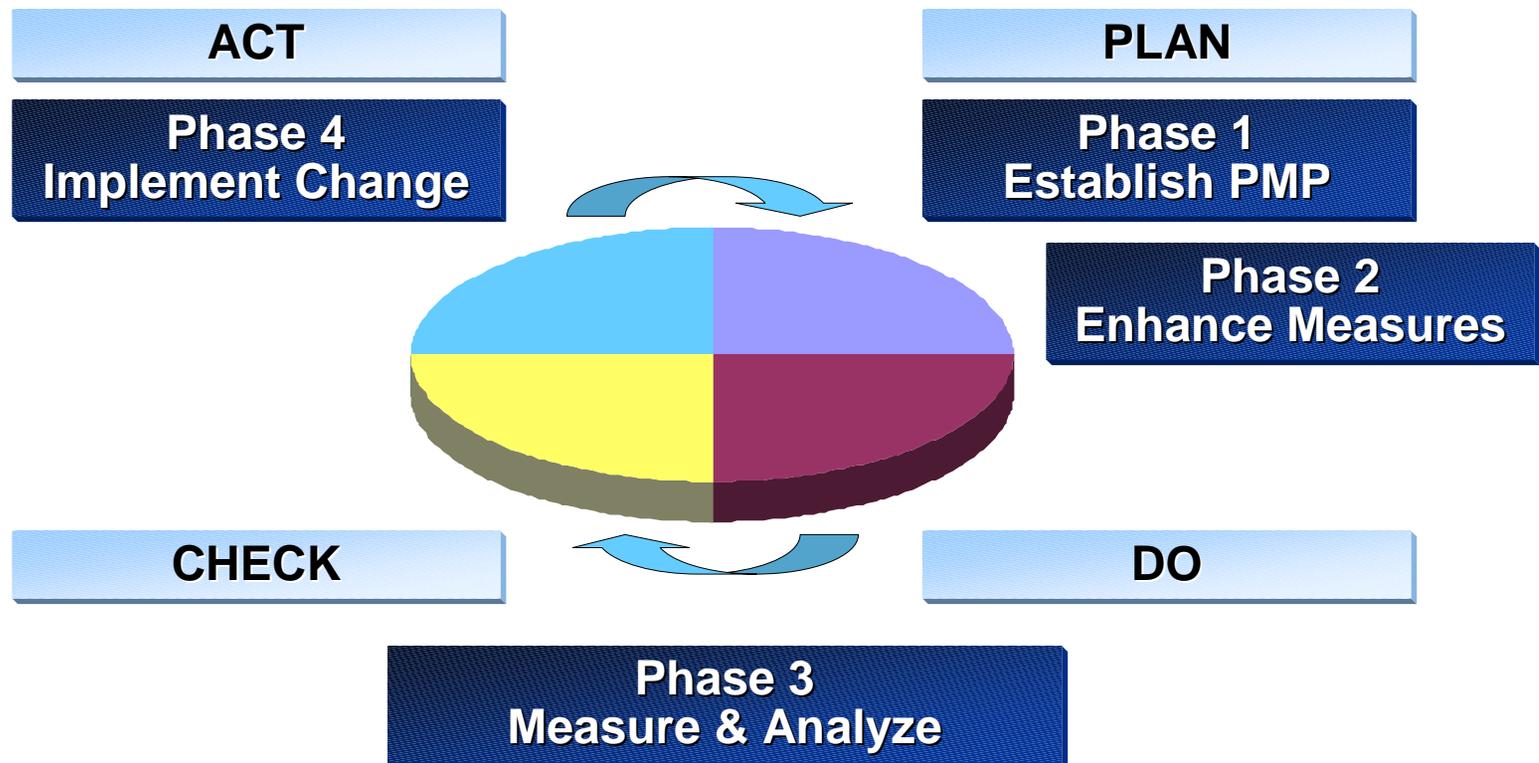
Phase 1

Phase Name Objective	Establish Performance Management Plan (PMP)

Review and establish FY03 PMP

Phase Components	

- Solidify FY03 teams
- Attend FY03 Performance Management Orientation training
- Attend BSC orientation training (optional)
- Revise/update value proposition
- Elaborate on strategy and provide description
- Align objectives with value proposition and strategy
- Obtain Executive Board review and approval of FY03 value proposition, strategy, and objectives

Phase Deliverables/ Milestones	

1. Finalize Team Leaders/Members and submit list to OQM
2. Submit PMP to Division/Associate Directors with updated value proposition, strategy, and objectives
3. Attend Program Area meeting on Phase 1

Recommended Due Date:
11 April

Phase 1 Deliverable -
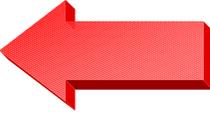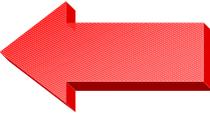# Performance Management Plan (PMP)

Performance Management Plan (PMP)
Service Group
Provide Animal Research Services
Discrete Services
DS1: Conduct animal diagnostic services
DS2: Conduct animal health surveillance
DS3: Perform animal model preservation and characterization
DS4: Provide clinical animal research services
DS5:
DS6:
Value Proposition
Provide highly specialized and conveniently located research services t... art technology to accommodate the unique needs of each Investigator.
Service Strategy
☑ Operational Excellence   ☐ Growth ☐ Customer Intimacy   ☐ Sustain ☐ Product Leadership   ☐ Harvest
Strategy Description
Fill in a description of your strategy here.
Team Leader
Dr. James Crowell and Charmaine Foltz
Team Members
Dr. John Bacher, Dr. Michael Eckhaus, Dr. Tom Thomas, Dr. Myrna Mandel, Fran Benedetti, Karen Sillers, Thom Spencer

Date: 4 March 2003

> **Type in Service Group, Discrete Services, updated value proposition, strategy description, team information, and date.**

Phase 1 Deliverable -
Performance Management Plan (PMP) (cont.)

Service Group: Provide Animal Research Services

	Objective	Measure	FY 03 Target	FY04 Target	FY05 Target	Initiative	Owner
Customer	**C1: Increase customer satisfaction.** **C2:** **C3:**						
Internal Business	**IB1:** **IB2:** **IB3:**						
Learning and Growth	**LG1:** **LG2:** **LG3:**						
Financial	**F1: Minimize unit cost at a defined level of service.** **F2:** **F3:**						

Type in your objectives for each perspective.

Phase 2

Phase Name Objective	Refine Performance Measures

Refine Performance Measures

Review and refine performance measures and align them with the value proposition, strategy, and objectives

Phase Components

- Attend performance measures workshop led by consultant – Just in time (JIT) training
- Revisit and update measures for FY03
- Design customer assessment methodology
- Plan how to collect and analyze data
- Decide if benchmarking is appropriate
- Validate current processes and identify opportunities for improvement (from "as is" to "to be")

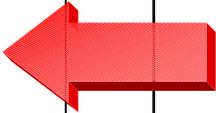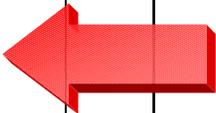## Phase Deliverables/ Milestones

1. Submit FY03 PMP to OQM with updated value proposition, strategy, objectives, and measures once approved by Division/Associate Directors
2. Attend Program Area meeting on Phase 2

Recommended Due Date:
End of May

Phase 2 Deliverable - Performance Management Plan (PMP)

Service Group: Provide Animal Research Services

	Objective	Measure	FY 03 Target	FY04 Target	FY05 Target	Initiative	Owner
Customer	C1: Increase customer satisfaction C2: C3:	C1: Ratings from the ORS Customer Scorecard C2: C3:					
Internal Business	IB1: IB2: IB3:	IB1: IB2: IB3:					
Learning and Growth	LG1: LG2: LG3:	LG1: LG2: LG3:					
Financial	F1: Minimize unit cost at a defined level of service. F2: F3:	F1: Change in unit cost over FYs for each discrete service. F2: F3:					

Type in your measures for each perspective.

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Phase 3

Phase Name Objective	Measure and Analyze

Measure and Analyze

Collect and analyze data

Phase Components

- Execute methods to gather data
- Conduct benchmarking activities
- Monitor the progress and effectiveness of proposed changes (if appropriate)
- If needed, attend Process Behavior Charts training
- Analyze data

Phase Deliverables/ Milestones

1. Attend Program area meeting on Phase 3

Recommended Due Date:
   End of July

Phase 4

Phase Name Objective	Implement change
	Synthesize findings and implement change

Phase Components	
	• Review data, develop findings, compare to objectives
	• Document lessons learned
	• Formulate Initiatives for improvement (recommendations)
	• Update PMP with new Initiatives based on findings
	• Implement new Initiatives
	• Monitor and document the progress of changes made
	• Document observations and results

Phase Deliverables/ Milestones	
	1. Submit FY03 PM Presentation to OQM after reviewed by Division/Associate Directors
	2. Participate in Performance Management conference (if selected)
	3. Provide feedback to OQM on FY03 process
	4. Submit FY04 PMP

Recommended Due Date:
End of January 2004

The ORS
Common Objectives/Measures

- ORS needs a way to systematically assess it's performance
  - Results-based management is critical element of effective program delivery
  - Emphasis of the President's Management Agenda and other Government-wide initiatives
  - Received three-year grant from NIH Office of Evaluation to study and improve our service delivery

- Implemented a set of common measures in FY02
  - Provided teams with structure when starting performance measurement efforts
  - Focused measurement efforts in a logical sequence
  - Assessed progress in implementing performance measurement

FY03 Common Objectives/Measures

Two Common Objectives/Measures defined thus far…

Customer Perspective

- **Objective:** Increase customer satisfaction
- **Measure:** Ratings from the ORS Customer Scorecard (or customized version of the survey)

Financial Perspective

- **Objective:** Minimize unit cost at a defined service level
- **Measure:** Change in unit cost over FYs for each discrete service

Additional common objectives/measures may be defined by the ORS Executive Board (stay tuned)

ORS Customer Scorecard

We appreciate your completing this Scorecard so we know how to better satisfy your needs. The Office of Quality Management, ORS, will analyze the surveys, and the data will be used to improve our service to you.

Completed by ORS personnel:

ASA Service Group:_____

ASA Discrete Service:_____

Date data collected:_____

Product/Service:_____

Completed by Customer:

Your NIH IC:_____

 Name of Organization if not part of NIH:_____

Location Service was Provided: _____On-campus   _____Off-campus

Please rate your satisfaction with the product/service listed above on the following dimensions: (place an "x" in the appropriate column to indicate your ratings)

Product/Service	Unsatisfactory								Outstanding		Don't Know	Not Applicable
	1	2	3	4	5	6	7	8	9	10	DK	NA
Cost												
Quality												
Timeliness												
Reliability												

Customer Service	Unsatisfactory								Outstanding		Don't Know	Not Applicable
	1	2	3	4	5	6	7	8	9	10	DK	NA
Availability												
Responsiveness												
Convenience												
Competence												
Handling of problems												

Note: Available on OQM Performance Management web site:

http://www.nih.gov/od/ors/od/oqm/pm/index_pm.htm

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Performance Management and A-76

- Your performance management efforts will prepare your organization for A-76 in case your function(s) is subject to future competition

  - Clarify products/services you provide to customers (i.e., outputs)

  - Highlight the value you deliver to customers (i.e., outcome)

  - Establish meaningful performance measures to gauge effectiveness and set performance and workload standards

  - Encourage your organization to become high performing if not so already

  - Document conditions of performance (e.g., different types of space and locations)

Summary of the Process for FY03

- **Phase 1: Establish Performance Management Plan (PMP)**
  - Attend FY03 training(s)
  - Meet with Team to review and improve value proposition, strategy, and objectives
  - Submit FY03 Performance Management Plan (PMP) for approval to Division/Associate Directors with updated value proposition, strategy, and objectives

- **Phase 2: Refine Performance Measures**
  - Attend measures workshop conducted by OQM Consultant and review and improve performance measures
  - Submit FY03 PMP to OQM with updated value proposition, strategy, objectives, and measures once approved by Division/Associate Directors

- **Phase 3: Measure and Analyze**
  - Execute methods to gather data
  - Conduct benchmarking activities
  - Analyze data

- **Phase 4: Implement Change**
  - Review data, develop findings, formulate Initiatives for improvement, implement Initiatives, monitor progress of changes
  - Submit FY03 PM Presentation to OQM after reviewed by Division/Associate Directors
  - Participate in performance management conference (if selected)
  - Implement Initiatives, document progress, and formulate FY04 PMP

First Deliverable -
Performance Management Plan (PMP)

Submit PMP for approval by your Division/Associate Directors

Recommended Due Date: 11 April
(Or sooner if few changes needed)

- Complete first page of PMP
  - Enter FY03 Service Group name and discrete services
  - Revise/update value proposition
  - Describe strategy
  - Enter Team information

- Enter objectives on second page of PMP
  - List objectives for each of the 4 perspectives

Note: PMP Template available on the OQM Performance Management web page:
http://www.nih.gov/od/ors/od/oqm/pm/index_pm.htm

Conclusion

- ORS leadership is expecting <u>results</u> in FY03
  - Sound value propositions
  - Meaningful objectives
  - Valid performance measures
  - Evidence of improvement (for example…)
    » Higher customer satisfaction
    » Fewer customer complaints
    » Greater consistency in service performance
    » More efficient processes
    » Improvement plans that address future requirements
    » Cost avoidance/savings
- BSC Orientation training will assist in meeting Phase 1 deliverables
- OQM Consultants can provide measures workshop that will assist in meeting Phase 2 deliverables
- OQM staff can assist Teams with methodologies for data collection, analysis, and improvement
- OQM Performance Management web site will continue to provide information and tools to assist Teams