The Public Sector Strategy Map:
Addressing both strategy and service delivery models

This paper describes the overall approach to using strategy maps in the public sector, based upon 4th Generation Balanced Scorecard thinking. In particular it explains how public sector bodies can model their strategy and their service delivery models in their strategy map, so that the resulting Balanced Scorecard better communicates their overall approach.

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1 THE PUBLIC SECTOR CHALLENGE

The public sector is debating how to reduce overall costs, whilst protecting services and capability. Cost reductions include the Ministry of Justice cutting £1.5bn from a 9.8bn budget, to a city council wanting to cut £150m from their £450m budget. Clearly the solution does not lie in simple efficiency or effectiveness. More radical service delivery, policy and strategy changes are required. This paper explains how our experience of working with many organisations has led us to a model of the Public Sector Strategy Map has been used, successfully, to capture the both the variety of service delivery models and the differing strategies to deliver change and cost savings.

2 LIMITATIONS WITH SUGGESTED PSS STRUCTURE

Moulin (2011) suggests a Public Sector Scorecard with 7 perspectives operational excellence, leadership, innovation. We find that this approach presents a number of problems. First the model confuses strategies and management activities with balanced scorecard perspectives. For instance, Moulin treats Operational Excellence as a perspective, yet it is a particular strategy for improvement. The balanced scorecard perspectives are not strategies. They are views on any strategy. A strategy can be laid across the perspectives allowing you to trace that strategy’s implementation (Kaplan Norton 2001, 2004). One should be able to ask about that strategy from each perspective, for instance ‘What does operational excellence mean for our capability, our processes, our customers, our finances and our politicians?’ Unfortunately this is not possible with the way the PSS model is presented.

The PSS model also presupposes a strategy of Operational Excellence. Yet many more alternative strategies are available. What about preventative approaches in the NHS and social care sector, or policy changes in the justice and policing sector? How does the PSS model work across complex communities such as Justice, health and education where multiple bodies serve the community, or where actions in one body has consequential effects on other bodies. How do you model alternative service delivery approaches. Is there a richer, more flexible and more useful model that can describe today’s public sector challenges and be used to manage the delivery of benefits? We believe so.

3 PUBLIC SECTOR STRATEGY MAP

Over the past 10 years we have worked with public sector bodies ranging from the NHS and city councils to the MOD, and DWP as well as other not for profit organisations. Our experience of their variety of strategies and service delivery models has led us to realise that, to effectively model both strategy and service delivery, the strategy map needs to be developed in five stages (Jones 2011):

1) Develop the underlying public sector structure
2) Adjust for the business model and richness of the parties involved
3) Overlay the strategy
4) Develop objectives: how the strategy impacts each body and perspective.
5) Finally develop the scorecard with measures, targets, projects, initiatives etc.

This paper will concentrate on the first three stages.
4 THE UNDERLYING PERSPECTIVES: THE THREE BALL JUGGLE

We first need the underlying common structure of perspectives in the basic public sector strategy map model (see figure 1). All public sector organisations, at a minimum, manage what we call ‘the three-ball-juggle’ (Jones 2011, pg 39-40): How do we satisfy the needs of our community, within budget, whilst satisfying the politicians or regulators? This challenge is represented by the three perspectives above the line. The next question is “What do we have to do well to deliver this three ball juggle?” This process perspective us underpinned by the organisation’s ability to learn and grow and develop as an organisation. In the public sector they like to call learning & growth, ‘capability and capacity’.

Figure 1: The Three ball juggle

![Diagram: Basic Public Sector Balanced Scorecard Cause and Effect Framework (3 ball juggle)]

We now have five perspectives that will contain the organisation’s strategy and objectives: Financial, Community (beneficiaries), Politicians, Process, and Learning and growth (capability). There must be an explicit cause and effect relationship between the objectives in each perspective (Kaplan Norton 1996, p30). So, taking an example from an NHS Primary Care Trust client, maintaining patient service times, whilst cutting costs and hitting political targets, means we need to change the way we serve patients (perhaps in their home), which requires a fundamental changes to our own capability. If we can improve this capability it should improve the service and eventually
ripple through to the three ball juggle. This explicit cause and effect relationship is used to capture and communicate the logic of the strategy, (Jones 2008, pp 101-8) and subsequently to manage its delivery.

5 OVERLAY STRATEGY ON THE MODEL.

Individual public sector bodies can lay their strategy over this simple strategy map model. Figure 2 shows such a model for the social services department of a city council. In this case you see the finished strategy map containing the objectives developed in each perspective that detail the strategies. Here they had a strategies of prevention (to ensure elderly people do not fall and end up in hospital) and changing operating models (to ensure the services are provided effectively). Both were designed to lower costs without jeopardising service provision. The scores in this example show clearly how well they believed each objective was being delivered and where problems lay.

Figure 2: Strategy map for Social Services

6 COMPLEX SERVICE DELIVERY ENVIRONMENTS

More complex service delivery models require the model to be adapted. We faced the situation where Primary Care Trust (PCT) oversaw its strategies impact a whole health community ranging from private sector pharmacies, through GP surgeries, to community hospitals, acute hospitals and even charities. Despite this complexity the model was easily adapted to capture their strategy, across this complex landscape using exactly the same principles. This was used assess the impact of various care pathway projects within three collaborating PCTs on their care community which
consisting of up to 12 separate bodies. We drew the overall service delivery model by extending the basic three ball juggle model. Then the objectives, impact and benefits of each project were overlaid on this model of the community. In each case clinicians quickly recognised the strategies they were implementing across the community and were able to validate the impact of the projects.

In this situation, the PCT has to think about how its strategies influence and improve the whole health community and consequently the patients and overall costs of health service provision (still a three ball juggle). What strategies does it employ across the community? How will preventative strategies change the demand on the care community? How do they interact between bodies? What capabilities does the PCT need to develop itself to implement a particular strategy? The PCT should also be thinking about the capabilities that it wishes to develop in its GP practices and hospitals so they become more effective.

Now consider service delivery options. What if some parties are outsourced or privatised? How do you coordinate amongst outsourced partners compared with tightly collaborating bodies that are all in the NHS? The strategy map model allows us to capture the impact as it rippled through to patients and across the community. Again they can be captured.

A further layer of the model can be used to include the role of a central government department and their strategies from their perspective. The Ministry of Justice are now testing this approach across the justice community.

7 WIDER APPLICATION

We find that the rich picture of the Public Sector Strategy Map allows policy makers, executives and managers to model the complex and rich environments in which they work: To capture strategy, service delivery models and their impact. Importantly, it provides a basis from which a strategic scorecard can be develop, the impact can be tracked and the promised benefits delivered.

REFERENCES


ABOUT EXCITANT

We are a niche consultancy. We specialise in Fourth Generation Balanced Scorecards that improve how you manage strategy and performance. We are experts in making Balanced Scorecards work as a tool of strategy and performance. We help you to manage such organisations better, so you can get the best out of your people and measurably improve your financial performance and results.

WHAT MAKES US DIFFERENT?

We want to pass our skills to you, our clients, as quickly and effectively as possible. That way you get sustainable results and we get a good reference site. We don’t hold back. We ask hard questions and push our clients to uncover and address the deeper elements that stop performance happening. Deep expertise: Our skills are based on practical experience and research, so you can improve and develop.

TO EXPLORE THIS FURTHER

Now you have some of the insights our approach and how it creates a sustainable strategic performance management approach in the public sector. Thank you for taking the time to read this case study. We are happy to talk about what you found and the potential implications for your organisation’s strategy.

To find out more, or to have a conversation about how performance management could be improved in your organisation, simply send us an email or pick up the phone. For more information or to have an informal discussion about your needs, call Excitant directly and ask for Phil Jones. The number is 08456 809 208 (in the UK) or from outside the UK +44 1780 784 887. Or send our Managing Director, Phil Jones, an email via info@excitant.co.uk, Thanks.

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