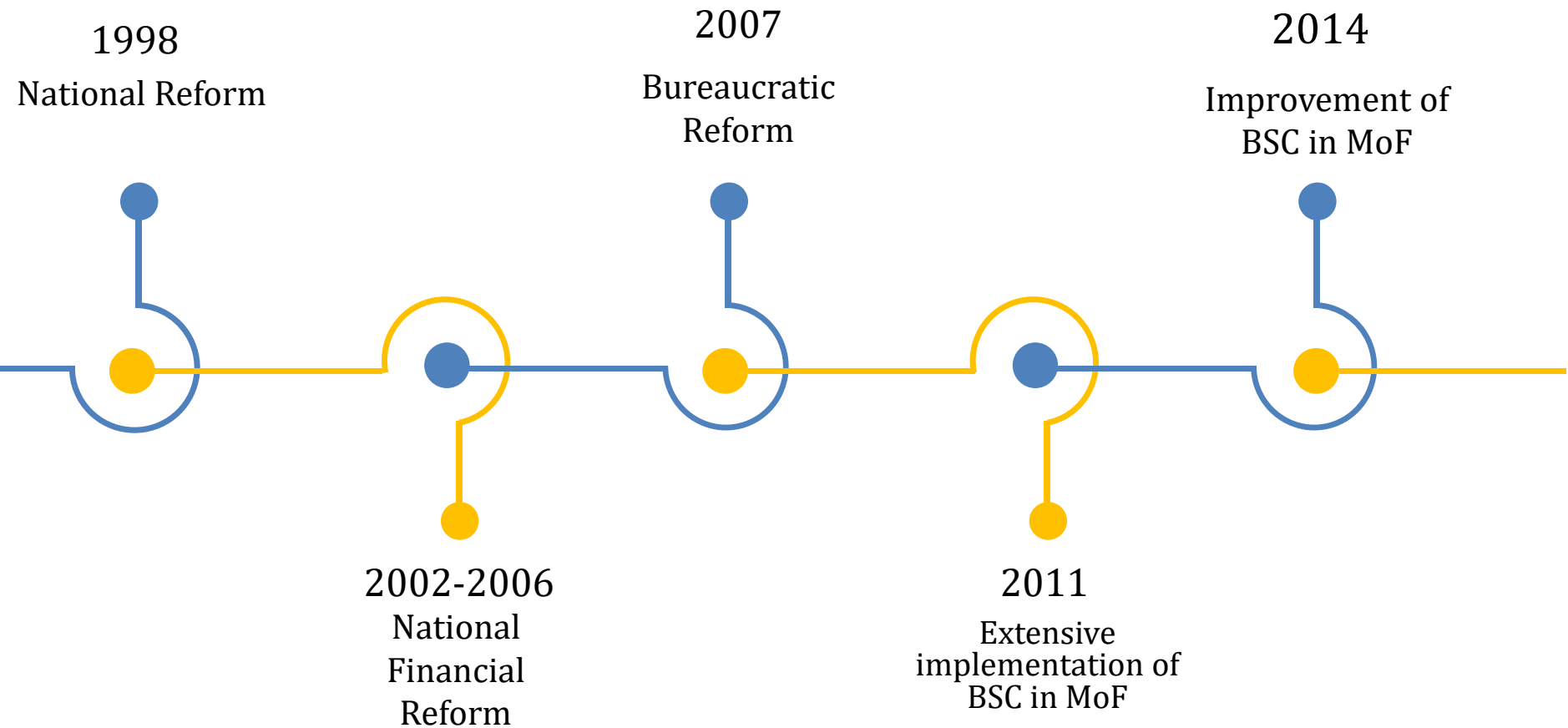


# Performance Management System in Indonesian Customs



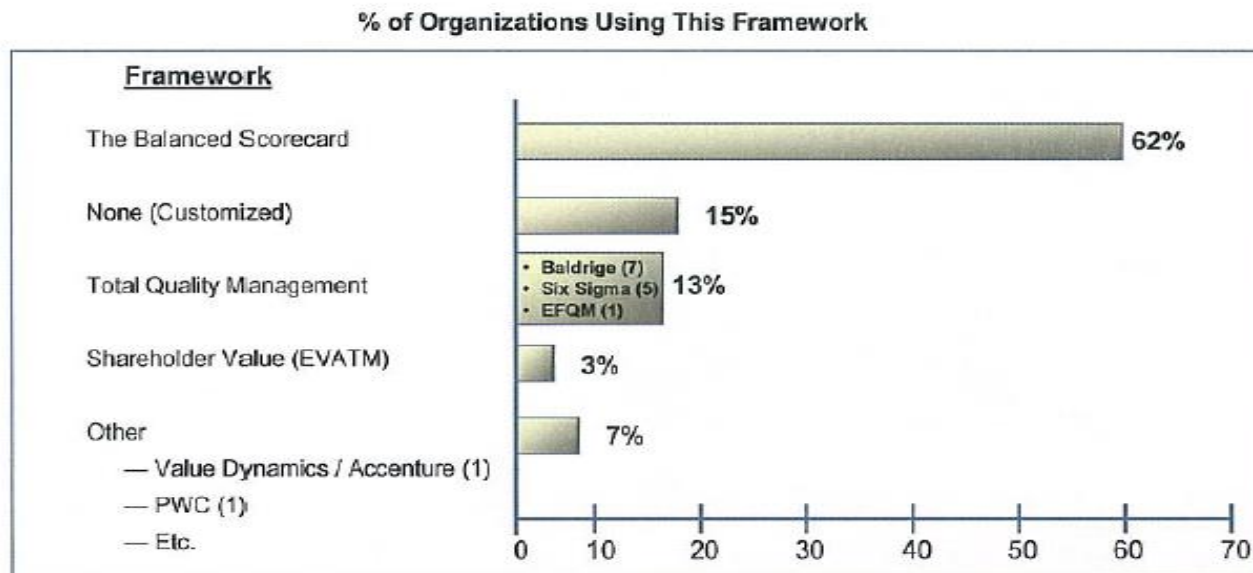
# Ministry of Finance (MoF) and Bureaucratic Reform





# Why should we use BSC?

According to Lawson, Hatch, Descroches in *Scorecard Best Practice* (2008), BSC has been used by 62% institution (based on their survey)



## Success story of BSC across the world

US DEPARTMENT OF COMMERCE



- Increase in Investment leverage ratio on private sector from 9:1 to 41:1
- Increase in new investment past the target set



- During 2008-2011, security costs per 100.000 resident decrease by 6%
- Serious crime decrease by 45%



# Balanced scorecard in Indonesian Customs

Indonesian customs's BSC is a strategic management tool to define vision, mission, goals, and strategy using strategy map as the media to visualize.

The basic of aligning strategic planning and executing strategy using BSC

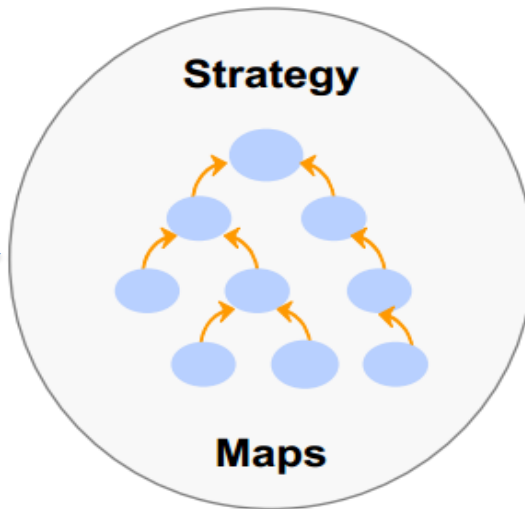




# Main Function of BSC

You Can't Manage Something That You Can't Describe

If You Can Measure It, You Can Manage It



**Describing strategy**



**Measuring strategy achievement**



# Balanced Scorecard as a tool to execute strategy



*Gap Between  
Strategy & Action*



## **STRATEGIC OUTCOMES**

*Satisfied  
STAKEHOLDERS*

*Delighted  
CUSTOMERS*

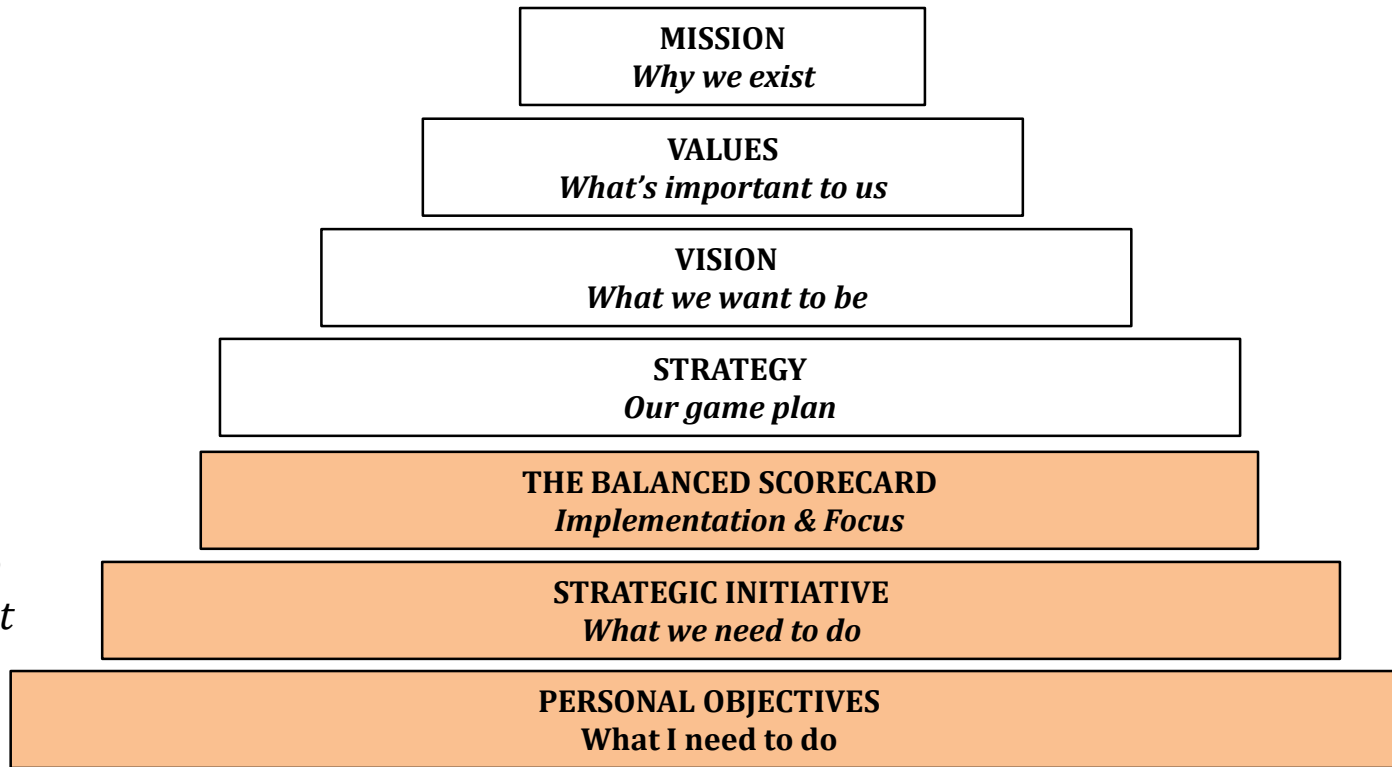
*Efficient & Effective  
PROCESSES*

*Motivated & Prepared  
WORKFORCE*



# Balanced Scorecard as a tool to execute strategy

BSC is a  
Bridge to  
Close that  
Gap



## STRATEGIC OUTCOMES

Satisfied  
STAKEHOLDERS

Delighted  
CUSTOMERS

Efficient & Effective  
PROCESSES

Motivated & Prepared  
WORKFORCE



# BSC implementation level in Ministry of Finance

Balanced Scorecard implementation in Ministry of Finance divided into 6 levels

*Kemenkeu-Wide*

**Minister and Vice Minister scorecard**

*Kemenkeu-One*

**Echelon I scorecard**

*Kemenkeu-Two*

**Echelon II scorecard**

*Kemenkeu-Three*

**Echelon III scorecard**

*Kemenkeu-Four*

**Echelon IV scorecard**

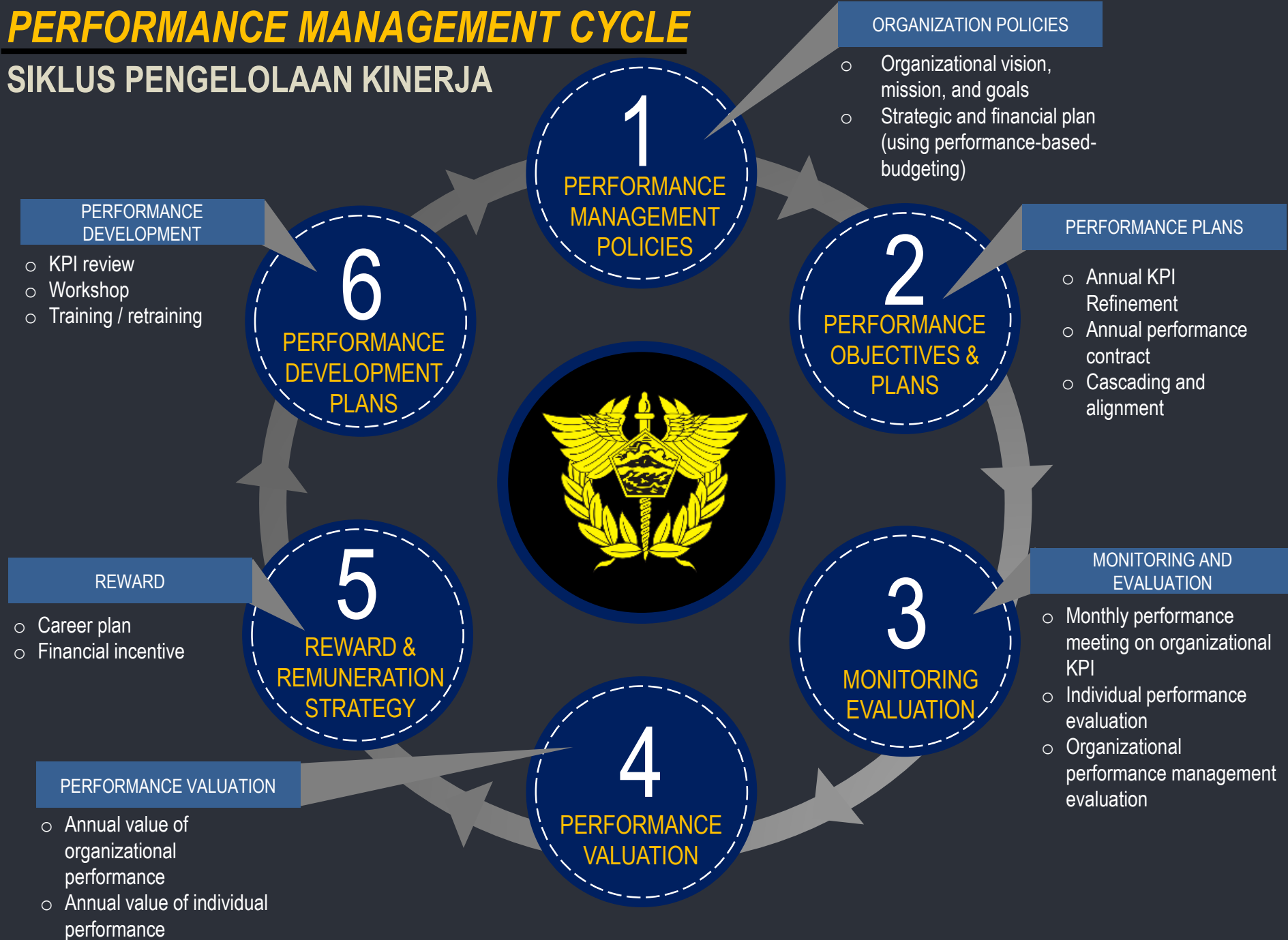
*Kemenkeu-Five*

**Assistant of Minister, Advisor, Functional officials, Echelon V, and staff scorecard**



# PERFORMANCE MANAGEMENT CYCLE

## SIKLUS PENGELOLAAN KINERJA



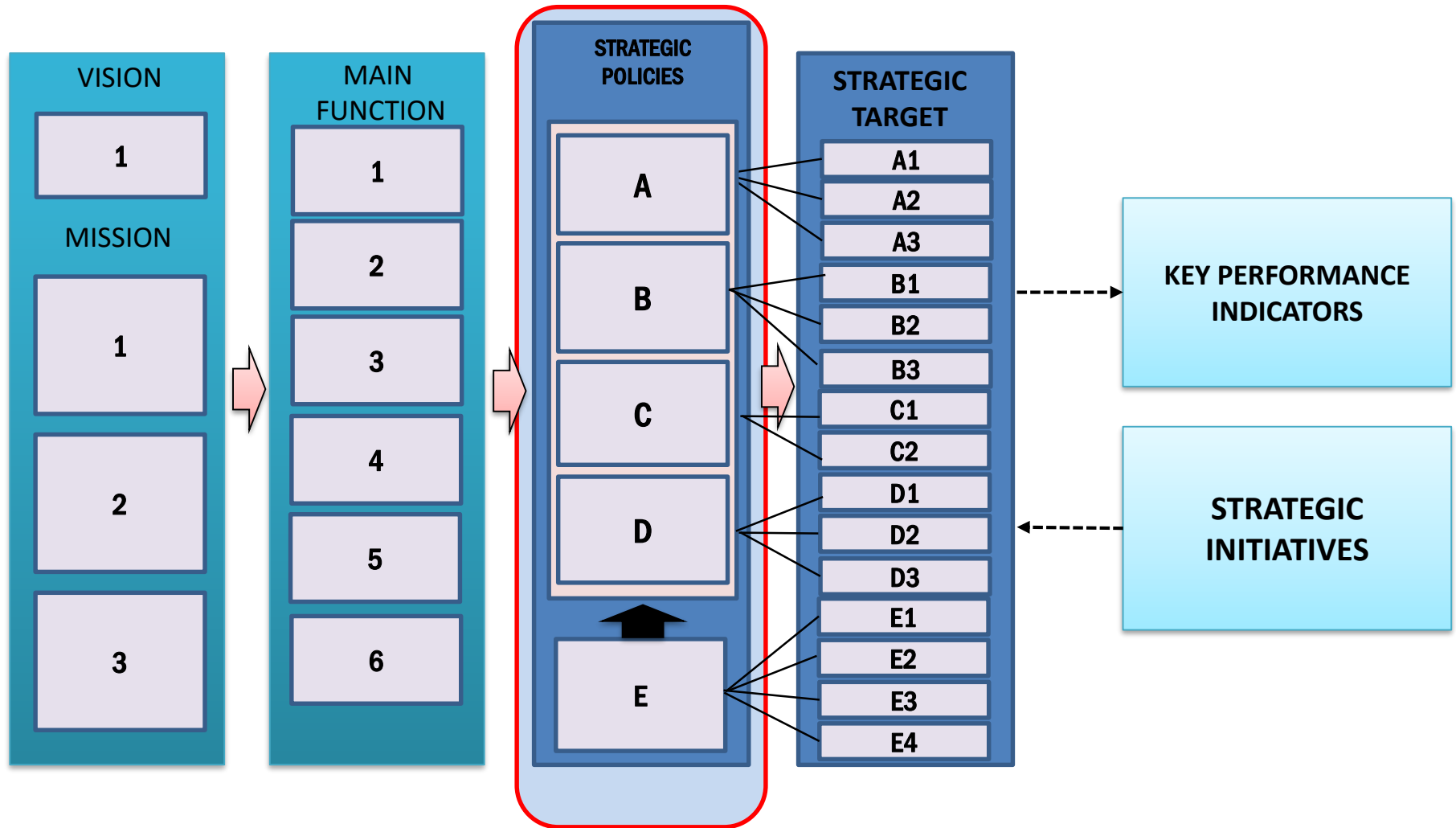


# National strategic planning diagram





# Indonesian Customs Strategic Planning Diagram

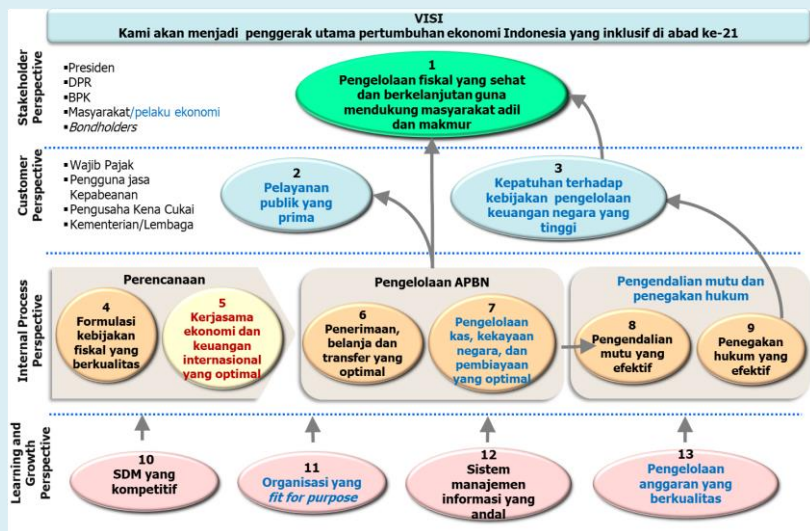




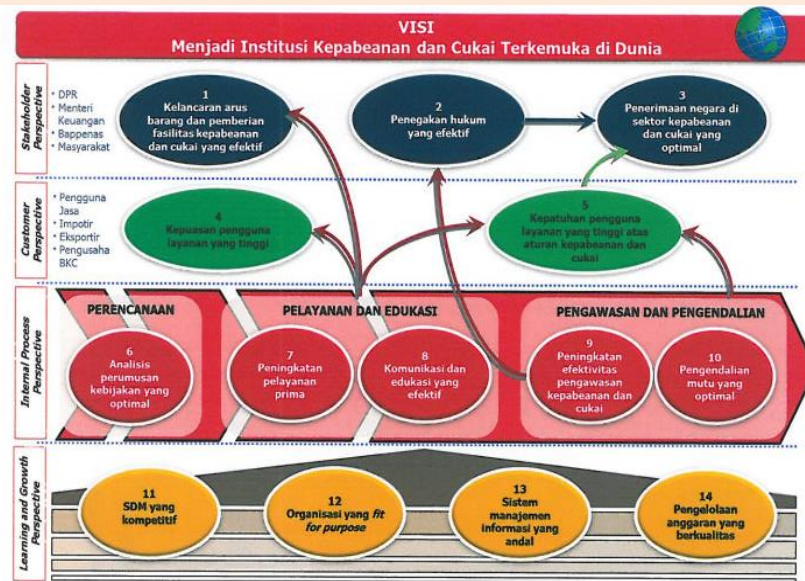
# Strategy Map

- Describing organization goals from each respective **perspective**
- Defining strategy **visually** using several strategic target causally
- Communicating organization strategies easily to every employee in organization

### Kemenkeu-Wide Strategy Map 2018

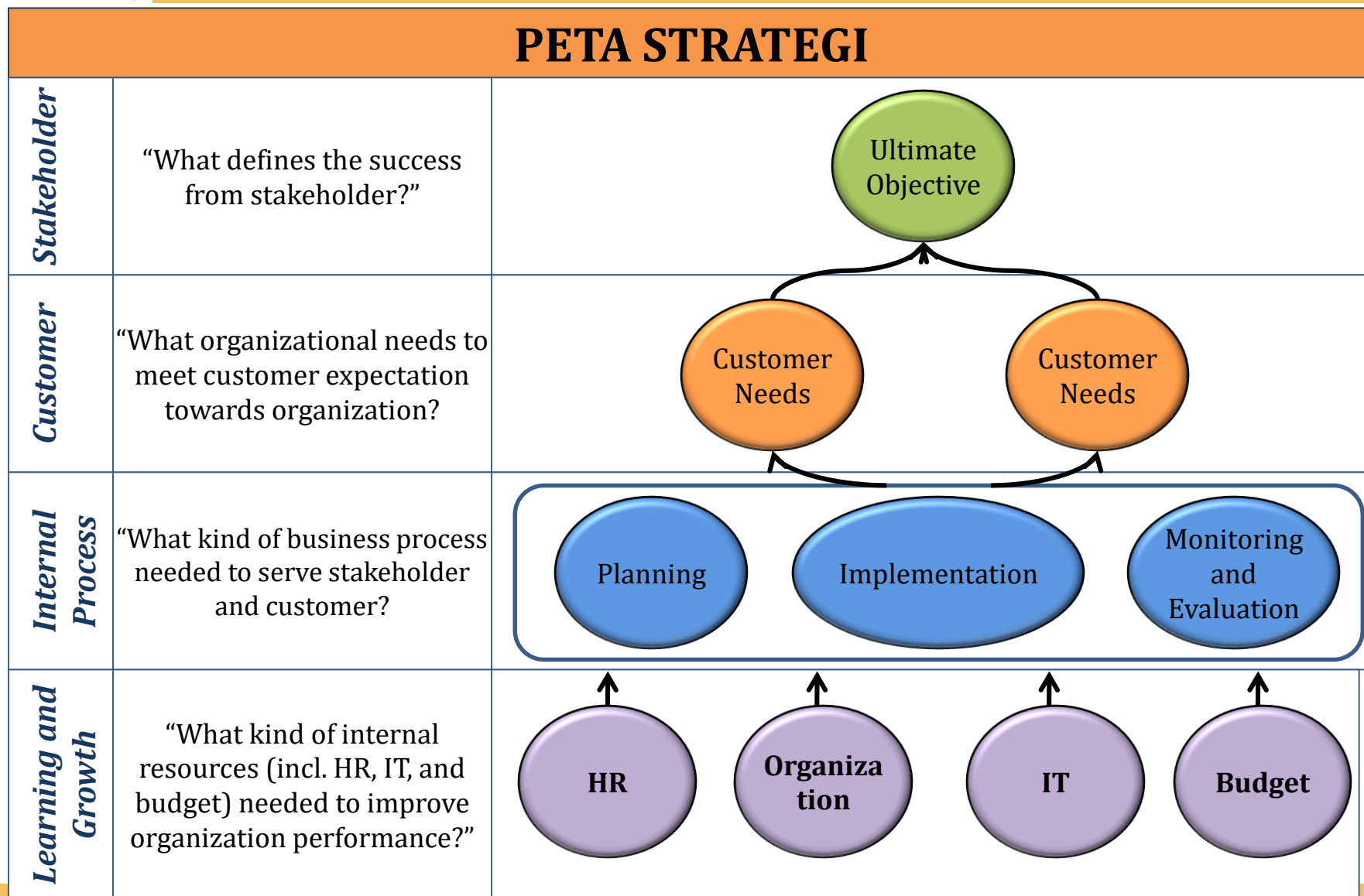


### Indonesian Customs Strategy Map 2018





# Strategy Map Layout





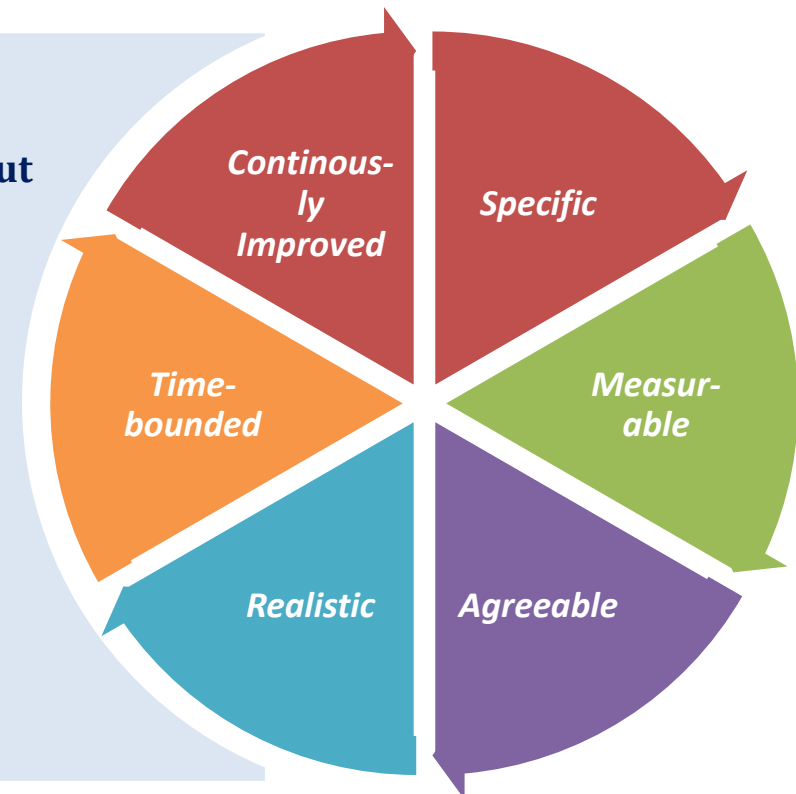
# Key Performance Indicators

- ❑ Defining organization/employee's main function
- ❑ Based on organization priority and needs



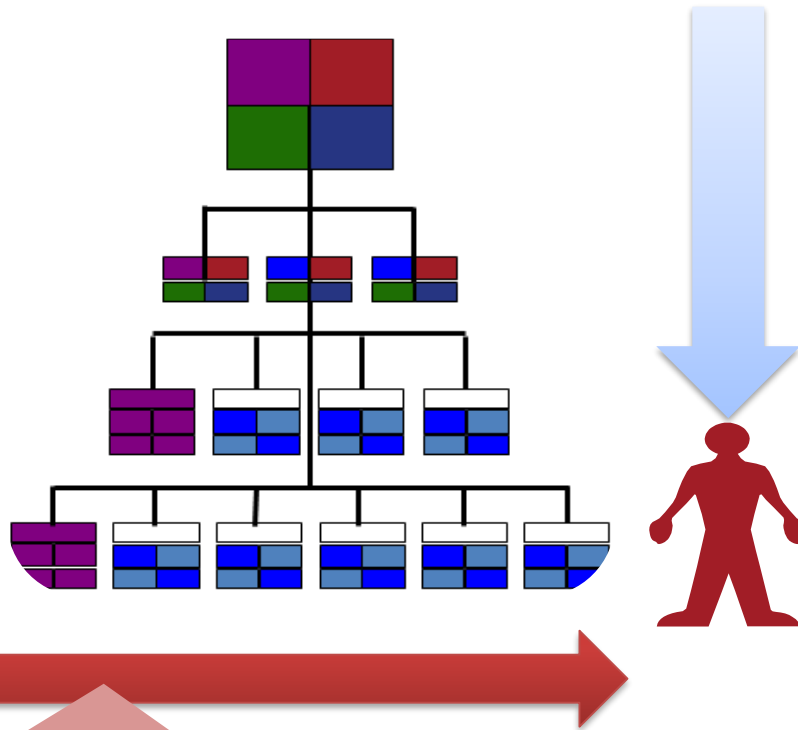
## KPI's drafting principles

- ***Specific*** : Describing the KPI definitively and without any ambiguity. Each KPI should be unique and relevant to organization needs.
- ***Measurable***
- ***Agreeable***: The target and KPI should be agreed upon
- ***Realistic***: The target should be realistic and challenging
- ***Time-bounded***: The KPI should be time-bounded with realistic deadline
- ***Continuously Improved***





# Cascading dan Alignment



***Cascading (vertical alignment)*** : a thorough process to distribute strategic target and KPI towards officials on the lower level [i.e. Director General (echelon I) to Director of Internal Compliance (echelon II)]

***Cascading dan Alignment***  
can be done to:

- a. Strategic Target;**
- b. Key Performance Indicators.**

***Alignment (horizontal alignment)*** A thorough process to ensure strategic target and KPI consistent between officials on the same level (i.e. KPI between each echelon IV in 2 different office)





# Periodic performance meeting

Periodic meeting to discuss organization performance. The meeting should be attended by high official and head of office.

The meeting should at least discuss:

1. Organization's strategic issues
2. Policy implementation results
3. Organization performance



The outcome of meeting should at least consists of:

1. Matrix of follow-up
2. Minutes of meetings
3. Monthly performance report





# Performance Management Evaluation

## Definisi

Performance management evaluation is a method to assure performance management system implemented successfully in organization

## Periode

Q2 - Q3  
annually



## Evaluation purpose

To align performance management system in Indonesian Customs

To stimulate innovation in Indonesian Customs performance management system

The evaluation result should give adequate assurance for performance manager



# Performance appraisal

Performance appraisal is a process of valuating organization or employee performance periodically.

Output of performance scoring are:

- Organization performance score
- Employee performance score





# Organization performance score

- ❑ A method to define organization success using score for each KPI
- ❑ One of verified way to value organization accountability in a year or annually

Organization performance score counted by consolidating each KPI score in organization scorecard

In ministry of finance, organization performance score authorized by Minister of Finance/Director General/Head of Regional Office to each their respective levels



## Employee performance score

Employee performance score counted by consolidating each KPI score in employee scorecard

Employee performance score can be used for:

- Employee performance transparency
- Basis for financial incentive
- Means to improve performance

Employee score validated annually

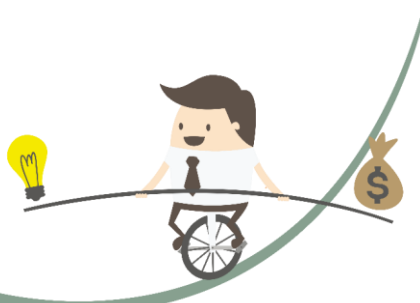




# Reward and Remuneration System



**Annual Performance Valuation**



## Financial Incentive

Regulation of Minister of Finance No. 241/PMK.01/2017

Promotion

Performance allowance

Award for employee of the month/year

Exemplary employee

Talent Pool

Pension funds

## Non-Financial Incentive

Decree of Minister of Finance No. 7/KMK.01/2016



# Success Story Indonesian Customs implementation of KPI

KPI is not merely used for scoring organization performance,

but also:

Efficiency of business process  
Integrity  
Problem solver  
Organization prime mover

1

Percentage of Success in Supervision of Illegal BKC Distribution

2

Customs clearance time

3

The red line hit rate percentage

4

Percentage of Successful Appeal Disputes in the Tax Court

5

Import and export ratio

# TERIMA KASIH