Example of an Integrated Performance Measurement System - Module VI

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Content

- Discuss characteristics of an Integrated Performance Measurement System
- Look at how PNNL’s Integrated Assessment Management System lines up with those characteristics
Example Performance Measurement System

Characteristics of Integrated Performance Measurement Systems:

- A balanced set of measures
- Selection of a set of “Critical Few” measures
- Accountability for all measures
- Vertical integration of measures
- Horizontal integration of measures
Characteristics of Integrated Performance Measurement Systems

A Balanced Set of Measures


- **PNNL** - Financial*, Operations (ES&H and Facilities), Staff Satisfaction, Customer Satisfaction (internal/processes and external) and Community Relations

* Not part of FY00 Critical Outcomes
Characteristics of Integrated Performance Measurement Systems - con’t

Selection of a set of “Critical Few” measures - At all levels

- Too many high-level measures tends to distract Senior Management from those most “critical” to managing the company
- Too many supporting Objectives may indicate that the Critical Few are not specific enough to clearly link to strategy or that the strategy is not clear
- Best Practices companies tend to agree that 3 to 15, at each level, is a manageable number

N.B.: For a good example of Performance Measure Roll-Up, see the University of California Index Methodology
Accountability for all measures

- Highest Level measures (or groups) need a Champion and are the responsibility of Senior Management
- Objectives usually the responsibility of Mid-level managers
- Individual Performance Measures usually the responsibility of mid-level managers, trickled down to staff
- Staff must know they are accountable and must be given the resources necessary to do their jobs
Hierarchy of Objectives vs Accountability

Critical Outcomes
- Scientific Excellence
- Operational Excellence
- Leadership & Management

Supporting Objectives

Performance Indicators

Staff Objectives
- Sr Mgr
- Mid Mgr
- Staff Member
Vertical integration of measures

- Aligns lowest level of performance measures with the strategic goals of the organization
- Focuses attentions and efforts of all staff on organization’s strategic objectives
- Critical Outcomes (Strategic Goals) are 3 to 5 years out
- Objectives are can be completed in 1 to 3 years
- Performance Indicators must be completed this fiscal year.
Vertical Alignment: How PNNL Aligns with DOE Strategy

- DOE Strategic Plan
- PNNL Strategic Objectives
- Critical Outcomes
- Contract Incentives

Strategy Deployment

Plan
- Opportunities
- Objectives/Indicators

Improve
- Performance-based Management System

Evaluate
- DOE Self-Evaluation
- PNNL Self-Evaluation

Monitor
- DOE HQ (GPRA Requirements)
- DOE Annual Report
- DOE Eval of Perform
- DOE Eval of Perform
Characteristics of Integrated Performance Measurement Systems - con’t

Vertical integration of measures

Sales Increase Average 5% Over 5 Years

Sales Increase of 3% in FY00

Customer Sat’n Rating of 4.5 on FY00

Increase Time Spent with Customers by 20%

95% On-Time, On-Budget Project Performance

Customer Feedback 95% Favorable

Strategic Measures

Operational Measures

Staff Individual Measures
Characteristics of Integrated Performance Measurement Systems - con’t

Horizontal integration of measures

- Breaks down organizational “stove piping”
- Measures of horizontal integration tend to focus on management systems/processes
- Assures optimization of work flow across organizational boundaries
- Improvements tend to affect the entire organization
Key Functional Elements and Interfaces of PNNL’s System

Integrated Assessment Program

- Line Management Self-Assessments
  - Internal Audit
  - Independent Oversight
  - Peer Review

- DOE-RL Performance Evaluation
- DOE-HQ Oversight and Input
- External Oversight

- Business Planning Process

- Battelle Memorial Institute Corporate Oversight
- Lab Advisory Committee
Key Processes
Drive Improvement

- Integrated Planning
  - Determine Goals & Objectives
- Self-Assessments
  - Monitor Progress
- Improvement Agenda
- Implement Actions For Improvement
- Annual Self-Evaluation
  - Evaluate

= Deployment Mechanism
= Key Process
Self-Assessment Connects to Performance Evaluation & Operational Awareness

Self-Assessment Plans

Objectives and Targets set with DOE
Areas for assessment agreed upon between DOE and Battelle
Results of assessments shared with DOE

Self-Evaluation

Focused on Critical Outcomes
Utilizes results from:
- Org Self-Evaluations
- Customer Feedback
- Results of Peer Reviews
- Performance Indicators
- Ind. Oversight Results
- Self-Assessments

DOE Review

Validate Results

DOE Evaluation

DOE Evaluation Summary
Battelle’s Self-Evaluation
DOE Review
For Cause Reviews & Other Independent Reviews

DOE-RL

PNNL
Summary

PNNL Annual Self-Evaluation

Organization 1
Organization 2
Organization N

Battelle

U.S. Department of Energy
Pacific Northwest National Laboratory
Institutionalizing Continuous Improvement

Policy

Improvement at the Mgmt System Level or Div/Dir Level

• Budgets & Perf. Indicators set by Mgmt System
• Self-Assessments Drive Local Improvements
• Actions Not Tracked Centrally

Improvement at the Laboratory Level

• Lab-Level Investment Pool
• Utilizes Integrated Assessment Program Information
• The Laboratory’s “Improvement Agenda”
Laboratory Level Improvement Opportunities

Level-1 Self Evaluations
External Oversight Summary
Independent Oversight Results
Quality of Work life Survey
Customer Feedback Survey
Internal Audits Summary

~25 Lab-Level Issues / Opportunities

6 - 13 Proposals Funded
Finally . . .

Beware:

There is no Performance Measurement Holy Grail,

there are no experts,

we are all adventurers in the process,

It’s important that we all share the Lessons Learned.
Example of a Performance Measurement System

Questions?
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Pacific Northwest National Laboratory
Performance Evaluations

Outstanding
Excellent
Good
Marginal
Unsatisfactory

FY94 FY95 FY96 FY97 FY98 FY99

Target