



FORESTRY INNOVATION INVESTMENT

# PERFORMANCE MANAGEMENT FRAMEWORK

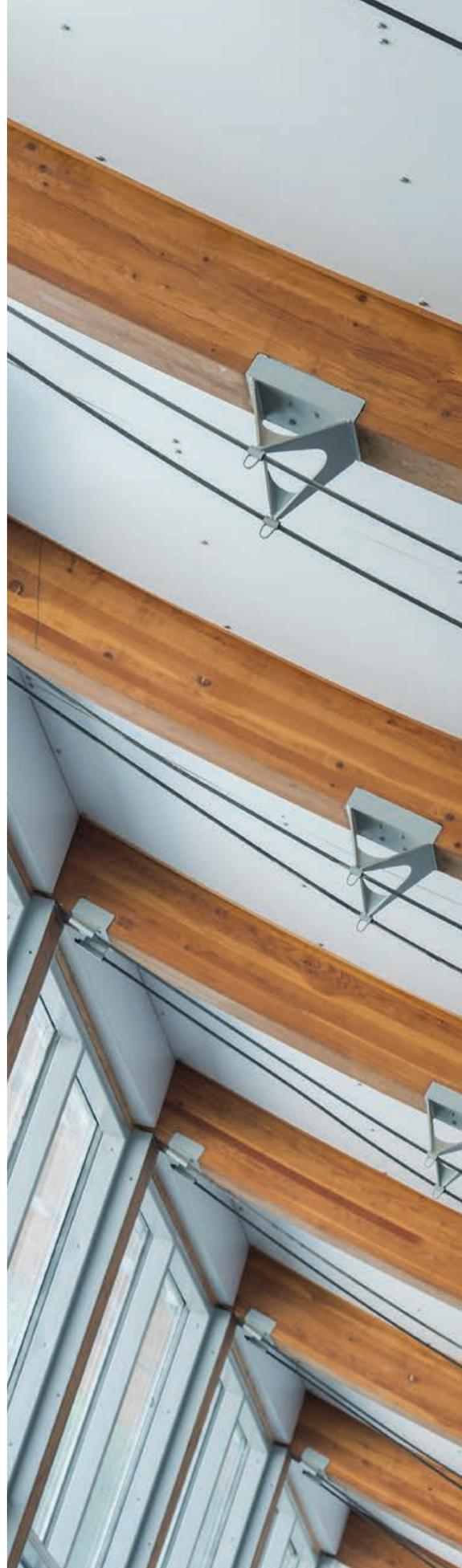
APRIL 2020



Forestry Innovation Investment®

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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 traditional and next generation forest products. FII's programs and services help to ensure that the forest sector, through innovation and strong international sales, continues to be a leading contributor to the B.C. economy.

The *Performance Management Framework* presents an overview of FII's approach to measuring and evaluating performance against its mandate as directed by Government. This includes performance of both direct-delivered programs (those developed and delivered by FII staff) and those developed and delivered by external agencies with funding from FII. The framework described in this document sets out 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 standardize performance management and strengthen accountability. Ultimately, the framework is intended to provide FII with the information necessary to evaluate the effectiveness of its programs, and to continually improve performance over time.

This document fully aligns with, and compliments, the *FII Strategic Plan* and *FII Service Plan* and serves to ensure that performance management across the organization is consistent with core direction from government. While FII's strategic and governing documents establish general parameters for assessing performance, this document provides a more comprehensive description of the FII approach to performance management. In developing this framework, FII has drawn from lessons learned from over 15 years of working with industry and government stakeholders within the context of a results-based accountability framework.

The framework document is organized as follows:

<b>About Forestry Innovation Investment</b>	Describes FII's mission, mandate, objectives and programs and establishes the linkages between program activities, outputs and outcomes
<b>FII's Strategy and Planning</b>	Presents an overview of FII's multi-year strategies and planning
<b>FII Performance Management and the Annual Business Cycle</b>	Explains FII's annual business cycle which supports planning and strategy development
<b>Performance Measurement</b>	More fully describes the approach to performance measurement adopted by FII and includes descriptions of the: <ul style="list-style-type: none"><li>• Operating context for performance assessment</li><li>• The different levels of performance measurement (from inputs and activities through outcomes) and the linkages between these levels</li><li>• Types of performance measurement activities taking place at each level</li><li>• The specific goals, objectives and strategies against which FII is tracking and evaluating its performance</li></ul>

## 2. ABOUT FORESTRY INNOVATION INVESTMENT (FII)

### FII'S MANDATE AND MISSION

The Government of B.C. established Forestry Innovation Investment in response to two factors: the importance of the forest sector to the economic and social fabric of the province, and the high proportion of public ownership of the forest resource. The overarching objective for FII is to enhance the value of B.C.'s forest resource and strengthen economic growth and jobs in all regions of the province. FII pursues this mandate by working with the forest industry, the federal government and the research community to develop and diversify markets for B.C.'s traditional and next generation products while promoting B.C. as a world-class supplier of environmentally friendly forest products.

In fulfilling its mandate, FII works to provide information, analysis and communication tools for the benefit of the broader forest sector. FII also funds not-for-profit organizations to undertake market development and research projects of benefit to B.C.'s forest sector. Finally, FII works on behalf of the Government and the forest industry to act as a catalyst to foster the development of new, emerging markets for B.C.'s primary and secondary wood products industries. Through its programs and activities, FII is supporting the Government's commitment to build a strong, sustainable and innovative economy.

### FII'S MISSION

Strengthen and grow the forest sector in British Columbia by working with industry, government and institutional partners to develop and diversify markets for the province's traditional and next generation forest products

### GOALS AND OBJECTIVES

FII's investments and activities focus on four areas as shown in Exhibit 2-1<sup>1</sup>:

Exhibit 2-1: FII's Goals and Objectives

FII'S GOAL	OBJECTIVES
Forest products are viewed as an environmentally friendly, preferred material, and B.C. is viewed as a reliable global supplier of quality products from sustainably managed forests	<ul style="list-style-type: none"> <li>• Support international market acceptance</li> <li>• Grow the demand for wood</li> <li>• Position B.C. forests and products</li> </ul>
Optimize value for B.C.'s forest products in traditional and emerging markets	<ul style="list-style-type: none"> <li>• Expand key Asian markets</li> <li>• Open emerging markets</li> <li>• Grow traditional markets</li> <li>• Ensure market access</li> </ul>
B.C. is a leader in advancing innovative forest products and building systems	<ul style="list-style-type: none"> <li>• Build a wood culture in B.C.</li> <li>• Support innovation</li> <li>• Accelerate adoption of next generation wood products and building systems</li> <li>• Position B.C. as a leader in wood use</li> </ul>
FII is a highly effective, innovative and proactive organization	<ul style="list-style-type: none"> <li>• Continual improvement</li> <li>• Meet/exceed government expectations</li> <li>• Maximize efficiencies</li> <li>• Maximize return on investments</li> <li>• Meet/exceed social responsibility commitments</li> </ul>

<sup>1</sup> A more detailed review of FII's strategic approach is provided in the *FII Strategic Plan*.

## PROGRAM AREAS

FII's business operations are delivered via three program areas: Market Development, Wood First and Market Communications. These areas are supported by corporate services functions which include Finance and Administration, and Corporate Relations.

Exhibit 2-2: FII's Program Areas

PROGRAM AREAS	
<b>Market Development</b>	<ul style="list-style-type: none"> <li>• Research opportunities in new and emerging markets, and initiate early market exploration activities</li> <li>• Support industry trade associations in developing and/or expanding markets for B.C. forest products</li> <li>• Support industry efforts to mitigate market access and plant health issues</li> <li>• In partnership with industry, develop strategies to focus market development initiatives</li> <li>• On behalf of the forest sector, manage outreach and relationship building in China with Chinese authorities and central government agencies</li> <li>• Open new markets for B.C. wood products in India and Vietnam</li> </ul>
<b>Wood First</b>	<ul style="list-style-type: none"> <li>• Champion the Province's Wood First initiative and encourage expanded wood use in B.C. and other jurisdictions</li> <li>• Encourage the development of a pro-wood culture in B.C., and position B.C. as a leader in wood innovation</li> <li>• Encourage product innovation and the introduction of next generation wood building products and mass-timber systems</li> <li>• Encourage a robust value-added sector in B.C., through enhanced capacity and competitiveness</li> </ul>
<b>Market Communications</b>	<ul style="list-style-type: none"> <li>• Promote the benefits of wood as a green building material</li> <li>• Develop factual and science-based materials to position wood's environmental benefits and climate change mitigation potential</li> <li>• Promote B.C. as a world leading supplier of forest products</li> <li>• Ensure markets are aware of B.C.'s sustainable forest management practices and high environmental standards</li> </ul>
CORPORATE SERVICES	
<b>Finance and Administration</b>	<ul style="list-style-type: none"> <li>• Complete financial reporting to government standards</li> <li>• Provide human resources, IT and office services to meet organizational needs</li> <li>• Oversee budget and planning controls</li> </ul>
<b>Corporate Relations</b>	<ul style="list-style-type: none"> <li>• Compile and share export data and analysis on market trends</li> <li>• Support Government and industry trade and investment initiatives</li> <li>• Provide corporate secretary and analytical services to meet internal and external needs</li> <li>• Oversee corporate reporting and performance evaluation</li> </ul>

### 3. FII STRATEGY AND PLANNING

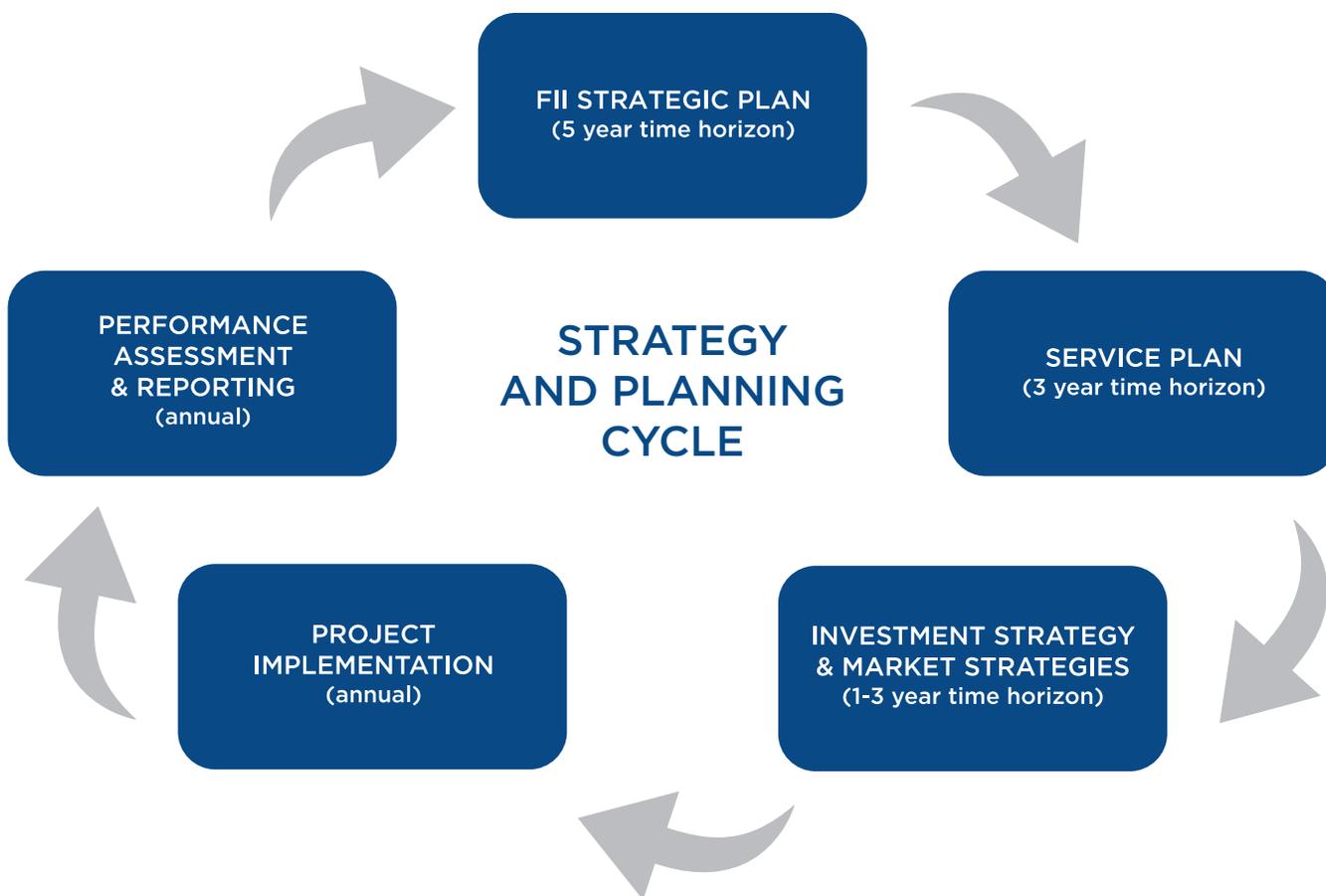
Establishing an effective performance management approach requires measures that properly reflect the extent of the organization’s control over the achievement of targets and outcomes. As an enabler of commercial activity, FII helps to address market access issues, creates interest in B.C. wood species, and communicates the facts about the environmental merits of B.C.’s forest products. Consistent with this, most of FII’s performance measures reflect the organization’s role as an enabler, rather than as a direct participant in commercial transactions<sup>2</sup>.

The FII approach to strategy and planning described here covers a range of activities and processes from the setting of strategic direction, through objectives, strategies, program development, implementation and, performance evaluation. This “whole system” approach is designed to integrate and align systems, processes and programs within FII to maximize performance.

Exhibit 3-1 illustrates, in broad terms, FII’s approach to strategy development, planning and implementation. The approach considers each element within the strategy and planning cycle, indicates 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 FII business cycle, the government budget cycle, the corporate calendar, procurement, strategic planning and budgeting.

Each element of the strategy and planning cycle is more fully described in Exhibit 3-2.

Exhibit 3-1: FII’s Strategy and Planning Cycle



<sup>2</sup> Commercial transactions, or sales of products and services, are the responsibility of individual forest companies which offer the products and/or the services marketed.

FII'S STRATEGY AND PLANNING CYCLE — KEY ELEMENTS	
<p><b>FII STRATEGIC PLAN (5-year time horizon)</b></p> <ul style="list-style-type: none"> <li>• Support government and industry strategic direction</li> <li>• Mission and mandate</li> <li>• Goals, objectives and strategies</li> <li>• External program review</li> </ul>	<ul style="list-style-type: none"> <li>• Establishes broad, longer-term FII strategic direction designed to align with government and industry priorities</li> <li>• Establishes a high-level performance model to ensure progress is made towards objectives</li> <li>• Analysis of global and domestic threats and opportunities</li> <li>• Sets the context for service planning and program development</li> <li>• Prepared under direction of the FII Board of Directors and with guidance from industry advisory committees</li> </ul>
<p><b>SERVICE PLAN (3-year time horizon)</b></p> <ul style="list-style-type: none"> <li>• Government strategic direction</li> <li>• Performance plan (goals, objectives, strategies and performance measures)</li> <li>• Financial plan</li> </ul>	<ul style="list-style-type: none"> <li>• More operational — providing an annual plan within a three-year time horizon</li> <li>• 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 may be more indirect. These respond to the directives for FII as identified in the annual Government's <i>Mandate Letter</i> as well as the longer-term outcomes and measures identified in the <i>Strategic Plan</i></li> <li>• Within the context of the <i>Strategic Plan</i>, stakeholder/partner input helps to shape annual <i>Service Plan</i> objectives and targets</li> </ul>
<p><b>INVESTMENT STRATEGY AND MARKET STRATEGIES (1-3 year time horizon)</b></p> <ul style="list-style-type: none"> <li>• Annual Investment strategy</li> <li>• Market strategies</li> <li>• Funding priorities</li> </ul>	<ul style="list-style-type: none"> <li>• Guidance provided by <i>Strategic Plan</i>; <i>Service Plan</i></li> <li>• Annual investment priorities are based on market analyses, individual market development strategies, and individual program investment strategies</li> <li>• Industry input via advisory committees helps guide priorities</li> <li>• Investment priorities and objectives inform performance measures</li> </ul>
<p><b>PROJECT IMPLEMENTATION (annual)</b></p> <ul style="list-style-type: none"> <li>• Program priorities and plans</li> <li>• Industry/federal government cost-shared projects</li> <li>• FII direct-delivered initiatives</li> </ul>	<ul style="list-style-type: none"> <li>• Project funding allocated on an annual basis</li> <li>• Program and project priorities and workplans identified and approved</li> <li>• Structured evaluation of program/project proposals; assessment of internally generated project proposals</li> <li>• CEO approval required for both internal projects and externally delivered projects cost-shared with industry and/or the federal government</li> <li>• Contracts/agreements completed for each project</li> <li>• Project implementation closely monitored and managed by FII staff</li> </ul>
<p><b>ASSESSMENT AND REPORTING (annual)</b></p> <ul style="list-style-type: none"> <li>• Project reports and monitoring</li> <li>• Audit and evaluation</li> <li>• Program reviews and assessments</li> <li>• Data analysis and reporting</li> <li>• Annual service plan reporting</li> </ul>	<ul style="list-style-type: none"> <li>• Monitoring of all cost-shared and direct-delivered projects</li> <li>• Annual reports prepared by FII on the basis of the information generated through monitoring, auditing and evaluation</li> <li>• Performance information and results integrated into future service plans, investment and market strategies, as well as used to monitor performance in relation to <i>FII's Strategic Plan</i></li> <li>• Reporting used to make improvements throughout the system to further reduce risks, strengthen accountability and optimize effectiveness</li> <li>• Surveys, data and export analysis, and other reviews supplement the performance assessment work conducted</li> </ul>

## 4. FII PERFORMANCE MANAGEMENT AND THE ANNUAL BUSINESS CYCLE

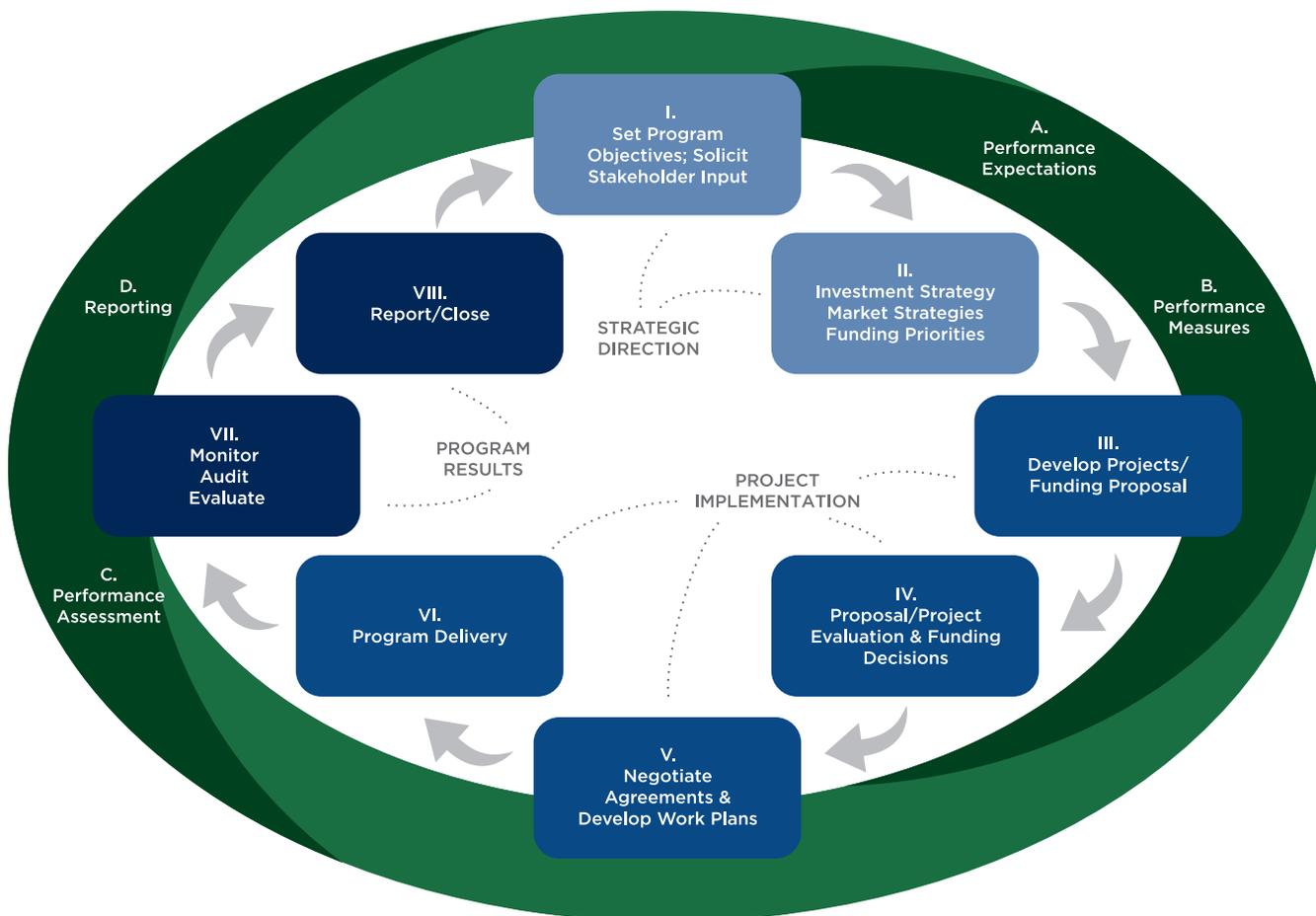
FII recognizes the importance of a structured and integrated business management cycle. Exhibit 4-1 provides a graphic illustration of the annual cycle through which FII conducts its business — from setting investment and program objectives through to final reporting and project closure.

Superimposed over this business cycle is FII’s strategy and planning cycle (see previous section) which involves establishing performance expectations and performance measures, performance assessment and performance reporting. The entire business cycle, including all performance planning and measurement activities, is supported by internal management systems and structures, which include:

- Human resources (including individual performance plans)
- Information systems to support data capture, analysis and dissemination
- Comprehensive policies and guidelines across 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 Cycle



### THE ANNUAL BUSINESS CYCLE

Exhibit 4-2: FII's Annual Business Cycle – A Closer Look

STRATEGIC DIRECTION	
<p>I. SET PROGRAM OBJECTIVES SOLICIT STAKEHOLDER INPUT</p>	<ul style="list-style-type: none"> <li>Guidance provided by <i>Strategic Plan</i>; Government's <i>Mandate Letter</i>; and annual <i>Service Plan</i></li> <li>Objectives (funding objectives) set at the program level and respond to higher-level direction</li> <li>Stakeholder/partner input helps to shape program objectives</li> <li>Board of Directors and industry advisory committees provide strategic guidance and input into FII priorities</li> </ul>
<p>II. INVESTMENT STRATEGY MARKET STRATEGIES FUNDING PRIORITIES</p>	<ul style="list-style-type: none"> <li>Investment priorities determined based on market analysis, market strategies and annual program investment strategy</li> <li>Performance measures developed to reflect market priorities and objectives as well as <i>Strategic Plan</i> and <i>Service Plan</i> performance frameworks</li> <li>Market strategies developed in collaboration with industry, the federal government, trade associations, FII Board of Directors and industry advisory committees</li> <li>Framework for identifying priorities for annual call for proposals (CFP) and direct-delivered initiatives</li> </ul>
PROJECT IMPLEMENTATION	
<p>III. DEVELOP PROJECTS/ FUNDING PROPOSALS</p>	<ul style="list-style-type: none"> <li>Annual call for proposals for FII funding of industry and federal government cost-shared projects that meet FII program objectives — project funding allocated on an annual basis</li> <li>Development of FII direct-delivered initiatives when needs are not, or cannot, be met through industry or other external organizations; activities respond to government and sector priorities</li> <li>Periodic request for qualifications (RFQs), and/or requests for proposals (RFPs) to identify suppliers able to meet FII direct-delivery requirements</li> </ul>
<p>IV. PROPOSAL/PROJECT EVALUATION &amp; FUNDING DECISIONS</p>	<ul style="list-style-type: none"> <li>Structured evaluation of proposals received in response to RFQ, RFP, CFP and other competitive funding processes</li> <li>Funding recommendations made by evaluation committees, comprising FII staff and independent experts — process monitoring by Government's procurement branch</li> <li>Assessment of proposed FII direct-delivered projects</li> <li>Approval of funding (industry/federal government cost-shared and FII direct-delivered projects) by FII CEO</li> </ul>
<p>V. NEGOTIATE AGREEMENTS &amp; DEVELOP WORK PLANS</p>	<ul style="list-style-type: none"> <li>Contracts/agreements developed for each project, specifying activities to be undertaken, timing, deliverables, outputs and outcomes</li> <li>Project objectives, performance measures and targets specified and linked to program objectives, priorities and market strategies</li> </ul>
<p>VI. PROGRAM DELIVERY</p>	<ul style="list-style-type: none"> <li>Funding recipients responsible for delivery of approved FII/industry/federal government cost-shared projects</li> <li>FII responsible for delivery for direct-delivered projects. For direct-delivered projects, FII staff/contractors manage work plans through to completion</li> </ul>

## PROGRAM RESULTS

### VII. MONITOR AUDIT EVALUATE

- 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:
  - Monitoring intensity determined by risk analysis of each project
  - Funding recipients required to prepare financial and operational progress reports to FII
- Audits conducted to ensure compliance — focus of audits and coverage determined through risk assessment of projects and programs
- Program evaluation conducted to address performance issues not addressed through monitoring and audit
- Surveys, annual/monthly data and trend analysis and other reviews completed by FII to supplement the performance assessment work conducted by recipients
- Recipients also provide annual financial and operational reports

### VIII. REPORT/CLOSE

- Annual operational and financial reports prepared by funding recipients that identify performance in relation to work plan, objectives and targets
- FII evaluates the results of its direct-delivered activities for annual reporting
- *Annual Service Plan Report* for Government and *Year-in-Review* report for 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
- Performance information is compared to annual *Service Plan* and used to monitor performance in relation to *Service Plan* targets and *FII's Strategic Plan*
- Reporting is used to make improvements throughout the system to further reduce risks, strengthen accountability and optimize effectiveness
- *Annual Service Plan* is submitted to government and posted to FII's website. The *Year-in-Review* report is distributed to the Shareholder (B.C. Government), Board of Directors, industry advisory committees, funding recipients, federal partners, and industry leaders, as well as publicly available on [bcfii.ca](http://bcfii.ca)



Dream Home Canada, Shanghai, China | Photo: Forestry Innovation Investment

# PERFORMANCE MANAGEMENT

## A. PERFORMANCE EXPECTATIONS

- Objectives are established in the *Strategic Plan*. Measures and targets are articulated at the:
  - Service plan level
  - Program level
  - Project level
- Performance framework 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 Development 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
  - Ongoing exports analysis
  - Stakeholder consultations and 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)
  - Export analysis reporting (monthly and annually)
  - *Annual Service Plan* and stakeholder reporting



Anahim Lake Forest | Photo: Michael Bednar

## 5. PERFORMANCE MEASUREMENT

The *Performance Management Framework* sets out the approach used to monitor and gauge the performance of FII's programs. Its purpose is to support FII program managers in:

- Continuously monitoring and assessing the results of programs as well as the efficiency of their management
- Making informed decisions and taking appropriate, timely action with respect to programs
- Providing effective and relevant reporting on programs
- Ensuring that the information gathered will effectively support an evaluation

A well-designed performance management framework ensures that there is a strong linkage between goals, objectives, 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.<sup>3</sup>

The following section describes FII's approach to measurement and evaluation. The section illustrates the results logic model that underpins performance management at FII and shows how FII's overarching performance management framework aligns with, and supports the achievement of, the organization's goals and objectives.

### CHALLENGES AND LIMITATIONS OF PERFORMANCE MEASUREMENT

A performance measurement system is intended to provide decision makers and management with data and information on which to make sound decisions and continuously improve performance. It is not, however, an exact science — accurate data may not always be available to tell the whole story, or the cost of obtaining more refined information may outweigh the benefits such information could provide.

A key limitation to performance measurement is that there is not always a clear link between the activities delivered or funded (e.g., FII's programs) and the ultimate results desired (e.g., increased sales of B.C. forest products) — the "attribution challenge". This is a dilemma for many public sector organizations where outcomes are often affected by factors outside the agency's — or even government's — control<sup>4</sup>. Attribution can also be a challenge where programs are not designed to directly create a transaction, but rather to alter perceptions and behaviours that can lead to a transaction. The indirect nature of this activity

can make it difficult to clearly attribute a desired outcome (a change in behavior) to specific actions.

Finally, performance measurement systems should inform users when progress is made and raise a "red flag" when results fail to meet expectations; however, the data available may not always provide the reason(s) for positive or negative performance, or as noted above, allow for reasonable attribution. In such cases, qualitative performance indicators can factor into effective performance management systems as a complement to available quantitative data.

Despite the inherent challenges of attribution and data availability/relevance, FII has established a comprehensive and effective approach to performance management; first, by establishing goals and objectives that are within the reasonable influence of the organization's programs; and second, by putting in place policies and procedures that make the objective measuring and reporting of performance an organizational priority.

<sup>3</sup> In some industries, this can be a 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 this case, there is a direct linkage between what is being measured (profit, customers, time, satisfaction) and the service the organization provided, thus making it relatively easy to quantify results. In the case of FII, an enabling organization, the linkage between activities and desired outcomes (the goals and objectives to be achieved) is generally indirect, especially at higher levels of outcomes.

<sup>4</sup> For example, global economic forces have a direct impact on international forest markets and the success of the B.C. forest industry in those markets. Regardless of FII efforts, these international dynamics remain external to FII's influence and control. External factors 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
- Natural disasters
- International government policies
- Tariff and non-tariff trade barriers

## LEVELS OF INFLUENCE - FII RESULTS LOGIC MODEL

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 Model (categorizes three broad levels of influence and results)

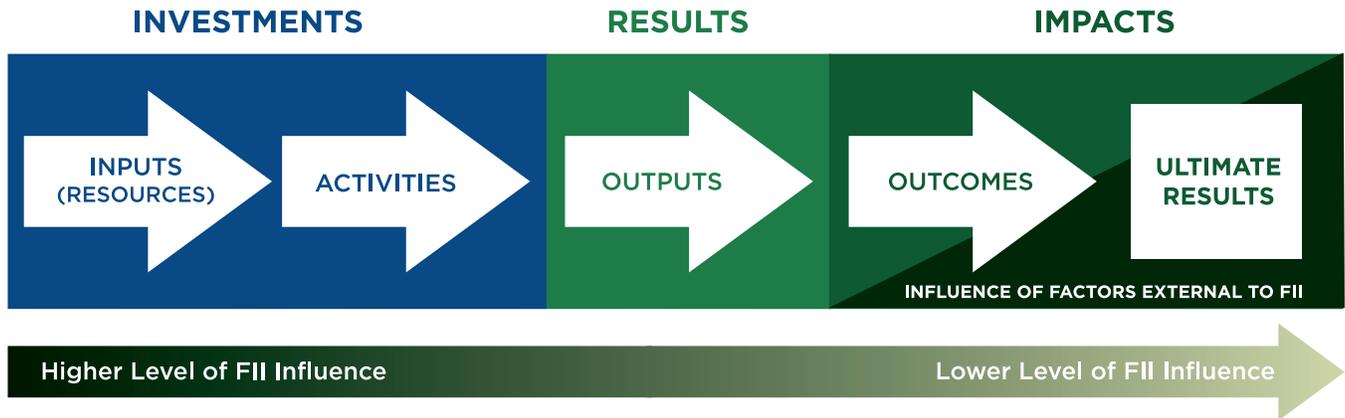
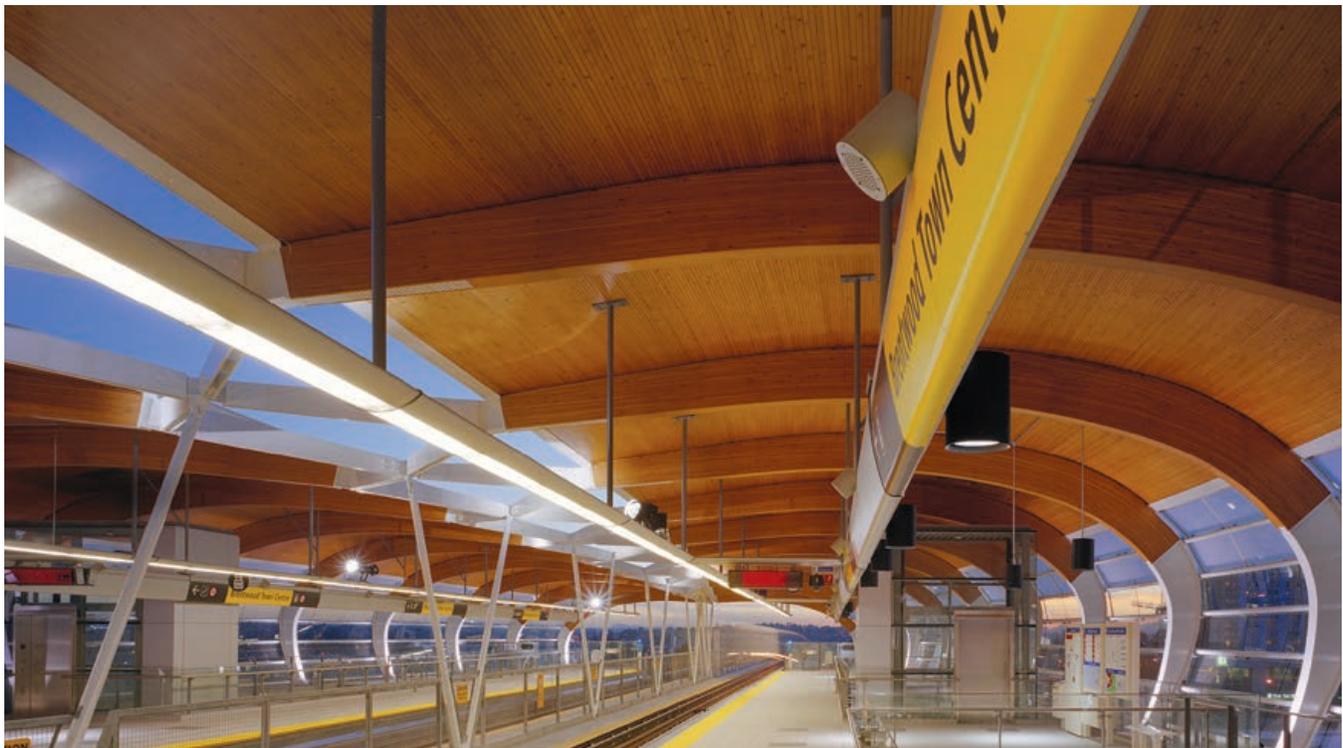


Exhibit 5-1 shows the progression of FII's performance system from inputs through outcomes. As the figure suggests, FII's level of influence is greatest at the lower to mid-range in the continuum (i.e., inputs through outputs) and begins to lessen at the level of outcomes where an increasing array of factors external to FII can affect results (see discussion, above). A description of each component of the logic model is included in Exhibit 5-2. Important to note is that outcomes can be divided into those that are short-term and more directly attributed to outputs (Immediate Outcomes), and those that are longer-term and typically achieved once one or more immediate outcomes have been realized (Intermediate Outcomes). "Ultimate Results" refer to those outcomes that, while important to the organization and its stakeholders, are heavily influenced by global and/or domestic factors outside of FII's control making it much more difficult to attribute results to FII actions alone.



Brentwood Town Station, Burnaby | Photo: Perkins and Will

Exhibit 5-2: Description of Results Logic Model Components

	DESCRIPTION	EXAMPLES
<b>ULTIMATE RESULTS</b> <i>LEVEL: PROVINCIAL</i>	<ul style="list-style-type: none"> <li>This level represents the state of the forest sector and reflects performance for the B.C. forest sector as a whole</li> <li>FII tracks and reports on forest sector aggregate indicators and uses these to inform its programming; however, forest sector aggregate performance is subject to external factors that inhibit attribution</li> <li>FII's influence at this level is limited and indirect and results are considered beyond the scope of FII's internal <i>Performance Management Framework</i></li> </ul>	<ul style="list-style-type: none"> <li>Volume and value of B.C. forest products exports</li> <li>Total employment in the forest sector</li> <li>Total economic contribution from forest sector exports (e.g., GDP)</li> </ul>
<b>OUTCOMES</b> <i>LEVEL: FII GOALS/ OBJECTIVES</i>	<ul style="list-style-type: none"> <li>The change(s) or the difference(s) that result from FII's program outputs</li> <li>This level indicates the impact that FII programs have in terms of partner and user/customer engagement, perceptions, behaviour changes and benefits</li> <li>Outcomes can be "Intermediate" (higher-level) or "Immediate" (lower-level).</li> <li>Intermediate outcomes are expected to occur once one or more immediate outcomes have been achieved — FII investments are intended to influence groups reached at this level</li> <li>Immediate (lower-level) outcomes are short-term and directly attributable to outputs</li> </ul>	<p>Intermediate (high-level)</p> <ul style="list-style-type: none"> <li>Forest products are perceived as an environmentally friendly, preferred material</li> <li>B.C. is a leader in advancing innovative forest products and building systems</li> </ul> <p>Immediate (lower-level)</p> <ul style="list-style-type: none"> <li>Value of wood used in non-residential construction grows</li> <li>Adoption of wood products and systems expands</li> <li>Demand for wood grows in target markets and segments</li> </ul>
<b>OUTPUTS</b> <i>LEVEL: FII DELIVERABLES</i>	<ul style="list-style-type: none"> <li>Direct products or services generated from FII's activities or programs (sometimes called "deliverables")</li> <li>Within the direct control of FII, are tangible and can be readily quantified</li> </ul>	<ul style="list-style-type: none"> <li>Number of new building codes adopted or changed</li> <li>Number of product trials completed</li> <li>Number of education sessions</li> <li>Number of advertising impressions/ articles published/website visits</li> </ul>
<b>ACTIVITIES</b> <i>LEVEL: FII PROGRAMS</i>	<ul style="list-style-type: none"> <li>The action(s) that FII undertakes to produce one or more outputs</li> <li>Activities can refer to "processes", "strategies" or "actions"</li> </ul>	<ul style="list-style-type: none"> <li>Marketing and promotion campaigns</li> <li>Education programs</li> <li>Market access efforts</li> <li>Technical support to builders/architects</li> <li>Trade missions</li> </ul>
<b>INPUTS</b> <i>LEVEL: FII FUNDING/ STAFFING</i>	<ul style="list-style-type: none"> <li>Financial and non-financial resources used by FII and its cost-share partners to deliver activities, produce outputs and accomplish outcomes</li> </ul>	<ul style="list-style-type: none"> <li>Budget allocations</li> <li>Partner contributions</li> <li>Staffing resources</li> </ul>

## THE FII PERFORMANCE MANAGEMENT FRAMEWORK

### – ALIGNING THE RESULTS LOGIC MODEL WITH FII STRATEGIES

Creating a seamless and integrated performance management framework for FII requires establishing the linkages between high-level strategic direction as set out in the *FII Strategic Plan* and the annual *Service Plan*, and the FII results logic model described in Exhibits 5-1 and 5-2, above.

These linkages are illustrated in Exhibit 5-3, the FII Results Logic Map which shows in more detail how specific activities and actions (e.g., tradeshow participation, market surveys, technical assistance, website design, etc.) are designed to produce outputs (e.g., media campaigns, education programs, manufacturing trials, etc.) and ultimately end outcomes such as favourable perceptions of B.C. wood products and more open markets. As the Exhibit shows, these outcomes, which influence management decisions at all stages of the framework, directly support the achievement of the organization’s goals and contribute to ultimate results for the forest sector as a whole (e.g., greater overall export sales).

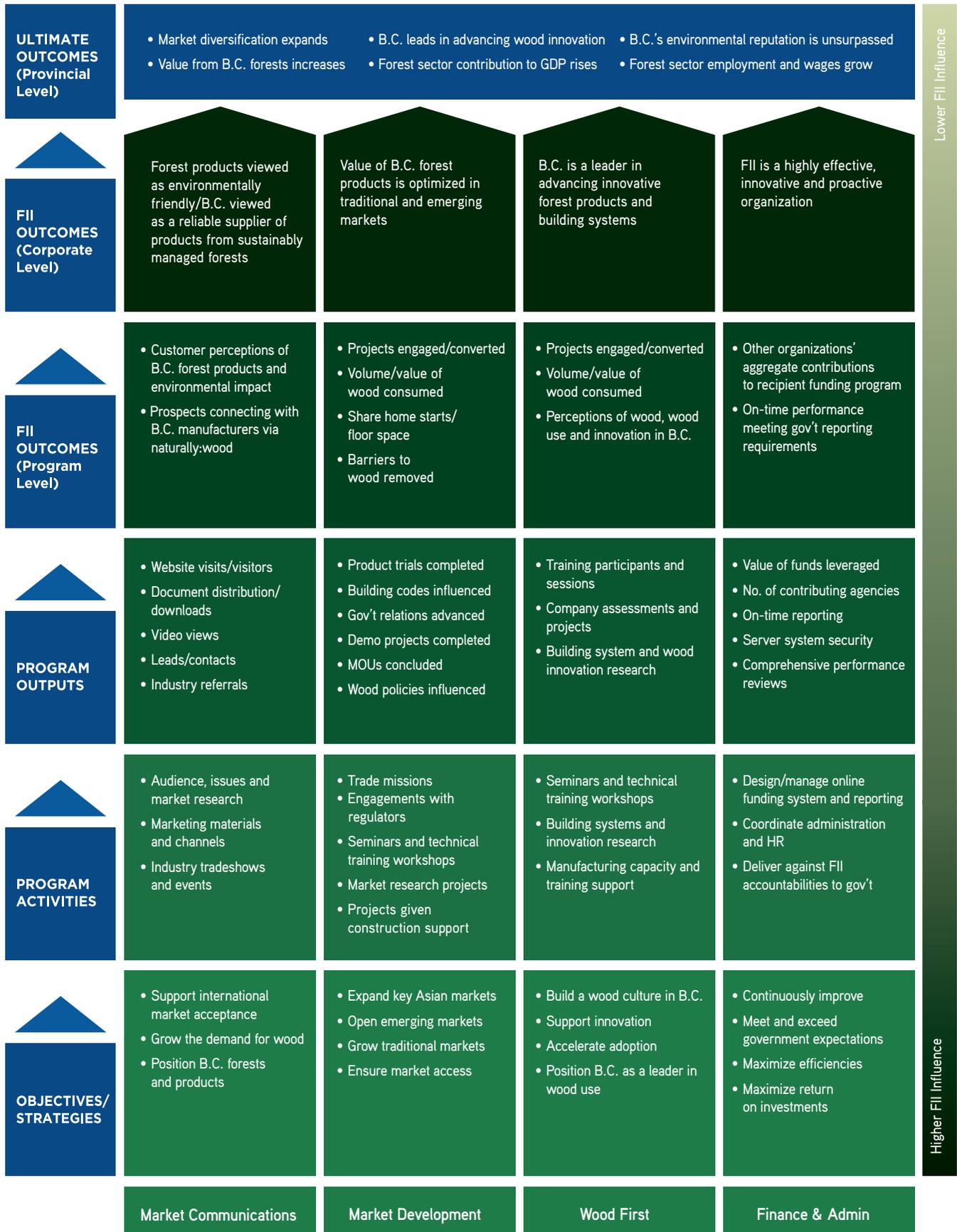
Inputs noted in Exhibits 5-1 through 5-3 are FII investments in the organization’s three core program areas: Market Development, Wood First and Market Communications as well as investments in support of overall program administration (refer to Section 2 for a discussion of program areas). Together, these four areas deliver programming that includes market research; market access; capacity building; and market development, communications and promotion. As noted, investments in activities are intended to generate outputs (FII’s and those of funded delivery agencies) and, ultimately, to achieve direct outcomes such as the engagement of key target groups and improvements in their information and knowledge, and propensity to use B.C. forest products.

As described previously, external influences such as economic cycles, exchange rates and environmental, cultural and social factors increase in importance as one progresses along the results chain from activities through to outcomes. As outside influences increase, FII’s relative control on results decreases. This is an important consideration and has a bearing on the setting of organizational goals, progress measurement and, ultimately, accountability.



*Dream Home Canada, Shanghai, China | Photo: Forestry Innovation Investment*

Exhibit 5-3: FII Results Logic Map



### STRATEGIC PLAN

At the strategic level, FII works with its Board, key stakeholders and industry advisory committees to set long-term goals and strategic objectives for the organization. These goals and objectives speak to the rationale for FII – its core purpose for existing. They 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 goals will take several years to achieve, but that progress towards achieving these aspirations will be tracked on a regular basis. (See Strategic Outcome and Ultimate Results in Exhibits 5-1 and 5-2).

The planning horizon for *FII's Strategic Plan* is five years.

#### Measurement under the Strategic Plan

On an ongoing basis, FII re-evaluates and assesses its programs and their effectiveness in pursuing the organization's overall strategic goals and will identify desired evolution of and improvements to its portfolio of programs. In 2018, FII undertook an internal review of its three programs, ensured their continued relevance and appropriateness to FII's Strategic Plan and Government's Mandate Letter to FII and, as a result, initiated a review and update of *FII's Performance Management Framework* to ensure it continues to adequately reflect FII's goals and objectives.

### SERVICE PLAN AND SERVICE PLAN ANNUAL REPORT

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

#### Measurement under the Service Plan

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.

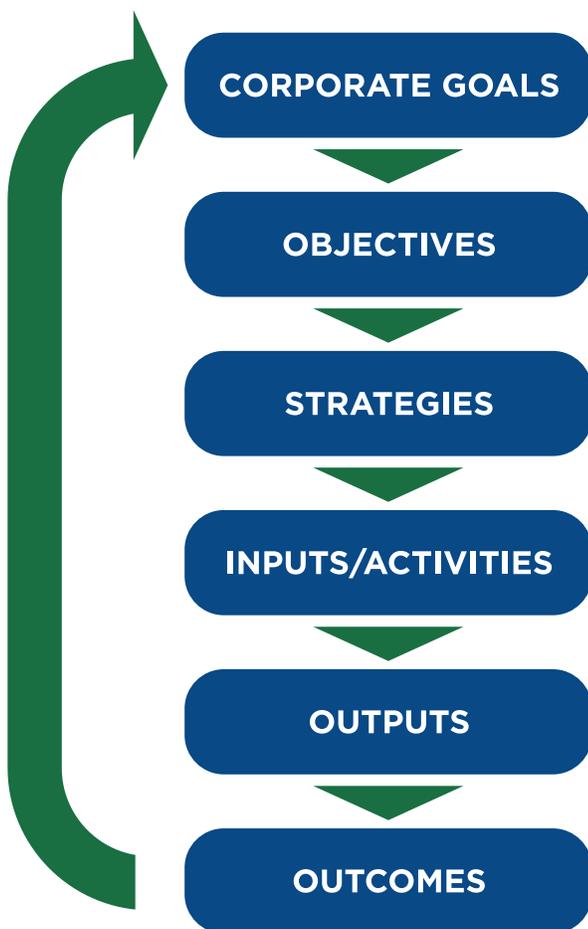
In addition to providing a formal mechanism to report out on progress towards specific market-based objectives and milestones, the *Annual Service Plan Report* provides a vehicle through which FII summarizes how the investments have contributed towards priorities related to the efficient functioning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

## 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 success of FII’s performance management system. As a part of developing collaborative market development strategies with industry and federal government partners, FII has identified the objectives, strategies, measures and targets that will support achieving the organization’s goals. Progress against these objectives is monitored at the level of FII’s three business areas and is also tracked and analyzed across each priority market.

The relationship between FII’s goals and objectives and its performance results chain was detailed in Exhibit 5-3, the FII Results Logic Map. As Exhibit 5-4 shows, FII’s Performance Management process can also be viewed as a feedback loop where the outputs and outcomes of the organization’s annual inputs (investments) and activities continuously inform the development and implementation of goals, objectives, strategies and the activities themselves.

Exhibit 5-4: FII Performance Management Feedback Loop



### PROJECT-LEVEL PERFORMANCE MEASURES AND TARGETS

FII has established program targets internally, as well as with its industry and federal government partners. These help to guide FII’s annual 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.

On an ongoing basis, FII works internally and with funding recipients and partners to improve upon 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 in FII’s own performance reporting (e.g., where programs are cost-shared by FII, but delivered by external parties).

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 established from the project level to FII’s performance measures and targets. While overall market development goals and objectives are set out in the *Strategic Plan* on a five-year time horizon, measurement of progress and achievement of targets is undertaken on monthly, trimester and/or annual basis depending on the specific project.



Wander Wood Pavilion | Photo: UBC CAWP

## Measurement

As noted, 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 at pre-determined intervals and reports its progress towards targets in its *Annual Service Plan Report* and *Year-in-Review* publication.

To further support performance tracking, FII also monitors market trends and dynamics — evaluating statistical data and in-country analysis from across each of its priority geographic markets. While market performance will remain subject to external factors, ongoing monitoring enables FII to look at both short- and long-term trends (e.g., over three to five-years) which provides a clearer picture of market progress. To aid in this effort, FII has developed a business analytics system capable of reporting export trends as frequently as new data can be provided by national and international statistics agencies. This enhanced tracking and reporting capacity will provide FII and its stakeholders with early indications of changing market dynamics, and provide the opportunity to more rapidly adjust projects and/or alter program direction to respond to market challenges or the appearance of emerging opportunities.

Measurement of funding recipient progress relies on the reporting of these external agencies (against internal objectives and relevant funding objectives set out by FII), recipient monitoring and audits, site visits, informal communications and periodic program evaluations. Measurement of FII direct-delivered project progress relies on monitoring of measures identified through FII's internal project approval process.

## A NOTE ON PERFORMANCE ASSESSMENT ROLES AND 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.

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