CASE: ATP

BALANCE SCORECARD CREATES A RED THREAD WITHIN ATP

Under the motto "one target is better than ten opinions", the Danish Labour Market Supplementary Pension Fund (ATP) has introduced a Balanced Scorecard system which translates vision into action. Closely written business plans have been replaced by concrete targets, and everybody in the large organization are pulling together.

Balanced Scorecard is a good method of translating a strategy into targets. It is that simple, and that is why ATP has chosen a Balanced Scorecard system to support our business development, says Lars Damgaard Sørensen, Finance Director of ATP.

Lars Damgaard Sørensen points to the easy-to-understand illustrations in the brochure prepared in connection with the implementation of the Balanced Scorecard system (BSC), and explains how the business is today managed on the basis of the four central key factors: Customers, employees, business processes and economy.

All activities at ATP are based on a wish to improve our performance within these areas. The BSC system ensures that each department can at any time compare its performance with its targets and that action is taken if they are far from their goal, says Lars Damgaard Sørensen.

- With Platon we have found a model which was flexible and could be created to match our terminology. It was also an inexpensive and easy solution, so there was no need to think twice.

Jeannette Andersen,
Head of Finance Department, ATP

FLEXIBILITY THE MOST IMPORTANT FACTOR

Some years ago, the toughened competitive situation on the market of pensions caused ATP to check the strategy model of the business closely, and this became the start of the work with the implementation of Balanced Scorecard in the organization.

At the start, ATP decided to develop their own BSC system. However, this task was larger than expected, and consequently the interest was already there when Platon contacted the organization in the autumn of 2002.

At the time, ATP had been working with Balanced Scorecard for just under four years, and they had adopted a language and a terminology which had become well-anchored in the organization. Consequently, the organization was skeptical of standard systems where language and terminology are often decided in advance.

FROM FICTION TO FACTS

Today, the BSC system is the central management tool in ATP. The system plays an important role for the ability of the business to react on new market situations, and it has created dynamics and flexibility in the organization.

Previously, each area and department prepared their own action plans, which would often end up in a drawer and not be taken out again until the end of the year. The work method was reactive and difficult to use as a management tool. Today, the comprehensively written pages have been replaced by brief and well-defined plans with concrete targets and descriptions of how to meet them.

PLATON

GOOD FINANCIAL SITUATION AND A FEELING OF SUCCESS

The BSC system ensures that the general strategy of ATP can be broken down into results and performance targets. A result target will typically apply for a year and be very concrete. Perhaps the knowledge sharing in the organization needs to be improved by a fixed factor, or the customer satisfaction needs to be improved by a certain percentage before the end of the year. The performance targets are measured more frequently, often on a quarterly or monthly basis.

As a business, we have become more focused after starting to work with the BSC system. We have achieved larger transparency, and our reporting has become more efficient. This leads to more focus on follow-up. For example, our efficiency targets have led to an actual cost reduction, says Lars Damgaard Sørensen.

The BSC system has also created value within some softer areas. According to Jeanette Andersen, the employees feel better informed today, and people at ATP have become better at celebrating successes, simply because they have become visible. This creates both motivation and happiness in the organization.

ACCESSIBLE SYSTEM

All employees in ATP have access to the BSC system. This ensures inclusion of the BSC system in the day-to-day work and continual follow-up and quick initiation of corrective action if a department does not follow the plan. The BSC system has been integrated in the other types of management information in ATP, among other things through an analysis and reporting tool which enables the managers to look into the underlying data to find the reason for a deviation.

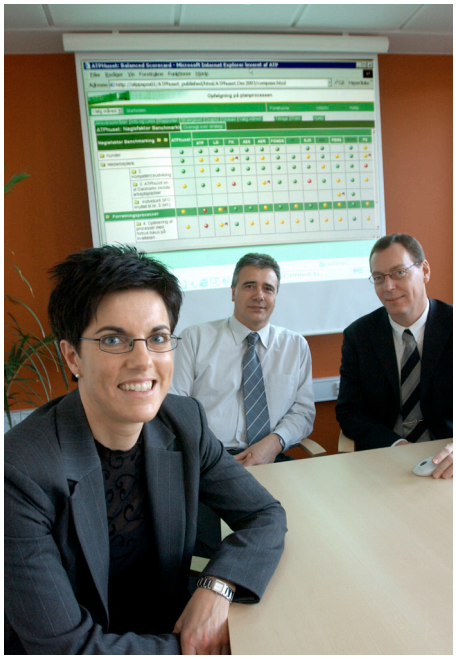
If the costs in a department have run amuck compared with the performance target, the manager can by a single click get direct access to analyze and see the reasons and relations for the deviation down to the individual activities. The data in the analysis and reporting tool is fed from a Data Warehouse which will get the relevant information from ATP's existing systems, such as the finance control system and common systems such as case records, telephone and web.

QUICK OPERATION

The BSC system was implemented in ATP within just six months, and both Lars Damgaard Sørensen and Jeannette Andersen describe the process as a success. All plans were followed, and the budget was never exceeded.

FACTS

- ATP was established by legislation in 1964.
- ATP has more than four million customers.
- Administration of Denmark's largest institutional portfolio of more than DKK 250 billion.
- • Major investor in Danish industry.



We have been happy with the co-operation with Platon, who is a serious and professional collaborator, says Jeanette Andersen.

In connection with the implementation of the system, ATP had internal road shows where each department was trained in the use of the system. We have had no reason to regret that. The BSC system has been well received, and everybody sees why we set targets and follow up on the them.

We have an efficient and transparent system which creates a visible thread through our activities. It is the vital foundation behind the management of ATP, says Lars Damgaard Sørensen.

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