The Theory & Practice of Best Practice Governance & Management of Balance Scorecarding

June 8-9th 2016

Ted Ball & Al Madden
About Ted

TED BALL is a partner in Quantum Transformation Technologies a consulting firm specializing in building the internal capacity of organizations to redesign and transform themselves using the systems-thinking-based tools and processes developed by Quantum and its strategic partners, Quantum Innovations of Austin Texas, and Clearpath of Seattle Washington.

Ted is well-known in the Canadian healthcare system for his thought-provoking essays on organizational transformation, leadership, governance, balanced scorecarding and the design of complex adaptive systems.

For the past twenty years Ted has worked on leading-edge knowledge product development teams to create tools and processes that liberate the knowledge & wisdom of frontline workers to redesign their systems, structures and processes to improve quality, efficiency and to enhance the patient experience. These tools combine the art and science of organizational alignment, leveraged strategic thinking and storyboarding.

Dennis D. Pointer, co-author of Board Work: Governing Health Care Organizations says that “one of Quantum’s great strengths is that they get people to see the ‘whole system’ and the ‘big picture’ so we can better integrate the component parts of governance, management, and our service delivery systems. They have raised the bar on both the science and art of systems thinking.”

Ted has worked as a speech writer, policy advisor and Chief-of-Staff to Ontario Ministers of Health from all three political parties. He has operated as a transformation coach to CEOs of hospitals, CCAC’s, community services and Think Tanks as well as a facilitator for high performance teams developing strategy, creating knowledge products, shifting corporate culture designing new governance processes and reconfiguring whole service delivery systems.

Ted was appointed by the Government of Ontario as a “governance expert” to establish the governance structure incorporating York Central Hospital and the Vaughan Health Campus of Care. He also facilitated the Board and Senior Management Team at North York General Hospital to create the first Balanced Governance Scorecard at a Canadian hospital.

In the mental health sector, Ted was awarded the CMHA's Outstanding Contribution Award.

Most recently, Ted has been an innovator in the field of experience design – methods and processes created to enhance and dramatically improve the patient experience by mobilizing the knowledge and wisdom of front-line healthcare service providers.

Toronto Star columnist and editorial writer Carol Goar says that: “Ted Ball is one of the best informed health policy analysts in the province.” She says that “Ted has excellent connections at Queen’s Park, and an encyclopedic knowledge of the healthcare system.”

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Ted Ball

- “The Theory”
- Why it works
- Governance/Management
- System/Organizational Alignment
“The Practice!”
Senior Management/
Middle Management/
Staff
Tapping into our
collective intelligence: a
leaning system.
AOHC Conference June 8-9\textsuperscript{th}

Why All Our Strategies Are Failing

Ted Ball
Managing Transformation:

- Caterpillar to Butterfly
- Complex, Adaptive, Human Systems
- 70% Failure rate for large scale transformation projects.
The Hard Facts

“90% of all strategies are never implemented.”

- Henry Mintzberg
Deming’s Wisdom

Design Issues: 93%

People Issues: 7%
Learning Organizations & Learning Communities

- Learning from our best mistakes
- Learning from success/ failures
- Evidence-based
The Barriers to Implementing Strategy

- **Vision Barrier**: Only 5% of the workforce understands the strategy.
- **People Barrier**: Only 25% of the managers have incentives linked to strategy.
- **Management Barrier**: 86% of executive teams spend less than one hour per month discussing strategy.
- **Resource Barrier**: 60% of organizations don’t link budgets to their strategy.

Balanced Scorecard Collaborative
Who Created The BSC?

- The *Balanced Scorecard* was started by Kaplan and Norton, from Harvard University – to help organizations in both the public and private sectors to stop being over reliant on financial measures for performance evaluation.

- Where is the fuel tank?
The Balanced Scorecard

Financial
- Balance Revenue and Costs
- Asset Utilization
- Efficiency/Effectiveness
- Leveraged Use of Resources

Customer
- Accessibility
- Quality Care/Outcomes
- Seamless Services
- Customer Satisfaction

Value-Added Processes
- Core Process: Quality Care
- Support Processes
- Integrated Service Design

Learning & Growth Enablers
- Human Capital and Strategic Competencies
- Accountability and Strategic Budgeting
- Information Capital
- Alignment & Culture
The Balance Scorecard is....

• A framework for implementing strategy: this is where we are going, what we need to achieve, and how we are going to get there.

• An approach to eliminate fragmentation and produce integrated action.
Common Language & Framework

• For talking about change.
• Planning for change.
• Executing leveraged changes.
• Evaluating the Changes/Sustainability.

90% of humans would rather die, than change.
Strategic Outcomes: Top Two Quadrants

• List the outcomes/results in the top two quadrants.

• Customer & Financial Outcomes.
Strategic Enablers: Bottom Two Quadrants

• Think through the two key enablers in the bottom two quadrants.

• Learning & Growth and the Value-Added Processes.
“It is these cause-and-effect linkages that describe the logical path by which improvements in intangible assets and value creating processes get translated into tangible customer and finance outcomes.”
Linkages of Cause & Effect:

If we invest in the LEARNING AND GROWTH of our people, then, they will be able to design INTERNAL PROCESSES that enable us to achieve our outcomes in the CUSTOMER & FINANCIAL quadrants.

If...Then

Cause & Effect
“The Balanced Scorecard framework is a ‘system’. It is a collection of performance measures intentionally selected for their role in a causal relationship ultimately aimed at achieving the organization’s vision.”
Sample BSC Cause and Effect

<table>
<thead>
<tr>
<th>Financial</th>
<th></th>
<th>Client</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Bundled Payments reward client satisfaction scores</strong></td>
<td></td>
<td><strong>Strategic Outcome:</strong> Improve Client Satisfaction/experience</td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>Measure:</strong> % of clients who are satisfied</td>
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<table>
<thead>
<tr>
<th>Processes</th>
<th></th>
<th>Learning &amp; Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>THEN . . . IF</strong></td>
<td></td>
<td><strong>IF</strong></td>
</tr>
<tr>
<td><strong>Strategic Objective:</strong> Implement Patient Co-design Process</td>
<td><strong>Strategic Objective:</strong> Internal capacity to learn Storyboarding &amp; Patient Experience Design Methodologies</td>
<td></td>
</tr>
<tr>
<td><strong>Measure:</strong> % of clients experiencing transformed process</td>
<td><strong>Measure:</strong> % employees who can do storyboarding.</td>
<td></td>
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# The Balanced Scorecard

<table>
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<tr>
<th>Financial</th>
<th>Customer</th>
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<tbody>
<tr>
<td>• Balance Revenue and Costs</td>
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<th>Value-Added Processes</th>
<th>Learning &amp; Growth Enablers</th>
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<tr>
<td>• Core Process: Quality Care</td>
<td>• Human Capital and Strategic Competencies</td>
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<td>• Information Capital</td>
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<td></td>
<td>• Alignment &amp; Culture</td>
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Implementing a Balanced Scorecard at SEHCHC

June 8-9th 2016

Al Madden
What did Ted Say?

- Culture is about how people think and behave – 90% of strategies fail
- CEOs own strategy!
- People need to aspire to higher levels of self-actualization
- Ted talked about “Learning Organizations”
- Culture eats Strategy every time!
- Therefore – the inability for CEOs to develop an appropriate culture is directly related to failing strategies – CEOs are responsible for failing strategies!
WHAT DID WE LEARN LAST YEAR?
How People Think and Behave

• How people think and act is driven by their ability to make decisions – how empowered they are
  – There are no wrong answers – every contribution is acceptable
  – Mistakes are going to happen – they are part of the learning process
  – Employees are engaged

• How they behave is driven by the established values of the organization – both written and understood
  – The written values of the organization (embedded in the actual values and the HR policies) establish a framework of acceptable behaviours
  – The preferences, behaviours and management style of the ED or CEO, support the unwritten acceptable norms
    » Am I a “Directive” CEO or an “Engaging” CEO? Are Employees engaged?
Basic Principles

• Empowerment of Employees is critical to achieving self-actualization
• Values are useless if not practiced – and it starts at the top
Myths about the BSC

1. There is a huge difference between outcomes and output measurements?

Outputs are productivity or efficiency metrics such as the number of reports written per month while outcomes deal with long term effectiveness or the results of a mission or project.

True
2. If I implement a Balanced Scorecard my performance will increase?

In order to ensure that performance increases, an organization must have a rigorous “performance management system” that aligns with the balanced scorecard. **More measurement does not equal better management!**

False
Exercise – 20 minutes

• Break out into four groups. Using the BSC Rubric as a tool, develop 3 actions and measures for each perspective.

• Group 1 do #1 (Finance), group 2 do #2 (Patient/Client) etc.

  1. Finance Perspective
  2. Patient/Client Perspective
  3. Internal Business Processes
  4. Learning and Growth Perspective also referred to as Employee Perspective
SEGCHC Management System

1. Develop the Strategy
   - Mission
   - Vision
   - Values
   - Strategic Analysis

2. Translate Strategy
   - Strategy Map
   - Themes and Targets
   - Initiatives
   - Funding

3. Align Organization
   - Org. Structure
   - Board
   - Employees
   - Stakeholders

4. Plan Operations
   - Process Improvement
   - Resource Planning
   - Budgeting
   - Program Offering

5. Test and Adapt
   - Emerging Trends
   - Environmental Scan
   - Strategy Considerations

6. Monitor and Learn
   - Strategy Reviews
   - Operating Reviews

Flow:
- Develop the Strategy to Translate Strategy
- Translate Strategy to Strategic Plan
- Strategic Plan to Operating Plan
- Operating Plan to Execution
- Execution to Process
- Process to Initiative
- Initiative back to Execution
- Execution to Monitor and Learn
- Monitor and Learn to Test and Adapt
- Test and Adapt to Operating Plan
- Operating Plan to Align Organization
- Align Organization to Plan Operations
The Diamond “E”

- Management Preferences
  - Values-Based Organization
  - Client-Centred Care
  - Lean Organization
  - Performance Culture
  - Accountability
  - Empowered Employees

- Organization
- Strategy
  - Vision
  - Mission
  - Values
  - Strategic Directions
  - Business Plan

- Resources
- Environment
  - Excellent Care for all Act
  - M-SAA/OHRS
  - SW LHIN Priorities
  - Economic Pressures
  - Wage/Budget Freeze
  - SWOT Analysis

- Macro
- Micro
  - Demographics
  - Rural v Urban
  - Community Needs Assessment (Special Needs)
  - SAMI
  - AOHC Priorities - NOD/BIRT

* Source: Nick Fry, University of Western Ontario
“Strategy is the definitive tool for building, communicating, and maintaining the direction of a business”.

The intention of strategy, is to take the basic ideas of a business operation, such as those reflected in a mission and vision, and express them in operational terms. Strategy adds essential detail, establishes priorities and sets boundaries.
SEGCHC Strategic Directions

Quality

Patient/Client Community

Innovation

Accountability

Health Equity

Community

Respect – Trust – Family – Collaboration
Model of Health and Wellbeing
The Balanced Scorecard Rubric
Managing Individual Performance

“What Gets Measured, Gets Done” (Managed) - Peter Drucker

- The implementation of a Performance Management Program is essential to developing and maintaining a performance-based culture
The PMP

Comprised of 3 Elements

1. Individual Goals
   - Goals that cascade down from the Business Plan and that are aligned with the Strategic Directions AND THE Balanced Score Card

2. Expected Competencies and Behaviours
   - Must be aligned to the Organizational Values and associated with the position

3. The Individual Learning Plan
   - A plan that supports the concept of Learning Organization and one that will challenge the employee
How are we doing?

<table>
<thead>
<tr>
<th>MSAA Indicators</th>
<th>SEGCHC</th>
<th>CHC Prov.</th>
<th>Difference</th>
<th>SW LHIN</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>1A. Influenza Vaccination Rate</td>
<td>36.6%</td>
<td>20.6%</td>
<td>16.0%</td>
<td>29.9%</td>
<td>6.7%</td>
</tr>
<tr>
<td>1B. Influenza Vaccination Rate for High Risk Clients</td>
<td>55.8%</td>
<td>43.0%</td>
<td>12.8%</td>
<td>53.8%</td>
<td>2.0%</td>
</tr>
<tr>
<td>2. Breast Cancer Screening Rate</td>
<td>87.0%</td>
<td>63.8%</td>
<td>23.2%</td>
<td>64.4%</td>
<td>22.6%</td>
</tr>
<tr>
<td>3. Cervical Cancer Screening Rate (PAP)</td>
<td>80.0%</td>
<td>68.3%</td>
<td>11.7%</td>
<td>67.7%</td>
<td>12.3%</td>
</tr>
<tr>
<td>4. Inter-Professional Diabetes Care Rate</td>
<td>98.0%</td>
<td>88.8%</td>
<td>9.1%</td>
<td>92.8%</td>
<td>5.2%</td>
</tr>
<tr>
<td>5. Colorectal Cancer Screening Rate</td>
<td>83.4%</td>
<td>65.2%</td>
<td>18.2%</td>
<td>69.1%</td>
<td>14.3%</td>
</tr>
<tr>
<td>6A. Periodic Health Examination Rate</td>
<td>58.4%</td>
<td>52.8%</td>
<td>5.6%</td>
<td>59.6%</td>
<td>-1.3%</td>
</tr>
<tr>
<td>6B. Periodic Health Examination Rate for Diabetics Only</td>
<td>69.1%</td>
<td>59.0%</td>
<td>10.1%</td>
<td>65.6%</td>
<td>3.5%</td>
</tr>
<tr>
<td>6C. Periodic Health Examination Rate for Mental Health</td>
<td>57.7%</td>
<td>53.7%</td>
<td>4.1%</td>
<td>54.9%</td>
<td>2.9%</td>
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<th>Financial Indicators</th>
<th>SEGCHC</th>
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<tr>
<td>Panel Size (Roster) 2015-2016</td>
<td>4,538</td>
</tr>
<tr>
<td>Total Visits (2014-2015)</td>
<td>27,309</td>
</tr>
<tr>
<td>Budget per Patient Rostered</td>
<td>$685.78</td>
</tr>
<tr>
<td>Cost per Visit</td>
<td>$113.96</td>
</tr>
<tr>
<td>% Budget Spent on Medical Staff (MD and NP)</td>
<td>37.5%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Patient Satisfaction Indicators</th>
<th>SEGCHC</th>
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<tbody>
<tr>
<td>Overall Patient Satisfaction</td>
<td>99.0%</td>
</tr>
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Talent Map – Employee Engagement Survey

High Employee Engagement = High Performance

2013 – 86% employee engagement
2015 – 99.2% employee engagement
Samples
Lessons Learned

• Performance Management - This is the most important function that I do!
• I spend 20-25% of my time specifically managing performance

Embedded Performance Management
• I meet with my operational staff weekly to review goals and review stats.
• Staff enjoy having opportunities to meet with me one-on-one to talk about goals, challenges, opportunities and their own vision
  – One senior employee was taken to tears when I told her how much she was valued. She indicated that nobody had ever told her that before. A little positive feedback goes a long way!
• Monthly, we have staff meetings (12:00 to 4:30). We have a pot luck lunch that we all contribute to, a quick overview of any new Environmental Issues (remember the Diamond E) and a look at where we are against our objectives
  – Primary care breaks away to talk about trending issues and the other professional allied health and community program staff meet separately

Enabling Structures
• Our values are paramount. No deviation – ever!
• Our policies support our values
• Our budget is allocated by functional centre – each person has their own budget for purchasing incidentals that support their own programs – they do not need my permission to spend
• Each person has an allocated budget for training
• Our culture revolves around reception!
• I don’t run the place, I support the people that do!
Questions?

THANK YOU!
Association of Ontario Health Centres

Strategy Development and Strategy Execution

June 8-9th 2016
The Enablers:

- CEO’s are the “Chief Strategy Officers”
- They work with senior/middle management and the staff to determine strategy.
Board’s Role

Vision
- Continuously review, explore and refine the organization’s vision
- Require highly participative processes for shared vision, strategy development and feedback

Approve Strategic Directions
- Long-term strategy and targets
- Partnerships and system integration

Oversee Financial Activities
- Performance review/monitoring process
- Fiscal policy/strategic budgeting
- Ensure leveraged use of resources
- Approve major capital expenditures

Coach the CEO/Chief-of-Staff & Partner with Senior Management
- Decision support
- Performance feedback/advice
- Ask probing questions on behalf of the “owners” and “customers”
- Function as coach, guide, mentor

CEO’s Role

Shared Vision
- Ensure teams and staff throughout the organization have ownership of the evolving vision and strategy
- Lead and manage transformation process

Define & Communicate Strategy
- Identify financial and non-financial drivers
- Capacity-building for BSC input through cascading process
- Partnership and system integration

Manage Financial Resources
- Fiscal policy/strategic budgeting
- Forecasting and strategic budgeting
- Propose major capital expenditures
- Balance the budget

Organizational & People Alignment
- Workforce acquisition/retention and performance management
- Alignment of processes, systems, structures, culture and skills to achieve the strategy
- Coach direct reports/model learning
- Provide the right balance of leadership/management and empowerment/accountability
Board’s Role

Select & Motivate Executives
- Executive performance and compensation
- Succession planning/executive development
- Invest in learning & growth of board and staff

Ensure Compliance
- Regulation requirements
- Quality care and risk management
- Stakeholder/funder communications
- Hold CEO/Chief-of-Staff accountable for outcomes

CEO’s Role

Build Capacity of Staff
- Invest in learning & growth of staff
- Leadership & Talent Management
- Model learning
- Practice developmental facilitation and coaching

Manage Execution
- Performance measurement/reporting/review
- Partnership with Chief-of-Staff/senior team/Board
- Determine leveraged actions to close the performance gap
- Stewardship for success
“Trustee wisdom comes from its broad focus. While staff must pay attention to the trees, board members can look at the whole forest”.

- Ronald Heifetz
  Adaptive Leadership
Board/CEO Partnership:

Board Role/Purpose/Function: 51% (Managing Partner)

CEO Role/Function: 49% (Partner on Outcomes)

Partnership
Governance and Accountability

AOHC Conference June 8-9th

Ted Ball
Board Responsibilities

- Ensure Benefit To “Owners”
- Hold the CEO Accountable For “E nds Policies”
- Provide Stewardship For Mission/ Vision/Values
- Monitor Executive Performance with BSC
- Ensure Financial Health
- Ensure Quality-of-Care and Caring
- Accountable to the LHIN For Outcomes
"Because trustees are more emotionally distant from the day-to-day action of the organization, they are often in a better position to see things from a balcony perspective. They can observe the whole dance floor -- without getting caught up on the dance."

- Ronald Heifetz
  Adaptive Leadership
Emerging Best Practice Governance: The Learning Journey in Healthcare

Carver Model

Pointer-Orlikoff Model

Modified Policy Governance

Balanced Governance Scorecards
“Trustee wisdom comes from its broad focus. While staff must pay attention to the trees, board members can look at the whole forest”.

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Board Role/Purpose/Function

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Partnership

CEO Role/Function

49% (Partner on Outcomes)
Board/Staff Wisdom

**STAFF WISDOM**
- Based on experience in the organization
- Based on specialized knowledge/expertise

**BOARD WISDOM**
- Based on distance from the daily routine
- Based on understanding of what the “owners” want/need/can afford.
Accountability for Outcomes

“Holding people accountable should only be done in the context of clearly defined outcomes. Outcomes must be understood, and adjusted regularly to reflect new realities. Not only must everyone understand what is expected of them and why, they must also have the necessary resources and skills to achieve the outcomes for which they are accountable.”

– Marilyn Paul
Supports Required

• “You can’t be held accountable for outcomes that you have no control over.”

• So what supports/resources/skills/systems does each person need in order to accomplish each of the outcomes/targets they agree to be accountable for?
Accountability Process

• An accountability process is most effective when individuals develop their own *Accountability Agreement* in ongoing dialogues with the person to whom they report. This ensures that the agreement reflects the ever-changing circumstances of our hospital.
Exercise #?: Finance Outcome

• Given, expanded role of LHINs in primary care, how can BSC help? (20 Min)