

# BALANCED SCORECARD LITERATURE

## HEALTHCARE SECTOR MANAGEMENT TRENDS

### BEST PRACTICE BALANCED SCORECARDS FOR GOVERNANCE, ORGANIZATIONS & CEOs

By Ted Ball, Bruce Harber, Kim Moore & Liz Verlaan-Cole

**A**fter a decade of "lessons learned" in balanced scorecarding in the healthcare sector, we are coming to a much better understanding about "what works" and "what doesn't work" in achieving strategic focus, organizational alignment and accountability for outcomes in healthcare organizations and local delivery systems. This essay is intended to provoke the thinking of Boards, managers and policy-makers on how some of these lessons and emerging best practices could be adapted to their unique circumstances.

What we do know is that there needs to be a common language. Research that links the Board, the CEO, senior management and middle management to provide the strategic focus, alignment, synergy and implementation support that frontline service providers require to be successful in achieving the organization's outcomes - the results that flow from their mission, their vision and their strategy.

Emerging from the failures of re-engineering, restructuring and merger methodologies has come the art and science of Balanced Scorecarding - which has been tracked and evaluated by *Forrester's Annual Research Collaborative* since 1993.

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## HEALTHCARE SECTOR MANAGEMENT TRENDS

### LEADING AN ORGANIZATION THROUGH A BALANCED SCORECARD TRANSFORMATION PROCESS

By Ted Ball, Bruce Harber, Kim Moore & Liz Verlaan-Cole

**T**he most common reason why balanced scorecarding efforts fail - or at least produce sub-optimal results - is because the organization's leadership isn't aligned on, or committed to, the process. The common denominator in organizations that successfully achieve significant improvements in performance is the role that the CEO and their management team play in leading the balanced scorecard transformation process. This essay is intended to provoke the thinking of healthcare leaders about how they can overcome some of the obstacles and challenges that they will encounter if they decide to undertake their own BSC learning journey.

What we know is that the best results with balanced scorecarding are achieved when the process is the CEO's methodology for leading and managing their organization's strategic implementation process.

We know that it does not work as well when the BSC leadership is delegated to others as a methodology for performance measurement alone. These are all "lessons learned" from both the public and private sectors over the past decade.

In the healthcare system, CEOs and their senior and middle managers face a number of other significant obstacles and challenges. Organizational systems describe hospital and local health delivery systems as "the most complex of organizational designs ever devised by humans."

As an authors team, we reflected on what CEOs and Board Chairs have told us over their most serious vulnerability as leaders in what is, objectively, a highly turbulent and crisis-driven arena. We will explore these, and provide our best thinking on how balanced scorecarding could potentially address these vulnerabilities.

In this essay, we explore one of the key challenges: leadership obstacles that we believe CEOs and Boards must address if they are to be effective change leaders.

- Subject, chaotic and often unwell external environment;
- Poorly designed governance processes.

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### Redefining Accountability In The Healthcare Sector

By Bruce Harber & Ted Ball

**A**ccountability is a word that is loaded with meanings that strike fear in the heart and soul of our health care systems. That's because it has come to mean: "Who is to blame?" And, "How should they be punished?" So why are we surprised when the outcome of this approach is blame-avoidance, blame-shifting, cover-ups, in-fighting, defensive behaviors, anti-learning dynamics and the cause of even further dysfunction in a health system that has already been diagnosed as being among "the least healthy work environments in the country?"

Our bottom-line message in this essay is the concept, and the process of accountability needs to be fundamentally redefined within the public sector - from top to bottom.

Our first intention is to make the BSC's recommendations to improve accountability within the health system mean: "Who is to change?"

Within the traditional political dynamics of our federal system, the issue has become: who gets to blame who - when funds earmarked for diagnostic equipment are used by a two-tier system?

Some of the key issues that arise when the issues are framed this way are: How can the federal government punish the province that allowed such a mistake to occur? How can the province punish the offending hospital? How can the hospital board punish its CEO? And, how can the CEO punish the person who actually made the mistake?

We clearly know the unintended consequences of these types of systems, structures and processes. The whole focus is on blame and blame-avoidance - rather than on accountability for achieving measurable outcomes that may be perfectly reasonable and very desirable.

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## PUBLIC SECTOR GOVERNANCE

### Linking Board/CEO And Management Accountabilities

By Ted Ball & Liz Verlaan-Cole

**O**ur paper explores some of the key success factors that will enable public sector organizations to achieve their purpose - their reason for existence. Specifically, it examines best practices between Boards and CEOs; between managers and the front-line staff who deliver services; and it examines some of the best practice tools and processes for linking Board/CEO and management accountabilities. Given that the quality of these relationships directly affects the performance of an organization, it is essential that public sector leaders understand how the design of their structures, systems, processes and practices determine whether they are synergistic, accountable and outcomes-focused, or dysfunctional, blame-focused and painfully stuck in the status quo.

In recent years public service organizations have been traumatized by combinations of downsizing, restructuring and reengineering. The consolidation of education, hospital restructuring, involuntary mergers and drastic budget cuts for community services have left many public sector organizations reeling in shock.

Board workloads, for directors, senior and other health care professionals have created working conditions that are described as "toxic" (these conditions are now resulting in lower patient/family satisfaction rates and in subsequent patient outcomes).

Teacher training, education funding and confidence around roles and responsibilities of Boards of Education have produced a climate of fear, anxiety and anger - hardly the kind of environment to foster learning.

Social and community service sector workers who are unable to meet the demands of oppressive workloads are miserable. People in prisons need an exit route toward with dignity and are left feeling like helpless victims because public systems have become very complex.

What can be done about such an unhappy state of affairs?

This report suggests that much can be done: starting at the top.

#### Time for Change

It is now organizations that are enhanced by the clarity and autonomy of the past several years - and are ready to move on - need to start with some basic, open communication between the leaders of the organization, Boards, CEOs and senior staff.

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## BEST PRACTICE BALANCED SCORECARDS

### A Powerful Tool & Process For Mobilizing & Aligning Human Effort

By Bruce Harber & Ted Ball

**I**s the Balanced Scorecard a system, method and tool for performance measurement and accountability, or, is it a strategy implementation process that aligns and mobilizes human effort to successfully achieve an organization's vision?

The truth is it can and should be both! The problem is that many health care organizations choose to narrow their focus on performance measurement and reject to take advantage of the "lessons learned" and "best practices" that have emerged from balanced scorecarding over the past decade in both the public and private sectors.

Health care organizations that have adapted and adapted the Balanced Scorecard as a strategy implementation tool - and not simply as a performance measurement tool, have been able to achieve more dramatic and more fundamental changes in their organizations.

Used primarily as a performance measurement tool, the most common use of Balanced Scorecards tend to be more incremental and more cosmetic.

Organizations that are on their second, third or fourth rounds of balanced scorecarding have an opportunity to reflect on their own "lessons learned" - and on the "best practices" of others - in their effort to utilize this powerful tool to its full potential. Organizations that are still in the early stages of developing their Balanced Scorecard can, if they choose, make a quantum leap forward by applying best practices from the past.

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## HEALTHCARE SECTOR MANAGEMENT TRENDS

### SKILLS, STRUCTURE AND CULTURE REQUIRED FOR SUCCESSFUL BALANCED SCORECARDING

By Ted Ball, Bruce Harber, Kim Moore & Liz Verlaan-Cole

**W**hile traditional, industrial-age strategic planning methodologies commonly used in the healthcare sector only succeed 10% of the time, evidence on the success rate of large-scale change initiatives like the Balanced Scorecard indicate that between 30% and 50% of organizations actually achieve meaningful and measurable improvements in performance with this strategy implementation methodology.

Organizations that want to utilize Balanced Scorecard practices need to understand why some organizations are very successful, while the "lessons learned" are from those who only experienced marginal gains in performance; and why up to 70% of healthcare organizations that have implemented a process that they have called a "balanced scorecard" have in fact failed to make any real improvements.

This essay is for those who want to get a better understanding of a decade worth of "lessons learned" and the emerging "best practices" in balanced scorecarding in the healthcare sector.

So, who is the "old staff" that makes the "best staff" work?

collective experience: acknowledging a great problem and how to mobilize them, as much as it is about strategy and how to measure the outcome or results of strategy.

In our view, there is nothing "magical" about the BSC, as a tool. Successful scorecarding is about mobilizing people, managing change, increasing performance and getting results.

The "people part" of this is sometimes called the "soft" side of the BSC. Hammer and Champy, the change management gurus of the 1990s used to say: "the soft stuff is really the hard stuff!"

So, who is the "old staff" that makes the "best staff" work?

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