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"Navigating Global Quality in a New Era"



June 20, 2011 (Monday)

Pre-Congress Seminars

KEMPINSKI HOTEL CORVINUS
REGINA BALLROOM II.

Erzsébet tér 7-8, Budapest V.
Monday 10:00 – 16:00

3.3. QUALITY IN PUBLIC ADMINISTRATION

Session Chair: *Viktor Horváth, Ministry of Public Administration and Justice, Hungary*

15.05 Quality Management in the Organizations of the National Employment Service

Max Moullin, Sheffield Hallam University, United Kingdom

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Max is an experienced speaker and workshop facilitator, giving plenary talks to several conferences with up to 500 public sector managers and city councillors. Prior to joining the University, Max worked in central government - Transport, Environment and Health - before becoming senior section leader in British Coal's Operational Research Executive.

His research and consultancy centre on the Public Sector Scorecard, which has been used to improve quality and performance in central and local government, healthcare and the voluntary sector.

IMPROVING QUALITY AND PERFORMANCE WITH THE THE PUBLIC SECTOR SCORECARD

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ABSTRACT

Keywords: Balanced scorecard, performance measurement, quality; public sector scorecard

Most public sector organisations– both within and beyond Europe - are struggling with two major problems: improving the outcomes for service users and other key stakeholders without increasing overall cost; and developing measures of performance that help them improve and assure quality without motivating staff to achieve arbitrary targets at the expense of poor service to the public.

By focussing in turn on three aspects (1) the outcomes that matter most to service users and other key stakeholders; (2) the processes that are designed to deliver those outcomes; and (3) the organisation's capability to support its people and processes – the Public Sector Scorecard enables organisations to reduce cost through better quality services where possible, to enable processes to work efficiently and effectively, and to provide performance measures focussed on outcomes and evidence-based drivers of those outcomes.

The Public Sector Scorecard (PSS) is an integrated quality management and performance measurement framework for the public and voluntary sectors and has been used in South Africa and the Middle East as well as in Europe and North America. It incorporates a number of features of the Balanced Scorecard – including strategy mapping (Kaplan and Norton, 2001). However for public and third-sector organizations the PSS has a number of advantages over the Balanced Scorecard, the latter being largely private-sector oriented with little emphasis on organizational culture, service user involvement, risk management, or the need to work across organizational boundaries.

The paper will describe the various stages of the Public Sector Scorecard – clarifying outcomes; re-designing processes; addressing capability; strategy mapping; integrating risk management; developing performance measures; and learning from performance measures. It will also discuss two case studies in using the PSS across organisational boundaries: the UK government's ethnic minority employment task force, and Sheffield Let's Change4Life a £10 m project addressing child obesity in the city. In the context of the latter study, the paper will also describe how the PSS has been integrated with the Theory of Planned Behaviour.

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For more information on the Public Sector Scorecard visit: www.shu.ac.uk/ciod/pss

INTRODUCTION

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By focussing in turn on three aspects (1) the **outcomes** that matter most to service users and other key stakeholders; (2) the **processes** that are designed to deliver those outcomes; and (3) the organisation's **capability** to support its people and processes – the Public Sector Scorecard enables organisations to reduce cost through better quality services where possible, to enable processes to work efficiently and effectively, and to provide performance measures focussed on outcomes and evidence-based drivers of those outcomes.

Performance measurement in the public and voluntary sector organisations is a difficult task. One reason for this is the sheer complexity and challenges of meeting the diverse needs of a wide variety of stakeholders (Bevan and Hood, 2006). However another reason is the many different aims of performance measurement. Neely (1998) identifies four different 'CPs' of performance measurement: to check position, to communicate position, to confirm priorities, and to compel progress. Franco-Santos et al (2007) propose five different roles: measuring performance, strategy management, communication, influencing behaviour, and learning and improvement. Trying to achieve all these simultaneously is not easy, particularly as most organisations are not clear about which of these objectives their systems have been developed to achieve.

The Public Sector Scorecard is an integrated quality management and performance measurement framework, based on the balanced scorecard. It is designed to help public and voluntary sector organisations find a way through this maze, deliver improved outcomes for service users and derive value from their performance measurement systems.

This paper describes the origins of the Public Sector Scorecard and how it works, illustrating this with a number of case studies on improving services and how it has been used in a number of settings, particularly across organisational boundaries.

ORIGINS OF THE PUBLIC SECTOR SCORECARD

As a principal lecturer and consultant in quality management at Sheffield Hallam University - the first University to be a member of the European Foundation for Quality Management (EFQM) - I had used the EFQM Excellence Model for several years. When the Balanced Scorecard came out in 1992, I did not take it very seriously, seeing this primarily as accountants discovering that financial measures alone were not enough - a fact well known by other professions, including quality management! Not only the EFQM model, but also the Malcolm Baldrige Award in the USA and the Deming Prize in Japan emphasised non-financial measures.

However, to their credit, Kaplan and Norton who developed the Balanced Scorecard listened to their critics and in the 1996 version of the Balanced Scorecard transformed it into a strategic and performance measurement framework linking the organisation's vision and strategy to the performance

measures used (Kaplan and Norton, 2001). This second-generation Balanced Scorecard - with its clear link to strategy and strategy mapping - has been used with success in many organisations in all sectors of the economy (Lawrie and Cobbold, 2004).

In 2000 I was asked to help a UK National Health Service Modernisation Task Force develop its strategy and evaluate performance and rather than use the EFQM model decided to use the balanced scorecard. However I felt it was inappropriate to present to a public sector client a model which did not reflect the language and values of that sector - and this is the origin of the Public Sector Scorecard (Moullin, 2002).

THE PUBLIC SECTOR SCORECARD

The Public Sector Scorecard (Moullin, 2009a) is an integrated quality improvement and performance measurement framework which extends and adapts the balanced scorecard to fit the culture and values of the public and voluntary sectors.

While the balanced scorecard has been used with varying degrees of success in many public sector organisations (e.g. Martin et al, 2002; Radnor and Lovell, 2003, Niven, 2003) its language, architecture and methodology very much reflect its private sector origins. Indeed Gambles (1999, p.24) says that *'...in its usual form, it (the scorecard) is clearly not suitable for the vast majority of the public sector'*. Another major issue is that the most important perspective of the Balanced Scorecard is the financial perspective. Indeed most companies only measure non-financial factors because they realise that they will at some point affect the bottom-line financial measures.

Even though several attempts have been made to refine the balanced scorecard for the not-for-profit sectors (e.g. Irwin, 2002, Lawrie and Cobbold, 2004), Gurd and Gao (2008), reviewing the use of the balanced scorecard (BSC) within healthcare, conclude that *'current applications do not tend to show the health of patients as being central to the development of the BSC; the balance is tilted towards the financial not the health outcomes'*.

One of the key advantages of the PSS is that it has an outcome focus and takes into account the much wider range of stakeholders in these sectors. It also has greater emphasis on service and process improvement - incorporating systems thinking and lean approaches - and on organisational culture, risk management, and working across organisational boundaries (Moullin, 2009a). These aspects also make it very applicable to the voluntary sector (Penna, 2011, pp.243-245).

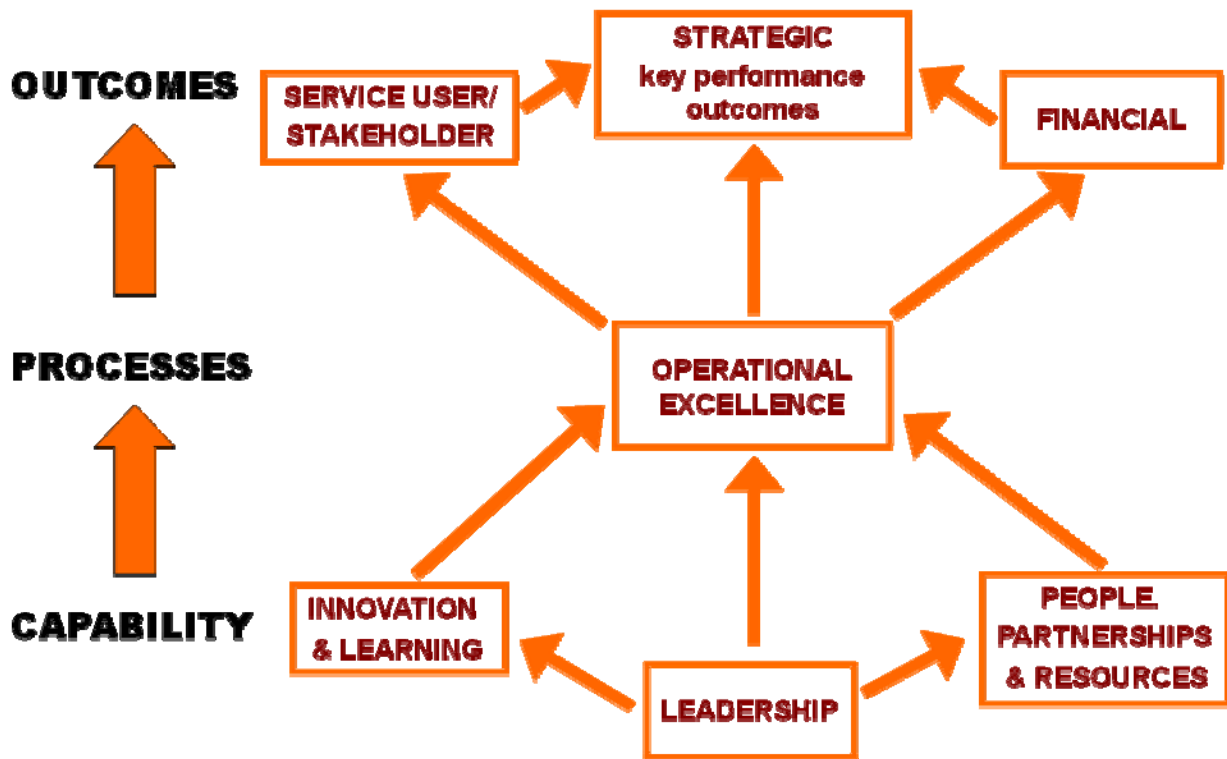


Figure 1: The Seven Perspectives of the PSS

The Public Sector Scorecard (PSS) has three main building blocks - **outcomes, processes and capability** - see Figure 1. While, as with the balanced scorecard, the titles of the various perspectives will vary according to the needs of the organisation, a typical application of the PSS has seven perspectives. The top three focus on outcomes: the key performance outcomes required by the organisation; the outcomes that matter most to service users and other key stakeholders; and financial outcomes which could include value for money and securing sufficient funding. The central perspective is operational excellence, reflecting the processes - and the outputs - required to achieve the various outcomes. Finally, three perspectives focus on ensuring that the organisation has the capability needed to support its people and processes in achieving the required outcomes. They include an organisational culture focussed on innovation and learning - rather than a blame culture - supporting and developing people, and partnership working - all underpinned by effective leadership.

A typical PSS project involves a number of workshops with a reference group including senior managers, staff, service users, and other stakeholders and has seven stages - see Figure 2. After clarifying the outcomes required, processes are examined to reveal innovative ways of delivering improved outcomes at low cost. This is a key stage involving use of process improvement methodologies like systems thinking, lean management and six sigma. While each of these approaches have been successful in the public sector, using them within the PSS framework ensures that they focus on all relevant outcomes, not just a select few (Moullin, 2009b).

However designing good processes is not sufficient. Many processes look good on paper or on the screen, but don't work because staff are poorly motivated, there is poor partnership working or

inadequate resources. The third stage of the PSS is to address the organisational and capability issues that might prevent people and processes from working effectively.

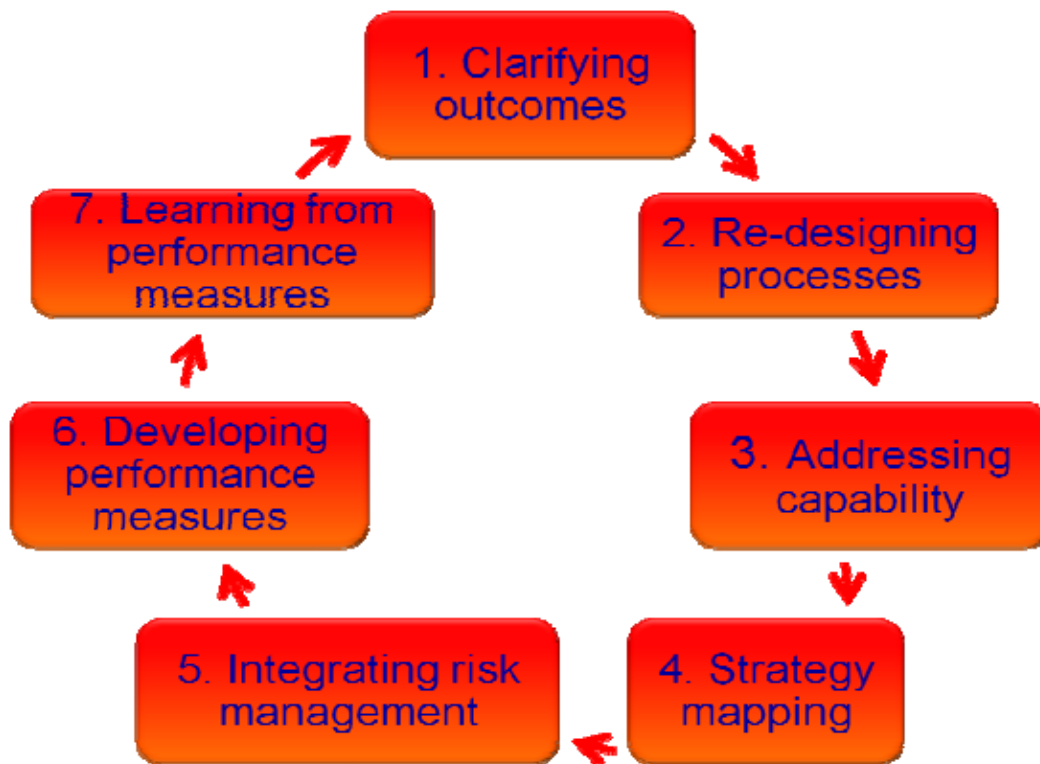


Figure 2. Typical Stages in Using the Public Sector Scorecard

Strategy mapping

Like the balanced scorecard, the strategy map is the main intermediate output of the PSS. However while Kaplan and Norton (2001) define the strategy map as '*describing how shareholder value is created from intangible assets*', with the Public Sector Scorecard it is described more simply as depicting the relationships between capability, process and outcome elements.

As an example, consider the following extract from the strategy map for Sheffield Stop Smoking Service, which provides free city-wide support for people who wish to stop smoking, including stop smoking programmes run by trained health professionals. The project included workshops with over 100 service users and was driven by a reference group containing both professionals, users and managers. The second row of the strategy map shows the main outputs needed to achieve the main outcomes including the key target which was increasing the number of people who quit (stop) smoking. One of the areas identified by the user workshops was the prompt availability of prescriptions for nicotine patches or drugs from doctors' surgeries. To make real progress here, the reference group suggested quite radical options for speedier access, bypassing the doctor, along with better communication with NHS staff and pharmacies, both of which are capability elements (Moullin and Soady, 2008).

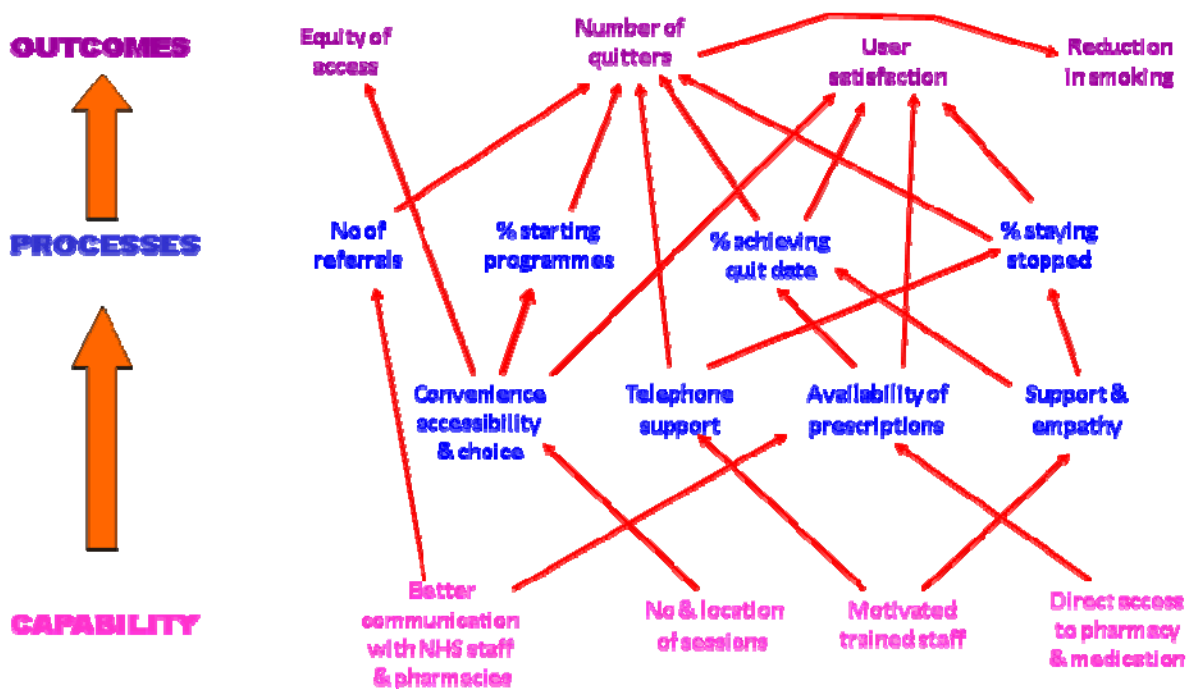


Figure 3. Extract from Sheffield Stop Smoking Service Strategy Map

Integrating Risk Management

Integrating risk management is another important stage - and one which until recently has been largely ignored by the balanced scorecard. As I said in 2006:

Identifying and addressing key risks are essential for any high-performing organisation and therefore any evaluation of performance without considering risk is incomplete. (Moullin, 2006):

Arguably, lack of attention to this was the major cause of the banking crisis. Many people blame bonuses. However if the performance measures on which bonuses were based had incorporated risk factors, economic prospects in the world today would be very different!

The Public Sector Scorecard takes explicit account of risk by incorporating major risk factors into the strategy map. It does this by viewing the reduction of a risk as a desired outcome, while the processes involved in reducing the risk would appear under operational excellence. Ensuring that the organisation has a risk management capability – for example the absence of a blame culture and ensuring that the approach to risk does not stifle innovation – would appear in one or more of the capability perspectives.

Potential performance measures are then identified for each element of the strategy map, but then go through a filtering process to make sure that the measures themselves offer value for money. The final phase, learning from performance measures, includes establishing where possible which initiatives proved more effective and basing future strategy on the information obtained.

USING THE PUBLIC SECTOR SCORECARD ACROSS ORGANISATIONAL BOUNDARIES

The Public Sector Scorecard facilitates working across organisational boundaries by encouraging representatives of different organisations to focus on the common outcomes they are addressing, rather than the objectives of their own department. Two examples are given here - the UK government's Ethnic Minority Employment Task Force and Sheffield Let's Change4Life, a £10 million city-wide project addressing obesity in children and adults.

Case Study - The Ethnic Minority Employment Task Force

The Ethnic Minority Employment Task Force was unusual in that it involved five UK government departments working together at ministerial level, together with other stakeholders. The Task Force began by breaking down the main desired outcome - increasing ethnic minority employment - into three separate outcomes: building employability, connecting people to work, and equal opportunities (Strategy Unit, 2003).

Using the PSS enabled individual departments to identify their own contribution to meeting these outcomes and to determine performance measures showing progress in meeting the identified outcomes - see Figure 4.

Hiba! A hivatkozási forrás nem található.

Figure 4. Outcomes and measures for the Ethnic Minority Empl

As can be seen while building employability was predominantly down to t and Skills, the other two outcomes were the joint responsibility of a numbe departments. The aim was to make it clear how the contribution of differen overall outcome, as well as helping in the evaluation. A number of perform given for the different outcome elements, along with the government depar

Key to departments:

DfES – Education & Skills

DTI – Trade & Industry

DWP – Work and Pensions

HO – Home Office

ODPM – Office of the Deputy

Prime Minister.

ILO - International Labour

Organisation

Case Study - Sheffield Let's Change4 Life

Sheffield Let's Change4Life was a three year £10 million programme set up to reduce obesity in children and families, part-funded by the Department of Health. In using the Public Sector Scorecard to help manage and evaluate this programme, a key feature was the incorporation of the Theory of Planned Behaviour (Ajzen, 1991).

The theory of planned behaviour recognises that people's intention to change depends on their beliefs on how important it is to make the change, their attitude and those of others around them to the change, their perceived ability to make the change, and overcoming the barriers that they face. Given that actions taken to reduce obesity can only work by children and adults changing their behaviour, it is important to address - and monitor the progress of - the factors that influence such change.

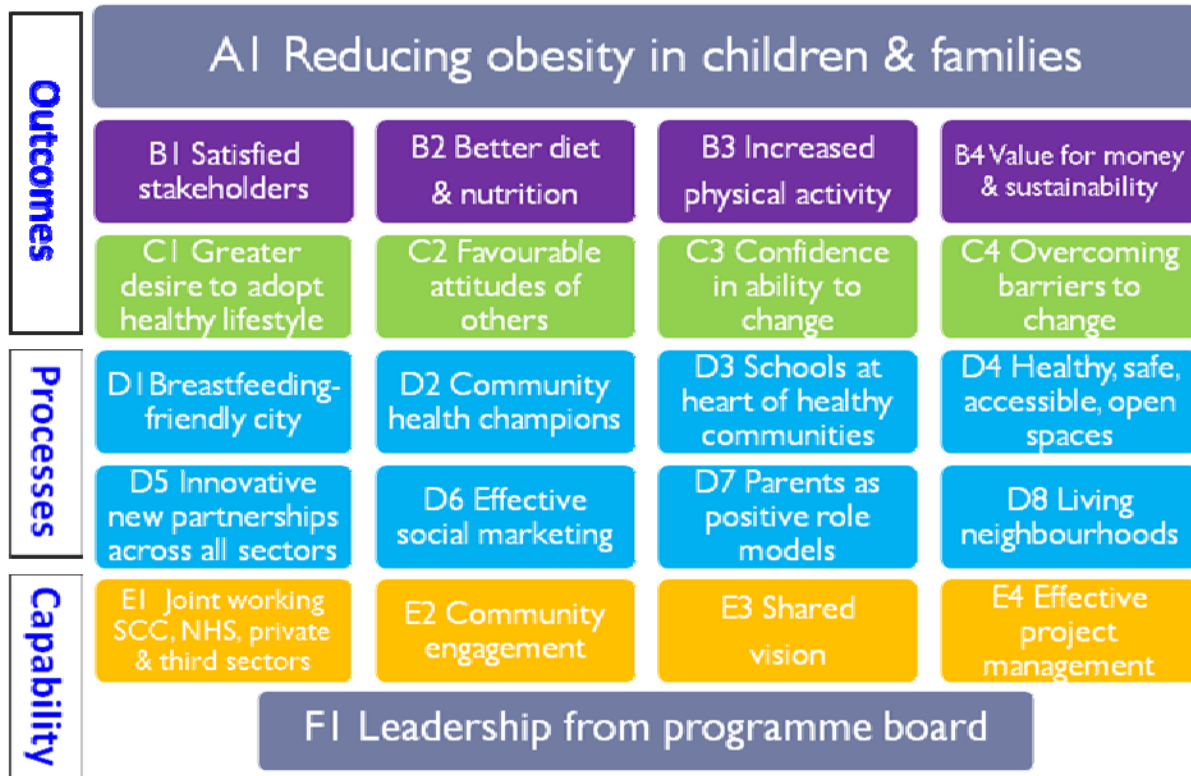


Figure 5. Strategy Map for Sheffield Let's Change4Life

The resultant strategy map is given in Figure 5. The first two rows show the main outcomes required for the project. The main desired outcome is to reduce obesity, while other key outcomes which will contribute towards this overall outcome include better diet and nutrition and increased physical activity. Satisfied stakeholders, sustainability and value for money are also key aims. The third row shows the Theory of Planned Behaviour outputs and outcomes in relation to changing people's behaviour, while rows 4 and 5 refer to the desired outcomes and outputs of the eight strands of the programme. The penultimate row shows the main elements that need to be in place to support the individual strands in achieving the desired outcomes, all of which need to be underpinned by effective leadership and support from the programme board.

The strategy map was used both to help managers and strand leads focus on the desired outcomes, and to monitor and evaluate performance.

CONCLUSION

The Public Sector Scorecard is an effective framework for helping public and third sector organisations monitor and improve their services and focus on delivering desired outcomes including value for

money. The incorporation of process mapping, systems thinking and lean management approaches ensures that service improvement and reducing cost are considered in relation to the outcomes required by service users. Furthermore it does not stop at processes - it addresses risk management, organisation culture and capability to ensure that staff and processes are supported in delivering the required outcomes.

Finally, by measuring performance on outcome, process and capability elements, the PSS enables managers and others identify where the organisation is making progress. It is consistent with the recommendation in the Darzi report that '*NHS services... will need to develop their own quality frameworks combining relevant indicators defined nationally, with those appropriate to local circumstances*' (Darzi, 2008). Applications include central and local government and health services, mainly in the UK, but also in the Middle East and South Africa.

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