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THE CAM-I PERFORMANCE MANAGEMENT FRAMEWORK: A HOLISTIC APPROACH TO IMPROVING BUSINESS PERFORMANCE

THE CAM-I PERFORMANCE MANAGEMENT FRAMEWORK: A HOLISTIC APPROACH TO IMPROVING BUSINESS PERFORMANCE

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The CAM-I performance management framework provides a holistic implementation framework that aims to evaluate and improve any organization's business performance using one consistent methodology, regardless of size or industry.

Performance management is mentioned and discussed in almost all facets of business. The demand today for improved performance and increased accountability has triggered increased expectations in the management of performance. This has brought about diverse views as to what really constitutes performance management. On behalf of CAM-I member companies, the Performance Management Interest Group (PMIG) addressed this issue in multiple phases of research by initially identifying key enablers of performance and developing an associated maturity assessment model. Not satisfied with simply identifying gaps in maturity, the PMIG expanded their research by recommending categories of improvement techniques that could be used to advance enabler maturity. At the same time, it was recognized that organizational readiness should be addressed prior to implementing any improvement initiative.

Ultimately, the PMIG developed a standardized and integrated performance management maturity framework. Industry experts recognized the Phase I deliverable, published by CAM-I and CMA Canada as an emerging issues paper, as a breakthrough in the field of performance management. The publication provided a holistic methodology and toolset for improving any organization's business performance, regardless of size or industry.

In Phase II of the research, in order to improve the practical details of the methodology and toolsets, the PMIG:

- expanded the framework to an eight-step implementation process;
- reviewed the framework elements with specific subject matter experts;
- conducted workshops and assessment surveys for different industries in various countries;
- integrated the framework as a key component of the deliverables of other CAM-I special interest groups (SIGs);
- developed an instructor guidebook so that trained individuals could implement the performance management framework (PMF) within their organizations; and
- tested the application of the framework within some member companies.

In summary, the CAM-I PMF is a holistic methodology that identifies key enablers that influence any organization's business performance. Within the constraints of the organization's readiness capability, the framework:

- pinpoints gaps in enabler maturity;
- recommends specific improvement techniques; and
- shows how to measure improvement success.

The CAM-I PMF provides eight distinct implementation steps for improving performance (Exhibit 1). The steps enable organizations to identify the business areas that have the greatest need for improvement. Various assessment tools support each of the implementation steps, providing users with a deeper understanding of what drives performance.

Exhibit 1.

Summary of the PMF Components

Framework Component	How Used
Organizational Readiness	Conduct a readiness assessment prior to implementing the PMF
Enablers	Review a list of core business capabilities that all businesses use at various levels to deliver successful results
Enabler Maturity	Classify the enablers within four levels of maturity
Enabler Gap Identification	Assess enabler maturity to identify gaps in the organization's performance ability
Deep Dive Maturity Assessment	Analyze enablers that have been identified with the largest performance gaps using the deep dive category descriptors
Readiness Maturity Matrix	Use the readiness assessment to establish the most likely level of enabler maturity that can be achieved
Improvement Techniques	Identify and apply categories of techniques that can be implemented to advance maturity levels of specific enablers
Performance Measurement	Evaluate the success of enabler maturity improvements undertaken

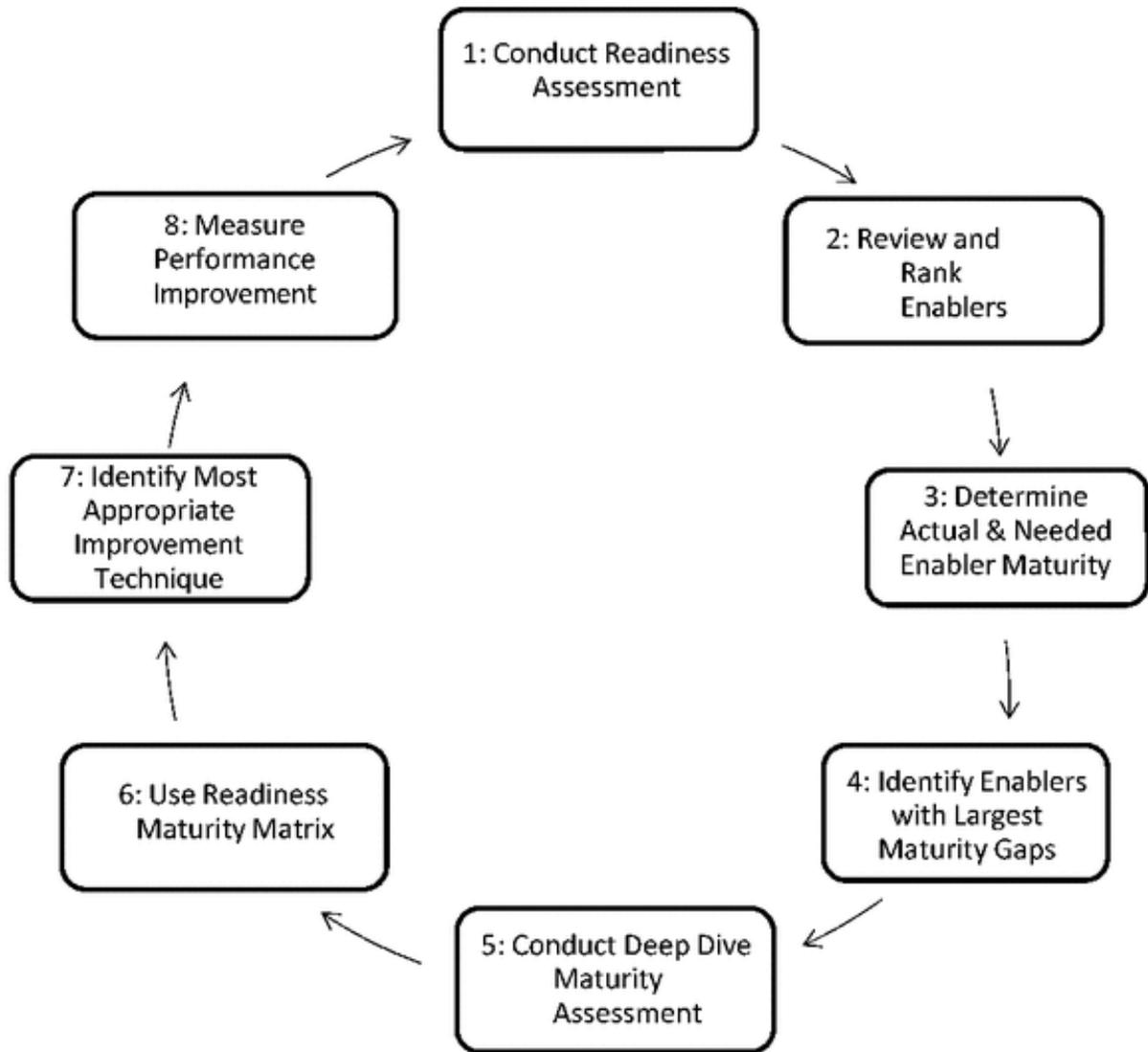
The CAM-I PMF represents a generic model that can be adapted and refined to meet the specific needs of any organization, industry, or sector. It is a tool for organizational discovery that enables any business to be better prepared to achieve long-term performance by uncovering obstacles to implementation before it undertakes improvement initiatives. Organizations can optimize their investment in valuable resources by using the PMF to focus on improving key business capabilities and achieving business goals.

Recommended implementation approach

The PMF establishes a conceptual methodology for evaluating and identifying potential improvements in business performance. Organizations can use the recommended eight-step continuous approach (as shown in Exhibit 2) to implement the PMF.

Exhibit 2.

Recommended Implementation Approach



As discussed in the PMF methodology, the PMIG has developed various assessment tools to support each of the implementation steps. The approach can be executed internally or with external assistance at any step. The cost/benefit of either approach must be weighed against an organization's priorities and its need to improve performance.

Exhibit 3 shows the evolution and rationale for specific topics addressed within the Phase II research.

Exhibit 3.

How the PMIG Research Evolved from End of Phase I to Completion of Phase II

Topic	Phase I Publication	Phase II Final Deliverable	Rationale
Title (what the research is about)	The Performance Management Maturity Framework (PMMF)	The CAM-I Performance Management Framework (PMF)	Framework is more than just maturity. Establish as the CAM-I standard.
Title "Catch Line"	none	Added - "How to evaluate and improve organizational performance"	Adds meaning to the message
Organizational Readiness	Not specifically addressed	Readiness Assessment as first step - stop if there is absence of readiness	Prevents wasted effort if organization has no readiness capability
Recommended Implementation Approach	6 Steps	8 Steps	Reorganized steps and added Readiness Assessment and Deep Dive Maturity Assessment
Enablers	12 enablers	13 enablers – added Environmental Management	EM is no longer "out of scope" – applies to all organizations
Enabler Maturity	4 levels	4 levels	No change – works well
Enabler Gap Identification	Maturity level descriptions	Use simple description of levels for first pass "gut feel" maturity assessment	Original maturity level descriptions were unstructured and difficult to use. Simple descriptions are adequate for first pass.
Deep Dive Maturity Assessment	none	Descriptions stratified into 6 categories. Category/ Maturity Level descriptors completed consistently.	More detailed deep dive only required for enablers identified with significant gaps. Category descriptors make it easier to use and build into future online survey too.
Readiness Maturity Matrix	5 Change Capability levels	4 Readiness levels – simplify matrix cells in chart	Surveys indicated that level 5 was never reached - helps to simplify chart
Improvement Techniques	Recommended technique categories for the 12 enablers – showing maturity level where most likely improvement can be achieved	Minor changes to Phase I recommendation levels. Addition of technique categories for Environmental Management. Added improvement techniques by Deep-Dive Category.	Uses feedback from surveys and SMEs. Improvement may be more applicable to categories than enablers.
Performance Measurement	none	Used in implementation Step 8. Added chart on how measures are dealt with to determine level of maturity achieved.	Previous final step was weak without measurement component. Creates a better overall methodology by tying measurement to management.

Summary of the key components of the CAM-I PMF

We know from our collective experience within CAM-I and its member organizations that new initiatives related to performance management have, in general, had a disappointing record of success and sustainability. The summary of this research shows that one of the main reasons implementations fail is that organizations are simply "not ready for change" (i.e., lacking organizational readiness).

Organizational readiness is the ability of a business to adapt to change and tackle new initiatives in a positive and constructive manner. Therefore, the PMIG recommends that it is essential to review the organization's implementation readiness. This should be Step 1, which should happen before beginning any application of the PMF. The PMF uses five criteria to assess an organization's readiness to implement the methodology (see Exhibit 4).

Exhibit 4.
Readiness Assessment

Readiness Criteria	Definition
Adaptability	The ability to adjust and effectively respond to an environmental stress or pressure
Commitment	An organizational capability that exists when individuals commit themselves to a course of action until it is achieved
Communication	The means for organizational knowledge sharing and transparency
Engagement	An inclusive process characterized by trust, honesty, and integrity that motivates both staff and stakeholders to independently take responsibility and empower action to influence desired outcomes
Leadership	A dynamic relationship between leaders and collaborators based on common purpose in which all stakeholders are moved to higher levels of motivation and execution

The assessment is conducted using four levels of evidence of readiness:

- 1. absent;
- 2. minor;
- 3. moderate; and
- 4. considerable.

If the results of the assessment indicate that evidence of readiness is absent from any of the criteria, the framework should not be undertaken until these criteria can be improved. Various CAM-I methodologies

and tools are referenced to assist in this area.

An overall assessment result of minor, moderate, or considerable evidence will determine the depth to which the PMF can be successfully implemented (as referenced later in the PMF component Readiness Maturity Matrix).

The cornerstone of the PMF methodology is the concept of enablers and maturity. Enablers are a logical grouping of core business capabilities that allow an enterprise to advance its level of maturity and agility in achieving its business goals.

The research identified 13 enablers that should first be ranked for importance (Step 2) and then assessed for actual (A) and needed (N) maturity (Step 3), as shown in Exhibit 5.

Exhibit 5.

Actual and Needed Maturity of 13 Assessed Enablers

Enablers / Maturity Levels	Ranking	Level One Rudimentary	Level Two Established	Level Three Effective	Level Four Adaptive
		non-systematic, non-periodic and reactive	stable and repetitive	internally efficient and continuously improving	externally efficient and dynamic
Business/Operational Management	M			A & N	
Customer Relationship Management	H			A & N	
Environmental Management	L		A & N		
Financial Management	M				A & N
Human Capital Management	M			A →	N
Information Management	H				A & N
Innovation Management	H	A →	N		
Knowledge Management	M	A →	N		
Organizational Management	M		A →	N	
Process Management	H		A →		N
Risk Management	M	A →		N	
Strategic Management	H		A →	N	
Supply Chain Management	L			A & N	

A	Actual Maturity Level
N	Needed Maturity Level
	Meeting or Above Needed Maturity
	Less than Needed Maturity
	Seriously Below Needed Maturity

Clearly, not every enabler in the list is critical for all organizations, but the research indicates that they should all be taken into consideration, as the ranking will determine the enablers that are key to the business strategy.

In the same way, not all key enablers need to be at the highest level of maturity, and it is important to recognize where effort is actually required to improve performance in order to maximize scarce resources. This quick assessment helps organizations to identify and focus on key enablers that have the biggest gaps (Step 4) in performance management capability.

The enablers with significant performance gaps are then analyzed in more detail using the Deep Dive Maturity Assessment category descriptors (Step 5). In the example shown in Exhibit 5, process management and risk management have the biggest maturity gaps, so the organization can concentrate on these areas for further assessment and validation of the specific enabler.

The framework continues by using the readiness assessment from Step 1 and consulting the Readiness Maturity Matrix (Step 6) to establish the most likely level of enabler maturity that can be achieved.

The next component (Step 7) is possibly the biggest breakthrough in the PMIG research. This is where the framework identifies the most applicable techniques that are likely to produce an improvement in enabler maturity.

Improvement techniques are a list of business tools or solutions designed to improve all processes and systems in the organization in order to achieve higher levels of performance.

The PMIG undertook a thorough investigation of improvement techniques using various sources and publications. This research identified more than 50 of the most relevant techniques used by organizations today to improve performance. Using collective knowledge, subject matter experts, surveys, and the experiences of CAM-I members, these were grouped into the nine key improvement technique categories as shown in Exhibit 6.

Exhibit 6.

Nine Key Improvement Technique Categories

Improvement Technique Category	Definition
Activity-Based Management	A discipline focusing on the costing and management of activities within business processes, as the route to continuously improve the value received by customers
Balanced Scorecard	A concept of identifying the cause and effect activities of a company required to meet its objectives in terms of vision and strategy
Benchmarking	A systematic and continuous measurement process that is used to compare an organization with other organizations
Business Analytics	A set of strategies, processes, technologies and tools that integrate data and transform it into useful information
Business Process Re-engineering	The radical redesign of a process, product, or service
Capacity Management	A process used to manage utilization of all assets to ensure that business requirements are met in a cost-effective manner
Lean/Six Sigma	A business improvement methodology that focuses on quality through speed (Lean) and eliminating defects (Six Sigma)
Target Costing	A market-driven costing system in which targets are set by considering customer requirements and competitive offerings
Value Chain	The sequence of business activities that add value to a product or service

The first step in assessing the improvement technique categories is to determine the level of success that any of the techniques has already had in improving organizational performance. This will assist with the technique selection process later in the assessment and help ensure the organization selects the best improvement aid.

The PMIG identified and mapped specific improvement technique categories to each enabler at maturity levels at which the technique would most likely begin to help an organization improve that specific enabler's performance. (The details of this identification and mapping are currently protected by the CAM-I members intellectual property rights and, as such, are not illustrated in this publication.) Using this mapping, enablers identified as having the greatest need for enhancement (as defined in Steps 4 and 5) in conjunction with the highest likely achievable maturity level (as identified in Step 6) will point to the most appropriate improvement technique categories. This approach enables an organization to identify and focus on the best improvement technique for the greatest performance gap need.

The PMF was developed as a generic approach for all organizations so that the recommended improvement techniques for any enabler provide guidelines and suggestions for investigating improvement mechanisms. The framework provides the user with a means to choose and implement the

most applicable management technique to produce an improvement in enabler maturity and thus increase the organization's overall performance. It is the success of this implementation that an organization would measure (as in Step 8) to gain a greater understanding and assessment of the effort employed.

Finally, in Step 8, a balanced set of performance measures are selected to assess the improvement that has been obtained by implementing the recommended technique. Performance measurement is the practice of tracking quantifiable and relevant outcomes to provide an objective assessment of performance.

Frequently, organizations use the terms "performance management" and "performance measurement" interchangeably. Indeed, many organizations start a performance management initiative by defining and tracking measures (often referred to as key performance indicators) without a real understanding of the enablers behind these measures. This research emphasizes the need for organizations to understand performance management concepts before measuring performance. In the PMF, performance measurement as a means of assessing improvement is just one of the PMF methodology components.

The PMF provides a means for choosing and implementing the most applicable management technique to improve enabler maturity and thus improve the organization's overall performance. It is measuring this improvement that would help an organization gauge the success of an implementation.

The PMF provides a guide for organizations to determine the most appropriate performance measures for the associated enabler, bearing in mind that a balanced set of measures (e.g., time, cost, or quality) should always be considered. For guidance, the PMF provides a list of suggested measures for each enabler.

PMIG Phase III research

In the Phase III research effort, CAM-I intends to analyze data that has been collected from the many workshops that have been offered. This effort, coupled with case studies, will provide greater insight into how organizations function within the use of the framework and validate the prior research that was used to develop the CAM-I PMF.

We hope to identify opportunities to improve the framework so that organizations can experience even greater returns on their organizational improvement efforts by focusing their limited resources on what matters the most and what efforts have the greatest chance for success.

As part of the Phase III research, the PMIG intends to develop a PMF certification program. The certification will increase the success potential by ensuring those individuals or organizations employing the PMF fully understand how to use this innovative tool and that they are prepared to support the organization in both the framework's implementation and continual use.

Finally, CAM-I will work to provide the most current reference material by updating the suggested reading list. We feel that this list is critical for an organization to grow its expertise in the many organizational improvement tools available today.

PMIG Summary

The CAM-I PMF provides a holistic implementation framework that aims to evaluate and improve any organization's business performance using one consistent methodology, regardless of size or industry.

CAM-I strives to meet the demands of today's competitive business environment as well as the increased demands on modern government. The CAM-I PMF can provide modern organizations with valuable insight into what works well and what needs improvement. CAM-I looks to further understand how this tool can help organizations excel in their mission. For more details on the CAM-I PMIG, see Exhibit 7.

Exhibit 7.

CAM-I Performance Management Special Interest Group Summary

Start Date of SIG	2006
SIG Leaders since start	<ul style="list-style-type: none"> • Ramsay Tanham, Grant Thornton (2006-2007) • Ward Melhuish, Grant Thornton (2007-2009) • Derek Sandison, Decimal (2009-present)
Key Member companies, SMEs and Academia currently participating and contributing to the SIG	<ul style="list-style-type: none"> • Key Member Companies: <ul style="list-style-type: none"> • Boeing • CPA Canada • Decimal • Grant Thornton • USDA APHIS • US Army • Performance Management SME: <ul style="list-style-type: none"> • Derek Sandison, Decimal • Academia: <ul style="list-style-type: none"> • Arizona State University
Publications relating to the SIG	<ul style="list-style-type: none"> • <i>The Performance Management Maturity Framework - Emerging Issue Paper (CAM-I and CMA Canada)</i>, Nov 2010 • <i>Chronic disease care: Applying a performance management maturity framework to improve diabetes care in an inpatient setting</i>, CAM-I Health Care Interest Group, May 2011 • <i>The CAM-I Performance Management Framework - Executive Overview - How to evaluate and improve organizational performance</i>, CAM-I PMIG, Nov 2013
Current output, deliverables and areas of research.	<ul style="list-style-type: none"> • Update of Executive Overview (jointly with CPA Canada) • Integration with other CAM-I IGs • Performance Management Framework Implementation Workshop: <ul style="list-style-type: none"> • Participant guide • Instructor guide • Catalogue of References and Recommended Reading • PMF Assessment Forms • Results Analytics
Possible future deliverables or areas of research	<p><i>Now that The Performance Management Framework has been established as cutting edge methodology, Phase III of the IG research will look at approaches to commercialize the framework for the benefit of CAM-I and its members. To achieve this, the IG will continue to enhance and implement.</i></p> <ul style="list-style-type: none"> • Create an Instructor Certification process & program • Deliver PMF workshops on request at CAM-I events and internally within member companies • Review the approach of accessing the extensive Reference Material (including the CAM-I Body of Knowledge) • Investigate applicability of online assessment tools • Follow up on integration with other IGs • Consider benefit of creating industry-specific frameworks
Key References	<ul style="list-style-type: none"> • <i>Process Based Management: A Foundation for Business Excellence. CAM-I Process Management Interest Group</i>, CAM-I, 2004. • <i>Thames, R.C., and Webster, D.W., Chasing Change: Building Organizational Capacity in a Turbulent Environment</i>, (John Wiley & Sons, Inc., 2009). • <i>2013–2014 Baldrige Criteria for Performance Excellence</i> http://www.nist.gov/baldrige/publications/criteria.cfm. • <i>Bain & Company – Management Tools & Trends 2013</i> http://www.bain.com/publications/articles/management-tools-and-trends-2013.aspx.

