

# MONITORING STRATEGY CARD AS A TOOL FOR MONITORING THE IMPLEMENTATION OF STRATEGY IN THE PUBLIC HEALTH CARE UNIT

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**Summary:** Growing interest in the effectiveness of public organizations creates a possibility to systematize and intensify research on management in the public sector. Key public organization management processes do not differ much from the logic of management in the private sector [1,2]. However, it is necessary to bear in mind the specificity of public organizations, expressed especially in the principles of its financing, existence of multiple stakeholders whose goals are in fact contradictory, large political lobbying, or lack of profit and achieving its mission as the main purposes of the organization [3]. This paper aims at presenting the Monitoring Strategy Card as a tool for analyzing strategic activities in the operational area.

**Keywords:** Monitoring Strategy Card, Mission Oriented Scorecard, public health care unit.

## 1. Presumptions on Mission Oriented Scorecard in public health care unit

The most important element of the Mission Oriented Scorecard (MSC) and strategy map has proven to be an efficient combination of perspectives and identification of relationships between them, as well as the fact that MSC rejects the assessment of the performance of the organization carried out only in the financial aspects. That kind of strategy requires defining objectives, which measurement is possible through the use of measures based on the created value, such as: economic value added (EVA), market value added (MVA) and others [4]. One of the characteristics of MSC is, following the logic of the classical model proposed by Kaplan and Norton, adopting four perspectives: stakeholders, business process, learning and growth, and financial [5]. Through this perspectives, objectives of the organization are not limited only to achieving better financial results, but are also defined in the area of market and innovation. Such distribution of strategic objectives contributes to overall development of the organization, relationships with stakeholders, and ultimately contributes to the growth of its value, and therefore better financial results. This approach is represented, among others, by Drucker who believes that the purpose of the organization should not be reduced solely to maximizing profits. According to him, every organization produces values that are later being verified by specific markets. This means that one of the primary goals of the organization should be to create a clientele [6]. Such an approach rejects the assessment of the performance of the organization carried out only in financial terms. Hence, the special appreciation of wider groups of stakeholders. Each of the four perspectives of the model is equally important. Maintaining a balance between the objectives of different perspectives is a prerequisite to achieving a stable sustainable development. This means that if in one perspective a certain objective is omitted, in order to achieve the goal in a different perspective, an organisation enters a state of lack of stable equilibrium (i.e. discharging 40% if the crew would

positively affect financial perspective, but at the same time would have negative influence on stakeholders perspective, because through lowering the level of customer/patient service availability of provided services is also reduced). Additionally, the concept of the MSC is a way to integrate all levels of management around the achievement of the main goals of the organization, which is undoubtedly one of the major strengths of MSC. During the proceedings it is necessary to create indicators for each of strategic goals to be achieved in either short, or long time frame, specifying the schedule for the various initiatives and combing it with budget dedicated to given purpose.

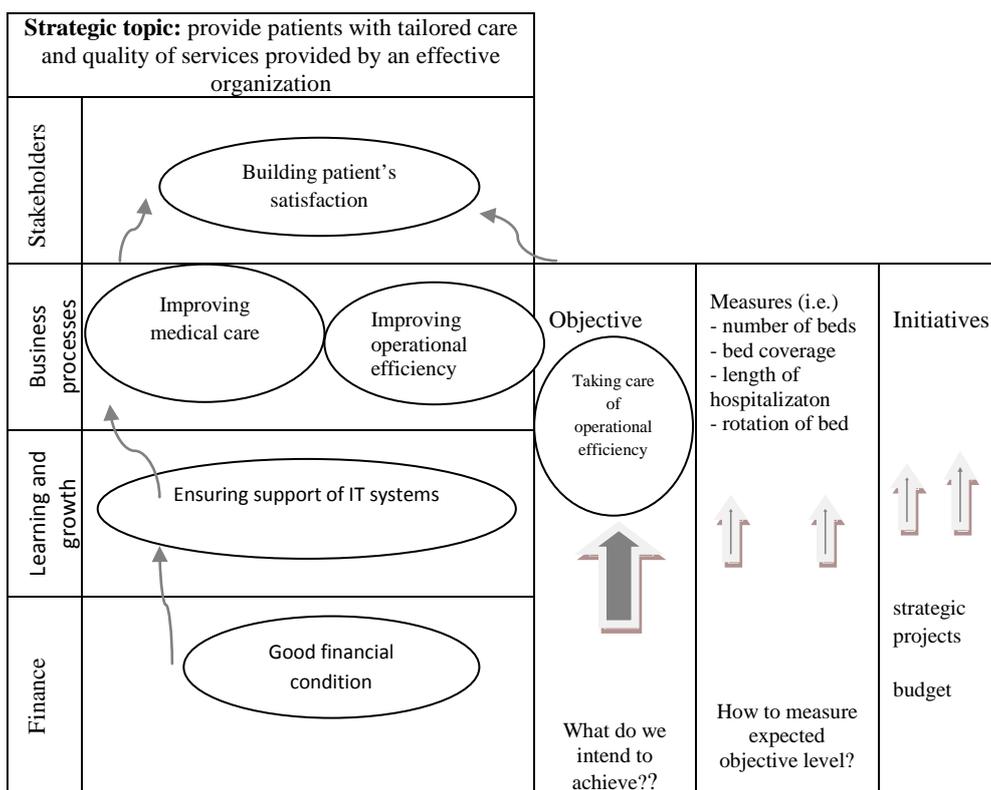


Fig. 1. Sample of objectives, measures and initiatives in the MSC model for public health care unit

Source: elaborated on the basis of strategy of SPZOZ in Sanok and R.S. Kaplan, D.P. Norton, *Strategiczna Karta Wyników*, PWN, Warszawa 2001

Figure 1 illustrates a sample list of objectives, measures and initiatives in the MSC model for public health care unit. Measures used in order to create the various perspectives are part of the model, which enables to translate a organisation's vision and strategy into implementation, as well as integrates the areas of effective management tool. Therefore, measures used in perspectives must be reliably described in order to allow a consistent interpretation of the obtained results. Name of measure should be also legible for an organisation itself, which means that employees using it, would not waste time deciphering what does it stand for. Full freedom is allowed, especially when particular measure would not be used by someone outside an organisation. In that case however, it is advised to stick

to orthodox conventions or closely connecting the name of the measure with its the definition, and in turn the way of calculating.

## **2. Monitoring strategy card as a key component of MSC model in public health care unit**

While composing a map in the public health care unit (see Figure 1) it has to be born in mind that the main duty of SPZOZ is taking care of patient satisfaction and ensuring the availability of its services. Moreover, it also has to adjust the range of services to local needs and staff qualifications, in order to strengthen its position on the market. However, to accomplish that organisational processes need to be improved through, among others, continuous improvement of medical and (semi/para medical) care, implementation of programmes, improving quality and operational efficiency (i.e. by shortening the length of stay of patients, reducing the risk of patients' claims, etc). Preparing monitoring strategy card to assess the results of undertaken activities is an important aspect of monitoring strategy at the operational level.

In order to fully use card it is necessary to pay an intense attention not only at the stage of building a strategy map during the implementation phase, but also while selecting and subsequent calibration of measures, continuous monitoring, tracking possible deviations and analysis. For the efficient management processes in public health care unit, it is essential to identify potential stakeholders: donors and beneficiaries. Presence of many strategic issues preventing from efficient functioning and achieving long-term strategic goal may be noticed in modern organisations. Research conducted by PricewaterhouseCoopers have indicated major issues in this area, that are [7]:

- 1) too much focus on short-term improvements instead on guaranteeing long-term growth;
- 2) no efficient way of strategy implementation;
- 3) lack of cooperation and synergy between organisation's activities regarding implementation of the strategy;
- 4) lack of information on which key efficiencies are of strategic importance for the efficiency of the entire company;
- 5) focusing on too many strategic projects, investments and programs without prioritizing them;
- 6) strategic planning and control that are not consistent and synchronized with the operational planning and control activities.

Mission-oriented Scorecard proposed by Kaplan and Norton turns out to be a solution to solve problems that many organisations have to face nowadays. The concept not only helps to improve organisational activities, but also consequently eliminates errors related to the effective management of the organization [8]. Divergences between strategic plans and operational plans causes that - although elaborated and valuable strategy exists in an organisation - it cannot be translated it into simple, everyday actions performed by its staff. Despite the universality of this phenomenon, it should be noted that there exists a real opportunity to effectively link organizational strategy with short-term plans, current finances, human resources and other issues directly connected with the performance of day-to-day activities. The starting point in the process of translating strategy into annual operational plans or budgets, is the division of management areas in the organization, depending on the time horizon of the planned tasks. The procedure starts with transferring strategy on to the strategy map, in order to visualize identified links between initiatives and

measures in the four perspectives. The transition from long-term strategic issues to short-term objectives is being realized on the stage of constructing the objectives, measures and steps of implementation of Balanced Scorecard.

It is also reflected in business plan which does not exceed the time horizon of 3-4 years and consists of operational objectives for each of previously identified strategic tasks and milestones for those tasks. Both tasks and measures developed in the scorecard are then transferred to the annual plans, also called budgets, which are later a basis for verification of the annual activities in given sections. The lower the plan is, the more detailed it becomes. It is worth noting, that introducing MSC allows to fully analyse the process of translating budgets into operational objectives, and therefore, provides information used to control and verify correctness of the hypotheses posed in the strategic scorecard. Due to that, feedback flowing from "bottom" has a significant impact on strategic planning and operational management. This impact can be presented in five points:

- 1) developing strategy map showing the cause and effect relationships between the various sub-strategies;
- 2) translating strategy into tasks and measures using the Balanced Scorecard;
- 3) developing a four-year plan; at this stage it is necessary to set operational objectives for each strategic task and determine its milestones;
- 4) appointing strategic programmes to implement the plan;
- 5) establishing an action plan for each activity; the next step is the inclusion of programmes into the operating budget.

In order to carry out assumed plan two areas are crucial: operational processes within a public organisation in the given unit are performed by the employees, therefore the level of qualifications of the employed personnel becomes an extremely significant factor. What is more, in order to improve processes, it is necessary to expenditure on the purchase of new medical equipment, the implementation of the ISO system etc. Therefore, hospital's financial situation becomes another the extremely important factor, as it enables various investments. Due to that it is necessary to pay special attention to both the increase of income, and cost optimization. Hence, the strategy map is a structured, coherent logical and concise strategy description (See Figure 2).

From the point of view of the results achieved by the implementation of the MSC in the public health care unit, it seems to be important to be really involved in the management of previously not unnoticed processes, because – as claims Kaplan and Norton – it is not possible to manage something that is immeasurable. In the public health care unit in Sanok, thirty-six specific strategic objectives and twenty-one measures were formulated on the basis of four perspectives. Over the next quarter (third quarter of 2006) the number of specific strategic objectives has fallen to eighteen, and by the next quarter fallen to fifteen.

It illustrates the role of strategy map in the process of MSC formulation, which in clear and detailed form facilitates finding and adjusting measures, which – when found – should be consolidated to more synthetic level. As it turned out during the implementation phase, it was possible to start part of the perspectives right away. Becoming aware of this simple fact has become one of the key moments, as it has forced certain activities that needed to be taken up in order to run all the metrics up. These actions have in turn forced launch of the proceeding process, in other words the inability to launch part of measures made it visible other areas, which have not yet been sufficiently explored.

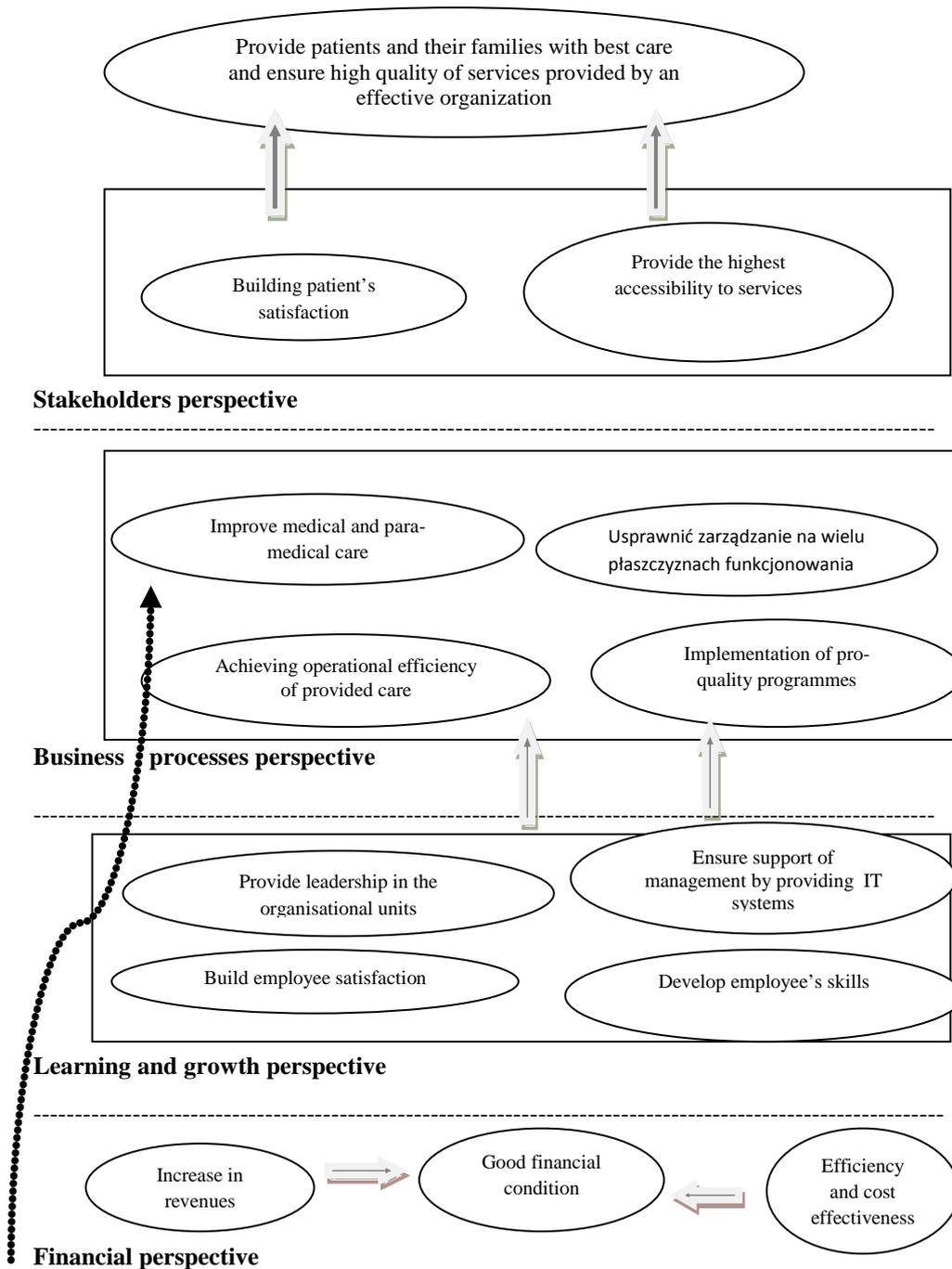


Fig. 2. Strategy map for SPZOZ in Sanok  
 Source: elaborated on the basis of strategy of SPZOZ in Sanok and R.S. Kaplan, D.P. Norton, Strategiczna Karta Wyników, PWN, Warszawa 2001.

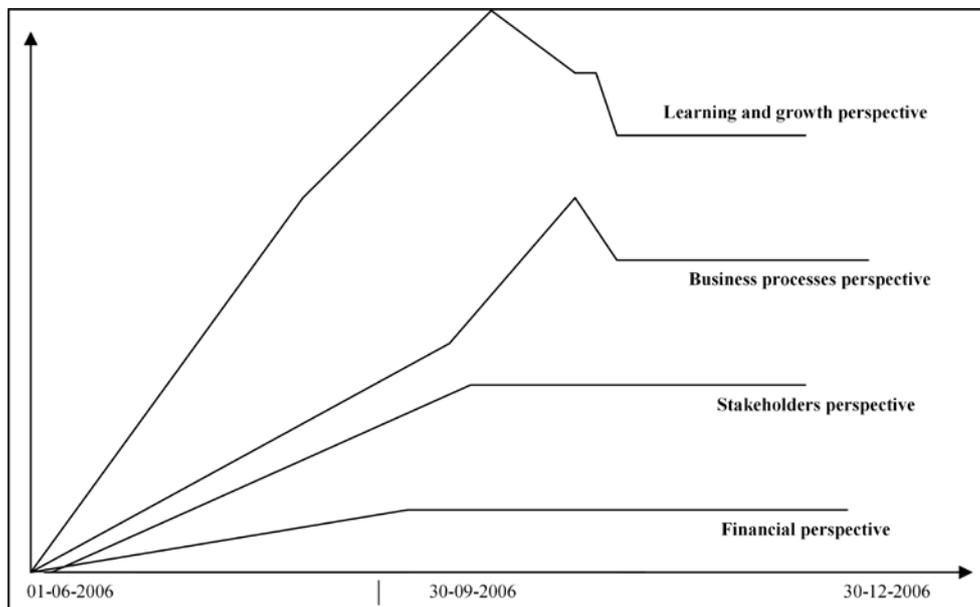


Fig. 3. Order of launching measures in various perspectives  
 Source: elaborated on the basis of strategy of SPZOZ in Sanok

As Figure 3 illustrates, since the beginning of the implementation of the MSC almost of all the measures were launched in the financial perspective. Soon after that, measures in the stakeholders perspective have also been launched. The most difficult was launching measures in the learning and growth perspective, which proves hypothesis that financial perspective is the one of short time horizon and it is relatively easy to measure financial ratios based on historical data collected and the financial plan for revenue and expenses. Other perspectives are more long-term ones, which means that launching them requires more effort. Each of these processes is a project that requires adequate preparation, and final determination of "universal" number of measures were arduous and long undertaking. Public health care unit, similarly to the company, is a system consisting of interconnected elements like people (e.g. employees, owners, local community), structures, processes and relationships, but also elements of the larger socio-economic system in which the unit operates, as competitors, clients/patients, national and international institutions, law, economy, demography and ecology. Mission Oriented Scorecard and created monitoring strategy card created for its proposes, can both be extremely helpful in managing the organization in the complex environment.

### 3. Monitoring Strategy Card as a tool of measures verification in public health care unit

The complexity, dynamics, diversity and interdependence creates new conditions for the functioning of public health care units. Under such circumstances, management concepts based on fragmentary methods, non-system approach, atomization and analysis, are not always useful, as they often ignore the more complex and ambiguous relationships and connections of a socio-economic and ecological character. Monitoring strategy card is a key

element of the Mission Oriented Scorecard concept (see Figure 4) an serves as a tool for the management of public organization in the public SPZOZ. It assumes a form of structured, related set of measurable strategic objectives of the condensed aggregate measures, that can be translated into specific measurable actions. It is necessary to remember, that monitoring of operational objectives should always be carried out when either be new tasks are being introduced to the strategy, or in any other case when strategy needs to revised or updated. In order to assess the level of the implementation of the assumptions, specific and quantitative data is necessary, which – after processing – should be included in a series of indicators. With help of this indicators it is possible to specify the output level, as well as the degree of achievement of objectives. The results translated into indicators, or set of statistical information, are also important in the process providing services or obtaining public support in terms of carried out changes. They give clear and unambiguous picture of the situation.

However, it should be noted that indicator must be interpreted altogether, because single indicator may often give too optimistic or too pessimistic impression on the degree of implementation of the strategy. Analysis of the individual indicators allows to assess to what degree undertaken activities are consistent with the objectives. It also allows to assess the feasibility of obtaining it. An important element of the monitoring system is also establishing an annual report on the strategy realization, together with an indication of tasks that have been completed, partially completed or haven't been started at all. It also identifies causes of potential problems and present solutions regarding overcoming those obstacles. A key element of the annual report is evaluation of specific strategic and operational objectives in the context if both completed and planned to complete tasks and projects, particularly whether each goal is included in task and strategic projects.

Tab. 1. Monitoring Strategy Card for SPZOZ in Sanok

	<b>Indicators</b>	<b>I quarter</b>	<b>II quarter</b>	<b>III quarter</b>	<b>IV quarter</b>
<b>Stakeholders perspective</b>					
1	<i>Number of hospitalized patients</i>				
2	<i>Number of patients' complaints</i>				
3	<i>Due liabilities (also over 6 months)</i>				
4	<i>Hospitals infections (rate per 100 patients discharged)</i>				
<b>Business processes perspective</b>					
5	<i>ALOS (average length of stay)</i>				
6	<i>Number of surgeries</i>				
7	<i>Workplace with access to Internet</i>				
<b>Learning and growth perspective</b>					
8	<i>Staff turnover</i>				
9	<i>Trainings (outside/inside)</i>				
10	<i>Investments</i>				
<b>Financial perspective</b>					
11	<i>Administrative Cost Ratio</i>				
12	<i>Net profit margin</i>				
13	<i>Productivity per employee</i>				

Source: elaborated on the basis of strategy of SPZOZ in Sanok

#### 4. Summary

The main idea and aim of this paper was to prove usefulness of the monitoring strategy card, as a tool to monitor effectiveness, in the process of MSC implementation in the public health care unit. Empirical studies completed on the implementation of the MSC in the public health care unit confirms the significance of monitoring strategy card as tool for monitoring the strategy, and allows to formulate the following conclusions:

- well-functioning card is used by management to assess the effectiveness of functional strategies and activities performed by functional managers, as well as to processes and projects carried out by them. At this level of monitoring strategy card serves as a base to make a decision on i.e. selecting new technologies, ceasing or outsourcing given process, reorganization, changes in employment, changes of procedures and regulations, investments;
- initiation of changes by management;
- translating of strategy into operational activities,
- motivating employees to contribute their involvement in the strategy;
- supervision, to make the strategy a continuous process.

It leads to the conclusion that monitoring strategy card should not be solely perceived as a tool to measure effectiveness, as it also monitor and describes undertaken activities. Obviously it has both supporters as opponents. While having a strategy has become almost commonplace, its implementation is based on a narrow circle of strategic awareness of managers and directors. Attempts to transmit and pass down the strategy to lower levels of management (both managerial and executive), may often result in only making rest of the staff aware, that unit has some vague plans for the future. Monitoring strategy card considerably ease that attempts and contribute to organisational effectiveness.

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