

Palladium Balanced Scorecard Hall of Fame for Executing Strategy Inducts Seven Performance Organizations at the 2011 Palladium Americas Summit San Diego, California

Citi Performing Arts Center, Compartamos Banco, ElKay Manufacturing Company, Infonavit, Louisiana Workers Compensation Corporation, Schincariol Group, and the U.S. Department of Veterans Affairs Lauded for Performance Results

SAN DIEGO, CA AND BOSTON, MA – NOVEMBER 9, 2011 – Palladium Group, Inc., the global leader in strategy execution consulting, today named seven top-performing organizations to the Palladium Balanced Scorecard Hall of Fame for Executing Strategy®. The award recipients were honored for their breakthrough business results during today's Hall of Fame award presentation ceremony at the [Palladium 2011 Americas Summit](#) in San Diego.

The Hall of Fame award honors organizations that have achieved execution excellence through the use of the Balanced Scorecard (BSC), the world's preeminent strategy and performance management system. The BSC is based on the simple premise that "what gets measured is what gets done." Created by Palladium Group co-founders Drs. Robert S. Kaplan and David P. Norton, the Balanced Scorecard links strategy to operations to drive business outcomes. A study published in the journal *Advances in Accounting* found organizations "that adopt the BSC significantly outperform those that do not...over a three year period beginning with the year of adoption. These results provide strong evidence that the BSC is an effective strategic management tool that leads to improved shareholder returns."

The Balanced Scorecard is equally effective in driving results in government and not-for-profit organizations. A focus on performance is critical for any organization, especially during challenging economic times. "Organizations committed to creating value for their stakeholders—whether public or private—are continually challenged to deliver performance results," said Robert L. Howie Jr., chief marketing officer of Palladium and director of the Hall of Fame program. "Organizations using the Palladium Kaplan-Norton strategy execution approach are more likely to achieve premium returns."

Founded in 2000, the [Palladium BSC Hall of Fame](#) program today has a roster of 167 honorees—including Cisco, the FBI, Infosys Technologies, Motorola, Public Service Electric and Gas Company, Volkswagen do Brasil, and the Boys & Girls Clubs of Puerto Rico—that span private and public sectors in more than 20 countries. Winners are selected based on the quality of their BSC implementation and the results they achieve over a period of at least two years.

Citi Performing Arts Center

Citi Performing Arts Center, one of the nation's foremost not-for-profit performing arts and arts education institutions, is New England's largest cultural venue. Established in 1976, by 2005 Citi's business model, financial position, governance structure, facilities' condition, and arts programming were in need of a major overhaul. In 2006 City began to implement a transformational strategic plan, including a strategy map and Balanced Scorecard to ensure the plan's execution. From 2006 to 2010 Citi went from millions in the red to positive cash flow. Average board gifts increased 292%, revenue per seat jumped 23%, employees who understand the strategy doubled to 80%, and the measured impact of education programs and

skills development for youth went from 0 to 82%. “The Balanced Scorecard catalyzed Citi Center’s ability to execute its strategy and launch a hybrid business model that adeptly balances our non-profit mission and operations,” says Josiah A. Spaulding, president and CEO. “In the face of an economic recession, Citi Performing Arts Center has not just survived but thrived with annual surpluses and world-class performances.”

Compartamos Banco

Compartamos Banco, headquartered in Mexico City, is the largest microfinance institution in Latin America. Compartamos provides working capital and insurance to more than two million micro entrepreneurs and business owners. With strategic themes of creating social value, economic opportunity, human capital, and corporate social responsibility, Compartamos’s office of strategy management has made execution a core competency. It is one of the 100 best companies to work for in Latin America, widely acknowledged for its inspirational leadership. In fact, the Great Place to Work Institute identified the Kaplan-Norton approach to strategy execution as one of the three most important strengths of the bank. Since adopting it, Compartamos has grown its customer base 333%, loan portfolio 381%, share price 355%, profits 395%, and market share 17%. “Our dream is to transform millions of lives and generate development opportunities, says Carlos L. Costas, president of holding company Compartamos SAB. “The Kaplan-Norton approach will continue being the strategic management tool that will support us when making decisions and in sustaining growth.”

Elkay Manufacturing Company

Elkay Manufacturing Company is a privately-held, family-owned maker of sinks, faucets, cabinets, countertops, plumbing, and water filtration systems for both residential and commercial markets. With almost 4,000 employees and 20 production and distribution facilities in North America and overseas, Elkay is a product innovator focused on giving exceptional customer service. Four years ago Elkay’s end consumer markets fell victim to the housing crisis. The Kaplan-Norton approach was adopted in all divisions to help address this challenge. As a result, within two years—in declining housing and construction markets—gross profit and operating income increased, returns as a percentage of sales dropped, and product and customer portfolio profitability grew. “Standardized performance measures, prioritized strategic initiatives, and dynamic resource allocation helped us speak the same language, spend time on the right priorities, and most importantly, focus on execution,” according to CFO John Hrudicka. “Today we hold regular strategy review meetings, and our planning and forecasting processes are well integrated within a strategy-focused enterprise.”

Infonavit

Infonavit, a Mexican federal agency holding two thirds of home mortgages, is the largest mortgage lender in Latin America, with more than five million mortgages on its books. Frequent leadership changes—eight CEOs in ten years during the 1990s—contributed to strategic and operational uncertainty. A comprehensive new strategy and strategy management process laid the foundation for transforming Infonavit into an agency recognized for its effectiveness, efficiency, productivity, and transparency of action. The Kaplan-Norton approach was adopted in 2006 to ensure that the strategy would be well executed. Since then, revenue has grown 39% to about \$10 billion, mortgages originations are up 14%, and customer service is up 66%. Infonavit has shared best practices, managed risk, and financed sustainable “green” housing construction. “Our vision is not only improving our financial returns, but improving the quality of life among our citizens to include economic, educational, and social advances,” says CEO Victor Manuel Borrás Setién. “The BSC has been a key tool which, adapted to our culture, has helped us to achieve our vision.”

Louisiana Workers Compensation Corporation

Louisiana Workers Compensation Corporation (LWCC) helps keep injured workers, and their bosses, from feeling blue on the bayou. A private, nonprofit mutual insurance company, LWCC provides claims management, loss and fraud prevention, and safety programs. Confronted with a challenging competitive environment resulting in falling premiums, deep price discounts, and rising combined ratios, LWCC needed a new strategy and a system to ensure it worked. The BSC provided that system, which has also been the linchpin for developing integrated driver-based budgeting models and enterprise risk management. More than half of LWCC's policyholder surplus growth—\$350 million, and all of their dividend payments—\$159 million, have occurred since implementing the BSC. Of 3,000 property-casualty insurers, LWCC is a top 50 performer. "The BSC helped develop our game plan and what we needed to measure to ensure that we were executing," says Kristen W. Wall, president and CEO. "Our office of strategy management helps us maintain the momentum, and I know that our strategy management process will play an essential role in our continued success."

Schincariol Group

Schincariol is the second largest beer brewer in Brazil, and one of the top 20 in the world. The company brews not only some of Brazil's most popular beers, but also produces soft drinks, mineral water, mixed drinks, and nectar. A comprehensive Schincariol Management Program, based on the Kaplan-Norton approach, was instituted to align and focus the company on its vision and strategy, a change program that would make execution a core competency. Since implementing the BSC in 2005, revenue has increased 83%, profits 68%, brewery volume 28%, non-alcoholic beverages 61%, and soft drink market share 48%. Sales for 2010 were \$3.7 billion, up 12% over 2009. "The BSC has provided us with the means of linking strategy to operations, as well as the point of integration for other complementary process improvement approaches, and individual performance management," says CEO Adriano Schincariol. "We are confident that the Balanced Scorecard will assist us in our continuing growth. We intend to be the most admired and best managed beverage company in Brazil by 2012."

U.S. Department of Veterans Affairs

The Department of Veterans Affairs is one of the U.S. government's largest agencies, with 300,000 employees who obligate \$129 billion annually on behalf of nearly 23 million veterans. New department leadership in 2009 set new strategic objectives, measures, targets, and initiatives, sought to link its strategy more clearly to its operations in an accountable way, and to foster a culture of performance. For an organization of such size and complexity, results were relatively fast. In two years, the percent of primary care appointments went from 99% within 30 days of desired date to 93% within 14 days. The percentage of eligible patients screened as required for post-traumatic stress disorder went from 84% to 98%, and the accuracy rate for pension entitlement claims went from 87% to 98%. "The BSC provides the link between our strategy and our operational plans and business processes," says W. Scott Gould, deputy secretary. "VA leaders welcome the visibility afforded by the BSC, as well veterans' improved access to services, reduced claims backlogs, and eliminating veteran homelessness by 2015."

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About Palladium Group, Inc.

Palladium Group is the global leader in helping organizations solve their most pressing strategy execution challenges. We provide our clients with an integrated set of services—strategy and technology consulting, education, training, and certification—that deliver tangible results and enduring internal capabilities. The benefits of our approach are demonstrated through the Palladium Balanced Scorecard Hall of Fame for Executing Strategy® which recognizes organizations that have achieved premium returns through outstanding execution. Visit www.thepalladiumgroup.com.

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