

Healthcare Leaders' Dialogue Conference

**Best Practices
Scorecards**

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Quantum Innovations



Lessons Learned:

- 15 years learning in the U.S. & Canada on Balanced Scorecards for
 - *Integrated delivery systems*
 - *Hospitals*
 - *A CCAC*
 - *Governance @ NYGH*

Lessons Learned:

- 70% failure rates on all large-scale projects.
- Want to know about “lessons learned” from the 30% of projects that succeeded?

**70%
Failure
Rates!**

Strategy Implementation is a Major Issue:

“Less than 10% of strategies effectively formulated are effectively executed.”

-- *Fortune*

... “Wildly inflated”

Tom Peters

“... In the majority of cases – we estimate 70% ... it isn’t bad strategy ... it’s bad execution.”

-- *Fortune*

Why CEO’s Fail

Both Strategy Development & Execution Are Important:

		Sound	Missed Opportunity	Strategic Success
		Flawed	Doomed From The Start	At Risk
Strategy Execution			Flawed	Sound
	Strategy Formulation			

Executing Strategy:

- The public, non-profit/ not-for profit, and for profit world is littered with sound, well-intended strategies that failed.
- What do we do when we fail?
- Go back to our office and create the next strategy?

Executing Strategy:

- Corporations alone spend \$100 billion a year on management consultants & training -- most of it billings aimed at creating “brilliant strategies”.
- Most of us understand this dynamic. But we lack a systematic approach for identifying & implementing the right combination of actions to deliver on our strategic promises.

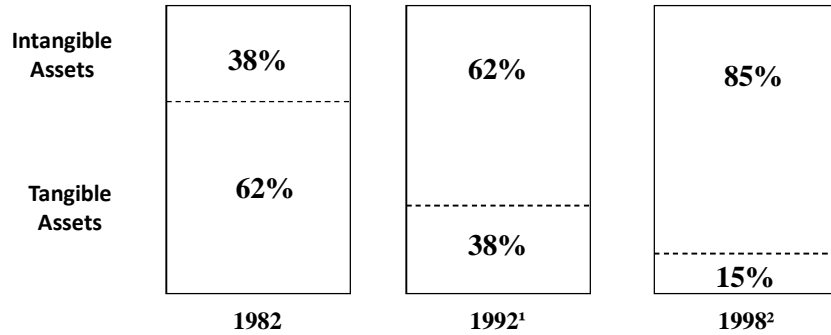
Executing Strategy:

- Our “blind spot” is not thinking about how the strategy we have in mind actually connects to the work activities at all levels.
- We don’t stop to determine whether the organization is capable of making the changes needed to implement our grand vision.

Why Is It So Difficulty To Execute Strategy?

The Source of Value Has Shifted From Tangible to Intangible Assets

percentage of market value related to ...



1. Brookings Institute
2. Baruch Lev analysis of S & P500 companies

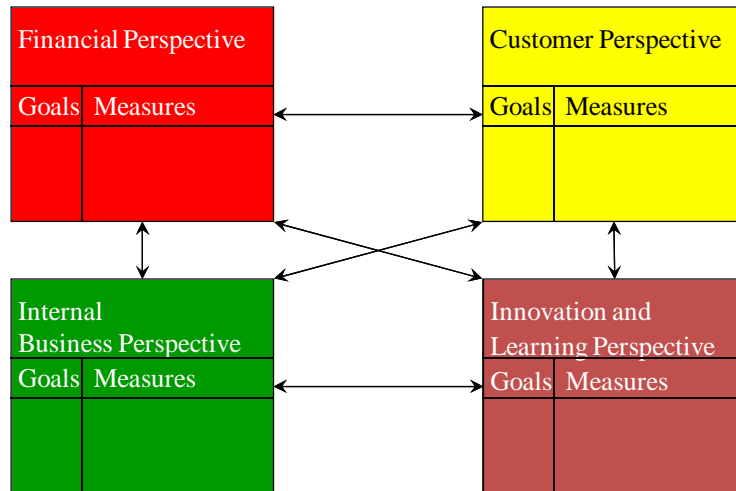
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Balanced Scorecard

The Balanced Scorecard Links Performance Measures

How Do We Look to Shareholders?

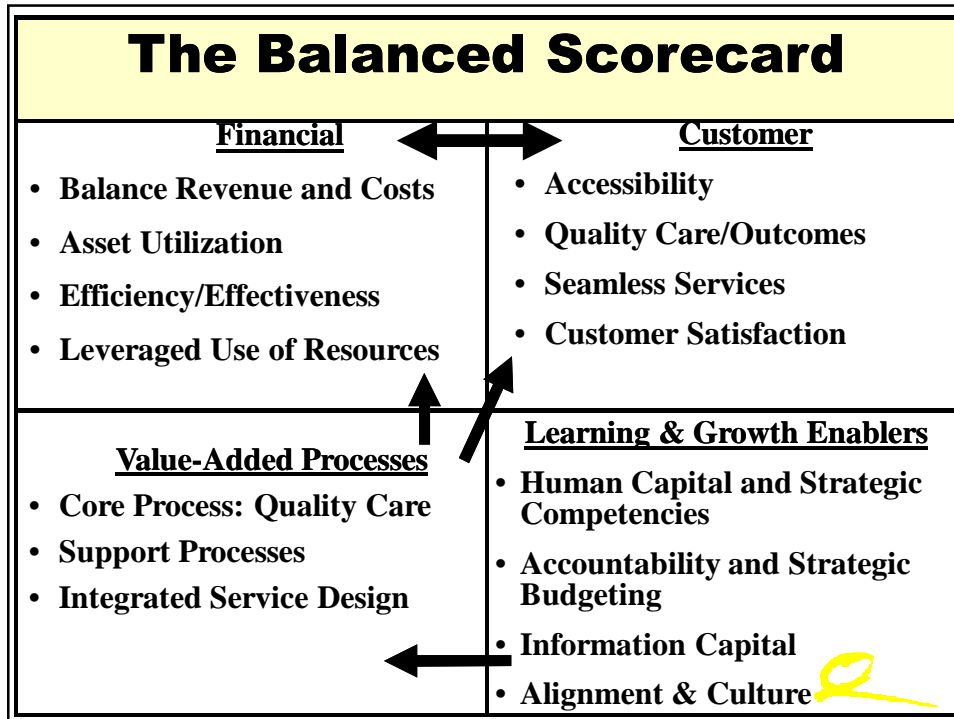
How Do Customers See Us?



At What Must We Excel?

How Can We Continue to Improve and Create Value?

From: Kaplan & Norton, "Using the Balanced..."



Balanced Scorecard

Translating Vision & Strategy: Four Perspectives

Financial: “To succeed financially, how should we appear to our shareholders?”

Internal Business Processes: “To satisfy our shareholder and customers, what business process must we excel at?”

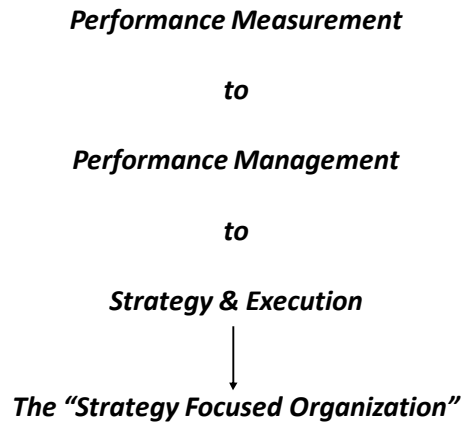
Learning and Growth: “To achieve our vision, how will we sustain our ability to change and improve?”

Customer: “To achieve our vision, how should we appear to our customers?”

“To succeed, satisfy, achieve... (separate grid for each perspective)	Objectives	Measures	Targets	Initiatives

From: Kaplan & Norton, “Using the Balanced...”

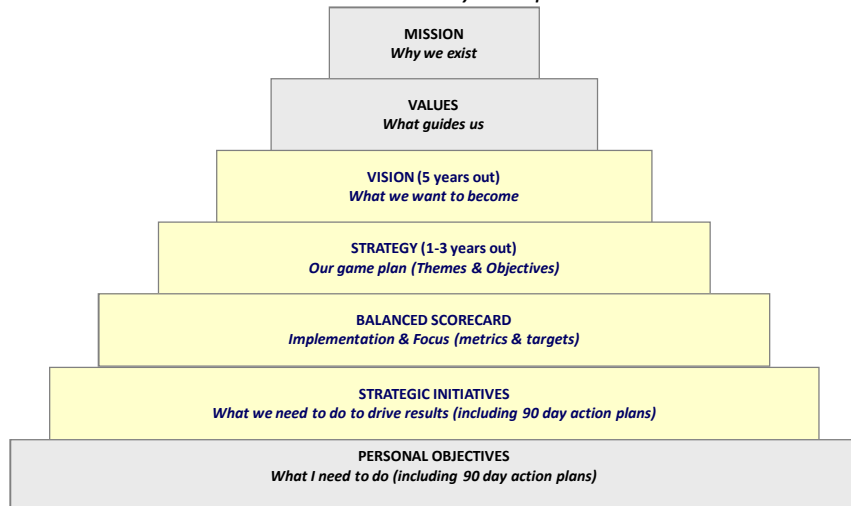
Balanced Scorecard Evolution



Source: BS Col Survey 2002

How Do We Talk About Our Strategy? Terminology

Strategy is Driven by Mission. Our plan and balanced scorecard are designed to support execution of strategy and accountability at the individual level built on 90 day actions plan.



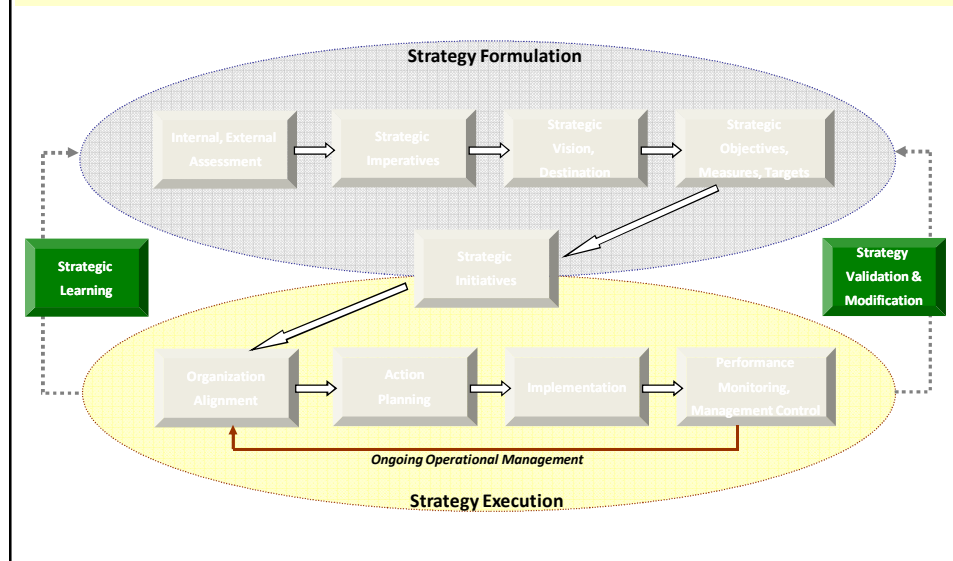
Strategy Management System:

- A guide through the mine (& mind) fields for managing complex system change.
- A management & learning systems approach to achieving strategic change.

Strategy Management System:

- A *discipline* – clear roles, systems & processes hardwired throughout the organization.
- Reconciled & integrated with other key management systems, structures & processes.
- To be communicated & cascaded to all units, leaders/ managers & employees so they can contribute to the formulation & execution of

Strategy Management System:



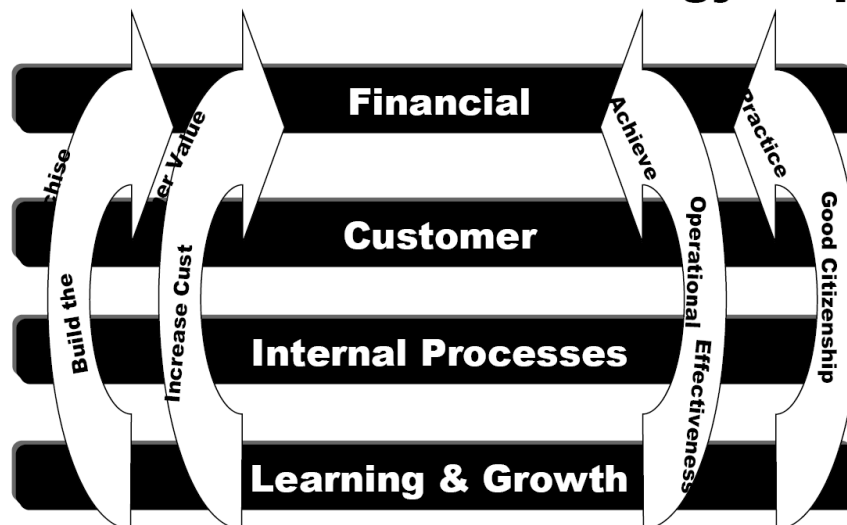
Benefits Of SMS

- ❑ **Common Language & Common Framework**
- ❑ **Better Strategic Conversations – Better Strategic Choices**
- ❑ **Logical Development & Execution of Strategy**
- ❑ **Integrate All Strategy Actions**
- ❑ **Greater Opportunity for Involvement & Commitment – Everyone Thinks & Acts Strategically**
- ❑ **Continuous Learning**

Don't Underestimate The Changes Required

- Recognize the Complexity: “Make As Simple As Possible But No Simpler
- Understand This is a Discipline
- Incremental Steps, But Recognize Not Linear – Iterative & Interactive
- Slower Is Better
- Modify as Appropriate
- Be Prepared for Problems
- Be Clear About Roles, Structures, Processes, Systems, Tools, Plans & Sequence
- Continuously Monitor & Improve: Never Finished
- Protect the New
- Celebrate Successes

The Architecture of Strategy Maps



Strategic themes show up as measures in each of the four BSC perspectives (horizontal bars)

Measurement Focus For The Balanced Scorecard:

- Focus on Strategic
- Balanced:
 - **Short-term & Long-term**
 - **Drivers (Lead) & Outcomes (Lag)**
 - **Tangibles (Hard) & Intangibles (Soft)**
 - **Internal & External**
 - **Different Stakeholder Perspectives**
- Systemic Cause & Effect Linkages
- Whole Set Tells the Story

Strategic Initiatives:

- ☑ Leveraged Actions: relatively few actions that, in combination, will have a significant & sustainable impact on results (i.e. a portfolio of actions).
- ☑ Essentially, special projects with finite life spans that are intended to accomplish specific changes to advance the achievement of our strategic objectives.

Alignment: Key Points

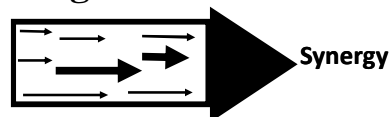
- All elements must work together to do the right things right.
- Alignment creates tremendous energy in organizations.
- Alignment is a management & process:
 - It must be deliberately designed (why, what, how, etc)
 - It must be integrated with other management processes
- Alignment is the most important message of the overall strategy management system.

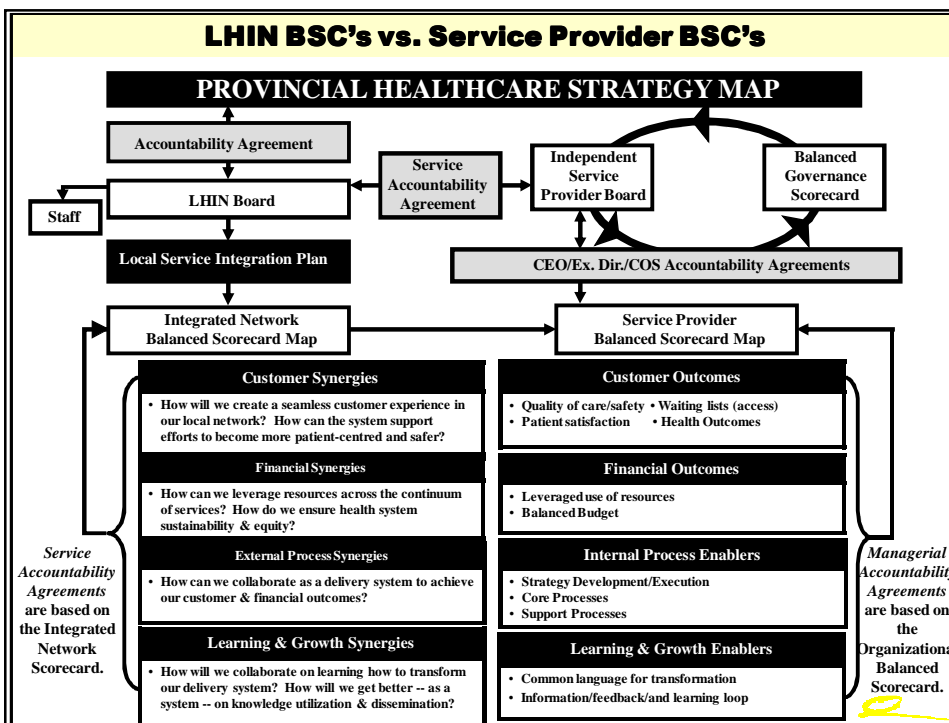
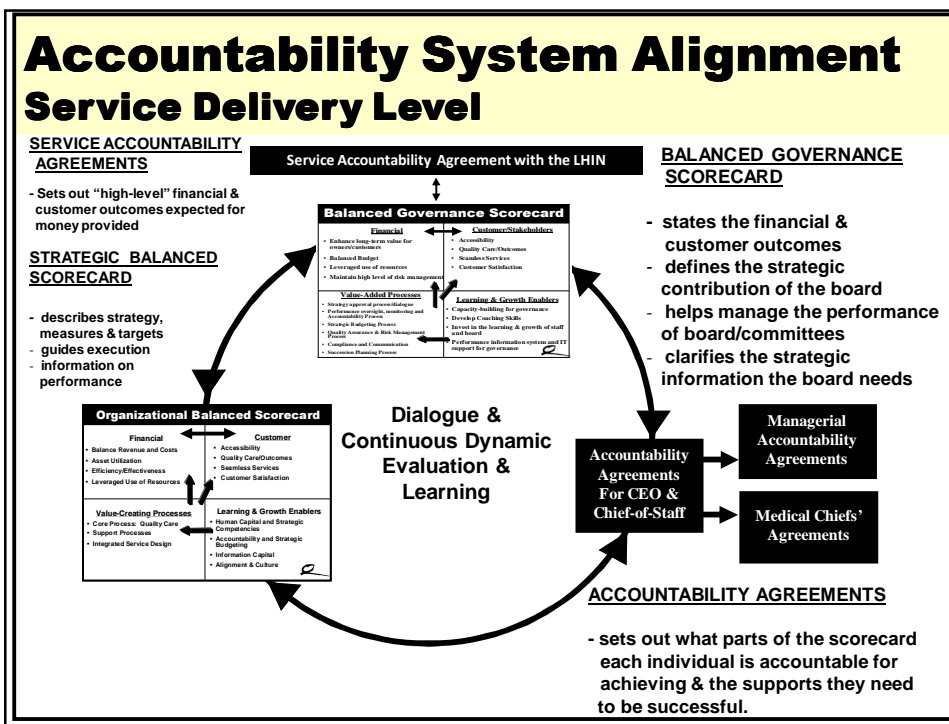
Alignment

Non-alignment...



Alignment...





LHIN Value Propositions:

- LHINs are essentially a “portfolio” of Health Service Providers (HSP’s) within a local community.
- Need to define the overall LHIN strategy & value propositions:
 - What is the overall rationale for integrating Service Providers within the same entity (i.e. the LHIN)?
 - How does the LHIN “add value” to the collective of individual health service providers?
 - What is the “theory” of the system?
- How do we align systems, structures, processes, people, resources to achieve system value?

How Has the Network Improved Health Care?

- The health status of the population.
- Access to & quality & safety of care.
- The patient experience & satisfaction.
- Cost effectiveness.
- Integration among providers.
- Utilization of services.
- The structure & systems & processes to support care objectives.
- The monitoring & continuous improvement efforts.
- Creating and sharing information & knowledge.
- Care giver, staff experience & satisfaction.

Exercise #4:

- What do you believe are the key value propositions of the LHINs?
- What opportunities are there for synergies among health service providers within LHINs (using BSC framework & logic)?
- What are the Health Service Provider contributions to these?

Notes on LHIN Value Proposition: