18 February, 2013 (Morning Session): Professor Richard Clarke (Replacing K D Bhardwaj)
Topic: Asian Productivity Organization

I.   About APO

The Asian Productivity Organization was established on May 11, 1961 as a regional intergovernmental organization for productivity with 20 member economies of the Asia-Pacific region. It has been funded by Annual membership contribution based on gross national income/gross domestic product (74%), special cash grants, project implementation grants given by member governments (project hosting county), etc.. APO has its roles as a think tank, a catalyst, a regional adviser, an institution builder, a clearinghouse for productivity information.

II.   Performance Management & Service Sector

The service sector is one of the major contributors to the GDP of APO member countries. However, the overall productivity level of the service sector in the APO member countries is not generally very high. Performance management (PM) is one of the effective tools that can be applied to achieve quantum leaps in the productivity of these organizations. It can lead to enhancing the quality of services, increasing stakeholder satisfaction, and improving the service organizations. It also helps to recognize and reward outstanding performers and to develop modest ones. It is found that all member countries have performance management systems with similarities in using balanced scorecard and results-based management ranging from government sector organizations to individual performance. The successful performance management is the combination of people, processes, skills and infrastructure that allows organizations to make significant steps in improving their performance.

18 February, 2013: after Morning Break Session: Dr. Shin Kim, the Korea Institute of Public Administration
Topic: Productivity in APO Countries

Importance of Productivity; Productivity performance is important for a country's future economic prospects. Productivity gains enable an economy to produce more for the same amount of inputs (labor and capital) and lead to economic growth in the long run. Thus, national productivity capability (supply side of economy) is important aspects of public policy in many countries.

Measuring Productivity; Productivity is used as a ratio of an output volume measure to an input volume measure.

Industrial Sectors; Primary involves the extraction of resources directly from the earth, including farming, mining and logging. They are sent off to factories to make a profit. Secondary involves in the processing products from primary industries including all factories. Tertiary involves in the provision of services including teachers, managers and other service providers. The quaternary describes a knowledge-

based part of the economy which typically includes services such as consultation, education, research and development, financial planning.

18 February, 2013: Workshop on Performance Management in service-sector by Mr. Eddy Edwards, Managing Consultant, KBE Consulting

Topic: Performance Management System

I.   Introduction

Performance Management is a systematic process where the organization invokes the stakeholders in improving organizational effectiveness by focusing on achieving the organization's strategic goals in order to ensure performance happens by design, not by chance, translate strategy into action and communicate organizational goals and objectives; reinforce accountability for meeting those goals; track group, individual and organizational performance results Compensation
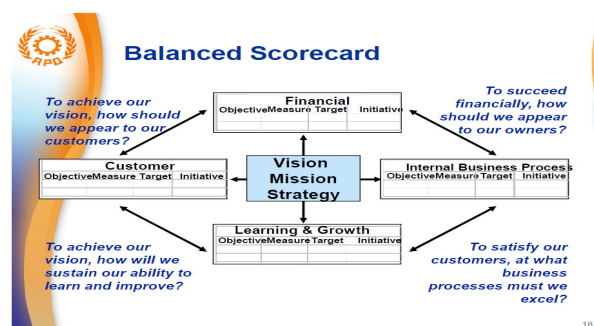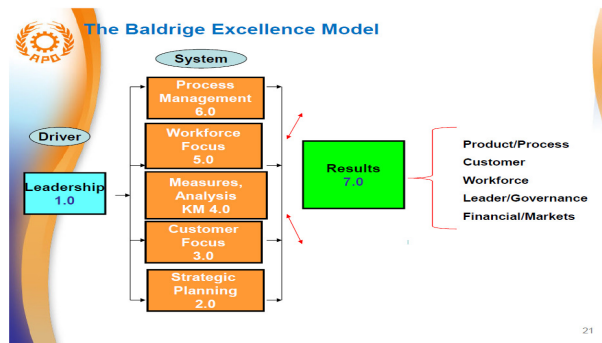
II.   Levels of PMS
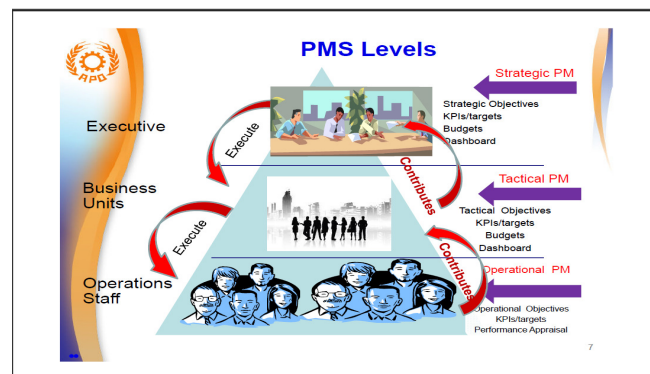
III.   Corporate Level PMS

There are many tools for Corporate performance management such as starting point for PM in organization, KPIs, Balanced Scorecard, Models of Excellence (Malcolm Baldridge, EFQM, SQA) and others (6 Sigma, Lean etc.)

Balanced Scorecard

Excellence Models

The Baldrige Excellence Model

Components of Individual PM : review of candidate on KRAs/KPIs for the previous period, assessment of candidate on competencies (SKA) demonstrated over the previous period, discussion on developmental plan setting of KRAs/KPIs for the next period, Identification of HiPo through potential ranking exercise, two way discussion process.

Summary
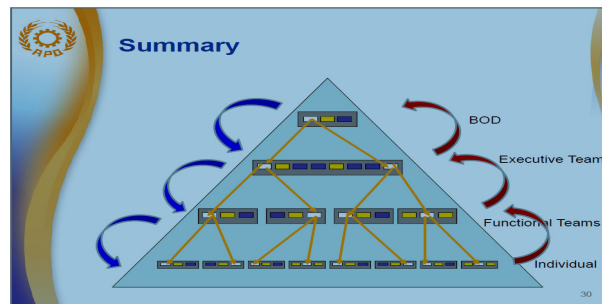
Productivity & Performance management

Productivity is the ratio of output to input. It is a measure of how <u>efficiently and effectively</u> a business uses inputs such as labor and capital to produce outputs such as goods and services. An increase in productivity means that more goods and services are produced with the same amount of labor and capital. <u>**It is "doing things right" (efficiency) and "doing the right things" (effectiveness)**</u> to achieve maximum efficiency and value.
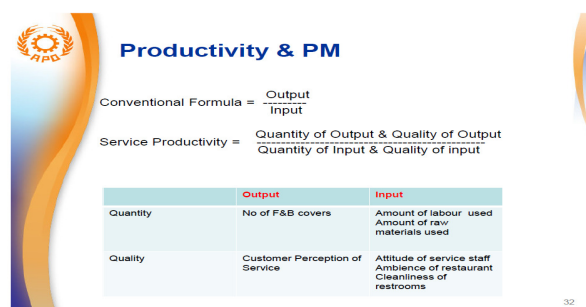

Common Productivity Measures by

1. **Quantity measures** consist of valued added method (addition or subtraction methods) and Ratios between output and input in simplest form.

2. **Quality measures** consists of customer satisfaction rate, Number of Complaints, Number of Compliment, Service culture Employee training.

19 February 2013: Benchmarking by Mr. Eddy Edwards (Session 2)

Benchmarking is a measured "best-in-class" achievement (measured by reward) which recognized as the standard of excellence of that business process. It is the process of continuously comparing and measuring against other organizations anywhere in the world to gain information on philosophies, policies, practices, and measures which will help our organization take action to improve its performance. Benchmarking is challenge to do better with setting the target by SMART (specific, measurable, accountable, realistic, time bound).

Using Benchmarking to Improve Performance
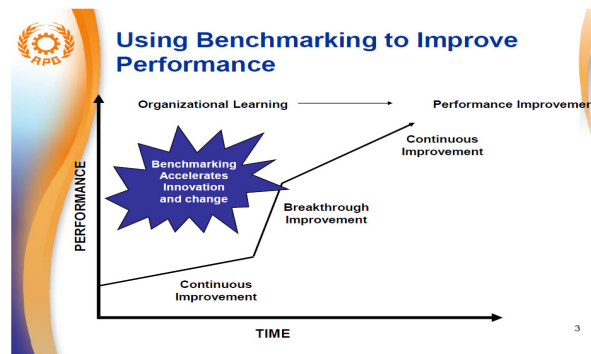
Benchmarking can identify opportunities to improve performance by learning from others' experiences, set realistic but ambitious targets, uncover strengths in organization, better prioritize and allocate resources.

There are three types of Benchmarking

1. **Strategic Benchmarking**

The public, private, and nonprofit organizations compare with each other. It moves across industries and cities to determine what are the best strategic outcomes.
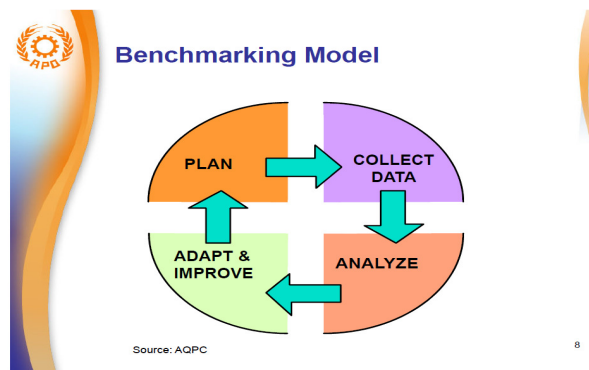
2. **Performance Benchmarking**

The public, private, and nonprofit organizations compare themselves with each other in terms of product and service. It focuses on elements of cost, technical quality, service features, speed, reliability, and other performance comparisons.

3. **Process Benchmarking**

The public, private, and nonprofit organizations compare through the identification of the most effective operating practices from many organizations that perform similar work processes.

Benchmarking Model

1. Planning

Determining the purpose and scope of the project, Forming Team, Identifying the key process to be benchmarked, Mapping the process in detail, analyzing the process with reference to performance measures, identifying benchmarking partners and assessing comparability with own organization

2. Collecting Data

We can do collecting data by conducting background research to gain thorough understanding on the process and partnering organizations, using questionnaires to gather information necessary for benchmarking, site visits if additional information is needed and interviews if more detail information is needed.
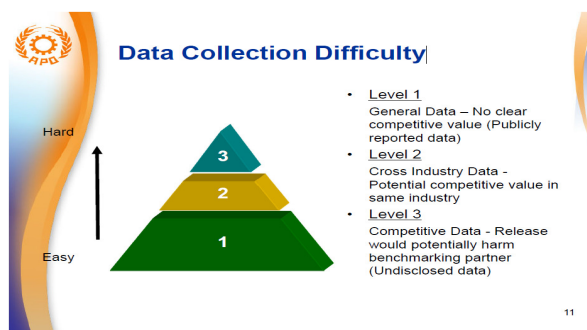
3. Analysis

Analyze both quantitative and qualitative data of partnering organizations and your organization and finally determine the performance gap.

Considerations for Analysis

Four key areas must be understood in order to properly analyze process performance when performing benchmarking studies: Process, Practice, Measurement, Enablers.

Normalizing Data:

1. Puts data on a common basis (e.g., per unit) by mitigating issues of organizational scale and supporting

Inferences about relative performance.

2. Establishes numerator as a direct function of the denominator. For benchmarking purposes, the
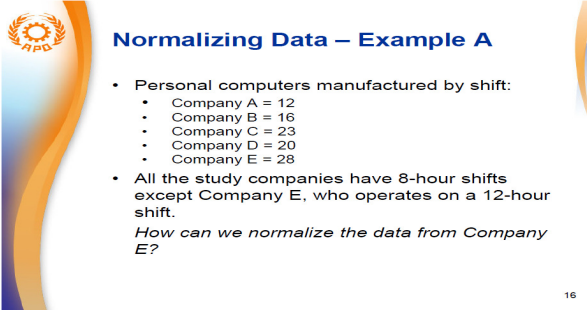
denominator must be a standard unit from company to company (E.g. for "cost per hire", the number of hire is clearly related to total recruiting expenditure as is a standard unit.

3. To produce an "apples to apples" comparison between organizations, normalization may necessitate

using demographic factors.

Demographic factors are those operational features that are typically outside the control of the process owner (e.g., location of business operation, size of the organization, and marketplace focus), but may affect the operation nonetheless.

Key is to compare performance, while holding demographic factors constant.
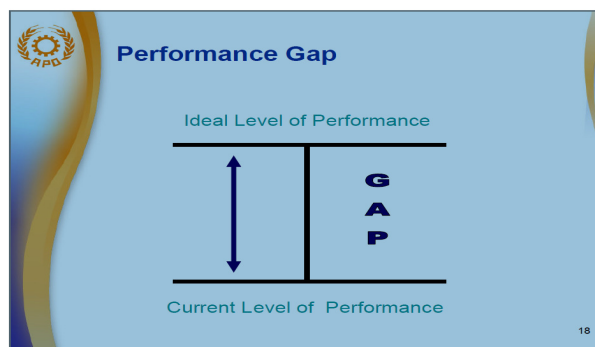
Normalizing Data – Example A

Performance Gap

Define Causes of Gaps

Cause and Effect Diagram: Brainstorm and explore all the possible causes of the gap.

4. Improving Practices by reporting findings and brief management, developing an improvement implementation plan, implementing process improvements, monitoring performance measurements and tracking progress and recalibrating the process as needed.

Formulating Implementation Strategy

1. Integrate goals into organizational strategy.

2. Anticipate possible barriers to implementation.

3. Develop implementation teams.

4. Obtain authorization for funding implement.

Best Practice Transfer

- There are two key methods used in the transfer of best practices to an organization:

    - Adopt the practice; and - Adapt the practice to fit the organization.

- Most organizations choose to adapt the practice to fit the specific culture, customer base, and capabilities of the organization.

Monitoring Progress by establishing system to monitor/report progress of implementation plan, reviewing progress at major points in the implementation with the sponsor/champion, managing absorptive capacity issues, developing contingency plans and recalibrating and recycling as needed
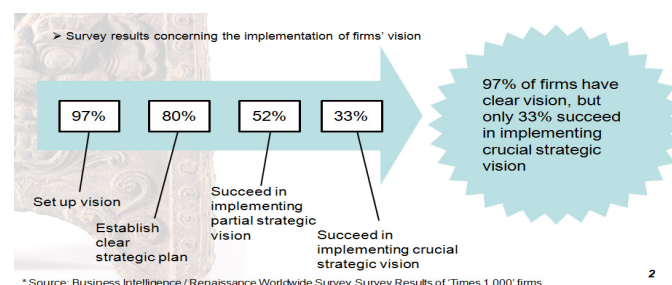
Factors for Sustainability by embedded in daily operations, Reflections of business model, Flexible to provide balance of long term vs. short term priorities, Easy to use and understand, Part of the culture, Marketed and communicated Supported

Workshop on Performance Management of Service-sector Organization by Dr. Shin
Topic: Balanced Scorecard for Performance Management

Need for Balanced Scorecard (BSC)

Most firms succeed in developing strategies, but exhibit problems during implementation

> Survey results concerning the implementation of firms' vision

97% — Set up vision

80% — Establish clear strategic plan

52% — Succeed in implementing partial strategic vision

33% — Succeed in implementing crucial strategic vision

97% of firms have clear vision, but only 33% succeed in implementing crucial strategic vision

* Source: Business Intelligence / Renaissance Worldwide Survey, Survey Results of 'Times 1,000' firms

Background of BSC

BSC was introduced as a new business performance management model to replace models that emphasize only financial index management to improve strategy implementation capability through performance measurement
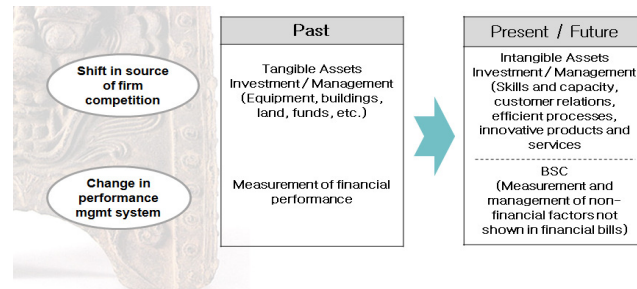
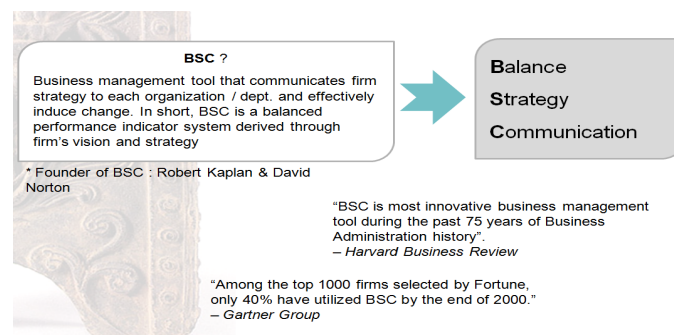## Concept and Utilization of BSC

Balanced Score Card (BSC); Combination of balanced performance evaluation indexes. Firms can utilize
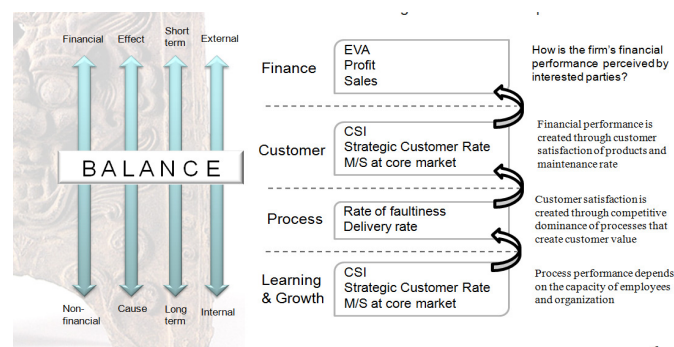
BSC to enable organizational change and focus on strategy implementation .

Balancing

BSC considers financial and non-financial, cause and effect, short and long term, internal and external
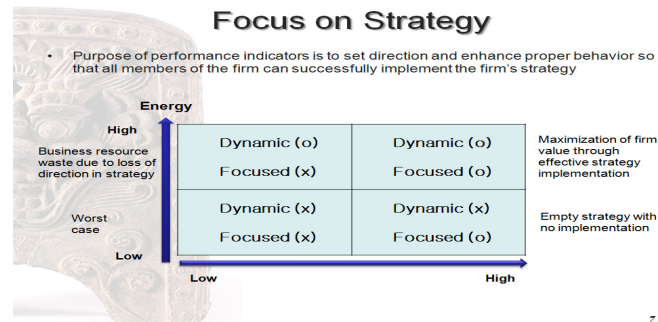
indicators in order to manage from a balanced position.
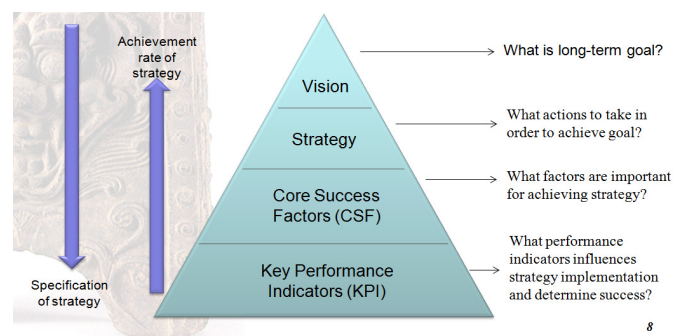

Focus on Strategy

Purpose of performance indicators is <u>to set direction and enhance proper behavior so that all members of the firm can successfully implement the firm's strategy</u>

Communication

Many firms fail to implement strategies <u>due to failure of converting strategies into specific operational terms</u>.

<u>Thus, firms must focus on 'operationalization' and improve strategic communication with members</u>.

By conveying of BSC to lower ranks, firm strategy becomes linked to the strategic goals of each unit and enables organizational capacity to focus on implementing strategy
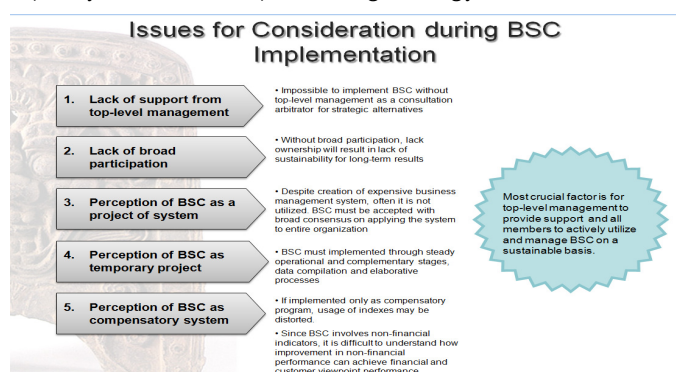
20 February, 2013: Session 3 of Eddy – Tools for PM

What PMS does?

CPM systems (current)

As marketplace is growing, many vendors support scorecards, dashboards, metrics, budgeting, planning, forecasting. Tools are BSC, ABC, TQM, EVA, Six Sigma etc. Line of business tools consists of ERP,

CRM and SCM. Top six players in CPM are SAP, IBM, Microsoft, Oracle, SAS, and Micro Strategy. BSC Software includes QPR; Palladium, Balanced Scorecard Institute, Spider Strategies, & more.

Some Considerations to select software: Easy to Use, Pleasant Interface for frequent use, Scalable, Flexible – Internalized easily, Enhance Communications, Quick to customize/setup/change, Open System – ease of integration, Low Cost of Ownership, Web capability, Mobile apps.

LoB PMS: Drilled down Scorecard, ERP – finance, warehouse, logistics, HR, FM, CRM – sales management, customer relations, customer segmentation, call center ops; and more, SCM.

Individual Appraisal Systems: Drilled down scorecard – KPIs, Part of ERP and integrated with CPM, Standalone PM System linking competencies and KPIs/KRAs/KPOs, PeopleSoft, Times Software, SAP, Nexus, Web-based.

21 February, 2013; a model Developed by Praveen Gupta by Mr. Eddy Edwards
Topic: SERVICE SECTOR SCORECARD

Introduction: SERVICE SECTOR SCORECARD

Based on the Balanced Scorecard developed by Kaplan and Norton and the Six Sigma Business Scorecard designed by Praveen Gupta, Gupta's Service Scorecard takes a <u>more comprehensive approach focused on the key elements of service sector organizations</u>

Performance Measurement System should <u>align with existing planning and decision-making systems</u> (e.g. strategic plan, knowledge management and HR plans), consist of performance measures, decision-making process and a feedback loop, relevant and accurate information.

Performance Measurement Development
1. Define the objectives of the system
2. Identify core requirements of system and relationship to the business process
3. Define measures and means of measurement
4. Establish a baseline and success goals
5. Focus on implementation

Scorecard Utility: Tracking past performance is not sufficient. It is needed to be able to better predict future and makes necessary business corrections, needs greater reliance on leading rather than lagging indicators. It must be actionable and directly linked to organization's strategy.

Attributes of a Good Scorecard: Strategic support, Business relevance, Simple Flow-down, Clarity, Executable, Opportunistic, Predictive, Dynamic, Benchmark, Balanced.

Typical Scorecard Challenges: Culture of ad hoc performance, collection of too much data, resistance to change, poorly communicated to staff and results not acted upon.

<u>Service Sector Attributes</u>:

- Generates experiences rather than products
- Has a transaction and interaction component
- Service is a personal nature and thus more difficult to measure
- Most critical asset is usually human resources
- Requires more "soft" measures than other sectors

Service Sector Scorecard; MEASURES –> GLACIER: Growth, Leadership, Acceleration, Collaboration Innovation, Execution, and Retention.

Benefits of the Service Scorecard; Provides clear a performance target, Benchmarks performance against best practice, Identifies opportunities for improvement, provides a Predictive Service Performance Indicator

Typical Service Sector Measures

Growth: Revenue from existing customers of current services – of new services, Revenue from new customers with existing & new services, Number of new customers.

Leadership: ROI, ROE, Profit margins, existing and new products, Revenue per employee, Employee engagement, and % employees recognized for performance.

Accelerate: Mgt performance against aggressive goals, # of major improvements implemented, Reduction in recurring problems.

Collaboration: Quality and on-time performance of partners, Cost savings, price, Cost per transaction, Partners' satisfaction.

Innovation: Number of ideas generated, new idea launch ratio, Time to market, Employee engagement.

Execution: Process sigma level, on time delivery, Customer quality ratings.

Retention: Growth in business with existing customers, Referrals from existing customers

Service Score Card Example

Element	Measurement	% Score
Growth	Revenue growth from new services	75
Leadership	Return on Equity	70
Acceleration	Rate of Improvement	50
Collaboration	Reliability of Partners	80
	Trust	60
Innovation	Idea Generation	50
Execution	Accuracy	87
	Responsiveness	95
Retention	Customer Loyalty	60

Service Performance Index

Service Performance Index

Element	Base Significance	% Score	SPIn Points
Growth	10	75	7.5
Leadership	30	70	21
Accelerate	10	50	5
Collaboration	15	70	10.5
Innovation	15	50	7.5
Execution	10	91	9.1
Retention	10	60	6
SPIn			66.6

- While the 7 GLACIER components can be acted upon separately to improve performance

- They are interdependent and affect each other

- The SPI is an aggregate measure that can be correlated to financial measures

Final Thoughts: The Service Scorecard:

- Focuses on the intangible attributes of service businesses

- Each element represents a significant aspect of the business

- The Glacier approach focuses on elements missed in other scorecard approaches

- The SP Index provides a consolidated leading indicator

NAYATEL Presentation

About NAYATEL

NayaTel (Pvt) Ltd. (NTL) is a sister concern of Micronet Broadband (Pvt) Ltd. (MBL), www.dsl.net.pk , the company that launched first broadband service in Pakistan in July 2002.

Leveraging its rich expertise and experience of broadband, MBL team conceived the idea of a most modern telecom network which could take care of ever growing telecommunication needs of customers and

have the capability to cater for bandwidth requirements of next few decades. The idea was transformed into reality when NTL launched South Asia's first fiber to the home (FTTH)/fiber to the user (FTTU) network in Islamabad in September 2006. This real triple play project is unique in its nature as it serves complex networking needs of mission critical businesses yet so simple that it has become a symbol of prestige for quality conscious home users. Covering over 90% areas of twin cities of Islamabad and Rawalpindi, Nayatel's network offers ultra broadband Internet, modern telephony and digital video services to business and home users. **Nayatel's FTTH network has transformed Islamabad into one of the most connected and optically wired cities of the world.**

NAYATEL's mission, vision and value

>   **Mission: (Why we exist?)**

>>   To be a role model of trust, set highest standards of quality and add value to the society.

>   **Values: (What is Important to us?)**

>>   Honesty, Mannerism, Simplicity, Sacrifice, Discipline, Knowledge, Hard work

>   **Vision: (What we want to be?)**

>>   To be number one telecom company of Pakistan in fiber to the premises

NAYATEL's strategic themes consist of State of the Art Technology and Customer Management.

Note: see the details of 4 perspectives of NAYATEL with each objectives, measures, targets, and initiatives.

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