

HOSPITAL SCORECARD – STRATEGIC MANAGEMENT INSTRUMENT OF THE MEDICAL SANITARY INSTITUTIONS

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Abstract: The basis of the paper was the syntagm “The hospital should begin to think as a lucrative enterprise not as a non-lucrative enterprise in which all the loss is covered by subsidies” It is well known that nowadays, in the sanitary institutions the new administration instruments put the financial motivation in opposition with the quality of medical services. It is really hard to find a common language to be understood by both the administrators of the sanitary institutions and the suppliers of the medical services. Therewith, having as a starting point the constructive research (literature review), we have proposed to demonstrate that Hospital Scorecard offers a more complete vision of the sanitary activity than that offered by financial situations, becoming this way both an appropriate instrument for a dialogue between health professional and administrative stuff, and an “improved” board panel which allows the placement of the quality in the centre of the strategic reflection.

Key words: board table, the performance measurement, balance scorecard versus hospital scorecard.

1.The Scorecard Balance essence: history and key elements

The concept of Scorecard Balance (BSC) was developed in the **early '90 s** by **Robert Kaplan**, Harvard professor and **David Norton**, consultant in Boston, starting with the following finding: 90% of the enterprises do not succeed to put in practice the strategy they have elaborated. The two economists realized a comparative research on a sample of 12 enterprises, research that allowed them to identify **four types of obstacles** on the way to implement the strategy of an enterprise:

1.Management: for 85 % of the managers the time allotted for the discussion concerning the strategy does not overpass an hour per month;

2.The lack of coherence when allotting the resources: 60 % of the pursued organizations didn't have any connection between strategy and operational strategy;

3.Human factor: only 25% of the managers were allotting systems of reward concerning the involvement of the human factor in the comprehension and the implementation of the situation;

4. The lack of a commune vision: only 5% of the interviewed employees declared that they understood the strategy of their enterprise;

BSC developed by Kaplan and Norton appears like *a new reference to the management of the enterprise bringing together financial and non-financial indicators which offer a clear view of the "real" value of an enterprise.*

For an ensemble view concerning the term of **Balance Scorecard**, we render in what follows some definitions from the specialty literature:

a) *Ensemble of indicators connected directly to the strategy developed by the enterprise, which offers the user the opportunity to manage all the determiners of performance (Mendoza and Zrihen, 1999, Du Balanced Scorecard au tableau de pilotage);*

b) *Performance indicators or well-balanced or global board panel which takes into consideration the financial constraints and the quality exigencies demanded by the clients;*

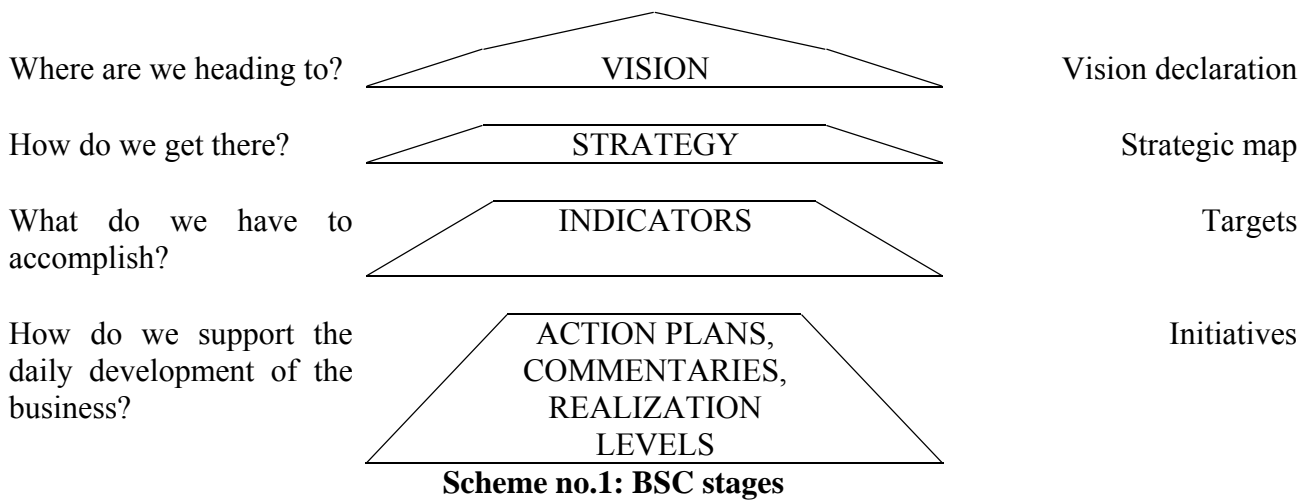
c) *An instrument that supplies to the enterprises an unique frame reference, which combines the individual and collective energies in the service of a clear strategy and flexible relative in a complex environment and continuous change (Aude Dassier and Antoine Georges – Picot, Un outil pilotage dans hopitaux américains qui depasse la seule approche financière, le Balanced Scorecard;*

d) *A management system which allows the organization to clarify its vision and strategy and to transform them in concrete actions, offering a feed-back regarding the internal processes and the external results in order to improve continuously the performances and the results from the perspective of the strategy.*

As a conclusion, regarded as a measurement and administration system of performance, of communication and of control, BSC offers the endorsement of change, and implemented efficiently, it can transform the strategic planning seen as an academic exercise into the nervous centre of the entire company. For the enterprises or institutions which use BSC, this thing supposes to: clarify and actualize the strategy, to communicate the strategy to all employees, to realize a connection between the individual objectives, strategic and those of the company, to realize a connection between strategic objectives, long term targets and annual budgets, to check recurrently the results obtained regarding the adaptation of the strategy.

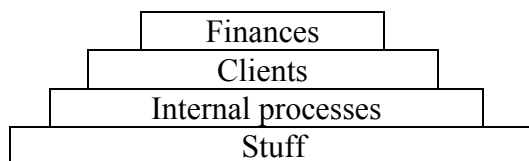
In 1996, Kaplan and Norton saw the performance of a society as four aspects: **financially, client, internal and innovation processes**, perspectives that respond to clients, stockholders, employees and public authorities' concerns. Each axe is represented by a game of objectives and measures, the indicators representing *a balance between the external measures for stockholders and clients and the internal measures of the processes and innovation.* These balance indicators can be **result indicators** which determine whether an objective has been reached and **strategic indicators** which can define the future result of an objective. The two categories of indicators are quantitative and qualitative, being oriented both on short term and long term and considered the key factors for success.

Practically, **the BSC stages represent in fact the answers to the following questions:** *What vision do you have upon your organization and upon your clients? What strategy corresponds to this vision? Which are the key operational variables that allow you to measure if the strategic objectives were reached?* Schematically, the BSC system is presented this way.



The performance indicators are created to help fixing the targets and measuring the results in the critical areas for the realization of the strategy. The objectives and the performance indicators are grouped in four perspectives tied by a cause-effect relation: **The financial Perspective** (How do stockholders see us?); **The client Perspective** (How do clients see us?); **internal processes Perspective** (In what processes must we excel to gain success?); **stuff and innovation Perspective** (How do we sustain the capacity to adapt and improve our performances?).

Therefore, the hierarchy of the lucrative perspectives is presented as it follows:



Scheme no.2: The hierarchy of the lucrative organizations' perspectives

BSC organizational includes *the mission, the vision, the essential values, the critical factors of success, the strategic objectives, the performance indicators, the targets and the actions of improvement of the entire organization.*

Step 1: The wording of the mission and of the commune vision, of the critical factors of success and of the essential values.

The mission of the organization contains the identity of the organization and indicates the reasons for its existence: for whom does it exist, why it exists, what needs it covers, what is the final objective, what its basis function is and what the main groups of interest in the corporation are.

The vision of the organization includes the long term dream of the organization and indicates the way to the transformations necessary to reach it. Besides this, the vision includes critic factors of success, standards and values and also shows where and how the organization detaches itself of others.

The essential values are used to accentuate the unity of thinking of the employees and to influence in a positive manner their behavior. These values determine the way in which people will work to realize the vision, expressing the behavior of all employees.

A critical factor of success of the organization is a factor in which the organization needs to excel in order to survive or a factor that has high importance for the success of the organization.

Step 2: The formulation of the strategic objectives of the organization. The strategic objectives are measurable results which derive from the critic factors of success to realize the vision

of the organization. Each critic factor of success has one or more strategic objectives which are tied of one of the four dimensions of the scorecard.

Step 3: Defining the performance indicators. A performance indicator is a measurement point, tied by the critic factors of success and by the strategic objectives through which he functioning of a process can be appreciated. It is the standard according to which process is measured so that reaches the strategic objectives and with which the objectives and the vision of the organization become measurable.

Step 4: The wording of the improvement actions of the organization. These actions are measures for the realization of the strategic objectives. Of these actions, those which contribute the most to the critic factors of success are chosen. The improvement actions are strategic options developed at strategic, tactic, operational and individual levels.

2.FROM BALANCE SCORECARD TO HOSPITAL SCORECARD

Nowadays, health organs are confronting with the existence of resources scarcity and with a exigency of quality which raise at the same time the problem of performance. Unlike the traditional institution with lucrative purpose, health sector presents three specificities:

1) The asymmetry of information: the patient is not aware of the conditions concerning the hospitalization and the medical services which he will receive in the medical sanitary institution;

2) The stiffness of the offer: most of the times, hospitals have requests of hospitalization of over 100%, thus having a waiting list. This situation demonstrates an increase of requests and a stiff offer;

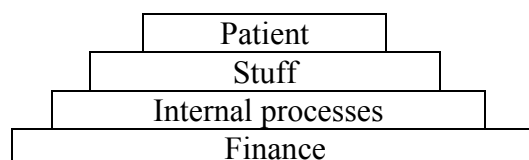
3) The resources' scarcity can be analyzed at two levels: **financial** and **technical**. At the **technical level**, sanitary institutions must respect guidelines and specific settlements regarding the services and the quality. **Financially** speaking, all prices are fixed by public authorities, the institutions having no liberty of negotiation in the evaluation of the budgetary outlook.

Leaving from the necessity of the commune dialogue between health professionals and the administrative stuff, **Hospital Balancescored** contributes to the definition of the priorities among the objectives of the medical sanitary institution.

Financial health is the basis condition for the improvement of the quality, the realization of a quality medical process being impossible when lacking a beneficiary margin. Therefore, unlike the organization with lucrative purposes, **the Financial perspective is placed at the basis of the pyramid**, as a condition necessary for the realization of the other three.

Leaving from the premise according to which *“The equilibrium is considered strategic for the maximization of the patient’s utility and not a way of obtaining financial success”*, unlike the organization with lucrative purpose, **the perspective Patient** is placed in the top of the pyramid.

Therefore, the hierarchy between the perspectives of the medical sanitary organizations is presented as it follows:



Scheme no.3: The hierarchy of the perspectives of the medical sanitary organizations

Practically, **Hospital Scorecard** is based upon four dimensions of equal importance which correspond to the following axes of labor:

1) The organization of the medical sanitary institution: what domains of organization need to be improved to reach the strategic objectives?

2) Medical and non-medical staff: what are the processes in which we must excel? How do we ensure to each of the patients the progress that accompanies these processes in order to respond the patients' expectations?

3) Patients: what is the image of the institution that the patient desires and hopes to recover?

4) Finance: what strategy of investment must we adopt to improve the strategy and the image?

3.HOSPITAL SCORECARD: APPLICATION FOR THE SURGERY SECTION

The mission of the surgery section: We are at a surgery section that is safe and reliable for all patients no matter their sex, age or social environment they come from.

The vision of the surgery section: We want to be a professional and well equipped, a section that could become the first choice of any patient. We want to obtain this thing by: **(Patient's Perspective):**

1. The procurement of good financial results by optimizing the expenses for the maximum satisfaction of the patients taking into account the financial constraints tied by the price systems; the procurement of increasing profitability by introducing successfully some new operatory techniques, high tech medical machines with the help of which we could offer to the patients new services **(Financial Perspective and Internal processes);**

2. Offering the patients high quality services regarding the medical, hotel and administrative point of view; offering the patients the right to information, security, confidentiality, trust; to maximize the degree of satisfaction of the patient **(Patient Perspective);**

3. Insuring the solution to all patients' requests in the most propitious period of time (work schedule, waiting hours between processes, the planning of the operator block's resources) with better results than those of the similar sections within other hospitals and the creation of a work climate which encourages the spirit team and open communication **(Internal processes Perspective and Knowledge and learning);**

4. The continuous training of the medical and auxiliary staff and the gain of a competitive advantage based upon competence and knowledge **(Knowledge and learning Perspective).**

To be the most reliable surgery section for all the patients, all our activity will focus on achieving a top performance with a motivated medical and auxiliary staff, who care about the patient's needs **(Internal processes Perspective and Knowledge and learning).**

The existential values of the surgery section: The surgery section is guided upon the following essential values:

Integrity: We work fair and honest with the patients; when we promise something, we keep our promise.

Passion: We work with a devoted, passionate and decided staff willing to obtain superior medical performances no matter the type of intervention.

Orientation towards the patient: The patients are the centre of everything we do. We permanently listen to what patients say, we find out their specific needs, we give them individual attention and we offer them those quality medical services they expect from us, to satisfy them constantly.

Respect: We treat our patients as we would like to be treated. We do not accept arrogant and impolite behavior.

Communication: We make time to communicate with the patients and to listen to them. We believe that the information gives humans an impulse.

The other steps can be found in the table below, which represents **BSC for the surgery section.**

HOSPITAL SCORECARD FOR THE SURGERY SECTION

PATIENT			
Critic factors of success	Strategic objectives	Performance indicators	Improved actions
The first choice of the patients than need surgical intervention	The improvement of the satisfaction level of the patient regarding the offered medical services	1) The rate of mortality within hospitals in sections 2) The proportion of deceased patients 24 h after their hospitalisation per section 3) The proportion of the deceased patients 48 h after their surgical intervention per section 4) The rate of nosocomial infections per section 5) The rate of the re-hospitalized patients (without a previous planning) for 30 days from their discharge. 6) The index of concordance between the diagnosis given at the hospitalisation and that given at the discharge. 7) The percent of the hospitalized patients and transferred in other hospitals	1) Within the plan of practice of surgery services a special importance is given to the approaches regarding: the definition of some precise standards for each task realised by the employees of the medical and executor –operational branch; the learning of those standards by the employees and the checking of the degree of their awareness concerning the expected results; the registering in procedure and quality protocols of the changes necessary in the plan of standards, the standardization in demeanour codes; 2) The elaboration of the following mechanisms of standardization: the guide regarding the surgical operator protocol; the protocol for the prevention of the infections caused by operatory plague; specific guide for the circuit of laundry in the hospital; the protocol for effectuating the daily cleanliness in the hospital, for the cleanliness in rooms, in other locations (it settles the zones and areas of concrete work, the moments of beginning the action in every area, the solutions used, the work technique, the action stages, situational actions and attentions); 3) The elaboration of the protocol for the attributions of the sanitary stuff in the prevention and control of the nosocomial infections; the protocol used to prepare the surgical instruments for sterilisation; the collection and weighing protocol of offal; 4) The elaboration of the protocol of the aseptic technique in the operator block which contains: general principles, specific clothing for the operator block, the change of places in the operator block, washing hands, antiseptis of the hands, wearing gloves, obligatory decontamination, change of the syringes, the instrumental gear, sharp and sharpened objects, gathering the laundry, solid offal, the doctor, assistant and hospital attendants' responsibility.
High quality services	Higher degree of trust of the patient regarding the surgical services that we offer	1) The number of the patients' complaints 2) Loyalty degree of the patients (coming back for check-up)	1) A new approach of the relation with the patients in surgical services: the treatment proposes to save lives but also its quality after the surgical intervention. The patient does not benefit of the best conditions, but of all conditions consisting in the most modern technology of intervention and reanimation and the hospitalization conditions and well defined demeanour of the medical and auxiliary stuff; the relation with the patient does not consist in only mentioning the diagnosis but in explaining the causes of this one, leading to the organisation of supplementary services for social integration; in the relation with the patient, the accent falls on the quality of post-operative life: the way in which we help the patient to resist the existential crisis has medical connotations but also psycho-social ones; 2) The realization of a procedure capable of solving the complaints and its permanent execution; 3) The development and the implementation of an improvement plan of the patient's confidence; 4) Benchmarking regarding the patients loyalty.

PATIENT			
Critic factors of success	Strategic objectives	Performance indicators	Improved actions
Image	Improvement of the degree of public cognition	Cognition degree	1) The creation of the department Public relations which contains: large public (patients, community), volunteer groups, mass-media: groups of journalists who present the realisations(difficult operations, innovations), permanent actualisation of the web page; 2) The strategy of counteraction of negative publicity (complications and deceases presented in an exaggerated manner in the press, unsatisfactory work conditions and attempts to gain profit in illegal ways.

STUFF, COGNITION AND LEARNING			
Critic factors of success	Strategic objectives	Performance indicators	Improved actions
The continuous development of human potential	Higher work productivity	The productivity of the personnel work	1) The realisation of development plans of career for everybody; 2) The leading of the planning interviews, guidance and evaluation of the performances obtained with the employees basing upon the individual performance plans and of the competence profiles.
Competitive advantage, based upon knowledge, abilities and aptitudes of the medical and auxiliary stuff	1)Improved managerial competence 2)Improved commercial abilities of the marketing personnel	1) The percent of available competences 2) The percent of managers trained for essential managerial abilities 3)The costs of the managers' training 4)The costs for marketing training 5)Percent of employees qualified in marketing	1) The correlation of rewards with the system of evaluation of performance; 2) Offering training in Leadership efficient; 3)The determination of the training budget for managers; 4)The determination of the training budget for marketing personnel.
Open communication	1) Improved access to the strategic information 2) A culture oriented towards the patient 3) Opening and honesty in the communication of information	1) The reserve of the strategic information 2) The degree of satisfaction of the patients 3) The level of experience of the medical and auxiliary stuff concerning the change of information	1) Measuring the degree of satisfaction of the patients; 2) The execution of a studio of the employees' satisfaction concerning the exchange of information.

INTERNAL PROCESSES			
Critic factors of success	Strategic objectives	Performance indicators	Improved actions
Safe and confident	Optimal safety and trust	1) Safe investigations and the maintenance of the salons and of the operator block 2) The percent of the incidents regarding safety	1) Introducing the total system of Preventive Maintenance; 2) The supplementary equipment of the salons with alarm systems for each bed for emergency cases; 3) The improvement of the awareness of the medical and auxiliary staff concerning the safety problems through training and communication; 4) The intensity of controls regarding safety; 5) The introduction of security supplementary personnel especially in the night; 6) The stimulation of the patients' involvement regarding public safety through communication (offering brochures).
Solving in time all the processes to which the patient is subdued (hospitalization, investigations, surgical intervention, treatment, discharge)	The diminution of the waiting time when hospitalizing	1) The proportion of the hospitalized patients present in the guard room 2) The number of the patients consulted in the ambulatory 3) The number of patients registered on a waiting list per section	A planning of hospitalisation: it needs to fix the dates of hospitalization of the patients for a surgical intervention. The planning horizon is of several months (it depends on the considered health system and on the treated pathologies)
	The reduction of the waiting time for the surgical intervention and of the hospitalization period	1) The medium duration per section 2) The rate of usage of the beds per section 3) The medium duration of waiting for the surgical intervention	1) A construction of the operator program regarding the time, noted with T: we are talking about the establishment of the surgical interventions which need to be realised during each day according to the time allotted also depending on the resources that will be used. The planning of hospitalization supplies to the patient a date of hospitalization which risks to become unsure due to the perturbations that can appear in the operator block (urgencies, cancellations, the imprecise estimation of the operator time, etc.) Therefore, we propose the adoption of a confirmation process of the hospitalisation date of the patient with the help of the operator program having an operator time of T days; 2) A construction of the daily operator program: the objective is to bring up-to-day the operator program established previously in the time horizon T taking into account different problems that may occur if we refer to emergency cases; 3) Time management in the operator block: it is about the orientation of the decision of the person who is in charge with the operator block when an accidental event takes place.

INTERNAL PROCESSES			
Critic factors of success	Strategic objectives	Performance indicators	Improved actions
	The diminution of the number of failed surgical interventions	1) Complexity index of the cases per section 2) The percent of the patients with successful surgical interventions of the entire number of discharged patients per section 3) The percent of the patients with complications and co-morbidity of the entire number of discharged patients per section.	1) Identifying the causes of the failed surgical interventions depending on the type of intervention, sex and age groups respectively: the moment of the intervention in the degree of evolution of the disease; the treatment given before the hospitalization; pre-operative period (medical analysis and time for results); the establishment of priorities in the usage of the operatory block; technical endowment of the operatory block, professional training of the surgical intervention team ; post operatory treatment; bureaucracy, others; 2. The elimination of the causes, respectively of outdated procedures, outdated instruments, of the consumable materials and inappropriate medicine, the avoidance of human mistakes by permanent clarification of the stuff.
Team spirit (motivating work climate)	1) The managers' action as guides 2) Efficient team work	1) The percent of the stuff which consider that it works under the guidance of an efficient leadership 2) The degree of satisfaction regarding feed-back 3) The productivity of team work	1) The formulation of a development plan for managers; 2) The supply of training regarding the efficient guidance of the teams; 3) The supply of training regarding team work and team development.
Motivating work force	Improved degree of satisfaction of the employees	1) The percent of the stuff that consider they are doing an interesting work 2) The percent of the days of medical leave	1) The realisation of a studio regarding the satisfaction of the employees; 2) The definition and the communication of the tasks, responsibilities and authority of the stuff; 3) The study of the improvement of work conditions.

FINANCIAL			
Critic factors of success	Strategic objectives	Performance indicators	Improved actions
Good financial results and increased profitability	The respecting of the budgets	1) Budgetary execution to the approved expenses budget 2) The percentage of personal incomes of the section of all incomes of the hospital	1)Introducing a privatization system of paid hotel services; 2) The encouragement of the doctors to do research activities; 3) The organisation of symposiums and conferences to present the best results.
	The efficient usage of the resources	The structure of expenses on each type of intervention depending on the income sources	1) The analysis of the processes of acquisition of the consumable materials and of medication and also its best execution; 2) The usage of operatory techniques less expensive.

FINANCIAL			
Critic factors of success	Strategic objectives	Performance indicators	Improved actions
Good financial results and increased profitability	Optimizing the expenses for maximum satisfaction of the patients	1) The percentage of the expenses on medication of the section of the entire sum of expenses of the hospital 2) The percentage of capital expenses of the entire sum of expenses of the hospital 3) The percentage of personnel expenses of the section of the entire sum of expenses of the hospital	1) The analysis of the acquisition processes of medication and its best execution; 2) The realization of a department of Clinic engineering to ensure the continuity of the logistic system having a technical nature of medical activity and to optimize the cost of activities; 3) Adopting the maintenance of the medical technical systems (preventive, systematic preventive, conditioned).
	Increased profitability	1) Medium cost per day of hospitalization per section 2) Medium cost on surgical intervention categories per day of hospitalization per section	1) The externalization of catering activity; 2) The introduction of the budgets for types of surgical intervention .

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