

# **Example of an Integrated Performance Measurement System - Module VI**

**PBM-SIG Fall '99 Meeting  
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Pacific Northwest National Laboratory

# Content

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- Discuss characteristics of a Integrated Performance Measurement System
- Look at how PNNL's Integrated Assessment Management System lines up with those characteristics

# Example Performance Measurement System

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## 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

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## A Balanced Set of Measures

- **Balanced Scorecard (Kaplan & Norton, HBR, 1992)** - proposes 4 “perspectives” views of business: Financial, Internal Business Processes, Learning & Growth, and Customer Perspectives.
- **Mark Graham Brown (*Keeping Score*, 1996)** - proposes 5 views of business: Financial Performance, Process/Operational Performance, Customer Satisfaction, Employee Satisfaction, and Community & Stakeholder Satisfaction
- **PNNL** - Financial\*, Operations (ES&H and Facilities), Staff Satisfaction, Customer Satisfaction (internal/processes and external) and Community Relations

# Characteristics of Integrated Performance Measurement Systems - con't

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## 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

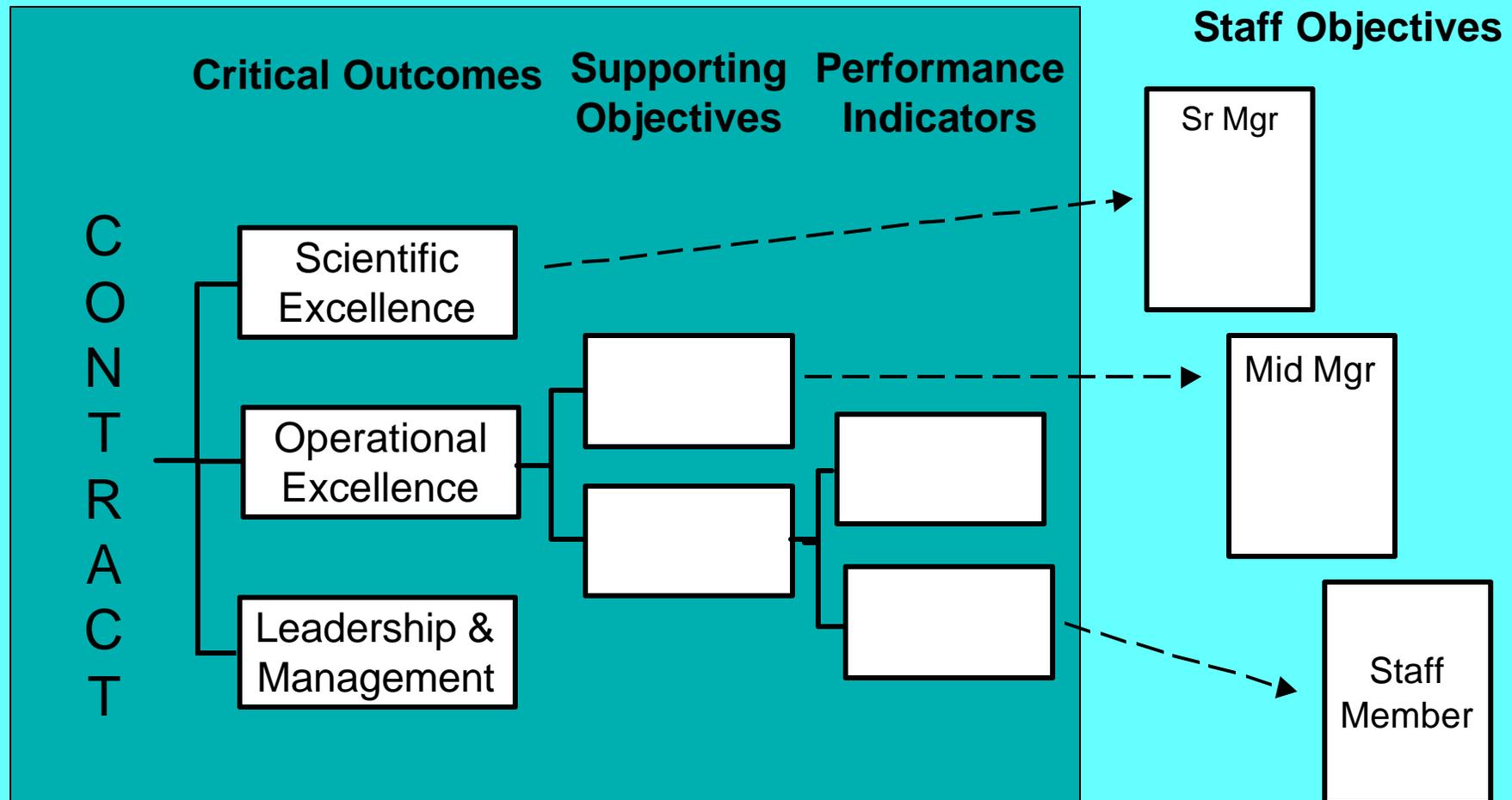
# Characteristics of Integrated Performance Measurement Systems - con't

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## 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



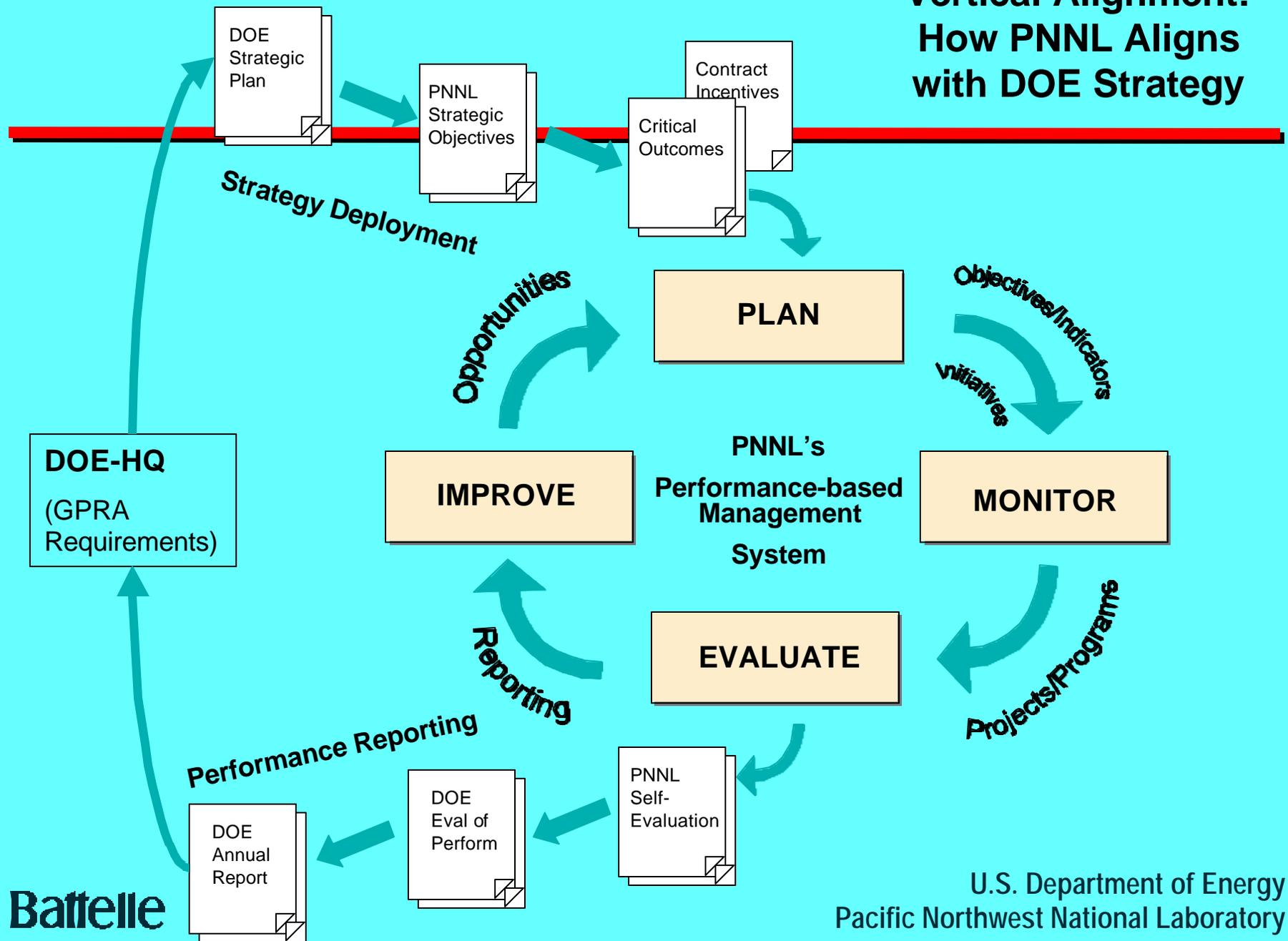
# Characteristics of Integrated Performance Measurement Systems - con't

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## 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.

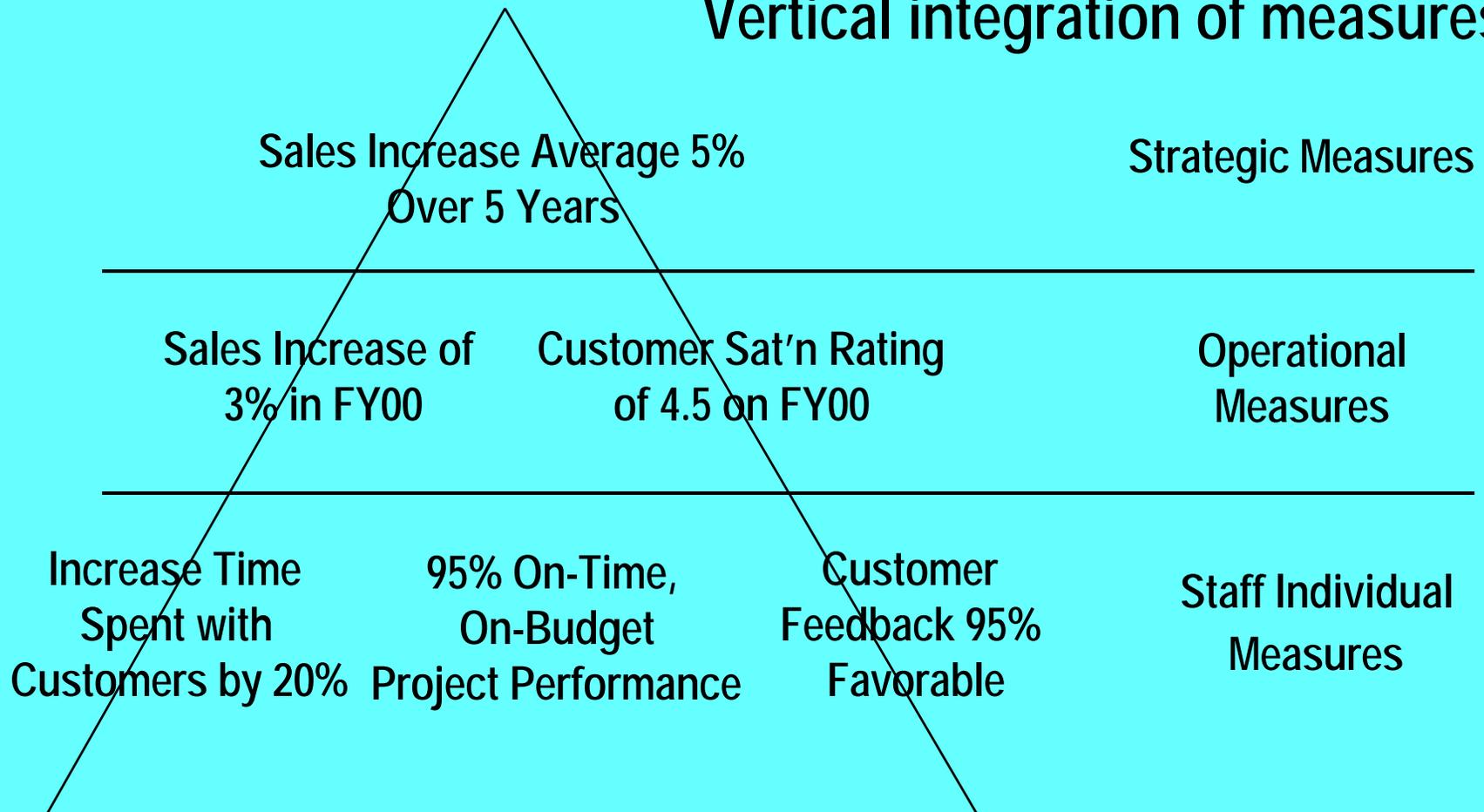
# Vertical Alignment: How PNNL Aligns with DOE Strategy



# Characteristics of Integrated Performance Measurement Systems - con't

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## Vertical integration of measures



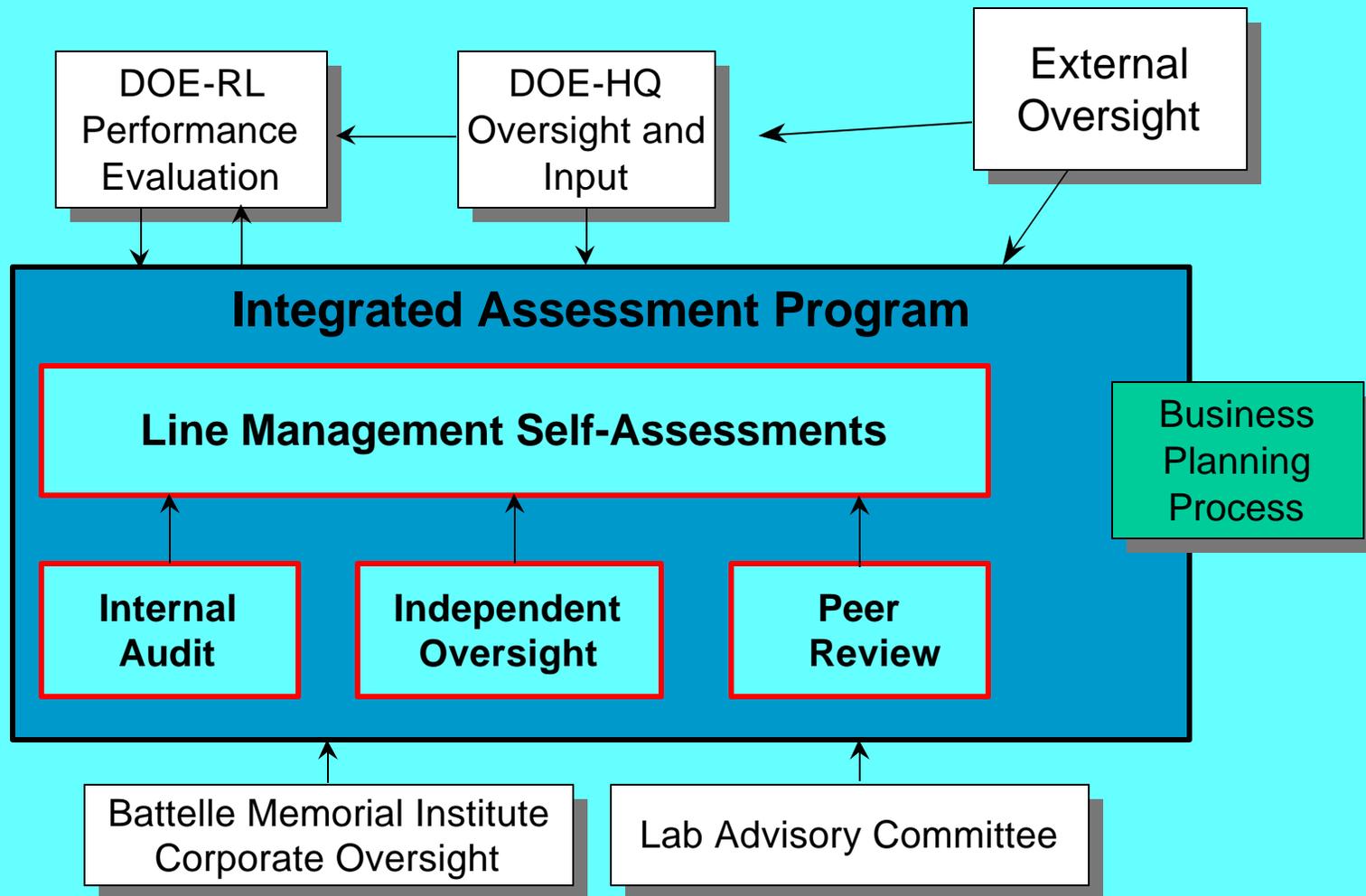
# Characteristics of Integrated Performance Measurement Systems - con't

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## Horizontal integration of measures

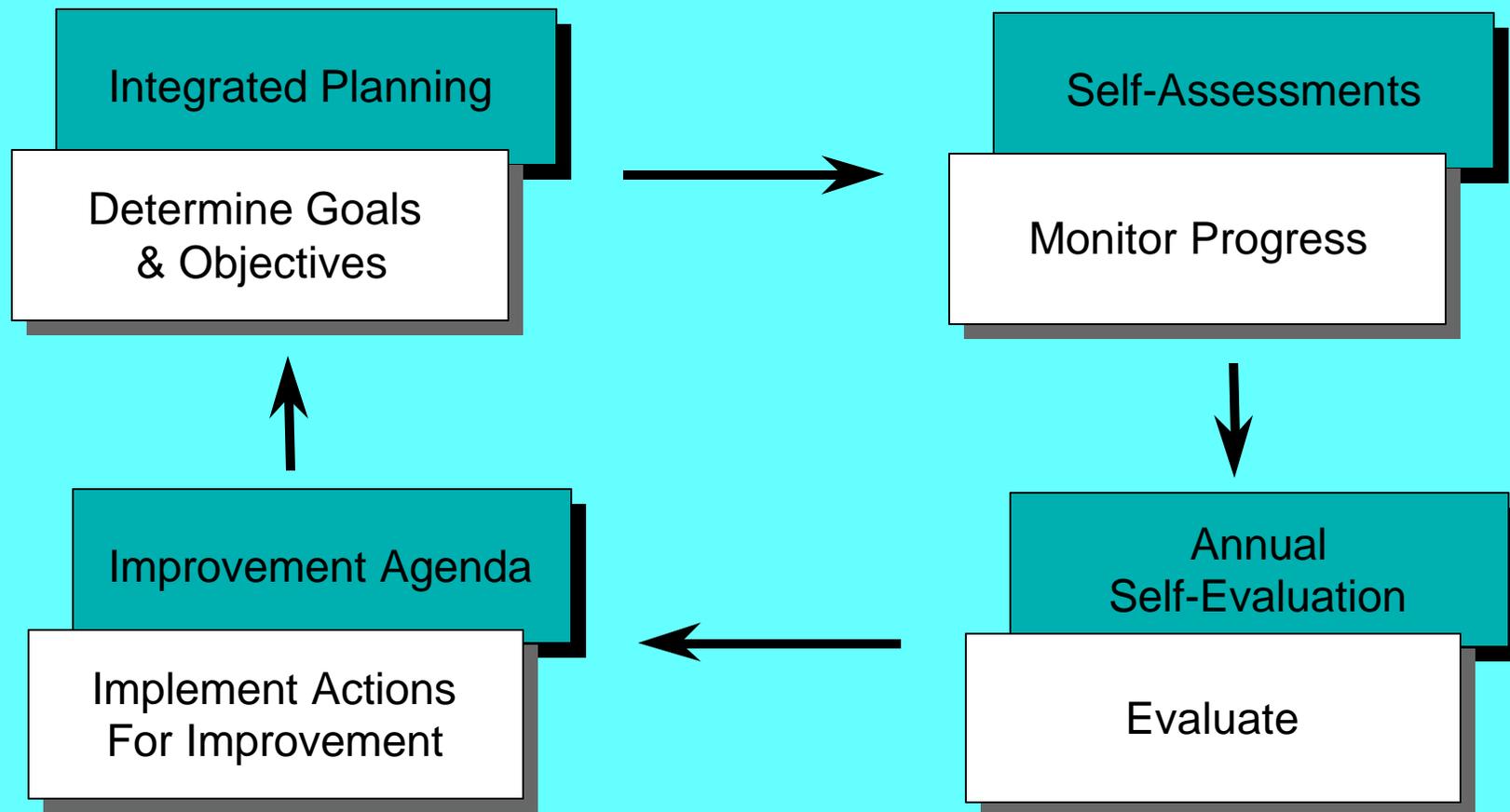
- Breaks down organizational “stove piping”
- Measures of horizontal integration tend to focus on management systems/processes
- Assures optimization of work flow across organizational boundaries
- Improvements tend to affect the entire organization

# Key Functional Elements and Interfaces of PNNL's System



# Key Processes Drive Improvement

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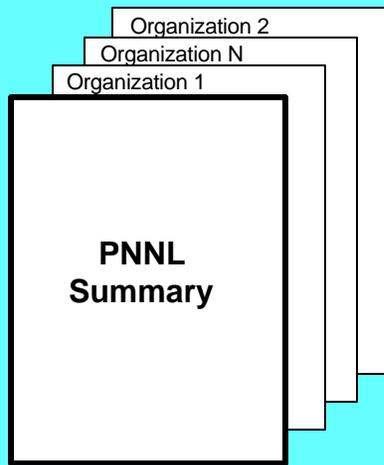
 = Deployment Mechanism

 = Key Process

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# Self-Assessment Connects to Performance Evaluation & Operational Awareness

## Self-Assessment Plans

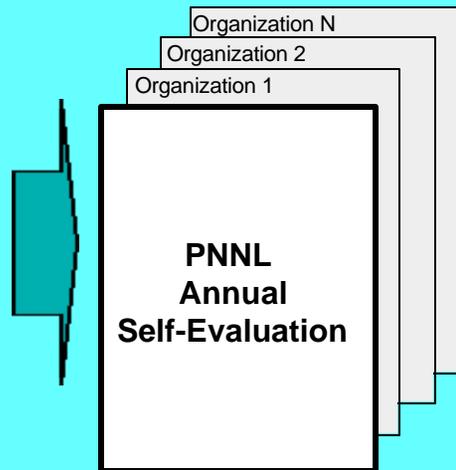


Objectives and Targets set with DOE

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-RL

### DOE Review



Validate Results

### DOE Evaluation

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

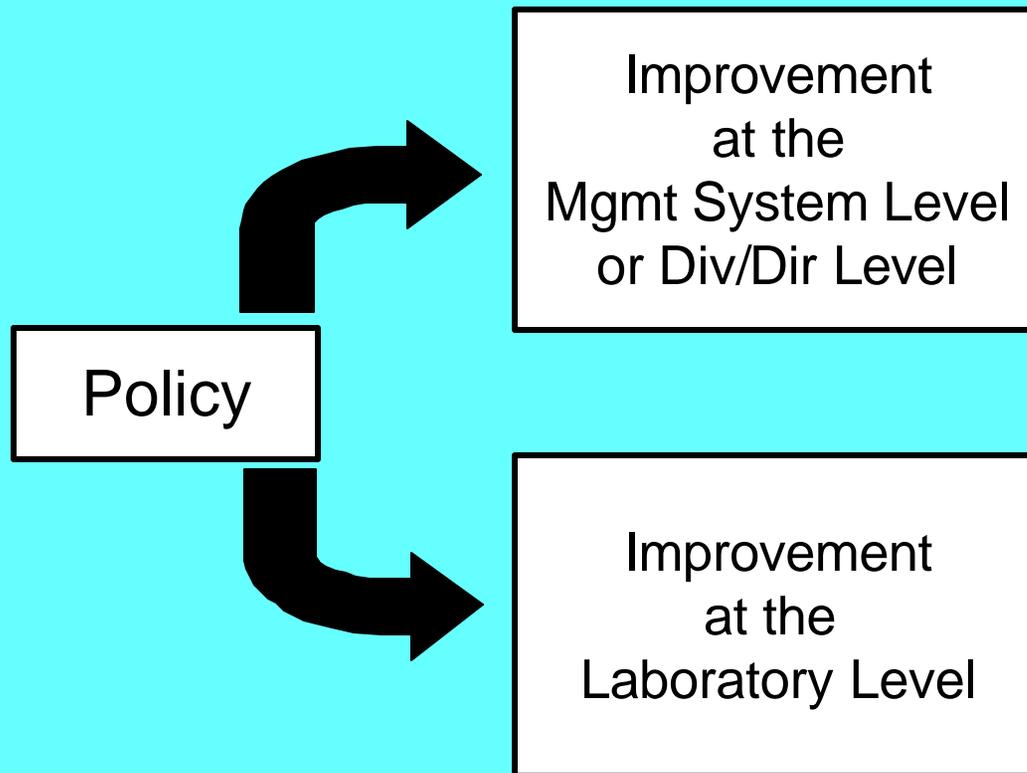
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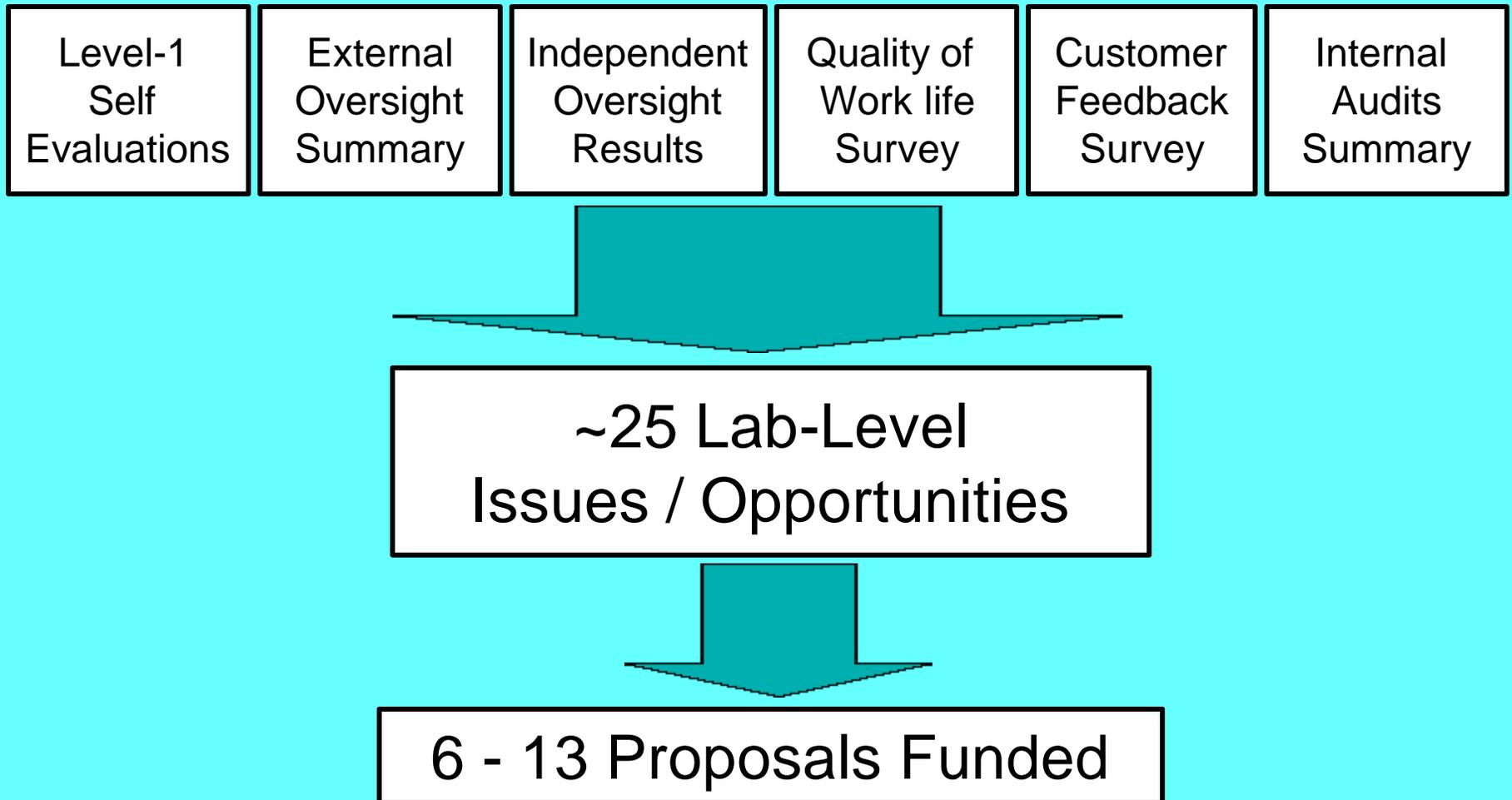
# Institutionalizing Continuous Improvement

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- Budgets & Perf. Indicators set by Mgmt System
- Self-Assessments Drive Local Improvements
- Actions Not Tracked Centrally
- Lab-Level Investment Pool
- Utilizes Integrated Assessment Program Information
- The Laboratory's *"Improvement Agenda"*

# Laboratory Level Improvement Opportunities



# Finally . . .

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**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

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Questions?

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# Pacific Northwest National Laboratory Performance Evaluations

