

Achieving Breakthrough Performance Improvements in the Public Sector

Patricia R. Bush

Vice President, Government Solutions

Balanced Scorecard Collaborative/Palladium

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Agenda

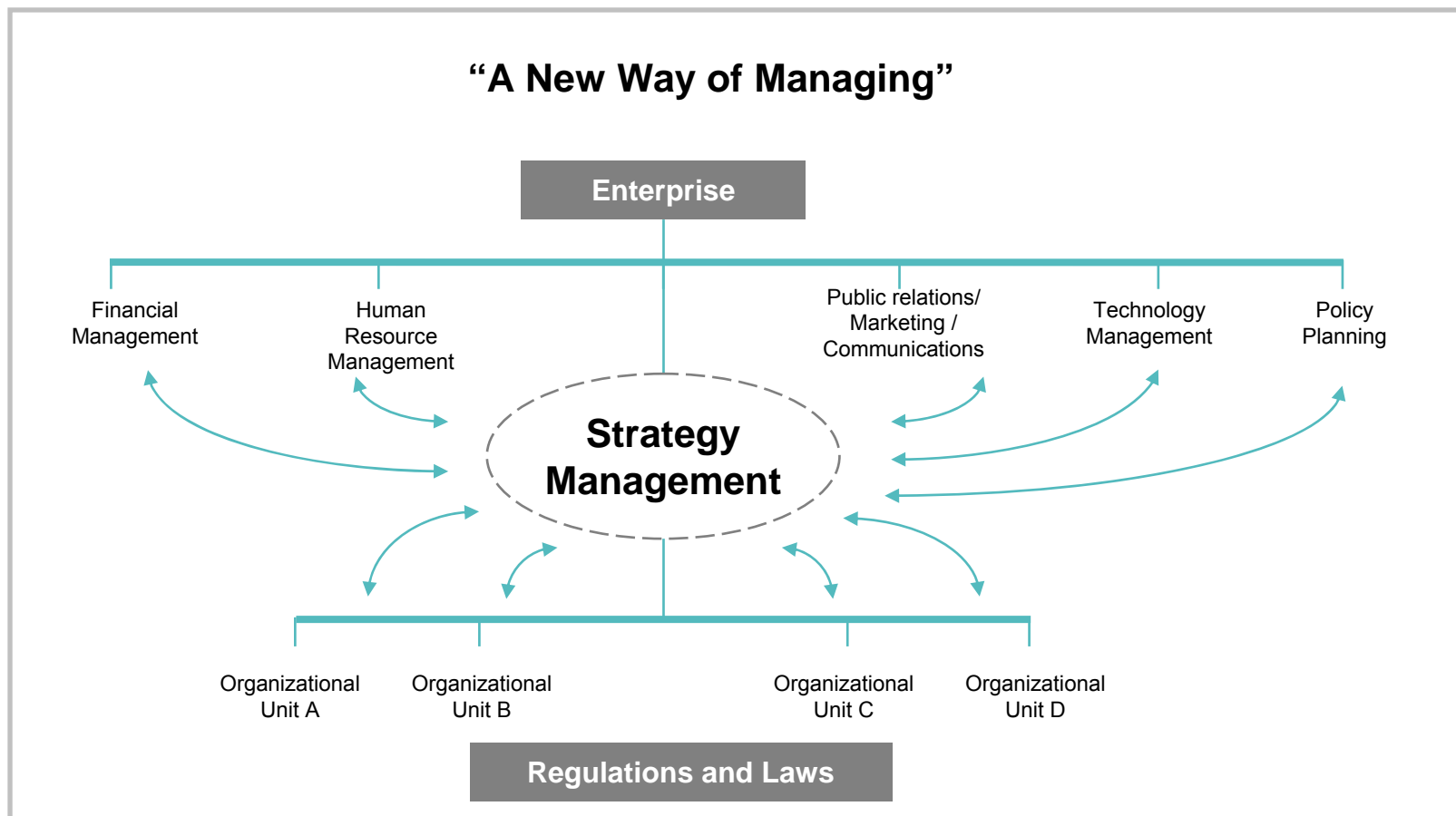
BSC as a Change Management Program

Understand actions required to Unfreeze your organization

Understand how to Effect Change in your organization

Understand how to Sustain the BSC program in your organization

Public sector organizations must make strategy management a core competency in order to achieve breakthrough performance improvements.



“Execution is a specific set of behaviors and techniques that companies need to master in order to have competitive advantage. It is a discipline of its own.”

*Larry Bossidy and Ram Charan
Execution: The Discipline of Getting Things Done*

Many public sector / government organizations have achieved breakthrough results using the Balanced Scorecard.



A successful Balanced Scorecard program starts with a recognition that it is not a "metrics" or a "systems" project, it's a "change" process.

Dr. Mike Beer from HBS has developed a formula for change as a way of understanding if key ingredients that foster change are in place.

$$\text{Change} = \mathbf{D} \times \mathbf{M} \times \mathbf{P} > \mathbf{C} \text{ost}$$

D = Dissatisfaction with the status quo = readiness and energy

M = Model or systemic vision of the future state

P = Process – Right people involved in diagnosis, design and review

C = Losses in:

Power,

Relationships,

Competence,

Freedom,

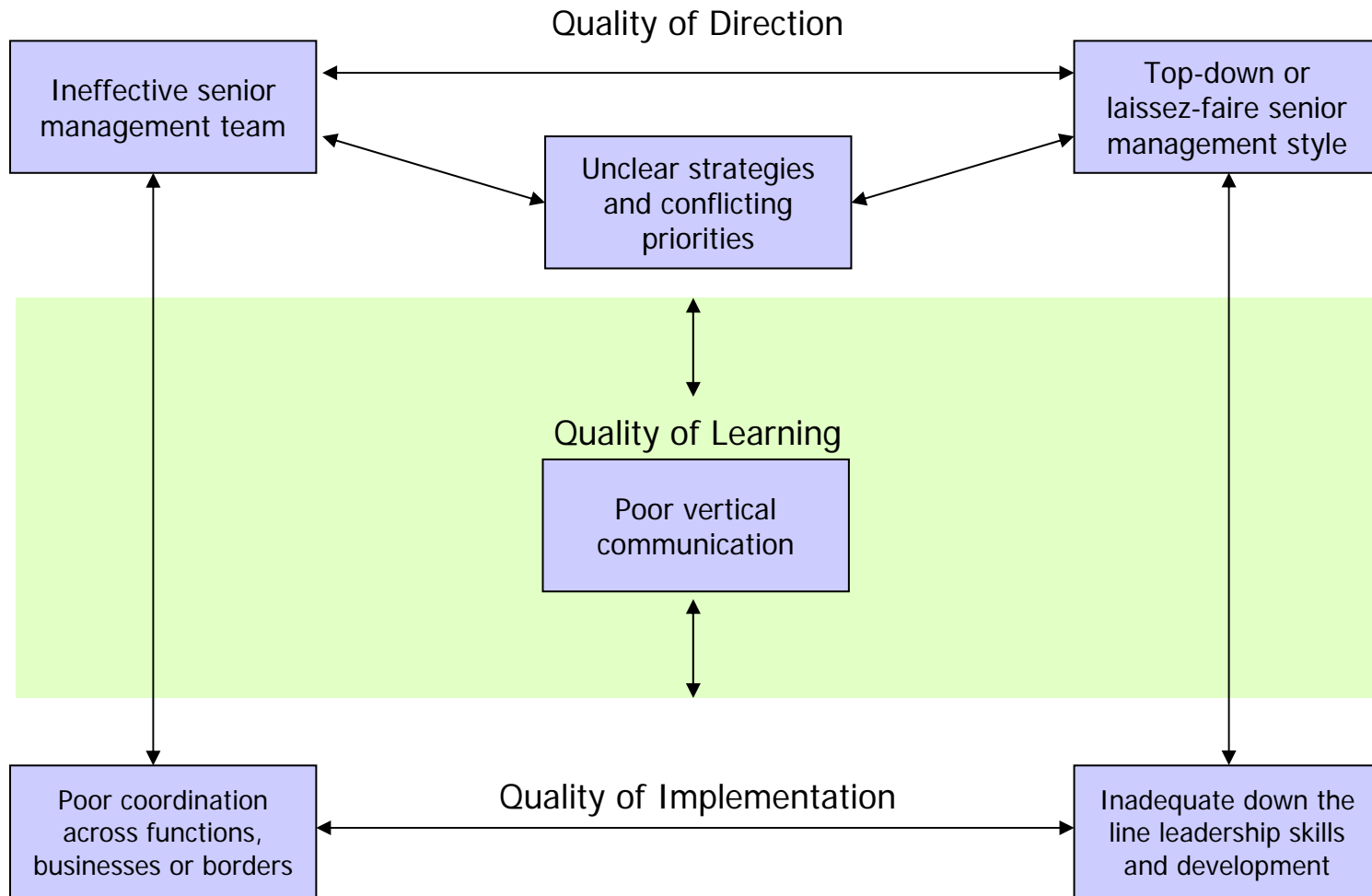
Rewards (status, money etc.)

Security

Identity

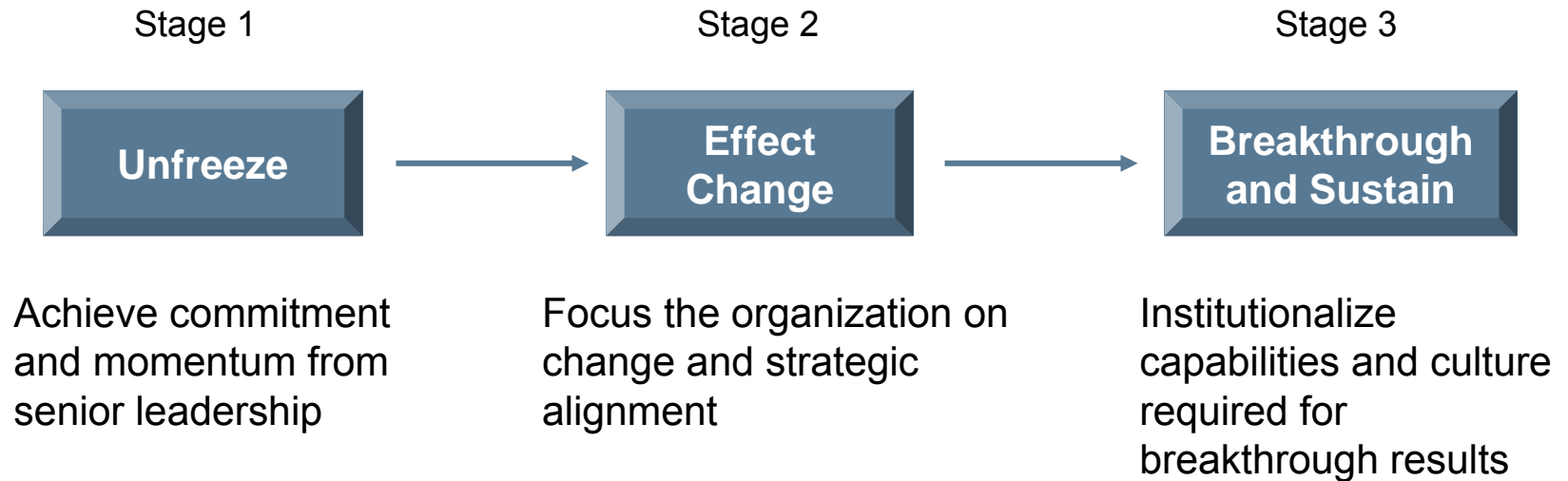
Adapted from M. Beer, Leading Change, 1991

Dr. Beer has published extensively on a change model based on the “six silent killers” of strategy implementation and learning.



Source: Beer, Eisenstat, "The Silent Killers of Strategy Implementation and Learning (Sloan Management Review, 2000)

To Succeed with BSC, your Organization Must Engage in the Strategic Change Process...



“The Case for Change”

“Early Wins”

“Irreversible Momentum”

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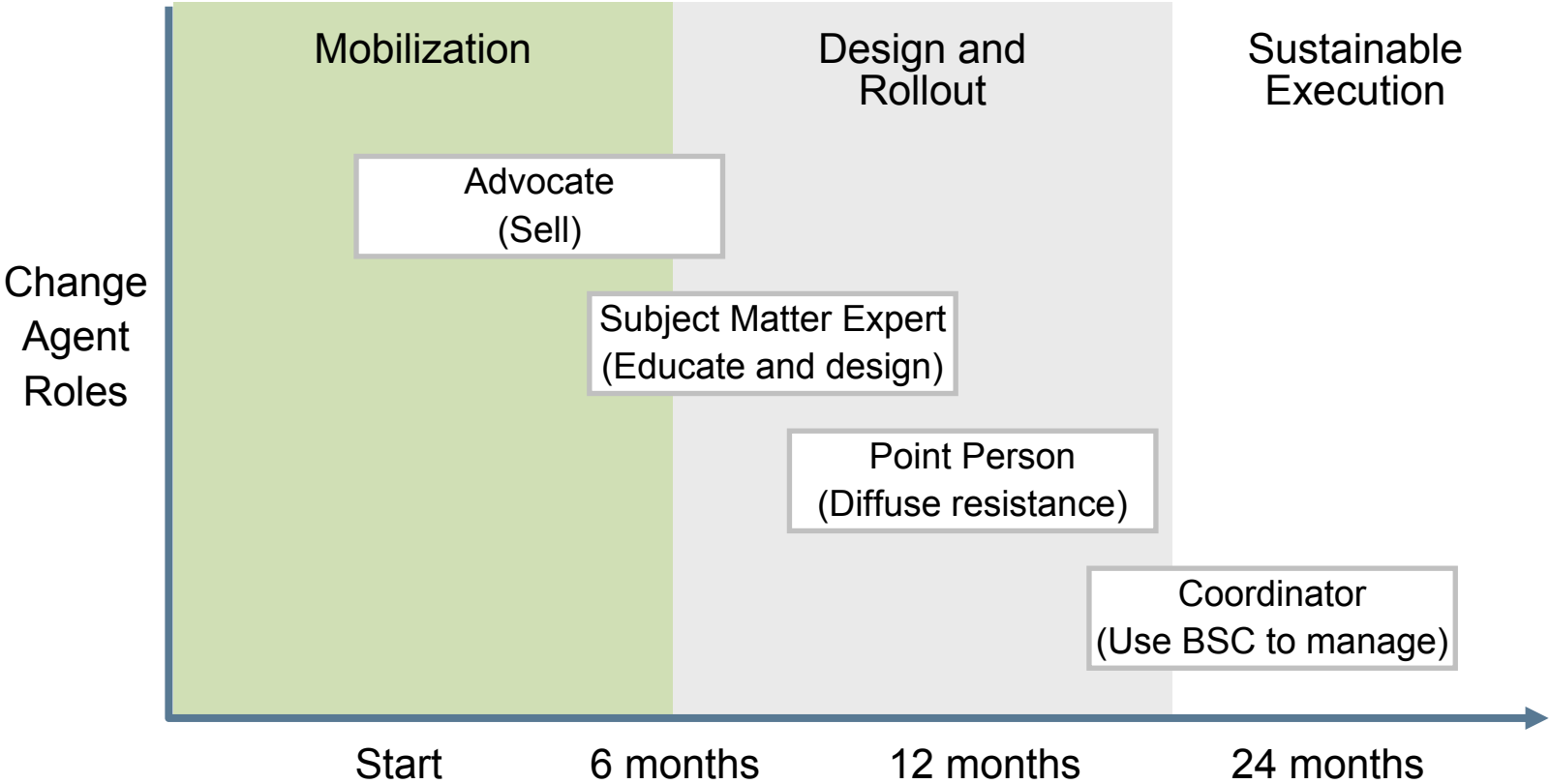
A Balanced Scorecard Program is not a “metrics” or a “systems” project, it is a “change” process.



In this context leaders must:

1. **Create the climate for change**
 - Unfreeze the organization
 - Show the need for change
2. **Create the leadership team**
 - Break down functional bias
 - Foster “advocates”
3. **Create the vision and strategy**
 - BSC as a “visioning process”
 - BSC to clarify the strategy
4. **Create team accountability**
 - Accountability for cross-functional strategic themes at executive team level
5. **Change the culture**

Identify and empower BSC change agents.



Create a Case for Change

Ask these questions to build a case for change:

- Where has your organization been?
 - The story of your organization and its mission
 - Validate the current mission statement
- Where are you today?
 - Current organizational assessment of Strengths, Weaknesses, Opportunities and Threats (SWOT analysis)
- Create a consistent, repeatable story about your organization
 - What is your organization's mission?
 - What are your greatest accomplishments you can recognize?
 - How do these accomplishments support the overall mission of your organization?
- Articulate the strategic shifts in the organization
 - Where do you want to be in 3-5 years?
 - What do you want to look like?



Consensus and Commitment: Consensus Building Pitfalls to Avoid

- “The Downhill Roll” – The leader delegates BSC design to lower-level individuals in the organization and does not play an active role
- “Smoky Backroom” – The leader of an organization creates the BSC without input from his/her leadership team
- “1000 Points of View” – Input into the strategy is not limited to the leadership team
- “Who’s Driving the Car?” – No clear decision making process is put in place to arrive at consensus
- “Pass the Buck” – The leader allows his/her subordinates to avoid taking accountability for the BSC development process

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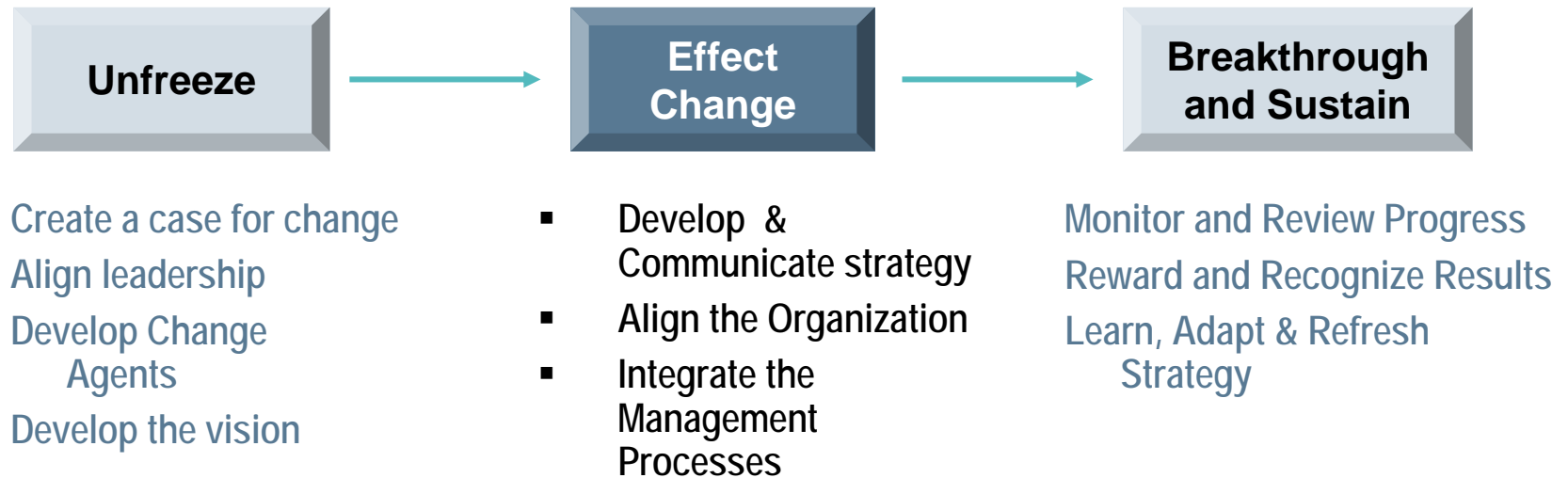
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Stage 2: Effect Change



Communicate the Strategy

The purpose of creating a communications plan is to provide targeted communication to personnel regarding the BSC.

Communications, in combination with other efforts, will:

- Deliver a consistent message;
- Minimize the unknown;
- Keep internal personnel informed and motivated;
- Help internal personnel understand and manage the changes taking place;
- Share knowledge; and
- Gain feedback.





A Central Group of Experts Drove the Process

Training

- Senior Leader awareness sessions
- Facilitated training: BSC design
- Advanced facilitated training: BSC Use
- Sustainment facilitated training
- Online training

SRS Operations Center (HQDA)



- Experts in developing Strategy Maps and Balanced Scorecards
- Program managers for cascading and communicating
- Change management facilitators
- Center for Best Practice Capture and Sharing

Technology

- Online reporting environment
- Software training
- Data Linkages

Cascade Support

- Design Center Quality Review check points
- Manage Cascade

Shared Expertise

- Created Replica of HQDA Operations Center Responsible for supporting Cascade to Level 2, 3, and 4

Education

- Net Topics
- SRS Conference
- Best Practice Award

Communication

- L1 SRS Ops Center
 - Weekly email
 - Monthly Conference Call
- SRS Newsletter

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To succeed with BSC, your organization must engage in the strategic change process...

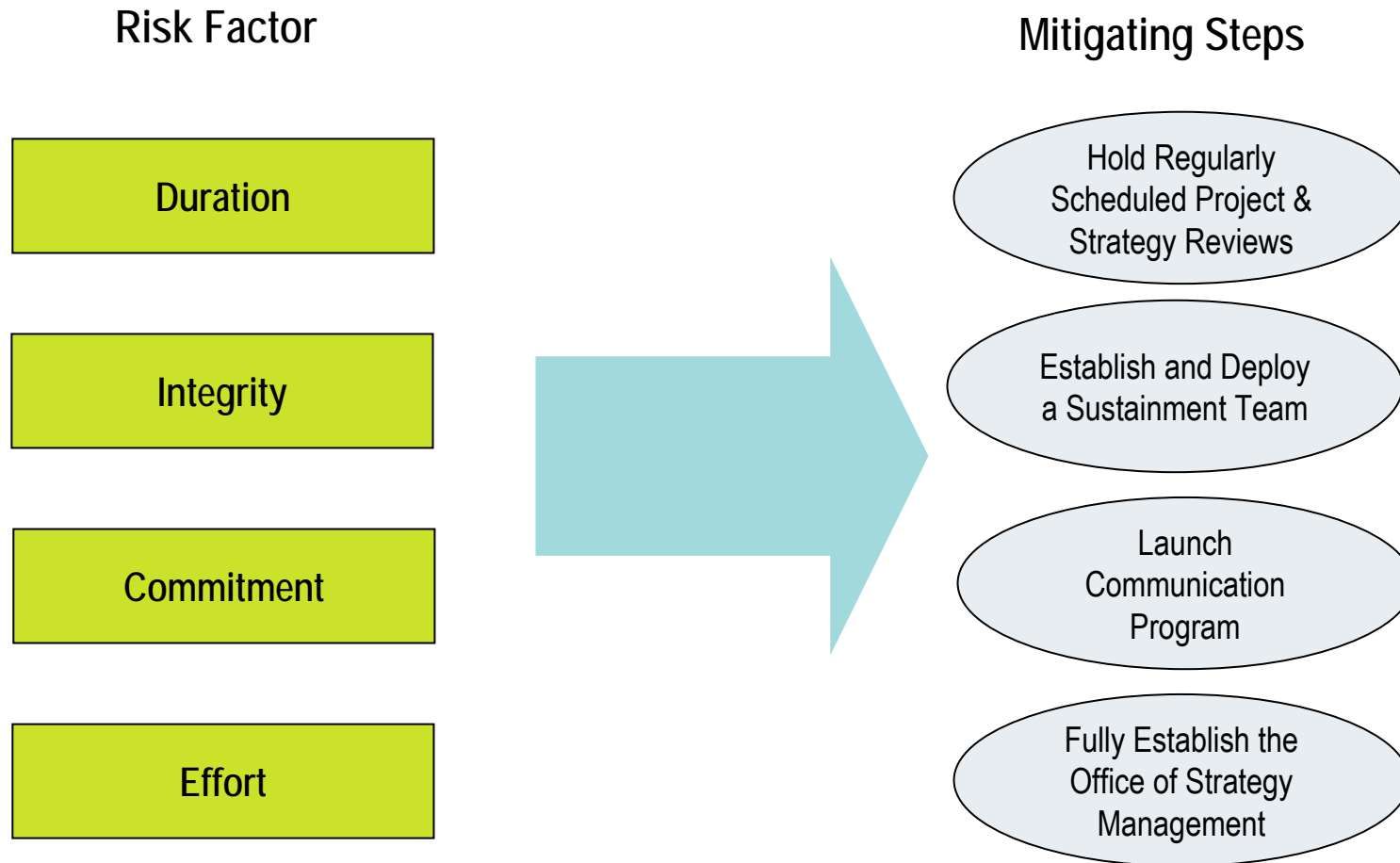


Four change risk factors that are critical to transformation.

- **D**uration
- **I**ntegrity
- **C**ommitment
- **E**ffort



You can mitigate these change management risk factors by organizing a sustainment plan that addresses each one individually.



Step 1: Hold Regularly Scheduled Project and Strategy Reviews

Monthly project reviews should be held to:

- Review the project plan to ensure the BSC roll out is on schedule
- Address any obstacles preventing the accomplishment of key milestones
- Keep management's finger on the pulse of the strategy meeting action items
- Continue to emphasize through visible involvement the importance of the initiative

The format should be simple and consistent

Weekly Project Review Agenda

Date:

Attendees:

Project plan review:

Activities accomplished last week:

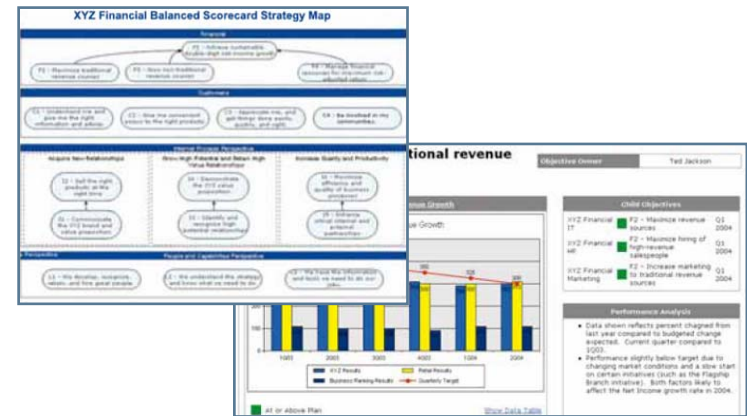
Activities scheduled for this week:

Key Issues to be addressed:

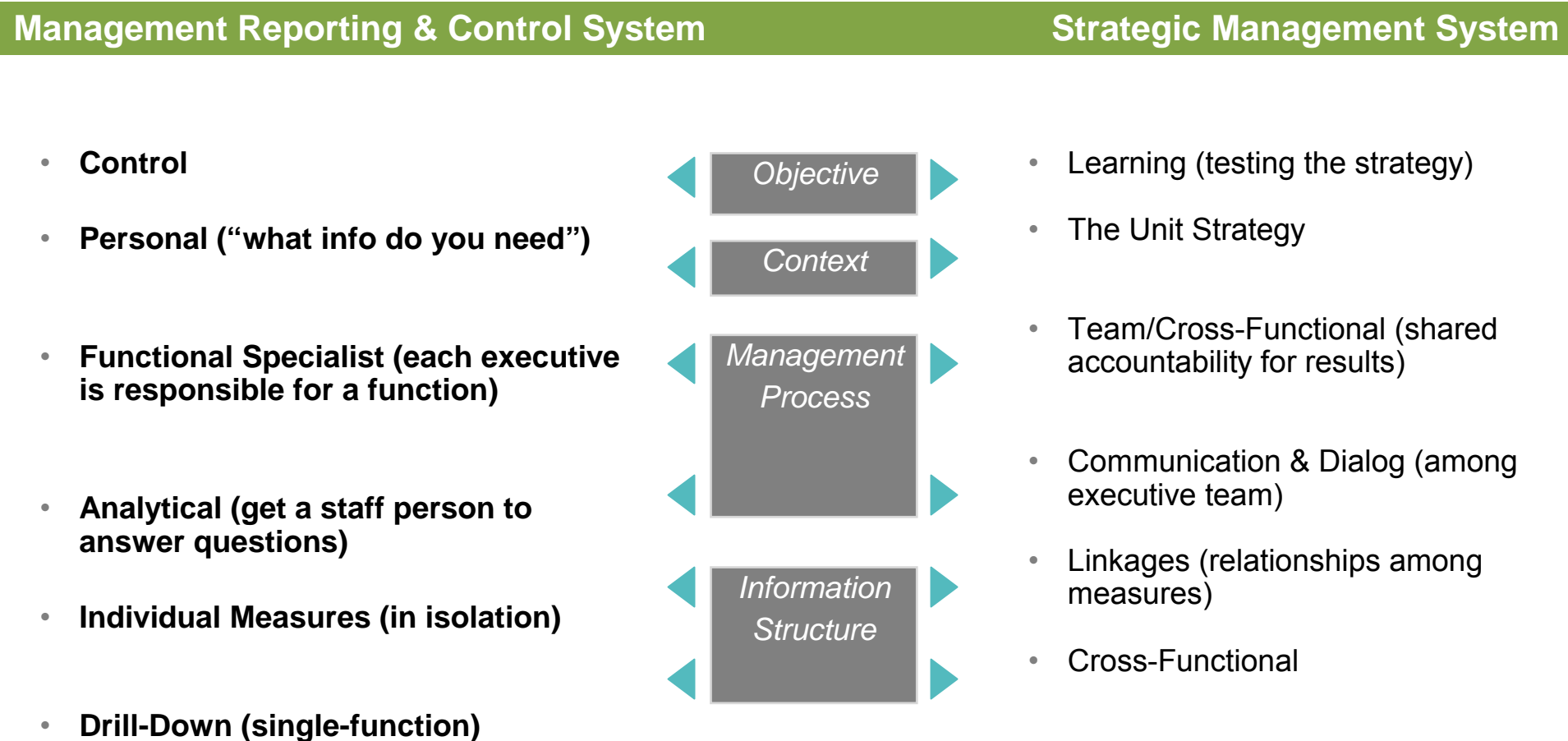
Quarterly strategy reviews should be held to:

- Discuss progress in achieving the Organization strategy
- Review overall initiative progress
- Improve coordination and communication
- Look for ways to streamline organizational activities
- Continue to emphasize through visible involvement the importance of the initiative

The format should be consistent with BSCol's First Report tool



Step 1: A strategic reporting system is philosophically different from traditional management reporting systems.



Step 2: Establish and deploy a sustainment team.

A deployment team should be established to aid in managing the strategy. Frequently, your core team be re-purposed in some fashion for this mission.

Rationale:

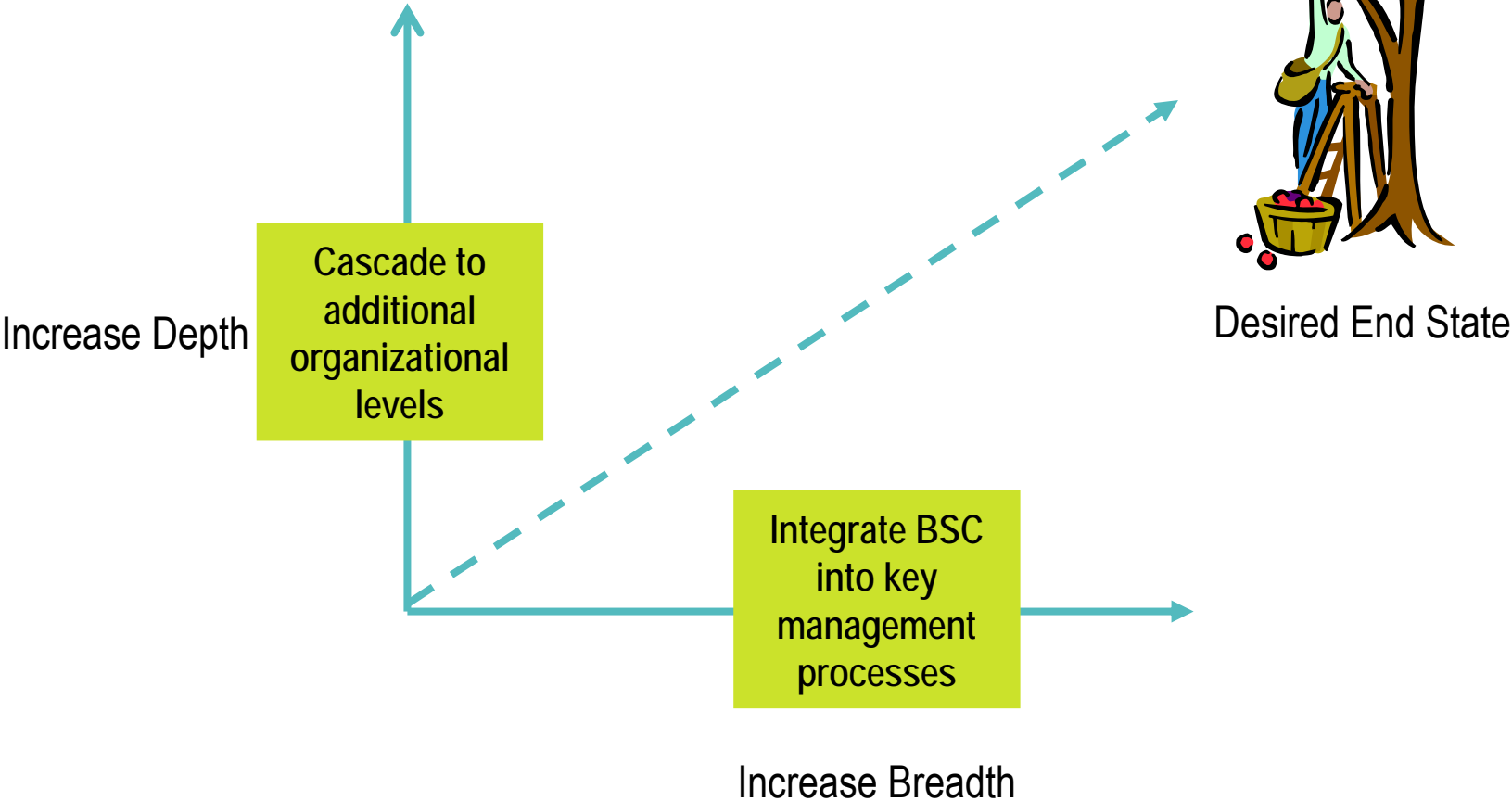
- Deep organizational knowledge
- Highly skilled in BSC development
- Respected within the organization
- Vested interest in the success of the project

Roles & Responsibilities:

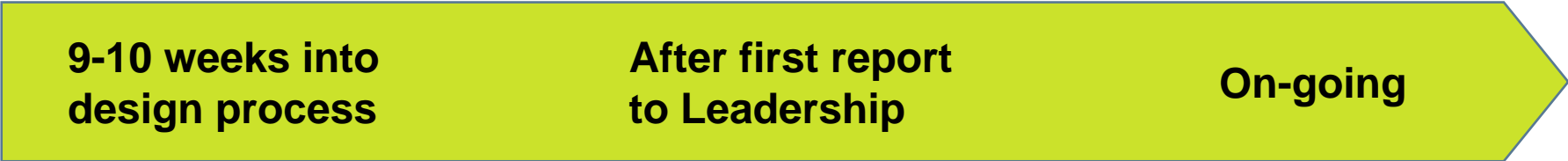
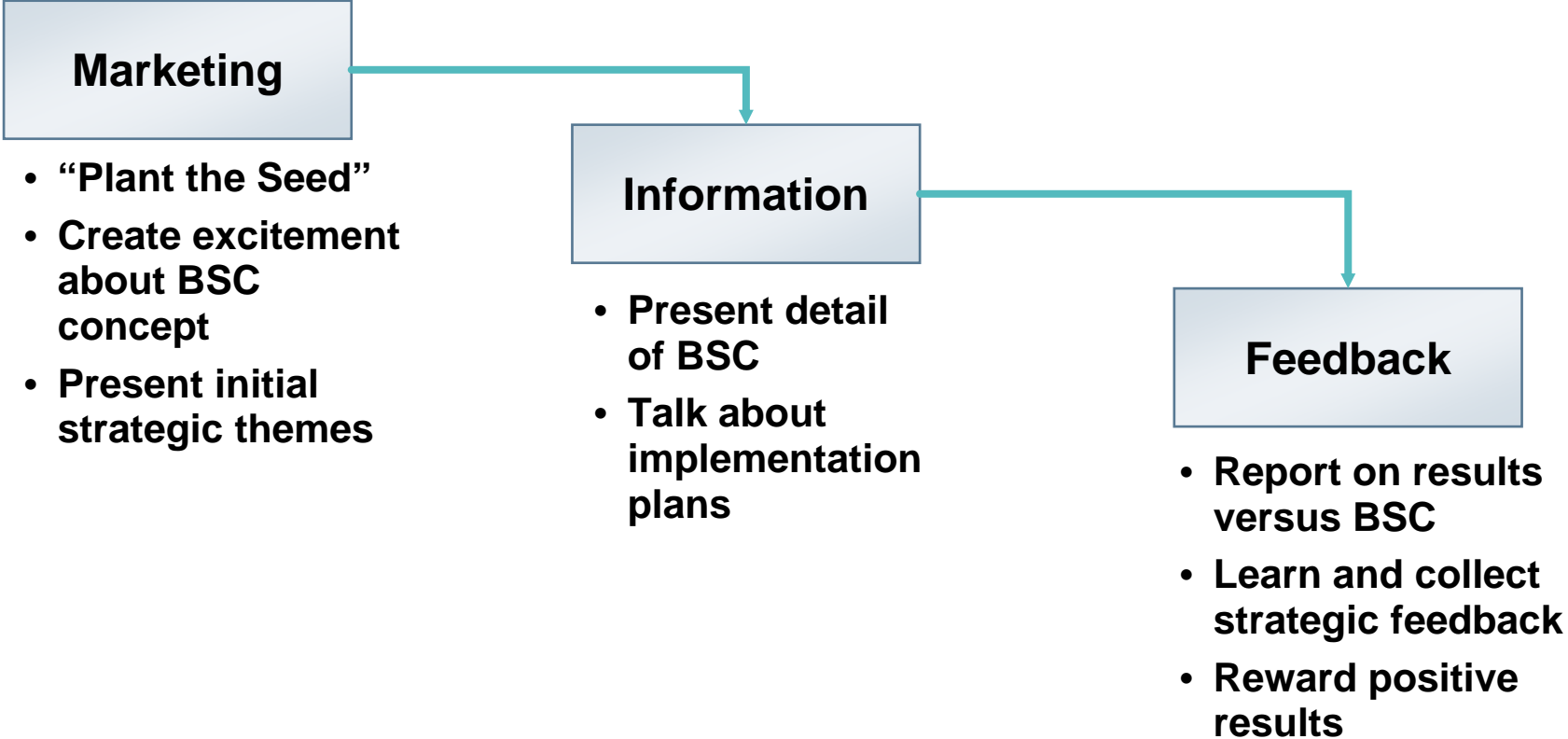
- Institutionalize the BSC
- Ongoing training and education
- Liaison between operations and functions
- Selected project management responsibilities
 - Communications execution
 - Meeting management
- Provide expert advice



Step 2: Align and integrate into your organizations processes.



Step 3: Launch your communication plan with these three components.



Step 3: Basic communication principles provide the 'key success factors' that underlie the entire communications effort

- Communications needs to start at the top—'C' level leaders need to drive the effort
- There is no such thing as over communicating during an organization-wide change effort
- People receive and interpret messages in very different ways, thus, multiple media must be used to ensure messages are received
- Employees won't fully comprehend a message based upon only a few discrete communications—frequency is a critical factor in successful communication programs
- Feedback is a critical component of effective communication: it's not what is 'said' that counts, it's what people 'hear'
- Answer the 'What's in it for me?' and 'Why is this important?' questions for each group of employees

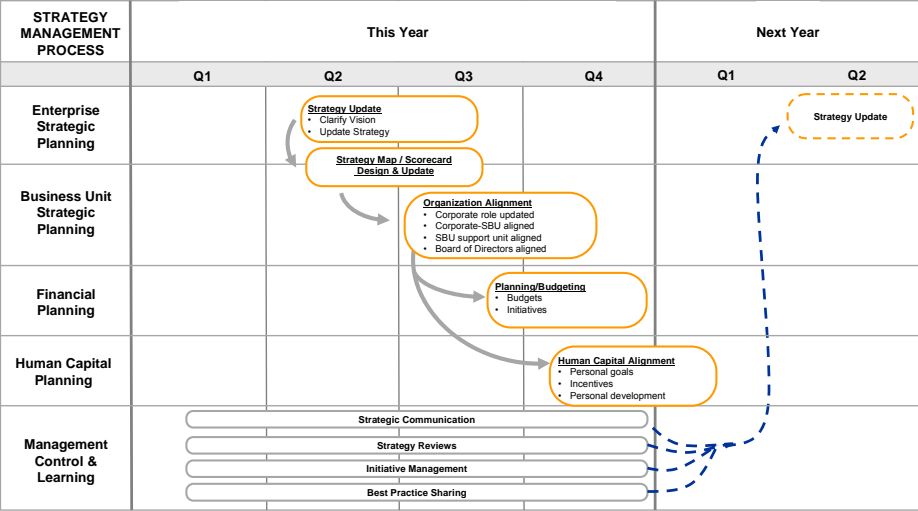
Is the juice worth the squeeze?



Step 4: Fully Establish the Office of Strategy Management

MAKE STRATEGY MANAGEMENT A CORE COMPETENCY!

#1. Build Your Strategy Management Process



#2. Build Your Office Of Strategy Management

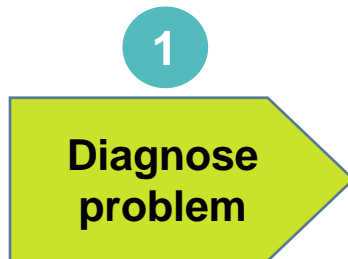
	STRATEGY MANAGEMENT PROCESS	OSM Role
Core Roles	1 Scorecard Management – Design and report on the BSC measures	
	2 Organization Alignment – Ensure all business and support units are aligned with the strategy	
	3 Strategy Reviews – Shape the agenda for management strategy review and learning meetings	
Desirable Roles	4 Strategy Development – Help the CEO and executive team formulate and adapt the strategy	
	5 Strategy Communication – Communicate and educate employees about the strategy	
	6 Initiative Management – Identify and oversee management of strategic initiatives	
Integrative Roles	7 Planning/Budgeting – Link financial, human resources, information technology, and marketing to strategy	CFO, HRO, CIO, CMO
	8 Human Capital Alignment – Ensure all employee's goals, incentives and development plans link to strategy	HRO
	9 Best Practice Sharing – Facilitate a process to identify and share best practices	CKO

Step 4: Key obstacles about the successful BSC adoption & sustainment.

- CEO leadership in the public sector is more frequently changed than one of the private sector.
- Unlike the private sector, the public sector should comply with the laws and rules. For that reason, it is quite hard to make the consensus about the agreed vision and strategies.
- It is quite hard to measure the performance
 - some times it takes a time to get the performance after the policy execution
 - the performance comes from the combination of the policy execution and the other external factors
- The frequencies of the measures in the public sector are relatively longer than the ones in the private sector- as usual, quarterly. Semi-annually and yearly. For that reason, the frequent strategy review does not happen.
- Even though the effort for the development of the objective measures, the subjective measures need to be developed for the right performance measurement.

Use a basic diagnostic model to forecast or diagnose the issues that may impede your BSC program.

The objective is to improve our ability to diagnose and resolve change management challenges before they occur



- Where is the issue?
- How is it presenting itself?
- Who is involved?
- What are their underlying motivations?
- What is the root cause?
- What are the implications of taking no action?
- What silent killer is implicated?



- Who needs to be involved?
- Who should lead the effort?
- What is the timing?
- What needs to be done?

Use the BSC and the principles of the Strategy-Focused Organization to achieve SUSTAINABLE performance improvements in your organization.

II. TRANSLATE STRATEGY TO OPERATIONAL TERMS

- 2.1 Strategy translated in strategy map
- 2.2 Strategy described in Balanced Scorecard
- 2.3 Targets identified for all measures
- 2.4 Strategic initiatives rationalized
- 2.5 Executives accountable for initiatives

I. MOBILIZE CHANGE THROUGH EXECUTIVE LEADERSHIP

- 1.1 Leaders drive strategy execution
- 1.2 Executives make case for change
- 1.3 Well articulated strategy exists
- 1.4 Leaders reinforce strategic priorities
- 1.5 Office of Strategy Management established

- 3.1 Corporate contribution to strategy defined
- 3.2 Enterprise scorecard guides business units
- 3.3 Enterprise scorecard guides support units
- 3.4 Scorecards align suppliers and/or customers
- 3.5 Scorecard reports to board and/or shareholders

IV. MOTIVATE TO MAKE STRATEGY EVERYONE'S JOB

- 4.1 Strategic awareness created
- 4.2 Personal goals aligned
- 4.3 Personal incentives aligned
- 4.4 Competency development aligned

V. GOVERN TO MAKE STRATEGY A CONTINUAL PROCESS

A. PLANNING PROCESS

- 5.1 Budget is driven by strategy
- 5.2 Planning for HR/IT linked to strategy

B. OPERATIONS MANAGEMENT

- 5.3 Portfolio of strategic initiatives aligned to themes
- 5.4 Process improvement aligned to strategy
- 5.5 Best practice sharing in place

C. LEARNING & CONTROL

- 5.6 Strategic performance information guides decision making
- 5.7 Strategy reviewed on regular basis

