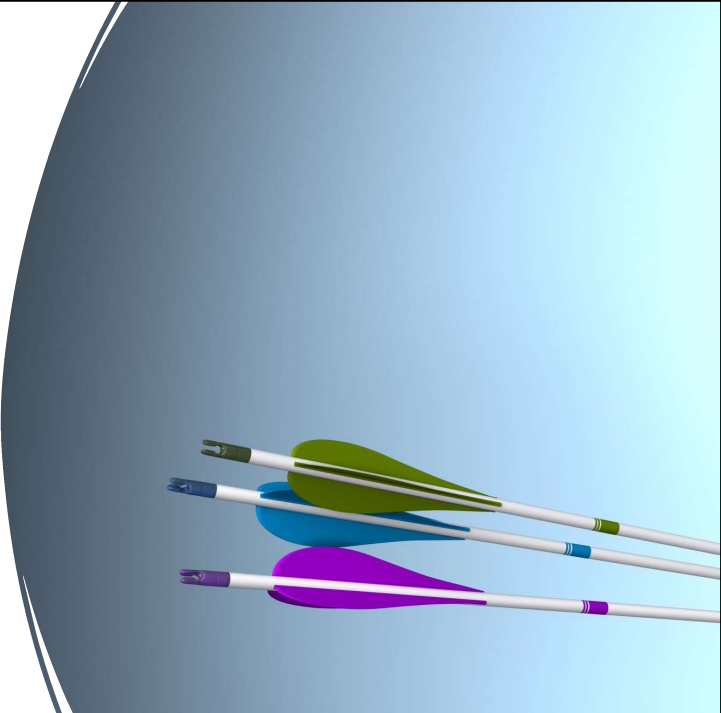




1

AGENDA

- Introduction: Trainor
- The Balance Scorecard
- Business Strategy and Performance
- Measures/ Key Performance Indicators
- Setting Targets
- Cascading Responsibility for Performance
- Rewarding Performance
- NUC Experience



2

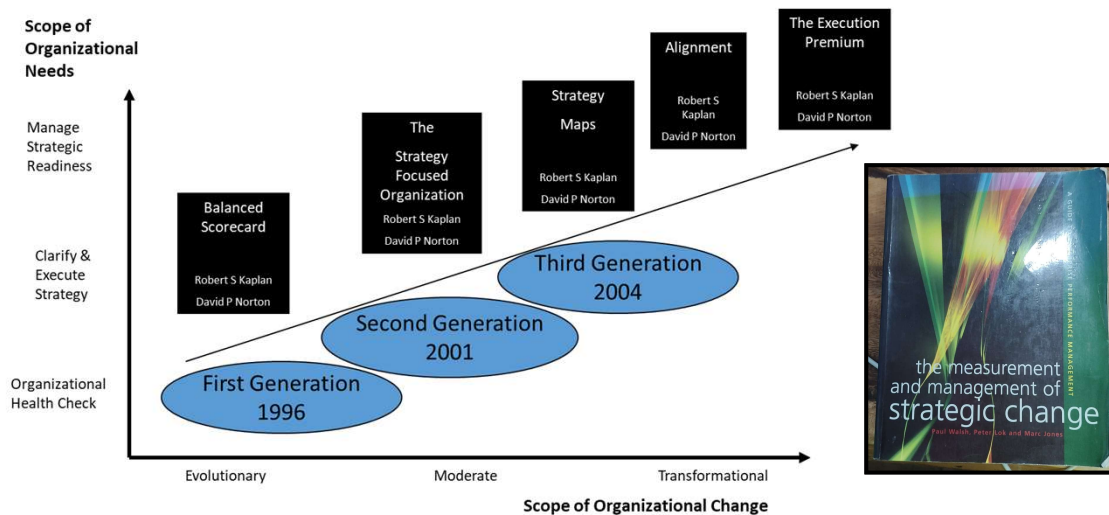
INTRODUCTION: A SIMPSON

- Electrical Engineer, Lecturer, Corporate Change Manager, CEO, Board Membership, Consultant, Small time Farmer.
- Work Experience: Power, Water & Sewerage Utility, Land Transport Regulation, Shipping Operation.
- Key Lessons learnt:
 - Leadership by example.
 - The more you teach the more you grow in understanding.
 - Engineer's must consider the human element in design & operations.
 - Engineers operate in a context of many disciplines.
 - Corporate Change is all about changing hearts, minds and motivation.
 - Enjoy work - laugh a lot.



3

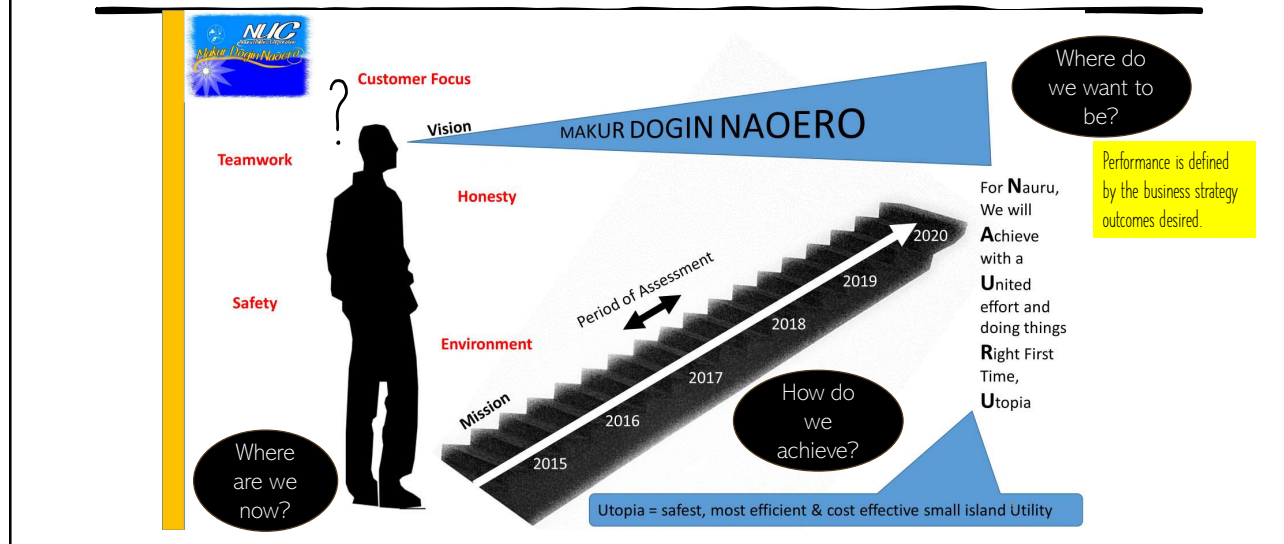
THE BALANCED SCORECARD:



4

STRATEGY & THE BSC

The Balanced Scorecard must be customised to monitor the implementation of the business strategy



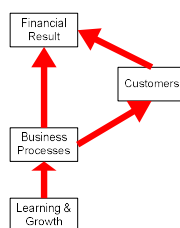
5

PERSPECTIVES

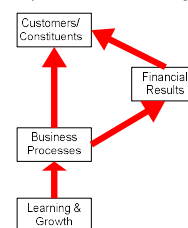
Which perspective arrangement suits your utility?

When faced with raising tariffs and maintaining a profitable margin, which is considered more desirable by your shareholder/ Government?

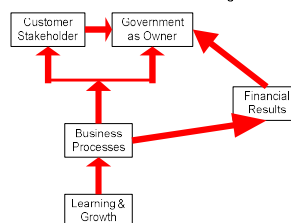
Architecture: Private Sector



Architecture: Nonprofit or Government Organizations



Architecture: Non-Commercial Agencies



6

OBJECTIVES: DEFINING PERFORMANCE

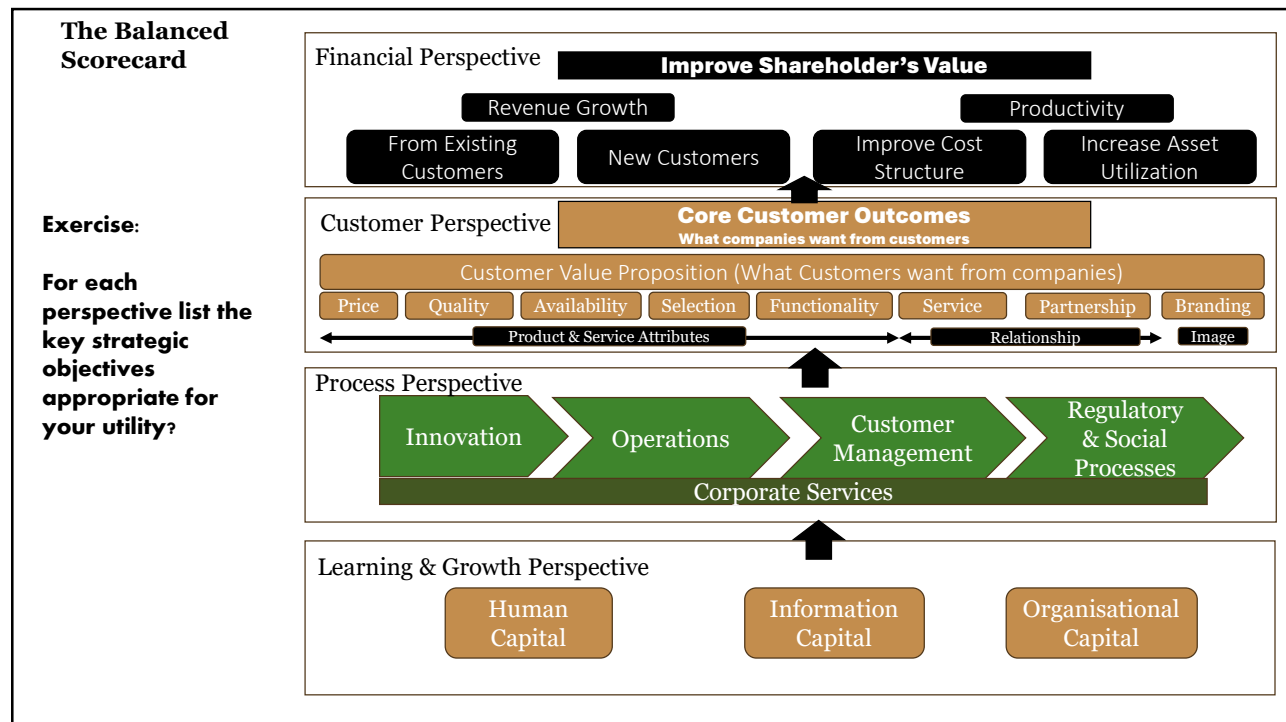
S	Specific	Focus on one issue that is well expressed
M	Measurable	One or few measures can track progress
A	Achievable	Given enough effort and resources
R	Relevant	strong relationship to vision and mission
T	Time	incorporates a time horizon

Balanced Scorecard
AM Consultants Ltd.

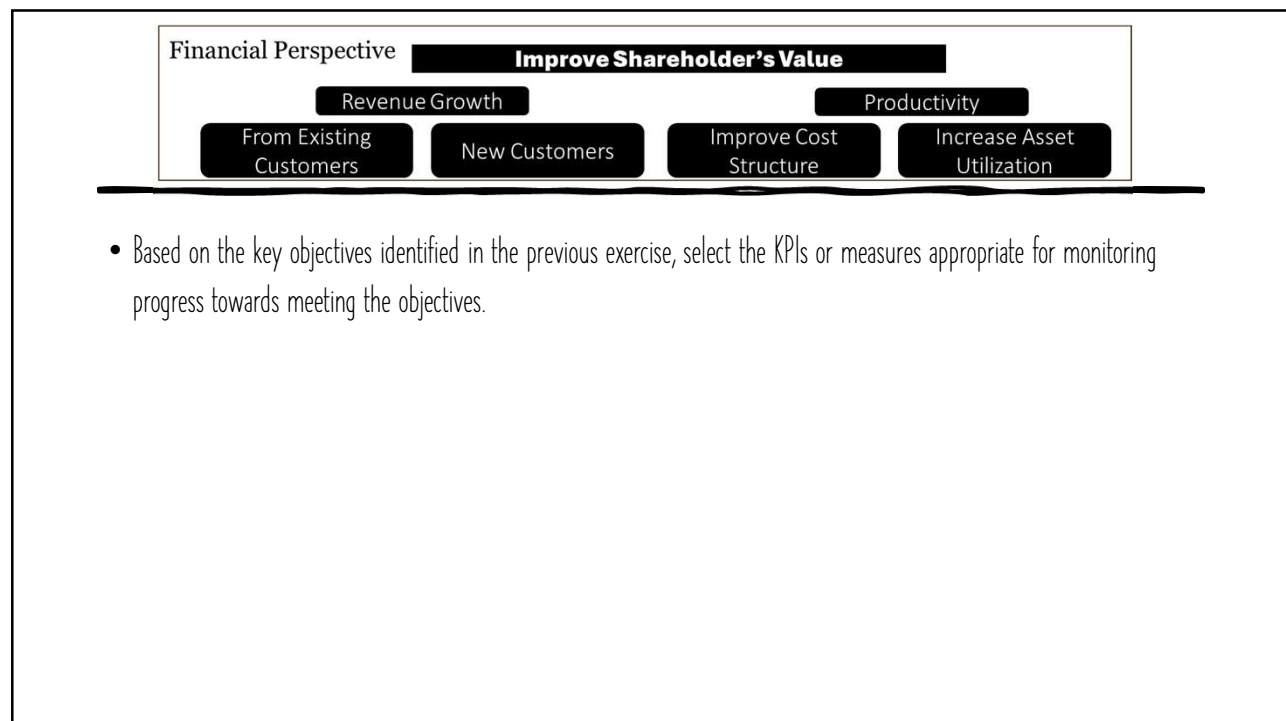
7

Perspective	Type	Performance Issues Addressed
Financial	Result	How do we look to our shareholders? Are we producing the right financial results?
Customer	Result	How do customers judge our product and services? Are we exceeding the expectations of the marketplace? What specifically must we excel at if customers are to buy from us?
Process	Driver	What changes do we need to make to our processes to become more competitive and improve customer satisfaction? Specifically, what do we need in terms of new products, services, channel management and process improvement?
Learning & Growth	Driver	What objectives do we need to have to pursue to develop our people, information technology and leadership for the future? What is our organizational change agenda?

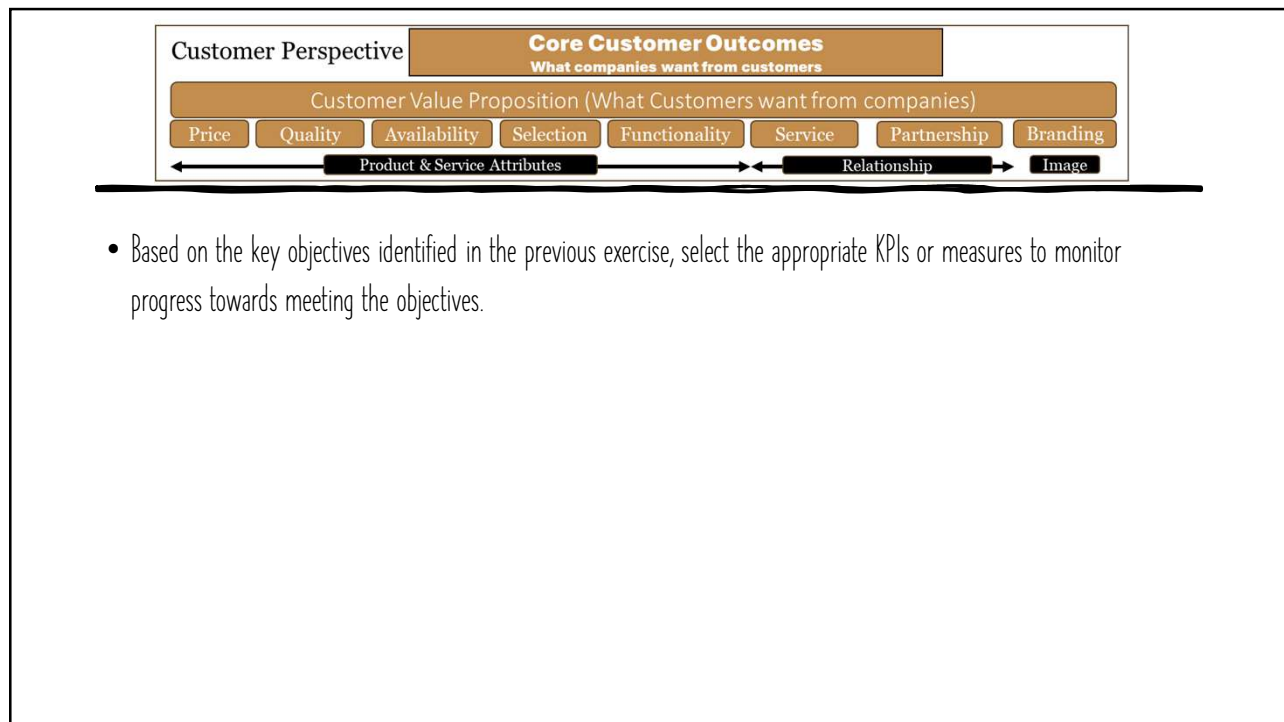
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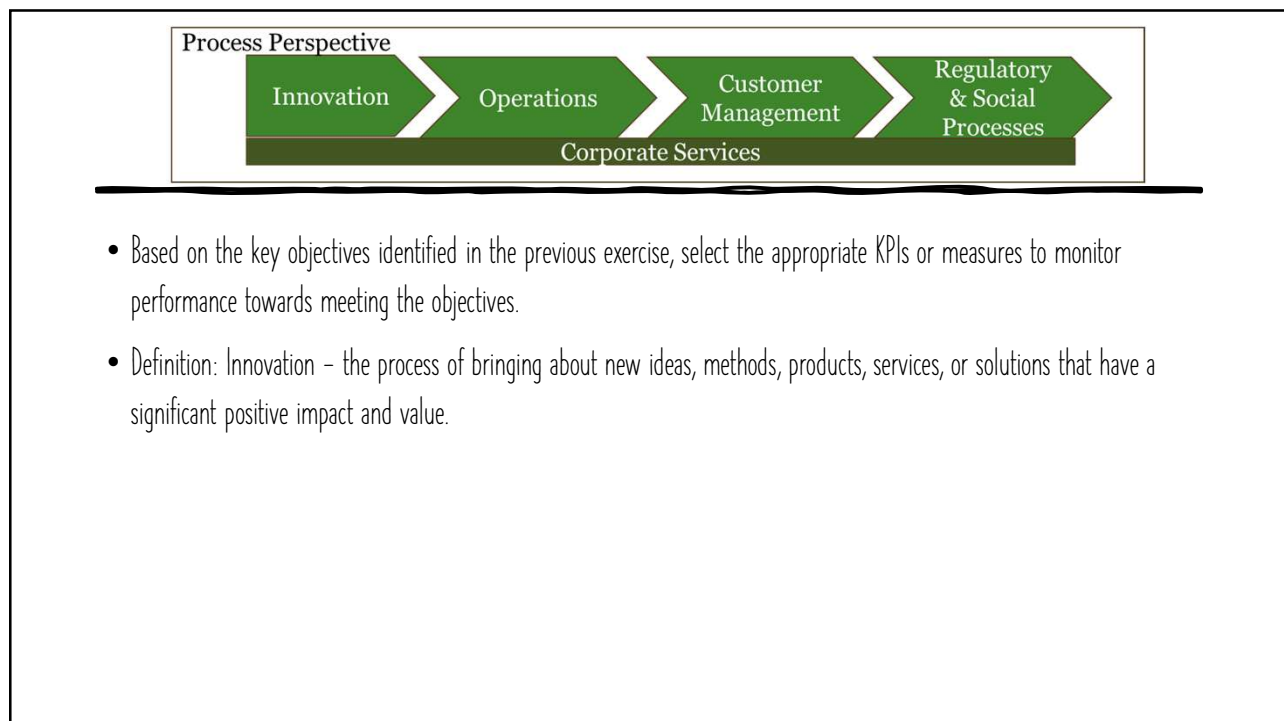
9



10



11



12

Learning & Growth Perspective

Human
Capital

Information
Capital

Organisational
Capital

- Based on the key objectives identified in the previous exercise, select the appropriate KPIs or measures to monitor performance towards meeting the objectives.
- How do you measure culture alignment?

13

SETTING TARGETS

- Set Target for each KPIs.
- Setting a target range better than a point of achieve/ not achieve target.
- For continual improvement, set the last year's result as the minimum target with a score of '0%' and a maximum target that attracts a score of 100%.
- For maintaining high performance set a range of +/- X % of the performance level.
- Be reasonable
- Set Targets for the KPIs selected in the previous exercise.

14

ALIGNMENT: CASCADING RESPONSIBILITY FOR PERFORMANCE

- Align effort
- Avoid incentivising silos.
- Encourage teamwork
- Incentivise shared responsibility
- Direct peer pressure towards implementation of the business strategy.

15

REWARDING PERFORMANCE

- Must be performance based - not all rewarded equally.
- Must be significant - 10% to 20%.
- Timing value of money. Performance pay when it is most appreciated.
- Reward cultural alignment.

16

NUC EXPERIENCE

- Presentation: