

Improve Public Sector Results With A Balanced Scorecard: *Nine Steps To Success*



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“People and their managers are working so hard to be sure **things are done right**, that they hardly have time to decide if they are **doing the right things**.”

Stephen R. Covey

Seminar Objectives

- **Introduce a framework for building and implementing a public-sector balanced scorecard performance management system**
- **Learn how to use a balanced scorecard in a managing-for-results environment**
- **Understand how a scorecard system can help align organization effort with strategy**
- **Learn best practices, and how to overcome obstacles and challenges**

Definitions

Mission: What we are about (e.g., “Our mission is to provide ...”)

Vision: What we want to be in the future (e.g., “Our vision is to be the leading provider of ...”)

Perspectives: Different views of our organization (e.g., customers/stakeholders, employee & capacity, financial, internal processes)

Customers: Direct beneficiaries of our services or products (e.g., citizens)

Stakeholders: The universe of people with an interest in our products and services (e.g., Board of County Commissioners, press, vendors, regulators)

Outcomes: What results are desired; our planned accomplishments (e.g., Improve citizen satisfaction)

Goals: What we want to achieve by a certain time (e.g., reduce no. of repeat offenders by 10% next year, increase participation by 25% over two years, reduce annual crime rate per 100,000 people by 10%)

Strategies: How we intend to accomplish our vision and goals; our approach, or “game plan” (e.g., acquire additional parkland, develop new faith-community and business partnerships, reduce taxes)

Objectives: Strategy components; action items that must be done (e.g., improve processing time, increase employee skills, develop a new claims process)

Strategic Map: Cause-effect relationships among strategy components

Outputs: What is produced (e.g., no. of vaccinations given, no. of claims accurately processed)

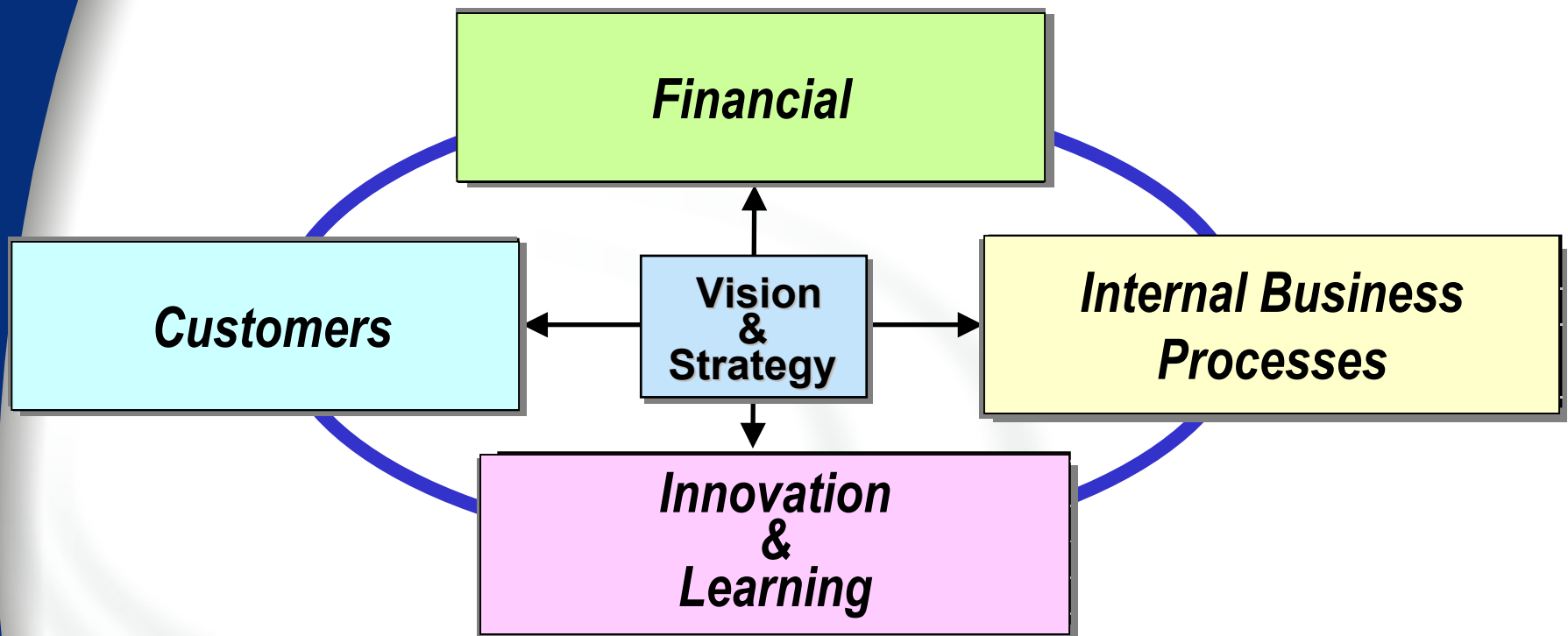
Performance Measures (Lagging): Indicators of success (e.g., no. of citizens served last month)

(Leading): Predictors (performance drivers) of future success (e.g., increase in employee knowledge)

Target: Desired level of performance for a performance measure (e.g., customer satisfaction target = 95%)

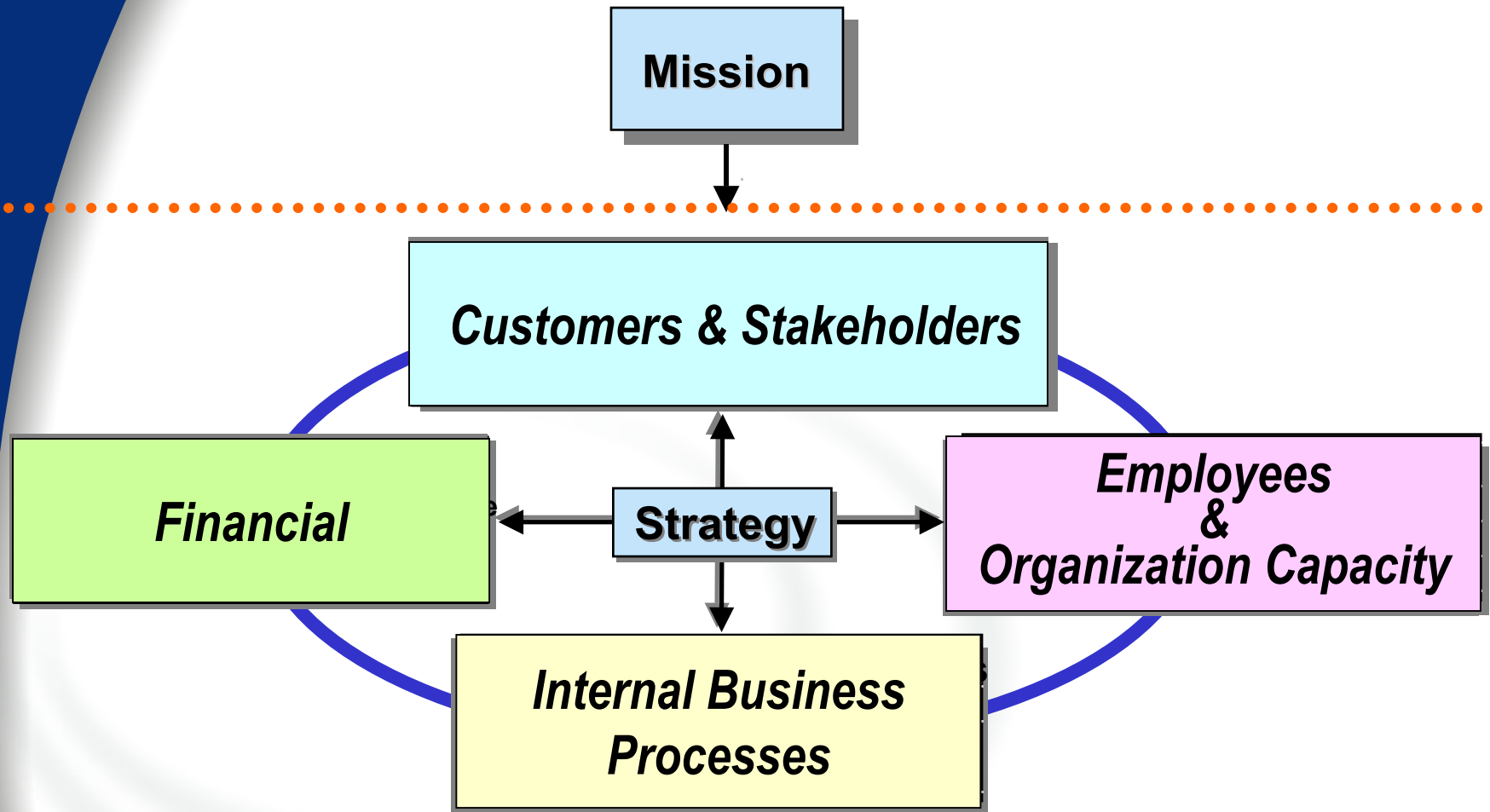
Initiatives: Action programs that will achieve our performance goals (e.g., license renewals via Internet)

Basic Design Of A Balanced Scorecard Performance System



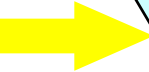
Source: Kaplan & Norton

Public-Sector Balanced Scorecard



Balanced Scorecard Logic

Customers



Mission

Vision

Core Values

Goals

Perspectives

STRATEGY

Focus Areas

Strategic Map

Objectives

Measures

Targets

Initiatives

Committing to Performance-based Management

From:

Control and Compliance

- Rules-governed
- Limited flexible
- Non-preventive (rework based on feedback)
- Negative focus
- Control of individuals



Toward:

Performance Accountability

- Mission driven
- Customer driven
- Employee responsive
- Flexible
- Preventive
- Positive, team focus

Required ... a significant cultural change!

Balanced Scorecard Methodology: Nine Steps To Success



Step One Organizational Assessment



Achieving Customer Satisfaction: The Citizen Value Proposition

A: Develop Goals

<u>Focus Areas</u>	<u>Goal</u>
1. Socio-economic Opportunity	Self-sufficient residents with equal access to services
2. Good Government	Efficient, effective and inclusive services
3. Community Health & Safety	Safer and healthier community through high quality, cost-effective and accessible services
4. Smart Growth	Vibrant and diverse economy, enhanced quality of life, and protected natural resources

B: Determine Citizens' Needs and Wants

Product (Service) Features

+

Relationship

+

Image

Citizen Needs & Wants

Necessary, efficient services; effective management; accountability to citizens; healthy community; safe community; clean air, water, and land; access to parks, open spaces, greenways, and recreation opportunities; affordable housing; education and literacy; diversity; self-sufficiency; safe, secure, economical energy availability

Step Two Define Strategies

Mission: Manage the Nation's space program in a cost-effective and safe manner



Vision: Land on the moon and return safely to earth



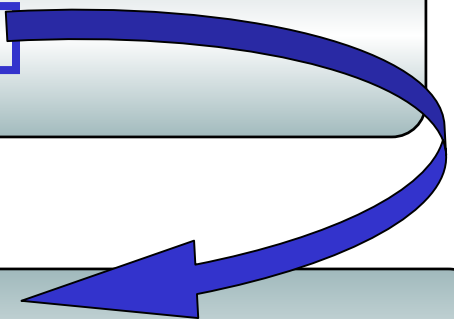
Strategic Themes:

- 1) **Develop safe launch and reentry vehicles**
- 2) **Maintain a ground infrastructure**

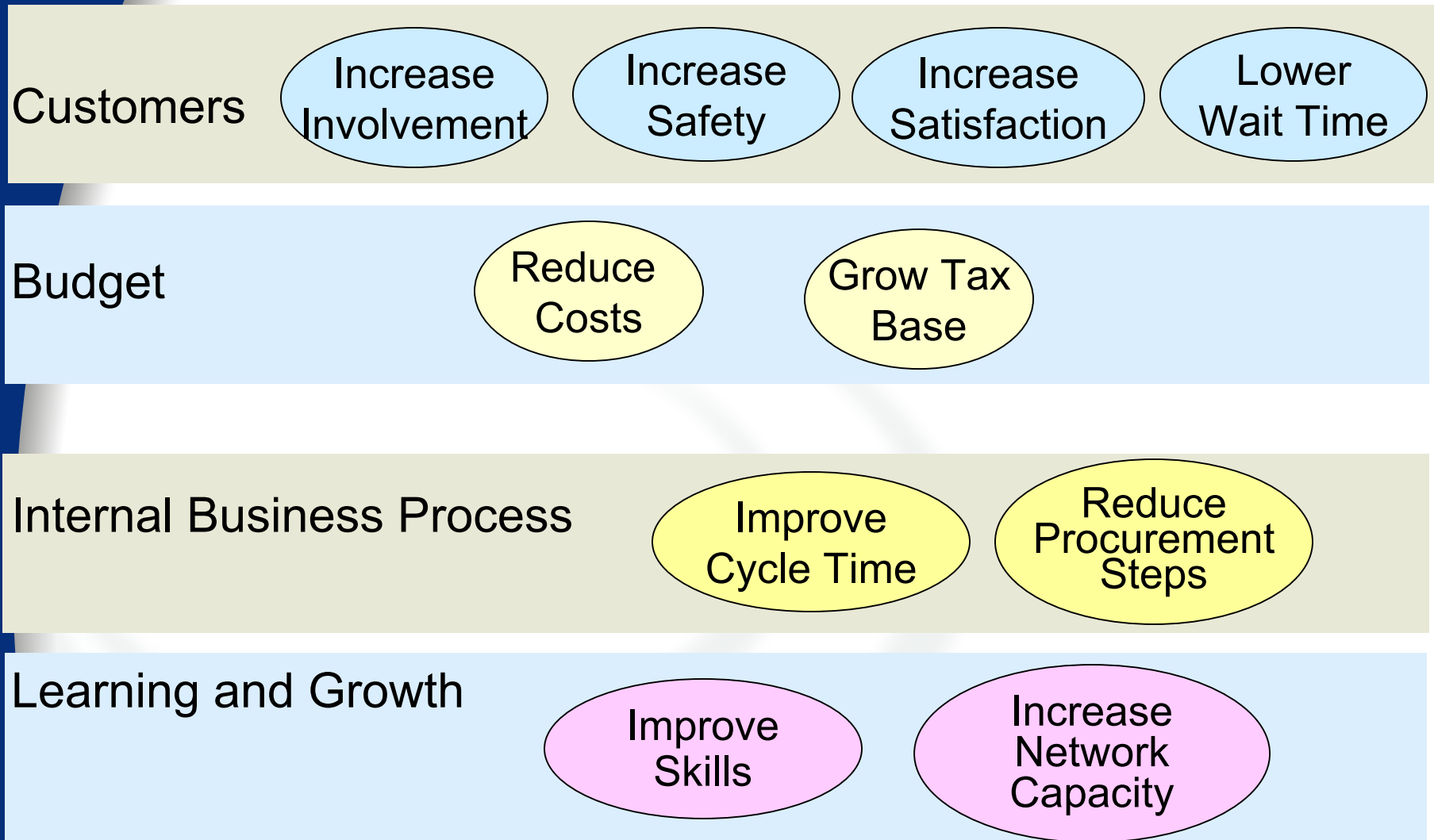


Strategies:

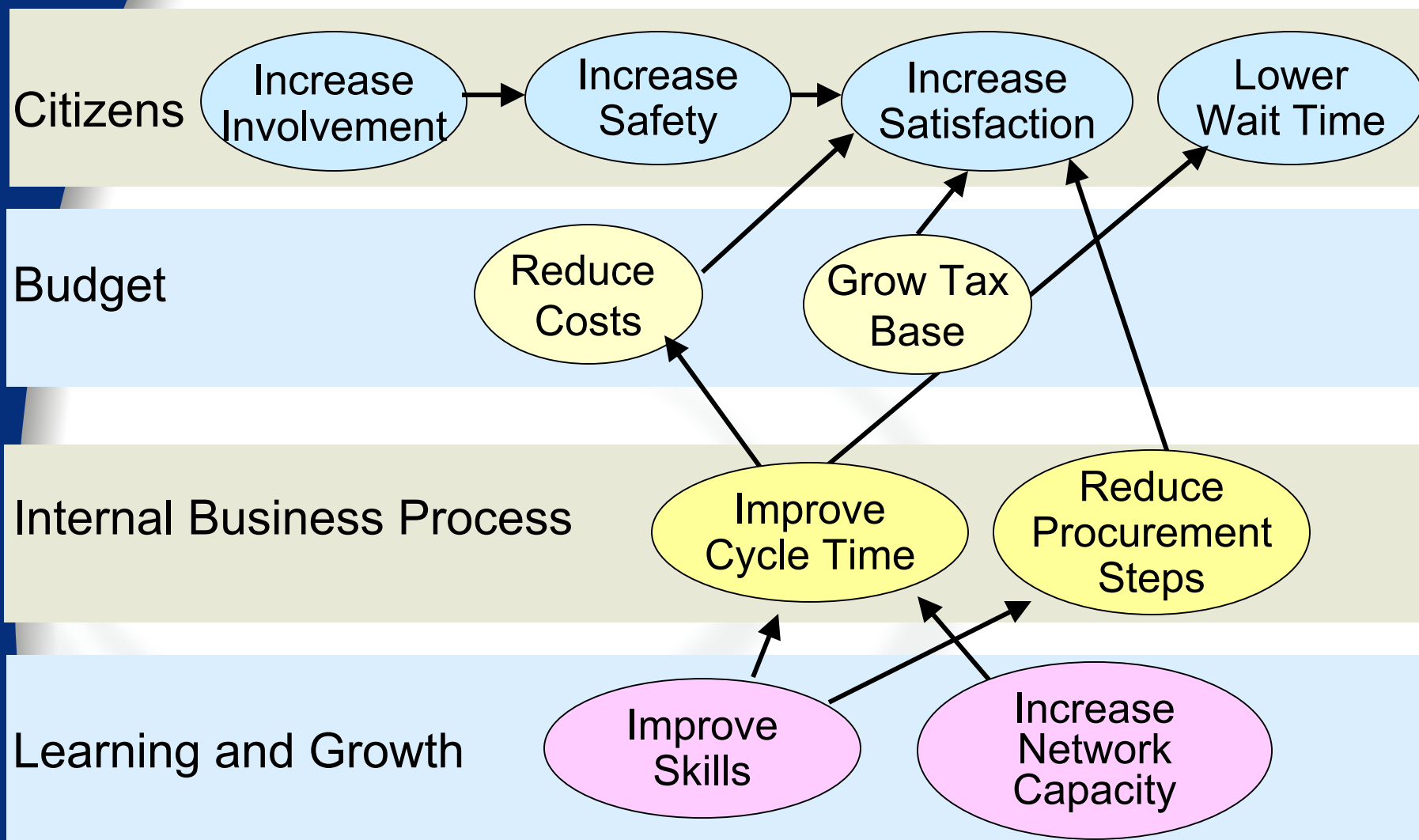
- **Develop shuttle capable of sustaining multiple earth orbits and re-entries**
- **Develop materials capable of surviving multiple earth re-entries**
- **Develop reusable landing craft**



Step Three Strategic Objectives



Public Sector Strategic Map

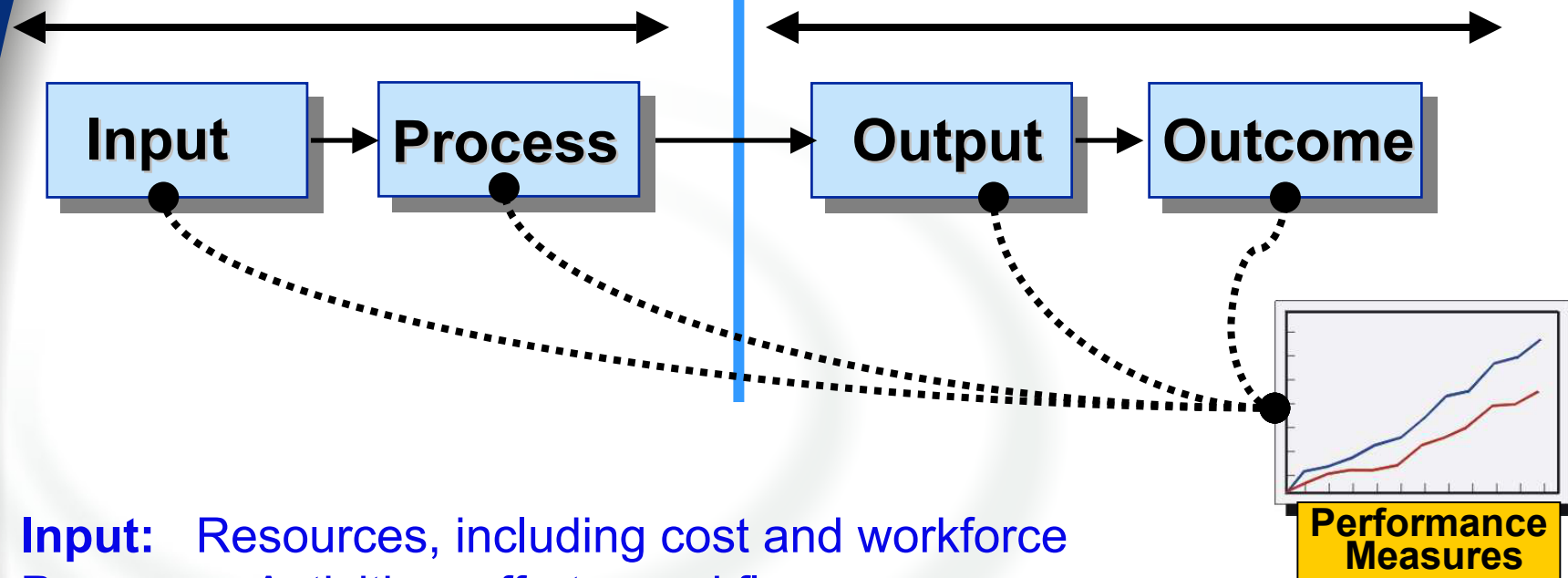


Performance Measures

Performance Measures Should Help Us Decide:

Are We Doing Things Right?
Business Planning (How?)

Are We Doing The Right Things?
Strategic Planning (What?)



Input: Resources, including cost and workforce

Process: Activities, efforts, workflow

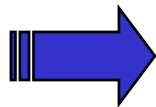
Output: Products and services produced

Outcome: Results, accomplishments, impacts

Step Six Initiatives

Candidate Initiatives

Outreach programs
Citizen surveys
Partnerships
Process improvement
Training courses
Knowledge building
Policy analysis
R & D efforts
Communication plan
Performance-based budget



Selection Criteria

Resources required

Impact potential
ranking on strategy

Multiple objectives
covered

Time
required/needed

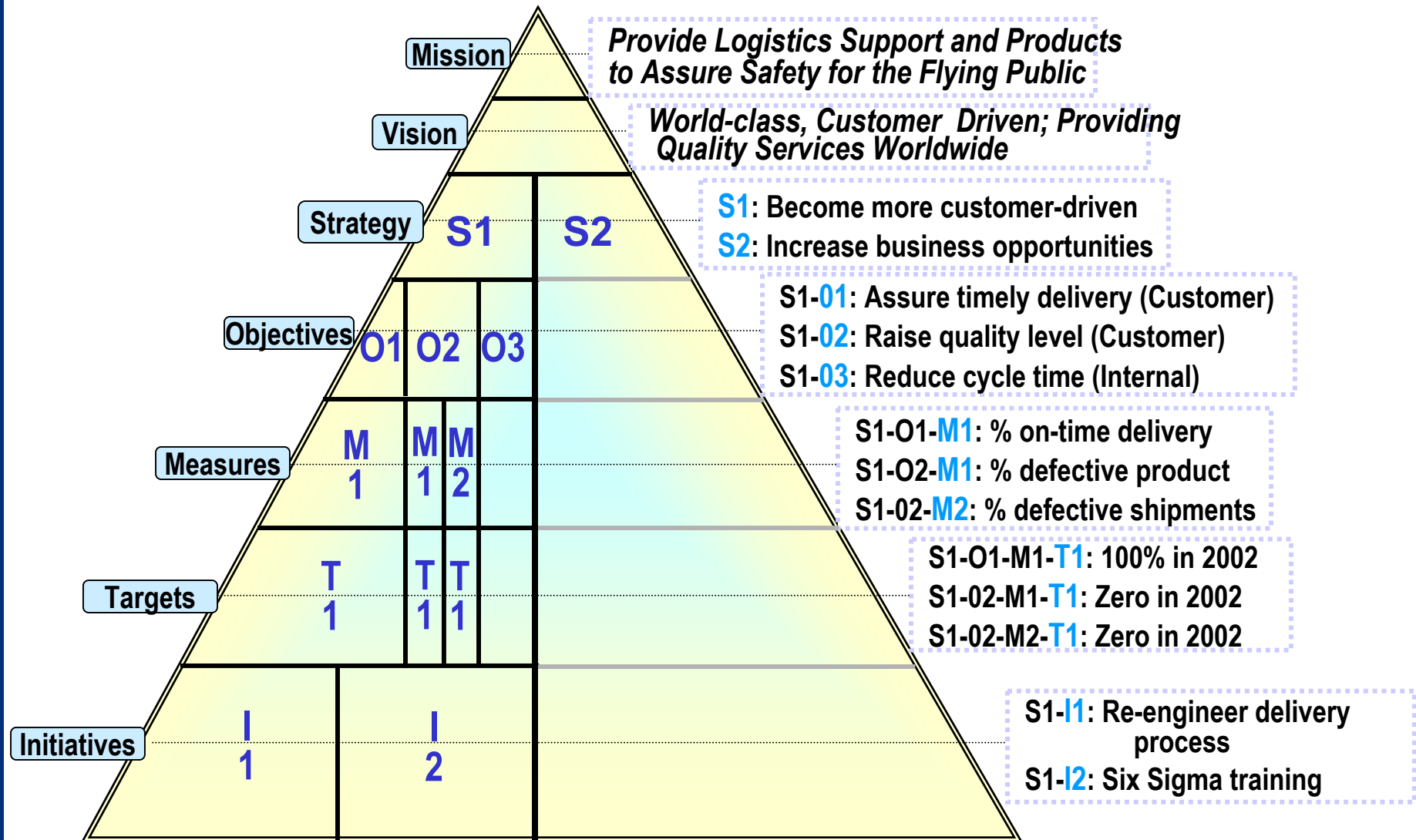
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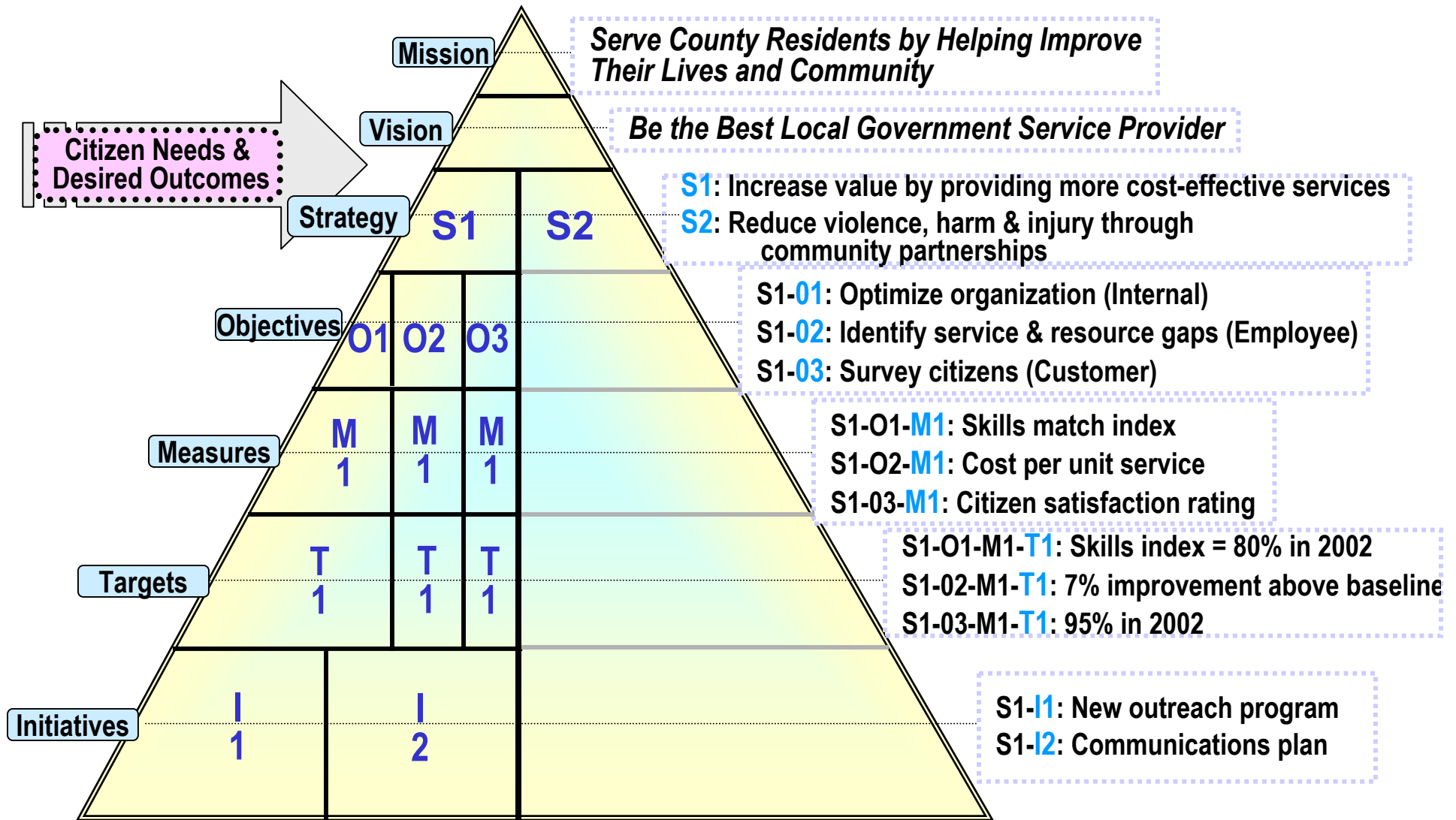
Prioritized Funded Initiatives

- 1.
- 2.
- 3.
- 4.
- 5.
- 6.

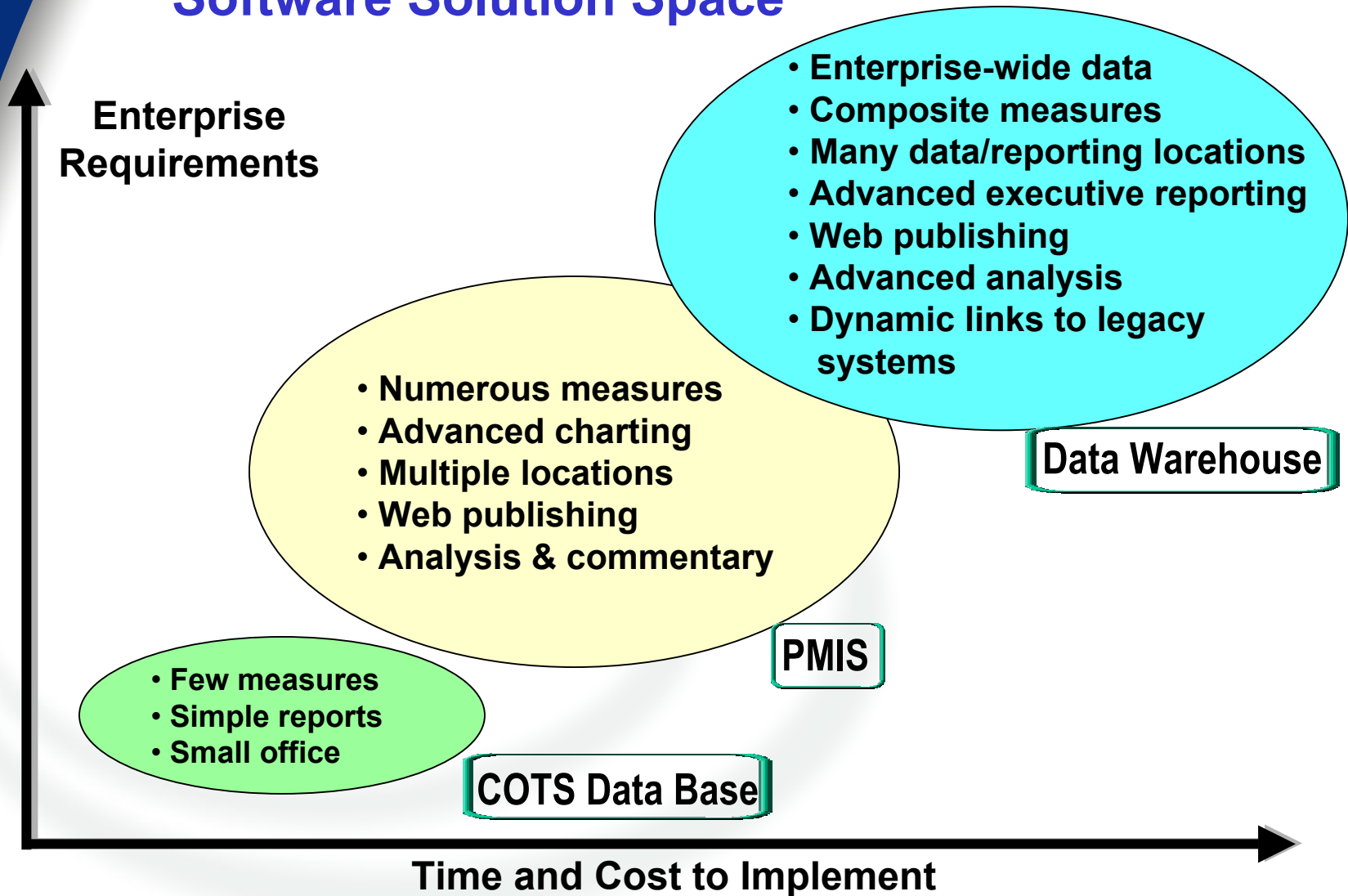
Putting It All Together – Federal Government Logistics Center



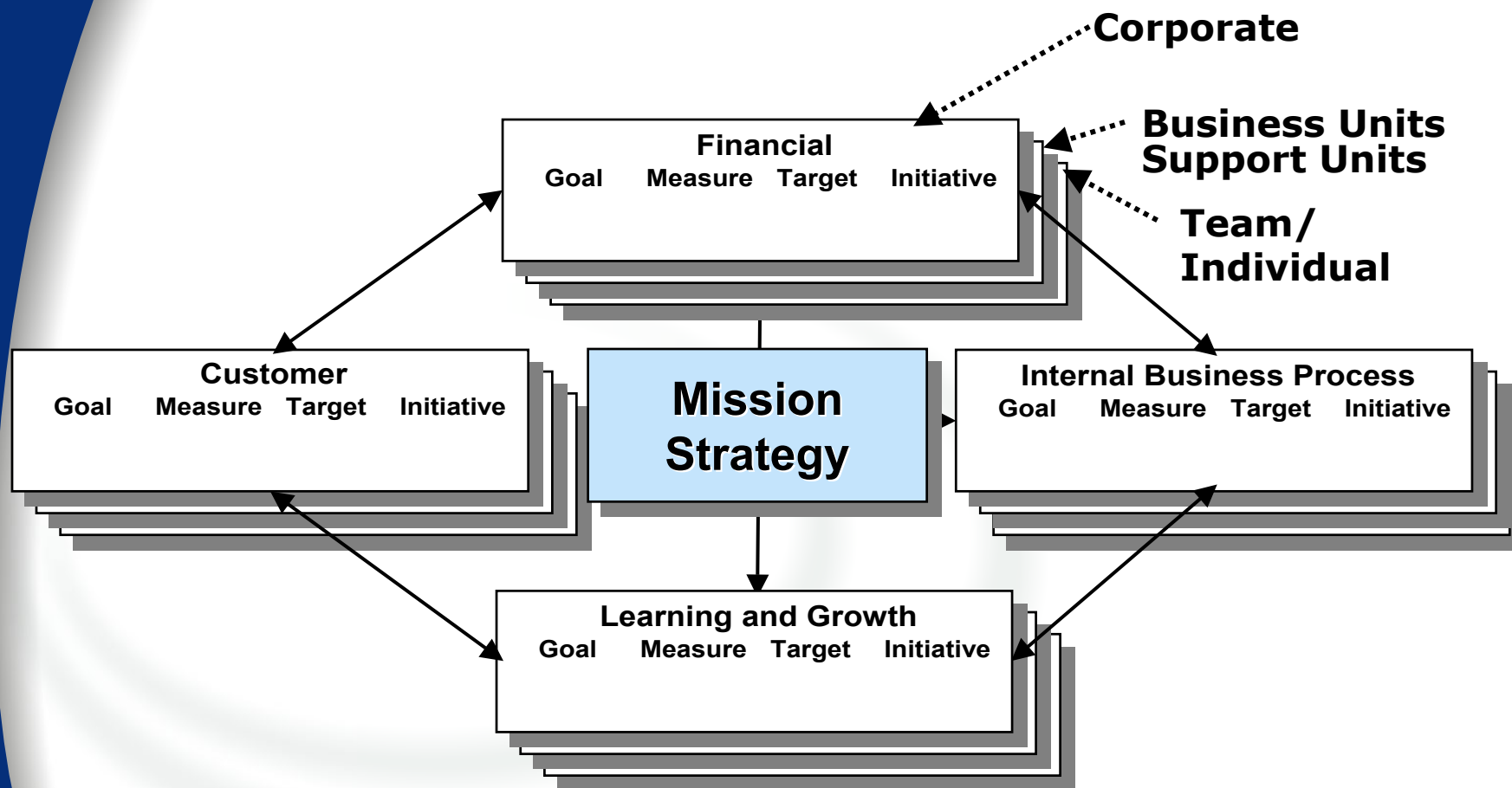
Putting It All Together – Local Government



Software Solution Space



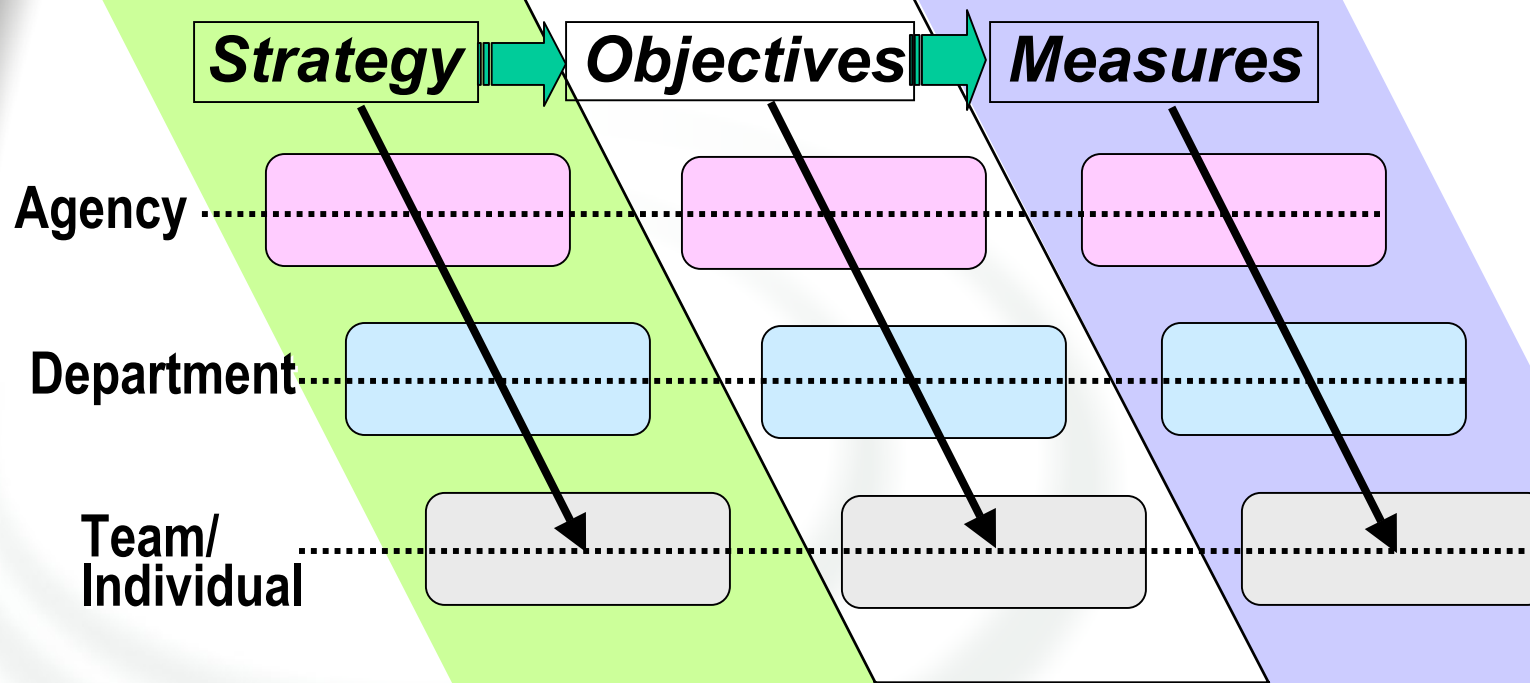
Cascaded Scorecards Support Strategy



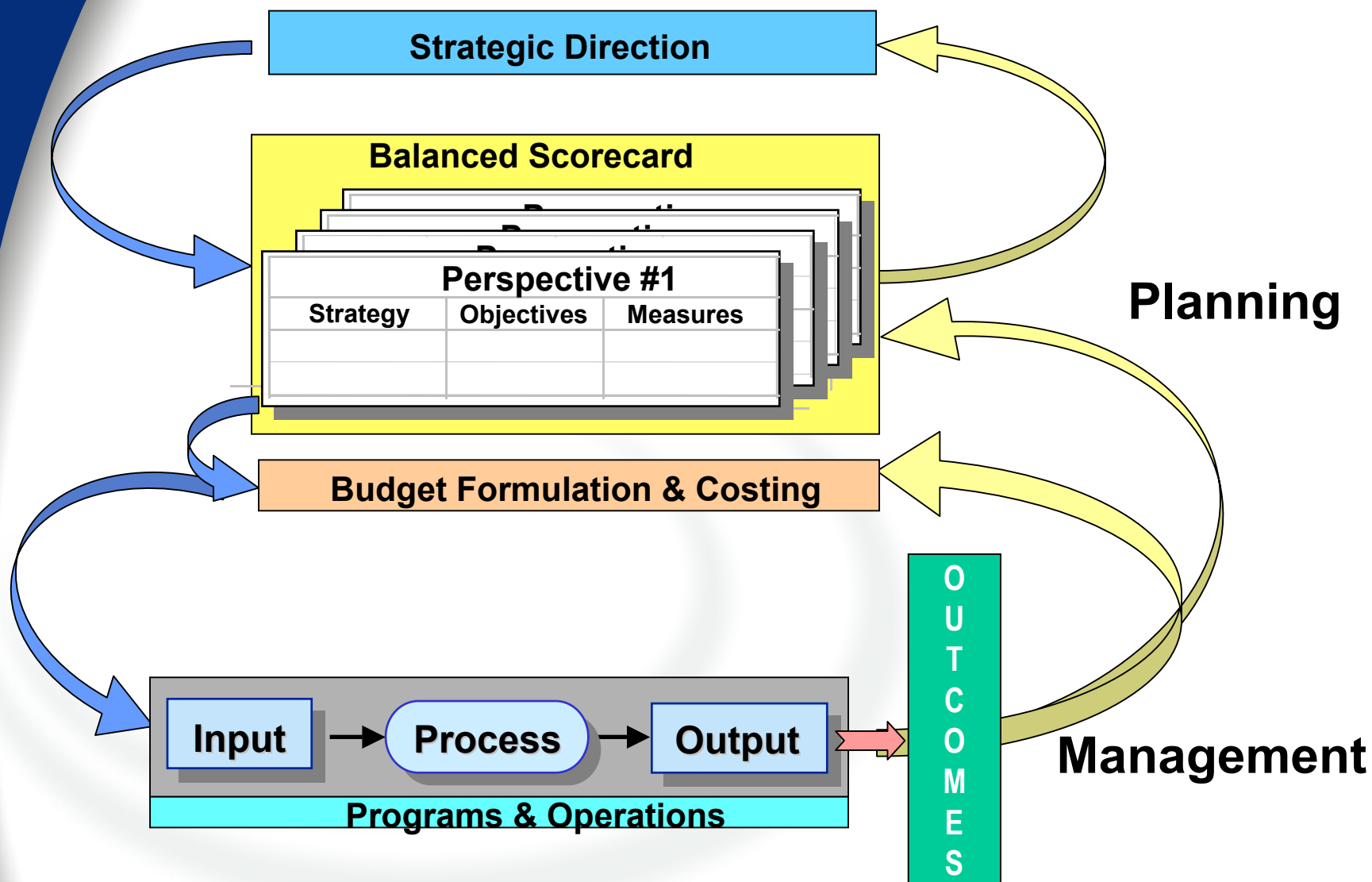
Adapted from: Kaplan & Norton

Communicating Corporate Strategy To Business Units

Vision: Be The Best Local Government Service Provider



Step Nine Evaluate & Change



Adapted from: Balanced Scorecard Collaborative

The BSC Is The Strategic “Front-End” Of Managing-For-Results



Goal: Performance-Based Budget

Strategic Goals

Goal 1

Goal 2

Goal 3

Goal 4

Goal 5

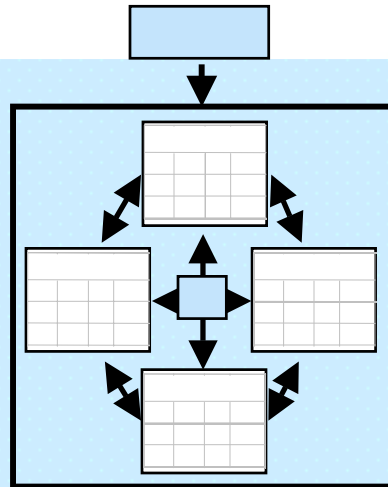
Goal 6

Goal 7

Goal 8

Goal 9

Balanced Scorecard



M
E
A
S
U
R
E
S

Budget

Infrastructure
Other Indirects

Program 1 \$ xx M

\$ xx M

\$ xx M

Program 2 \$ xx M

\$ xx M

Program 3 \$ xx M

Program 4

Program 5 \$ xx M

\$ xx M

Program 6 \$ xx M

\$ xx M

Recipients

Citizens

Contractors

Suppliers

Summary

The Balanced Scorecard Is (Is Not)

IS:

- *A strategic performance management system for the whole organization*
- *A communications tool to make strategy clear to everyone*
- *A way to balance financial and non-financial views of organization performance*
- *A journey*
- *A system for increasing accountability*
- *A commitment to change*
- *A way of aligning organization vision with human and capital resources, and with day-to-day operations*

IS NOT:

- *A performance measurement tool to control individual productivity*
- *A “flavor of the month” performance measurement system*
- *About placing your existing performance measures into four categories*
- *A project*
- *Easy*
- *The status quo*
- *A TQM initiative*

Performance Management System Challenges

- Fear of measurement and new systems
- Lack of common definitions and terms
- Inconsistent or weak buy-in, and lack of understanding
- Visions and strategies that are poorly defined and understood, not actionable, and not linked to individual actions
- Treating budgeting as separate from strategy development
- Measures that are set independently of the performance framework, or measures with no ownership
- No performance targets, or targets that are set too high or too low
- Little or no strategic feedback
- Lack of meaningful employee involvement

Best Practices

- Limit the number of measures
- Include measures for all perspectives and all strategies
- Seek balance among measures
- Develop solid baseline data
- Develop measures for past, present, and future
- Don't over-rely on output, process and input measures
- Set stretch targets
- Watch for unintended incentives
- Hold people accountable for results
- And always, beware the watchman!

But, Beware The Watchman !!

"The government are very keen on amassing statistics. They collect them, add them, raise them to the N^{th} power, take the cube root and prepare wonderful diagrams.

But you must never forget that every one of these figures comes in the first instance from the village watchman, who just puts down what he ... pleases."

*Sir Josiah Stamp, 1880-1944,
Head, Bank of England*

BSC = Strategy + Operations + Change

Strategy = Doing the *right things*

Operations = Doing *things right*

Change = Doing *things differently*



BSC = Strategy + Operations + Change

**SUCCESS = Effective, Well Executed Strategy
+ Efficient Operations
+ Meaningful Change**



References

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***“It’s about management and
change first; measurement
and technology are second ”***

Howard Rohm

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