



Veterans Benefits Administration

Veterans Benefits Administration Balanced Scorecard

A System for Performance Management

Presented to OPM "Strategic Compensation Conference 2002"

August 28, 2001



Session Overview

- ◆ Background and History of VBA Balanced Scorecard
- ◆ Developing Measures and Strategic Objectives
- ◆ Developing Annual Targets
- ◆ Operationalizing the Scorecard

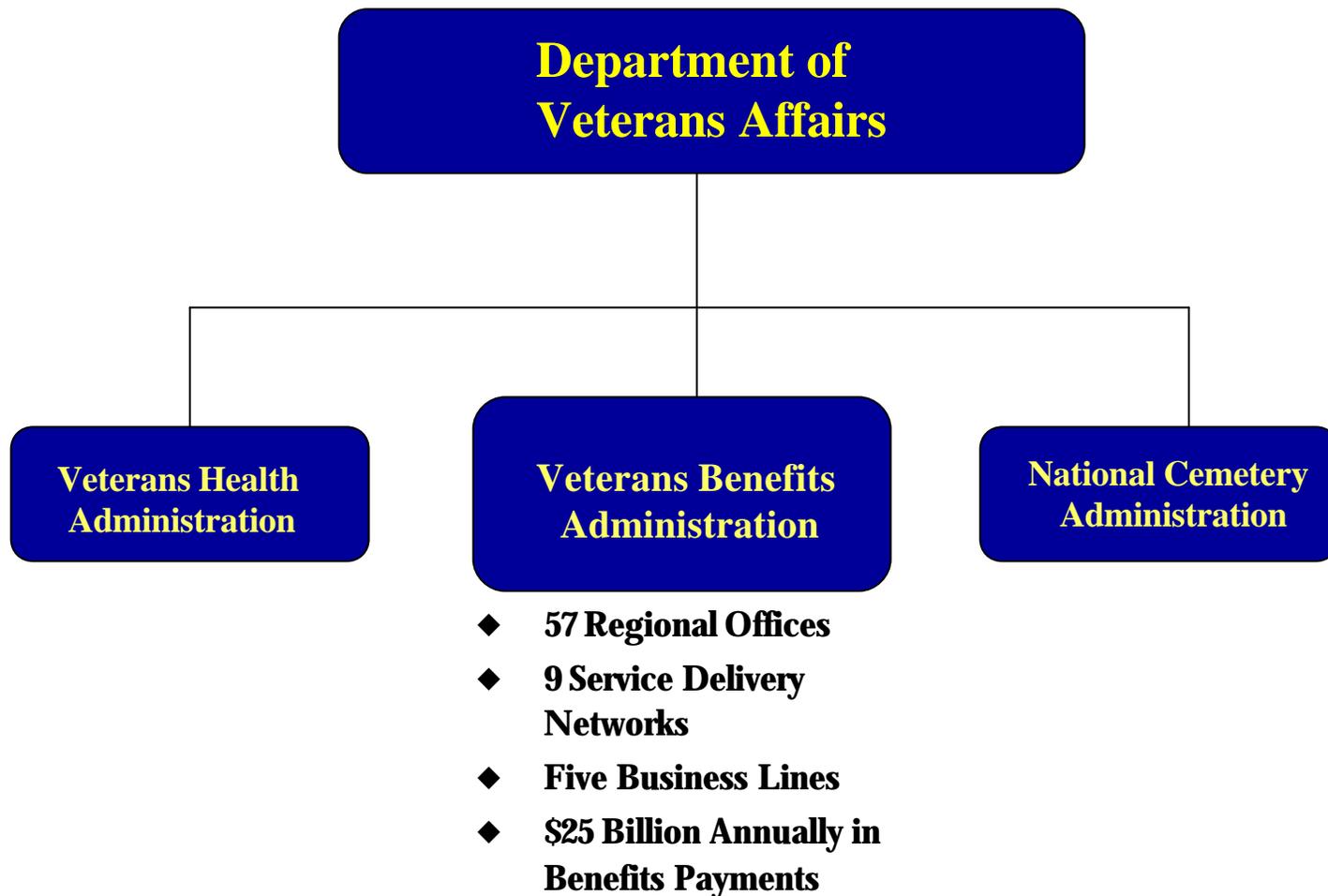


VA Mission

To serve America's Veterans and their families with dignity and compassion and to be their principal advocate in ensuring that they receive the care, support and recognition earned in service to this nation.

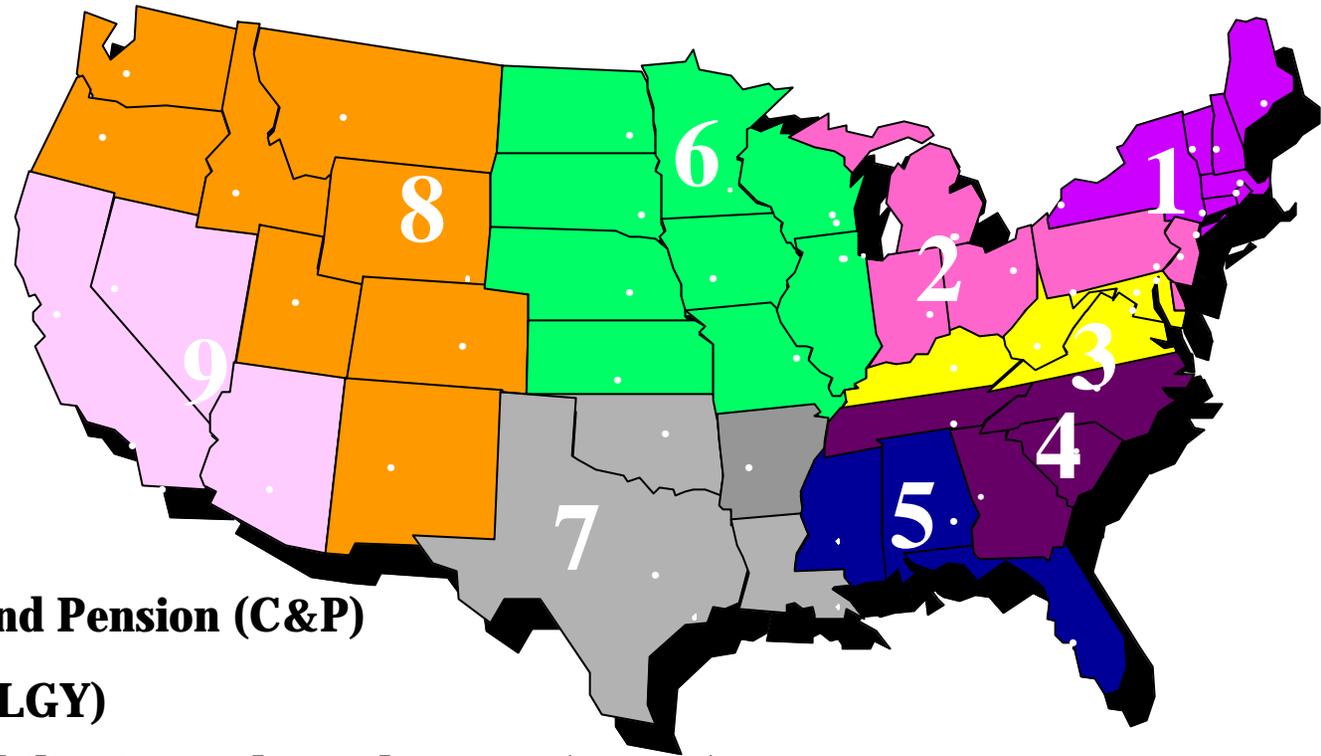


Department of Veterans Affairs





VBA Service Delivery



- ◆ **Compensation and Pension (C&P)**
- ◆ **Loan Guaranty (LGY)**
- ◆ **Vocational Rehabilitation and Employment (VR&E)**
- ◆ **Education (EDU)**
- ◆ **Insurance (INS)**

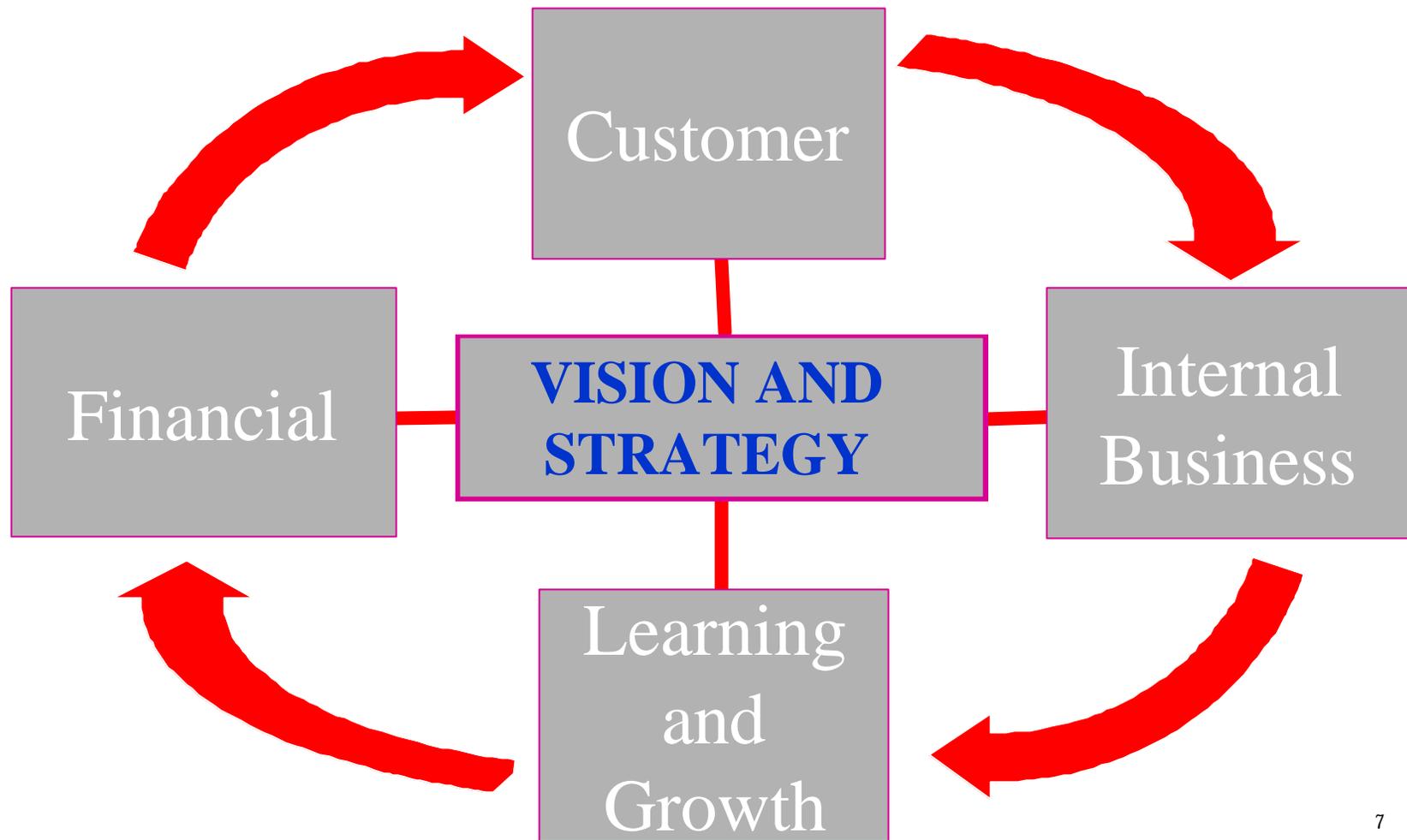


History and Background

- ◆ Government Performance and Results Act
- ◆ Reinvention Lab
- ◆ *“Roadmap to Excellence”*
- ◆ Culture - Line of Sight
- ◆ Top Leadership Support
- ◆ Linked to Business Plans - Budget

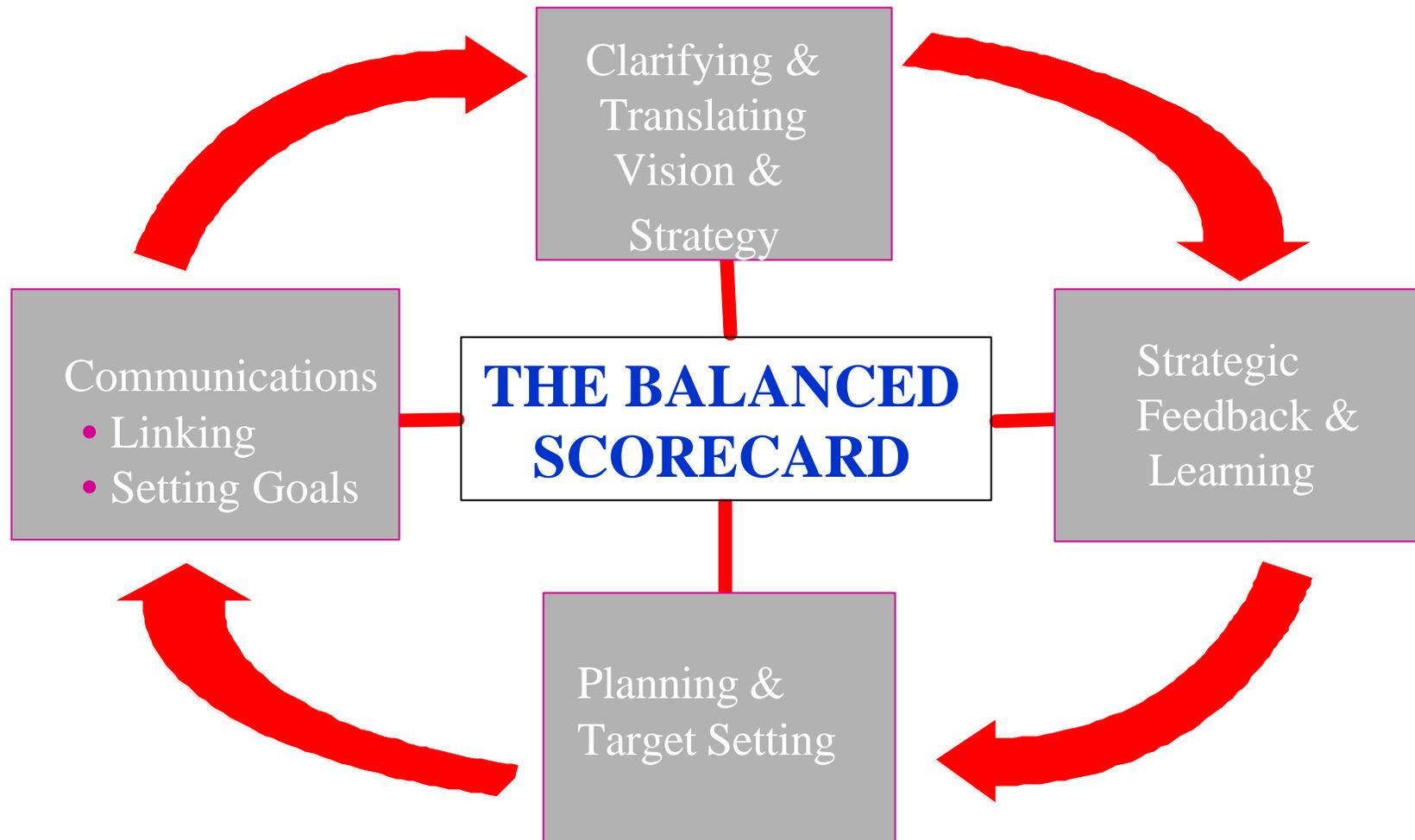


The Balanced Scorecard as a Strategic Framework





The Balanced Scorecard as a Strategic Framework





What makes VBA's Scorecard Balanced?

- Measures are viewed in relation to each other with no one measure receiving too much emphasis
- Measures consider both internal and external sources of information
- Both objective/numerical and subjective/judgmental measures are considered
- Leading and lagging indicators consider both prospective and historical data respectively



Balanced Scorecard Components

Category	SPEED					
Weight	21%					
Measure	Measure	Measure	Measure	Measure	Measure	Measure
Strategic Objective	74	78	17	44	365	1%
FY 2001 Target	191	148	52	90	646	30%
Zero Value	200	150	125	100	1,000	43%
Actual	158	175	77	139	659	41%
Earned Points	1.7	0.0	1.3	0.0	3.2	0.1
target score	0.4	0.1	2.0	0.4	3.3	0.6
Maximum Points	5	3	3	2	6	2
"Target" Score - EOFY						
Total Score						
Maximum Score						

$$\text{Scorecard Points} = \frac{\text{Actual Performance} - \text{Zero Value}}{\text{Strategic Objective} - \text{Zero Value}} \times \text{Max Points}$$

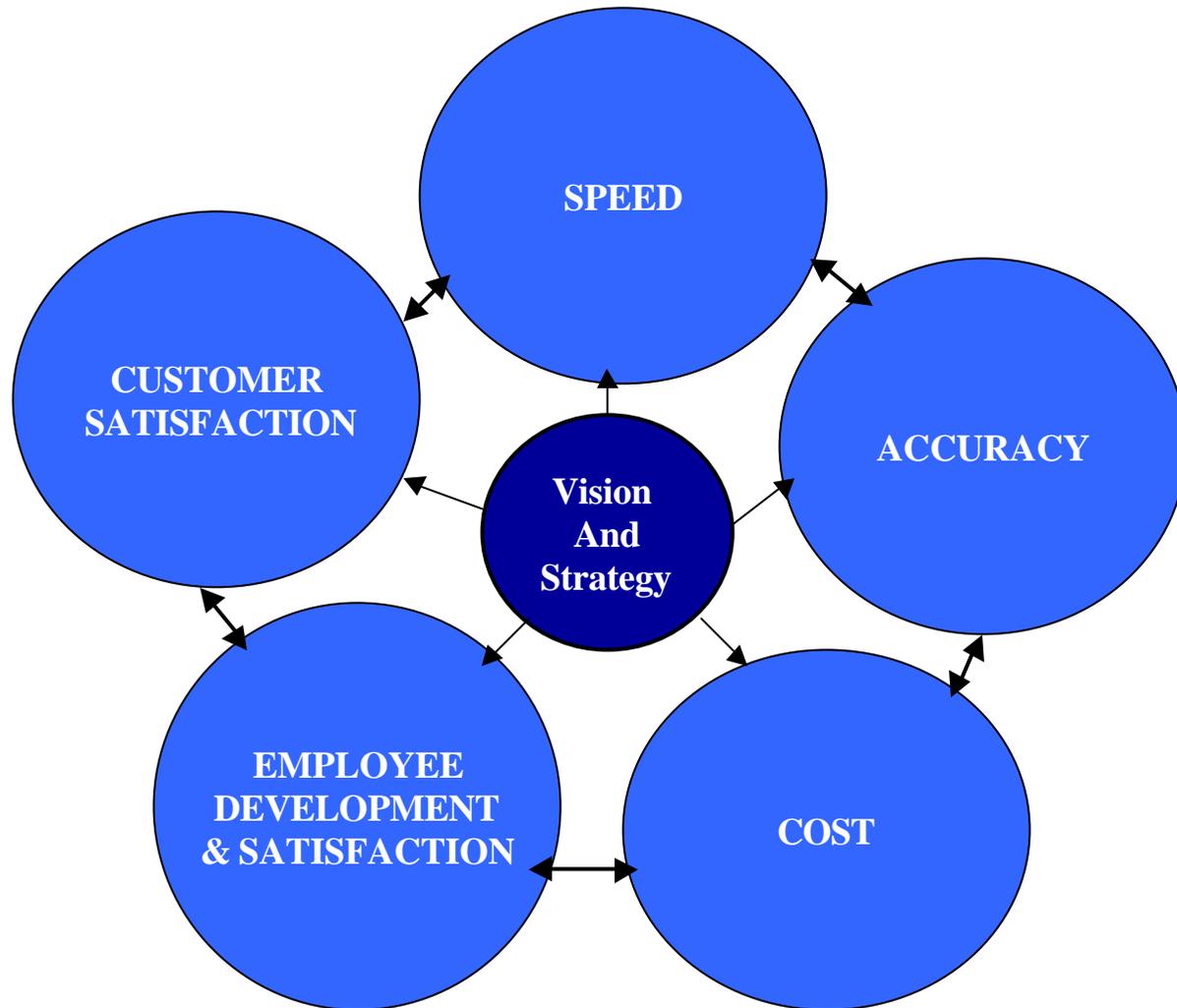


Setting Values

- ◆ **Strategic Objective is driven by “The Vision”**
 - ◆ Striving for “World Class” Service
 - ◆ Reflect Reality
- ◆ **Zero Value - Minimum acceptable level of performance**
- ◆ **Weighting the Scorecard Categories and Measures**
 - ◆ Reflect Agency priorities
 - ◆ Customers and Stakeholders

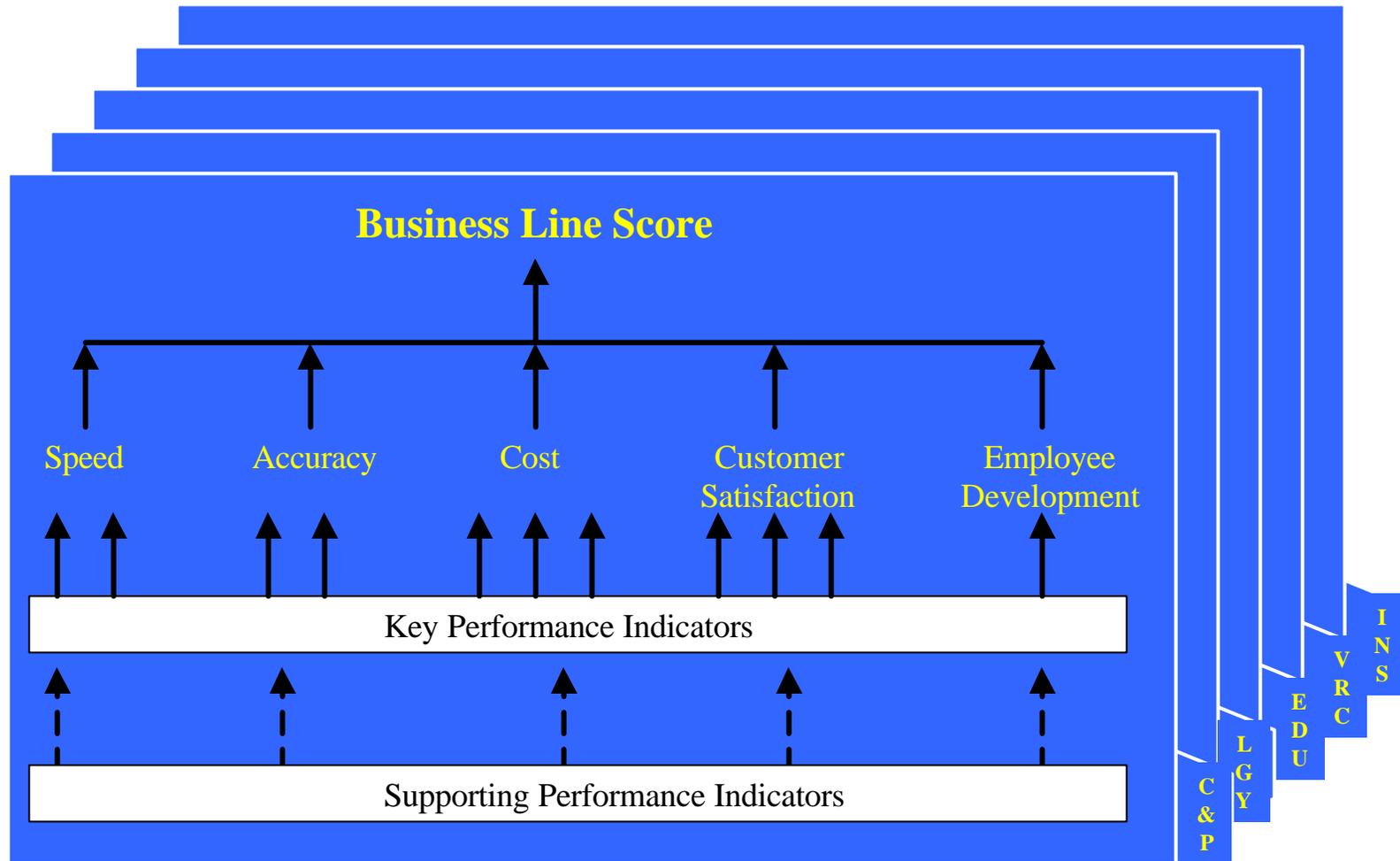


VBA Balanced Scorecard Categories



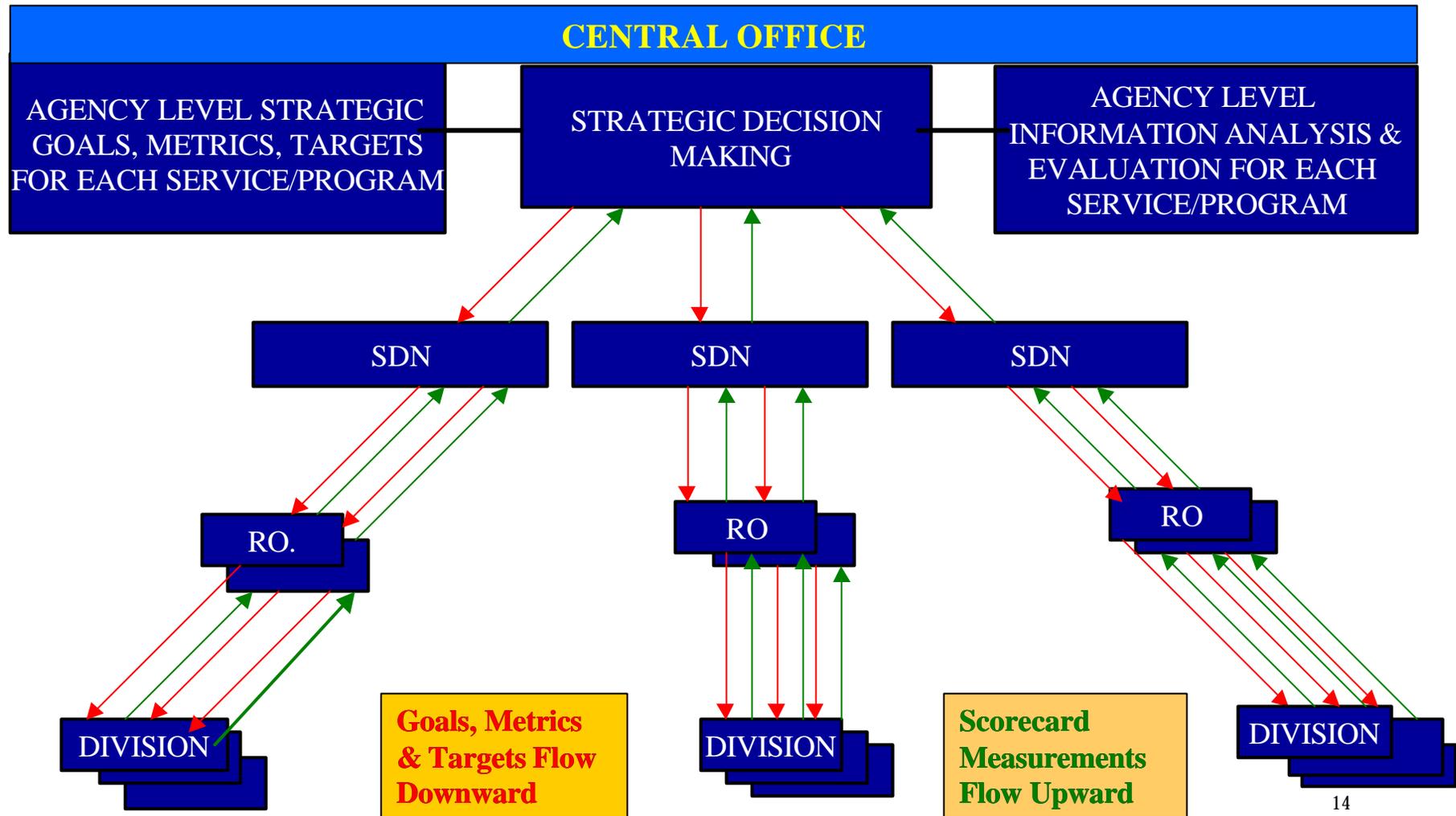


Balanced Scorecard - Business Lines





VBA Balanced Scorecard Data Flows





Target Setting Process

- Field and Business Line Collaboration
- Data Driven
- Small Groups
- Current Performance
- Influencing factors
- Final targets
- Reconciliation



Balanced Scorecard and Target Issues

- Changing measures
- Changing targets
- BSC at the team level
- BSC as a management tool
- Performance Briefings
- Best Practices
- Out year projections
- Areas for improvement



Rewards & Recognition Program

- ◆ Recognizing employee contributions and efforts in meeting VBA's mission.
- ◆ Establishing Balanced Scorecard targets in each program with accomplishments recognized at the SDN and national levels using a Two-Tier payout plan.
- ◆ Fostering and maintaining our mission.



Rewards & Recognition Program

- ◆ Communicating the importance of an awards program that is commensurate with local, SDN and National accomplishments.
- ◆ Recognizing employees in both program and support areas.
- ◆ Providing funding for Directors to recognize local achievements and initiatives.



Rewards & Recognition Program

Payment

- ◆ Tier 1 recognizes employee achievements at the SDN/RO levels and represents one-third of the total award funds allocated each fiscal year.
- ◆ Tier 2 recognizes achievements of BSC targets at the SDN and National Levels and represents approximately two-thirds of the total award funds allocated for each fiscal year.



Executive Performance Appraisal System

- To encourage teamwork throughout VBA - consistent with the SDN concept
- To leverage performance measured on the Balanced Scorecard
- To foster development development of key executive competencies
- To tap the insights of peers
- 42 of 57 VBA SES in the field



Elements of the Executive Performance Appraisal System

- ◆ Element 1 - Balanced Scorecard Performance
- ◆ Element 2 - Organizational Support/Teamwork
- ◆ Element 3 - Leadership Development
- ◆ Element 4 - External Relations
- ◆ Element 5 - Workplace Responsibilities



Balanced Scorecard Performance Element 1

Organizational Level	Percent of Rating under Element 1 for each Director	Balanced Scorecard Target
VBA	15%	Established by Under Secretary for Benefits
SDN	50%	Negotiated between the SDN and Office of Field Operations
Regional Office	35%	Negotiated between the SDN and Office of Field Operations



Compiling & Disseminating the Scorecard

- ◆ Model built based on VBA specifications
- ◆ Data Warehouse technology used to compile data from disparate systems
- ◆ Disseminate via Intranet so all employees have access
- ◆ Iterative process - continue to refine to meet end-user needs
- ◆ Will integrate Headquarters / Strategic activities Scorecards with same site for consistency



Information Improvements

- ◆ Focus on Information Analysis vs. Data Gathering
- ◆ Balanced Scorecard - Comprehensive Performance Information delivered to management and employees monthly
- ◆ Operations Center - Single point of access for Balanced Scorecard, Activity Based Costing and Workload Information



QUESTIONS?

For More Information See:

- ◆ ***The Business of Government (Fall 1999)***
- ◆ ***Government Executive (March 2000)***
- ◆ ***Government Computer News (November 2000)***
- ◆ ***Government Executive (February 2001)***
- ◆ ***Government Executive (March 2001)***