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Technical Report

Performance Management System Basics for the Bureau of Customs

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Prepared for

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Preface

This report is the result of technical assistance provided by the Economic Modernization through Efficient Reforms and Governance Enhancement (EMERGE) Activity, under contract with the CARANA Corporation, Nathan Associates Inc. and The Peoples Group (TRG) to the United States Agency for International Development, Manila, Philippines (USAID/Philippines) (Contract No. AFP-I-00-00-03-00020 Delivery Order 800). The EMERGE Activity is intended to contribute towards the Government of the Republic of the Philippines (GRP) Medium Term Philippine Development Plan (MTPDP) and USAID/Philippines' Strategic Objective 2, "Investment Climate Less Constrained by Corruption and Poor Governance." The purpose of the activity is to provide technical assistance to support economic policy reforms that will cause sustainable economic growth and enhance the competitiveness of the Philippine economy by augmenting the efforts of Philippine pro-reform partners and stakeholders.

By letter dated August 23, 2006, Commissioner Napoleon L. Morales of the Bureau of Customs (BOC) requested EMERGE assistance in explaining how to formulate a performance management system (PMS), a performance appraisal system and performance contracts, so that the BOC Lateral Attrition Implementation Committee could develop its own system of measuring, monitoring, rating and rewarding good performance in compliance with the Lateral Attrition Act of 2005. It was agreed that the first step should be two 2-day workshops on the basic principles and requirements for a functioning PMS conducted by the EMERGE PMS team presently working with the Bureau for Internal Revenue (BIR) to install a PMS system there. This report documents the material and PowerPoint presentations prepared for those workshops and the workshop process. The task was undertaken by several members of the EMERGE BIR PMS Team, namely Marie Herminia Soriano, Performance Management Expert and Team Leader, Maria Teresa Tolosa, Performance Management Specialist, John Paul Vergara, Performance Rewards and PMS Specialist, Ana Lea Uy, PMS Legal Specialist, and Blanca Pasaporte, Workshop Proceedings Documenter.

The views expressed and opinions contained in this publication are those of the authors and are not necessarily those of USAID, the GRP, EMERGE or the latter's parent organizations.



Performance Management System Basics for the Bureau of Customs

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The BOC Strategy Map

This chapter provides an overview of the BOC Strategy Maps for the Operations and Support Groups. It presents the objectives clustered in the four perspectives and the cause-effect relationships among the objectives.

**Chapter 1:
The BOC Strategy Map**

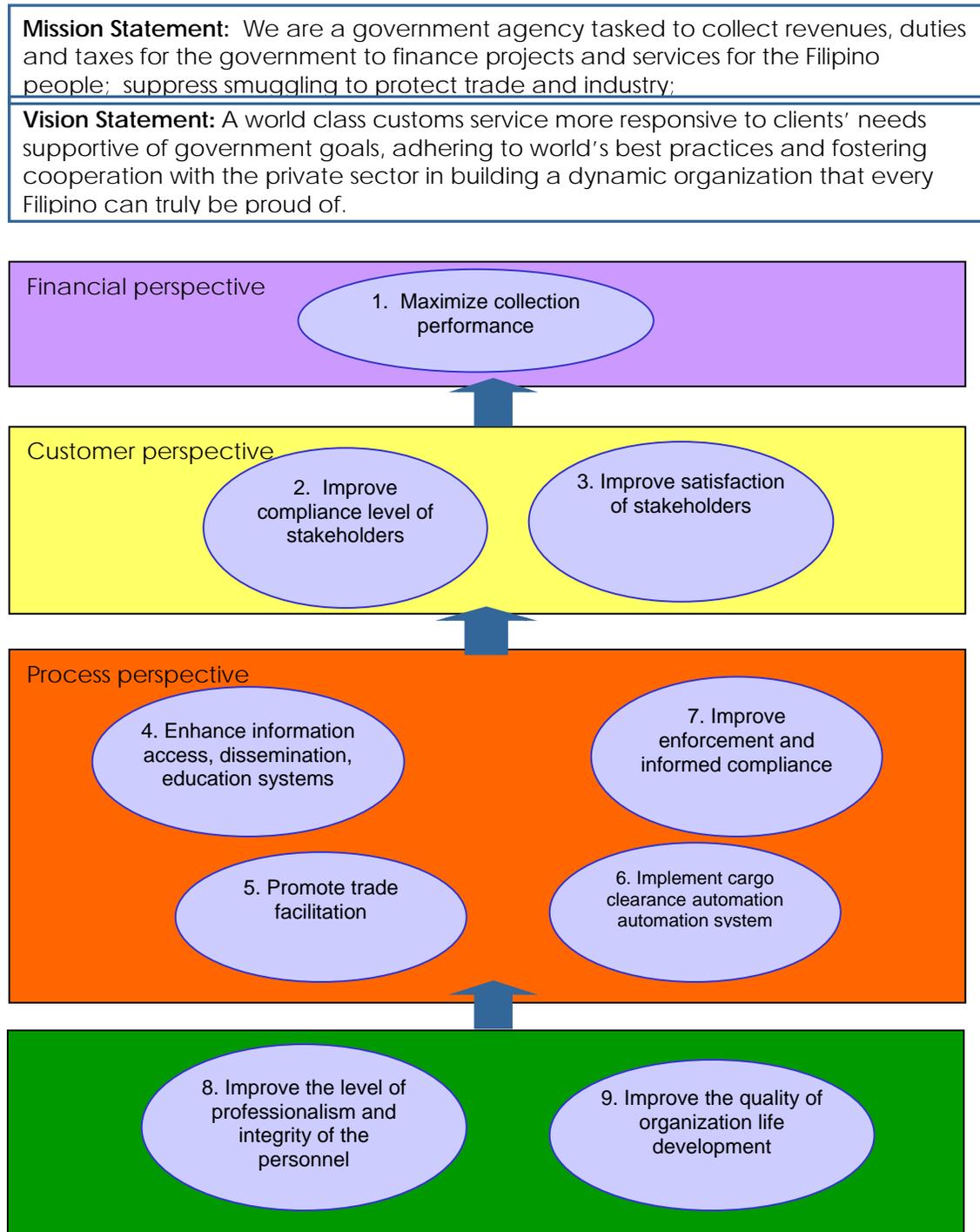
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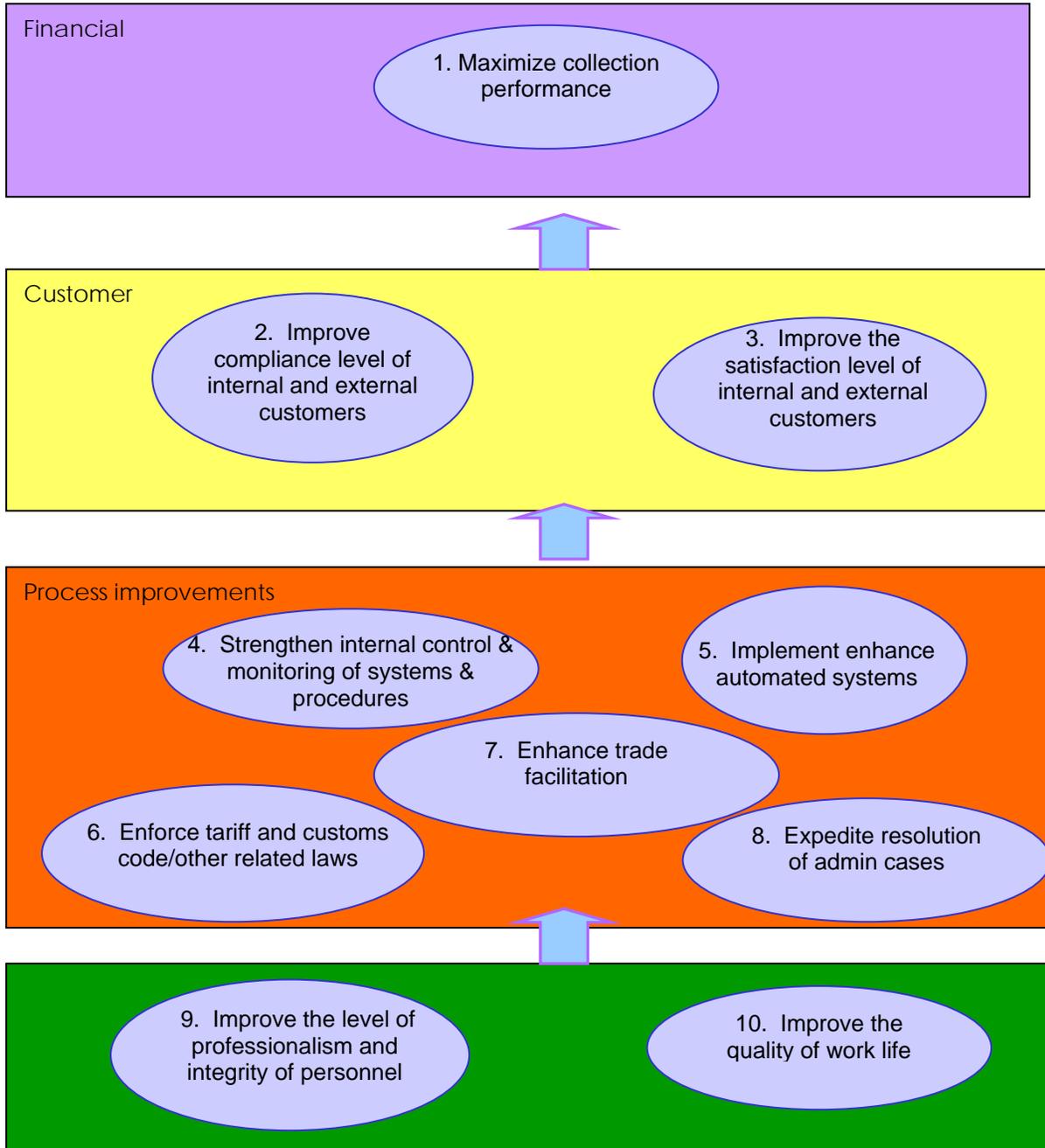
The BOC Strategy Maps

The BOC Strategy Maps for 2006-2007 for the operations and support groups are graphically shown below.

A. Operations Group



B. Support Groups



The Strategy Map also defines **the chain of logic or possible cause-effect relationships** among the objectives. This can be statistically proven in time, but for now the arrows reflect a simple linear relationship.

To help us further establish our focus, we have assigned weights across the objectives of the Strategy Map. **Weight** indicates the priority objectives for a given time period. Weight assignment across objectives should always total 100%. Please see the table below.

Table 1.1: Objectives with weight assignments for 2006 for the Operations Group

OBJECTIVE	OBJECTIVE WEIGHT
1. Maximize collection performance	60%
2. Improve compliance level of stakeholders	5%
3. Enhance information access, dissemination, education systems	5%
4. Improve enforcement and informed compliance	15%
5. Promote trade facilitation	15%
Objective Total Weight Assignment	100%

Table 1.2: Objectives with weight assignments for 2006 for the Support Groups

Assessment and Operations Coordinating Group (AOCG)

OBJECTIVE	OBJECTIVE WEIGHT
1. Maximize revenue collection	5%
2. Enforce tariff and customs code and related laws	45%
3. Enhance trade facilitation	30%
4. Strengthen internal control and Monitoring of systems and Procedure	20%
Objective Total Weight Assignment	100%

Intelligence and Enforcement Group (IEG)

OBJECTIVE	OBJECTIVE WEIGHT
1. Maximize revenue collection	20%
2. Enhance trade facilitation	30%
3. Enforce tariff and customs code and other related laws	50%
Objective Total Weight Assignment	100%

Revenue Collection and Management Group (RCMG)

OBJECTIVE	OBJECTIVE WEIGHT
1. Maximize revenue collection	10%
2. Improve compliance level of internal & external customers	20%
3. Expedite resolution of cases	20%
4. Strengthen internal control & monitoring of systems & procedures	20%
5. Enhance trade facilitation	10%
6. Enforce tariff and customs code/other related laws	20%
Objective Total Weight Assignment	100%

Internal Administration Group (IAG)

OBJECTIVE	OBJECTIVE WEIGHT
1. Maximize revenue collection	5%
2. Improve satisfaction of personnel	10%
3. Improve the level of professionalism	40%
4. Strengthen internal control & monitoring of systems & procedures	25%
5. Improve the quality of corporate life	20%
Objective Total Weight Assignment	100%

Uses of the BOC Strategy Map

These are the results of discussions of a workshop with BOC managers in a workshop on September 21-22 and September 25-26, 2006.

A. *What's in it for BOC?*

The discussion that follows captured the participants' responses to the question 'What's In It For the BOC' if the OPMS will be installed in the Bureau. This was part of the 'kumustahan' during Day 3 of the workshop. The participants were asked to illustrate their responses using clay. The interpretations of their illustrations are as follows:

Nora, Linda and Cora: The Road Sign signifies direction, to find the way.

Mel, Jon, Billy, Raymund: Pot of gold at the end of the rainbow: Pot of gold contains the objectives of the OPMS. The rainbow represents the directions and the goals of the BOC.

Jun, Rene and James: Stethoscope is an early warning device (EWD) that sends out symptoms about the 'health' of the BOC. The OPMS is a diagnostic tool that tells the organization of the areas for improvement (AFIs) so that it could take action and what should be done.

Rey, Edna, Liza, Mon and Noemi: Thermometer: It will help monitor progress of the BOC. Equally important is measuring the internal processes aside from the external processes.

Boysie and Silver: Their candy-sunflower has 15 petals representing the collection districts, the stem and grass are the stakeholders and center of the flower if the system of the BOC. While the BOC is attaining its goals it nurtures the stakeholders.

B. What's in it for me?

Having had the idea of what is in store for the BOC as regards the installation of the OPMS, the participants were asked to respond to the question 'What's In It For Me' as managers of the Bureau in terms of the OPMS. They made a creative presentation of their responses using crayons/craypas. They shared their interpretation of 'What's In It For Me' (WIIFM):

Baby: The star represents all divisions having the same goal, which means the employees in the division know where they are going, the chief is able to monitor if the objective of the service is achieved

Mel: Drew a man standing akimbo looking at the goal. All other subordinates look at the same direction, too so they have the same line of sight.

Ramon: His radar screen is the PMS, which serves as a targeting tool, able to identify areas where to input remedial measures. The OPMS will assist to identify performers and grant rewards, and identify areas where major measures will be applied as basis for action.

Toto: OPMS is a management tool where resources will be focused to attain the target. As an EWD it serves to correct deviations from the target.

Rene: As a leader he wants to influence others' behavior by way of the OPMS. OPMS according to him is a basis for influencing people's behavior and is a direction-setting guide.

Linda: The sign (icon) signifies following one direction as a manager towards the vision and mission of the BOC and the strategy map. It serves as a guide for a shared/common direction.

Jon: The OPMS is a hammer, a positive motivating tool to inform his people about the directions and help keep them stay on track.

James: As the skipper/ship captain he holds the steering wheel of the vessel and the compass, which is the OPMS.

Rey: OPMS serves as his clock. As a manager the OPMS will enable him to manage his time because people would know their work, will be more organized in their work, all of them could spend more time with their families because they finish their jobs on time. OPMS could help them focus their energy.

Boysie: He likened the OPMS to a crystal ball, which is the whole organization carrying a heavy load. As a district collector he is able to attain his goal and easily foretell what will be achieved through the crystal ball.

Silver: The OPMS is the solar system where there is distribution of work. Although the 'planets' are far from the center, they are able to equalize their efforts because each has a defined role.

Nora: She drew a boat and as the leader, they are all rowing in the same direction. OPMS will help build teamwork to attain the target/objective.

Raymund: His caliber RA9335 gun will discriminate between high and low performers in the Bureau.

Jun: His .45 caliber gun, which is the OPMS will make people more informed and make him a responsible leader in managing the unit.

Edna: OPMS would make the work easier. The performance evaluation of each district and office would be clearly defined for easy monitoring. OPMS is a mirror that will reflect a beautiful organization once it is in place.

Noemi: Her ladder with fruits is the OPMS, which can help her reach her goal/objective easily. There is no way but up with the OPMS.

Billy: He drew a person sitting behind his desk in a relaxed mode. The guy uses the OPMS as his management tool that helps him clearly define directions, with greater compliance of the staff it makes management easy and makes work easy.

The Performance Scorecard

This chapter provides an overview of the elements of the performance scorecard for the different offices of the BOC.

Chapter 2: Elements of the BOC Performance Scorecard

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Description

The chapter aims to explain each element of the performance scorecard.

Elements of the BOC Performance Scorecard

The BOC Operations Office Performance Scorecard is a tool used for translating the BOC Strategy Map into measurable objectives and a basis for measuring performance at the Office level. It contains the following elements:

1. Objectives
2. Objective weights
3. Measures
4. Formula
5. Measure weights
6. Target
7. Actual Values
8. Actual %
9. Measure rating
10. Objective rating

Table 3.1 : The BIR-Operations Performance Scorecard

Objective (1)	Objective Weight (2)	Measure (3)	Formula (4)	Measure Weight (5)	Target (6)
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Objectives in Column 1 reflect the objectives articulated in the Strategy Map.

Objective weight captured in Column 2 is assigned for each objective depending on the strategic focus or priority of the BOC for the current year.

Measures captured in *Column 3* are indicators of office performance. These translate the objective statements in the Strategy Map into more specific and quantifiable terms. These may be described in terms of quantity, quality, efficiency or timeliness. The prioritized measures for 2007 are shown in the table below.

Formulas reflect how each measure is operationally defined for the current year. The meaning of each measure is embedded in the formula shown in the Chapter on Measures Dictionary.

Measure weight has also been assigned across the performance measures. These reflect the relative importance of the measure vis-a-vis the attainment of the objective. For 2006, the weight assignment across objectives and measures are shown in Table. Note that the total weight assignment across measures per objective should sum up to 100%.

Target describes the expected level of performance required for each measure. It will be the standard to which actual performance or accomplishment will be compared to determine performance ratings.

Appendices

1. Performance scorecard for the Operations Group
2. Performance scorecard for the Support Groups

APPENDIX 1: PERFORMANCE SCORECARD OF THE OPERATIONS GROUP (Draft only)

APPENDIX 1: OFFICE PERFORMANCE SCORECARD

Scorecard name: Operations	
Date of completion of the scorecard: January 2007	
Performance Period: January to December 2007	

Perspective/ Objective	Objective Weight	Measure	Formula	Revised measure weight	Target
1. Maximize collection performance	60%	Revenues collected from regular and other assessments Declarations <i>Voluntary upgrading</i> <i>Appraisers Initiative</i> <i>VCRC</i> <i>VRIS</i>	Actual Collection/Assigned Target	60%	100%
		Revenues collected from non-traditional sources. <i>Bonds</i> <i>Auction/Legal Decisions</i> <i>IPF</i> <i>Accountable Forms</i> <i>Stamps</i>	Actual Collection/Assigned Target	5%	100%
		Revenues collected from audit	Actual Collection/Assigned Target	20%	100%
		Revenue collected from warehousing	Actual Collection/Assigned Target	15%	100%
2. Improve compliance level of stakeholders	5%	Number of entries properly and sufficiently described	Number of entries approved over Total number of entries	100%	90%

Perspective/ Objective	Objective Weight	Measure	Formula	Revised measure weight	Target
		(filling up of the IED/IEIRD/SAD)	filed		
3. Enhance information access, dissemination, education systems (3)	5%	Number of trainings, seminars and dialogues with the stakeholders	Actual number of trainings conducted over planned number of trainings for the year	50%	100%
		Number of attendees to training	Number of attendees over target	50%	
4. Improve enforcement and informed compliance (4)	15%	Number of contraband detected	Number of violations detected/ number of containers subjected to x-ray	25%	
		Number of Alert and Hold Orders issued as a result of profiling	Number of Alert and Hold Order Issued over Total number of shipment processed	25%	10%
		Number of shipments subjected to WSD	Number of shipments issued WSD/ total number of shipments put on alert or hold order.	25%	
		Number of cases resolved	Total number of cases resolved over total cases handled	25%	10%
5. Promote trade facilitation (5)	15%	Turn-around time in the release of shipments to importers	Current average processing time per entry / previous year	20%	

Perspective/ Objective	Objective Weight	Measure	Formula	Revised measure weight	Target
		Number of Entries Processed under the selectivity system (Red/Yellow/Green/)	Actual of number of red/ yellow/ green over total entries filed	20%	10%: 20%:70%
		Number of Super Green-Lane users	Actual number of SGL Accredited over top 1000 importers	20%	20% growth rate
		Number of importers subjected to post entry audit	Number of importers subjected to post entry audit / total number of importers	40%	

APPENDIX 2: PERFORMANCE SCORECARD OF THE Assessment and Operations Coordinating Group (Draft only)

OFFICE TEMPLATE: AOCG

Scorecard name: Assessment and Operations Coordinating Group (AOCG)	
Date of completion of the scorecard: January 2007	
Performance Period: January to December 2007	

Perspective/ Objective	Objective Weight	Measure	Formula	Measure weight	Target
1. Maximize revenue collection	5%	Collection performance	Actual collection over target	100%	
6. Enforce tariff and customs code and related laws	45%	Number of new sources of non-traditional revenues	Number of new sources identified vs identified sources for the previous years	30%	
		Number of CBW's Monitored or Audited on Overstaying Bonded Raw Mats	Volume of inventoried Overstaying Raw materials auction vs target	25%	
		Number of scrap buyers of raw materials	Number of accredited scrap buyers versus target	15%	

Perspective/ Objective	Objective Weight	Measure	Formula	Measure weight	Target
		accredited			
		Number of local sales monitored	Number of CBWs monitored for local sales over target	5%	
		Enhance bonding program	Number of functions covered by the new bonding program vs. current data	5%	
		Rationalize CBW Membership Scheme	Number of draft issuances approved by BOC leadership	5%	
		Discipline Errant CBWs	Number of CBWs Audited and Sanctioned	5%	
		Establish Pre-Transport of Cargo Examination Program	Number of Issuances submitted and approved by BOC leadership	5%	
		Improve Bunkering Procedures	Number of recommended revisions on Bunkering adopted by BOC leadership	5%	
7. Enhance Trade	30%	Enhance Export	Number of Systems	50%	

Perspective/ Objective	Objective Weight	Measure	Formula	Measure weight	Target
Facilitation		Monitoring Scheme	Review conducted and approved by the BOC Leadership		
		Enhance Use of Customs Laboratory as Decision-Making Tool in dispute resolution	Number of Referrals to Customs Laboratory for decision-making vs current data	25%	
		Enhance Valuation Disputes Resolution Program	Number of Expedited Valuation Dispute Resolved	25%	

**APPENDIX 3: PERFORMANCE SCORECARD OF THE Intelligence and Enforcement Group
(Draft only)**

OFFICE TEMPLATE: IEG

Scorecard name: Intelligence and Enforcement Group (IEG)	
Date of completion of the scorecard: January 2007	
Performance Period: January to December 2007	

Perspective/ Objective	Objective Weight	Measure	Formula	Measure weight	Target
1. Maximize Collection Performance	20%	Upgrade Risk Management System to enhance revenue collection	$\frac{\text{No. of shipments selected RED, GREEN, YELLOW}}{\text{No. of shipments alerted/seized}}$	100%	
8. Enhance Trade Facilitation	30%	Turn around time in release of clean alerted shipments	$\frac{\text{\# of alerted Clean Shipments released within the time frame}}{\text{\# of alerted clean shipments}}$	75%	

Perspective/ Objective	Objective Weight	Measure	Formula	Measure weight	Target
		No. Of linkage established with other government agencies with regulatory functions	$\frac{\text{\# of actual linkages established}}{\text{\# of agencies projected to be linked}}$	25%	
10. Enforce tariff and customs code/other related laws	50%	No. of shipments seized/forfeited	$\frac{\text{No. of seized/forfeited shipments}}{\text{No. of alerted shipments}}$	25%	
		No. of CBWs suspended/closed	$\frac{\text{No. of CBWs with violations}}{\text{No. of CBWs audited}}$	25%	
		No. of cases filed/prosecuted	$\frac{\text{\# of cases filed with DOJ}}{\text{\# of cases investigated}}$	25%	
		No. of convictions	# of cases	25%	

Perspective/ Objective	Objective Weight	Measure	Formula	Measure weight	Target
			$\frac{\text{resulting to convictions}}{\text{\# of cases filed in court}}$		

**APPENDIX 4: PERFORMANCE SCORECARD OF the Revenue Collection and Monitoring Group
(Draft only)**

OFFICE TEMPLATE: RCMG

Scorecard name: Revenue Collection and Monitoring Group (RCMG)	
Date of completion of the scorecard: January 2007	
Performance Period: January to December 2007	

Perspective/ Objective	Objective Weight	Measure	Formula	Measure weight	Target
1. Maximize collection performance	10%	Amount collected from approval of settlement and redemption of cases covered by WSD	$\frac{\text{Revenues derived from approved offers of settlement and redemption}}{\text{Total amount of revenues to be derived from offers of settlement and redemption}}$	50%	100%
		Amount derived from successful litigation of collection cases	$\frac{\text{Amount of collection from civil cases filed}}{\text{Total Amount subject of}}$		

Perspective/ Objective	Objective Weight	Measure	Formula	Measure weight	Target
			collection cases filed		
2. Improve compliance level of internal & external customers	20%	No. of cases on automatic review resolved within 30 days	$\frac{\# \text{ of cases acted within 30 days}}{\# \text{ of cases received on automatic appeal for a given period}}$	100%	
8. Expedite resolution of cases	20%	No. of cases resolved	$\frac{\text{Actual no. of cases resolved}}{\text{No. of cases received over a given period}}$	50%	
		No. of rulings, opinions and/or resolutions issued within the prescribed period	$\frac{\# \text{ of opinions, ruling and/or resolutions actually issued within prescribed period}}{\text{No. of request for opinions, ruling and/or resolutions received}}$	50%	

Perspective/ Objective	Objective Weight	Measure	Formula	Measure weight	Target
4. Strengthen internal control & monitoring of systems & procedures	20%	Variance in District collection data versus BTR data	$\frac{\text{District Collection Report}}{\text{BTR Collection Report}}$	100%	100%
7. Enhance Trade Facilitation	10%	No. of laws, cmos & CAOs reviewed/harmonized	$\frac{\# \text{ of laws, CMO's/CAO's reviewed and harmonized}}{\# \text{ of existing CAOs/CMOs}}$	40%	
		No. of applications for accreditation of stakeholders	$\frac{\# \text{ of applications approved}}{\# \text{ of applications received at a given period}}$	60%	
10. Enforce tariff and customs	20%	No. of cases filed/prosecuted	$\frac{\# \text{ of cases filed with DOJ}}{\text{Total cases}}$	50%	

Perspective/ Objective	Objective Weight	Measure	Formula	Measure weight	Target
code/other related laws			# of cases profiled/evaluated		
		No. of indictments/convictions	$\frac{\text{\# of cases resulting to convictions}}{\text{\# of cases filed in court}}$	50%	

APPENDIX 5: PERFORMANCE SCORECARD OF THE Internal Administration Group (Draft Only)**OFFICE TEMPLATE: INTERNAL ADMINISTRATION GROUP**

Scorecard name: Internal Administration Group (IAG)	
Date: September 2006	
Performance Period: 2006-2007	

Perspective/ Objective	Objective Weight	Measure	Formula	Measure weight	Target
1. Maximize revenue collection	5%	Collection Performance	Actual collection over collection target	100%	100% of collection target
4. Improve satisfaction of personnel	10%	No. of new benefits provided	Actual benefits provided over Planned Benefits for the year	40%	50% of planned
		Job Satisfaction	Satisfied Personnel over the Total number of personnel	60%	60% of employees has a net rating job satisfaction of 70%
8. Improve the level of professionalism and integrity of personnel)	40%	Career development plan formulated and approved	Workable Career development plan formulated and approved not later than October 30, 2007	20%	One complete and workable plan approved on or before target date
		Training center operational	Actual launching and usage of the Training Center not later than June	20%	Completely operational on or before target date

			30, 2006		
		No. of training curriculum and modules written	Actual number of curriculum and modules written over the Planned Curriculum and Modules	20%	90% of planned
		No. and quality of trainings conducted	Actual number of trainings conducted over the planned trainings	20%	90% of planned
		No. of projects/programs under CACP implemented	No. of programs/projects/activities implemented over the total number of programs/projects/activities under the CACP	20%	50% of total programs/projects/activities
4. Strengthen internal control & monitoring of systems & procedures	25%	Adequate No. of Personnel	Actual No. of personnel hired over the proposed plantilla positions of Planning and Internal Control Systems Office	20%	50% of proposed plantilla
		No. of trainings conducted	Actual training conducted over Planned trainings	10%	100% of planned trainings
		No. and quality of audit conducted	Actual number of audit conducted over planned audit	20%	80% of planned audit

			Recommendations implemented over total number of recommendations per audit	20%	80% of recommendations
		PMS cascaded down to division level	Divisions implementing the PMS over total number of BOC divisions	30%	All BOC divisions
9. Improve the quality of corporate life	20%	Proposed budget for MOOE and CO for 2007 approved	Approved budget over proposed budget	50%	70% of proposed budget for MOOE and CO only
		Satisfaction level of customs personnel	No. of satisfied personnel over the total number of personnel	50%	60% of employees has a net rating job satisfaction of 70%

Performance Measures for the Operations and Support Groups

This chapter provides the details of the measures included in the Performance Scorecard. It includes the formula, sources of data, measure owner, target and rating scheme for each measure.

Chapter 3: The Measure Dictionary

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Description

This chapter provides the details of the measures included in the Performance Scorecard. It includes the formula, sources of data, measure owner, target and rating scheme for each measure.

Definitions

The terms are listed here in the order by which they appear in the measure dictionary.

Measure – name of the measure. *Example is “ Collection Performance.”*

Contributes to objective- the name of the objective to which the measure is identified. *Example is “Maximize collection performance.”*

Formula- this is the operational definition of the measure. *Example is actual collection over target.”* Better to express a formula in terms of ratio so that it is sensitive to the baseline, context of the office .

Remarks- these are any clarifications on the formula. *Example is Collection in the formula is actual cash collection + TRA + SARO (for cash incentive purposes)*

Data source- office assigned to collate the data; any means of verification tool used for monitoring the performance of the office on the measure.

Measure owner - Head of the office that requires the collection and/or consolidation of performance data on a measure that is to be included in the office template.

Target for the measure- describes the expected level of performance required for each measure. It will be the standard to which actual performance or accomplishment will be compared to determine performance ratings. Numeric representation of desired results of a performance measure.

Rating scheme – A graduated rating scale composed of 1-5 where 1 is low and 5 is high.

Measure Dictionary for Operations

Measure/ KPI	<i>Revenues Collected from regular and other assessments</i>
Contributes to Objective	Maximize collection performance

Formula	Clarifications on the formula	Data Source
Actual Collection/Assigned Target	Revenues collected from regular and other assessments. <i>Declarations</i> <i>Voluntary upgrading</i> <i>Appraisers Initiative</i> <i>VCRC</i> <i>VRIS</i> <i>Deferred Payments</i> <i>TCC</i>	Assessment Sections (Formal & Informal Div.) Collection Division Postal/CMEC Passenger Service
		Measure Owner District Collector Division Chiefs Section Chiefs Examiners/Appraisers

Target for the measure	Rating Scheme				
	1	2	3	4	5
100%	> - 6%	> - 1 - 5%	100%	1-5% >	6% >

	Collection District	Offices	Sub-Ports, if any
<p>This measure applies to these offices</p>	<p>15 Collection Districts</p>	<p>Assessment Sections (Formal & Informal Div.) Collection Division Postal/CMEC Passenger Service</p>	<p>All Sub-Ports/Equivalent Unit</p>

Measure/ KPI	<i>Revenues collected from non-traditional sources</i>
Contributes to Objective	Maximize collection performance

Formula	Clarifications on the formula	Data Source
Actual Collection/Assigned Target	Additional revenues collected from non-traditional sources. <i>Bonds</i> <i>Auction/Legal Decisions</i> <i>IPF</i> <i>Accountable Forms</i> <i>Stamps</i>	<i>Bonds Division</i> <i>ACDD/Law Division</i> <i>LBD</i> <i>Collection Division</i>
		Measure Owner
		Division Chiefs Assessors, Bonds Examiner, ACDD Examiners/Appraisers, CBW Officers

Target for the measure	Rating Scheme				
	1	2	3	4	5
100%	> - 6%	> - 1 - 5%	100%	1-5% >	6% >

This measure applies to these offices	Collection District	Offices	Sub-Ports, if any
	15 Collection Districts	Bonds Division ACDD/Law Division LBD Collection Division	All Sub-Ports/Equivalent Unit

Measure/ KPI	<i>Revenues collected from audit</i>
Contributes to Objective	Maximize collection performance

Formula	Clarifications on the formula	Data Source
Actual Collection/Assigned Target	<i>Revenues from Bonds Audit Revenues from post liquidation</i>	<i>LBD Collection Division Bonds Division</i>
		Measure Owner
		Division Chiefs Concerned

Target for the measure	Rating Scheme				
	1	2	3	4	5
100%	> - 6%	> - 1 - 5%	100%	1-5% >	6% >

This measure applies to these offices	Collection District	Offices	Sub-Ports, if any
	15 Collection Districts	<i>LBD Collection Division Bonds Division</i>	All Sub-Ports/Equivalent Unit

Measure/ KPI	<i>Revenue collected from warehousing</i>
Contributes to Objective	Maximize collection performance

Formula	Clarifications on the formula	Data Source
Actual Collection/Assigned Target	Revenues Collected from Warehousing <i>Local withdrawals</i> <i>Warehousing Fees</i> <i>Payments for Overstaying cargoes</i> <i>Wastages/penalties</i>	<i>WAD/PPBWD/CBWD/MMBWD/GTMBD</i> <i>WAMU</i> <i>Other Equivalent Offices</i>
		Measure Owner
		Division Chiefs Concern DepColl for Operation

Target for the measure	Rating Scheme				
	1	2	3	4	5
100%	> - 6%	> - 1 - 5%	100%	1-5% >	6% >

This measure applies to these offices	Collection District	Offices	Sub-Ports, if any
	15 Collection Districts	WAD/PPBWD/CBWD/MMBWD/GTMBD WAMU Other Equivalent Offices	All Sub-Ports/Equivalent Unit

Measure/ KPI	<i>Number of entries properly and sufficiently described (filling up of the IED/IEIRD/SAD)</i>
Contributes to Objective	Improve compliance level of stakeholders

Formula	Clarifications on the formula	Data Source
Number of entries approved / Total number of entries filed	Number of entries properly and sufficiently described (filling up of the IED/IEIRD/SAD)	Formal & Informal Entry Division Entry Processing Unit Baggage Declaration MISTG
		Measure Owner
		Division/Unit Chiefs Section Chiefs Examiners/Appraisers

Target for the measure	Rating Scheme				
	1	2	3	4	5
100%	> - 6%	> - 1 - 5%	100%	1-5% >	6% >

This measure applies to these offices	Collection District	Offices	Sub-Ports, if any
	15 Collection Districts	Formal & Informal Entry Division Entry Processing Unit Baggage Declaration MISTG	All Sub-Ports/Equivalent Unit

Measure/ KPI	<i>Number of trainings, seminars and dialogues with the stakeholders</i>
Contributes to Objective	Enhance information access, dissemination, education systems

Formula	Clarifications on the formula	Data Source
Actual number of trainings conducted over planned number of trainings for the year	Number of trainings, seminars and dialogues with the stakeholders	DepColl for Admin Chief, Administrative Division
		Measure Owner
		DepColl for Admin Chief, Administrative Division

Target for the measure	Rating Scheme				
	1	2	3	4	5
100%	> - 6%	> - 1 - 5%	100%	1-5% >	6% >

This measure applies to these offices	Collection District	Offices	Sub-Ports, if any
	15 Collection Districts	DepColl for Admin Chief, Administrative Division	All Sub-Ports/Equivalent Unit

Measure/ KPI	<i>Number of attendees to training</i>
Contributes to Objective	Enhance information access, dissemination, education systems

Formula	Clarifications on the formula	Data Source
Number of attendees over target	Number of attendees to training	DepColl for Admin Chief, Administrative Division
		Measure Owner
		DepColl for Admin Chief, Administrative Division

Target for the measure	Rating Scheme				
	1	2	3	4	5
100%	> - 6%	> - 1 - 5%	100%	1-5% >	6% >

This measure applies to these offices	Collection District	Offices	Sub-Ports, if any
	15 Collection Districts	DepColl for Admin Chief, Administrative Division	All Sub-Ports/Equivalent Unit

Measure/ KPI	<i>Number of contraband detected</i>
Contributes to Objective	Improve enforcement and informed compliance

Formula	Clarifications on the formula	Data Source
Number of violations detected / number of containers subjected to x-ray	Number of contraband detected	District Collector's Office Formal & Informal Entry Division Law Division
		Measure Owner District Collector's Office Formal & Informal Entry Division Law Division

Target for the measure	Rating Scheme				
	1	2	3	4	5
100%	> - 6%	> - 1 - 5%	100%	1-5% >	6% >

This measure applies to these offices	Collection District	Offices	Sub-Ports, if any
	15 Collection Districts	District Collector's Office Formal & Informal Entry Division Law Division	All Sub-Ports/Equivalent Unit

Measure/ KPI	<i>Number of Alert and Hold Orders issued as a result of profiling</i>
Contributes to Objective	Improve enforcement and informed compliance

Formula	Clarifications on the formula	Data Source
Number of Alert and Hold Order Issued over Total number of shipment processed	Number of Alert and Hold Orders issued as a result of profiling	District Collector's Office Law Division
		Measure Owner
		District Collector's Office

Target for the measure	Rating Scheme				
	1	2	3	4	5
100%	> - 6%	> - 1 - 5%	100%	1-5% >	6% >

This measure applies to these offices	Collection District	Offices	Sub-Ports, if any
	15 Collection Districts	District Collector's Office Law Division	All Sub-Ports/Equivalent Unit

Measure/ KPI	<i>Number of shipments subjected to WSD</i>
Contributes to Objective	Improve enforcement and informed compliance

Formula	Clarifications on the formula	Data Source
Number of shipments issued WSD / total number of shipments put on alert or hold order	Number of shipments subjected to WSD	District Collector's Office Law Division ACDD
		Measure Owner
		District Collector's Office Law Division ACDD/Examiners & Appraisers

Target for the measure	Rating Scheme				
	1	2	3	4	5
100%	> - 6%	> - 1 - 5%	100%	1-5% >	6% >

This measure applies to these offices	Collection District	Offices	Sub-Ports, if any
	15 Collection Districts	District Collector's Office Law Division ACDD	All Sub-Ports/Equivalent Unit

Measure/ KPI	<i>Number of cases resolved</i>
Contributes to Objective	Improve enforcement and informed compliance

Formula	Clarifications on the formula	Data Source
Total number of cases resolved over total cases handled	Number of cases resolved	District Collector's Office Law Division
		Measure Owner
		District Collector's Office Law Division

Target for the measure	Rating Scheme				
	1	2	3	4	5
100%	> - 6%	> - 1 - 5%	100%	1-5% >	6% >

This measure applies to these offices	Collection District	Offices	Sub-Ports, if any
	15 Collection Districts	District Collector's Office Law Division ACDD	All Sub-Ports/Equivalent Unit

Measure/ KPI	<i>Turn-around time in the release of shipments to importers</i>
Contributes to Objective	Promote trade facilitation

Formula	Clarifications on the formula	Data Source
Actual versus standard (per CMO)	<i>Turn-around time in the release of shipments to importers</i>	MISTG Collection Division EPU
		Measure Owner
		MISTG Collection Division EPU

Target for the measure	Rating Scheme				
	1	2	3	4	5
100%	> - 6%	> - 1 - 5%	100%	1-5% >	6% >

This measure applies to these offices	Collection District	Offices	Sub-Ports, if any
	15 Collection Districts	MISTG Collection Division EPU	All Sub-Ports/Equivalent Unit

Measure/ KPI	<i>Number of Entries Processed under the selectivity system (Red/Yellow/Green/)</i>
Contributes to Objective	Promote trade facilitation

Formula	Clarifications on the formula	Data Source
Actual of number of red/ yellow/ green over total entries filed	Number of Entries Processed under the selectivity system (Red/Yellow/Green/)	MISTG Site Team
		Measure Owner
		MISTG Site Team

Target for the measure	Rating Scheme				
	1	2	3	4	5
100%	> - 6%	> - 1 - 5%	100%	1-5% >	6% >

This measure applies to these offices	Collection District	Offices	Sub-Ports, if any
	15 Collection Districts	MISTG Site Team	All Sub-Ports/Equivalent Unit

Measure/ KPI	<i>Number of Super Green-Lane users</i>
Contributes to Objective	Promote trade facilitation

Formula	Clarifications on the formula	Data Source
Actual number of SGL accredited over top 1000 importers	Number of Super Green-Lane users	SGL Committee
		Measure Owner
		SGL Committee

Target for the measure	Rating Scheme				
	1	2	3	4	5
100%	> - 6%	> - 1 - 5%	100%	1-5% >	6% >

This measure applies to these offices	Collection District	Offices	Sub-Ports, if any
	15 Collection Districts	SGL Committee	

Measure/ KPI	<i>Number of importers subjected to post entry audit</i>
Contributes to Objective	Promote trade facilitation

Formula	Clarifications on the formula	Data Source
Number of importers subjected to post entry audit / total number of importers	Number of importers subjected to post entry audit	PEAG
		Measure Owner
		PEAG

Target for the measure	Rating Scheme				
	1	2	3	4	5
100%	> -10%	> 10% >	20% >	30% >	40% >

This measure applies to these offices	Collection District	Offices	Sub-Ports, if any
	PEAG		

Measure Dictionary for the Support Groups

Assessment and Operations Coordination Group (AOCG)

Measure/ KPI	<i>Collection performance</i>
Contributes to Objective	Maximize revenue collection

Formula	Clarifications on the formula	Data Source
Actual collection over target	Actual collection over target	Ports, CBWs, Warehousemen
		Measure Owner
		AOCG

Target for the measure	Rating Scheme				
	1	2	3	4	5
100%					

This measure applies to these offices			

Measure/ KPI	<i>Number of new sources of non-traditional revenues</i>
Contributes to Objective	6. Enforce tariff and customs code and related laws

Formula	Clarifications on the formula	Data Source
Number of new sources identified vs identified sources for the previous years		Ports, Warehousing Operating Divisions, CBWs, Warehousemen
		Measure Owner
		POS and IAS

Target for the measure	Rating Scheme				
	1	2	3	4	5
100%	20% and less	21-40%	41-69%	70-99%	100%

This measure applies to these offices			
	Ports	OCOM (POS)	CBW/Arrastre Operators/Other custodians

Measure/ KPI	Number of CBW's Monitored or Audited on Overstaying Bonded Raw Materials
Contributes to Objective	6. Enforce tariff and customs code and related laws

Formula	Clarifications on the formula	Data Source
Volume of inventoried Overstaying Raw materials auction vs target		POS, Warehousing Operating Divisions, CBWs, Warehousemen
		Measure Owner
		POS (ACDMD)

Target for the measure	Rating Scheme				
	1	2	3	4	5
100%	20% and less	21-40%	41-69%	70-99%	100%

This measure applies to these offices			
	Port that has jurisdiction over CBWs/Arrastre Operators	OCOM	CBWs/Arrastre Operators

Measure/ KPI	<i>Number of scrap buyers of raw materials accredited</i>
Contributes to Objective	6. Enforce tariff and customs code and related laws

Formula	Clarifications on the formula	Data Source
Number of accredited scrap buyers versus target		Ports, CBWs, Warehousing Operating Divisions, Warehousemen, LS
		Measure Owner
		POCD

Target for the measure	Rating Scheme				
	1	2	3	4	5
100%	20% and less	21-40%	41-69%	70-99%	100%

This measure applies to these offices			
	Ports that has jurisdiction over CBWs/PEZA	OCOM	CBWs/PEZA locators

Measure/ KPI	<i>Number of local sales monitored</i>
Contributes to Objective	6. Enforce tariff and customs code and related laws

Formula	Clarifications on the formula	Data Source
Number of CBWs monitored for local sales over target		CBW, Ports having jurisdiction over PEZA
		Measure Owner
		CBW Committee, POS,

Target for the measure	Rating Scheme				
	1	2	3	4	5
100%	20% and less	21-40%	41-69%	70-99%	100%

This measure applies to these offices			
	Ports that have jurisdiction over CBWs/PEZA locators	OCOM	CBWs/PEZA locators

Measure/ KPI	<i>Enhance bonding program</i>
Contributes to Objective	6. Enforce tariff and customs code and related laws

Formula	Clarifications on the formula	Data Source
Number of functions covered by the new bonding program vs. current data		Ports, PID, POCD,
		Measure Owner
		POS

Target for the measure	Rating Scheme				
	1	2	3	4	5
100%	20% and less	21-40%	41-69%	70-99%	100%

This measure applies to these offices			
	Ports	OCOM	

Measure/ KPI	<i>Rationalize CBW Membership Scheme</i>
Contributes to Objective	6. Enforce tariff and customs code and related laws

Formula	Clarifications on the formula	Data Source
Number of draft issuances approved by BOC leadership		Ports, CBW Committee
		Measure Owner
		AOCG, CBW Committee

Target for the measure	Rating Scheme				
	1	2	3	4	5
100%	20% and less	21-40%	41-69%	70-99%	100%

This measure applies to these offices			
	Ports, CBW Committee	OCOM	CBWs

Measure/ KPI	<i>Discipline Errant CBWs</i>
Contributes to Objective	6. Enforce tariff and customs code and related laws

Formula	Clarifications on the formula	Data Source
Number of CBWs Audited and Sanctioned		Ports, Warehouse Operating Divisions, CBW Committee, CBWs
		Measure Owner
		POS, CBW Committee

Target for the measure	Rating Scheme				
	1	2	3	4	5
100%	20% and less	21-40%	41-69%	70-99%	100%

This measure applies to these offices			
	CBW Committee	OCOM	

Measure/ KPI	<i>Establish Pre-Transport of Cargo Examination Program</i>
Contributes to Objective	6. Enforce tariff and customs code and related laws

Formula	Clarifications on the formula	Data Source
Number of Issuances submitted and approved by BOC leadership		Ports, PID, Arrastre Operators
		Measure Owner
		POS (POCD)

Target for the measure	Rating Scheme				
	1	2	3	4	5
100%	20% and less	21-40%	41-69%	70-99%	100%

This measure applies to these offices			
	Ports	OCOM	

Measure/ KPI	<i>Improve Bunkering Procedures</i>
Contributes to Objective	6. Enforce tariff and customs code and related laws

Formula	Clarifications on the formula	Data Source
Number of recommended revisions on Bunkering adopted by BOC leadership		Ports, POCD
		Measure Owner
		POS

Target for the measure	Rating Scheme				
	1	2	3	4	5
100%	20% and less	21-40%	41-69%	70-99%	100%

This measure applies to these offices			
	Ports	OCOM	

Measure/ KPI	<i>Enhance Export Monitoring Scheme</i>
Contributes to Objective	7. Enhance Trade Facilitation

Formula	Clarifications on the formula	Data Source
Number of Systems Review conducted and approved by the BOC Leadership		POS, CBW Committee, ECD, CBWs, Warehouse Operating Divisions
		Measure Owner
		CBW Committee

Target for the measure	Rating Scheme				
	1	2	3	4	5
100%	20% and less	21-40%	41-69%	70-99%	100%

This measure applies to these offices			
	Ports	OCOM	

Measure/ KPI	<i>Enhance Use of Customs Laboratory as Decision-Making Tool in dispute resolution</i>
Contributes to Objective	Enhance trade facilitation

Formula	Clarifications on the formula	Data Source
Number of Referrals to Customs Laboratory for decision-making versus current data		Ports, IAS, VCRC Committees
		Measure Owner
		IAS

Target for the measure	Rating Scheme				
	1	2	3	4	5
100%	20% and less	21-40%	41-69%	70-99%	100%

This measure applies to these offices			
	Ports	OCOM	

Measure/ KPI	<i>Enhance Valuation Disputes Resolution Program</i>
Contributes to Objective	Enhance trade facilitation

Formula	Clarifications on the formula	Data Source
Number of Expedited Valuation Dispute Resolved		Ports, VCRC, IAS, AOCG
		Measure Owner
		IAS

Target for the measure	Rating Scheme				
	1	2	3	4	5
100%	20% and less	21-40%	41-69%	70-99%	100%

This measure applies to these offices			
	Ports vcrc	OCOM	

Measure/ KPI	<i>Automate Identified Monitoring Processes</i>
Contributes to Objective	Strengthen internal control and Monitoring of systems and Procedure

Formula	Clarifications on the formula	Data Source
Number of monitoring processes automated		Ports
		Measure Owner
		POS and IAS

Target for the measure	Rating Scheme				
	1	2	3	4	5
100%	20% and less	21-40%	41-69%	70-99%	100%

This measure applies to these offices			
	Ports	OCOM	

Measure/ KPI	<i>Adopt Transport Regulatory Accreditation for Control Mechanism</i>
Contributes to Objective	Strengthen internal control and Monitoring of systems and Procedure

Formula	Clarifications on the formula	Data Source
Number of Submitted Issuances approved by the BOC leadership or higher authorities		Ports, PID, Dep Coll for OPNS, WAD, CPDU, Arrastre Operators, Off-dock CY-CFS
		Measure Owner
		POS

Target for the measure	Rating Scheme				
	1	2	3	4	5
100%	20% and less	21-40%	41-69%	70-99%	100%

This measure applies to these offices			
	Ports	OCOM	

Measure/ KPI	<i>Strengthened the SGL Clearance System</i>
Contributes to Objective	Strengthen internal control and Monitoring of systems and Procedure

Formula	Clarifications on the formula	Data Source
Reduced incidence of non-eligibles availing of/resorting to SGL facilities		Ports
		Measure Owner
		AOCG

Target for the measure	Rating Scheme				
	1	2	3	4	5
100%	10% and less	11-30%	31-50%	510-99%	100%

This measure applies to these offices			
	Ports	OCOM	

Internal Administration Group (IAG)

Measure/ KPI	Collection Performance
Contributes to Objective	1. Maximize revenue collection

Formula	Clarifications on the formula	Data Source
$\frac{\text{Actual collection}}{\text{Collection target}}$	Policy decision to make all customs personnel accountable for revenue collections, directly or indirectly	All Collection Districts
		Measure Owner
		Director, Financial Service

Target for the measure	Rating Scheme				
	1	2	3	4	5
100%	Less than 80%	81 to 99 %	100%	101%-110%	Above 110%

This measure applies to these offices	Collection District	Support
		All Divisions and Services under the Internal Administration Group

Measure/ KPI	<i>Benefits provided</i>
Contributes to Objective	4. Improve satisfaction of personnel

Formula	Clarifications on the formula	Data Source
$\frac{\text{Actual benefits provided}}{\text{Planned Benefits for the year}}$	Includes both financial and non-financial benefits, e.g. Medical programs Financial benefits subject to savings at the end of the year	Financial and Management Office Administration Office Deputy Collector for Administration, all ports
		Measure Owner
		Deputy Commissioner, Internal Administration Group

Target for the measure	Rating Scheme				
	1	2	3	4	5
50% of planned	Less than 80%	81 to 99 %	100%	101%-110%	Above 110%

This measure applies to these offices	Collection District	Support
		Divisions under the Administration Office and FMO

Measure/ KPI	<i>Job Satisfaction</i>
Contributes to Objective	4. Improve satisfaction of personnel

Formula	Clarifications on the formula	Data Source
$\frac{\text{Satisfied Personnel}}{\text{Total number of personnel}}$		PIAD and HRMD
		Measure Owner
		Administration Office

Target for the measure	Rating Scheme				
	1	2	3	4	5
60% of employees has a net rating job satisfaction of 70%	Less than 80%	81 to 99 %	100%	101%-110%	Above 110%

This measure applies to these offices	Collection District	Support	
			PIAD and HRMD under the Administration Office

Measure/ KPI	<i>Career Development Plan</i>
Contributes to Objective	9. Improve the level of professionalism and integrity of personnel)

Formula	Clarifications on the formula	Data Source
Workable Career development plan formulated and approved not later than October 30, 2007		HRMD
		Measure Owner
		Administration Office

Target for the measure	Rating Scheme				
	1	2	3	4	5
One complete and workable plan approved on or before target date	Less than 80%	81 to 99 %	100%	101%-110%	Above 110%

This measure applies to these offices	Collection District	Support	
			HRMD

Measure/ KPI	<i>Training Center</i>
Contributes to Objective	9. Improve the level of professionalism and integrity of personnel)

Formula	Clarifications on the formula	Data Source
Actual launching and usage of the Training Center not later than June 30, 2007		GSD
		Measure Owner
		Administration Office

Target for the measure	Rating Scheme				
	1	2	3	4	5
Completely operational on or before target date	Less than 80%	81 to 99 %	100%	101%-110%	Above 110%

This measure applies to these offices	Collection District	Support	
			GSD and Administration Office

Measure/ KPI	<i>No. and Quality of Trainings</i>
Contributes to Objective	9. Improve the level of professionalism and integrity of personnel)

Formula	Clarifications on the formula	Data Source
$\frac{\text{Actual number of trainings conducted}}{\text{The planned trainings}}$		HRMD
		Measure Owner
		Administration Office

Target for the measure	Rating Scheme				
	1	2	3	4	5
90% of planned	Less than 80%	81 to 99 %	100%	101%-110%	Above 110%

This measure applies to these offices	Collection District	Support	
		HRMD and Administrative Divisions of all Collection Districts	

Measure/ KPI	<i>No. and Quality of Trainings</i>
Contributes to Objective	9. Improve the level of professionalism and integrity of personnel)

Formula	Clarifications on the formula	Data Source
$\frac{\text{Students who passed the written examinations}}{\text{Total students per training}}$		HRMD
		Measure Owner
		Administration Office

Target for the measure	Rating Scheme				
	1	2	3	4	5
80% of students with agreed passing mark	Less than 80%	81 to 99 %	100%	101%-110%	Above 110%

This measure applies to these offices	Collection District	Support	
		HRMD and Administrative Divisions of all Collection Districts	

Measure/ KPI	<i>Anti-Corruption Programs, Projects and Activities</i>
Contributes to Objective	9. Improve the level of professionalism and integrity of personnel

Formula	Clarifications on the formula	Data Source
$\frac{\text{No. of programs/projects/activities implemented}}{\text{Total number of programs/projects/activities under the CACP}}$		Responsible Official for each project
		Measure Owner
		Deputy Commissioner, IAG

Target for the measure	Rating Scheme				
	1	2	3	4	5
50% of planned programs	Less than 80%	81 to 99 %	100%	101%-110%	Above 110%

This measure applies to these offices	Collection District	Support	
			All Responsible Officials

Measure/ KPI	<i>Hiring of Staff</i>
Contributes to Objective	4. Strengthen internal control & monitoring of systems & procedures

Formula	Clarifications on the formula	Data Source
$\frac{\text{Actual No. of personnel hired}}{\text{Proposed plantilla positions of Planning and Internal Control Systems Office}}$		HRMD
		Measure Owner
		Head, Interim Internal Control Office

Target for the measure	Rating Scheme				
	1	2	3	4	5
50% of plantilla positions	Less than 80%	81 to 99 %	100%	101%-110%	Above 110%

This measure applies to these offices	Collection District	Support	
			Interim Internal Control Office

Measure/ KPI	<i>Trainins of Staff</i>
Contributes to Objective	4. Strengthen internal control & monitoring of systems & procedures

Formula	Clarifications on the formula	Data Source
$\frac{\text{Actual training conducted}}{\text{Planned trainings}}$		HRMD
		Measure Owner
		Head, Interim Internal Control Office

Target for the measure	Rating Scheme				
	1	2	3	4	5
100% of planned trainings	Less than 80%	81 to 99 %	100%	101%-110%	Above 110%

This measure applies to these offices	Collection District	Support	
			Interim Internal Control Office

Measure/ KPI	<i>No. and Quality of Audit</i>
Contributes to Objective	4. Strengthen internal control & monitoring of systems & procedures

Formula	Clarifications on the formula	Data Source
$\frac{\text{Actual number of audit conducted}}{\text{Planned audit}}$		All Divisions audited
		Measure Owner
		Head, Interim Internal Control Office

Target for the measure	Rating Scheme				
	1	2	3	4	5
80% of planned audit	Less than 80%	81 to 99 %	100%	101%-110%	Above 110%

This measure applies to these offices	Collection District	Support	
			Interim Internal Control Office

Measure/ KPI	<i>No. and Quality of Audit</i>
Contributes to Objective	4. Strengthen internal control & monitoring of systems & procedures

Formula	Clarifications on the formula	Data Source
$\frac{\text{Recommendations implemented}}{\text{Total number of recommendations per audit}}$		All Divisions audited
		Measure Owner
		Head, Interim Internal Control Office

Target for the measure	Rating Scheme				
	1	2	3	4	5
80% of recommendations implemented	Less than 80%	81 to 99 %	100%	101%-110%	Above 110%

This measure applies to these offices	Collection District	Support	
			Interim Internal Control Office

Measure/ KPI	<i>PMS Implementation</i>
Contributes to Objective	4. Strengthen internal control & monitoring of systems & procedures

Formula	Clarifications on the formula	Data Source
$\frac{\text{Divisions implementing the PMS}}{\text{Total number of BOC divisions}}$		All Divisions implementing PMS
		Measure Owner
		Head, Interim Internal Control Office

Target for the measure	Rating Scheme				
	1	2	3	4	5
100%	Less than 80%	81 to 99 %	100%	101%-110%	Above 110%

This measure applies to these offices	Collection District	Support	
			Interim Internal Control Office

Measure/ KPI	Budget
Contributes to Objective	10. Improve the quality of corporate life

Formula	Clarifications on the formula	Data Source
$\frac{\text{Approved budget}}{\text{Proposed budget}}$		Budget Division
		Measure Owner
		Financial Management Office

Target for the measure	Rating Scheme				
	1	2	3	4	5
70% of proposed budget approved	Less than 80%	81 to 99 %	100%	101%-110%	Above 110%

This measure applies to these offices	Collection District	Support	
			Budget Division

Measure/ KPI	<i>Satisfaction of personnel</i>
Contributes to Objective	10. Improve the quality of corporate life

Formula	Clarifications on the formula	Data Source
$\frac{\text{No. of satisfied personnel}}{\text{Total number of personnel}}$		All Divisions surveyed
		Measure Owner
		Internal Administration Group

Target for the measure	Rating Scheme				
	1	2	3	4	5
60% of employees has a net rating job satisfaction of 70%	Less than 80%	81 to 99 %	100%	101%-110%	Above 110%

This measure applies to these offices	Collection District	Support	
			Internal Administration Group

Intelligence and Enforcement Group (IEG)

Measure/ KPI	<i>Upgrade Risk Management System to enhance revenue collection</i>
Contributes to Objective	1. Maximize Collection Performance

Formula	Clarifications on the formula	Data Source
No. of shipments selected RED, GREEN, YELLOW No. of shipments alerted/seized	This formula is to be used for a given period compared against the same period the previous years.	Assessment Division, Cash Division, IEG, CIIS, ESS
		Measure Owner
		IEG, ESS, CIIS, Risk Management Group

Target for the measure	Rating Scheme				
	1	2	3	4	5
100%	85% below	86-89%	90-94%	95-99%	100%

This measure applies to these offices	Collection District	Support	
			ESS, CIIS, IEG, OCOM, RMG

Measure/ KPI	<i>Turn around time in release of clean alerted shipments</i>
Contributes to Objective	8. Enhance Trade Facilitation

Formula	Clarifications on the formula	Data Source
# of alerted Clean Shipments released within the time frame # of alerted clean shipments	Existing CMOs prescribe that alerted shipments with negative findings must be released within 48 hours after examination/ spot check	Assessment Division, IEG, CIIS, ESS, Cash Division
		Measure Owner
		IEG, CIIS, ESS

Target for the measure	Rating Scheme				
	1	2	3	4	5
100%	85% below	86-89%	90-94%	95-99%	100%

This measure applies to these offices	Collection District	Support	
			ESS, CIIS, IEG

Measure/ KPI	<i>No. of linkage established with other government agencies with regulatory functions</i>
Contributes to Objective	No. 8. Enhance Trade Facilitation

Formula	Clarifications on the formula	Data Source
# of actual linkages established # of agencies projected to be linked		IEG, ESS, CIIS, MISTG, AOCG
		Measure Owner
		IEG, ESS, CIIS

Target for the measure	Rating Scheme				
	1	2	3	4	5
100%	85% below	86-89%	90-94%	95-99%	100%

This measure applies to these offices	Collection District	Support	
			CIIS, ESS, IEG

Measure/ KPI	<i>No. of shipments seized/ forfeited</i>
Contributes to Objective	10. Enforce tariff and customs code and other laws

Formula	Clarifications on the formula	Data Source
No. of seized/ forfeited shipments No. of alerted shipments		Law Division, Legal Service, Appellate Courts, IEG, ESS, CIIS
		Measure Owner
		CIIS, ESS, IEG

Target for the measure	Rating Scheme				
	1	2	3	4	5
100%	85% below	86-89%	90-94%	95-99%	100%

This measure applies to these offices	Collection District	Support	
			IEG, CIIS, ESS

Measure/ KPI	<i>No. of CBWs suspended/ closed</i>
Contributes to Objective	10. Enforce tariff and customs code/other related laws

Formula	Clarifications on the formula	Data Source
No. of CBWs with violations No. of CBWs audited		IEG, CIIS, ESS, Law Division, Collectoion District, WAMU, WDRD
		Measure Owner
		IEG, CIIS, ESS

Target for the measure	Rating Scheme				
	1	2	3	4	5
100%	85% below	86-89%	90-94%	95-99%	100%

This measure applies to these offices	Collection District	Support	
			IEG, CIIS, ESS

Measure/ KPI	<i>No. of cases filed/prosecuted</i>
Contributes to Objective	10. Enforce tariff and customs code/other related laws

Formula	Clarifications on the formula	Data Source
# of cases filed with DOJ # of cases investigated		IEG, CIIS, ESS, DOJ, Legal Service
		Measure Owner
		IEG, CIIS, ESS

Target for the measure	Rating Scheme				
	1	2	3	4	5
100%	85% below	86-89%	90-94%	95-99%	100%

This measure applies to these offices	Collection District	Support	
			IEG, CIIS, ESS

Measure/ KPI	<i>No. of convictions</i>
Contributes to Objective	10. Enforce tariff and customs code/other related laws

Formula	Clarifications on the formula	Data Source
$\frac{\text{\# of cases resulting to convictions}}{\text{\# of cases filed in court}}$		Legal Service, DOJ, Court Dockets
		Measure Owner
		CIIS, ESS, IEG

Target for the measure	Rating Scheme				
	1	2	3	4	5
100%	85% below	86-89%	90-94%	95-99%	100%

This measure applies to these offices	Collection District	Support	
		CIIS, ESS, IEG	

Revenue Collection and Management Group (RCMG)

Measure/ KPI	<i>Amount collected from approval of settlement and redemption of cases covered by WSD</i>
Contributes to Objective	No. 1. Maximize collection performance

Formula	Clarifications on the formula	Data Source
Revenues derived from approved offers of settlement and redemption Total amount of revenues to be derived from offers of settlement and redemption	Existing CMO's prescribe the period wherein offers of settlement/redemptions are to be acted upon starting from the level of the District Collector to the Office of the Commissioner.	Law Division, Legal Service, Office of the Commissioner
		Measure Owner
		Legal Service

Target for the measure	Rating Scheme				
	1	2	3	4	5
100% accurate	85% below	86-89%	90-94%	95-99%	100%

This measure applies to these offices	Collection District	Support	
	Law Division	Legal Service	

Measure/ KPI	<i>Amount derived from successful litigation of collection cases</i>
Contributes to Objective	No. 1. Maximize Collection Performance

Formula	Clarifications on the formula	Data Source
$\frac{\text{Amount of collection from civil cases filed}}{\text{Total Amount subject of collection cases filed}}$	Revenue derived shall be the amount collected based on court decisions vis-à-vis the amount being claimed by the BOC	Liquidation & Billing Division (LBD), Liquidation & Assessment Audit Division (LAAD), PEAG
		Measure Owner
		Legal Service. RCMG

Target for the measure	Rating Scheme				
	1	2	3	4	5
100% accurate	85% below	86-89%	90-94%	95-99%	100%

This measure applies to these offices	Collection District	Support	
			Legal Service

Measure/ KPI	<i>No. of cases on automatic review resolved within 30 days</i>
Contributes to Objective	2. Improve compliance level of internal & external customers

Formula	Clarifications on the formula	Data Source
# of cases acted within 30 days # of cases received on automatic appeal for a given period	Under the TCCP, cases on automatic review shall be decided within 30 days from receipt thereof at the level of the Office of the Commissioner and Department of Finance.	Law Division, Legal Service, DOF
		Measure Owner
		Legal Service

Target for the measure	Rating Scheme				
	1	2	3	4	5
100%	85% below	86-89%	90-94%	95-99%	100%

This measure applies to these offices	Collection District	Support	
			Legal Service

Measure/ KPI	<i>No. of cases resolved</i>
Contributes to Objective	8. Expedite resolution of cases

Formula	Clarifications on the formula	Data Source
Actual no. of cases resolved No. of cases received over a given period	Under existing CAOs, cases shall be resolved within 15 days from the time it has been submitted for resolution.	Law Division, Legal Service
		Measure Owner
		Legal Service

Target for the measure	Rating Scheme				
	1	2	3	4	5
100%	85% below	86-89%	90-94%	95-99%	100%

This measure applies to these offices	Collection District	Support	
	Law Divisions	Legal Service	

Measure/ KPI	<i>No. of rulings, opinions and/or resolutions issued within the prescribed period</i>
Contributes to Objective	8. Expedite resolution of cases

Formula	Clarifications on the formula	Data Source
# of opinions, ruling and/or resolutions actually issued within prescribed period No. of request for opinions, ruling and/or resolutions	RA 6713 and the Revised Administrative Code prescribe the number of days on which to act on requests, documents received.	Law Division, Ruling & Research Division, Legal Service
		Measure Owner
		Legal Service

Target for the measure	Rating Scheme				
	1	2	3	4	5
100%	85% below	86-89%	90-94%	95-99%	100%

This measure applies to these offices	Collection District	Support	
	Law Division	Legal Service	

Measure/ KPI	<i>Variance in District collection data versus BTR data</i>
Contributes to Objective	4. Strengthen internal control & monitoring of systems & procedures

Formula	Clarifications on the formula	Data Source
District Collection Report BTR Collection Report	Data from the Bureau of Treasury sometimes are inconsistent with data submitted by the ports	Collection District, Financial Service, Bureau of Treasury
		Measure Owner
		Financial Service

Target for the measure	Rating Scheme				
	1	2	3	4	5
100%	85% below	86-89%	90-94%	95-99%	100%

This measure applies to these offices	Collection District	Support	
	District Collector	Financial Service	

Measure/ KPI	<i>No. of laws. cmos & CAOs reviewed/harmonized</i>
Contributes to Objective	7. Enhance Trade Facilitation

Formula	Clarifications on the formula	Data Source
# of laws, CMO's/CAO's reviewed and harmonized # of existing CAOs/CMOs	Existing CAOs, CMOs have to be harmonized with certain conventions that the BOC has to adapt, thus the same has to be amended to conform with these conventions.	Printing Office, CRMD, Legal Service
		Measure Owner
		Legal Service

Target for the measure	Rating Scheme				
	1	2	3	4	5
100%	85% below	86-89%	90-94%	95-99%	100%

This measure applies to these offices	District Collector	Support	
			Legal Service

Measure/ KPI	<i>No. of applications for accreditation of stakeholders</i>
Contributes to Objective	7. Enhance Trade Facilitation

Formula	Clarifications on the formula	Data Source
$\frac{\text{\# of applications approved}}{\text{\# of applications received at a given period}}$		Legal Service, WDRD-Collection District, AOCG
		Measure Owner
		Legal Service

Target for the measure	Rating Scheme				
	1	2	3	4	5
100%	85% below	86-89%	90-94%	95-99%	100%

This measure applies to these offices	District Collector	Support	
	WDRD	Legal Service	

Measure/ KPI	<i>No. of cases filed/prosecuted</i>
Contributes to Objective	10. Enforce tariff and customs code/other related laws

Formula	Clarifications on the formula	Data Source
# of cases filed with DOJ # of cases profiled/evaluated		Legal Service, DOJ
		Measure Owner
		Legal Service

Target for the measure	Rating Scheme				
	1	2	3	4	5
100%	85% below	86-89%	90-94%	95-99%	100%

This measure applies to these offices	District Collector	Support	
			Legal Service

Measure/ KPI	<i>No. of indictments/convictions</i>
Contributes to Objective	10. Enforce tariff and customs code/other related laws

Formula	Clarifications on the formula	Data Source
# of cases resulting to convictions # of cases filed in court		Legal Service, Court Dockets
		Measure Owner
		Legal Service

Target for the measure	Rating Scheme				
	1	2	3	4	5
100%	80% below	80%-85%	86%-89%	90- 95%	96%- 100%

This measure applies to these offices	District Collector	Support	
			Legal Service

**The Office Performance
Management Process**

This chapter recommends a process for monitoring and evaluating office performance based on the results of the workshop on OPMS with BOC Management in September 2006.

**Chapter 4:
The BOC Office PMS
Process**

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DESCRIPTION..... 2
DEFINITIONS 2
THE OFFICE PMS CYCLE..... 2
REWARDING..... 6

Description

This chapter recommends a process for monitoring and evaluating office performance based on the results of the workshop on OPMS with the top management of BOC on September 18-19 and 25-26, 2006.

Definitions

Measure owner - Head of the office that requires the collection and/or consolidation of performance data on a measure that is to be included in the office template. In BOC the measure owners are the District Collectors and Deputy Commissioners.

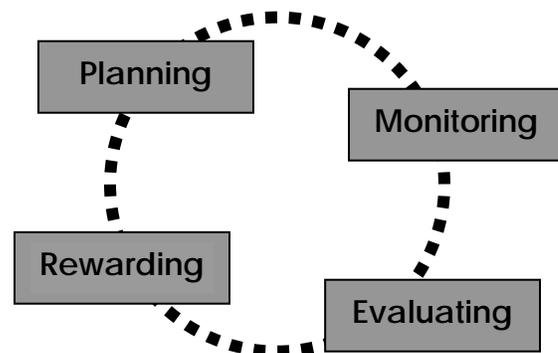
Office Performance Scorecard - Document that contains the objectives, measures, and targets that an office is expected to accomplish for a given performance period.

Strategy Map - A strategy implementation roadmap. It describes the high level strategic objectives that the organization must deliver if it is to successfully execute its strategy. It shows causal relationships of the strategic objectives.

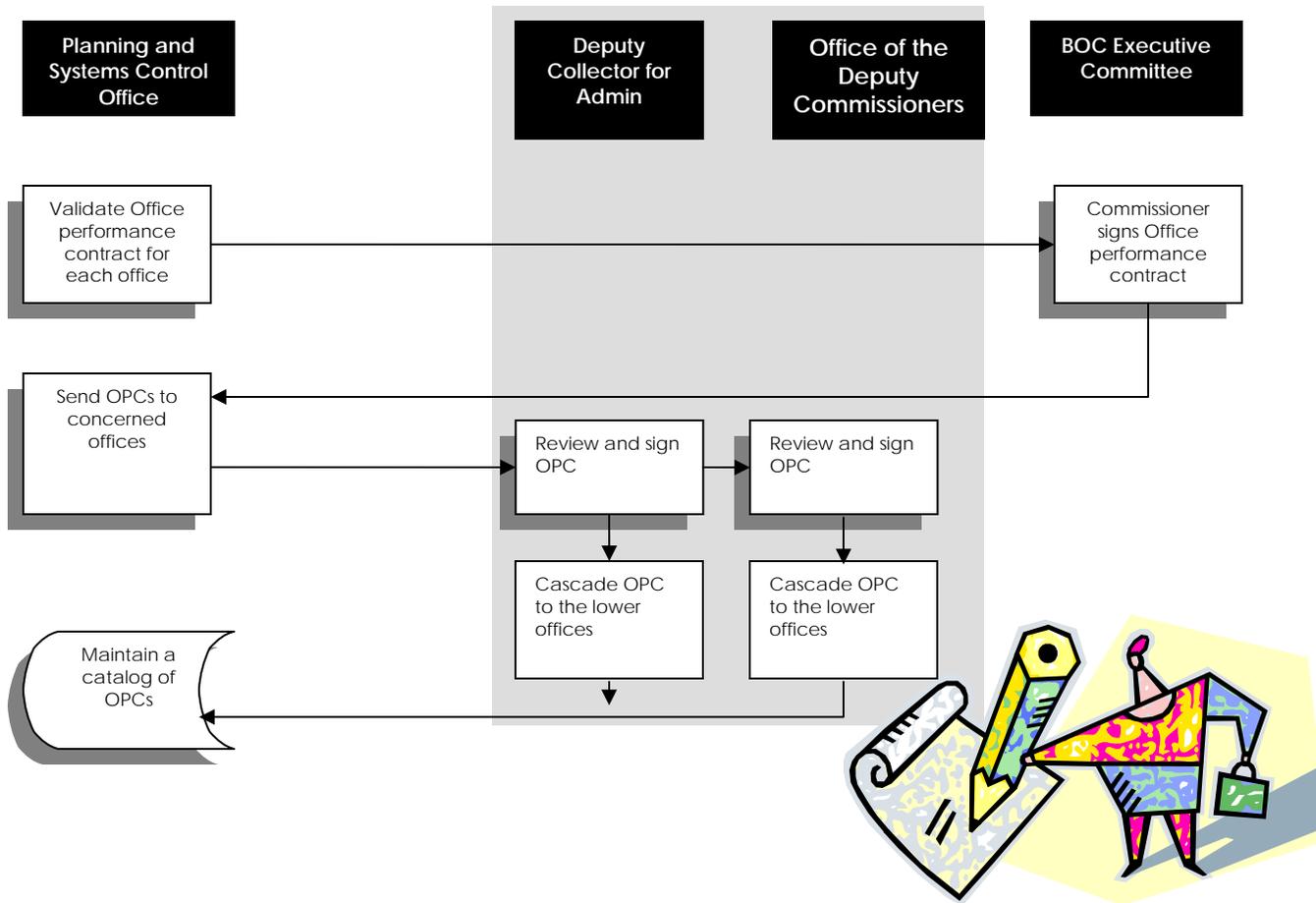
The Office PMS Cycle

The Office PMS process has 4 stages that are similar to typical performance management systems. These are planning, monitoring, evaluating and rewarding. A cycle runs for one year. **Office performance will be rated on an annual basis.**

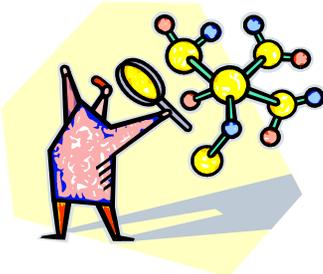
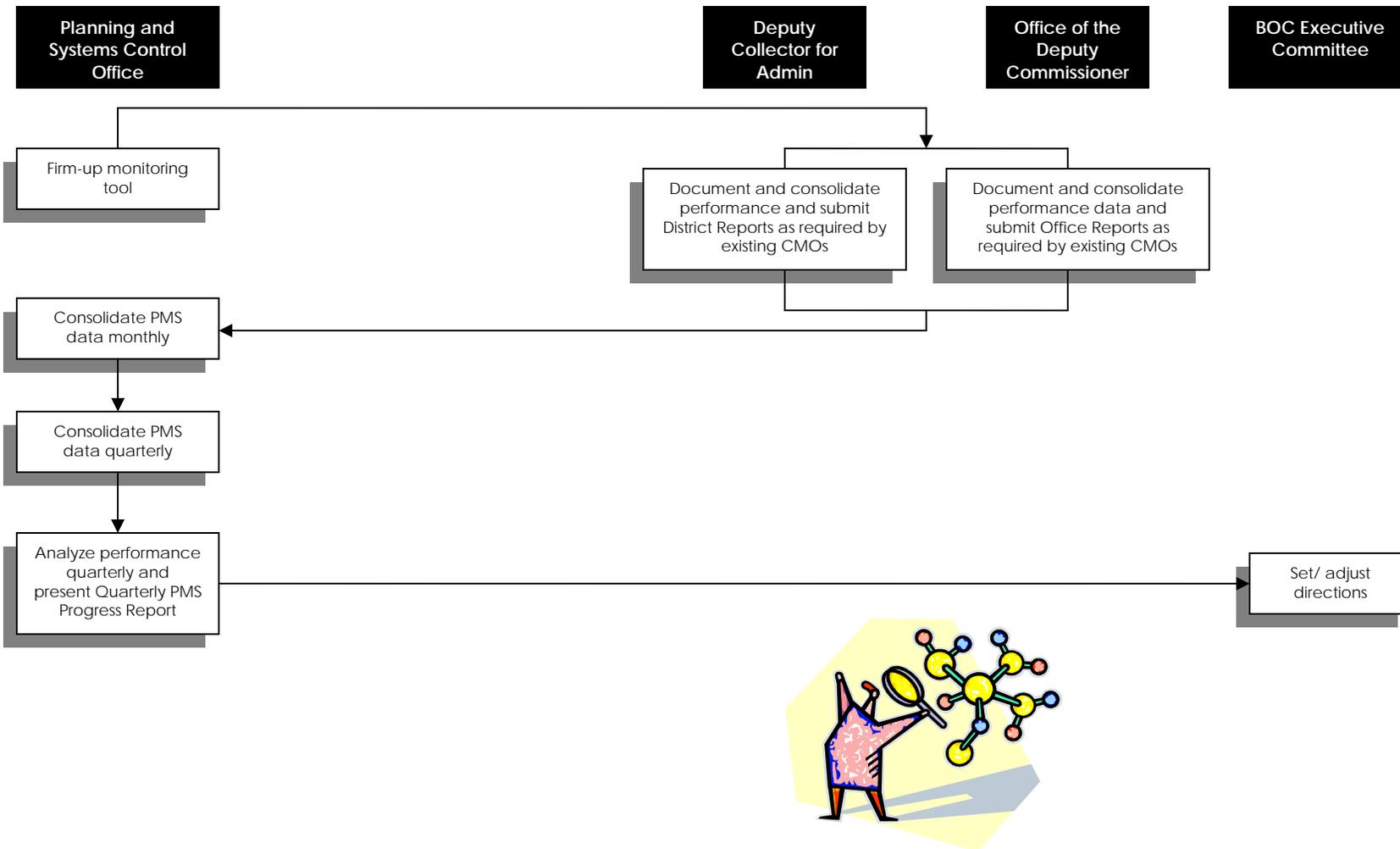
Each stage of the cycle is explained below followed by a table that outlines the activities, people involved, outputs and timeframe for the different steps in the process. Flowcharts at the end of the each section provide a visual summary of the steps.

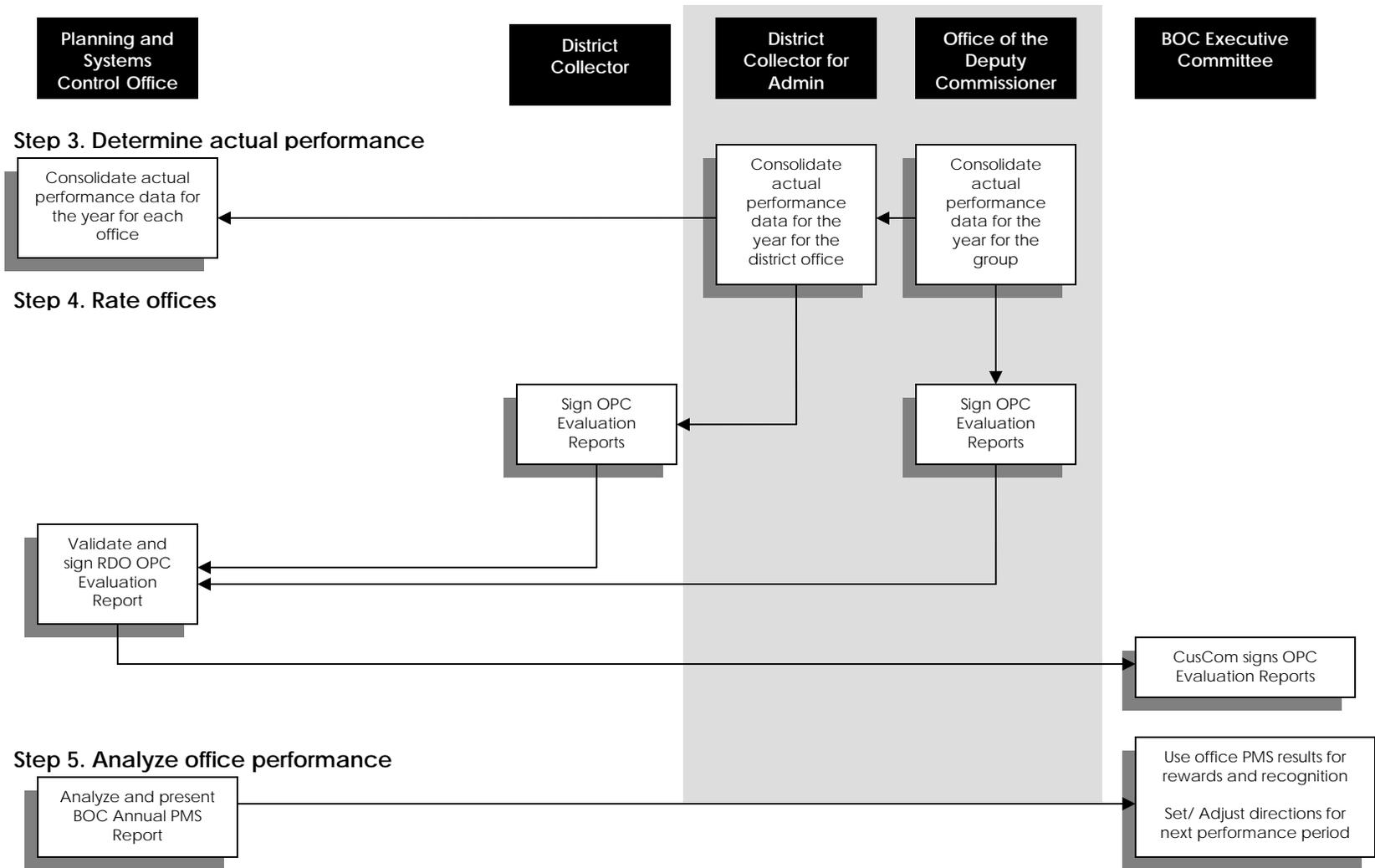


Step1. Firm up strategy maps and performance scorecards



Step 2. Monitor performance





Rewarding

The results of the performance evaluation stage will be used as basis for rewards. A rewards framework that is aligned with the Performance Attrition Act has been finalized has been drafted and has yet to be finalized. It will be added to this guidebook once it is approved.

**Driving work excellence
through a performance-based
rewards system**

This chapter describes a rewards framework that is based on performance and recognizes the variations in accountabilities of the offices and employees in the BOC

Chapter 5: Rewarding

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- DEFINITIONS 2
- REWARDS FRAMEWORK 2
- FACTOR TABLES 6
- SIMULATIONS 8
 - EMPLOYEE REWARDS 9
 - OFFICE REWARDS 10

Description

A performance management system is made more effective with an incentive scheme that rewards high performers. This chapter outlines a framework for the distribution of rewards across employees and offices of the Bureau of Customs, assuming some reward amount has been allocated for the Bureau.

Definitions

Office: Pertains to a section, district, division, service, or group in the Bureau that is subject to office evaluations.

Employee: A salaried individual assigned to an office in the Bureau.

Employee Rating: A number between 2 and 10 assigned to an employee in the BOC for a given year. Ratings are based on the performance of that office or employee; the system currently in use is the standard Performance Evaluation System (PES).

Office Rating: A number between 1 and 5 assigned to an office in the BOC for a given year. Ratings are based on the performance of that office or employee and are obtained through an Office Performance Management System (OPMS).

Weight: In the case of rewards distribution for employees, this is a number associated to an employee that indicates that employee's relative share of the total reward. Weights also indicate the relative share of an office in the case of distribution of rewards to offices.

Factor: A number used in the computation of weights. Several factors are multiplied to determine weight. There are factors for different categories such as function, position, accountability, employee rating, office rating, and office size.

Rewards Framework

The Attrition Act of 2005 provides for the allocation of rewards in the event that the BOC exceeds its total collection target. The framework presented in this document assumes that some amount has been allocated to the Bureau for rewards as a result of the implementation of the Attrition Act. However, the reader will note that the framework described here will apply regardless of the source of this amount.

The following were the guiding principles used in the formulation of this framework:

1. *Performance-based rewards.* Employee rewards should be dependent on performance at the individual level and at the office level to encourage both individual excellence and teamwork.
2. *Levels of accountability.* Employees in the BOC have varying levels of accountability with respect to the collection performance of the offices they report to. As such, distinctions should be made between employees with line functions and employees with support functions. Further distinctions should be made between line employees who have more direct collection accountabilities (and could thus be attritable under the Attrition Act) and those who have less direct accountabilities. The position, function, or designation of an employee are other indicators of accountability and could therefore be used as bases for differentiation. Distribution of rewards should take all these distinctions into account.
3. *Internal equity.* Employees with the same circumstances (accountability, position/function, individual performance, and office performance) should have the same rewards across offices

The rewards framework details a system of distribution using the following inputs:

- A reward amount at the BOC level
- Office data describing relative differences (e.g., number of employees) between the offices
- Employee data describing each employee's accountabilities (salary grade, position, designation, function, accountability)
- Performance ratings for offices and employees

The outputs of the system are:

- Reward for each office
- Reward for each employee

Section 5 of the Attrition Act provides for district incentives assuming a particular collection district exceeds its target (in the event that the BOC does not exceed its target). Assuming the offices under that district are rated separately, the framework described here can be used to apply and distribute office rewards under Section 5.

The distribution system will assign weights to each individual and each office. The weights represent the relative rewards share of the individual or office. These weights are obtained by multiplying several factors associated to an individual or office. During a workshop conducted with the BOC in September 2006, the following factors were proposed:

For Employees:

- position factor (PF)
- function factor (FF)
- accountability factor (AF)
- employee rating factor (RF)
- office rating factor (OF)

For Offices

- office rating factor (OF)
- office size factor (SF)

Each employee will have a position factor (PF), a function factor (FF), an accountability factor (AF), and an employee rating factor (RF). The office that an employee is under will also have an office rating factor (OF). These values for these factors will depend on employee circumstances and will come from predetermined tables presented in the next section.

Suppose:

TR = total reward allocated for BOC personnel

W_i = weight assigned to individual I, computed as $PF*FF*AF*RF*OF$

S = sum of all W_i 's

Then:

Reward for individual i = $TR * W_i / S$.

The same process applies to rewards distribution at the office level. Besides an office rating factor (OF), each office will have a size factor (SF) representing the number of employees in that office.

Suppose:

TR = total reward allocated for the development of BOC offices

W_i = weight assigned to office I, computed as $OF*SF$

S = sum of all W_i 's

Then:

Reward for office i = $TR * W_i / S$.

The values to be used for the different factors are presented in the next section on **Factor Tables**.

Examples that illustrate factors and weights are provided in the last section on **Simulations**.

Factor Tables

Employees will be categorized according to their position, function, and accountability. This means that each employee will fall under a particular position category, function category, and accountability category, as defined by top management. These categories, in turn, determine the factors to be used during rewards distribution. The following factor tables were formulated during the September 2006 workshop. These are provided for demonstration only and are subject to approval from top management.

Function Category	Factor (FF)
Top Management	10
Assessment	9
Audit	9
Operations	9
Enforcement	8.5
Legal	8.5
Support	8

Position Category	Factor (PF)
Manager (SG 25-30)	10
Chief (SG 21-24)	8
Officer (SG 11-20)	6
Staff (SG 7-10)	4
Clerical (SG 1-6)	2

Accountability Category	Factor (AF)
Attributable	10
Not Attributable	5

Performance rating factors apply both at the individual and office levels. The tables below illustrate the ratings and their corresponding factors.

Employee Rating	Factor (PF)
2	0.5
3	0.5
4	0.5
5	5
6	5
7	6
8	6
9	8
10	8

Office Rating	Factor (PF)
1	2
2	5
3	8
4	9
5	10

Note that the factors for office ratings will be used for both individual and office rewards. In the case of the Office Size Factor (an additional factor used for office rewards distribution), the actual size of the office will be used as the corresponding factor.

Simulations

The following simulations illustrate the effects of the different factors on rewards.

PARAMETERS					
Function Factor		Position Factor		Accountability Factor	
Top Mgt	10.00	Manager	10.00	Manager SG 25-30	
Assessment	9.00	Chief	8.00	Chief SG 21-24	Att 10.00 Attributable
Audit	9.00	Officer	6.00	Officer SG 11-20	Not 5.00 Not Attributable
Operations	9.00	Staff	4.00	Staff SG 7-10	
Enforcement	8.50	Clerical	2.00	Clerical SG 1-6	
Legal	8.50				
Support	8.00				
Employee Rating Factor		Office Rating Factor		Size Factor	
2	0.50	1	2.00	Factor=number of employees	
3	0.50	2	5.00		
4	0.50	3	8.00		
5	5.00	4	9.00		
6	5.00	5	10.00		
7	6.00				
8	6.00				
9	8.00				
10	8.00				
PES		OPMS			

Employee Rewards

Simulation	Emp	Function	Factor	Position	Factor	Acct	Factor	Emp Rating	Factor	Office Rating	Factor	Weight	Share	Reward
Factors Used	A	Assessment	9.0	Manager	10.0	Att	10.0	8.0	6.0	3.0	8.0	43200.0	9.8%	14,668.60
Function	B	Assessment	9.0	Chief	8.0	Att	10.0	8.0	6.0	3.0	8.0	34560.0	7.8%	11,734.88
Position	C	Assessment	9.0	Officer	6.0	Att	10.0	7.0	6.0	3.0	8.0	25920.0	5.9%	8,801.16
Accountability	D	Assessment	9.0	Officer	6.0	Att	10.0	9.0	8.0	3.0	8.0	34560.0	7.8%	11,734.88
Emp Rating	E	Assessment	9.0	Staff	4.0	Att	10.0	8.0	6.0	3.0	8.0	17280.0	3.9%	5,867.44
Office Rating	F	Assessment	9.0	Staff	4.0	Att	10.0	6.0	5.0	3.0	8.0	14400.0	3.3%	4,889.53
	G	Assessment	9.0	Clerical	2.0	Not	5.0	6.0	5.0	3.0	8.0	3600.0	0.8%	1,222.38
	H	TopMgt	10.0	Manager	10.0	Att	10.0	7.0	6.0	3.0	8.0	48000.0	10.9%	16,298.44
	I	Operations	9.0	Manager	10.0	Att	10.0	9.0	8.0	4.0	9.0	64800.0	14.7%	22,002.90
	J	Operations	9.0	Chief	8.0	Not	5.0	9.0	8.0	4.0	9.0	25920.0	5.9%	8,801.16
	K	Operations	9.0	Staff	4.0	Not	5.0	8.0	6.0	4.0	9.0	9720.0	2.2%	3,300.43
	L	Support	8.0	Chief	8.0	Not	5.0	6.0	5.0	5.0	10.0	16000.0	3.6%	5,432.81
	M	Support	8.0	Clerical	2.0	Not	5.0	8.0	6.0	5.0	10.0	4800.0	1.1%	1,629.84
	N	TopMgt	10.0	Manager	10.0	Att	10.0	9.0	8.0	4.0	9.0	72000.0	16.3%	24,447.66
	O	TopMgt	10.0	Manager	10.0	Not	5.0	8.0	6.0	4.0	9.0	27000.0	6.1%	9,167.87
	Totals											441760.0		150,000.00

Office Rewards

Simulation	Office	Rating	Factor	Size	Factor	Weight	Share	Reward
Factors Used Office Rating Office Size	Office A	4	9.0	100	100.0	900.0	23.4%	23,407.02
	Office B	4	9.0	10	10.0	90.0	2.3%	2,340.70
	Office C	4	9.0	159	159.0	1431.0	37.2%	37,217.17
	Office D	5	10.0	12	12.0	120.0	3.1%	3,120.94
	Office E	3	8.0	123	123.0	984.0	25.6%	25,591.68
	Office F	2	5.0	64	64.0	320.0	8.3%	8,322.50
Totals						3845.0		100,000.00

A Focus on the Enabling Legal System for the Office Performance Management System (OPMS)

This chapter presents a draft Customs memorandum Order for the BOC. It contains the objectives, scope, policies, and procedures for the Office Performance Management System (OPMS).

Chapter 6: The Draft Customs Memorandum Order (CMO)

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Description

The Customs Memorandum Order (CMO) for the Bureau of Customs prescribes the policies, procedures and guidelines in the implementation of the Office Performance Management System in the Bureau.

Republic of the Philippines
DEPARTMENT OF FINANCE
BUREAU OF CUSTOMS
Manila

[Date]

CUSTOMS MEMORANDUM ORDER NO. _____

SUBJECT: OFFICE PERFORMANCE MANAGEMENT SYSTEM

TO:

BACKGROUND

Pursuant to the provisions of Republic Act No. 9335, otherwise known as the "Attrition Act of 2005," and its implementing rules and regulations ("IRR"), which was approved on May 22, 2006, the Office Performance Management System ("OPMS") of the Bureau of Customs ("BOC") is hereby established. The OPMS shall be an integral part of the Performance Management System ("PMS") of the BOC and shall be submitted to the Revenue Performance Evaluation Board for its consideration and approval.

To facilitate the implementation of the OPMS, the Performance Management Information System ("PMIS") is hereby adopted. The PMIS

shall facilitate the encoding and processing of measurement data to arrive at performance ratings for offices covered by the OPMS.

I. OBJECTIVES

This Order is issued to:

1. Prescribe policies, procedures, and guidelines in the implementation of the OPMS in the Bureau;
2. Implement the OPMS, which aims to: (a) ensure the alignment of office performance with the Bureau's overall strategic direction, (b) clarify expected results from offices, (c) gauge the extent of contribution of offices to the overall performance (financial as well as non-financial) of the Bureau, and (d) provide an objective basis for decision-making;
3. Serve as reference in setting performance targets, monitoring, evaluating, and rewarding performance at the office level pursuant to the Attrition Act of 2005 and its IRR; and
4. Prescribe the duties and responsibilities of concerned employees, officials, and others concerned pertaining to the implementation of the OPMS.

II. SCOPE

The OPMS shall be implemented at the Revenue Districts and Support Groups in National Office: *Provided*, That the Revenue Districts and Support Groups shall be evaluated as an entire unit and that divisions and units therein shall not be separately evaluated.

III. DEFINITION OF TERMS

For the purposes of this Order, the following definition of terms is hereby adopted:

1. An **Evaluation Period** or **Rating Period** pertains to the time frame covered by a complete cycle of performance evaluation starting from the setting of performance targets up to and including the generation of performance ratings.
2. A **Measure Owner** is the head of the office that requires the collection and/or consolidation of performance data on a measure to be included in the Template. He or she identifies the means of verification for the measure; determines the target/baseline and rating scheme for the same; analyzes the performance data; and reports his or her analysis, observations, and recommendations to management pertaining to the performance measure(s) owned.
3. An **Office** refers to the Deputy Collectors Office and the District Collectors Office.
4. An **Office Performance Contract ("OPC")** is an office-specific performance contract that has been adapted from a Template. It is signed by the head of the office and by the Commissioner.
5. **Office Performance Contract Templates ("Templates")** are standard performance contract format and content that apply to two or more offices with similar functions. They provide uniform measures, targets, and rating schemes across similar offices. They have the following contents: (a) objectives, (b) objective weights, (c) measures and formulae, (d) measure weights, (e) means of verification, (f) targets, and (g) ratings schemes.
6. The **Overall Template Manager** is the head of the office that signs off on all Templates in the OPMS. He or she tracks and signs off on the changes made to Templates, monitors the processes for creating Templates and purging them from the OPMS, and ensures that Template standards are observed.
7. The **Performance Management Information System ("PMIS")** is a web-based database system designed to support the different stages of performance management. The PMIS facilitates the encoding and processing of measurement data to arrive at performance ratings for the offices covered by the OPMS. The PMIS User Guide is attached as Annex "D."

8. A **Performance Measure** is the means by which the attainment of an objective of the office is determined. It is usually expressed as a formula that indicates goal attainment. It is also known as, and used interchangeably with, **Key Performance Indicator ("KPI")**.
9. A **Template Development Team ("TDT")** is formed for the purpose of creating or reviewing and/or revising a Template. It is composed of the Overall Template Manager, Template Owner and one or more Measure Owners.
10. A **Template Owner** is an official from an office that is higher than the office for which a Template is being developed. He or she leads the process of Template development and approves the changes to the Template. A Template Owner may also be a Measure Owner.

IV. POLICIES

1. The implementation of the OPMS is anchored on the BOC Strategy Map. The Strategy Map graphically illustrates how the Bureau intends to exceed its collection targets. It is incorporated in this CMO as Annex "A".
2. The results of the OPMS shall be used as basis for decision making in the following areas: (a) rewards and sanctions, (b) continuous improvement, and (c) alignment of individual performance with that of the office's.
3. Offices with similar functions shall use Office Performance Contract Templates (Annex "B").
4. Evaluation of office performance shall be conducted annually. However, semestral reports on office performance shall be generated for purposes of monitoring, individual performance evaluation as required by the Attrition Act of 2005 IRR, and other purposes.
5. Owing to the dynamic nature of office performance, intervening factors may necessitate updating of performance contracts to accommodate changes in priorities, directions, and targets. Changes in performance contracts require corresponding

adjustments in the Template. Once a Template is adjusted, any changes shall apply to all offices using said Template.

6. Unless formally documented, any deviation from the original Template shall have no binding effect. Changes to Templates may be initiated by the Template Owner, or by any office through the Template Owner, and must be approved by Execom. Changes to Template contracts, to be effective, must be approved prior to the rating period for which such changes will be used.
7. Performance ratings of offices shall be the basis for determining rewards under Sections 4 and 5 of the Attrition Act of 2005. To implement the "shared goal" concept, and pursuant to the Attrition Act of 2005 IRR, office performance ratings shall be taken into account in evaluating the performance of officials and employees who have revenue collection functions. [See Section 12(b)(i), Rule III, IRR.]
8. Where an office is newly created, not exceeding two years in operation, and has no historical record of collection performance that can be used as basis for evaluation, OPMS results shall not be used for purposes of termination under Section 7 of the Attrition Act of 2005. [See, by analogy, Section 18(a), Rule V, IRR.]

V. PROCEDURES FOR THE OPMS CYCLE

A. The following general stages shall be followed in the implementation of the OPMS. The detailed steps, including the time frame for each step and a flowchart for said steps, are contained in the OPMS Guidebook (Annex "C").

1. Planning
 - a. Policy and Planning Service ("PPS"):
 - (i) Prints the previous year's Templates;
 - (ii) Updates Templates in the PMIS;
 - (iii) Maintains a catalog of Template contracts;
 - (iv) Generates an OPC for each office;

- (v) Sends OPCs to concerned offices; and
- (vi) Maintains a catalog of OPCs;
- b. TDT:
 - (i) Prepares Templates; and
 - (ii) Reviews and updates, together with the Template Owner, the Templates;
- c. Template Owner reviews and updates, together with TDT, the Templates;
- d. Custom District Officers:
 - (i) Provides input(s) to Templates through the TDT; and
 - (ii) Reviews and signs RDO-OPC;
- e. Support Groups in National Office:
 - (i) Provides input(s) to Templates through the TDT;
 - (ii) Reviews and signs the OPC;
- f. Execom approves Templates, including updates; and
- g. Commissioner signs OPCs.

2. Monitoring

- a. _____ consolidates data and submits semestral report to _____;
- b. _____ reviews and consolidates semestral reports from _____ and submits _____ semestral report to Measure Owners;
- c. Measure Owners consolidate semestral performance reports and coordinates with PPS in the preparation of semestral performance ratings;

- d. Measure Owners, in coordination with PPS and Template Owner, spearheads the analysis of quarterly performance of offices and the presentation of quarterly progress reports to Execom; and
- e. Execom sets/adjusts directions.

3. Evaluation

a. PPS:

(i) Generates and sends out Performance Summary Report Worksheet to Measure Owners;

(ii) Uploads actual performance data and generates PMS Evaluation Reports for each office;

(iii) Distributes PMS Evaluation Reports; and

(iv) Analyzes and presents, together with Measure Owners and Template Owner, the BOC Performance Analysis Report;

b. Measure Owners:

(i) Consolidates actual performance data for the year for each office; and

(ii) Spearheads the analysis and presentation, together with PPS and Template Owner, of the BOC Performance Analysis Report;

c. Template Owner:

- (i) Signs PMS Evaluation Reports; and
- (ii) Analyzes and presents, together with PPS and Measure Owners, the BOC Performance Analysis Report;

- d. _____ validates and signs PMS Evaluation Report;
- e. _____ validates and signs the PMS Evaluation Report; and
- f. Execom:
 - (i) Uses OPMS results for rewards and recognition; and
 - (ii) Sets/adjusts directions for next performance Evaluation Period.

4. Rewarding

- a. Rewards and incentives of an office shall be determined based on such office's proportionate contribution to the aggregate amount of excess revenue collection of the Bureau. An office shall not be entitled to rewards and incentives if such office fails to meet its own revenue collection target. [Section 12(a)(i), Rule III, IRR.]
- b. In the event that the Bureau fails to meet its revenue target by less than ten percent (10%), an office that exceeds its allocated target shall be entitled to the District Incentive under Section 5 of the Attrition Act of 2005 amounting to ten percent (10%) of the excess over its allocated target. [Section 13(a), Rule IV, IRR.]

B. The following general guidelines shall be followed in updating Templates:

1. The Template Owner, or any other office through the Template Owner, may initiate changes in Templates in coordination with PPS..
2. Once initiated, PPS shall convene the TDT. The TDT shall complete a Template Revision Form that explains the proposed changes, specifies the parts of the Template that need to be adjusted, and provides a rationale for the proposed changes.
3. The Template Owner shall present the proposed change(s) to Execom for its approval.
4. Once approved by Execom, the Template Revision Form is sent to PPS.
5. After inputting the changes to the Template in the PMIS, PPS then follows the parallel steps in the Planning stage of the OPMS Cycle.

VI. SANCTIONS

1. Any delay in the submission of required reports and other documents without valid justification shall be penalized. The head of the office required to make the submission shall incur demerits, which shall be determined by the appropriate Measure Owner based on the length and cause of the delay, to be reflected in his or her individual performance rating.
2. Any other violation of this Customs Memorandum Order shall be meted the appropriate sanctions pursuant to existing administrative rules and regulations.

VII. AMENDMENTS TO OPMS GUIDEBOOK OR PMIS USER GUIDE

Amendments to the OPMS Guidebook or to the PMIS User Guide shall require the approval of the Commissioner and be embodied in a Customs Memorandum Order.

VIII. REPEALING CLAUSE

All provisions of existing Revenue issuances, instructions, and circulars inconsistent herewith are hereby superseded or revoked.

IX. EFFECTIVITY

The Office Performance Management System shall become effective upon the approval by the Revenue Performance Evaluation Board created under Section 6 of the Attrition Act of 2005.

Commissioner of Customs

Process Documentation of the Workshop on PMS Basics for the Bureau of Customs

This chapter captures the proceedings of the four-day workshop. It includes the process employed in all of the sessions as well as the content and highlights of the discussions.

Reference is made to the presentation materials used during plenary discussions. These are shown in the Annexes following this Chapter.

**Chapter 7:
Process Documentation**

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Description

This chapter provides the details of the workshop proceedings, including the activities conducted, the insights of the participants and the open forum. The write-up covers the processes employed during the small group workshops and the content as well. It presents a daily account of what transpired during the four-day workshop on PMS Basics for the Bureau of Customs.

Background

The Attrition Act (AA) of 2005 seeks to improve the performance of the two collection agencies of the Philippine government, namely the Bureau of Internal Revenue (BIR) and the Bureau of Customs (BOC). The law provides for incentives in order to accomplish the goal of improving and sustaining tax collection. On the positive side, the respective officials and employees of both Bureaus are entitled to rewards amounting to fifteen percent of the surplus of actual over targeted tax collection. If they exceed their collection target by more than thirty percent, the corresponding incentives amount to fifteen percent of the first thirty percent plus twenty percent of the remaining excess. Moreover, Section 5 of the Act provides for “district incentives”, which is 10% of the surplus collection of a revenue district of the BIR or a collection district of the BOC even if the Bureau that the district belongs to does not meet its collection target. On the negative side, consistent substandard performance of personnel in these Bureaus will constitute legal grounds for dismissal.

The challenge therefore is to translate the more encouraging rewards system offered by the AA into a sustained increase of internal tax collection. This objective, in turn, calls for a transparent system of setting, standardizing, and deploying financial and enabling targets; development of sensible, reliable monitoring tools; an effective and transparent performance evaluation system; and a fair, performance-based rewards framework.

Thus, an Office Performance Management System (OPMS) is deemed imperative to help the BOC managers and supervisors with their office-level performance target setting, monitoring, evaluating, and rewarding.

The BOC, in response to the requirements of the AA constituted a Lateral Attrition Implementation Committee (LAIC) to formulate the Bureau’s OPMS. On August 23, 2006, Customs Commissioner Napoleon Morales asked EMERGE to provide the BOC’s LAIC an orientation about the PMS.

The BOC officials noted the capacity on OPMS that is built at the BIR with technical assistance from EMERGE. The BOC needs to submit its plan to adequately and effectively implement the Lateral Attrition law to the Revenue Performance Evaluation Board which Department of Finance Undersecretary Gaudencio Mendoza chairs. The Board is tasked to

determine the procedures in evaluating performance of concerned officials and employees.

The assistance that BOC officials require is for EMERGE to provide them an orientation of the PMS and assistance in conducting a workshop in order for the BOC-LAIC to come up with its own system of measuring, monitoring, rating, and rewarding good performance.

It is in this context that a workshop on PMS Basics was held last September 18-19 and September 25-26 at the Eugenio Lopez Center in Antipolo, Rizal. It was aimed at providing an orientation to an expanded LAIC about the PMS.

Acronyms

AA	Attrition Act
AFIs	Ares for Improvement
BOC	Bureau of Customs
EWD	Early Warning Device
EXECOM	Executive Committee
Four A's	Activity, Analysis, Abstraction, and Application
GTKY	Getting-To-Know-You
LAIC	Lateral Attrition Implementation Committee
MANCOM	Management Committee
OPMS	Office Performance Management System
PEAG	Post Entry Audit Group
PMIS	Performance Management Information System
WIIFM	What's In It for Me
WIIFT	What's In It for Them

Day 1, September 18

Opening Ceremony

The first day of the four-day workshop started at 10:00 AM. Director Ma. Corazon Azaña formally opened the workshop and called on Ms. Erlinda Lozano to lead the Invocation.

Dir. Azaña called Dir. Reynaldo Umali to deliver the short welcome remarks. He welcomed the participants and remarked the BOC could not over emphasize the importance of the workshop since it would enable them to clarify a lot of things like the target setting collection for the districts and eventually cascade the targets to the officials of the Bureau. Distributing the collection targets among the districts remains a problem, according to him. He foresees cascading the targets down to the individual level eventually so he enjoined everyone to own the PMS, to do their best to come up with a BOC-PMS that they could understand and call their own. More importantly,

he added is to measure collection performance because it will be the basis for attrition or rewards.

Dir. Azaña also welcomed the participants to the workshop. She informed the body that there is a Lateral Attrition Implementation Committee (LAIC) composed of deputy commissioners. The committee has specific targets in preparation for the implementation of the Attrition Act. The Bureau is due to submit its PMS by the end of September. She thanked EMERGE for the assistance to the Bureau.

Introduction of Participants: GTKY

Dir. Azaña introduced Ms. Minette Soraino, Organization Development Specialist/Performance Measurement Specialist and Lead Facilitator. Ms. Soriano had the participants do a self-introduction as her segue to a Getting-To-Know-You (GTKY) activity, the different planning styles.

She asked each one of them to plot along the four quadrants what they think is their individual planning style. Four participants (Billy, Linda, Nora, and Noemi) classified themselves under Quadrant 1, the feeling and doing team. The rest of the group (Liway, Nomie, Raymond, Toto, Rey, Lina, Liza, Edna, and Cora) all belonged in Quadrant 4, the doing and thinking team. She asked them to form three groups and identify common characteristics among those under the same quadrant, to list their expectations from the workshop and suggest workshop norms. The following table captures the responses of the three groups:

Group Name/Members	Three common characteristics	Expectations from the Workshop	Workshop Norms
Group 1: Maligaya Billy, Linda, Nora, and Noemi	Quadrant 1: Feeling side, operations side, results oriented, hardworking, industrious, innovative	Thinking enhanced, obtain the desired outputs, and better camaraderie	<ul style="list-style-type: none"> • Simple and direct to the point • Realistic and doable
Group 2: Action Agad Toto, Rey, Liway, Nomie	Quadrant 4: Action oriented and task oriented, hands-on manager with some degree of fairness in all things, expect things to get done	Better understanding of specific duties and responsibilities to know what to do and how to manage the work Improve the performance of	<ul style="list-style-type: none"> • Open • Free willing • Everyone will actively participate in an informal session

		the units and the BOC Effective PMS for the BOC	
Group 3: Singko Padas Raymond, Lina, Liza, Edna, and Cora	Quadrant 4: Output oriented, expect immediate action/reaction, patient, time conscious, fair and objective in evaluation	<ul style="list-style-type: none"> • Clear definition of individual and group responsibilities • Identification of problems in the evaluation performance • Clarified on the rewards and targets • Attain the objectives for the workshop 	<ul style="list-style-type: none"> • Active participation • Free discussion of issues with collaborative effort • Seriousness with a little fun

Ms. Soriano shared with the groups the characteristics of the planners in the four quadrants:

Quadrant 1 planners are usually the nurturers, driving force in an organization for creating a sense of team, and are very process oriented. In planning they are the voice of the group, employ a participative approach and consensus building.

Nobody from the group belonged to Quadrant 2. These are the visionaries (feeling and watching). They are open to many possibilities. In planning they are the solution generators.

Quadrant 3 planners are the critical thinkers (watching/thinking). They are good to have if there is analysis work.

Quadrant 4 planners are the initiators, are proactive, and lead by doing.

She gathered their insights on why they think they are in the quadrants they identified. She further explained the characteristics are a function of upbringing and the different roles in life (professional and personal). The participants provided the following responses:

- Function of being a manager
- It comes within the territory (district collection)
- Basically, exposure to the job. The challenge of the Legal Service, which was not proactive in the beginning. The culture was changed from being passive to active (litigation and prosecution)
- Nurturing group: professional training
- Function of upbringing - trained by his parents to act to get what he wanted

Ms. Soriano posted this challenge to the group: They should also assume the other roles, to move from one quadrant to the other (from the upward quadrant to the lower quadrant and vice-versa), and be mindful of the environment and realities.

The List of Participants is shown in **Appendix 1**.

Objectives and Schedule of the Workshop

At the end of the four-day workshop the participants must be able to:

- A. Explain the basic concepts and tools of Office Performance Management System
 1. Alignment tools:
 - Strategy Map
 - Performance measures dictionary
 - Office templates and contracts
 2. PMS cycle: Target setting, guiding and coaching, evaluating and rewarding
- B. Complete the first draft of the BOC Strategy Map and Performance Measures Dictionary
- C. Complete the first draft of Office Performance Templates for priority offices
- D. Explain other basic concepts and tools of the PMS Sustainability tools:
 - Process map
 - Performance management information system (PMIS)
 - Revenue memorandum order
- E. Firm-up the strategy map, performance measures dictionary, office templates
- F. Formulate the PMS Process map
- G. Identify the basic elements of the RMO of the PMS
- H. Identify the elements of the PMIS

Ms. Soriano emphasized the workshop will deal with the Office PMS and will not go down the individual level. There is also a need to have agreements on the office targets so it would be easier to cascade to the individual. She advised them to monitor outcomes and if possible veer away from tracking activities.

She walked them through the schedule of the four-day workshop. She explained the workshop will clarify what an office measurement is. Strategies will be identified and metrics as well on how to achieve the target. Talking of the BIR experience, Ms. Soriano remarked the deployment of financial targets is also a problem in the Bureau. The second level of confusion is dividing or allocating the goal set by the Department of Finance (DOF). These are givens in the PMS, according to her. She reminded them that the workshop is

not the venue to ventilate their resistance. A Re-Entry Plan will be formulated on the last day.

She continued the workshop will employ the experiential learning style using the Four A's – Activity, Analysis, Abstraction, and Application in the workplace. The Workshop Schedule is shown in **Appendix 2**.

Ms. Soriano continued with some norms and expectations from the participants. She reminded them that questions not discussed in plenary will be flagged and written on meta cards and posted in the 'parking lot' for later sessions. More norms were shared:

Be here now!

Be 100% (physically and mentally)

Be a team player!

She shared the story of the teacup, which tells of emptying one's cup first (setting aside for the meantime past learning's) to be able to assimilate or absorb new information. The PowerPoint slides on the overview of the OPMS are shown in **Annex 1**.

Systems Approach to Organizations

As an introduction to the principles of the systems approach to organizations, Ms. Soriano conducted the Tower Building Activity. The participants worked in three groups with Jenga Blocks to make a tall and strong tower. The following insights were gathered at the end of the activity:



- They went into spontaneous action, cooperated, and counted the blocks first
- To make the tower taller, they looked at the base where blocks could be moved. One group moved the lower blocks 10 times. The group with the tallest tower moved only two blocks at the base, selecting blocks that would not affect the base.



Ms. Soriano observed during the exercise that the groups manifested the characteristics of the four quadrants. It was a progressive approach, building the tower with space for adjustment and building without sacrificing the sturdiness of the base. This according to her is the challenge of continuous improvement.

Director Umali shared his insight: He observed there is a process to go through in coming up with the system. It is learned through experience and as one moves along there is only room for so much adjustment.

Ms. Soriano followed up with the idea of taking into account the absorptive capacity of the organization or being sensitive to the organization. She clarified that installing a PMS from a systems perspective means looking at the cause and effect. The PMS she added is not only concerned with performance evaluation but should be guided by coaching the stakeholders and rewarding offices for good performance. It starts with defining the strategic directions of the BOC and a clarification of its mandate. It has to cascade from the commissioner down to the individual. The individual targets should be aligned with the office targets. Thus, the articulation of the office strategic direction contributes to the strong foundation.



The tool that is used in this case is the Balanced Scorecard (BSC). She shared the BIR experience wherein after the office targets were articulated the next step was defining the work among the offices and the parameters. The BSC she explained enables the organization to translate the vision and mission into strategies. Inasmuch as the health of the organization cannot be gauged by the financial aspect alone, the BSC takes into account the non-financial aspect as well.

Strategy Map: The BOC Strategy Map

Ms. Soriano proceeded to present the strategy map, which is a helpful tool as it reflects the building blocks like the vision, mission and strategies of the organization. It captures the cause-effect relationship of the different strategies. As an example she shared with them the BIR Strategy Map. She walked them through the different perspectives and objectives and pointed out that the BOC will initially have one strategy map but each unit will eventually have its own.

She led them through identifying the key words in the vision statement of the Bureau as the take off for the formulation of the BOC strategy map. She emphasized the group has to agree on the vision and mission of the BOC as these will be the basis of the strategies. She defined the four perspectives in the strategy map to guide the participants:

- Financial perspective: Reflects the overall strategy of the organization to achieve its vision and mission, which in the case of the BOC, to exceed its collections.
- Customer Service: Defines the customers and indicates the desired/expected changes in their behavior to exceed the financial goal.

It includes the internal and external customers. Offhand Ms. Soriano told the group the support and operations people will have different strategy maps.

- Process improvements: Consist of the expected systems and structural improvements within the organization
- Learning and Growth: Is concerned with investments in people and the organization

Having briefed them on the concepts and principles of the strategy map and providing examples, Ms. Soriano led the participants into formulating the BOC strategy map. The first version they came up with was the BOC Strategy Map.

During the presentation of the first version of the strategy map, Dir. Umali suggested to include a core strategy that would address both the financial and trade facilitation. Thus, the group came up with the second version that includes the strategy '**enhance trade facilitation**' under the financial perspective. The following discussion captures the exchange of views on this aspect:

Dir. Umali: He believes that enforcement and compliance will both play a critical role. Even if no dues are collected (no revenue enhancement) the BOC is still tasked to guard the frontiers. He pushed for the creation of a whole subset of programs to enhance trade facilitation. Trade facilitation entails post entry audit system enhancement including risk management. Ms. Soriano's response: There will be an implication as to the rewards with the new strategy, which will be reflected in the performance contract. She added the desired behavior is the compliance level of the stakeholder. As to the linkages among the strategies she told them the directions of the arrows are still hypothetical at this point in the discussion. They will eventually see the relationship as they move towards improving the BOC strategy map.

Dir. Umali: He broached the idea that employees taking on the assessment, revenue collection and audit functions be classified as attritable. According to him intelligence and enforcement both have a critical role as they affect the ability of the ports to meet the target. Thus the offices handling these functions should have a strong mandate. He informed the group that in the LAIC there are views that the personnel under these offices be considered attritable because on the heavy impact on the collection districts to perform. He suggested this matter be taken up during the workshop, e.g., defining the responsibilities of these groups whether they are considered attritable or not. Ms. Adelina Molina believes the mandate of the BOC includes trade and enforcement although the priority is still the revenue aspect. She thinks otherwise that the matter of trade and facilitation could not be tackled during the workshop.

Mr. Boysis Belmonte: He commented the BOC's collection target will not change in the next 4-5 years. What will vary is the source where the BOC collects revenues. Trade facilitation he remarked is needed because of world trade. However, the BOC will have to exceed its collection target whether

there is trade facilitation or not. What remains to be a question is whether the Bureau will collect up front or the backend. Trade facilitation means collecting at backend. He emphasized there needs to be a balance to make the backend work.

Ms. Soriano: She asked them whether trade facilitation has a bearing on the increase or decrease of the targets. She surmised that if targets go down because of trade facilitation, the BOC would have failed. Director Umali responded targets may go down because of lowering of tariffs. The direction is to guard the frontiers and not necessarily revenue enhancement and revenue collection.

Ms. Soriano advised them to think about the strategies they identified, validate and firm them up on the 3rd and 4th days of the workshop. She further explained weights will be assigned to the objectives in doing the performance contract. Bigger weights will be assigned to collection in 2006 and which may no longer be true for 2007 although the strategy map remains the same considering its 4-year timeframe (2006-2010). She suggested that the focus for 2006 be agreed with ManCom. Both versions of the strategy map will be subject to validation of the sponsors. *Note: At the end of the second day, the group decided to work with Version 1 but the strategy 'enhance trade facilitation' was put under the internal process perspective instead of the financial perspective.*

Having gone through the process in plenary of doing the BOC strategy map, the participants were asked to break into two groups, Operations and Support and formulate their group's strategy map. They were later made to evaluate their respective strategy maps using a set of criteria.

The Operations Group adopted the BOC Strategy Map. The Support Group formulated its own based on the BOC Strategy Map. The Strategy Maps of both groups are shown in **Chapter 1**.

The Symbol of a Strategy Map

The next activity entailed explaining the importance of a strategy map as a management tool by means of drawing a symbol. The participants were divided into several groups and their interpretations were as follows:



Nora and Cora: They illustrated the strategy map as a rainbow and a pot of gold. The rainbow represents the factors/steps while the pot of gold, the objectives.

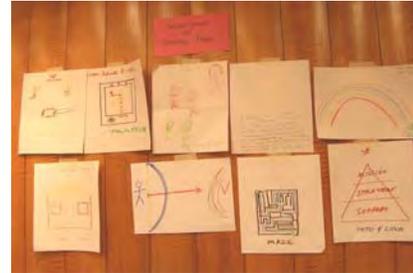
Lina and Toto: They drew a pyramid consisting of a strong base towards the achievement of the goal, which is the star.

Noemi: She drew a sun, which provides enlightenment. The 15 rays of the sun represent the collection districts. The drawing gives a clear view of what to achieve.

Boysie and Silver: They drew faces of happy people. They consider the strategy map as a tool to keep/make people happy. The man with gold hair is the big boss and all people working in the Bureau will be happy. The happy faces represent the human resource of the Bureau, which is its most important resource.

Mel, Rene and Jon: Their global positioning system concept (GPRS) has the executive using a palm pilot. They likened the strategy map to a roadmap, which is the GPRS.

Rey: He drew a maze. According to him, there are many ways of doing things and there is always the best way.



Jun: He has a bow and arrow. The strategy map can be used to achieve the target (clear direction and able to hit the target).

Edna: The simple house represents the vision and mission of the BOC, two windows are the customer service and internal process, and the door is the learning growth process. Before going inside the people will have to pass the door, which she envisions as a breed of professionalized personnel to attain the vision and mission of the Bureau.

Billy: He drew a star Polaris (northern most Star in the galaxy). Dots are used to determine direction, the people are the recipients of the process and the machine is the process itself.

By way of summarizing the activity, Ms. Soriano underscored the Strategy Map is a one-page communication tool, which contains the vision, mission, strategies, and key result areas, showing the cause and effect relationship of the different objectives. The stakeholders can have a graphic understanding of the strategic direction of the organization. It is also a reward deployment tool, a monitoring and evaluation tool as well as an alignment tool used as basis to cascade the targets from the institution to divisions, sections and individuals.

Ms. Soriano presented next the concept of alignment of an organization's strategic and operational goals. The level of maturity of an organization is gauged by how systematically its different units are aligned. Organizations without strategic goals have people working in different directions and do firefighting activities. One that has early systematic approaches (a semblance of strategic and operational goals) is characterized by the ability to define the vision and mission. Organizations with continuous improvement have fact-based monitoring and evaluation system in place. An organization with integrated approaches exhibits efficiency across units and tracks progress on strategic and operational goals. As to the question of where the BOC is in the alignment, the participants believed it is still at the early systematic approaches stage. The challenge therefore, according to Ms. Soriano is to move beyond this level by setting baselines and setting common goals.

To prime the participants for the next session on measures, another tower building activity was conducted this time with half of the participants building the top of the tower and the other half the base of the tower. After the activity the following insights were disclosed:

On what went well:

The base and the top went well but the connection between the two did not go well

On what did not go so well:

- Top and the base could not be connected; there is no synergy
- The top and the base were separately done
- No alignment of the top and the base
- Materials used were different (standards are not compatible)
- Objective was not clear
- No link/connecting materials
- No planning, communication



On the question as to how could they have done better, the participants' responses were: working together, planning, to have a blueprint, and define standards.



Ms. Soriano continued her discussion from the strategy map into the next step, which is putting flesh in the objectives. This is the process of articulating where the organization wants to go and where to go.

Ms. Soriano presented an example of a Performance Contract, which is also known as the Scorecard. Translating the strategy map into a contract means identifying the objectives to where the unit contributes. In doing the office performance contract, performance measures are identified for each objective in the strategy map and prioritized for BOC offices. For each measure the appropriate formula is determined, the target identified, as well as the data source, measure owner and rating scheme.

She presented the criteria for prioritizing measures. Before setting the criteria for prioritizing measures, Ms. Soriano led the group through an exercise on the office performance contract, e.g., numbering the objectives in the strategy map according to importance. She asked the Operations and Support Groups to identify which objectives they contribute. Please note the numbering of



objectives in the BOC strategy map and the Operations and Support Groups' strategy maps.

Performance Measures



different stakeholders.

To make it easier for the participants to formulate performance measures, Ms. Soriano had them go through an exercise of identifying the measures in a year as presented in a song. She pointed out measures could be in terms of quantity or quality. She emphasized that a particular measure has an effect in the behavior of the

She presented the different levels of measures - inputs, outputs, outcome, and impact as well as the advantages and disadvantages of each.

Providing further explanation, input measures are the simplest to measure because it tracks the adequacy of resources provided for project implementation.

Output measures track the quality, quantity and timeliness of a tangible deliverable.

Outcome measures are strategic, they make it easier to monitor and evaluate offices rather than activities and outputs. However, it is a lag measure because it is difficult to isolate the cause-effect relationship and it takes time to establish the effect. One of the limitations of being measured only on outcome like the BOC and the BIR: It cannot identify which of the objectives/programs (organizational factors) contributed to collection.

Impact level measures are lag measures, too, just like the outcome. However, it establishes accountability among the stakeholders.

She reminded them that the objectives in the strategy map are not yet formulated according to the SMART (specific, measurable, attainable, realistic, and time-bounded) criteria. Translating them into SMART objectives is done in the Office Performance Contract.



Prior to ending Day 1, Ms. Soriano gave a brief overview of the measures dictionary and the process of going about completing such. Together with the strategy map the participants will validate it with the respective units and the ExeCom. By the third day (September 25) the group should have firmed up the strategy map and measures dictionary. Ms. Soriano's presentation material on the OPMS for the BOC is shown in **Annex 2**.

Day 2, September 19

Management of Learning

Ms. Soriano did a short recap of the first day's session. The participants identified terms or statements they remembered from the first day's line-up of topics. Example of the terms they remembered:

- Strategy map
- Financial, customer, process improvements, organization learning and growth
- Mission and vision
- Balanced scorecard
- Planning styles (nurturer, visionary, logical/critical thinker, action oriented)
- Measures (input, output, outcome, impact)
- Tower building with jenga and lego



The next activity was the Mind Mapping. From the list of concepts and terms that they were able to remember, they were asked to show how these terms are related with each other. The participants shared the following mind maps:

- Planning styles (presence of the four characteristics to complete

the outputs)

- Stairs: Take a step one at a time to reach the target (bite size)
- Recipe: vision of want to prepare, have the ingredients, cook at the right time to come up with the product and evaluate as to quantity and quality
- Universe: mission/vision is the sun in the middle; the planets are the BSC and other principles moving around
- Coconut tree: to be able to get the fruits, you need to have customers to which to sell the produce
- Three circles: one cannot go along without each other; vision/mission and strategy maps, planning styles (these will be dependent on the measures to be identified)
- Planning style: vision/mission and strategy
- Circle (vision/mission), arrows pointing to the middle are the inputs, smaller arrows are outputs; longer arrows are impact
- Top view of three persons with hands interlinked (life is interdependent like the concepts)

Skills Practice on the Measures

Ms. Soriano clarified the measures depend on the mission and mandate of the organization. For a more concrete understanding of the measures, she provided several examples and had them identify the type of measure. In the process they were able to differentiate each example and identify the appropriate level of measure.

Ms. Soriano further explained how the levels of measure in the strategy map relate to each other:

- At the input level are the resources
- Output level measures are the tangible deliverables
- Outcome level measure is in terms of process improvement in systems, procedures and structure. These are at two levels - organizational improvement and customers. The customers are satisfied, thus they become complaint
- Impact level measures the adoption rate of the beneficiaries (at the level of mission)

It is important to distinguish the measures according to Ms. Soriano so as to decide on the relevant ones.

Distinguishing between a 'good and a bad' measure

Ms. Soriano cited more examples this time letting them go through a test of whether the measure is consistent with the result or the scenario identified in the example. The exercised helped the participants differentiate between a good and a bad measure.

Ms. Soriano pointed out that the organization can measure at different levels but it is important to define at what level it is measuring. After the activity on formulating performance measures, Ms. Soriano elicited some insights from the group:

- They found it difficult to identify metrics
- Metrics need to be quantifiable
- They believed it is difficult because you do not know at what level you are measuring

Ms. Soriano commented it depends on what the organization wants to see and know. Is the organization interested in the details or the overall picture?

Activity: Office Template and Measure Dictionary

Having done their respective strategy maps and having gone through the exercise of formulating performance measures, the Operations and Support Groups were asked to complete the details of their Office Performance Contract (Office Template) and the Measure Dictionary.

To further guide them, Ms. Soriano explained the Office Template and how this is filled-out. The objectives depend on the level of influence of the organization. The objective weight is based on the agenda of the country. She suggested that they first come up with a ranking of the objectives and then assign weights to each objective. Assigning weights to each objective means communicating what objectives are critically important.

She led them through identifying the criteria for selecting measures. The criteria they agreed on were:

- Measures that are reliable
- At the Outcome and output levels
- Measures that are currently tracked

They likewise agreed to identify two to three measures per objective. Ms. Soriano reiterated the significance of measuring outcomes: It is unwieldy to look at outputs and the integrity of data is higher at the outcome level. However, there are some objectives that are at the output level. She asked them to decide on the level of measure for each objective.

Rewards Framework

Dr. John Paul Vergara, Rewards Specialist handled the last session on the Rewards Framework.

The highlights of his presentation follow:

- In case the BOC has exceeded its goal and rewards will be distributed, the system of rewards distribution that is performance-based will be used
- Performance is based on employee evaluation, office data evaluations, and reward amount
- Input into the rewards system are the reward amount, percent allocations for employees, weights and factors representing the relative share of the employees in the bigger pie
- Weights are assigned to each employee based on accountability and performance factors such as position/designation, function/accountability, employee rating, and office rating
- Office performance evaluation is preferred because employee ratings at this level are more objective than at the individual
- The BIR decided on the functions that refer to the kind of work done. Each employee falls under each function. This captures the role of what the employee is doing based on the task assigned

Dr. Vergara showed a sample simulation of demonstrating the weights and the distribution and how the rating factor is obtained. After presenting the function/accountability factors table, he led the participants into identifying the various functions of the BOC such as: top management (district collector and up), assessment, post audit, operations, enforcement, legal and support. He provided several examples of distributing rewards to employees and the office level based on the parameters he defined.

Some important management considerations to keep in mind are the following:

- The need for institutional agreement on how to categorize employees (by positions and functions)
- Rating and accountability factors will be defined at the Bureau level
- Computational alternatives
- Additive versus multiplicative formulas
- Need to ensure fairness and consistency across all offices and employees
- “Calibrate” employee ratings to incorporate office ratings

Director Umali wanted to know how to equalize strict and lenient district collectors in evaluating performance. He also asked how the framework deals with unfairness or subjectivity.

Dr. Vergara responded that if office ratings are fair then this will address the problem. He added there will be a calibration of the office ratings. If the individual rating is higher than the office then the rating is high. Thus, there is need to calibrate. Office performance represents the aggregate performance of employees.

Director Umali suggested having separate tables for office and individuals and to give an accountability factor for enforcement.

Please refer to **Annex 3** for Dr. Vergara’s PowerPoint presentation.

Next Steps for Days 3 and 4

Ms. Soriano presented the next steps for Days 3 and 4.

The Operations and Support Groups were tasked to undertake the following activities:

1. For their respective Strategy Maps:
 - Validate mission and vision statements
 - Check logic of objectives
 - Decide whether to adopt version 1 or 2 of the strategy map
 - Each group of the Support/ Operations will formulate a Strategy Map
 - Validate strategy map with your LAIC by September 22, 9 am-12 pm

2. For the Measure Dictionary, they were to validate the measures with the LAIC
3. For the Office Contract/Template, the groups will meet with the LAIC on September 22 to validate the objective weights, measures, and measure weight

Ms. Soriano presented the schedule for Days 3 and 4 of the workshop prior to ending the session.

Day 3, September 25

The third day of the workshop opened with an Invocation led by Director Corazon Azaña.

Ms. Soriano started the session with a short recap through an explanation of the strategy map, which represents the relationships of the hierarchy of strategies. She illustrated the cause-effect relationships of the objectives in the strategy map. With early monitoring the strategy map would tell which objective should be focused on.

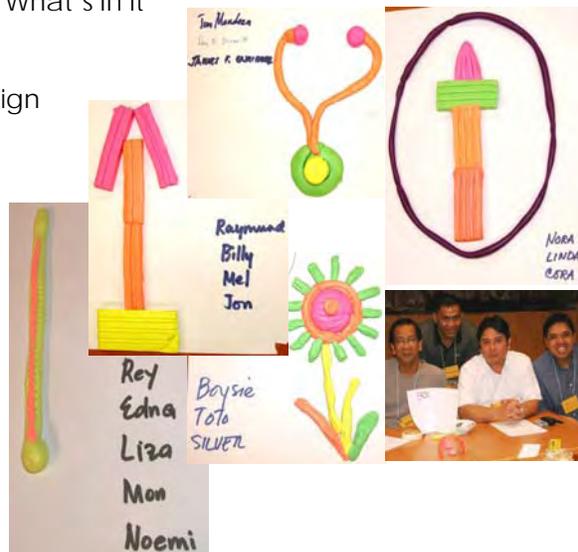
Kumustahan

She continued with a ‘kumustahan’ of the PMS. ‘Kumustahan’ activities included a creative presentation of ‘What’s In It For the BOC’ using clay and ‘What’s In It For Me’ using craypas.

Interpretation of the illustration for ‘What’s In It For BOC’ is as follows:

Nora, Linda and Cora: The Road Sign signifies direction, to find the way.

Mel, Jon, Billy, Raymund: Pot of gold at the end of the rainbow: Pot of gold contains the objectives of the OPMS. The rainbow represents the directions and the goals of the BOC.



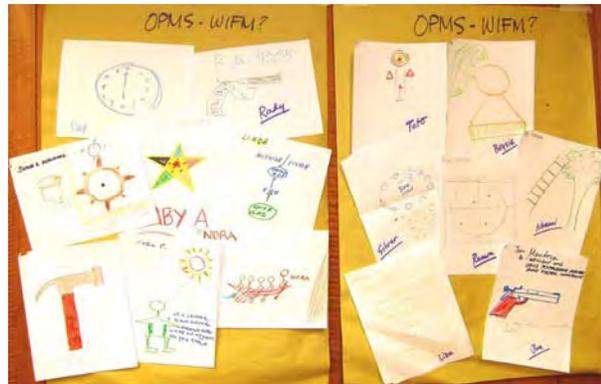
Jun, Rene and James: Stethoscope is an early warning device (EWD) that sends out symptoms about the 'health' of the BOC. The OPMS is a diagnostic tool that tells the organization of the areas for improvement (AFIs) so that it could take action and what should be done.

Rey, Edna, Liza, Mon and Noemi: Thermometer: It will help monitor progress of the BOC. Equally important is measuring the internal processes aside from the external processes.

Boysie and Silver: Their candy-flower has 15 petals representing the collection districts, the stem and grass are the stakeholders and the center of the flower if the system of the BOC. While the BOC is attaining its goals it nurtures the stakeholders. *Ms. Soriano's comments:* The roots are performing its role as well as the stem. There is clear alignment of targets and functions. The next steps will illustrate how to use OPMS in articulating the individual PMS.

Ms. Soriano by way of synthesis observed that the illustrations provide direction, focus on the goal, are clear about the means and ends (hierarchy of objectives), and are the EWDs in aligning the targets. The aspect of 'What's In It For the BOC is clear enough as pointed out by the different groups.

In the next activity they were posted with the question of how each of them see the OPMS as a manager or how does it affect work as an individual. They shared the interpretation of 'What's In It For Me' (WIIFM):



Baby: The star represents all divisions having the same goal, which means the employees in the division know where they are going, the chief is able to monitor if the objective of the service is achieved.

Mel: Drew a man standing akimbo looking at the goal. All other subordinates look at

the same direction, too, so they have the same line of sight.

Ramon: His radar screen is the PMS, which serves as a targeting tool, able to identify areas where to input remedial measures. The OPMS will assist to identify performers and grant rewards, and identify areas where major measures will be applied as basis for action.

Toto: OPMS is a management tool where resources will be focused to attain the target. As an, EWD it serves to correct deviations from the target.

Rene: As a leader he wants to influence others' behavior by way of the OPMS. OPMS according to him is a basis for influencing people's behavior and is a direction-setting guide.

Linda: The sign (icon) signifies following one direction as a manager towards the vision and mission of the BOC and the strategy map. It serves as a guide for a shared and common direction.

Jon: The OPMS is a hammer, a positive motivating tool to inform his people about the directions and help keep them stay on track.

James: As the skipper/ship captain he holds the steering wheel of the vessel and the compass, which is the OPMS.

Rey: OPMS serves as his clock. As a manager the OPMS will enable him to manage his time because people would know their work, will be more organized in their work, all of them could spend more time with their families because they finish their jobs on time. OPMS could help them focus their energy.

Boysie: He likened the OPMS to a crystal ball, which is the whole organization carrying a heavy load. As a district collector he is able to attain his goal and easily foretell what will be achieved through the crystal ball.

Silver: The OPMS is the solar system where there is distribution of work. Although the 'planets' are far from the center, they are able to equalize their efforts because each has a defined role.

Nora: She drew a boat and as the leader, they are all rowing in the same direction. OPMS will help build teamwork to attain the target/objective.

Raymund: His caliber RA9335 gun will discriminate between high and low performers in the Bureau.

Jun: His .45 caliber gun, which is the OPMS will make people more informed and make him a responsible leader in managing the unit.

Edna: OPMS would make work easier. The performance evaluation of each district and office would be clearly defined for easy monitoring. OPMS is a mirror that will reflect a beautiful organization once it is in place.

Noemi: Her ladder with fruits is the OPMS, which can help her reach her goal/objective easily. There is no way but up with the OPMS.

Billy: He drew a person sitting behind his desk in a relaxed mode. The guy uses the OPMS as his management tool that helps him clearly define directions, and with greater compliance of the staff it makes management and work easy.

Ms. Soriano followed-up that with the OPMS each one has a clearer understanding of the WIFMs. The challenge is to work on the details so a good, working PMS could be installed. She reminded them it is not an easy task. The task to make it easy rests on each and everyone. The work that was done has to be put into a system, policy, or circular to convert it into a Customs Memorandum Order (CMO).

Moving on with the recap, she reviewed the outputs of the first half, what they were tasked to do during the break. She presented the schedule for Days 3 and 4. She introduced the next speaker, Ms. Tes Tolosa, who handled the session on Process Mapping.

Performance Management Cycle

Ms. Tolosa started her session with an activity, 'keeping the balloon afloat'. The groups inflated balloons and worked in dyads first in keeping the balloon afloat using any part of their bodies except their hands. They were then asked to work in triads and eventually formed three groups. The first round involved each group keeping one balloon afloat while in the second round, two balloons were kept afloat.



Insights after the activity on what kept the balloon afloat:

- Teamwork
 - Having fun and focus because you like what you were doing
- 

- Defined responsibilities, assignments
 - Strategy: synchronized movement, breaking/bending the rule (using the hands) as the last resort
 - Alertness when there were two balloons
 - Not using the hands contributed to the difficulty
 - Flexibility
 - Level of each staff (you need to achieve the goal so the hierarchy was not important)
 - Collaborative effort
 - When there were two balloons – no rules anymore but everyone thought of the

bottom line

Ms. Tolosa asked them what the activity conveyed. Some responses were:

- As a leader you need to do your best
- They were careful not to let the balloon float too high because it might go overboard

Ms. Tolosa pointed out close coordination is needed to achieve the goal. Just like in the OPMS, she explained the process needs to be clear and those involved should know their



roles. Being familiar with the OPMS will help them draft their process map, which would be the basis for the Customs Memorandum Order (CMO), which is the equivalent of the Revenue Memorandum Order (RMO) in the BIR.

Performance Planning

Ms. Tolosa proceeded with the OPMS cycle. The first stage is the Planning Phase. She asked the group the steps of the BOC planning process. According to Mr. James Enriquez when the new commissioner assumed office they had a meeting to identify the strengths and weaknesses of the Bureau. They plan to have a planning session sometime in November 2006 to devise a work program for 2007. He took the chance to share his insights on the balloon activity: He believed in having a strategy to maintain the balloon at a safe height. He cited an example: some ports could throw the balloon up and some ports suffer.

Ms. Tolosa presented the steps involved in planning in the context of the OPMS. She emphasized the following points:

Sources of performance data are very important since these are the bases of performance measures. It is imperative that a decision on what to measure is made at this stage

Planning is done at two levels: organizational level involving the articulation of the vision and mission and the office level where the performance contract or template is developed or updated

For unique offices the performance contracting starts with the performance contract itself while for offices with similar functions the process starts with the template

Some concerns surfaced under the planning stage:

Mr. Belmonte: The condition for all the billionaire ports are not the same (referring to the template) according to him. He wanted to know how these ports can have the same template. *Ms. Tolosa's response:* In the BIR the team is still in the process of determining the variation. She clarified the measures can have a template but the targets will be different. It is a template with different targets.

Mr. Ramon Cuyco asked how many templates will be prepared. Mr. Rey Umali stressed the basic thing that they should look at is the integrity of the data. Target setting should be in accordance with the strengths and weaknesses of the particular port.

Ms. Tolosa replied the template may not be applicable to the 15 districts. She looked at two possible approaches: Creating a performance contract for the office or using the template. However, she saw the probability of going directly to the performance contract.

Monitoring Process

Ms. Tolosa went through the steps in performance monitoring. She asked the participants to describe their monitoring processes. According to them they have the collection accomplishment report and not all ports are computerized and updated. Mr. Cuyco clarified the reports come from the ports and are consolidated in the central office. Mr. Belmonte believed that they will have difficulty doing the report because the computer system does not work so much so that it will eat much of their time doing the report.

Evaluating

Ms. Tolosa gathered that the introduction of the OPMS is something new to the BOC given the facts that some of the participants shared about the Bureau's planning and monitoring processes. She continued with the processes concerned with performance evaluation.

Mr. Belmonte wanted to know how evaluation would be done from the top down to the district levels since the Attrition Act only talks about collection. Ms. Tolosa explained the provision in the law and underscored that it is vital to also include non-financial performance. She reasoned out that this can shed light into the overall performance of the BOC. She felt apprehensive that if only collection is considered this may not be sustained if the other processes are not taken cared of.

Mr. Cuyco further added the President has marching orders for and expectations from the BOC to collect and at the same time exercise its power to curb corruption and run after smugglers. According to him for the BOC to achieve its goal, there is a tendency for the Bureau to 'relax' the rules/orders in times of entry. He remarked that collection will decrease or fail when the BOC imposes discipline on importers and exercises its function of curbing corruption, etc. He believed there is a dysfunction in this case. Ms. Tolosa responded the PMS does not answer everything but deals only with things under the control of the BOC. She believed this is an issue which could be discussed in another venue. She added the office development plan contains actions to be taken to address the strengths and areas for improvement.

Rewarding

Rewarding recognizes and reinforces good performance and provides sanctions for poor performance. It involves categorizing employees through a set of factors, calculating the appropriate reward based on performance data and distributing such at the individual and office levels.

Key Players and Roles

Equally important to the success of installing an OPMS is the major players. The group agreed that in the BOC the commissioner is considered the PMS Champion. The Internal Administrative Group (IAG) will commit the resources but the PMS Champion will inform the office about the need to allocate. They likewise had a consensus that the Human Resource is the process owner for the individual PMS and the Planning and Management Office (Internal Control) for the office level PMS.

Ms. Tolosa continued with presenting the other PMS players and their roles. Please refer to **Annex 4** for Ms. Tolosa’s presentation material.

Process Mapping

Ms. Soriano took over this next session on Process Mapping. Having familiarized the participants with the different stages of the OPMS cycle, she led them into drafting the process map for each of the four stages. The participants joined their respective groups - Operations and Support and were asked to describe: 1) the current situation in each stage of the PMS cycle; 2) the process for formulating the performance contract; 3) review and approval process; and 4) monitoring and evaluation process.

A summary of the plenary presentation follows:

Support Group	Operations Group
<i>Planning</i>	
Report is submitted for compliance purposes only, no regular reporting is done, and not much data is contained in the reports. The group recommended that a dedicated unit will be tasked to coordinate.	Planning steps are done but processes are not written in a manual.
<i>Monitoring and Evaluation</i>	
<ul style="list-style-type: none"> • No office is designated to monitor; no focal person to do the task except for collection data; tasking is not clear; support units do not submit regular reports; no consolidation is done except for collection performance • Financial Service reports on collection performance (office dedicated to monitor financial performance) through manual 	Daily, weekly, monthly reports for collection are generated by the Collection Division Checking the productivity of port personnel. This is done by checking how many documents the collection personnel sign and how much they collect. However, the documentation at the district level is not used to evaluate performance. Supervisors use it as basis for

<p>reporting and no Internet connection; submission of report is reactive (upon demand/request)</p> <ul style="list-style-type: none"> • Decisions are made based on the reactive response • There is a systems failure <p>The group recommended the creation of an interim Internal Control Office to check the validity of actual performance data.</p>	<p>extending the tenure of personnel on acting capacity.</p> <p>Evaluation is done by determining the increase or decrease of imports.</p> <p>Rewarding is done through commendation of personnel by sending a congratulatory letter. There is no financial reward.</p>
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The Process Maps of the Operations and Support Groups are shown in **Chapter 4**.

The Support Group asked the Operations whether there is a unit in the collection district tasked to monitor performance and submit a report to the Financial Service to do away with the 'reactive response' system. Mr. Umali suggested that the Operations examine the process and designate an office to monitor the district performance.

Ms. Soriano asked the groups whether an office in Operations can collect the performance data if the metrics will be approved. Mr. Umali suggested having a regular process for collecting data for each section like the bonds, TCC, Cash Division, etc. He added there should also be a separate unit to monitor also the non-financial. Ms. Soriano reminded the groups to define this in the measure dictionary.

She guided the groups in reviewing the outputs of the first two days for them to have a consensus. Together, they reviewed the Operations and Support Groups' Strategy Maps, the performance scorecard and the measure dictionary.

Much of the discussion delved on deciding whether to have a shared goal for Objective #1 – Maximize Collection. Several concerns were brought to light:

The Support Group argued that they should not be part of #1 objective unlike in the BIR. They agreed that the district employees could have a share in the collection target. Ms. Soriano suggested that this be made a policy. She clarified that everybody in the Bureau has a stake in the collection target. What will differ is the weight assigned to the objective – an employee involved in collection and audit will have a bigger weight assigned.

Mr. Umali followed-up that although the core mandate is collection they could not make everyone accountable. According to him, the intelligence and enforcement can have a reverse impact in collection because it is not always true that they can increase collection. If for example audit sits on the case such as there is delay in resolving it, there is no assurance of collection. He cited the Post Entry Audit Group's (PEAG) measure of collection performance is not audit. Ms. Soriano stated there may be offices that rate very high even if the BOC does not increase its target. She continued there, is

more weight in compliance and less in collection in the case of PEAG. What could be done is assigning less weight for objectives not directly contributing to collection and more weight to objectives directly contributing. She emphasized that everyone has a stake in the collection of the BOC and reiterated that the Bureau should have a policy on this. She suggested intelligence and enforcement may be under knowledge management (KM). This will temper offices without collection targets.

The participants were amenable to having a shared goal if a policy is made on this aspect. They agreed to assign a 5% weight to the collection target for the Support Group but higher weights to the other groups like enforcement and intelligence.

Ms. Soriano suggested that they commission a third party (independent body) to measure satisfaction and have the metrics mature first before measuring. She reminded them to indicate in the measure dictionary the start and end of the process.

The last session of Day 3 had the groups complete the measure dictionary and the process maps. The Measure Dictionary of both groups is shown in **Chapter 3** and their Process maps in **Chapter 4**.

Day 4, September 26

Management of Learning

Ms. Soriano made a recap of the previous day's session. She underscored the importance of the WIIFBOC (WIIFT) and the WIIFM's, which will help manage the project and possible resistance. OPMS is an iterative process, not a one-shot meeting. It is a constant process of determining how the organization will continuously improve and how to address the gaps. The tools that were shared are geared towards continuous improvement (CI): the strategy map is an alignment tool towards the achievement of the mandate; the office performance contract and the measure dictionary details the objectives. She gleaned that most of the outputs were substantially good. Some common areas for improvement as observed during the presentation of the outputs were:

- The measures should be stated in terms of performance indicators. This gives a signal whether the objective is measured in terms of quality, quantity or timeliness
- The formula should be aligned with the measures. The expression of the measures and the formula should be consistent. She suggested having a ratio for a formula
- Limit measure to three per objective
- Prioritize measures at the outcome or output levels. At this stage, it is acceptable to have input level measures because the system is in the

process of being installed. However, it is preferred to have outcome measures by next year

- Weight for the financial perspective should be rationalized for the Support Group. This should be standardized.

Key Players in the OPMS

Ms. Soriano presented the key players in the OPMS:

- EXECOM as sponsor for logistics and to provide directions. Measure owners are the deputy commissioners, district collectors for guidance, review of yearly targets to give recommendations to EXECOM, monitor and analyze data
- Middle managers are the implementers, they touch base with the employees, and they manage resistance/implementation of the OPMS.



Getting the temperature of middle managers will tell if the organization is ready for the change

- Employees will implement the OPMS
- OPMS project team (LAIC working group for the moment)

To have the groups better appreciate the roles of the key players, Ms. Soriano asked them to do an activity. They were divided into four groups, each representing one key player. They were asked to write on the inflated balloons

something they could contribute to the birth of the OPMS in the BOC, something that is doable. Their responses were:

Sponsors	Middle Managers	Employees	Project Team
Set the policy, issue directives for implementation, direct all support (middle managers, employees, LAIC) to cascade to the lowest employee the OPMS	Ability to motivate the employees	No choice but to follow the best they could (being proactive in delivery of performance)	<ul style="list-style-type: none"> • LAIC is the initiator of necessary activities for the implementation and continuous improvement of the OPMS • Identify funding source

Rewards Framework

The next session dealt with the rewards framework, which Dr. John Paul Vergara handled. The session (the second one) was intended for the participants to have a deeper understanding of the rewards framework and appreciate it more in the context of the law.

The context of the framework is the Attrition Act of 2005, which provides for rewards and incentives in the event that the BOC or a particular district exceeds its collection target. If such is the case, offices and employees are the recipients with the rewards based on accountability and performance.

Inputs into the rewards system are the employee and office performance data and evaluations, the reward amount, weights and factors.

Weights are assigned to each employee based on accountability and performance factors. The relative weight determines the proportion of the rewards to the employee or office.

Dr. Vergara provided examples of the table of weights and distribution. He presented a simulation as well. For the details of the examples he provided, please refer to the PowerPoint slides in **Annex 3** as well as the Excel worksheet of the simulation. A write-up on the Rewards Framework is presented in **Chapter 5**.

He presented next the Performance Management Information System (PMIS), a web-based database system that automates the stages in the performance cycle of target setting, evaluation and rewards.

The initial stage is setting up the office template (for offices under a category) or performance contract (for offices not under a category) together with the measures, weights, targets and rating schemes under the target setting phase.

For offices under categories, the template is encoded and approved, the targets are uploaded and the contract approved and generated. For offices not under a category, the process is shorter: the office contract is encoded after the setting up stage, generated and submitted for approval.

Under the evaluation phase, actual performance data are uploaded for offices under a category. The system automatically determines the ratings and generates the evaluation reports. For offices not under a category, the actual performance data are encoded, ratings are manually selected and the system generates the evaluation report.

Dr. Vergara reminded the participants that there will be few 'actual' users of the PMIS. The PowerPoint slides relating to the PMIS are shown in **Annex 5**.

A Focus on the Enabling Legal System for the BOC-OPMS

Atty. Ana Lea Uy presented a summary of the enabling legal system that surrounds the OPMS taken from the BIR experience.

The bases for the memorandum order were:

- General Revenue Memorandum Order (RMO) on the Attrition Law (to contain the list of attritable positions)
- RMO on OPMS
- RMO on Individual PMS (*Note: The BIR decided to maintain the use of the current Performance Evaluation System[PES] of the CSC while in the transition phase*)
- RMO on Rewards

The system essentially will provide the legal basis for the adoption of the Office Performance Management System in the BOC. The memorandum order seeks to: 1) prescribe policies, procedures, and guidelines in the implementation of the OPMS; and 2) prescribe the duties and responsibilities of concerned offices and officials to attain the goals of the OPMS.

The memorandum order contains the following information:

- Background of the OPMS
- Scope of the OPMS
- Definition of Terms
- Policies
- Procedures for the OPMS Cycle
- General Steps
- General Guidelines in Updating Templates and Contracts
- Sanctions
- Amendments to the OPMS Guidebook
- Repealing Clauses

Atty. Uy's discussion covered the process of development of the BIR RMO to give the participants an idea of how to go about their own Customs Memorandum Order (CMO). The process was consultative and iterative in a way because it involved validating the draft with the major stakeholders like the Operations Core Group, the Technical Working Group and the BIR Management Committee.

She ended her presentation with some issues and gray areas of the Attrition Act.

Some concerns that were raised during the discussion:

The participants clarified that not all offices in the BOC had collection targets and therefore the employees are not attritable.

They raised the idea of the BOC not necessarily following the Implementing Rules and Regulations (IRR) of the Attrition Act. Atty. Uy responded that the BOC can temper the IRR by submitting the list of attritable officials, which is approved by their EXECOM. The participants suggested amending the IRR. **Annex 6** contains the PowerPoint slides of Atty. Uy.

Synthesis and Next Steps



Ms. Soriano presented a summary of the 4-day workshop. Some of the outputs (Strategy Map and Performance Scorecard) were presented by Ms. Lina Molina for the Support Group and Mr. Rey Umali for The Operations Group.

Customs Commissioner Napoleon Morales commented on the Support Group's objective regarding x-ray machines. According to him, one unit has already been commissioned and will be operational by October 2006. Two x-rays for the MICP, Cebu, and Gen. Santos areas will likewise be operational. Those for Davao and Batangas will be delayed. He clarified that the measures will be for 2006 and not 2007.



He added the Post Entry Audit Group (PEAG) revamp will take place in two weeks as a clearance has already been issued by the President.

Ms. Soriano reminded the two groups to review their measures and targets after the presentation. She proceeded with the next steps:

1. Institutionalize the OPMS through a CMO on OPMS, General CMO on Attrition Law, CMO on Individual PMS, and a CMO on Rewards to be spearheaded by the LAIC
2. For the Target Setting Phase, the LAIC, measure owners and the Planning and Systems Control Office were tasked to:
 - Firm-up strategy maps
 - Finalize performance scorecards
 - Cascade performance scorecards to lower offices and individual levels
 - Communicate the OPMS rationale, strategy maps and scorecards, phases, rewards framework
3. For the Monitoring Phase, the LAIC, measure owners and the Planning and Systems Control Office were tasked to:

- Generate and validate means of verification tools per measure
 - Firm up monitoring/evaluation processes; validate the process with measure owners
 - Enhance skills of Deputy Collectors for Admin in collating/evaluating/analyzing performance data
 - Set up the **Planning and Systems Control Office**
4. For the Monitoring and Evaluation Phase, the LAIC, MISTG, and Planning and Systems Control Office were tasked to:
- Install the Performance Management Information system (PMIS)
 - Enhance skills of **Planning and Systems Control Office** on the use of the PMIS
5. For the Rewarding Phase, the LAIC was tasked to:
- Finalize the application of the rewards framework
 - Communicate the rewards framework

The LAIC was likewise tasked to formulate change management plans such as: 1) sponsorship plan; 2) resistance management plan; 3) communication plan; and 4) training and coaching plans. Please refer to **Annex 7** for the presentation material of the Next Steps.

Closing Ceremonies



Draft copies of the OPMS Guidebook were given to the participants to serve as their guide for doing the next steps.



Comm. Morales delivered the closing remarks. The full text of his speech is shown in **Annex 8**.

Comm. Morales and Dr. Ramon Clarete, EMERGE Deputy Chief of Party, awarded the Certificates of Participation.

Appendix 1: List of Participants

Name	Noemi B. Alcala
Office/Designation	Legal Service
Telephone/Email Address	minoel@lawyer.com
Name	Ma. Corazon C. Azaña
Office/Designation	Director, Administrative Office
Telephone/Email Address	527-4518
Name	Edna V. Barrida
Office/Designation	OIC-Director, Financial Service
Telephone/Email Address	527-4577/09178853362
Name	Ricardo R. Belmonte
Office/Designation	District Collector, Cebu
Telephone/Email Address	911-2105
Name	Rene M. Benavides
Office/Designation	Deputy Collector, Assessment, Batangas
Telephone/Email Address	09176671032/belbenavides08@yahoo.com
Name	Raymund P. Cabigon
Office/Designation	Chief, WID
Telephone/Email Address	527-4554
Name	Wilnora L. Cawile
Office/Designation	IICO- Office of the Commissioner
Telephone/Email Address	527-4526
Name	Ramon G. Cuyco
Office/Designation	Port Operations Service (POS)
Telephone/Email Address	09165951868/mon629cuyco@yahoo.com
Name	James F. Enriquez
Office/Designation	Chief of Staff, Office of the Commissioner
Telephone/Email Address	09062562827
Name	Nomie V. Gonzales
Office/Designation	Chief, SMD
Telephone/Email Address	
Name	Erlinda P. Lazaro
Office/Designation	Chief, HRMD
Telephone/Email Address	09183767268
Name	Rolando T. Ligon
Office/Designation	Director, PEAG
Telephone/Email Address	

Name	Liwayway T. Mendoza
Office/Designation	Accounting Director III
Telephone/Email Address	
Name	Filemon L. Mendoza Jr.
Office/Designation	Deputy Collector, Operations
Telephone/Email Address	09178499606
Name	Adelina S.E. Molina
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Telephone/Email Address	09173837973/slvry299@yahoo.com
Name	Horacio P. Suansing Jr.
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Telephone/Email Address	09274629324
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Office/Designation	Director, Legal Service
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Name	Rogelio V. Villagarcia
Office/Designation	FED Chief, MICP
Telephone/Email Address	billyvillagarcia@yahoo.com

Appendix 2: Workshop Schedule

Time	Day 1	Day 2	Day 3	Day 4
8:30-10:30	Introductions Overview Framework Setting expectations and the learning climate	Performance measures dictionary (continuation)	Kumustahan Firming up strategy map and performance measures	PMIS
10:30-12:00	PMS, Balanced Scorecard Framework, and Strategy Map			Collection Memorandum Order
1:00-3:30	Performance measures dictionary	Rewards Framework	PMS Process Map	Re-Entry, Cascade, Communication Plan
3:30-5:00				
5:00-5:30	Synthesis	Synthesis	Synthesis	Synthesis

Annex 1

Overview of the PMS

Overview of Office Performance Management System

Bureau of Customs
September 18-19, 2006
September 25-26, 2006

Opening Ceremony

- Opening Prayer
- Introduction of Participants

GTKY a Little Better...

What kind of a
planner
are you?



Feeling

Thinking

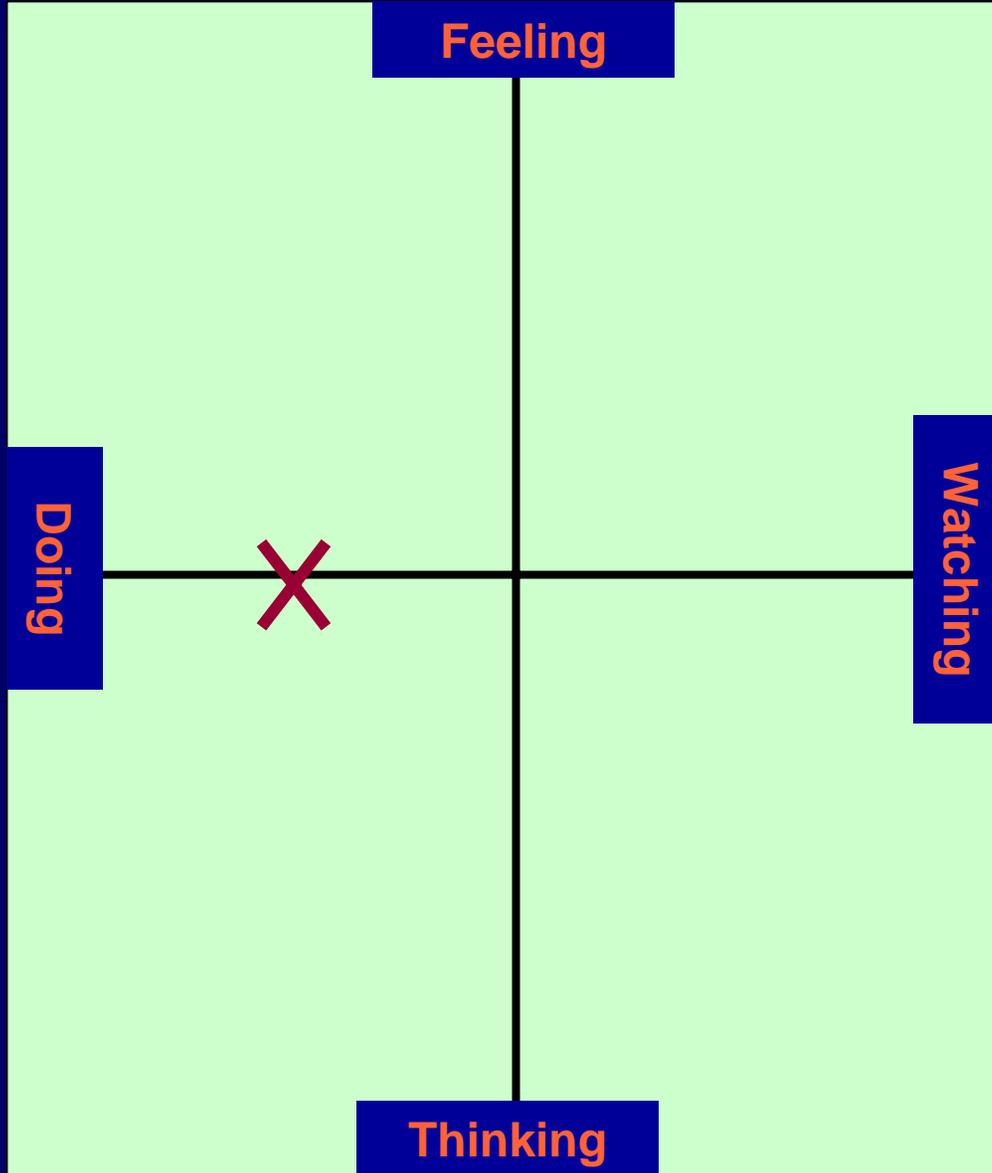


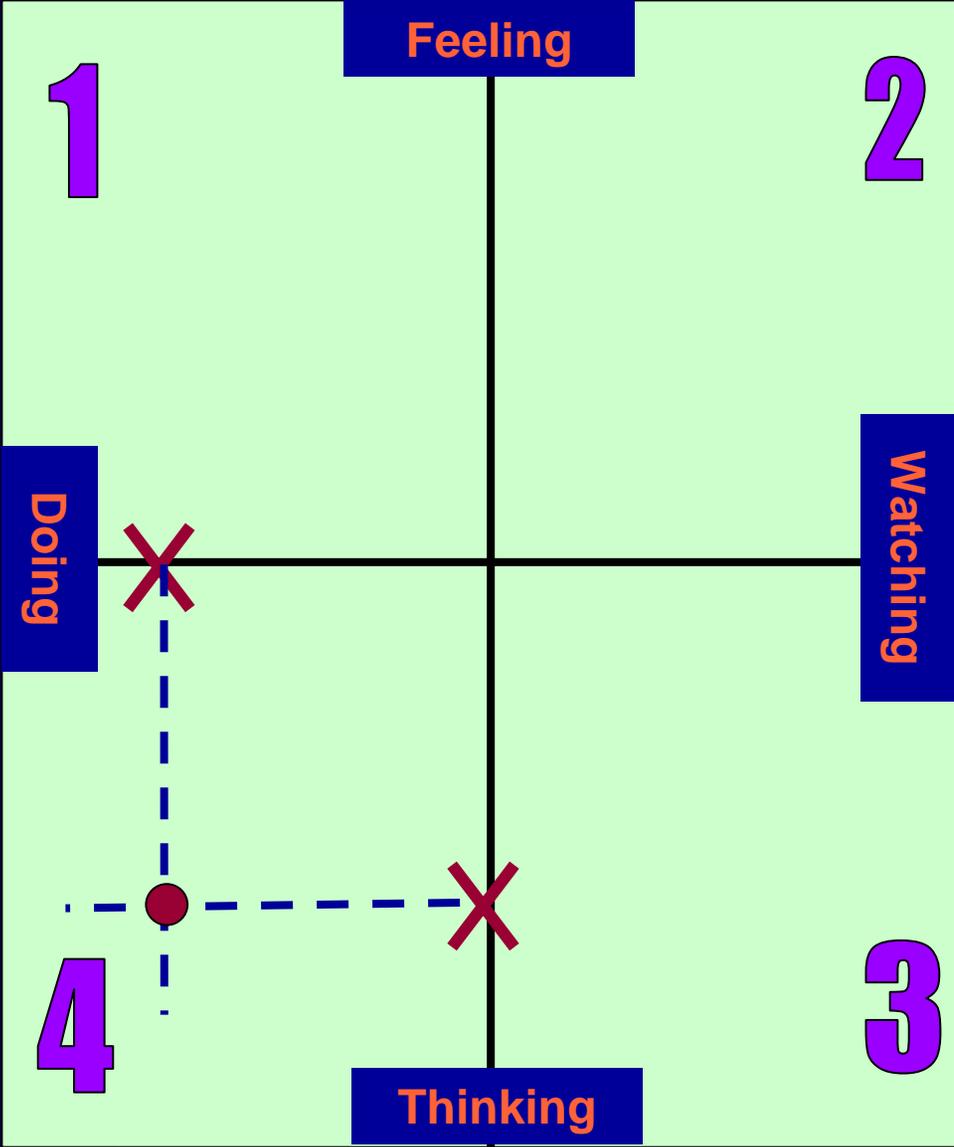
Feeling

Watching

Thinking

Doing





In your group...

Common Characteristics

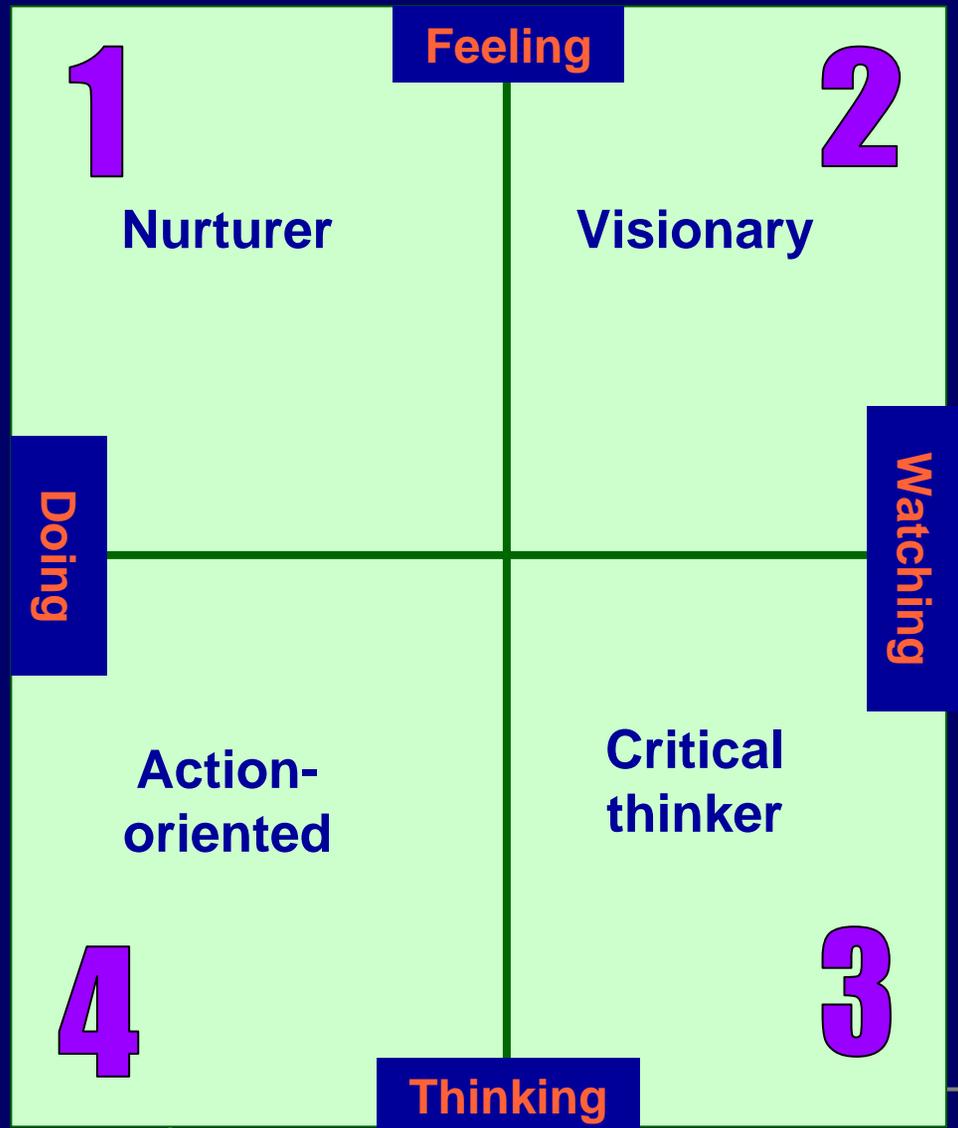
**Expectations
from the
Workshop**

**Suggested
Workshop
Norms**

Group Name:

Members:

Change Management Styles



Nurturer



- The driving force in an organization for creating a sense of team
- Focuses on collaboration and teamwork
- Process-oriented

Visionary

- Creative thinkers; stimulates out of the box thinking
- Invites us to look at the big picture and see what is possible in the future
- Encourages us to break old patterns and habits



Critical thinkers

- Introspective, rational, inquisitive
- Tough minded critics and analysts
- Tests reality through a commitment to data- based problem solving

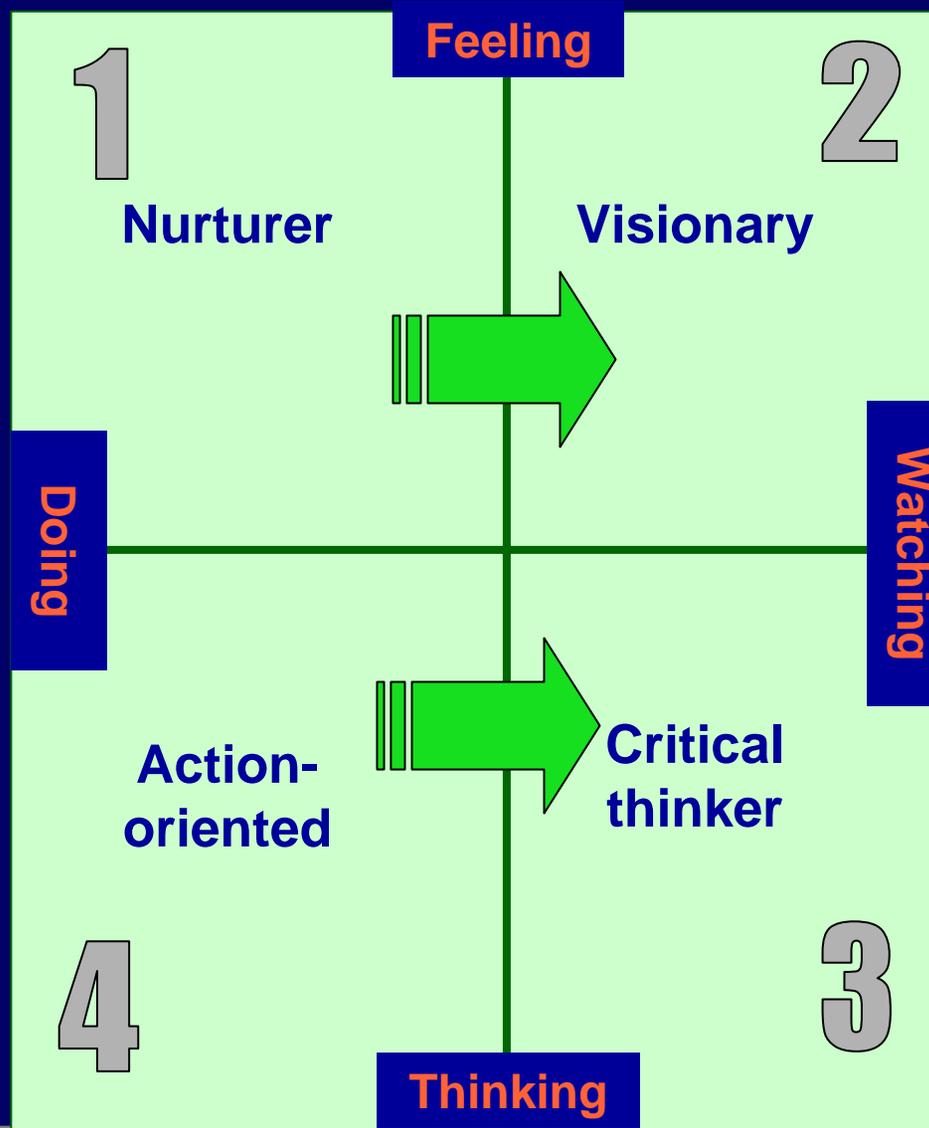


Action-oriented

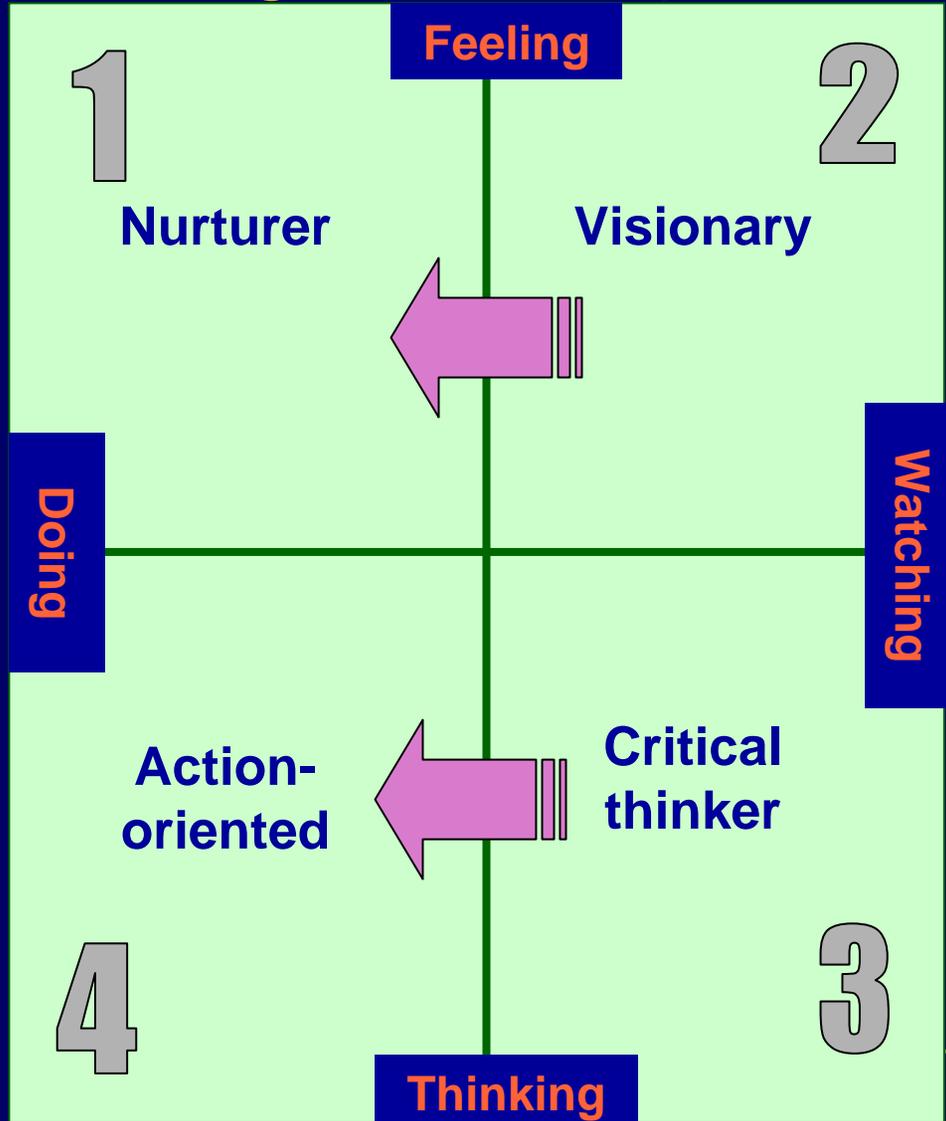
- Makes things happen
- Organizes work towards the completion of a task
- Takes charge, initiates, leads by doing



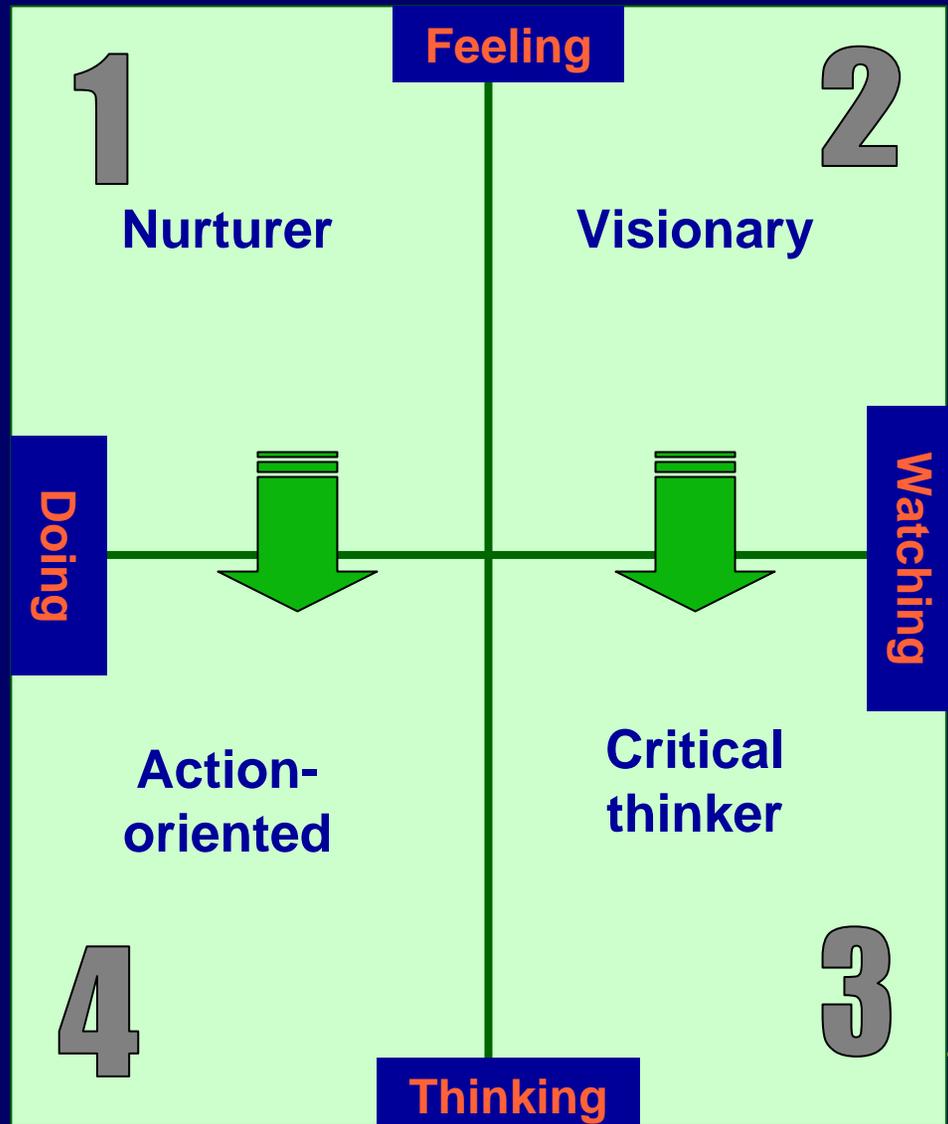
Planning Styles: Moving to other quadrants



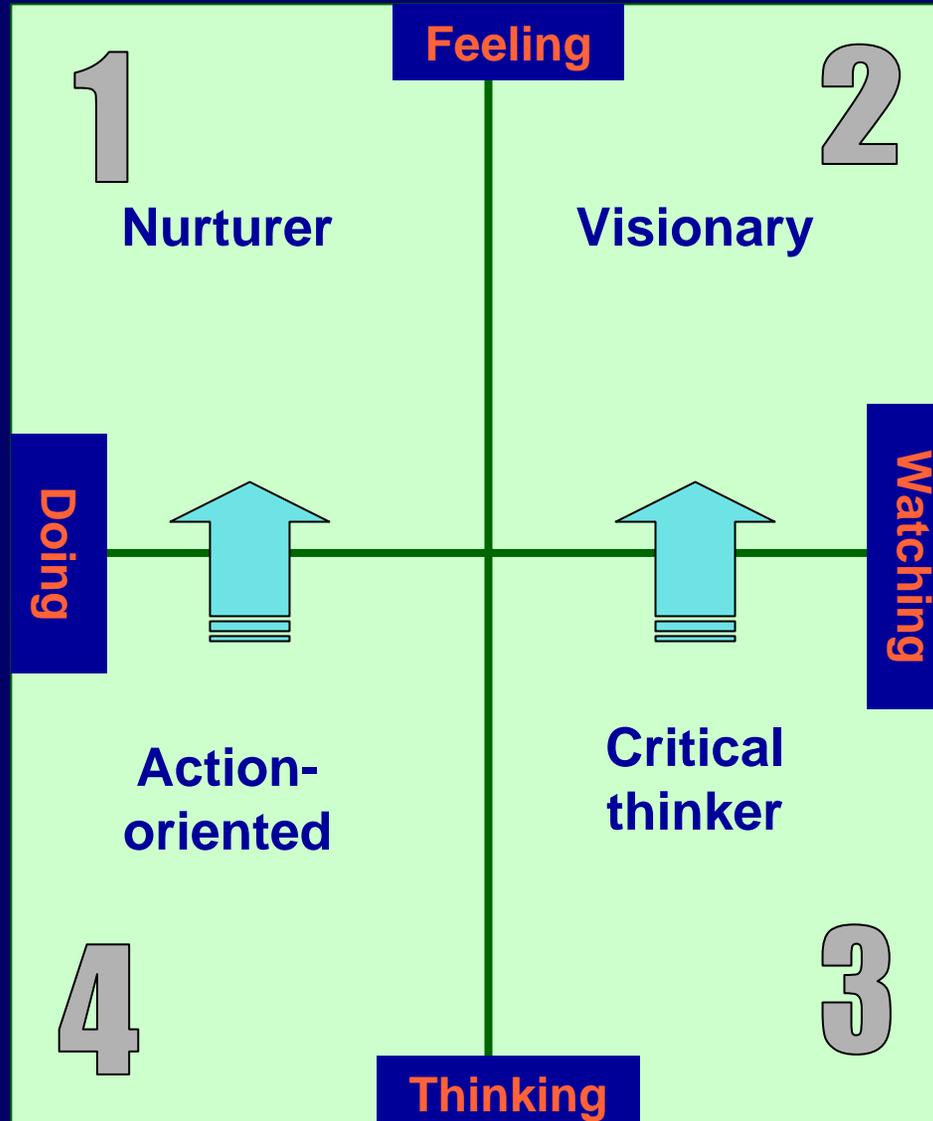
Planning Styles: Moving to other quadrants



Planning Styles: Moving to other quadrants



Planning Styles: Moving to other quadrants



Workshop Objectives

At the end of the 1st 2-day workshop, we must be able to:

- Explain the basic concepts and tools of Office Performance Management System;
 - Alignment tools:
 - Strategy Map
 - Performance measures dictionary
 - Office templates and contracts
 - PMS cycle: Target setting, guiding and coaching, evaluating and rewarding

Workshop Objectives

At the end of the 1st 2-day workshop, we must be able to

- Complete the 1st draft of the BOC Strategy Map and Performance Measures Dictionary
- Complete the 1st draft of Office Performance Templates for priority offices

Workshop Objectives

At the end of the 2nd 2-day workshop, we must be able to:

- Explain other basic concepts and tools of the PMS
 - Sustainability tools:
 - Process map
 - Performance measurement information system (PMIS)
 - Revenue memorandum order

Workshop Objectives

At the end of the 2nd 2-day workshop, we must be able to:

- Firm-up our strategy map, performance measures dictionary, office templates
- Formulate our PMS Process map
- Identify the basic elements of the RMO of the PMS
- Identify the elements of the PMIS

Workshop Schedule

Time	Day 1	Day 2
8:30 – 10:30	<ul style="list-style-type: none">▪ Introductions▪ Overviews▪ Framework▪ Setting expectations and the learning climate	<ul style="list-style-type: none">▪ Performance measures dictionary continuation
10:30 – 12:00	<ul style="list-style-type: none">▪ PMS, Balanced Scorecard Framework, and Strategy Map	
1:00 – 3:30	<ul style="list-style-type: none">▪ Performance measures dictionary	<ul style="list-style-type: none">▪ Rewards framework
3:30-5:00		
5-5:30	<ul style="list-style-type: none">▪ Synthesis	<ul style="list-style-type: none">▪ Synthesis

Workshop Schedule

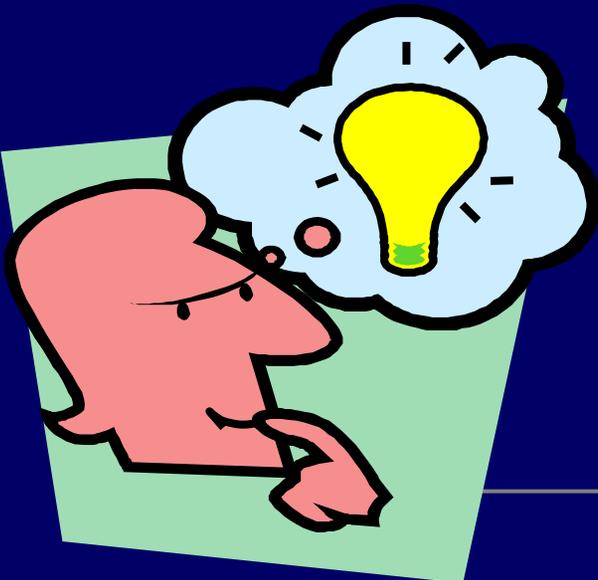
Time	Day 3	Day 4
8:30 – 10:30	<ul style="list-style-type: none">▪ Kumustahan▪ Firming up strategy map and performance measures	<ul style="list-style-type: none">▪ PMIS
10:30 – 12:00		<ul style="list-style-type: none">▪ Collection Memorandum Order
1:00 – 3:30	<ul style="list-style-type: none">▪ PMS Process map	<ul style="list-style-type: none">▪ Re-entry/ Cascade/ Communication plan
3:30-5:00		
5-5:30	<ul style="list-style-type: none">▪ Synthesis	<ul style="list-style-type: none">▪ Synthesis

I hear and I forget...

I see and I remember...

I do and I understand!

- A Chinese proverb



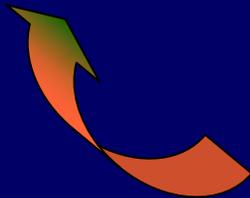
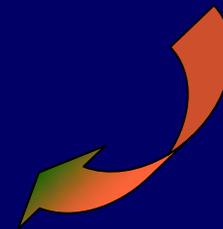
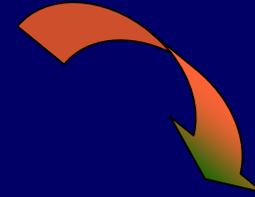
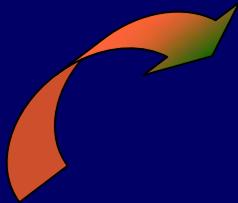
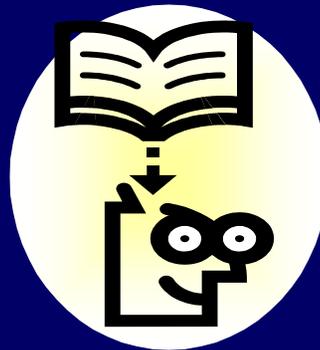
Experiential Learning Cycle

Experiencing
(Concrete Experience)

Applying/Testing
(Active Experimentation)

Interpreting/Reflecting
(Reflective Observation)

Generalizing
(Abstract Conceptualization)



Inductive Approach

- Start with an experience/games, examine and reflect on that experience, draw generalizations and insights, then move into the arena of action



Deductive Approach

- Start with accepted principles and generalizations then draw possible applications



Expectations from the learner

The workshop will thus provide learning opportunities, e.g. concepts, tools, activities and triggers; but ultimately, it will be you who will make learning happen by completing the outputs and generating results and impact in your workplace!

Some Session Norms

- Maximize your time here...
 - ⇒ Share relevant ideas
 - ⇒ Collaborate
 - ⇒ Produce the required outputs
 - ⇒ Build on the ideas of others



Some Session Norms

- Respect others
 - ⇒ Observe time
 - ⇒ Minimize distractions
 - ⇒ Avoid stalling the discussions



Some session norms

- Casual
 - Casual, comfortable wear
 - Lets call each other by our first name!

Parking Lot

- ❖ Questions/Issues that can be answered in later sessions
- ❖ Questions/Issues that can not be answered during the sessions
- ❖ Questions/Issues that you do not want to raise during plenary sessions





Be **H**ere Now.

Be **O**ne Hundred Percent!



Be a **T**eamplayer!



To prepare for this workshop, let us share with you a story that is said to be often used by Bruce Lee in teaching his students the art of learning...

A man had studied martial arts for many years when he decided to seek the tutelage of the great Master to perfect his craft. Meeting with the Master for the first time, he told the old man of all his accomplishments and knowledge, leaving hardly a space for the Master to respond.



The Master got up and gathered cups and a pot of tea. The Master began to pour the tea, starting with his guest's cup, while the man continued talking of all he had learned, hoping to impress the teacher with his skill and understanding.



The Master poured tea very slowly, and kept going even when the liquid reached the top of the cup. At first the student didn't say anything, but when the tea began to cover the whole tray he couldn't stand it any longer.

"The cup is overflowing. You must stop pouring!"



The Master observed, "This cup is like you. You are so full of the knowledge you have gained, you don't have room for any more."

"If I am to teach you anything, you must first empty your cup".



This is therefore an invitation to empty your cup as we walk you through the journey of installing an office performance management system within your institutions...



The Parable of the Tea Cup

A cup cannot
be filled unless
emptied first...

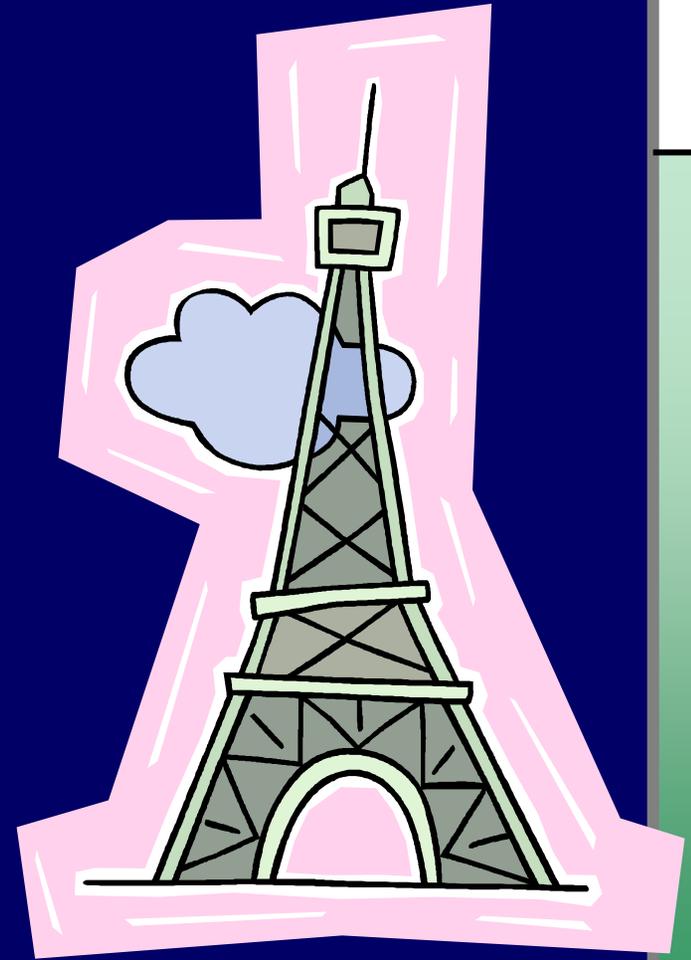




Have Fun!

Activity

Tower building



Activity

- Divide into 3 groups.
- Instruction: Make a tall and strong tower
- Time: 5 minutes



Activity

- Make the tower taller by moving blocks one at a time using only one hand.
- Time: 5 minutes



Activity

- What help or did not help in making the tower taller?
- What do you think this activity tells us about organizations?



Office Performance Management System

Balanced Scorecard Approach

- Looks at organizations as systems

Balanced Scorecard



Balanced Scorecard

- What is the Balanced Scorecard (BSC)?
 - Developed by Robert Kaplan and David Norton of Harvard in 1990
- Enables organizations to clarify their mission/vision and strategy and translate them into action.

Balanced Scorecard

- Provides a new way of measuring organizational performance:
Views organizational performance from multiple perspectives.
- Provides a foundation for measuring and managing the value created by other facets of an organization:
intangible assets such as employees, processes and systems, customer relationships.

BSC Continuum: Alignment tool



Collection target achieved, Satisfied stakeholders,
Efficient processes, Skilled workers

Strategic Outcomes

BSC Basics: Strategy Map

- It is a visual presentation of an organization's strategy towards the attainment of its mission and vision;
- It shows the alignment of an organization's objectives with its mission , vision and strategy (ies).

BSC Basics: Strategy Map

- It shows the cause and effect relationships among objectives.

BSC Basics

Terminology and Concepts

- Strategy map
 - Mission
 - Vision
 - Strategy
 - Perspectives
 - Objectives
 - Cause –effect relationships

Building blocks

Building Blocks of a Strategy Map

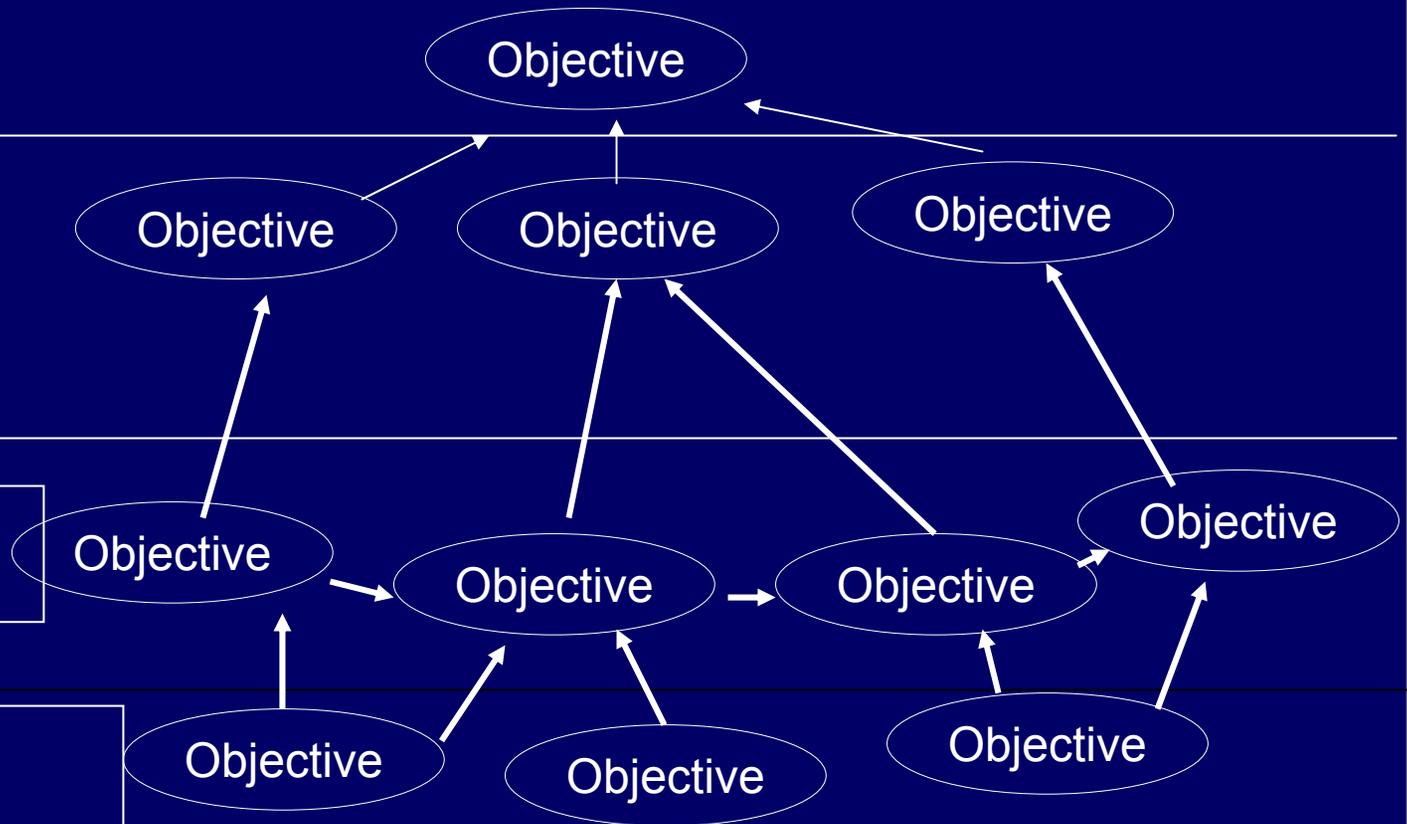
Mission/ Vision/ Strategy

Financial

Customer

Internal
Processes

Learning and
Growth



Strategy map template

BSC Basics

Mission

- A concise, internally focused statement of the reason for the organization's existence
- Describes how the organization expects to compete and create value to customers

BSC Basics: Mission

- Captures the core purpose of the organization and its contribution to society;
 - Who are we?
 - What do we do?
 - For whom do we do it?
 - Why do we do what we do?

BSC Basics

Mission

- Example: Mission statement of St. Scholastica's College
 - **We are a Benedictine Women's College** committed to providing a holistic, liberal arts and professional education steeped in academic excellence to mold our students into critically aware, socially responsible and globally competitive agents of change in the task of building a just and equitable society.

Mission Statement of BOC

- Maximize collection of government revenues
- Facilitate trade and commerce
- Prevent smuggling and enforce compliance with existing laws, rules and regulations on customs and tariff
- Implement international commitments on customs and trade

Mission statement of BOC

- Safeguard the general public/environment against the entry of hazardous and harmful materials and substances
- Support industry and work in partnership with the private sector to promote business in the country

Activity: Mission

Revisit your mission statement.

- Do we have all the elements of a mission statement?
- What are the elements present?
Missing?

BSC Basics

Vision

- A concise, compelling statement that defines the mid to long term goals of the organization.
- Expresses how the organization wants to be perceived in 5- 10 years

BSC Basics

Vision

- Example of a vision statement: BIR

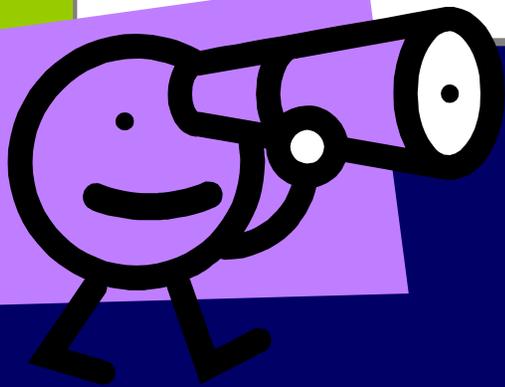
BSC Basics

Vision

- Example : Vision statement of Ateneo
 - The Ateneo envisions ideal graduates who are person for others committed to the building of an ideal society that is characterized by Service, Justice and Faith.

Activity: Vision

- ▶ Revisit/Evaluate the BOC vision statement.



BSC Basics Strategy

- Represents broad priorities or areas of focus adopted by an organization to achieve its mission or overall goal/purpose
- Is the approach used to accomplish mission and implement the organization's vision

BSC Basics Strategy

□ Example: LGU context

Mission/ Vision:
Improve the plight
of the province

Coastal resource
management

Eco-tourism

Agriculture

BSC Basics Strategy

Example: BIR

Improve taxpayer
assistance

Improve taxpayer assessment
and enforcement

Improve taxpayer base

Mission/ Vision:
Exceed collection
targets.

Activity: Strategy

- Revisit/Identify the BOC strategies, change agenda or development thrusts
- What are the core strategies of BOC?

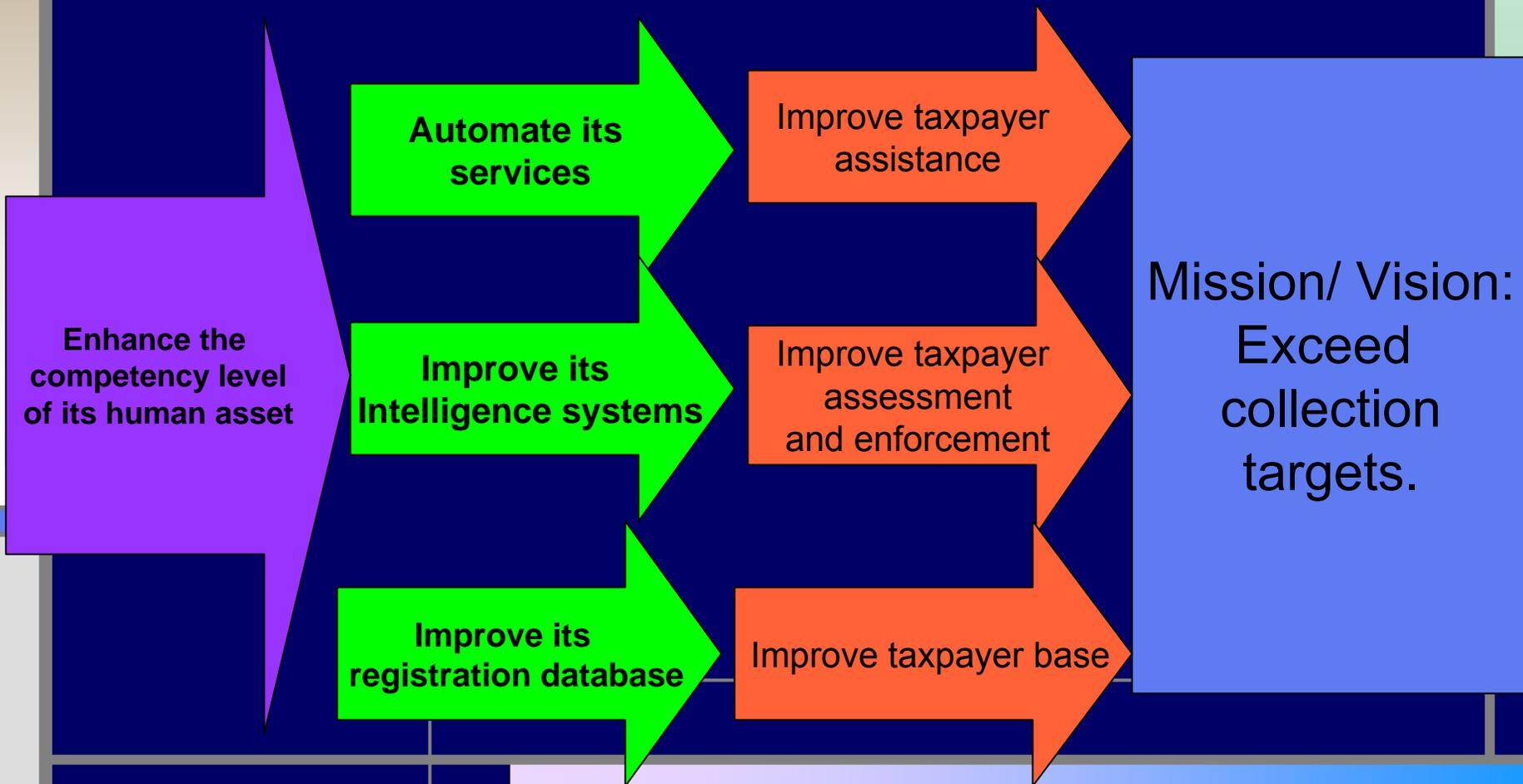
BSC Basics Strategy

□ Example: BIR

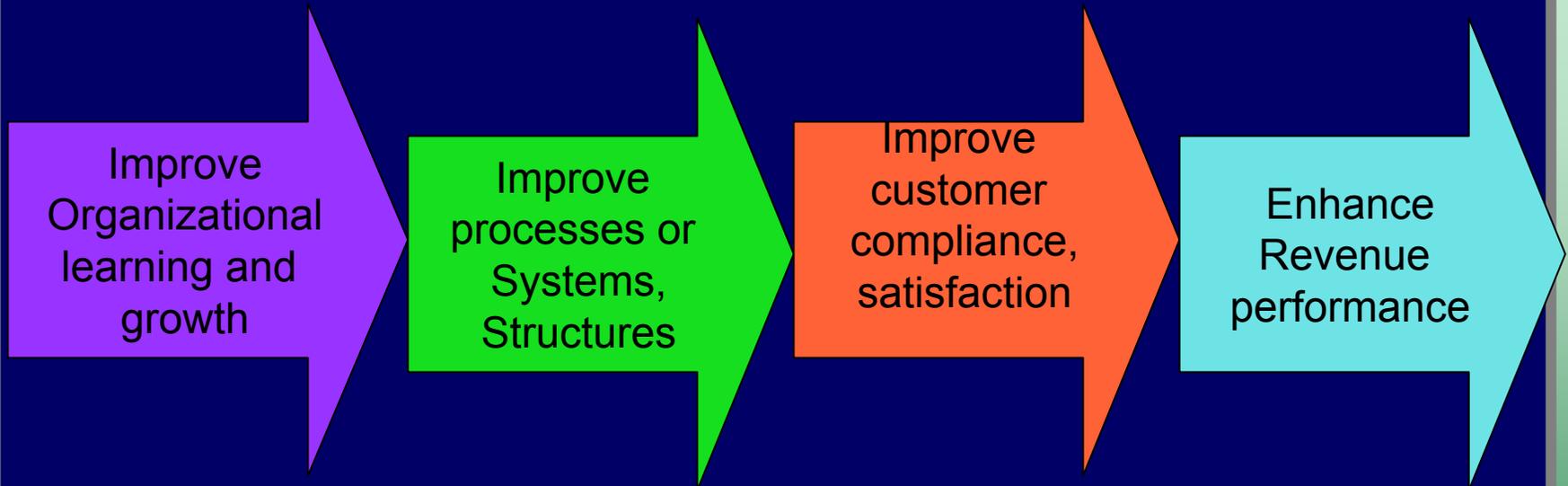


BSC Basics Strategy

□ Example: BIR



Strategy map direction



The BIR Strategy Map

Financial

1. Enhance collection targets

Taxpayer

2. Improve taxpayer satisfaction

3. Improve taxpayer compliance

4. Improve taxpayer base

Process

5.1 Improve Assistance Process

5.2 Improve Compliance and Enforcement Process

5.3 Improve the integrity/ accuracy of taxpayer registration database

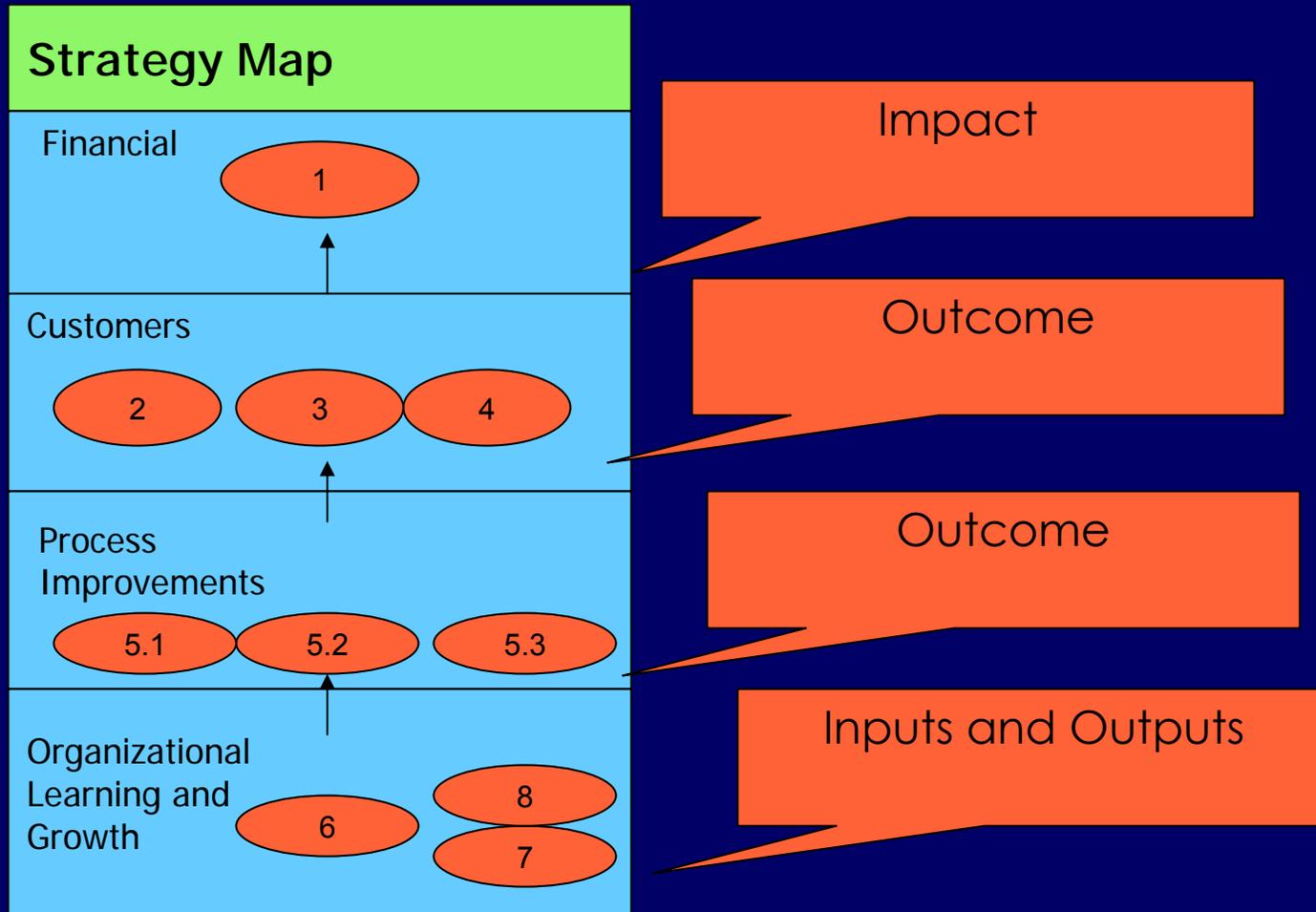
Organization and People

6. . Improve knowledge management

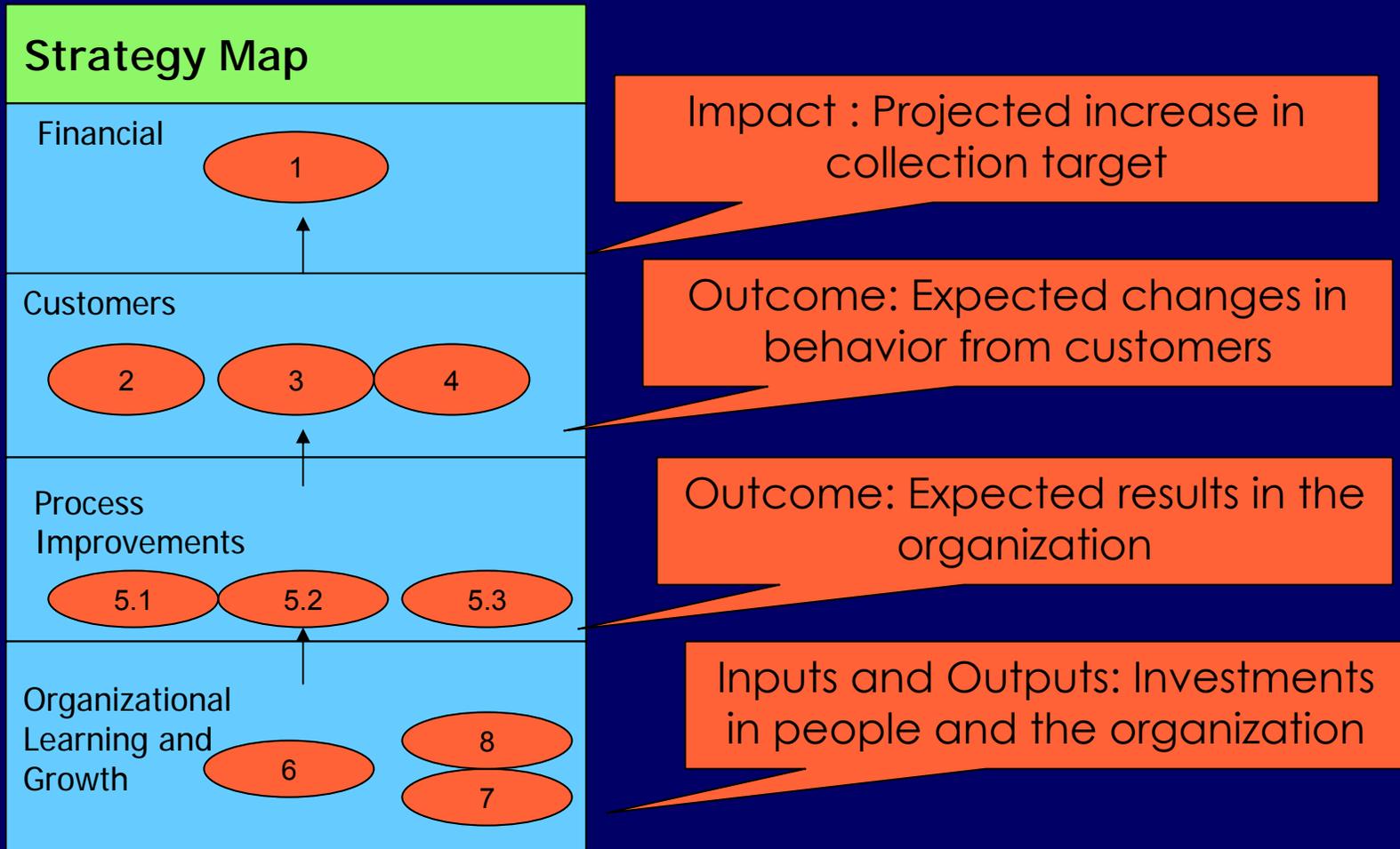
7. Improve integrity, professionalism, competence & satisfaction of human resources

8. Rationalize budget

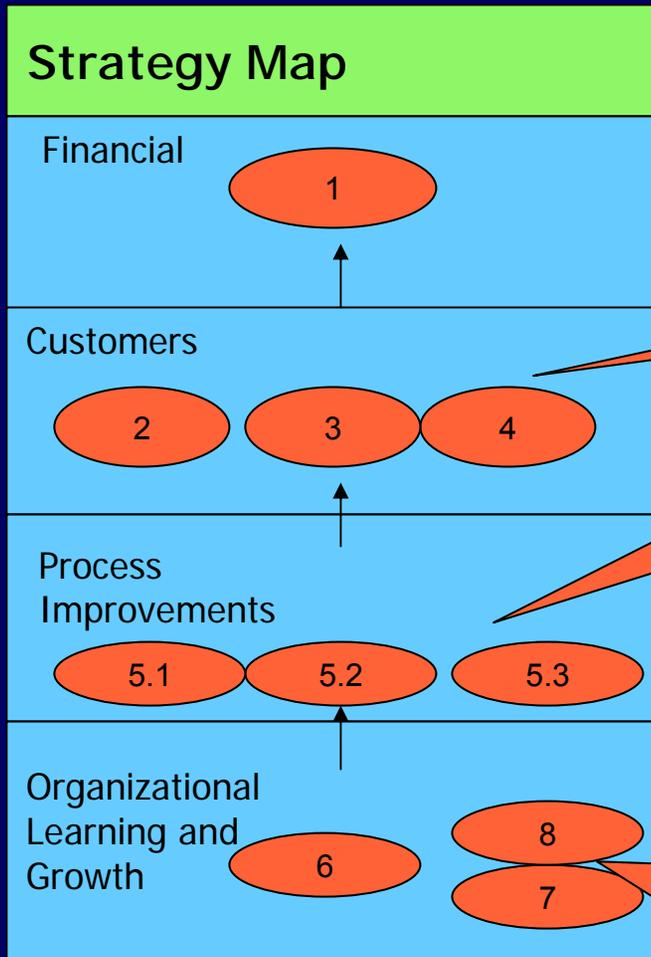
Strategy map



Strategy map



Strategy map and Office Performance Contract



Impact: Enhance Revenue collections

Outcome: Increase individual and corporate returns

Outcome: Increase the number of RATE cases filed with the DOJ.

Inputs and Outputs:
1. Improve the quality of cases at the Regional and National levels;
2. Install a ladderized certification courses on investigation, case documentation, fraud examination, Internal audit.

Ensuring cause-effect relationships.

- Linking objectives on the strategy map
- Showing relationships among objectives
- Tells the story

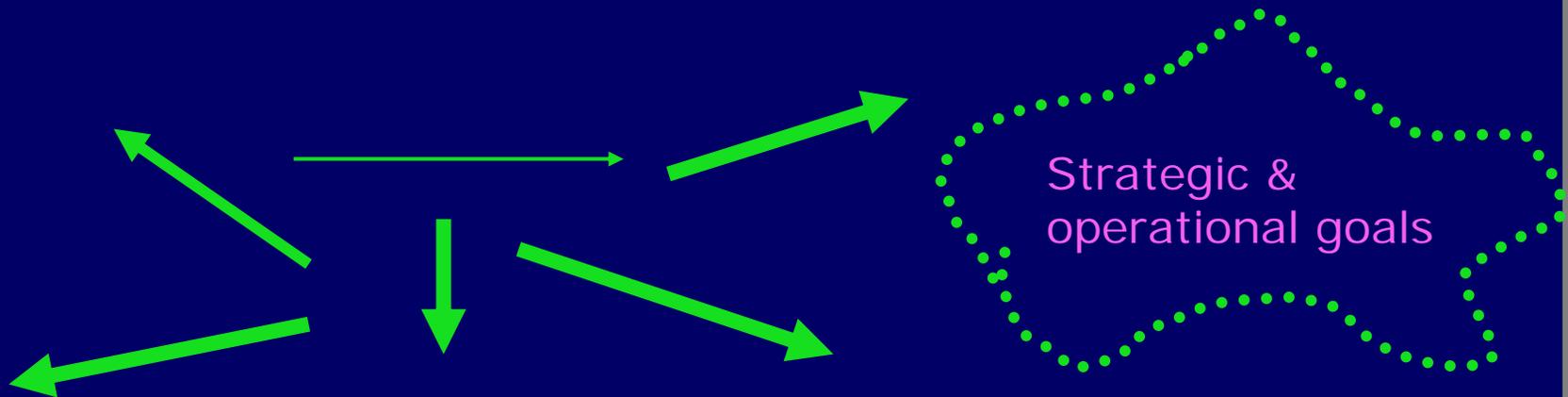
Evaluating the Strategy Map

- Is the cause-and-effect logic in the map complete? Are all the necessary elements to tell our story accounted for?
- Is the logic reflected in the map theoretically sound? Do all the elements fit together logically?
- Will the objectives outlined on the map lead to the effective execution of our strategy?
- Does the map represent balance in our efforts to achieve our vision?

The story of alignment

1. Reacting to problems

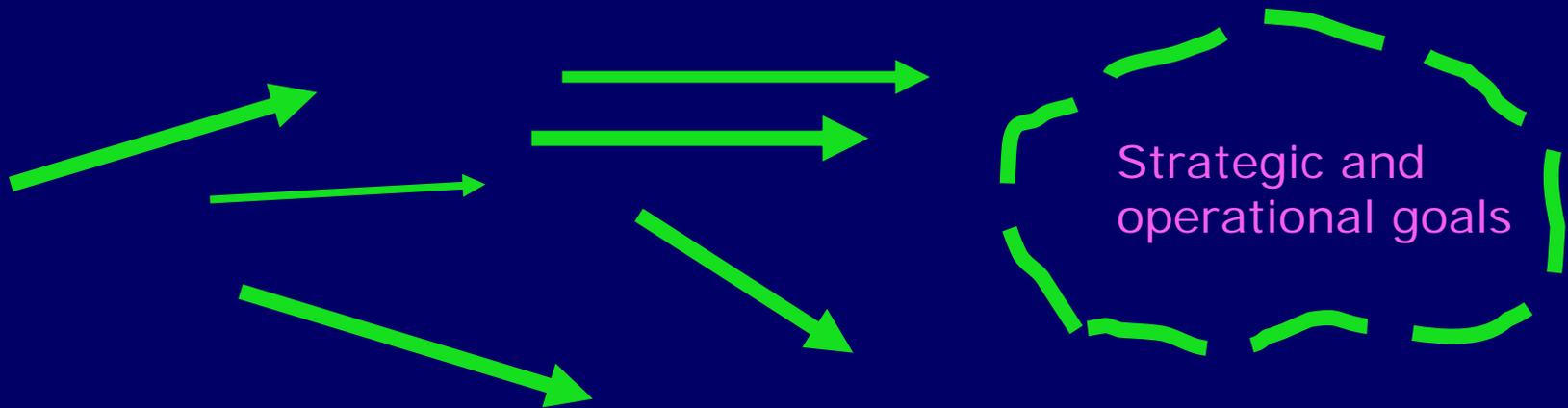
- Operations are characterized by activities, rather than by processes and systems
- Responsive to problems doing a lot of firefighting activities



The story of alignment

2. Early systematic approaches

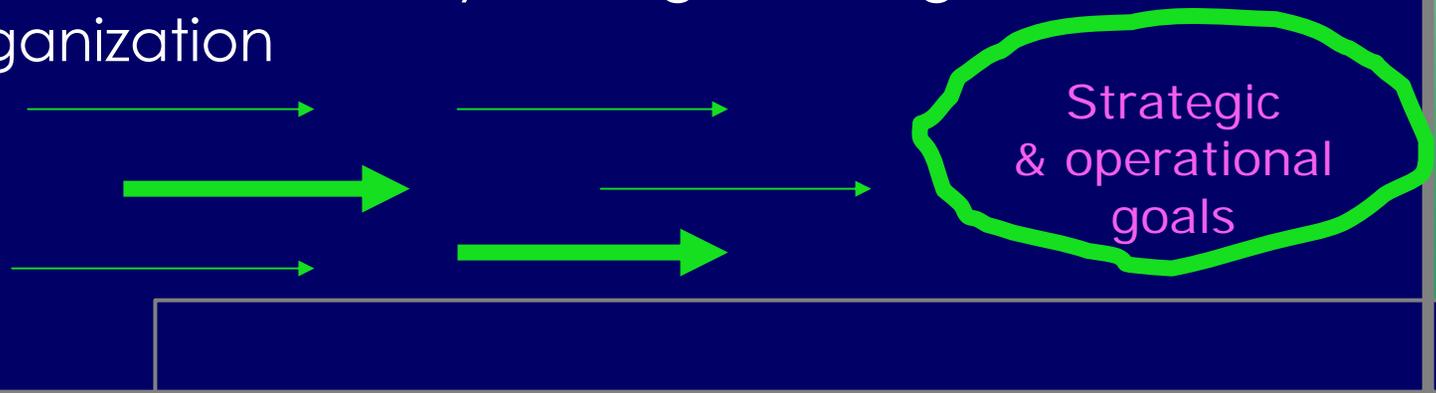
- Beginning stages of conducting operations by processes with repeatability, monitoring, evaluation and continuous improvement
- Strategy and goals are being defined.



The story of alignment

3. Continuous Improvement Approaches

- A fact-based systematic monitoring, evaluation and improvement process is in place for improving the efficiency and effectiveness of key processes
- Learning is shared and with coordination among organizational units
- Process address key strategies and goals of the organization



The story of alignment

4. Integrated Approaches

- Operations are characterized by processes that are repeatable and regularly evaluated for change and improvement
- Efficiency across units are achieved through monitoring, evaluation, analysis, innovation, sharing, benchmarking.
- Process and measures track progress on key strategic and operational goals.



Annex 2

Orientation on the PMS

Overview of the Office Performance Management System

Bureau of Customs
September 18-19, 2006
September 25-26, 2006

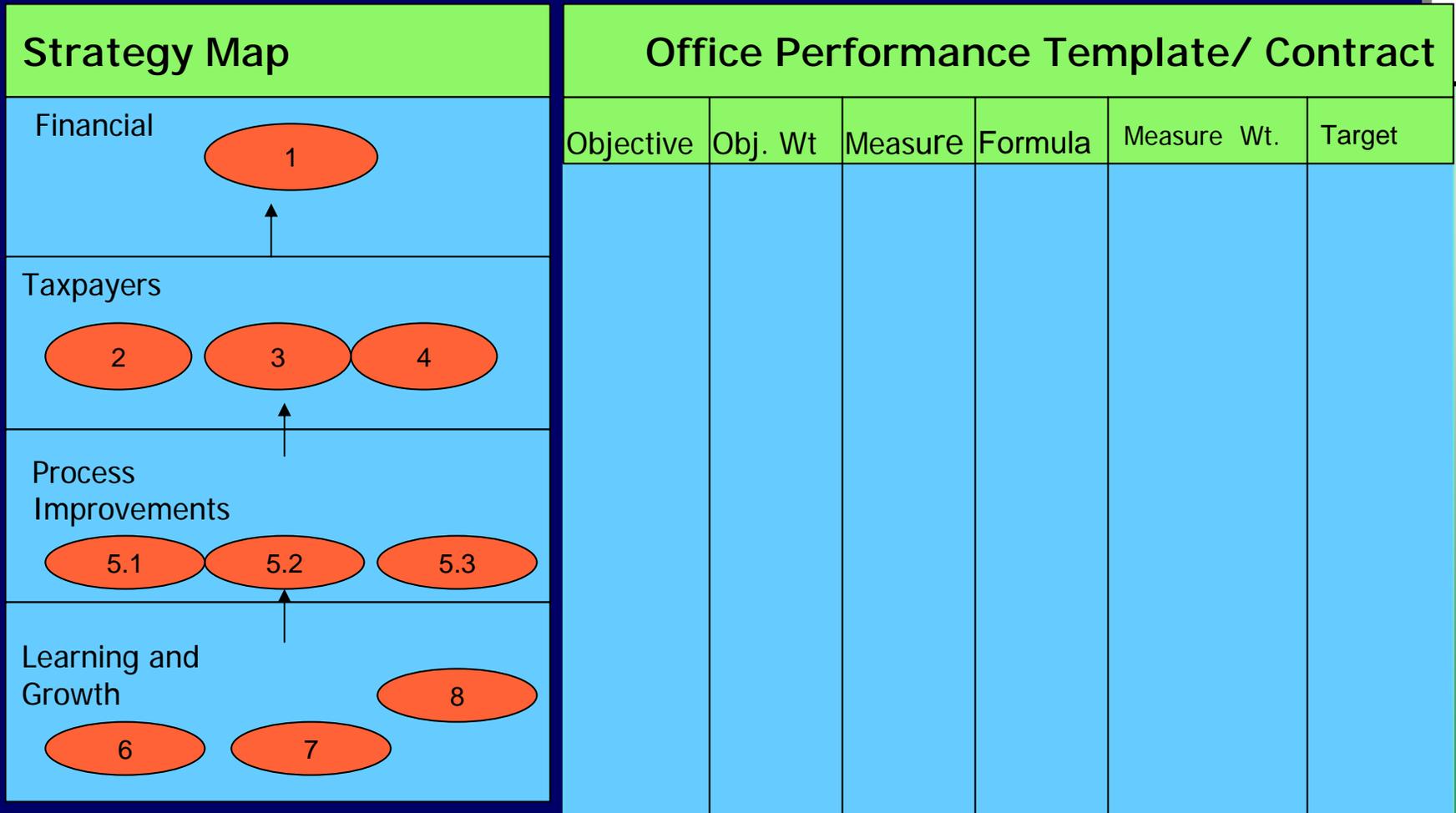
Activity

- Divide into 2 groups
 - Group 1: Build the top of the tower
 - Group 2: Build the base of the tower

Analysis

- What went well?
- What did not go so well?

Strategy map and Office Performance Contract



Objectives

- Identify and prioritize performance measures for BOC Offices 2006?
- Determine the formula of the measures
- Identify the target, data source, measure owner and rating scheme per measure

Selecting priority measures

■ Process:

- Agree on criteria for selecting measures;
- Identify priority measures for 2006 based on pre-agreed criteria;
- Identify targets, rating scheme, data source and measure owner for priority measures for 2006;
- Assign weights to prioritized performance measures for 2006.

Performance Contract

- *Column 1: Objectives derived from the strategy map*
- An objective is a phrase stating a desired result.
- The objectives are also derived from our Strategy Map.

Performance Contract

- *Column 2: Objective weight*
 - Reflect the level of importance of the objective in the attainment of the overall mandate of the BOC.
 - Total weight across objectives should sum up to 100%.

Performance Contract

- *Column 3: Measure*
 - Elaboration of the objectives
 - Indicate whether the objective is attained;
 - Expressed in terms of quantity, quality, timeliness and/or cost

Performance Contract

- *Column 4: Formula*
 - The operational definition of the measure

Performance Contracts

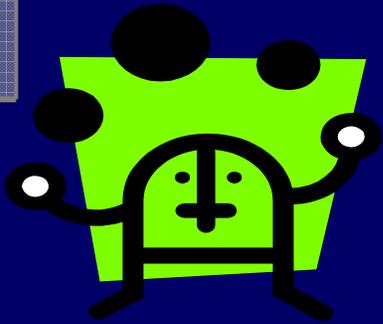
- *Column 5: Measure weight*
 - Reflect the relative importance of the measure vis -a-vis the attainment of the objective.
 - Total weight assignment across measures per objective should sum up to 100%

Performance contract

■ *Column 6:Target*

- Describes the desired/ expected level of performance required for each measure
- It is the standard to which actual performance or accomplishment will be compared to determine performance ratings.
- Numeric representation of desired results of a performance measure

Activity



Measures of a year

Seasons of Love



Five hundred twenty five thousand and six hundred
minutes

Five hundred twenty five thousand moments so
dear

Five hundred twenty five thousand six hundred
minutes

How do you measure, measure a year?

In daylight, sunsets, in midnights, in cups of
coffee

In inches, in miles, in laughter, in strive,
In five hundred twenty five thousand six
hundred minutes

How do you measure a year in the life

Chorus

How about love
How about love
How about love
Measure in love
Seasons of love
Seasons of love

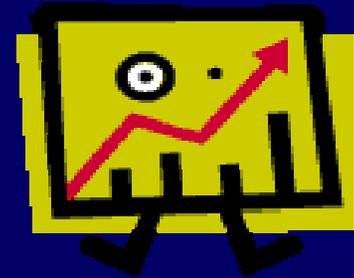
Five hundred twenty five
thousand six hundred
minutes

Five hundred twenty five
thousand journeys to plan
Five hundred twenty five
thousand six hundred
minutes

How do you measure the
life of a woman or a man

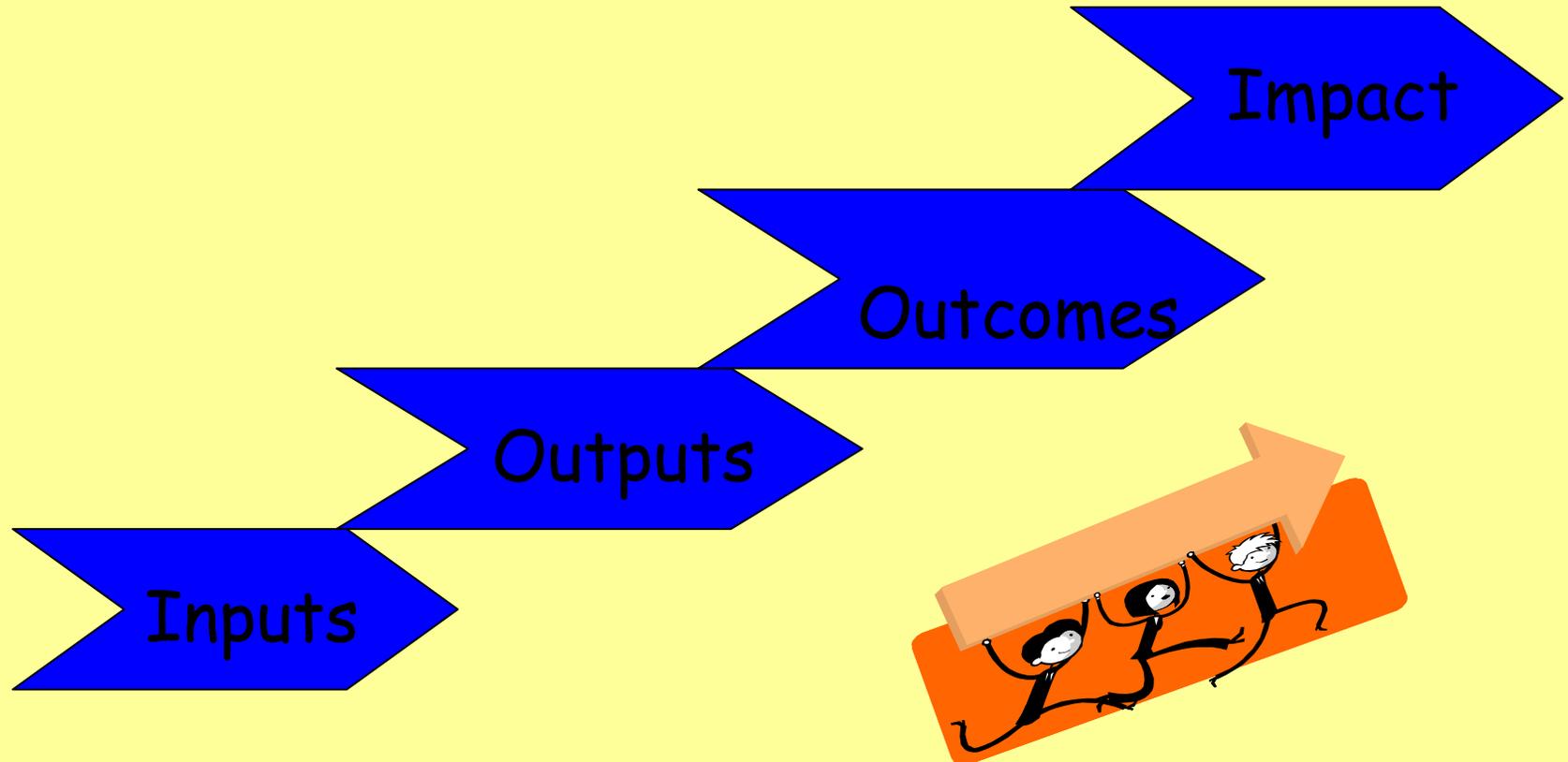
In truth that she learned
Or in times that he cried
In the bridges she burned
Or the way that he died
Its time now to sing out
Though the story never ends
Lets celebrate remember a
year
In the life of friends.

Challenge:

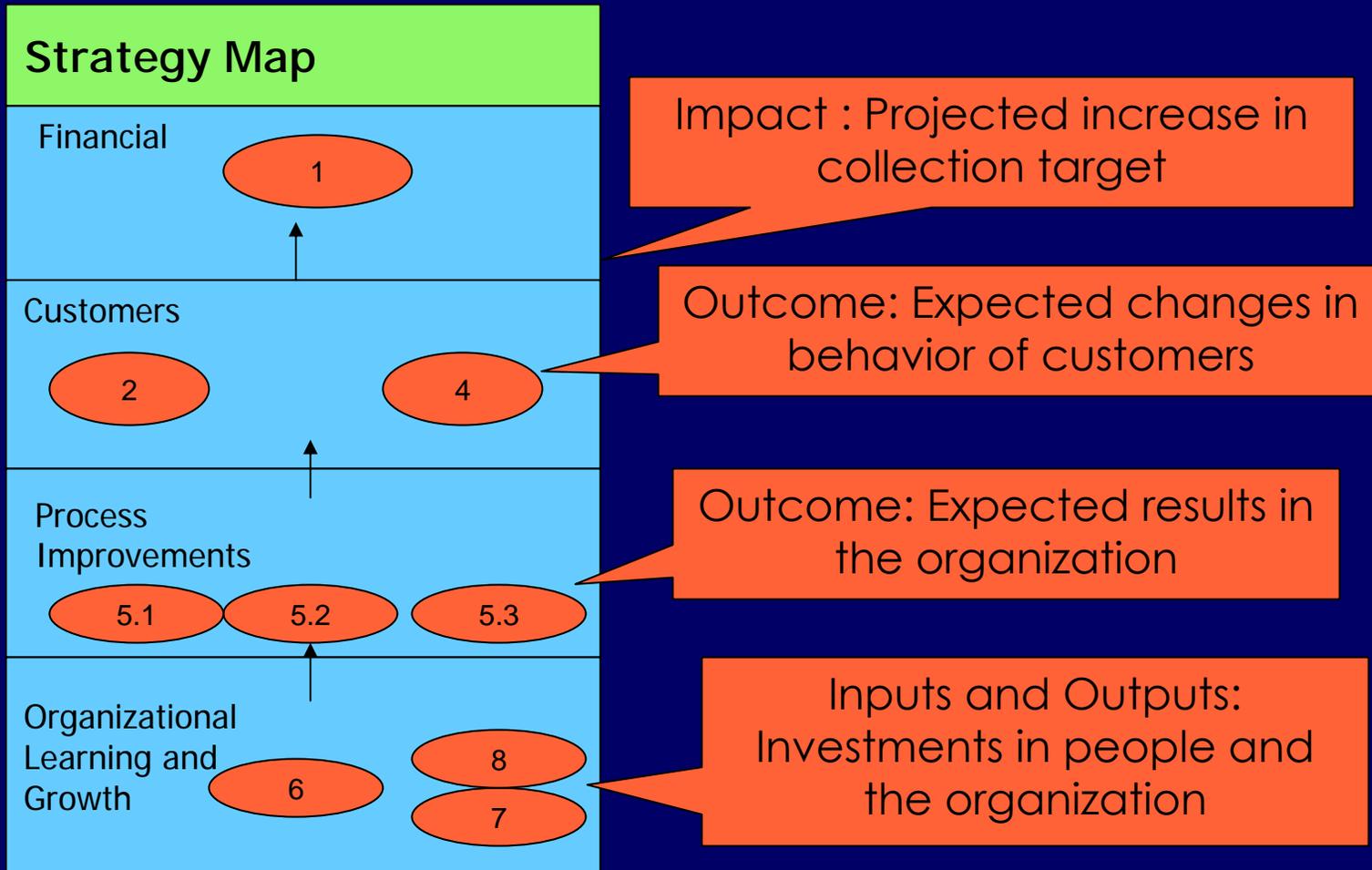


Finding the relevant measures

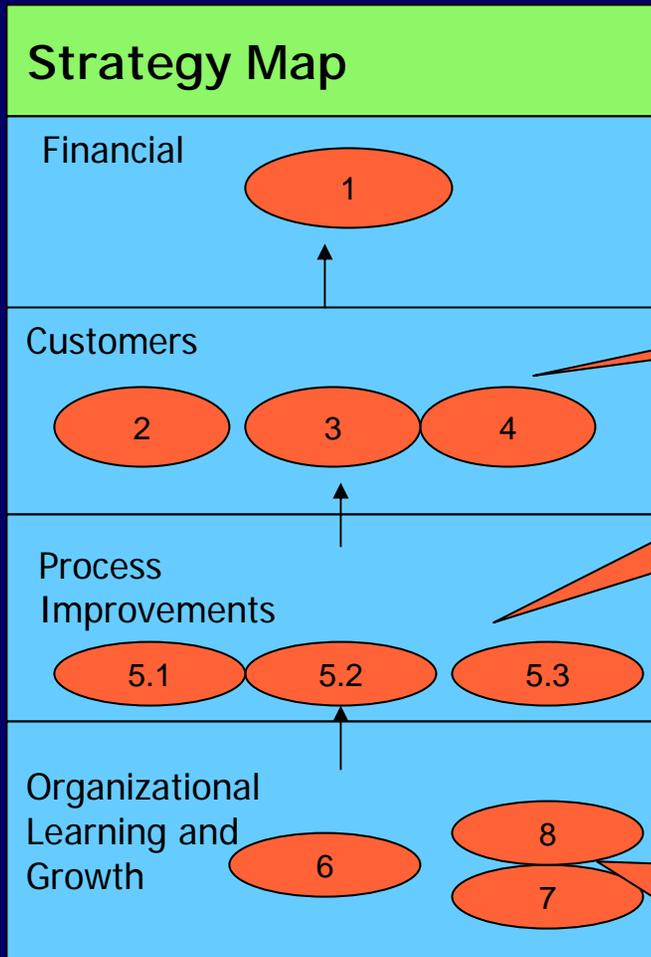
Levels of Measures



Strategy map



Strategy map and Office Performance Contract



Impact: Enhance Revenue collections

Outcome: Increase individual and corporate returns

Outcome: Increase the number of RATE cases filed with the DOJ.

Inputs and Outputs:

1. Improve the quality of cases at the Regional and National levels;
2. Install a ladderized certification courses on investigation, case documentation, fraud examination, Internal audit.

Input measures

Advantage

- Simple to measure

Disadvantages

- Limited information for decision making and analysis of results

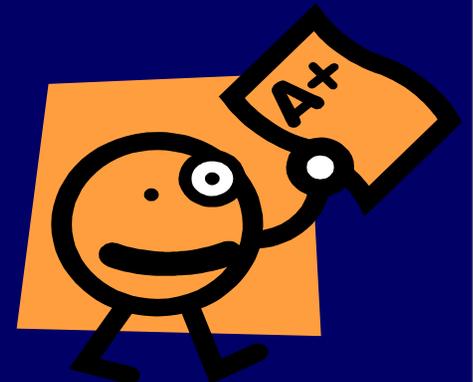


Input measures

- Measures at this level track the resources (financial and non-financial) provided.
- Questions asked at this level pertain to the adequacy of the resources and quantity/quality of inputs provided.
- *Examples:*
 - *Training hours*
 - *Quality/quantity of training programs*
 - *Number of staff /matching of staff trained with the required output and outcome*
 - *Financial resources provided*

Output measures

- Track the quantity, quality, timeliness, efficiency in the completion of outputs
- *Examples:*
 - *Approval of an operations manual*
 - *Quantity of permits issued*
 - *Quantity and quality of audit reports completed within 120 days*



Output measures

Advantage

- Tangible, measurable
- Easy to track, evaluate

Disadvantages

- Limited information for decision making and analysis of results



Outcome measures

- Track the improvement in systems, processes, procedures, structures in the organization
 - Turn-around time in the generation of performance contracts and performance evaluations;
 - Number of corruption cases filed before the anti-graft court;
 - Number of Cases filed with the DOJ ;

Outcome measures

- Track the effects of improvements / programs/ outputs at the customer level
 - Customer satisfaction level (% increase in satisfaction level of taxpayers)
 - Customer adoption rate (% of farmers adopting the new technology)
 - Customer compliance rate (% of income tax returns filed by professionals and the self-employed)
 - Customer loyalty (Retention rate)
 - Customer productivity level (% increase in efficiency of a unit)

Outcome measures

■ Advantages

- Establishes more accountability among the stakeholders
- Easier to monitor and evaluate
- Push the implementers to generate outcomes; measure outcomes, generate outcomes.

■ Disadvantages

- This is a lag measure. It takes time to establish its effect.
- If this is the only metric monitored, it is difficult to establish the factors that contribute to the outcome.

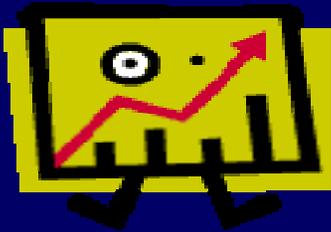
Impact measures

- Track the performance of an institution at the mission level
 - BIR and BOC= Attainment of collection targets

Impact measures

Advantage

- Establish accountability among the stakeholders



Disadvantages

- This is a lag measure. It takes time to establish its effect.
- If this is the only metric monitored, it is difficult to establish the factors that contribute to the outcome.

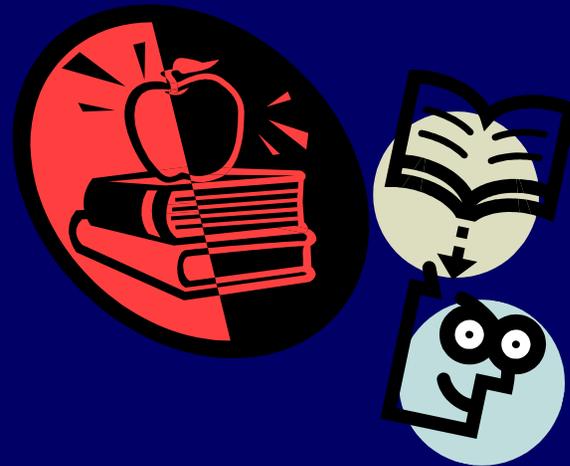
Impact measures

■ *Examples*

- *Collection performance*
- *Reduction in poverty level*
- *Rate of increase of household income of fisher folks*
- *Quality of education*
- *Quality of health/ wellness*

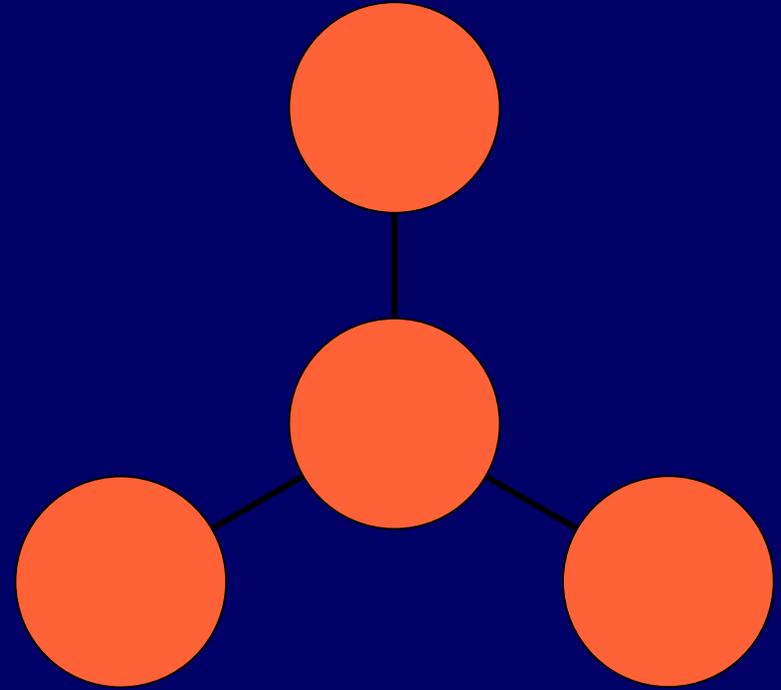
Management Of Learning (MOL)

- Lets review!

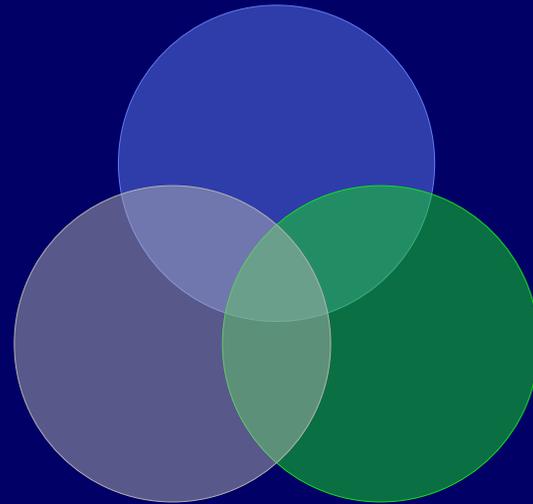
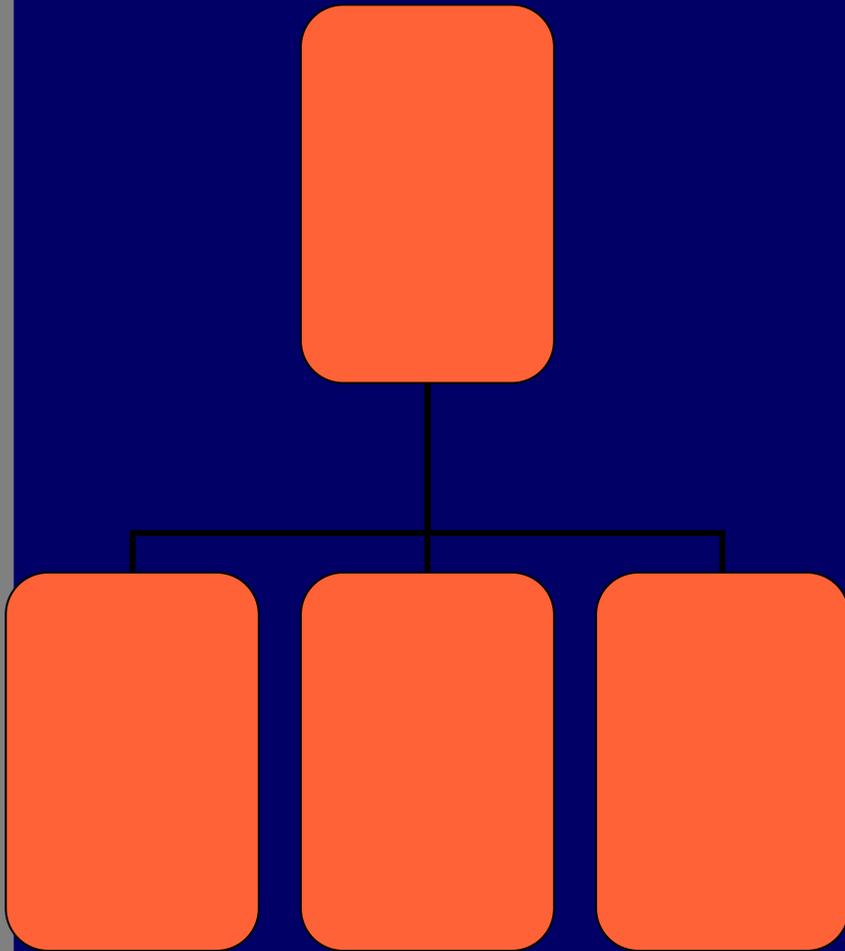


Cognitive Mapping

- List down all the key words/concepts you remember we took up yesterday.
- How are they related? Draw their relationships.



More cognitive maps!

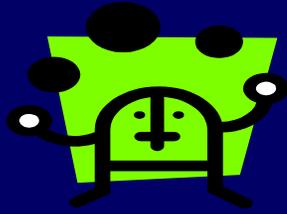




Skills practice

Identify whether the following are measures at the input, output, outcome, impact level.

1. Infant mortality rate
2. Quality rating of audit report
3. No. of days to conduct audit
4. No. of hours in processing permit applications
5. No. of linkages established among stakeholders
6. Disposable income of farmers
7. Adoption rate of new technologies



Skills practice

8. No. of hours to respond to customer queries
9. Number of training programs
10. Number of books distributed
11. Satisfaction rating of customers
12. Revenues collected nationwide
13. Average processing time of cargo clearance
14. Number of ports with ACOS facility
15. Presence of a compliance program
16. Number of regulated shipments forfeited

Skills practice

17. Average yearly compensation per employee
18. Number of employee hired
19. Number of personnel with graft and corruption cases



Skills practice

Identify the BSC perspective to which the following measures belong.

1. Infant mortality rate
2. Quality rating of audit report
3. No. of days to conduct audit
4. No. of hours in processing permit applications
5. No. of linkages established among stakeholders
6. Disposable income of farmers
7. Adoption rate of new technologies



Skills practice

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Skills practice

17. Average yearly compensation per employee
18. Number of employee hired
19. Number of personnel with graft and corruption cases

Skills Practice

Good or bad measure?

- Indicate whether the measure is good or bad (appropriate) given the objective statement.
 1. Improve target beneficiary satisfaction.
Measure: # of orientation briefing conducted.
 2. Exceed collection targets.
Measure: # of newspaper clippings analyzed.
 3. Improve audit process
Measure: Turn-around time in the completion of an audit report.

Skills practice: Good or bad measures?

4. Enhance skills in making a HRMD Plan.

Measure: Quality and timeliness of completion of the HRMD Plan

5. Improve employee level of satisfaction with HRMD services.

Measure: # Number of employees identified for training.

6. Improve monitoring and evaluation procedures.

Measure: # of ocular inspections conducted.

Skills practice: Good or bad measures?

7. Enhance skills in installing the Coastal Resource Management Plan.

Measure: # of people who attended the CRM workshop.

8. Improve supervisory skills in target setting.

Measure: Number of performance contracts approved by the Manager.

Skills practice

Good or bad measures

9. Increase profit by 25%.

Measure: % increase in profit by yearend compared to previous year profit.

10. Improve adoption rate by farmers of new farm systems.

Measure: # of farmers who attended training on new farm systems.

Determining what really counts! Go for outcome and impact!

A priest and a taxicab driver died and went to heaven. Saint Peter then showed the priest his eternal dwelling place- a shack. Saint Peter then showed the driver his eternal dwelling place – a mansion. The priest was angry and asked Saint Peter, “Why the difference?” Saint Peter said, “when you preach, people sleep. When riders get into his cab, they pray!”



Activity

- Divide into Operations and Support Groups.
- Identify appropriate and strategic measures per objective in your strategy map.
 - Work on your Office templates first for the identification of measures.
 - Proceed with the completion of the details of each measure using your Measure Dictionary

Possible criteria for prioritizing measures

- Appropriate measure of office performance
 - The measure must **reliably** reflect office performance.
 - Offices are to be measured by the outcomes they generate. It is more **strategic** and **manageable** to evaluate at this level;
 - If we can't measure an office on the basis of outcomes, we can measure "outputs" for as long as these can be **verified systematically**.
 - Measure is **currently being tracked** manually or electronically

Measure dictionary: Terms

■ Measure

- Name of the measure; a phrase; 3-5 words
- Indicator of office performance which could be quantity, quality, timeliness
- Examples:
 - Collection performance
 - Tax mapping efficiency

Measure dictionary: Terms

- Contributes to objective
 - Capture the objective in the strategy map to which the measure belongs
 - Refer to your group strategy map
 - Examples
 - Enhance tax collection
 - Improve taxpayer satisfaction
 - Improve taxpayer compliance

Measure dictionary: Terms

- Formula

- The operational definition of the measure
- Better to express a formula in terms of ratio so that it is sensitive to the baseline, context of the office

Measures Dictionary: Terms

■ Examples:

■ Collection performance

- Actual collection/ Assigned goal

■ Collection growth

- Collection this year/ Collection last year

■ TP Base

- Number of new business registrants/ Total business taxpayers

Measures Dictionary: Terms

- Clarifications on the formula
 - Subsumes any term that need to be defined
 - Examples:
 - Collection Performance
 - For reward purposes: Actual cash collection excluding TRA and SARO
 - For attrition purposes: Actual cash collection +TRA +SARO + TCC

Measures Dictionary: Terms

- Clarifications on the formula
 - Subsumes any term that need to be defined
 - Examples:
 - Collection Performance
 - For reward purposes: Actual cash collection excluding TRA and SARO
 - For attrition purposes: Actual cash collection +TRA +SARO + TCC

Measures Dictionary: Terms

- Data source
 - Office that will collect the data on assigned date
 - Example
 - Collection performance
 - Data source: Bureau of Treasury Report

Measures Dictionary: Terms

- Measure owner
 - Head of the office that requires collection and / or consolidation of performance data on a measure
 - Example
 - Collection performance
 - Measure owner: Collection service

Measure Dictionary: Terms

- Target for the measure
 - Describes the desired/ expected level of performance required for each measure
 - It is the standard to which actual performance or accomplishment will be compared to determine performance ratings.
 - Numeric representation of desired results of a performance measure.

Measure Dictionary: Terms

- Target for the measure

- Examples:

- Collection performance = 100% of assigned goal
 - Collection growth = 110% of last year's collection

Not having specific targets is
doing this...



It opens the door for
varying interpretations of what is expected

How do we evaluate STRETCH in our Performance Targets

- Past record
- Performance level of other organizations
- Benchmark practices
- Observations & knowledge of employee's competencies
- Client or public demand

Measure Dictionary: Terms

- Rating scheme
 - A graduated rating scale composed of 1-5 where 1 is low and 5 is high
 - Is aligned with the target

Measure Dictionary: Terms

- Example:
 - Measure: Collection performance
 - Formula : Actual collection/ assigned goal
 - Target : 100% of assigned goal
 - Rating scheme
 - 1 = Less than 92.5%
 - 2 = 92.5 %-96.25%
 - 3 = 96.26% - 99.99%
 - 4 = 100% -107.49%
 - 5 = 107.5% and above

Measure Dictionary

- Guides in making the rating scheme
 - Must be sensitive to baseline data/trends/patterns
 - Possible generic rating scheme
 - 5 = Target exceeded by more than 5%
 - 4 = Target exceeded by 1-5%
 - 3 = Target attained
 - 2 = Below par by 5%
 - 1 = Below par by 10%

Measure Dictionary: Terms

- This measure applies to what offices:
 - TO which offices will the measure be used/ applied?
 - Example
 - Measure: Collection performance
 - Applied to: Revenue regions, RDO computerized, RDO non-computerized

Rationale

- The Office performance contract serves as a:
 - Planning tool – define and translate the objectives in the strategy map into specific and measurable terms at the office level
 - Communication tool – in 2-3 pages, offices are guided with the strategic directions of the BOC.

Rationale

- The Office Performance Contract serves as a:
 - Mechanism for measuring and guiding office performance; each measure has a measure dictionary that outlines the formula, data source, owner, target, rating scheme.
 - Serves as feedback for immediate actions; each office will be rated based on pre-determined targets.

Next steps

Outputs:

- Strategy map

Activities

- Validate mission and vision statements
- Check logic of objectives
- Decide whether to adopt version 1 or 2 of the strategy map
- Each group of the Support/ Operations will formulate a Strategy Map
- Validate strategy map with your LAIC by Sept 22, 9-12 am

Next steps

- Measure Dictionary
- Office Contract/
Template
- Validate details of the measures dictionary with the LAIC on Sept 22
- Validate objective weights, measures, measure weight with LAIC on Sept 22.

Day 3 schedule

- 8:30-12:00
 - Presentation of strategy map for operations
 - Presentation of strategy map for each group by the Support
 - Presentation of Office Performance Contracts for Operations and Support Groups
 - Presentation of Measures Dictionary for Operations and Support Groups

Day 3 schedule

- 1:00-5:30
- Process mapping of the Office Performance Management System

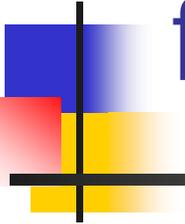
Day 4 schedule

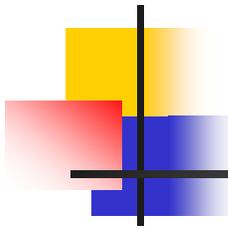
- 8:30-10:00
 - Firming up of the rewards framework
- 10:30-12:00
 - Orientation on the features of the PMIS
- 1:30-3:00
 - Orientation on the contents of the memorandum order;
- 3:30-5:00
 - Presentation of workshop outputs to the COMCUS, DEPCOMs (+7)

Annex 3

Rewards Framework

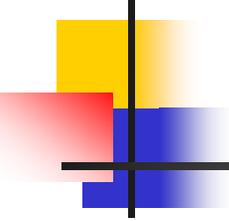
A Rewards Framework for the BIR/BOC



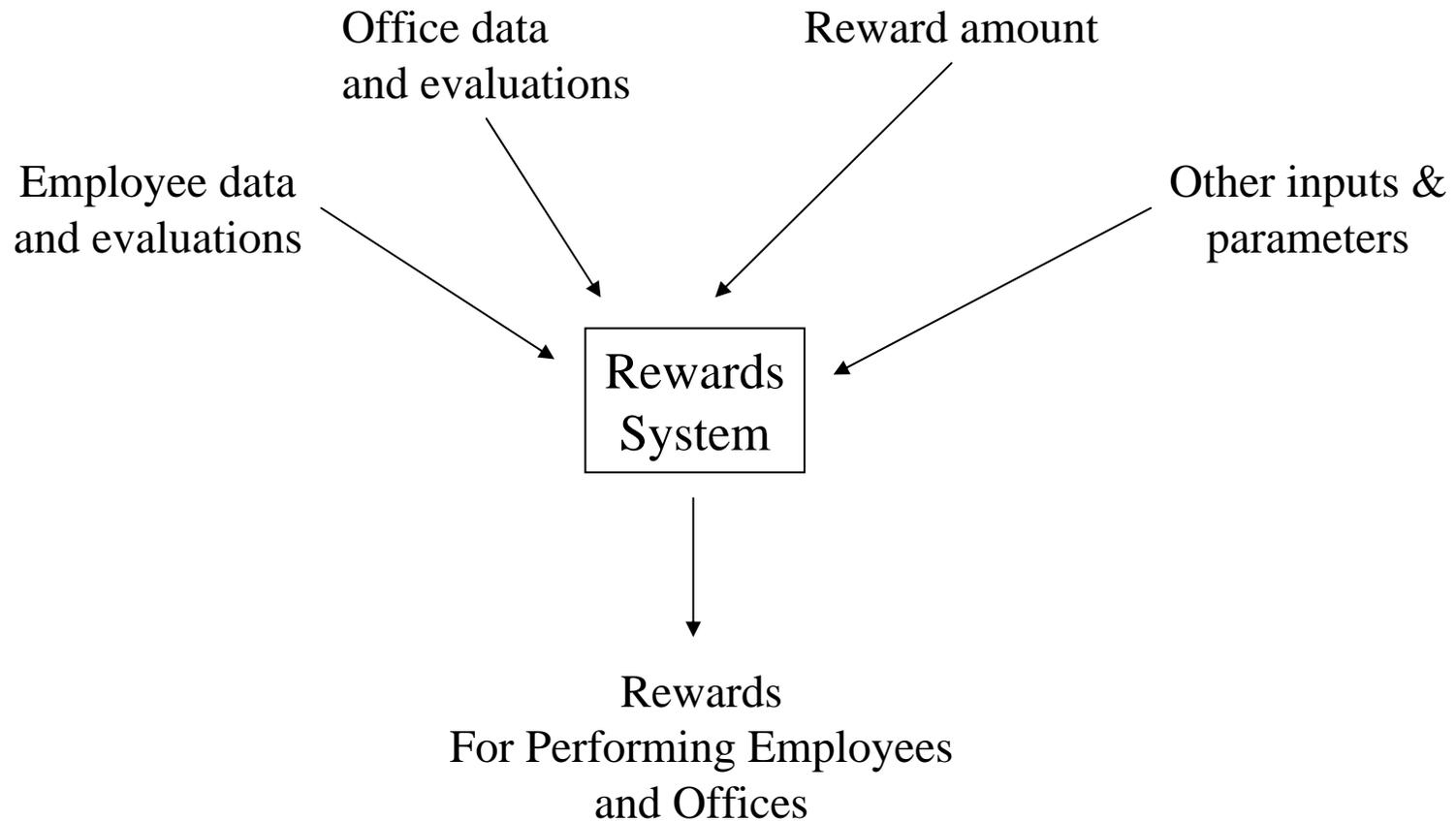


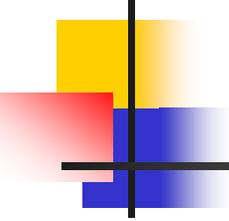
The Attrition Act and Rewards

- The Attrition Act of 2005 provides for rewards and incentives in the event that
 - the BIR/BOC exceeds its collection target
 - a particular district exceeds its collection target
- A system of rewards distribution will be necessary
 - Recipients will be employees and offices
 - Rewards will be based on accountability and *performance*



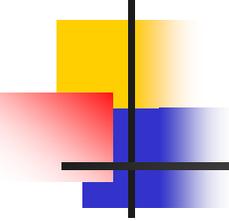
Rewards System





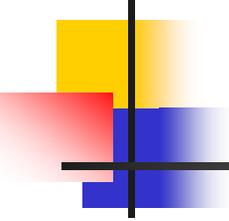
Process

- Input into rewards system
 - Reward amount, % allocations for employees and offices
 - For each office: **office rating**, other factors
 - For each employee: function/accountability, position, **performance rating**
- Result
 - Reward for each office
 - Reward for each employee



Weights and Factors

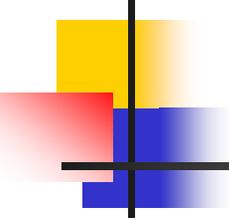
- At the individual level, weights will be assigned to each employee
 - The weight will be based on accountability and performance *factors*
 - Relative weight determines rewards proportion
- A similar method will apply at the office level



Weights and Distribution

	Weight	Proportion
A	2.5	$2.5/15 = 17\%$
B	3	$3/15 = 20\%$
C	8	$8/15 = 53\%$
D	1.5	$1.5/15 = 10\%$
TOTAL	15	100%

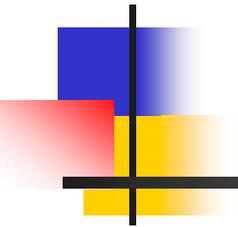
Relative difference between weights provide a mechanism to discriminate between employees (or offices)

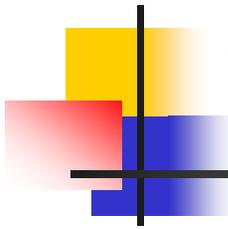


Determining Weights

- Weights (at the employee level) are obtained by **multiplying** factors that correspond to
 - position/designation (PF)
 - function/accountability (FF)
 - employee rating (RF)
 - office rating (OF)
- The factors will come from predetermined tables that reflect the intended relative distribution for each factor

Sample Simulation Demonstrating Weights and Distribution



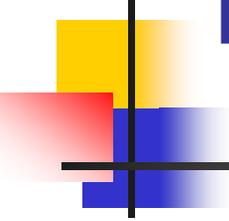


Example: rating factors

rating	factor	rating	factor
2	0	7	1.5
3	0	8	1.75
4	0	9	2.0
5	1.0	10	2.5
6	1.25		

This means:

- someone with a rating of 2, 3 or 4 gets no reward
- someone with a rating of 9 gets twice as much reward against someone with a rating of 5, all other things being equal



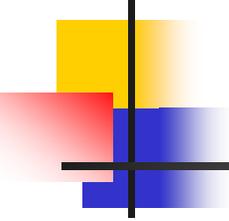
Example: office rating factors

rating	factor
1	0.5
2	1.0
3	1.5
4	2.0
5	3.0

Example: function/ accountability factors (BIR)

function	factor
Assessment	20
Excise	15
Collection	13
Assistance	11
Legal	9
Policy	8
Support	8

- each employee will fall under one of the indicated functional categories
- we can assume that the functional categories already incorporate "attritability"
- this means assessment personnel get 2.5 times more reward than support personnel, all other things being equal



Example: function/ accountability factors (BOC)

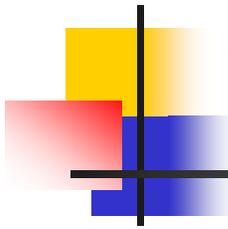
function	factor
Assessment	
(Post-)Audit	
Operations	
Collection	13
Support	8

Another example: function/ accountability factors

accountability	factor
Line- Attritable	25
Line- Not Attritable	10
Support	8

This means:

- Attritable personnel get 2.5 times as much as non-attritable line personnel, all other things being equal
- Support personnel get 20% less than regular line (non attritable) personnel, all other things being equal



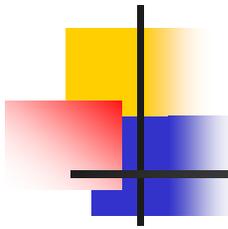
Example: position factors

position	factor
Manager	1.4
Chief	1.2
Officer	1.0
Staff (SG 7–10)	0.8
Utility (SG 2–6)	0.6

- positions/ designations are also an indicator of accountability

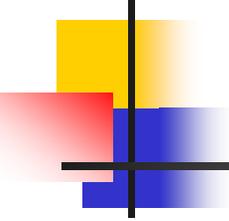
- can use salary grade as a starting point but actual function of individual is more representative

- in the example, higher ranking officials get higher rewards



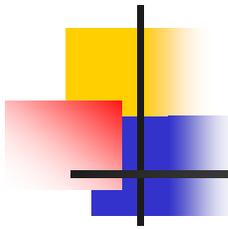
Example 1

- Suppose there are only 4 employees in the BOC and P100,000 will be distributed
- Employee characteristics
 - A: District head
 - B: Officer in the district
 - C: Head of a support unit
 - D: Officer in the support unit
- Assume they all have the same ratings



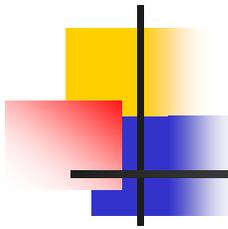
Example 1

Employee	PF	RF (empl rating)	FF	OF (office rating)	Weight	Reward Portion	Amount
District Head	1.4	1.0	25	1.25	43.75	$\frac{43.75}{99}$	44,192
District Officer	1.0	1.0	25	1.25	31.25	$\frac{31.25}{99}$	31,566
Support Head	1.4	1.0	8	1.25	14	$\frac{14}{99}$	14,141
Support Officer	1.0	1.0	8	1.25	10	$\frac{10}{99}$	10,101
					99		100,000



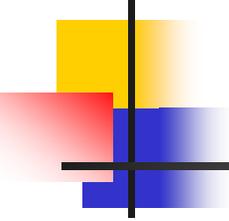
Example 2

- Suppose there are only 4 employees in a district and P100,000 will be distributed
- Employee characteristics
 - A has an employee rating of 3, office rating of 8
 - B has an employee rating of 5, office rating of 8
 - C has an employee rating of 5, office rating of 6
 - D has an employee rating of 9, office rating of 8
- Assume they all occupy support staff positions



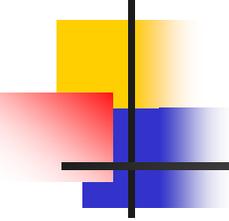
Example 2

Employee	PF	RF (empl rating)	FF	OF (office rating)	Weight	Reward Portion	Amount
EmpRating 3 OfcRating 8	0.8	0	8	1.75	0.00	<u>0.00</u> 41.60	0
EmpRating 5 OfcRating 8	0.8	1.0	8	1.75	11.20	<u>11.20</u> 41.60	26,923
EmpRating 5 OfcRating 6	0.8	1.0	8	1.25	8.00	<u>8.00</u> 41.60	19,231
EmpRating 9 OfcRating 8	0.8	2.0	8	1.75	22.40	<u>22.40</u> 41.60	53,846
					41.60		100,000



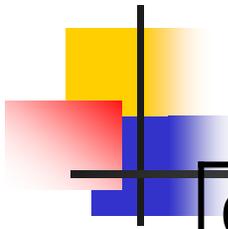
Office-Level Rewards

- Some portion of rewards will be allocated for office development
- Distribution among offices will depend on
 - Office rating
 - Other office factors (some offices are bigger than others or may be deemed to have greater responsibility)
- Weights for each office will depend on these two factors



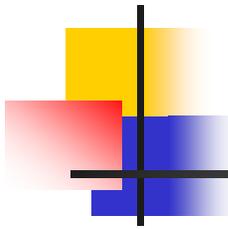
Example

- Suppose 1M is rewarded to the BOC, and 30% is allocated for office development
- Suppose there are only four offices
 - Office HS: high performer, small office
 - Office HM: high performer, medium-sized office
 - Office AM: average performer, medium office
 - Office AL: average performer, large office
- Size: 10 (small), 15 (medium), 20 (large)



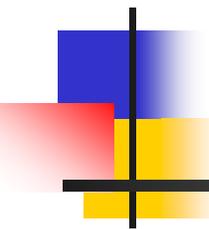
Example

Office	Size Factor	Rating Factor	Weight	Portion	Reward
HS	10	1.75	17.5	$\frac{17.5}{78.75}$	66,667
HM	15	1.75	26.25	$\frac{26.25}{78.75}$	100,000
AM	15	1.0	15	$\frac{15}{78.75}$	57,143
AL	20	1.0	20	$\frac{20}{78.75}$	76,190
			78.75		300,000

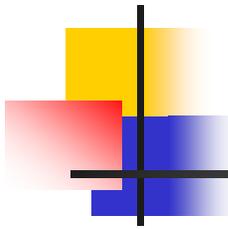


Some Considerations

- Need some institutional agreement on how to categorize employees
 - Positions
 - Functions
- Rating and accountability factors will be defined at the Bureau level
- There are computational alternatives
 - Additive versus multiplicative formulas
 - Need to ensure fairness and consistency across all offices and employees
 - Can instead “calibrate” employee ratings to incorporate office ratings

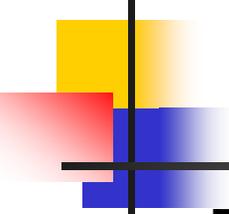


Calibrating Employee Ratings Using Office Ratings



Calibration method

- Guiding principle: office performance represents the aggregate performance of its employees
- Reality: employee ratings tend to be high
- PMS project: aims to produce more objective ratings at the office level
- Calibration: translate employee ratings by some offset so that the average of employee ratings = office rating



Example

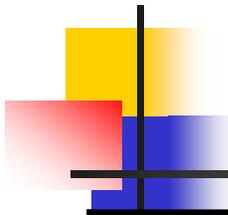
Employee	Rating
A	7.00
B	7.60
C	8.20
D	8.60
E	9.00
F	9.50

Average = 8.32

Suppose:

Office rating = 6.60

Offset = $8.32 - 6.60$
= 1.72



Example

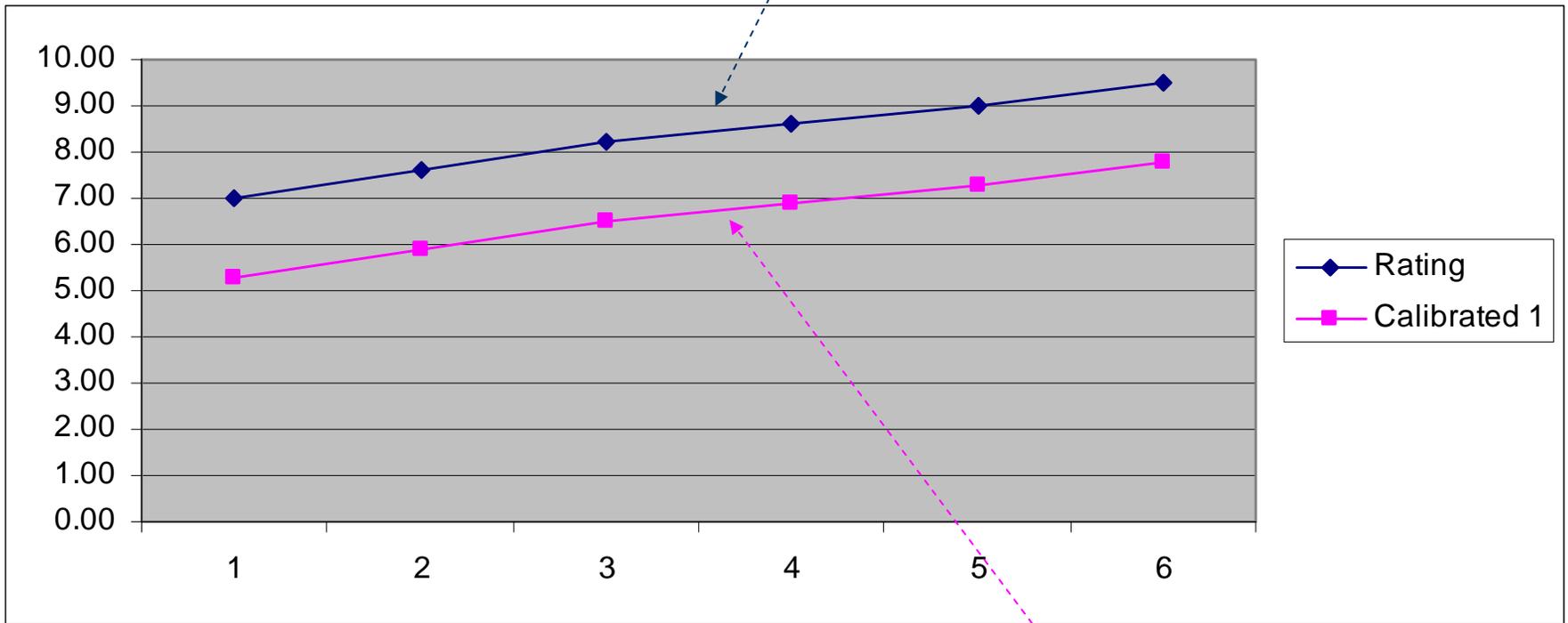
Average = 8.32

Average = 6.60

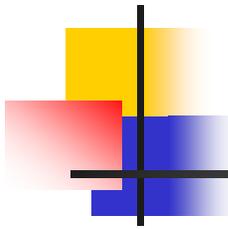
Employee	Rating	Calibrated Rating
A	7.00	5.28
B	7.60	5.68
C	8.20	6.48
D	8.60	6.88
E	9.00	7.28
F	9.50	7.78

Calibrated ratings

Average = 8.32



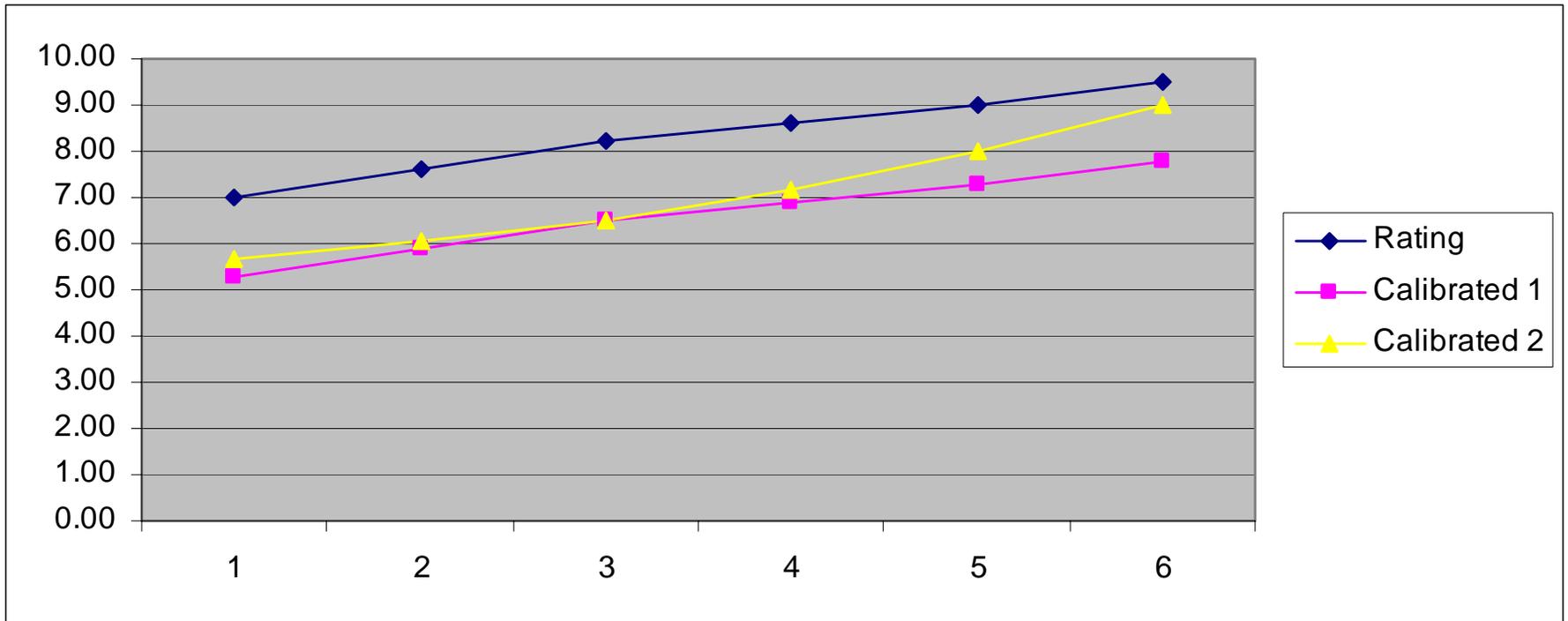
Average = 6.60



Calibration alternatives

- Translation by a constant might not always be applicable
- Will explore other calibration methods
- e.g., can preserve relative variation of rating samples from the average during translation, using minimum and maximum ratings as anchors

Calibrated ratings 2



Annex 4

Process Mapping

Office Performance Management System – Process Mapping

Bureau of Customs
September 25, 2006

Activity

- Inflate the balloons
- In dyads, keep the balloon afloat by using any part of your body except your hands.
- Work in 3 groups. Continue keeping the balloon afloat also by using any part of your body except your hands.

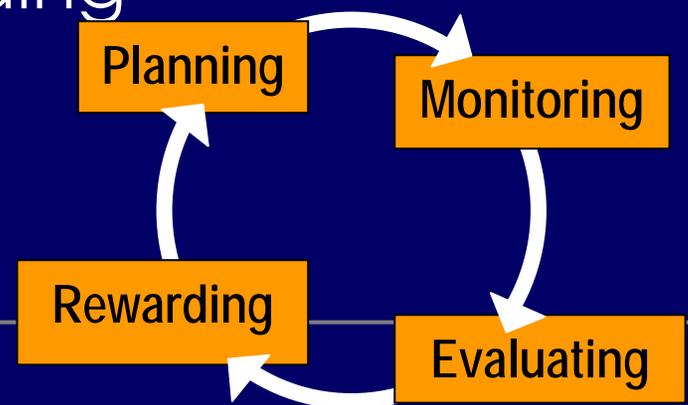


Objectives

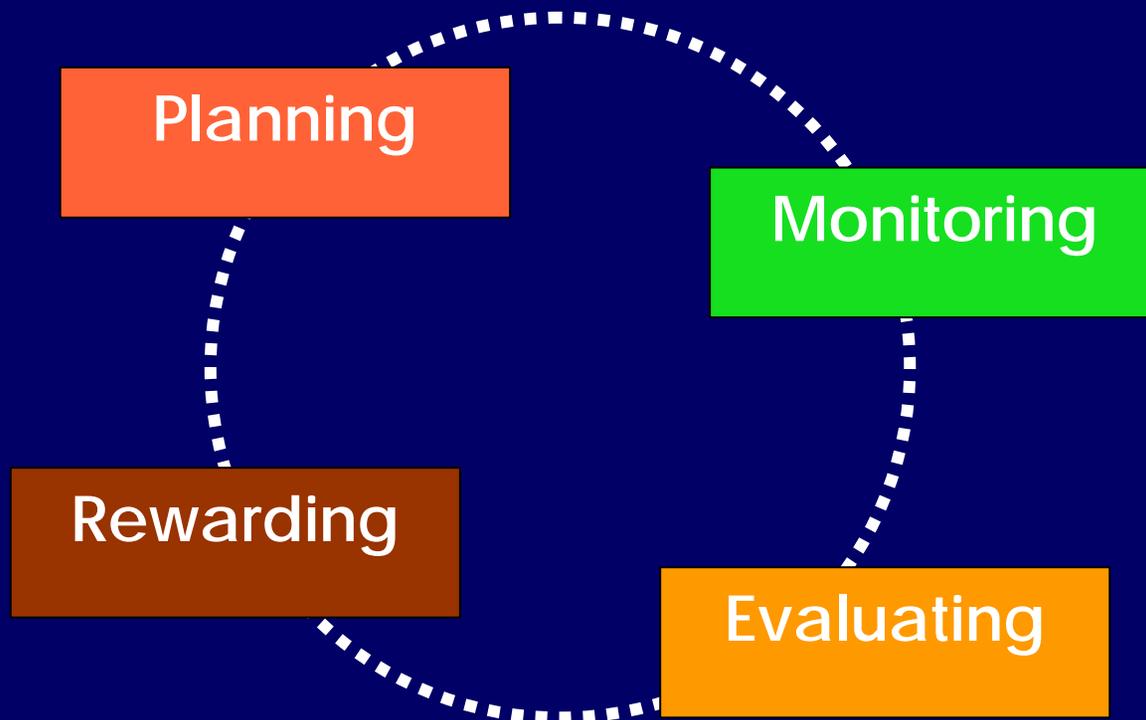
- By the end of the session, you will be able to:
 - Describe the office performance management cycle
 - Identify the key players and roles in the PMS process
 - Map out the PMS process for BOC

The PMS Cycle

- Aimed at achieving better results through
 - Performance planning
 - Performance monitoring
 - Performance evaluating
 - Performance rewarding



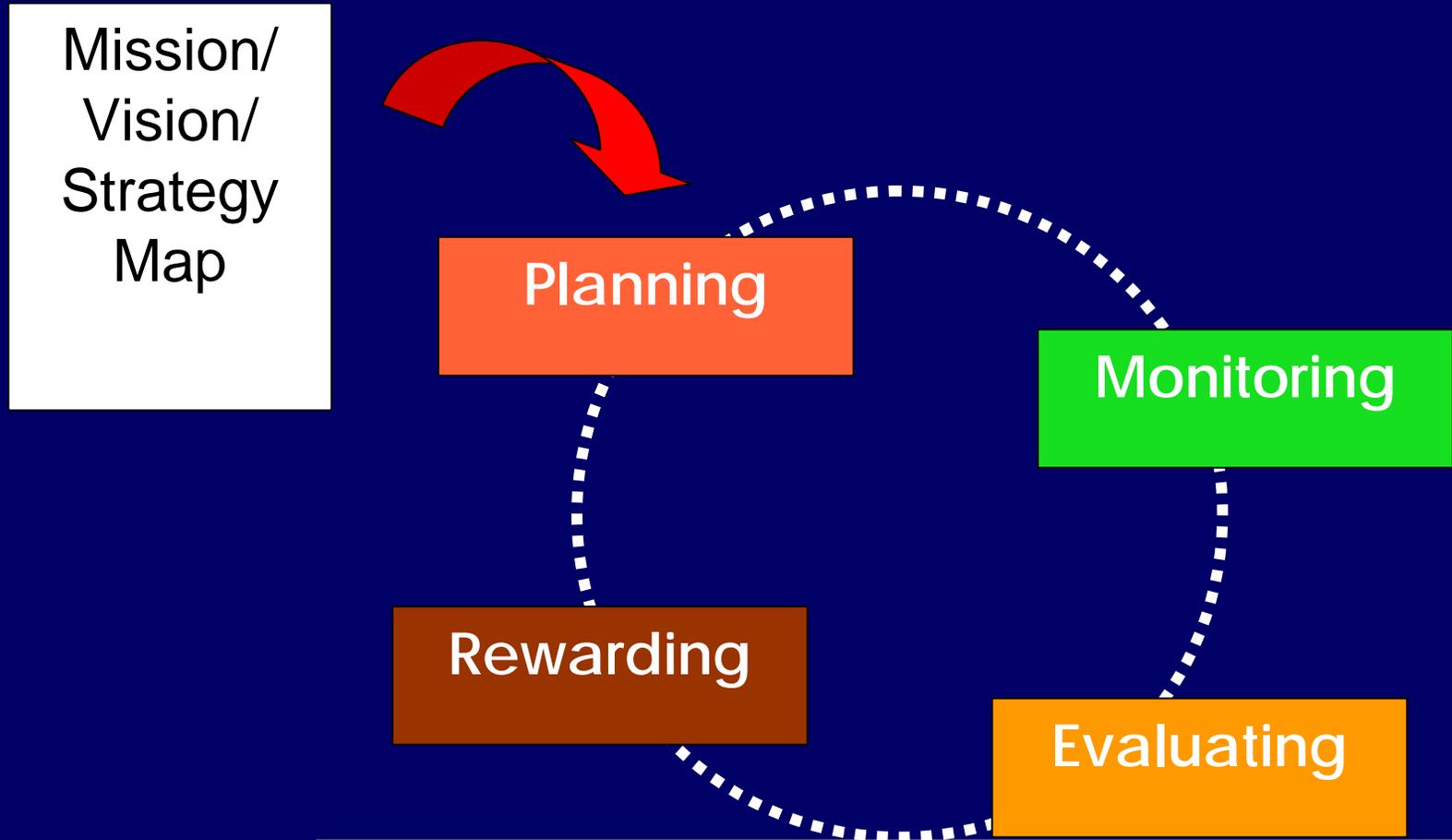
The Office PMS Process



The Office PMS Process

- Planning
 - Clarify and agree on performance expectations
 - Determine how office will be rated
 - Identify sources of performance data

The Office PMS Process



The Office PMS Process

- Planning steps
 - Organization level
 - Articulate mission and vision
 - Formulate strategy map
 - Office level
 - Develop/ update performance contract
 - Develop/ update office template



The Office PMS Process

- Office Template
 - Standard format and content of the performance contracts for offices with similar functions
 - Example: districts, regions
 - Performance contracts for these offices are patterned after the template

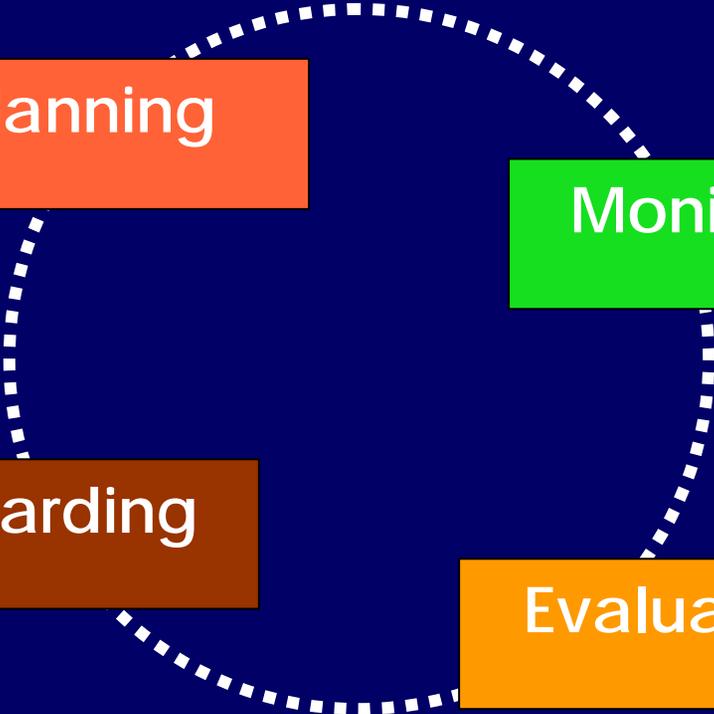
The Office PMS Process

Planning

Monitoring

Rewarding

Evaluating



The Office PMS Process

- Track performance on an ongoing basis
- Provide feedback
- Make adjustments to ensure achievement of targets



Monitoring

The Office PMS Process

- Monitoring Steps
 - Submission of reports required by existing CMOs
 - Consolidation of performance data
 - Quarterly analysis of progress



Monitoring

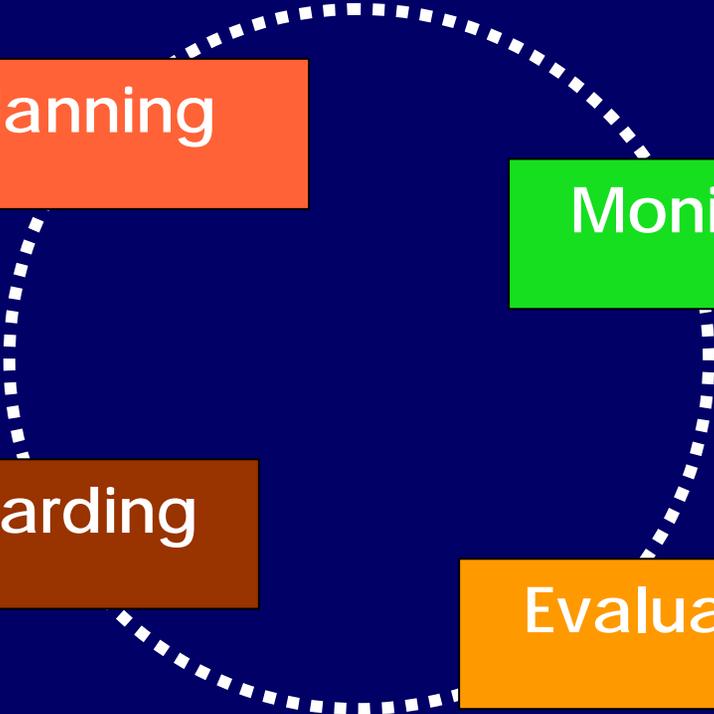
The Office PMS Process

Planning

Monitoring

Rewarding

Evaluating



The Office PMS Process

- Evaluating
 - Determine extent to which targets are met
 - Compare planned targets with actual performance
 - Rate performance
 - Determine ways to improve

The Office PMS Process

- Evaluating Steps
 - Consolidate actual performance data
 - Rate office using rating schemes
 - Analyze results
 - Formulate office development plan

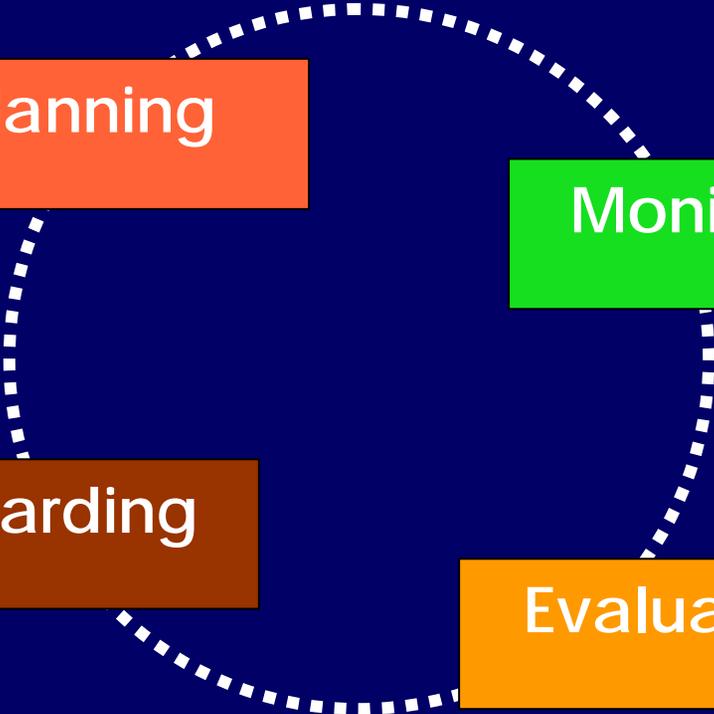
The Office PMS Process

Planning

Monitoring

Rewarding

Evaluating



The Office PMS Process

Rewarding

- Recognize and reinforce good performance
- Determine sanctions for poor performance

The Office PMS Process

Rewarding

- Rewarding Steps
 - Categorize employees
 - Determine factors
 - Compute rewards
 - Distribute rewards at the individual and office levels

Key Players and Roles

- PMS Champion
- Process Owner
- Office Heads



Key Players and Roles

- PMS Champion/s
 - Provides strategic directions
 - Commits resources
 - Provides leadership, enthusiasm and support in the installation and implementation of the PMS

Key Players and Roles

- Process Owner
 - Overall administrator of the system
 - Ensures PMS processes and standards are followed
 - Serves as depository of performance contracts, accomplishment reports, performance ratings and others
 - Analyzes the performance data and reports observations/ recommendations to management
 - Initiates/ implements improvements to the PMS process

Key Players and Roles

- Office Heads
 - Implement PMS cycle within their offices
 - Analyze performance of own office
 - Identify and address areas for continuous improvement to enhance and sustain performance
 - Suggest improvements to PMS

Key Players and Roles

- Other players
 - Template manager
 - Template development team
 - Template owner
 - Measure owner

Key Players and Roles

- **Template Manager**
 - Guides and monitors the process of template development (creation, revision and purging of templates)
 - Signs off on all the templates created
 - Tracks and signs off on the changes made to templates

Key Players and Roles

- Template Development Team
 - A team formed for the purpose of creating or reviewing/revising a template.
 - Composed of Template Owner and one or more Measure Owners

Key Players and Roles

- Template Owner
 - Must be an official higher than the office for which the template is being developed
 - Leads the process of template development
 - Approves changes to the template

Key Players and Roles

- Measure Owner
 - Head of the office that requires the collection and/or consolidation of performance data on a measure that is to be included in the template
 - Determines/ identifies the means of verification (MOV) for the measure
 - Determines the target/ baseline and rating scheme for the measure
 - Analyzes the performance data and reports observations/ recommendations to management pertaining to the performance measure/s owned

Process Mapping

- Developing a process map
 - Process table
 - Process flow chart

Process Mapping

- Process Table
 - **Step** – a cluster of activities
 - **People Involved/ Responsible** – Who is accountable for implementing the step/ activity?
 - **Activity** – specific action taken at each step; a step may have 1 or more activities
 - **Output** – What is the output of the activity?
 - **To whom submitted** – Who receives the output?
 - **Timeline** – time frame within which to complete the activity or submit the output

Process Mapping

- Process Flow Chart
 - Key players across the top
 - Sequence of steps and activities

Process Mapping Questions

■ Planning

- Describe the current situation.

- Going forward:

- What will be the process for formulating the performance contract?

- NO-directed?

- Self-formulated?

- Through consensus?

- Who will review and approve the performance contract, i.e., performance measures, targets, objective and measure weights, rating schemes?

Process Mapping Questions

- Monitoring/Evaluation
 - Describe the current situation.
 - Going forward:
 - What will be the process for collecting and reporting performance data?
 - What is the process for validating reports?
 - What are the existing means of verification tools? If none exists, what needs to be developed?
 - What is the process for collating/ consolidating, analyzing and using the data?
 - Who will rate which office?

Annex 5

Performance

Management

Information

System

PMIS Briefing

**BOC Workshop
26 September 2006**

PMIS

- Performance Management Information System
- Web-based database system that automates stages in performance management
 - Target setting
 - Evaluation
 - (Rewards-Separate Module)

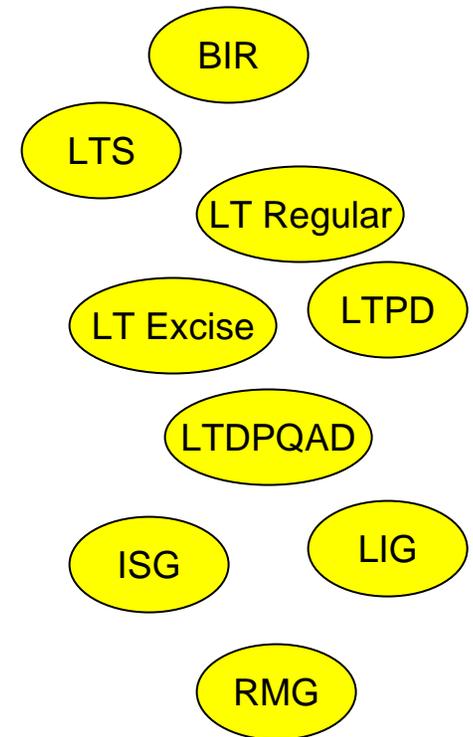
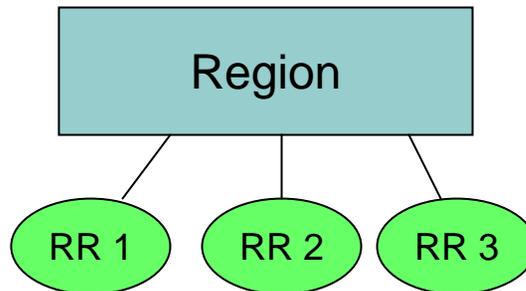
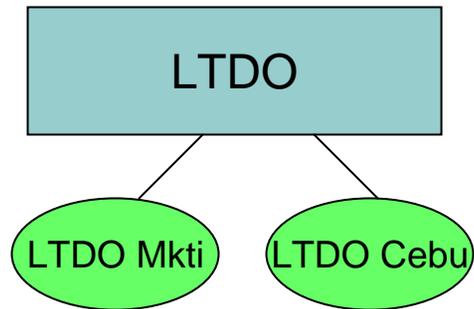
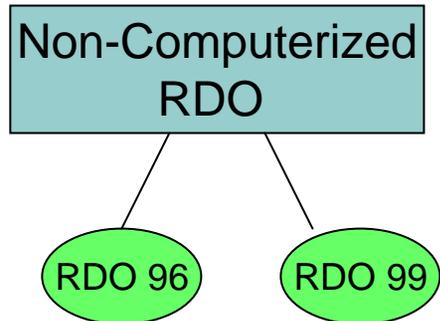
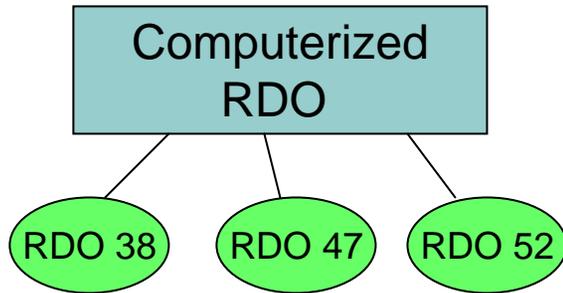
PMIS Stages



Setup

- Identify offices to be rated
- Determine whether the office will have a specific contract or will derive its contract from a template contract
- Determine office categories
- Associate offices with categories if applicable

Offices and Categories (BIR Example)



Target Setting

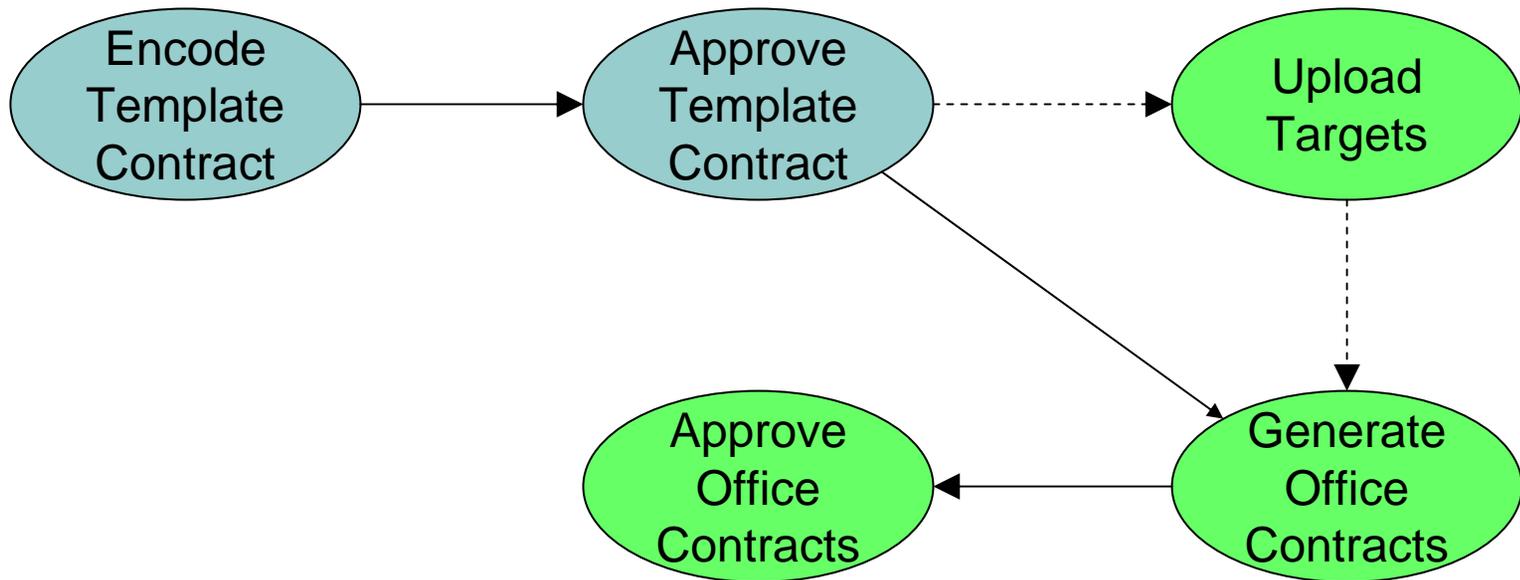
- For offices under categories
 - Establish template contract for that category (measures, weights, default targets, and rating schemes)
 - Set targets for actual offices to produce office contracts
- For offices not under a category
 - Contracts are set specific to that office

Example

- Template Contract
- Office Contract

Target Setting Process Flow

For offices under categories



Target Setting Process Flow

For offices not under a category



Evaluation

- For offices under categories
 - Upload actual performance
 - System determines ratings automatically
 - Evaluation reports under category printed
- For offices not under a category
 - Encode actual performance
 - Manually select ratings for some measures
 - Evaluation report printed

Example

- Evaluation Report

Evaluation Process Flow

For offices under a category



For offices not under a category



PMIS Users

- Administrative process owners
- Management: approvals and MIS reports
- Office heads: view contract and evaluation reports

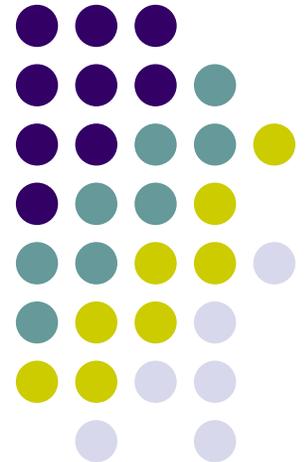
- Note: there will be few actual users of the PMIS; office heads can be “passive” users

Annex 6

**The Enabling Legal System:
Customs Memorandum Order**

PMS Orientation Workshop

Focus on Legal Enabling System



Enabling Legal Instruments



- General RMO on Attrition Law (to contain list of attributable positions)
- RMO on OPMS ***
- RMO on Individual PMS (in transition, PES is used)
- RMO on Rewards

1. The BIR Experience



- Legal Framework
- Contents of the RMO
- Process of drafting the RMO
- Other Legal Issues

2. Legal Framework



The Attrition Law and its IRR provide for establishment of performance based rewards and sanctions system.

BIR Experience:

- Individual PMS – RMO 29 2004
- Office PMS – draft RMO + the Guidebook supplements the RMO with detailed processes and steps.

BOC: to be developed

3. Contents of BIR OPMS RMO



1. Background
2. Scope
3. Definition of Terms
4. Policies
5. Procedures for the OPMS Cycle
 - General Steps
 - General Guidelines in Updating Templates
6. Sanctions
7. Amendments to the OPMS Guidebook on PMS
8. Repealing Clauses



3.1 *Background*

- provides the legal basis for the adoption of the Office Performance Management System.
 - Attrition Law and its IRR require BIR to establish a PMS.
 - PMS needs to be submitted to the Revenue Performance Evaluation Board for approval.
 - Background also adopts the Performance Management Information System (PMIS).

3.2 Objectives



- To prescribe policies, procedures, and guidelines in the implementation of the OPMS in BIR
- To attain the goals of OPMS and to prescribe the duties and responsibilities of concerned offices and officials



3.3 Scope

- OPMS will be implemented in the following Offices:
 - Revenue Regions
 - Revenue District Offices
 - The Large Taxpayers Service
 - Large Taxpayers District Offices.



3.4 Definition of Terms:

- The following terms are defined:
 - Evaluation Period or Rating Period
 - Measure Owner
 - Office
 - Office Performance Contract
 - Office Performance Contract Template
 - Overall Template Manager
 - PMIS
 - Performance Measure or Key Performance Indicator
 - Template Development Team
 - Template Owner



3.5 Policies:

- OPMS is anchored on the BIR Strategy Map (RMC No. 12-2006).
- OPMS results will be used in rewards and sanctions, continuous improvement, and alignment of individual performance with office performance.
- Offices with similar functions will use contract Templates.
- Office performance evaluation will be conducted annually.
- Templates may be updated from time to time but updates will only be effective if formally documented and approved by ManComm.



3.6 Procedures for OPMS Cycle

- There are four general stages in OPMS implementation:
 - Planning
 - Monitoring
 - Evaluation
 - Rewarding.



3.7 Sanctions:

- Delay in submission of reports required for performance evaluation will result in demerits for the head of the office that submitted the delayed reports.

ISSUES:

- As to sanctions, should the submission of inaccurate reports also be penalized?
- Who will be penalized for delayed submission: the entire office or only its head?
- Should the RMO provide for a schedule of penalties for delayed submissions?



3.8 Amendments

- Changes to the OPMS Guidebook as well as the PMIS User Guide require the approval of the Commissioner.

4. Process for the Dev't of OPMS RMO



- Consultative Process must be implemented to ensure buy in and ownership of the tools among stakeholders.
- Write shop to discuss the input and feedback to the draft RMO.



BIR's Experience: Consultative Process

- **OG CORE GROUP** composed of high level officials and stakeholders (DCIRs, ACIRs, Regional Directors, Tax Reform Administrator, Regional Directors).
- **TECHNICAL WORKING GROUP (TWG)** which is a cross-functional team composed of key officers in OG, Planning and Policy Service, Human Resource Development Service and Information Systems Group.
 - Provided functional expertise and data which helped in identifying and defining performance measures, targets and rating schemes.
 - Included measure owners or those responsible for collecting data through regular reports submitted by RR and RDO.
 - Will eventually play a major role in monitoring performance, consolidating data and analyzing performance results in the OPMS process.
- **MANCOM** reviewed and approved the outputs of the two groups.

5. Other Issues



1. What type of Order will be issued? *BIR:RMO, BOC: ?*
2. Who will order it? *Commissioner of Internal Revenue & Customs*
3. Publication requirement? *Newspaper & ONAR*
4. Who are attritable? *Officials & Employees including district heads & assistants with revenue collection targets. All other personnel directly performing assessment, audit & collection functions. (IRR S.17)*



Who are attritable?

BOC - “district/port collectors and their deputies, customs officers assigned in services, divisions or units with collection targets”

BIR - “revenue district officers & their assistants, supervisors, revenue officers assigned revenue collection targets.”



BIR Attributable Positions

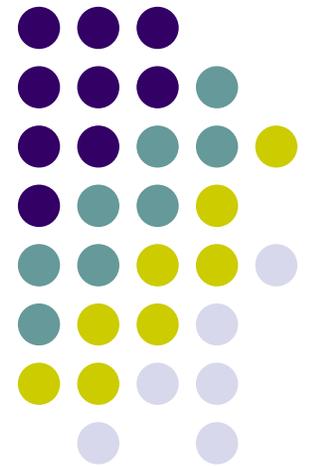
- Regional Directors
- Assistant Regional Directors
- Revenue District Officers
- Assistant Revenue District Officers
- Collection Section Chiefs, Collection, Seizure Agents
- Collection Agents
- Assessment Section Chiefs/Group Supervisors/Revenue Officers Assessment
- Large Taxpayer Service
- Division Chiefs and Asst. Division Chiefs under LTS
- Enforcement Service
- Division Chief and Asst. Division Chief



Other Issues (cont)

5. What to do with attritable personnel who will refuse to sign the Performance Contract?
6. Rules on Transfers

The End





Gray Areas for BIR Attributable Positions

- all assistants will be included as attributable beginning 2006 (HREAs of LTS, Asst.Directors, Asst. RDOs)
- collection agents and seizure agents will be attributable only beginning 2007 when support and logistics will be given
- collections from sale of real properties may be included for attrition as cash collection but not for reward purposes
- NID/SID will be handling only tax fraud cases, no goal and not attributable. Current ordinary cases being handled will have to be terminated and prospectively, no more non- tax fraud cases
- Policy cases Div. may be reactivated next year and will be given audit goal

BIR Experience: Gray Areas for Attributable Positions

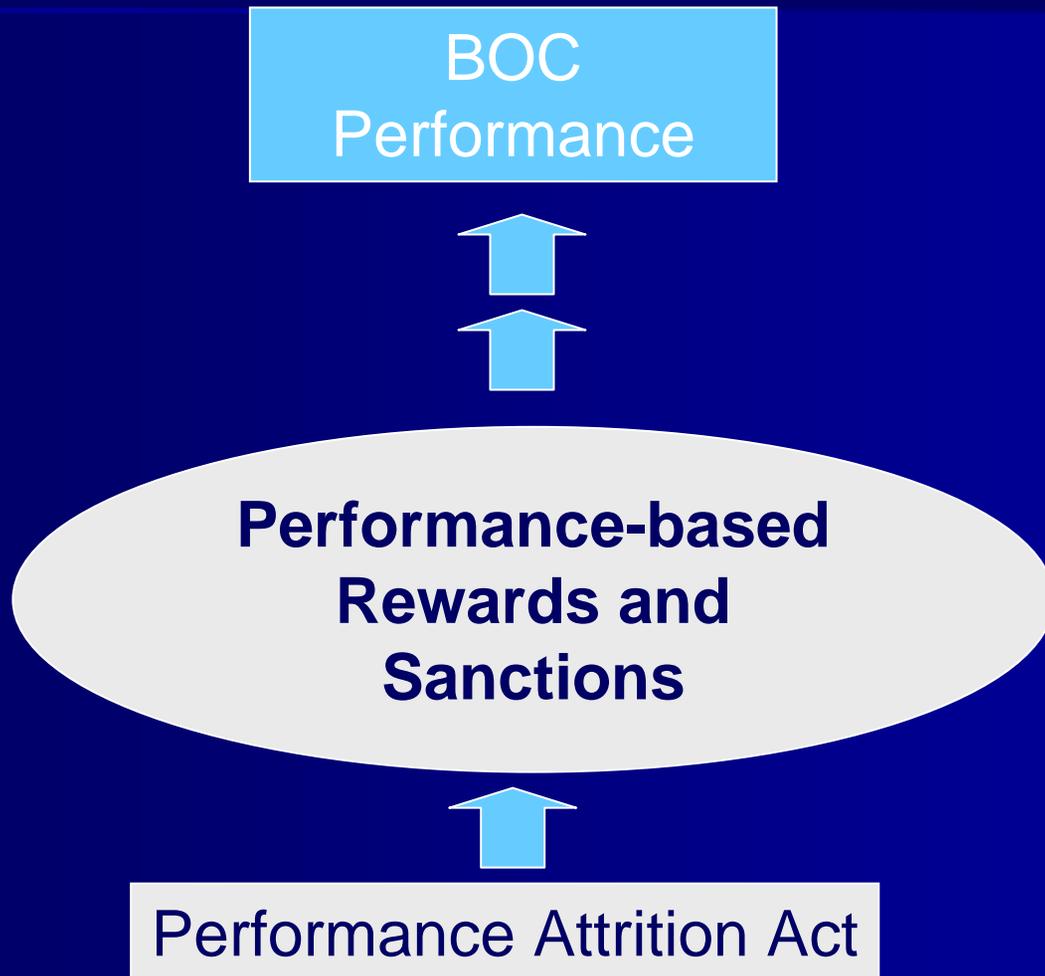


- RO assessment or examiners will be given audit goals only
- Voluntary compliance goals will be the responsibility of the heads and asst. heads of office
- LTFOD head and asst. head and RO Excise assigned in the TPs premises are attributable
- CIR will decide the policy cases every year
- ROs (collection seizure agents) of LTCED will be attributable beg. 2007
- ROs (collection seizure agents) of Collection Enforcement Div. are not attributable and will start farm out their del. Accts. Cases to RDOs as transition activity
- ROs At Withholding Tax and Monitoring Div. are not attributable and will start also to farm out withholding tax cases to the regions and RDOs as transition activity

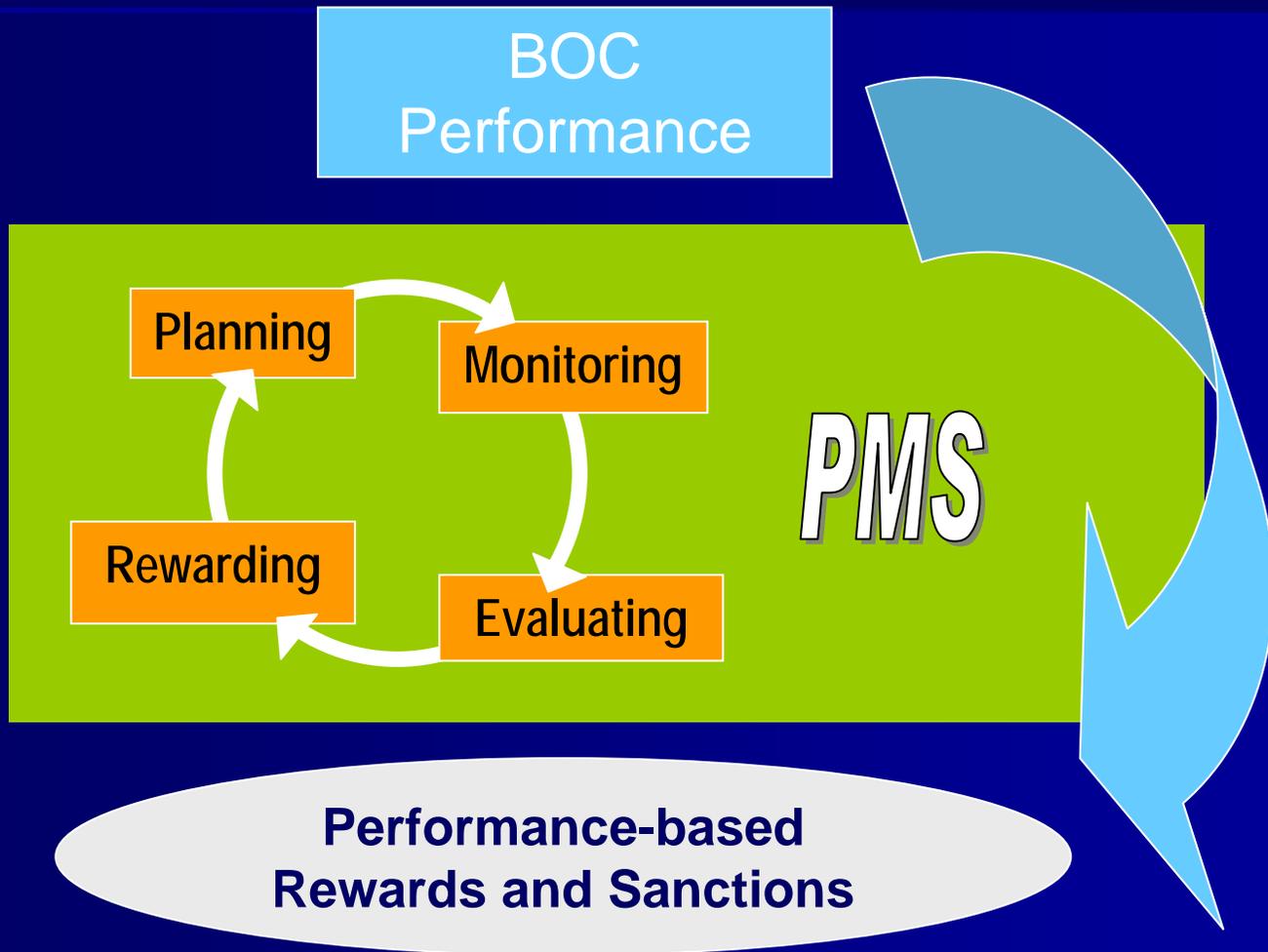
Annex 7

The Next Steps

Office Performance Management System

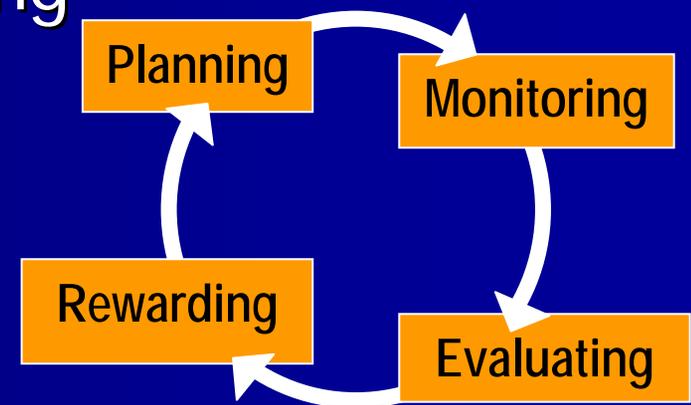


Office Performance Management System



OPMS as a management tool

- Aimed at achieving better results through
 - Performance planning
 - Performance monitoring
 - Performance evaluating
 - Performance rewarding



Office Performance Management System

PMS

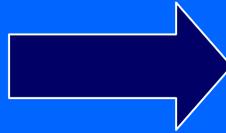
BOC
Performance

Office
Performance

Individual
Performance

Performance-based
Rewards and Sanctions

Performance Attrition Act



OPMS: Alignment tools



Collection target achieved, Satisfied stakeholders,
Efficient processes, Skilled workers

Strategic Outcomes

Strategy Map

- It is a visual presentation of an organization's strategy towards the attainment of its mission and vision;
- It shows the alignment of an organization's objectives with its mission , vision and strategies.

Strategy Map

- It shows the cause and effect relationships among objectives.

Performance scorecards

- Translates the objectives in the strategy maps into specific, measurable statements

OPMS Process Map

- Suggests the backend support in the monitoring and evaluation of office performance data

Rewards framework and simulations

- Provides bases for deploying rewards

Legal framework of the OPMS

- Presents the content, features of the Memorandum Order based on the BIR experience

Presentation of some outputs

- Strategy Maps of the Operations and Support Groups
- Performance Scorecards for the Operations and Support Groups

Next steps in the OPMS Installation

Institutionalizing the OPMS

- Institutionalize the OPMS through a CMO on OPMS, General CMO on Attrition Law, CMO on Individual PMS, CMO on Rewards
- LAIC
 - OPMS by

Target setting phase

- Firm-up strategy maps
- Finalize performance scorecards
- Cascade performance scorecards to lower offices and individual levels
- Communicate the OPMS rationale, strategy maps and scorecards, phases, rewards framework
- LAIC
- Measure owners
- Planning and Systems Control Office

Monitoring/ Evaluation phase

- Generate and validate means of verification tools per measure
 - Firm up monitoring/evaluation processes; validate the process with measure owners
 - Enhance skills of Deputy Collectors for Admin in collating/evaluating/analyzing performance data
 - Set up the **Planning and Systems Control Office**
- LAIC
 - LAIC
 - Measure owners
 - **Planning and Systems Control Office**

Monitoring/ Evaluation phase

- Install the Performance Management Information system (PMIS)
- Enhance skills of Planning and Systems Control Office on the use of the PMIS
- LAIC
- MISTG
- Planning and Systems Control Office

Rewarding phase

- Finalize the application of the rewards framework
- Communicate the rewards framework
- LAIC

Change management

- Formulate change management plans
 - Sponsorship plan
 - Resistance management plan
 - Communication plan
 - Training and coaching plans
- LAIC

Annex 8

Closing Remarks

Speech Delivered by Commissioner Napoleon Morales during the Closing Ceremonies of the Workshop on PMS Basics for the BOC

September 26, 2006

Fellow public servants, organizers of this seminar/workshop, other guests, ladies and gentlemen, good afternoon.

Before anything else I would like to thank the participants of this workshop, who, despite their pressing workload took time to gather together to brainstorm and provide significant inputs for a very productive outcome.

A special thank you is also being extended to EMERGE for facilitating this activity and opening our eyes on the significance of a Performance Management System in the Bureau of Customs, especially now that we have the lateral attrition law that may either serve as the sword of Damocles hanging over our heads or Manna from heaven.

The lateral attrition is a law. There is an often quoted maxim in law which states: Dura Lex Sed Lex. The law may be harsh but it is still the law, thus it must be obeyed. This is the reason why we are all here, to find the most equitable way of implementing the law as it is intended – a fair measure for revenue agencies like the Bureau of Customs and the Bureau of Internal Revenue to be entitled to what are due them or to us by way of just rewards.

At the same time the law would 'attrite' out of the service those non-performers. Non-performing assets or NPA's have no business being in the BOC.

Your seminar could not come at a more paradoxical time – this could be the best of times in the Bureau or the worst of times.

There is a saying in economics that goes, "You cannot have your cake and eat it too". This lateral attrition law, legalizes the act of having your cake and eating it, too. We will collect the revenues and we will share in the collection subject only to one and only one specific condition – that we surpass the collection target. Now, how hard can that be? As we have shown these past months a high collection target is not an unreachable star. All that it requires is that the collection target must be realistic, grounded firmly on history and the facts and circumstances affecting revenue collections like tariff rates, exchange rates, economic conditions affecting the volume and value of shipments, and growth rates

to mention just a few. These factors notwithstanding, it is time that BOC officials, and employees must shift their paradigms to be at least at par with other customs economies employing the world's best practices. Each district or port must have an honest to goodness realistic and measurable action plan.

I will not bore you with details on the technical percentages involved. Suffice it to say that a target becomes a profitable target if surpassed by mandated percentages. But it becomes also a basis for attrition once it is missed poorly and unjustifiably.

This is not to say that all personnel that do not collect their targets will be attrited. There are built-in provisions on procedural justice in the law. In other words, the lateral attrition law is neither arbitrary nor unreasonable. It lays down a procedure for attrition which must be followed or else the whole cookie crumbles.

Granting that laws are not perfect, for all human conventions are subject to human imperfections, still there ought to be a balance between the pernicious effects of the lateral attrition law and the rewards it offers for exceptional performance. This balance may be found in what you have just undergone. In fact attrition is not *ex parte* – it does not proceed from just a single side, but rather, is a result of informed compliance. It proceeds from choice. You are given the choice to be included in the coverage of the law or you may choose not to participate and enjoy the sights from the sidelines, so to speak.

So the choice is yours. Whatever they may be, we are bound to a common law and there is only one way for us to face our common fate – we have to stick together. We have to be united as one team with one vision and one mission – let us surpass our collection target. After all there is only one Bureau of Customs.

Good afternoon and mabuhay po tayong lahat!