

Balanced Scorecards for the Public Sector

BERNARD MARR



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UK/EUROPE OFFICE

Ark Group Ltd
Paulton House
8 Shepherdess Walk
London N1 7LB
United Kingdom
Tel +44 (0)20 7566 8276
Fax +44 (0)20 7324 2373
publishing@ark-group.com

NORTH AMERICA OFFICE

Ark Group USA
4408 N. Rockwood Drive
Suite 150
Peoria IL 61614
Tel +1 309 495 2853
Fax +1 309 495 2858
publishingna@ark-group.com

ASIA/PACIFIC OFFICE

Ark Group Australia Pty Ltd
Main Level
83 Walker Street
North Sydney NSW
Australia 2060
Tel +61 1300 550 662
Fax +61 1300 550 663
aga@arkgroupasia.com

Commissioning editor
Anna Shaw
ashaw@ark-group.com

Assistant editor
Stephanie Ramasamy
sramasamy@ark-group.com

Managing director
Jennifer Guy
jguy@ark-group.com

UK/Europe marketing enquiries
Robyn Macé
rmace@ark-group.com

US marketing enquiries
Daniel Smallwood
dsmallwood@ark-group.com

Asia/Pacific marketing enquiries
Steve Oesterreich
aga@arkgroupasia.com

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Executive summary

PUBLIC SECTOR organisations are about to enter one of the most challenging environments they have ever had to face as they bear much of the cost of the credit crunch. Across the world, public sector purses will shrink as national governments pay off the debt of averting global economies from the horrors of depression and deal with the budget deficits resulting from reduced tax income during the recession.

As public sector leaders juggle budgets to cope with perhaps unprecedented funding shortfalls, they face a further challenge. That is that national governments, the general public (the consumers of public services) and other stakeholders will simply not allow any degradation of key services. This might seem unfair to beleaguered public sector leaders, but is in many ways similar to the pressures on commercial organisations, that also had to maintain service levels during the recession while revenues fell, sometimes dramatically.

Furthermore public sector organisations will be placed under intense scrutiny to see how they spend their money. Those who monitor public services will demand greater performance accountability and transparency. The external demands will be that public sector leaders allocate resources in the most efficient and effective way possible – and that they are able to demonstrate that this is the case.

In order to cope with the upcoming challenges, perhaps more than ever before public sector leaders need to instil strong

performance management disciplines in their organisations; disciplines that enable these leaders to fully understand:

- What key outcomes and priority deliverables they must accomplish;
- How to allocate reduced financial resources to make the most positive impact on service levels and outcomes; and
- How to demonstrate in an open and transparent way that the outcomes were delivered in the most cost-effective manner.

Or put another way, leaders will be accountable for creating true value for money, meaning delivering the right level of service in an effective and efficient way. It is also important to highlight that although the current funding crisis has heightened the importance of managing performance, we shouldn't forget that attempting to improve the performance of public sector organisations (better value with less inefficiency) has been an agenda item for many national governments over many years.

This report outlines how the balanced scorecard, one of the most powerful and successful management tools of all time, can be used in public sector organisations to:

- Identify and communicate strategic priorities and key outcome deliverables;
- Understand how to make the best use of financial resources (by tracking through

causal linkages how money spent leads to customer or stakeholder-facing outcomes);

- Drive accountability into the organisation (people are held responsible for objectives, initiatives and measures);
- Instil greater performance transparency (the scorecard framework makes performance fully visible within the organisation and, if required, out to stakeholder groups); and
- Create a strong learning and improvement culture.

Packed with real-life examples and following a step-by-step logic, this report provides a practical best-practice framework for building and deploying a balanced scorecard system in a public sector environment. Readers will get an in-depth understanding of what a modern best-practice balanced scorecard is (and that it is a lot more than just focusing on the collection of often meaningless data for external reporting purposes). They will learn in detail the core skills of how to amend the balanced scorecard for public sector organisations, how to create strategy maps, how to link initiatives with strategic priorities, and how to create key performance questions and key performance indicators. Readers will then learn about how to overcome some of the key implementation challenges addressing cultural, structural and technological issues to ensure a balanced scorecard implementation is successful.

Many useful templates and tools are provided to ensure performance information is collected, reported and discussed in the right way that leads to tangible performance improvements.

Finally, a series of case studies completes the report, illustrating how some leading public sector organisations have used the balanced scorecard to drive their

performance agenda, delivering better value, fewer inefficiencies, more accountability and transparency, and real performance optimisation and improvements.

About the author

BERNARD MARR is a leading global expert and best-selling author on organisational performance. In this capacity he regularly advises companies, organisations and governments around the globe. He is an acclaimed and award-winning keynote speaker, consultant and teacher. Bernard Marr is acknowledged by the *CEO Journal* as one of today's leading business brains.

Bernard has written a number of seminal books and over 200 high-profile reports and articles on managing organisational performance. This includes the best-sellers *Managing and Delivering Performance*, *The Intelligent Company* and *Strategic Performance Management*, as well as a number of Gartner Reports and the world's largest research studies on government performance.

Bernard is one of the most experienced government advisers in the area of performance management and frequently helps central and local government organisations across the world improve their performance management practices. His clients include, among others, central governments and administrations, central auditing organisations and regulators, central banks and ministries, as well as many local government organisations including councils, police forces, fire services, housing associations and health services. For example, he has worked with the Ministry of Defence, the Home Office, the Bank of England, the National Health Service, HM Revenue & Customs, Government of Victoria, the Department of Culture, Arts and Leisure, Audit Scotland, the Health & Safety Executive, the Army, the Air Force and many more.

At present, Bernard heads up the famed Advanced Performance Institute (API). Prior to this he held influential positions at the University of Cambridge and at Cranfield School of Management. Today, he holds a number of visiting professorships and fellowships and he serves on the editorial boards of many leading journals and publications in the field. Bernard's expert comments on organisational performance regularly appear in high-profile publications such as the *Financial Times*, the *Sunday Times*, *Financial Management*, *CFO* magazine and the *Wall Street Journal*.

Bernard can be contacted via e-mail at bernard.marr@ap-institute.com. For information about the API, visit www.ap-institute.com.