ABSTRACT

Designing Performance Management System
Using Balanced Scorecard Approach in Cheese Manufacturing Unit of Kraft Foods Indonesia
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The purpose of this study was to align the strategy of cheese manufacturing unit of PT. Kraft Foods Indonesia and its operational planning by designing a top-down balanced scorecard framework to describe the strategic objectives, to establish the key performance indicators, and to determine the strategic initiatives, which at the end will facilitate a strategy-focused organization. Consensus Oriented Decision Making (CODM) method was used during Focus Group Discussion (FGD) with several senior managers to formulate the strategic objectives. Lag Indicators were defined through Analytic Hierarchy Process (AHP) and then went through funneling process using Pareto principle based on Pairwise Comparison scoring result. Goal Question Metric (GQM) technique was used to determine the lead indicators in manufacturing from each lag indicator. The strategic initiatives were formulated through Failure Mode and Effects Analysis (FMEA). The balanced scorecard was defined in four perspectives: Cost, Quality, Capacity, and Organizational Improvement. There were five strategic objectives selected: Reduce Conversion Cost (on Cost perspective), Achieve 4 Sigma Level of Process Sigma (Quality), Maintain Case Fill Rate Minimum 95 % (Capacity), Zero Safety Incident and Improve Employee Engagement (Organizational Improvement). The strategic objectives were elaborated into 14 lag indicators and 16 lead indicators. The FMEA resulted 21 highly prioritized strategic initiatives to be executed in order to minimize the failure on strategic objectives achievement.

Keywords: Manufacturing, Balanced Scorecard, Analytic Hierarchy Process, Pairwise Comparison, Goal Question Metric, Failure Mode and Effects Analysis, Foods