

# The Balanced Scorecard: Superior Performance and Strategic Success

## The Rural Health Balanced Scorecard Pilot Program Approach

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# What is it?

BSC Overview

BCS Development

Strategy Mapping

*An organizational framework to define, align and communicate strategy effectively at all levels of an organization.*

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# Performance & Quality Lessons Learned

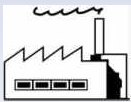
## Common Symptoms of Underperforming Hospitals



**Lack of Transparency** Board members, department managers and executive management team should have timely access to critical information.



**Limited Collaboration** Front line managers and staff members should be viewed as colleagues who are in a unique position to provide tactical insight and strategic direction for the organization.



**Smokestack Mentality** Departments should function in an integrated environment where performance assessment is not isolated.



**Lack of Empowerment** Front line managers are a source of valuable business information but frequently are excluded from managerial decisions.

# An organizational tool or “Language”

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- *Flexible* – to the needs of your organization
- *Adaptable* – to all healthcare issues
- *Measurable* – improvement is quantifiable
- *Easily implemented* – results are available, accessible and apparent

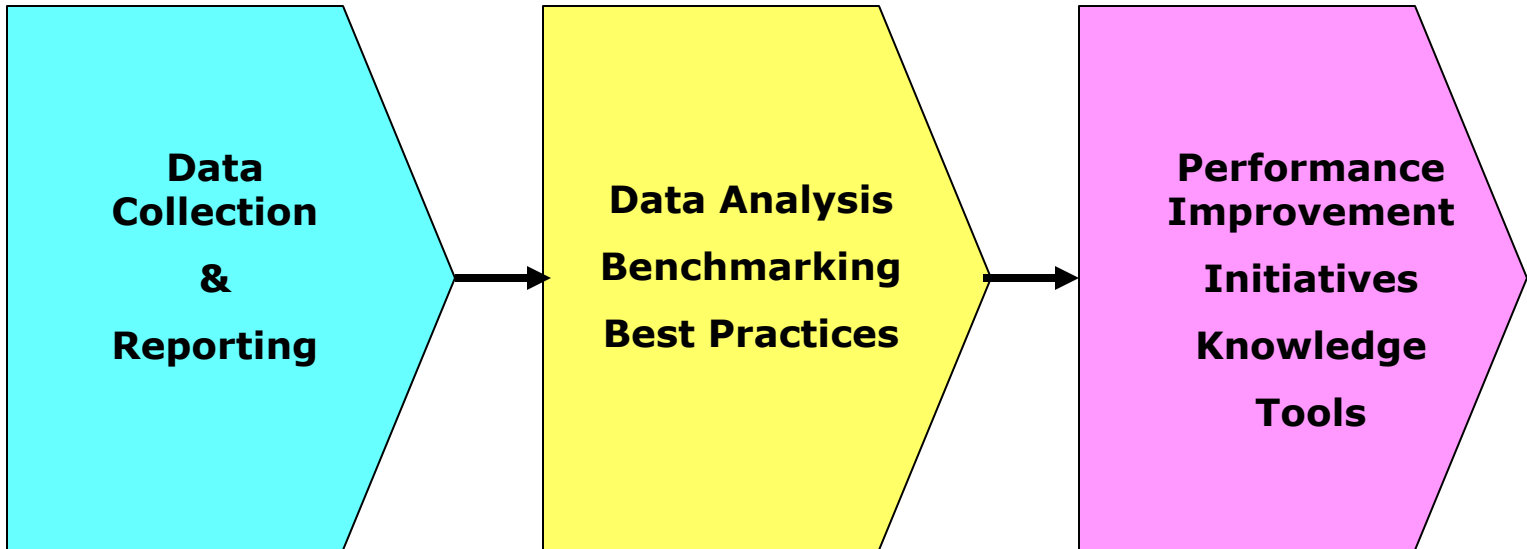
“Get the strategy out of the stratosphere and engage the people who actually do the work!”

# Evolution From Data Collection To Strategic Action

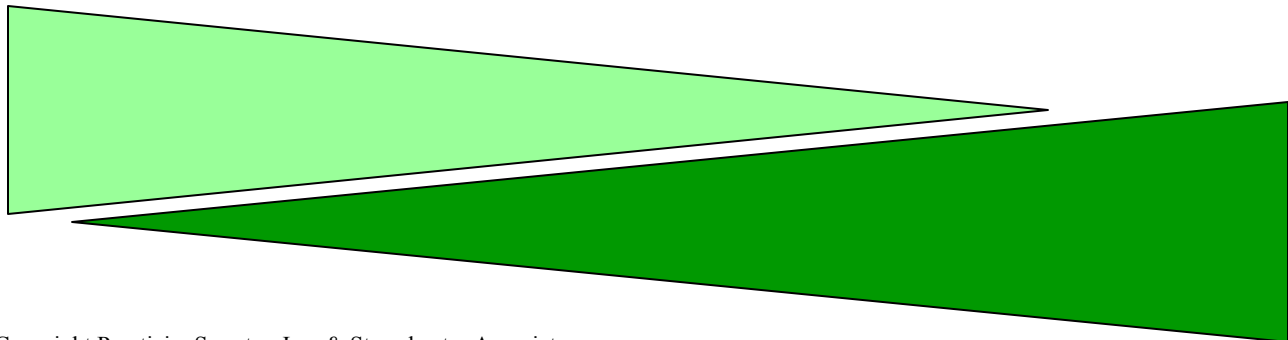
BSC Overview
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## Phase 1                      Phase 2                      Phase 3

### Measurement                      Analysis                      Performance Improvement



**Current Effort**



# How does it work?

BSC Overview

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Strategy Mapping

- Collaborative and systematic approach to quantifying and improving performance in
  - Customer relationship management
  - Finance
  - Clinical QI and Patient Safety
  - Human Resources/Workforce Effectiveness
  - Technologic Capability
  - Compliance
- Primary focus is on creating a close linkage between organizational strategic plan and implementation plans throughout the system

# Healthcare Balanced Scorecard Quadrants

BSC Overview

BCS Development

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## Finance and Business Development

Focuses on financial factors related to revenue growth, expense reduction, operating ratios, billing office functionality, asset management and overall financial stability.

## Customers and Healthcare Community

Focuses on the treatment and care offered to the hospital's patients, the ability of the hospital to meet community expectations, and the extent to which the hospital responds to physician needs.

## Operational Processes

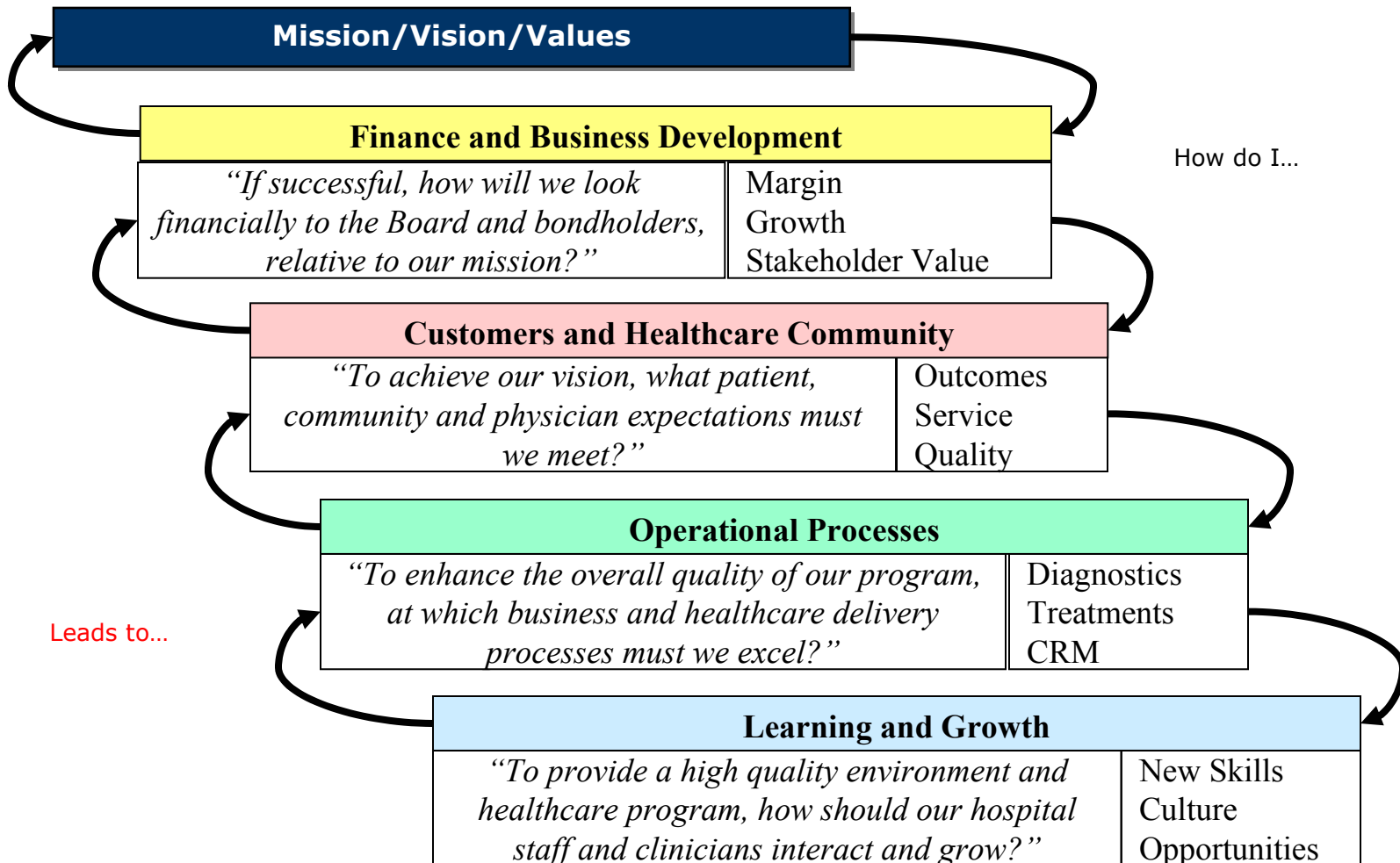
Focuses on enterprise-wide performance related to the entire healthcare service "experience" at the hospital, including, but not limited to clinical care, quality and safety.

## Learning and Growth

Focuses on the commitment to provide a work environment that promotes personal growth and learning, and the development of human capital required to fulfill the hospital's mission. Emphasis is placed on staff and clinicians.

# Cause and Effect Relationships

- BSC Overview
- BCS Development
- Strategy Mapping



# What are the results?

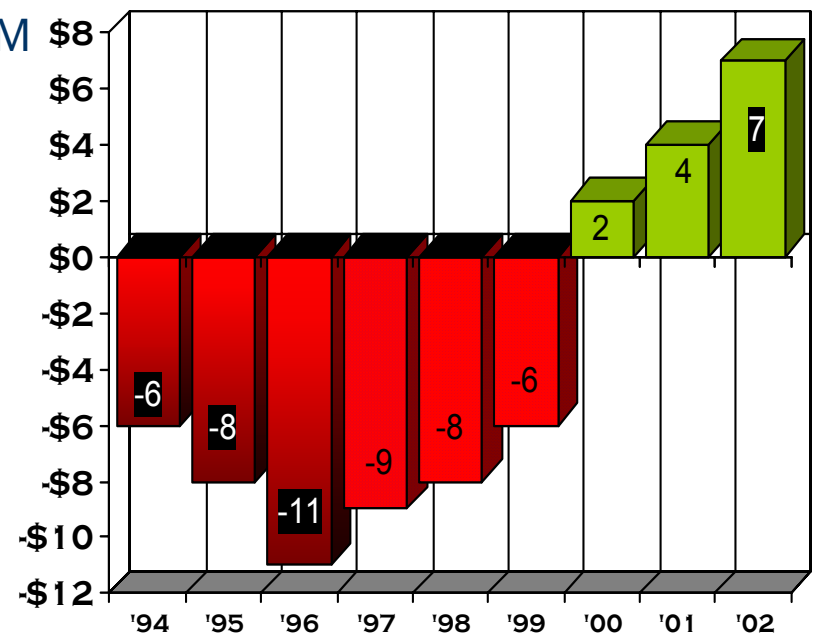
## Duke Children's Hospital

BSC Overview

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- **Business and Development:**
  - Increased Net Margin by \$18M
  - \$30M reduction in costs
- **Productivity:**
  - 65% to 100%
- **Patient Satisfaction**
  - 4.0 to 4.8 (0-5.0)
  - Highest in medical center
- **Staff Satisfaction**
  - 2.5 to 3.6
  - Lowered turnover rate

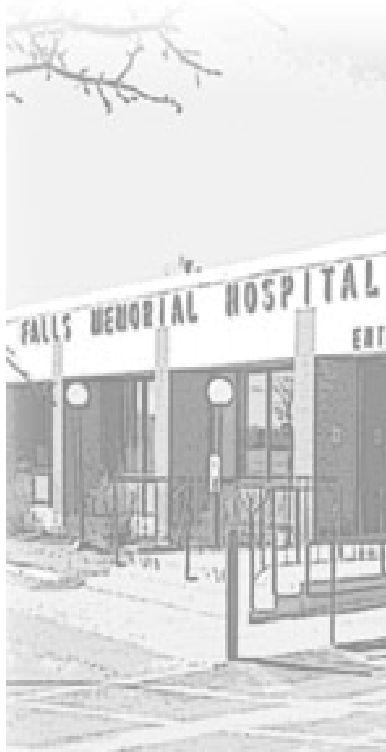


# The Balanced Scorecard Delivers Results Falls Memorial Hospital

BSC Overview

BCS Development

Strategy Mapping



## FMH Outcomes

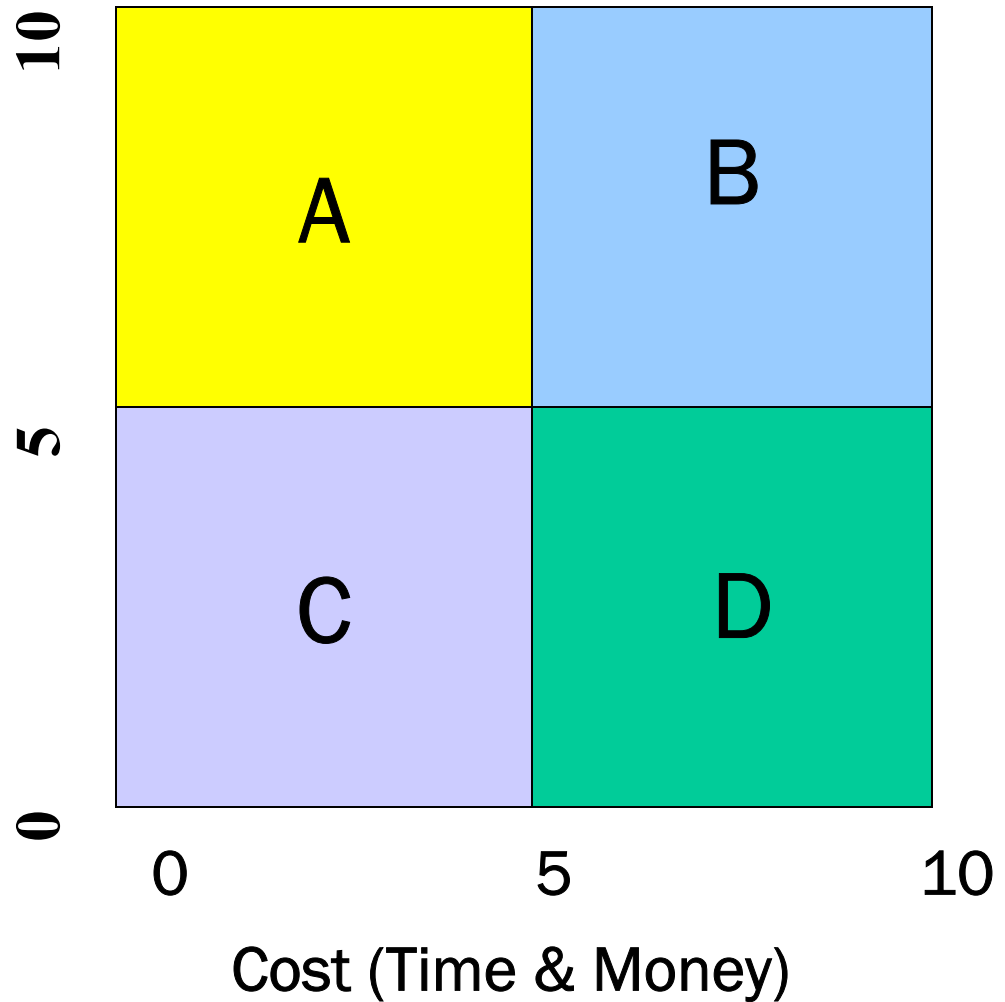
- Before
  - 5 days cash on hand
  - Age of plant 21 years
  - ADC ~ 3.5
  - Negative margin
- After
  - 45 days cash on hand
  - Age of plant 7 years
  - ADC ~ 10
  - Overall margin = 8.5%
  - Net revenue increase over prior year = 14%

# The “Value Grid”

## Defining KPIs & Initiatives

- BSC Overview
- BCS Development
- Strategy Mapping

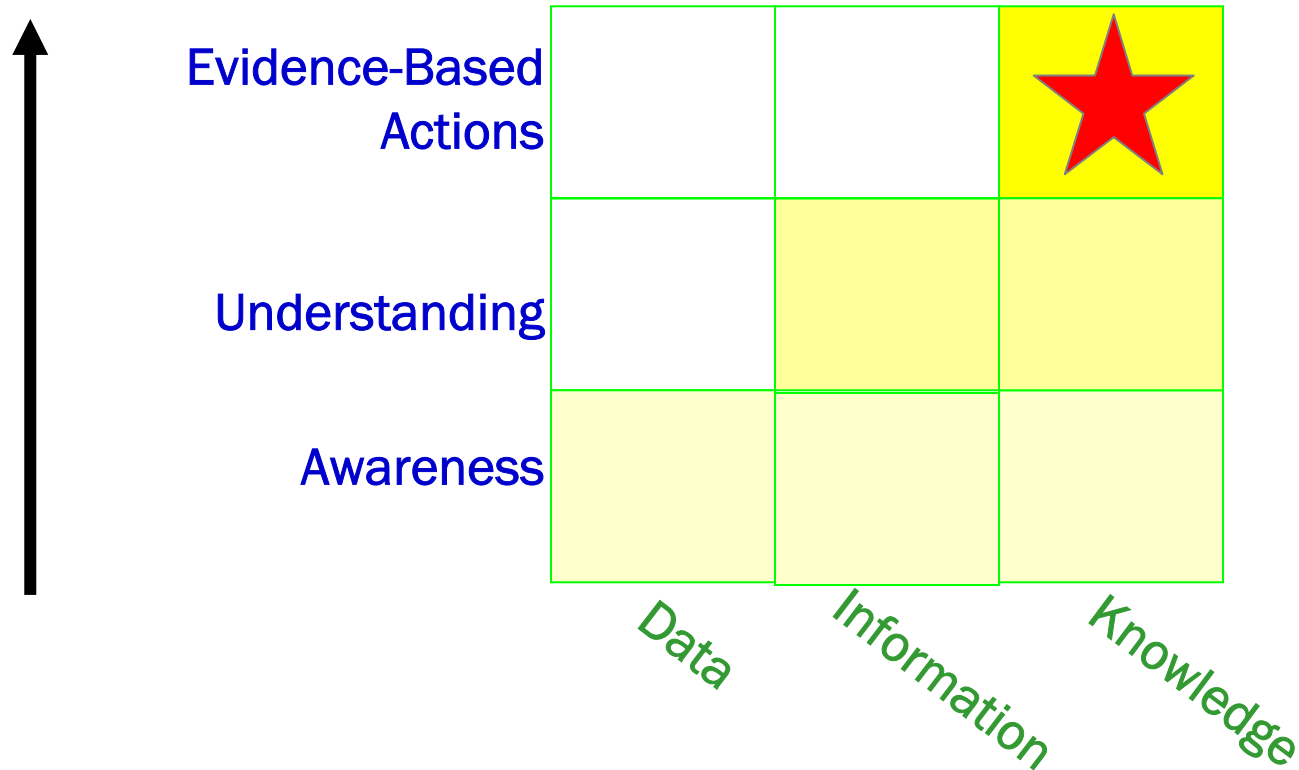
Impact on  
Achieving Goal



# The Three steps (M-A-P) to Success

- BSC Overview
- BCS Development
- Strategy Mapping

*It's not about providing the most numbers...it's about using knowledge to improve performance*



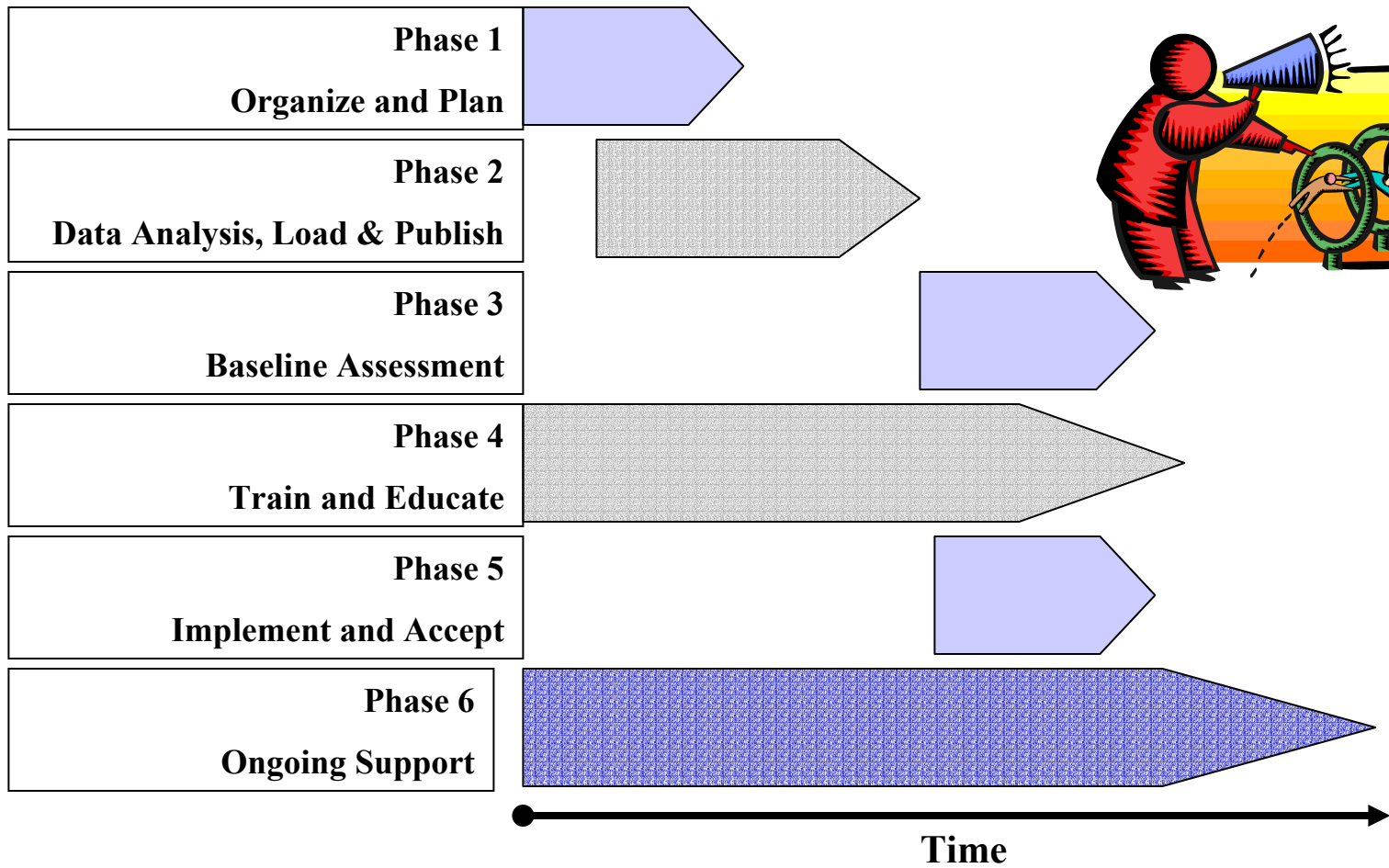
1. Measure 2. Analyze 3. Improve performance<sub>13</sub>



# Project Overview

## Implementation Methodology-60 Days

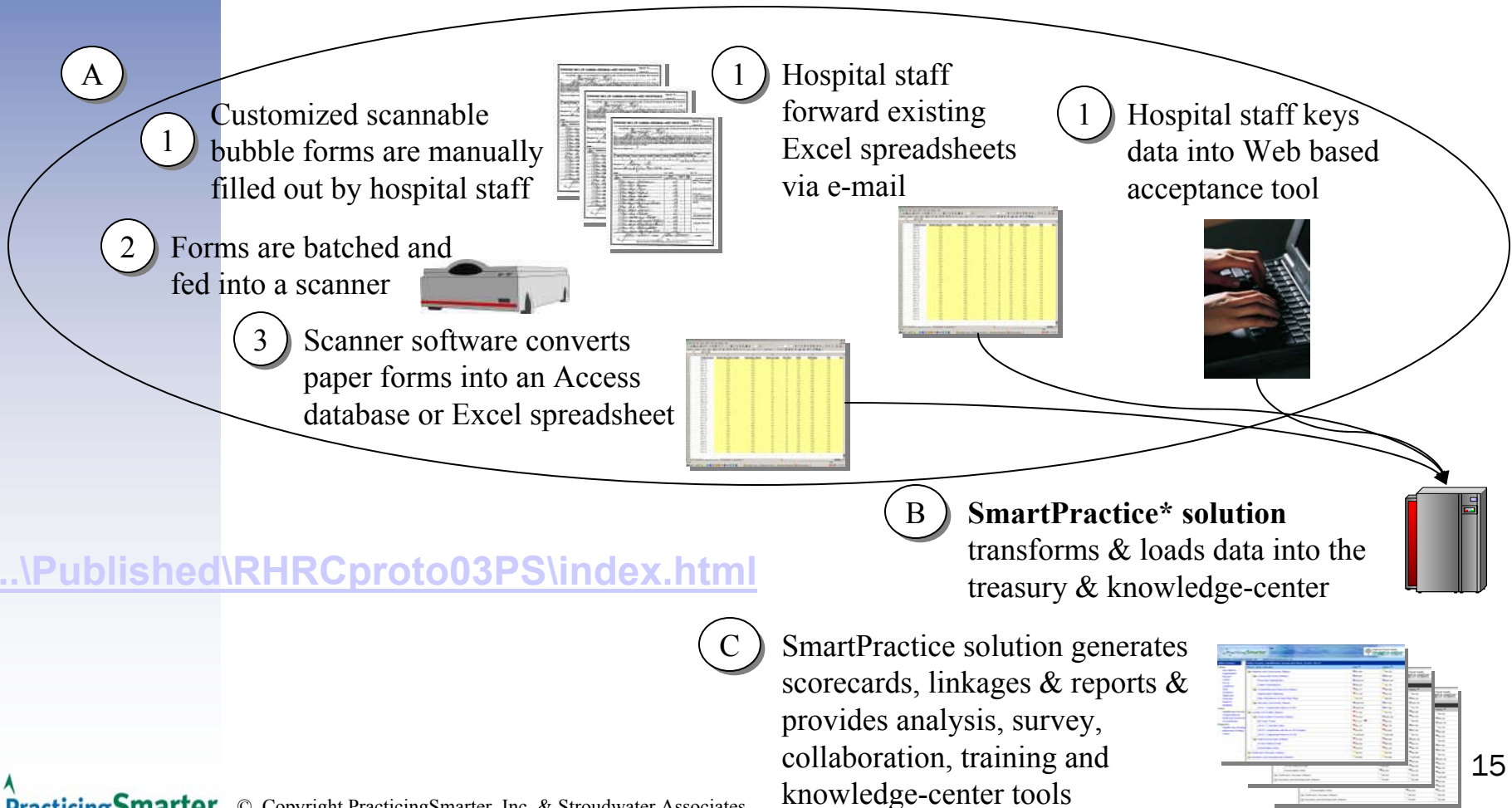
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# BSC Management

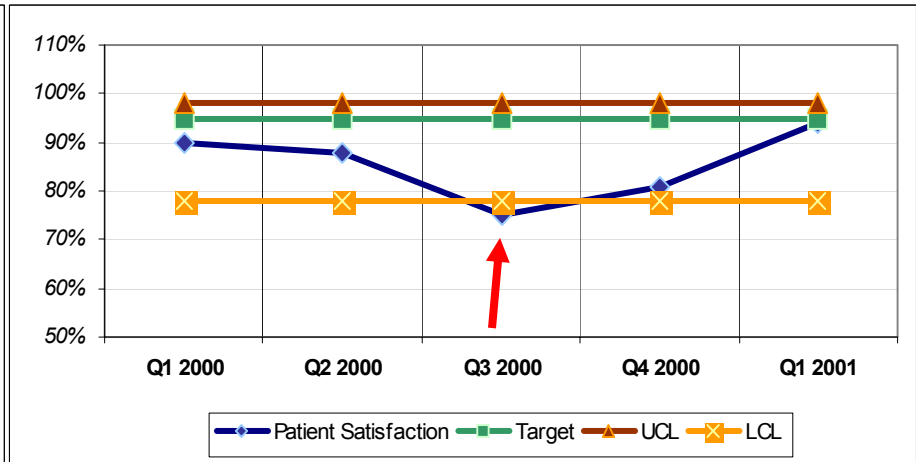
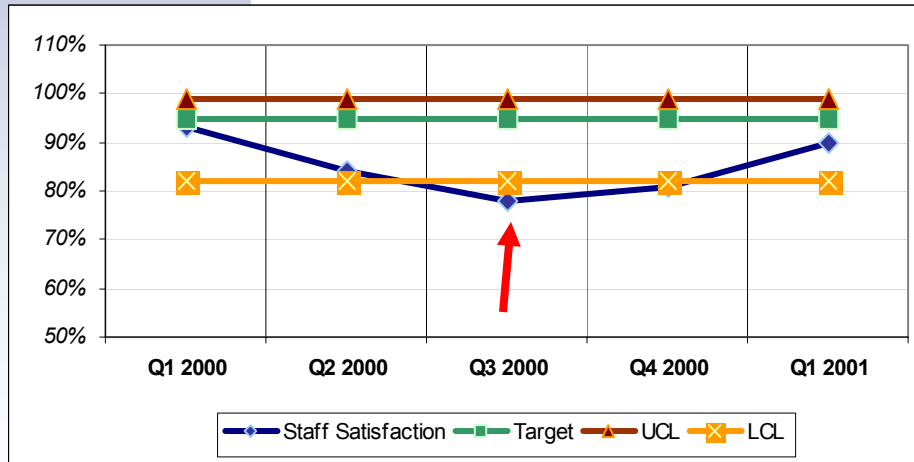
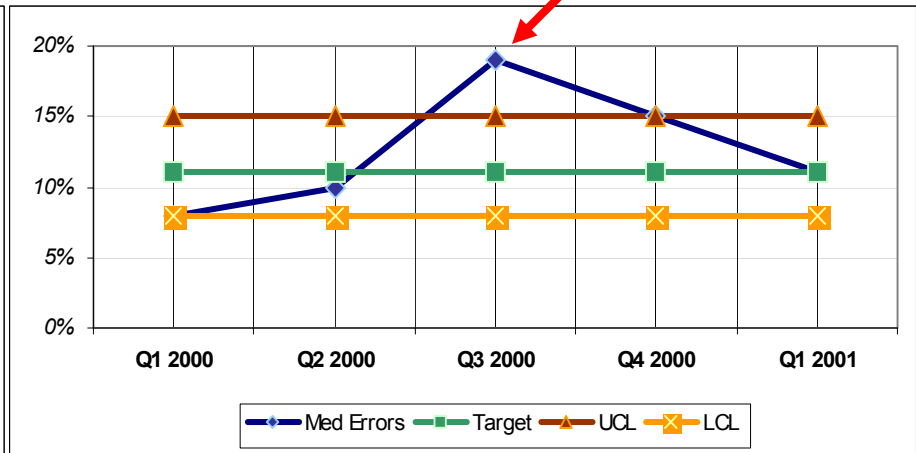
## Collecting the Data

The data collection options are designed so that any hospital can easily participate, regardless of its information systems and level of staff support.



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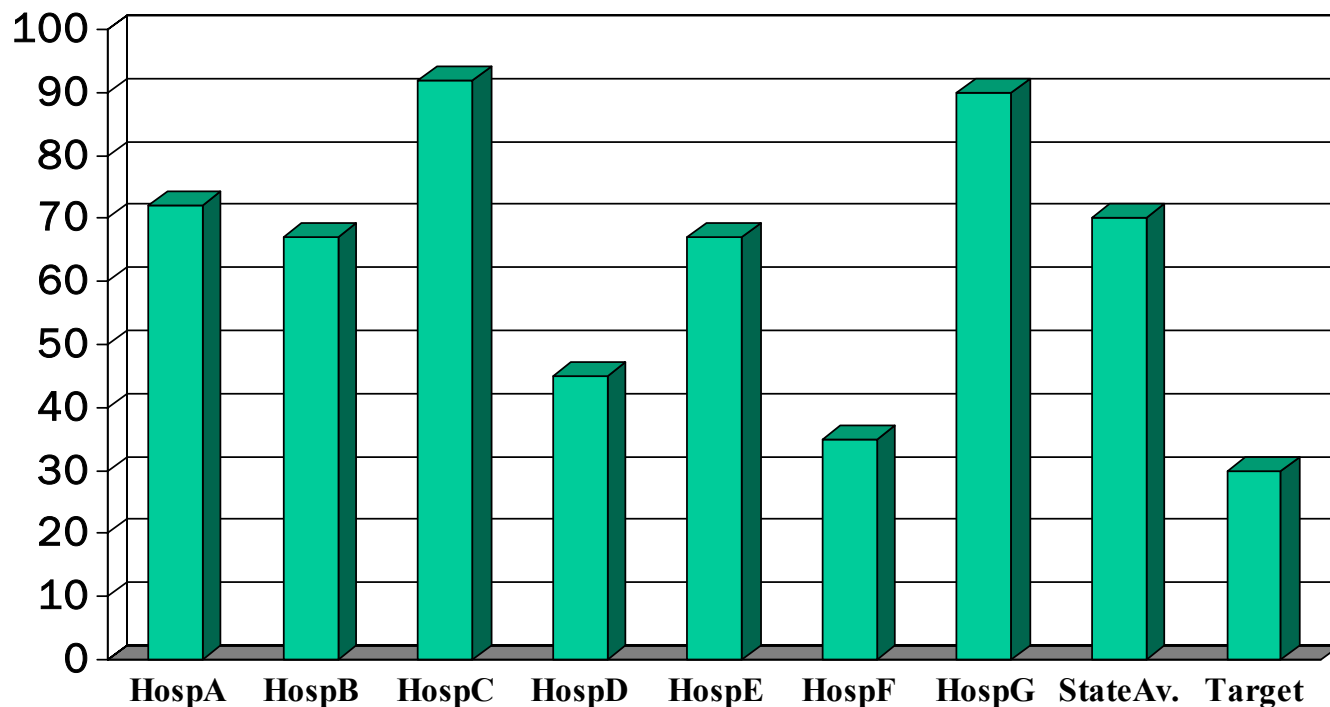
# Leverage Data to Improve Performance: M-A-P



# Utilize Rural Health Specific Benchmarks & Personalized Targets to Gauge Performance

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## Emergency Room Wait Times (min)



# Quantify Cause-and-Effect Relationships

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Referring MD Sat vs ER Wait Times

