

Palladium Group Honors Six Organizations With Prestigious Palladium Balanced Scorecard Hall of Fame Award at Asia-Pacific Summit

Busan Metropolitan City, International Islamic University Malaysia, Lakshmi Machine Works, North Delhi Power, Rainbow Department Store, and Singapore Ministry of Manpower Lauded For Breakthrough Performance Results

SEOUL, SOUTH KOREA and BOSTON, MA, 24 September 2008—Palladium Group, Inc., the global market leader in helping organizations execute their strategies, today named six organizations to the [Palladium Balanced Scorecard Hall of Fame for Executing Strategy™](#) for achieving an execution premium. The awards were presented today in Seoul, South Korea, to officers of Busan Metropolitan City, International Islamic University, Lakshmi Machine Works, North Delhi Power, Rainbow Department Store, and the Singapore Ministry of Manpower at the 2008 Palladium Asia-Pacific Summit.

“Applications for the award were at an all-time high this year,” said Robert L. Howie Jr., Managing Director of Palladium and Director of the Hall of Fame program. “These six organizations were chosen as the most successful at achieving and sustaining breakthrough performance results.”

The Balanced Scorecard (BSC), created by Drs. Robert S. Kaplan and David P. Norton, is the world’s predominant strategy execution framework. Based on the simple premise that “what gets measured is what gets done,” the BSC is also a performance management philosophy and system that links strategy to operations. Launched in 2000, the BSC Hall of Fame Program publicly honors organizations that successfully use the BSC to achieve and sustain performance results. The 106 organizations inducted to date represent a broad cross-section of private- and public-sector industries from more than 19 countries across the globe. A Steuben crystal Rising Star, designed by Robert Cassetti, is presented to senior officers of each winning organization.

Busan Metropolitan City is the largest port city in South Korea and the country’s second largest metropolis, and the center of automotive and ship building. With an annual budget of \$9 billion and local GNP of \$48 billion, the city’s 16,000 workers provide comprehensive public services to 3.64 million people. The desire to link strategy to performance and improve citizens’ satisfaction with public services led to the BSC’s adoption in 2006. An Office of Strategy Management was established to manage performance on a continual basis through ten strategic themes. In three years local exports increased from 5.1% to 25.6%, financial benefits-per-citizen rose from \$1,411 to \$1,884, and response rates to citizens’ issues improved from 81% to 88%. “The BSC has brought sweeping innovation to the way we manage, clarify, and communicate our strategy, and link it to performance and pay” says Mayor Nam-sik Hur. “Top management can view the organization as a whole, while maximizing customer satisfaction.”

International Islamic University Malaysia (IIUM), established in 1983 with a mission to integrate values and professional ethics in its curricula, aims to provide excellent education to Malaysians and international citizens. Today IIUM admits more than 20,000 students from 96 countries, stretching from Africa, Middle East, Europe and Asia. A few years ago the University decided to position itself as a premier research-based university in the region and subsequently

developed a number of key strategies. The BSC was adopted to facilitate strategy execution. Communication of the university's new vision and each faculty and staff member's understanding of his contribution to that vision was an early result. In four years, grants increased more than 400%, patents doubled, publications nearly tripled, and faculty recognized as experts in their respective fields grew from less than 10% to 40%. "The BSC is an effective and comprehensive tool to help us be strategy-focused, fact based, and process-excellence oriented so that we may realize our vision" says Dr. Syed Arabi Idid, Vice Chancellor. "Through the BSC, every individual understands how important his or her contribution is to the overall performance of the University." IIUM is the first university in Asia Pacific, and the first organization in Malaysia, to be inducted into the Hall of Fame.

Lakshmi Machine Works Ltd. (LMW) is one of the world's leading textile equipment manufacturers, with sales of \$504 million and 3,500 employees. LMW is ranked by Standard & Poor's as one of the eight emerging Indian Blue Chip Companies, and by *BusinessWeek* as one of Asia's Top Growth Companies. The cyclical nature of India's \$35 billion textile industry—growth typically followed by 4-5 years of recession—drove the adoption of the Balanced Scorecard at LMW to focus the company on its strategic performance drivers and to mitigate risk. Guided by its Office of Strategy and Risk Management, LMW has integrated its strategic performance management system with its Six Sigma, Activity-Based Management, knowledge management, and ERP implementation. In four years revenues have soared from \$120M to \$504M, profits from \$8.8M to \$84.8M, and market capitalization from \$33.8M to \$1,158B. "Despite the recession in India's textile industry, we've achieved record results by becoming a Strategy-Focused Organization" says Director Sanjay Jayavarthanelu. "The BSC has helped us to clarify our strategy, align resources to that strategy, set targets, and achieve greater transparency. More than 1,100 of our staff have their own scorecards, and the BSC has become a way of life at LMW."

North Delhi Power Ltd. (NDPL), a power distribution company that is a joint venture of TATA Power and the Delhi government, used the Balanced Scorecard as a tool to transform itself from an ailing, government-owned utility to a consumer centric entity with a performance-driven culture. The transformation earned NDPL management and its 3,800 employees the coveted Edison Award and the Prime Minister's Award for Meritorious Performance. In the last five years revenues grew from \$275M to \$600M, operating margins went up from 8% to 20%, and customer complaints were reduced by nearly 50% in the last two years. The reliability and quality of electrical supply was improved, and customer and employee satisfaction went up 8 basis points (12%) and 5 basis points (8%) respectively. "The BSC is the strongest tool I've ever seen and used to align people in the organization to strategic objectives," according to Sunil Wadhwa, CEO. "The BSC makes everyone know what he does and why he does what he does, what to measure and why we do measure what we measure. It also clearly links the progress on measures (lead measures) to the outcomes (lag measures), and help us optimize data to improve our decision making."

Rainbow Department Store, headquartered in Shenzhen, China, is a 29-store retail department store chain. For 2007, it had \$1.1 billion in sales, more than 8,300 employees, and was ranked as number 33 in China's Top 100 chain stores. Rainbow adopted the scorecard in 2004 to help implement a new strategy in the face of China's rapid growth and increasing competition. The BSC provided strategic context for Rainbow's ISO 9000 and Lean Six Sigma programs. Prior to the scorecard's adoption, the opening of 6 to 8 new stores opening each year strained and elongated engineering and preparation time. Three years after the BSC management system

was implemented, store opening cycles fell from 139 to 91 days, and operating profit grew from \$24 million to \$50 million. “The BSC is a system that balances internal and external aspects of the company, process and results, shareholders and employees, current and long-term,” says William Lai, Managing Director. “It has helped us identify strategic focuses, improve work efficiency, and achieve our objectives against well-planned targets.”

Singapore Ministry of Manpower (MOM) seeks to achieve a globally competitive workforce and great workplace, for a cohesive society and a secure economic future for all Singaporeans. It regards the adoption of the BSC approach as a major step in its ongoing journey towards organizational excellence. “The BSC management system has sharpened our sense of strategy and performance planning,” says Leo Yip, Permanent Secretary. “The adoption of the strategy map and scorecard provides a clearer line of sight on how departments and individuals contribute to our strategic outcomes, helping us create a strategy-focused and performance-driven organization. This will help us better serve the people of Singapore.”

About Palladium Group, Inc.

Palladium Group helps its clients link strategy and operations to achieve an execution premium. Palladium’s expertise in strategy, finance, and IT—delivered through consulting, education, training, and technology implementation services—has helped more than 500 client organizations clarify strategy, drive performance, and optimize data. Palladium has offices throughout North America, Europe, the Middle East, Latin America, Africa, and the Asia-Pacific region. Palladium’s Balanced Scorecard Hall of Fame for Executing Strategy™ recognizes organizations that have achieved an outstanding execution premium.

For more information visit www.thepalladiumgroup.com

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