



## Linking Scorecard with Strategies

### Description of Best Practice:

FBMC Benefits Management Inc. uses a cascading approach for the development and deployment of its strategic plan that results in scorecards developed at the Corporate, Division, Department, and individual levels. The strategic plan is also used to drive the development of the annual budget. The strategic planning process begins with the annual review of the Mission, Values, and Purpose. Overall direction is set by the Board of Directors in collaboration with the Senior Leaders. The most significant aspect of our process is the engagement of employees and communications provided during the development, implementation, and deployment of the strategies.

Senior Leaders use direction from the Board of Directors, with inputs from its Environmental Scans which includes the competitive landscape, reviews of previous performance, industry data, customer feedback and customer future plans/needs, employee data, and growth projections to develop short and long term strategies. Decisions with regard to the distinction between short and long term strategies and projected performance levels are determined by industry changes, customer needs/input, previous review data, and capabilities. The strategies are finalized, with action plans developed, and shared with the Management Team for further cascading at the Division level. At the Division and Department levels, plan goals are translated into measurements and agreed upon levels of performance with owners assigned for accountability. This drives the development of Division action plans and performance scorecards.

The scorecard results undergo a two level review each month, and action plans developed to support strategies are reviewed quarterly. The Premier Performance Council, a Company-wide group chartered by the President, is empowered to request root cause presentations from any Division or department where performance indicators are not meeting goal or with adverse performance to identify support needed, or recommend actions to be taken for improvements. These detailed discussions lead to plans for performance improvements, additional facilitation as needed, or the recommendations to charter improvement teams. The second monthly meeting includes the overall review of performance by the Management and Leadership Teams. In this "beyond the numbers" review, metric owners discuss the drivers for performance in their assigned areas. This process drives recognition, sharing of Best Practices, sets the stage for assistance and support, and aids in collaboration among Divisions.

### Results:

Processes related to the Performance Measurement System, employee recognition, and process improvements have made many noticeable improvements. The monthly scorecard reviews have transitioned from a reporting of numbers to discussions of performance trends, details and actions driving the numbers, results of analyses, and projections for performance improvements. Additionally, as the result of engaging our employees in the planning process, we have successfully linked the strategic plan with our measurement and recognition systems. This has resulted in 100% of our employees consistently receiving incentive compensation for their contributions to the plan. This recognition is made personally by the President accompanied by a member of the Leadership Team.

Positive responses to planning related questions on our Employee Satisfaction Survey have shown remarkable improvement over the past three years:



- Management keeps me informed about important issues and changes – 29% improvement
- Management makes its expectations clear – 24% improvement
- Management has a clear view of where the company is going and how to get there - 23% improvement

Cross-functional problem solving teams have been chartered to address issues affecting several departments which has created a more collaborative working environment and a focus on prioritizing improvement initiatives. Initiatives included in our plan has indicated we are on track for completing five cross-functional process improvements using a structured improvement process this year, compared to one last year. Additional improvement initiatives have been identified and are included in the long-term plans.

### **Application:**

At FBMC Benefits Management, we learned that first you must identify a process or model to follow that works of your organization, and assign a point person to own it. In addition, engage employees at all levels early in the strategic planning process so they understand the significance of strategies and how their work impacts the success of the Company. Communications of the plan development and active involvement of employees can't be understated. Communication builds trust, collaboration, two-way sharing, and makes it easier for employees to share information that Management may not otherwise receive to proactively address process or customer issues. And finally, linking the plan to the measurement and recognition systems emphasizes its level of importance and keeps it relevant to employees at all times.

