Forestry Innovation Investment
PERFORMANCE MANAGEMENT FRAMEWORK

MARCH 2012
Cover Image (left): The Bio Energy Research and Demonstration Project, University of British Columbia
Photographer: KK Law

Cover Image (top right): The Bio Energy Research and Demonstration Project, University of British Columbia
Photographer: KK Law

Cover Image (middle right): Dimension lumber
Photographer: Michael Bednar, Bednar Photo

Cover Image (bottom right): Douglas Fir
Photographer: Kristin Charleton, Sundew Media
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1. Introduction

Forestry Innovation Investment Ltd. (FII) is a Provincial Crown corporation with a mandate to promote B.C.’s forest products to the global marketplace, and to work with the forest industry to develop and diversify markets for B.C.’s forest products. FII is responsible for a range of programs, designed to strengthen demand for B.C. forest products and ensure customers have factual, timely information about the environmental merits of B.C. forest products, including the sustainable forest management regime that underlies their production.

This report presents an overview of FII’s approach to measuring and evaluating its performance, both internally and indirectly through its funding programs. The performance measurement framework described in this document is the approach that FII is using to monitor, assess and act on performance information at the project, program, market and corporate levels. The framework is designed to strengthen accountability and standardize performance management. Ultimately, the framework is intended to provide FII with the information necessary to evaluate, and to continually improve performance over time.

The framework is organized as follows:

- **Section 2** – Describes FII’s objectives, programs and the linkages between program activities and outcomes
- **Section 3** - Presents an overview of FII’s multi-year planning framework
- **Section 4** – Explains FII’s annual business cycle. This supports the planning framework and shows how longer-term plans are influenced
- **Section 5** – More fully describes the approach to performance measurement adopted by FII and includes descriptions of:
  - operating context for performance assessment
  - levels within which performance measurement is undertaken and the linkages between these levels
  - types of performance measurement activities taking place at each level and an overview of responsibilities
2. Objectives and Programs

2.1 FII Mandate, Vision and Mission
Forestry Innovation Investment (FII) was incorporated in 2003 under the Business Corporations Act as the B.C. Government’s market development agency for forest products. FII is tasked with enhancing the value of B.C.’s forest resource and strengthening employment, by delivering programming that responds to two fundamental questions: “Why use wood?” and “Why buy wood from BC?” Specific directives for FII are set by the Minister of Jobs, Tourism and Innovation through a Government’s Letter of Expectations, revised annually (or more frequently if circumstances warrant). The current Letter instructs FII to:

- position British Columbia as a global supplier of world-class environmentally friendly forest products;
- actively maintain, create and diversify demand for B.C. forest products in Canada and in key world markets;
- help break down non-tariff trade and market barriers to ensure opportunities for B.C. forest products;
- work with the forest industry to promote B.C.’s forest products and forest management to the global marketplace; and
- help ensure that the forest sector, through product development and strong international sales, continues to be a leading contributor to the B.C. economy.

FII’s vision and mission reflect its mandate as Provincial Government’s market development agency for forest products:

**Vision:** Forestry Innovation Investment is an effective catalyst in positioning British Columbia as the leading global supplier of environmentally superior products from sustainably managed forests.

**Mission:** FII’s mission is to be an innovative and collaborative forest marketing agency that anticipates and meets the needs of government, the B.C. forest sector, and international markets through well balanced investments that maximize value to British Columbia.

2.2 Strategic Objectives
Ultimately, FII’s investments are intended to create:

- Greater access to key markets for B.C. forest product manufacturers and exporters;
- Improved understanding and demand for B.C. forest products and species;
- An appreciation of the superior environmental merits of B.C. forest products, founded in B.C.’s role as a world leader in forest management;
- Stronger coordination between B.C. forest products exporters, associations and partners, to achieve an effective and strategic approach to market development;
- New and innovative forest products and manufacturing processes; and
- A pro-wood culture in B.C.

Each of FII’s business areas has a key role to play in its success.
### 2.3 FII Business Areas & Programs

Central to FII’s mandate is its dual function. Firstly, FII develops and delivers a range of programs that respond to government’s priorities for the forest sector. Secondly, FII acts as a catalyst for industry led market development programs and activities, which advance collective interests for stronger, diversified forest product markets and expanded use and consumption of wood products from B.C.

As shown in the following table, there are three components to FII’s Operations business unit, which is supported by two functional areas within the Corporate Services unit.

<table>
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<tr>
<th>OPERATIONS</th>
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| **Market Initiatives** | - Research opportunities in new and emerging markets, and initiate early market exploration activities  
- Support industry trade associations in developing and/or expanding markets for B.C. forest products  
- Support industry efforts to mitigate market access and plant health issues  
- In partnership with industry, develop market strategies to focus market development initiatives  
- On behalf of the forest sector, manage outreach and relationship building in China with Chinese authorities and central government agencies |
| **Wood First** | - Champion the Province’s Wood First initiative and encourage expanded wood use in B.C. and other jurisdictions  
- Encourage the development of a pro-wood culture in B.C., and position B.C. as a leader in wood innovation  
- Encourage product innovation and the introduction of new wood building systems  
- Encourage a robust value added sector in B.C., through enhanced capacity and competitiveness |
| **Market Outreach** | - Promote the benefits of wood as a green building material  
- Develop factual and science based materials to position wood’s environmental benefits and climate change mitigation potential  
- Promote B.C. as a world leading supplier of forest products  
- Ensure markets are aware of B.C.’s sustainable forest practices and high environmental standards |

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<tr>
<th>CORPORATE SERVICES</th>
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| **Finance & Administration** | - Ensure financial reporting to government standards  
- Provide Human Resource, IT and office services to meet organizational needs  
- Oversee budget and planning controls |
| **Corporate Relations** | - Compile and share export data and analysis on market trends  
- Support Government and industry trade and investment initiatives  
- Provide corporate communication and analytical services to meet internal and external needs |
3. FII Planning Framework

An important factor in establishing performance measures is to properly reflect the extent of FII’s control over the achievement of targets and outcomes. As an enabler, FII can help to address market access issues, create interest in B.C. wood species, and communicate the facts about the environmental merits of our forest products. Consequently, most measures that FII uses reflect its role as an enabler, rather than a direct participant in commercial transactions.

The planning framework adopts a “whole system” approach. In this regard, the framework is developed to integrate and align systems, processes and programs within FII to maximize performance.

Exhibit 3-1 illustrates, in broad terms, the planning framework and its impact on planning. The framework considers each element within the business cycle, strengthens the linkages between them and is intended to improve the effectiveness and efficiency of the system. The cycle accommodates needs in relation to the annual business cycle, the corporate calendar, procurement and strategic planning and budgeting. Key elements within the planning framework include:

1. **Strategic direction (setting objectives)** - Strategic direction is established and communicated through FII’s strategic plan which has a 5-10 year time horizon. The strategic plan considers past performance of FII programs as well as market intelligence to articulate long-term strategies and targets.

2. **Service Plan** – The long-term strategic direction is then used to develop near- to mid-term goals, objectives and strategies, performance measures and targets that are reflected in FII’s Annual Service Plan (three-year time horizon).

3. **Investment Strategies and Market Strategies** – FII staff regularly update specific funding priorities, objectives and tactics within specified target markets and within specific program areas. Investment strategies for each program area are updated annually, with specific market strategies updated approximately every three years.

4. **Implementation** – Either directly through self-initiated activities, or indirectly through funding other organizations, FII delivers programs based on annual funding priorities and tactics.

5. **Performance Assessment and Reporting** –
   - Project reporting and monitoring
   - Audit and evaluation
   - Program reviews and assessments
   - Analyses of trends in international market dynamics, particularly focusing on B.C.’s export performance, share of imports and overall consumption in each market
   - Annual service plan reporting (Annual Service Plan Report)

Each of these elements is more fully described in Exhibit 3-2.
Exhibit 3-1: FII’s Planning Framework

Planning Framework

- FII Strategic Plan (5-10 year time horizon)
- Performance Assessment & Reporting (annual)
- Service Plan (3-year time horizon)
- Project Implementation (annual)
- Investment Strategy & Market Strategies (1- to 5-year time horizon)

Forestry Innovation Investment - Performance Management Framework – March, 2012
Exhibit 3-2: FII’s Planning Framework – A Closer Look

| FII Strategic Plan (5-10 year time horizon) | • Establishes broad, longer-term FII objectives designed to support government and industry strategic direction  
• Range of indicators considered to ensure progress is made towards strategic objectives  
• Sets the context for service planning and program development  
• Prepared with FII Board of Directors and guidance of industry advisory committees  
• Third-party review of FII programs |
| Service Plan (3-year time horizon) | • More operational - providing an annual plan within a three year time horizon  
• Targets focus on the highest-level end outcomes, including those where FII has direct control and influence (e.g., partner contributions), as well as those where the organization’s influence and control is more indirect (e.g., export volumes). These respond directly to the directives for FII as identified in the annual Government’s Letter of Expectations as well as the longer-term outcomes and targets identified in the strategic plan  
• Stakeholder/partner input helps to shape Service Plan objectives and targets |
| Investment Strategy and Market Strategies (1-5 year time horizon) | • Guidance provided by Strategic Plan; Service Plan  
• Annual investment priorities are based on market analyses, individual market development strategies, and individual program investment strategies  
• Industry input helps guide priorities  
• Performance measures reflect priorities and objectives |
| Project Implementation (annual) | • Project funding allocated on an annual basis  
• Structured evaluation of proposals; assessment of internally generated project proposals  
• Program and project priorities identified  
• Approval of funding by CEO for internal projects and externally delivered projects cost-shared with the federal government.  
• Contracts/agreements and/or project approval forms developed for each project  
• Projects implemented and closely monitored/managed by FII staff |
| Performance Assessment & Reporting (annual) | • Monitoring of all cost shared and direct-delivered projects  
• Annual and stakeholder reports prepared by FII on the basis of the information generated through monitoring, auditing and evaluation  
• Performance information and results integrated into future service plans, investment and market strategies, as well as used to monitor performance in relation to FII’s strategic plan  
• Reporting is used to make improvements throughout the system to further reduce risks, strengthen accountability and optimize effectiveness  
• Surveys, trend analysis and other reviews supplement the performance assessment work conducted (includes annual trend analysis of international market dynamics and performance) |
4. Business & Performance Management Cycles

FII recognizes the importance of a structured and integrated business and performance management cycle. Exhibit 4-1 provides a graphic illustration of the annual cycle through which FII conducts its business - from setting program objectives through to final reporting and project closure.

Superimposed over this business cycle is FII’s performance management framework which involves establishing performance expectations and performance measures, performance assessment and performance reporting.

The entire business cycle and all performance measurement activities are supported by internal management systems and structures, which include:

- Human resources (including individual performance plans)
- Information systems to support data capture, analysis and dissemination
- Effective policies and guidelines through the system
- Risk assessment procedures
- Financial systems and controls

Each of these elements is more fully described in Exhibit 4-2.

Exhibit 4-1: FII’s Annual Business and Performance Management Cycle
## Exhibit 4-2: FII’s Annual Business Cycle – A Closer Look

<table>
<thead>
<tr>
<th>1. Strategic Direction</th>
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| **I. Setting Program Objectives** | Guidance provided by strategic plan; Government’s Letter of Expectation; and Annual Service Plan  
**Solicit Stakeholder Input** | Objectives (funding objectives) set at the program level that support higher-level direction  
Stakeholder/partner input helps to shape program objectives  
Board of Directors and industry advisory committees help to set strategic direction and provide input into FII priorities |

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<th>2. Project Implementation</th>
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| **II. Investment Strategies** | Investment priorities determined based on market analysis, market strategies and annual program investment strategies  
**Market Strategies** | Performance measures developed to reflect market priorities and objectives  
Market strategies developed in collaboration with industry, the federal government, trade associations, FII Board of Directors and industry advisory committees  
Framework for identifying priorities for annual Call for Proposals and direct-delivered initiatives |
| **Funding Priorities** | Annual call for proposals (CFP) for FII funding of industry/federal government cost-shared projects meeting Market Initiatives Program (MIP) objectives - project funding allocated on an annual basis  
Development of FII direct-delivered initiatives when needs are not, or should not, be met through industry or other external organizations; activities respond to government and sector priorities  
Periodic Request for Qualifications (RFQ’s), and/or Requests for Proposals (RFP’s) to identify contractors to meet FII direct-delivery requirements |

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| **III. Develop Projects/ Funding Proposals** | Structured evaluation of proposals received in response to RFQ, RFP, CFP and other competitive funding processes  
**Funding Proposals** | Funding recommendations made by Evaluation Committees, comprising FII staff and independent experts  
Assessment of proposed FII direct-delivered projects  
Approval of funding (industry/federal government cost shared and FII direct-delivered projects) by FII CEO |

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| **IV. Proposal/Project Evaluation & Funding Decisions** | Contracts/agreements developed for each project, specifying activities to be undertaken, timing, deliverables, outputs and outcomes  
**Funding Decisions** | Project objectives, performance measures and targets specified and linked to program objectives, priorities and market strategies |

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<tr>
<td><strong>V. Negotiate Agreements &amp; Develop Work Plans</strong></td>
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<td>VI. Program Delivery</td>
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<tr>
<td>---------------------</td>
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<tr>
<td>• Funding recipients responsible for delivery of approved industry/federal government cost-shared projects</td>
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<tr>
<td>• FII responsible for delivery for direct-delivered projects. For direct-delivered projects, FII staff / contractors manage work plans through to completion</td>
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<th>VII. Monitor Audit Evaluate</th>
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<tr>
<td>• Recipients provide financial and operational reports addressing project progress and performance on a trimester basis, completing surveys and performance measurement analysis annually, where required. FII staff manage and monitor contracts and progress towards stated project objectives:</td>
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<tr>
<td>- monitoring intensity determined by risk analysis of each project</td>
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<td>- funding recipients required to prepare financial and operational progress reports to FII</td>
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<tr>
<td>• Audits conducted to ensure compliance – focus of audits and coverage determined through risk assessment of projects/programs</td>
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<td>• Program evaluation conducted to address performance issues not addressed through monitoring and audit</td>
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<tr>
<td>• Surveys, annual trend analysis and other reviews completed by FII to supplement the performance assessment work conducted by recipients</td>
</tr>
<tr>
<td>• Recipients also provide annual financial and operational reports</td>
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<th>3. Program Results</th>
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<tr>
<td>• Annual operational and financial reports prepared by funding recipients that identify performance in relation to work plan, objectives and targets</td>
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<tr>
<td>• FII evaluates the results of its direct-delivered activities for annual reporting</td>
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<tr>
<td>• Annual Service Plan Report and Annual Report to Stakeholders prepared by FII on the basis of the information generated through recipient reports; monitoring; auditing and evaluation; external data analysis; and the evaluation of FII’s own direct-delivered initiatives</td>
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<tr>
<td>• Performance information is compared to Annual Service Plan and used to monitor performance in relation to Service Plan targets and FII’s Strategic Plan</td>
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<tr>
<td>• Reporting is used to make improvements throughout the system to further reduce risks, strengthen accountability and optimize effectiveness</td>
</tr>
<tr>
<td>• Annual Service Plan and Report to Stakeholder are distributed to the Sholder (B.C. Government), Board of Directors, industry advisory committees, funding recipients, federal partners, and industry leaders, as well as publicly available on bcfii.ca</td>
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<th>VIII. Report/Close</th>
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<tr>
<td>• Performance information is compared to Annual Service Plan and used to monitor performance in relation to Service Plan targets and FII’s Strategic Plan</td>
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A. Performance Expectations

- Objectives and targets are established at the:
  - Strategic plan level within FII
  - Service plan level
  - Program level
  - Project level
- Maintains linkages between each level

B. Performance Measures

- Performance measures are developed for all programs to support monitoring and reporting against performance expectations;
- Performance measurement approaches are coordinated and integrated between levels, as appropriate
- Market Initiatives Program measures are harmonized with federal programs where funding is cost-shared
- Work is coordinated with funding recipients and partners to identify and strengthen performance measures

C. Performance Assessment

- Activities designed to collect performance information include:
  - Ongoing monitoring and review
  - Project audits
  - Program evaluations
  - Annual trend analysis
  - Stakeholder consultations/surveys
  - Formal surveys of international customers and specifiers

D. Reporting

- Reporting is undertaken at several levels within FII and in partner organizations:
  - Project reporting (trimester and annual)
  - Trend analysis reporting
  - Annual Service Plan and stakeholder reporting
5. Performance Measurement

5.1 Introduction

In any well designed program, there should be a strong linkage between activities and intended results. More important than simply the linkage alone is the ability to measure and track how well activities and investments are contributing towards the achievement of intended results – with outcome indicators that can help guide decisions or enable course corrections along the way.

In some industries, this can be a fairly straightforward process of measuring profit, costs per unit, customers per hour, the time spent with each customer, the customers overall satisfaction for the services they received, etc. In his case, there is a direct line between what is being measured (profit, customers, time, satisfaction) and the service the organization provided, thus making it relatively easy to quantify results.

As identified in Section 2.2, FII’s investments are intended to create:

- Greater access to key markets for B.C. forest product manufacturers and exporters
- Improved understanding and demand for B.C. forest products and species
- An appreciation of B.C.’s role as a world leader in forest management
- Stronger coordination between B.C. forest products exporters, associations, the federal government and other partners to achieve an effective and strategic approach to market development
- New and innovative forest products and manufacturing processes
- A pro-wood culture in B.C.

FII recognizes that:

- In the area of global marketing and market development, it is a challenge to assign specific and exclusive attribution of the impact of various investments to the overall objectives of programs. While FII has taken great care in designing its programs and identifying intended program results – there are a wide variety of factors that can have either a direct or indirect influence on intended results.
- Through its project monitoring, audit, program evaluation and reporting, FII tracks the achievement of key program milestones, changes in key market dynamics and trends, and overall competitiveness factors as key indicators of progress towards desired outcomes.
There are a wide range of global economic forces that have a direct impact on international forest markets and the success of the B.C. forest industry. FII recognizes that regardless of its efforts, these international dynamics are outside of its influence and control. These include (but are not limited to):

- International currency exchange rates
- Domestic and international interest rates
- Consumer confidence and consumption trends
- Global competition
- Access to capital for investment
- Environmental challenges
- Natural disasters
- International government policies
- Tariff and non-tariff trade barriers

Facilitating change and positive progress in many cases requires a long-term investment. While FII strives to balance both short- and long-term results through its investments, the organization recognizes that effective measurement must be done by evaluating trends and results over time, rather than a specific return on investment on a purely annual basis. For example, it took British Columbia over 25 years of consistent effort and investment to develop a strong market for dimension lumber products in Japan – a market that remains one of the province’s largest markets for softwood lumber.

An important factor in establishing performance measures is to properly reflect the extent of FII’s control over the achievement of targets and outcomes. As an enabler, FII can help to address market access issues, create interest in B.C. wood species and communicate the facts about the environmental merits of our forest products. Consequently, most measures that FII uses reflect its role as an enabler, rather than a direct participant in commercial transactions.

Nevertheless, FII understands the need for tangible, meaningful measures of its performance and the impact of its programs. FII recognizes that the kinds of performance measures of interest to its Shareholder, the Province of B.C., and to the forest industry are much more directly linked to corporate targets such as production, sales, and market share. To this end, FII has developed specific milestones and targets that provide a benchmark from which to evaluate the impact of specific programs and FII’s overall investment portfolio as a whole.

The following section provides an overview of FII’s approach to measurement and evaluation on both an annual and forward-looking basis. The section describes FII’s performance measurement framework, along with the specific program targets and evaluation framework FII utilizes to assess its results. The overview progresses from the higher-level evaluation framework to more specific program targets and measurement techniques.
5.2 Levels of Influence - Results Framework

In order to follow the FII results story, it is important to understand the differences between results under the direct control of FII and its funding recipients, results which are directly influenced by FII and its funding recipients, and results which, though they often represent the raison d’être of FII and its funding recipients, are only indirectly influenced by FII programming.

Exhibit 5-1 – Results Logic Framework (categorizes three broad levels of influence and related results):

This level represents the ‘state’ of the forestry situation - the volume of exports and B.C.’s share of forest product markets.

This is the level of FII’s Annual Service Plan targets which reflect the organization’s highest-level objectives; however, FII’s influence on end outcomes is indirect (via intermediate and direct outcomes) and results are subject to a range of domestic and global dynamics (refer to Section 5.1 and Exhibit 5-3).

This level describes the groups with whom FII works (namely the B.C. forest industry and its existing and potential customers) and indicates the impact that FII programs have in terms of partner and user/customer engagement, perceptions, behaviour changes and benefits.

FII investments are intended to directly influence the groups reached at this level.

This level captures the market outreach and market development services provided by FII - volume of outputs produced, level of effort spent and the qualitative nature of the projects, operations and management of resources.
5.3 Results Logic - Links Between FII Business Areas/Programs and Results

In an effort to create a seamless and integrated performance management framework for the whole organization, FII has developed direct linkages between desired program objectives, specific targets, and the individual projects (whether they are delivered by FII or by other organizations funded by FII).

The linkages between FII objectives and business areas/programs can be shown as a logical progression of inputs leading to activities, outputs, direct, intermediate and end outcomes. These linkages are illustrated in Exhibit 5-2 - FII Results Logic (Strategy Map), which further expands the result framework presented in Exhibit 5-1.

The inputs are shown at the bottom of Exhibit 5-2 as FII investments in the five business areas of market research, market access, market capacity, industry development and promotion. These investments are intended to lead to activities and outputs delivered via FII and forest-sector associations to achieve direct outcomes such as the engagement of key target groups and improvements in their information/knowledge leading to actions contributing to the expansion of markets.

Note that outside influences (e.g., the influence of economic cycles, exchange rates, environmental, cultural and social factors) increase in importance as one progresses ‘up’ the results chain. As outside influences increase, FII’s relative control on results decreases. This is an important consideration and has a bearing on target setting, progress measurement, accountability and management learning/improvement.
### Exhibit 5-2: FII Results Logic (Strategy Map)

#### End Outcomes
- Market opportunities expanded, with a dramatic increase in forest product exports to China and the rest of Asia
- Wood is positioned as a preferred building material and B.C. as a global leader in wood innovation
- FII is maintained as a highly effective, innovative and responsive organization

#### Intermediate Outcomes
- Forest companies explore/pursue opportunities in diverse target markets
- Builders, architects and specifiers have the capacity to use B.C. forest products and building systems
- Builders, architects, specifiers and customers recognize B.C. as a preferred supplier of forest products
- Regulatory acceptance of B.C. products and building systems in foreign codes, standards and policies, including Green Building / Procurement standards
- Expanded B.C. forest products, applications & technologies
- Increased “pro-wood” culture in B.C.

#### Direct Outcomes
- Target audiences in priority markets are engaged
- Increased awareness of B.C. forest practices, products, wood-based construction technologies, and overall benefits
- Industry has information it needs to identify changes and market opportunities
- Regulatory agencies have the information they need to determine product attributes and performance
- Industry is engaged and supports market development activities
- Cooperation and coordination among key groups

#### Outputs (products, deliverables)
- Market research reports
- Market strategies
- Briefing notes
- Industry assessments
- Test results
- Meeting minutes /Technical reports
- Demo process / project
- QA resources
- Market/Technical guidance materials
- Demo process / project
- Speeches / presentations
- Strategic comm plans
- Product Dev’t/Building Systems testing reports
- Leads / event attendance
- Print and online materials
- Articles, Advertising (inquiries/web hits)
- Database

#### Activities (processes, operations)
- Market research
  - Issue management
- Testing
  - Regulatory meetings
- Demonstrations
- Missions/tours
- Advocacy, Rapid Response
- Demonstrations
  - Skills training seminars
- On-site QA
- Technology transfer
- Marketing Support
- Product dev’t / Building systems testing reports
- Marketing & communications
  - Promotional activities eg. events (tradeshows, seminars, tours), print and online materials, media campaigns, search tools, databases, advertising

#### Inputs/Investments ($, FTEs)
- Market Research
- Market Access
- Market Capacity
- Industry Development
- Promotion

### FII Business Investments

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1 FII’s Service Plan goal “FII’s maintained as a highly effective, innovative and responsive organization” is tracked against Annual Service Plan targets and is considered separately from the Market Development Results Logic Framework.

*Forestry Innovation Investment - Performance Management Framework – March 2012*

Note: FII’s Service plan measures track at the End Outcome level.

**GOAL 1**
EXPAND MARKET OPPORTUNITIES, EMPHASIZING A DRAMATIC INCREASE IN FOREST PRODUCT EXPORTS TO CHINA AND THE REST OF ASIA

**Strategies**
- Support the B.C. forest industry to develop and diversify markets for B.C. wood products in new and existing Asian markets by:
  - funding trade association market development programs based on priorities outlined in FII’s annual Investment Strategy
  - initiating early stage market development efforts in emerging economies
- Partner with the federal government and work with B.C. and bi-national trade associations to expand the use of wood in the non-residential construction sector in North America

**Performance Measures**
- Softwood lumber exports to priority Asia Pacific markets
- Incremental sales generated in targeted U.S. non-residential construction markets
- Incremental sales generated in the B.C. non-residential construction market

**GOAL 2**
POSITION WOOD AS A PREFERRED BUILDING MATERIAL AND B.C. AS A GLOBAL LEADER IN WOOD INNOVATION

**Strategies**
- Establish B.C. as a leader in wood use and innovation by leading B.C.’s Wood First initiative to:
  - increase wood use in public construction in B.C.; and
  - advance a “pro-wood” culture in B.C.
- Advocate for the B.C. forest sector by encouraging international regulators to accept B.C./Canadian products and forest practices
- Champion science- and fact-based approaches to communicate the merits of wood and wood-based construction technologies, including wood’s environmental and social benefits
- Position B.C. as a leading global supplier of quality, environmentally-responsible forest products and building solutions

**Performance Measures**
- Percent of allowable floor area (B.C. Government buildings) built with wood
- Percent of customers who feel that choosing products from B.C. (Canada) is a good choice for the environment

**GOAL 3**
MAINTAIN FII AS A HIGHLY EFFECTIVE, INNOVATIVE AND RESPONSIVE ORGANIZATION

**Strategies**
- Ensure FII is efficient, transparent and results focused
- Ensure the integrity and timeliness of funding to other organizations for activities that will enhance the forest sector’s economic and social benefits to British Columbia
- Maximize partner resources leveraged in the delivery of FII programs
- Minimize FII’s carbon footprint and promote environmentally responsible business practices

**Performance Measures**
- Timeliness of annual funding cycle for trade associations, research institutes, and universities
- Leveraged dollars as a percentage of total annual funding program
5.4  FII Results and Performance Measures

Performance measures enable an organization to track progress towards intended results. The ability to measure and track – with progress indicators - how well activities and investments are contributing towards the achievement of intended results is critical to the overall success of FII’s performance management system.

Over the last several years, FII has worked with funding recipients and partners to improve upon the performance measures, data collection and reporting approaches. In some cases measures have been discarded because they could not be operationalized at a reasonable cost, or because they measured things that were too far beyond FII’s ability to control. In other cases, measures developed by funding recipients have been included.

The menu of indicators (Exhibit 5-3) follows the basic results framework and logic/strategy map and can be applied at the project and program levels. These indicators can also be used to address FII performance at the Strategic Plan and Service Plan level.

Measures at each level will be dependent on the:

1. Degree of specificity (i.e., projects will have very specific investment activities, outputs, direct and intermediate outcomes, while strategies for whole markets or program areas will need to be more generalized)

2. Level of attribution which is possible (i.e., a single project will not likely show strong attribution to end outcomes or even to high-level intermediate outcomes)

Project-level activities and outputs will show strong attribution at the direct outcome level. On the other hand, groupings of projects into longer-term program initiatives should demonstrate greater attribution and progress higher ‘up’ the results logic/strategy map.

As part of developing collaborative market development strategies with industry and federal government partners, FII identifies key market objectives and target results. In addition to assessing and monitoring results at the level of FII’s three business areas, results are tracked and analyzed for each of FII’s priority markets.
FII Strategic Plan

At the strategic level, FII works with its Board, key stakeholders and industry advisory committees to set long-term strategic objectives for the organization. These objectives speak to the “raison d’être” for FII – its core purpose for existing. These objectives relate directly to the global competitiveness and market expansion objectives that both government and industry share and for which FII was established. It is understood that these broader objectives will take a number of years to achieve, but that progress towards these goals will be tracked on a regular basis. (See End Outcome and Intermediate Outcome levels in Exhibits 5-1, 5-2 and 5-4).

The planning horizon for FII’s strategic objectives is ten-years.

Measurement:

On an ongoing basis, FII re-evaluates and assesses its programs and their effectiveness in pursuing the organization’s overall strategic objectives, and will identify desired evolution of and improvements to its portfolio of programs. In 2011/12 FII reviewed internally its three programs, ensured their continued relevance and appropriateness to FII’s mandate and Government’s Letter of Expectations and then completed a review and update of FII’s Performance Management Framework to ensure it adequately reflected FII’s programs and investment focus.

FII undertakes periodic stakeholder surveys to evaluate support for FII’s programs and to identify areas for improvement. These reviews are completed by an independent third-party, with results used to guide and drive continuous improvement within the organization.

In addition, every two years FII completes formal surveys of international customers and specifiers to evaluate the impact of its activities and investments, to shape and improve international recognition of B.C.’s forest products and species, and to evaluate FII’s market acceptance for its forest management practices and related activities.

Service Plan

Once a year FII updates and submits its three-year Annual Service Plan to government. The Service Plan identifies and summarizes specific strategic objectives over a three-year planning period, but operationalizes them and sets annual performance targets and milestones for FII. The Service Plan reflects FII’s annual directives from government, identifies program priorities and objectives and provides a context for FII’s annual investments and activities.

Measurement

FII reviews specific milestones on a trimester basis and completes a formal evaluation annually. FII reports progress and results against Service Plan targets in a formal Annual Service Plan Report which is delivered to the Minister responsible for FII and tabled in the Provincial Legislature.

FII also evaluates market trends and objectives and uses the data as a bell-weather of progress towards annual and longer-term market objectives. While FII’s long-term objectives are laid out in the organization’s Strategic Plan, FII evaluates and reports out against Service Plan objectives and market results on an annual basis in its Annual Service Plan Report.

In addition to providing a formal mechanism to report out on progress towards specific market-based objectives and milestones, the Annual Service Plan Report provides a vehicle through which FII summarizes how the investments have contributed towards priorities related to the efficient functioning of the organization.
Project Performance Measures & Targets

FII has established market initiatives targets internally, as well as with its industry and federal government partners. These help to guide FII’s investment decisions.

Targets are often market specific and vary depending on the market, the products / species suited to achieve success in that market and the industry’s commitment to pursue the objectives within a given market.

At the project level, FII and funding recipients are required to link their projects to FII’s targets, intended outcomes and priority markets. As a consequence, a line of sight is developed from the project level to FII’s performance measures and targets.

While overall market development objectives are set out in the Strategic Plan on a ten year time horizon, measurement of progress and achievement of targets is undertaken on an annual basis. (See Intermediate and Direct Outcome levels in Exhibits 5-1, 5-2 and 5-4).

Measurement

FII monitors progress towards key targets as agreed upon by FII and funding recipients. FII collects performance data from funding recipients and FII direct-delivered projects. FII evaluates this data by market on an annual basis and reports its progress towards key targets in its Annual Service Plan Report and Annual Report to Stakeholders.

FII also completes an annual analysis of market trends and dynamics – evaluating statistical data in each of its key markets. This analysis allows FII to track indicators and trends in key markets and more specifically trends in key product groupings or sectors. While an annual analysis may be impacted by a number of extraneous factors, a longer-term picture of trends over three to five years provides a clearer picture of market progress. An annual trend analysis also provides FII with early indications of changing market dynamics and provides the opportunity to adjust projects or alter program direction to respond to market challenges or the appearance of emerging market opportunities.

Measurement of funding recipient progress relies on recipient reporting (against both recipient objectives and relevant funding objectives), recipient monitoring and audits, site visits and informal communications and periodic program evaluations. Measurement of FII direct-delivered project progress relies on monitoring of measures identified through initial project approvals.
5.5 Performance Assessment Roles & Responsibilities

Accountability and responsibilities for performance monitoring and assessment exist at all levels within FII and extend to agencies which have been contracted to provide services or deliver initiatives on behalf of FII.

Roughly half of FII’s annual budget is used to share the cost of work that other organizations propose and ultimately deliver. Funding recipients include industry trade associations, forest research institutes, post secondary institutions and other government agencies. While the overall responsibility for performance management rests with FII and its program staff the accountability for investments and their successful contribution towards program and organizational goals is shared with each of FII’s funding recipients. Furthermore, the accountability for specific areas of progress measurement / data collection and reporting are shared with those funding recipients. Exhibit 5-4 outlines these responsibilities.
### Exhibit 5-4: A Basic Menu of Indicators/Measures

<table>
<thead>
<tr>
<th>Level</th>
<th>Indicator/Measure</th>
<th>Collection</th>
<th>Reporting / Analysis</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>End Outcomes</strong>&lt;br&gt;(Service Plan Measures/Goals)</td>
<td>Market opportunities expanded with a dramatic increase in forest product exports to China5255995426 and the Asia</td>
<td>Softwood lumber exports to priority Asia Pacific markets</td>
<td>Annual FII trend analysis report</td>
</tr>
<tr>
<td></td>
<td>Incremental sales generated in targeted U.S. non-residential construction markets</td>
<td>Incremental sales generated in the B.C. non-residential construction market</td>
<td>US Wood Works annual tracking reports</td>
</tr>
<tr>
<td></td>
<td>INDICATOR – Incremental sales generated in the B.C. non-residential construction market</td>
<td></td>
<td>Canadian Wood Council data</td>
</tr>
<tr>
<td></td>
<td>Wood is positioned as a preferred building material and B.C. as a global leader in wood innovation</td>
<td>Percent of allowable floor area (B.C. government-funded buildings) built with wood</td>
<td>Survey of building activity</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Percent of customers who feel that choosing wood products from B.C. (Canada) is a good choice for the environment</td>
<td>Survey</td>
</tr>
<tr>
<td></td>
<td>FII is maintained as a highly effective, innovative and responsive organization</td>
<td>Timeliness of annual funding cycle for trade associations, research institutes and universities</td>
<td>Date of funding released</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Leveraged dollars as a percentage of total annual funding program</td>
<td>Analysis of funding program contributions</td>
</tr>
<tr>
<td><strong>Intermediate Outcomes</strong></td>
<td>Forest companies explore/pursue opportunities in target markets</td>
<td># of B.C. companies exporting to market</td>
<td>Statscan export ID (both total number and those only with shipments)</td>
</tr>
<tr>
<td></td>
<td></td>
<td># of B.C. companies exploring/pursuing opportunities in market</td>
<td>MIP reporting</td>
</tr>
<tr>
<td></td>
<td></td>
<td># of individual projects proposed in target markets - mix of projects/investment by market</td>
<td>MIP reporting &amp; summary report of FII direct- delivered projects</td>
</tr>
<tr>
<td></td>
<td>Regulatory Acceptance of Canadian/B.C. products and building systems in foreign codes, standards, and policies</td>
<td>Qualitative assessment of codes &amp; standards progress using Market Access matrix</td>
<td>Market Access Matrix</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Milestones achieved against market access matrix</td>
<td>MIP reporting</td>
</tr>
<tr>
<td>Level</td>
<td>Indicator/Measure</td>
<td>Collection</td>
<td>Reporting / Analysis</td>
</tr>
<tr>
<td>-------</td>
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<td>---------------------</td>
</tr>
<tr>
<td><strong>Intermediate Outcomes continued</strong></td>
<td>Builders, architects, and specifiers have capacity to use Canadian/B.C. forest products</td>
<td># builders, architects, and specifiers trained in use of B.C. forest products and systems</td>
<td>MIP reporting</td>
</tr>
<tr>
<td></td>
<td>#/% builders, architects, and specifiers trained that feel they have increased capacity to use B.C. products &amp; systems</td>
<td>Survey &amp; Exit Surveys from MIP reporting</td>
<td>Bi-annual</td>
</tr>
<tr>
<td></td>
<td>Builders, architects, and specifiers recognize B.C. as a preferred supplier of forest products</td>
<td>% of builders, architects, and specifiers that view Canada/B.C. as preferred supplier of forest products</td>
<td>Survey</td>
</tr>
<tr>
<td></td>
<td>Expanded forest products, applications &amp; technologies</td>
<td>Qualitative assessment of diversified applications and/or uses introduced in key markets (codes, hybrid, etc - incl. Value Added)</td>
<td>Survey</td>
</tr>
<tr>
<td></td>
<td></td>
<td># construction projects using wood, by type (e.g. residential, non-residential, institutional, etc.)</td>
<td>MIP reporting</td>
</tr>
<tr>
<td></td>
<td>Increased “culture” of wood use in B.C.</td>
<td>Specifier propensity to specify wood increases over time.</td>
<td>Survey</td>
</tr>
<tr>
<td><strong>Direct Outcomes</strong></td>
<td>Industry has information it needs to identify changes and market opportunities</td>
<td># industry/companies who received information product</td>
<td>MIP &amp; FII reporting</td>
</tr>
<tr>
<td></td>
<td></td>
<td># of information downloads/requests</td>
<td>MIP &amp; FII reporting</td>
</tr>
<tr>
<td></td>
<td>Regulatory agencies have the information they need to determine product attributes and performance</td>
<td>B.C. representation on codes &amp; standards committees</td>
<td>MIP reporting and Market Access Matrix</td>
</tr>
<tr>
<td></td>
<td>Increased awareness of B.C. forest practices, products, wood-based construction technologies and overall benefits</td>
<td>% builders, specifiers, and architects aware of wood construction technologies, B.C. forest practices and products</td>
<td>Survey</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Qualitative assessment of the perception of B.C. forest practices and products</td>
<td>Survey</td>
</tr>
<tr>
<td>Level</td>
<td>Indicator/Measure</td>
<td>Collection</td>
<td>Reporting / Analysis</td>
</tr>
<tr>
<td>-------</td>
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<td>---------------------</td>
</tr>
<tr>
<td>Cooper - Coordination between key groups</td>
<td># industry and trade associations in Canada Wood offices in target markets</td>
<td>MIP reporting</td>
<td>Annual</td>
</tr>
<tr>
<td></td>
<td>% projects where there is cooperation between more than 2 groups</td>
<td>MIP reporting</td>
<td>Annual</td>
</tr>
<tr>
<td>Industry is engaged in and supports market development activities</td>
<td>Value and % of industry leveraged funding</td>
<td>MIP reporting</td>
<td>Annual</td>
</tr>
<tr>
<td>Target audiences in priority markets are engaged</td>
<td>Level of participation / attendance</td>
<td>MIP reporting</td>
<td>Annual</td>
</tr>
<tr>
<td></td>
<td>Types of audience(s) engaged; # attendees (total audience present)</td>
<td>MIP reporting</td>
<td>Annual</td>
</tr>
<tr>
<td></td>
<td>Exit survey results</td>
<td>MIP &amp; FII reporting</td>
<td>Annual</td>
</tr>
<tr>
<td>Market Research</td>
<td># of reports completed / produced / Copy of report</td>
<td>MIP &amp; FII reporting</td>
<td>Annual</td>
</tr>
<tr>
<td>Market Strategies</td>
<td># of reports completed / produced / Copy of report</td>
<td>MIP &amp; FII reporting</td>
<td>Annual</td>
</tr>
<tr>
<td>Testing/Trials – Product/Systems</td>
<td>Output achieved / Copy of report</td>
<td>MIP &amp; FII reporting</td>
<td>Annual</td>
</tr>
<tr>
<td>Regulatory Meetings</td>
<td># of committees / regulatory agencies</td>
<td>MIP reporting</td>
<td>Annual</td>
</tr>
<tr>
<td>Demonstration Projects</td>
<td>Number of demonstration projects completed</td>
<td>MIP &amp; FII reporting</td>
<td>Annual</td>
</tr>
<tr>
<td>Missions/Tours</td>
<td># of events</td>
<td>MIP &amp; FII reporting</td>
<td>Annual</td>
</tr>
<tr>
<td>Strategic Communications Plans / Advocacy, Rapid Response</td>
<td># of issues/policies advocated on; # of policy changes occurring as a result; # of rapid response reports prepared; stakeholder survey</td>
<td>FII</td>
<td>Annual</td>
</tr>
<tr>
<td>Training</td>
<td># of training sessions</td>
<td>MIP reporting</td>
<td>Annual</td>
</tr>
<tr>
<td>Level</td>
<td>Indicator/Measure</td>
<td>Collection</td>
<td>Reporting / Analysis</td>
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</tr>
<tr>
<td>Quality Assurance</td>
<td># of in-market companies receiving QA support</td>
<td>MIP reporting</td>
<td>Annual</td>
</tr>
<tr>
<td>Event Attendance (tradeshows, kiosks, conferences)</td>
<td># of events/shows attended</td>
<td>MIP &amp; FII reporting</td>
<td>Annual</td>
</tr>
<tr>
<td></td>
<td># of Canadian/B.C. companies/associations participating in the event/show</td>
<td>MIP &amp; FII reporting</td>
<td>Annual</td>
</tr>
<tr>
<td></td>
<td># leads</td>
<td>MIP &amp; FII reporting</td>
<td>Annual</td>
</tr>
<tr>
<td></td>
<td>Value of estimated sales</td>
<td>MIP &amp; FII reporting</td>
<td>Annual</td>
</tr>
<tr>
<td>Seminars/Workshops/Special Events</td>
<td># participants</td>
<td>MIP &amp; FII reporting</td>
<td>Annual</td>
</tr>
<tr>
<td></td>
<td>Copy of materials</td>
<td>MIP &amp; FII reporting</td>
<td>Annual</td>
</tr>
<tr>
<td></td>
<td>#/Volume of material distributed; or website hits / downloads</td>
<td>MIP &amp; FII reporting</td>
<td>Annual</td>
</tr>
<tr>
<td></td>
<td># material developed; and/or ads placed; and/or articles written</td>
<td>MIP &amp; FII reporting</td>
<td>Annual</td>
</tr>
<tr>
<td></td>
<td>Copy of materials</td>
<td>MIP &amp; FII reporting</td>
<td>Annual</td>
</tr>
</tbody>
</table>