

The CAM-I Performance Management Framework

**HOW TO EVALUATE AND IMPROVE
ORGANIZATIONAL PERFORMANCE**



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The Consortium for Advanced Management International Performance Management Interest Group

About CAM-I

The [Consortium for Advanced Management International](http://www.cam-i.org) (CAM-I) (www.cam-i.org) is an international consortium of manufacturing and service companies, government organizations, consultancies, and academic and professional bodies that have elected to work cooperatively in a pre-competitive environment to solve management problems and critical business issues common to the group.



Working with its membership, CAM-I has created innovative cost-management models, improved target costing methods and developed performance management assessment tools. CAM-I is a leader in environmental sustainability methodologies and intelligent data quality. Its members are large organizations who have firsthand knowledge of enterprise risk management and performance management. The consortium also has advanced applications in the fields of planning and budgeting processes as well as change, adaptation and learning. CAM-I puts all this business knowledge and experience into a form that allows its members to benefit.

Chartered Professional Accountants of Canada (CPA Canada) is a long-standing member of CAM-I.

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Overview

CPA Canada, together with CAM-I, published the first *Executive Overview* in 2015. Since then, CAM-I has enhanced its Performance Management Framework (PMF) based on feedback from CAM-I member-organizations' implementations, which include:

- restructuring the PMF implementation steps – the previous eight-step continuous cycle has evolved into a funnel concept, with emphasis on focused initiatives throughout the steps
- recognizing that benefits could be achieved even if organizations do not complete all eight steps in the framework
- developing a Certified Facilitator (train the trainer) program
- developing a separate case study based on best practice and key learnings

This updated *Executive Overview* provides a high-level awareness of the concepts, structure and methodology of how any organization could implement the CAM-I PMF. The overview also includes assessment tools to help organizations determine weaknesses in their core capabilities and prioritize improvement efforts to focus on specific initiatives that will add the most value. For a full PMF implementation, the ***CAM-I PMF Implementation Guidebook***¹ contains comprehensive descriptions, explanations and reference reading for the various implementation steps and assists the participants in completing the assessment forms.

The framework was designed to be generic and is scalable from mid-size to large organizations in both the private and public sectors. Not-for-profit organizations can also implement the PMF by scaling down or reducing the number of business capabilities and techniques.

As the CPA and expert facilitator, the professional accountant, in a mid- to senior-level management position responsible for monitoring and improving the organization's performance, can implement the PMF. For success, the professional accountant leading this initiative should:

- be trained in facilitation skills²
- have experience in change management
- be objective and independent
- be part of, or work closely with, a multi- or cross-functional team
- be a trusted business advisor and contributor in the organization

1 If your organization is interested in fully implementing the framework, refer to the Resources section to learn how to purchase the guidebook.

2 Optimally, the individual should be certified as a CAM-I PMF Facilitator.

Why is this important?

Performance management continues to be a vital component of all successful business operations. The demand for improved organizational performance, along with increased accountability, has led to increased expectations around managing performance. However, this rise in expectations has led to a great diversity of views on what constitutes performance management; and it has revealed the limitations in enterprise performance-management software, which typically consists only of financial consolidation, budgeting and dashboards.

Organizations today face many conflicting priorities in effective strategy execution, including establishing competencies, meeting stakeholder demands and setting stakeholder expectations. This typically leads to valuable management time spent on “firefighting” or creating “band-aid” solutions rather than on focused initiatives to improve ongoing performance. It then leads to competition for access to limited or scarce resources.

In recent years, as technology has transformed and organizations have improved access to data and analytics, there has often been a tunnel-vision focus on performance measurement (e.g., KPIs, scorecards, dashboards). This focus has led to the commonly quoted phrase of “you get what you measure” and the corresponding incentive toward the wrong actions and poor decision-making by individuals or teams who are compensated according to what is being measured. Many alarming examples of these outcomes are documented in *The Tyranny of Metrics* by Jerry Z. Muller (2018) and summarized effectively in the following quotation:

“In our zeal to instill the evaluation process with scientific rigor, we’ve gone from measuring performance to fixating on measuring itself. The result is a tyranny of metrics that threatens the quality of our lives and most important institutions.”

During the 2020 global pandemic, the ways in which businesses reacted and responded to the crisis revealed to a greater extent the issues associated with not having an agile performance-management framework in place. The CAM-I PMF, along with other strategy and performance management tools, can help an organization understand its level of readiness for recovery in such dire circumstances. Business capabilities – such as financial, information and human-talent management – allow an organization to advance its level of maturity and agility in achieving its business goals while focusing efforts on recovery.

During times of disruption and crisis, it is important that organizations also focus on stakeholder- and human-related performance management as an additional aspect of balance for recovery. The CAM-I PMF is about getting organizations to focus less on measurement and more on management and to make PMF a sustainable organizational process to improve strategy execution.

Introduction to the Topic

To appreciate the focus of the CAM-I framework on performance management, it is important to understand the following definitions and differentiate between management and measurement:

DEFINITIONS:

Performance management is the practice of improving results by using methodologies, processes and systems to drive successful performance.

Performance measurement is the practice of keeping score by tracking quantifiable and relevant outcomes to evaluate performance.

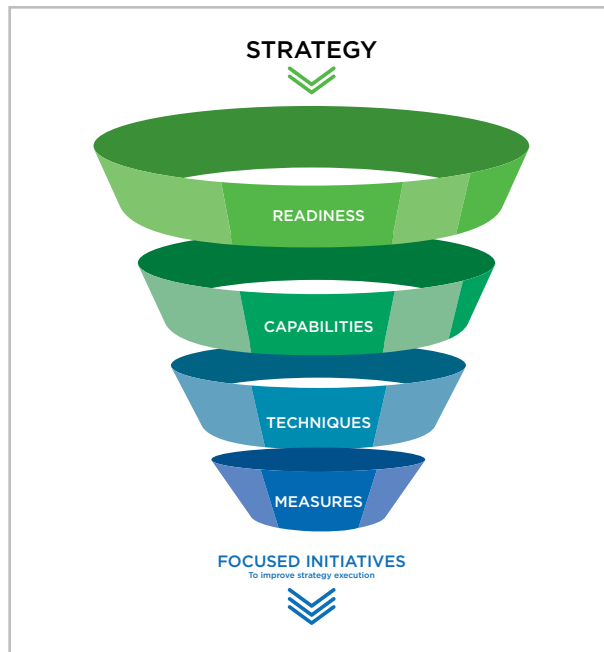
The CAM-I Performance Management Framework (PMF) is a holistic methodology used to identify and improve the core business capabilities that influence any organization's performance. This implementation methodology identifies gaps in business capability maturity and, depending on the assessed level of organizational readiness, recommends specific techniques to improve performance. The objective of the framework is to make performance management a sustainable and continuous organizational process to improve strategy execution. The benefits of implementing the CAM-I PMF include that it:

- identifies cultural improvement needs
- pinpoints foundational improvement needs
- helps with directional focus for improvement
- guides the organization in selecting strategic KPIs
- creates a sustainable performance-focused culture

The overall concept of the framework can be described in terms of a series of funnels. The funnels provide guidance and focus to assist organizations in strategy execution and performance improvement, as illustrated in [Figure 1](#). The funnels focus on these objectives:

- Conduct an **organizational readiness** assessment
- Identify **maturity gaps in business capabilities**
- Recommend **improvement techniques** to close maturity gaps
- Choose directionally **appropriate measures** to track improvement
- Design **key initiatives** to significantly improve performance

FIGURE 1: THE PMF FUNNELS



- Conduct an **organizational readiness** assessment
- Identify **maturity gaps in business capabilities**
- Recommend **improvement techniques** to close maturity gaps
- Choose directionally **appropriate measures** to track improvement
- Design **key initiatives** to significantly improve performance

In summary, the CAM-I PMF helps to determine:

- **WHERE** there are weaknesses in core capabilities
- **WHAT** initiatives to focus on to improve performance
- **HOW** to measure improvement to validate success

Applying This Framework to Your Organization

DEFINITION:

The **CAM-I Performance Management Framework (PMF)** is a holistic methodology used to identify and improve the core business capabilities that influence any organization's performance.

The PMF funnel process expands into an eight-step implementation methodology. The implementation steps facilitate an organization's work to:

- identify **gaps in business capability maturity**
- recommend specific **techniques to improve performance** depending on the assessed **level of organizational readiness**
- select appropriate **measures to track improvement**
- structure an **improvement initiative** project to create a **culture for PMF sustainability**

In other words, the PMF implementation steps help to focus efforts on key initiatives that will make a significant impact on improving organizational performance.

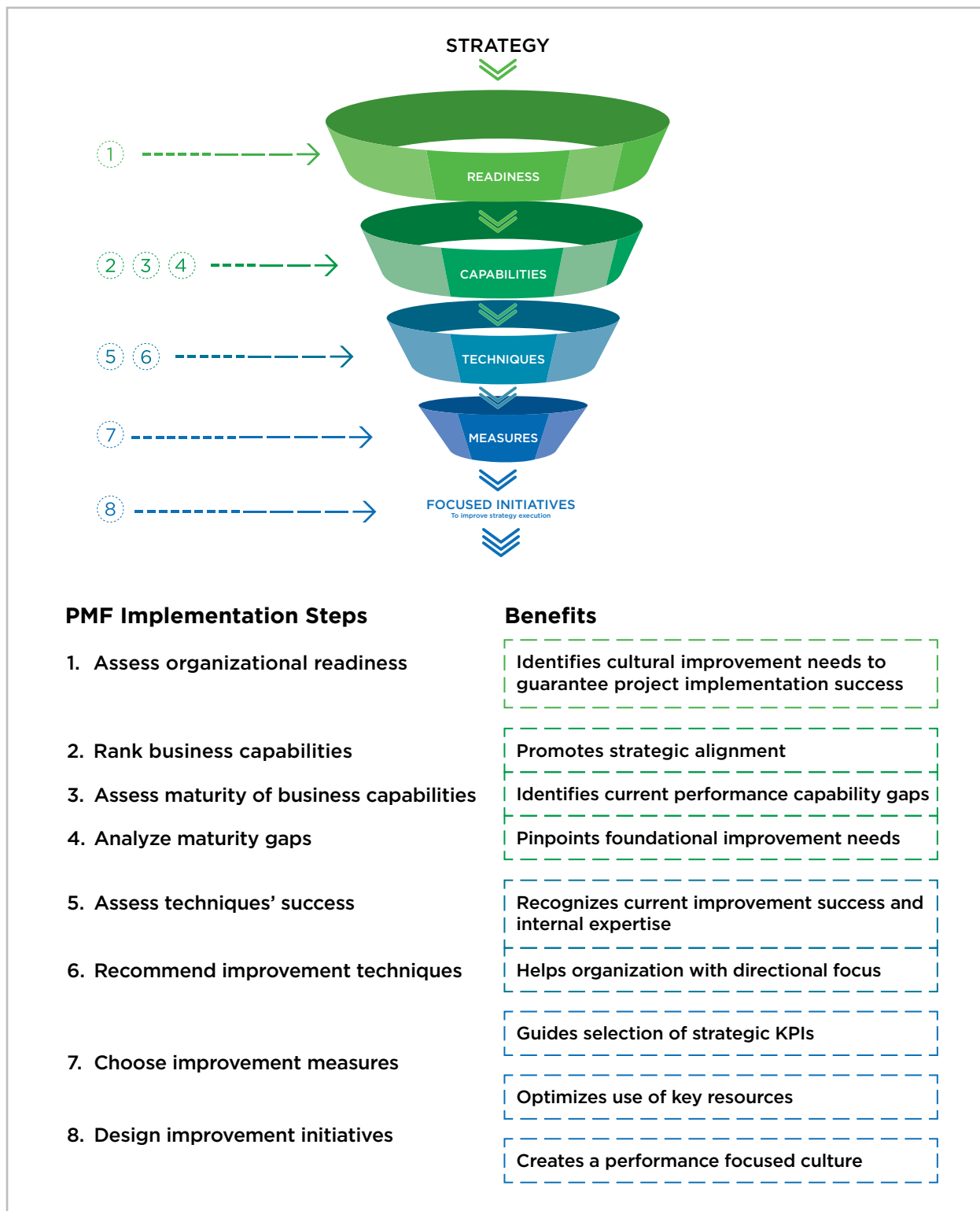
[Figure 2](#) identifies the eight implementation steps as well as the potential benefits obtained as each step is completed. It is not, however, a requirement that all the implementation steps be completed to obtain significant benefits from using the PMF. The power in implementing the PMF in any organization is the ability to stop or pause after any step and take advantage of the benefits generated at that point.

As has been demonstrated by several CAM-I member companies and as illustrated in the accompanying case study, the entire eight-step implementation methodology can be completed for any organization in a two-day workshop timeframe. With an experienced facilitator and implementation team, and with a highly focused and supported cross-functional management team, this timeframe is very manageable.

Note that the two-day timeframe allows the group to identify a focused improvement initiative based on completion of the eight PMF implementation steps: It helps identify what initiative to take on next; and not the complete implementation of that initiative. The process to completion will depend on many variables but, for the greatest return on effort, it should occur within a six- to ten-week timeframe.

Process

FIGURE 2: THE EIGHT STEPS FOR EFFECTIVELY IMPLEMENTING A PERFORMANCE MANAGEMENT FRAMEWORK IN AN ORGANIZATION



Preparing for a PMF Implementation

The following preparatory decisions are essential at the senior-executive level for a successful Performance Management Framework (PMF) implementation:

- Determine whether an internal or external PMF facilitator should be used for the implementation.
- Choose the organization's business area (or areas) to be assessed.
- Choose a future time period to align with the organization's strategic plan.
- Choose, from the selected business area(s), an appropriate senior executive as the PMF implementation sponsor / program champion.
- Select a diverse implementation team consisting of senior-management colleagues who are capable of making honest assessments in the various implementation steps. As it is unlikely that any one team member will have a deep understanding of the entire organization's capabilities, it is important to choose team members from various business units so that the consensus views developed during PMF assessments indeed truly represent the business as a whole.
- Consider adding an external stakeholder (supplier or customer) to provide an unbiased perspective.
- Choose the implementation approach:
 - Two-day approach - If using an external PMF facilitator conducting the implementation on-site, the most likely commitment is two consecutive days to complete the eight implementation steps and guarantee the outcomes of the implementation within the timeframe.
 - Two- to three-week approach - If using internal facilitators conducting the implementation in a virtual environment, the most likely commitment is two or three weeks, tackling one step at a time over this period.
- Finalize the agenda and time commitment for the implementation.

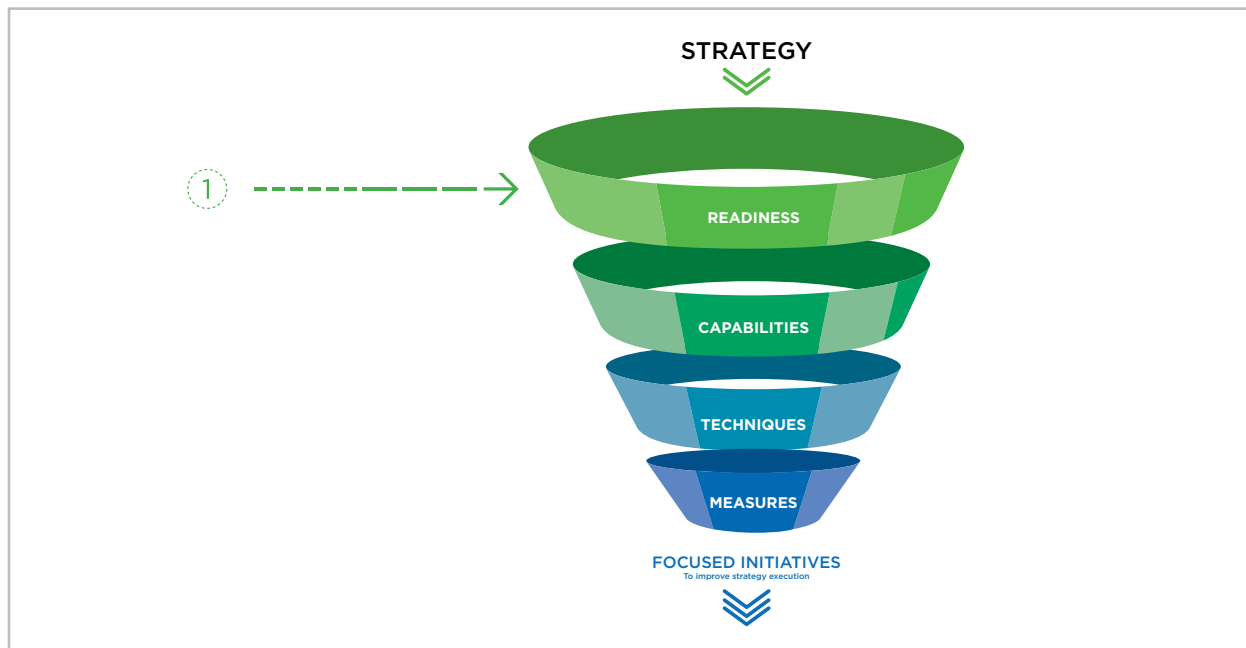
Typically, in larger organizations with an external facilitator, multiple business units may be completing a PMF implementation at the same time. In that scenario, each business unit would have its own "team." For example, if there are an average of six participants in a team and four business units are represented, then the total participants for a session might be as many as 24.

If there is only one team (as in the accompanying case study³), the participants are representing the strategy of the entire organization rather than their own business unit or department. We will use a single team implementation approach for simplicity and for the purposes of this document.

Next, we will examine each of the PMF funnels and the corresponding implementation steps and provide tips for applying them. Note that the accompanying case study documents real-life case examples for each step. As previously noted, it is not a requirement that all implementation steps be completed to obtain significant benefits from the PMF.

³ Please see the Resources section for more on the case study.

The Readiness Funnel



DEFINITION:

Organizational readiness is the ability of an organization to plan, design and implement new initiatives effectively so that the desired business and organizational outcomes are achieved and sustained.

Collective experience within CAM-I suggests that organizations implementing new initiatives have had a disappointing record of success and sustainability. Research shows that one of the main reasons for this lack of success is that organizations were simply not ready to tackle the steps required for successful implementation. Therefore, understanding the readiness culture of the business area being evaluated is a critical beginning of the Performance Management Framework (PMF) funnel process.

The **objective of the readiness funnel** is to determine the organization's level of readiness so that the focus of the PMF is only on improvement initiatives that are within the organization's capability rather than on complex initiatives that are likely to stagnate or fail. The readiness funnel is used in [Step 1](#).

Step 1: Assess Organizational Readiness

In this step, **five criteria of organizational readiness** are used for assessment, as in Figure 3 below. At this point, the readiness criteria are equally weighted. Organizations may choose to weigh the criteria differently; however, this may introduce an additional level of consensus-gathering that may add some complexity to the approach. In general, the power of PMF is in its simplicity rather than its perceived precision.

FIGURE 3: ORGANIZATIONAL READINESS CRITERIA

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

The readiness criteria are assessed according to **four evidence levels of organizational readiness**, as defined in Figure 4.

FIGURE 4: EVIDENCE LEVELS OF ORGANIZATIONAL READINESS

Level 1	Absent	No evidence of organizational readiness is present within the organization.
Level 2	Minor	Organizational readiness is present at some individual or departmental levels.
Level 3	Moderate	Organizational readiness principles are promoted but are not a primary organizational objective.
Level 4	Considerable	Organizational readiness is evident with mentoring and coaching in place.

Four assessment questions are used for each criterion, making **20 assessment questions in total**. Each participant in the exercise answers the 20 questions independently, then all participants within a business unit compare their assessments to develop a consensus view. The totals for all participants are tabulated and averaged to determine the level of organizational readiness for each criterion as well as the overall readiness level for the business unit. This step typically takes less than one hour to complete.

The overall organizational readiness level is used in later steps as a guideline to the organization's implementation capability.

IMPORTANT:

If the results of the assessment indicate a lack of readiness (level 1) for any of the criteria, the organization should not begin a PMF implementation until these criteria can be improved.

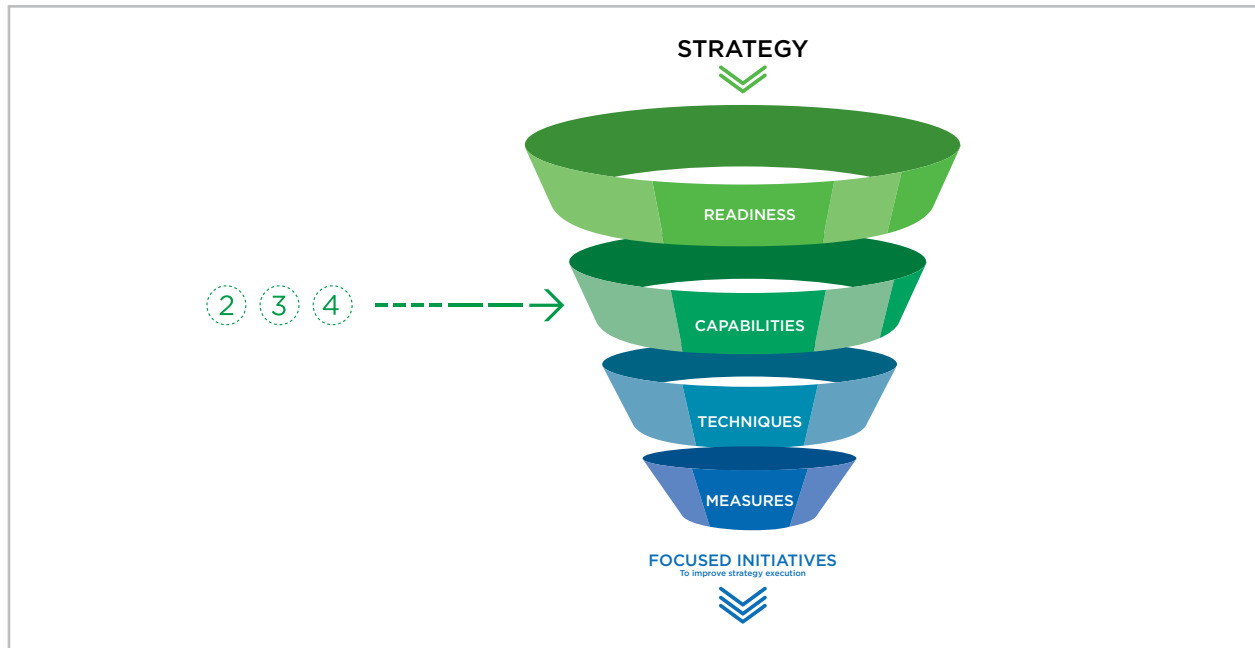
**APPLICATION TIP:**

Benchmarking across multiple business units can also provide valuable insight and may suggest adjustments to some business units' readiness levels.

EXAMPLE:

Refer to the accompanying case study for an example of completing [Step 1](#).

The Capabilities Funnel



DEFINITION:

Business capabilities are core management functions that allow an organization to advance its level of maturity and agility in achieving its business goals.

The CAM-I Performance Management Framework (PMF) identifies 13 **business capabilities**, as explained below in Figure 5. All capabilities exist in some form in every organization, but typically they vary significantly in strategic importance and performance maturity, depending on the type of organization and the specific business area being studied.

FIGURE 5: PERFORMANCE MANAGEMENT BUSINESS CAPABILITIES

Performance management business capabilities	Explanation: How well an organization...
Business / operational management	mobilizes a plan of action to achieve strategic goals
Customer relationship management	manages its interaction with current and potential customers
Environmental management	balances the integration of business reality with environmental, social and governance responsibilities
Financial management	understands, leverages and optimizes financial results
Human talent management	optimizes the performance of individuals
Information management	leverages data to create information and knowledge
Innovation management	identifies great ideas and makes them work
Knowledge management	leverages intellectual capital for internal efficiency and competitive success
Organizational management	creates a culture of success
Process management	creates a structured approach for managing and improving processes
Risk management⁴	anticipates and mitigates problems to create a competitive advantage
Strategic management	identifies future direction and success
Supply chain management	manages its entire system of producing and delivering a product or service ⁵

4 To learn more about risk management, see CPA Canada Resources in the Resources section.

5 [The Corporate Finance Institute \(CFI\) technical knowledge resource, Supply Chain, provides more information on the topic \(See the Resources list\).](#)

Figure 6 illustrates a sample of the details for the business / operational management capability.

FIGURE 6: SAMPLE OF BUSINESS CAPABILITY DETAILS FOR BUSINESS / OPERATIONAL MANAGEMENT

Business capability	Definition	Elements	Attributes / characteristics
Business / operational management	A system of actions, communications and controls for developing and executing plans to achieve strategic goals and objectives.	<ul style="list-style-type: none"> • priority and target setting • resource allocation • planning and budgeting • project management • scheduling • portfolio management • forecasting 	<ul style="list-style-type: none"> • alignment • accountability • transparency • ownership

Using their collective knowledge and experience and guided by the facilitator, implementation team members can complete Steps 2 and 3 in 2 to 3 hours. The results are then validated in more detail in the deep dive assessment in Step 4, which typically takes another two hours to complete.

The **objective of the capabilities funnel** is to identify one or two capabilities (out of 13) that are in critical need of improvement, in order to meet the strategic goals of the organization. The capabilities funnel is used in Steps 2, 3 and 4.

Step 2: Rank Business Capabilities

Ranking each business capability in terms of its importance in executing the strategy of the organization is part of the capabilities funnel process, helping to focus the implementation team on further diagnostic efforts. It is important to note that the intention is not to focus here on how well the business capabilities are performing – this assessment comes in [Step 3](#) – but rather to focus only on their strategic importance.

Choose a ranking method that can be applied to all of the organization's business capabilities, for example:

Method A: **H** for High, **M** for Medium, **L** for Low, where no more than six capabilities should be ranked as High

Method B: **D** for direct impact on strategy, **I** for indirect impact on strategy, **N** for no significant impact on strategy

Method C: 1 to 13

Each participant completes the business capabilities assessment independently; then, all participants compare their assessments to develop a consensus view before a final consensus is identified for the whole Implementation team.

When Method A is used for ranking, it is not unusual for participants to initially have difficulty in limiting the number of capabilities that are ranked as High; this is a classic reason why most organizations struggle in general with strategic focus. This problem can be resolved by suggesting a limit to the number of high-ranked capabilities, or by changing to Method B. Note that Method C can be the most challenging for participants to apply, due to the large number of differentiators; it is therefore not typically recommended.



APPLICATION TIP:

Benchmarking across multiple business units can provide valuable insight and may suggest adjustments to the rankings for some business units.

EXAMPLE:

Refer to the accompanying case study for an example of completing [Step 2](#).

Step 3: Assess Maturity of Business Capabilities

DEFINITION:

Business capability maturity is the degree to which a business capability is effective in facilitating greater business success and performance.

Four business capability maturity levels are used for this assessment, as explained in Figure 7.

FIGURE 7: EXPLANATION OF THE FOUR BUSINESS CAPABILITY MATURITY LEVELS

1. Rudimentary	2. Established	3. Effective	4. Adaptive
non-systematic, non-periodic and reactive	stable and repetitive	internally efficient and continuously improving	externally efficient and dynamic “best practice”

In this step, the implementation team assesses the maturity of each business capability by indicating which level in Figure 7 is **Actual (A)** and which is **Needed (N)**, where:

- Actual (A) is the current maturity level of the business capability
- Needed (N) is the future maturity level of the business capability and depends on the timeframe of the assessment and the organization’s goals and competitive environment

All the business capabilities should be evaluated and are likely to be at different performance maturity levels, in terms of both actual and needed levels. Each participant completes this assessment independently. Research conducted by the CAM-I Performance Management Interest Group (PMIG) determined that a “gut-feel” macro approach to this assessment was sufficient and less time-consuming than a detailed review of each capability. Then, all participants compare their assessments to develop a consensus view before proceeding to the next step, where a more detailed assessment is used for only the subset of the capabilities that need improvement.

To develop a consensus view, the review of participants’ individual assessments starts with a comparison of the Needed (N) maturity level of each business capability and the strategic rankings assigned in [Step 2](#). Note that only the capabilities that ranked highly in Step 2 should have a needed maturity level of 3 or 4; capabilities that have a needed maturity level of 3 or 4 would likely have a high strategic ranking. The strategic ranking and/or the consensus maturity assessment may need to be adjusted based on these validation points.

After any adjustments, team members compare the performance maturity level identified for each business capability. In cases where the consensus is that both A and N should be assigned to the same maturity level for a business capability, one can conclude that “the business capability is actually at the needed level of maturity.” On the other hand, where the consensus view is that there are differences between the A and the N levels, one can conclude that there is a **performance capability maturity gap**. Typical traffic light colours are used for the maturity gaps to create a dashboard to easily identify problem areas.

In order to move to the next step, the facilitator should choose only the key business capabilities with the following characteristics:

- a High strategic ranking (as per [Step 2](#)) and the largest maturity gaps
- a High or Medium strategic ranking with an actual maturity level of 1 and a needed level of 2. Note that it is generally easier, in terms of providing a quicker return on investment, to improve the maturity level from 1 to 2 rather than from 2 to 3 or 3 to 4.



APPLICATION TIPS:

To guarantee a high level of PMF implementation success, the highest needed maturity level should not exceed the overall organizational readiness level obtained from Step 1. For example, if the group determines the overall readiness level to be 3, then the maximum needed maturity level should not be greater than 3.

Benchmarking across multiple business units can provide valuable insight, which can inform adjustments to the final rankings and maturity levels.

EXAMPLE:

Refer to the accompanying case study for an example of completing [Step 3](#).

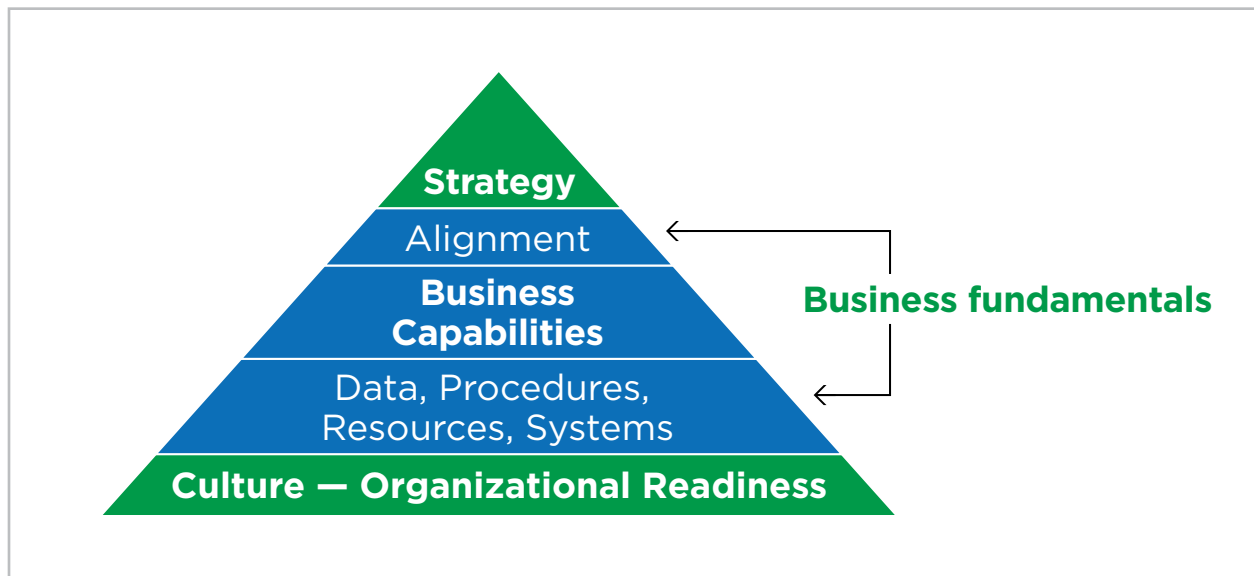
Step 4: Analyze Maturity Gaps

DEFINITION:

Business capability maturity gaps are obstacles to the organization's performance execution capability.

In this step, the team continues the capabilities funnel process by concentrating only on the business capabilities where significant maturity gaps were identified in [Step 3](#). Business capability maturity requires a strong link to organizational strategy and well-performing foundational elements. To further analyze the selected business capabilities, the CAM-I Performance Management Interest Group (PMIG) developed **five fundamentals** that support strategy execution through the business capabilities. These are illustrated in Figure 8.

FIGURE 8: HOW BUSINESS FUNDAMENTALS LINK STRATEGY TO CULTURE



The meaning of each fundamental, as it relates to each business capability, is described in Figure 9.

FIGURE 9: MEANING OF EACH BUSINESS FUNDAMENTAL

Fundamental	Deep dive meaning
Alignment	Alignment of the business capability with strategy
Data	Data associated with the business capability to generate information/knowledge
Procedures	Procedures and processes developed for the business capability
Resources	Resources dedicated to the business capability
Systems	Systems used for managing the business capability

The CAM-I Performance Management Interest Group (PMIG) developed the **deep dive maturity assessment** for the five fundamentals, in order to validate and expand on the business capability maturity assessment completed in [Step 3](#). The fundamentals apply to all business capabilities, but their maturity level descriptors will depend on the specifics of each capability. Figure 10 is a sample of descriptors used in the deep dive maturity assessment. This sample focuses on the business capability of human talent management and shows the deep dive maturity-level descriptors for that particular capability.

FIGURE 10: SAMPLE OF DEEP DIVE MATURITY-LEVEL DESCRIPTORS FOR HUMAN TALENT MANAGEMENT

Deep dive fundamental for human talent management	Level One: <i>rudimentary</i>	Level Two: <i>established</i>	Level Three: <i>effective</i>	Level Four: <i>adaptive</i>
Alignment	Siloed departmental approach with no link to strategy	Individual performance is aligned with departmental goals	Individual actions align with corporate goals	Organizational goals, responsibilities and strategy are fully engrained
Data	HR data is unreliable beyond basic HR functions	Capability, skills and capacity data are available and reliable	Data is accessible and facilitates organizational needs	Data facilitates the ability to deploy skills to needs
Procedures	HR procedures are not documented	HR procedures are documented	HR procedures are implemented, understood and improved through internal customer feedback	HR procedures are adjustable to meet the changing environment
Resources	Approach to job execution is unplanned	Resources are planned and budgeted	Resources are allocated and appropriate	Capacity is available and flexible
Systems	Basic HR systems are in place but ineffective	HR systems are in place and functional	HR systems are integrated and synergistic	Interactive enterprise systems reflect interdependencies

In total, the deep dive maturity assessment assesses 13 business capabilities, against five fundamentals at four possible maturity levels, leading to a total of 260 deep-dive descriptors. For ease of use, each descriptor in the assessment is represented by a single sentence in which one key word is highlighted, as shown in part in Figure 10. However, the assessment still requires a commitment of time to review each descriptor in order to ascertain the most appropriate maturity level, as opposed to the macro approach that was appropriate for [Step 3](#).

The deep dive maturity assessment is a more detailed validation of the actual and needed maturity of only those two or three business capabilities that were identified with significant performance gaps in [Step 3](#). The assessment is completed by identifying the **Actual (A)** and **Needed (N)** maturity levels for each business capability / fundamental combination.

The team then compares the deep dive **average maturity levels** for these business capabilities with the actual (A) and needed (N) maturity levels identified in the prior assessment in [Step 3](#) and makes adjustments as needed to finalize the maturity assessment levels to be used in the next steps. Finally, they choose one or two **business capabilities** and one or two **deep-dive fundamentals** with the highest **maturity gap totals** for use in the next step. Developing further organizational insights based on the deep dive fundamentals provides the basis for specific improvements in subsequent steps.

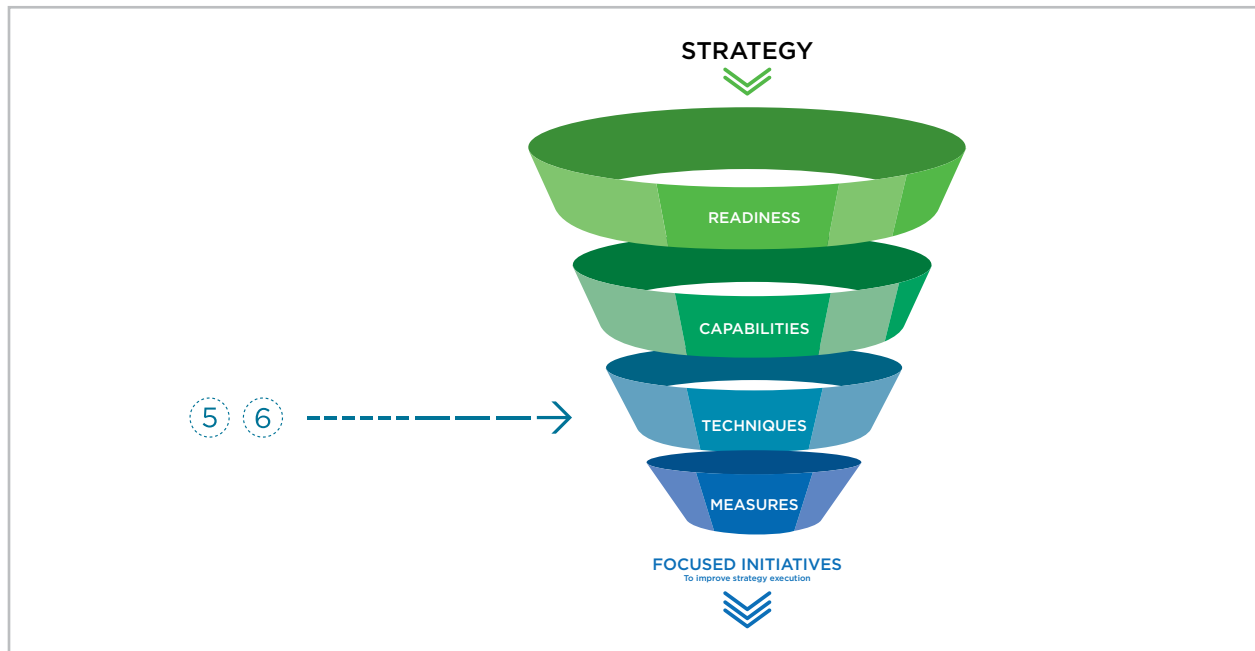
**APPLICATION TIP:**

This assessment can take more than an hour, so it is the entire implementation team that typically completes it together, working to create a consensus view before proceeding to the next step.

EXAMPLE:

Refer to the accompanying case study for an example of completing [Step 4](#).

The Techniques Funnel



DEFINITION:

Improvement techniques are business tools or solutions designed to aid the organization in achieving higher levels of performance.

The techniques funnel is where the Performance Management Framework (PMF) goes beyond other performance frameworks, which typically stop at a maturity assessment stage, for example, the Baldrige Excellence Framework (United States), the NQI Framework for Organizational Excellence (Canada), and the EFQM Model (Europe). The techniques funnel follows on from the capability maturity assessment to provide guidance in determining appropriate techniques to improve the current (Actual) maturity level of specific business capabilities.

The Performance Management Interest Group (PMIG) undertook a thorough investigation of current improvement techniques using various sources and publications based in part on Bain & Company's annual Management Tools and Trends survey (Rigby & Bilodeau, 2018). This research identified more than 50 of the most relevant techniques used by organizations to improve performance. Using collective knowledge, subject matter experts, surveys and the experiences of CAM-I members, these specific techniques were sorted into nine key improvement technique groupings.

The **nine improvement technique** groupings are summarized in Figure 11, which provides examples of specific techniques included in each grouping.

FIGURE 11: LIST OF THE IMPROVEMENT TECHNIQUE GROUPINGS

Improvement technique grouping	Examples of specific techniques
1. Activity-based management	Activity based costing Activity based planning and budgeting
2. Balanced scorecard	Strategy mapping ⁶ Cause and effect performance accountability
3. Benchmarking	External benchmarking Best practices
4. Business analytics	Business intelligence ⁷ Data mining
5. Business process reengineering	Business process modelling ⁸ Restructuring
6. Capacity management	Resource planning Capital acquisition justification
7. Lean Six Sigma	Total quality management Continuous process improvement
8. Target costing	Cost estimation Value engineering
9. Value chain	Supply chain analysis Collaborative forecasting and replenishment

The PMF is a generic framework, flexible enough that teams can modify the technique groupings as necessary. Some of an organization's existing techniques may lose relevance, and new techniques can be developed.

6 For further information about strategy mapping, see CPA Canada Resources in the Resources section.

7 For further information about business intelligence, see CPA Canada Resources in the Resources section.

8 For further information about business process modeling, see CPA Canada Resources in the Resources section.

An example of the benchmarking improvement technique grouping is illustrated in Figure 12.

FIGURE 12: SAMPLE OF DETAILS FOR IMPROVEMENT TECHNIQUE GROUPING OF BENCHMARKING

Improvement technique grouping	Definition	Specific techniques	Value provided in improving performance
Benchmarking	A systematic and continuous measurement process that is used to compare the activities, business practices and resulting outcomes of an organization with those of other organizations.	<ul style="list-style-type: none"> • Internal benchmarking • External benchmarking • Competitive benchmarking • Best practices 	Provides data or information to assess relevant performance against comparable organizations or industries. Allows organizations to develop plans on how to make improvements, set targets or adapt specific best practices.

Using their collective knowledge and experience and guided by the facilitator, implementation team members can complete Steps 5 and [6](#) in two to three hours.

The **objective of the techniques funnel** is to determine which of the improvement technique groupings would be the most beneficial to implement in order to close the maturity gap of the selected capability or fundamental from [Step 4](#). The capabilities funnel is used in Steps 5 and [6](#).

Step 5: Assess Techniques' Success

The first stage in assessing improvement techniques is to quickly determine whether any have been used in the organization before. For each technique grouping, the implementation team considers this question and, if so, to what level of success or failure those techniques were implemented. They also note related comments.

Completing this tabulation may indicate to the implementation team which techniques should not be considered based on past failures or should be considered based on their successes. This assessment will assist with the process of selecting techniques in the next step and help ensure the organization selects the best improvement aid.

**APPLICATION TIP:**

The knowledge of where techniques have been previously used in the organization can be quite broad; so before proceeding to the next step, it is best if the entire multi-functional implementation team works together to create a consensus view of this assessment.

EXAMPLE:

Refer to the accompanying case study for an example of completing [Step 5](#).

Step 6: Recommend Improvement Techniques

With the assistance of technique subject matter experts, both within and external to CAM-I, the Performance Management Interest Group (PMIG) identified and linked specific improvement technique groupings to each business capability and to each business fundamental. Figures 13 and 14 below are samples of the improvement technique groupings recommended for the customer relationship management capability and the deep dive systems fundamental. The figures indicate the actual maturity level (as identified by **A ---->** or “A-arrow”) where each improvement technique grouping would begin to improve the performance of the associated capability or fundamental.

FIGURE 13: SAMPLE OF TECHNIQUE GROUPING RECOMMENDATION FOR CUSTOMER RELATIONSHIP MANAGEMENT CAPABILITY

Technique groupings	Maturity level 1	Maturity level 2	Maturity level 3	Maturity level 4
Benchmarking		A ---->		
Business analytics	A ---->			
Business process reengineering		A ---->		
Target costing		A ---->		
Value chain		A ---->		

FIGURE 14: SAMPLE OF TECHNIQUE GROUPING RECOMMENDATION FOR THE DEEP DIVE FUNDAMENTAL OF SYSTEMS

Technique groupings	Maturity level 1	Maturity level 2	Maturity level 3	Maturity level 4
Activity-based management			A ---->	
Benchmarking		A ---->		
Business analytics	A ---->			
Business process reengineering		A ---->		
Capacity management		A ---->		

By using the mappings as we have in the sample in [Figure 13](#), the implementation team can identify the most appropriate improvement technique groupings for the specific business capabilities or business fundamentals they identified in [Steps 3](#) and [4](#) as having the greatest need for enhancement. This approach enables an organization to identify and focus on the improvement technique(s) most likely to close the greatest performance maturity gaps.

The PMF was developed as a generic approach for all organizations, so the recommended improvement technique groupings for any business capability or fundamental are simply meant to provide guidance groups can use to further investigate appropriate improvement initiatives.



APPLICATION TIPS:

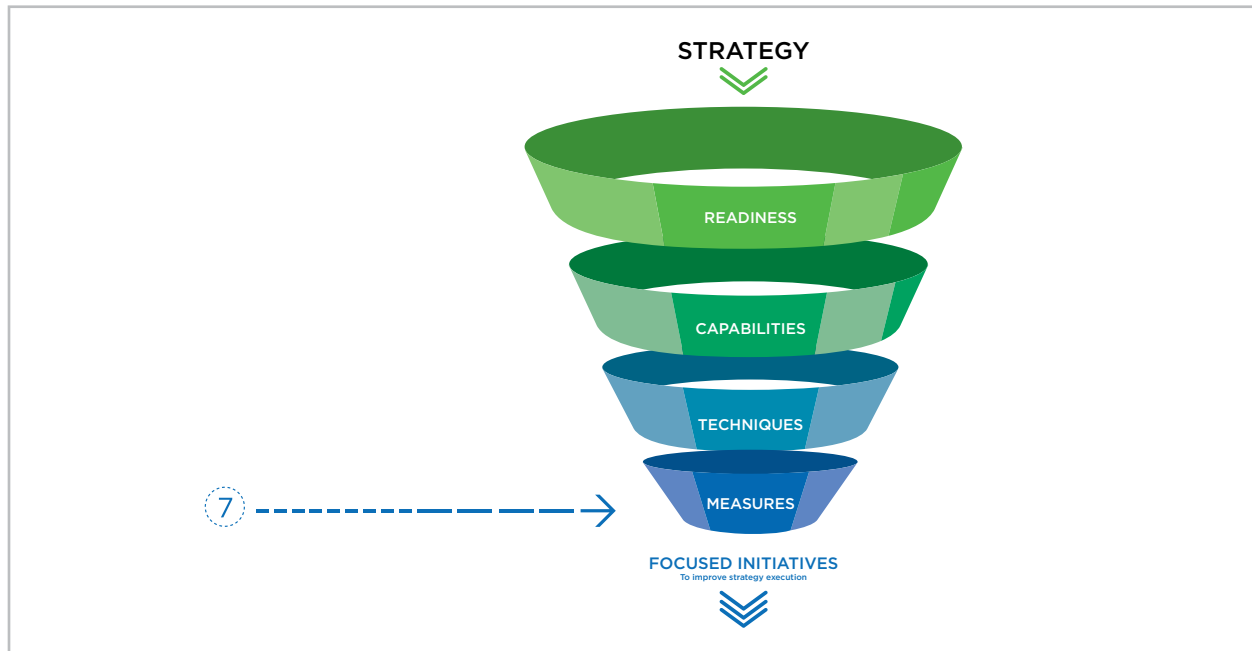
As in [Step 4](#), before proceeding to the next step it is best if the entire implementation team works together to create a consensus view of this assessment.

If more than one business unit is completing the PMF assessment, compare notes to see if there is a possible consensus on a single improvement technique grouping that could benefit multiple business units.

EXAMPLE:

Refer to the accompanying case study for an example of completing [Step 6](#).

The Measures Funnel



DEFINITION:

Performance measurement is the practice of keeping score by tracking quantifiable and relevant outcomes to evaluate performance.

In order to determine the success of any improvement initiative, an organization needs to have a means of tracking improvements against the base case (starting conditions). Using various sources and publications, the Performance Management Interest Group (PMIG) reviewed best-practice improvement measures for various industries. Using collective knowledge, subject matter experts and the experiences of CAM-I members, we categorized these measures for balance and standardized them for each business capability.

The concept of balance is well documented, for example, in the “balanced scorecard” (Kaplan & Norton, 2001). The following grouping descriptors are commonly used in industry to ensure that selected improvement measures are balanced:

1. TCQ (time, cost, quality)
2. internal-external (employee retention, repeat customers)
3. leading-and-lagging indicators (research, time to market, financial performance)

Organizations’ improvement initiatives can fail when the selected measures have too narrow a focus (e.g., only on financial measures or only on quality measures) and balance is overlooked.

Figure 15 provides a sample of suggested improvement measures for the business capability of innovation management and is grouped for balance according to TCQ.

FIGURE 15: SAMPLE OF BALANCED IMPROVEMENT MEASURES FOR INNOVATION MANAGEMENT

Business capability	Attributes / Characteristics	Time improvement measures	Cost improvement measures	Quality improvement measures
Innovation management	<ul style="list-style-type: none"> • Applicability • Strategic fit • Timeliness 	<ul style="list-style-type: none"> • Time to market • Innovation cycle-time 	<ul style="list-style-type: none"> • R&D spend • Cost benefit • Cost of conversion of ideas 	<ul style="list-style-type: none"> • Improved customer service level • Intellectual property generated

The **objective of the measures funnel** is to customize, from the example measures, a small number of balanced measures (key indicators) that would indicate an appropriate level of improvement to close the maturity gap of the selected capability. The measures funnel is used in Step 7.

Step 7: Choose Improvement Measures

The suggested measures should be used as a guideline as the implementation team develops specific improvement measures relevant to the business area being examined. The team:

- may wish to limit the number of measures selected for each category, e.g., time/cost/quality, as there will be opportunities to review and enhance the measures later
- should choose measures that are already tracked in some form by the organization
- should establish, for each measure selected, a base line and target to help to ascertain the improved level of maturity of the business capability



APPLICATION TIPS:

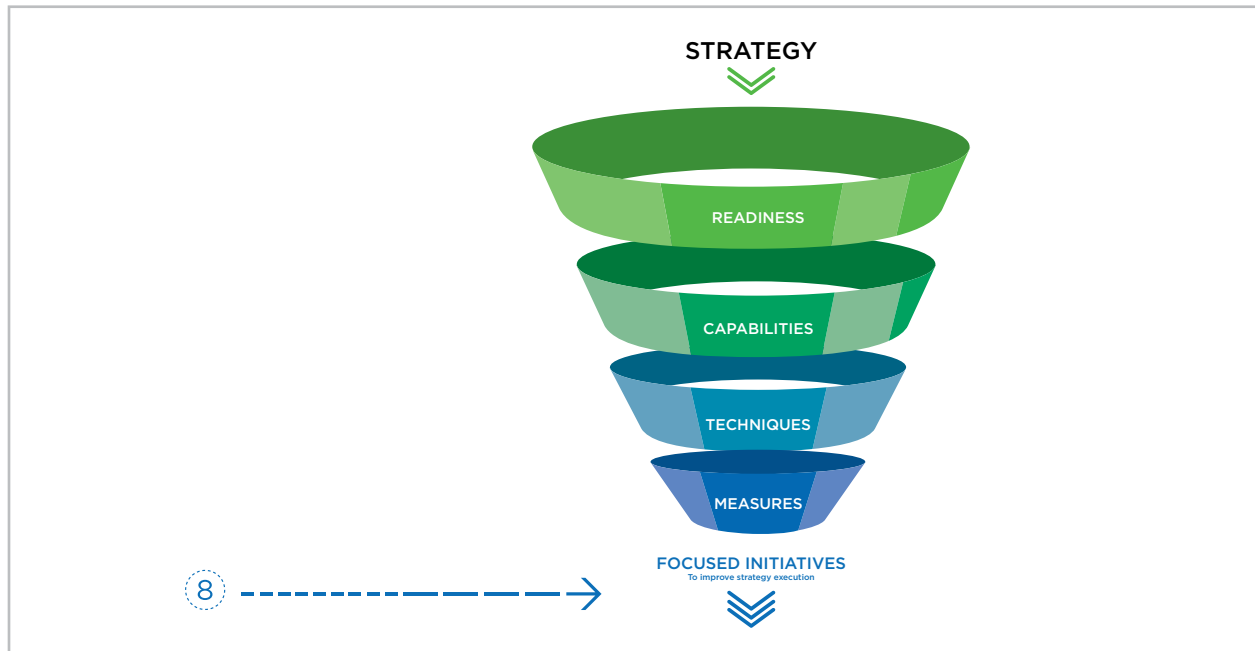
As with [Steps 4](#) to 6, before proceeding to the next step it is best if the entire multi-functional business unit team works together to create a consensus view. If more than one business unit is completing the entire PMF assessment, compare notes to see if tracking specific measures could benefit multiple business units.

Avoid choosing measures that would require a new data-collection process to be put in place; sometimes approximate (surrogate) measures can work in the short term.

EXAMPLE:

Refer to the accompanying case study for an example of completing Step 7.

Focused Initiatives



DEFINITION:

A focused initiative for performance improvement is a single initiative, chosen from several possible options, that will provide the biggest performance gain and return on investment (ROI).

The PMF implementation steps help lead the team's efforts to the design of a focused initiative that will make a significant impact on improving organizational performance.

The initiatives stage is not represented by a funnel graphic since the improvement initiative chosen may be defined well enough from the previous steps. However, we have seen in several implementations that groups may still need to make a final decision at this stage if several initiatives are proposed.

The **objective of the initiatives stage** is to focus only on performance-improvement initiatives that are within the organization's capability, as defined by its organizational readiness, rather than on complex initiatives that are likely to stagnate or fail. The initiative stage is used in [Step 8](#).

Step 8: Design Improvement Initiative

Improvement initiative design – key considerations:

- Define improvement objectives:
 - Use the findings from [Step 4](#) to frame the details of the objectives.
 - Consider implementing a specific improvement technique from [Step 6](#) that would benefit more than one business capability or deep-dive fundamental.
- Recruit an initiative sponsor and initiative team resources. For continuity, include some members of the PMF implementation team.
- Establish a rough initiative timeline. Look for a quick win to get attention and credibility.
- Summarize the proposed initiative in a report to the executive sponsor and/or board of directors (refer to the accompanying case study for an example of a design improvement initiative table). Using the summary details, develop a “What, So what, Now what” statement to help to frame the improvement objectives⁹. Consider the following template:

WHAT?

Reference the business capability and/or business fundamental to be improved.

SO WHAT?

Explain why this business capability and/or business fundamental is critical and needs improvement.

NOW WHAT?

Identify the improvement technique that has been chosen to improve the business capability and/or business fundamental, and explain why it will make a difference.

- Document actions that result from other key findings



APPLICATION TIP:

If more than one business unit is completing PMF implementation, compare notes to see if there is a possible consensus on a single improvement initiative that could benefit all business units.

EXAMPLE:

Refer to the accompanying case study for an example of completing [Step 8](#).

⁹ The cue questions in Borton’s Development Framework are the basis of this task (See Resources).

Next Step: PMF Organizational Sustainability

Completing the initial improvement initiative

Depending on the specific improvement initiative designed in [Step 8](#), it can take several weeks or months to complete the initiative to achieve improved performance. There are many variables that influence the cost and timeline for a specific improvement initiative, including the business capability or capabilities to be improved and the improvement technique(s) selected. It is important for the improvement initiative team to stay focused and deliver a quick success. To facilitate that success, consider the following key ways to document and share the initiative's results:

- Improvement measures
 - Track progress using the balanced set of measures from [Step 7](#).
 - Look for benchmark opportunities (internal and external) for target setting.
- Success stories
 - Recognize and celebrate the benefits obtained at each implementation step.
- Presentation to management
 - Review the objective statement.
 - Present the initiative results against expected targets.
 - Plan next steps for PMF sustainability.

PMF Sustainability – Key considerations

Two or three PMF implementation projects may need to be completed before the organization can develop a sustainable performance improvement culture. To facilitate sustainability, consider the following key activities:

Build capacity by developing internal PMF expertise

- CAM-I PMF certified instructors
- Awareness training
- Implementation workshops
- Creation of a centre of excellence for PMF

Plan PMF roll-out

- Confirm alignment with organizational strategy.
- Develop a roll-out plan for:
 - multiple divisions
 - multiple departments

- multiple business units
- benchmarking results
- Use internal and external PMF-certified facilitators.

Benchmark and share results

- Review each implementation through the PMF centre of excellence, if created.
- Evolve key indicators.
- Publish and celebrate implementation success stories.
- Encourage non-competitive organizations to adopt the CAM-I PMF.



APPLICATION TIP:

Depending on the organizational structure, future PMF implementations can be rolled out at the same time or one at a time. The learnings from each implementation will add to the sustainability of the PMF process in the organization.

Conclusion

In the last three years, the leaders of more than a dozen member companies implemented the CAM-I PMF, recognizing that organizations needed more clarity and strategic focus on how to improve performance. In some cases, the PMF was implemented for their entire organization. In other cases, it was across multiple business units. Overall, the PMF quickly helped their organizations to determine weaknesses in their core capabilities and to prioritize improvement efforts.

In a recently conducted review of these implementations, the leaders were asked to describe their view of the benefits of using the CAM-I PMF. Their feedback is summarized below.

The CAM-I PMF

- represents a **generic model** that can be adapted and refined to meet the specific needs of any organization, industry or sector
- establishes a **common frame of reference** for organizational improvement
- recognizes the difficulties organizations have in developing a **consistent approach** to improving business performance
- provides **transparency and awareness** as to what areas in the organization are performing below strategic needs
- creates a **collaborative understanding** of the current and future performance capability of the organization
- fosters **inclusive decision-making** by understanding other viewpoints in the consensus-setting assessments
- informs direction for the **selection of strategic KPIs**
- helps leaders to **focus on the most important decisions** and **optimize the use of key resources**
- provides focus in **optimizing the use of key resources**
- enables **corporate knowledge retention**
- generates **specific benefits from each implementation step**
- serves as a **sound management tool** for leadership development
- creates a **performance-focused culture** aligned with strategic intent

Quotes from some PMF Implementations:

- Don Carlson – Bank of America, North Carolina (Manager, Corporate Data Management)
| *“PMF made us think broader and deeper on our business processes and improvement methods.”*
- Michael Jacobson – King County, Washington (Deputy Director, Performance and Strategy)
| *“The PMF helps you chart how to move forward, regardless of how mature your organization is in performance management.”*
- Lisa Brown – City of Rock Hill, South Carolina (Strategy and Performance Manager)
| *“The PMF is a great tool in understanding directional focus.”*
- Cheryl Earle – University of Alberta (Director, Finance and Administration)
| *“The framework has been extremely valuable and has really helped us to have very productive conversations resulting in some real change.”*

Resources

Bibliography

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Muller, J. Z. (2019). *The Tyranny of Metrics*. Princeton: Princeton University Press.

Rigby, D., & Bilodeau, B. (2018). [Management Tools & Trends](#).

Additional PMF Resources

- The **CAM-I PMF Implementation Guidebook**, available for purchase from the [CAM-I publications webpage](#), contains the following sections that will help you successfully implement the framework:
 - Preparation: guidance on points relevant to starting a PMF implementation in any organization
 - Component details: detailed description of elements required for assessing each implementation step
 - Assessment forms: the forms for each implementation step to be completed by implementation team members
 - Catalogue of references and recommended reading: multiple references and suggested readings for the components associated with each implementation step
- CAM-I Health Care Interest Group. (2011). [Chronic disease care: Applying a performance management maturity framework to improve diabetes care in a hospital setting](#). Consortium for Advanced Management International CAM-I.
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- Robinson, D., Thames, R. C. & Misch, B. (2012). [Integration - The Foundation for Continuous Organizational Improvement](#).
- Lamorte, B and Niven, P.R. (2016). *Objectives and Key Results: Driving Focus, Alignment, and Engagement with OKRs*. Wiley.
- Balanced Scorecard Institute Strategy Management Group. (2019). [The Strategic Management Maturity Model™](#).

- The [American Productivity and Quality Council](#) (APQC).
- The APQC. (2020). [How to Categorize Your Processes](#).
- Corporate Finance Institute (CFI). (n.d.). [Supply chain](#).

CPA Canada Resources

- The accompanying case study:
The CAM-I Performance Management Framework: How to Evaluate and Improve Organizational Performance. (2020).
- [CPA Canada Management Accounting Guidelines](#):
 - Management Accounting Guideline. (2020). [The CAM-I Risk-Value Curve: Understanding Your Risk Appetite to Create Value](#).
 - Management Accounting Guideline (2020). [From Data to Decisions: A Five-Step Approach to Data-Driven Decision Making](#).
 - Management Accounting Guideline. (2020). [A Practical Approach to Managing Risks for Small- to Medium-Sized Organizations](#).
 - Management Accounting Guideline. (2018). [Business Model Design: A Strategic Approach to Analyzing and Changing the Way you do Business](#).
 - Management Accounting Guideline. (2018). [Strategy Mapping: Applying a Six-Step Process to your Organization](#).
 - Management Accounting Guideline. (2018). [Strategic Partnerships: Applying a Six-Step Process](#).
- CPA Canada Performance Management and Strategy Certificate:
 - [Part I \(six online and on-demand modules\)](#)
 - [Part II \(capstone course\)](#)



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