

# Balanced Scorecard Approach



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## Balanced Scorecard Approach

**Your organization has recently selected, configured and deployed a sophisticated Workforce Management (WFM) solution. When the project started 18 months ago, the goal was simply to gain control over labor costs and automate the processes related to time and attendance and scheduling. Now that the project is complete, how will you determine if the solution is everything you hoped for? Have the dollars and time invested resulted in any measurable return?**

In these tough economic times, organizations need to justify every dollar of capital invested. Tolerance for projects that underperform is limited. Ensuring that your WFM project is aligned with the strategic goals and vision is paramount to securing initial approval and on-going funding and commitment.

Unfortunately, many organizations do not possess the infrastructure to align their WFM solution with the strategic goals of the organization. As a result, measuring success during and after the implementation is virtually impossible.

In a 2003 multi-client study done by the META Group, more than 40 per cent of the organizations surveyed indicated there was “no quantifiable measurement of business benefits” resulting from the implementation of enterprise Human Capital Management (HCM) solutions. It seems that all too frequently, organizations simply fail to maintain their focus on long-term goals, and never introduce the tools needed to measure and fully deliver the strategic intent of the solution.

The objectives of a WFM implementation tend to get lost over time as the focus settles on the functional, technical and logistical requirements of the solution. In some organizations, the original objectives fall victim to misinterpretation and internal politics from constituencies that resist the deployment.

An effective tool to counter this trend is the Balanced Scorecard concept developed by Robert Kaplan and Davis Norton. First published in the Harvard Business Review, the Balanced Scorecard is a performance measurement tool used to determine whether the operational activities of an organization are aligned with its larger-scale objectives in terms of vision and strategy. The Balanced Scorecard concept can also be used to plan and manage large, enterprise projects to ensure they align with the organization's overall strategic vision.

Rather than simply relying on lagging financial indicators, the Balanced Scorecard provides a more comprehensive and thus “balanced” measurement of the performance of a company or a single initiative. When applied to a WFM solution, the Balanced Scorecard can help ensure strategic objectives do not get left behind once the implementation begins.





## Case Study: Vision and Strategy in Manufacturing

Company A is a large manufacturer readying to deploy a WFM system for its heavily unionized sites in the United States, Canada and Latin America. As is the case for many large manufacturers, Company A has watched as globalization has driven down prices, creating pressure to reduce and control labor costs. In addition, Company A has delegated decision-making authority to each site over the years, resulting in a wide array of unique Workforce Management practices and policies. Along with the various collective bargaining agreements, this has resulted in varied and complex pay rules and practices. Standardizing these practices to reduce solution complexity was the biggest challenge the organization faced during the WFM implementation.

However, the team delivering the WFM system was primarily focused on implementing the software. Achieving strategic business goals was not part of the team's mandate or skill set; they were configuration experts, not solution experts. The project implementation team struggled because the guiding principles of the initiative were not well understood. As unforeseen roadblocks threatened the project's timelines and budget, the implementation team focused on completing deployment "by any means necessary". By the time the project was complete, no one could remember the original strategic goals and the general consensus was that the system failed to meet expectations.

How could this scenario be avoided? Company A should have employed a fact-driven analysis to guide the configuration and tactical deployment of the system and a means to support its evolution beyond go live. More precisely, the company needed its WFM vision translated into a set of measures or metrics that reflect the strategic goals of the stakeholders impacted by the system. The company also needs to find a way to communicate, align and train field teams and managers to deliver on these goals.



## The WFM Balance Scorecard

The WFM Balanced Scorecard, as depicted in the following diagram, could have provided Company A with a roadmap for aligning the WFM solution with the strategic goals of the enterprise. The key is establishing a process that defines a series of quantifiable targets, which collectively describe how and what the WFM solution needs to do in order to be deemed a success.



## Activating the Balanced Scorecard: The four pillars of WFM deployment

Although every company is unique, there are common WFM strategic goals that organizations like Company A will want built into its new solution, such as:

- Reducing labor costs;
- Strengthening legal and corporate policy compliance;
- Increasing productivity;
- Reducing absenteeism and turnover;
- Empowering managers and employees

The challenge is to find a way for Company A to translate its high-level goals into quantifiable measures which can be tracked during and subsequent to the implementation. A further challenge is to ensure those goals remain forefront and center in the project team's psyche throughout the deployment project. The Balanced Scorecard can be used to first establish and then maintain that focus. In the case of Company A, the scorecard will be applied to four main areas of critical concern:

## The Financial Perspective

As hard as it is to believe, financial impact is one of the issues most neglected during a WFM solution implementation. The rationale for many organizations that choose to NOT develop a detailed business case is simply: “We know we need to do this”. Without a clear understanding of the financial impact or goals of the solution though, gauging and measuring success becomes virtually impossible.

To avoid this scenario, it is critical to drill down into existing data well before the implementation starts, to identify how and where the system can save the company money. The key is unearthing data at the lowest levels, establishing a control group and using it to measure current performance. This baseline will allow analysts to identify potential returns on investment, and savings in both hard and soft costs going into the future. This is a step a company simply cannot afford to skip.

For Company A, a sample Scorecard for measuring success from a Financial Perspective would be as follows:

The “initiatives” defined in the Scorecard are meant to ensure the measures and goals are achieved through concrete action. Initiatives may include system features and functions, implementation activities (e.g. training and change management) or process re-engineering tasks. Establishing a cause and effect relationship between the measures, targets and initiatives will help the team to manage the overall solution scope and remain focused on the strategic goals.

### Financial Perspective Scorecard

Measure	Targets	Initiatives
Reduce overtime costs	15% per plant per week	Employ actionable “approaching overtime” alerts for managers  “Project Hours” report on manager dashboard  Employ automated shift bidding which utilizes overtime thresholds in response ranking

## Business Process Perspective Scorecard

### Business Process Perspective

In this scorecard, key WFM-related business processes are clearly defined and optimized to ensure the solution supports strategic business goals. The metrics generated by this scorecard allow managers to stay focused on how their departments are performing within the overall deployment strategy. Short term, Company A can use this information to assist in the design phase of the solution; long term, the metrics will help focus attention on how to manage the solution. Once everyone is in synch on how to proceed, the implementation team can focus on ensuring the solution is properly configured.

A sample Scorecard for measuring success of the WFM solution from a Business Process Perspective would be as follows:

Measure	Targets	Initiatives
Reduce the effort and time required to close payroll.	Eliminate Timekeeper headcount by 50%	<p>Automation of union holiday pay rules without user intervention.</p> <p>Pay Calculations to be exported directly into the payroll system.</p> <p>Validation of leave time balances, sick &amp; bereavement time and vacation time according to labor agreements.</p>

## End User Perspective Scorecard

### End User Perspective

Getting front-line managers and employees to buy into the new WFM system is essential to achieving the initiative’s strategic goals. In fact, end user adoption is often critical to the overall success of the initiative. Employees require more than simple “point-and-click” training to make the shift from manual, paper-based processes to sophisticated, web-based tools such as automated time and attendance and scheduling.

Simply stating that end user adoption is critical for the success of the implementation will not ensure it happens. The WFM Balanced Scorecard translates that high-level goal into definitive targets and corresponding “Initiatives” or tasks designed to achieve those goals.

A sample Balanced Scorecard for measuring the success of the WFM solution from an End User Perspective would be as follows:

Measure	Targets	Initiatives
Reduce time to successfully request paid leave.	Current manual process takes 4 days, on average; automated Leave Request process should take no longer than 1 day.	Enable automated Leave Request workflow “Pending Leave Requests” report developed to monitor manager compliance.
Reduce time spent by supervisors to create weekly schedule	Current process takes 3 hrs; automated scheduling process should take no longer than 30 mins.	Enable WFM software Scheduling module Develop prototype for use in “Scheduling Labs” with a control group of managers. Perform “time and motion” study during lab sessions to achieve the target time.

## Ongoing Improvement Perspective Scorecard

### Ongoing Improvement Perspective

It takes more than an informed and well-trained help desk to ensure long-term WFM success once the solution is deployed to production. Unfortunately, many organizations suffer “project fatigue” once the production rollout is complete. The result is a loss of focus on how the organization can utilize WFM to continually evolve and improve. Without adequate forethought given to how they can use the new WFM solution to continually monitor performance of the workforce, Company A’s initial enthusiasm will dissipate and the end result may fall short of anticipated goals.

However, if Company A defines continuous improvement goals at the outset of the project, this will create a sense of accountability among project team members and sponsors to ensure the infrastructure is in place to harvest improvements on a constant basis.

A sample Scorecard for measuring success from an Ongoing Improvement Perspective is as follows:

Measure	Targets	Initiatives
Productivity improvements	Identify and capture 3 productivity improvements per quarter	<ul style="list-style-type: none"> <li>Attain skills/certification status for workforce management for COE members</li> <li>Conduct quarterly manager feedback sessions to identify solution improvements</li> <li>After month 6, develop a WFM Business Intelligence Strategy designed to deliver productivity measures to managers via Dashboard Alerts</li> </ul>

## Summary

A Balanced Scorecard is the most effective way of ensuring success when implementing a WFM solution. It enables executives and managers to execute a comprehensive workforce management strategy that will ultimately be used as “marching orders” for the company on a daily basis. In the end, the Scorecard establishes a framework that allows the implementation team to identify goals, a process for achieving them, and tools to measure success.

## Axiium Group Management Consulting

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