Balanced Scorecard

10 Steps To Constructing an Organizational Scorecard
10 Steps to Constructing a Scorecard

1) Define Your Quality Framework
2) Survey the Marketplace (SWOT Analysis)
3) Strategic Planning Retreat (Brainstorming)
4) Identify 3 Key Strategic Objectives (KSO’s)
5) Identify Outcome Measures
6) Add Operational Measures
7) Develop Data Collection Plans
8) Construct Scorecard/Dashboard
9) Communicate to the Team – Promote the Plan
10) Put the Plan into Action
1) Define Quality Framework

- Informed, Activated Patient
- Productive Interactions
- Prepared, Proactive Practice Team
- Improved Outcomes

Planned Care Model

Community Resources and Policies
Self-Management Support
Informed, Activated Patient

Health System Health Care Organization
Deliver System Design
Prepared, Proactive Practice Team

System Level

Clinical Information Systems

Board Of Commissioners

PLAN
STUDY
Board Of Commissioners

System Level
Planned Care Model

Community
- Resources and Policies
- Self-Management Support

Health System
- Health Care Organization
- Decision Support
- Clinical Information Systems
- Delivery System Design

Improved Outcomes

Informed, Activated Patient
- Productive Interactions

Prepared, Proactive Practice Team

Baldige Health Care Criteria for Performance Excellence Framework: A Systems Perspective

1. Leadership
2. Strategic Planning
3. Focus on Patients, Other Consumers, and Markets
4. Process Management
5. Staff Focus
6. Organizational Performance
7. Measurement, Analysis, and Knowledge Management

Decision Support
Baldrige Framework

Baldrige Health Care Criteria for Performance Excellence Framework: A Systems Perspective

1. Leadership
2. Strategic Planning
3. Focus on Patients, Other Customers, and Marketers
4. Measurement, Analysis, and Knowledge Management
5. Staff Focus
6. Process Management
7. Organizational Performance Results

Organizational Profile: Environment, Relationships, and Challenges
2) Survey the Marketplace

- Community Forum
- Competitive Market Analysis
- Patient Satisfaction Survey
- Legislative & Regulatory Environment
- Staff Opinion Survey
- CAH Program Assessment – Baldrige Assessment
- Financial Analysis
- Budget
3) Strategic Planning Retreat

- Review Purpose, Vision, Mission & Values
- Review Current Strategy Map
- Discuss Key Market Factors
  - **Customer** & Healthcare market needs/expectations/opportunities
  - **Competitive** environment and collaborative environment to conserve community resources and our capabilities relative to competitors
  - **Technological** and other key changes that might affect our healthcare services and/or how we operate
  - **Staff** strengths & weaknesses including staff and other resources
  - **Supplier/Partner** strengths & weaknesses, including those of any healthcare alliances
  - **Financial, Societal, Regulatory**, and other potential risks
- Brainstorming
  - What would success look like?
  - Plot ideas and Score Choices
  - Scope & Impact of idea
  - Priority
- Determine the Key Strategic Objectives (KSO)
  - No more than 3
  - Take these broad objectives back to the Management Team
  - Management Team will select Outcome Measures for recommendation to the Board
4) Identify 3 KSO’s

- Look at your strategy map
- What must happen?
- At the end of the day… “What is the one thing, that if not accomplished, will render all other objectives meaningless?”
- Pick 3 Broad Objectives
5) Identify Outcome Measures

<table>
<thead>
<tr>
<th>Customer</th>
<th>Product/Outcome</th>
<th>Expectations</th>
<th>Measures</th>
</tr>
</thead>
<tbody>
<tr>
<td>Resident</td>
<td>Care</td>
<td>Involved/Choices</td>
<td>Assessment Score</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Self Determined</td>
<td>% Involved</td>
</tr>
<tr>
<td></td>
<td>Food</td>
<td>Good Taste</td>
<td>% Consumption</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Presentation</td>
<td>% Weight Loss/Gain</td>
</tr>
<tr>
<td></td>
<td>Housing</td>
<td>Clean</td>
<td># Reporting Satisfied</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Good Repair</td>
<td>Ave. Time to Resolve</td>
</tr>
<tr>
<td></td>
<td>Activities</td>
<td>Engaged</td>
<td>% Time Engaged</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Choices</td>
<td># Attendance at Events</td>
</tr>
</tbody>
</table>

What is the single most important measure that indicates success?

Measurement Tool Adapted from: Shaw Resources 1841 NW Remarkable Drive, Bend, OR 97701 Phone: 541.312.8111 email: info@ShawResources.com
5) Identify Outcome Measures

### Key Strategic Objective (KSO1): Deinstitutionalize and Create Home

Substantially complete the implementation of Creating Home & Building Community, Approach to Care and Environment of Care, within the bounds of our existing physical structure and its limitations.

<table>
<thead>
<tr>
<th>Customer</th>
<th>Product/Outcome</th>
<th>Expectations</th>
<th>Measures</th>
</tr>
</thead>
<tbody>
<tr>
<td>Resident</td>
<td>Care</td>
<td>1. I am involved in making choices about my care.</td>
<td>Psychosocial assessment scores per individual and aggregate.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2. I am able to determine my own daily schedule</td>
<td>• Physical</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Social</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Emotional</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Psychological</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Spiritual</td>
</tr>
</tbody>
</table>
## 5) Identify KSO Measures

### Scorecard

<table>
<thead>
<tr>
<th>Financial</th>
<th>Organizational</th>
<th>Healthcare</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Growth in Utilization*</td>
<td>Health Index*</td>
</tr>
<tr>
<td></td>
<td>1. Clinic</td>
<td>1. Clinic</td>
</tr>
<tr>
<td></td>
<td>3. Op EKG</td>
<td>3. ER</td>
</tr>
<tr>
<td></td>
<td>5. LTC Census</td>
<td>5. PT</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Staff</th>
<th>Patient/Customer</th>
<th>Governance</th>
</tr>
</thead>
<tbody>
<tr>
<td>80% Team Members Affirm*</td>
<td>Psychosocial assessment* scores per individual and aggregate. Move score from the baseline to substantial level of improvement (This measure is being developed)</td>
<td>*Indicates KSO</td>
</tr>
<tr>
<td>1. I know what is expected of me at work.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. I have what I need to do my job. (Knowledge, resources, equipment, decision authority...)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. I feel supported by the team.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### 5) Add Operational Measures

<table>
<thead>
<tr>
<th>Scorecard</th>
<th>Financial</th>
<th>Organizational</th>
<th>Healthcare</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Financial</strong></td>
<td>5% Operating Margin</td>
<td>Growth in Utilization*</td>
<td>Health Index*</td>
</tr>
<tr>
<td></td>
<td>&lt; 48 A/R Days</td>
<td>1. Clinic</td>
<td>1. Clinic</td>
</tr>
<tr>
<td></td>
<td>FTE Budget to Actual</td>
<td>2. Op Lab/x-ray</td>
<td>2. Acute</td>
</tr>
<tr>
<td></td>
<td></td>
<td>3. Op EKG</td>
<td>3. ER</td>
</tr>
<tr>
<td></td>
<td></td>
<td>5. LTC Census</td>
<td>5. PT</td>
</tr>
<tr>
<td><strong>Organizational</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Healthcare</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Staff</strong></td>
<td>80% Team Members Affirm*</td>
<td>Psychosocial assessment*</td>
<td>70% Support for Levy</td>
</tr>
<tr>
<td></td>
<td>1. I know what is expected of</td>
<td>scores per individual and</td>
<td>&lt; 30 Days Compliance</td>
</tr>
<tr>
<td></td>
<td>me at work.</td>
<td>aggregate. Move score from</td>
<td>Resolution within due date</td>
</tr>
<tr>
<td></td>
<td>2. I have what I need to do my</td>
<td>the baseline to substantial</td>
<td></td>
</tr>
<tr>
<td></td>
<td>job. (Knowledge, resources,</td>
<td>level of improvement</td>
<td></td>
</tr>
<tr>
<td></td>
<td>equipment, decision authority...</td>
<td>(This measure is being</td>
<td></td>
</tr>
<tr>
<td></td>
<td>3. I feel supported by the</td>
<td>developed)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>team.</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td># Frequency of Injuries</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>% Turnover</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>% Timely Performance Appraisal</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Patient/Customer</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Governance</strong></td>
<td>70% Support for Levy</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>&lt; 30 Days Compliance Resolution within due date</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Indicates KSO
### 7) Data Collection Plans

<table>
<thead>
<tr>
<th>Definition:</th>
<th>Operating Margin</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quadrant:</td>
<td>Financial</td>
</tr>
<tr>
<td>Calculation Rule:</td>
<td>![Calculation Rule](Net Income - NonOperating Income / TotalOperating Revenue)</td>
</tr>
<tr>
<td>Source:</td>
<td>Business Office Input Spreadsheet</td>
</tr>
<tr>
<td>Frequency:</td>
<td>Monthly</td>
</tr>
<tr>
<td>Collection:</td>
<td>Monthly</td>
</tr>
<tr>
<td>Location:</td>
<td>Financial Services</td>
</tr>
<tr>
<td>Accountability:</td>
<td>CFO</td>
</tr>
<tr>
<td>Notes:</td>
<td>Measures “true” operating margin less; taxes, grants, subsidies and other sources</td>
</tr>
</tbody>
</table>

Source: Rural Health Performance Improvement Benchmark Project
8) Construct Scorecard

**Healthcare**

**Clinic Diabetes Index**

70%

**Goal 100%** - We are maintaining gains in every area with Tobacco Cessation & Self-Management goal setting remain strongest measures. Blood pressures are at 40% of goal. Team working on new round of PDSA.

**Financial**

**Accounts Receivable Days**

72

**Goal < 48** - A/R Days are at an 8 Month low. This progress is good but fails to meet our goal. Team has identified charge capture problems that they are working on in the current billing cycle.

**Clinic Diabetes Index**

- 80.0%
- 70.0%
- 60.0%
- 50.0%
- 40.0%
- 30.0%
- 20.0%
- 10.0%
- 0.0%

**A/R Days**

- 100
- 80
- 60
- 40
- 20
- 0

- Dec
- Jan
- Feb
- Mar
- Apr
- May
- Jun
- Jul
- Aug
- Sep
- Oct
- Nov
- Dec

- 51
- 63
- 72
- 66
- 75
- 76
- 81
- 79
- 72
- 72
- 0
8) Construct Scorecard

**Healthcare**

**Clinic Diabetes Index**

**Goal 100%** - We are maintaining gains in every area with Tobacco Cessation & Self-Management goal setting remain strongest measures. Blood pressures are at 40% of goal. Team working on new round of PDSA.

- **Measure Category**
- **Measure Title**
- **Color Coded Score**
- **Historical Perspective**

**Analysis**
- What Happened?
- What did you learn?
- What are you going to do now?
9) Communicate to Team
10) Put Plan into Action

- Report **Results**
  - System Leaders – Weekly
  - Process Leaders – Monthly
  - Performance Leaders - Quarterly
Resources

■ Websites
  - www.baldrige.nist.gov
  - www.GarfieldCountyPHD.org
  - www.shawresources.com
  - www.improvingchroniccare.org

■ Books
  - Winning Score, Mark Graham Brown
  - The Balanced Scorecard, Robert Kaplan & David Norton
  - Improving Performance, Geary Rummler & Alan Brache
  - The Toyota Way, Jeffrey Liker

■ Other Resources
  - The Four Disciplines of Execution, Stephen R. Covey CD

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