Strategic Planning Handbook

Charlotte’s Model for Integrating Budget and Performance Management

October 2002
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Introduction

Performance matters. In the City of Charlotte performance has evolved from a measurement system to a performance management system, the Balanced Scorecard. The Balanced Scorecard translates strategy into tangible objectives and measures. Business planning has changed to reflect the influence of the Balanced Scorecard, making business planning a more strategic process. Most recently the strategic business planning process and the budget process have been integrated. The new process and product is the Strategic Operating Plan (SOP).

The purpose of this handbook is to provide a reference and instructions for strategic business planning. The handbook is organized to

- Outline Balanced Scorecard (BSC) concepts and components
- Acquaint readers with the City’s Corporate Scorecard
- Recommend process for developing KBU Scorecard, business plan and budget...the SOP

Strategy Overview

The Charlotte City Council sets the strategy for the organization through the annual Council retreat. The City Manager presents Strategic Focus Area Plans and the Strategic Operating Plan, which outline resource allocations to achieve strategy, to City Council for approval. Also, the City Manager and Leadership Team create a Corporate Balanced Scorecard that articulates specific macro level objectives the organization must achieve.

Key Business Units (KBUs) articulate their strategy through the process of developing a KBU Balanced Scorecard that demonstrates clear linkage to the City’s corporate level scorecard.

KBUs develop a strategic business plan based on the KBU Balanced Scorecard. The strategic business plan indicates the specific initiatives, resources and challenges in meeting the scorecard objectives. KBUs develop their budget requests in conjunction with their strategic business planning to achieve integration of business planning and budgeting.

Strategic Operating Plan Cycle Milestones

- September: Leadership Team updates corporate strategy
- October: Cabinets update focus area plans; corporate strategy communicated to organization; KBU SOP development kick-off
- November: KBU SOP development
- December: KBU SOP development
- January: Mayor & Council review focus area updates
- February: City Manager communicates changes to corporate strategy
- March: City Manager reviews SOP preliminary recommendations
- April: City Manager finalizes SOP recommendations
- May: City Manager presents SOP recommendations
- June: KBUs report on year-end achievements and revise KBU SOPs as necessary
- July: City SOP and KBU SOP are published
- August: Leadership Team updates corporate strategy
- Revised October 2002
Charlotte—A Strategy-Focused Organization (SFO)

Characteristics and Principles

The City of Charlotte is a strategy-focused organization -- one that formulates strategy (long-term planning and direction of operations) and makes it work. In 1996, the City of Charlotte implemented a concept known as the Balanced Scorecard to communicate strategy.

The City's Balanced Scorecard benefits the organization in several ways:

- Clarifies the organizational vision
- Aligns the organization to achieve that vision
- Integrates strategic planning and resource allocation
- Improves management effectiveness by providing appropriation information for directing change

In order to build a strategy-focused organization, the architects of the BSC, Robert Kaplan and David Norton, articulate five required principles:

1. Translate the strategy into operational terms so everyone can understand
2. Link and align the organization around its strategy. This creates a "line of sight" from the executive leadership to the front line
3. Make strategy everyone's job through personal contribution to strategic implementation
4. Make strategy a continuous process through organizational learning and adapting
5. Provide a change agenda for executive leadership to mobilize change
Charlotte’s Corporate Balanced Scorecard

Components
There are seven components in the City’s Corporate Balanced Scorecard:
- Vision
- Strategic Themes (focus areas)
- Strategic Principles
- Perspectives
- Objectives
- Linkage
- Measures & Targets

This process begins with an annual retreat and strategy session in January or February. During the annual retreat, Council agrees on the objectives and goals for strategic focus areas. Council also establishes priorities and identifies priority initiatives. Once City Council sets the strategy, staff begins working on the plans to implement the strategy.

Vision. The City’s vision in a snapshot is to be a “Community of Choice for Living, Working and Leisure”. This is the ultimate outcome desired from all of the strategic efforts.

Strategic Themes or Focus Areas. Each year City Council identifies areas of focus or strategic themes for community needs. This process begins with an annual retreat and strategy session in January or February. During the annual retreat, Council agrees on the objectives and goals for strategic focus areas. Council also establishes priorities and identifies priority initiatives. Once City Council sets the strategy, staff begins working on the plans to implement the strategy.

Strategic Principles. Applying these principles will help ensure that Charlotte is a community of choice. The strategic principles are the eight Smart Growth principles.
- Maintain land use planning capacity
- Sustain effective land use decisions
- Strengthen community through healthy neighborhoods
- Design for livability
- Safeguard the environment
- Expand transportation choices
- Use public investment as a catalyst for desired outcomes

**Perspectives**

With an emphasis on "balanced", the Scorecard uses four perspectives to answer critical service delivery questions. This provides the balance that successful organizations seek in measuring performance:

- **The customer perspective**—**Serve the Customer**. Managers must know if the organization is meeting citizen needs. They must determine the answer to the question: Is the organization delivering the services customers want?

- **The internal process perspective**—**Run the Business**. Managers need to focus on those critical operations that enable them to satisfy citizens. Managers must answer the question: Can the organization improve upon a service by changing the way a service is delivered?

- **The financial perspective**—**Manage Resources**. Managers must focus on how to meet service needs in an efficient manner. They must answer the question: Is the service delivered at a good price?

- **The learning and growth perspective**—**Develop Employees**. An organization’s ability to improve and meet citizen demands ties directly to the employees’ ability to meet those demands. Managers must answer the question: Is the organization maintaining technology and employee training for continuous improvement?

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The BSC is the visual representation of what is integral to achieving our vision and mission.
**Objectives.** The City chose 16 Corporate objectives for its Corporate Scorecard. Each of the 16 Corporate objectives is broadly defined so that it provides context for what the organization is to achieve. This relationship between the five focus areas, the four balanced perspectives and the 16 corporate objectives constitutes the blueprint for business unit action and individual employee activity.

**Linkage.** The strategic objectives are linked in a cause and effect relationship. Ideally, if the City provides employees with the training necessary to “Promote Learning & Growth” (corporate objective within the develop employees perspective), then we should be able to “Deliver Competitive Services” (corporate objective within the manage resources perspective). This will affect the City's ability to “Enhance Customer Service” (corporate objective within the run the business perspective), which should ultimately “Provide Transportation Choices” (corporate objective within the serve the customer perspective).

**Measures & Targets.** For each of the strategic objectives, there are a set of strategic measures and targets. These are defined in the Strategic Plans for each of the Focus Areas.

**Relationships**
The strategic themes or focus area, the corporate performance review and development relate to each other in this order:

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**Example:**

**Restructuring Government**

**Strategic Objective:** Enhance Customer Service

**Strategic Measure & Target:** Achieve rating of “excellent of “good” in service delivery by at least 75% of citizens in biennial survey.
Key Business Strategy Development Process

Developing the KBU Balanced Scorecard

Key Business Units (KBU) develop their Balanced Scorecards, business plans and budgets in concert because they are interrelated. The KBU BSC is the KBU response to the Corporate Scorecard.

The KBU Balanced Scorecard clearly identifies the most strategic and important things that must be accomplished. It is a product of consensus decision-making by those who will carry it out, usually the Leadership Team of each KBU.

KBU Balanced Scorecard. A good BSC will tell the story of your strategy.

- **Executive Involvement.** Strategic decision makers must validate the strategy and related measures
- **Cause-and-Effect Relationships.** Every objective selected must be part of a chain of cause-and-effect relationships that represents the strategy
- **Performance Drivers.** A balance of outcome measures (short and long-term) and leading measures facilitates anticipatory management
- **Linked to Budget.** Every objective can ultimately be supported or enabled by budgeted funds
- **Change Initiatives.** Strategic initiatives change the behavior of the organization

A skilled and experienced facilitator can be very helpful during the development workshops. The KBU Leadership Team may assign a core team to prepare for the workshops and a sub-team to work on measurements. By having the facilitator, core team and sub-team prepare proposals for the larger Leadership Team to review, the workshops will be more productive.

There are six steps in the Balanced Scorecard Development process.

1. Identify key issues or challenges
2. Select Corporate objectives
3. Build the strategic linkages
4. Select priority initiatives
5. Determine measures and targets
6. Plan for Implementation

Identify Key Issues or Challenges

Through an environmental scan, determine the strategic challenges your KBU faces. Is your KBU positioned to respond to an increasingly diverse citizen base? How will or can technology be used to respond to demands for service?
The core team begins its work by identifying and reviewing the "inputs" to the BSC process. The inputs can include documents such as the Strategic Focus Area Plan, previous KBU BSC and business plans, a SWOT (strengths, weaknesses, opportunities, and threats) analysis, economic or business trends, and competition. The core team may also interview the KBE (and other Leadership members) to understand their concept of the organization's strategy. Key questions would include:

- What are the objectives for the customers?
- What internal processes (run the business) support the customer and financial objectives?
- What are our manage resource objectives?
- What employee development objectives support the internal objectives?

Preparation for the workshops is very important. Good research and an effective kick-off meeting will help ensure your success.

**Select Corporate Objectives**

The City’s Corporate Scorecard is the game plan for the organization. It defines how the City will meet the service expectations within and across Council’s five focus areas. KBUs are charged with responding to the game plan, by identifying the Corporate objectives to which it will respond and support, the KBU identifies its strategic objectives.

Defining the strategic objectives means, considering what your organization will look like in two to five years? What will your organization look like to your customers and your internal staff?

The leadership group (KBE, Assistant KBE, division heads, key administrative staff) participates in this discussion and poses the question: *What does my KBU need to do to support and respond to the organizational strategy and achieve my KBU mission?*

By addressing these critical questions, the KBU will have a Scorecard, the visual representation of its strategy. The objectives KBUs identify in their Scorecard should convey a cause-and-effect relationship. Figure 3 illustrates this point.
In the 2002 Employee Opinion Survey, 55% of employees agreed that they understand the city’s overall goals. 69% of employees indicated that they understand the goals their KBU established in its business plan.

KBU

The KBU Mission Statement

Serve the Customer

- Increase Perception of Safety
- Strengthen Neighborhoods

Run the Business

- Enhance Customer Service

Manage Resources

- Deliver Competitive Services
- Invest in Infrastructure

Develop Employees

- Achieve Positive Employee Climate
- Recruit & Retain Skilled, Diverse Workforce
- Promote Learning & Growth

To succeed, what processes must the KBU excel at?
- Describe Strategic Initiatives (What?)

How will the KBU know that the desired results are being achieved? What’s the data the KBU needs to make decisions?
- Define Measure(s)

To succeed, what must the KBU do financially?
- Describe Strategic Initiatives (What?)

How will the KBU know that the desired results are being achieved? What’s the financial/cost data the KBU needs to make decisions?
- Define Measure(s)

To succeed, what skills and environment must employees possess and demonstrate?
- Describe Strategic Initiatives (What?)

How will the KBU know that the desired results are being achieved? What’s the data the KBU needs to make decisions?
- Define Measure(s)

Figure 4
Identify Strategic Initiatives

Once the KBU identifies its strategic objectives by selecting corporate objectives, the KBU identifies a set of linked strategic initiatives by addressing the example questions shown in Figure 3. In the past, business plans have been used to describe initiatives at the KBU and sometimes the division level. Strategic initiatives, however, describe the critical few “activities” the KBU must undertake to achieve the corporate objective and its KBU mission.

- Strategic initiatives aren’t all inclusive nor are they specific to one division.
- Strategic initiatives identify what is critical for the KBU to do to achieve a Corporate objective or achieve the KBU mission.
- Strategic initiatives describe how the KBU will respond to the Corporate objective.
- Strategic initiatives are written so that divisions can define responses and so employees can define responses.
- Strategic initiatives suggest where resources are needed to support the achievement of overall KBU strategy.

For example, a KBU decides that “Recruit and Retain a Skilled, Diverse Workforce” gap is one of its strategic objectives.

The KBU then defines its strategic initiative: Recruit a skilled, diverse workforce to respond to the needs of an increasingly diverse citizenry.

Divisions include their response to this strategic initiative as an initiative in the division BSC/business plan, if the division has a plan. The responses may be a different advertising venue for vacancies.

Then, employees might include “speak at job fairs about employment with the City” in their training plan.

The KBU might also determine that additional resources are needed to achieve this initiative and ultimately the corporate objective.

Determine Measures and Targets

Each strategic initiative does not necessarily have to have a measure. KBUs may not want to evaluate the achievement of each initiative. But, there should be a way to evaluate the achievement of the overall strategic objective. There are two goals for strategic measures: organizational motivation and strategic learning.

Organizational Motivation. Measures are a powerful tool in driving desired behavior. Measures give individuals direction in what they need to accomplish for the organization's strategy. People respond to what's inspected.

Strategic Learning. Management uses strategic measures to test the units’ progress in achieving strategic objectives. Strategic measures show the relationship between strategic objectives and are an on-going test of the validity of strategy.

KBUs should identify specific measures. For example, “being the best” or “maximize customer satisfaction” are similar to vision statements and they maybe difficult to measure. Measurable goals such as minimize customer complaints to a certain percentage of your overall service requests or providing the lowest cost of service as compared to a number of similar service providers provides information needed to manage a service.

If less tangible goals are critical to a plan, find a way to measure them. For example, if image and awareness are
vital, then plan for statistically valid surveys to measure the improvements in image and awareness. Or, if you want to focus on customer satisfaction, plan for a survey to quantify satisfaction or specify numerical objectives regarding complaints.

Strategic Measures
There are two types of strategic measures: outcome measures and driver measures.

Outcome (lag) measures. Outcome measures can also be thought of as “lag indicators”. These types of measures indicate performance results for a period after an activity or initiative has been undertaken. Examples include percent crime reduction targets in chronic hot spot areas; percent of rezonings that are consistent with adopted land use plans and policies.

Driver (lead) measures. Driver measures are also known as “lead indicators”. These measures assess intermediate processes and activities. They are considered “leading” measures because they provide some indication of whether programs, services and initiatives are “leading” towards an ultimate outcome. Lead measures evaluate performance during implementation or service delivery. Leading measures are often used to test strategic cause-and-effect relationships. Examples of driver measures include number of fair housing complaints investigated or completion of EPA self-audit.

Outcome measures are often difficult to identify and difficult to capture. While lead measures are more predictive in nature and allow an organization to adjust behaviors for performance, outcome measures evaluate performance after implementation or service delivery.

For example, a cause-and-effect relationship would be that housing code enforcement causes strengthened neighborhoods. The outcome measure is neighborhood vitality. The driver measure is number of houses under code enforcement--the cause, inspecting a significant number of houses, will produce the desired effect, strengthened neighborhoods.

To use the BSC as a management tool, it is important to have a balance of outcome and lead measures. The lead measures provide information (an early warning) that some corrective action is needed in order to achieve the intended outcome.

According to the City’s FY03 Measure Inventory, there are approximately 405 measures across 14 business units. 45% of the measures are outcomes or lag measures 55% are lead measures.

### Two Types of Strategic Measures

<table>
<thead>
<tr>
<th>Outcome (Lag) Measures</th>
<th>Driver (Lead) Measures</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Purpose</strong></td>
<td><strong>Purpose</strong></td>
</tr>
<tr>
<td>• Focus on the performance results at the end of a time period or activity</td>
<td>• Measure intermediate processes and activities</td>
</tr>
<tr>
<td>• Reflect success of past or implemented activities and decisions</td>
<td>• Measure hypotheses of strategic “cause-and-effect”</td>
</tr>
<tr>
<td><strong>Examples</strong></td>
<td><strong>Examples</strong></td>
</tr>
<tr>
<td>• “year-end budget expense”</td>
<td>• “$ spent on automation”</td>
</tr>
<tr>
<td>• “citizen satisfaction”</td>
<td>• “hours spent with citizens”</td>
</tr>
<tr>
<td><strong>Strengths</strong></td>
<td><strong>Strengths</strong></td>
</tr>
<tr>
<td>• Usually objective issues</td>
<td>• More predictive in nature</td>
</tr>
<tr>
<td>• Difficult to identify true “outcome” measures</td>
<td>• Allows organizations to adjust behaviors for performance issues</td>
</tr>
<tr>
<td>• Difficult to capture</td>
<td>• Evaluate level of effort or units produced</td>
</tr>
</tbody>
</table>

### Six Key Criteria for Good Measures

How do you know if you have good measures? William Schiemann and John Lingle, authors of *Bullseye! Hitting Your Strategic Targets Through High-Impact Measurement*, identify six key criteria for good measures:

- **Validity.** Does this measure really measure the intended concept?
- **Reliability.** Does the measure exhibit a minimum amount of noise or error, changing only when the underlying concept of interest changes?
- **Responsiveness to change.** Does the value of the measure change quickly when the underlying concept changes?
- **Ease of understanding.** Can the measure be easily explained and understood?
- **Economy of collection.** How much additional cost will be required to calculate this measure on a quarterly basis or semi-annual basis?
- **Balance.** Are the measures as a group balanced along important dimensions? (results vs. drivers, short vs. long-term, across multiple stakeholder perspectives)
Targets
Targets are specific levels of performance identified for each measure.
1. Targets set/communicate the expected performance level for the organization
2. Give individuals a defined goal/contribution to the overall organizational strategy
3. Focus the organization on improvement

When setting targets, there are several criteria to consider.
1. Set only one target per measure
2. Ensure they are quantifiable
3. Ensure they clearly communicate the expected performance
4. Show the relationship to the initiative and strategy

Good target setting involves two important pieces of information: the organization's current performance or baseline on the measures and best-practices information. Effective target setting requires knowing where you are and where you want to go.

Stretch Targets
Stretch targets are usually multi-year or long-term goals. The purpose of stretch targets is to keep the organization focused on the long-term outcome. A stretch target may identify where an organization needs to change or abandon status quo. Here are some guidelines to consider when setting targets.

William Schiemann and John Lingle, caution organizations against establishing too many stretch targets or goals.

“Organizations should be discriminating and select stretch targets for those objectives for which significant achievements are necessary or for those objectives that intend to propel the organization forward. In the case of the latter, organizations should also provide a defensible rationale for why a particular breakthrough or particular advance will be crucial”.

A stretch target is a challenging target; it may be a long-term goal with annual milestones. Every business unit should have at least one stretch target in its BSC.

Guidelines for Setting Effective Targets
Paying attention to these five key principles is important when setting performance targets. Performance targets should be realistic, yet encourage higher levels of accomplishment. People are motivated when there is a moderate probability of success. This creates a healthy level of anxiety, and enables employees to feel challenged and feel a sense of accomplishment when they achieve the goal. Goals that are too difficult debilitate rather than motivate. Goals that are too easy often lead to complacency.

1. Targets should require extra effort but not be debilitating.
2. Two-year targets can be most aggressive-- allowing more time for breakthroughs.
3. Limit the number of stretch targets. Each year focus on breakthroughs in one or two key areas, depending on
   - **Value.** How critical is this area to achieving the business strategy?
   - **Gap.** What is the size of the potential gap?
   - **Timeliness.** Is there a natural order in which issues need to be addressed?
   - **Appetite.** Is there energy and enthusiasm in the unit to attack this area?
   - **Skills.** Are the skills available in the organization or can they be acquired?
   - **Best practice information.** What are the possibilities in this area?

4. Build a clear business case to communicate the importance of achieving stretch targets.
5. In looking at best practice information, consider going outside your industry.
Planning for Implementation

The ultimate goal in implementing your Balanced Scorecard is to create a strategy-focused organization. This means:

- Communicating the strategy
- Making strategy a continuous process
- Cascading the strategy and
- Making strategy everyone’s job

The Balanced Scorecard must be cascaded from the Executive Team level to the entire organization. Those who created it must give it to those who can implement it.

KBU Performance Reporting

The main data points that have been discussed and agreed upon as part of the BSC development must be captured and formatted for maintenance and review on the BSC template. Figure 5 is a template and is a component of the business plan document.

The KBU uses this form to communicate and report performance at fiscal mid-year and year-end. The template can be modified to include status information on progress and comments concerning status. Figure 5a., on the next page, includes example information.

The template can be found in S:\Public\Performance Management.

<table>
<thead>
<tr>
<th>Corporate Objective</th>
<th>KBU Initiative</th>
<th>Measure</th>
<th>Prior Year Actual</th>
<th>Lead or Lag</th>
<th>Performance Data</th>
<th>Comments/Explanation</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>(To be completed at mid-year and year-end reporting)</td>
</tr>
</tbody>
</table>

Copy and paste these objects into the status column as needed.
Green: All is well.
Amber (yellow): Noted issues. Any item in amber or red requires an explanation.
Red: Problem area. Any item with amber or red requires an explanation.
<table>
<thead>
<tr>
<th>Corporate Objective</th>
<th>KBU Initiative</th>
<th>Measure</th>
<th>Prior Year Actual</th>
<th>Lead or Lag</th>
<th>Performance Data</th>
<th>Comments/Explanation</th>
</tr>
</thead>
<tbody>
<tr>
<td>C1. Increase Perception of Safety</td>
<td>Improve citizen satisfaction with police services and perception of safety in his own neighborhood</td>
<td>Results of citizen survey: % satisfied with police services % perception of safety</td>
<td>85% 75%</td>
<td>Lead</td>
<td>85% 75%</td>
<td>(To be completed at mid-year and year-end reporting)</td>
</tr>
<tr>
<td>C2. Strengthen Neighborhoods</td>
<td>Increase affordable housing</td>
<td>Percentage increase in affordable housing</td>
<td>10% Lead</td>
<td>20%</td>
<td>10% Lead</td>
<td></td>
</tr>
<tr>
<td>I1. Streamline Customer Interactions</td>
<td>Improve citizen access to the water, sewer and storm water customer service system</td>
<td>Percentage of telephone calls answered in 90 seconds.</td>
<td>98%</td>
<td>98%</td>
<td>98%</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Percentage of abandonment rate</td>
<td>&lt;9%</td>
<td>&lt;8%</td>
<td>&lt;9%</td>
<td></td>
</tr>
<tr>
<td>F1. Maximize Benefit/Cost</td>
<td>Increase public/private leverage</td>
<td>Business public/private investment ratio</td>
<td>1:10.7 Lead</td>
<td>1.9</td>
<td>1.9</td>
<td></td>
</tr>
<tr>
<td>F2. Maximize Benefit/Cost</td>
<td>Benchmark cost with private sector</td>
<td>Cost per sign fabricated lower than private sector benchmark</td>
<td>12% lower Lag</td>
<td>10% lower</td>
<td>10% lower</td>
<td></td>
</tr>
<tr>
<td>L1. Enhance Management Information</td>
<td>Establish a strategic plan for the use of technology</td>
<td>Develop a Strategic Information Plan by June 2003</td>
<td>Lag June 2003</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Copy and paste these objects into the status column as needed.
Green: All is well.
Amber (yellow): Noted issues. Any item in amber or red requires an explanation.
Guidelines for the KBU Strategic Operating Plan (SOP)

The Action Plan for the Balanced Scorecard

The strategic operating plan is the detailed action plan that supports the KBU Balanced Scorecard. It is the plan to implement the strategy. It provides a narrative description of the actions planned for achieving success in service delivery. It is a two-year plan that may be updated annually if needed.

- The strategic operating plan communicates how the organization will achieve the objectives and targets described in its Balanced Scorecard.
- It describes initiatives and resources allocated to strategic goals and projects.
- It may also describe core services and the resources dedicated to those services.

The Key Business Executive submits the strategic operating plan to the Budget and Evaluation Director. The B&E Office is the primary audience, however, other important audiences include the City Manager, City Council, employees and customers.

Characteristics of a Good SOP. The characteristics of a good SOP are similar to the characteristics of a good Balanced Scorecard. The primary difference is that the SOP provides the details for the KBU Balanced Scorecard, for achieving Corporate objectives.

**Content**
- Clearly identifies the most important accomplishments you expect to achieve; priorities are clear
- Addresses significant opportunities and threats that may arise
- Identifies how results will be measured
- Identifies who will be accountable for results
- Provides the basis for developing individual performance plans

**Form and Construction**
- Concise and economically written, but is complete enough to provide direction for action
- Is the product of consensus decision-making by those who will carry it out

**Utility**
- Is regularly and systematically used as a tool to monitor actual performance and keep performance on track
- Is modified and updated as situational changes require
- Although the plan is operational (short term), it advances the organization's strategic (long-range) plan

Once the Key Business Unit Balanced Scorecard discussions and the SOP discussions have taken place, the SOP can be written. The next section provides guidelines for SOP contents.

SOP Contents

Business units should consider the SOP as the opportunity for describing the specifics of their KBU Balanced Scorecard and the resource allocations necessary for achieving strategy. While Council communicates strategy through the Strategic Focus Area Plan and the Strategic Operating Plan, KBUs communicate strategy through the SOP.
The KBU SOP includes seven sections:

I. Executive Summary           II. Strategy and Planning
III. Service Deliver           IV. Balanced Scorecard
V. Request for Resources       VI. Conclusion
VII. Appendices

I. **Executive Summary**
The Executive Summary should be written well enough so that it can be used by itself as the core of the document. This is the introduction to the rest of your plan. It introduces the document to the reader. Provide broad overview of the KBU function—what is the purpose or reason for the KBU. The Executive Summary should include:

**Introduction**
Introduce the document to the reader. Provide broad overview of the KBU function—what is the purpose or reason for the KBU? Include a summary of total budget and positions for KBU (including requests for increases.)

**Vision**
What does the KBU see in the future in the next two to five years?

**Mission Statement**
What does the KBU do to accomplish the vision?

**Keys Issues and Challenges to be Addressed**
This section is flexible depending on the message each individual KBU wishes to send. What are the key points to communicate for the upcoming year? What are the key issues facing the KBU? Write this section when the document is in the final draft stage. Avoid too much detail. Address the interest of the reader. Consider different summaries for different reader groups. Consider using bullet points instead of continuous narrative.

**Organization Chart**
Insert an organizational chart. Again, the KBU can use flexibility on what to report here—positions, individual names, etc. may be used.

II. **Strategy and Planning**

**Accomplishments**
List key accomplishments from the previous several years, especially where consistent with corporate strategy.

**Links to Corporate Strategy**
Customize this section with the methods used to link to the City’s corporate strategy and BSC. Provide a narrative that links the services and programs of the KBU to the BSC.

KBUs may also use illustrations to supplement the narrative descriptions of links to strategy. For example, several KBUs currently use “strategy maps” or “matrices” to show links. These illustrations may also be submitted as an attachment.

**Strategic Initiatives**
Submit four to seven key strategic initiatives and describe the link to corporate strategy.
Guiding Principles

**KBU Special Plans**
Include a summary of plans for technology, training and development, customer service and competition. If the KBU special plans are small, summarize the plans within this document. If the plans are large, submit as an attachment but also include a summary here.

Each special plan should include a description of the progress and initiatives pursuant to an overall KBU strategic plan.

**Technology Plan**
Provide a summary identifying the substantial issues you are attempting to address with planned technology solutions and the relationship between the planned technology solution and your KBU’s service delivery needs.

**Training and Development Plan**
Submit a training plan summary that identifies KBU priorities for training and development, how they will be implemented and measured. Training & Development has a template available that can help facilitate this thought process & discussion.

**Customer Service Plan**
Submit a summary of customer service initiatives, the issues that are being addressed, and the targets for measuring success. Ideally, KBUs should address customer service in four areas and answer the question: Do we have the employees, training, technology and accountability for ensuring customer satisfaction with service delivery? KBU assessment would include identifying customer service issues/needs to be addressed.

**Competition Plan**
Some KBUs submit annual competition plans in the normal course of business planning. Please provide a summary of your KBU competition here, if applicable. Attach the available KBU competition plan to the proposed strategic operating plan. Do not make a special effort to develop a separate competition plan for this process. Use the competition planning documents currently available.

### III. Service Delivery

**Service Delivery**
This section summarizes a history and development of KBU services. This section builds a case for the resource requests in the next section.

**Core Service Area**
This section outlines the typical core service areas for each KBU. Budget & Evaluation will use the core service area descriptions contained in this section for the KBU pages within the Strategic Operating Plan.

Please note the links to the Balanced Scorecard (BSC) contained within each core service area.

**Service History and Trends**
Use simple tables or charts to illustrate key changes and service delivery trends.

This section also is the appropriate place to list workload indicators or input measures, such as miles of streets maintained, number of tons collected, etc. typically reported in the KBU business plan. The workload indicators can “tell a story” about service delivery changes, service demands, or operational issues. Select a few workload indicators to highlight. This section should not include outcome or results-oriented measures. Those measures should be reported in the performance measurement section.
IV. Balanced Scorecard and Performance Measures

KBUs should submit the key outcome measures in the performance measurement template developed by Budget and Evaluation. The performance measurement template submittal should include the proposed goals for each year of the two-year budget process – FY2004 and FY2005.

The purpose of this section is to tie together the KBU strategy, business plan and request for resources with outcome-oriented performance measures. In other words, what is the desired outcome? What measures can be used to evaluate whether we meet our goals?

V. Request for Resources

Use the appendix to attach more detailed information to the categories here. The KBU should submit a summary of the resources request. For example, if there are $50,000 in changes to current level, what are the major factors driving the increase?

Select only the HIGHEST level priority service level changes (in order) to submit for highlighting in the submittal. Please attach the full list of SLCs to the document.

The highlighted Service Level Change requests included here should have a link to the BSC and a performance measure outcome for each. In other words, how does this SLC promote our corporate strategy? How will we measure the outcome?

Revenues and CIP support sections should include all services of the KBU. For example, CDOT would have not only CIP support, but support to the Powell Bill and SafeLight Funds.

VI. Conclusion

The conclusion should tie the business plan and budget submittal together with the overall message of the document.

VII. Appendices

A. KBU Link to BSC Visual (optional)
B. Technology Plan (optional)
C. Training and Development Plan (optional)
D. Customer Service Plan (optional)
E. Competition Plan (optional)
F. Performance Measures (required)
G. Revenues (if applicable)
H. Service Level Change Requests (required)
I. CIP Support
Attachments

Strategic Operating Plan Example ................................................................. 19
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Strategic Operating Plan Example

This example is provided to illustrate how a proposed SOP might look.

Example Template

Charlotte-Mecklenburg Utilities

FY2004-2005
Proposed Strategic Operating Plan

Jane Smith, Key Business Executive
John Doe, Deputy Key Business Executive
Charlotte-Mecklenburg Utilities
FY2004-2005 Proposed Strategic Operating Plan

I. Executive Summary

Introduction
The largest public water and wastewater utility in The Carolinas, Charlotte-Mecklenburg Utilities proudly serves more than 700,000 customers in the City of Charlotte and greater Mecklenburg County -- including the towns of Matthews, Mint Hill, Pineville, Huntersville, Davidson, and Cornelius.

More than 6,300 miles of water and wastewater mains ensure that water is delivered from one of our three water treatment plants to your home or business and that wastewater is safely delivered to one of our five wastewater treatment plants.

Charlotte-Mecklenburg Utilities strives to apply resources in innovative ways to support communities and economic development and ultimately help make Charlotte a community of choice for living, working and leisure.

Summary of Resource Needs

<table>
<thead>
<tr>
<th></th>
<th>FY2003 Budget</th>
<th>FY2004 Request</th>
<th>FY2005 Request</th>
</tr>
</thead>
<tbody>
<tr>
<td>Budget</td>
<td>$165,544,906</td>
<td>$165,795,265</td>
<td>$166,562,485</td>
</tr>
<tr>
<td>Positions</td>
<td>779.50</td>
<td>782.50</td>
<td>785.50</td>
</tr>
</tbody>
</table>

Vision and Mission

Vision: Charlotte-Mecklenburg Utilities will be the recognized leader in the region, state and nation by contributing to the health, safety and economic well being of our customers; in protecting and conserving our natural resource and environment; and in providing for the growth and development of our employees.

Mission: We are committed to customer satisfaction and confidence by providing responsive services, reasonable rates, system capacity, and effective communication. We provide safe and sufficient drinking water by protecting, treating and distributing drinking water. We protect the environment by collecting and treating wastewater, reusing residuals beneficially, and regulating system discharges. We accomplish our mission through well-trained employees dedicated to customer service.
Key Issues and Challenges

Charlotte-Mecklenburg Utilities stands ready to provide quality water and wastewater services at a low cost in the upcoming years. However, there are several key issues facing our Key Business Unit:

**Water Conservation:** Facing relentless drought conditions and lake levels that continue to drop along the Catawba River, Charlotte-Mecklenburg Utilities officials and elected leaders recently announced that countywide mandatory water restrictions are necessary to protect future water supplies while drought conditions persist. Without an end to the drought in sight, CMU will have to continue to focus on conservation efforts.

**System Expansion:** Great care must continue to be given to the planned growth of the existing water and sewer system. No longer can we assume that our system must lie within the boundaries of Mecklenburg County. Instead, CMU must seek collaborative solutions to service issues with neighboring counties and with South Carolina.

**System Rehabilitation:** While CMU has made significant headway in reducing the backlog of water leak requests, CMU now finds that we must focus our efforts in identifying potential sinkholes for rehabilitation before another car or restaurant is swallowed.

**Automation:** CMU has begun a major program to automate our meter reading function. CMU needs to complete the project in order to recognize the operational efficiencies.

Organizational Chart

```
Charlotte-Mecklenburg Utilities
  Water System
  Wastewater System
  Utility System Planning and Engineer
  Meter Reading
```

Insert an organizational chart. Again, the KBU can use flexibility on what to report here – positions, individual names, etc. may be used.
II. Strategy and KBU Planning

Charlotte-Mecklenburg Utilities has developed a key business unit strategy and plans consistent with the overall corporate strategy of the City.

Accomplishments

Over the past several years the Key Business Unit has been able to realize several notable achievements in relation to delivering products and services to the citizens of Charlotte:

- 2001 Public Communications Achievement Award from the Public Affairs Council of the American Waterworks Association
- Gold Award from Association of Metropolitan Sewerage Association for McDowell Creek wastewater treatment plant; silver awards presented to three other Utilities wastewater treatment plants
- Excellent results in defending against contractor claims
- Water main repair on Park Road

Links to Corporate Strategy

Charlotte-Mecklenburg Utilities provides service consistent with the City’s corporate strategy. CMU has developed a visual illustration of our links to Balanced Scorecard objectives (please see attachment A). Below is a summary of our services and links to the four perspectives on the Balanced Scorecard:

Serve the Customer. Charlotte-Mecklenburg Utilities provides service to over 644,000 residents and most businesses in Mecklenburg County. Services include the daily treatment of over 106 million gallons of water for drinking and the treatment of over 75 million gallons of wastewater. Additionally, Utilities maintains over 5,900 miles of water and sewer mains and provides infrastructure design and development.

Integral to the mission and vision of Charlotte-Mecklenburg Utilities is to provide water and wastewater services to the citizens of Charlotte and surrounding communities that are of the highest quality and to be good stewards of natural resources. Our goal is to be an environmental champion of the Catawba River, the source of Charlotte’s water supply. It is also critically important Charlotte-Mecklenburg Utilities provide the necessary infrastructure to address residential needs and to support commercial development.
Run the Business. Collaboration and partnerships yield better results. We recognize that Charlotte-Mecklenburg Utilities is part of a corporation with interdependent and interrelated parts. The quality of our products and services, in many instances, requires joint effort between us and other Key Business Units as well as with the other communities we contractually serve. Our customers need to better understand how we do business and how we strive to meet their expectations. Whether we are delivering service to a single resident or to another municipality, it is important that we create a customer experience that is both positive and professional. We have optimized our use of technology at our facilities and have experienced excellent results with the quality of water and wastewater products we provide. Our enterprise technology requires the same deliberate attention. We will use technology to deliver services in a more effective and efficient manner; we are leveraging our technology resources to deliver our mission and vision.

Manage Resources. Charlotte-Mecklenburg Utilities relies on the ability to issue debt to secure the level of resources it needs to provide high-quality water and sewer projects, products and services. Through good governance of resources, we have maintained our ability to secure resources. In so doing, CMU has helped position the City of Charlotte as a financially well-managed municipality. Our services are competitively priced for a market this size. Charlotte’s water quality has rated high quality for the last 10 years. The investments and enhancements made to the system over the past years support the City’s sound financial strategy by enabling Utilities to deliver a quality product at a competitive price. Utilities is positioning itself to support the high density transit corridor development through proactive planning and the CIP process.

Develop Employees. Our success is predicated upon the commitment of our employees. It is important to cultivate a workforce that is both highly skilled and competent and one that is motivated to apply skills, knowledge and abilities. We continuously recruit employees who are assets to Utilities. We seek opportunities to groom, develop and promote employees into management positions from within the organization. It is important that our employees feel informed about the strategy we’ve adopted and the individual and collective roles they play in its achievement.
Strategic Initiatives

- Improve water quality by championing protection of the Catawba River
  - Implement Franklin Environmental Management System
  - Water Quality of Catawba River

- Ensure service availability to support Economic Development efforts and South Corridor Transit development
  - Complete all water and sewer taps within 5 weeks of application
  - Support high density development along transit corridors through proactive planning and the CIP process

- Enhance service delivery through improved business processes
  - Complete customer service business process improvement analysis

- Deliver competitive services and maintain affordable rates
  Water and sewer rate comparison among regional cities
KBU Special Plans

Each KBU is required to submit summary plans for the upcoming year in technology, training and development, customer service and competition consistent with the City’s corporate strategy and Balanced Scorecard. The four subsections below illustrate Charlotte-Mecklenburg Utilities plans for the year.

Technology

CMU’s technology plan focuses primarily on continued efforts to implement the 2nd year of our 3-year plan to establish a mobile workforce. Our technology plan for FY04 totaled $319,889 and for FY05 totaled $329,485. Please see attachment B for the complete CMU Technology Plan.

Training and Development

For FY04 & FY05, CMU will continue to focus our training efforts on customer service, technology and professional development training. Please see attachment C for the complete CMU Training and Development Plan. Our training plan request totals $266,000 for FY04 and $273,000 for FY05. Individual initiatives include:

Customer Service Training: Continue to provide training for field representatives in order to increase our customer service rating from 7.0 to 7.5 (on a scale of 1 to 10 with 10 being excellent).
Technology Training: In partnership with Training & Development, provide customized, on-site training for pilot program to deploy our mobile workforce. Target is to complete training by FY04 for 100 crew chiefs and reduce response time for incidents by 10%.

Professional Development Training: Continue our efforts to support and encourage employee participation in the educational reimbursement program through increased communication of program and recognition for those completing degree and certification programs. Target is to extend resources to include participation for at least 5% or approximately 40 of our 780 positions. This program costs approximately $60,000 per year for an average annual per participant reimbursement of $1,500.

Customer Service Plan
CMU’s customer service strategy continues to focus on recruiting and retaining a skilled and diverse workforce in order to address our service delivery needs. Partnering with Human Resources, we have developed a recruitment strategy and incentive program to maintain our voluntary turnover rate at the FY02 rate of 3.2% or no more than 60% of the Bureau of Labor Statistics average for our region and our workforce.

Completing customer service training for field representatives will be our primary customer service focus this year. Included in this training will be recognition of diversity and language barriers within our community and a workteam will be charged with developing ideas for professional and courteous service delivery for non-English speaking customers.

Our primary request from customers is a desire to have increased communication with regard to service interruptions. Our goal is to automate this process utilizing GIS data to notify customers of service interruptions via automated dial-up. Our first attempt would be to contact the residents prior to interrupting service but at minimum having the ability to notify residents with an explanation for disruption when service will knowingly be interrupted for more than 2 hours.

CMU employees will be held accountable for satisfactory delivery of customer service through an index of measures that includes recognition of outstanding customer service; random customer surveying for crews and administrative staff; monitoring of customer service delivery for our call center satisfaction rating; and adherence to customer service standards for phones, voice-mail and web inquiries.

Please see attachment D for the complete CMU Training and Development plan.
Charlotte-Mecklenburg Utilities continues to review programs for opportunities for optimization, competition and privatization. Utilities intends to examine our McDowell Wastewater Treatment Plant for optimization opportunities in FY2004. Please see attachment E for the complete Utilities Competition Plan.

Some KBUs submit annual competition plans in the normal course of business planning. Please provide a summary of your KBU competition here, if applicable.

Please attach the available KBU competition plan to the proposed strategic operating plan. Please do not make a special effort to develop a separate competition plan for this process. Feel free to use the competition planning documents currently available.
III. Service Delivery

The Charlotte-Mecklenburg Utilities system continues to expand to meet the increasing water and wastewater needs of our customers due to growth and development. The City annexed 0.71 miles in FY2002 for a City land area of more than 250 square miles.

Core Service Areas

The KBU achieves the corporate strategy by providing services through several key core programs and services.

Overall definition of service: Charlotte-Mecklenburg Utilities provides services to over 644,000 residents and most businesses in Mecklenburg County. Services include the average daily treatment of over 106 million gallons of water for drinking and the treatment of over 75 million gallons of wastewater. Additionally, Utilities maintains over 5,900 miles of water and sewer mains and provides infrastructure design and development. (BSC Link: Promote Economic Opportunity and Safeguard the Environment).

Water System: Provides treatment, distribution, system construction, repair and monitoring for an average 106 million gallons per day of treated water for more than 190,000 active services. (BSC Link: Promote Economic Opportunity and Safeguard the Environment).


Utility System Planning and Engineering: Provides design and contract administration and support for construction of capital facilities to ensure system infrastructure stability and capacity… (BSC Link: Promote Economic Opportunity and Invest in Infrastructure).

Meter Reading and Billing: Provides meter reading and monthly billing of water and sewer services for over 190,000 service connections. (BSC Link: Deliver Competitive Services and Improve Technology Efficiencies.)
Service History and Trends

The chart below illustrates the growth trend by showing the number of miles of water lines maintained since FY1999:

Growth and development has also increased the demand for water on the Charlotte-Mecklenburg Utilities system. The chart below illustrates the rapid increase in water demand:

This section should not include outcome or results-oriented measures. Those measures should be reported in the Performance Measurement section.
IV. BSC and Performance Measurement

Utilities uses performance measures to evaluate results and monitor progress towards meeting the goals established by the City’s corporate strategy.

Charlotte-Mecklenburg Utilities has made significant accomplishments throughout the KBU over the past year. Several examples of accomplishment indicated by our performance measures include:

- **Average repair time of 6 weeks for small water leaks** – The FY2002 target was 6 weeks, actual activity indicates 2 weeks or less.
- **Complete phase 1 of automated meter reading project** – all contracts have been approved and installations are in progress.

There are a few areas where Utilities will focus more attention during the upcoming year in order to meet our goals and objectives:

- **Implement recommendations from water distribution repair data** – The implementation phase is on-schedule and in progress. However, we hope to accelerate progress in the upcoming year by shifting available resources and improving efficiency.

Please see attachment F for the complete status of our current performance measures and our proposed goals for the next two years.
V. Request for Resources

**Base Budget:** Charlotte-Mecklenburg Utilities requests a base budget allocation of $165,595,165 with 779.50 positions for FY2004.

**Change to Current Level:** There are no resource requests for Change to Current Level.

**Service Level Changes:** The amount of requests for service level changes total $200,100, including 3 positions.

The total request for resources is $165,795,265 with 782.50 positions. Please see attachment H for the full list of CMU service level changes.

**Revenues:** CMU is completely supported by system user fees. These fees are updated annually as a result of the KBU’s rate study, which incorporates all phases of our financial model: operating, capital, and debt service needs. A summary of our FY2004 user fees is included in attachment I.

**CIP Support:** Virtually all divisions within the KBU support CMU’s CIP. This support is charged to the appropriate capital project via departmental charges. For FY2004 these charges are projected to be $20,000,000. A summary of these charges is included in attachment J.

Utilities has highlighted four key service level changes in this budget request (in priority order, #1 being the most important):

1. **Additional maintenance crew ($100,000 – 3 positions):** Utilities has a need to improve response time to reported water leaks. Due to recent events with the drought and need for better water conservation management, Utilities would like to improve service by adding a repair crew.

   **Link to BSC:** Enhance Customer Service and Safeguard the Environment

   **Performance Measurement Outcome:** Increase response time from current 2-week target to 5 working days.
1. **Wastewater treatment improvement equipment ($25,000):** Utilities needs to improve certain types of wastewater treatment equipment at the McDowell plant to improve water quality beyond federal requirements. Although the current treatment plan meets federal rules, we believe it is important to treat the City’s wastewater to a higher standard.

   *Link to BSC:* Safeguard the Environment

   *Performance Measurement Outcome:* Meet or exceed 100% of Safe Drinking Water Act Requirements.

2. **Increase in funding for water conservation education campaign WaterSmart ($50,000):** The WaterSmart educational campaign has been effective in raising customer awareness on water conservation. With the recent drought, there is a need to broaden the campaign to include more television and radio advertising.

   *Link to BSC:* Safeguard the Environment and Enhance Customer Service

   *Performance Measurement Outcome:* Reduce water consumption by an additional 2% by FY2004

3. **Contract for survey of water line conditions in western area of the City ($25,100):** Utilities has analyzed the results of the water line repair records and detected a disproportionate number of occurrences in the western part of the City. Utilities proposes to contract with an outside vendor using a new technology to randomly check conditions of water lines in key locations to determine what preventative maintenance steps should be taken.

   *Link to BSC:* Safeguard the Environment, Invest in Infrastructure, Improve Technology Efficiencies

   *Performance Measurement Outcome:* Complete water vulnerability assessment for water distribution system by December 31, 2003
V. Conclusion

Charlotte-Mecklenburg Utilities remains committed to the City’s corporate strategy and to providing high-quality, low-cost services to our customers. Staff hopes this proposed business plan and request for resources for FY2004-2005 promotes the achievement of organizational goals and objectives as well as continuing to provide basic services to our customers.

Utilities continues to face issues of growth and development and drought management. Staff believes this proposed strategic operating plan for FY2004-2005 supports the City’s corporate strategy.
Appendix A – CMU Balanced Scorecard

Utilities BSC

- Serve the Customer
  - Improve Technology Efficiencies
  - Enhance Customer Service
  - Deliver Competitive Services
  - Promote Learning & Growth

- Run the Business
  - Develop Collaborative Solutions
  - Achieve Positive Employee Climate
  - Maintain AAA Rating
  - Recruit & Retain Skilled, Diverse Workforce

- Manage Resources
  - Safeguard the Environment
  - Improve Technology Efficiencies
  - Invest in Infrastructure
  - Promote Economic Opportunity

- Develop Employee
  - Achieve Positive Employee Climate
  - Recruit & Retain Skilled, Diverse Workforce
  - Promote Learning & Growth
  - Safeguard the Environment
V. Appendices
A – KBU Link to BSC Visual (optional)
B – Technology Plan (optional)
C – Training and Development Plan (optional)
D – Customer Service Plan (optional)
E – Competition Plan (optional)
F – Performance Measures (required)
G – Revenues (if applicable)
H – Service Level Change Requests (required)
I – CIP Support
## FY04- FY05 Corporate Strategy
### Objectives, Definitions and Measures
Draft as of October 24, 2002

### Serve the Customer  “What is our mission and vision?”

<table>
<thead>
<tr>
<th>Objective</th>
<th>Definition</th>
<th>Possible Measure (under review by Focus Area Cabinets)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reduce Crime</td>
<td>Decrease crime with community-oriented policing and other strategies that target specific crime categories or offenders.</td>
<td>• Crime rate per 100,000 population for the Part 1 offense categories (homicides, burglary, rape, robbery, aggravated assault, larceny, auto theft and arson.)</td>
</tr>
<tr>
<td>Increase Perception of Safety</td>
<td>Improve perception of safety by increasing police and neighborhood involvement, improving neighborhood appearance, and addressing neighborhood decay and nuisances.</td>
<td>• Citizen survey</td>
</tr>
</tbody>
</table>
| Strengthen Neighborhoods      | Deliver planning, infrastructure, environmental safety and capacity building investments to improve and sustain the quality of life in neighborhoods. | • Quality of Life Index  
• Neighborhood Sustainability Plans  
• Capacity Building Initiatives annual leadership survey                                                               |
| Provide Transportation Choices| Provide programs and services that expand travel choices and increase use of alternative modes of transportation. | • Vehicle miles traveled  
• Transit ridership                                                                                                        |
| Safeguard the Environment     | Provide programs and services that protect the City’s land, water, air and open space resources. | • Air quality conformity  
• Number of ozone alert days  
• Water conservation results                                                                                                  |
| Promote Economic Opportunity  | Provide programs and services that enhance the quality of life and make Charlotte an attractive location for business. | • Percent of metropolitan jobs in Mecklenburg County  
• Average job growth as compared to the five largest cities in NC (or selected southern cities) |
**Run the Business**  
*“At what processes must we excel to achieve the mission and vision?”*

<table>
<thead>
<tr>
<th>Objective</th>
<th>Definition</th>
<th>Possible Measure (to be reviewed by Focus Area Cabinets)</th>
</tr>
</thead>
</table>
| Develop Collaborative Solutions | Establish internal and external partnerships to solve problems.            | • Employee survey results on how well KBUs work together  
• Stakeholder survey results on how well KBUs make services seamless                                                  |
| Enhance Customer Service      | Improve service delivery to internal and external customers. Provide services that are courteous, accessible, responsible and seamless. | • Citizen survey  
• Internal customer surveys  
• Implement Customer Service Strategic Plan                                                                         |
| Improve Technology Efficiencies | Integrate technology into business processes to increase operational efficiencies, improve service delivery and control costs. | • Implement Information Technology Strategic Plan  
• Benchmark with best in practice                                                                                     |
Manage Resources  “How do we ensure value in achieving the mission and value?”

<table>
<thead>
<tr>
<th>Objective</th>
<th>Definition</th>
<th>Possible Measure (to be reviewed by Focus Area Cabinets)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Maintain AAA Rating</td>
<td>Pursue fiscal policy that will maintain the City’s AAA credit rating.</td>
<td>• Credit rating</td>
</tr>
</tbody>
</table>
| Deliver Competitive Services  | Ensure value and quality of services by being productive and efficient in service delivery. Maximize public resources through competition, privatization, optimization and process improvement. | • Service delivery rating (biennial citizen survey)  
• Total dollars subjected annually to competition, privatization and competition                                                                                                                                                                       |
| Expand Tax Base & Revenues    | Increase available revenues by expanding tax base through residential and business development. Seek funding partnerships and other revenue sources to lessen reliance upon property taxes. | • Percentage of total revenues made up by property tax  
• Private dollars leveraged by City dollars  
• Federal, state and other grant revenues awarded to City                                                                                                                                                                                                 |
| Invest in Infrastructure      | Support City priorities by optimizing existing infrastructure and creating new infrastructure. Ensure that capital and land use investments are consistent with Smart Growth principles.                                    | • Percent of Smart Growth capital projects that are funded                                                                                                                                                                                                 |
Develop Employees  

“How do we develop employees to respond to the mission and vision?”

<table>
<thead>
<tr>
<th>Objective</th>
<th>Definition</th>
<th>Possible Measure (to be reviewed by Focus Area Cabinets)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Achieve Positive Employee Climate</td>
<td>Strengthen work-life environment where employees are empowered, motivated and productive.</td>
<td>• Employee satisfaction rating (biennial employee survey)</td>
</tr>
</tbody>
</table>
| Recruit & Retain Skilled, Diverse Workforce  | Select and retain qualified and diverse workforce to meet community needs.                                                                                                                                   | • Percent of hiring managers indicating satisfaction with the quality of the applicant pool  
• Turnover rates                                                                                                                                                                                                                     |
| Promote Learning & Growth                     | Maximize employee development through training opportunities in technology, supervision and management. Create a learning environment where employees are encouraged to test ideas and explore new methods. | • Percent of promotions that are internal candidates  
• Percent of employees indicating that training has enhanced job performance (biennial employee survey)  
• Percent of employees indicating that the City has a positive learning environment                                                                                                                      |
BSC Reporting Template Instructions

Initial reporting-as part of the KBU BSC/Business Plan:

The numbers C1, C2, F1, etc. refer to the first objective in the customer perspective, the second objective in the customer perspective, etc.

Under the column "objective", pick the Corporate Level objective your KBU is trying to impact. (i.e. reduce crime, secure funding/service partners, etc.) Place that objective in the appropriate row. Use the numeric labels C1, C2, F1, etc. if you have more than one corporate objective within a perspective you are trying to impact.

In the initiative and measure columns, enter your KBU initiative and measure that corresponds to the corporate objective. If you have multiple initiatives and measures for one corporate objective, leave the objective column blank for the second or third measure. (There is no need to repeat the corporate objective).

If you have prior year actual data for the measure, record that information in the "prior year actual" column.

In the lead/lag column, indicate whether the measure is lead or lag. (See handbook for definition of lead/lag.)

In the "target" column, enter the target data for your measure.
If you need additional rows in one of the perspectives, highlight the box for the perspective and right click on it. Then choose "split cells".

<table>
<thead>
<tr>
<th>Objectives</th>
<th>Initiative</th>
<th>Measures</th>
<th>Prior Year Actual</th>
<th>Leader/Logo</th>
<th>Performance/Date</th>
<th>Targets</th>
<th>YTDs</th>
<th>Status</th>
</tr>
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Change number of columns to 1 and number of rows to 2.

This action will split the perspective cell and allow you to enter new rows.
After you have split the perspective cell, highlight the row you want the new row to appear above and right click. Then choose "insert rows".

This action will give you a new row to enter additional information.
After entering the new data, highlight the two (or more) cells containing the perspective and right click. Then choose "merge cells". You can insert as many rows as you need to per perspective and you can merge as many cells into one as you need to.

<table>
<thead>
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<th>Perspective</th>
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</table>
Completion of mid-year and year-end reporting:

At mid-year, complete the information you have on each objective by entering data into the "ytd" column. This information will be for the period you are reporting on. The data will be YTD at December 31 and June 30.

In the status column, use the red, yellow, green symbols to indicate the status of your objectives. (Copy and paste the objects into the appropriate row). Green means "all is well", yellow indicates items with issues noted, red indicates a potential problem area. Any measure with a yellow or red status would require further explanation in the Comments/Explanation column. You may comment on the green status measures as well, but comments are only required on red and yellow status.
<table>
<thead>
<tr>
<th>Term</th>
<th>Definition</th>
<th>Example</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Balanced Scorecard:</strong></td>
<td>The Balanced Scorecard is a performance management system used to translate strategy into tangible objectives and measures. The Balanced Scorecard uses four perspectives to ensure a balanced approach to evaluating achievement of organizational strategy. Those perspectives are customer, financial, internal processes and learning and growth. The Balanced Scorecard is a visual representation of organizational strategy and game plan.</td>
<td>Objective: Reduce Crime</td>
</tr>
<tr>
<td><strong>Business Plan:</strong></td>
<td>Document that includes substantial detail on how strategy will be achieved operationally. Should explain performance objectives, initiatives, measures and targets. Business plans should be implementable and measurable.</td>
<td>Reduce Crime, Achieve Positive Employee Climate</td>
</tr>
<tr>
<td><strong>Corporate Objective:</strong></td>
<td>Organizational aims or purpose for the next 2-4 years that are the focal point of the organization’s initiatives.</td>
<td>Reduce Crime, Achieve Positive Employee Climate</td>
</tr>
<tr>
<td><strong>Focus Area Plan/Work plan:</strong></td>
<td>Focus area cabinet-level document that conveys the details involved or associated with advancing the focus area vision or strategy.</td>
<td>City Within A City Focus Area Plan</td>
</tr>
<tr>
<td><strong>Focus Area Policy Framework:</strong></td>
<td>Guiding principle, guidelines, rules of the game</td>
<td>User fees</td>
</tr>
<tr>
<td><strong>Focus Area Vision:</strong></td>
<td>One sentence statement that describes either the challenges to be addressed or the results to be realized by dedicating resources to a particular theme; the focus area vision can be summarized in a focus area tag line.</td>
<td>“Charlotte will be a City of transportation choices”</td>
</tr>
<tr>
<td><strong>Focus Area Mission:</strong></td>
<td>Purpose, reason for focus area cabinet existence; mission is often captured in a mission statement</td>
<td>“To ensure organizational excellence”.</td>
</tr>
<tr>
<td><strong>Focus Area/Strategic Theme:</strong></td>
<td>Themes on which the organization will concentrate efforts, dedicate resources and strive to achieve significant improvements. The focus areas reflect what the management team believes must be done to succeed.</td>
<td>Economic Development, Community Safety, Transportation</td>
</tr>
<tr>
<td><strong>Strategic Initiatives:</strong></td>
<td>Action steps, planned activities to achieve the organization’s mission and to advance the vision; tactics; means by which we achieve the strategic objectives</td>
<td>Conduct a study Develop a plan</td>
</tr>
<tr>
<td><strong>Strategic Measures:</strong></td>
<td>Indicators of achievement that we categorized into four types—inputs, activities, outputs and outcomes.</td>
<td>Money, staff and staff time Develop a plan, conduct a study, provide training, or build a road Number of plans developed, number of neighborhoods trained and miles of road constructed Reduction in exposure to safety hazards, reduction in crime rate, increase in skills or percent reduction of commute time Public to private investment ratio, cost per hour, water and sewer rates Customer satisfaction surveys, percent of targets met</td>
</tr>
<tr>
<td></td>
<td>1. <strong>Input measures</strong> evaluate resources dedicated or consumed by the program.</td>
<td></td>
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<tr>
<td></td>
<td>2. <strong>Activity measures</strong> evaluate the behaviors or actions an organization perform with the inputs to fulfill its mission. <strong>Activity measures</strong> often are “verb phrases” and are often initiatives.</td>
<td></td>
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<tr>
<td></td>
<td>3. <strong>Output measures</strong> evaluate the direct products of organizational activities. Outputs relate to the volume of work accomplished.</td>
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<td>4. <strong>Outcome measures</strong> evaluate the benefits for the service recipient—citizens, customers—or the effect the service recipient experiences because of participating in organizational programs or receiving organizational services. <strong>Outcome measures</strong> are often “noun phrases”; <strong>Efficiency outcome measures</strong> evaluate the cost of providing service or delivering programs; these measures assess indirect benefit to the service recipient <strong>Effectiveness outcome measures</strong> evaluate the success of delivering services; these measures evaluate an indirect benefit to the service recipient. Citizen satisfaction with service (i.e., garbage collection) does not indicate an improvement in the citizen’s condition (i.e. strengthened neighborhood) as a result of service.</td>
<td></td>
</tr>
<tr>
<td><strong>Strategic Operating Plan:</strong></td>
<td>The Strategic Operating Plan (SOP) includes organization strategy and resources. It combines focus area plans, business plans and budgets.</td>
<td></td>
</tr>
<tr>
<td><strong>Strategy:</strong></td>
<td>Plan, approach, game plan</td>
<td></td>
</tr>
<tr>
<td><strong>Stretch Target:</strong></td>
<td>A challenging target, a target that may not be met. It may be a multi-year goal with annual milestones.</td>
<td>100% increase in affordable housing in 5 years (20% increase per year)</td>
</tr>
<tr>
<td><strong>Target:</strong></td>
<td>Quantifiable and specific level of achievement; communicates the expected level of performance.</td>
<td>100% response rate; 1:8 leverage ratio</td>
</tr>
<tr>
<td><strong>Vision:</strong></td>
<td>What we want to be; organization’s ideal position or ideal position citizens or service recipients experience that results from organizational activity.</td>
<td>City of Charlotte vision statement</td>
</tr>
</tbody>
</table>
Examples of Measures and Targets

<table>
<thead>
<tr>
<th>Business Unit</th>
<th>Measure</th>
<th>Target</th>
<th>Measure Type</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fire</td>
<td>Clearance rate for incendiary fire cases</td>
<td>Maintain 30% clearance rate for incendiary fire cases</td>
<td>Outcome</td>
</tr>
<tr>
<td>Police</td>
<td>Achieve crime reduction targets in chronic “hot spot” areas</td>
<td>Decrease crime in 8 of 12 chronic hot spots</td>
<td>Outcome</td>
</tr>
<tr>
<td>Public Transit</td>
<td>Ridership results</td>
<td>Increase ridership systemwide by 5% over FY00 numbers</td>
<td>Outcome</td>
</tr>
<tr>
<td>Transportation</td>
<td>Street repair response</td>
<td>Achieve 100% of electronic traffic control repair emergency responses within 1 hour</td>
<td>Outcome</td>
</tr>
<tr>
<td>Aviation</td>
<td>Retail sales per enplaned passenger</td>
<td>Increase retail sales per enplaned passenger by 5% over prior years</td>
<td>Outcome</td>
</tr>
<tr>
<td>Budget</td>
<td>Cost per hour of analyst services</td>
<td>Less than $100 per hour for analyst services</td>
<td>Outcome</td>
</tr>
<tr>
<td>Business Support Services</td>
<td>Percent of critical citywide network systems using</td>
<td>Ensure that 95% or greater of citywide systems use</td>
<td>Outcome</td>
</tr>
<tr>
<td></td>
<td>Ratio of professional certifications to technical staff</td>
<td>Maintain 3:1 ratio for EMD and 2:1 ratio for IT certification</td>
<td>Input</td>
</tr>
<tr>
<td></td>
<td>Cost of downtime for Well-Managed PCs versus all other machines</td>
<td>Reduce cost of downtime for Well-Managed PCs to 50% or greater than all other machines</td>
<td>Outcome</td>
</tr>
<tr>
<td>Community Relations Committee</td>
<td>Employee satisfaction survey rating on 5.0 scale</td>
<td>4.0 rating</td>
<td>Outcome</td>
</tr>
<tr>
<td>Customer Service Center</td>
<td>Development of internal survey to gauge improvements to center</td>
<td>Achieve 10% increase in employee satisfaction on internal survey compared to citywide survey</td>
<td>Outcome</td>
</tr>
<tr>
<td>Engineering &amp; Property Management</td>
<td>Employee voluntary separation rate</td>
<td>Achieve a voluntary separation rate of 85% or less than that of the City's voluntary separation rate</td>
<td>Outcome</td>
</tr>
<tr>
<td>Neighborhood Development</td>
<td>Number of housing code compliance inspections</td>
<td>Conduct at least 1,600 inspections</td>
<td>Output</td>
</tr>
<tr>
<td></td>
<td>Number of neighborhood improvement areas completed with infrastructure built</td>
<td>Complete five neighborhood improvement areas</td>
<td>Output</td>
</tr>
<tr>
<td>Utilities</td>
<td>Complete self-assessment initiative</td>
<td>Evaluate and implement results from self-assessment review</td>
<td>Activity</td>
</tr>
</tbody>
</table>
Balanced Scorecard Additional Resources


Corporate Performance Reports and Strategic Focus Area Plans are available on the Budget & Evaluation website:

www.ci.charlotte.nc.us/cibudget/publications.htm