

Performance Measurement: Balanced Scorecard

Description:

This tool provides an outline of the Balanced Scorecard approach and a matrix to guide you in developing your performance metrics to support effective decision making.

How it can be used:

The Balanced Scorecard adds a twist to the adage; “you can’t manage what you can’t measure” by proposing “you can’t improve what you can’t measure”. The Balanced Scorecard provides a 360° view of the organization that helps leaders clarify their vision and strategy and provides an evidence base for future decision-making. Essentially, the Balanced Scorecard allows an organization to measure where value is being created. This includes their services, clients, staff, culture, technology, programs and the ongoing needs of the health system.

A further advantage of this approach is how it supports communication within the organization; with political leaders; with funders; with clients; and with the community at large. The Balanced Scorecard identifies key metrics that help organizations improve by aligning their limited resources with their goals and provides management with a tool to help monitor progress and achievements.

Review the four perspectives through the lens of ‘how do we add value in this area’ and fill in the matrix with your objectives, measures, targets and initiatives.

The Learning & Growth Perspective

This perspective includes employee training and cultural attitudes related to both individual and organizational self-improvement. In many health organizations, people are the main resource. In the current climate of rapid technological change, it is necessary for staff to be in a continuous learning mode. Metrics can be put into place to guide managers to focus training funds where they can help the most. Learning and growth constitute the essential foundation for success of any knowledge-worker organization.

Note that 'learning' is more than 'training'; it also includes elements like mentors and tutors within the organization, technological tools, as well as ease and channels of communication among workers.



The Internal Processes Perspective

This perspective refers to internal organizational processes. Metrics allow the managers to know how well things are running, and whether the programs and services respond to client needs (the mission). These metrics have to be carefully designed by those who know these processes most intimately and will refer to elements such as operational efficiency and demonstrating innovation (e.g., IT improvements, etc.).

The Client Perspective

This perspective identifies key attributes that bring value to the clients through the programs and services that your organization provides to the community. Poor performance from this perspective can often be a leading indicator of future decline, even though the current situation may look good.

In developing satisfaction metrics, understand the types of clients and the kinds of programs or services that you provide. Consider the involvement of third parties with whom your organization is building

relationships (e.g., technology vendors, health service providers, other community services) in order to provide high quality services for your clients.

The Financial Perspective

This perspective states that timely and accurate funding data will always be a priority. In addition to funding reporting, these metrics also include other financial-related data such as risk assessment, cost-benefit data, and maximizing existing assets to help improve overall quality and service to clients.

Assess the relevance of an indicator by asking:

1. "What is it exactly that we want to know?" (relate it to your strategic plan or vision)
2. "Why do we want to know this?" (what will we do with these data, how will this help us?)
3. "What is the best way to gather the data?"

Complete the matrix, adding approximately five key metrics that are relevant to your organization in each of the four perspective areas. Two examples have been provided.

Our Vision:				
Our Mission:				
Our Strategy:				
Metric	Objectives	Measures	Targets	Initiatives
Financial Perspective – Do we get timely and accurate data? How can we use it better?				
Client Perspective – How can we determine if clients are the focus of the organization?				
<i>Client Satisfaction Survey: % of overall "very satisfied customers"</i>	<i>90% of clients are "very satisfied" within six months</i>	<i>Client surveys</i>	<i>Increase satisfaction rates 10% per month</i>	<i>Radio promotion, client surveys, posters</i>
Internal Processes Perspective – Are our processes building/strengthening our organization?				
Learning and Growth Perspective – Are our employees learning? What is our corporate culture?				
<i>Training time per employee</i>	<i>Every employee has access to at least one learning session per year</i>	<i>Learning sessions, training results</i>	<i>All managers have accessed training within six months</i>	<i>Every dept. creates a plan for their employees</i>