

Palladium Balanced Scorecard Hall of Fame for Executing Strategy Inducts Seven Performance Leaders at the 2010 Palladium APAC Summit in Manila

Christchurch City, Datacraft Asia, First Philec Solar Corporation, Hindustan Petroleum Corporation, Korea Health Insurance Review & Assessment Service, Minor Food Group, and San Fernando City

MANILA and BOSTON, MA – 22 SEPTEMBER 2010 – Palladium Group, Inc., the global leader in helping organizations execute their strategies, today named seven top-performing organizations to the Palladium Balanced Scorecard Hall of Fame for Executing Strategy®: Christ Church City, Datacraft Asia, First Philec Solar Corporation, Hindustan Petroleum Corporation, Korea Health Insurance Review & Assessment Service, Minor Food Group, and San Fernando City. The award recipients were honored for their breakthrough business results during today's Hall of Fame award presentation ceremony at the [2010 Palladium APAC Summit](#) in Manila, Philippines.

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 recent study published in the journal *Advances in Accounting* found that 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 an economic downturn. "While the global economic environment is improving, many organizations, from private companies to government agencies, still face significant challenges," said Robert L. Howie Jr., Managing Director of Palladium and Director of the Hall of Fame program. "Organizations using the Kaplan-Norton strategy management approach are well-equipped to gain the kind of insights needed to capitalize on new opportunities, mitigate risk, and improve organizational performance."

Founded in 2000, the [Palladium BSC Hall of Fame](#) program today has a roster of 144 honorees—including Hilton Hotels, Infosys Technologies, Metro de Madrid, Motorola, Ricoh Corporation, and Volkswagen do Brasil—that span the private and public sectors in more than 20 countries. Winners are selected based on the quality of their BSC implementation and the results they demonstrate over a period of at least two years. Today's winners come from large and small private sector companies, and public sector agencies and municipalities.

Christchurch City

Christchurch, with a long history of involvement in Antarctic exploration, is the oldest established city in New Zealand. With amalgamation of surrounding geography and population growth driving demand for new infrastructure and services, the city needed a new management approach that would link business strategy, resource allocation, performance management, and

business intelligence and reporting. In three years, organizational alignment is at an all time high, line of site from strategy to operations is transparent, and the level of service achievement (operational excellence) grew from 65% to 91% while simultaneously cutting rate increases by more than 50%. Employee engagement is up from 35% to 54%. Among 85 New Zealand municipalities, Christchurch is one of only two to have earned and retained a Standard & Poor AA+ credit rating. In 2011, the city will co-host the Rugby World Cup, the third largest sporting event in the world. "The Balanced Scorecard was the approach that would help us realize our ambitions," says Tony Marryatt, Christchurch CEO. "I backed it unconditionally, and this belief has paid dividends. It is without doubt the clearest and most effective business approach I've seen in a long career as a senior executive and CEO."

Datacraft Asia

Datacraft Asia, an information technology services provider headquartered in Singapore, provides IT infrastructure to businesses in 13 Asian countries. They adopted the Balanced Scorecard in 2006 to help them complete their transformation from product reseller to solutions provider. Today they are Cisco's largest partner in Asia, with their ability to execute recognized by industry analysts as second to none. They have aligned delivery across regional units and across key suppliers and partners. Their strategy map is theme-based and used to test causal linkages. Their BSC is used to effectively manage, measure, and communicate strategy, as well as to share insights and best practices across disparate cultures and geographies. In three years, and in a highly competitive environment, revenues grew 8%, productivity 8.5%, and profit 27%. Customer satisfaction is up 13% and employee engagement is up 12%. "The BSC is an extraordinarily powerful tool that is central to everything we do, ensuring that all employees understand our strategy, enabling early insight into business performance, transparency around strategy execution effectiveness, and required actions for improvement," says CEO William B.G. Padfield. "I am convinced that implementing the Kaplan-Norton approach has helped us deliver record-breaking performance over the past five years."

First Philec Solar Corporation

First Philec Solar Corporation (FPSC), a joint venture between First Philippine Electric Corp, the Lopez Group of Companies, and SunPower Philippines Manufacturing, is the first and only large-scale silicon wafer slicing company in the Philippines. Its main product is micro-thin wafers primarily used in solar energy panels. A start-up operating only for a little more than two years, FPSC adopted the BSC from the outset to ensure focus and alignment to meet target growth projections and win market share against Chinese and Japanese competitors. Scorecards were cascaded down to the individual employee level. In just two years the company delivered their first commercial wafers ahead of schedule, increased revenue 19%, became profitable, grew new customer acquisition tenfold, and beat their employee satisfaction target by 27%. "We implemented the Kaplan-Norton approach to map, measure, and execute our strategy," according to Dan C. Lachica, president and CEO. "The FPSC story is one for the record books—probably one of the first organizations to adopt the BSC at inception, radically improving the way we do things and helping us in record time become a global leader in the solar industry."

Hindustan Petroleum Corporation

Hindustan Petroleum, based in Mumbai, India, is a *Fortune* 500 company with sales of USD\$25 billion and 11,000 employees. In addition to its refineries, Hindustan supplies more than 40% of India's total lubrication production and operates hundreds of retail distribution facilities. The company implemented the BSC to bring discipline and rigor to executing its strategy and to better manage enterprise performance. The corporate strategy has been cascaded to SBUs and shared services alike, and a formal strategy review process implemented. In the five years since

the BSC was introduced, revenue has more than doubled, the retail network has grown almost 30%, dealer supply time has been reduced from 24 hours to 2 hours, refinery project delays have been reduced from up to 24 months to on-time performance, and new employee attrition is down more than 40%. “The Kaplan-Norton approach has helped us to clarify our strategic objectives and align our efforts to them,” says Arun Balakrishnan, chairman and managing director. “The Balanced Scorecard has become the method to communicate and implement change as we become a more customer-focused, learning organization.”

Korea Health Insurance Review & Assessment Service

The Korea Health Insurance Review & Assessment Service (HIRA)—part of South Korea’s Ministry of Health and Welfare—assesses the effectiveness of the Korean healthcare delivery system. Rising public consciousness about health, an aging population requiring new service levels, and advances in medicine all drove the need for performance transformation. HIRA overcame being last in citizen satisfaction among public agencies as well as strong resistance from its employees. An Office of Strategy Management (OSM) coordinates strategic management processes across business units, knowledge sharing, and provides a center of excellence to make execution a core competency. Customer satisfaction has increased 22%, claims processing time was reduced 42%, use of prohibited drugs was reduced by several orders of magnitude, and productivity enhancement earned HIRA the highest rating of any government agency. HIRA’s employee productivity is four times higher than that of its Japanese counterpart. “To meet the challenges of an increasingly complex healthcare services environment we adopted the Kaplan-Norton approach in 2006,” says Yoon Koo Kang, president. “It has helped us transform our culture, and establish an integrated, systems-based approach to strategy, business, budgeting, and performance management. With it, we aim to achieve a strategy execution premium.”

Minor Food Group

Minor Food Group (MFG) operates a chain of more than 1,000 fast-food and casual-dining restaurants in Thailand with 11,000 employees serving more than 100 million customers. Brands include Burger King, Dairy Queen, Swensen’s and Thai Express. *Asiamoney* magazine named MFG as the best managed medium cap company for management strategy and vision, business and financial performance, and shareholder value creation. The Asian financial crisis of 1997, the loss of a key franchise brand, and political upheaval created the need to manage more strategically and to mitigate risk. The BSC was adopted, but not well implemented. A second attempt in 2007 took hold. From 2007 to 2009 sales increased 123%, profits were up 72%, the number of customers grew 30%, and franchisee satisfaction increased 22%. In 2009 both annual sales (12%) and market share (33%) increased when those of MFG’s nearest competitor fell to -3% and 15% respectively. “By following the Kaplan-Norton system and getting implementation help from Palladium Group, we have harnessed our intangible assets to deliver tangible outcomes,” according to CEO Paul Kenny. “Our Office of Strategy Management has made strategy execution a sustainable core competency, and Minor Food Group has truly become a strategy-focused organization.”

San Fernando City

San Fernando City, provincial capital of Pampanga in the Philippines, enjoys a reputation for an excellent standard of living and a highly literate workforce with a demonstrated aptitude for technical skills. The Institute for Solidarity in Asia, an advocacy organization for good governance, partnered with the city in using the BSC to help improve public accountability and promote responsible citizenship and economic and social development. In the five years since its adoption, the number of poor families is 22% lower than the national average, 38% of citizens belong to the middle class, citizen satisfaction has grown to 99%, and the time it takes

to obtain a new business permit has fallen from two weeks to two hours. “Although we had a clearly defined strategy, there were no outstanding results that impacted on our citizen’s lives,” according to Mayor Oscar S. Rodriguez, who also serves as president of the League of Cities of the Philippines. “Today, the BSC approach gives us a comprehensive roadmap for consistent execution. With transparent objectives, targets, measures, and initiatives, good governance has resulted in good government, and we are well on our way to achieving our vision to become a habitat for human excellence by 2030.”

About Palladium Group, Inc.

Palladium Group is the global leader in helping organizations execute their strategies. Our expertise in strategy management, performance management, and business intelligence helps our clients achieve an execution premium. Our services include consulting, technology, conferences, communities, and certification. The Palladium Balanced Scorecard Hall of Fame for Executing Strategy® recognizes organizations that have achieved an outstanding execution premium. Visit www.thepalladiumgroup.com.

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