

# PBB and Organisational Excellence

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## Andrew Lim



- Formally head of Asian operations for SPSS Inc., and ABC Technologies Inc
- 24 years in Business Intelligence software market, helping clients implement management information systems used for strategic decision making
- Implemented activity-based cost management and Balanced Scorecard systems for numerous clients, both US MNCs and local companies & public sector organisations.
- Conduct frequent talks, training, and workshops on performance measurement concepts, applications and implementation issues.
- ABM projects include Port of Singapore, Telekom Malaysia, Telkom Indonesia, UOB Bank, OCBC Bank, Singapore General Hospital, National Heart Centre.
- BSC Projects at IDA, SSC, MCYS, IPTO (Min. of Law) and Goldcoin and Commercial Bank of Qatar, Fraser & Neave, Chong Fu, Hwa Chong Institution, Botswana Civil Service College, Tanzania Civil Service College, Min of Justice Namibia, Asia Commercial Bank Vietnam, PMO UAE, IPA Saudi Arabia, PMO Brunei, National Gallery Singapore, SPRING Singapore
- BSC Specialist, Civil Service College
- Business Process Improvement Advisor – Tanzania Govt

# Agenda



- ❖ Performance-Based Budgeting Redefined
- ❖ How is “Performance” ensured ?
- ❖ Elements of Organisational Excellence (OE)
- ❖ Towards Organisational Excellence
- ❖ PBB and OE – how are they related ?

# Performance-Based Budgeting



## What is Performance-Based Budgeting?

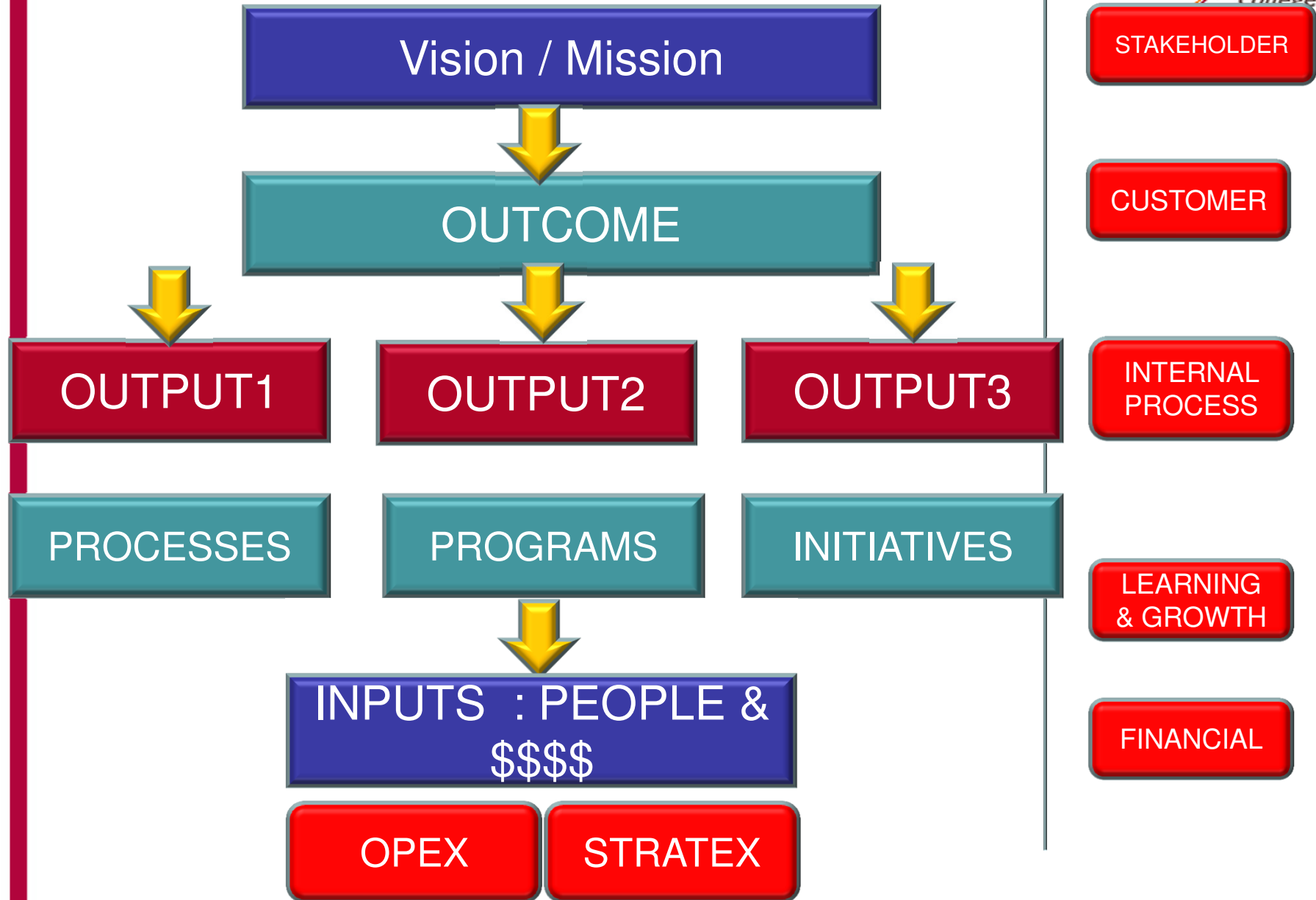
### Definition:

Performance-Based Budgeting is the integration of performance information into the budget formulation process to better manage for results.

## What is Performance-Based Budgeting?

Forecasted resources (i.e., budget) are computed as a function of desired goals/outcomes, required output volumes, and activity levels (based on historical cost accounting data).

# PBB Flow Diagram



# PBB Steps



1. Align outcome measures to Vision/Mission
2. Define output measures to deliver outcome
3. Use ABC to determine cost per unit of output
4. Use the cost per unit to determine budgets
5. Budget approval based on agreed output & outcome



# Effective Execution - Organisational Excellence

Once the budgets are approved, and performance targets are set, what's next ?

- How do we deliver performance ?
- Is our strategy sound ?
- Are we organised appropriately to execute our strategy ?
- How do we measure our progress ?
- How do we continuously improve ?

# Organisational Excellence



## What is Organisational Excellence ?

It refers to an integrated approach to organizational performance management that results in :

- Delivery of ever-improving value to customers, investors and stakeholders, contributing to organizational sustainability
- Improvement of overall organizational effectiveness and capabilities

# Excellent Organisations : What are their characteristics ?



- Perform excellently against a known external standard
- Perform excellently in relation to where they were at some earlier point in time
- Are judged by informed observers to be doing substantially better qualitatively than other comparable organizations
- Are doing whatever they do with significantly less resources

# Key Elements of Organisational Excellence

- Clear Mission, Vision, Values
- Strong, Effective Leaders
- Efficient and Effective Organisation
- Change Engine

## Clear Mission, Vision, Values

*In order to keep you on course .....*

Mission – why you exist ?

Vision – what do you aspire to be ?

Values – what is important to us ?

## Strong, Effective Leaders

*To steer the ship .....*

Shape the future

Make things happen

Engage today's talent

Build the next generation

Invest in yourself

## Efficient and Effective Organisation

*To achieve the organisation's Mission and Vision.....*

The right people

The right structure

The right culture



## Change Engine

*Change is inevitable.....*

Anticipating change

Responding to change

Leading change

# Five-Stage Process Towards Organisational Excellence

- Step 1: *Aspire – where do we want to go ?*
- Step 2: *Assess – how ready are we to go there ?*
- Step 3: *Architect – what do we need to do to get there ?*
- Step 4: *Act – how do we manage the journey ?*
- Step 5: *Advance – how do we keep moving forward ?*

# Five-Stage Process Towards Organisational Excellence

Step 1: *Aspire – where do we want to go ?*

- Alignment to Vision / Mission
- Clear outcomes
- Clear definition of “Performance”

# Five-Stage Process Towards Organisational Excellence

Step 2: *Assess – how ready are we to go there ?*

- Environmental scan
- SWOT Analysis (strength, weakness, opportunity, threat)
- Resource availability

# Five-Stage Process Towards Organisational Excellence

Step 3: Architect – *what do we need to do to  
get there ?*

- Strategy
- Structure
- Budget
- Business Plan

# Five-Stage Process Towards Organisational Excellence

Step 4: Act – *how do we manage the journey ?*

- Implementation Plan
- Resource Management
- Monitoring & Evaluation

# Five-Stage Process Towards Organisational Excellence

Step 5: Advance – *how do we keep moving forward ?*



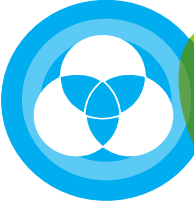
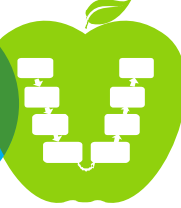


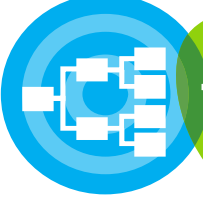



- *Strategy Review / Reset*
- *Continuous Improvement*

# The five frames of performance and health



## TRANSFORMATION STAGES

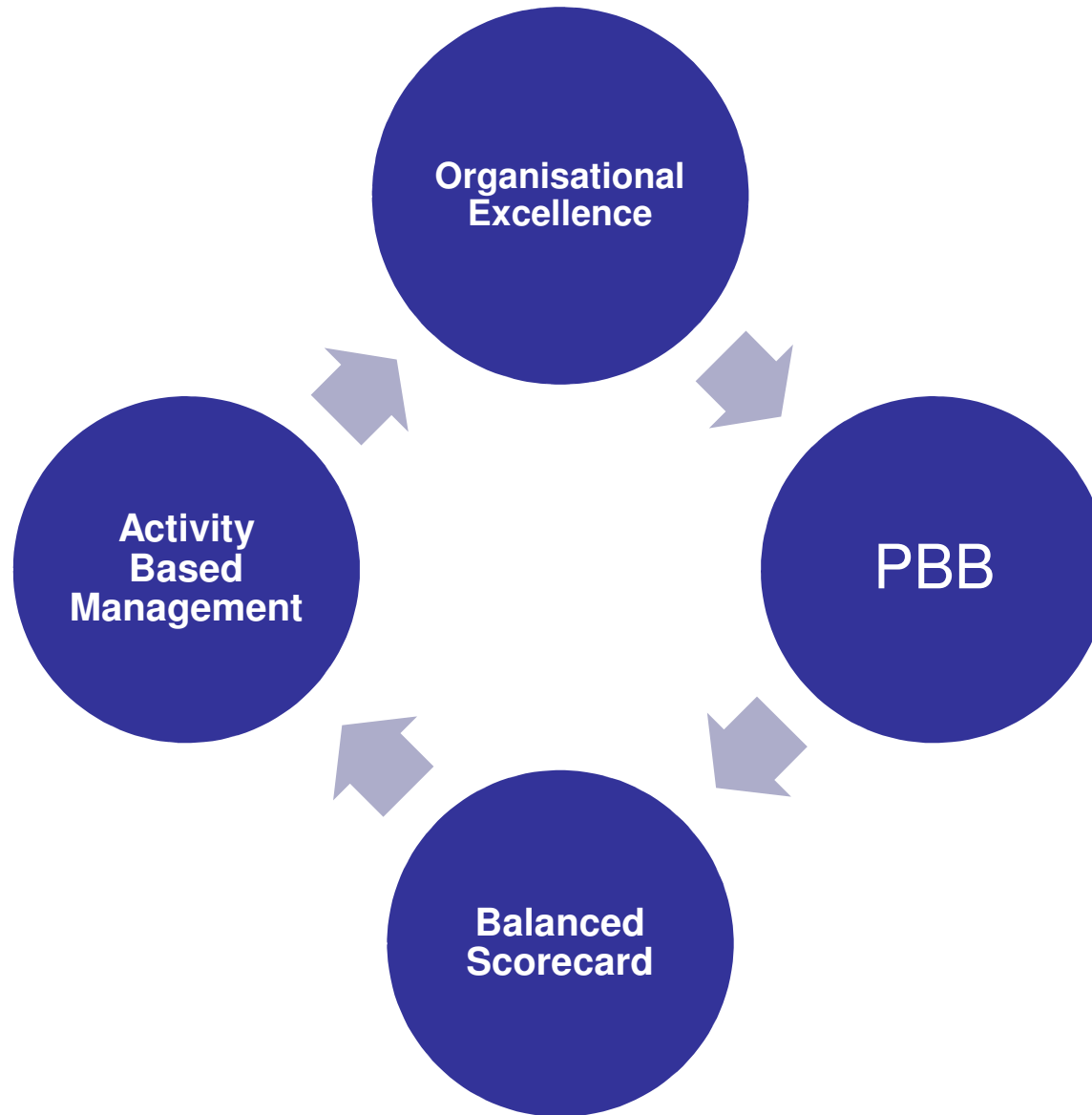
Performance Health

1	<b>Aspire</b> Where do we want to go?	Strategic objectives			Health essentials
2	<b>Assess</b> How ready are we to go there?	Capability platform			Discovery process
3	<b>Architect</b> What do we need to do to get there?	Portfolio of initiatives			Influence model
4	<b>Act</b> How do we manage the journey?	Delivery model			Change engine
5	<b>Advance</b> How do we keep moving forward?	Continuous improvement			Centred leadership

SOURCE: Scott Keller and Colin Price, 'Performance and Health: An evidence-based approach to transforming your organisation', 2010.



# Which Comes First ?



# Conclusion

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- To succeed with PBB, the organisation must be well managed.

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- When the organisation is well managed, higher level of performance is delivered with less resources.

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- Organisation Excellence involves continuous improvement, which is a never ending journey !

Thank You!



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