

Transforming the CAIB Using the Balanced Scorecard

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The Caribbean Association of Indigenous Banks Inc. (CAIB) has served its members long and well. But, like all organisations in today's dynamic and evolving financial services environment, the CAIB knows it must evolve with the times. It must be as nimble and quick as its members in predicting and managing change, in order to provide value and remain relevant. In January 2005, the CAIB began the process, using the Balanced Scorecard methodology, of developing an actionable Strategic Plan that would guide the organisation.

Charting CAIB's Future: In January 2005, the Strategic Planning Committee of the CAIB started a journey of charting the future of the CAIB using the Balanced Scorecard (BSC). The CAIB chose the Balanced Scorecard methodology, as it sought to develop an actionable Strategic Plan that would guide the organisation in better serving its' members in increasingly challenging times. The Committee realised that the CAIB must be as nimble and quick as its members in predicting and managing change, in order to provide value and remain relevant.

What is the Balanced Scorecard? *This exercise has been a learning exercise for me. I believe there is more to the Balanced Scorecard and that we all should explore it*

Developed in 1992 by Drs. Robert S. Kaplan and David P. Norton, the Balanced Scorecard has grown from simply being a performance measurement tool to a comprehensive management system for developing, communicating and managing strategy.

The Balanced Scorecard is now used by over 65% of Fortune 1000 companies, but has also found resonance and is increasingly being used in a diversity of organisations such as schools, universities, opera companies, public sector agencies and cities.

The basic premise of the Balanced Scorecard is, that for

strategy to be managed, it must be measured. Measurement results in organisational learning, which allows for finetuning of the strategy as it is being implemented. This allows for a great deal of flexibility and responsiveness, which is a key difference between this methodology and the more traditional approaches to developing and managing strategy.

Four Key Perspectives: The Balanced Scorecard develops strategy around 4 key perspectives - Financial, Customer, Internal Process and Learning and Growth.

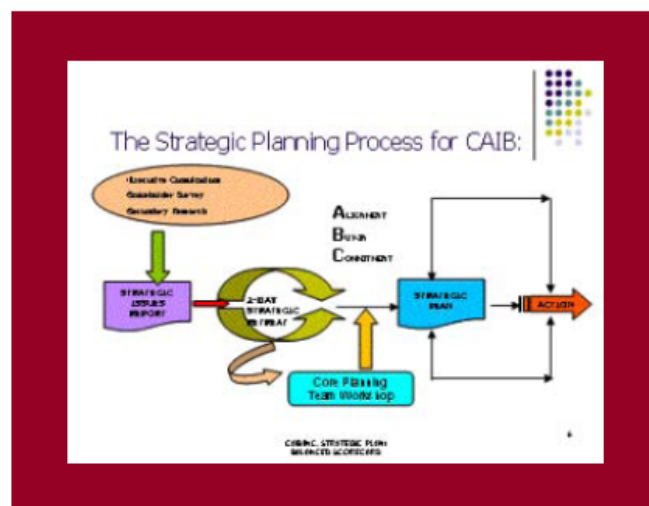
The Financial Perspective asks the question "To achieve our vision, how must we look to our shareholders?" In the case of not-for-profits such as public sector entities and organisations like the CAIB, the issue becomes one of Fiduciary responsibility and the question becomes "To achieve our mandate, how must we look to our funders and donors?"

For the Customer Perspective, the question is "In order to achieve our vision, how must we look to our customers?" The Internal Process Perspective asks "In order to satisfy our customers, at what key

internal processes must we excel?"

The Learning and Growth Perspective addresses organisational readiness in the areas of skills, information, tools and culture, and answers the question "In order to excel at our key internal processes, how must our organisation organise itself, learn and grow?"

Over time, the



Balanced Scorecard has become an important tool in communicating strategy, primarily through the use of the Strategy Map which provides a visual representation of the strategy. The Strategy Map shows the cause and effect relationships between the Strategic Objectives along each of the four Perspectives.

The Balanced Scorecard Process at CAIB: *I would like to take the opportunity to thank you [CAIB] for organising the 38th EXCO meeting and Strategic Planning exercise. The weekend was well organised and Growth Facilitators definitely had our full attention for the 2 days. It was informative and educational and when completed will be a valuable tool for CAIB and the 2015 citation that we will receive.* These were the words of one of the participants in the CAIB's Strategic Planning Retreat on May 27, 28 2005.

Growth Facilitators, a Jamaican-based firm and a leading proponent of the Balanced Scorecard in the Caribbean, was selected to facilitate the development of the CAIB Balanced Scorecard. The facilitators designed a highly interactive and participative process (see diagramme), which featured:

- Engagement through a survey of members and sponsors, and interviews with members of the Executive
- A 2-day "advance" (commonly known as a retreat) May 28 and 29, 2005 in St. Lucia with members of the Executive and Secretariat to develop the Vision, Mission, Core Values, Strategy Map and Balanced Scorecard.
- A 2-day "finetuning" session with members of the Strategic Planning Committee, the Secretariat and the Chairman to review and validate the Scorecard and develop the Implementation Plan
- Documentation of the Balanced Scorecard

The question which guided all discussions throughout the process was: "What MUST we do to delight our members and make sure that they receive full value for their participation in the CAIB?"

Transformation-The Current Reality of the CAIB: *The finalisation and implementation of a regional financial services agreement together with the continued blurring of the lines between banking*

and insurance across the region may negate the need for the CAIB.

The statement above is not an over-exaggeration when considering the multitude of issues facing the very survival of indigenous financial institutions in the Caribbean. These include increased international, regional and national regulatory requirements, the immediacy of the CARICOM Single Market and Economy (CSME) and the perilous position of many small island states, all of which paint a future for the sector, which suggests increasing mergers and acquisitions, and, perhaps even the death knell for indigenous banks.

Feedback from members and sponsors highlight CAIB's ability to successfully plan and execute the Annual Conference as a key strength. However, it is generally felt that the CAIB should be doing more to assist its members to cope with the challenges of globalisation through broadening the range of services it provides its membership. This should include matters related to policy, legislature and advocacy for, and representation of, its members.

Transformation - The Desired Future for the CAIB: *The CAIB must create a vision that is consistent with the evolution of a regional market and economy.* After much deliberation, and with input from members, sponsors and executive members, the following Vision and Mission Statements were crafted:

VISION: Caribbean Association of Indigenous Banks Inc. will be the focal point for networking among financial institutions in the region, a respected voice and effective advocate for indigenous financial institutions, the organisation of choice for members support and services.

MISSION: In order to achieve this Vision, the Mission of the Caribbean Association of Indigenous Banks Inc. is to facilitate the growth and development of indigenous financial institutions through the provision of advocacy, support services and a platform for networking, and, by being efficient, well-resourced and financially sustainable.

The CAIB Balanced Scorecard: *"This Strategic Planning exercise was very successful because it presented a clear picture of how strategy will be linked to action"*

Over the next 5 years the CAIB will deliver on 4 Strategic Themes, as identified in its Strategy Map:

Table I:

Objective	Measure	BASE	2005/06	2010/11	Strategic Initiatives
CUSTOMER #1: Responsive to the needs of our customers	Annual customer satisfaction score re: responsiveness to needs of customers	To be determined by Survey at AGM	To be set in January 2006	90%	1. Design customer survey, conduct at annual conference, analyse and set baseline 2. Establish a Regional Association of Audit Committee Members

1. Responsive, efficient and effective service delivery
2. Superior advocacy
3. Premier networking platform
4. Best information source

Underlying these are two cross-cutting themes:

1. Innovative, well-led, well-resourced organisation guided by the CAIB Core Values - Integrity, Commitment, Confidentiality, Cooperation and Accountability
2. Well-governed and financially sustainable

For each of the Strategic Objectives depicted on the Strategy Map, performance measures, targets and initiatives were developed. An example is presented in Table I.

As is typical with most Balanced Scorecards, some measures, such as this one, are new, and therefore no baseline or comparative data exists. Over the next few months, the Secretariat will be gathering this data in order to set realistic targets and identify and fine-tune the appropriate initiatives. For each of the Strategic Initiatives, responsibility, timeframes and budget were identified. The full financial implications of the plan over the 3 years are not yet known. Costs will be identified and incorporated on a year-by-year basis in the annual budget.

The Secretariat will report to the Executive Committee on achievement of targets and implementation of initiatives each quarter by the 15th of the month following the end of quarter. In June of each year, the annual Strategy Advance (Retreat) will review performance and set new targets for the upcoming financial year. The Annual BSC Report will be presented to the membership at the annual conference.

The CAIB BSC-What's Next? *"We, the CAIB Executive Committee, MUST find the will to follow this interesting exercise to completion!"* The success of the CAIB through the achievement of the objectives set in the Balanced Scorecard exercise will depend on buy-in of the membership. Members will have to support the CAIB not only financially, but more importantly, by promoting and supporting the organisation in their respective home territories and by participating in activities undertaken by the CAIB. An active and involved membership will make all the difference in the success of an organisation dedicated to serving their needs, adding value and supporting their success and sustainability.

The new CAIB will also require a new type of leadership - one that is willing to keep all stakeholders focused on the Vision, which will set the example by living the CAIB Core Values of Integrity, Commitment, Confidentiality, Cooperation and Accountability.

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