

Information Technology Performance Management

Measuring IT's Contribution to Mission Results

A Case Study of the  
Balanced Scorecard Methodology  
for a Business Line IT Investment

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Conducted by the IT Performance Management Subcommittee  
for the Capital Planning and IT Management Committee  
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## **Executive Summary**

Federal executive agencies face significant management and technical challenges when measuring the contribution of information technology investments (IT) to mission results as required by the Clinger-Cohen Act. There is a shortage of knowledge and examples of how to measure IT's contribution to mission results for government agencies with complex missions such as providing for the health and welfare of the citizens of the United States.

To close this knowledge gap and to improve Federal performance management practices, the Federal Chief Information Officers Council sponsored pilot demonstrations of two measurement methodologies, Applied Information Economics and Balanced Scorecard. Those pilots, which were completed in May 2001, proved that each methodology was applicable in the federal environment, provided the host agency with a useful performance measurement measures, and provided lessons learned for other federal agencies to benefit.

This report presents the findings from the Balanced Scorecard pilot. The Department of Agriculture (USDA) volunteered to participate in this pilot with its Food Acquisition Tracking and Entitlement System (FATES) initiative. FATES is a proposed replacement system for the Processed Commodities Inventory Management System, which is used jointly by the Agricultural Marketing Service (AMS), Food and Nutrition Service (FNS) and Farm Service Agency (FSA) to administer domestic and international food commodity programs estimated at \$1.5 billion annually.

The Balanced Scorecard methodology, originally developed for private industry, is a tool for examining the performance of an organization from internal and external, financial and non-financial, and short and long-term perspectives. A principle of the Balanced Scorecard methodology is that multiple perspectives give not only a more accurate view of an organization's current performance but they also serve as a gauge of future performance.

Typically, organizations develop a Balanced Scorecard for a business line or business function before developing one for an IT investment. The methodology is essentially the same for both. For the pilot, the contractor worked with an USDA team to develop a Balanced Scorecard for the FATES initiative without an organizational scorecard. If an organizational scorecard had existed, the time to develop the FATES scorecard would likely have been shorter.

The balanced scorecard methodology enabled the USDA to reach consensus on a set of critical few objectives and measures that will determine FATES' contribution to the missions of the three agencies and to the USDA. Senior managers from the three agencies approved the FATES scorecard on May 9, 2001. The FATES Scorecard, included as Appendix C, represents a shared vision for FATES, clarifies its long-term need and benefits, and refines and strengthens the business case for this major IT capital investment. It will also help the FATES Management Team manage the acquisition and implementation of FATES.



## **1. Purpose of the Pilot**

The Federal CIO council sponsored the Balanced Scorecard Pilot for three reasons:

1. To test the applicability of the Balanced Scorecard methodology in a federal environment to measure the contribution of IT to an agency's mission results
2. To provide a real government example and lessons learned
3. To provide the host agency with measures

This pilot was one of two pilot demonstrations conducted by the Information Technology Performance Management Subcommittee. The Subcommittee chose the Balanced Scorecard methodology because of its wide use in the private sector and its growing use within the Federal community. The other methodology tested was Applied Information Economics. The Subcommittee chose Applied Information Economics because of its analytic rigor and its claim to measure intangibles such as "better decision making."

The Department of Agriculture volunteered to participate in one of the pilots with its Food Acquisition Tracking and Entitlement System (FATES) initiative. After discussions with the performance measurement contractors, the Subcommittee decided to apply the BSC methodology to FATES and to apply the Applied Information Economics methodology to the Information Security Program infrastructure initiative volunteered by the Department of Veterans Affairs.

## **2. Description of Host Agency Business Needs**

The Agricultural Marketing Service (AMS), the Food and Nutrition Service (FNS) and the Farm Service Agency (FSA), known as the Tri-agencies, use the Processed Commodities Inventory Management System (PCIMS) to acquire, track, and distribute approximately \$1.5 billion of USDA commodities used in domestic and foreign food assistance programs annually.

FNS uses the system to manage extensive ordering, entitlement, and distribution processes involving FNS Headquarters, Regional Offices, and State Food Distribution Agencies. The AMS and FSA purchase a variety of food products to implement the National School Lunch Program and other Federal domestic and foreign food assistance programs. These purchases also help to stabilize prices in agricultural commodity markets by balancing supply and demand. In addition, the Tri-agencies use PCIMS for financial and program management, reporting, and control to track domestic and export commodity requests against purchases and distributions from inventory.

Implemented in 1992, PCIMS no longer supports the mission needs of the Tri-agencies or their business processes because of the enactment of new legislation and redesigned business processes. The technology is old and difficult to modify quickly in response to new legislatively mandated programs, such as those in the Farm Bill. This older technology also diminishes the

timeliness and accuracy of the information and has caused the Tri-agencies to develop a number of manual “work-arounds” to accommodate new program requirements.

PCIMS needs replacing to allow the Tri-Agencies to carry out their programs more efficiently and effectively. The new investment of FATES is needed to support the ability of the Tri-Agencies to accomplish the following USDA Strategic Objectives: reduce hunger and improve nutrition among children and low-income people in the U.S.; reduce hunger and malnutrition around the world; and expand market opportunities for U.S. agriculture.

Only USDA personnel from the Tri-agencies are able to currently use the system. Non-federal customers, such as schools and vendors that purchase commodities, want to conduct business with USDA electronically. PCIMS is not flexible or capable enough to provide customers with online transactions.

### **3. Description of Agency IT Initiative**

The Food Acquisition Tracking and Entitlement System (FATES) is a major and highly visible capital investment for USDA. It will replace PCIMS. FATES is in the early stages of the capital planning and investment control process and its business case is being developed. When implemented, it will automate and optimize many of the existing business processes of the Tri-agencies and will offer the flexibility to make the required program changes and upgrades required of key programs more efficiently.

### **4. Pilot Participants**

The following participated in the design and development of the FATES Balanced Scorecard:

- Debra Whitaker, President, Balanced Scorecard for Government, Inc., served as the architect and facilitated development
- The PCIMS Advisory Council (PAC), consisting of senior executives from the Tri-Agencies, provided input and approved the elements of the FATES Balanced Scorecard. The PAC meets regularly to make strategic decisions about the direction of PCIMS and FATES.
- The FATES Team, also known as the Core Team, developed the Balanced Scorecard under the guidance of Debra Whitaker. The Core Team consisted of nine members that represented the mission and IT functions of the Tri-agencies and included each agency’s PCIMS project manager and the PCIMS financial project manager. The members were:

#### Agricultural Marketing Service (AMS):

- Wayne Brewer: A PCIMS technical staff representative.
- Ronald McNeel: A PCIMS program analyst.

- Susan Proden: The PCIMS Project Manager and a contracting officer.

Food Nutrition Service (FNS):

- Gary Batko: Formerly the PCIMS Project Manager. During the project, Mr. Batko was promoted to FATES Project Manager.
- Jeff Brownell: A PCIMS technical staff representative.

Farm Service Agency (FSA):

- Ethel Bowers: Chief of the System Technology Branch, Processed Commodities Systems Division
- Deborah Crow: PCIMS Project Manager
- DeWayne Kalberg: Chief of the Processed Commodities Systems Division.
- Laurie Montgomery: A PCIMS and agriculture marketing specialist.
- Earl Thompson: The PCIMS Financial Project Manager.

## **5. Overview of the Balanced Scorecard Methodology**

Drs. Robert Kaplan and David Norton developed the Balanced Scorecard methodology as a result of their research at Harvard University with a group of private sector companies. Their research showed that financial or “bottom-line” measures alone do not provide executives with enough information to make good decisions. They further determined that financial measures, when used in isolation, are dangerous and can lead managers to make destructive decisions. Kaplan and Norton published their initial findings in the Harvard Business Review as a series of three articles during 1993-1996. In 1996, they described their methodology in “*Translating Strategy Into Action: The Balanced Scorecard.*” In October of 2000, they confirmed their earlier findings and refined the methodology in “*The Strategy Focused Organization.*”

The Balanced Scorecard is a proven approach to strategic management. It imbeds the long-term strategy into an organization’s management system through a set of performance measures. The Balanced Scorecard translates mission, vision and strategy into a framework that effectively communicates strategic intent and motivates and tracks performance against established goals.

The Balanced Scorecard methodology focuses on developing a clear set of objectives based upon an organization’s mission, vision and strategy. These objectives are then further translated into a system of performance measurements to communicate a strategy that is forward-looking and action-oriented to the organization.

In contrast to traditional financially based measurement systems, the Balanced Scorecard solidifies an agency's focus on future success by setting objectives and measuring performance from the five distinct perspectives described below. Together, these five perspectives provide a balanced view of the present and future performance of a government agency.

- The **Customer** perspective views organizations through the eyes of their customers with a careful focus on their needs and satisfaction. The Customer perspective offers government agencies the greatest benefit and provides focus to the Internal and Learning and Growth perspectives.
- The **Stakeholder** perspective reflects the views of policy makers and the oversight community, e.g., the Agency head, Congress, or OMB. The Stakeholder perspective is somewhat unique to the government environment due to the way government agencies receive funding. In the public sector, it is an agency's stakeholders who determine which programs will be funded and thereby determine the products or services that an agency is able to provide.
- The **Internal** perspective focuses attention on the performance of key internal processes. Improving these processes will drive future performance when tied to objectives in the customer perspective and mapped to the strategic goals of the organization.
- The **Learning and Growth** perspective focuses on the organization's people and infrastructure, including information systems which fuel future performance.
- The **Budget or Financial** perspective defines the ultimate results that the agency or organization provides to its stakeholders. The Budget Perspective defines how funds will be managed to support the infrastructure and the internal processes and to fulfill customer expectations.

#### *Implementing the Balanced Scorecard for an IT Project*

Originally developed to improve the management of organizations, the Balanced Scorecard is also used to improve the management of major IT initiatives. There are differences in how these scorecards are developed. For IT initiatives, an internal and external focus must be applied for all perspectives. If organizations consider only their internal customers' or users needs, the system may never support external customer needs. Likewise, if organizations only consider the external customer needs, the system may do little to improve internal processes or user productivity.

#### *Developing a Good Balanced Scorecard*

A good Balanced Scorecard is more than a limited list of measures gathered into four or five categories. It should tell the story of the agency strategy. Kaplan and Norton offer specific criteria for determining whether or not a scorecard will be successful.

- **Leadership Involvement.** Every scorecard project, especially those focused on IT projects, must have leadership involvement. It is at the leadership level that vision and strategy are determined. If the leadership does not articulate a strategy, implementation of the system will not be effective.
- **Cause and Effect Relationships.** Every measure selected for a Balanced Scorecard should be part of a chain of cause and effect relationships reflecting the strategy of the agency or project.
- **Performance Drivers.** A good Balanced Scorecard should have a mix of lead and lag indicators. Measures common to most government agencies are known as “lag indicators” and are merely information on an agency’s past performance. The real drivers of performance, also known as “lead indicators,” reflect the strategy. They indicate the change in behavior necessary to achieve the objectives as measured by the lag indicators.
- **Linked To Financials.** With the proliferation of change programs underway in most organizations today, goals such as quality, customer satisfaction, or innovation gain the most attention. While these goals are frequently strategic, they must translate into measures. These measures are ultimately linked to an agency’s budget that funds the investments used to implement the strategy.

Since its initial publication, the concept of the Balanced Scorecard has been interpreted in many different ways. Some people view the Balanced Scorecard simply as a focused set of financial and non-financial measures that may not reflect the strategy of an agency. Scorecards such as these often mistakenly guide an organization in directions that are not aligned with their strategy.

*Potential Uses of the FATES Balanced Scorecard*

The FATES team will be able to use their scorecard to:

- Implement the performance-based management requirements of the Clinger-Cohen act;
- Provide their agencies with consistent measurements;
- Incorporate the work already completed, such as business process re-engineering and activity-based costing, in a holistic way to realize greater economies;
- Coordinate future initiatives such as performance-based contracting and system development and implementation;
- Communicate more effectively internally across and down through their organizations and externally with customers, constituents, Congress, and the Office of Management and Budget;
- Present and monitor their budget over the budget cycle and to defend budget requests more effectively; and,
- Improve the department’s annual performance plans with clearer strategies to achieve goals and objectives.

## **6. Detailed Steps of the Balanced Scorecard Methodology**

The Balanced Scorecard methodology consisted of the following five steps:

1. Establish the Working Group or Core Team;
2. Develop the Performance Architecture and Define and Prioritize Strategic Objectives;
3. Define the Strategic Measures and Develop Stretch Targets;
4. Map Existing and Develop New Strategic Action Items; and,
5. Define and Develop Implementation Pathways and Implementation Plan.

### ***Step 1: Establish the Working Group (Core Team)***

Having the right people with knowledge of agency processes, existing IT systems capability, and the new initiative are essential to building a good Balanced Scorecard. Otherwise, quality suffers and development takes longer. Members of this team became the in-house experts on BSC development and will later serve as stewards of the scorecard during implementation.

The members of the Core Team included the PCIMS Project Management team and the nucleus of the FATES development team. As such, they understood the Tri-agencies' processes, the current system's functionality, as well as the programs it supports. The team members had many years of systems management and technical, program and user expertise, as well as procurement, finance, and accounting system experience. After the Core Team was established, members of the Core Team and the contractor reviewed and familiarized themselves with the strategic and annual performance plans, budget and other related documents from the department and the Tri-agencies.

### ***Step 2: Define the Architecture***

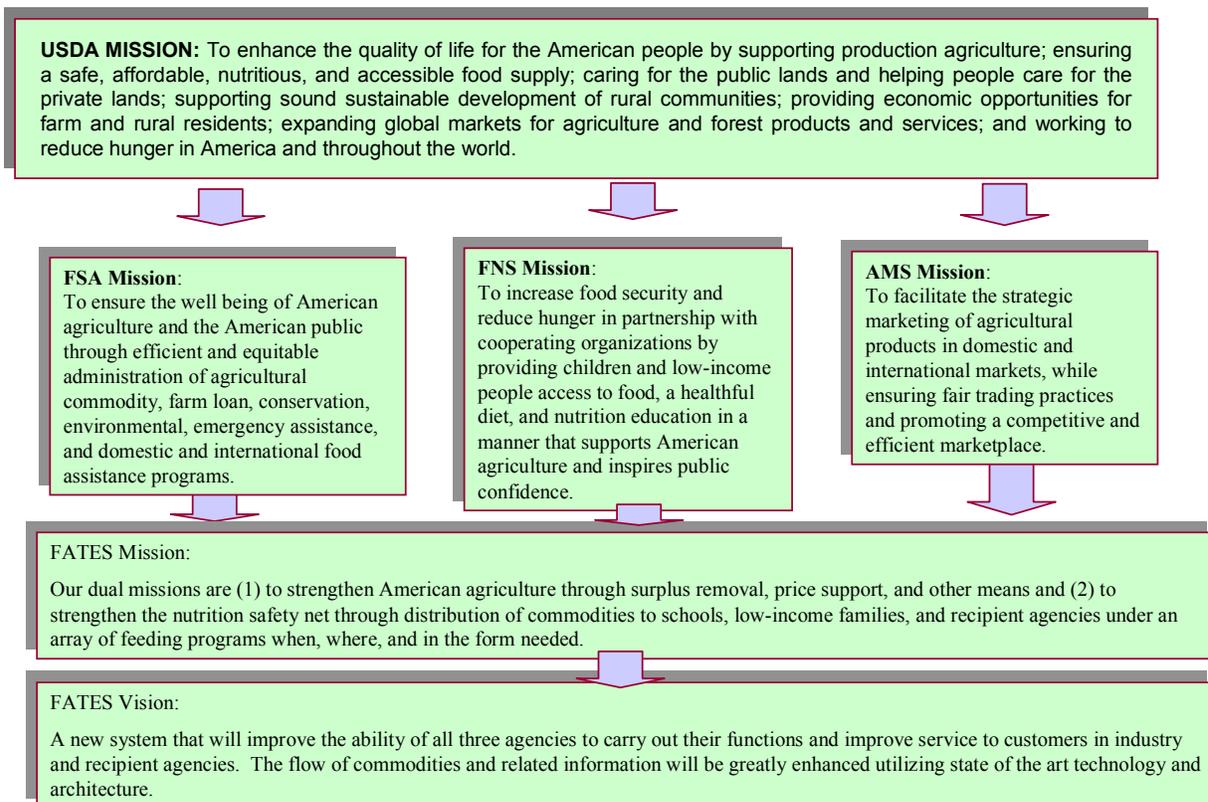
The Core Team began this step by developing a shared understanding of the FATES initiative by deriving the mission and vision for FATES from the missions and visions of the Tri-Agencies. The Team produced several iterations before arriving at the final version. The figure below depicts how the FATES mission and vision statements are aligned to the organizational mission.

The Core Team used the FATES mission and vision statements and a series of questions including the ones below to identify likely objectives or outcomes for the following perspectives.

- Stakeholder perspective: Who are the internal and external stakeholders and what do they get out of FATES, i.e. the business case?
- Customer perspective: Who are they and what will FATES do for them? Better service?

- Internal perspective: What processes need to be improved? What processes are we enhancing or replacing? How will FATES serve the Tri-agencies?
- Learning and Growth perspective: What people, skills, tools, culture are needed to do FATES? What's needed to manage the system? What skills, tools, training, and culture do end users need to be able to use the system?
- Budget and Financial perspective: How is FATES funded and how will the funds be managed? How does FATES help improve productivity?

## Linking Mission and Vision Statements



To aid in identifying objectives for the customer perspective, the Core Team developed a value proposition that defined the desired product or service attributes of FATES, its desired image and the relationship between the Tri-agencies and its customers, stakeholders and employees. The value proposition helped the Core Team focus on the needs of its top three internal and external customers. For the Internal perspective, the Core Team defined a value chain that identified the major processes for buying, coordinating and distributing food commodities. Once the processes were defined, the Core Team identified the objectives that FATES needs to accomplish.

The Core Team used the objectives to create an interview guide to collect input from 23 executives and managers, which included members of the PCIMS Advisory Council. Some of the managers were internal customers. A small team of two contractor personnel and a member of the Core Team conducted the interviews, which lasted on average 90 minutes.

The executives and managers were asked their opinions regarding the adequacy of the FATES mission and vision statements. Then for each perspective, the executives and managers were asked a series of questions to identify their top three objectives from a list of objectives, what FATES must do well to achieve the objectives, and how to measure progress towards the objectives. The order of questions provided focus and established the basis for the cause and effect relationships between the objectives. Interviewees were specifically asked:

- Which top three Customer perspective objectives are important to achieve the FATES mission and vision?
- Which top three Stakeholder objectives are important to achieve the customer objectives?
- What internal process must FATES excel at and which top three internal perspective objectives are important to satisfy customer, stakeholder and end-user expectation?
- Which top three Learning and Growth perspective objectives are important to achieve the Internal perspective objectives?
- Which top three Financial perspective objectives are important to achieve the Stakeholder objectives?

Some of the interviewees grouped several objectives together and ranked them as one objective. The Core Team expressed concern over this and thought the process was flawed. The Team thought the objectives needed to be defined prior to the interviews, but the contractor felt otherwise. The contractor explained that the interview process is not formulaic and that it was common for executives and managers to group objectives or assign meaning to objectives that the Core Team did not necessarily share. The contractor also said that it was better for the interviewees to define their meaning of the objectives and to share it with the team -- instead of the Core Team taking time to define the objectives before the interviews.

The contractor compiled and organized the results of the interviews by perspective. The contractor calculated a score for all objectives by multiplying: 1) the interviewees' ranking of an objective; 2) a weighting factor; and, 3) the number of times an objective was chosen. The objectives with the top three scores reflected the consensus of the executives and managers. During the interview process, more managers at one agency were interviewed than the other two agencies. Some members of the Core Team were concerned that the views of that agency would thus carry more weight. To their surprise, there was a high degree of consensus among the executives and managers of the Tri-agencies. This was true for all perspectives. The interview results for the Customer perspective are shown in the figure below.

For the Customer perspective, the numbers indicated that almost all objectives were important. The ranking, which was later validated by the interviewees, represented the most critical objectives. In other words, “at the end of the day” the Tri-agencies needed to achieve these critical objectives. The other objectives were not discarded, however. They were used to form the definitions for the top three objectives. The Core Team also used the feedback and “do wells” from the interviews.

Next, the Core Team developed a linkage model, or strategy map, that defined the cause-and-effect relationships between objectives. In the process of scrutinizing each objective for the model, the Core Team refined the definitions of the objectives. The Team spent a great deal of time and effort defining the objectives and creating the linkage model. This work eventually reflected a consensus between the Team and executives and managers of the Tri-agencies. The definitions served as the basis for creating the measures. The definitions will also serve as a record to convey knowledge to others as the Balanced Scorecard is implemented.

## Customer Interview Results

(Total weighted value)

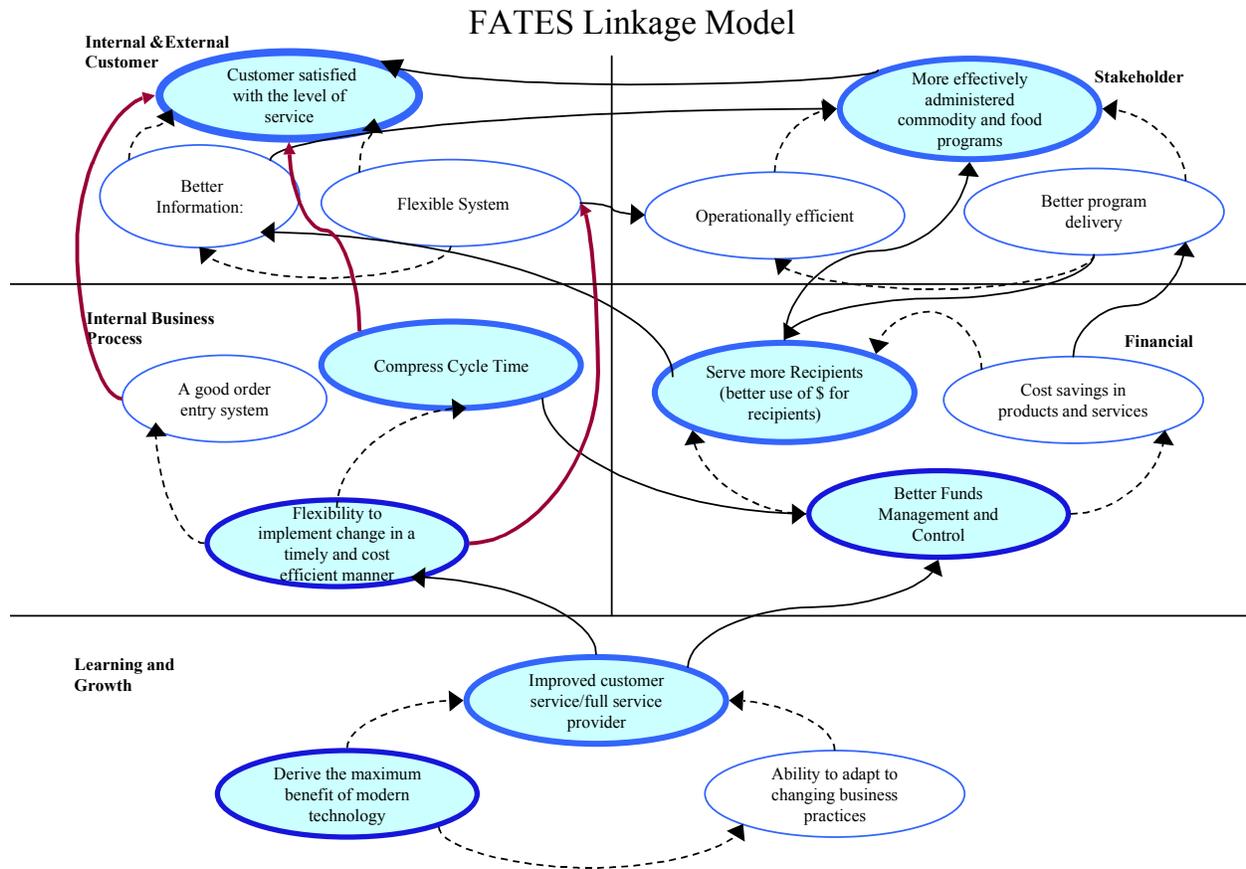
	Perspective: Customer	Total Weighted Value
C.1.	Better Information: timely, accurate, easier to track and retrieve	106
C.2.	Available 365/24/7 when you need it	15
C.3.	Flexible and will provide program data needed	59
C.4.	Easy to use (User Friendly)	38
C.5.	Enhanced presentation and navigation	0
C.6.	Quicker delivery of product	52
C.7.	Access to system	8
C.8.	Ensure data integrity and security	49
C.9.	Accurate Delivery	46
C.10.	Customer satisfied with the level of service	74
C.11.	Better control through tracking	0
C.12.	Remove more surplus	10
C.13.	Offer a greater variety of products	20
C.14.	Better communications	5
C.15.	Safe and nutritional products	34
C.16.	Quality IT systems	16
C.17.	More products with available resources	5
C.18.	Flexible system to accommodate charge	8

After defining the linkages within each perspective, the Core Team defined the links between objectives in other perspectives. The result was the linkage model on the following page. The FATES Linkage Model is a pictorial representation of the FATES strategy. Each bubble is an

objective. The dashed lines represent the cause-and-effect relationships between objectives within a perspective, where as, the solid lines represent the cause-and-effect relationships between objectives in different perspectives. These links mean that if an objective is accomplished, the results contribute to the accomplishment of the linked objective. The model was “normalized,” meaning that redundant links have been eliminated. The logic model as presented links the objectives within the Learning and Growth perspective, which is always on the bottom, to the objectives in the top perspectives. The logic model permitted the Core Team to validate its strategy through consensus. During implementation of FATES, it will help the Core Team communicate the strategy to others.

The shaded bubbles represent high-impact objectives. They are high impact because they have the most links within a perspective. Therefore, they have the highest strategic impact. The contractor recommended that they should be implemented first. The Core Team expressed concern about the designation of the high-impact objectives. They believed that all objectives were important. The contractor said it was important to focus on the high-impact objectives because of budget and time limitations, noting that not all objectives or their associated initiatives may get funded. The executives and managers of the Tri-agencies’ ultimately approved all objective definition as well as the linkage model. The Core Team then turned their attention to developing the performance measures.





### *Step 3: Define Measures and Targets*

After receiving a tutorial on developing performance measures, the Core Team formed five sub-teams according to perspective to develop and define measures for each objective. The measures were based upon comments and suggestions collected during the interviews as well as knowledge from the Core Team members captured during brainstorming sessions. The Core Team used the following criteria to refine the measures:

- Does each measure really measure the desired outcome or objective?
- Can everyone understand the measure?
- Is the measure meaningful to the FATES development team and to the Executives?
- Are the measures reasonably inexpensive to gather?
- Are the measures and metrics ones that can be “owned” by team members?
- When looked at in total, are they balanced (not just focused on financial)?
- Is there a balance of both lead and lag measures?

The contractor introduced the Core Team to a template to define the strategic intent of each measure, its calculation, the location or owner of the needed measurement data, and other information. The templates will serve as a guide and as a knowledge source during

implementation. Appendix A is an example of one of the completed templates. The Core Team reassembled to discuss and refine the measures, and ultimately reached consensus on all measurement templates or profiles. By agreeing on the strategic objectives and measures, the Team established a major building block of the Balanced Scorecard measurement system. The Team then moved to Step 4.

#### *Step 4: Map Existing and Develop New Strategic Action Items*

The Core Team participated in a workshop that focused on defining initiatives for each objective using templates. After discussing some sample initiatives, the Core Team separated into five smaller sub-teams to develop detailed definitions for each initiative. Appendix B is an example of one of the completed templates. When the Core Team reconvened, they discussed the initiatives in association with each objective and measure. The contractor explained that this step serves as a final stepping-stone in the development of an implementation and integration strategy. At the conclusion of Step 4, the Team members briefed the Tri-agencies' executives on the detailed elements of measures and initiatives. The FATES Balanced Scorecard is included as Appendix C.

#### *Step 5: Develop the Implementation Plan*

For a Balanced Scorecard measurement system to create value, it must be integrated into the management processes of the organization. In this final step, the Core Team completed three tasks. They (1) identified the current practices in various management processes; (2) evaluated opportunities for integrating the Balanced Scorecard and the strategic measures into the management processes; and, (3) developed an implementation plan.

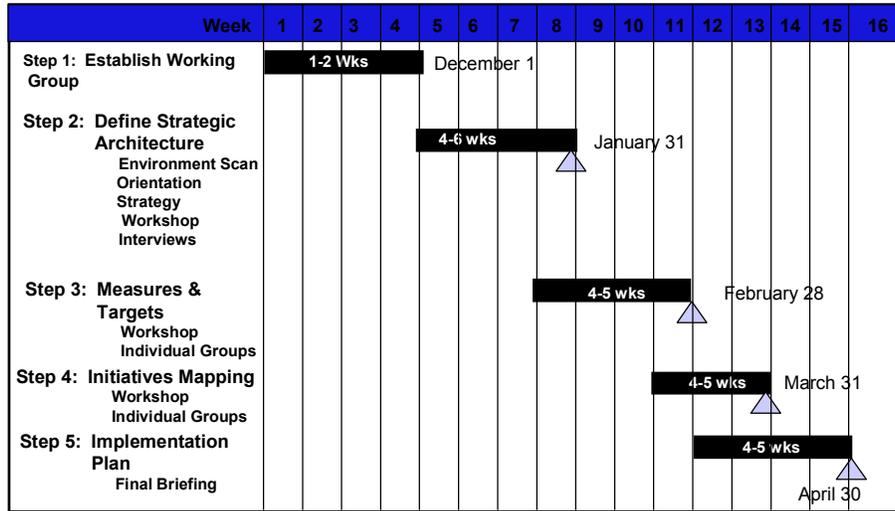
The Core Team reviewed how the Tri-agencies' approach data reporting and review, management meetings and decision-making, strategic learning, strategic communication, personal objectives setting, as well as planning and budgeting. By discussing these elements, the Core Team was able to identify activities and processes that will be replaced by the Balanced Scorecard. This will ensure that the FATES Balanced Scorecard is not an added burden. The Core Team also examined the existing reporting, communications, and decision making structure for a potential replacement. Finally, the FATES team discussed using the FATES Balanced Scorecard throughout the FATES project.

## **7. Time Line**

The FATES BSC project was scheduled to begin in mid-November 2000. On December 1, 2000, the contractor conducted a tutorial and provided an overview of the project plan. Actual project work did not begin until early January due to the end-of-year holidays. Additional delays occurred because of schedule conflicts. Individual workshops or sessions, which normally last one day, took two days in most cases. Finally, the geographically dispersed FATES Core Team members required time for discussions. Although many team members spoke daily, all development occurred during the formal sessions and workshops. As a result, the FATES BSC

project took longer to complete than originally projected. The final Executive presentation for the FATES Balanced Scorecard results was conducted in mid-May, 2001. The revised project timeline is provided below.

## Project Timeframe (Revised)



## **8. Host Agency Opinion about BSC Methodology and Measures**

At the conclusion of this pilot, the Core Team was reasonably confident that the Balanced Scorecard provided them with the outcomes and measures required to move forward with FATES. Some Core Team members, however, remained skeptical of the usefulness of some of the process steps and structured approaches. Although the outcome was supported, several team members for example, felt that the structured interview process was biased because early interviewees did not have an opportunity to “vote” on suggestions made by later interviewees. In addition, the members of the Core Team were divided in their opinions that the senior managers will use the FATES Scorecard as a tool to manage the development and operations of the FATES system.

Feedback collected after each workshop and session showed that the FATES BSC team felt that the first few sessions were low in complexity and high in clarity. Feedback from the later sessions showed that members felt the complexity increased, but the clarity remained roughly the same. Some team members acknowledged that insight and “breakthroughs” did occur.

## **9. How USDA Will Implement the Balanced Scorecard**

The senior management within the Tri-Agencies committed to implementing the FATES Balanced Scorecard in two phases:

- Phase I will focus on further refining and providing details to the measures and collecting data. In some cases, data sources must be confirmed or benchmarks defined and adjusted to the FATES environment. Phase I will also include an internal communications campaign aimed at educating the FATES PCIMS/FATES community. The communication will stress the importance and utility of using the Balanced Scorecard to ensure that the FATES strategy is implemented.
- Phase II will involve the ongoing use of the FATES Balanced Scorecard as a reporting tool and to measure progress on the implementation of the FATES strategy. This phase will implement the initiatives and actions identified during development of the Balanced Scorecard, and the refinement of the objectives, measures, targets and initiatives as the strategy unfolds. This phase is expected to begin with system development, and continue until the FATES life cycle is terminated, approximately 10 years after completion.

## **10. Lessons Learned and Summary**

The Core Team provided the following lessons learned:

- The team felt that the training in the Balanced Scorecard methodology and processes were of great benefit. Some Core Team members who had attended BSC training provided by

another contractor prior to the pilot believed that the BSC would be useless for this project. These two experiences showed the team that using the correct methodology is critical.

- Team members felt that they all should have read the Balanced Scorecard book prior to project initiation. This would have helped them become more familiar with the process and understand how each deliverable is used as a building block.
- The Team felt that a side benefit of the Balanced Scorecard process was that it helped them understand how the Balanced Scorecard could be used to develop performance-based contracts.
- The Team felt that they learned a valuable way to construct high-level roadmaps for implementing and measuring system strategy.
- The Team learned that other interested parties (internal and external to the Tri-Agencies) must be considered when measuring the success or failure of a system.
- The Team felt that the process reemphasized the need for Senior Management commitment and involvement to ensure the success of a strategic system, such as FATES. The Team felt that the Balanced Scorecard project was successful, due in large part to Senior Management's commitment of resources and completion dates.
- The Team learned that its members did not function well in a rigidly structured environment.

In summary, the team felt that they gained valuable insight into the construction of strategy and strategic measures, as it applied to the FATES project. Further, they felt that the FATES Balanced Scorecard has helped the Tri-agencies to strengthen and solidify the business case for the FATES system.

## The Measure/Target Roadmap (template): Financial

<b>Strategic Objective:</b> F14 Serve More Recipients (Better Use of Dollars for Recipients) <b>Measure:</b> Increase school participation <b>Measurement Intent:</b> Serve more recipients <span style="color: red;">(with same or less dollars by increasing the ability to order and deliver surplus commodities)</span>		<b>Frequency of Update:</b> Monthly  <b>Units of Measure:</b> Percent and/or dollars	
<b>Measurement Definition/Formula:</b> Current Percentage divided by Total Food Purchase= USDA School Program			
<b>Notes/Assumptions:</b> FNS will provide total food purchase by school district		<b>Next Steps:</b> Research availability of data	
<b>Measurement Information Is:</b> <input checked="" type="checkbox"/> Currently Available <input type="checkbox"/> Available With Minor Changes <input type="checkbox"/> Not Available		<b>Data Elements and Sources:</b> FNS, AMS, and FSA <span style="color: red;">(do all agencies have a part of this information? Will the new system be able to track this?)</span>	
<b>Source For and Approach to Setting Targets:</b> Increase school participation percentage <span style="color: red;">(How will you decide what the target will be? Or The baseline will be?)</span>			
<b>Target Setting Responsibility:</b> Director, KCCO /Associate Deputy Admin, AMS	<b>Accountability for Meeting Target:</b> AMS / FSA Divisions	<b>Tracking / Reporting Responsibility:</b> AMS/FSA Divisions	<b>Measure Availability:</b> July 2002 (school year) <b>Target Avail:</b>
<b>Target</b>	<b>Baseline Year</b>	<b>2001 Projected</b>	<b>2002</b>
Increase school participation by X %			2006 <span style="color: red;">(Goal for when system is fully implemented)</span>

## Initiative Template

Strategic Objective: Better Program Delivery(S11)

Name of initiative: **(S11.A)** Create and coordinate survey to determine non-entitlement school district commodities requirements

Initiative Start Date: 2003

Initiative accountability: AMS/FNS/FSA Program Divisions

Expected completion: 2004

Dedicated Resources (financial/asset/people): 5 FSA staff and, 3 AMS

Anticipated Benefits:

USDA supplied products will cost schools less than if procured from other sources thus providing more product for the same dollars or the same product amounts for less dollars.

Total  
\$250,000

2000 projected

2001 projected

2005 projected

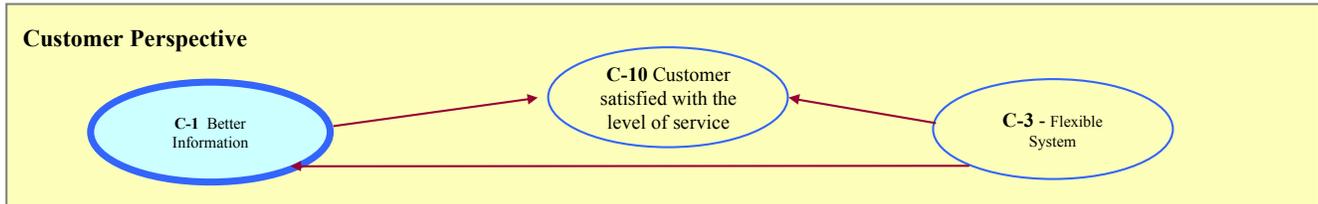
Impact on strategic Objectives:  
C10, C1, S3, L10, F14

Notes/Issues/Assumptions: Costs include software and establishment of data warehouse.

Anticipated Progress	Planned Actual	Q1	Planned	Q2	Actual	Planned Q3	Actual	Planned Q4	Actual

**Appendix B**

# FATES – Internal and External Customer Perspective



Objectives (Outcomes)	Definitions	Measures	Initiatives
C10 Customer satisfied with the level of service	C10. Provide customer with better sense of control and enhanced feeling of satisfaction through a flexible system that provides better, accurate, timely, information. This will enable us to improve our commodity distribution system. Improve delivery system= reduced time from order to delivery, allow for multiple stops, high seas diversion.	C10.1. Number of calls to Internal Help Desk C10.2. Number of calls to external help desk C10.3. Lead time for users to put in commodity requests. C10.4. Reduce time from survey to delivery C10.5. Internal Customer Survey on Level of Service C10.6. External Customer Survey on Level of Service	C10.A. Document time it takes from survey to delivery of commodity C10.B. Involve Users in System Development C10.C. Create Customer Surveys C10.D. Create External User Help Desk C10.E. Create Internal User Help Desk
C1. Better Information	C1. Track the data that customers need in real time, eliminate data redundancy, provide easier to retrieve ad hoc reporting; Users will be able to see “their view” rather than searching all data. Data will be reliable and accurate.	C1.1. Decrease in requests to IT staff for reports C1.2. Reliability of data C1.3. Availability of data C1.4. Customer Survey of ad-hoc reporting capabilities C1.5. Accuracy of data	C1.A. Create Survey C1.B. Review COR/PAR/TAR Log for number of current reports requests C1.C. Document incidents of inaccurate data C1.D. Document incidents of unavailable data C1.E. Correct data accuracy and reliability problems
C-3 Flexible System	C3. Ability to change system to meet program needs in a timely manner without re-writing the whole system (or major parts); Data is reliable and available in timely manner; Ability to acquire and easily use available technology; Responsive to changing business requirements.	C3.1. Decrease of CORS and PARS on CPT Log C3.2. Time to complete system changes	C3.A. Research why system takes so long



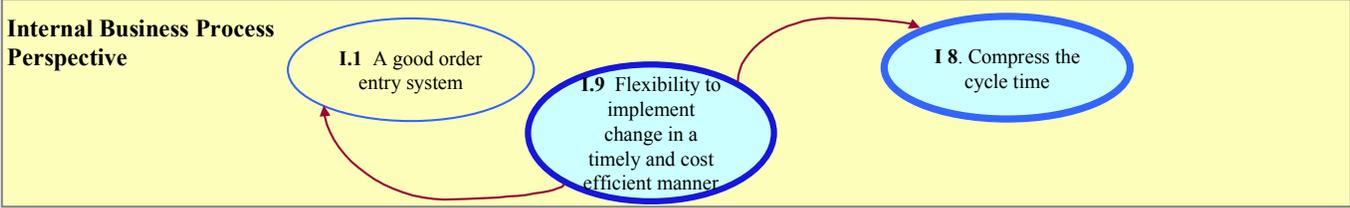
# FATES - Stakeholder Perspective



Objectives (Outcomes)	Definitions	Measures	Initiatives
S-3 More effectively administered commodity programs	S3. A universal delivery system; We can use new tools to improve the way we manage our programs. Improve communications (single point of contact) and have communications that drive deeper into customer base (more timely, more targeted), comply with accounting standards, and provide better funds control	S3.1. Speed, Reduce time responding to queries while reducing the number of total contacts necessary to resolve queries S3.2. Single point of contact S3.3 Number of on-line web site hits S3.5 Operations & Maint. Cost	S3.A Single point of contact (a.k.k. one face for USDA) team S3.B Acquire user friendly, improved, ad hoc reporting system S3.C Develop a survey for users re: manual transactions
S-11 Better program delivery	S11. Deliver more product at same dollar value (on time, when promised); Give product promised; Cut down on cycle time; Deliver more programs with same staff.	S11.1.Survey school districts to identify products not available that they are interested in obtaining through USDA S11.2.Number of recipients served per commodity dollar (per dollar allocated and per state dollar sent to to USDA for purchases through USDA programs S11.3 Number of bid to deliveries within time goals, number of times late	S11.A Create & coordinate survey to determine non-entitlement school district commodities requirements S11.B Policy and Regulatory Change
S-6 Operationally efficient	S6. Cost avoidance (reduction) through the use of better technology (do more with less). Capable of expanding services while holding down operating costs (including system costs and business costs)	S6.1. Enhanced productivity of USDA staff by reducing the resources consumed in performing their functions. S6.2. Cost avoidance through use of modern technology	S6. 1. Provision of new technology tools S6..2. Cost avoidance/ reduction through the use of modern technology



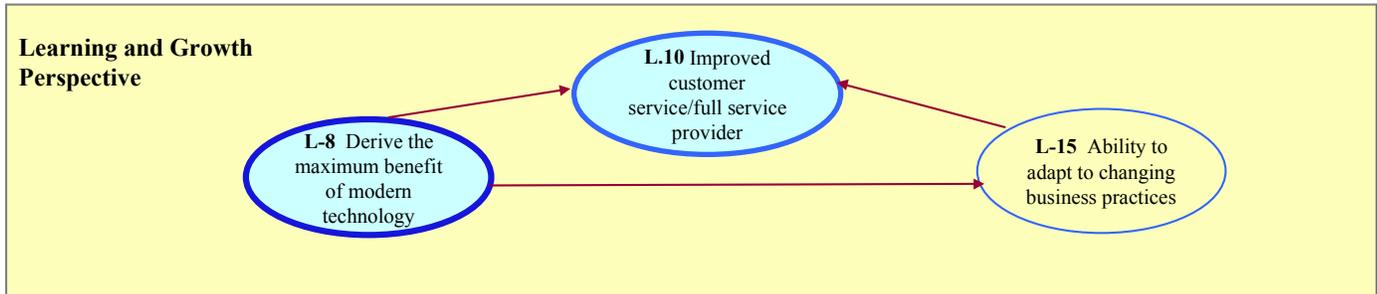
# FATES - Internal Business Process Perspective



Objectives (Outcomes)	Definitions	Measures	Initiatives
18. Compress the cycle time	18. Reduce batch processing (wait time between steps); Data will be better organized to give used "unique" views specified to meet their needs; New functions will allow for feedback  Cut down at least X days	18.1. IT ability to quickly make system changes 18.2. Assessment of time it takes from survey to award of contract 18.3. Compress cycle time from order to delivery by X days	18.A. Procure web-based. Real time COTS
19. Flexibility to implement change in a timely and cost efficient manner	19. Allow for the internal system modifications driven by program changes and technology changes; system must be flexible enough to allow for these changes) in timely and inexpensive manner; must allow for system upgrades	19.1. Current elapsed time to make changes 19.2. Procurement of software development tools 19.3. Procurement of flexible COTS software	19.A. Procure flexible COTS Software  19.B Procure state of the art development tools
11. A good order entry system	11. Accommodate the leap from a few thousand users to possible 30,000; (can't hold 30,000 hands) A good order entry system will help us move bonus commodities quicker. (Real time aspects of the system will allow for additional product demand. ;) (determining demand) currently through survey) Allows for faster approval on export side.	11.1. Requirements and design emphasis on customer perspective 11.2. Customer satisfaction survey 11.3. Reduce time from survey to order	11.1. Create/ coordinate customer satisfaction



# FATES - L&G Perspective



Objectives (Outcomes)	Definitions	Measures	Initiatives
L8. Derive the Maximum Benefit of modern technology	L8. Use web technology to give more users access (train & provide tools) GUI screens (easy to use); Use every aspect of 508; Continuously upgrade technical and business skills in using open systems architecture and new technologies ; Upgrade skills to derive maximum benefit; Employ latest security; Offer "transitional" training; get higher participation in development phase; adapt to commercial practices (leadership promotes changes) ; breakdown barriers between IT and users/ field; (IT-needs better understanding of business process)	L8.1 It self assessment of business practices and new technology skills L.8.2 IT ability to quickly make system changes L8.3 Measure system against security plan during development L8.4 Percent the time for training new users decreases over time L8.5 Measure the system against the security plan after implementation	L8.A. Document current business processes L.8. B. Document new technology L8.C Train staff L8.D Internal User self-assessment of training times L8.E Develop Security Plan
L15. Ability to adapt to changing business practices	L15. Better communications (know customer needs; One face on email; automated help desk; People have capability (trained and have tools) to easily react to changing business methods & new technology	L.15.1 Users willingness to adapt their business processes to use commercial best practices L15.2 Survey external customers on level of service L15.3 Number of business processes that were changed to CBP	L15A. Implement automated help desk for external customers L.15.B. Train user staff on commercial best practices L15.C Benchmark with companies with commercial best practices L15.D Survey users on knowledge of Commercial best practices
L10. Improved customer service/ full service provider	L10. IT enabled to make changes needed in time that (internal) customers need them; Internal customers enabled to make changes needed in time to allow (external) customers to accomplish their missions.Access to system 24 X 7 (for both internal & external customers); provide same (or competitive) services found in private industry	L10.1. Help desk activity L10.2 Increase in customer satisfaction L10.3 Measure the time it takes to make system changes	L10.A. Survey internal customers on level of service L.10.B.Implement help desk for internal users



# FATES - Financial Perspective



Objectives (Outcomes)	Definitions	Measures	Initiatives
F10. Cost savings in products and services	F10. Better return on our program expenditures and system investment; Maximize use of total funding and resources to reduce costs of doing business (e.g. bid lower price due to market changes) (Products= commodities; Services = IT, transportation, warehouse, processing, best value contracting, etc.)	F10.1. Benchmark against private sector (Walmart/ Safeway/Giant) F10.2 Stretch goal of 50% Reduction in maintenance and overhead costs when compared to old system F10.3 Reduced Time from order to delivery	F10.A Benchmark private sector providers and compare their total cost (system and other directly related) to our total cost F10.B. Total process/ system cost reduction F10.C Flowchart complete order entry process from time order is placed through delivery
F14. Serve more recipients (better use of \$ for recipients)	F14. Ability to provide more product directly to recipients (more choices of commodities); Able to move more bonus products quicker (right time within right window); Recipients better able to avail themselves of available products; Get products to recipients where, when, and how needed; external customers have direct access to system and information; improved communications; better decision making	F14.1. Number of new commodities offered F14.2 Number of recipients served per commodity dollar spent F14.3 Volume of bonus commodities provided to recipients	F14.A Fully identify the cost of providing products F14.B Customer need identification F14.C Providing Bonus Product Information Faster
F12. Better funds Management and control	F12. Better funds and management control for internal and external customers and agency funds; timely, accurate funds control through FATES (entitlement, obligations, expenditures, allotments and authorizations) so we know how much money has been spent and how much is available by category. ; better decision making.	F12.1. System compliance with all applicable FASAB/JFMIP requirements at acquisition/ as constructed F12.2 System meets all applicable FASAB/JFMIP standards	F12.A. Work with user communities to define and detail requirements F12.B. Work with the financial and program user communities to validate and document funds management and control requirements