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Balanced Scorecard REPORT

INSIGHT, EXPERIENCE & IDEAS FOR STRATEGY-FOCUSED ORGANIZATIONS

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Executive-Team Leadership

By Robert S. Kaplan
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A successful Balanced Scorecard program starts with the recognition that it is not a "metrics" project; it's a change project. Senior executives must clearly communicate why change is needed, unfreezing the organization and creating a sense of urgency for change.

The single most important condition to create a successful Strategy-Focused Organization is the ownership and active involvement of the executive team. If those at the top are not energetic leaders of the process, change will not take place, strategy will not be implemented, and the opportunity for breakthrough performance will be missed.

Often the change is brought on by poor organizational performance, well below industry norms. For example, several of the CEOs of adopting organizations inherited near-disastrous performance. At Mobil, EVP Bob McCool took over an organization where expenses had doubled, capital employed had doubled, margins had flattened, and volumes were heading down. Clearly, change was necessary. Gerry Isom was hired to turn around the Property and Casualty Division of Cigna at a time when its combined ratio — the ratio of expense dollars going out to premium revenues coming in — exceeded 130, compared to an industry average of 108. Bill Catucci, the newly-hired CEO of AT&T Canada, noted, "When I arrived, the company was close to bankruptcy. The only core competence we had was losing money. We were good at that, losing $1 million [Canadian] every day."

ONBalance

At other times, the senior executives initiate change projects as part of a new strategic direction for the company. Such organizations adopt new ways of doing business even though they face no obvious crisis. In 1993, Chemical's retail bank was still marginally profitable, but revenue growth in its basic products had slowed. Deposits were leaving the bank for non-banking intermediaries, such as mutual funds and money market funds, leaving fewer funds for the banks to invest, which in turn drove down revenues. Core operating expenses for real estate and personnel were increasing, and new investments were required for expensive new electronic delivery systems. CEO Michael Hegarty also saw electronic banking as an imminent threat to Chemical's historic reliance on brick-and-mortar branches.

Launching major organizational change, however, need not be done just out of fear. Effective leaders can also motivate change by establishing stretch targets to break down organizational complacency and provide inspiration about the future. Pam Syfert, city manager of Charlotte, N. C., drove the development of Balanced Scorecards because she believed they would help the city's departments and employees deliver on the vision to become the number-one city in the U.S. for people to live, work and take their leisure activities. Dudley Nigg, head of the fledgling internet banking division of Wells Fargo, set a goal to become the number-one internet banking company in the world. The Online Financial Services division already enjoyed first-mover advantages

Continued on next page

In This Issue:

We focus on "Mobilizing Change through Executive Leadership." Academics, business leaders and consultants provide concrete advice on how to move beyond metrics to create Strategy-Focused Organizations.

and seemed to be doing well. But in the extremely dynamic internet marketplace, Nigg knew that continuous improvement was far from sufficient. He motivated the development of the Balanced Scorecard by setting stretch targets: triple the customer base in less than three years; become the first internet bank with 1 million customers; increase the revenue per customer by more than 50%; and reduce the cost per customer served by more than 35%.

The dynamics of the executive leadership team frequently determine whether the Balanced Scorecard can be sustained and the strategy successfully executed.

Stretch targets break employees out of their complacency that current performance is both good and adequate. The targets should require a total organizational commitment to achieve them.

Building Executive Teams

The dynamics of the executive leadership team frequently determine whether the Balanced Scorecard can be sustained and the strategy successfully executed. The process of building an effective scorecard requires the active engagement of senior executives, not just their support. We refer to this as the "bacon and eggs breakfast" requirement. The chicken made a contribution that supported the meal, but the pig made a real *commitment* to it. Without stretching the metaphor too far, senior executives need to have some real "skin in the game," investing hours of their time. As senior executives debate and argue among themselves about the objectives and measures on the scorecard and the cause-and-effect linkages on the strategy map, they develop an emotional commitment to the strategy, to the scorecard as a communications device, and to the management processes that build a Strategy-Focused Organization.

Further, many executive teams consist of functional specialists, each with intense specialist knowledge. Such functional executives often have surprisingly little awareness of how other functions work. Organizations must transform their collections of functional specialists into cross-functional, problem-solving teams.

At Mobil Oil, the finance and engineering disciplines had historically dominated the executive team. As the senior managers tried to become consumer-driven and sell products other than petroleum to customers, they had to elevate the role of the marketing executive. Five years after the introduction of a Balanced Scorecard, every executive understood the nuances of the market segments, how Mobil differentiated itself, and the drivers of consumer behavior. The cultural transformation occurred by putting the customer on the agenda, and by getting an intelligent spokesman to help bring the rest of the team along.

The creation of the shared vision and strategy at Mobil was an effective way to build an executive leadership team from the previous collection of individual business unit heads.

A tremendous amount of cross-fertilization took place as each element of the strategy was translated to the scorecard format. The strategic issues surrounding customer segments (marketing), yield optimization (manufacturing), cost of capital (finance), and supply chain management (transportation, pipeline) became the shared issues of the executive team. Historically, each of these issues had been considered the domain of a single functional executive.

The creation of an effective leadership team requires the breaking of many traditions. Management-by-silos is deeply entrenched. Catucci at AT&T Canada disbanded his monthly management meetings with individual department heads and replaced them with meetings about the most important business processes, including the management of strategy. Catucci recalled:

> At the Strategic Management meeting, the entire leadership team would get together and talk about the company in its totality: a holistic approach to the business. Instead of the chimneys, we would focus on what was happening throughout the company.

A functional or technical culture is frequently at odds with creating a Strategy-Focused Organization.

Balanced Scorecard Report

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The U.S. National Reconnaissance Office (NRO) existed for decades as a super-secret spy organization, with three completely isolated and segregated operating programs. Senior executives were engineers with strong records of technical accomplishments. "Soft" managerial tasks, such as strategic planning and implementation, were considered less interesting than solving new technical problems.

In response to a changed external environment, NRO had been reorganized. People from previously highly competitive programs now had to cooperate and agree on a unified approach to space reconnaissance. The new NRO director led a strategy planning exercise, based on the Balanced Scorecard, to actively engage his senior executive team in formulating and modifying the organization's strategy. The Balanced Scorecard provided a common, structured environment and vocabulary for executives and employees to learn how to 'do strategy.' These discussions were the first in which the senior executive team discussed a comprehensive, shared NRO strategy, rather than a strategy for their individual unit.

As the details and assumptions in the strategic model became clearer, conflicts and contradictions arose that required the senior executives to expand the dialogue to include other members of their organizations. The process gave organizational members the opportunity to learn more about the strategy model, test their ideas, and explore how to talk among themselves about strategy. The director had used the Balanced Scorecard model to create an executive leadership team that could think beyond the mission and strategy of their individual units. They could now work together to formulate and implement new organization-wide strategies.

In Charlotte, N. C., city manager Pam Syfert used the scorecard to break down functional barriers and create a culture of teamwork and cross-functional problem solving. Execution of the city's five strategic themes required integrated teamwork from each city department. Syfert introduced a new structure, a cabinet, for each of the five strategic themes. Membership on the team came from many city departments and also included representatives from the private sector and the county. The cabinets had their own scorecards, and held monthly meetings to discuss how to integrate specialist department activities toward meeting the holistic city-wide goals.

Leadership Style

Perhaps the most critical ingredient for scorecard success is the leadership style of the senior executive. The individuals who led the successful adoption of the Balanced Scorecard felt that their most important challenge was communication. These individuals knew that they could not implement the strategy without gaining the hearts and minds of all their middle managers, technologists, sales force, front-line employees, and back-office staff. The leaders did not know all the steps required to implement the strategy. They had a good vision about what success would look like and the outcomes they were trying to achieve. But they depended on their employees to find innovative ways to accomplish the mission.

The Balanced Scorecard strategic management system works best when used to communicate vision and strategy, not to control the actions of subordinates.

At first we were surprised to learn that two of the most successful early adopters, Bob McCool at Mobil and Mike Hegarty at Chemical's retail bank, were ex-Marine officers. The stereotype of military officers is one who succeeds through command and control. But the best military officers, particularly in the Marines, recognize that when the battle is taking place, the generals are far from the front lines. Especially in the uncertain environments where Marine battles occur, whatever has been planned is almost surely not going to occur. Front-line officers may have been killed, equipment may have been dropped off at the wrong location or destroyed before it could be deployed, and the enemy may have appeared in unexpected places. At that point, the mission depends on front-line troops reorganizing and adapting to the local situation. In the heat of battle, the intangible assets the troops can draw upon are, first, a clear knowledge of the mission and objectives they are expected to accomplish, and, second, an ability to improvise and work together to achieve the mission and objectives.

Senior Marine officers communicate, educate, and train their troops with a goal "that every private can become a general." Every member of the corps must be able and prepared to lead. McKinsey & Company and the Conference Board performed a study of organizations that were the most successful in engaging the emotional energy of their front-line workers. They looked at many organizations in the private sector, but finally concluded that the Marine Corps "outperformed all other organizations when it came to engaging the hearts and minds of the front line."[1] Given this culture, it is not at all surprising that Marine officers, when leading organizations in the private sector, are constantly looking for ways to communicate mission and objectives, and attempting to inspire their employees to find innovative ways to help the organization succeed.

Bill Catucci of AT&T Canada, in our initial interview with him, described his management style of communica-

Continued on next page

tion, team building, and empowerment. It sounded very much like what we had heard from McCool and Hegarty. When we asked him whether he had been a military officer, he was initially surprised by our question, but then replied that he had been an Army officer, and concurred that his business leadership style had been influenced by his military officer's background.

The Balanced Scorecard strategic management system works best when used to communicate vision and strategy, not to control the actions of subordinates. This use is paradoxical to those who think that measurement is a control tool, not a communication tool. Excellent leaders recognize that the biggest challenge they face in implementing change and new strategies is getting alignment throughout the organization.

Success in using the Balanced Scorecard to become a Strategy-Focused Organization is most likely when the leader of the organizational unit has a management style that emphasizes vision, communication, participation, and employee initiative and innovation. Avoid organizational units where the leader likes to be completely in control. Avoid leaders who use management control systems to ensure that all sub-units and employees are following directions and adhering to plans determined at the top of the organization. Find the right leader, one who can create the climate for change, the vision for what the change can accomplish, and the governance process that promotes communication, interactive discussions, and learning about the strategy.

[1] J. R. Katzenbach and J. A. Santamaria, "Firing up the Front Line," *Harvard Business Review* (May–June 1999): 108.

Reprint #B0009A

In *the News*

Scrambling for Metrics of Excellence

During the past few years the Rossier School of Education at the University of Southern California has embarked on a diet of Balanced Scorecard. Despite strong reservations about the value of quantitative measures of performance, USC has found the approach useful in showing how they measure up to other schools.

Prior to the BSC, the provost's office required academic units to provide "metrics of excellence." The response to this mandate was typical of any organization. In some cases too many metrics were provided. This made it difficult to focus on key areas that truly make a difference. In other instances, emphasis was placed on input measures or external rankings. The result? Little consistency and limited ability to make meaningful comparisons across academic departments or between other schools.

In spite of these shortcomings, the annual request for measurement data continued. Realizing that reporting requirements were not going to go away, managers identified the Balanced Scorecard as a way out of this conundrum. Faculty and business managers at USC found the framework particularly adaptable to the unique characteristics of academic organizations.

In order to make the Balanced Scorecard fit the parameters of the academic organization more closely, the faculty committee made some modifications in the wording of the four perspectives and the questions used to define them. For example, the financial perspective was replaced with an academic management perspective. Instead of asking "How do we look to shareholders?" they asked "How do we look to university leadership?" Modifications such as this are often made to make the general Balanced Scorecard framework fit the organization's context. For example, in public institutions the questions might be expanded to include statewide coordinating boards or systemwide stakeholders.

Once they customized the framework to fit their needs, they began the process of developing goals and measures for each of the four perspectives. Along the way they discovered design criteria that helped them come up with measures they can easily live with. See the sidebar for more details on this.

The original request for metrics of excellence has been transformed into a "dashboard" that allows the provost to meaningfully compare measures across academic units that have shared characteristics and that are pursuing common strategic objectives. They expect to be able to maintain excellence amid the turbulent change that is beginning to buffet the academic world. These same measures will also be useful in satisfying the externally driven demands for accountability.

To learn more, see Harold F. O'Neil, Estela Mara Bensimon, Michael A. Diamond, and Michael R. Moore, "Designing and Implementing an Academic Scorecard," Change: The Magazine of Higher Learning, *Volume 31, Number 6, pp. 32-40.*

...And for Good Measures

The academic scorecard design team at USC developed criteria for measures that provide useful guidelines for scorecard efforts elsewhere:

1. Measures should reflect the values of the organization
2. They should be simple
3. They must be meaningful
4. They should be easy to represent visually
5. They should facilitate organizational learning
6. They should provide a basis for making comparisons between other internal and external organizations
7. They should permit analysis over time

How to Use Strategy Maps to Achieve Long-Range Objectives

by Francis J. Gouillart, President, Emergence Consulting

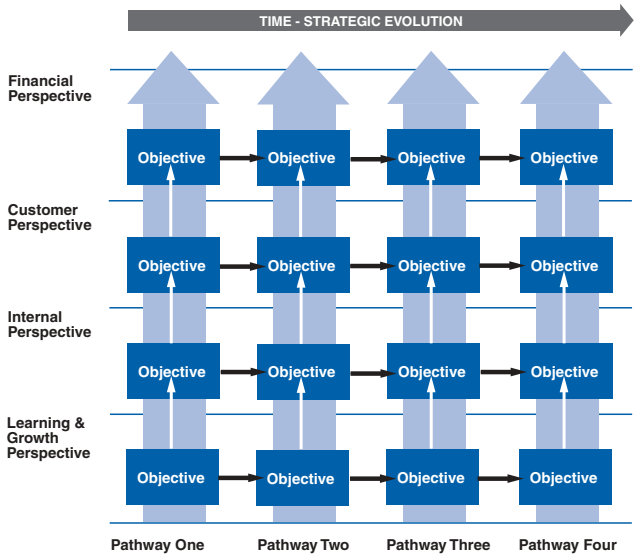
A common mistake made by companies that are hoping to use the Balanced Scorecard to create large-scale organizational change is that their strategy maps have so many objectives that employees don't know how to prioritize them. In this article, a leading expert on the Balanced Scorecard explains an innovative way to time-sequence objectives within a scorecard in lock-step with the company's strategic execution.

One of the strengths of a Balanced Scorecard is that it brings disparate parts of an enterprise together and gives them a common set of strategic objectives on which to focus. What if, however, a company's strategic objectives are "multi-phased" — they must be achieved in a particular sequence in order for the company to move forward?

Consider the oft-cited example of the Japanese automakers' entrance into the U.S. market. Building customer confidence through quality and reliability in the low-cost and middle-range segments of the market was a precondition to being able to market high-end luxury cars. A 1970 Balanced Scorecard for Honda focused on being a quality leader in the luxury segment would have made little sense.

In this article, I will explain a simple yet powerful way that companies with multi-phased strategies can design scorecards to effect dramatic organizational change. The design principle is based on the belief that in order to transform a company, short-term gains need to feed into middle-range gains and middle-range gains need to feed into long-term gains. While it is common that Balanced Scorecard objectives should be linked across perspectives into themes (top to bottom), it is less common to see pathways linked through time (left to right) into a multi-phased strategy.

Figure 1. Constructing a Scorecard for Multi-phased Strategies



Strategic themes linked across perspectives can create a long-term agenda for change.

This is done as follows: First, link objectives across the four perspectives (running from top to bottom) into what I call "pathways of accountability." (These linkages are sometimes referred to by Kaplan and Norton as "strategic themes." They are represented in *Figure 1,* "Constructing a Scorecard for Multi-phased Strategies," by the vertical arrows between the objectives.) Then, arrange the pathways so that they reflect the planned strategic evolution of the company, starting on the far left with the highest priority pathway and moving to the right with the second and third priority.

Designing The Agrichem Scorecard

To illustrate how to build scorecards for companies with multi-phased strategies, consider the case of a company we will call Agrichem, a global chemical supplier that had ambitious goals: to double sales, triple return on net assets, and dominate the industry's distribution channels.

The heart of their strategy was to be the industry leader at all points in the industry value chain. This meant starting out by improving their own manufacturing processes to the point where they were the best in the industry. This was the first pathway in their scorecard on the far left-hand side. Using that strength in manufacturing as a foundation, the company shifted its focus to improving relationships with distributors, which is the second pathway in the scorecard. The second pathway created the foundation for the third, and so on. (*Figure 2,* "Linking Strategic Pathways to the Value Chain," illustrates the connection between the Agrichem value chain and its pathways).

Pathway 1. Redesign Manufacturing. It is often the case that the first step in a transformation process

Continued on next page

like Agrichem's is to bring costs into line. To this end, the company implemented an SAP system to drive a redesign of the supply chain and the logistics value chain. The purpose of this was to improve the delivered price of the company's products.

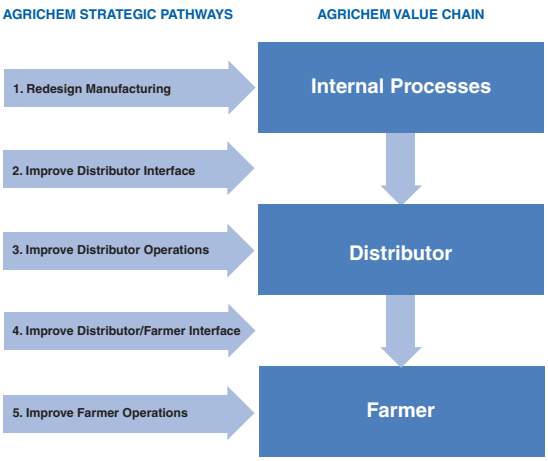
Pathway 2. Improve Distributor Interface. Having established a low-cost operational platform, Agrichem then focused on improving delivered service to their customers — the chemical distributors. The challenge for Agrichem was that there is only a small window of opportunity at the beginning of the planting season in which farmers buy chemical products. During this window of opportunity the sales force needs to be efficient. First, the company designed custom software for the sales representatives that linked to the SAP system and resided on their laptop computers. Using their laptops, the sales reps could determine who had or who had not ordered for the planting season. The company also created "floating inventory" in the form of trucks that would roam the sales area with chemical product. The trucks were linked to headquarters via a satellite-tracking system and could be quickly sent on-site to make deliveries.

Pathway 3. Improve Distributor Operations. Agrichem further extended their reach into the value chain by creating an electronic data interchange (EDI) link with a key industry distributor. They worked with the industry association to make the EDI link the industry standard, which further solidified Agrichem's position and drove higher sales.

Pathway 4. Improve Distributor/ Farmer Interface. A long-standing problem in the industry was that farmers would pull into the chemical distributors with unclean drums, fill them up with a new chemical, and create toxicity problems in their fields. Agrichem designed a new system involving the use of a "smart card" that the farmer could use at the distributor's pump. This card controlled the type and volume of chemical dispensed and gave Agrichem an instant record of the sale and a very valuable source of end-user information with which to create segmentation schemes.

Pathway 5. Improve Farmer Operations. Farming has become a very scientific business. It is possible today to sample soil and predict what productivity levels should be. Agrichem designed a desktop program for farmers to help them manage productivity levels. It was in this endeavor that Agrichem had the biggest impact on sales by helping to create demand from its end users.

Figure 2. Linking Strategic Pathways to the Value Chain



By linking its strategic pathways to the value chain, Agrichem was able to extend its strengths to distributors and farmers.

These five pathways are sequenced from left to right in the scorecard, so that the first pathway lays the foundation for the second, and so on. This allowed the company to implement a multi-phase strategy that evolved rapidly over time. The final scorecard for Agrichem is detailed in *Figure 3,* "The Four Linked Perspectives and Four Linked Pathways."

Creating scorecards such as Agrichem's requires paying attention to the linkages not only from top to bottom in the scorecard (across the different perspectives) but also from left to right — the horizontal linkages between each of the pathways in the multi-phase strategy.

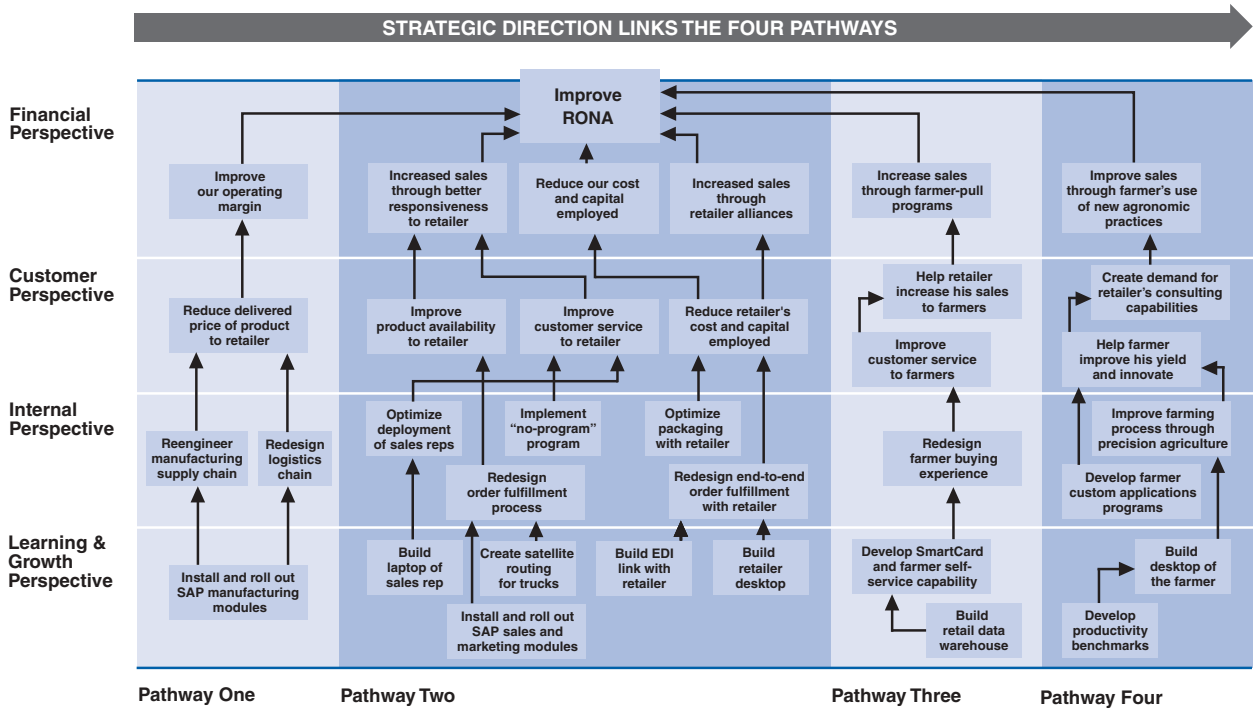
A helpful framework for doing this is as follows: When organizing the financial objectives, think about moving from cost savings on the left to revenue growth on the right. At Agrichem, this meant establishing their strength as a low-cost provider and then gradually extending that strength to the farms where the real sales growth opportunities resided.

When designing the customer perspective, imagine that you are casting your customer ambitions further down the value chain as you move from left to right in the scorecard. At Agrichem, it would have been impossible to develop loyalty among farmers if the company had not already attained operational excellence at both its own facility and at the distributors'.

In the process perspective, also move progressively out from internal processes to customer and end-user processes. It would have been impossible for Agrichem to improve the interface between the distributor and the farmer if the company had not already created loyalty among distributors.

Lastly, in the learning and growth perspective, build a web of interconnected capabilities between your organization and its stakeholders. Learning and growth does not have to stay within the walls of your company. If you have come to

Figure 3. The Four Linked Perspectives and Four Linked Pathways



Agrichem's final scorecard.

the unlikely point where all of your employees are fully trained and have the right set of skills, move outward to other critical partners in the value chain who might have similar needs.

How to Make Pathways of Accountability Work in Practice

It is one thing to be able to design three-dimensional scorecards such as we are proposing and another to make them work in practice. We have observed that there are some important conditions of success that will make the strategies laid out in the scorecard come alive.

Visions Can Kill. When building a strategy into the scorecard, start close to home. Build on existing capabilities that are attainable. Design small, self-contained experiments to move forward. There are many examples of companies whose visions got away from them and led to unrealistic scorecards. It is important not to predict cause-and-effect relationships where they do not exist.

Creating Accountabilities. Assign an executive to each pathway within the strategic scorecard. The owner of the pathway will be responsible for the complete success of that pathway, including all of the objectives, measures and initiatives that fall out of it. A side benefit of assigning executives to pathways is that it can create the right mix of internal collaboration and competitiveness among the senior management team. Senior executives will become owners of that pathway and will measure their own progress against how others in the group are doing with their pathways. This is preferable to having senior executives compete around objectives that are not contributing to the company's growth, such as turf wars and battles for resources.

Self-Replicating Scorecards. One of the difficulties of cascading a scorecard down into large organizations is that it can become like a game of telephone: each version becomes a little more diluted than the last. Instead of cascading a scorecard down through the organization from top to bottom, choose "slices" of the organization through which to push a scorecard. These slices could be based on function, product or geography. Because of the internal logic of a "pathway-based" scorecard, each slice of the organization will come up with structurally similar scorecards, in the same way that DNA drives the creation of cells.

In sum, creating radical change through a scorecard requires more than aligning an organization and a strategy and creating the right measures. It also means that companies should phase-in measures based on the "pathway" concept, starting with the most easily attainable and cost effective and moving towards the most challenging and revenue enhancing.

This story is based on the author's presentation at the December 1999 Balanced Scorecard Collaborative Conference, "Making Strategy a Continuous Process through the Balanced Scorecard."

Reprint #B0009B

Small Orange Juice Processor Gets Big Results with the Balanced Scorecard

by Dun Gifford, Jr.

Since adopting the Balanced Scorecard, Southern Gardens Citrus Processing, a small Florida-based company, has moved from industry laggard to industry leader. The company's story underscores how small companies can use the Balanced Scorecard to become nimble and swift competitors.

COMPANY PROFILE

Company: Southern Gardens Citrus Processing

Sales: $150 million

Employees: 175 (30 management, 145 hourly)

Parent: U.S. Sugar

Challenge: To improve on-time delivery and quality

In 1993, U.S. Sugar Corporation opened an orange juice processing plant in mid-Florida. They had hopes of serving the farmers who had been abandoning North Florida en masse and moving south due to the severe crop freezes in previous years that had decimated their crops.

After two years of operation, however, the new company, Southern Gardens Citrus Processing (SGCP), was performing poorly. The alligators and snakes that had to be cleared regularly from a small pool behind the plant were the least of the problem. The plant was ranked near the bottom of the industry on quality, safety and productivity. Industry prices were dropping thanks to low-cost South American producers. Twenty out of 25 U.S.-based processing plants in the region had been sold or shut down since 1990.

Enter Tristan Chapman, who took over as general manager at SGCP in 1995. Chapman's mission was to turn the plant around, making it a low-cost, high-quality provider. In search of a management system to do this, Chapman came across the Balanced Scorecard concept in a random conversation with a vendor from FMC. Pulling out back issues of the *Harvard Business Review*, Chapman and his direct reports cobbled together their first Scorecard in 1995.

Today, five years later, SGCP is the lowest-cost processor in the state, produces two-thirds of the private label business in the country, has won the Kroger "supplier of the year" award three out of the last four years, and is currently the largest "not-from-concentrate" supplier to industry leader Tropicana. The story behind this transformation illustrates how small companies can use the scorecard to be strategically nimble and outmaneuver their larger, better-established competitors.

An Unusual Scorecard

SGCP operates in the not-from-concentrate (NFC) juice market segment, one that has relatively higher profit margins compared to juice concentrates. However, since even this higher-margin segment is considered a commodity business, SGCP needed to pursue a strategy based on operational excellence, productivity and quality.

Chapman's plan was to build a scorecard that could be used by the whole company, a difficult task given that 145 of the 175 employees of the company spoke little English, few of them had high school diplomas, and most of them had worked at enough companies over the years to develop a strong suspicion of management programs.

Since it was unlikely that the hourly workforce was going to be able to relate to complicated scorecard measures such as EBITDA, Chapman and a small group of direct reports came up with an innovative scorecard design: they built in a fifth scorecard perspective that would be the only one cascaded down to the plant floor level. This perspective, called "Core Values," consisted of measures that are easier to understand and buy into, such as safety, teamwork, attitude and quality.

First, however, Chapman broke up his management staff (about 30 people) into five teams to create a corporate scorecard that would guide their own decision making. The purpose of this scorecard was to instill a common purpose among the senior management team around corporate goals. It was built around the traditional four perspectives, and was regularly updated in response to changing market conditions.

"A great way to communicate the ideas behind the Balanced Scorecard is to get people to build the scorecards themselves," Chapman recalls. "First we made sure they all understood the strategy of the company. Then we asked them to relate the strategy they were working on to the scorecard. For example, in the customer segment, we brought in the sales folks and told them 'Your mission is to come up with some good goals,' and we let them know the boundaries in advance and that management was going to look at it and see if these were really stretch goals."

Because of the small size of the company, SGCP created a scorecard that had relatively few "moving parts." The corporate level scorecard was focused on executing the company's core strategy of becoming

the industry's low-cost provider, building up a dedicated and multi-skilled workforce, migrating toward higher-margin customers, and building a world-class processing facility. The perspectives were developed as follows:

Innovation and Learning. In this perspective, measures were created in three main areas: supplier partnerships, identification and implementation of cost savings, and completion of a skills inventory for all management employees.

Internal Processes. Because of SGCP's goal to be the industry cost leader, the internal process perspective was perhaps the most important. One of the objectives in this perspective was to develop a company-specific approach to continuous process improvement and then train others on the use of this tool. Other measures were juice yield from oranges, as well as yield from valuable by-products such as premium pulp, oil, and citrus pellets, all of which can be sold.

Customer. In 1995, only 70% of the customer shipments were delivered within quality specifications and on time. "If companies wanted not-from-concentrate orange juice and they didn't want it on time, they tended to call us," Chapman joked. "We wanted to raise the profitability of our customer relationships and get a premium for our products — to develop a reputation for quality and giving them what they wanted."

"A great way to communicate the ideas behind the Balanced Scorecard is to get people to build the scorecards themselves."

Aside from adopting obvious measures such as percent of shipments within specification and on time, SGCP also adopted measures such as whether a team was developing customer partnership plans and how quickly they were being implemented. They also added a measure for the time to resolve customer complaints.

"All of the clichés are true: 'What gets measured gets done' and 'People do what you review,'" said Chapman. "What was most important in all of this was creating the measures and then putting them in front of all the people in the organization to see."

The Fifth Perspective

The last hurdle for SGCP was to find a way to link the hourly plant workers to the scorecard. To do this, plant workers were broken up into ten groups. Each group was assigned a manager who operated within the framework of the corporate balanced scorecard. However, the hourly employees received bonus compensation based only on their performance within a single dimension of the scorecard — the "fifth" dimension. This new perspective was called Core Values, and consisted of four elements: safety, teamwork, attitude and quality (STAQ).

Implementing the Core Values perspective was more difficult than expected, however. At first, bonuses were awarded on a 50% team and 50% individual basis using the measures in the STAQ scorecard. (See *Figure 1*, "Expanding Knowledge of Scorecard Linkages on the Plant Floor," for a list of measures.) Two years later, the workers rebelled and argued that their own

Continued on next page

Figure 1. Expanding Knowledge of Scorecard Linkages on the Plant Floor

Safety, Teamwork, Attitude and Quality

Bonuses are paid out on level of performance within each measure.

50% = Threshold, 100% = Target, 150% = Excellent

Safety
50%: Accident rates improve versus previous year
100%: Accident rates below target level
150%: Accident rates below 11.5 per year

Teamwork
50%: Develop written procedures for conducting team meetings and communicating effectively
100%: Same as previous plus develop procedures for handling conflict and other team-related activities
150%: Same as previous plus develop procedures for improving a work process, establishing performance measures and problem solving

Attitude
50%: Absenteeism is less than SGCP three-year average of 1.74%
100%: Absenteeism is 10% less than three-year average
150%: Absenteeism is 20% less than three-year average

Quality
50%: Shipments within specification greater than 98%
100%: Shipments within specification greater than 99%
150%: Shipments within specification greater than 99.8%

Figure 2. Five-Year Improvements at SGCP

	94-95	98-99
Absenteeism	10.0%	2.4%
Rework	6.2%	0.9%
Costs per lb. produced	$28.7	$20.6
Quality (shipments within specification)	70.0%	99.9%

bonuses were being adversely impacted by the poor performance of a few others on the team. In 1999, SGCP went to an individual bonus system for plant workers, which is still in place.

"I would like eventually to get the higher level scorecard down through the entire organization," said Chapman. "But in the meantime, we trust our employees to run the day-to-day operations of the business at the plant level using the fifth perspective as a framework. We have created a team-based organization and management needs to put its ego aside and value input from people a lot more than they do — it still is a problem in the very traditional Florida citrus industry."

The results at SGCP have been remarkable (see *Figure 2*, "Five-Year Improvements at SGCP"). In terms of internal plant measures, between 1995 and 1999, unit costs dropped 28%, quality as measured by shipments within specification went from 70.0% to 99.9%, efficiency as measured by machine utilization skyrocketed by more than 400%, absenteeism dropped from 10.0% to 2.4% and rework dropped from 6.2% to 0.9%.

In 1995, SGCP had no presence in the NFC private label market and was in last place among bulk NFC suppliers. Today, Southern Gardens supplies more than 70% of the NFC private label market and is considered the benchmark for bulk NFC suppliers. Within four years of scorecard implementation, SGCP became the lowest-cost supplier of bulk NFC in the citrus industry.

"The Balanced Scorecard has been the key to our organization's success," concludes Chapman. "It provides a perfect framework for achieving positive business results. In our case, we were able to grow market share in an industry that was consolidating."

Reprint #B0009C

In *the News*

Making HRM Accountable for Adding Value

Is HR management (HRM) a hot topic in your organization? It is gaining prominence in the federal government, and the factors that are driving this interest are probably alive in your organization as well. The downsized and continually reinvented U.S. federal government places a great demand on line managers to comply with personnel laws and to achieve excellent results from management of people. Yet the task of achieving HRM accountability is proving to be difficult.

Much of the recent interest in HRM accountability can be attributed to the Government Performance and Results Act of 1993 (GRPA). If you are in the private sector, the reason for your interest in this topic is more likely based on the fact that your organization has spent the greater part of the past ten years investing in increased organizational efficiency and cost effectiveness.

Having squeezed much of the available slack out of standard business processes, managers have now turned their attention to improving performance by leveraging the knowledge that workers hold between their ears. One of the challenges in accomplishing this is that the HR organization has also been downsized. Now, at a time when organizations everywhere are desperate to learn more about the role of human capital in creating value, the organization that could have been expected to play a role in leveraging human capital has been diminished.

But necessity can be the mother of invention. In spite of downsized HR, a belief has emerged that HR should add value and not just enforce rules. Downsizing HR should not lead to any loss in effectiveness because HR management can take place at the line level, where the work is done. While this may seem quite a stretch, there is a serious effort under way to make this a reality. The HRM Accountability System Development Guide was published in 1998 to help transform the HRM function and make accountability the responsibility of the HR organization and the line manager. How will this shared responsibility be achieved in practice? The Balanced Scorecard has now been adopted by several agencies as a way of defining measures that will be used to achieve continuous improvement in HR practices. Other agencies are expected to follow suit. Because of our continuing interest in human capital and other sources of intangible value, we will be watching this topic closely in coming issues of BSR.

To learn more, see Gallo, J., and Thompson, P.R. (June 22, 2000), "Goals, Measures, and Beyond: In Search of Accountability in Federal HRM," Public Personnel Management*, p. 241.*

How to Mobilize Large, Complex Organizations Using the Balanced Scorecard

An interview with Craig Naylor of DuPont Engineering Polymers

by Dun Gifford, Jr.

Craig Naylor, a DuPont Group Vice President and General Manager, spearheaded the adoption of the Balanced Scorecard at DuPont Engineering Polymers (EP), a $2.5 billion business unit he manages. Steeped in management traditions such as the famous DuPont Formula, the EP division has gradually come around to the scorecard approach — though as Naylor explains it hasn't always been easy.

Q: *What precipitated the use of the Balanced Scorecard in your organization?*

A: At the time we began to implement the scorecard, the Engineering Polymers (EP) business unit at DuPont was in the process of revising its entire strategy. We had a strong commitment to a financial objective — increasing shareholder value added (SVA) — but we were at a crossroads in terms of how we were going to achieve that objective. During the five years prior to our adopting the scorecard, our earnings had grown at 10% compounded annually, but our sales had been growing at 2.5%. Needless to say, this meant that much of our earnings growth was coming from cost-cutting and productivity gains, which was not a sustainable long-term growth strategy. We needed to find a way to get the entire organization to focus on generating revenue growth, which was going to drive the future success of the company.

Q: *Why was it necessary to go beyond traditional ways of communicating strategic direction?*

A: Our business is very complex. We have eight divisions within EP, each with its own value chain and unique chemical product. We are a global business with $2.5 billion in sales, 5,000 customers, and less than half our sales in North America. We have 4,700 employees in 29 locations around the world. We had initiatives under way all over the world and we had an array of different management programs already, such as six sigma and differential business management.

So in looking for a way to implement our strategy, we needed a management system that was going to be flexible enough to reach into all areas of our business around the world and communicate our priorities without disrupting what was already under way. And we also needed an approach that was going to be able to provide us with feedback on how that strategy was performing out in the field so that we could update and alter it as necessary. So we not only wanted to align and bring everyone together around a common agenda and strategy, but we also wanted our strategy implementation process to continually test the strategy. The problem with strategy implementation is not always bad implementation. Sometimes the strategy is not "implement-able."

There was another reason we needed a new management approach and that was what I call a vicious circle of underperformance. The circle goes something like this: since matrix organizations such as ours are complex, roles and responsibilities can get confused, and people start initiatives that are not coordinated across the

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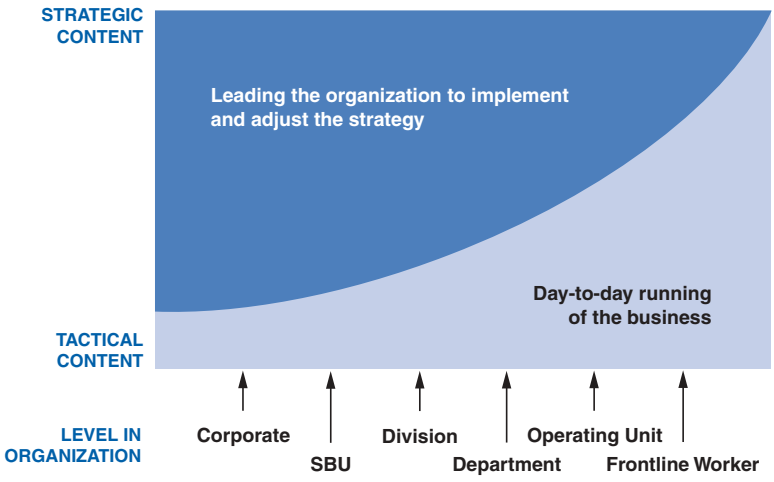
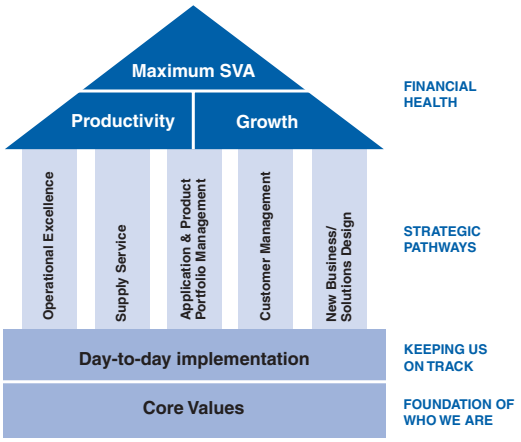
Figure 1. The Need to Balance Tactics and Strategy



The challenge for DuPont managers was to strike a balance between strategic foresight and day-to-day activities.

Figure 2. The Balanced Scorecard Framework at DuPont Engineering Polymers



business. Then, because of lack of capital, skill shortages, and a climate of fear, we are not able to carry out the initiatives, so business continues as usual. We needed to find a new system that could help people see beyond their own specific role in the organization to the strategic issues, and then free up time — and provide the resources — for them to work on those issues without neglecting their day-to-day responsibilities. One of the strengths of the scorecard is that it can accomplish both of these goals at the same time. (See *Figure 1*, "The Need to Balance Tactics and Strategy.")

Q: *How did you design a scorecard that could work for the eight different divisions within your business unit, each with its own challenges?*

A: Our approach to designing a scorecard was based on the concept of strategic pathways, which Kaplan and Norton talk about in their writings. (See also "How to Use Strategy Maps to Achieve Long-Range Objectives," by Francis Gouillart, in this issue of the BSR for a detailed discussion of the "strategic pathway" concept.) The basics of our scorecard were like many you have probably seen: our overarching objective was the creation of shareholder value, which we plan to achieve by continuing to improve productivity and increasing revenue. But we wanted to give each operating division more guidance than that so we created a scorecard template that consisted of five strategic pathways. (See *Figure 2*, "The Balanced Scorecard Framework at DuPont Engineering Polymers.") These pathways acted as a sort of "genetic code" for the business units as they designed their scorecards. It meant that we could look across the entire business in all of its variety and know where to focus our attention as managers — what questions to ask, what stones to look under in order to find out how the company was performing, and what corrective action needed to happen, if any.

Q: *What were the five pathways and how did they work?*

A: In typical scorecard design work, you usually create cause-and-effect linkages across the four perspectives, starting with the growth and learning objectives and moving towards financial ones. The only difference with strategic pathways is that these cause-and-effect linkages are put into groups. We used five different groups: operational excellence, which of course leads to improved productivity; translating orders to cash as fast as possible, which helps us manage our receivables and working capital; managing our portfolio of applications and products for maximum profitability; staying close to our customers; and developing new business ideas that will drive the company's growth in the future. So, for example, within the operational excellence pathway, the divisions sat down and thought through what had to happen in each of the four perspectives if their division was going to achieve operational excellence. When each of the units had finished their scorecards, the shared service functions within EP — IT, R&D, finance, HR and marketing — all put together their own scorecards to support the businesses. Taken together, these five themes represent a layered set of capabilities that develops over time and unites all of our operating units towards a single set of goals. (See *Figure 3*, "Designing a Scorecard in a Complex Organization.")

The ironic thing about creating this scorecard template was that by creating a uniform way of looking at our businesses, we could actually see for the first time what was really different about them.

Q: *What have been some of the roadblocks you have encountered so far?*

A: Putting the scorecard in place in our organization has been hard work. Many companies will probably tell you that it is the hardest thing they have ever done. A big part of that for us has been the history and culture of our organization. DuPont has a fairly traditional approach to management. For example, we invented the concept of return on investment (ROI) 75 years ago, and it has been central to our outlook for many years. One of the more challenging issues that arose is that our organization is designed as a matrix and people have multiple reporting relationships within the company. For example, a plant manager in Germany has to respond to requests from the head of the region, his functional leader within operations, a customer team and so on. How do we insure that he is making decisions that are in line with the scorecard and the overall direction of the company? We have had to go through the organization on a case-by-case basis and unravel these complicated reporting networks and make sure that each person understood their responsibility in terms of the Balanced Scorecard. Also, as one might expect with a

project of this magnitude, we have run into some resistance within the ranks to creating a new management system. Some people say that the amount of detail and conformity inherent in a scorecard project will slow them down. But that is not our intent, and I believe strongly that over time the scorecard will bring us to our objectives much sooner than we otherwise would have. We currently have initiatives scattered all over this organization, and we are trying to rein them in and create some strategic logic to them.

Q: *How would you summarize the benefits of using the Balanced Scorecard?*

A: Ironically, although the Balanced Scorecard is a very thorough and precise management system, the benefits to our organization have been on the so-called "soft issues" around management, which we all know are the hardest anyway. The rigor of the business process has forced us to deal with issues that we have been putting off for two decades. For example, we have always been in my opinion an overly polite company, where people are hesitant to engage in creative conflict. One of the benefits of the scorecard is that it creates an explicit process around which people can have debates based on the merits of the question at hand, rather than who has more power within the organization. It is empowering people to gain support within the organization for projects and agendas that everyone can see are in line with our strategic objectives.

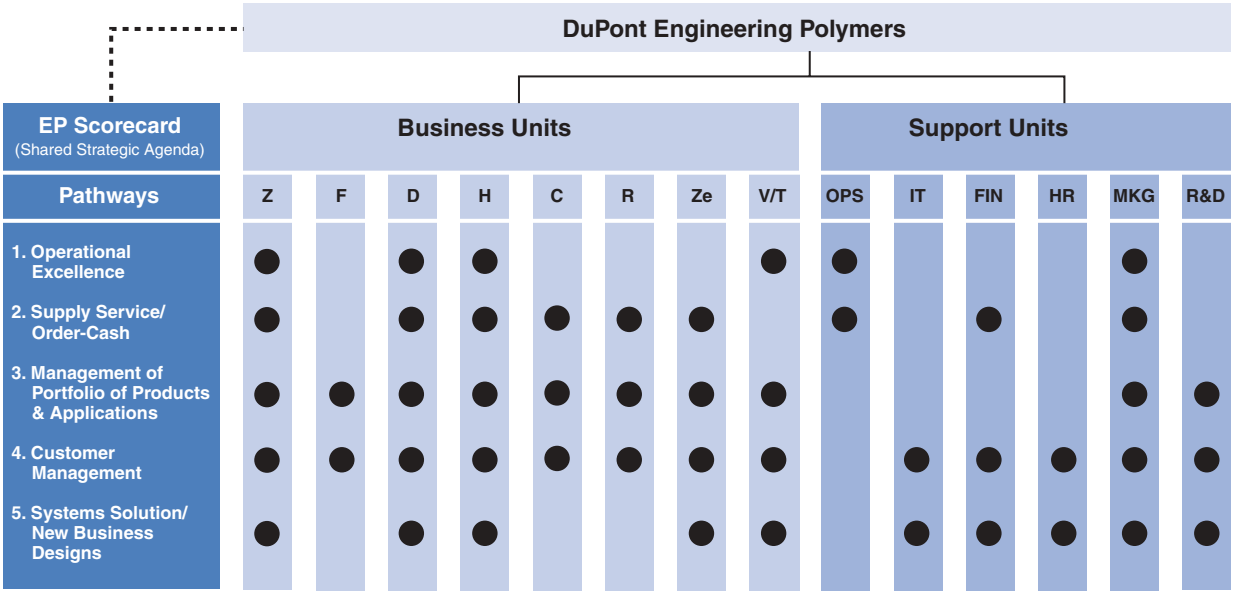
We are also at the point now where groups and teams are actually asking for the scorecard to be extended to their area. They see that it has given other teams a renewed sense of purpose and enthusiasm. People are talking about the measures for their area in the hallways and how their bonuses link to those measures.

Q: *Has it been worth the time and effort necessary to educate people about the scorecard?*

A: I would say that to actually do an excellent job putting the scorecard into place is one of the hardest things you could ever try as a manager. In a good scorecard, there is no place to hide: everybody has a job to do that is important to the mission of the company. I had no idea when we set out to use the scorecard concept that we were getting ourselves into this much work. But I can also say that putting this system in place has been one of the most important things we have done as a division, and I am confident it will yield benefits over the long run.

Reprint #B0009D

Figure 3. Designing a Scorecard in a Complex Organization



The strategic pathways (on the left-hand side) were gradually applied to each of the eight lines of business and then the six support functions.

Is Management Finally Ready For the "Systems Approach"?

David P. Norton, President, Balanced Scorecard Collaborative

Some critics of the Balanced Scorecard have complained that it creates unnecessary complexity. But as the creators of the systems approach to management argued 30 years ago, most businesses are by definition complex systems that require a management approach that can handle complexity. Collaborative co-founder David Norton revisits this management debate.

Several years ago, I was involved in the design of a Balanced Scorecard program for a large industrial company with over 1,000 employees. To help me understand the strategy, I created a simple diagram with 20 boxes (a strategy map) all linked together by arrows (showing cause and effect), and all ultimately leading to a single overarching measure of success (shareholder value). I was very pleased with my achievement, although concerned that I had over-simplified a very complex organization and strategy. When I presented my findings to the management team, I was shocked at their reaction: "That diagram is more complicated than the atomic bomb!" said one executive. "Our motto around here is KISS (Keep It Simple Stupid)," said another. So, with my ego bruised, I returned to the drawing board, prepared a simple list of objectives and measures (a Balanced Scorecard) and resubmitted it. They loved it, implemented it, succeeded admirably, and we all lived happily ever after. But I felt that something had been missed.

I was reading an article recently that brought many of these feelings back to me. The article, describing the use of Balanced Scorecards in public sector organizations, recounted the successful work of the City of Charlotte and the State of Washington. In the article, however, a number of executives from non-scorecard organizations indicated their skepticism about the need for "an unnecessarily complicated and mechanical overlay of superfluous or redundant measures in areas of internal organization and operation — areas that really ought to be driven more by common sense and sound management practices." One middle manager from a state government agency observed "It's common sense stuff. I don't know that you need a 300-page book to tell you how to do this."[1]

Rocket science has long been the foundation for financial management and operations management. Is there an emerging science for executives as well?

I remember being taken back by the extreme reaction to perceived complexity by many management professionals. The preparation for careers in medicine, physics, engineering and economics, to name a few, requires the mastery of disciplines far more complex than a Balanced Scorecard. Should the demands for business executives be any less? A recent *Harvard Business Review* article talked about the emergence of "rocket science" approaches to customer management necessitated by e-commerce.[2] Rocket science has long been the foundation for financial management and operations management. Is there an emerging science for executives as well?

Many argue that organizations are far too complex and too multivariate to lend themselves to analytic rigor. Experienced executives build their own mental models, they argue, that help them to simplify the world in which they practice. Intuitive management is really based on these personal models instead of mathematical models.

There can be no doubt that complexity is the enemy in large organizations. Successful executives find ways to cut through this complexity. Developing a vision, managing by objectives, and "one-minute management" are all successful approaches to cutting through the organizational fog. Organizing by function and using a chain of command are others. But if complexity is the enemy at one extreme, myopia is the enemy at the other. Managing within functional silos can be just as destructive to performance as failing to manage complexity.

Nearly 50 years ago, a discipline referred to as the "systems approach" was introduced to the field of management. An outgrowth of the operations research movement developed in the UK during World War II, the systems approach attempted to transfer the principles learned in the engineering of physical systems to the management of business. The words of some of the early visionaries describe this promise:

> … system implies an interconnected complex of functionally related components … The effectiveness of each unit depends on how it fits into the whole, and the effectiveness of the whole depends on the way each unit functions.[3]
>
> … Managing is the task of designing and controlling an industrial system. Management science, if it is to be useful, must evolve effective methods to analyze the principal interactions among all the important components of a company and its external environment. It must be able to synthesize improved industrial systems.[4]

Unfortunately, the systems approach never achieved its promise. Business schools, organization design, and professional careers have all revolved around functions, a problem that Jay Forrester identified over 40 years ago.

> Until now, much of management education and practice has dealt only with components. Accounting, production, marketing, finance, human relations and economics have been taught and practiced as if they were separate, unrelated subjects. Only in the topmost managerial positions do managers need to integrate the separate functions. Our industrial systems are becoming so large and complex that knowledge of the parts taken separately is not sufficient. In management, as in engineering, we can expect that the interconnections and interactions between the components of the system are more important than the separate components themselves.[4]

Forrester's insights, profound in 1961, are even more relevant today. More and more enterprises are attempting to move beyond functional organization. E-commerce is creating a need for more fluid, networked organizations that can transcend traditional boundaries. The systems approach provides the perfect framework and an underlying science to build and manage such organizations. Sophisticated tools such as dynamic simulation exist to support this framework. It's time to bring back the systems approach.

The systems approach is the perfect discipline to describe and evaluate business strategy. It is particularly appropriate for the complex structures which are emerging in the new economy.

Balanced Scorecards, and the strategy maps on which they are based, reflect the philosophy of the systems approach. The view of strategy as a linked set of actions and outcomes which take place over time describe the system. The double-loop management process on which the Strategy-Focused Organization is based is derived from the principles of cybernetics (feedback and control), which are fundamental to systems. And, yes, it is rocket science, because these same principles were used to design the systems that put a man on the moon. The systems approach is the perfect discipline to describe and evaluate business strategy. It is particularly appropriate for the complex structures which are emerging in the new economy. Systems engineering should be a required course in every business school and executive program.

It is the management framework that meets the needs of the times. While remembering to "keep it simple," it's time for a little more science and a little less art.

1 "The Buzz Over Balance," Jonathan Walters, Governing*, May 2000, pp. 56–60.*

2 "Rocket Science Retailing Is Almost Here — Are You Ready?" Marshall L. Fisher, Ananth Raman, and Anna Sheen McClelland, Harvard Business Review*, July–August 2000.*

3 Churchman, C. West; Russell L. Ackoff; and E. Leonard Arnoff, Introduction To Operations Research*, Wiley, 1957.*

4 Forrester, Jay, Industrial Dynamics*, MIT Press, 1961.*

Reprint #B0009E

In *the News*

Non-financials Pave the Road to Riches

One impact of the Balanced Scorecard has been to increase understanding of the role that non-financial measures play as leading indicators of future financial performance. Now that people are beginning to understand that non-financial indicators can provide a superior basis for achieving future outcomes (compared to focusing exclusively on the financials, or, worse, the budget!), there is a movement afoot to link executive compensation to non-financial metrics. As far back as four years ago the Conference Board reported that most effective incentive plans contained a mix of financial and non-financial measures. This is even truer today.

The backward-looking focus of financial measures is a major limitation. Non-financial measures, by contrast, are typically prospective (e.g., building market share, increasing customer satisfaction, etc.). But, until now, most compensation systems based on non-financial measures were used to motivate only executives and not the line organization. This is starting to change. The increased use of incentives below the ranks of senior management drives interest in non-financial measures. Middle managers, first-line supervisors and other employees participating in incentive plans have a lot of control over variables such as operational efficiency, cost management, innovation, quality and so forth.

Various studies indicate that the most common non-financial measures in use today include: customer satisfaction, quality, accomplishment of specific strategic objectives, developmental results, and innovation. In 1996 Towers Perrin found three major categories of non-financial measures in use: customer, operational, and employee. (Sound familiar?)

As this trend to link non-financial measures to incentive systems continues, the central question is what should guide the choice of measures. Different strategies require different incentive structures. For example, strategies focusing on innovation may want to emphasize intellectual capital development. Quality-focused strategies may emphasize defect levels, cycle time, and service incident rates. The point is that your strategy will determine the correct non-financial measures to tie to your incentive system.

To learn more, see R. Jesuthasan, E. Todd, and A. Barrett, "The Total Performance Equation," Financial Executive*, July–August 2000.*

All for One: Why 100% Involvement Is Necessary for Balanced Scorecard Success

by Todd D'Attoma

Mr. D'Attoma, a former Exxon Mobil executive, recently joined Balanced Scorecard Collaborative.

When Mobil first adopted the Balanced Scorecard in 1995, its North American Marketing and Refining (NAM&R) division was at the bottom of its industry class in terms of profitability. Within one year, Mobil's performance went from worst to first — a position the company maintained through its merger with Exxon in 1999. The author, a former executive at Exxon Mobil Corp., attributes the company's success with the Balanced Scorecard to translating the strategy into operational terms and opening the channels of communication to engage employees.

Recently, on a Hertz shuttle-bus to Boston's Logan Airport, my seatmate inquired about a Balanced Scorecard Collaborative binder tucked under my arm. While not familiar with the Collaborative, this chief financial officer was very much aware of the Balanced Scorecard concept. "The scorecard is a wonderful tool," he observed, "but you need discipline to make it work." This got me thinking about my own scorecard experience at Mobil Oil.

In retrospect, though, I believe some of (our implementation) problems may have been avoided if we had emphasized the ways in which use of the scorecard helps people.

Between 1994 and 1998, we executed a remarkable turnaround at Mobil using the Balanced Scorecard. (See BSR, November/December 1999: "Mobil's Growth and Productivity Strategy Yields Premium-Grade Profitability.") Product quality improved each year for four straight years, capacity utilization improved by $125 million per year, safety incidents resulting in lost work were reduced by a factor of five and environmental incidents were reduced by 63%.

If I had to pinpoint one thing, however, that was at the heart of our success with the Balanced Scorecard, it was insisting that it apply to everyone equally. The following anecdote comes to mind: In one of our lines of business within the lubricants business, we were in the process of cascading the scorecard down to the team and individual level. An important part of Mobil's comprehensive education process was showing employees the impact of their individual performance on other areas of the company. A new compensation program, linked to results, emphasized team success over individual performance. We had reached a critical point where wholesale buy-in was essential to success. We needed the discipline to ensure that everyone was fully engaged if we were going to reap both the personal and the business rewards.

Following initial implementation, however, one of the regional sales managers made scorecard completion optional for his group. As a result, three of his district managers opted out, as did many of his supervisory managers. At first glance, 30 people excluded from the process may not appear significant. But as we tied group scorecards to individual development plans with succession planning and career mapping in other areas of the organization, the performance gap between those with a scorecard and those without one widened. By letting one regional manager (and in turn, three of his district managers) opt out of participation, we had undermined the effectiveness of the entire scorecard effort.

My shuttle seatmate was a self-described disciplinarian who ensured that his company's scorecard process worked through strong directives. In his view, we should have made our non-conforming line-of-business manager "toe the company line." While personally I do not subscribe to this method of "behavior modification," I gave a lot of thought to how we could bring everybody on board to the new management system. In the end, the regional sales manager ended up moving on to another job and we were able to eventually have the entire organization working off the same page.

Why did these 30 people opt out of the scorecard? I think for three key reasons.

1. Turf encroachment. In building organizational alignment we threatened those people who had been doing things their way.

2. The threat of accountability. Clearly defined goals and objectives meant clearly defined accountability. Accountability is threatening.

3. Resistance to change. Change meant uncertainty, not something most of us are good at dealing with.

In retrospect, though, I believe we could have overcome these obstacles if we had emphasized the ways in which the use of the scorecard helps people and organizations develop. The scorecard brings clarity to job functions: it helps people prioritize their daily activities and measure their progress toward objectives. It also provides a sound foundation for rewards. These benefits are now being explained in Mobil's ongoing education process.

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