



# HROA Emerging Practice for Account Management Scorecards

A collaborative work of the HROA Standards & Practices Committee

## Emerging Practice - Account Management Score Card Methodology

### Introduction

Based on significant feedback from buyers that their Service Provider was generally hitting all of their Service Level Agreements (SLAs), but they still had significant areas of dissatisfaction with the relationship, we set about working together to identify common areas “pain” in the account relationship and establishing an initial framework for how these might be better measured and managed. As management guru Peter Drucker said, “You can only manage what you can measure.”

We would first and foremost acknowledge that these are NOT well-established industry practices, as the core set of Service Levels are. Rather, these represent an aggregation of emerging measures coming out of existing HR BPO relationships brought together by a group of experienced buyers, service providers and advisors. As with all SLAs, the goal of these measures is not to re-coup money from the Service Provider. Rather it is to shine a light on common “dissatisfiers” by providing a framework within which to 1) jointly agree on both positive and negative drivers of account satisfaction; 2) describe a means to measure the driver, including examples of what would and would not “count” towards that measure; 3) establish a plan for how “defaults” or low scores on the measures will be remedied.

By their nature, many of the issues of account management are somewhat subjective. However, we can describe parameters that surround acceptable and unacceptable performance and establish metrics that track issues within these constructs. Measuring, reporting and remedying these issues requires trust and open communication between the account teams. As such, we do not recommend assigning fees-at-risk or other fixed remedies in newer relationships; however, we do believe that measuring, reporting and managing to an account management scorecard provides an appropriate tool for defining and resolving issues. Further, we suggest that these concepts be tightly integrated with the overall account governance structure and practices.

### Using the Emerging Practice for Account Management Scorecards

The Account Management Scorecard template provides a menu of options for identifying and measuring account management performance. We do not recommend that you adopt every measure, rather that you use these as a starting point for discussion within your account team and with your service provider account team. We have established metrics in three broad categories:

- **Voice of the Customer:** “*Stakeholder perception – what it feels like.*” Measures service delivery failures that have a material impact on the state of the relationship and perception of the service.
- **Account Governance Health:** “*How we work together – behavioral, adherence to protocols.*” Measures key areas of routine governance, including managing turnover, implementing changes, evolving quality controls and relationship dynamics.
- **Strategic Value:** “*Where we are going – evolution – forward-looking.*” Measures the degree to which both parties are engaged in communicating, planning and executing initiatives that increase the economic and business value of the services.

You may elect to focus on only one of these three areas or select a few pertinent metrics from each. You will want to customize each metric for your relationship by determining what are the appropriate thresholds that define acceptable performance in your situation, what examples would help define what is to be captured in the measure and what remedies will a measurement default trigger. Remedies may include a prescribed governance escalation, the addition of resources to resolve the issue, the payment of fees-at-risk or another mutually agreed solution. Keep in mind that you do not want to divert account resources with overly complex and time-consuming measures. Also, expect that your areas of focus may change as your relationship matures. In the early days of transition, you may focus more on operational metrics, then over time move along the continuum to measures that reflect strategic value.

Account Management Scorecards may not be appropriate for all HR outsourcing relationships. For example, where there is an established set of services delivered on a one-to-many basis, such as a Software-as-a-Service contract for talent management software, this level of account management may not be presumed in the relationship. If you are interested in establishing some type of Account Management Scorecard that goes beyond traditional SLAs, you should discuss this with your current or prospective service provider early in the process. Most will not have significant experience with these scorecards to draw from, so several exchanges may be needed to reach agreement on what is appropriate to the particular relationship.

## Account Management Scorecard

**Voice of the Customer:** *Measures the impact of service delivery failures that have a material impact on the state of the relationship and perception of the service. This measure is not intended to measure all service failures – as by definition of the service level agreements – there will be service level failures. Additionally, these events are to exclude IT events that are related to down times, etc. Account teams should mutually identify and log key disruptions according to agreed thresholds. The following are frameworks for negotiation by the parties*

Delivery Issues	# of Issues	Weighting	Application Period
Severity level 1		<b>0 issues = green</b> <b>1 issue = yellow</b> <b>&gt;1 issue = red</b>	Quarterly
Severity level 2		<b>&lt;3 issues = green</b> <b>3-4 issues = yellow</b> <b>&gt;4 issues = red</b>	Quarterly
Severity level 3		<b>&lt;8 issues = green</b> <b>9-11 issues = yellow</b> <b>&gt;11 issues = red</b>	Quarterly

The framework below provides examples of impacts that would classify an issue as a Severity Level 1, 2 or 3. If you can answer yes to "did the issue impact" any one or more of the categories of "impacts," then the issue fits in that severity level. For example, if an issue impacted 7% of the employee population and took the buyer 35 hours to remediate within its organization, then it would be classified as severity level 2 based on % of Employees Impact and Time Impact to Buyer. However, if the CEO had been amongst the 7% impacted, it would be classified as a level 1 severity based on Key Stakeholders Impact.

Categories and Thresholds	IMPACT TO BUYER *						
	% of Employees Impacted	Key Stakeholders	Financial Impact to Buyer	Time Impact to Buyer	Compliance Risk	Payroll Impact of More than 20% of the Individual Payroll	Repeat Issue
Severity Level 1	>10%	Board of Directors, CEO, or Direct Reports to CEO	>\$10,000	>40 Hours	An event that has caused an external national agent to submit a filing (e.g., DOL, ERISA)	30 Employees	Repeat of S2 event from last 13 months
Severity Level 2	>5%	Direct Reports of Direct Reports to CEO (or other mgmt defined in contract)	>\$5,000	>20 Hours	An event that has caused an external state agent to submit a filing (e.g., DOL, ERISA)	10 Employees	Repeat of S3 event from last 13 months
Severity Level 3	>1%	N/A	>\$1,000	>8 Hours	N/A	1 Employee	N/A

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\* Following are definitions and examples of the types of issues that would result in the “IMPACT TO BUYER” as utilized in the table above:

Type of Buyer Impact	Definition	EXAMPLES	
		Qualifies as “Impact”	Does Not Qualify as “Impact”
% of Employees Impacted	This population may vary by functional area (e.g., succession planning vs. defined benefits). The population should be no more than the counts used to establish ARC/RRCs	The provider posts inaccurate dates on the portal and employees start calling	A mailing that went out later than planned but had no impact on the overall timeline; typographical mistakes
Key Stakeholders	Must be defined in the contract by title and/or organizational level, but should be an identifiable group that the service provider can easily segment and ensure performance. For example, in the financial vertical, Vice President would be too low a threshold. The intent is to capture the named executives according the SEC, and other parties that serve on the executive board	The CEO's paycheck is inaccurate The Board receives inaccurate compensation budget data	An executive did not like a resolution timeline; however, timeline was within agreed-upon guidelines
Financial Impact to Buyer	Hard dollars spent with third parties to rectify an issue. This is not to include soft dollars for the buyer's internal efforts	Payment to a third-party provider to clean up data due to a provider interface error	Choosing to use a third party to fix an issue that the service provider could remedy in a reasonable timeframe
Time Impact to Buyer	Measures time spent on the incident and remedy outside of the buyer account governance mechanisms	There is a material privacy incident and many stakeholders need to be briefed and updated	An employee has a service incident and writes to an officer, who forwards the issue to the buyer team and wants an answer
Payroll Impact of More than 20% of the Individual Payroll	Count of employees who received a paycheck with an inaccurate amount of 20% or more to the negative	Errors with a human impact (e.g., bounced rent checks	Paycheck errors to the positive or paycheck errors that were caught and fixed prior to the payroll deadline
Repeat Issue	An issue that is recurring	An issue from the previous 3 months' logs that is repeated due the same root cause, and/or inaccurate original root cause	

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**Account Governance Health:** *This measures key facets of account governance health, and will likely gain in importance as the relationship evolves.*

Category	5 = Completely Satisfactory	1 = Completely Unsatisfactory	Application Period	Score
Impact of turnover is minimized	Service provider's management of turnover is transparent to the buyer team, requiring little or no effort from buyer	Service provider's management of turnover is very disruptive to the buyer team, requiring significant effort to retrain, provide direction, and/or correct mistakes	Quarterly	<3 = green 3 = yellow >3 = red
Service provider gives timely problem notification to buyer and follows the escalation path	Service provider consistently provides timely notification of problems and follows established protocols	Three (3) or more failures in the measurement period to provide timely problem notification or follow the agreed upon escalation paths	Quarterly	<3 = green 3 = yellow >3 = red
Change request process is managed in a predictable administrative manner by the service provider	Consistently follow established and mutually agreed change request process	Seldom follow established and mutually agreed request process	Quarterly	<3 = green 3 = yellow >3 = red
Changes are implemented on time	No service provider-driven misses in the measurement period	Three (3) or more service provider-driven misses in the measurement period	Quarterly	<3 = green 3 = yellow >3 = red
Occurrence of systemic issues / quality of the change. <small>NOTE: Systemic issues should be mutually defined, and can include events like buyer-identified UAT errors (programming vs. requirements) or post-production problems not present in UAT</small>	No "systemic issues" occur	More than one (1) "systemic issue" in the measurement period OR any occurrence of a major "systemic issue"	Quarterly	<3 = green 3 = yellow >3 = red

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Category	5 = Completely Satisfactory	1 = Completely Unsatisfactory	Application Period	Score
Cost-value balance	Quality outcome at a price consistent with the complexity or significance of the project	Quality of the project was poor and/or cost was not proportional to the complexity or significance of the project	Quarterly	<p>&lt;3 = green</p> <p>3 = yellow</p> <p>&gt;3 = red</p>
Proactive annual project management	Service provider account team is knowledgeable of the events / activities and proactively identifies and initiates planning	Buyer must drive project and change management planning and activities	Quarterly	<p>&lt;3 = green</p> <p>3 = yellow</p> <p>&gt;3 = red</p>
Quality controls and procedures are followed consistently	No identified control or procedure failures in a measurement period	Three (3) or more total process failures in a measurement period	Quarterly	<p>&lt;3 = green</p> <p>3 = yellow</p> <p>&gt;3 = red</p>
Communications are professional, collaborative and focused on solutions	Consistently professional and solution-focused communications	Consistently unprofessional or ineffective communications	Quarterly	<p>&lt;3 = green</p> <p>3 = yellow</p> <p>&gt;3 = red</p>
Service provider account team satisfaction score	Very satisfied	Very dissatisfied	Quarterly	<p>&lt;3 = green</p> <p>3 = yellow</p> <p>&gt;3 = red</p>

## Account Management Scorecard

**Strategic Value:** *Intended to forecast the propensity for the buyer to derive strategic or economic value that exceeds the defined contract scope. Evaluation dimensions include institutional knowledge (retained staff), innovation, a forward-looking strategy to evolve the buyer's service model, adherence to protocol to continuously refresh the strategy and the efficacy of the service provider's management of account team. NOTE: Transition strategic deliverables could be included in the service levels as critical deliverables, if agreed by the parties, since these are one-time transition events.*

### Transition Strategic Deliverables

Deliverable	Application Period	Score
Defined roles/responsibilities, protocol and examples for service provider/buyer to remain current on strategic plans, changes in business/industry conditions, trends and implications for long-term planning	At least 30/days prior to commencement of services	Yes = green No = red
Established framework to develop a strategic plan with a minimum 12-month planning horizon - and protocol to maintain - to evolve portfolio of services and delivery model	At least 30/days prior to commencement of services	Yes = green No = red
Established a definition of 'innovation' with examples, protocol and thresholds for service provider to continuously introduce innovation to the account	At least 30/days prior to commencement of services	Yes = green No = red

### Ongoing Strategic and Predictive Measures

Deliverable	Application Period	Score
Service provider account team (key personnel) turnover percentage – reflective of instability, loss of institutional knowledge and potential precursor to delivery issues	Quarterly	<3 = green 3 = yellow >3 = red
Service provider account team engagement score – predictive assessment of service provider's staff in terms of commitment to the account, scope-of-work and near term challenges/priorities	Bi-annually	<3 = green 3 = yellow >3 = red
Engagement of service provider's and buyer's account leadership at recurring governance meetings, operational review meetings, and in issue resolution	Quarterly	<3 = green 3 = yellow >3 = red
Maintenance and refresh of strategic plan – with at least 12-month horizon – to evolve portfolio of services and delivery model	Quarterly	<3 = green 3 = yellow >3 = red

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**Ongoing Strategic and Predictive Measures (Continued)**

Deliverable	Application Period	Score
Has the service provider delivered innovation - formally or informally - that led to tangible opportunities to improve existing services, realize efficiencies and/or broaden services that represent business value to the buyer?	Quarterly	<p>&lt;3 = green</p> <p>3 = yellow</p> <p>&gt;3 = red</p>
Has the buyer kept the service provider key personnel current and provided sufficient advanced notice on changes to strategic plans, new initiatives, enterprise-wide changes and long term planning?	Quarterly	<p>&lt;3 = green</p> <p>3 = yellow</p> <p>&gt;3 = red</p>