

# BALANCED SCORECARD BASICS

Creative Healthcare Strategies  
August 9, 2004

# Learning Objectives

- Participants will have an understanding of the basic elements of the Balanced Scorecard.
- Participants will be able to define four perspectives as they relate to the organization.
- Participants will be able to assess their organization's readiness to build a Balanced Scorecard

# What is the Balanced Scorecard?

- Performance Measurement System
- Mechanism for Communication
- Strategic Management Tool

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# What is the Balanced Scorecard?

- A performance management framework and methodology
- Research of Dr. Robert Kaplan and Dr. David Norton in 1990
- Belief that traditional performance measurement systems (relying on financial measures) hinder organizational growth and progress
- Translating Strategy into Action, The Balanced Scorecard

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# Framework and Methodology

- Includes strategy and performance measures through the use of a set of perspectives to gain a balanced evaluation of your organization's performance.

# Indicators of Success

- Historically fiscal measures have been the barometer of an organization's performance
- The drive for balance between fiscal and non-fiscal indicators
- Requires a balance of internal and external measures
- Use a combination of lag and lead indicators

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# Lag and Lead Indicators

Lag Indicators - Measures outcomes of past actions. For example: Income & Expense Report

Lead Indicators – Process measures that drive future performance

# Driving Forces

## Center for Medicare & Medicaid Services Requirements

- People have “freedom of choice” providers
- Providers must be qualified
- Health and safety must be assured
- Services must be monitored
- Account for expenditures and demonstrate cost effectiveness
- Quality Management Program
- Standardized business practices

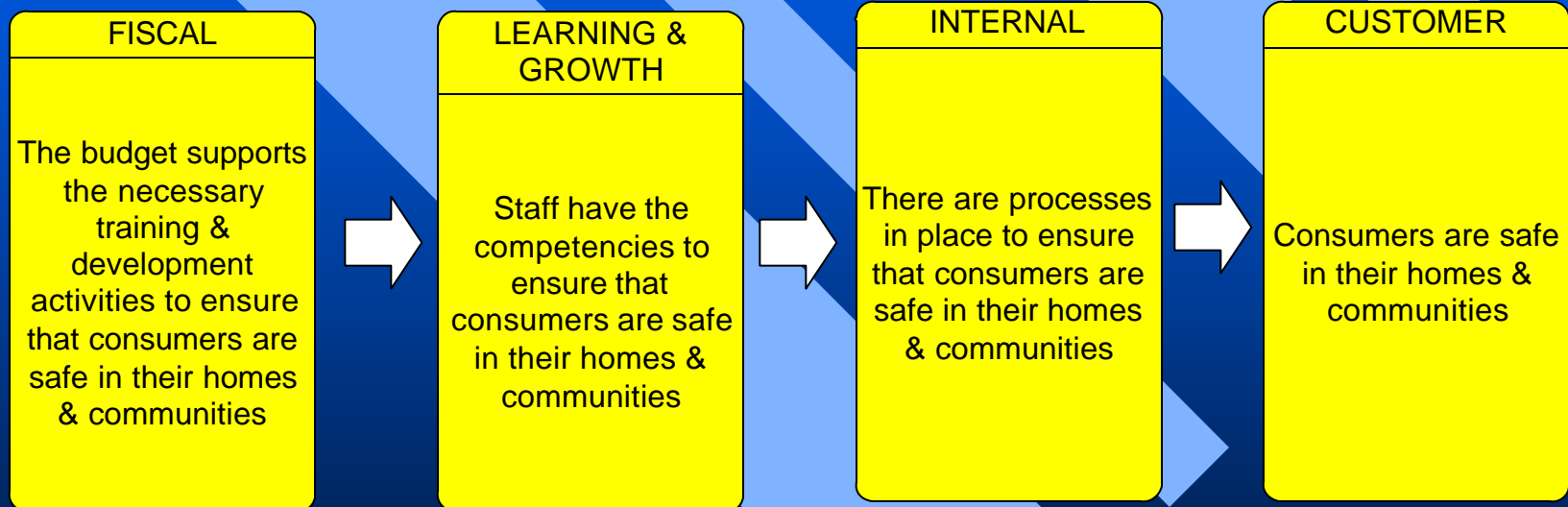
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# Cause and Effect Relationships

- Separates the scorecard from other performance management systems
- The BSC describes your strategy through the objectives & measures you choose
- The measures on the scorecard should link together in a series of cause and effect relationships to tell the organization's strategic story

# Cause and Effect Map

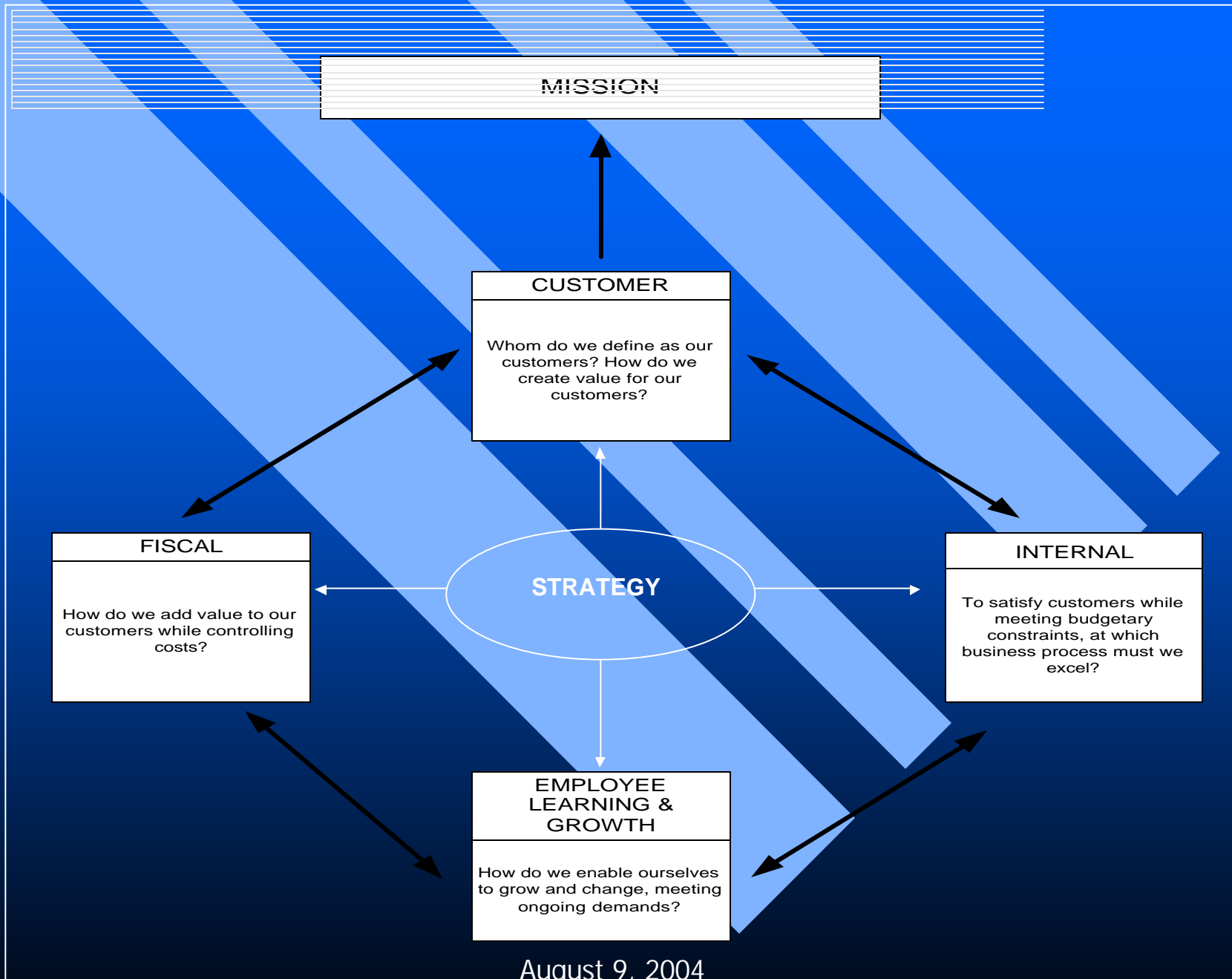


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# The Four Perspectives

- Customer
- Fiscal
- Internal
- Learning & Growth

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# Customer Perspective

- Whom do we define as our customer? How do we create value for our customer?
- Focuses on...
  - Health and Safety
  - Quality of Life
  - Choice
  - Service
  - Satisfaction
- Measures...
  - Customer Satisfaction
  - Customer Outcomes

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# Fiscal Perspective

- How do we add value for customers while controlling costs?
- Focuses on...
  - Past performance ( Lag indicators)
- Measures...
  - On budget
  - Authorizations compared to invoices

# Internal Perspective

- Which business processes must we excel at in order to satisfy customers?
- Focuses on...
  - Process and Efficiencies
  - Continuous Improvement
  - Response Time
- Measures...
  - Timely Service/Plans and Monitorings
  - Waiting List Reduction
  - Up-to-date Documentation

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# Learning and Growth Perspective

- How do we enable ourselves to grow & change, meeting ongoing demands?
- Focuses on...
  - Employee and organization development
- Measures...
  - Employee Retention
  - Employee Satisfaction
  - Employee Productivity
  - Employee Competency

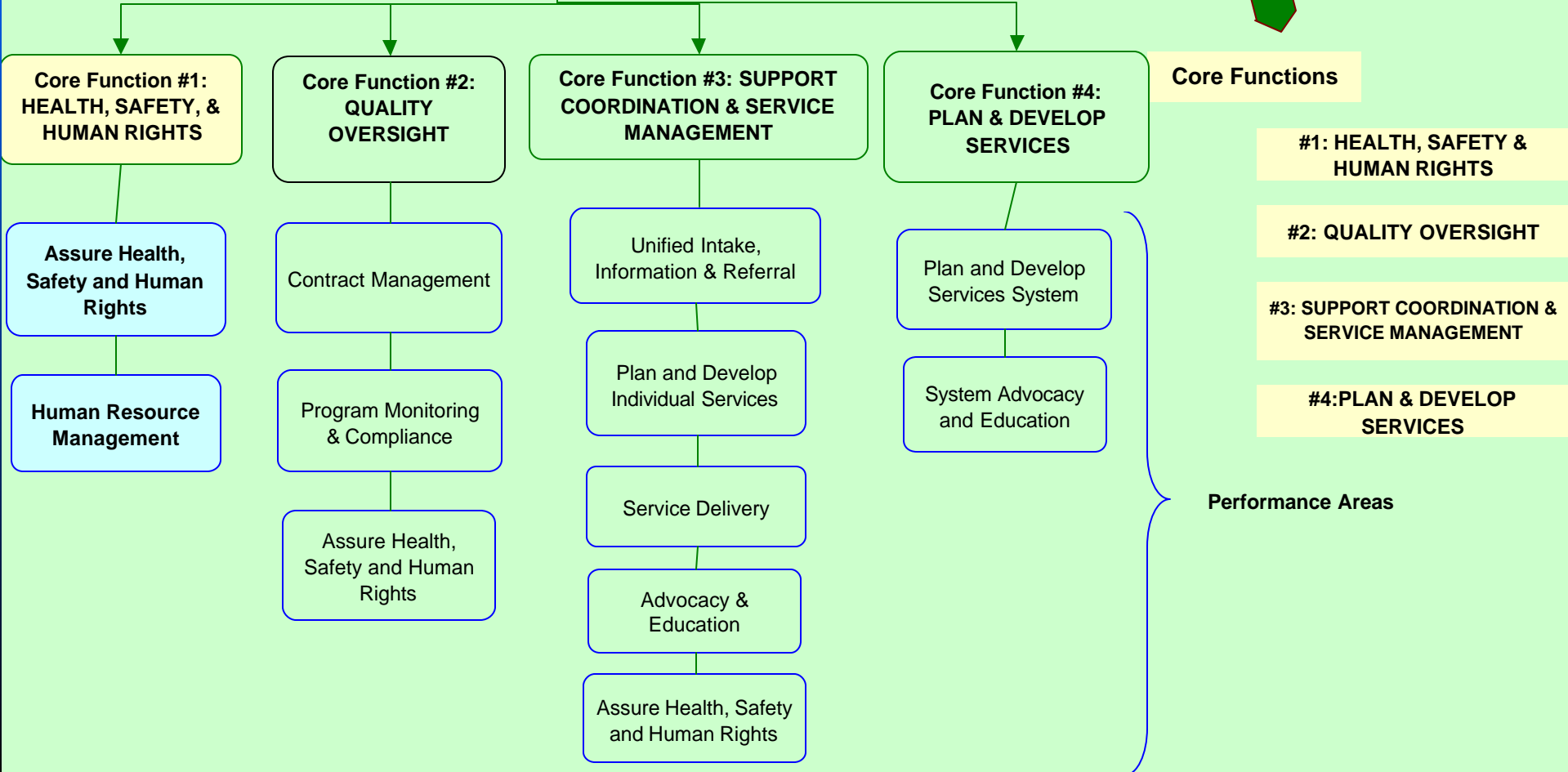
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# CHESTER COUNTY MH/MR BALANCED SCORECARD HOME PAGE

*The MHMR Quality Management Plan framework identifies 4 Core Functions that MHMR performs to fulfill the MH/MR Act of 1966.*

Legend

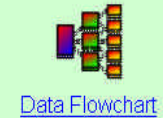


# DEPARTMENT of MH/MR

## BALANCED SCORECARD

CHESTER COUNTY SCORECARD SCORE 100%

Place the cursor over areas with red triangles for explanations.



CORE FUNCTION	CUSTOMER			FISCAL			INTERNAL			LEARNING & GROWTH			AVG SCORE
	Target	Actual	Variance	Target	Actual	Variance	Target	Actual	Variance	Target	Actual	Variance	
<a href="#">Health, Safety and Human Rights</a>	100%	100%	0%	100%	100%	0%	100%	100%	0%	100%	100%	0%	100%
<a href="#">Quality Oversight Management</a>			0%			0%			0%			0%	
<a href="#">Support Coordination and Service Mgmt</a>			0%			0%			0%			0%	
<a href="#">Plan and Develop Services</a>			0%			0%			0%			0%	
<b>Perspective TOTAL</b>			<b>100%</b>			<b>100%</b>			<b>100%</b>			<b>100%</b>	<b>100%</b>

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[MENTAL HEALTH BSC](#)

[MENTAL RETARDATION BSC](#)

[RES SC UNIT BSC](#)

[COMM SC UNIT BSC](#)

[EI BSC](#)

SUMMARY

# CHESTER COUNTY MHMR BALANCED SCORECARD DATA FLOWCHART

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Chester County MHMR DEPARTMENT  
Scorecard

Legend



Core Functions

**CORE FUNCTION #1**  
Health, Safety, and  
Human Rights  
Department Scorecard

**CORE FUNCTION #2**  
Quality  
Oversight  
Department Scorecard

**CORE FUNCTION #3**  
Support Coordination and  
Service Management  
Department Scorecard

**CORE FUNCTION #4**  
Plan & Develop  
Services  
Department Scorecard

#1: HEALTH, SAFETY &  
HUMAN RIGHTS

#2: QUALITY OVERSIGHT

#3: SUPPORT COORDINATION  
& SERVICE MANAGEMENT

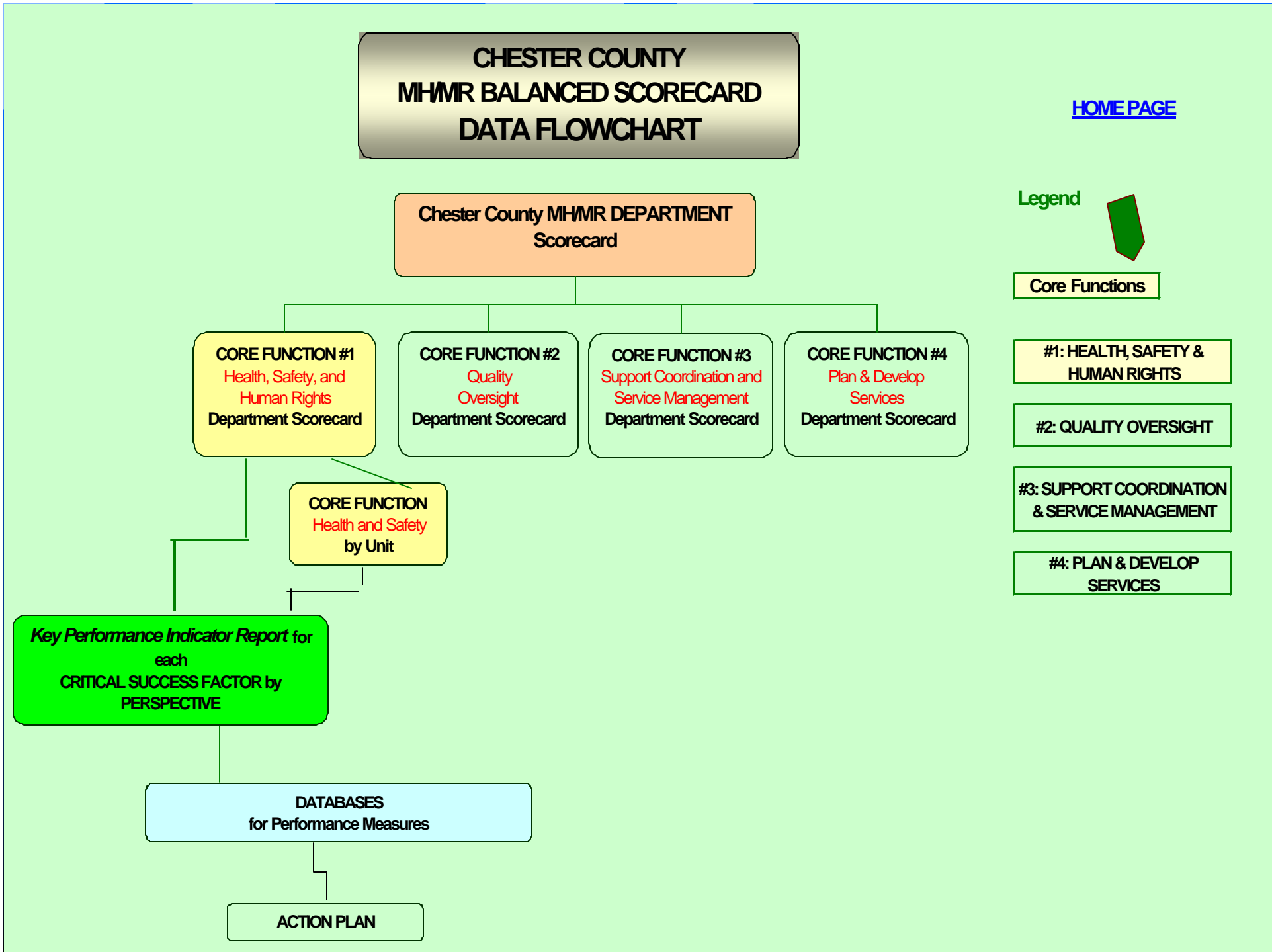
#4: PLAN & DEVELOP  
SERVICES

**CORE FUNCTION**  
Health and Safety  
by Unit

*Key Performance Indicator Report for  
each  
CRITICAL SUCCESS FACTOR by  
PERSPECTIVE*

DATABASES  
for Performance Measures

ACTION PLAN



**Core Function #1: Health, Safety, Human Rights**

**BALANCED SCORECARD**

**CORE FUNCTION: Health, Safety, Human Rights SCORE 86%**

*Single click on the Critical Success Factor for the Cause & Effect Map  
(summary of perspectives) for that CSF*

CRITICAL SUCCESS FACTOR	CUSTOMER			FISCAL			INTERNAL			LEARNING & GROWTH			AVG SCORE
	Target	Actual	Variance	Target	Actual	Variance	Target	Actual	Variance	Target	Actual	Variance	
<a href="#">Consumers are safe in their homes and communities</a>	100%	28%	-72%	100%	86%	-14%	100%	92%	-8%	100%	88%	-12%	74%
<a href="#">Consumer human rights are protected</a>	100%	89%	-11%	100%	86%	-14%	100%	91%	-10%	100%	95%	-5%	90%
<a href="#">Consumers enjoy optimal health</a>	100%	100%	0%	100%	95%	-5%	100%	79%	-21%	100%	100%	0%	94%
<b>Perspective TOTAL</b>			<b>72%</b>			<b>89%</b>			<b>87%</b>			<b>94%</b>	<b>86%</b>

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**SUMMARY**

# CAUSE AND EFFECT MAP for CSF #1: CONSUMERS ARE SAFE IN THEIR HOME AND COMMUNITY

Budget supports training to ensure that consumers are safe in their home & community

FISCAL 78%

Staff have competencies to ensure that consumers are safe in their home & community

LEARNING & GROWTH 96%

Processes are in place to ensure that consumers are safe in their home & community

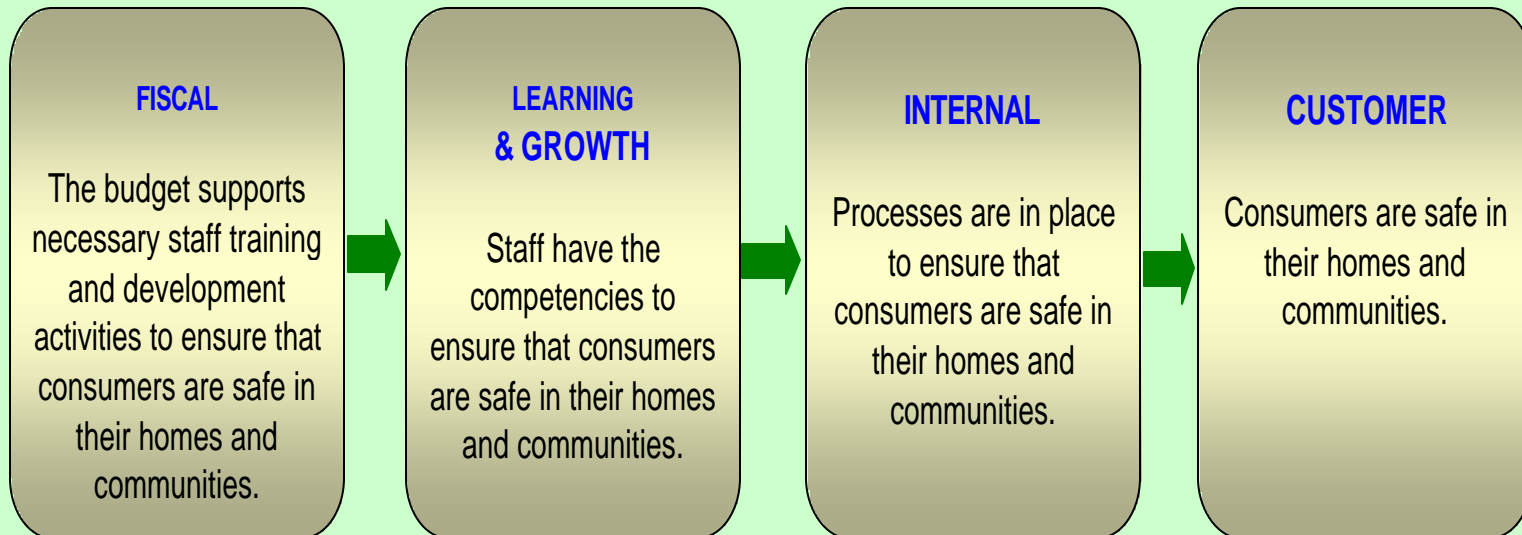
INTERNAL 95%

Consumers are safe in their home & community

CUSTOMER 98%

SCORE

92%



# Core Function #1: Health & Safety

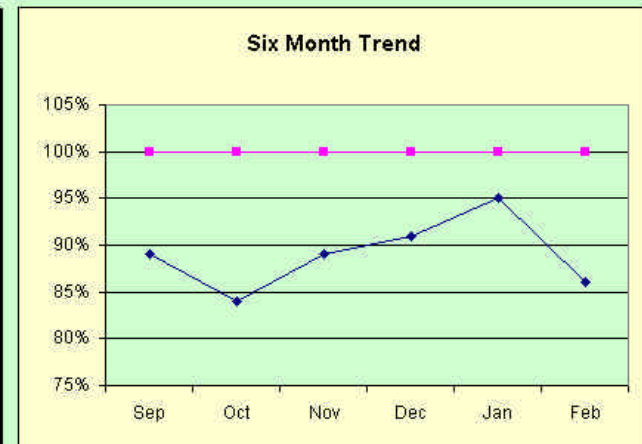
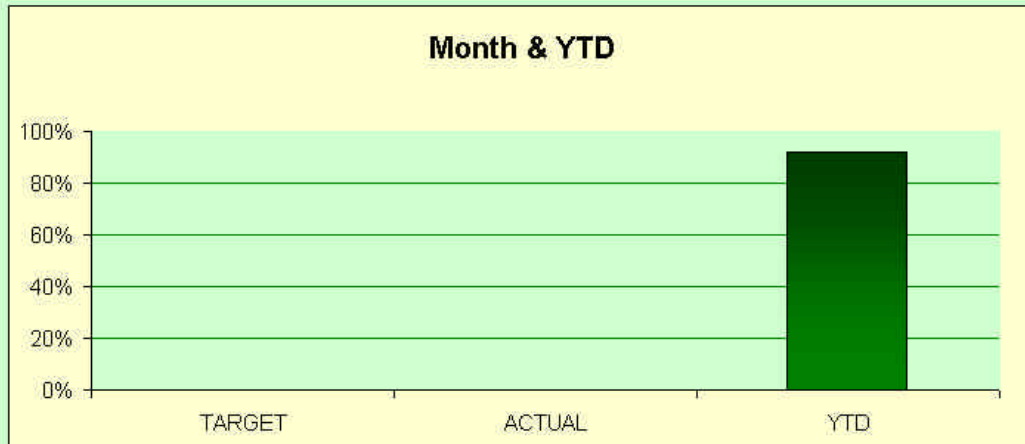
## CUSTOMER Perspective

### CSF #1 of 3: Consumers are safe in their home and community

#### Key Performance Indicator Report

CSF 1	CMS Domain	Performance Indicator	Key Performance Measure	Data Source	Target	Actual	Frequency	Person Accountable
Consumers are safe in their home and community	Participant Safeguards	Percentage of incidents related to safety	Number of incidents related to safety divided by total number of incidents	<a href="#">Incident Management data base / IM Count Report (MR)</a>	0%	0%	Quarterly	Incident Coordinator (MR)
	Participant Safeguards	Percentage of incidents related to safety	Number of incidents related to safety divided by total number of incidents	<a href="#">Incident Management Database (MH)</a>	0%	0%	Quarterly	Program Specialist (MR)
	Participant Safeguards	Percentage of complaints related to safety	Number of Second Level complaints related to safety divided by total number of complaints	<a href="#">MHMR Complaint Database</a>	0%	0%	Quarterly	QI Director MH/MR

TOTAL	MONTH	TARGET	ACTUAL	YTD
		0%	0%	92%

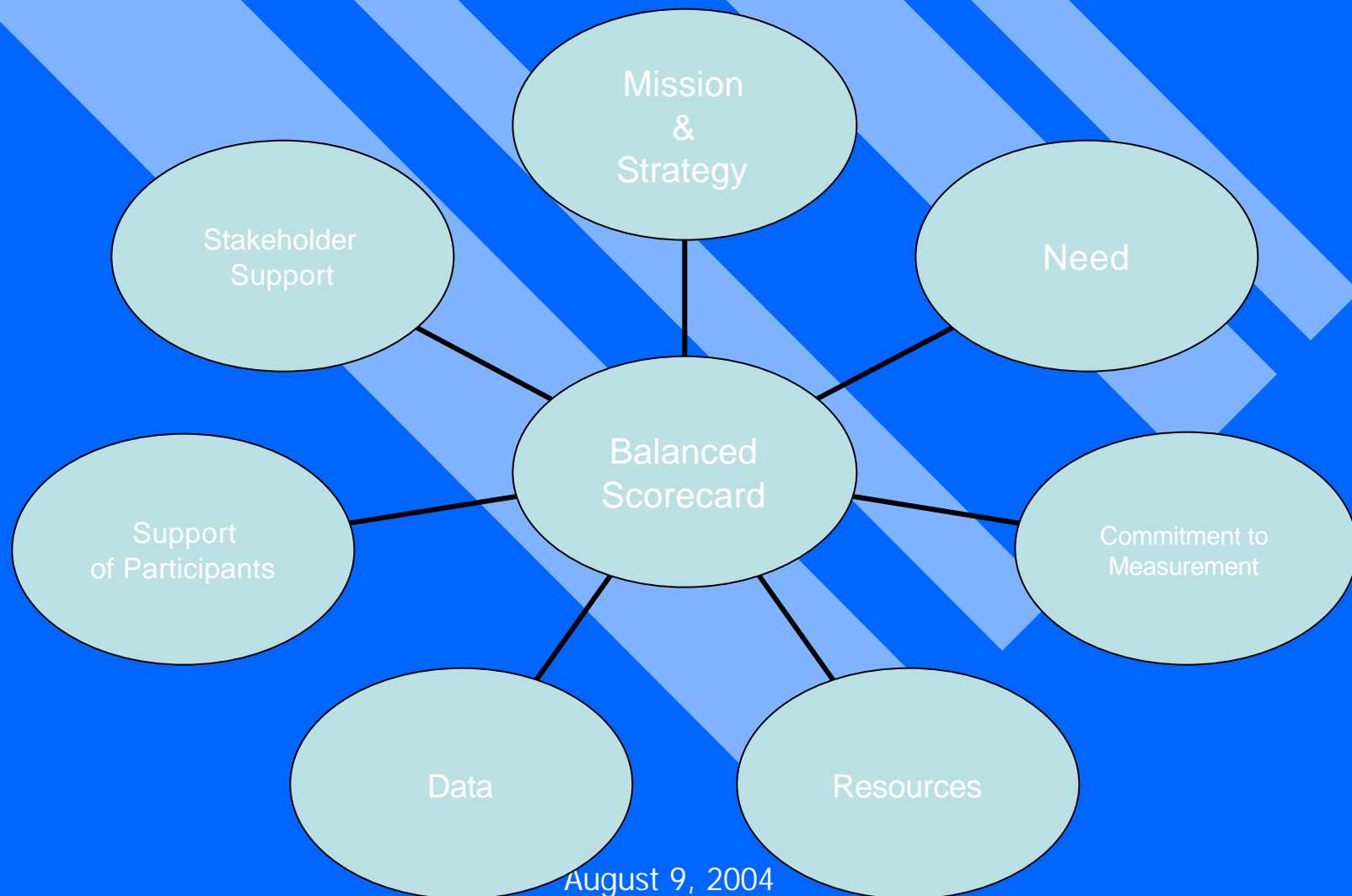




# Assessing Organizational Needs & Fit

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# Seven Criteria for Choosing Where to Begin the BSC in Your Organization



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# Requirements for Success

- Know your Mission
- Clear Strategic Vision
- Executive Sponsorship
- Assess IT Capacity, Skill & Support
- Staff Training
- Have Common QI Vocabulary
- Wide buy-in for change

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# Team Roles

- BSC Champion
- BSC Administrator
- Communications Team Leader
- Directors
- Agency Staff
- Quality Improvement Core Committee (QICC)

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# BSC Champion

- Oversee implementation of BSC
- Offer technical expertise
- Be the resource person for all staff
- Summarize results from databases and analyses
- Provide overall cause/effect analysis at regular intervals
- Train staff on the use of QI tools
- Troubleshoot problems
- Actively participate in design, facilitation, and implementation of BSC Communication Plan
- Champion performance improvement initiatives

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# BSC Administrator

- Oversee the technical (automated) aspects of the card
- Provide technical to staff when needed
- Oversee database assistance/support design and development
- Provide technical assistance to the QI Director in the automation of survey design and implementation
- Provide ongoing evaluation of both hardware and software requirements for card
- Communicate regularly with the BSC Champion regarding the effectiveness of card

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# Directors

- Ensure staff comfort level with BSC
- Ensure programmatic aspects of the data are current and accurate
- Ensure that data is submitted in a timely fashion and provide follow-up when needed
- Do first-level analysis and forward to BSC Champion for summarizing
- Use data in the decision-making process
- Communicate regularly with BSC Champion
- Participate in QIA
- Reward staff in using data to make thoughtful decisions
- Make QI a standing agenda item on Unit Staff meetings

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# Agency Staff

- Actively participate in the process
- Be a knowledge-seeker
- Give feedback
- Look for opportunities
- Complete BSC assignments on time
- Use BSC results in making thoughtful decisions
- Hold each other accountable

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# Quality Improvement Core Committee (QICC)

- Review overall effectiveness of BSC
- Partner with BSC Champion and Directors in QIA
- Give input into the QI Quarterly Report
- Serve as a resource to Senior Management and individual units
- Assess and modify the BSC as necessary
- Serve as QI "Think Tank" regarding QI work plan
- Conduct annual evaluation
- Serve as change agents

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# How Government Agencies Use The Balanced Scorecard

- Fulfill Government Performance Results Act (GPRA 1993) requirements for strategic planning
- City of Charlotte, Southeastern New England United Way
- Department of Defense – The President's Award
- Local gov'ts: link performance to budgets, effectively manage organizations

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# Benefits of the Balanced Scorecard

- Performance Measurement Framework
- Provides multi-dimensional perspectives
- Assists in evaluating key system processes/outcomes
- Reveals critical cause and effect relationships required to promote optimal performance of the Human Services System.

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# Creative Healthcare Strategies

[www.gochs.com](http://www.gochs.com)

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