

A large, stylized arrow pointing to the right. The arrow is purple with a grey shadow effect on its top and right edges, giving it a 3D appearance. It is positioned horizontally across the middle of the slide.

Managing the Cultural Change Required for a Successful HR Balanced Scorecard

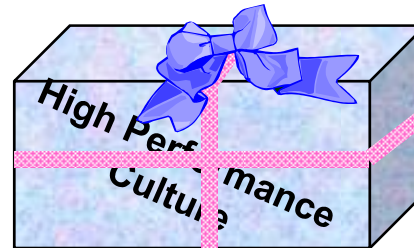
Sustained balanced scorecard performance depends on more than metric setting and measurement - it requires a high performance culture fostered by talent management, effective strategy execution and shared knowledge and learning. This presentation describes the personal balanced scorecard that is needed to bring this about and how it links the organization's goals with individuals' personal goals - and vice versa.

Presented by
Bob Angel, The Gilford Group Limited
December 10, 2007

Robert Angel – Combining Marketing, Performance, Organization, and Finance

- Marketing behavioral strategies
 - Individual-customer strategies, behavioral event methodologies, customer knowledge, and branding
- Talent behavioral strategies
 - Culture change and strategic development
 - Performance management and business cases
- Schulich School of Business – Strategic Market Planning
- Previously, Marketing Manager for 2 large technology companies, and VP Finance for 3 multi-nationals

Today's Agenda



1. Behavioral/cultural BSC aspects..... call for a Knowledge and Learning organization to realize benefits
2. The right mind-set..... creates a more demanding “performance culture” organization
3. People processes.....must be consistent with corporate objectives to translate strategy into action



The Strategy Value of Culture

Performance & Talent – Hope

- Our actions are aligned with our strategy
- We don't sacrifice long term strategies to expediency
- Our people are our biggest assets

1. The Knowledge & Learning Organization

Culture characteristics call for a knowledge and learning culture to realize BSC benefits

Learning Challenges

Many Performance Perspectives



- **CEO:** strategy, customers, competition, style, stock price
- **Operations:** sales growth, cost effectiveness
- **HR:** competencies, compensation, retention, skills
- **Finance:** measurement, financial reporting, planning
- **Talent:** career, work/life, engagement, supervision, money

The Performance Culture Continuum

Foundation	Advanced	
Hierarchical Command and Control	Departmental	Management
Transactional and Aggregated	Integration across the Enterprise	Information
Cost and Risk Reduction	Productivity Improvement	Operations
Service/Product Oriented	Segmented View	Customers
Growth & Maintenance	Growth & Performance	Strategy

- Bob Angel, "Putting an Innovation Culture into Practice", Ivey Business Journal, Jan-Feb 2006

Linking Organization/Employee Goals

To what extent do performance managers participate in performance and innovation strategies? How widely adopted are scorecards? Are performance efforts actually translating into performance results?

- Performance management is still rudimentary
- Scorecards have low penetration
- Many organizations see mediocre results
- Knowledge & learning gaps are widespread
- Innovation and strategy point to future performance

Climbing the Performance Maturity Curve

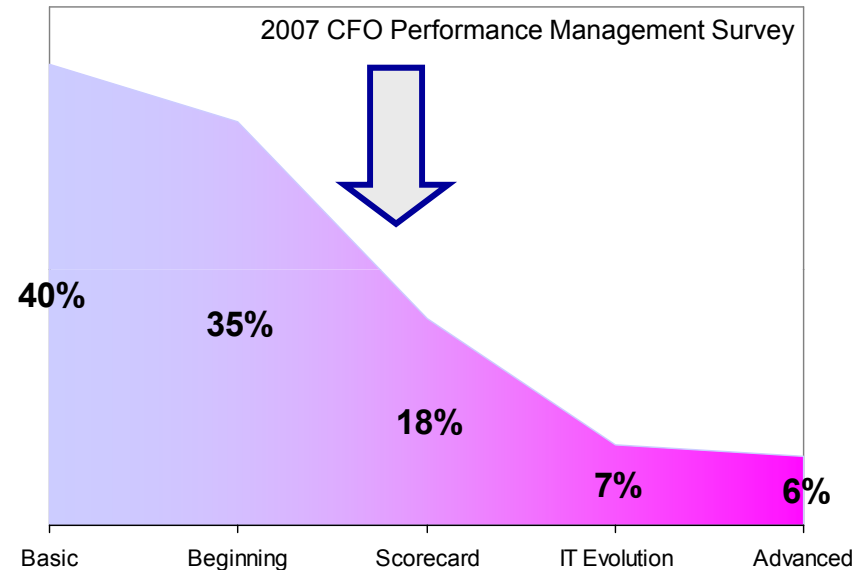
Basic: Using traditional financial reporting and operating budgets with mainly financial indicators, but without a formal mechanism to link activities to strategy drivers/strategic results and to bridge the gap between long-term strategies and day-to-day actions.

Beginning: Starting to transform business needs into actionable plans by defining key metrics and assigning ownership to them to increase accountability; ensuring employees are focusing on tasks essential to strategy and aligned with day-to-day tasks.

Scorecard: Using a spreadsheet-based Performance Management framework (e.g. Balanced Scorecard, Malcolm Baldrige, Six Sigma) to track performance against key performance metrics; aligning performance measures with critical organization perspectives; tracking cause-and-effect of under-/over-performance.

IT evolution: Using a commercial application to manage the scorecards or other framework with IT helping to improve scorecard execution e.g. with automated data integration and on-line drill-down; systematically communicating results periodically.

Advanced: Improving accountability enterprise-wide with a formal performance culture change program; assigning ownership of individual measures across organizational boundaries into the extended enterprise; taking a collaborative approach to bring about sustained high performance culture.



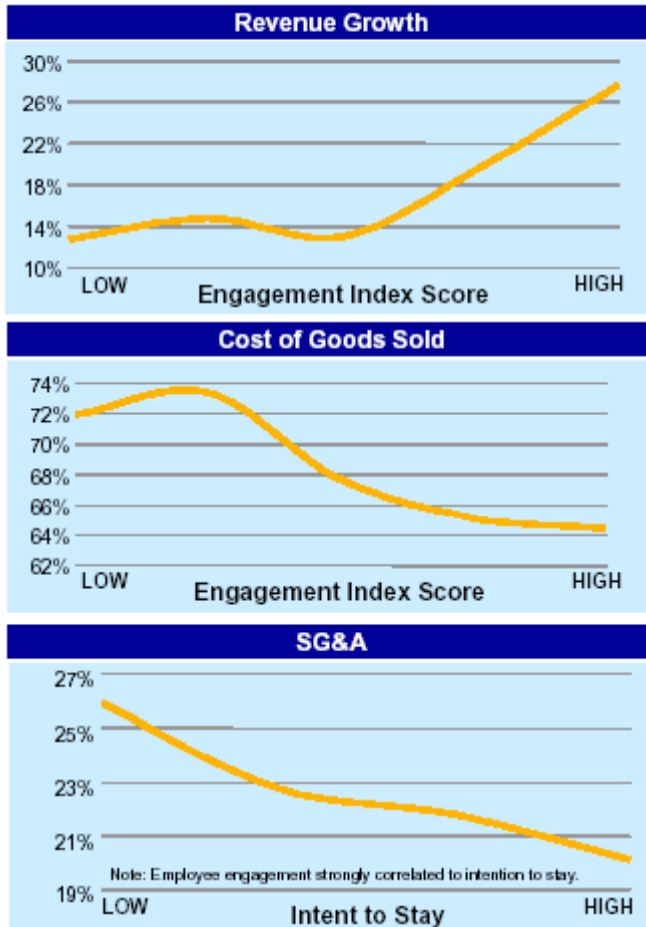
CAmagazine, *Out of the Performance Gate*, August 2007

Future Needs: Changing the Culture, Meeting Brand Goals



- ✓ • Team work and shared learning to foster collaboration
- ✓ • Operational goals/strategies achievement mind-set
- Confident decisioning and communication to handle complexity
- Customer-centric and open culture to deliver the brand promise
- Strategic actions prioritized, time pressures managed

Engaged Staff Communicate the Culture



Source: Towers Perrin Global Workforce Study 2005

Studies show that:

- Staff engagement correlates with an organization's performance
- Most important elements of business strategy are:
 - customer service
 - operational excellence
 - innovation leadership



Where the Performance Actually Goes

Average performance loss 37%%

Average
realized
performance/
potential
performance
63%

Marakon Associates and The Economist, September 2004
Senior executives from 197 companies world wide with a
market capitalization of >\$1 Billion

2. Performance Culture

*The right mind-set..... creates a more demanding
“performance culture” organization*

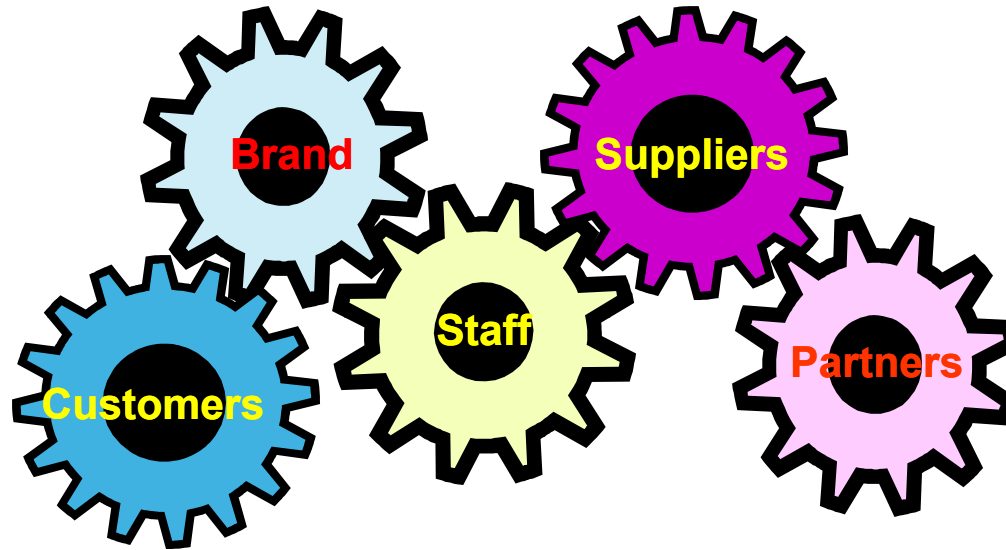
Innovation and Urgency

“The problem,” says Gary Hamel, “is that employees lower down the corporate hierarchy have not been trained in innovation and there are few processes or support mechanisms to nurture innovation.”

- London Business School Business Strategy Review, Spring 2006



Defining “Results”



1. Prioritized, qualitative and actionable service metrics
2. Customer relationships that support the brand
3. Market-competitive leadership – differentiation by performance culture
4. Sustained and tangible performance results

Defining “Performance”



1. “Best in class” performance outcomes – real drivers, translated into differentiation strategies, sales effectiveness, brand support, etc.
2. Improved customer behavioral knowledge linked to one-to-one strategies – to improve both customer and employee performance
3. Streamlined and usable customer experience integrated across the enterprise – with measurement and continuous improvement
4. Granular performance benchmarks against which individuals and teams can track and continuously improve performance

3. People Processes

Consistent with corporate objectives, to translate strategy into action

Performance: Where are the Implementation Priorities Today?

Decision Making and Problem Solving <ul style="list-style-type: none">• Make timely decisions• Influence others• Improve processes• Assume accountability• Etc.	Business Acumen <ul style="list-style-type: none">• Align with business objectives• Understand customers & stakeholders• Apply knowledge to customer service• Etc.
Teamwork <ul style="list-style-type: none">• Build relationships• Share information• Work cooperatively• Etc.	Personal Effectiveness <ul style="list-style-type: none">• Set personal objectives & behaviors• Know your development needs• Prioritize and manage time• Etc.

Potential?

Potential?

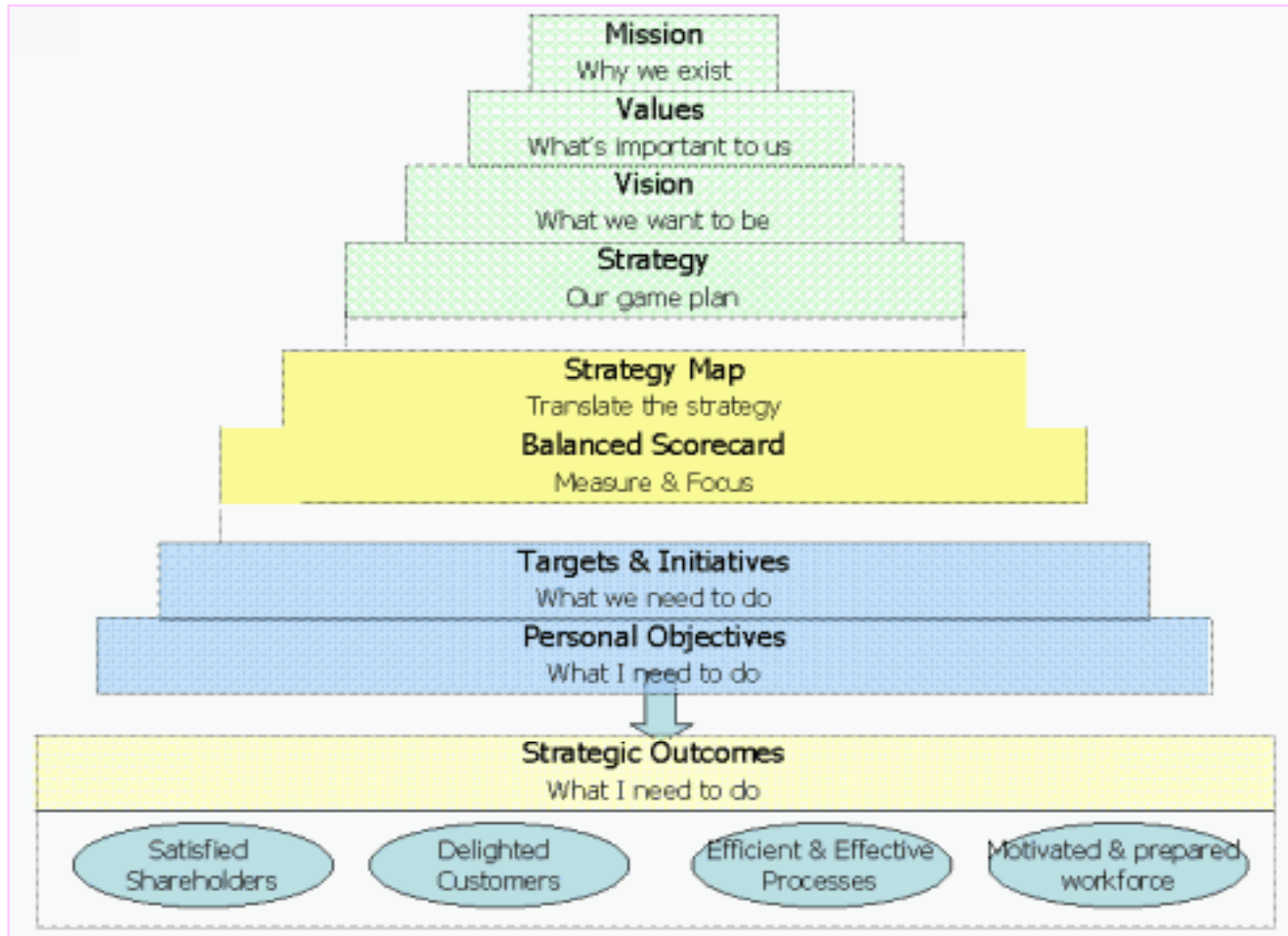
Source:
Insurance
Company

Goal: Manage through change management, target support functions

Seek lifts in: technology, process, prioritization

Prerequisite: improvements must be self funding

Getting Engaged Organizations & People



– Towards the “*Strategy Focused Organization*”, Kaplan & Norton, Balanced Scorecard Collaborative

Cause-and-Effect Chain

Kaplan & Norton's framework for linking actions to strategy across the dimensions of Financial, Customer, Internal and Knowledge



Summing Up: Career Development Needs to be Self Directed

Creating a Formal Assessment Process for Promotion to Leadership Roles

Next up – the BMO Financial Group case study: planning for talent



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