

CAM-I Performance Management Framework

Evaluating and improving organizational performance

“A focus on Financial Management”

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<http://www.cam-i.org/>

Consortium of Advance Management – International CAM-I

- Consortium of manufacturing and service companies, government organizations, consultancies, and academic and professional bodies who have elected to work cooperatively in a pre-competitive environment to solve management problems and critical business issues that are common to the group
- The **mission** of CAM-I is to serve as a collaborative forum of thought leaders who develop practical and effective management tools, techniques and methods to advance the way organizations manage costs, processes and performance
- Current Federal Government Members
 - U.S.D.A. APHIS
 - U.S. Air Force
 - U.S. Army
 - U.S. Patent and Trademark Office

The Performance Management Interest Group of CAM-I

- Purpose:
 - CAM-I members identified need for consistent definition of performance management
 - PMIG addressed this issue by developing and publishing a standardized and integrated view of performance management
 - Identified key factors that affect and improve business performance.
 - Started as a maturity model
 - Transitioned to a complete framework (PMF) with supporting assessment tools
 - Many PMF Workshops have been conducted
 - Framework adopted within other CAM-I Interest Groups
- Significant Output:
 - The CAM-I PMF represents a generic model that can be adapted and refined to meet the specific needs of any organization, industry, or sector
 - PMF Executive Overview
 - Assessment Workshop

CAM-I's Performance Management Interest Group

- Contribution:
- Over 50 member companies, including:
 - Boeing
 - Grant Thornton
 - USDA
 - Military (US Army, US Navy, US Coast Guard, Australian Navy)
 - Dresser Rand
 - CPA Canada
 - SAS
 - DECIMAL
- Over 20 Subject Matter Experts
- Over 5000 hours of research
- Several workshops delivered

Performance Management

vs.

Performance Measurement

- Performance Management is...
 - IMPROVING THE BUSINESS
 - The practice of using business methodologies, processes and systems to drive successful business performance.
- Performance Measurement is...
 - ... KEEPING SCORE
 - The practice of tracking quantifiable and relevant outcomes to assess performance.

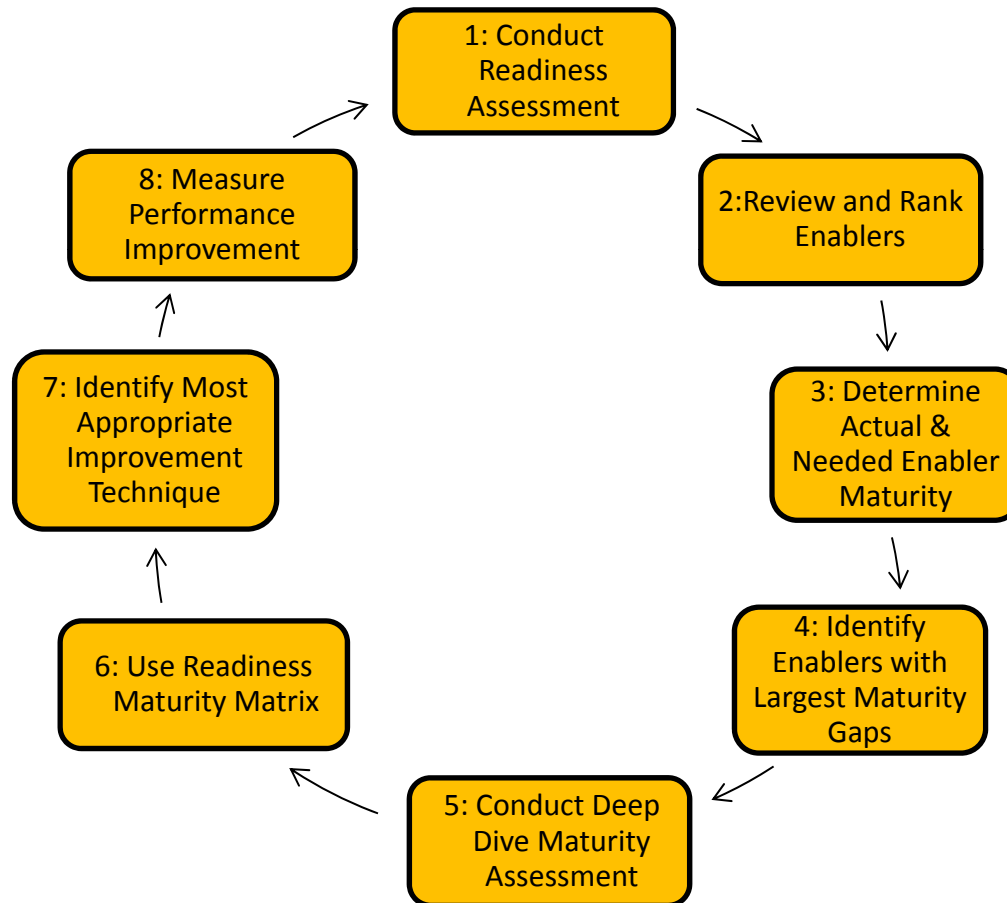
The Performance Management Framework

PMF – High Level

- PMF is a holistic methodology that identifies key **enablers** that influence any organization's business performance
- Within the constraints of the organization's **readiness** capability, the framework:
 - pinpoints gaps in enabler **maturity**
 - recommends specific **improvement techniques** to close the gaps
 - shows how to **measure** improvement success

The Components of PMF

Illustrated by the 8 Continuous Implementation Steps



Organizational Enablers

Enabler	Definition
Business/Operational Management	How well an organization mobilizes a plan of action to achieve strategic goals
Customer Relationship Management	How well an organization becomes interpersonal
Environmental Management	How well an organization balances the integration of business reality with social and environmental responsibilities
Financial Management	How well an organization understands, leverages and optimizes financial results
Human Capital Management	How well an organization optimizes the performance of individuals
Information Management	How well an organization leverages data
Innovation Management	How well an organization identifies great ideas and makes them work
Knowledge Management	How well an organization leverages intellectual capital for internal efficiency and competitive success
Organizational Management	How well an organization creates a culture of success
Process Management	How well an organization executes work
Risk Management	How well an organization anticipates and mitigates problems to create a competitive advantage
Strategic Management	How well an organization identifies direction and success
Supply Chain Management	How well an organization operates as a seamless enterprise

The Financial Management Enabler in Detail

Financial Management	The management of financial resources to support accountability and stewardship.	<ul style="list-style-type: none">• Financial accounting and control• Financial analysis (e.g., variance analysis)• Managerial accounting• Cost management• Internal controls• Financial reporting• Contract management	<ul style="list-style-type: none">• Transparency• Integrity• Timeliness• Reliability• Review periodicity• Advisory
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So, how well does your organization perform in financial management?

Diving Deeper in to Enablers

Maturity Assessment Categories		
Category	Meaning	Attributes
A Alignment	Alignment of the Enabler with strategy	Actionable Engrained Linked
D Data	Data associated with the Enabler to generate information/ knowledge	Accessible Accurate Deployed Reliable
F Frequency	Frequency of the use of the Enabler	Scheduled Timely Live
P Procedures	Procedures and Processes developed for the Enabler	Documented Repetitive Understood
R Resources	Resources dedicated to the Enabler	Appropriate Flexible Planned
S Systems	Systems used for managing the Enabler	Effective Functional Integrated

Understanding the Maturity of an Enabler

Enablers of Performance Management	Category	Level One: <i>Rudimentary</i> Non-systematic, non-periodic, and reactive	Level Two: <i>Established</i> Stable and repetitive	Level Three: <i>Effective</i> Internally efficient and continuously improving	Level Four: <i>Adaptive</i> Externally efficient and dynamic
Financial Management	A Alignment	Financial accounting is governed by habitual practice and not linked to enterprise strategy	Financial data and budget are linked to the company's strategy	Financial information provides actionable feedback on strategic goals	Financial information is always adapted to changing reality and engrained with enterprise strategy orientation
	D Data	Unstructured data is available on demand but unreliable	Reliably produced for financial analysis, but not management	Data is cross functional (usable) and accessible	Data from outside the organization is deployed as part of the common dashboard
	F Frequency	Financial information is available on a random basis	Financial analysis is performed on a scheduled basis	Data is available on a timely basis for multi-year planning	Rolling forecast data is available live
	P Procedures	Financial control is used primarily by the accounting department as an undocumented tool to determine departmental compliance	Financial control is used jointly and documented by the department responsible and the finance function	Managerial accounting methods are understood and used for monitoring and improving business operations	Managerial accounting is owned equally by all areas with in the organization reporting is adjustable to address emerging issues.
	R Resources	Planned but not linked to organizational needs	Resources are allocated to support performing financial management functions	Appropriate to allow for information availability	Resources are adaptable and flexible to changing environment
	S Systems	Simple accounting tools are ineffective	Well organized and functional accounting tools	Financial accounting and control is integrated with ongoing operations	Financial accounting and control is fully integrated and interactive across all departmental operations

Identifying the Gaps

Performance Management Enabler		Deep Dive Category Maturity					
		Category	LEVEL 1 <i>Rudimentary</i>	LEVEL 2 <i>Established</i>	LEVEL 3 <i>Effective</i>	LEVEL 4 <i>Adaptive</i>	Gap in A to N Levels
			Non-Systematic, Non-Periodic & Reactive	Stable & Repetitive	Internally Efficient & Continuously Improving	Externally Efficient & Dynamic	
E1	Enabler:	A		A	→	N	2
	<u>Financial Management</u>	D		A →	N		1
		F			A →	N	1
		P		A	→	N	2
		R		A →	N		1
		S			A →	N	1
	Gap Sum						8

Improvement Techniques

Improvement Techniques are a list of business tools or solutions designed to improve all processes and systems in the organization in order to achieve higher levels of performance

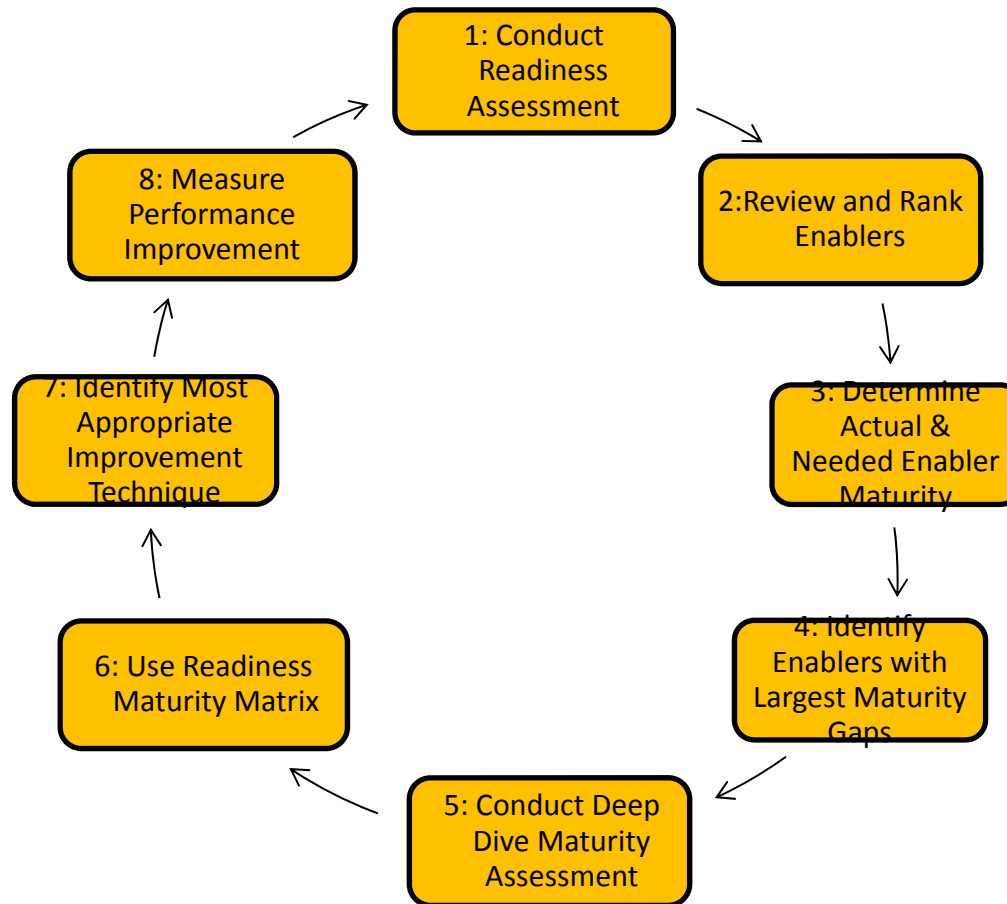
Improvement Technique Category	Definition
Activity-Based Management	A discipline focusing on the costing and management of activities within business processes, as the route to continuously improve the value received by customers
Balanced Scorecard	A concept of identifying the cause and effect activities of a company required to meet its objectives in terms of vision and strategy
Benchmarking	A systematic and continuous measurement process that is used to compare an organization with other organizations
Business Analytics	A set of strategies, processes, technologies and tools that integrate data and transform it into useful information
Business Process Reengineering	The radical redesign of a process, product, or service
Capacity Management	A process used to manage utilization of all assets to ensure that business requirements are met in a cost-effective manner
Lean/Six Sigma	A business improvement methodology that focuses on quality through speed (Lean) and eliminating defects (Six Sigma)
Target Costing	A market-driven costing system in which targets are set by considering customer requirements and competitive offerings
Value Chain	The sequence of business activities that add value to a product or service

Choosing the Correct Improvement Technique

Improvement Technique Category	Definition	Specific Techniques	Value Provided in Improving Performance
Capacity Management	A process used to manage utilization of all assets to ensure that current and future business requirements are met in a cost-effective manner. ²⁰	Throughput Analysis Capacity Planning Constraint Analysis Capital Justification / Assessment Demand/Workload Forecasting Return On Investment Analysis	Optimizes performance efficiency by minimizing idle capacity. Assists with operational planning and forecasting of future capacity requirements in justifying financial investments.
Target Costing	A market-driven costing system in which the target costs are set by considering customer requirements and competitive offerings. ²²	Value Engineering Cost Estimation Cost Tracking	Achieves life cycle cost targets to meet market requirements by focusing on product and process design and managing risks and opportunities through the development process.
Activity Based Management	A discipline focusing on the management of activities within business processes, as the route to continuously improve the value received by customers. ABM uses activity-based costing information and performance measurements to influence management action. ¹⁵	Activity-Based Costing Activity--Based Budgeting Activity--Based Planning & Budgeting Non Value-Added Costing Product/Customer Profitability	Focuses on defining activities (the work) as a basis for creating more accurate costs for activities, products, and services. Used in conjunction with strategic and business planning to set prices or improve/ eliminate products or services. Provides a means to estimate, plan and budget resource requirements against forecast delivery requirements.
Benchmarking	A systematic and continuous measurement process that is used to compare the activities, business practices, and resulting outcomes of an organization with those at other organizations. ¹⁷	Internal Benchmarking External Benchmarking Competitive Benchmarking Best Practices	Provides data or information to assess relevant performance against others. Allows organizations to develop plans on how to make improvements, set targets, or adapt specific best practices.

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Illustrated by the 8 Continuous Implementation Steps



CAM-I One Day Meeting

- June 24 from 8:00 to 4:30
- 333 John Carlyle, Alexandria, VA
- Metro accessible from the King Street Station
- Meeting is focused on the Federal Government audience
- Introductory for those that are interested

Current Efforts in CAM-I

- Performance Management
- Cost Management
- Target Costing Best Practices
- Intelligent Data Quality Management
- Environmental Sustainability
- Integrated Risk and Crisis Management

More info can be found at CAM-I.org