



# Successfully Implementing the Balanced Scorecard

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# Today's Program:

- Theory: Balanced Scorecard 101 (1:00)
- Exercise: Goals and Indicators (:30)
- Break (:15)
- Theory: Metric nuts & bolts (:30)
- Exercise: Designing good metrics (:30)
- Wrap-up and suggested resources (:15)





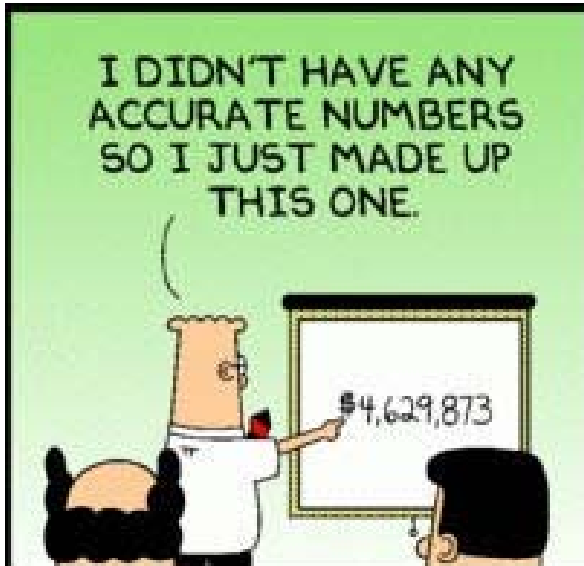
# Rationale for the BSC: Getting Control of the Data

- Focus
- Balance
- Assessment
- Intelligibility

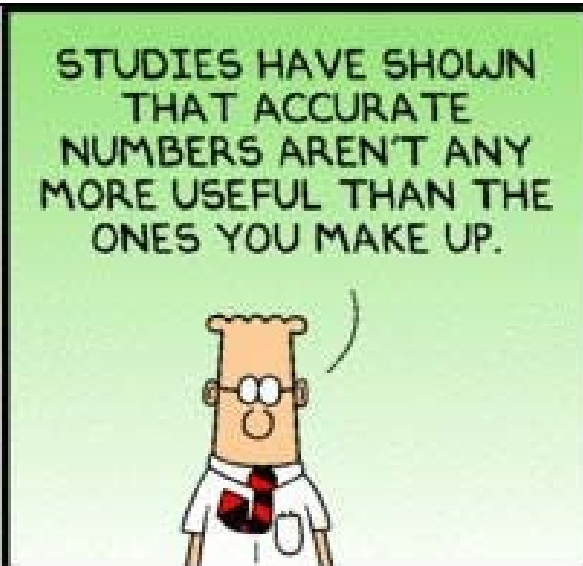
# Data, data everywhere

- Over-complexity often a cause of failure
- Good information can drown in the details
- One solution is to focus on a few meaningful indicators

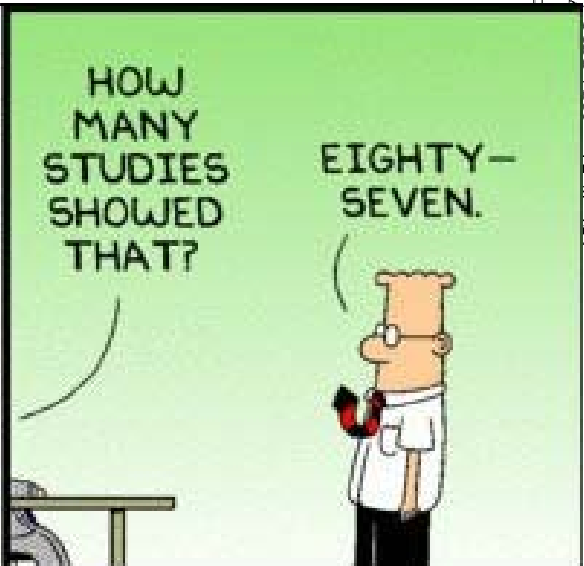




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# What is Quality?

- Fitness for purpose
- Never static or finally achieved
- Accurate measurement essential
- “If something can’t be measured, it can’t be understood or controlled.”



# Balanced Scorecard



- One approach
- Commercial management tool
- Reflects organization's long-term strategy
- Specific, measurable goals
- From different perspectives
- Attempts to integrate large amounts of diverse data into a single system

# The Balanced Scorecard

*is not...*

- Free and easy
- A one-time effort
- A laundry list
- A complete diagnosis
- A roadmap to the future

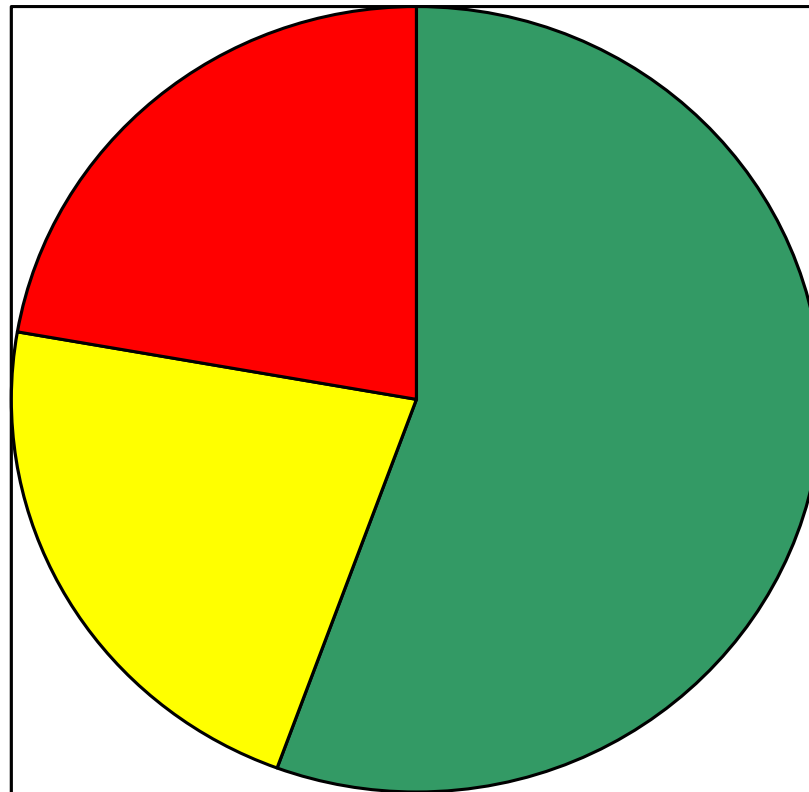


# A well-crafted scorecard...

- Reflects the organization's vision
- Clarifies and communicates the vision
- Provides a quick, but comprehensive, picture of the organization's health



# Visual feedback



# Reviewing the Perspectives

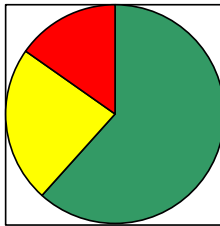
- **User**
- **Internal Processes**
- **Finance**
- **Learning and Growth**



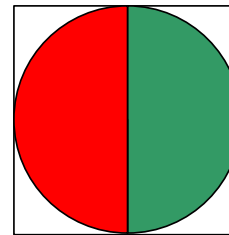
# Perspectives and Balance



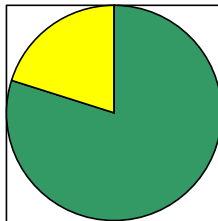
User Perspective



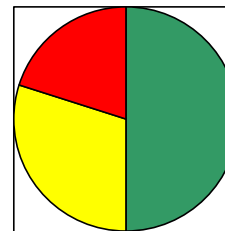
Internal Process Perspective



Finance Perspective



Learning/Future Perspective





# The Process: Constructing a Balanced Scorecard

1. Define a few goals in each perspective
2. Select a few indicators for each goal
3. Construct the metrics
  - a. identify data sources
  - b. write up methods
  - c. choose targets
4. Collect data & review results

# Step 1. Defining the Goals

## -- *Reflecting Values*

- What is important?
- What is the *institution* trying to accomplish?
- Places to look:
  - Mission statements for library or university
  - Institutional goals or “X-year” plans
  - Conversations with top administration



# Sample Goal - User

*How well is the library meeting the needs of our users?*

## **Goal U.3.**

**Develop high quality collections that reflect the needs of the Library's users and support the University's mission.**



# Step 2. Selecting the Indicators

- Good indicators tell you how well you're doing on goals
- Strong indicators are better than comprehensive indicators
- Cover innovations and operations
- Plan for a variety of measurements



# Sample Indicator - User

Goal U.3.

Develop high quality collections that reflect the needs of the Library's users and support the University's mission.

**Metric U.3.a.**

**Circulation of new monographs.**



# Sample Indicator – Internal Processes

Goal I.2.

Operate in the most innovative, efficient, and effective way possible.

**Metric I.2.b.**

**Staff survey rating of internal communication.**



# Sample Indicator - Finance

Goal F.2.

Provide resources and services that have a high ratio of value to cost.

**Metric F.2.a.**

**Unit cost of electronic serials.**



# Sample Indicator – Learning & Growth

Goal L.2.

Recruit, develop, and retain productive, highly qualified staff.

**Metric L.2.c.**

**Compare staff salaries to peer groups.**



# Exercise 1

- Break into 4 groups
- Develop 1 or 2 goals for your perspective
- Develop at least 2 indicators for each perspective



# The Process: Constructing a Balanced Scorecard

1. Define a few goals in each perspective
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# Moving on to Metrics

Metric =

- Indicator (measurement)
- Target
- Methodology



# Step 3. Constructing metrics

## -- Measurement

### **Be Practical**

- Use existing measures when possible
- Use sampling
- Collect data centrally
- Minimize work by front line



# Step 3: Constructing metrics

## -- Targets

- Measure quantitatively
- Set challenging but achievable targets
- Consider two sets of targets:
  - Complete success
  - Partial success
- Aggregate regularly to provide feedback
- Address problems that are revealed



# Step 3. Constructing metrics

## -- Methodology

- Does the measurement accurately reflect the reality?
- Does it work mathematically?
- Will it create a problem in the future?





# Sample Metric - User

## U.3.A: Circulation of new monographs

*Target1:* 60% of all newly cataloged print monographs should circulate within two years.

*Target2:* 50% should circulate within two years.

**Method:** A program will extract data from the SIRSI records documenting circulation of print monographs over a two-year cycle. Only items circulated to users (not binding, etc.) will be counted.



# Sample Metric – Internal Process

## I.2.A: Internal communications rating.

*Target1:* Positive scores (4 or 5) on 80% of responses to the biennial staff work-life survey that relate to: communication from administration, communication between departments, and communication within departments.

*Target2:* Positive scores (4 or 5) on 60% of responses

**Method:** The University Library will conduct a work-life quality survey every other spring, alternating with the Internal Customer Service Survey. As part of the survey, each staff member will have the opportunity to rate his or her agreement with statements on aspects of internal communication on a 1 to 5 scale. The responses from the communications section will be tallied in aggregate.

# Sample Metric - Finance



**F.2.A: *Unit cost of electronic serials.***

*Target1:* No increase in cost per use each year.

*Target2:* Less than 5% increase in cost per use each year.

***Method:*** Collect data annually from vendors for all electronic journals for which usage data are available. Divide the total cost by the total uses.

# Sample Metric – Learning & Growth



## L.2.c. Compare staff salaries to peer groups.

*Target1:* A faculty salary ranking in the upper 40% of all ARL university libraries, and 60% of classified salaries above the mean salary for similar jobs in the State of Virginia.

*Target2:*

A faculty salary ranking in the upper 50% of all ARL university libraries, and 50% of classified salaries above the mean salary for similar jobs in the State of Virginia.

# Sample Metric – Learning & Growth



## L.2.c. Compare staff salaries to peer groups.

**Method:** Faculty salary rankings are published annually by ARL. Mean classified salary is calculated using salary information from University and Library Human Resources. NOTE: availability of classified salary information varies from year to year. In years when no classified salary data are available, the metric will be based on faculty salary comparisons only and appropriately noted.



# Exercise 2

- Break into 4 groups
- Construct a complete metric for an indicator

Remember to include:

- The measurement and the data
- The targets
- The methodology

# The Process: Constructing a Balanced Scorecard

1. Define a few goals in each perspective
2. Select a few indicators for each goal
3. Construct the metrics
  1. identify data sources
  2. write up methods
  3. choose targets
4. Collect data & review results





# Step 4.

## Collect data & review results

- Explicitly assign data collection and calculation duties
- Allow a reasonable amount of time, but stay on schedule – results are most valid when current
- Condense the details – consider a visual display of results



# Sample Metric Results - User

## U.3.A: Circulation of new monographs

- *Target1*: 60% of all newly cataloged print monographs circulate within two years.
- *Target2*: 50% circulate within two years.

## Result FY07: Target 1

- 63% of monographs purchased in FY05 circulated within two years.



# Sample Metric Results – Internal Process

## I.2.B: Internal communication rating

- *Target1*: A composite rating of at least 4.00 in the annual internal services survey, no unit below 3.50.
- *Target2*: A composite rating of at least 3.50, with no unit below 3.00.

## Result FY07: Missed both targets

- 48% of respondents scored communication statements with a 4 or 5.



# Sample Metric Results - Finance

*F.2.A: Unit cost of electronic serials.*

- *Target1: No increase in cost per use each year.*
- *Target2: Less than 5% increase in cost per use each year.*

Result FY07: Target 1

- Cost per journal article (funded by UVA) was \$1.98, a decrease of 5.7% from FY06 (\$2.10).



# Sample Metric Results – Learning & Growth

## *L.2.c. Compare staff salaries to peer groups.*

- *Target1: Faculty salaries in the upper 40% of ARL university libraries, and 60% of classified salaries above the mean salary for similar jobs in the State of Virginia.*
- *Target2:  
A faculty salary ranking in the upper 50% of all ARL university libraries, and 50% of classified salaries above the mean salary for similar jobs in the State of Virginia.*

## Result FY07: Target 1

- Faculty ranked 33 among 113 ARL institutions (upper 29%), and 78% of classified staff salaries are above the state-wide mean for similar jobs in the classified system.

# Sharing Results

- Post your results, internally or publicly  
<http://www.lib.virginia.edu/bsc>
- Present them at organizational meetings
- Meet with individuals or departments
- Bring them to the next assessment conferece!



# Wrapping Up

- Learning more
- Reactions?
- Questions?
- Thank you!

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## Balanced Scorecard Bibliography

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