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MISSION ORIENTED SCORECARD: A FRAMEWORK FOR PUBLIC
SECTOR AND NOT-FOR-PROFIT ORGANIZATIONS.
THE CASE OF THE LOCAL HEALTH AUTHORITY OF MODENA.

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MISSION-ORIENTED SCORECARD: A FRAMEWORK FOR PUBLIC SECTOR AND NOT-FOR-PROFIT ORGANIZATIONS. THE CASE OF LOCAL HEALTH AUTHORITY OF MODENA

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Abstract

The aim of this paper is to describe the Mission-Oriented Scorecard (MOS), how this framework has been used to design the performance management system (PMS) in the Local Health Authority of Modena and the benefits achieved by its implementation. The Mission-Oriented Scorecard is an evolution of the original Balanced Scorecard (BSC) specifically conceived for public sector and not-for-profit organizations, with special emphasis on the relationship between citizenship and organization. The MOS has been used by the Local Health Authority of Modena to successfully describe and map its strategy, cascade it consistently throughout the whole organization and monitor its execution.

The Mission-Oriented Scorecard

The Mission Oriented Scorecard has a structure quite similar to the original Balanced Scorecard (Kaplan and Norton, 1992). It uses the strategy map to describe the logic of the organization's strategy and, as the BSC, it translates objectives into measures and targets and describes initiatives that will enable targets to be achieved. (Kaplan and Norton, 2004)

While the logic behind is the same, the Mission-Oriented Scorecard differs from the traditional BSC in three key aspects:

- The definition of a Community perspective that replaces the Customer perspective
- The perspective's architecture, or better, the order in which perspectives are arranged
- The multidimensional approach to the Community perspective to take into account the different "stakeholder roles" that citizens can play in their relationship with the organization

Community vs. Customer

In the past few years, inspired by the New Public Management thought (Osborne and Gaebler, 1992; Hood, 1991), many public sector organizations, around the world, have tried to change their bureaucratic approach to the citizenship focusing on citizens as customers and looking at themselves as service providers. There is nothing wrong in considering citizens like customers, consumers of high-level services. Sometimes when we deal with a public organization we would like to be "valued" as customers. But, even if this idea has led to some positive consequences, a public organization is not simply a service provider (Moore 1995). The customer metaphor, alone, is not suitable to represent the complexity of the relationship between citizens and public organizations. Replacing the Customer perspective with a Community perspective allows to take into account a citizen role *"broader than being a customer of services"* (Epstein et al., 2006).

The order in which perspectives are arranged

The architecture that organizations adopt in building their Scorecard is a key element to consider because it inspires the chains of cause and effect relationships used by organizations to describe their strategy. The order in which perspectives are arranged is important to identify the desired outcomes and the performance drivers of those outcomes. The architecture of the Mission Oriented

Scorecard is composed of four perspectives, inspired by the mission and the mandate of the organization, arranged in the following order:

- Community perspective
- Internal Processes perspective
- Financial Resources perspective
- Learning & Growth perspective

For public organizations, mission and mandate are the most significant justification for their existence. "*They should point the way toward the ultimate organizational end of creating public value*" (Bryson, 2004).

In public organizations outcomes, inspired by the mission and the mandate, should reflect what organizations mean by creating public value for the community they serve (Moore, 1995). In the Mission-Oriented Scorecard the Community perspective represents the outcomes perspective.

Value for the community is created through the key internal processes performed by the organization. The Internal Processes perspective describes the way organization's strategy will be accomplished to achieve the desired results.

In the Mission-Oriented Scorecard financial resources are intended as input resources to be used to perform activities and processes that create public value for the citizenship , they are not viewed as resources to be generated in order to achieve financial outcomes, as in the profit-driven companies. Thus, in the Mission-Oriented Scorecard the financial resources perspective is an input perspective.

Like in the original Balanced Scorecard, the learning & growth perspective is an input perspective too. It is focused on how to develop specific capabilities, behaviours and attributes required to excel in the critical processes, execute the strategy of the organization and achieve the desired results.

The multidimensional approach to the community perspective

The complexity of the relationship between citizenship and organization is one of the key issues to consider in building PMS for public organizations. In the Mission-Oriented Scorecard, the Community perspective is depicted in four dimensions (Bocci 2005a). Each dimension takes into account a different role of the citizen in her/his relationship with the organization:

- Citizen as Customer
- Citizen as Owner
- Citizen as Subject to Laws
- Citizen as Partner

Why is it so important to distinguish different roles of citizen in the community perspective? To provide a clarity of purpose. Organizations need to be clear about their priorities and about the multidimensional role of stakeholder that citizens have since people working in the organization must cope with the needs of a varied community that cannot simply be reduced to the role of customer. These dimensions are mutually reinforcing and reinforce the employees' motivations for engaging in the organization's work. Of course more roles are taken into account, more accurate the description of the relationship is, but more complex the framework becomes. The four dimensions proposed here are descriptive and not prescriptive: authors consider these four roles as a good balance between the need to represent the complexity of that relationship and the need to preserve the simplicity of the framework.

The four dimensions of the Citizenship

The four dimensions, depicted in the Community perspective, represent the different stakeholder roles that Citizen can play in their relationship with the organization.

For a public organization, the key concepts tied to these four dimensions are:

- Responsiveness in "Citizen as Customer" dimension
- Accountability in "Citizen as Owner" dimension

- Protection in "Citizen as Subject to Laws" dimension
- Engagement and collaboration in "Citizen as Partner" dimension

Citizen as Customer

It is the dimension of responsiveness where most of the efforts of New Public Management advocates are focus on (Osborne and Gaebler 1992). It is important to consider citizens as customers in complex environments. Sometimes customer could not be the more appropriate word to describe the role that citizen has in her/his individual and direct relationship with the organization (patient, user or just citizen are perhaps more correct), nevertheless it well represents the new breath against the bureaucratic approach so ubiquitous till a few years ago in the public administration (Bocci 2005b).

Citizen as Owner

This represents the accountability dimension of public organizations. If in the previous dimension citizen's demand is about providing the best quality of service to her/him personally, in this dimension the demand is about being committed to the public's interest and making the best use of public money.

Citizens are taxpayers, voters and members of society with rights enshrined in the Constitution. They act through intermediaries to control public organizations. Citizens do not exercise a direct control on public organizations. The control is made through "mediation": in the time domain (when elections are held) in the space domain (through regulatory authorities, consumers' associations, industry associations, etc.). Nevertheless they are the actual owners of the organization. Either people working in public sector organizations or people running these organizations are accountable for what they do to the public, according to the rules and law in force.

Citizen as Subject to Laws

It is the dimension of protection (Matheson, 2003). Providing protection to citizens through laws means not only to improve the social well-being but also minimize risks and uncertainty effects that could affect the organization's performance. Is it a mean or an end? In the authors' opinion it should be considered an end.

Citizens have duties to the citizenship as a whole, duties regulated by rules and laws that public organizations must enforce with all the actions of information, prevention, control, inspection, surveillance under their jurisdiction. In a Local Healthcare Authority, most of these actions are performed by the Department of Public Health.

Citizen as Partner

It is the dimension of citizen engagement and collaboration among organizations. Often citizen engagement is considered more as a process than an outcome. In the authors' opinion citizen engagement should be a goal, a condition of long term health and social well-being. Citizens should be involved as individuals (outcomes derived from promotion of healthy lifestyles, prevention and engagement) and as a part of organizations (outcomes derived from collaboration in providing services).

To be successful in promoting healthier lifestyles a public organization needs to get real commitment and contribution from citizens to start a virtuous, mutually reinforcing circle. Here is an example to illustrate this point. To improve waste recycling a local administration can increase the number of trash cans for recycling (glass, paper, plastic, organic waste), but if households do not separate different kinds of trash, it will be very difficult to achieve that objective. More citizens are actively involved and give their real contribution more recycling will be effective, less financial resources will be required, more financial resources will be available for other projects.

As far as the partnership with other organizations is concerned it has become a further priority for public organizations. In a increasingly complex, uncertain and interconnected world, public

organizations must, more than ever before, operate in a sort of "shared-power" context (Bryson, 2004) in which decisions, responsibilities, accountabilities and events governance are cross-organizational. It is a matter of fact. Today public organizations are involved in working together with other public sector, private and non-for-profit organizations in a (more or less) coordinated manner not only to deliver services but, more in general, to improve the quality of life of citizenship. The objective is to move from a generic partnership to a structured network with clear governance and accountability. As a matter of fact, the dimension of partnership could be split into two different dimensions: one for the partnership with individuals and one for the partnership with organizations, as they are so different in purpose. To keep the visual representation simpler, in the Mission Oriented Scorecard the individual and organized partnership are summarized in just one dimension.

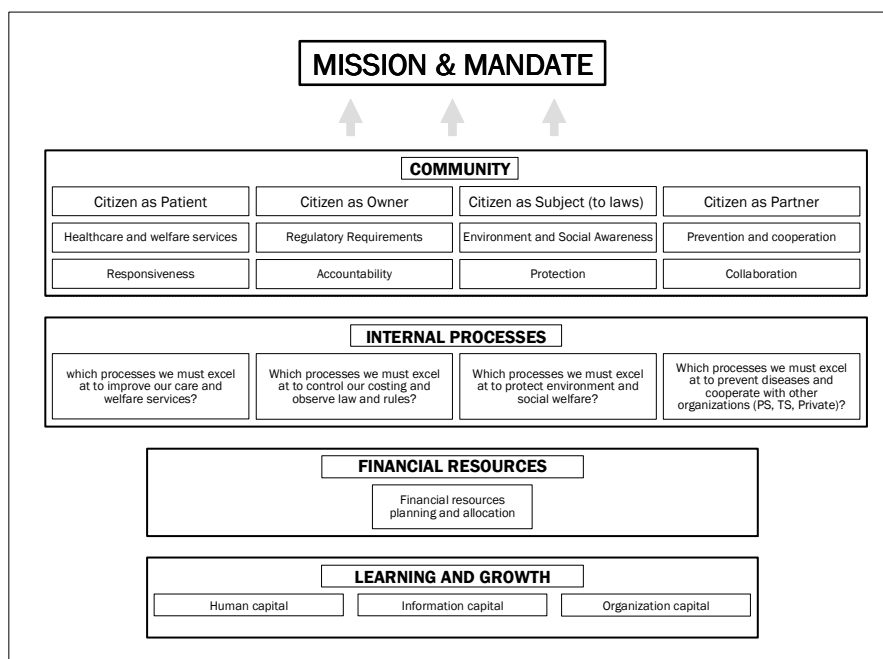The MOS framework for a public healthcare organization is shown in Figure 1.

Figure 1: the framework for a public healthcare organization

For not-for profit organizations the framework of the Mission Oriented Scorecard is the same. The only dimension that changes is the "Citizen as Subject to laws" that is replaced by the dimension of the "Citizen as Principal".

The Mission-Oriented Scorecard in the Local Health Autority of Modena

A short overview of the National Health System in Italy
In Italy the National Health System is organized in three levels. At the top, the Ministry of Health is responsible for national health planning, budgeting, general administration and health standards. The Ministry allocates funds to 20 Regional Health Agencies that fund about 200 Local Health Authorities in total and coordinate the Local Health Authorities in their Region.
The Local Health Authority of Modena (AUSL of Modena) serves a population of 632.000 inhabitants with a workforce of about 5.200. It is organized in 8 Hospitals, 7 Health Districts (providing Primary Care) and 2 Departments: Mental Health and Public Health.

MOS design and implementation in the AUSL of Modena

The Local Health Authority of Modena is a highly complex organization that operates in a complex, dynamic and networked context. To successfully fulfil its mission and meet its mandate the Authority realized it had to make a change developing a new culture of performance and adopting a new set of tools to:

- Listening to and interpreting the environment in which it operates, understanding its evolution and identifying the most meaningful trends
- Translating its mission and mandate in a series of results to be achieved, constraints to be satisfied and choices to be made
- Agreeing unambiguous descriptions of strategic objectives and actions necessary to achieve these goals (Barney, W et al, 2004)
- Consistently aligning actions and resources with the objectives to be achieved, throughout the whole organization
- Monitoring its performance to track the execution of what has been devised
- Continually verifying the validity of assumptions and decisions on which action plans have been based
- Taking corrective actions to address weaknesses, react to changes in the environment and ensure results are met

To support that change, the Authority decided to implement a new performance management system to translate mission, mandate and strategy into a series of actionable and measurable objectives (Meliones, 2000, Baraldi, 2004). The design of the new PMS started in the middle of 2004 after a few training sessions about how to create and implement a PMS using the Balanced Scorecard methodology. A team of individuals spanning the organization hierarchy was created to manage this project. The purpose was to describe the current strategy through a series of shared objectives and monitor its execution through a series of relevant indicators.

The first step was to translate organization's mission and mandate in a set of "community oriented" outcomes. Using the Mission-Oriented Scorecard the project team defined four main goals in the Community perspective (Rubbiani et al., 2005):

- <u>Citizen as Customer</u>

"Provide care services to patients regardless any distinction, delivering effective care, ensuring continuity of care and establishing a trusting relationship with patients"

It reflects the responsiveness of the organization to the expectations and the needs of health care of the population

- <u>Citizen as Owner</u>

"Ensure fair and appropriate care compatible with the financial resources of the institution"

It reflects the efforts of the organization to contribute to the common well-being maintaining its financial sustainability and viability

- <u>Citizen as subject to laws</u>

"Protect citizens through information, prevention, control and surveillance actions under the organization's jurisdiction"

It reflects the ability of the organization to protect the public health through the enforcement of laws, rules and regulations

- <u>Citizen as Partner</u>

"Cooperate with citizens, local government, non-for-profit and other organizations to deliver integrated services and improve health and well-being promoting healthy lifestyles"

It reflects the ability of the organization to engage citizens in improving health and well-being and make partnerships with other organizations to deliver integrated services

These goals were the outcomes AUSL wanted to achieve in order to meet its mandate, fulfil its mission and create public value improving citizens' health and quality of life.

Then the team identified processes in which the organization should excel to accomplish objectives defined in the Community perspective. Eleven objectives were selected in the internal processes perspectives.

Successively three objectives were defined in the financial resources perspective and six in the learning and growth perspective.

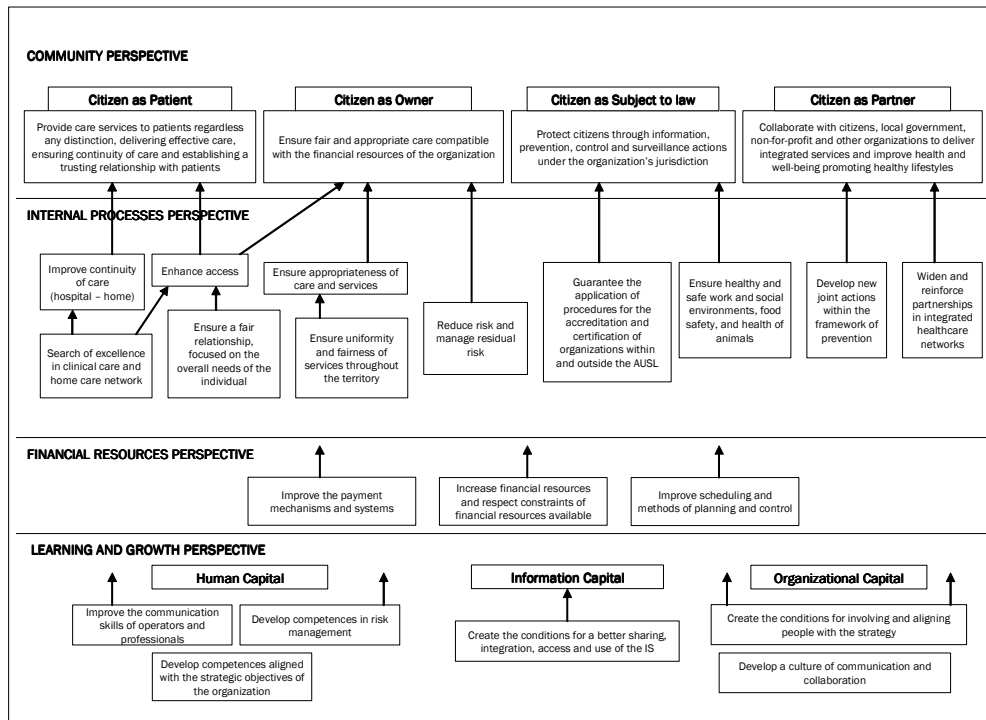The strategy map of the MOS designed for the whole organization is shown in Figure 2.

Figure 2: the strategy map of the AUSL of Modena

Once the Strategy map was complete the team successfully tested the logic and the coherence of the cause and effects relationships stressing the logic behind them.

The next step was to select the appropriate set of indicators for each objective. A series of tests were conducted to assess whether or not an indicator was a good one (Neely et al., 2002). Valid indicators were arranged in a sort of catalogue and a detailed description of each indicator were added to avoid any ambiguity (Niven 2002, Neely et al., 2002). Defining targets to quantify objectives and initiatives to support the accomplishment of these objectives, were the two following steps performed to complete the Mission-Oriented Scorecard as in any other Balanced Scorecard project.

The released strategy map was then used to develop aligned scorecards throughout the whole organization starting from its territorial structures (departments that operate outside the hospital's network): the Department of Mental Health, the Department of Public Health and the seven Health Districts of the Authority. The strategy map of the Department of Mental Health is shown in Figure 3.
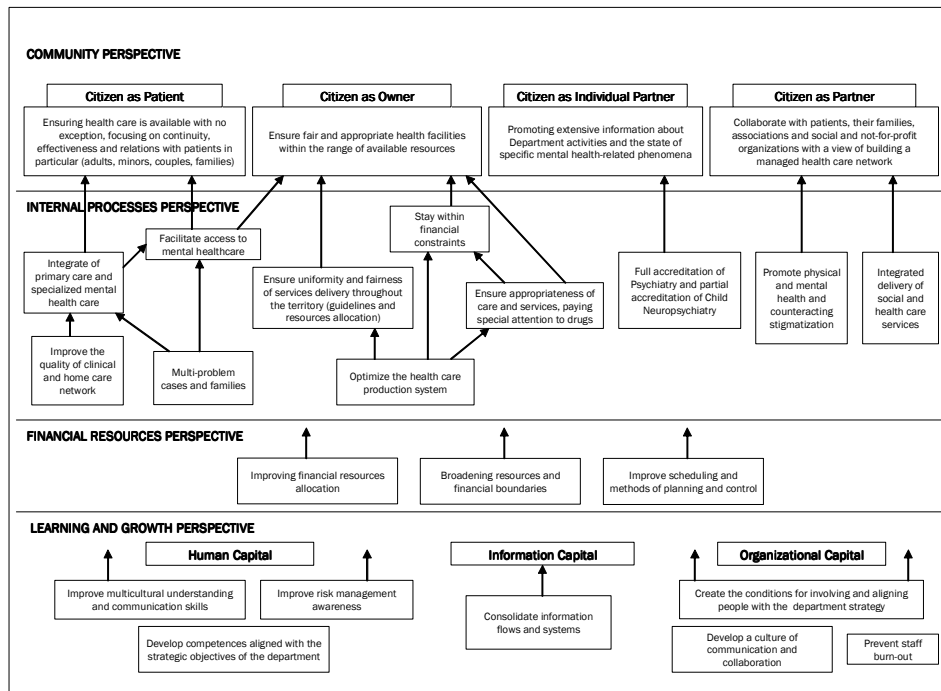
Figure 3: the strategy map of the Department of Mental Health

Achieved benefits

Many benefits has been achieved building and implementing the MOS and cascading it throughout the whole Authority. A few significant ones are:

- Create awareness of the multiple roles of citizens and maintain a clear focus on all the "stakeholder" roles undertaken by citizens throughout all decision processes and actions
- Build a commitment to work in a coordinated and collaborative manner to ensure the best service to the Community
- Get transparency on objectives and strategic initiatives
- Balance responsiveness with accountability and collaboration
- Create a shared and consistent measurement system to monitor the performance of the whole organization (Micheli et al., 2005)
- Improve the partnership and the integration with other public and not-for-profit organizations

Conclusions

The Mission-Oriented Scorecard fitted well the complexity of the Local Health Authority and the huge intersection of tasks and responsibilities this organization has to manage. It helped the organization to identify and focus on a balanced set of outcomes in the Community perspective and a robust set of objectives in the internal processes perspective.

Goals and indicators defined for each dimension of the Community perspective are stable in time and do not change in the short period. The same happens for the related measures. In cascading the MOS throughout the organization, the dimensions related with the different citizen's roles do not have the same relevance for different units within the organization. Organizations and units can choose those dimensions that better represent their relationship with citizens and better fit their needs.

The Mission-Oriented Scorecard is an open and descriptive architecture that should empower the Balanced Scorecard effectiveness in Public Sector applications.

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