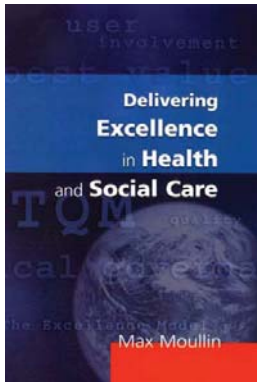


Improving quality and performance with the Public Sector Scorecard



55th EOQ Congress
Budapest, 2011

Max Moullin



Max is a Fellow of the Chartered Quality Institute and the Operational Research Society

The Public Sector Scorecard

OUTCOMES



PROCESSES



CAPABILITY

The Public Sector Scorecard is a performance management framework which adapts and extends the balanced scorecard to the public and third sectors

Three aspects

1. Developing strategy

2. Improving quality

3. Measuring performance

The PSS – Key Features

- Can be used across organisational boundaries
- Incorporates risk management
- Culture of continuous improvement and innovation, not a blame culture
- Can be used for an organisation or department or to focus on particular outcomes

The Public Sector Scorecard

OUTCOMES



What are the outcomes we really want to achieve for our service users and stakeholders?

PROCESSES

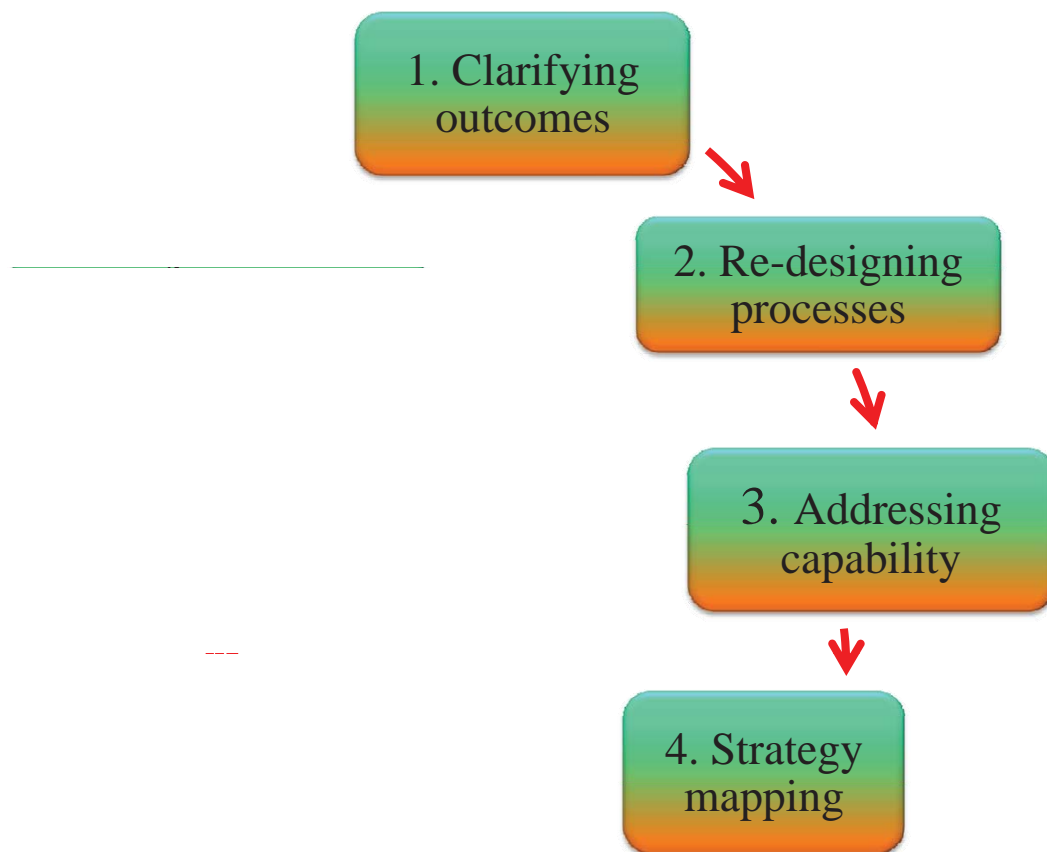


How effective are our processes in achieving these outcomes?
How can we improve them?

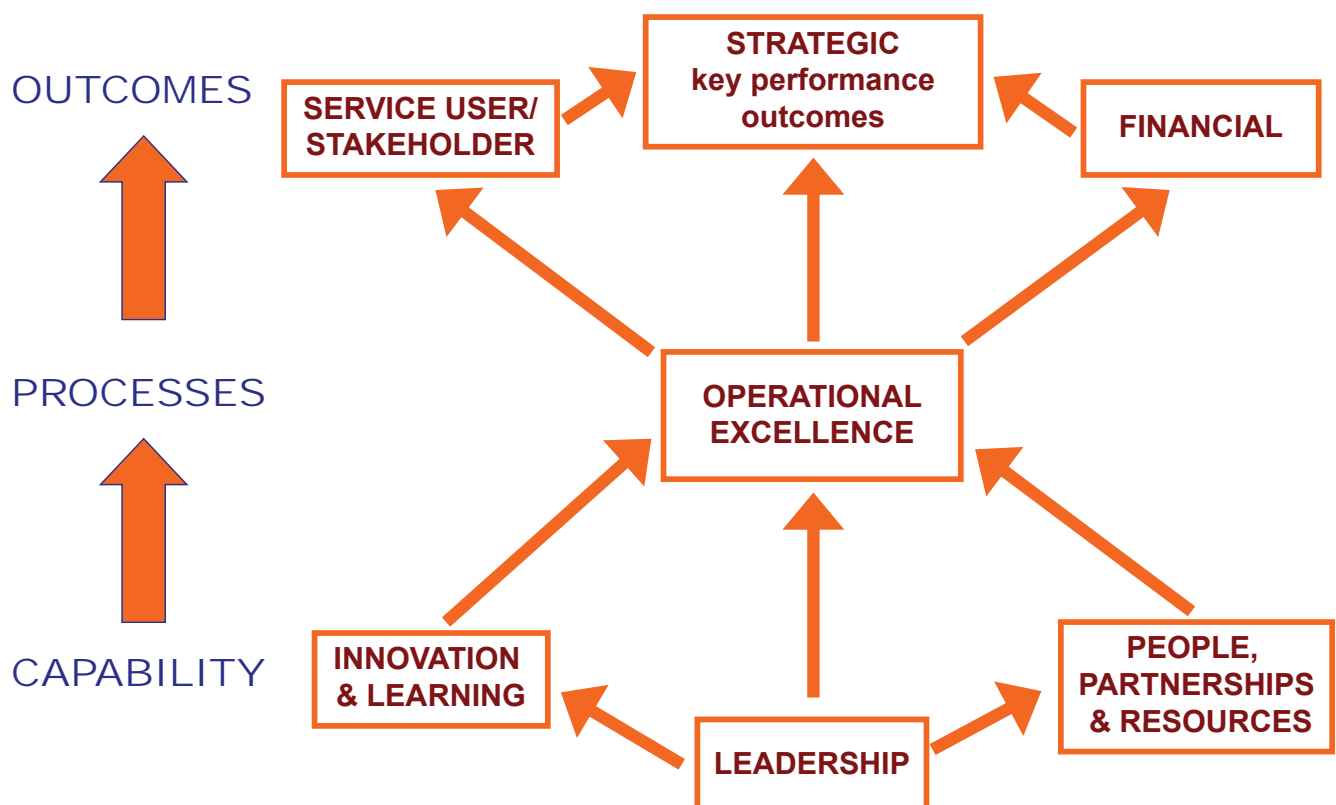
CAPABILITY

How can we best support our people and processes to achieve the outcomes required?

How the Public Sector Scorecard works



The Public Sector Scorecard

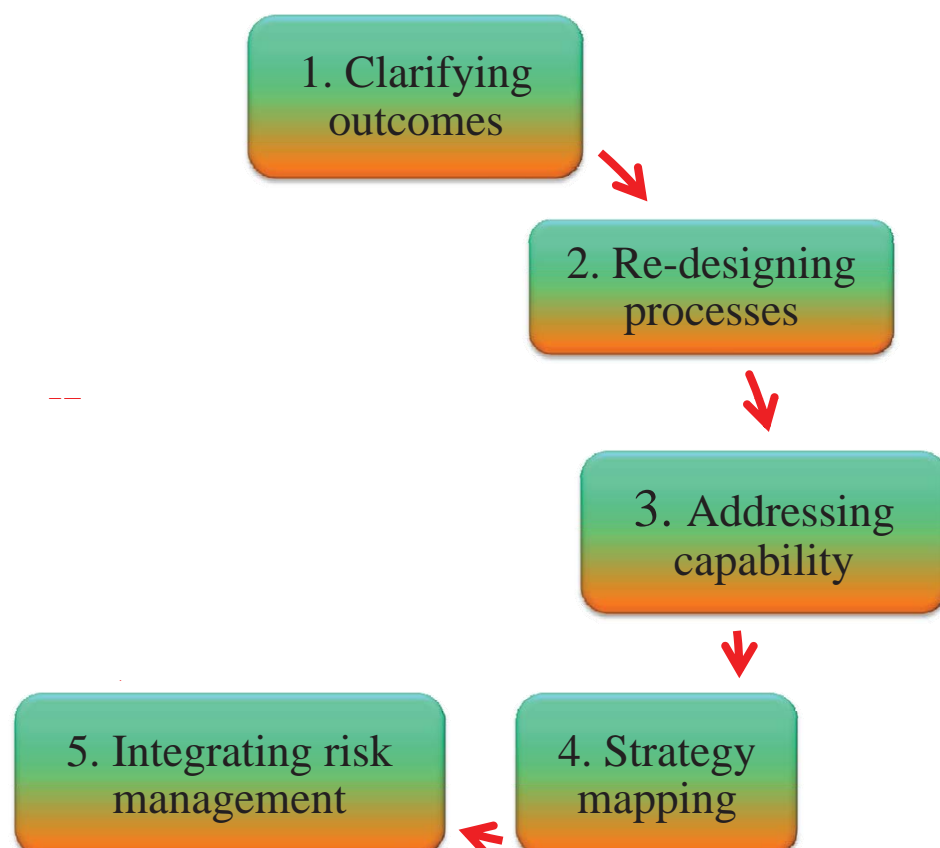


Strategy maps

- According to Kaplan and Norton (2001) a strategy map *‘describes how shareholder value is created from intangible assets’*
- However with the PSS, it can be defined more simply as *showing the relationships between capability, process and outcome elements*
- They are the vital link between strategy and performance measurement

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How the Public Sector Scorecard works



Integrating risk management

'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

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Risk Management with the PSS

1. Develop strategy map ignoring risk factors
2. Run a special workshop identifying major risks and how to address them
3. View the reduction of a risk as a desired outcome and add to the strategy map
4. Include processes to reduce, eliminate or mitigate risk in the operational excellence perspective
5. Include actions to develop a risk management culture in the capability perspectives
6. Objectives and performance measures for the risks and the actions required will then be considered, alongside other elements of the strategy map

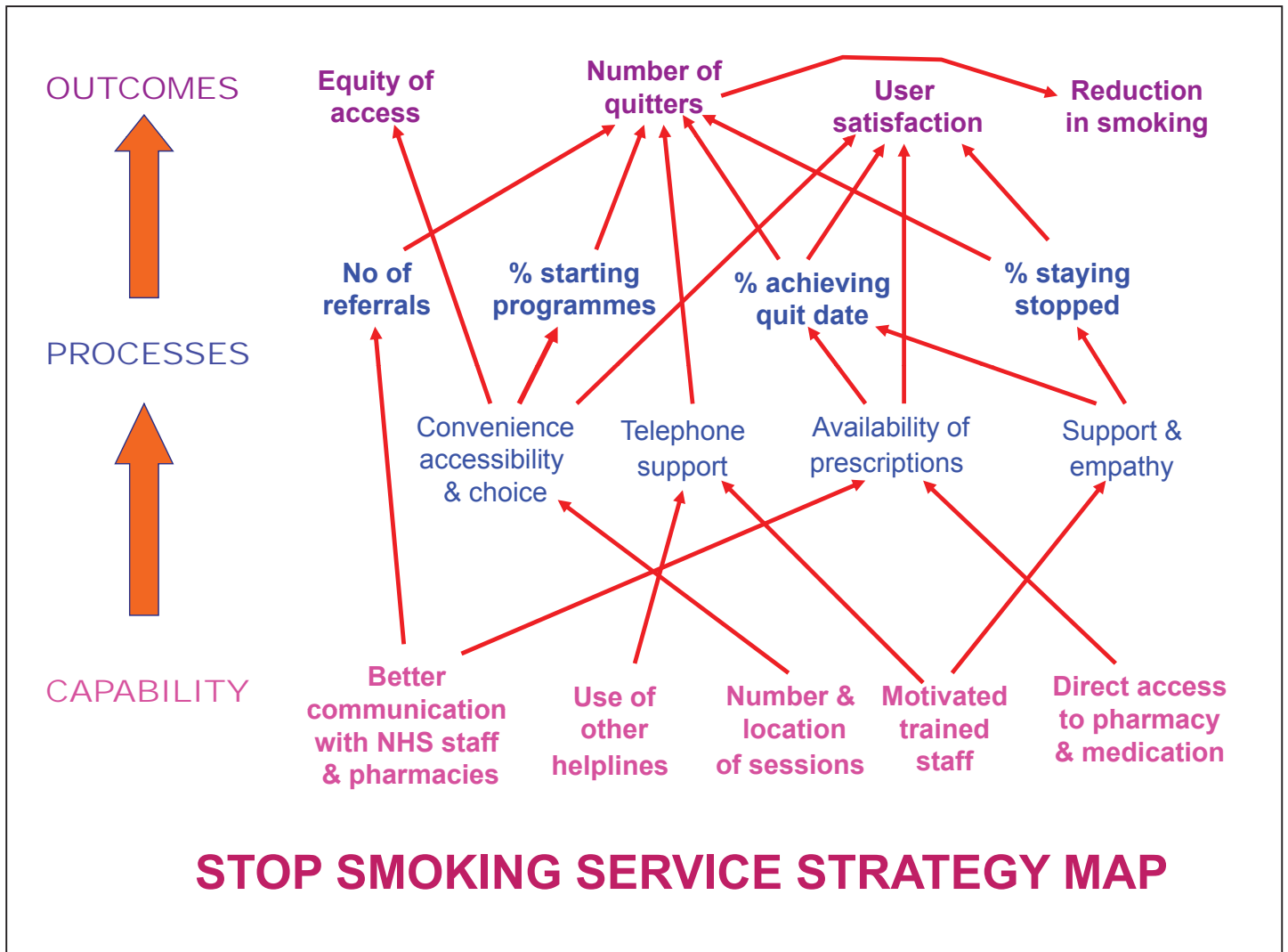
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How the Public Sector Scorecard works

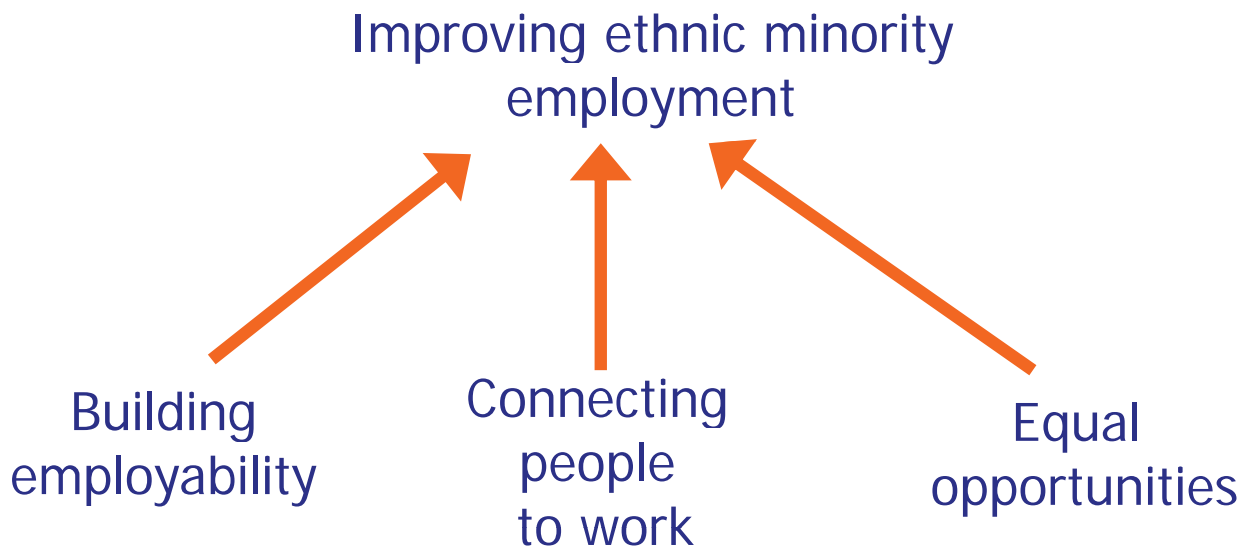


Using the Public Sector Scorecard for Sheffield NHS Stop Smoking Service

- Aim to improve the service and to develop performance measures which relate closely both to strategy and user views
- Started with three service user workshops – over 100 attended
- Formed a reference group including senior managers, staff, 8 service users, doctors, midwives, and other stakeholders
- Six workshops altogether, some staff only
- **Outputs: The Strategy Map**



Using the PSS across organisational boundaries - Case Study: Ethnic Minority Employment Task Force

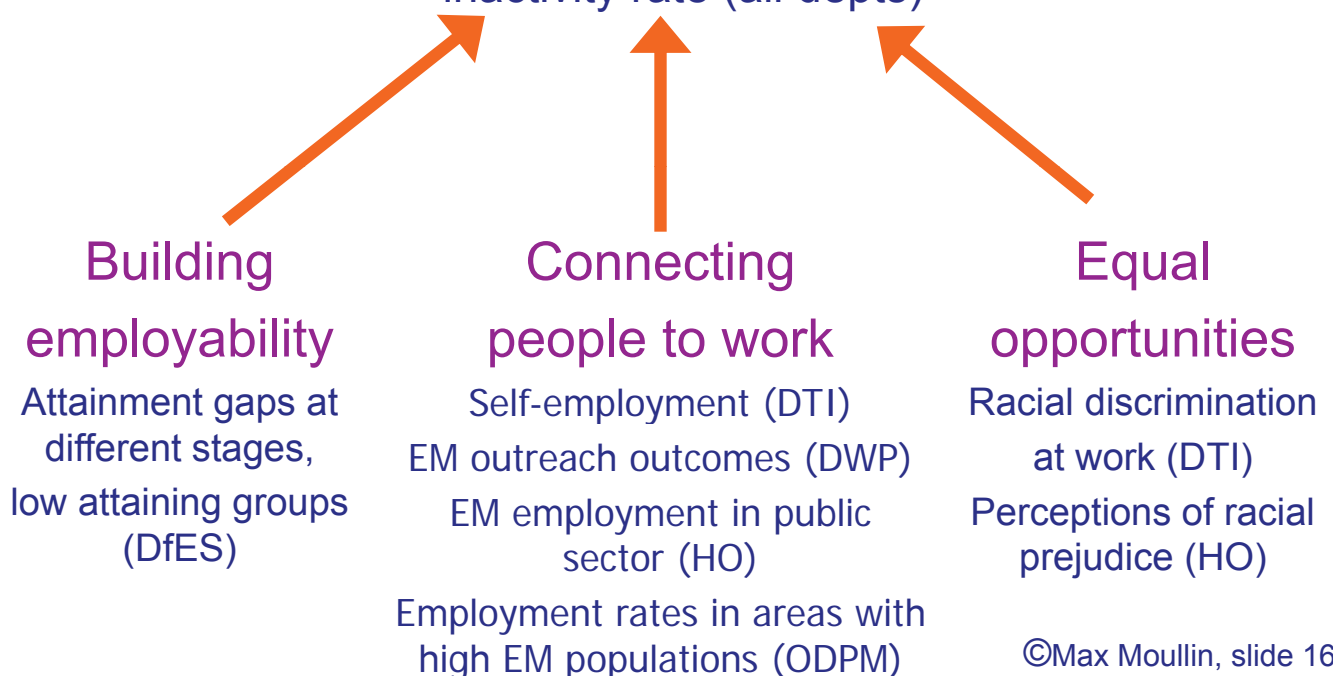


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Case Study: Ethnic Minority (EM) Employment Task Force

Outcomes: Improving ethnic minority employment

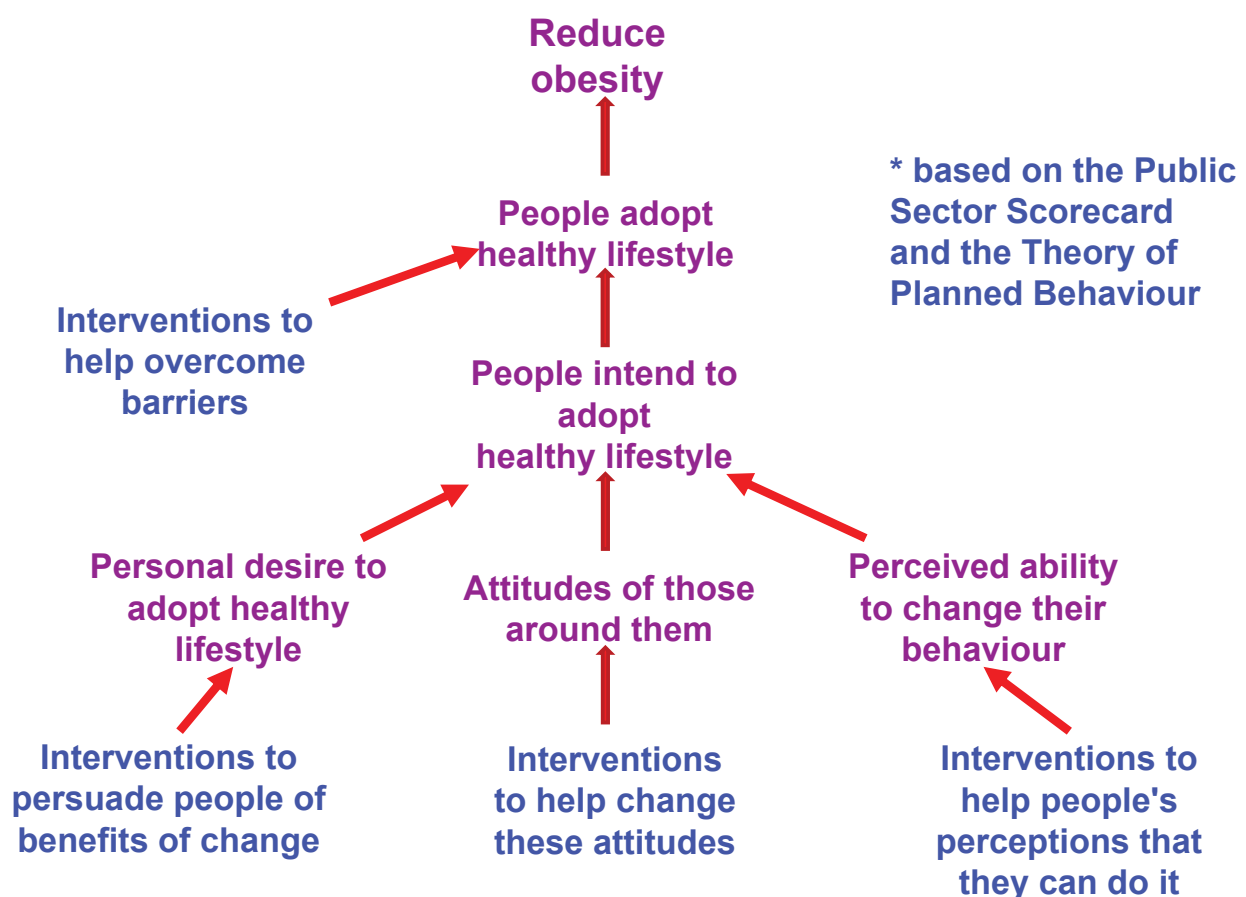
Measures: Employment rate, ILO unemployment rate, inactivity rate (all depts)



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- Three year £10 million programme aimed at preventing obesity in children and families
- Aim: To empower all children and families in Sheffield to maintain a healthy weight
- The Public Sector Scorecard was used both to help the programme be successful and to evaluate its success.
- The approach taken was to integrate the Public Sector Scorecard with the Theory of Planned Behaviour (Ajzen, 1991)

OVERALL APPROACH TO SLC4L EVALUATION*



Reducing obesity in children & families



Comparison: PSS v Balanced Scorecard

- Main focus is on outcomes for users rather than financial performance - but includes value for money
- Incorporates service user and staff involvement
- Greater emphasis on quality and process improvement e.g. lean, six sigma, & systems thinking
- Addresses the organisational, cultural and resource issues that prevent people and processes working effectively
- Incorporates risk management
- Can be used across organisational boundaries
- Promotes a culture of continuous improvement and innovation rather than a top-down blame culture

How the PSS reduces impact of perverse incentives

- Measures user satisfaction
- Focuses on outcomes, not activity
- Works across organisational boundaries
- Involves staff, users and other stakeholders in developing measures
- Much more selective approach to targets, not top down
- No blame culture – appraisal model

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Cascading the public sector scorecard

Task force

	Goals	Measures	Target	Progress
Strategic				
Service User/ Stakeholder				
Financial				
Operational Excellence				
People, Partnerships & Resources				
Innovation & learning				
Leadership				

Each govt department



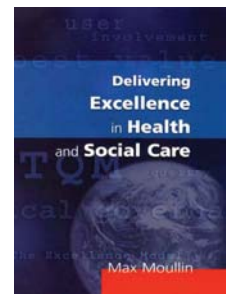
	Goals	Measures	Target	Progress
Strategic				
Service User/ Stakeholder				
Financial				
Operational Excellence				
People, Partnerships & Resources				
Innovation & learning				
Leadership				

MAIN REFERENCES

1. Ajzen, I.(1991) The theory of planned behavior. *Organizational Behavior and Human Decision Processes*, 50, 179-211.
2. Kaplan, R.S. and Norton, D.P. (2001). "The Strategy-focused Organisation", Harvard Business School Press, Boston, MA.
3. Moullin M. (2002) *Delivering Excellence in Health and Social Care*. Open University Press. ISBN 0-335-20888-6
4. Moullin, M. (2006), The design of an alternative Balanced Scorecard framework for public and voluntary organisations (PDF 183KB) *Perspectives on Performance*, Vol.5, Issue 1. Performance Measurement Association
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Web sites: www.shu.ac.uk/ciod/pss

www.publicsectorscorecard.co.uk



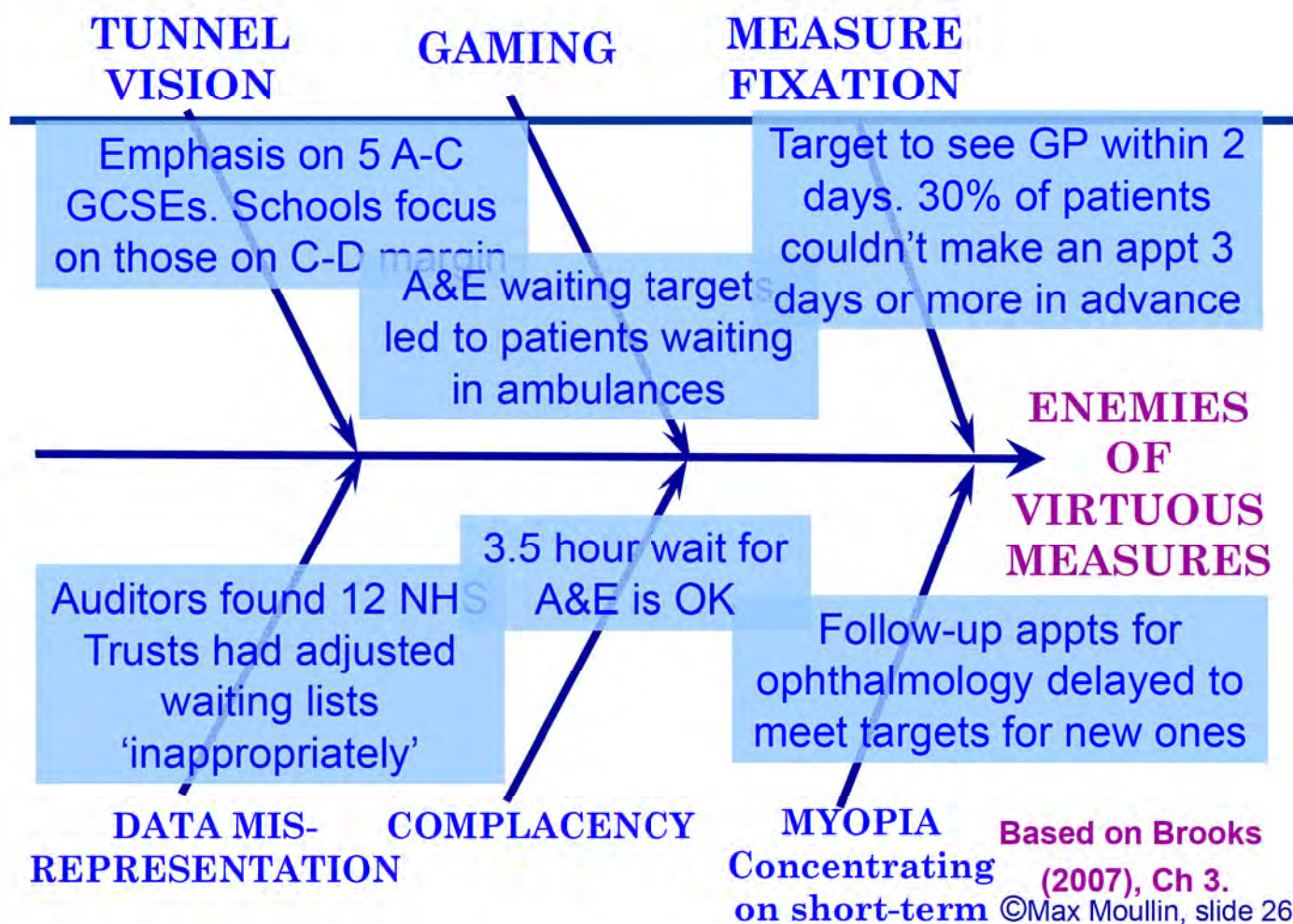
The Public Sector Scorecard (PSS)

- An integrated quality management and performance measurement framework for public and voluntary sector organisations (adapted from the balanced scorecard)
- Aligns strategy, processes and performance measures both with each other and with the requirements and expectations of service users and other key stakeholders
- Provides more emphasis on user involvement, risk management, service improvement and process mapping
- Focusses on outcomes, processes and capability. Capability is supporting people and processes to deliver the outcomes required.
- Easily used across organisational boundaries

Aims of the Public Sector Scorecard (PSS)

- To provide an integrated quality management, strategic and performance measurement framework for the public and voluntary sectors
- To align strategy, processes and performance measures both with each other and with the requirements and expectations of service users and other key stakeholders
- To help organisations achieve better outcomes, through effective and efficient processes, and a culture based on continuous improvement and innovation, rather than a blame culture
- To provide more emphasis on user involvement, risk management, service improvement and process mapping
- To facilitate working across organisational boundaries

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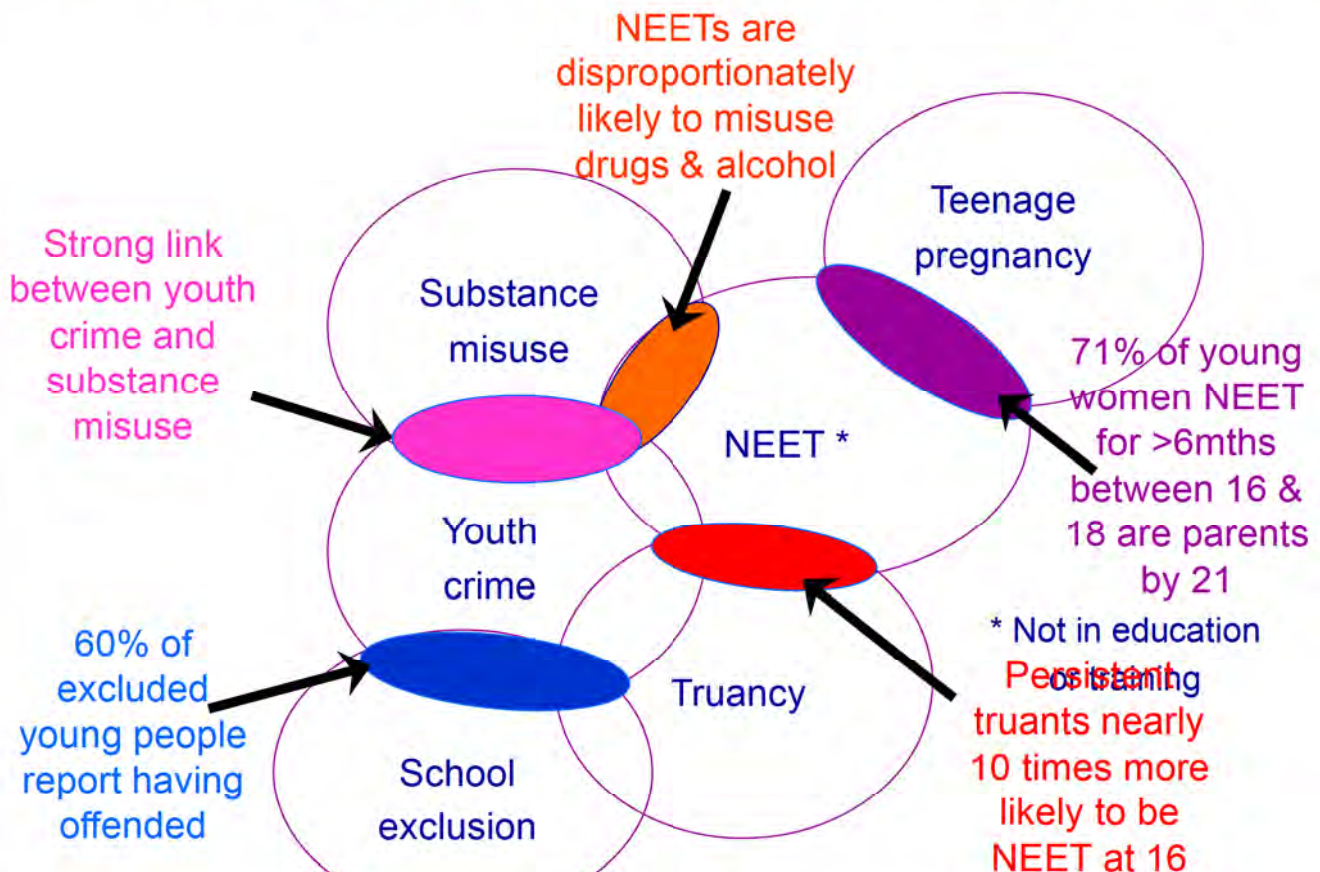
Capability

Capability is about how well the organisation supports its people and processes in delivering the outcomes

- Is there effective leadership?
- Are staff respected, involved & empowered?
- Do they feel supported and are they given sufficient resources?
- How well do we work with our partners?
- Are we learning about what works from our own experience and that of others?
- Do we have a culture that encourages innovation and successful change?

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The need to look across organisational boundaries



Source: Youth Matters (Jan 2006) DCSF

Problems with the balanced scorecard

The balanced scorecard enables a strong link between strategy, processes and performance measures, however ...

- No explicit requirement to address organisational culture
- Basically a top-down model. Head Office's scorecard cascaded down to different departments
- Often a blame culture – measures used to 'beat up staff'
- Generally very limited involvement of employees, customers or suppliers

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Difficulties in using the balanced scorecard in the public sector

- Standard model and language is private sector based
- Main emphasis is on financial results (other factors included because they will affect future financial results)
- No explicit link to outcomes or user involvement
- No account taken of risk management
- Tendency to ignore softer issues
- No methodology for working across organisational boundaries

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Risk Management with the PSS

1. Identify risks under each of the PSS perspectives
2. Analyse each risk to identify root-causes
3. Evaluate the likelihood and potential impact of each risk
4. Develop actions to reduce, eliminate or mitigate risk.
Address behavioural aspects. Ensure consistency with service user requirements and strategic aims
5. Include the major risks and the actions required in the strategy map
6. Develop objectives and performance measures for the risks and the actions required. These will then be included along with other elements on the strategy map
7. If desired, include named teams or people for particular risks or actions and use the traffic-light software to identify whether they are meeting targets

EFQM Model and the Balanced Scorecard

- My background quality management, EFQM assessor, member of EFQM Health Group.
- The original balanced scorecard back in 1992 was based on a discovery by accountants that:
"...short-term traditional accounting measures... may no longer provide adequate indicators of good manufacturing performance" (CIMA, 1993)
- However the EFQM model, Baldrige, and Deming prize all included non-financial measures, so I saw this as accountants just waking up to what most other professions already knew

Origins of the Public Sector Scorecard

- After Kaplan and Norton revised the balanced scorecard in 1996 to integrate it with strategy, I noticed that many organisations were getting good value out of the balanced scorecard and decided to use it for an NHS Modernisation project.
- However I wanted to focus on outcomes rather than financial measures and widen it to have more emphasis on quality and process improvement.
- I also wanted to explicitly include issues like user involvement, risk management, together with cultural issues like leadership, staff motivation, partnership working etc.

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Developing Performance Measures – three ways

1. careful examination of the strategy map and developing performance measures for each objective
2. workshop activities on 'information they would need to assess how well the service is doing' and 'ten questions to go in a user questionnaire' to calibrate the strategy map and measures
3. assessing the cost-effectiveness of collecting and analysing each measure and how exactly they should collect the data

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