

Fairfax County, Virginia Department of Management and Budget

Performance Measurement Matters

Time to Update Performance Measures

Inside this issue:

Time to Update Performance Measures	1-2
Agencies Find Balanced Scorecard Useful for Strategic Planning	1-3
ICMA Benchmarking for FY 2006	4
PM Team Members	4

Just What Is the Balanced Scorecard?

In 1992, Robert Kaplan of the Harvard Business School and David Norton of Renaissance Solutions introduced the Balanced Scorecard, a complement to traditional management systems. This tool has evolved into a strategic management system designed to help organizations achieve and sustain strategic success. The scorecard balances the following measurement perspectives: **customer, financial, process, and learning and growth.**

With almost two months into FY 2007, agencies are now in the process of preparing their budget requests for FY 2008. An essential part of these budget requests is submission of the agency's performance measures. This includes providing actuals for FY 2006, as well as updating the estimates for FY 2007 and FY 2008. Even if an agency deleted or changed any of its measures for FY 2007, it is still accountable for providing actual performance data for any published FY 2006 measures.

To update performance measures, agency staff will use the countywide Performance Measurement (PM) database available through the

Department of Management and Budget's (DMB) Infoweb site. These data link directly into each agency's budget narrative for the County Executive's proposed FY 2008 budget.

The following are a few tips to consider as you update your measures:

- Refer to the *Fairfax County Measures Up* manual for templates on the correct way of writing goals and objectives. The manual can be found at: <http://infoweb/DMB>.
- Make sure that objectives correspond directly to the stated outcomes.

- Ensure that objectives reference the change from FY 2007 to FY 2008.
- Finally, be sure to submit your measures online by the same date that your budget is due. This is accomplished by pressing the red **'Submit'** button so DMB knows the FY 2008 update has been completed. If you inadvertently press this button prematurely, please contact Barbara Emerson or Jeff Malone in DMB to restore your access until all updating is done. They can be reached at 703-324-2391.

(continued on page 2)

Agencies Find Balanced Scorecard Useful for Strategic Planning

It is no secret that Fairfax County has many innovative and forward-thinking employees who are continually looking to improve processes, operations and results. A number of agencies have already been working on their next phase of strategic planning and found the Balanced Scorecard (BSC) to be a useful tool to help refine and update their strategic objectives.

Three members of the multi-agency Performance Measurement team—**Kristen Cigler, Allison Lowry and Marie Custode** generously shared the experiences that their respective agencies — the Department of Community and Recreation Services, the Department of Family Services and the Department of Systems Management for Human Services— had with BSC.

The Department of Community and Recreation Services (CRS) began work on its version of a balanced scorecard in 2004. Using techniques and ideas learned from George Mason University's Process Management Series and other training, staff developed a balanced scorecard for the agency. This easy-to-read, one-page document is broken (continued on page two)

Time to Update Performance Measures
(continued from page 1)

Indicator	Prior Year Actuals			Current Estimate	Future Estimate
	FY 2004 Actual	FY 2005 Actual	FY 2006 Estimate/Actual	FY 2007	FY 2008
Output					
Dollar value of budgets reviewed (in billions)	\$5.01	\$4.62	\$5.22 / NA	\$5.51	NA
Efficiency					
Budget Analysts per 1,000 population	1.46	1.43	1.44 / NA	1.44	NA

The adjacent box shows the Data Entry screen in the PM Database. Agencies are required to provide FY 2006 actuals and update estimates for FY 2007 and FY 2008. Each agency has its own logon and password, and determines who among staff will input data. Some decentralize this responsibility, while others have one central point of contact who collects and inputs all performance information into the County's PM database. Please make sure all those NAs are replaced with numbers by the time your FY 2008 budget request is submitted.

“Whether you think that you can, or that you can’t, you are usually right.”
- Henry Ford (1863-1947)

The Balanced Scorecard
(continued from page 1)

down into five perspectives: Customer, Process, Learning and Growth, Financial, and Technology (CRS added a fifth perspective to the balanced scorecard’s four original ones). Each of these perspectives is tied to the County vision elements, CRS strategic objectives and specific agency-wide performance measures.

Initially, the CRS balanced scorecard only reported actual outcomes for the measures. It has since been modified to include the prior year actuals, the current year targets and the long-term targets. This enables the agency to quickly see where it has been, where it is going and where it would like to be in the future.

CRS is dedicated to keeping staff at all levels aware of and involved in the balanced scorecard/strategic planning process. This year, CRS introduced a new module to their New Employee Orientation program. This module provides

all new staff with a fundamental introduction to strategic planning, performance measurement and the balanced scorecard, as well as how CRS integrates them all.

At the agency’s annual meeting in June 2006, CRS Director Pat Franckewitz and staff discussed CRS’ FY 2006 accomplishments and FY 2007 initiatives within the context of the balanced scorecard. This helps keep the focus on their strategic priorities.

Over the next year, CRS will continue to work on its balanced scorecard. Using input from staff, CRS plans to modify the balanced scorecard to include more outcome-based measures. They will continue to use the balanced scorecard as a key tool in the agency’s strategic planning efforts. It will help them assess whether CRS programs and services are meeting the needs of the community, as well as enable them to better align resources and provide a framework for making strategic decisions for the agency.

Like most County agencies, the Department of Family Services (DFS) went through a comprehensive strategic planning process in 2003 and developed a three-year strategic plan. Knowing that the plan was reaching the end of its useful life and based on experience from the first effort, DFS staff were looking for a simple, effective and structured way to revisit their strategic plan. They especially wanted a way to ensure they were focusing on the “right” initiatives — those with the most impact and benefit on residents within the agency’s available resources.

Several DFS employees had been through George Mason University’s Process Management Certification curriculum, which included training on the balanced scorecard. Staff identified it as a potential tool for revising the DFS strategic plan in a simple, yet effective format.

The Balanced Scorecard is **balanced** because:

- ◆ It balances financial measures with quality and results.
- ◆ It balances lead and lag measures.
- ◆ It balances the internal focus (process, learning and growth) with the external view (customer and

Since not all members of the DFS Strategic Planning Steering Committee were familiar with the balanced scorecard (BSC), they scheduled a one-day seminar with Ralph Smith of the Orion Development Group (see box at lower right) to guide the group through the process. During the course of this session, they:

- Discussed reasons for using the BSC;
- Reviewed examples of balanced scorecards from other public agencies;
- Did a SWOT (strengths, weaknesses, opportunities, threats) analysis;
- Sorted the SWOTs into the four BSC perspectives;
- Sorted the SWOTs into similar categories (Affinity Diagram) within each BSC perspective; and
- Titled each category (verb-noun format) – to identify the objectives to use in the Strategy Map.

After the session, the DFS Strategic Planning Steering Committee met to discuss how the day went and agreed to go forward with using the BSC as a way to update their strategic plan. The next step will be to build a strategy map by reviewing the categories they came up with as objectives, and determining possible cause and effect linkages between the objectives. They also identified the need to come up with measures and an action plan to document what initiatives or action steps will need to be taken in order to achieve

these objectives.

There were several reasons DFS decided to begin the process of developing and using a BSC, but the following is a list of the benefits they anticipate:

- A way to have a quick look at how they are doing as an agency (in terms of progress on their strategic plan);
- The ability to measure and evaluate themselves continuously (not just during strategic planning efforts);
- The ability to see how various issues and initiatives drive each other through the strategy map;
- A communication tool for all levels — from frontline staff to the County Executive;
- A way for staff to see how their daily work links to the agency's strategic plan; and
- A simpler way to manage the strategic plan.

DFS staff offered the following tips based on the lessons they learned:

- Before doing your SWOT analysis, have your team review trends, survey data or any other data relevant to your agency.
- When you do the SWOT analysis, be sure to ask the “so what?” question, i.e., why is this important? State the fact and also the impact.
- When you group the SWOTs into similar categories, make sure that you don't have any categories that are all

threats since those are usually outside of your span of control.

- Include a balance of both leading and lagging measures in your balanced scorecard. This will allow you to see a more complete picture of how you are doing. Including leading measures will enable you to anticipate and make changes.
- Save your SWOT analysis and use it as back-up to your balanced scorecard and strategy map. If you get a question about why a particular objective was important strategically, you will have the back-up data.

The Management Team of the Infant and Toddler Connection (a division of the Fairfax-Falls Church Community Services Board) thought that utilizing the BSC would be a valuable approach to accomplish the ongoing monitoring and evaluation of their performance results throughout the year. Staff from the Department of Systems Management for Human Services had been working with the group and agreed to facilitate the process. The team agreed to dedicate a few hours each week to develop the BSC. The overall process took several months to complete.

The team began by reviewing their existing vision, mission, values and strategic plan to make modifications where necessary. Several important themes emerged which became their 12 strategic objectives. These were logically arranged on a strategy map among the four BSC perspectives of Customer, Stewardship (for Financial), Process, and Learning, Growth and Innovation (another slight modification of the BSC perspectives). Then, the most difficult and time-consuming portion of the process ensued. For each strategic objective, the team

identified, prioritized and analyzed a list of possible measures. The measures selected were then refined and defined in detail, and reviewed and revised again. Targets were set, an implementation plan was created, and the BSC was finally complete.

However, the team was wisely aware that this did not conclude their work. For the BSC to be an effective management tool, its measures must be consistently updated and reviewed. In order to maximize their results, Infant and Toddler Connection staff will review their measures monthly and adjust their business processes and practices accordingly. The team is proud of the products of its hard work and held a BSC kick-off in mid-July to share their enthusiasm with the rest of the staff.

Each of the three agencies concluded that the BSC approach was very useful in their strategic planning efforts and they

***“Do or do not.
There is no ‘try’.”***
- Yoda
***(The Empire
Strikes Back)***

For more information, please see the Orion Development Group's website at <http://www.odgroup.com/articles2.html> which has several helpful articles, specifically one on the Balanced Scorecard for the public sector.



A Fairfax County, VA publication

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FY 2006 Data to be Collected for ICMA Benchmarking Initiative

Since 2000, Fairfax County has participated in the International City/County Management Association's (ICMA) comparative performance measurement effort. Each year, County staff complete templates in the following service areas: Code Enforcement, Facilities, Fire/EMS, Fleet, Housing, Human Resources, Information Technology, Library, Parks and Recreation, Police, Purchasing, Refuse Collection/Recycling, Risk Management and Youth Services. ICMA then cleans and compiles the data from over 100 participating jurisdictions. These comparisons enable elected officials, County management and the public to determine how Fairfax County's performance compares to similar local governments. Staff from the above-identified areas are now collecting FY 2006 data for their respective service areas. These templates are due to the Department of Management and Budget by **September 18, 2006** for review before submittal to ICMA.

Performance Measurement Matters is published quarterly by the PM Team. Editors: Barbara Emerson and Bill Yake, Department of Management and Budget, with articles by PM Team members. Your input and suggestions are always welcome. To request this information in an alternate format, call the Department of Management and Budget at 703-324-2391, TTY 711.

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