

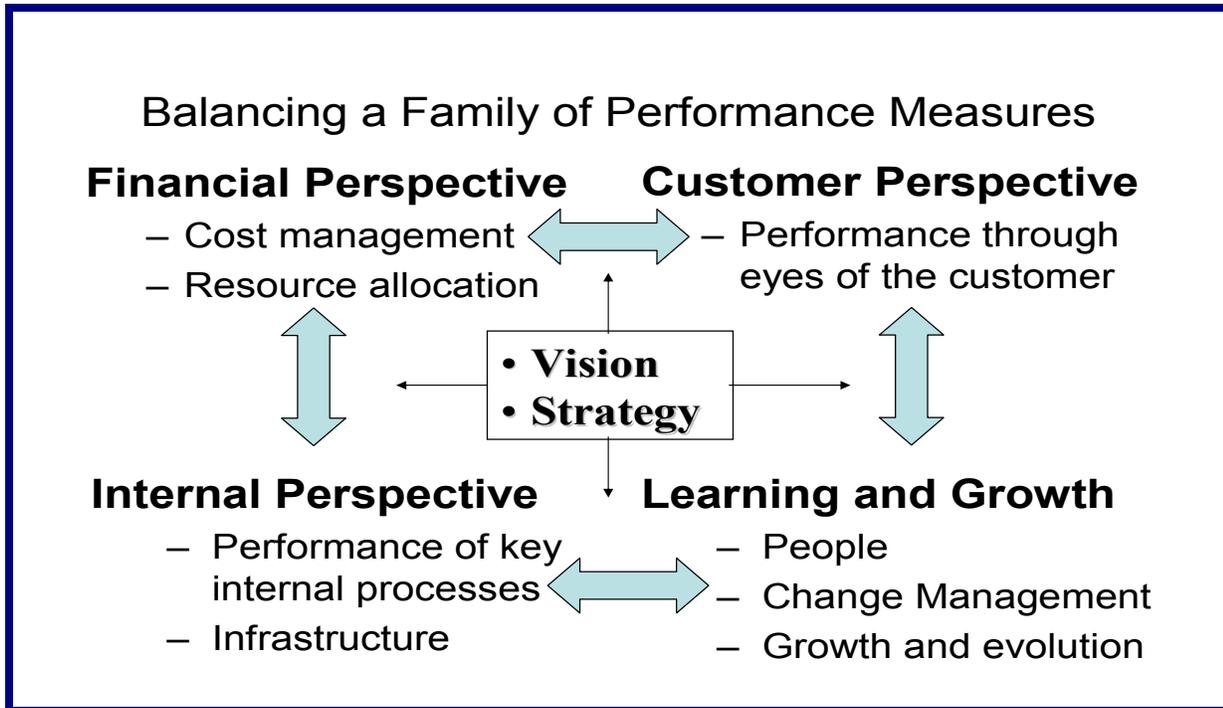
Chapter 10 – SIM Balanced Scorecard

Overview

The Balanced Scorecard is an approach to strategic management that was developed in the early 1990's by Drs. Robert Kaplan (Harvard Business School) and David Norton (Balanced Scorecard Collaborative). The SIM Strategic Planning Working Group (SPWG) customized the basic principles of the Balanced Scorecard (BSC) to invest in those areas that produce long-term benefits to the Fleet. It aligns and focuses organizational efforts and resources, builds on existing performance management elements, and creates long-term value.

The BSC looks at key metrics that go beyond just the pure, traditional "financial" metrics (such as obligations), to better gauge how an organization is performing and delivering its services.

The balanced scorecard is particularly applicable for SIM because it is a *management system*, (not only a measurement system), that enables organizations to clarify their vision and strategy and translate them into action by viewing the organization from *four perspectives, developing metrics, collecting data, and analyzing the results relative to each of these perspectives*. Simplified, and as agreed by the Navy's SIM Shore Installation Planning Board (SIPB), it provides an improved methodology to gauge overall performance.



Accordingly, the SIPB, as a key part of the SIM Strategic Plan, agreed to utilize the BSC methodology to assess progress in the four primary areas of planned action and developed seven metrics within the scorecard to assess how the SIM community is performing.

Goals

The overarching goal for each quadrant of our Navy SIM scorecard as stated in the SIM Strategic Plan is as follows:

- **Customer** – provide shore facilities and services that meet or exceed expectations.
- **Investment** – focus shore investments to maximize Fleet readiness.
- **Process** – align our processes, structure and standards, and employ best business practices to provide effective, efficient Navy shore facilities and services.
- **Workforce** – foster a highly skilled, valued and aligned team in an environment where they can succeed.

Metrics

Currently, the capability to populate all seven metrics listed on this scorecard is not available. Measurement has begun on the four metrics checked on page 10-4. Actions have been initiated that will better enable the Navy to deploy the remaining three metrics at a future date. The anticipated year of deployment is annotated within the parenthesis.

It should be noted that while the mission, vision, and strategic goals set the overall direction for SIM, the actions within the Balanced Scorecard address SIM priorities for the day-to-day operations.

The Department of Defense Planning, Programming, and Budgeting System (PPBS) cycle is the major determinant as to when the investment quadrant metrics will be able to be implemented fully. For example, the Planning and Programming phases are completed a full two years in advance of the budget execution year. As noted earlier in this report, PR-05 is the first POM cycle for which we will have programmed many, but not all, of our SIM requirements based on our newly developed, capabilities-based Capability Level programming methodology. Therefore, beginning in FY 2003, we have data in some functional SIM areas to populate the “Program to Requirements Ratio,” but it will be FY 2004 before data is available to populate the “Budget to Program Ratio,” and FY 2006 before we can populate the “Budget to Execution Ratio.” Therefore, owing to the above PPBS consideration, FY 2006 will be the first year that we can assess fully (apples to apples comparison) programming actions that were based on the newly developed Navy-wide standards and Capability Level methodology.



Product of the Plan

SIM Balanced Scorecard

- BSC views results in four perspectives: Customers, Processes, Investment, and Workforce.
- BSC is a management system and not just a measurement tool.
- There are 7 key ratios/metrics approved by the SIPB.
- Currently SIM is comparing C-Level Readiness Ratings to Capabilities.
- In the future, SIM will be able to compare programmed Capabilities versus actual Capability performance.

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The following table provides in more detail the seven metric measures of the SIM Strategic Plan:

Program to Requirements Ratio	$\left\{ \frac{\text{CCL (Programmed)}}{\text{CCL (1)}} \right\}$ SII	Requirements accuracy and program credibility
Budget to Program Ratio	$\left\{ \frac{\text{CCL (Budgeted)}}{\text{CCL (Programmed)}} \right\}$ SII	Program credibility and budgeting accuracy
Execution to Budget Ratio	$\frac{\text{CCL (Executed)}}{\text{CCL (Budgeted)}}$ SII	Budgeting accuracy and execution alignment
Capability Delivery Ratio	$\left\{ \frac{\text{CL (Achieved)}}{\text{CL (Anticipated)}} \right\}$ FA	Effectiveness and efficiency of execution
% Functional Areas with Navy-approved Standards	$\left\{ \frac{\text{CFAs with standards (OMN/R only)}}{\text{CSIM (OMN/R only)}} \right\}$	Consistent quality service
Employee Satisfaction and Effectiveness Survey	SIM Employee Survey Tool	Foster a skilled and valued work force
% Customers who are Satisfied with Performance	Customer Survey Tool	Effectiveness of execution
Abbreviations, Definitions and Explanatory Notes:		
<p>CL = Capability Level (CL1 is the "standard" capability level that meets fully the requirement)</p> <ul style="list-style-type: none"> • CL data can be obtained from the Objectives Matrix index score (e.g. an objectives matrix composite index score of 9 out of 10 equates to CL 1) • CL1 data will be collected from the POM 04 Data call. CL2-CL4 will be collected from the completed objective matrices. <p>C = denotes the "Cost of"</p> <p>SII = Special Interest Item</p> <p>FA = Functional Area (s)</p>		



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The accompanying table reflects pertinent metric information for those budget categories (either budget categories or special interest items) for which past programming/budgetary decisions are available and traceable. In some cases, partial information was available: hence partial metric data.

SIM Balanced Scorecard (BSC) Metrics	
<p style="text-align: center; color: red;">Customer</p> <ul style="list-style-type: none"> % of Customers Satisfied with performance (by 2005/6) 	<p style="text-align: center; color: red;">Investment</p> <ul style="list-style-type: none"> √ Program to Requirements Ratio √ Budget to Program Ratio √ Execution to Budget Ratio
<p style="text-align: center; color: red;">Process</p> <ul style="list-style-type: none"> √ % of Functional Areas with approved standards • Capability Level Ratio (by 2004) 	<p style="text-align: center; color: red;">Work Force</p> <ul style="list-style-type: none"> Employee Satisfaction and Effectiveness (by 2005/6)

These ratios are a general indicator of the requirements accuracy, program credibility, budgeting accuracy, and execution alignment of the money for each functional area. The target score is 1.00 (100%), meaning that the amount of money requested was, in fact, the same amount received or spent. Functional areas with ratios greater than one indicate that more money was received than requested. Ratios less than one show the opposite. However, these ratios show only the relative amounts of money involved, not the Capability Levels, which is the ultimate aim of the money. As use of these ratios becomes more widespread in the future, these metrics will take on more meaning. It is entirely possible that these metrics may be modified as organizations more closely scrutinize the impact of the different variables.

Functional Area	Program to Requirements		Budget to Program		Execution to Budget	
	FY 2002	FY 2003	FY 2002	FY 2003	FY 2002	FY 2003
MWR	0.93	0.93	1.03	1.02	1.03	0.86
Child Development	0.99	0.99	0.97	0.97	0.99	0.84
Fleet and Family Support	0.94	0.94	1.06	1.03	0.98	0.85
Family Housing	0.94	0.93	1.03	0.95	1.14	0.95
Bachelor Housing	0.73	0.77	1.25	1.16	0.97	0.94

For example, in the table above note the Fleet and Family Support information. The programmed funding for FY 2003 was set at 94% of the total requirement (Program to Requirements = 0.94). This was slightly under-funded with respect to the stated requirements. The Budget to Program ratio (1.03) shows the increase in appropriated funds over the programmed amount, which was provided in support of several high interest programs. The last column (Execution to Budget = 0.85) demonstrates that not every dollar budgeted was executed for the year. The results are that Fleet and Family Support was funded at a C-2 readiness rating in PR-03, and performed at Capability Level 2 in FY 2003 as described in Chapter 4.