

Newsletter

Building a Balanced Scorecard that is Rooted in Strategy

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Through Cognito Services, Neocog can build custom scorecards for each client credit union. The biggest challenge in doing this is not how to build the scorecard but clients determining what metrics they would like or need to measure. In this edition of our newsletter we looked to an expert in this field and asked Kirk Leverington, Manager, Strategic Planning for SaskCentral to provided some valuable insights on building a balanced scorecard.

There are a few critical things that organizations implementing a balanced scorecard measurement framework need to know. If you're starting from scratch, build these considerations into your process, and you'll avoid many of the mistakes companies that have been using them for years tend to make.

1) Always work backward from the strategy

Choosing metrics should be a process of pulling concepts from existing strategic context. If your organization doesn't have great depth of strategic clarity as defined through a chosen value discipline, a strategy map, positioning objectives and long-term direction, you need to back up and start there. Measures drive behaviour at all levels of the organization. If you choose measures that are strategy-neutral, they become a distraction. If you choose measures that focus on the wrong objectives, you can drive out behaviours that are counterproductive to the consistent customer experience you've been working so hard to create. Smaller organizations often shy away from more complex planning discussions, but they can easily be scaled to fit.

2) View your scorecard as learning tool ... it's a means, not an end

Scorecards are designed to create accountability, clarify what is important, and create decision making information that is actionable. It's a learning tool. Many organizations fall into the trap of using it primarily to justify past behaviour, because of connections to other business processes like variable compensation and performance management. The danger with an unbridled focus of "achieving your targets" is that this becomes the goal, rather than continuous improvement and learning. Regardless of how well you're performing, always analyze the factors that exist within your environment (internal/external, posi-

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ACE 5.3—Just Released!

ACE 5.3 has just been released and is available to all Neocog clients. During this past year's client conference, representatives from ACE client credit unions were present to discuss, suggest and approve the list of functional enhancements they wanted included in this release of ACE. Our many thanks go to all of our clients for their participation in that process which continues to drive the platform forward.

The most noticeable change users will see in this release is the addition of Workflows. This functionality was added to ACE to allow organizations the ability to create workflow templates, so that workflow contacts can be assigned to certain tasks such as new member opening and follow-up. A workflow is really a pre-defined set of tasks which may include certain milestones that must be completed by a user or users.

Since the concept of contact assignment was introduced in the last release the use of task related "standard contacts" has been on the increase. Now in situations where a "standard contact" has been created and assigned to someone for a task to be completed on a member's account such as scanning ID or to

have the member sign a document the contact will appear as an active contact in their MyACE list. When the user completes the assigned task they will click on the "Mark as Completed" button to make the contact non-active and thus removing it from the active contacts list in MyACE.

ACE has robust electronic documents functionality and millions of documents have been added and generated in ACE at our clients over the last decade. Functionality has been added to allow organizations to generate PDF documents. While ACE has always been able to generate documents in Word format, increasingly documents are being provided to the credit unions by the centrals and other service partners in PDF format. Now the merge fields can be used within the PDF documents so that ACE can generate and store documents in this format.

"The addition of workflows and the ability to generate PDF documents as well as the other enhancements have once again taken ACE to new levels." says Sanju Sivan, VP Solutions & Service Delivery at Neocog. "Between our clients valuable suggestions and our exceptionally talented team of software developers, ACE is still the number one choice for CRM in the Canadian credit union market."



Neocog Technologies is very proud to announce that **Windsor Family Credit Union (WFCU)** has chosen Neocog to provide Cognito as their Business Intelligence/Data Warehousing solution for their organization. "This announcement is special in that it marks our **20th** credit union client." says Chris Palmer, Neocog CEO. "This milestone comes in our 10th year of serving credit unions in Canada and we would like to thank all of our client partners for trusting us to meet their CRM, Business Intelligence and Loans Origination needs."

"We are very excited by the opportunity to work with the Neocog team, not only to benefit from the Cognito reporting services but their ability to help us drive market share growth through the delivery of enhanced sales reports", says Chris Malmberg, VP, Systems & Administration for WFCU.



PLEASE NOTE THE DATES FOR THE NEOCOG CLIENT CONFERENCE HAVE CHANGED!

2012 Neocog Client Conference
April 18-19, 2012
The Pillar & Post
Niagara-on-the-Lake, Ontario

TEACHERS

CREDIT UNION™

The Teachers Credit Union (TCU) is a full-service financial organization that serves all employees of education and the general communities throughout Ontario, including a client base of successful small to medium sized businesses. Formed in 1940 and originally located in Hamilton's Central Secondary School, TCU has grown to five branches with a sixth opening November, 2011.

With over \$500 million in assets under administration, TCU is a financial organization that serves 15,000 members who are educational professionals, their family and friends and the general public. TCU holds to its commitment to financial service excellence and they take pride in understanding the unique needs of employees of education while offering innovative, sound solutions to empower their members to achieve strong financial health.

TCU is committed to strengthening their communities by supporting education based initiatives that empower individuals to reach their full potential and that investing in education will support a healthy and sustainable community. In 2010, TCU dedicated 12% of its net income to educational programs, events and services throughout Ontario. When the Ontario Government recently announced that students, from grade 4 to 12 will be taught the concepts of financial literacy in the classroom, TCU responded by announcing a series of upcoming seminars on the teaching of financial literacy in the classroom, geared to teachers of grades 4 - 8 to commence September 2011. In these seminars, teachers will be offered a variety of ideas on how they can use their own life experiences to introduce their students to the concepts of financial literacy.

"Our mandate is to be the financial services provider of choice to employees of the Ontario educational systems, their families and friends, and to do this we needed the best possible tools in place to enable us to fulfill this mandate. That is why we chose Neocog."

MEET OUR CLIENT

says Kathy Clark, Vice President, Sales/Services and Operations.

"In 2009, we selected Neocog Technologies because they had a very successful track record working with Canadian credit unions and they have certainly proven themselves with the work they did on our data warehouse Cognito. When it came time to look at upgrading our CRM we looked to Neocog. We viewed ACE a number of times and were continually impressed with how it kept evolving and improving as Neocog continually strove to meet their client's needs. ACE is a key piece of achieving our overall member service strategy. Not only does ACE do an excellent job of tracking sales, its member concerns functionality helps us to record and track member issues when they arise and allows us to deal with each situation quickly and efficiently. The same functionality that ensures that no sales opportunity falls through the cracks works for issues related to servicing our members."

"To coincide with our launch of ACE, TCU recently enlisted the help of TEAGIN Solutions Inc. as our segmentation and analytics partner. Neocog entered an association with TEAGIN this year to help bring analytics to credit unions through Cognito and ACE which is now being put in place here at TCU. 2011 is a transition year for TCU as we work to gain a better understanding of our members and develop business strategies to expand our relationship with them. Our partners Neocog & TEAGIN together are providing us with the intelligence and technical solutions required to help move our organization forward."

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tive/negative) to determine what might be impacting your measures.

3) Don't marry the scorecard

Year over year comparatives are useful in creating an overall sense of progress. This can result in a deep management commitment to specific metrics. This can be very positive until the organization changes strategy or creates greater strategic clarity. Keep in mind that when this happens, the measures have to change to drive out the correct behaviours. Maintain a management understanding that measures are as useful as their relevance to the current strategy. Over time, better measures emerge and can provide you with better and more actionable decision making data. As you build a culture of continuous improvement, the organization will naturally gain flexibility and these kinds of challenges will fade.

4) Use an objective framework prior to choosing measures

Before choosing measures, define the meas-

urement objectives within each focus area. This is where a strategy map pays off. A strategy map defines the value your organization is working to deliver, and all of the major objectives that contribute to that, including interdependencies.

If it's important enough to be on the strategy map, you should measure it. If you pull objectives from your strategy map (word-for-word or conceptually) you already have the context for choosing your measures. Then, you can select, test and experiment with measures to ensure their usefulness (behind each objective). The beauty of setting objectives before choosing measures is that it provides better control for when measures should be changed. Within this structure, measures should only be changed if:

- The strategy map has changed
- One of the measures is driving the wrong behaviours
- One of the measures isn't speaking to the objective
- The overall mix of measures doesn't line up with the criteria (mix of leading, lagging etc...)

- A better, newer measure emerges (such as net promoter score over a satisfaction measure)

5) Keep it fresh and blunt

Who uses the measures, and for what decisions? Take the time to double check with your management that the measures are helping them run their business. Complete an annual update of a document that contains the drivers, definitions and calculation methodologies.

This ensures the entire organization understands the measures. Finally, make sure every measure is moving, year over year. When you have achieved your desired state in a given measure, move on to something more challenging or more highly correlated to what is important.

The most important dimension of all is to ensure that your measures provide you with the stark truth on all of the critical drivers for your success. The more honest and actionable the measures, the less room there is for risk to unknowingly crop up.