

Suggestions for Scorecards

ORGANIZATION FIREPOWER & TARGETS

*The secret of all victory lies in
the organization of the non-obvious.*

—Marcus Aurelius

Management must define targets that really matter, pathfinding for the organization to achieve in ways that are helpful, and motivating to people doing the work.

Defining Targets That Really Matter

Lewis Carroll wrote, “If you don’t know where you’re going, any road will get you there.” But it was Lyndon Johnson who noted that America’s consistent problem was “putting second things first.” The question for healthcare leaders is determining what targets matter. Effective leaders know that goals that only clone what competitors are doing are a sure way to doom the organization. It is only in “breaking away” to use the cycling term that the organization has a chance to distinguish itself, and to win. It means that the organization’s performance purpose is not to just pedal down the road, but to enter the *Tour de France*.

What Matters to People?

How excited about work are you when driving into the parking lot? A lot of people aren’t thrilled about it. Recent research¹ show that only 50% of employees are satisfied with their jobs, 66% do not identify with their employers business goals, and 25% report they are only “showing up to collect a paycheck.” It’s clear that something is missing. The missing piece is a feeling among individual staff that they are engaged in something meaningful.

Small goals and incremental change do not motivate people. President Reagan said it well, “America is too great a country to be satisfied with small dreams.” Indeed, would you recommend for hire an executive who didn’t want to be best in class? The idea of asking people to get on the train to Excellence isn’t burdensome. It is motivating, inspiring and releasing of their highest hopes. As has been said, the person with big dreams is more powerful than the one with all the facts.

Gold Standard Management uses big, hairy audacious goals (BHAG’s) to make work exciting, and creates the kind of organization that makes attaining those targets possible.

What Matters to the Business?

Woody Hayes, once challenged with the notion that the important thing in sports was the playing, not the winning, responded, “If it doesn’t matter whether you win or lose, why do they keep score?” Achievement must be measured. In America’s hospitals it was not that long ago that customer satisfaction was not measured, a classic symptom of activity divorced from purpose.

The balanced scorecardⁱⁱ has now become a standard tool in American management and it is part of the GSM approach. In a study by Bain Consulting, it was reported that 57% of global corporations are using a balanced scorecard, only a decade after its introductionⁱⁱⁱ. Correctly used, it can be a powerful force in driving change. However, many hospital managements still do not use the tool well. When misapplied it can even be a waste of time, confusing, and only substantiate mediocrity of organization performance.

In practice, people customize the scorecard to suit their environment. Key drivers of the business are identified and the performance measurement system built around those key elements. Whether called a scorecard, a performance measurement system, or just a set of metrics, what’s important is that the tool reflects what your business and organization strategy is all about.

Balanced Scorecard Format

ORGANIZATION GOALS				
HIGH SATISFACTION				
OBJECTIVES	MEASURES	TARGET	CURRENT	INITIATIVES
<i>KRA: Customer Satisfaction</i>		FOR YEAR	PERFORMANCE	
HIGH QUALITY				
OBJECTIVES	MEASURES	TARGET	CURRENT	INITIATIVES
<i>KRA: Quality</i>		FOR YEAR	PERFORMANCE	
LOW COST				
OBJECTIVES	MEASURES	TARGET	CURRENT	INITIATIVES
<i>KRAs: Productivity, Economics</i>		FOR YEAR	PERFORMANCE	
BEST PEOPLE				
OBJECTIVES	MEASURES	TARGET	CURRENT	INITIATIVES
<i>KRAs: People Growth, Org Climate, Innovation</i>		FOR YEAR	PERFORMANCE	

Making the Scorecard Effective

To bring the balanced scorecard to life in your organization the following 8 actions are recommended:

1. Establish high targets and stretch goals. Example: 95th percentile on Customer satisfaction. Use it as a “buzz” stimulus, remembering that small goals are not motivating. Find the balance between stretch and reasonableness.
2. Keep it simple. Keep measures few (no more than 3-4 per objective area).
3. Share measured information openly. Get past the discomfort of having people see current numbers that may not be flattering. Place a wall-size board in the cafeteria, with large departmental scoreboards put up next. Punch through the period of initial confusion as to how departments connect to the organization’s objectives, bringing that piece onstream later if necessary.
4. Make goal labels user-friendly. Use common language and state them in challenging language.
5. Connect goals to people. Example, put the four target labels on a coffee mug and call it your strategic plan. Teach it to the organization.
6. Use Best People measures universally. Measure the following by department and organization total:
 - Training Hours/Associate
 - Job Satisfaction/Morale
 - Associate Ideas Implemented
7. Drive change with the scoreboard. When managers report they can’t get their numbers due to barriers, remove the barriers.
8. Tie goal achievement to compensation, rewards and recognition. Performance data serves to identify both stars and laggards.

Treat tough targets and their measures as an evolving system. As people work under a goal-measured system over time, they will see areas to improve and refine. There is no perfect implementation moment—so get started now.

ⁱ Conference Board study conducted by TNS and summarized in press release dated Feb 28, 2005. Retrieved from http://www.conference-board.org/utilities/pressDetail.cfm?press_ID=2582

ⁱⁱ Kaplan, R. and D. Norton, *The Balanced Scorecard: Translating Strategy Into Action*. 1996

ⁱⁱⁱ Cited as a study by Bain & Company. Retrieved Feb 2, 2007 from <http://www.balancedscorecard.org/FAQs/index.html>