

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



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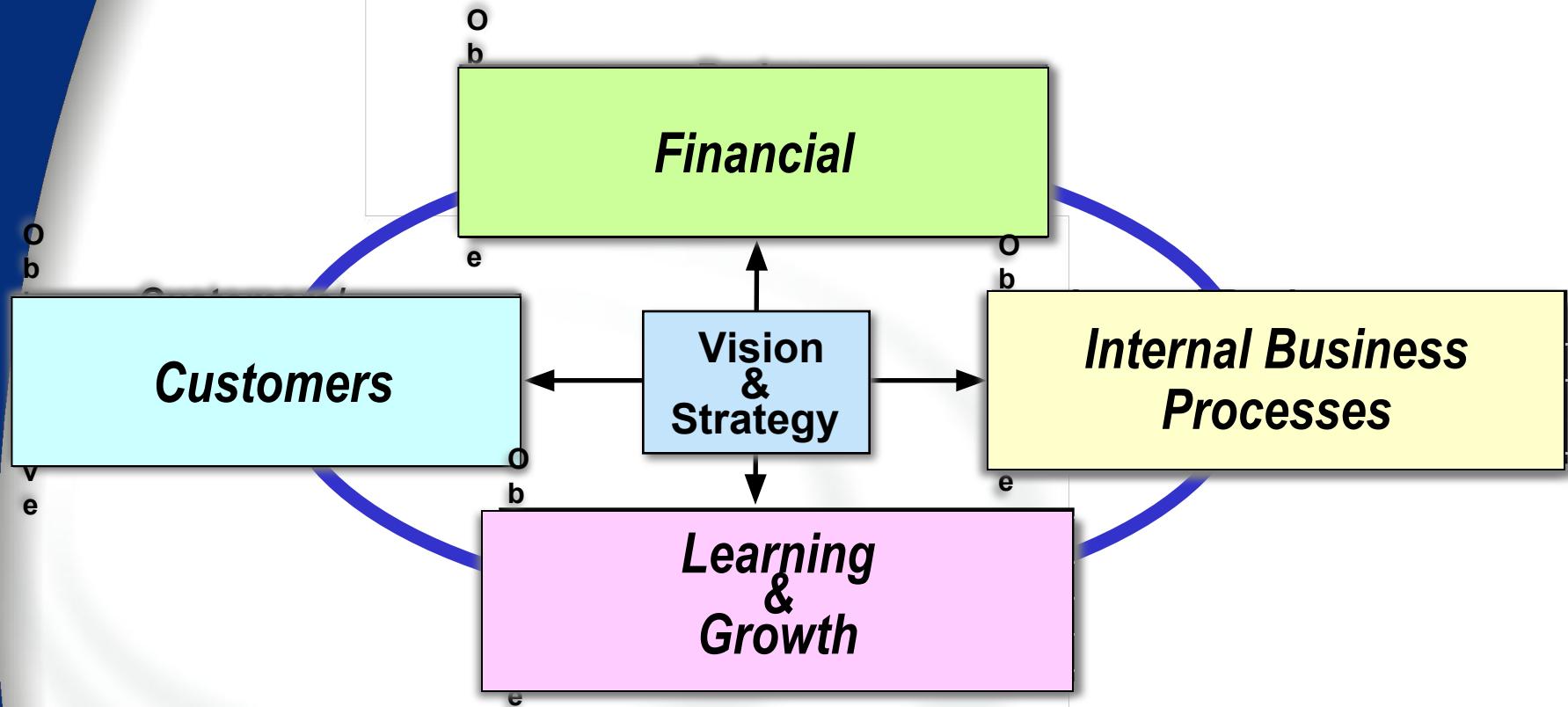


Seminar Objectives

- **Describe a framework for building and implementing public-sector balanced scorecard performance systems**
- **Understand how a scorecard system can help align organization effort with agency mission and strategy**
- **Share best practices and lessons learned**



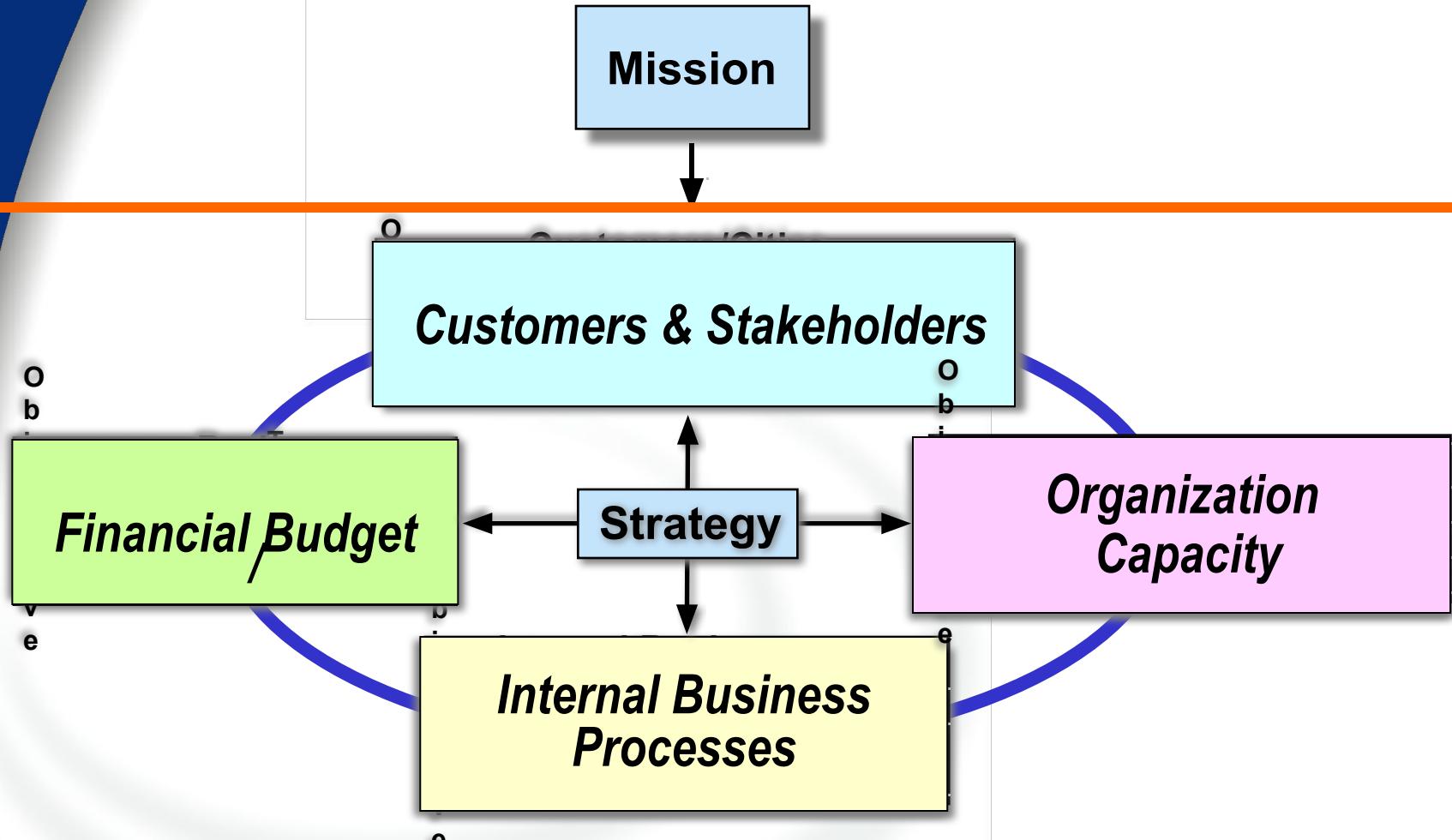
Basic Design Of A Balanced Scorecard Performance System



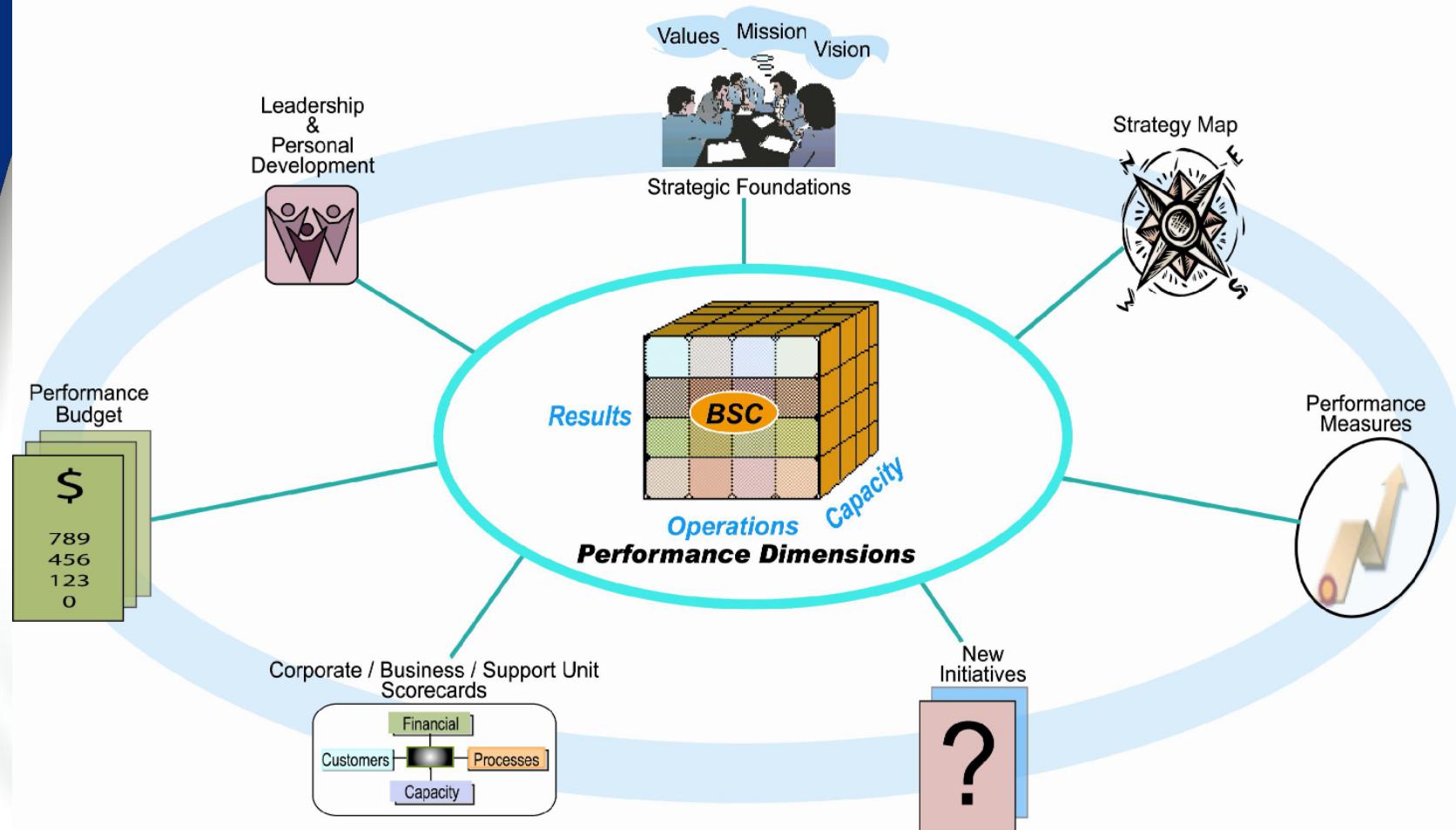
Source: Kaplan & Norton



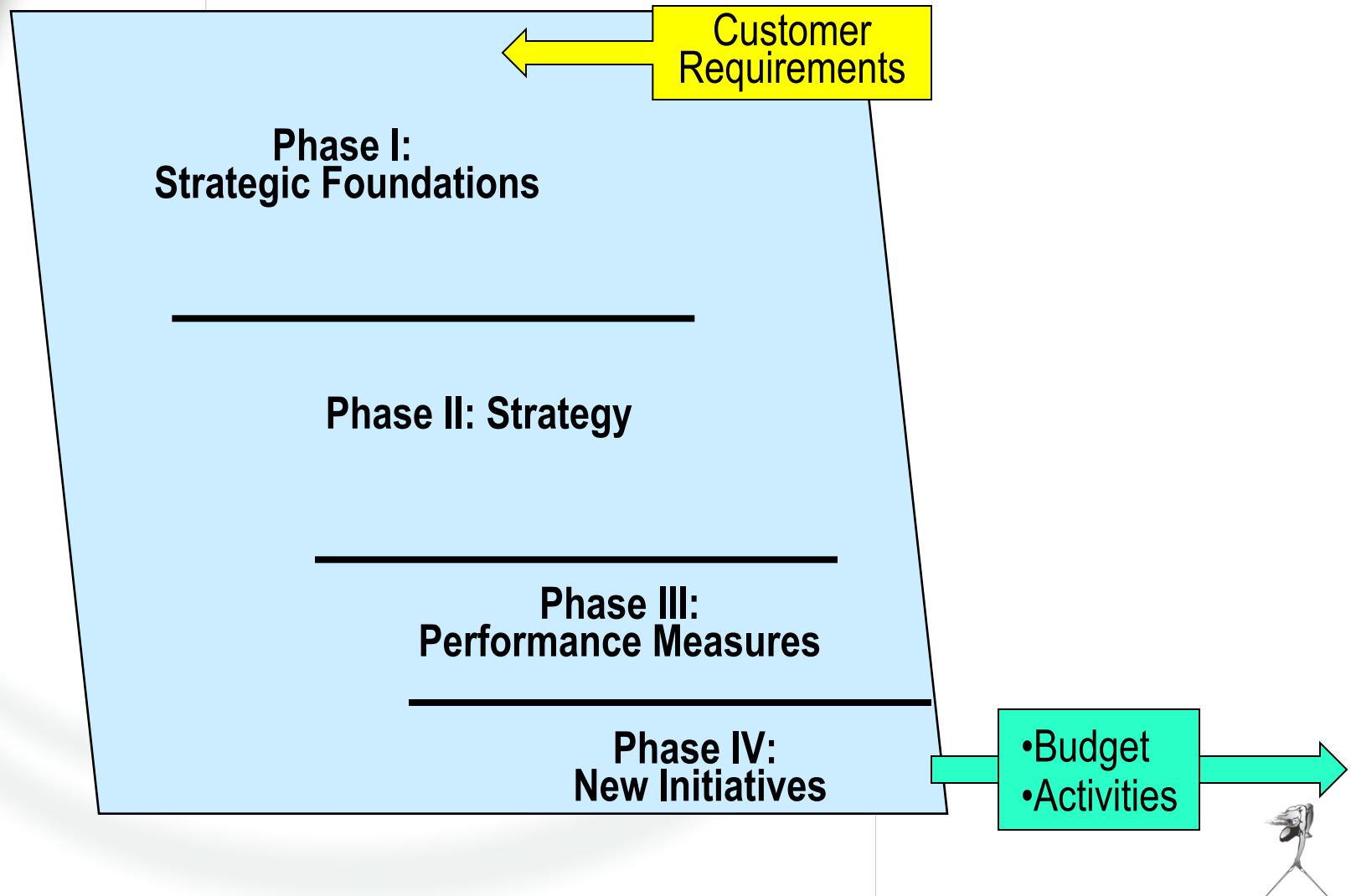
Public-Sector Balanced Scorecard



Balanced Scorecard (BSC) System Components



Balanced Scorecard Logic



Building & Implementing A Balanced Scorecard



Building & Implementing A Balanced Scorecard

- Customer Values
- Organization Pain
- Organization Values
- Vision & Mission

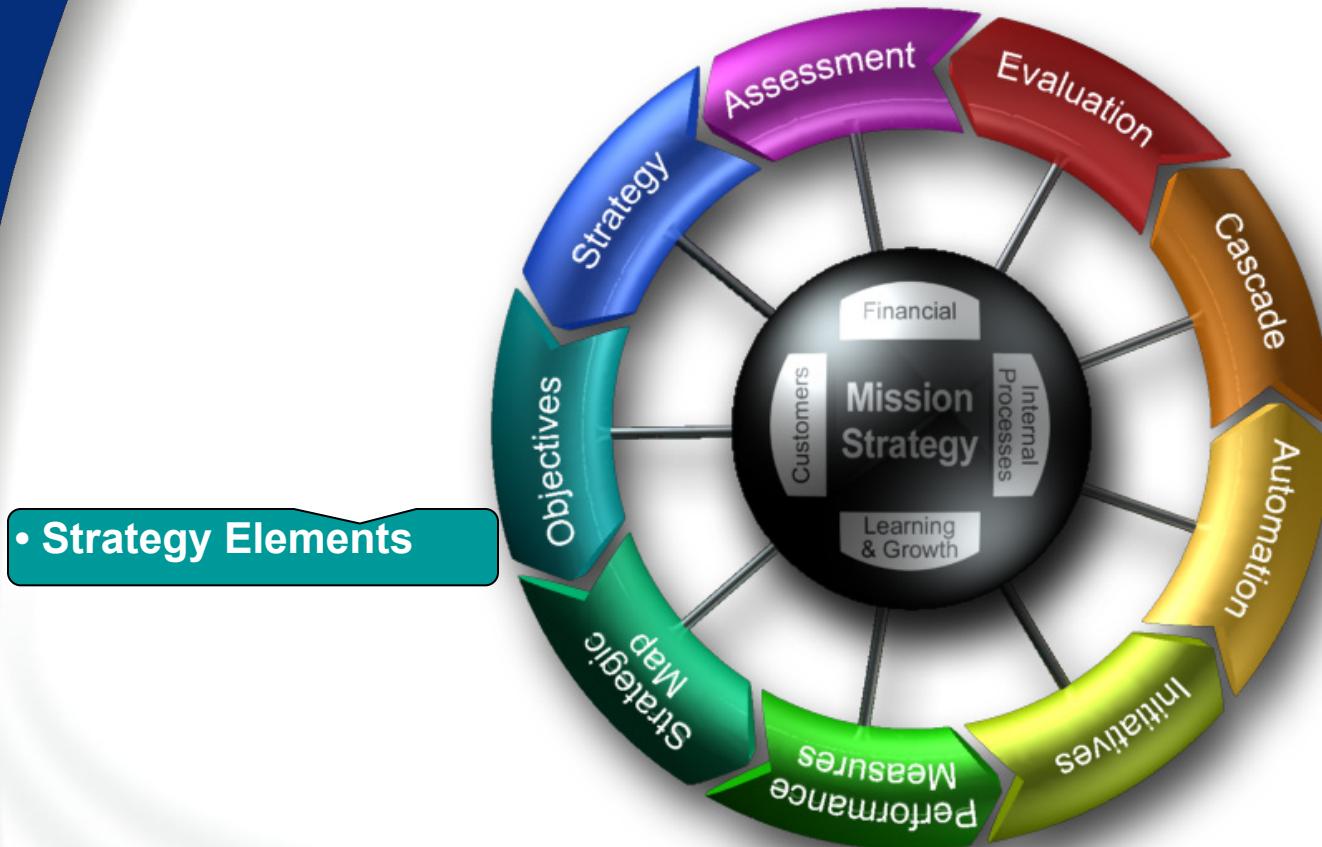


Building & Implementing A Balanced Scorecard

- Themes
- Strategic Results
- Strategies



Building & Implementing A Balanced Scorecard



Building & Implementing A Balanced Scorecard



- Performance Drivers
- Enablers
- Causal Links



Building & Implementing A Balanced Scorecard



- Performance Measures
- Targets
- Baselines



Building & Implementing A Balanced Scorecard



• New Projects



Building & Implementing A Balanced Scorecard



- Software
- Performance Reporting
- Knowledge Sharing



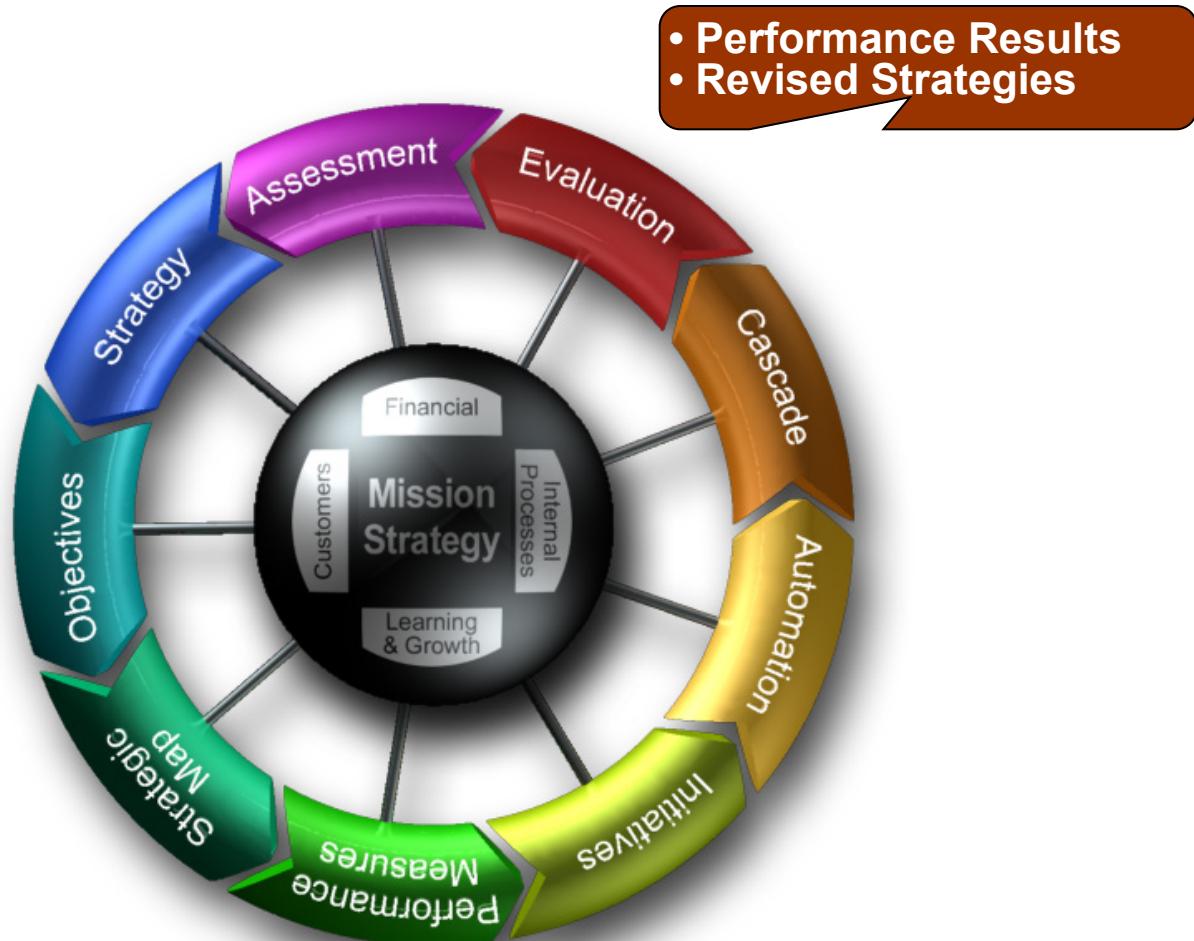
Building & Implementing A Balanced Scorecard



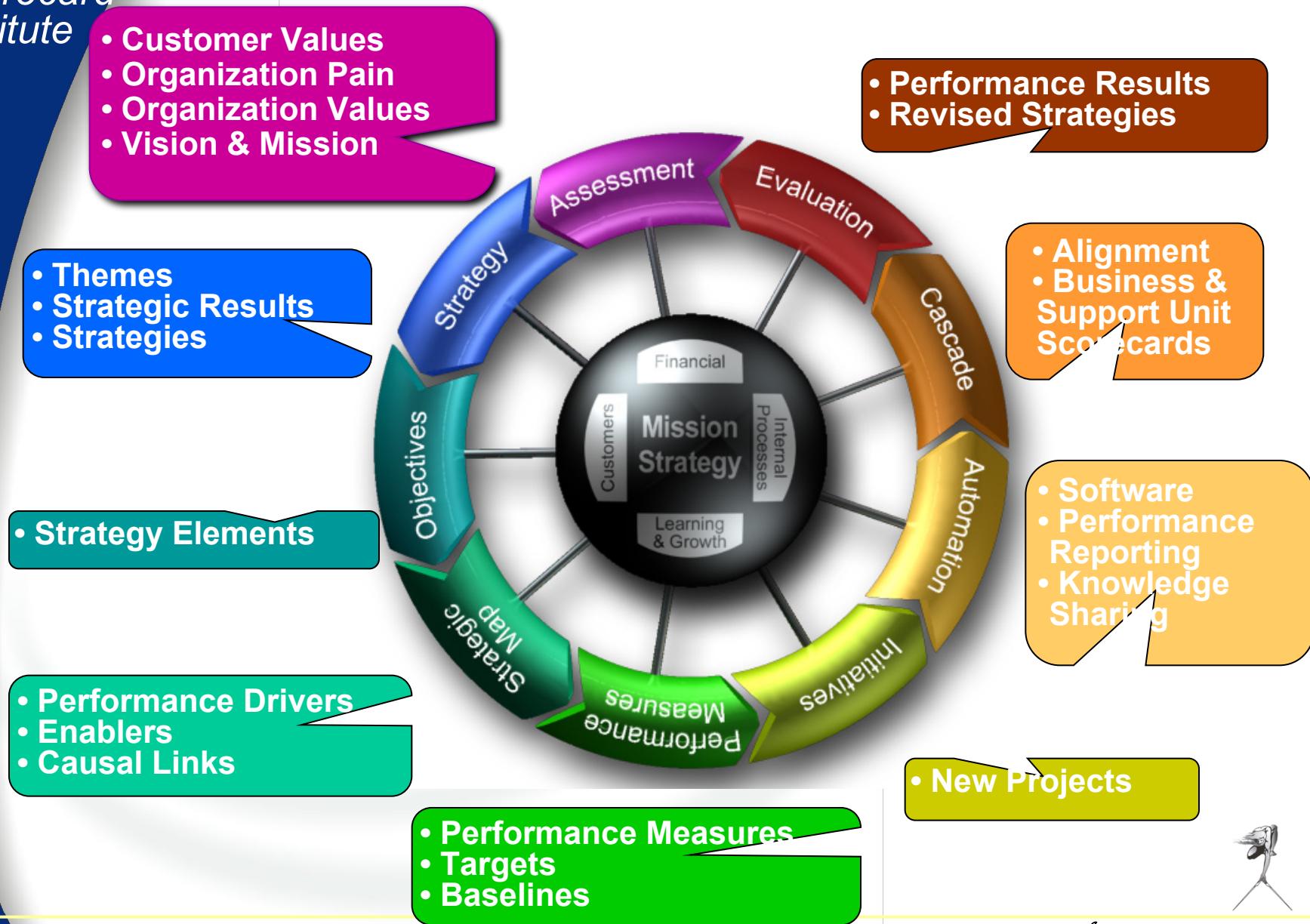
- Alignment
- Business & Support Unit Scorecards



Building & Implementing A Balanced Scorecard



Building & Implementing A Balanced Scorecard



Strategy

Strategy Mapping

Performance Measures

Implementation



“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



Focus On Organization Strategy



Define Strategies

***Mission:* Provide information services to citizens**



***Vision:* Enable Internet access to all available information**



Strategic Themes:

Build the information infrastructure

Improve operational efficiency and effectiveness



Strategies:

Develop an on-line, 24/7 capability to access information services

Build knowledge and skills, to cross-sell new banking products

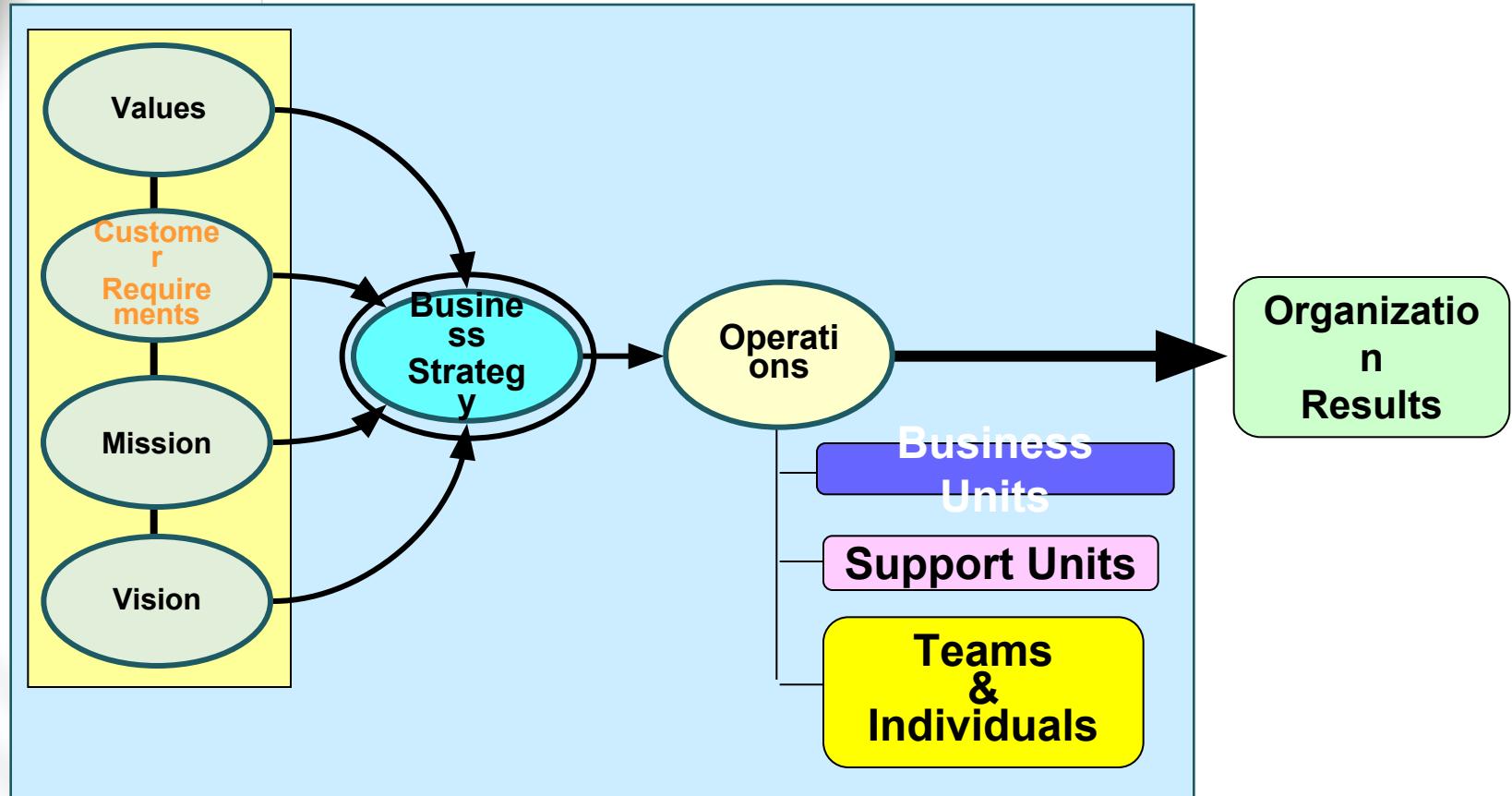
Call Center Strategies:

Provide caller support on an exceptions basis

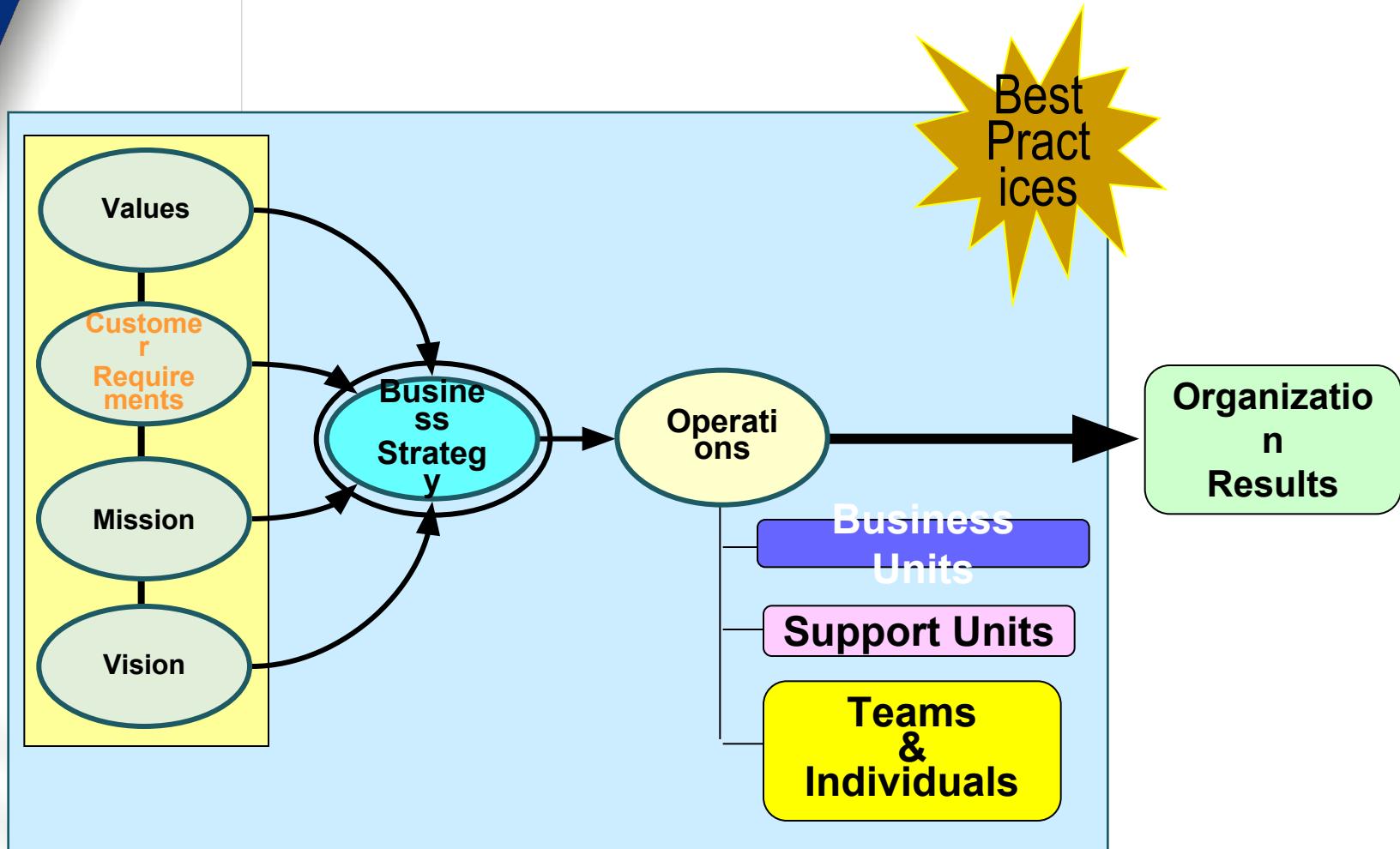
Provide critical customer intelligence to Web site designers



Strategy Translates What Customers Want Into What We Must Deliver



Strategy Translates What Customers Want Into What We Must Deliver



Strategy

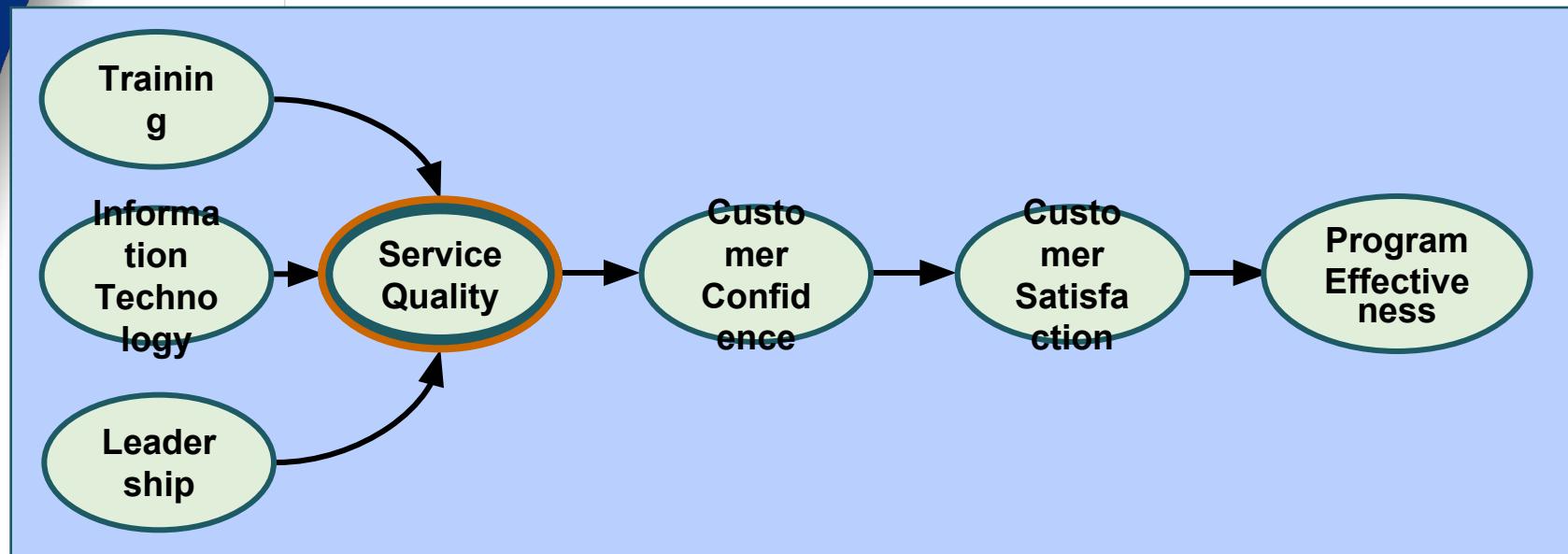
Strategy Mapping

Performance Measures

Implementation



Strategy Is A Hypothesis About What Drives Organization Success



Identify the key performance drivers that lead to successful strategy execution

Adapted From: John Krieger, Paramount Consulting



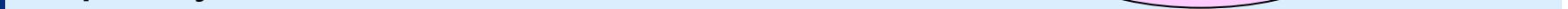
Public Sector Strategy Map

Citizens

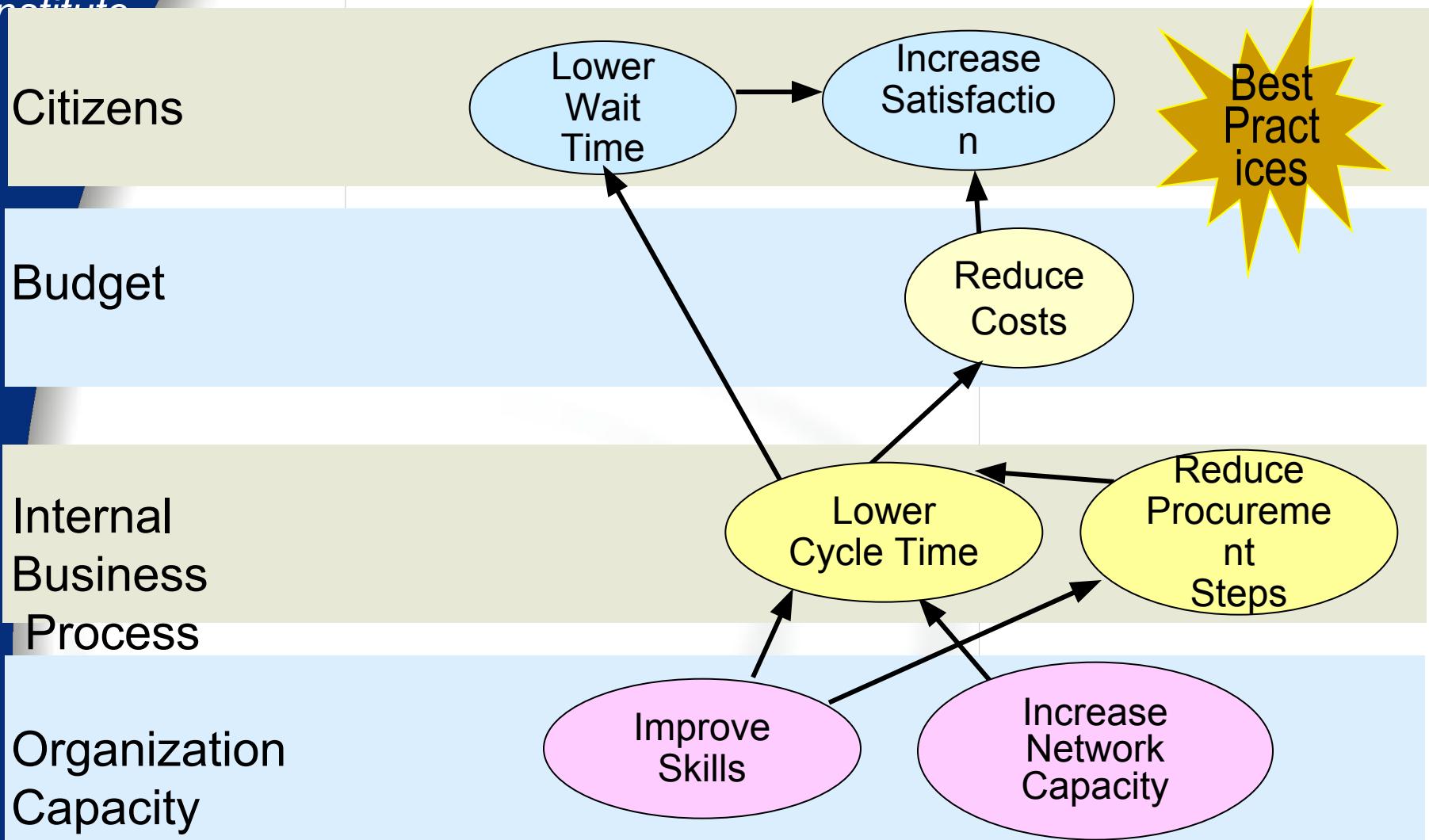
Budget

Internal
Business
Process

Organization
Capacity



Public Sector Strategy Map



Strategy

Strategy Mapping

Performance Measures

Implementation

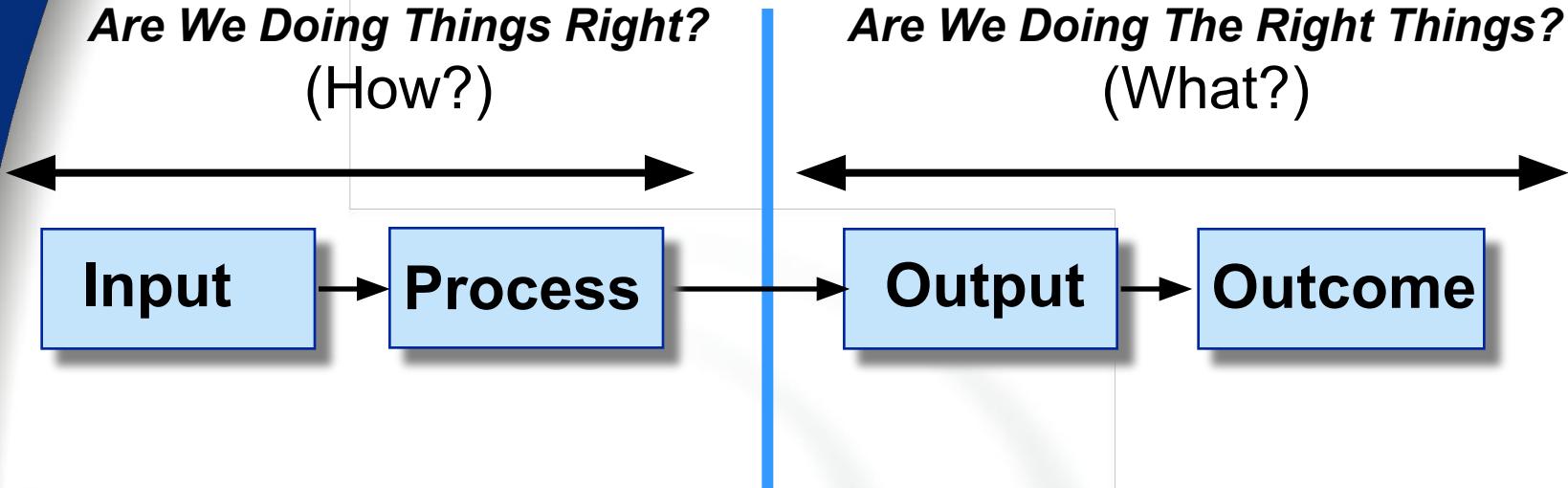


Performance Measures

Performance Measures Should Help Us Decide:

*Are We Doing Things Right?
(How?)*

*Are We Doing The Right Things?
(What?)*



Input: Resources, including cost and workforce

Process: Activities, efforts, workflow

Output: Products and services produced

Outcome: Results, accomplishments, impacts

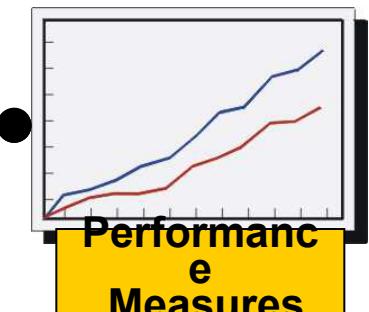
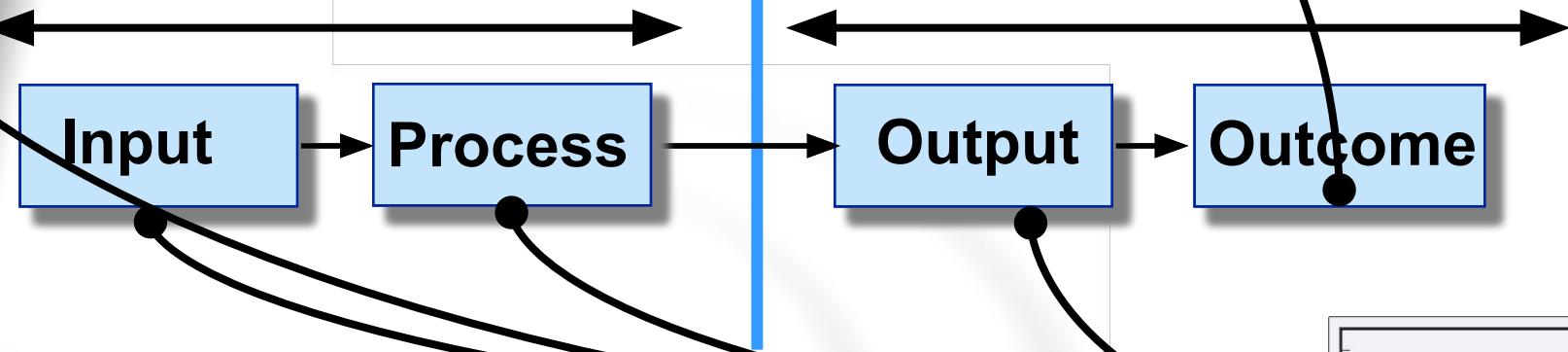


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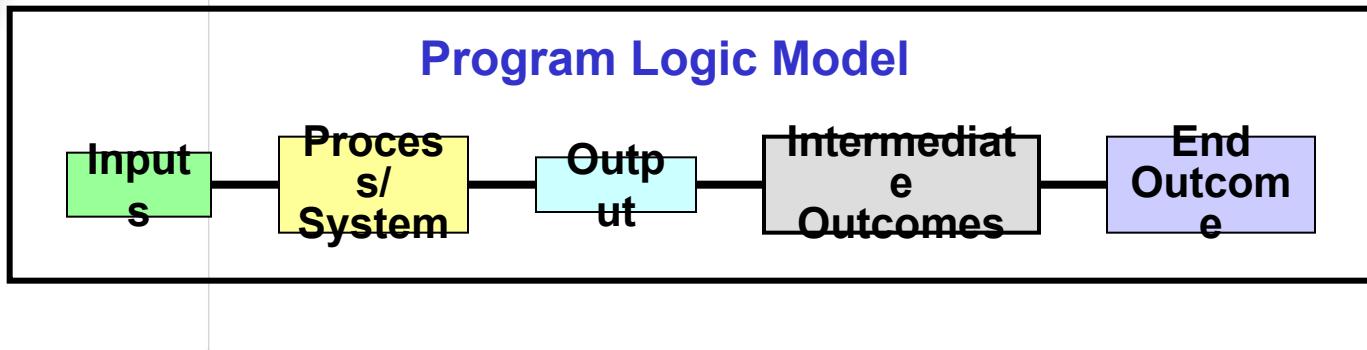
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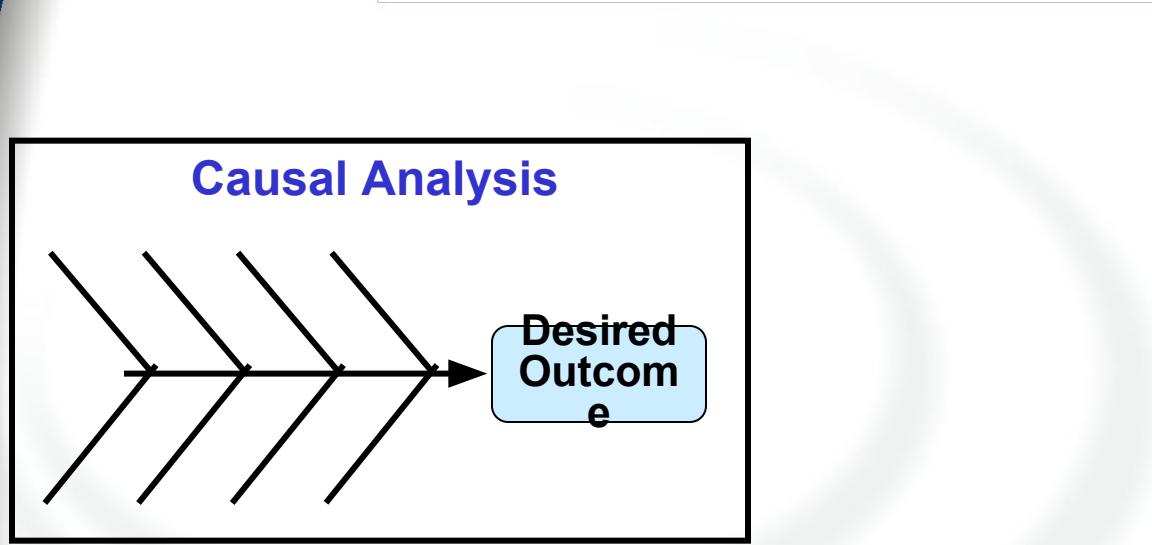
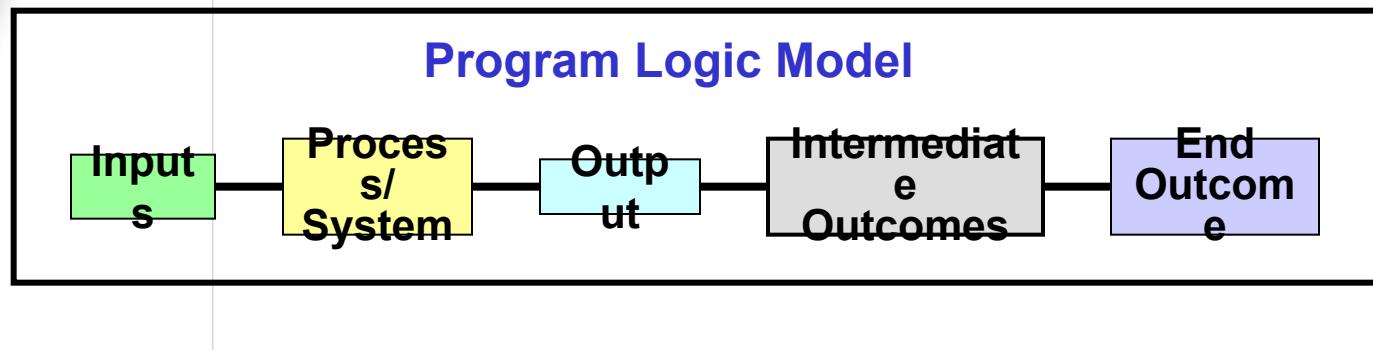
Develop Performance Measures



Source: Gardner Shaw & Howard Rohm



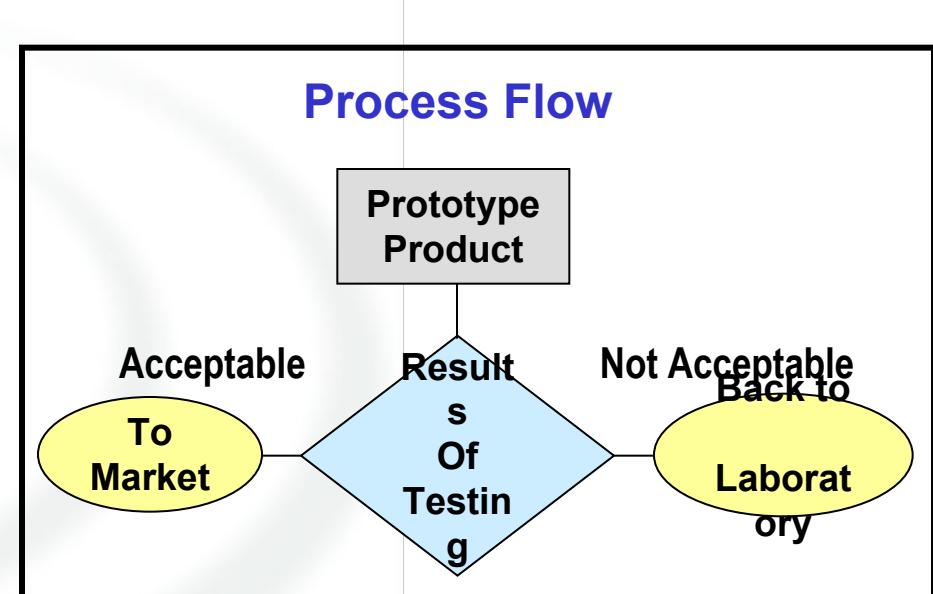
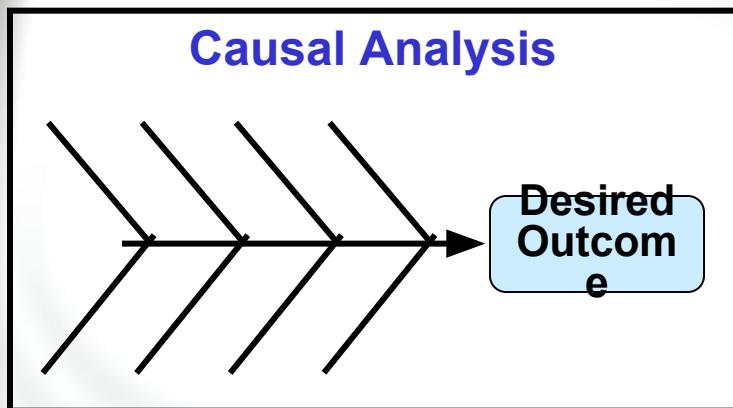
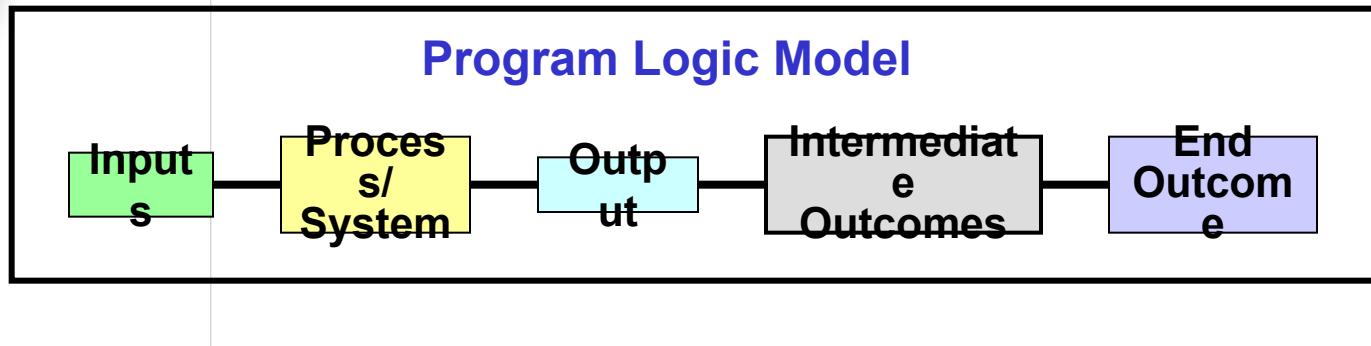
Develop Performance Measures



Source: Gardner Shaw & Howard Rohm



Develop Performance Measures



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Balanced Scorecard Performance Measures

Customer/ Stakeholder
Internal Business Processes
Financial / Budget
Organization Capacity

What We Want To Measure

Results

Process Activities
(Quality, Quantity, Timeliness, Efficiency)

Results
Or
Inputs

Behavior Changes
Knowledge, Skills, & Abilities
Efficiency



<u>Measurement Categories</u>	
Customer/ Stakeholder	Achievement of Strategic Results Business Impacts
Internal Business Processes	Changes in Process Efficiency
Financial / Budget	Return on Investment (Program/Service Effectiveness) Or Input Measures (Resource Adequacy)
Organization Capacity	Changes in Employee Knowledge, Skills, Attitudes, Behavior, and Abilities Service Efficiency/Effectiveness Measures Infrastructure Capacity Gain Measures



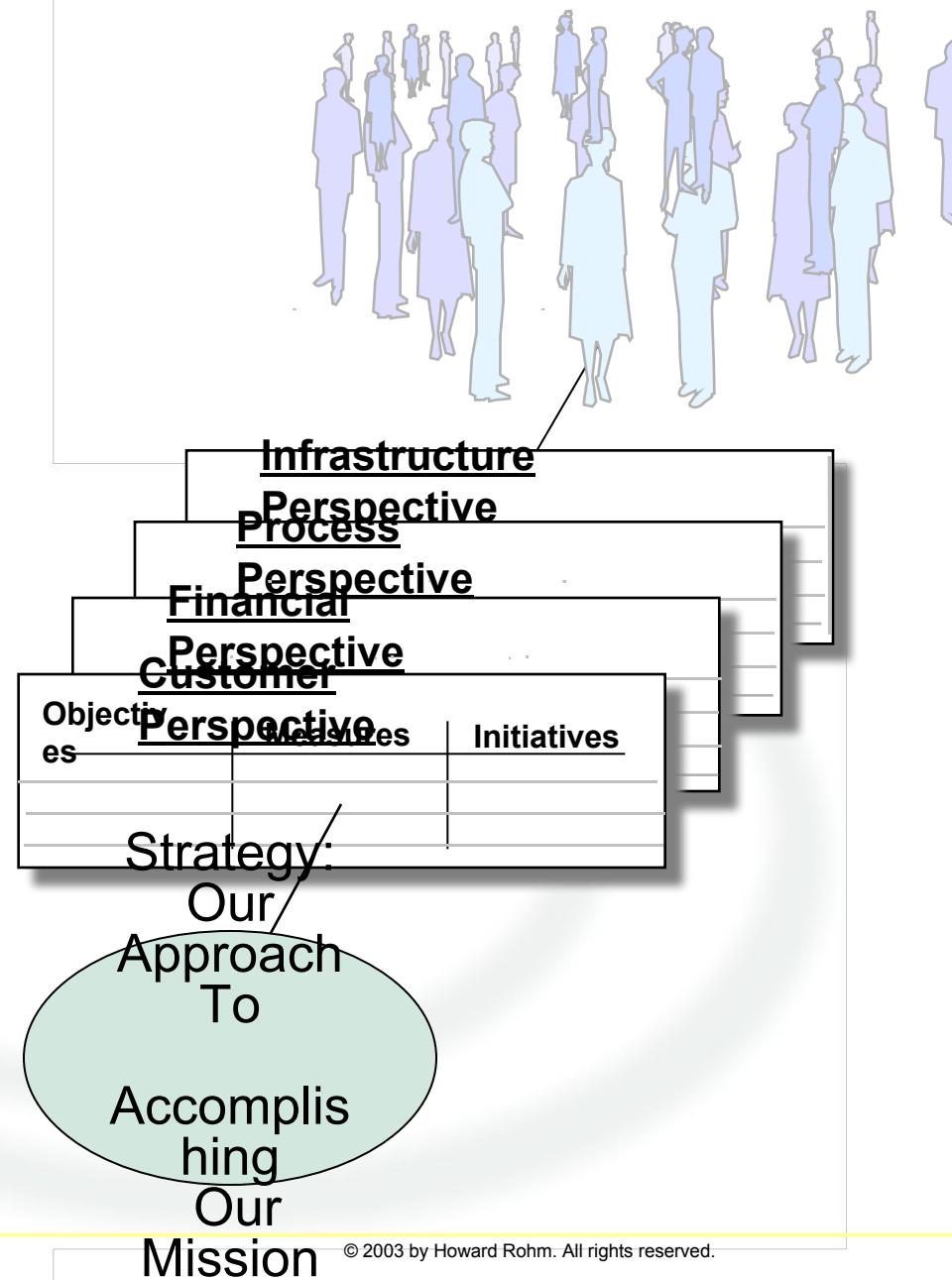
Balanced Scorecard Performance Measures



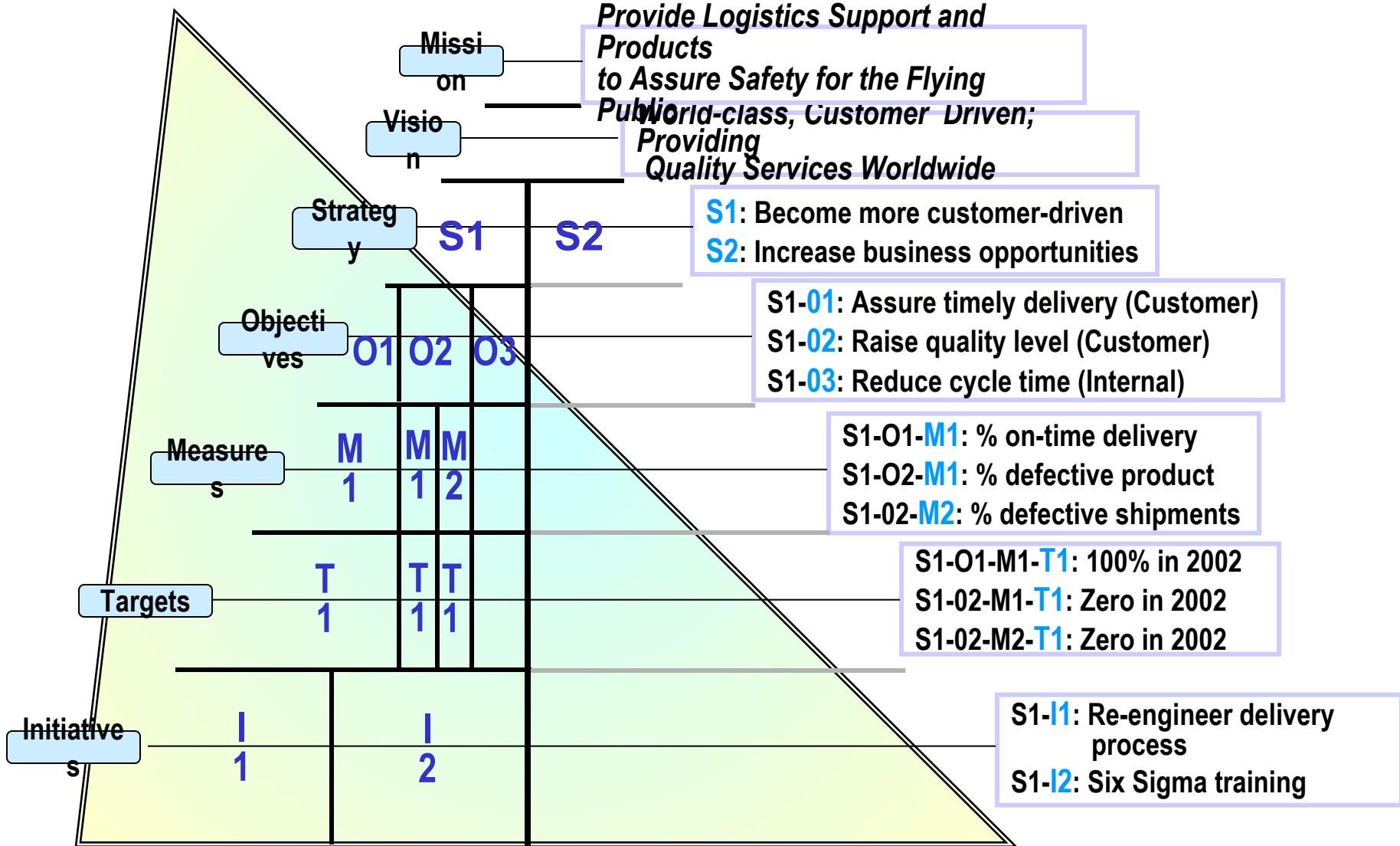
<u>Measurement Categories</u>	
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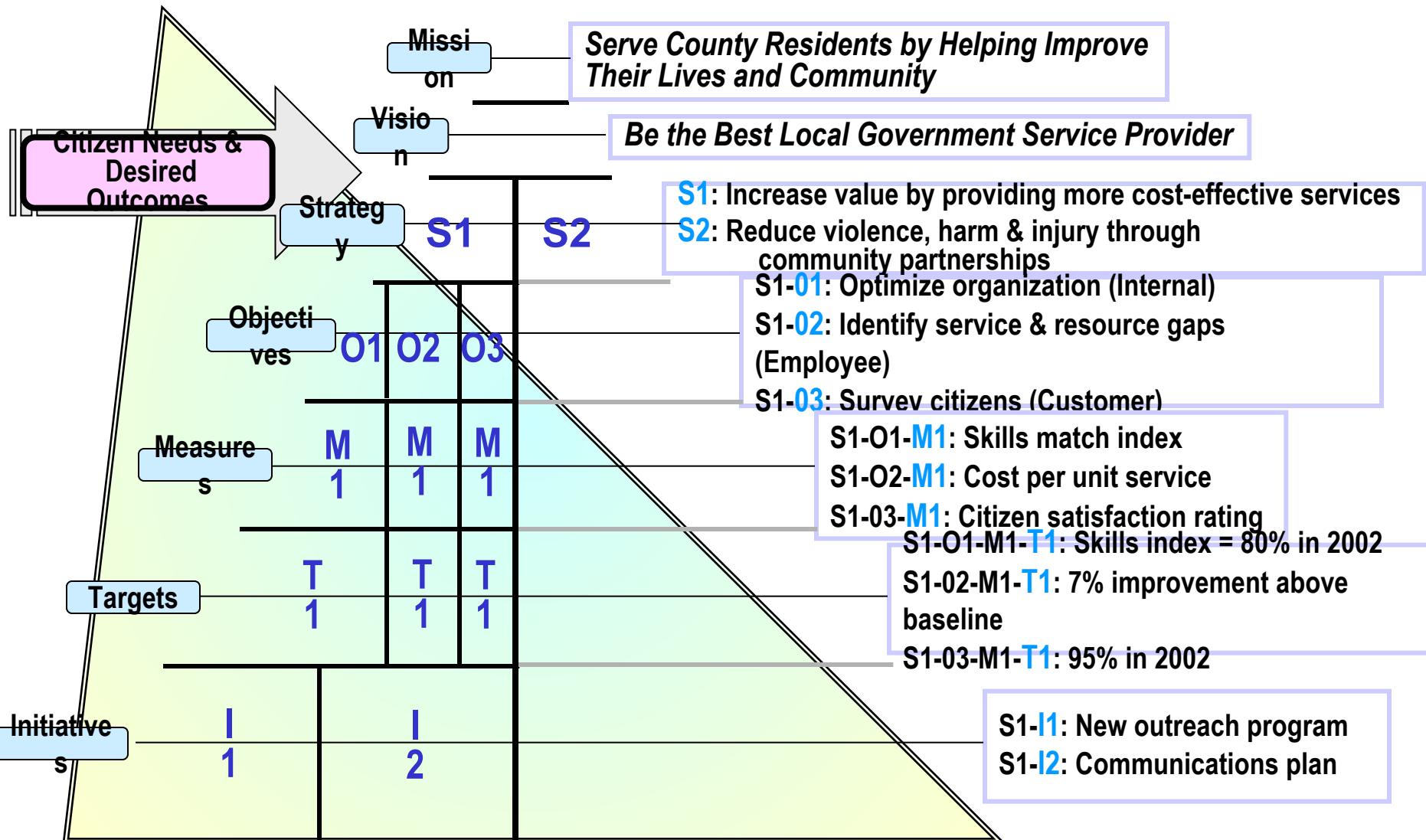
The Finished BSC Tells Our Story



Putting It All Together – Federal Government Logistics Center



Putting It All Together – Local Government

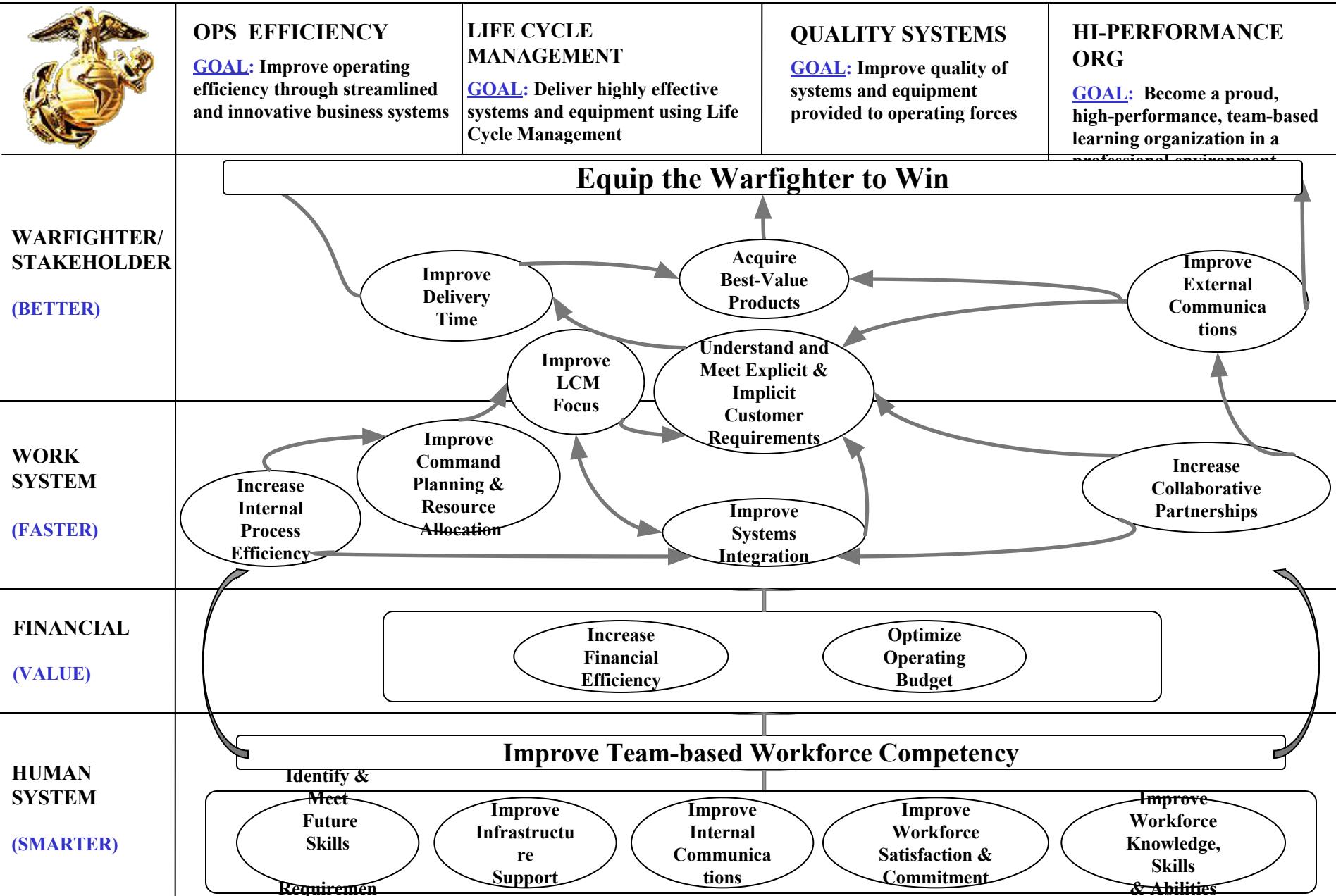




MARINE CORPS SYSTEMS COMMAND



COMMAND BALANCED SCORECARD – DESIRED OUTCOMES VIEW

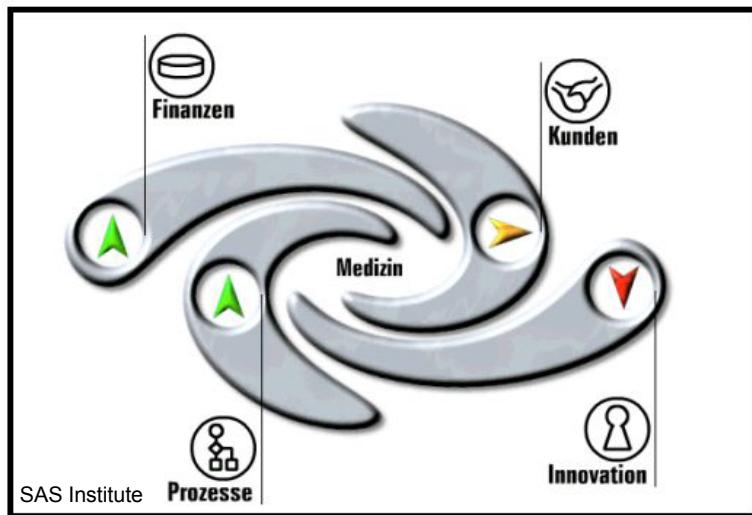


Strategy
Strategy Mapping
Performance Measures

Implementation



Example: Performance Views



pb views: Local Sample

File Data Setup Options Window Help

View Book Report Data Preferences My Book Calendar Doc Link Help

Book: Balanced Scorecard Book

Actual vs. Last Year 2000/09

Financial Perspective Measures

Financial Perspective Section

- Return on Assets World (Green)
- Cash Flow World (Green)
- Profit World (Green)

Description: This measure demonstrates how effectively we are using our assets.

Commentary: Our Return on Assets has been performing well.

Return on Assets (World)

2000/01 2000/04 2000/07 2000/10

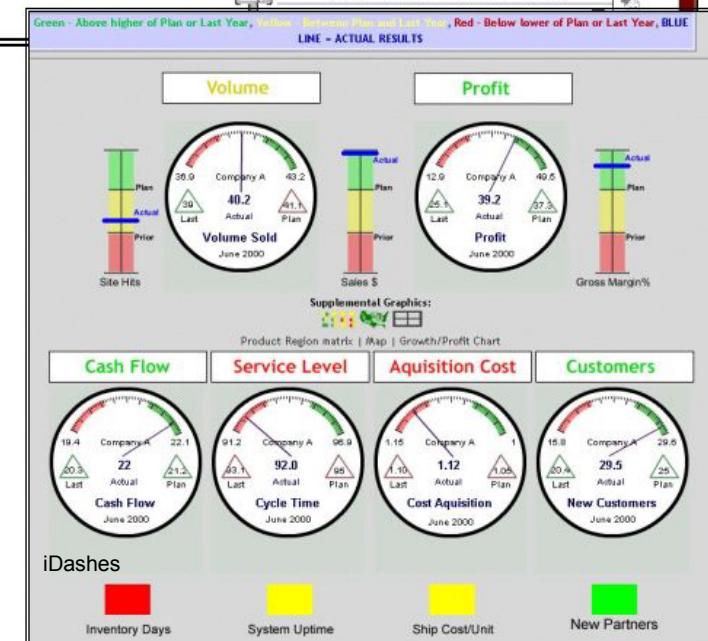
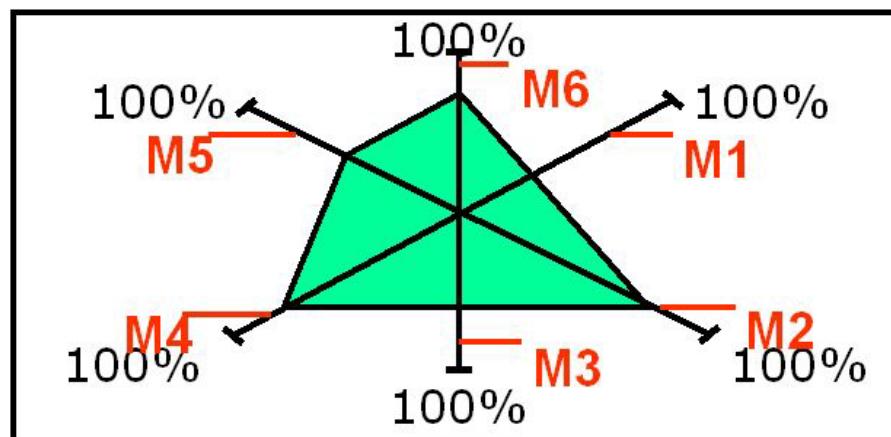
Financial Perspective Document Links

Financial Perspective Reports

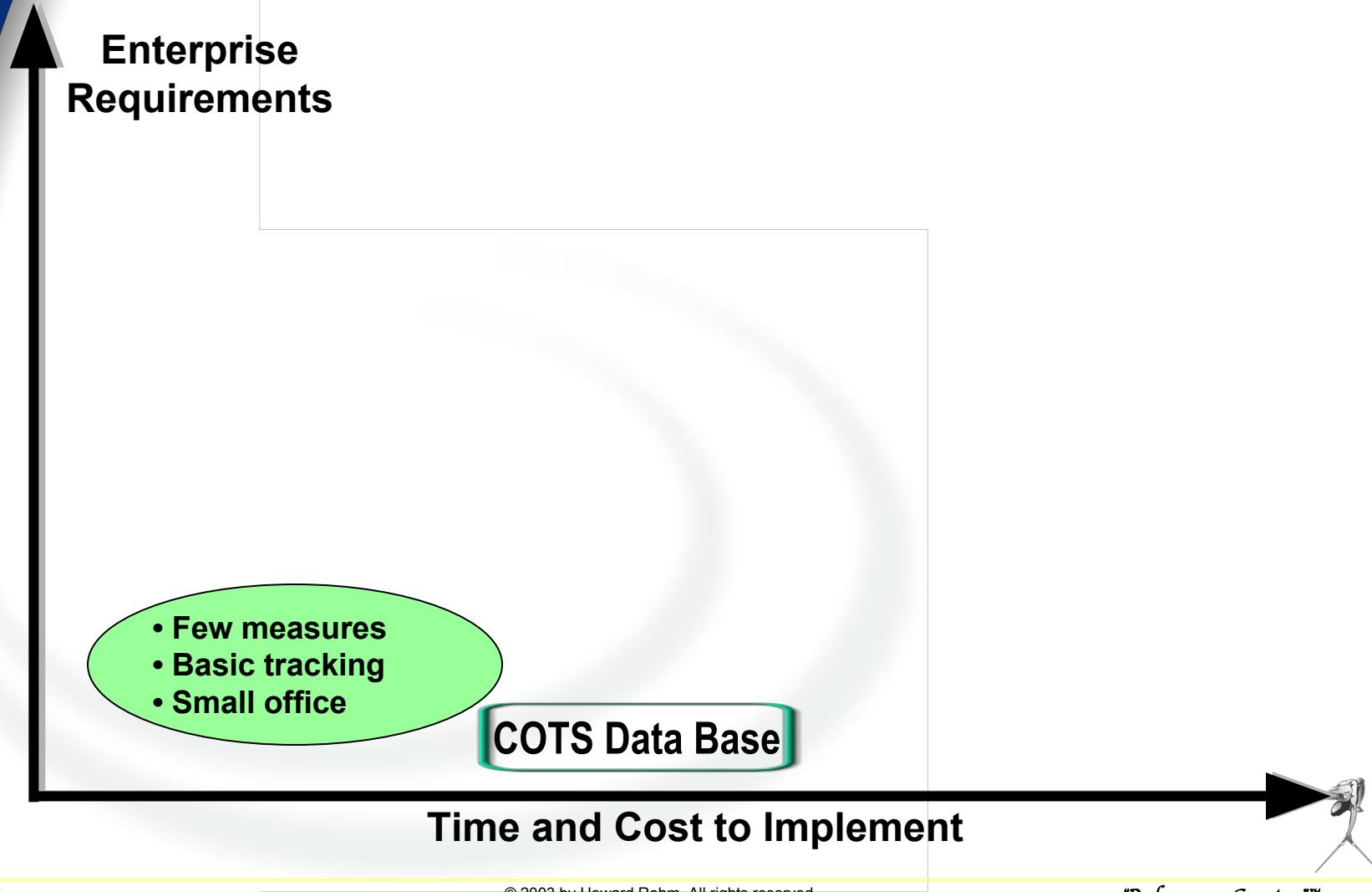
Financial Multi-Measure Report
Sales by location (Pie Chart)

pbVIEWS

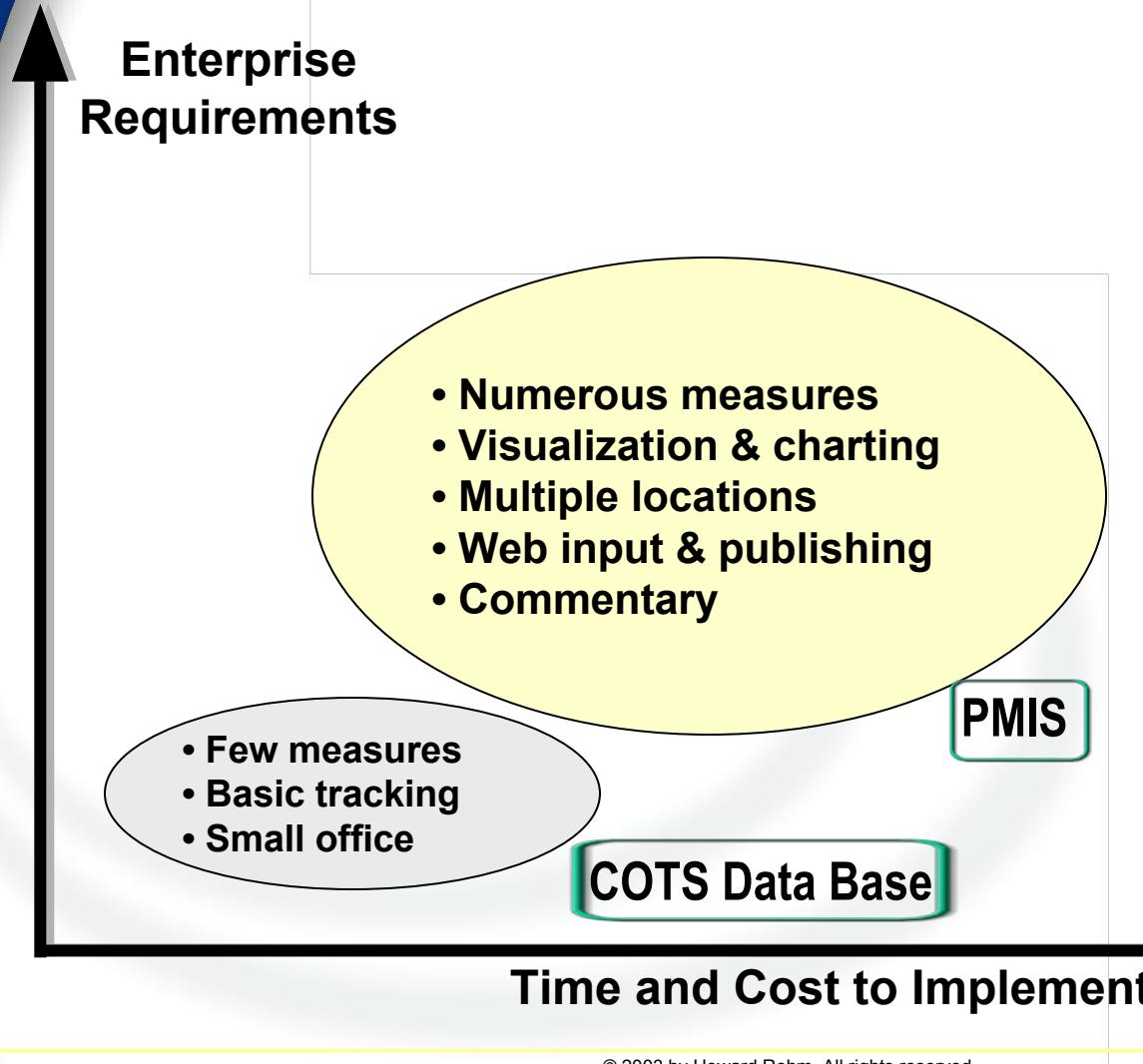
RED M1	YELLOW M3	GREEN M5	YELLOW M7	YELLOW M9
YELLOW M2	RED M4	GREEN M6	RED M8	GREEN M10



Software Solution Space

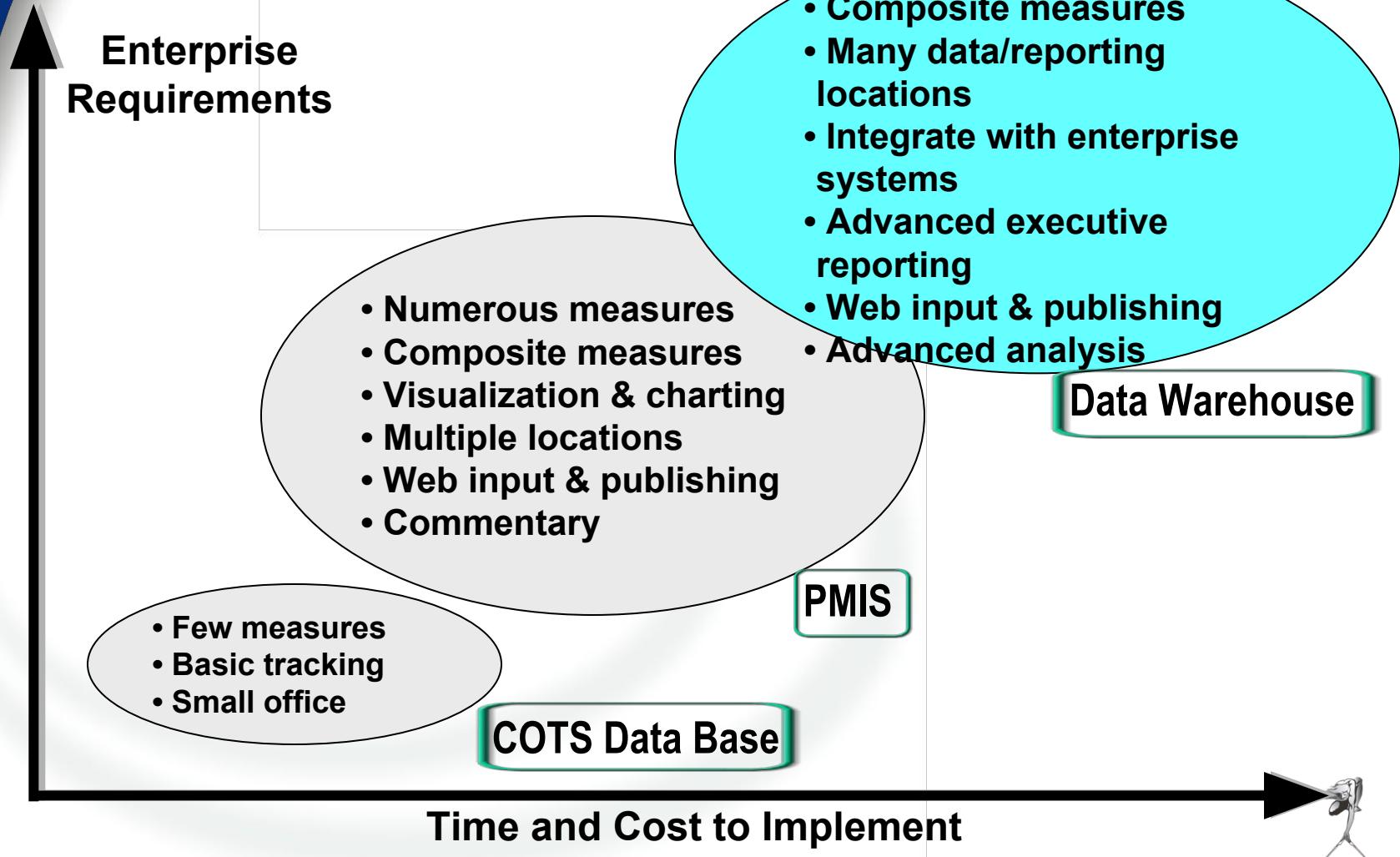


Software Solution Space



Automation

Software Solution Space

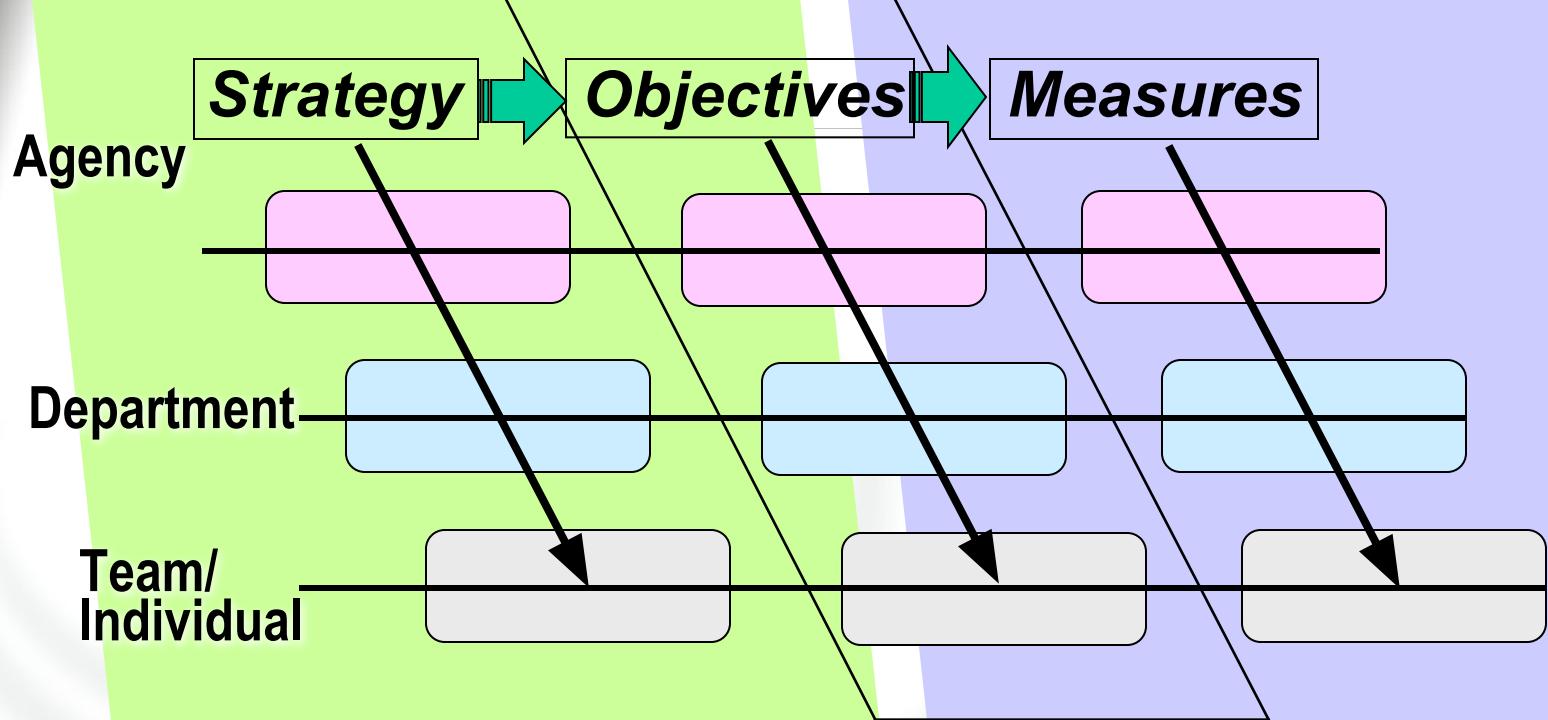


Data Warehouse Features: Strategic Performance Management

- Collect and transform data from virtually any data source and manage the process
- Fully automated solution
- Communicate on strategy, provide early indicators
- Collaborate on knowledge and share best practices enterprise-wide
- Integrate with any performance framework
- Robust analytics, including predictive analysis, cost analysis, correlation/impact analysis, trend analysis, and data mining
- Dynamic, customizable strategy maps
- Ability to integrate with other enterprise solutions
- One consistent Intelligence Architecture across the enterprise

Align The Enterprise View With Business And Support Units

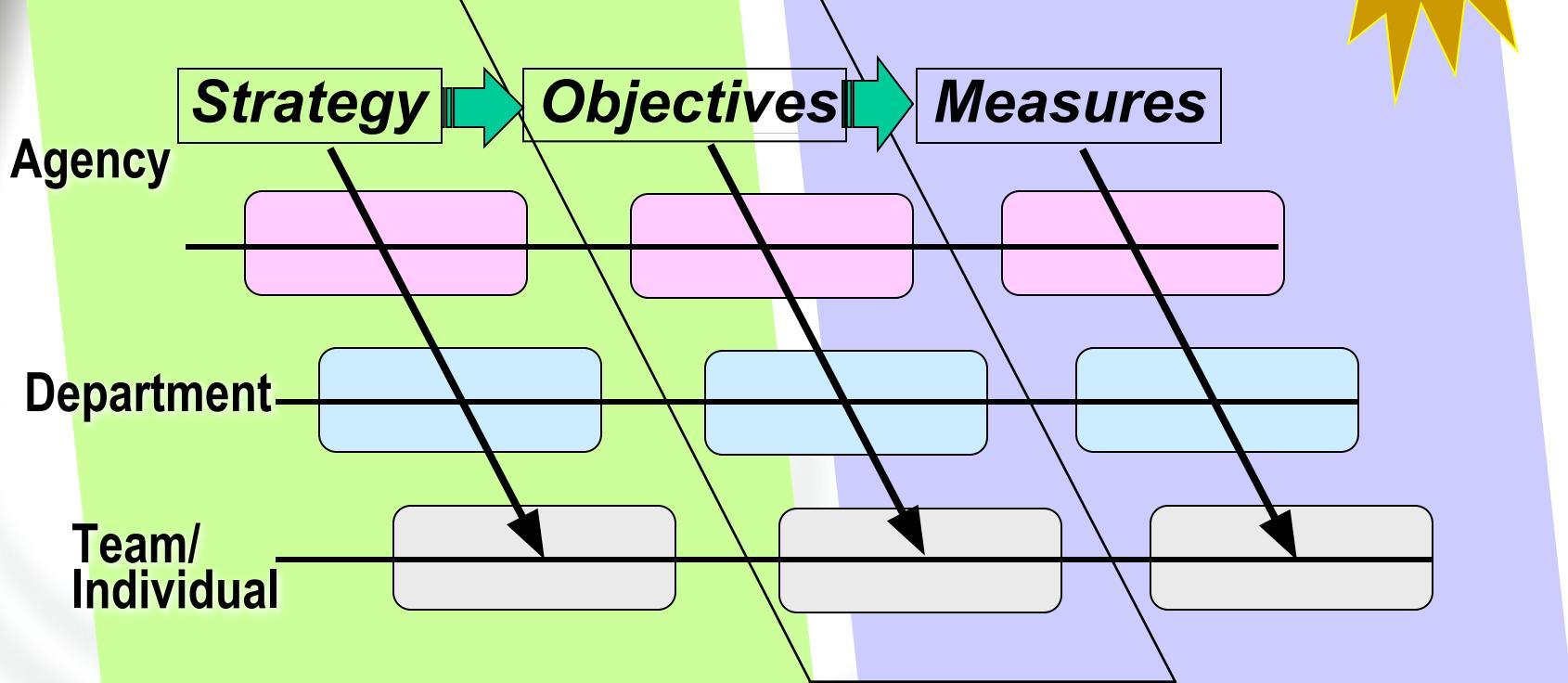
Vision: Be The Best Local Government Service Provider



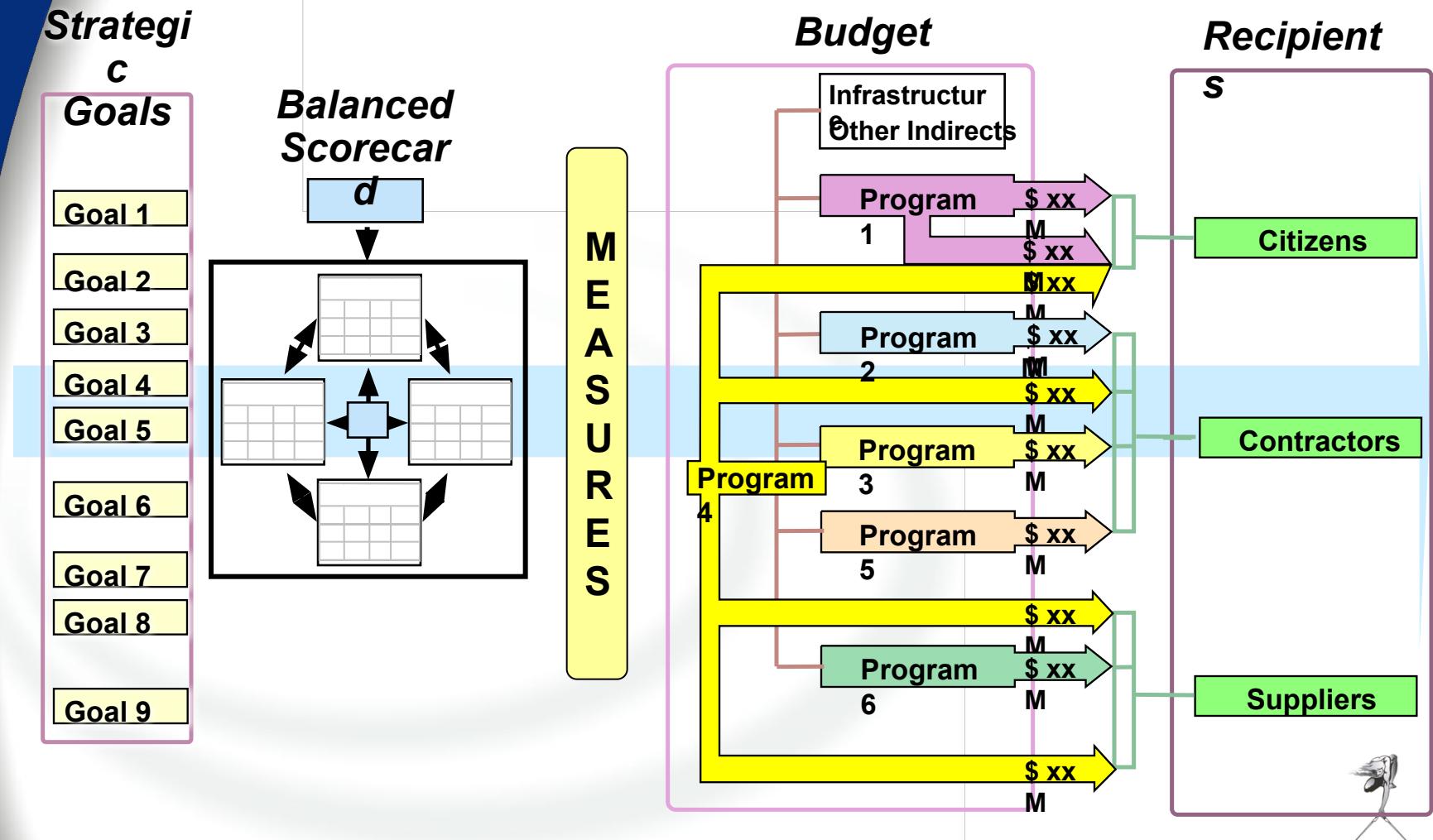
Align The Enterprise View With Business And Support Units

Vision: Be The Best Local Government Service Provider

Best
Pract
ices



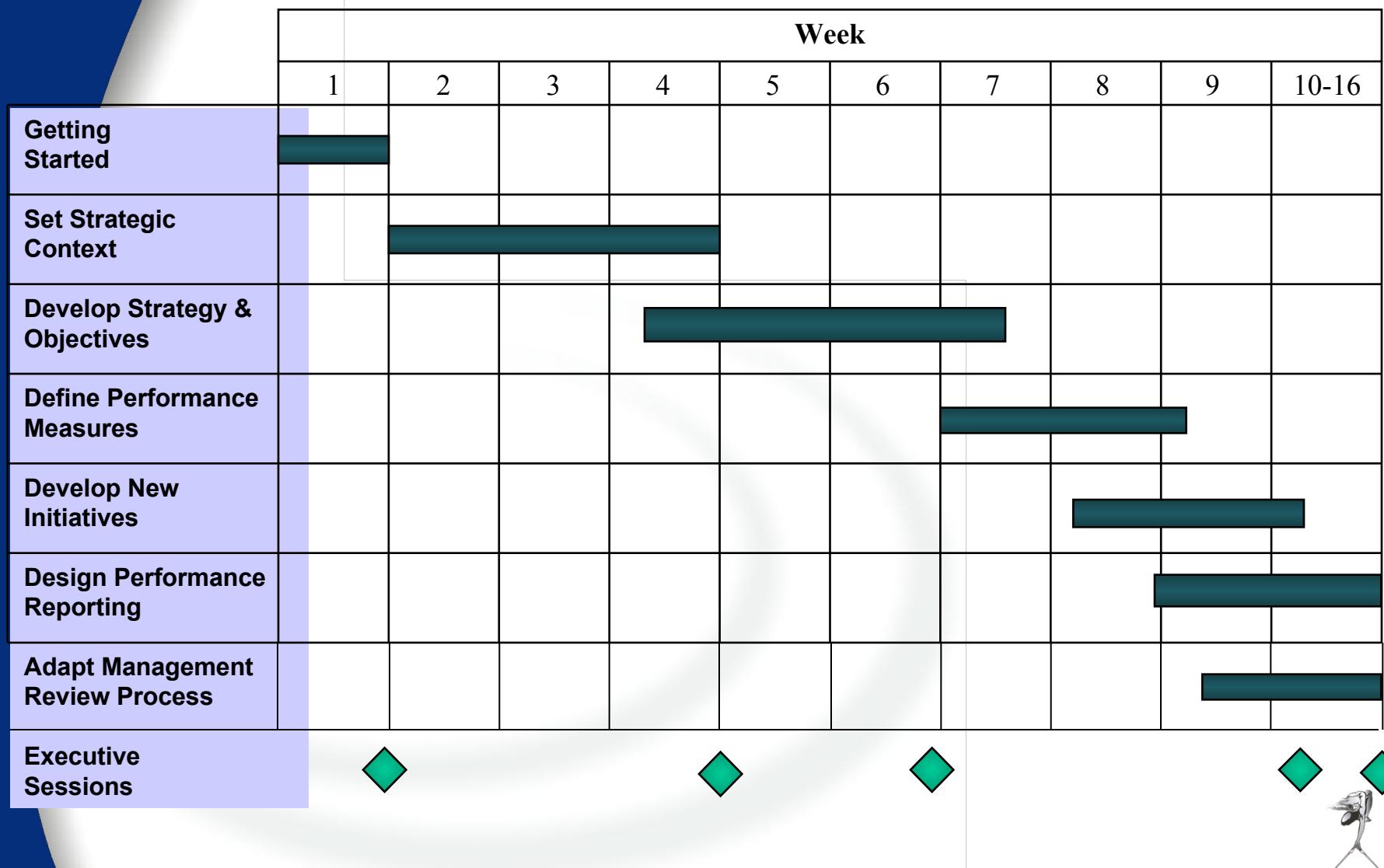
Goal: Performance-Based Budget



Summary



Typical Timeline – Building The Corporate Scorecard



Balanced Scorecard Implementation 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 budget development separately from strategy development
- Measures set independently of a performance framework, or measures with no ownership
- Loosing momentum
- No performance targets, or targets set too high or too low
- Little or no strategic feedback
- Lack of meaningful employee involvement



The Balanced Scorecard Is (Is Not)

<u>IS:</u>	<u>IS NOT:</u>
A strategy-based management system	A performance measurement tool
A communications tool for the whole organization	An EIS for executives only
A journey	A project
Hard work	Easy
A change initiative	"Business as Usual"
Balancing non-financial, efficiency, infrastructure, & financial views of performance	Putting your existing metrics into 4 bins
Increased accountability	Tighter individual control
Aligning vision with operations	A TQM, Six Sigma, or reengineering project



Getting Quick Results

“Mr. Rohm:

*I am new to BSC. Could you
email me a list of measures for
each of the four perspectives?”*

(Name withheld to protect the poor man!)



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

Howard Rohm

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A Balancing Act: Developing and Using Balanced Scorecard Performance Systems, Howard

Rohm, Perform, June 2002

Building & Implementing A Balanced Scorecard: Nine Steps to Success™, Howard Rohm, U.S.

Foundation for Performance Measurement

Performance Scorecard Toolkit™, Howard Rohm, U.S. Foundation for Performance Measurement

How To Measure Performance: A Handbook of Techniques and Tools, Performance-Based

Management Special Interest Group, U.S. Department of Energy

Keeping Score, Mark Graham Brown, Quality Resources

Performance Drivers, Niles-Goram Olve, Jan Roy and Magnus Wetter, Wiley

Operational Performance Measurement: Increasing Total Productivity, Will Kaydos, Saint Lucie Press

The Balanced Scorecard, Robert Kaplan & David Norton, Harvard Business School Press

The Strategy-Focused Organization, Robert Kaplan & David Norton, Harvard Business School Press



The Balanced Scorecard Institute

- ◆ **Information Clearing House**
- ◆ **Balanced Scorecard Training, Coaching & Consulting
(GSA Schedule)**
- ◆ **Performance Measurement Development and Training
(GSA Schedule)**

Upcoming Events:

Balanced Scorecard Workshop: March 2003; Brussels, Belgium

Balanced Scorecard Workshop: April 2003; Washington, DC

Performance Measures Workshop: May 2003; Washington, DC

Balanced Scorecard Workshop: Summer 2003; Minn.-St. Paul, MN

Balanced Scorecard Workshop: Fall 2003; Washington, DC

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