

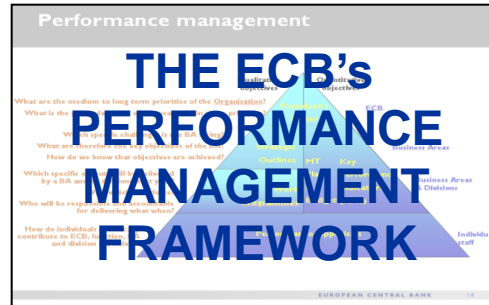
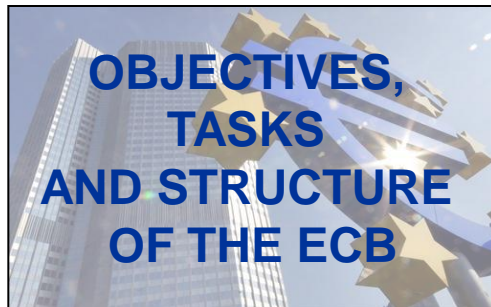
Enhancing corporate efficiency and effectiveness at the ECB

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Enhancing corporate efficiency and effectiveness at the ECB



BASIC TASKS OF THE EUROSISTEM



ORGANISATION



To conduct foreign
exchange operations



To define and implement
monetary policy

To promote the smooth operation
of payment systems

To hold and manage the official
foreign reserves
of the participating EU Member States



OTHER TASKS OF THE EUROSISTEM



ORGANISATION

Advisory functions



Collection and compilation of statistics



Issuance of banknotes



International cooperation



Contribution to prudential supervision and financial stability



The ECB in Motion exercise

- **Timeline**
 - **Started: October 2003**
 - **Completed: August 2004**
- **Results**
 - **37 measures implemented (84%)**
 - **4 measures partially implemented (9%)**
 - **3 measures not implemented (7%)**
- **Measures implemented on**
 - **Staff empowerment;**
 - **Staff enabling and performance rewarding; and**
 - **Creating an open co-operative environment with a minimum of bureaucracy.**

The ECB in Motion exercise

Empower staff		Enable staff and reward performance		Create an open co-operative environment with a minimum of bureaucracy	
From	To	From	To	From	To
Decisions insufficiently Delegated insufficient Accountability	Approval at lowest adequate level	Management quality and skills perceived as under-developed	Management quality and skills meet high standards	Unclear responsibilities of and cooperation between business units	Responsibilities and co-operation of business units clear
Staff work is needlessly altered in detail	Appreciate individual contributions	Clear direction on goals, priorities, and performance missing	Staff aware about goals, priorities, own objectives and expected results	Limited access to existing information	Easy and general access to existing information
Inefficiency of existing rules, processes and design of forms	Efficient rules, processes and design of forms	Financial compensation ok but recognition not performance based	Overall remuneration package reflects performance	Weak vertical communication and use of appropriate communication tools	Quick and sufficient vertical cascading down of information and interaction
Few find the overall time spent at work appropriate	Balance work and private life	Disappointment over limited professional development opportunities	Clear professional development opportunities that suit both ECB and staff member	Silo mentality and lack of trust: no open and effective communication within and between areas	ECB interest to prevail. Open and effective communication within and between business areas

The Zero Based Budget exercise

- **Timeline**
 - **Started: July 2004**
 - **Completed: December 2005**

- **Context**
 - **Reinforced focus on performance management;**
 - **Strategic reorientation, effectiveness and efficiency review; and**
 - **Demand for comprehensive (vs. incremental) assessment of resource requirements.**

The Zero Based Budget exercise

Objectives

- **Assess the Effectiveness of all 15 BAs, (“Do we do the right things”?)**
 - **Assess the Efficiency with which these tasks are performed (“Do we do the things right”?)**
-
- **Identify opportunities for improvement of Effectiveness and Efficiency (e.g., elimination of task redundancies, exploitation of cross-divisional synergies)**
 - **Identify opportunities for resource reallocation within and across BA**

Achievements

- + **Increased transparency on volume and quality of ECB deliverables as well as on workload and productivity**
 - + **Informal/implicit management evaluation**
 - **No formal analysis / understanding of customer requirements & satisfaction**
 - **Internal self-assessments without external benchmarks**
-
- + **Start of new era: Historical end of resource growth >10%; increased awareness of effectiveness & efficiency**
 - + **Concrete decisions and improvements on selected BA-specific topics**
 - + **Some significant ECB-wide improvements (DG-H, CPO, ORM, Jurist linguists, decentralised IT)**
 - **Only 3% FTE “savings”**
 - **No significant rebalancing of historical 50/50 mix between support and core functions**

Information Systems Strategic Review

- **Timeline**

- **Started: July 2008**
- **Completed: December 2009**

Objectives

- **Establishment of a business-driven IS strategy**
- **Further assessment of business requirements:**
 - **Business demand and emerging IT trends.**
 - **IT governance, architecture and management processes.**
 - **Information security, business continuity and compliance.**
 - **Development, maintenance and operations.**
 - **Skills and sourcing.**

Achievements

- **Reviewed IS strategy governance and control framework.**
- **Reviewed strategic IS plan, aligned with the projects portfolio.**
- **New IS organisational structure.**



Organisational Development Projects (ODPs)

An ODP is a structured organisational initiative for a given business unit, process or function

Parameters

- **An ODP delivers an assessment and subsequent recommendations on a wide range of topics**
- **DG-H jointly with relevant business area (BA), establishes a proposal for the high-level scope, the objectives and the modalities of the project**
- **The ODP is conducted in 4 phases:**
 - Diagnosis analysis;
 - Solution finding and design;
 - Reporting and decision;
 - Implementation

A DG/H Visum is a recommendation to the Executive Board, considering the impact of proposed activities on (financial and/or human) resources and organisation

Parameters

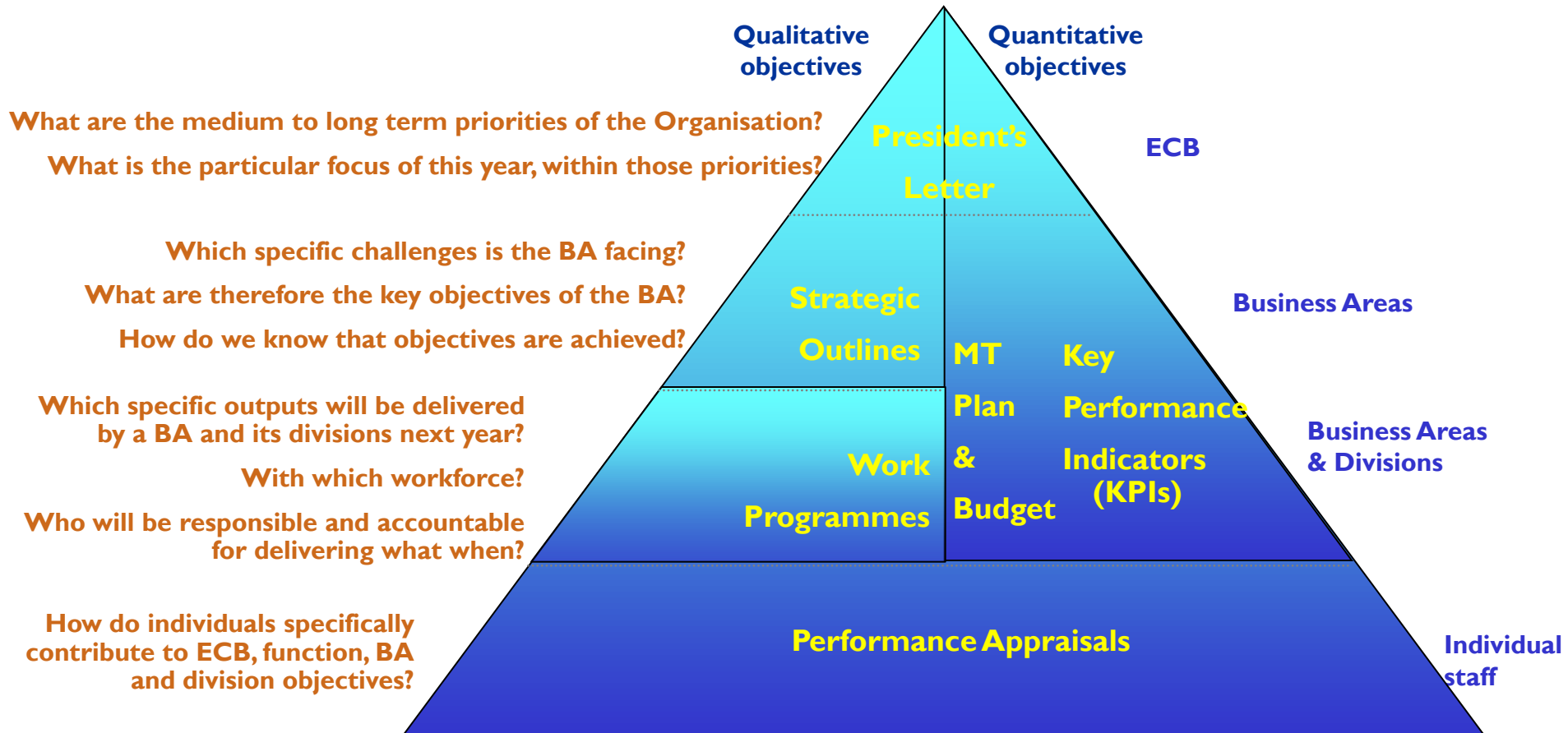
- **Based on well prepared business cases**
- **Focus on resources, organisational aspects and risks and makes recommendations to the Executive Board**
- **Four eyes principle**



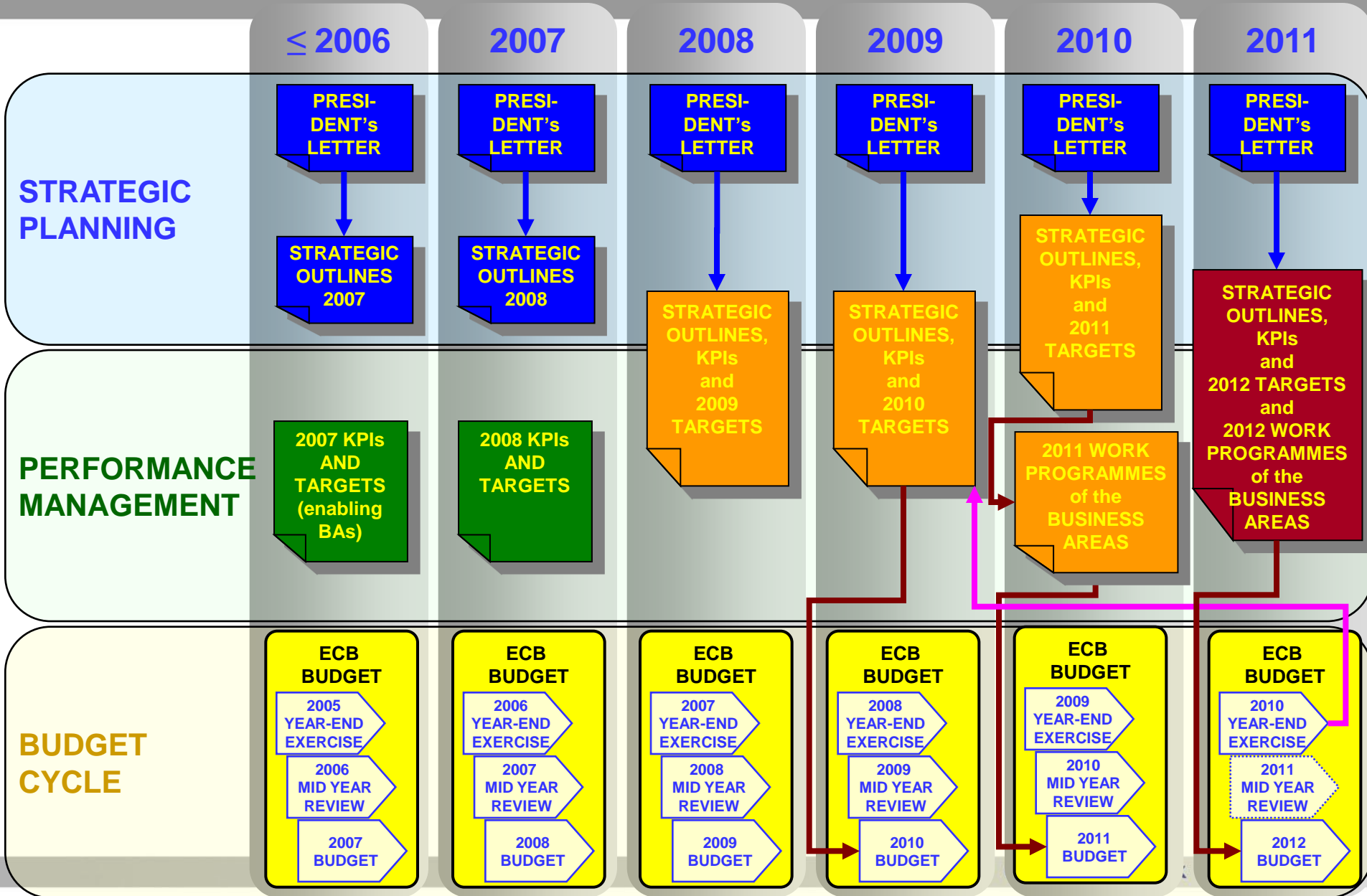
The ECB Corporate Performance Management Framework

- **Set of instruments at the disposal of the EB and BA heads to provide the ECB with direction, to measure progress in achieving its objectives and to assess its functioning:**
 - **High level priorities for the medium term;**
 - **Strategic directions for each business area;**
 - **Operational objectives for each business area;**
 - **Annual budget objectives for each business area;**
 - **Key Performance Indicators; and**
 - **Annual work programmes for each business area.**

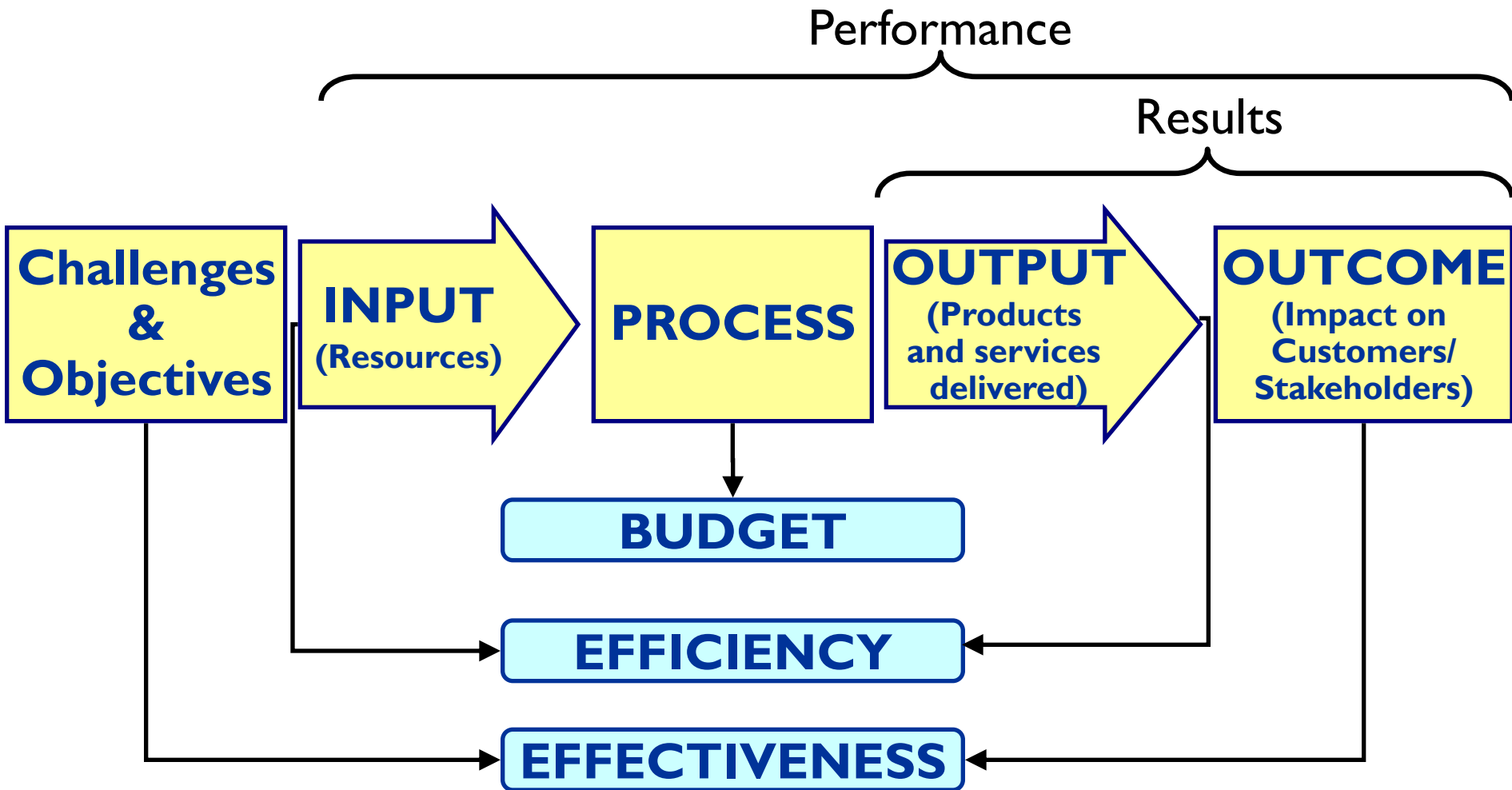
Performance management



Evolution of the ECB's PMF

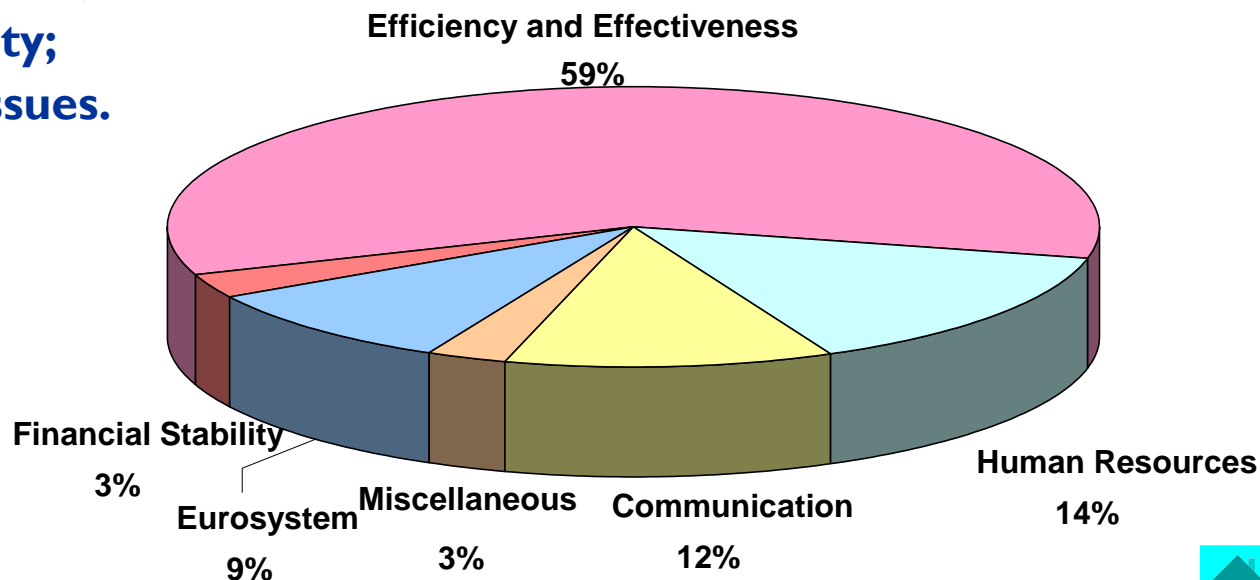


The “BEE approach”



Efficiency and Effectiveness at the ECB's PMF in 2010

- **54 Challenges for the 15 BAs**
- **110 Objectives for the 15 BAs**
- **181 KPIs (not including KPIs internal to the Business Areas)**
 - **107 on Efficiency and Effectiveness;**
 - **26 on Human Resources;**
 - **21 on Communication;**
 - **17 on Eurosystem issues;**
 - **5 on Financial Stability;**
 - **5 on Miscellaneous issues.**



SMART targets to FABRIC KPIs

- **Define FABRIC KPIs**
 - **Focused**: on the objectives and in a limited number of KPIs for preventing information overload.
 - **Appropriate** and useful for the addressees of the information.
 - **Balanced**, providing an overall picture covering all relevant aspects of the objective and preventing perverse effects.
 - **Robust** enough to enable comparison over time.
 - **Integrated** in the organisation (budget cycle, personal performance management, etc)
 - **Cost-effective**, minimising administrative burden and keeping bureaucracy at minimum.
- **Set SMART targets for the KPIs**
 - **Specific** to the KPI/objective.
 - **Measurable**, always a numeric value (often, with a logical operator).
 - **Achievable**, setting realistic neither too low and not effective nor too high or demotivating.
 - **Responsible**, naming an operational owner and a managerial owner.
 - **Time-bound**, based on an exercise but with the medium-term perspective of the “optimal target”.





EUROPEAN CENTRAL BANK

EUROSYSTEM

**Thank you very much for
your attention**