Institute for the Study of Public Policy Implementation
Leadership Forum

Summary of Proceedings
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A BALANCED SCORECARD CAN HELP AGENCY PERFORMANCE

Washington, DC [September 28, 2004] Agency leaders decided that, implemented correctly, a balanced scorecard can be beneficial to the performance level of an agency and enhance strategic planning efforts at an Institute for the Study of Public Policy Implementation Leadership Forum meeting held September 28, 2004.

“[Deciding] whether to use a balanced scorecard, and how an agency goes about creating and implementing a balanced scorecard that will aid an agency in achieving its goals and objectives, is not an easy task.” said ISPPI Director Robert M. Tobias.

John Kamensky, Associate Partner and Senior Fellow, IBM Center for the Business of Government, spoke about the benefits of using a balanced scorecard program and the information needed before implementing such a program. This included questions for the agency, such as whether the mission and goals are clear; whether the strategies to pursue those goals are clear; and whether it is possible to sort results from activities.

Thomas Tolley, General Services Administration, gave a presentation on the GSA’s Linking Budget to Performance (LB2P) program, which helps regions focus on performance and establishes clear links between resource allocation and performance. Associates seek to meet and exceed performance goals on nine measures, and regions are awarded with an increase in budget and individuals are awarded with cash. Mr. Tolley also discussed several “real world” lessons that GSA learned, such as that people/organizations being measured should be involved in the development and targeting of a measure.
“Should we use a balanced scorecard to enhance agency performance?”

Introduction:
Institute for the Study of Public Policy Implement (ISPPI) Director Robert M. Tobias opened the meeting with a brief overview of the mission and goals of ISPPI, followed by a discussion of whether agencies are successfully using balanced scorecards to measure and enhance performance.

Leadership Forum participants discussed ways in which their agencies were implementing balanced scorecards. Several of the initiatives that they identified include:

- Institutionalizing the balanced scorecard
- Using a holistic approach and looking at all areas, not just customer service
- Translating the leadership’s visions to tactical operational terms
- Having performance-based pay
- Making a living document that has the ability to change
- Linking the balanced scorecard to strategic plan
- Making data available to everyone in the office
- Integrating between identifying and creating goals and implementing the plan

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So what can be done by an agency to implement a balanced scorecard that will aid in achieving its goals and objectives?
The Government Performance and Results Act legislation required a strategic plan, an annual performance plan, and an annual performance report.

In the past two years, budget deficits have returned, structural pressures are increasing, and the budget outlook is bleak. Suddenly, performance matters even more than it has in the past. The traditional process measures are now being augmented by the OMB Program Assessment Review Tool (PART). It assesses 20 percent of agency programs each year to determine whether they are making a difference. Half of the programs assessed in FY2003 could not demonstrate results. The OMB attached consequences in the form of reduced budgets to many of the scores.

A balanced scorecard method helps an organization define its strategy; create targets and initiatives to implement the strategy; measure the results of implementing the strategy; and create an ongoing redefinition of strategy based on feedback from the measures. It defines the drivers of future success through four perspectives: customer, internal processes, learning and growth, and financial.

Organizational scorecards, used effectively, are part of a strategic plan. The first step is to compare benchmark targets that already exist against an agency’s objectives and achievements. Benchmarking creates information, awareness, and areas of potential success. The next step is to translate the awareness into specific agency goals. The most important step is planning to improve based on the new goals, measuring the results, and then beginning the cycle again.

The U.S. Patent and Trademark Office, Bureau of Land Management, Defense Finance and Accounting Service, and Office of Federal Student Aid have all used balanced scorecards to improve their performance.

Before an agency is ready to develop measures, it must ask if the mission and goals are clear; if the strategies to pursue those goals are clear; if the results can be sorted from the activities; if data exists to measure the progress; and if there are any existing standards that can be used to set targets.
The GSA’s Public Building Service created a “home grown” scorecard measures program, Linking Budget to Performance Program (LB2P), that satisfies the measurement requirements included in the President’s Management Agenda, OMB’s Program Assessment Rating Tool (PART), GPRA—Performance Plan/Budget and the General Performance Review Process at GSA.

More specifically, LB2P is an allocation of budget dollars to the PBS regions based on performance. This increases attention to customer satisfaction and program efficiency and emphasizes the areas that PBS can do better.

LB2P was put in place to: help regions focus on performance; instill accountability for performance; foster financial discipline; and establish clear links between resource allocation and performance. It has yielded “first year” income and savings of over $850 million.

PBS associates seek to meet or exceed performance goals on nine measures. Regions are awarded with increased budget, and individuals are rewarded with cash. The “Big 9” Measures were established as: tenant satisfaction survey; customer mission index; customer relations index; data accuracy; construction, on schedule; construction on budget; funds from operations; vacant space; and repairs and alterations.

There is direct impact on the employees who know what is expected; what performance targets are and what it means; where their performance stands; and the direct link between effort & organizational success. Money that a region doesn’t earn goes into a bonus pool, and regions whose performance in a measure exceeds a national goal earn some of the bonus pool.

Several “real world” lessons are:

- Measurement systems designed to drive behavior are more human motivation programs than “metrics” programs.
- Being understandable is more important than precision.
- The people/organizations measured, should be as involved as possible in the development and targeting of a measure.
- The best use of contractors is to provide research, facilitate and support measure develop by your associates.
- Set aside enough money to get people’s attention.

The rest of Mr. Tolley’s “real world” lessons can be found on the ISPPI web site, www.american.edu/spa/isppi, at the Leadership Forum, September 28, 2004 prior meetings tab.