

BALANCED SCORECARD EXAMPLE

The following is an example of how one might develop a Balanced Scorecard. The information included is fictional and is provided to simply demonstrate the process.

Anytown Hospital has just finished a two-day retreat where they revised and updated their mission and vision statements and drafted a strategic plan. The hospital's vision statement is:

The vision of Anytown Hospital is to be the community's provider of choice.

The hospital's mission statement is:

Anytown Hospital is committed to providing the highest quality of health care through service excellence and compassionate care

During their retreat, the hospital board and leadership identified the following strategies to pursue the upcoming year.

- Operate in the black with 5% margin by increasing revenues
- Motivate, recognize and retain staff
- Provide high quality services
- Increase utilization of services

The Anytown Hospital administrator enlisted the help of the department managers to implement a performance improvement process and Balanced Scorecard. First, they took these strategies and placed them into their appropriate perspectives as follows:

Learning and Growth Perspective (Staff & Clinicians)

- Motivate, recognize and retain staff

Internal Process Perspective (Quality & Safety)

- Provide high quality services

Customer Perspective (Patients & Community)

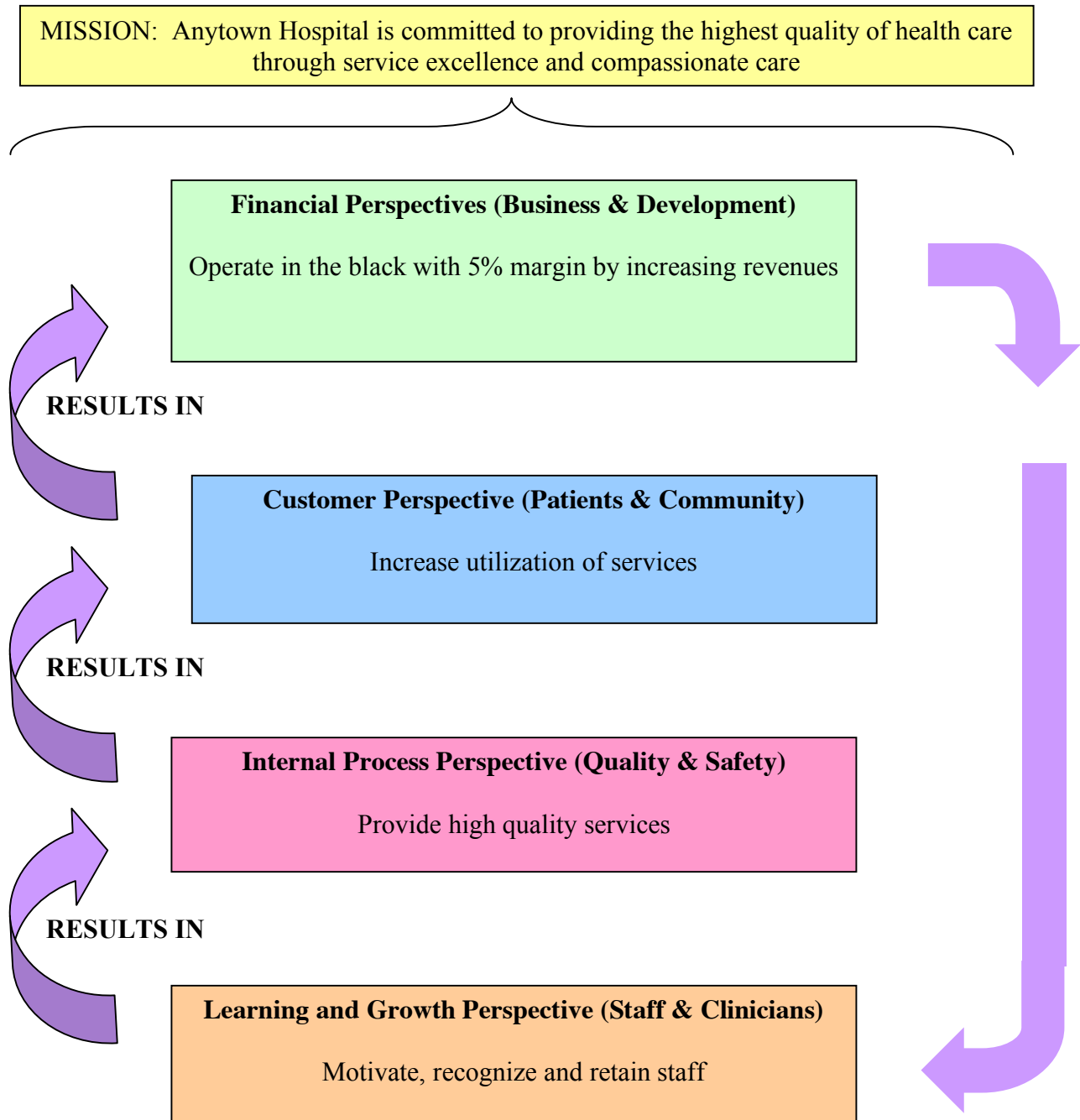
- Increase utilization of services

Financial Perspectives (Business & Development)

- Operate in the black with 5% margin by increasing revenues

NOTE: Once strategies are categorized according to the four perspectives, if there are imbalances, determine if they are significant and either add or remove strategies accordingly.

The next step is to determine the causal linkages between the strategies and develop a strategy map to visually portray how your strategies support your mission and vision. One of the primary reasons for developing a strategy map is that it should clearly communicate the connection between strategies and mission and is an excellent communication tool. The following is Anytown Hospital's strategy map.



Once you have your strategy map, you can start identifying what actions you will take to achieve strategies and how you will measure the progress in accomplishing each strategy. The following are a few examples of actions you might implement under each strategy and two measures that could be used to track accomplishment of each strategy. For purposes of this example, both a lag (historical performance) and a lead (predictor of future performance) indicator are used.

Learning and Growth Perspective (Staff & Clinicians):
Motivate, recognize and retain staff

ACTIONS:

Develop performance based compensation
Develop peer recognition program
Review/update salary/benefits to ensure competitiveness

MEASURES:

Employee satisfaction (lag indicator)
Turnover rate (lead indicator)

Internal Process Perspective (Quality & Safety):
Provide high quality services

ACTIONS:

Review ER patient flow process and streamline
Review ER staffing to ensure adequacy
Implement automated pharmaceutical dispensing

MEASURES:

% ER patient triaged within 15 minutes of arrival (lead indicator)
Medication errors per dose (lag indicator)

Customer Perspective (Patients & Community):
Increase utilization of services

ACTIONS:

Implement customer service
Implement marketing plan

MEASURES:

Patient satisfaction in 95%-tile (lag indicator)
Average daily census (lead indicator)

**Financial Perspectives (Business & Development):
Operate in the black with 5% margin by increasing revenues**

ACTIONS:

Review billing and collections processes for accuracy and timeliness
Develop incentive program for AR staff

MEASURES:

Net revenue increase over prior year (lag indicator)
Decrease net days in accounts receivable (lead indicator)

Once the measures are identified, you'll need to determine whether the data is currently available or will need to be collected. For example, you may already have data on employee terminations that could be used to calculate turnover rate on a monthly basis by department. You may have to purchase or design employee or patient satisfaction surveys to solicit their input. Employee surveys can be completed quarterly or annually and patient satisfaction surveys could be ongoing.

After data sources have been identified, the team (administrator/department managers) should assign responsibility for the collection of this data. Individuals within the business office would probably collect the net revenue and AR data; someone who manages human resources or salary/payroll functions might be responsible for collecting data on turnover rates or employee satisfaction; the individual responsible for quality assurance or improvement might be responsible for collecting data on ER triage time or medication errors; etc. (see example to right)

EXAMPLE

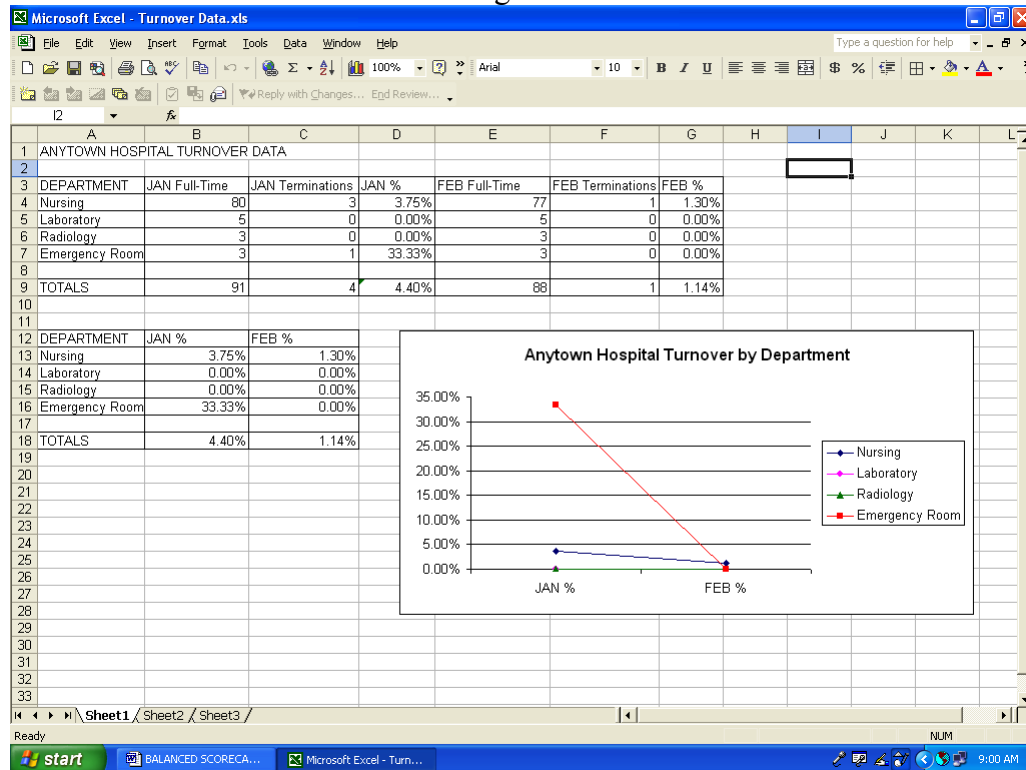
The human resource manager could set up a simple excel spreadsheet that contains total employees by department by month and terminations (both voluntary and involuntary) within each department. A ratio of # of terminations divided by total employees per department could be calculated easily and tracked each month. That data could be aggregated for the entire facility as well.

If, for example, you have a large number of voluntary terminations (people are quitting), you could determine in which department these tend to occur and implement exit interviews to determine cause. If the terminations are involuntary (people are fired), you might want to review the reasons for termination and/or the hiring practices to make sure the best candidates are being hired.

Assignments should be made to an individual to collect data, and the team should establish timelines for collection, deadlines for reporting, targets (what you hope to achieve) and report formats. Using the example above, at the end of each month, the HR manager gets the employee data from whoever processes payroll and enters it into the spreadsheet. He/she then generates a chart showing the trends. Refer to Figure 1. The deadline for completion of this task is established at the 5th of each month, the target is established at "0%" or no turnover, and

the HR manager is responsible for submitting the data to the team in the agreed upon format.

Figure 1



Each responsible individual is given the task of collecting the data, analyzing the data, and reporting the data back to the team. The team can then discuss options, modify actions or activities intended to achieve strategies, or just keep tabs on progress.

A Balanced Scorecard could be put together by simply including each report generated by the team members or designated individuals. On the following page is a simplified report of four measures – employee turnover, percentage of patients seen in ER within 15 minutes, patient satisfaction, and average days in accounts receivables. For each chart, the target is included. This example of a Balanced Scorecard is oversimplified but it doesn't need to be anymore complicated than a few charts with relevant data. This information can be collected, stored, analyzed, and reports generated in Microsoft Office products or other similar software products.

ANYTOWN HOSPITAL BALANCED SCORECARD

