



**Balanced Scorecards  
as Strategic  
Navigational Charts**

**Implementing Rapid and  
Sustainable Change**

**NEBRASKA CRITICAL ACCESS  
HOSPITAL PROGRAM**

**THE PERFORMANCE IMPROVEMENT  
INITIATIVE BALANCED SCORECARD**

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Figure 4

### Elements of the Balanced Scorecard

In order to insure success and provide velocity to the Balanced Scorecard and significantly increase the performance of the organization, we propose using the Balanced Scorecard as a Strategic Navigational Chart.

The Balanced Scorecard is an approach to describing and communicating strategies. It is also a way of selecting performance measures that will drive a unique organizational strategy. Dr. Norton describes the Balanced Scorecard as follows:

“A balanced scorecard is a system of linked objectives, measures, targets and initiatives which collectively describe the strategy of an organization and how the strategy can be achieved. It can take something as complicated and frequently nebulous as strategy and translate it into something that is specific and can be understood.”

### Perspectives

Kaplan and Norton's Balanced Scorecard describes strategy and performance management from multiple perspectives. The classic Balanced Scorecard has four perspectives:

Perspective	Key Question
Financial	To succeed financially, how should we appear to our stakeholders?
Customer	To achieve our vision, how should we appear to our customers?
Process	To satisfy our customers and shareholders, at what business processes must we excel?
Learning and Growth	To achieve our vision, how will we sustain our ability to change and improve?

Each perspective can be explained by a key question with which it is associated. The answers to each key question become the *objectives* associated with that perspective, and performance is then judged by the progress to achieving these objectives. There is an explicit causal relationship between the perspectives: good performance in the Learning and Growth objectives generally drives improvements in the Internal Business Process objectives, which should improve the organization in the eyes of the customer, which ultimately leads to improved financial results.

Though there are four basic perspectives proposed, it is important to understand that these perspectives reflect a unique organizational strategy. So the perspectives and key questions should be amended and supplemented as necessary to capture that strategy. For example, a non-profit or government organization would not have the same perspectives as a for-profit corporation.

### Objectives and Measures

Objectives are desired outcomes. The progress toward attaining an objective is gauged by one or more measures. As with perspectives, there are causal relationships between

objectives. In fact, the causal relationship is defined by dependencies among objectives. So, it is critical to set measurable, strategically relevant, consistent, time-delineated objectives.

Measures are the indicators of how a business is performing relative to its strategic objectives. Measures, or metrics, are quantifiable performance statements. As such, they must be:

- Relevant to the objective and strategy.
- Placed in context of a target to be reached in an identified time frame.
- Capable of being trended.
- Owned by a designated person or group who has the ability to impact those measures.

An organization is likely to have a variety of types of measures. Some will be calculated from underlying data. Others will be aggregated index measures that assign different weights to multiple contributing measures. Some are frequently measured and others may only be measured on a quarterly or annual basis.

It is important to balance lagging indicators—which includes most financial measures—with leading indicators—areas where good performance will lead to improved results in the future.

It is also important to balance internal measures, such as cost reduction, injury incident rates, and training programs, with external measures like market share, supplier performance, and customer satisfaction.

### **Initiatives**

An initiative is a change process or activity designed to achieve one or more objectives. The initiative is what will move a measure toward its target value. Initiatives may be large or small in scope. They generally are owned by a person or group, and are managed like projects.

### **Strategy Maps, Strategic Themes, and Matrices**

Since even a relatively simple scorecard can contain an overwhelming amount of information, several tools have been developed to help communicate large, complex quantities of information in simple, easily understood ways.

Mapping a strategy is an important way to evaluate and make visually explicit an organization's perspectives, objectives, and measures, and the causal linkages between them. Organizing objectives in each defined perspective, and mapping the strategic relationships among them, serves as a way to evaluate objectives to make sure they are consistent and comprehensive in delivering the strategy.

The strategy map is a visual way to communicate to different parts of the organization how they fit into the overall strategy. It facilitates cascading a balanced scorecard through an organization, because it can be created at different levels of an organization, and each level's map can be viewed for alignment with the overall strategy map.

## Critical Success Factors for BSC Development

Extensive research and evaluation of hundreds of Balanced Scorecard implementations has been done by the Balanced Scorecard Collaborative (the consulting organization established by the founders of the Balanced Scorecard methodology) and various other practitioners. A consistent theme emerges from this body of knowledge: the Balanced Scorecard is a cultural change initiative. Successful organizations use the Balanced Scorecard to create a culture of continual focus on strategy formulation, measurement, and revision. They create what Kaplan and Norton call a strategy focused organization.

The key elements in creating this strategy focused organization are as follows:

1. **Mobilize change through executive leadership.** Building a strategy focused organization usually involves significant culture change. Organizational change is an evolutionary process. Consistent executive leadership, involvement, active sponsorship, and support are critical to maintaining momentum through the challenges that organizations inevitably encounter.

The executive team must be in agreement on strategies and must drive the scorecard process for it to be successful. Often executives are too busy to be intimately involved in the process, so a cross-functional team is formed. This can be successful if:

- The executive team has first participated in facilitated sessions at which the fundamental mission, vision, and strategic themes are established.
- The team has the ear of the leadership and can readily escalate issues to executives for resolution.
- Executives continue to communicate their support for, and involvement in, the Balanced Scorecard initiative.

2. **Make strategy a continual process.** A strategic focus is not maintained if strategy formulation becomes a one-time activity. Feedback loops are needed to constantly focus attention on and reevaluate the strategy and the measures. To support strategy evaluation, tools for reporting and analysis should be deployed to enable analysis of the factors influencing the measures. The budget process also is often linked to strategy, and in some cases the Balanced Scorecard replaces traditional budget formulation as a way to allocate funds.

3. **Make strategy everyone's job.** This is done through strategic education and awareness and by cascading the scorecard down through the organization, so that business units, departments—or even individuals—create their own scorecards. The linkages to strategy are explicitly defined at all levels. This helps departments and individuals understand and find new ways to support the strategy of the organization. It also helps ensure that employees at all levels are being measured and compensated in ways that support that strategy.

4. **Align the organization to the strategy.** This involves evaluating current organizational structures, lines of reporting, and policies and procedures to ensure that they are consistent with the strategy. It can include re-alignment of business units or re-defining the roles of different support units to make sure that each part of the organization is lined up to best support the strategy.
5. **Translate the strategy into operational terms.** Tools like the strategy maps, cascaded scorecards, and strategy grids are used to integrate strategy with the operational tasks that employees perform daily. This ensures that tasks are done in ways that support the strategies.

## **Common Pitfalls**

The scorecard should allow people to think differently, to better achieve a cultural transition, and get the larger group to move in the same direction. Otherwise it is just another “flavor of the month” like reengineering or EVA or some other leadership dogmas. There are three fundamental problems with the Balanced Scorecard work to date: the scorecards are not balanced, the scorecards are not linked to the enterprises’ strategic directions, and the scorecards are not institutionalized within the organizations.

### ***Scorecards are not Balanced***

The Balanced Scorecard Collaborative, the official organization of the authors of The Balanced Scorecard (Kaplan and Norton), report that based on a survey of the Hackett Group, for most users (those claiming to use the Balanced Scorecard), 75% of their measures were financial. This compares to 82% financial measures for those not using the Balanced Scorecard. In other words, the Balanced Scorecard is a name only; it has not fundamentally changed the organizations measurement systems.

In order for a scorecard to be “balanced”, the authors claim that the Financial Measures should make up about 22% of the Scorecard (as should the Customer Perspective and the Learning & Growth Perspective, with the final 34% allocated to Internal Processes measures). Further, an independent study of best practices researched 22 organizations that had “successfully implemented the Balanced Scorecard” and found a break-down as follows:

- Financial 20%
- Customer 24%
- Internal Process 37%
- Learning and Growth 18%

Fundamentally the story suggests that Balanced Scorecards reflect the understanding that internal processes drive the financials, and that 80% of any scorecard must be non-financial.

## *The Balanced Scorecards are not Linked to the Enterprises' Strategic Directions*

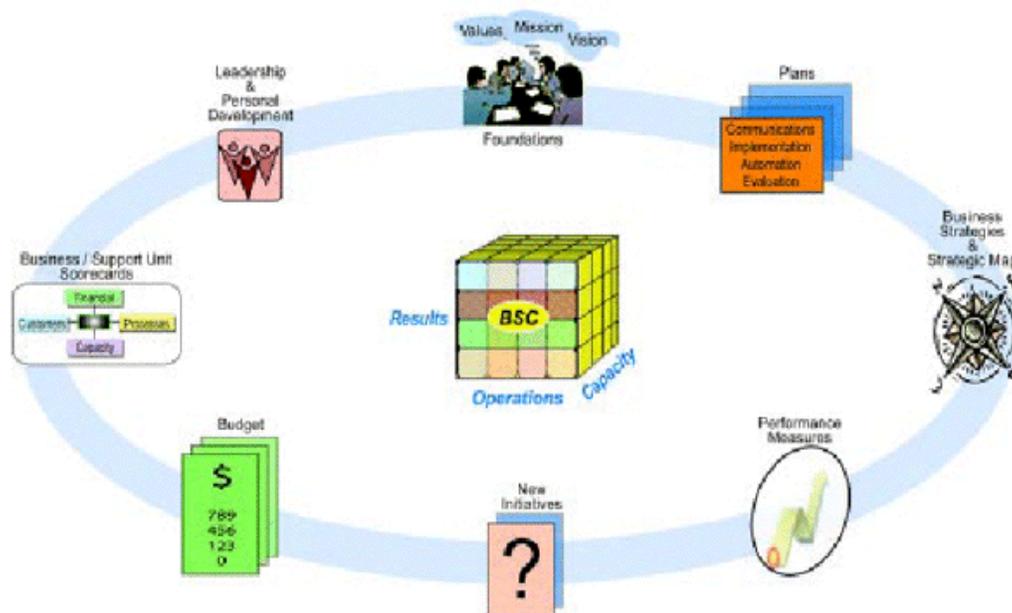
There seems to be a prevailing and ultimately dangerous view that the Balanced Scorecard is “another measurement system”. This belief continually manifests itself when an organization harvests all of its Key Performance Indicators (KPIs), both the existing and the desired, and “dumps” them into a new framework that represents “perspectives” beyond the merely financial view. Although the effort to identify a more complete set of performance drivers beyond the traditional financial architecture is to be applauded, we need to be sure that this is not merely a process of taking another “metrics inventory” or an accumulation of the measurable targets articulated in the annual salary/performance plan and representing them in a new model.

Often this so called new balanced measurement model is no more than a representation of the voices of the organization’s critical constituents usually identified as customers, shareholders and employees. In any case, the Balanced Scorecard can only have value if it is linked to the organization’s strategic direction.

## *The Scorecards are not Institutionalized within Organizations*

Many organizations treat the balanced scorecard as a report that must be completed on a periodic basis. When asked to see the organization’s scorecard the scorecard manager will dust off the three-ring binder on the shelf behind their desk and pull out a series of Excel spreadsheets and PowerPoint slides which are at least a month but most likely a quarter old. In some instances these reports will be posted in the organization’s common areas or e-mailed. The problem is that these reports are snapshots in-time and do not reflect the current measure status and may not even reflect the current scorecard structure. It will be impossible for the organization to become strategy focused if the scorecard is not communicated and institutionalized.

**Figure 1: Balanced Scorecard Performance Management System**



### ***Measures that do not focus on strategy.***

A common problem is that an organization will adopt some new non-financial measures, but fail to align the measures adequately with strategy. According to Dr. Norton,

“The biggest mistake that organizations make is thinking that the scorecard is just about measures. Quite often they will develop a list of financial and non-financial measures and believe they have a scorecard. This, I believe, is dangerous.”

### ***Failure to communicate and educate.***

A scorecard is only effective if it is clearly understood throughout an organization. Frequently, scorecards will be developed at the executive level, but not communicated or cascaded down through an organization. Without effective communication throughout the organization, a balanced scorecard will not spur lasting change and performance improvement.

### ***No accountability.***

Accountability and high visibility are needed to help drive change. This means that each measure, objective, data source, and initiative must have an owner. Without this level of detailed implementation, a perfectly constructed scorecard will not achieve success, because nobody will be held accountable for performance.

### ***Employees not empowered.***

While accountability may provide strong motivation for improving performance, employees must also have the authority, responsibility and tools necessary to impact relevant measures. Otherwise they will resist involvement and ownership. Resources must be made available, and initiatives funded, to achieve success. Employees are likely to need new information tools to help them understand the drivers of measures for which they are responsible so they can take action. These tools can include systems for analysis and early warning indicators, exception reports and collaboration.

### ***Too many initiatives.***

Organizations usually find that crossover and duplication among initiatives can be identified. Cross-matching scorecard objectives with current and planned initiatives can be an important way to focus and align a company. This method will identify cases where objectives are supported inappropriately. Rather than relying on budgeting for strategic funding, this process eliminates waste, speeds scorecard implementation, and helps an organization prioritize their initiatives to better support their strategy.

- The scorecard needs to be sustainable and easy to roll-out. Scorecards should leverage technology to provide automated links to measure, text, and initiative management data.
- The scorecard must become part of the organization’s culture and employee’s

work experience.

## Empowering the Knowledge Worker

Today, companies face the same pressures as 10 years ago, but in a radically different economic landscape. A new pressure, then barely on the horizon, has revolutionized the way many businesses must operate—the Internet. The Internet’s impact is ubiquitous.

The economy has transitioned to what some call the Age of Information—an economy in which Gross Domestic Product is increasingly dominated by services. In this service economy, the knowledge worker has replaced the production assembly line worker as a key factor of production. Knowledge workers use and process data or information, and in collaboration with other workers, create knowledge and take action, thereby increasing value.

Therefore, organizations must apply the knowledge worker’s expertise in ways that serve a defined corporate strategy to achieve a return on that worker. It follows that organizations must both empower the knowledge worker and measure their performance in relation to strategy.

However, organizations are finding it extremely difficult to implement strategy and measure effectiveness of that strategy. According to *Fortune Magazine*, only 10% of the strategies that are effectively created get effectively implemented.

A related finding by Norton and Kaplan is that without the Balanced Scorecard, 85% of executive teams spend less than 1 hour per month discussing strategy.

So even when companies invest a lot of time in refining their values, mission statements, and strategic initiatives, those ideas rarely

trickle down to truly transform an organization, and the average employee does not have a clear understanding how his or her actions influence the ultimate performance of the organization.

The Balanced Scorecard is a proven way to align an organization with strategy, harness knowledge workers’ efforts to strategic ends, and ultimately deliver improved financial returns on employees, technology investments, business processes, and customer relationships.

### ***The Strategy-Focused Organization***

The follow-up book to the Balanced Scorecard article and book is *The Strategy-Focused Organization*. In this book, founders Robert Kaplan and David Norton show how the following five principles transform the Balanced Scorecard from a tool for performance measurement to a tool for creating a strategy-driven performance management company:

- ▶ Translate the strategy into operational terms
- ▶ Align the organization to the strategy
- ▶ Make strategy everyone's job
- ▶ Make strategy a continual process
- ▶ Mobilize change through executive leadership by adhering to these principles the organization will make strategy work.



## 1. Implementation Strategy

Over the next several months, staff with the Nebraska Critical Access Hospital Program will be working closely with you to ensure a successful implementation. We have chosen the following steps to implement the balance scorecard in your facility:

1. Implementation Preparation Activities
2. Strategic Clarification
3. Strategic Focus/Strategy Map
4. Balanced Scorecard Development
5. Balanced Scorecard Deployment

We feel that this is the most effective approach to the implementation. However, we know that each organization is unique and the steps will be customized to meet your organization's particular needs.

### 1.1 The Deliverables

On completion of the BSC, the outcomes will include:

- ***Increased Organizational Knowledge of Balanced Scorecard.*** Our model translates the core Balanced Scorecard concepts into a small rural hospital model that allows for a streamlined implementation process that remains faithful to the key Balanced Scorecard principles.
- ***Review of Mission, Vision & Current Strategies.*** A review of the hospital's current strategic plan is performed, with the goal of translating the existing strategic themes and objectives into the Balanced Scorecard framework. This is done prior to the first site visit to accelerate the customization process and to economize staff time during the Strategy Mapping site visit.
- ***Strategy Alignment.*** The centerpiece of the Balanced Scorecard process is the development of a Strategy Map that provides a one-page picture of the hospital's strategy and performance improvement priorities. The Strategy Map serves as an effective communication tool for building hospital wide awareness and engagement around hospital strategy.
- ***Concrete Plan of Action.*** After receiving an initial set of scorecards, we will collaborate with hospital managers and staff to interpret data, to identify performance improvement priorities, and to develop strategically relevant action plans.
- ***Performance Improvement Program Integration.*** The Balanced Scorecard provides a context for reviewing and enhancing a hospital's Quality/Performance Improvement program. The resulting model utilizes the Balanced Scorecard to create a customized performance improvement "engine" that maximizes the benefits of data collection and reporting, and ties together the various PI activities within the hospital.
- ***Organizational Change.*** Our goal is to work closely with hospital managers to

use the Balanced Scorecard as an agent for organizational change and improvement, not just another exercise in data analysis and reporting.

- *Data Collection Tools and Report Templates*, which structure, align and integrate Organization Performance Reporting to provide a complete, and easy to use flow of performance information.
- *An Integrated Draft Library of Measures*, which establishes the linkages between all critical success factors and performance drivers in the organization's customer, business process, and people management agendas with profitability, cost improvement and revenue growth objectives and targets.
- *Communications Plan*, which outlines a communication schedule and overview of system and benefits for communication to key stakeholders (customers and employees).

## 1.2 Critical Success Factors

There are several critical success factors to an effective implementation. Keep these in mind as you progress in developing your performance measurement system.

- Commitment from the top; strong Champion
- Commitment to building a Performance Improvement culture
- Involvement and ownership from key individuals that are involved
- Dedicated resources during implementation stages
- Well defined project scope
- Action plan with timetables
- Extensive communication
- Well defined measures
- Training and education
- Quality controls in place

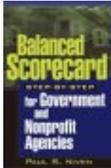
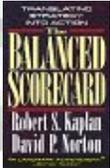
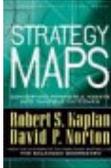
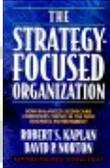
## 2. The BCS Toolkit

### The BCS Toolkit



The Balanced Scorecard Implementation Team has pulled together a Toolkit which comprises a number of resources, handbooks and PowerPoint presentations and BSC templates. Some of these materials are customizable providing templates to assist in the design and communication of your Balanced Scorecard to stakeholders. All of these resources can be adapted to the context and needs of your organization.

Some resources included in the Toolkit are:

 <p><b>Balanced Scorecard Step-by-Step for Government and Nonprofit Agencies</b> by Paul R. Niven</p>	 <p><b>The Balanced Scorecard</b> by Robert S. Kaplan, David P. Norton</p>
 <p><b>Strategy Maps</b> by Robert S. Kaplan, David P. Norton</p>	 <p><b>The Strategy-Focused Organization</b> by Robert S. Kaplan, David P. Norton</p>
<p><a href="#"><u>Improving Public Sector Results with a Balanced Scorecard: Nine Steps to Success</u></a>, a presentation by Howard Rohm</p>	 <p><b>Making Scorecards Actionable: Balancing Strategy and Control</b> by <a href="#"><u>Nils-Goran Olve</u></a>, <a href="#"><u>Jan Roy</u></a>, <a href="#"><u>Carl-Johan Petri</u></a></p>
<p><a href="#"><u>The Balanced Scorecard and Knowledge Management</u></a> The Balanced Scorecard Institute</p>	<p><b>The Balanced Scorecard - An Overview</b> <a href="#"><u>PowerPoint Slides</u></a></p>
<p>A Self-Education Presentation <a href="#"><u>Balanced Scorecard 101 Overview</u></a>. <i>myBalancedScorecard.com</i></p>	<p><a href="#"><u>Rural Hospital Performance Improvement (RHPI) Project An overview ...</u></a> Rural Hospital Performance Improvement And the Balanced Scorecard. By Terry Hill.</p>
<p>WHITE PAPERS:</p>	
<p><a href="#"><u>Use the Balanced Scorecard First Report to Drive Success</u></a></p>	<p><a href="#"><u>Strategy Maps: The Blueprint for Describing, Measuring and Aligning Intangible Assets for Superior Performance</u></a></p>
<p><a href="#"><u>Creating a Strategy-Focused Workforce</u></a></p>	<p><a href="#"><u>Train Your Enterprise to Execute Strategy</u></a></p>
<p><a href="#"><u>Assess Your Organization's Readiness to Execute Strategy</u></a></p>	<p><a href="#"><u>Strategy Focused Business Planning</u></a></p>

## 3. PROJECT ADMINISTRATIVE INFORMATION

### Resource Staff

The Nebraska Critical Access Hospital Program is providing consulting staff to support your facility in the implementation and throughout the development and ongoing use of your Balanced Scorecard performance management system. You will be working with our implementation team of Dave Palm, John Roberts and Dave Glover.

During the course of the implementation, certain commitments will be needed from your staff. We have specifically designed our process to minimize the amount of time to completion, but a successful outcome depends greatly on receiving cooperation from all of the key players in the organization. Specifically, a Project Leader should be available to work during the course of the initial design process, and thereafter a system coordinator appointed. Roles and responsibilities will be discussed further during your initial Project Planning Session.

### Your Implementation Team

We recommend that you appoint a BSC Project Leader prior to launching this process. Ideally, the BSC Project Leader will have a high level of understanding of hospital activities, business strategy and current business performance practices. The Coordinator should also have the support and authority to confer with senior managers and department heads when required, and access to any strategic and hospital performance information.

A small design team should be convened comprised of 5-6 managers or key staff from critical business areas. Typically, a design team may include the following:

1. BSC Project Leader
2. Chief Executive Officer
3. Chief Financial Officer
4. Human Resources Analyst
5. Operations Manager selected for knowledge of core business processes
6. Director of Nursing or Quality Improvement Coordinator

An Information systems analyst (IT coordinator) may be incorporated into the design team depending on the deployment scope.

### The Design and Implementation Schedule

The final design schedule is normally derived during the initial workshops and meetings with the Implementation Team. Dates will be scheduled based upon the availability of both parties and the desired completion date of the organization. Due to our desire to arrange the most cost-effective travel arrangements, we prefer to schedule dates as far in advance as possible.

## 4. THE Implementation PROCESS

### Prerequisites

Before the Balanced Scorecard process can begin, an organization must have a clear understanding of its vision and strategy. It is the management's responsibility to define a vision, formulate a strategy and set strategic goals.

The basis for the vision and the strategy is the holistic view and the information the management team receives during systematic strategy work. The strategic principles can seldom be bought from outside consultants, however outside expertise can facilitate the process of creating them.

### BSC Implementation

Below is a brief summary of proposed work steps and deliverables for a prototype Balanced Scorecard implementation project at a Nebraska Critical Access Hospital:

#### 1. Strategic Clarification – Review of Mission, Vision & Current Strategies

Through a series of teleconferences, the consultants will collaborate with hospital management to educate key staff about Balanced Scorecard core concepts and implementation process. In addition, they will work closely with hospital management to tailor the implementation process to the facility's specific needs and expectations.

After the initial teleconference, a review of the hospital's current strategic plan is performed, with the goal of translating the existing strategic themes and objectives into the Balanced Scorecard framework. This is done prior to the first site visit to accelerate the customization process and to economize staff time during the Strategy Mapping site visit.

During the planning activity there are several things to accomplish with the project team:

- Understand overall goals and objectives of organization
- Discuss the overall implementation steps and expectations
- Review the existing documentation related to the project
- Define the roles and responsibilities
- Determine desired timetable
- Agree on general scope of the Project

#### 2. Strategic Focus/Initial Strategy Map Draft

*Strategy Mapping* is a hands-on process that occurs once the hospital board and executive management team have developed and endorsed the linkage of the facility's long range Strategic Plan into the Balanced Scorecard framework. Using the Mission and Vision statements as a starting point, the Strategic Plan is translated into a Strategy Map that expresses the hospital's strategic objectives in a set of cause-and-effect relationships.

A workshop with the BSC Implementation Team will be scheduled where the strategy map is completed and the strategic objectives are identified. This session provides an

introduction to the Balanced Scorecard and guides the Implementation Team through the process of BSC Design, the core principles of BSC Design and an initial framing of strategy within the Design Context.

The objectives for this workshop include:

- Communicate the overall objectives of the Balanced Scorecard Design
- Identify the key performance drivers
- Agree on a vision for deployment of a BSC
- Draft Initial BSC Framework
- Agree upon the strategic objectives and key performance areas
- Identified Potential measures

### **3. Balanced Scorecard Development**

The draft of the Scorecard is refined by exposing it to wider group of people. During short meetings with key interest groups the measure definitions are refined, targets are set and measure sources are identified. The results are immediately implemented into the Scorecard model.

During this phase, the consultants will review with the implementation team the data collection and reporting process. This includes a review of the potential forms, surveys and data base systems as well as the process for analyzing internal and external performance benchmarks.

Based on input from the executive and manager workshops, interviews with executives and strategy documentation, performance reports and meetings with the implementation team, the consultants will construct a report for building a performance measurement system, a draft of desired measures and an overview of data availability, and recommendations for incorporation into the Draft Balanced Scorecard framework. The outcomes of these sessions include:

- Draft Desired Measures
- Determine Internal Measurement Expertise
- Determine Availability of Data
- Discuss Potential Targets

### **4. Balanced Scorecard Deployment**

To educate various groups and communicate the results of the Balanced Scorecard, a final workshop for all interest groups is held. A plan for extending the Scorecard to the department levels is created. Integration of the Balanced Scorecard into the strategy and reporting processes is planned.

This encompasses a on site session with key staff to identify high impact areas for improvement based on the Balanced Scorecard interpretation and to design concrete action plans that result in specific timelines and accountabilities. This work step also includes 30/60/90 day follow-up teleconferences with the BSC implementation team to review status of agreed upon accountabilities. These “workout” sessions have been

shown to be highly effective at setting a customized agenda for change within the organization. These include a series of detailed manager/departmental work sessions with each facility. The objectives for these sessions include:

- Communicating the Balanced Scorecard and strategic agenda
- Preliminary department strategy mapping
- Identifying the measures that will support the overall strategic objectives and key performance areas
- Setting targets for performance improvement
- Coordinate an implementation plan and formulate principles of integration into business planning, management reporting and performance review processes.

Balanced Scorecard Deployment includes a quarterly Balanced Scorecard that displays the hospital's strategic performance in a simple, one page report. The scorecard contains key financial, customer, process, and satisfaction scores that are linked to the hospital's Strategy Map. In addition, a more detailed set of financial, clinical, and operational reports are generated to support the action planning process.

Closely linked with the work step described above, the consultants work collaboratively with hospital Performance Improvement teams to interpret quarterly Balanced Scorecard reports. Hospitals are encouraged to use performance monitoring as a systematic process for team building, decentralization, and accountability setting. BSC Deployment will also include strategies to build on the 5 key principles required for establishing a Strategy-Focused Organizations:

**Translate the strategy into operational terms.** By translating the strategy into the logical architecture of a strategy map and Balanced Scorecard, organizations create a common and understandable point of reference for all their units and employees.

**Align the organization to the strategy.** This includes the cascade of the Balanced Scorecard to individual departments allowing the organization to take advantage of synergy from the strategy alignment.

**Make strategy everyone's everyday job.** Strategy-Focused Organizations require that all employees understand the strategy and conduct their day-to-day business in a way that contributes to the success of that strategy. By aligning employees around the strategy with personal scorecards, they will often find improved ways of doing business that will contribute to achieving the organizations strategic objectives. This principle also emphasizes tying strategy execution to a compensation/reward system.

**Make strategy a continual process.** Link the Balanced Scorecard with financial budgets and monthly reviews. Organizations that excel in this area introduce a simple management meeting to review strategy, thereby managing a strategy budget and operational budget.

**Mobilize change through executive leadership.** This demonstrates the single most important condition for success—the ownership and active involvement of key executives in the Balanced Scorecard. Without engaged executives, an organization is left with simply processes and tools.

## 5. THE DESIGN SCHEDULE

BSC STEP	OVERALL STRATEGY	SAMPLE OBJECTIVES
<b>1. Implementation Preparation Activities</b>	An Assessment of the organization's foundations, its core beliefs, vision, mission, market opportunities, competition, financial position, short- and long-term goals, and an understanding of what satisfies customers.	<ul style="list-style-type: none"> <li>Understand overall vision and strategy of the organization</li> <li>Review the existing documents related to the project, including current strategic plan.</li> </ul>
<b>2. Strategic Clarification Activities</b>	Project planning - choose the core Balanced Scorecard team, set a schedule for the development steps, secure resource commitments necessary to develop and sustain the scorecard system, and develop a roll-out communications plan to build buy-in and support for the changes that will follow.	<ul style="list-style-type: none"> <li>Provide introduction to Balanced Scorecard</li> <li>Discuss the overall implementation steps and expectations</li> <li>Discuss formation of the project team</li> <li>Determine desired timetable</li> </ul>
<b>3. Strategy Focus</b>	A Strategic Map of the organization's overall business strategy is created. Using cause-effect linkages (if-then logic connections), the components (objectives) of strategy are connected and placed in appropriate scorecard perspective categories. The relationship among strategy components is used to identify the key performance drivers of each strategy that, taken together, chart the path to successful end outcomes as seen through the eyes of customers and other key stakeholders.	<ul style="list-style-type: none"> <li>Strategic objectives are identified</li> <li>Identify the key performance drivers</li> <li>Potential measures are identified</li> <li>Review of existing performance review and reporting practices</li> <li>Draft Initial BSC Framework</li> </ul>
	The draft of the Scorecard is refined by exposing it to wider group of people. During short meetings with key interest groups measure definitions are refined, targets set and measures sources identified.	<ul style="list-style-type: none"> <li>Examine internal measurement expertise</li> <li>Determine availability of data</li> </ul>
<b>4. BSC Development</b>	Performance Measures are developed to track both strategic and operational progress. To develop meaningful performance measures, one has to understand the desired outcomes and the processes that are used to produce outcomes. Desired outcomes are measured from the perspective of internal and external customers, and processes are measured from the perspective of the process owners and the activities needed to meet customer requirements. Relationships among the results we want to achieve and the processes needed to get the results must be fully understood before we can assign meaningful performance measures.	<ul style="list-style-type: none"> <li>Finalize existing strategies and performance management practice;</li> <li>Develop aligned scorecards, performance measures and data sources;</li> <li>Confirm scorecard alignment and integrity;</li> <li>Setting targets for performance improvement;</li> <li>Coordinate the implementation plan and formulate principles of integration into business planning, management reporting and performance review processes</li> </ul>
<b>5. BSC Deployment</b>	To educate and communicate the Balanced Scorecard a final workshop for all interest groups is held. A plan for extending the Scorecard to the department levels is created. Integration of the Balanced Scorecard into the strategy and reporting processes is planned. New Initiatives are identified that need to be funded and implemented to ensure that our strategies are successful.	<ul style="list-style-type: none"> <li>Drafting of Strategic Review Schedule</li> <li>Draft Reporting templates and protocols</li> <li>Agree on implementation schedule</li> <li>Agree on performance report format and strategic review process</li> <li>Finalize Department level BSC's</li> <li>Training on system management and development</li> </ul>

## 7. SUPPORT

The Nebraska Critical Access Hospital Program provides support for the design and implementation BSC process in a number of ways:

1. **On-site** – available during design and implementation, and thereafter on an as needed basis.
2. **Telephone support** – available during design and implementation, and thereafter on an as needed basis.

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