Balanced Scorecard Interest Group  
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The Employee Learning and Growth Dimension of the Balanced Scorecard

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Overview: The learning and growth perspective found in virtually all Balanced Scorecards focuses on the organization’s employees, and the environment created in the organization. Learning and growth are particularly relevant to organizations experiencing mission or environmental changes. Establishing goals, measures and targets in this perspective can be complex and challenging. Similarly obtaining sufficient high quality data may also be a challenge since many HR systems are not designed to support employee learning or growth goals.

Background: Two case studies were presented and discussed. First was the Naval District of Washington, which has about 1,000 employees, split between military and civilian. The district is responsible for base operation support for 9 locations in the Washington DC area. It provides landlord support for facilities, in addition to police, fire protection, etc. The second was a public utility, Public Service New Mexico, which has about 2,700 employees.

Naval District of Washington. The Naval District started developing a balanced scorecard a year ago, at the direction of top leadership – LCDR Deal was told “go do a balanced scorecard.” Fortunately, the District had recently completed a strategic plan that could be used as a starting point for the Scorecard. The balanced scorecard was designated as the way to measure the success of the strategic plan. The goal of the strategic plan and the scorecard was to change behavior.

That NDW scorecard had four dimensions: mission results, customer satisfaction, strategic processes, and learning & growth of employees. Performance metrics for each of these were arrayed and related to the overall goals articulated in the strategic plan. There is an overall Command-wide scorecard and each of the 25 lines of business has their own separate scorecards. Aligning the command and business line metrics continues to be a challenge. Implementation was divided into 5 phases:

- Training
- Alignment
- Measuring
- Set targets and benchmarks
- Display and share data
The Naval District developed five learning and growth goals, supported by targeted metrics:

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<tr>
<th>Goal</th>
<th>Metric</th>
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<tr>
<td>Become strategy-focused</td>
<td>Percent of employees familiar with NDW’s strategies and scorecard (survey).</td>
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<tr>
<td>Improve internal communication</td>
<td>Strategies are use of command intranet; Survey of employees (first survey to set a baseline will be conducted in June.)</td>
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<td>Improve employee effectiveness</td>
<td>Because HR office does not have competency baseline, or a skills assessment, NDW cannot define the gap. The surrogate metric was defined as dollars spent on training, but that has turned out to be not useful because there is no reliable documentation of amounts spent on formal training or a record of informal training.</td>
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<td>Improve employees’ quality of worklife</td>
<td>Command climate survey scores is one measure used here. The last command-wide climate survey was conducted in 2000. Another metric being used is the percentage of recommendations implemented based on those survey results.</td>
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<td>Become an employer of choice.</td>
<td>Number of applicants per vacancy (but really can’t measure because the system doesn’t collect info that way). Turnover rate (again, can’t measure).</td>
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Lessons Learned

- Creating the learning and growth goals seemed to be the easy part. The biggest challenge is collecting useful data since existing systems do not support this. For example, there is a Navy system to collect employee turnover information, but it is not available locally for the Washington District – only nationally for the entire Navy.

- A need exists to balance what is easily measured with what needs to be measured.

- A value of the scorecard is that it is a good mechanism to communicate priorities, increase dialog in the organization, and ultimately change behavior. The next step is to link it to resource allocations.
• Measuring tells you where you’re at. Sometimes, but not always, does it change behavior. Just being clear about expectations for success (defined as targets) unless there are incentives associated.

(For additional details, see accompanying PowerPoint slides, set #1)

Public Service New Mexico (PNM). PNM started its Scorecard in 1996. Their scorecard included four dimensions: financial, process & systems, customers, and learning and growth of employees and was initiated to prepare the company and its employees for dramatic changes in the regulatory and competitive environments. Two different staff offices; Strategic Planning, and Organizational Development and Business Innovation supported the scorecard. It included 7 measures (with associated targets and designated accountability). In a number of cases individual initiatives impact on more than one measure.

Goal 1: Have the knowledge and competencies that match the competition in a customer-oriented environment.

The initiatives undertaken to achieve this goal included conducting a needs assessment and developing and delivering training in areas where employees (at all levels) were not fully equipped for the new environments. Specific steps included identifying what knowledge employees would need to have in the future compared to their current level of knowledge in a number of areas. The initiatives for this goal included an assessment of the impact of the training.

Goal 2: The work environment promotes agility and team & individual performance. The Balanced Scorecard utilized and continued two company wide initiatives already underway: (1) a performance management system and (2) a 360 feedback process.

Both of these goals produced project type measures and targets e.g. completing the needs assessment by 19XX. This demonstrated the use of a balanced scorecard to achieve a discreet end point rather than an improvement in an ongoing process.

See accompanying PowerPoint slides, set #2 for additional details.

Audience Insights Discussed After Presentation

• Developing measures is an iterative process. Starting out with imperfect measures is sometimes needed to ultimately discover better measures.
• Both of these scorecards were designed to change employee and organizational behavior. This seems like a worthwhile objective
• Finding and defining measures that fit the desired outcomes is a challenging undertaking
• Data quality and availability can be major stumbling blocks
• Some organizations are reluctant to survey employees for fear of what they might find.
• Collecting employee opinions and suggestions and then not acting on them is worse than not collecting them at all.
• The development of a balanced scorecard provides opportunities for managers to think strategically.

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