



LIMPOPO
PROVINCIAL GOVERNMENT
REPUBLIC OF SOUTH AFRICA

LIMPOPO PERFORMANCE MANAGEMENT SYSTEM

BALANCED SCORE CARD APPROACH

PRESENTED BY
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The heartland of southern Africa - development is about people



PURPOSE

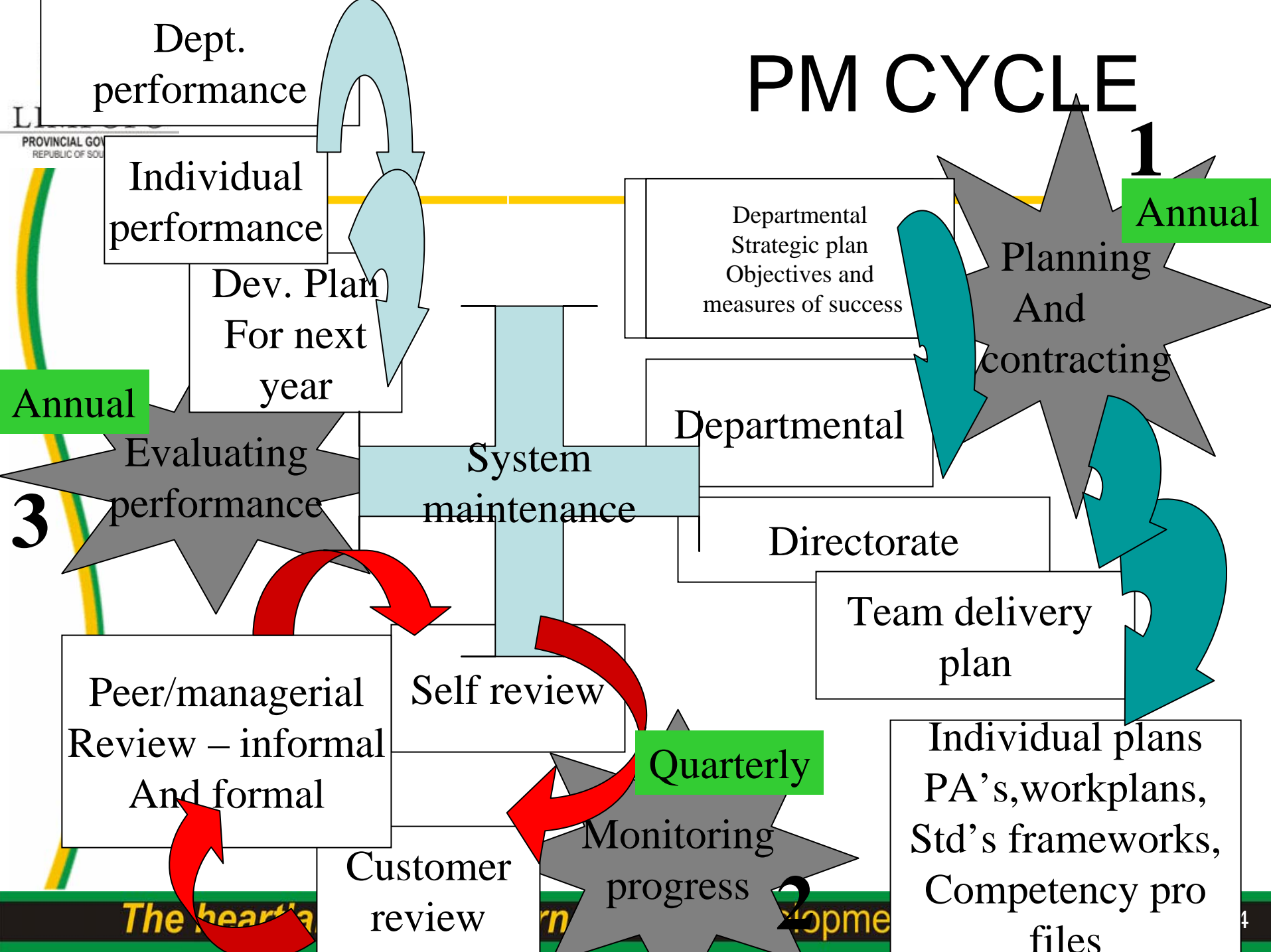
- To show how planning, performance and development should be integrated
- To show how the balanced score card can assist the Public Service in measuring all the key aspects that have impact on service delivery
- To outline how the balanced score card can enable line managers to effectively and efficiently manage finance, human resources, processes and systems as well as development
- To share best practices that enabled the Province to sustain the implementation of the balanced score card



Integration of planning, performance and development

Integration of planning ,performance and development is best depicted by the Performance Management cycle which is reflected in the diagram that follows .

PM CYCLE



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The heart of the

development



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Balanced score card as a management tool in the Public Service



PM Models

- There are a number of such models
- They all indicate what strategic aspects the organisation has decided to measure in order to achieve its mission
- The BSC is one of these models
- The BSC has been adopted and reasonably successfully used in the Limpopo Provincial Administration since 2000.



What A Balanced Scorecard is / or can achieve

- A strategic performance management system for the whole organisation
- A communications tool to make strategy clear to everyone
- A way to balance financial (PFMA requirements) & non-financial views of organisation performance (like WSPs in Internal Business Perspectives)
- A journey map of organisational performance management
- A system of increasing accountability
- A commitment to change
- A way of aligning organisational vision with human and capital resources, and with day-to-day operations.



Relevancy of the BSC to the Public Sector

- The Public Sector has got customers
- It expends finances to accomplish projects/programmes as well as pay its personnel salary and allowances
- It needs to excel in internal business processes in order to satisfy customers while meeting budgetary constraints
- The need for learning and growth can never be over-emphasised
- So it is logical that it can benefit greatly from using the BSC as described above



THE BALANCED SCORECARD AS A MANAGEMENT SYSTEM

1. Service Delivery

“To achieve our vision, how should we appear to our customers-the public?”-Batho Pele Principles & SDIPs come in here.

Set: Objectives (KRAs / KRIs), Measures, Targets, Initiatives for each.

2. Financial

“To succeed financially in our accounting, how should we appear to our public-tax-payers”-PFMA belongs here.

Set: Objectives (KRAs / KRIs), Measures, Targets, Initiatives for each.

3. Internal Business Process

“To satisfy our stakeholders, including customers, what business processes must we excel at”-EE, SDI, PMS, Culture Change, IT, HR, etc come here.

Set: Objectives (KRAs / KRIs), Measures, Targets, Initiatives for each.

4. Learning and Growth

“To achieve our vision, how will we sustain our ability to change and improve?”

Set: Objectives (KRAs / KRIs), Measures, Targets, Initiatives for each.



The Current State of BSC Utilisation in SA

- Currently BSC is being implemented in many SA PSO (government Depts., & Municipalities)
- There are varying levels of success in achieving optimal benefits of BSC usage among these organisations
- Most often, the key challenges are those of poor visioning, leadership, commitment and others indicated earlier in this presentation
- All 11 Limpopo Provincial Government Departments use the BSC in their Business Plans and Personal PMS
- There is a strong case for using the BSC perspectives as highlight next, perspective by perspective



A. Customer Perspective

- Public sector organisations need to address the Customer Value Proposition in order to come up with Customer Perspective measures.
- Customer Value Proposition looks at **product/service attributes, relationship and brand.**
- **Product/Service Attributes:** price, quality, availability, selection and functionality
- **Relationship:** service and partnership
- **Brand:** image



C. Internal Perspective

- The following processes are measurable
- **Operations Management Processes:** supply, production, distribution, risk management
- **Customer Management Processes:** selection, acquisition, retention, growth
- **Innovation Processes:** opportunity identification, R&D portfolio, design/develop, launch
- Regulatory and Social Processes: environment, safety & health, employment generation, community.



D. Learning and Growth Perspective

- **Three layers are measurable**
- **Human Capital:** staff compliment; staff skills; staff turnover; availability of training programmes
- **Information Capital:** availability of information technology and knowledge management
- **Organisation Capital:** culture (EE & cultural diversity); leadership; alignment; teamwork.



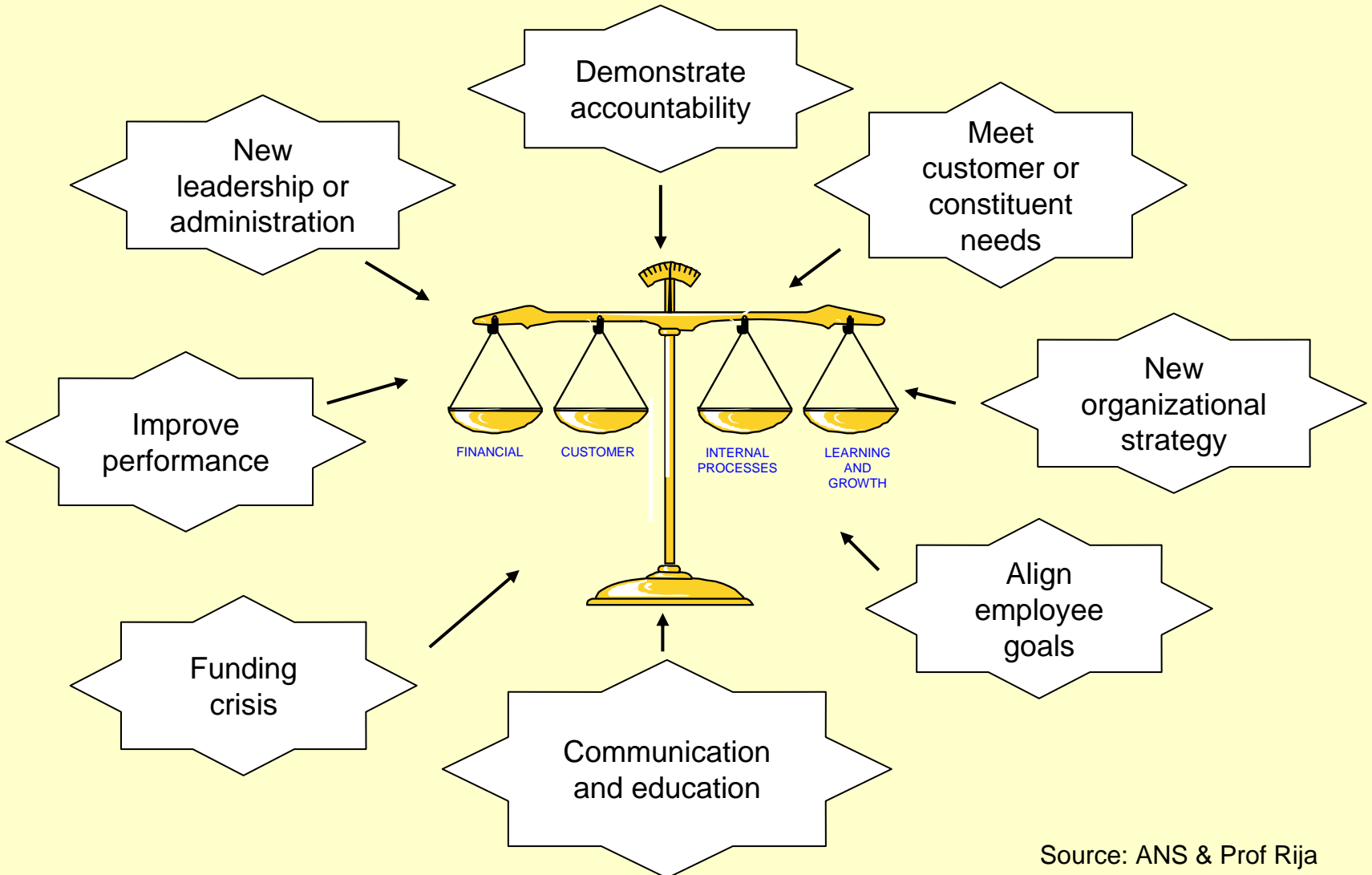
More on the Balanced Scorecard (BSC)

- A measurement-based strategic management system that provides a method of aligning business activities to the strategy, and monitoring performance of strategic goals over time.
- Enables organisations to clarify their vision and strategy and translate them into action better than before
- Provides feedback around both the internal business processes and external outcomes in order to continuously improve strategic performance and results.
- Transforms strategic planning from an academic exercise (often mastered by very few in the organisation) into the nerve centre of the enterprise.
- A useful measurement model for a good performance management system.
- Has no set-in-stone format; can be customised to fit own organisational needs. It is more driven by the principle of balancing objectives and measures that are linked.



Rationale for the BSC in Public Sector

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Source: ANS & Prof Rija



Developing an Organisational Balanced scorecard: 1. list all perspectives.

Perspective
Customer
Financial
Process
Learning & Growth



2. The executive decide on strategic objectives/perspective

Perspective	Strategic Objective
Customer	Maximize customer satisfaction
	Expand enterprise customer base
	Increase public awareness of enterprise
Financial	Maintain financial stability
	Manage costs
Process	Maintain effective programs
	Increase self-service processing options
	Optimize contract management
Learning & Growth	Manage technology resources
	Promote workforce flexibility
	Maintain professional expertise



The Limpopo Balanced Scorecard: Translating Strategy Into Operational Terms

- Accountability
- Cost recovery
- Affordability
- Linkages with financial allocations to service delivery priorities

- Internal and external client needs
- Level of service output
- Perceptions of services received
- Process and manner of service delivery
- Partnerships

Financial

VISION and STRATEGY

Service Delivery

Learning & innovation

processes

- Experimental or innovative programmes
- Partnerships
- Linkages

- Systems efficiency – IT, HR, management, administration
- Human resource development
- Human resource administration
- Recruitment and selection
- Organisational development
- Management development
- Employment equity



The Winning Formula of Limpopo

- Choice of Dedicated service provider who still assists-focus on continuity and sustained effort not the individuals
- Executive Leadership buy-in and sign-off, including Premier's public launch in 2001.
- Realisation that PMS, regardless of the PM model is a big culture change and needs to be managed more as a culture change initiative
- Small start but sustained BSC effort through massive training and piloting followed by implementation across departments



The Winning Formula of Limpopo (continued)

- Massive monitoring, retraining and institutionalization efforts through champion training, champion support
- Appointment and recognition of PM Coordinators in all provincial departments
- Strategic alignment through efforts (still on-going) to ensure all management plans are aligned to the BSC and to PAs, and aligning the Premier's Service Excellence Awards to the PMS and BSC as an on-going process
- It has been hard, rewarding and frustrating as there are still challenges to be met. But these are challenges related to dealing with people as a rule.

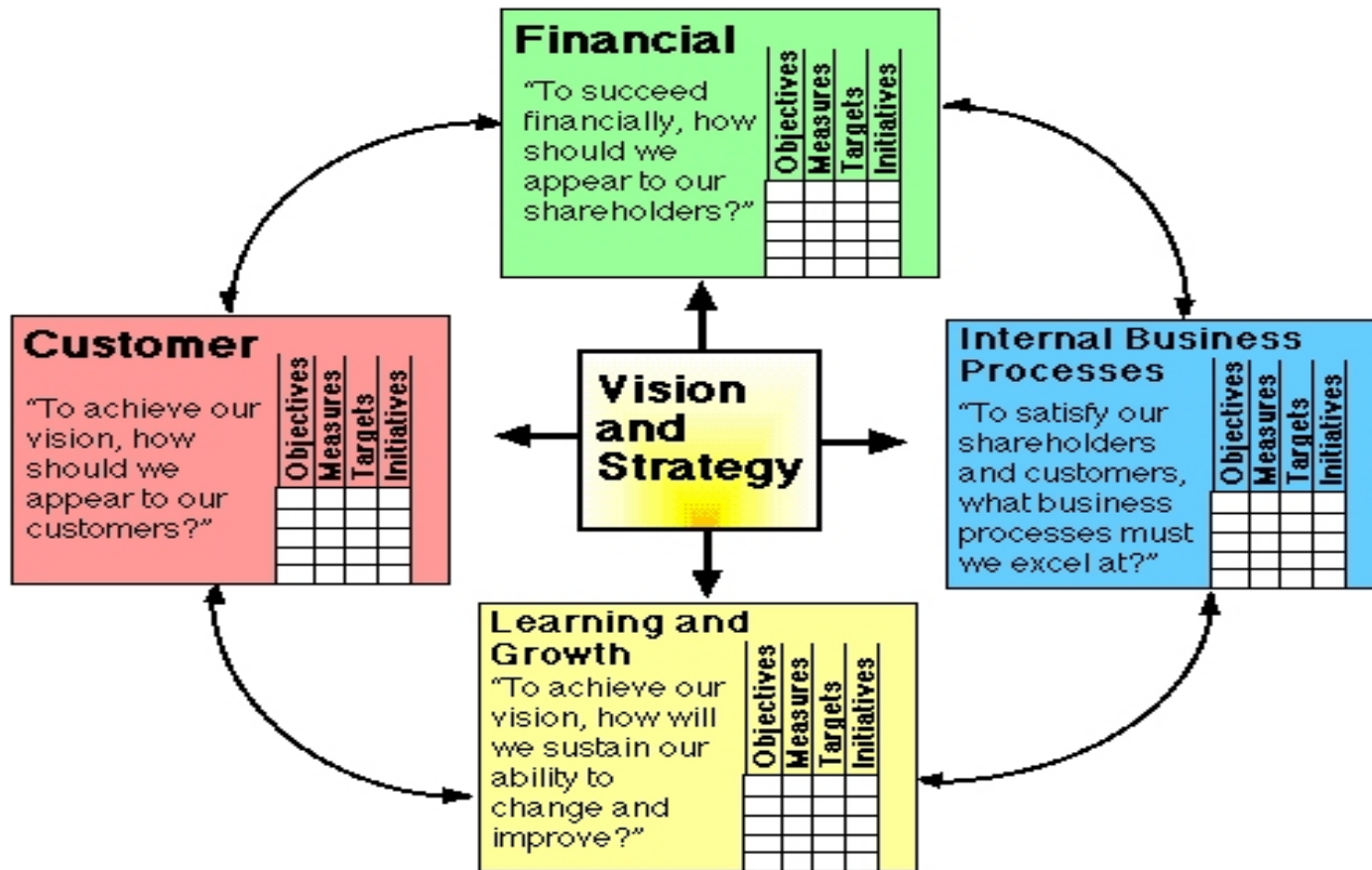


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SOME INTERESTING MODELS OF PRESENTING THE BSC CONCEPT



Model 1





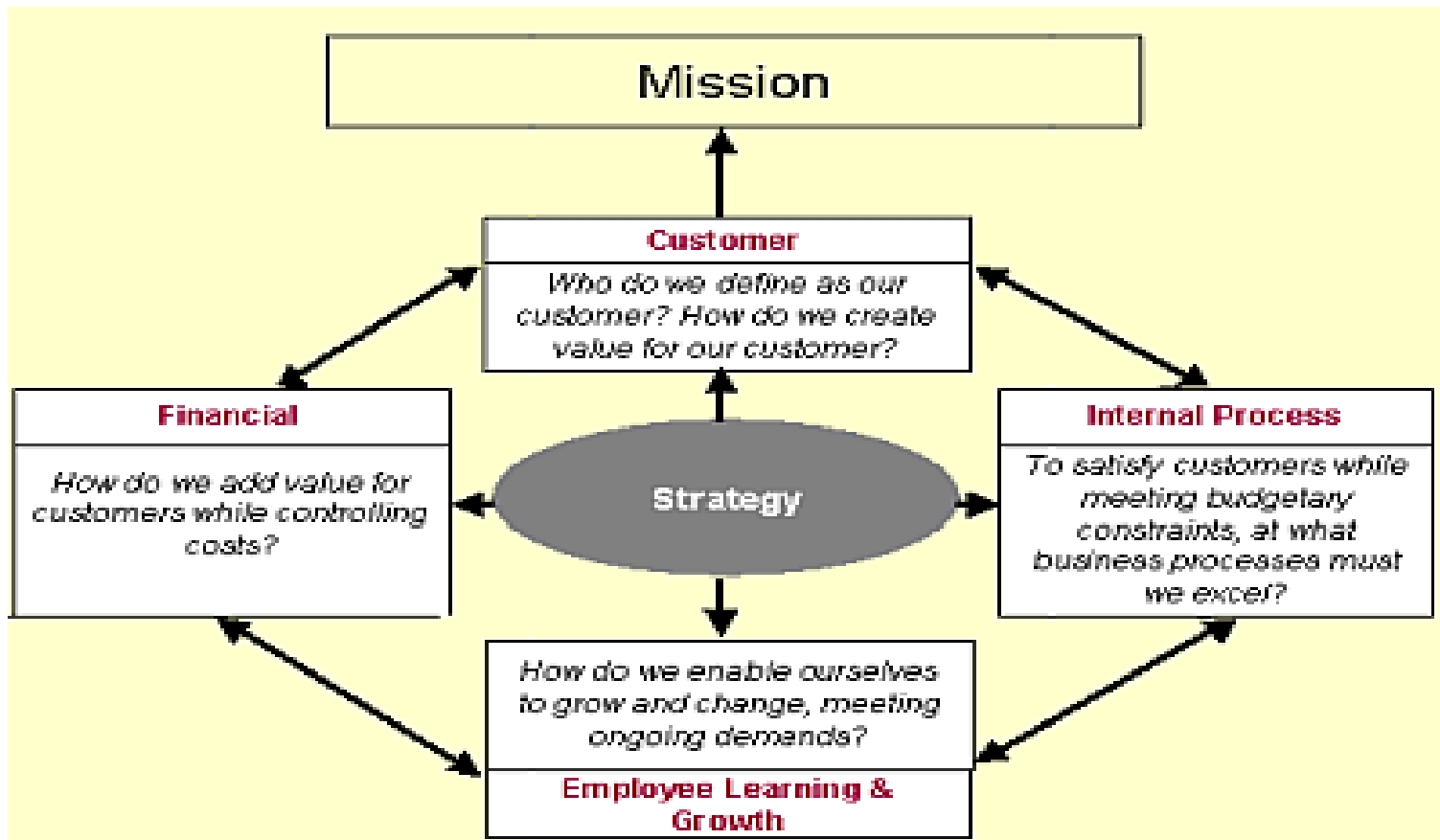
Model 2





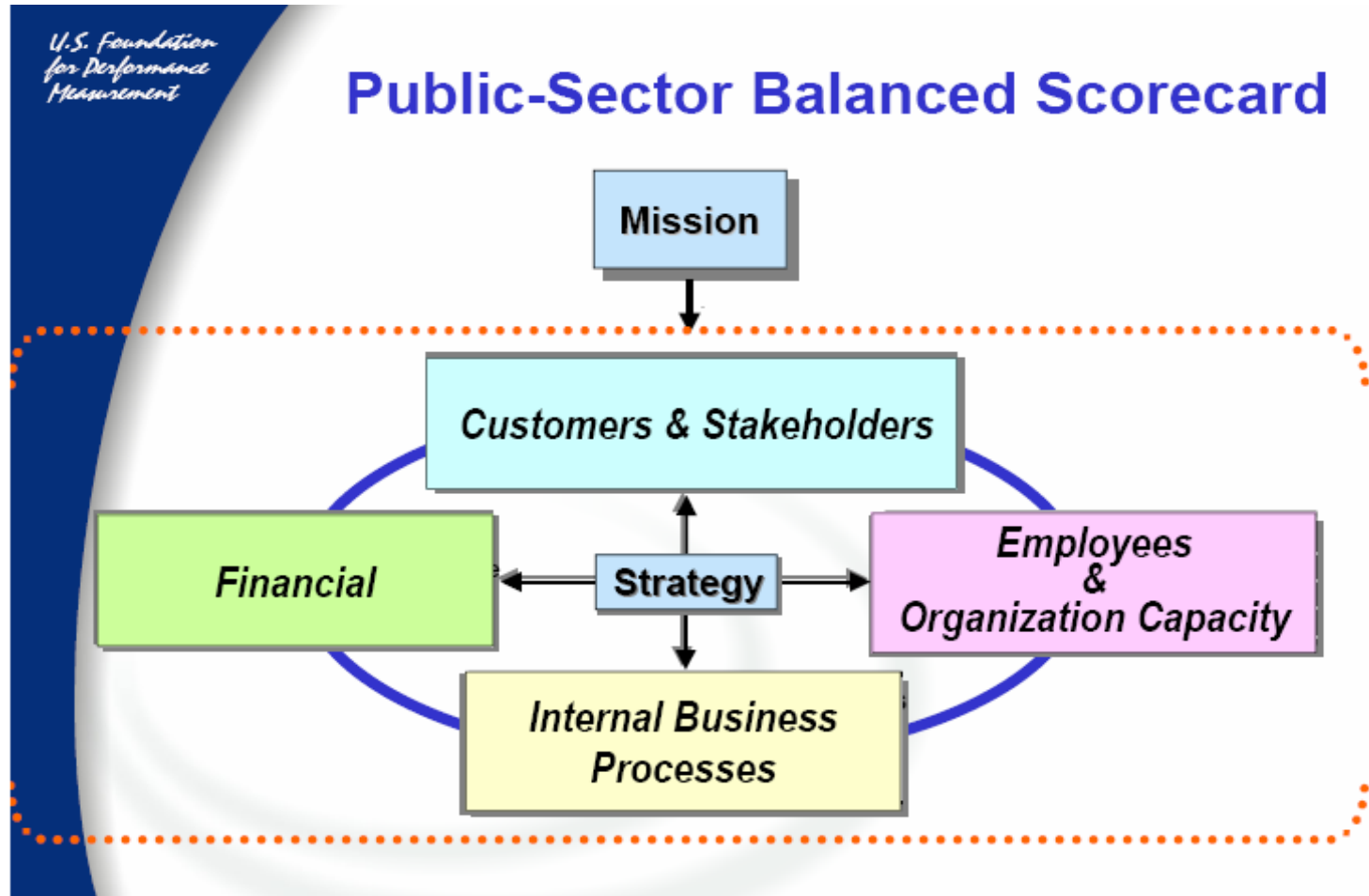
Model 3

Public Sector Scorecard





Model 4





Recommendations

- BSC alone will not transform the organization;
- **Clear objectives** are critical for communication, education, and guiding BSC evolution
- No single person or group holds all the information necessary to build the BSC
- Team members are crucial BSC ambassadors
- Team members influence their own senior leaders
- **Team participation** is a wonderful **learning** opportunity

“The beginning is the most important part of the work.”

– Plato, The Republic –



Recommendations

- The perceived simplicity of the BSC means **training** is often overlooked – that is a mistake!
- BSC is simple, but not simplistic;
- Training “levels the playing field” and encourages involvement;
- Training leads to important questions;
- Provide background information, your objectives, success stories, your plan, etc...



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