

# ***IMPLEMENTING A PERFORMANCE MEASUREMENT SYSTEM AT***



**July 15, 2003**

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# *Session Outline*



- Background Information
- Why Performance Measurement
- Challenges
- Lessons Learned
- Continuous Improvement Process

# *TG - Background*

- Texas public non-profit corporation since 1981
- Outstanding loans guaranteed over \$19 billion
- Annual loans guaranteed over \$2.5 billion
- Team members/employees – 550
- Annual operating budget \$77 million (projects \$14 million)

# *TG – Background* (Continued)

- Collections portfolio – over \$1 billion
- Voluntary Flexible Agreement (VFA) provides for compensation based on performance standards
- Performance Measurement System – FY1996
- Incentive Plan – FY1997

# *Why Performance Measurement*



- Increased competition
- Changing marketplace
- Retention/compensation of high performers
- Strengthen financial position (stay viable)

# *Incentive Award Program*

## *Key Requirements*

- Incentives link to quantifiable performance objectives
- Performance objectives link to corporate vision/mission/customer needs
- Participation for all team members/employees
- Compensation from only one incentive plan
- Short & long term plans

# *Challenges*



- Measuring the right things to effect performance in a positive manner
- Supporting the performance with quantifiable information/data
- Establishing stretch goals/measures/targets
- Reporting performance data on an on-going basis

# *Challenges* (Continued)

- Training staff (e.g. managers, administrative personnel, etc.)
- Measuring the right amount of things to drive performance
- Validating/verifying annual performance
- Using performance information to better manage operations



# *Challenges* (Continued)



- Balancing efficiency & effectiveness measures
- Identifying effectiveness measures other than customer surveys
- Changing measures to better identify/drive performance
- Establishing appropriate cost measures
- Developing measures for corporate projects

# *Lessons Learned*



- Senior management/board support is essential
- Training should occur prior to implementation of the performance measurement system/incentive plan
- Changing performance targets near or at year-end threatens the integrity of the program

# *Lessons Learned* (Continued)

- Measuring the wrong things hurt performance
- Using subprocess/department performance for each team member/employee's annual appraisal further increases the need for stretch goals
- Improving the process is costly and must occur on a continuing basis

# *Lessons Learned* (Continued)

- Establishing the right data collection systems take time and management emphasis
- Developing a continuous oversight process is challenging, but needed

# *Continuous Improvement Process*



- Review of measures annually – by operations committee, senior management
- Continuous review by the PGM team
- Audit/validation annually by internal audit

# *Continuous Improvement Process*

*(Continued)*

- Oversight by human resources on a continuous basis
- Improvements occur as needed based on organizational changes, environmental changes, corrections of identified weaknesses, etc.

# *Continuous Improvement Process*

*(Continued)*

- Trend analysis from year to year by subprocess/department
- Training/awareness occurs at least annually
- Communication of performance through posted scorecards, intranet banners, etc. are important

*It's all right to forget your mistakes.*

If you remember their lessons.

**Anonymous**



# *Questions*



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