

Using the Balanced Scorecard to Improve the performance of City and County Councils

Abstract

The managers and constituents of City and county councils are increasingly concerned about measuring and managing the council performance. While the use of balanced scorecard for performance management is widespread, its use is less well known in the context of city and county councils. This article describes the adaptation of the Balanced Scorecard to City and County councils. The purpose of this article is not to provide empirical support for the use of BSC but to highlight its application in public administration. Several examples of implementation in the US and UK are provided.

Keywords: Performance measurement, Balanced Scorecard, Strategy, strategy maps, City councils

JEL Code: M49

Public institutions have increasingly come under pressure in recent years to become more economically viable and customer-oriented¹. The shift from government department to a business management oriented, targeted organization requires many changes both inside the company and in the way it is presented to the outside world. Pressures on governments around the world have contributed to the rising adoption of "performance management and measurement" - a focus on program and service outputs and outcomes, and on "managing for results". Specifically, state and local governments are becoming increasingly accountable for results and the cost-effective use of taxpayer money spent on programs and services.

With public institutions in particular, however, key financial figures are not in any way meaningful enough to provide a basis for measuring and controlling the performance of the organization. This article discusses how state and local governments can benefit from a strategic management system based on the balanced scorecard. The article addresses how a Balanced Scorecard can lead to improved results, processes, and culture change in government organizations.

This gains more importance as cities strive to improve their global ranking in surveys by firms like Mercer Consulting. Mercer's study is based on detailed assessments and evaluations of 39 key quality-of-living determinants, grouped in the following categories:

- Political and social environment (political stability, crime, law enforcement, etc)
- Economic environment (currency exchange regulations, banking services, etc)
- Socio-cultural environment (censorship, limitations on personal freedom, etc)
- Health and sanitation (medical supplies and services, infectious diseases, sewage, waste disposal, air pollution, etc)
- Schools and education (standard and availability of international schools, etc)
- Public services and transportation (electricity, water, public transport, traffic congestion, etc)
- Recreation (restaurants, theatres, cinemas, sports and leisure, etc)
- Consumer goods (availability of food/daily consumption items, cars, etc)
- Housing (housing, household appliances, furniture, maintenance services, etc)
- Natural environment (climate, record of natural disasters)

The rankings (in 2007) are based on a point-scoring index, which sees Zurich scoring 108, while Baghdad scores 13.5. Cities are compared to New York as the base city, with an index score of 100. The quality of living survey covers 215 cities and is conducted by Mercer Consulting to help governments and major companies place employees on international assignments. Mercer's Quality of Life Survey is released annually, comparing 215 cities based on 39 criteria. Exhibit 1 presents the 2008 ranking of cities.

Exhibit 1: The world's top cities offering the best quality of life in 2008

Rank	City	Points
1	Zurich	108.0
2	Vienna	107.9
2	Geneva	107.9
4	Vancouver	107.6
5	Auckland	107.3
6	Dusseldorf	107.2
7	Munich	107.0

Source: Mercer Consulting

The BSC framework can help city administrators to channel their resources to the most important objectives to achieve desired goals. In particular, it would be useful to map the factors considered in the Mercer survey on to the BSC. Interestingly, though several U S cities use the BSC for strategic management, none of them feature among the top cities.

A primer on balanced scorecard

The balanced scorecard is a strategic planning and management system that is used extensively in business and industry, government, and nonprofit organizations worldwide to align business activities to the vision and strategy of the organization, improve internal and external communications, and monitor organization performance against strategic goals. It was originated by Robert Kaplan and David Norton as a performance measurement framework that added strategic non-financial performance measures to traditional financial metrics to give managers and executives a more 'balanced' view of organizational performanceⁱⁱ.

The balanced scorecard has evolved from its early use as a simple performance measurement framework to a full strategic planning and management system. The “new” balanced scorecard transforms an organization’s strategic plan from an attractive but passive document into the "marching orders" for the organization on a daily basis. It provides a framework that not only provides performance measurements, but helps planners identify what should be done and measured. It enables executives to truly execute their strategies.

The “Balanced Scorecard” recognizes the fact that executives do not focus on one set of measures as no single measure can provide a clear performance target or focus attention on the critical areas of business. The balanced scorecard allows managers to look at their business from the perspective of customers, shareholders and employees. A typical balanced scorecard, shown in Exhibit 2, considers goals and measures from various perspectives and tries to bring all the elements of the business together in a single management report.

The BSC scorecard hypothesizes that learning and growth among employees leads to better internal processes, which in turn leads to better customer satisfaction and ultimately better financial results.

After implementation, it should result in a balance between external measures for shareholders and customers and internal measures of business processes, innovation, and learning and growth. As some academics point out, the trouble with "balanced" score card is that it is not balanced in the sense that it does not tell us how the measures on the scorecard are to be weighted. In other words, the scorecard does not specify the trade off among the measures. Similarly, there is no causal relationship between measures from the four perspectives. Instead, the perspectives are interdependentⁱⁱⁱ. Further, it fails to provide a linkage between performance measurement and incentive system^{iv}.

The idea of the BSC is to describe the ingredients of organizational success. The Balanced scorecard is now being used by companies, federal governments, state and local governments, non-profit agencies and a few libraries.

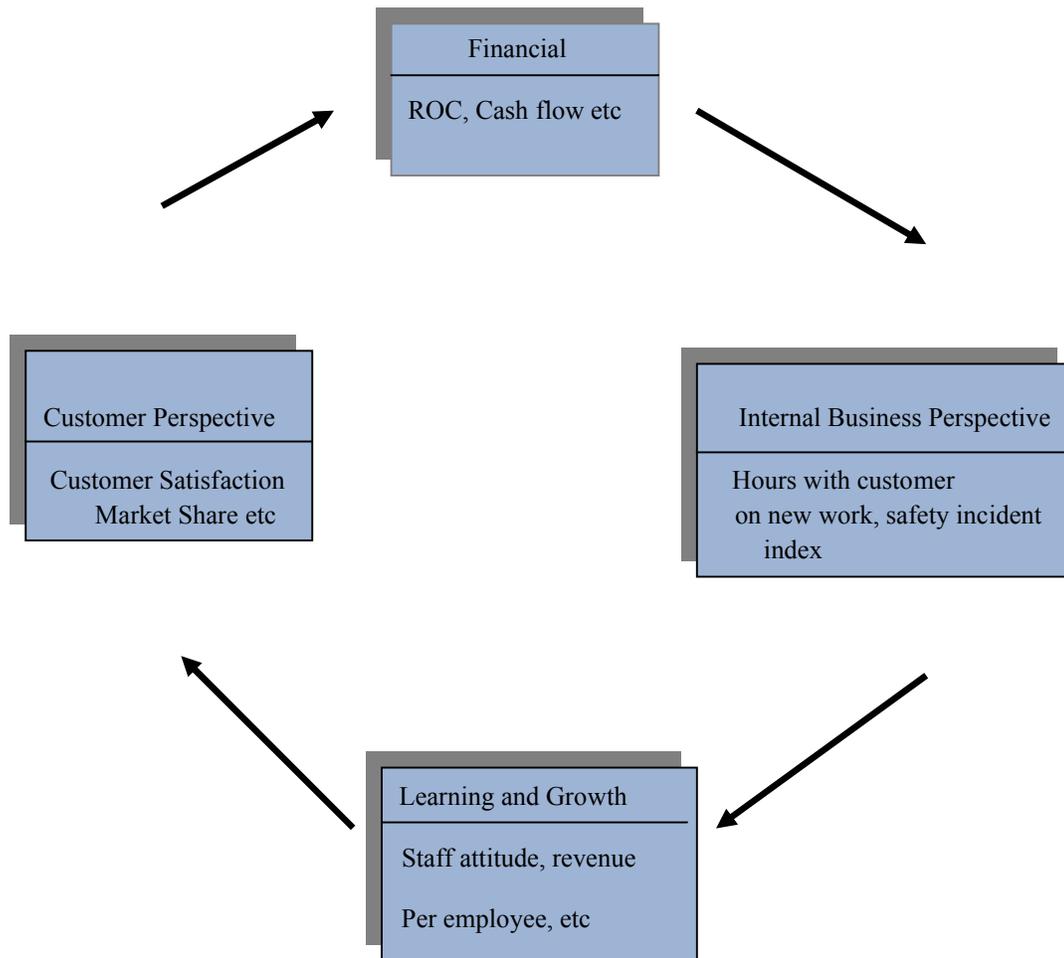
The BSC is adopted for many reasons:

- It enables the top leadership to formulate and communicate a new strategy for a more competitive environment
- It aligns employees' actions with the strategies and goals of the organization
- Provides management with a tool for monitoring progress towards achieving the library's vision

Empirical Evidence on the effectiveness of BSC

While the scorecard was designed for private sector use, the take-up by the public sector has been fairly widespread. It now has a wide range of public sector users ranging from small districts to large county and metropolitan councils. The model is equally widely used in the private sector among organizations as diverse as Johnson and Johnson Medical and the Royal Bank of Canada. A survey undertaken by the International Institute of Banking and Financial Services, Leeds University Business School revealed that 15% of private sector firms apply Balanced Scorecard methodology. Among the largest UK companies this figure rose to 30%.

Exhibit 2: The Balanced Scorecard



Given the rising use of BSC in public sector undertakings it is pertinent to review the evidence on the effectiveness of BSC in PSUs. While many private sector organizations have successfully implemented the BSC to achieve excellent results, public sector organizations may find additional implementation issues and the evidence is rather mixed in terms of whether or not the exercise yields tangible improvements in service operations.

The cascading down of the BSC approach through the organizational hierarchy can potentially help overcome the resistance to change that marks out many public sector organizations. But, the objectives of the head office and that of the business units' sometimes contradict thereby rendering cascading ineffective.

This approach also encourages staff involvement and acceptance of a performance oriented culture. But the interrelationships and dependencies among some of the implementation criteria are significant to scorecard effectiveness^v.

BSC in City and County Councils

The government's missions are fixed –they cannot be changed. *How* they do the missions is not fixed: this is strategy. The problem is what if there are multiple strategies being pursued at once? How will we know if this is happening? A single framework for strategy is necessary to meet the challenges. The balanced scorecard is a strategic management system (not only a measurement system) that enables organizations to clarify their vision and strategy and translate them into action. When fully deployed, the balanced scorecard transforms strategic planning from an academic exercise into the nerve center of an enterprise. The most important benefit of the BSC is that it allows the top leadership to formulate cause-effect hypotheses and align everyone to strategy in a single framework. The balanced scorecard raises the visibility of government activities, facilitates feedback, and supports accountability.

City councils are no doubt different from companies in terms of objectives and goals. Nevertheless, it is possible to map the features of a private corporation on to a public organization. The stakeholders in a corporation are stockholders, customers, managers etc. Similarly, in case of a public organization, the stakeholders are taxpayers, legislators etc.

City councils contemplating on implementing the BSC need to define the four perspectives of BSC in the context of a city. While the Financial perspective, for example, is always the top line or bottom line perspective in the private sector, its location in balanced scorecards for governmental application reflects the reality of the environment in which it functions. For example, a “top line” Financial Perspective would indicate that certain activities or programs, which are not profitable, and not contributing to profit should be discontinued.

In the governmental application, the scorecard structure recognizes the fact that profitability of most governmental services is not the driving force behind the reason for providing services. In fact, profitability is not a part of the mission of the governmental unit. The financial goals of a private corporation are profit, growth, market share, and increase in shareholder value. A public organization, in contrast, aims at productivity and efficiency.

The Financial perspective, however, remains vitally important to a city in all of its activities. It should measure and identify deliverable services at a good price, support maintenance of sound financial position, identify funding mechanisms, and support accountable and responsible use of funds in citywide strategic scorecards. In more limited scope scorecards such as the communication scorecard (or departmental scorecards) the financial perspective may be more likely to identify objective-specific resource requirements and identify resources needed to support the internal process and customer objectives^{vi}.

The Internal Process perspective encourages a city to change and improve the way it delivers services, specifies certain strategy-related objectives, and encourages productive use of resources geared toward achievement of the City's mission and vision. This perspective deals with strategic objectives emphasizing not only “how to” but also “through what means” the City pursues the adopted focus areas.

The Customer perspective as the “top line” perspective represents a structural departure from the Balanced Scorecard structure of the private sector. The Customer perspective in this “top line”

position on the scorecard reflect the fact that the City is a service delivery organization and typically should contain objectives representing key strategy-related services delivered to citizens.

The Learning and Growth perspective should be designed to support the objectives of all three other perspectives. This perspective identifies the City’s needs to ensure that employee skills and technological capabilities allow for successful strategic action. Learning and Growth also indicates the types of training, skills, and technology that are needed to carry the organization forward.

There is no consensus on whether the same or same number of perspectives is to be chosen. Dundee City Council, Scotland, for instance, chooses five perspectives- Public interest, private customer, continuous improvement, finance and internal business. Nevertheless, it is possible to condense measures into four perspectives. Further, managers would be more comfortable in handling a small number of high priority measures lest their efforts get wasted on marginal activities.

Many federal departments, state governments and city councils in the US and elsewhere have adopted the BSC for strategic management. Exhibit 3 provides a list of users of BSC in the U.S.

Exhibit 3: Users of BSC in the U.S.

Federal	States	Cities	Counties
Defense	Virginia	San Diego	Monroe
Energy	Iowa	Portland	Fairfax
Commerce	Maryland	Charlotte	Mecklenburg
Transportation	Texas	Seattle	Santa Clara
Coast Guard	Minnesota	Austin	
IRS	Oregon	Olathe	
Veterans Affairs	Washington		

Source: Balanced Scorecard Institute

Steps in Implementation

The starting point in the exercise is the development of the Mission Statement (the present), the Vision (the future), and the Service responses (Planning for Results). The gap between now and the future leads to a plan of action to achieve the vision. How we get to the future involves strategies. Strategy is a hypothesis about what drives organizational success.

Many cities of the world may not have a mission or vision statement at all. It is necessary to formally articulate mission and vision to all. The mission statement, for instance, could be to “Enhance the community values of the City by promoting a clean, safe, secure, educated and well-rounded environment for all citizens.”

Developing the vision statement is an important step as it requires the concurrence of all. The city of Rockwall, Texas, US, developed the following vision statements after a strategy retreat:

In 2022, Rockwall is a community that:

- Has a transportation system, which offers safe, efficient movement while respecting and reinforcing community character;
- Provides ample leisure opportunities, including passive and active recreation activities, and facilities, including cultural and performing arts;
- Has a vibrant historic downtown which attracts citizens and visitors;
- Optimizes on its adjacency to Lake Ray Hubbard;
- Offers quality education to all;
- Has stable, well-planned and safe neighborhoods connected to each other and to the businesses that serve them; and
- Has a stable and diverse business climate contributing to a strong economic base.

The city of Charlotte, North Carolina, U S, defines its vision as follows:

Charlotte will be:

- The safest large city in America
- The most prosperous for all citizens
- A city of great neighborhoods
- The premier city for integrating land use and transportation choices
- A city of environmental stewardship

The City of Charlotte has had a long tradition of performance measurement for city services, having instituted Management by Objectives in 1972. In 1994, the City began its implementation of the Balanced Scorecard, a performance management model that challenges organizations to evaluate success and achievement across four perspectives: financial, customer, internal processes and learning and growth.

By 1996, the City of Charlotte had developed its first Balanced Scorecard, the Corporate Scorecard. Since then, the City of Charlotte has been inducted into the Balanced Scorecard Collaborative Hall of Fame^{vii}. The Budget & Evaluation office is responsible for administering the City's strategic planning process, which includes developing Charlotte's Corporate Scorecard. The City of Charlotte's performance management and strategic planning approach consists of identifying organizational strategy based on City Council Focus Areas, translating and communicating the strategy through the Corporate Scorecard (developing corporate objectives and measures), implementing the strategy as described by the Strategic Focus Area plans and Key Business Unit and Support Business Unit business plans.

City councils often start the process with the identification of key social justice themes which services and strategies should make a contribution towards. These themes could be Health inequalities, public safety, Economic development etc. The strategic themes are derived from vision and assessments.

The review process can be conducted in two steps:

- Departments can be invited to provide an overview of service objectives and their relationship to the dimensions of the scorecard, including the social justice themes. In light of the overview the Council can identify objectives or targets about which further information can be sought.
- The second stage can take the form of a subsequent meeting of the Council, for which the service department can be asked to provide further information on specific issues, objectives or targets related to social justice priorities, including any for improvement.

The result of this exercise is a strategy map. Strategy maps tell us where we are going and why; Scorecards explain how well we are doing and provide guidance for what can be next; and Budgets tell how we allocate resources.

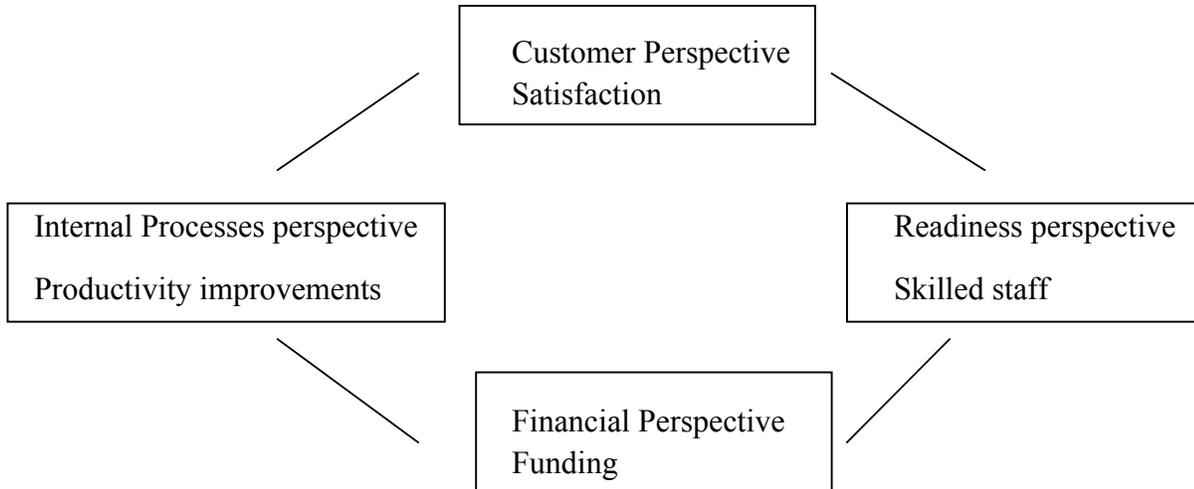
The strategy map leads to metrics like cycle time reduction, customer approval rating, skills available etc. The next step is to set targets for each of the metrics. The targets then dictate what strategic initiatives need to be taken.

Exhibits 4 and 5 present some of the typical strategic themes and perspectives and an overall, generic scorecard

Exhibit 4: Typical Strategic themes and perspectives

Perspective	Effective Government	Economic Opportunity	Health & Safety	Environment
Customers				
Business processes				
Financial				
Learning				

Exhibit 5: Generic scorecard

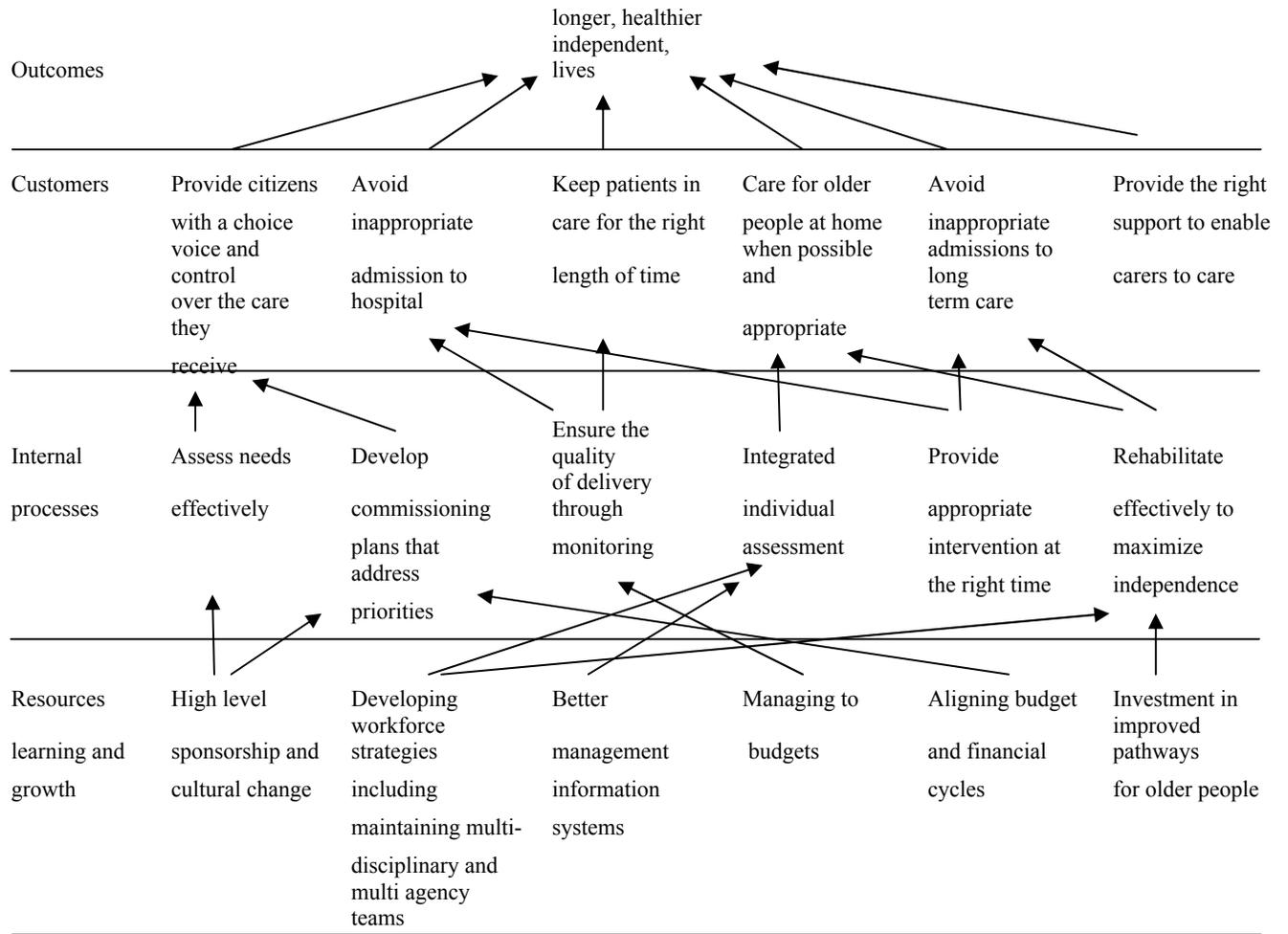


For each strategic theme, the BSC team proposes a chain of causes and effects that the team believes will lead to desired outcomes. The chain is mapped on to a strategy map. Strategy maps describe and communicate strategy. They are powerful tools which tell the road map on a single page. Strategy maps can be used for developing and reviewing strategy as well as ensuring alignment of resources. Strategy maps can be produced at organizational, departmental or project level. Strategy maps enable organizations to identify key internal processes which drive success and align investment in people, organizational capital and technology to create maximum impact.

A sample strategy map for health and social care is shown in Exhibit 6^{viii}. The strategy map defines cause and effect relationships as can be seen from the map. The desired outcome could be longer, healthier, and independent lives of citizens. Given this end result key factors for success from each perspective (viz Customer, Internal processes and Learning and growth) are identified and inter linkages are established.

From the resources, learning and growth perspective key factors for success could include:

Exhibit 6: A Sample health and social care economy Strategy map



- Better management information systems
- Managing to Budgets
- Aligning budget and financial cycles

These lead to the factors from an internal perspective. The factors could include:

- Ensuring the quality of delivery through monitoring
- Providing appropriate intervention at the right time etc

These, in turn, lead to measures from the customers’ perspective, which could include:

- Keep patients for the right length of time
- Care for older people at home when possible

The next step in the process is to define performance measures and targets. For each theme/desired outcome, the BSC team describes how it would know how if the goal is being achieved. Each goal is measured using standard methods like surveys, data collection etc. Customer satisfaction, for example, can be measured using surveys and/or data collection whereas capital productivity can be measured using data collected from appropriate sources.

The last step is to develop strategic initiatives for improvements. Exhibit 7 presents the list of sample strategic initiatives that a council can initiate^{ix}.

Developing the scorecard

The City of Olathe, Kansas, US, for example, developed the Balanced Scorecard Performance Measurement Program in 2004 to help manage progress toward strategic targets, promote continuous improvement in efficiency, better service delivery and better value for tax dollars invested. The measures included in the scorecard allow managers to monitor program results from four perspectives:

- Financial
- Customer
- Operational
- Employee

The foundation of the Balanced Scorecard is the eight “Key Result Areas” or “KRA’s”. Seven of the KRA’s were derived from the City’s community-based Strategic Plan. These are Transportation, Public Safety, Downtown, Economic Sustainability, Active Lifestyles, Public Services and Diversity. An eighth Key Result Area, Service Delivery Support, was added to reflect the importance of internal support services.

In early 2008, the City Leadership Team gathered to review over 200 new and existing indicators and selected a set of 10 indicators that when looked at together, provide the best snapshot of the health and well being of the City. In addition, the Leadership Team identified 4 indicators which are considered to be key to long-term success.

Exhibit 7: Sample list of Strategic Initiatives

Strategic Area	Strategic objective	Trend/Issue	Responsibility	Measurement	Target
Roads Repair/replace in accordance with Report conducted every three years.	1. Spend available funds annually for maintenance/repair, and replacement. 2. When road bond is paid, spend the \$300,000+ on the roads 3. Bond if costs depletes spending power	Spend available funds for upkeep/repair and replacement	Public Works City Council	Determine Funds available Plan Checklist review	June 30 and ongoing Each June 30th and ongoing Ongoing
Administration Staff for City needs and train employees. Planning Commission to do Master Plan	1. Hire part time attorney and CPA. 2. Provide funds for training for employees. 3. Conduct joint workshops with City Council and Planning Commission	City provides training and certification for employees.	City Manager/Human Resources/City Council Zone Administrator	Determine Needs Budget Training Retreat with City Council and Planning Commission	June 30, 2009 and ongoing June 30, 2009 and on-going June 30, 2009 and on-going
Economic Development: Improving appeal of downtown area. Promote City	1. Downtown improvement private driven only. 2. Develop the Web Page. 3. Update City Brochure. 4. Develop through Planning and Zoning. 5. City to encourage job creation and development without economic incentive.	Preserve Main Street Plan - no storage sheds, etc.	County Economic Development (Enterprise Cycle) Department Heads Industrial Committee/ Chamber of Commerce Zone Administrator	Improvement of City assets in Community Task to Web Master Task to Chamber	Ongoing June 30, 2009 June 30 2009 Immediately
Utilities Storm Drain/Sewer New quality source of water Need to develop secondary water in new subdivisions	1. Master Plan 2. Public awareness by articles to let public know the difference between subsurface and storm drains. 3. Consider raising impact fees. 4. Landscaping to save water. 5. Work with canal company on secondary water.	Public awareness needed for subsurface/storm drainage. Need for additional quality water Require secondary infrastructure in new developments Canal Company	City Manager/Engineer/ Public Works Director Manager/Public Works Director Council/Planning and Zoning	Master Plan and public awareness Ordinance/Plan Long range plan with canal company	June 30, 2009 Immediately and Ongoing Immediately and On going.

		may loose allocation as farm land is developed	City Manager/Council		
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For each strategic target, measures from each perspective were developed. The scorecard for one strategic target- Recruit, develop and retain productive, quality staff under the KRA Service Delivery Support is presented in Exhibit 8. Similar scorecards are developed for each strategic target under all the KRAs.

Exhibit 8: Strategic Target: Recruit, develop and retain productive, quality staff

Focus Area	Results 2005	Results 2006	Results 2007	Target	Comment
FINANCIAL					
Workers compensation claim as a percent of City payroll	1.53%	1.60%	1.01%	<1.50%	
EMPLOYEE					
Employee overall satisfaction with employment	68%	NA	NA	80.00%	Internal survey was not conducted in 2007.
OPERATIONAL					
Turnover rate	10.00%	9.98%	9.10%	<10.00%	
Turnover rate excluding regular retirements	8.00%	7.53%	7.70%	<8.00%	

This exercise leads to a full scorecard for the council. A sample City council scorecard is shown in Exhibit 9^x.

Sector Based and Department level scorecards

The Balanced Scorecard is a holistic model that can be used at various levels across the organisation, service, team or group. It is used to manage strategy by linking objectives to initiatives, targets and measures across a range of corporate perspectives. These perspectives are determined by the organisation using the model.

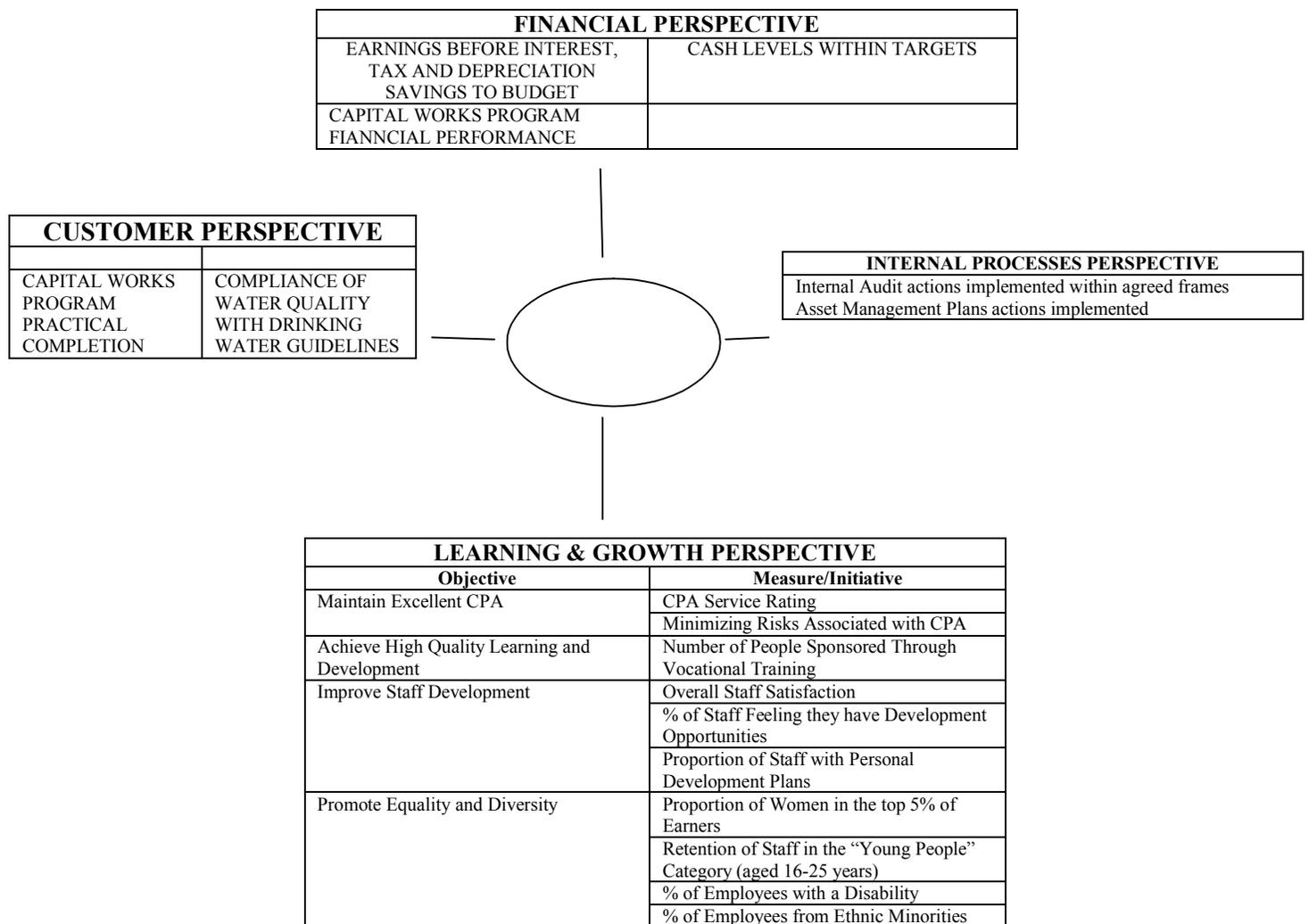
The balanced scorecard can be used at various levels in an organisation (Exhibit 10). The Board level scorecard, in the context of a company, incorporates vision and mission, strategic objectives, initiatives and measures & targets for the company as a whole. This is akin to developing a scorecard for the senior leadership at the council. The Business Unit scorecard would deal with objectives and initiatives at the business unit level. This is similar to developing

scorecards for different departments within the council. Lastly, scorecards can be created for individuals and teams. The mission and the objectives at the team/departmental level is linked to the overall mission, objectives and targets.

Many organisations now use a Balanced Scorecard to:

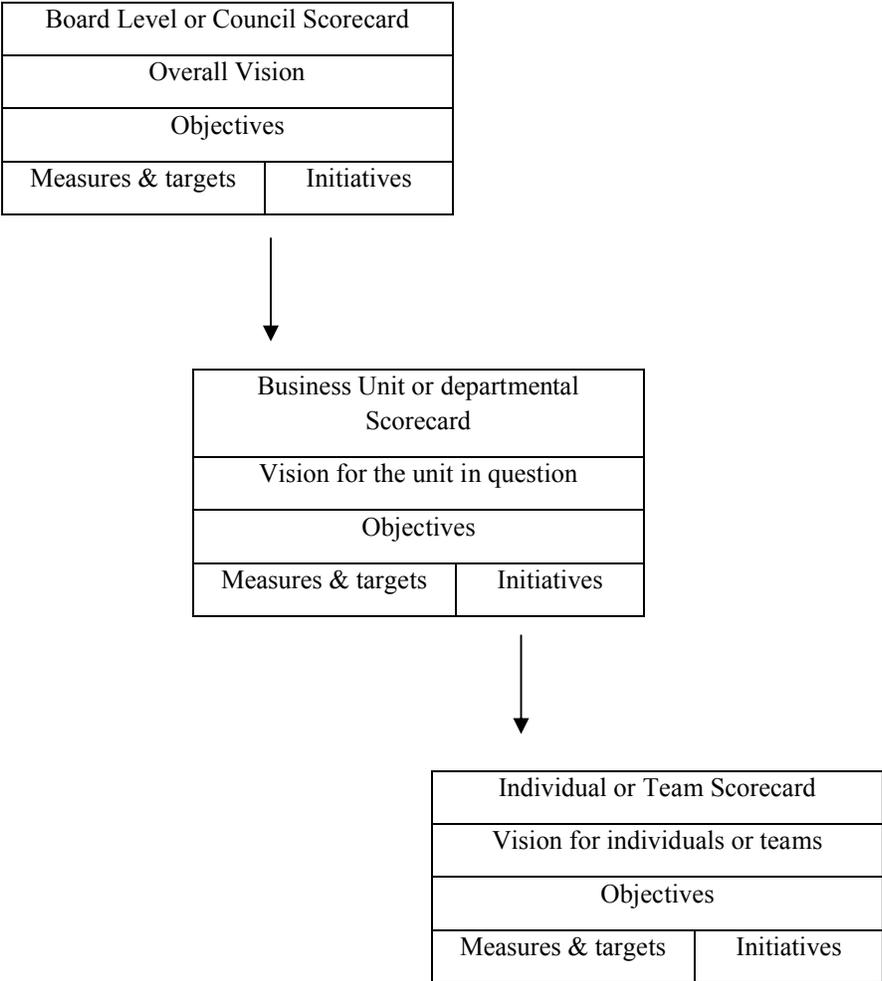
- Formulate and refine strategies;
- Communicate strategies and priorities throughout the organisation;
- Link strategic objectives to long term targets and budgets;
- Monitor progress and introduce initiatives to improve performance.

Exhibit 9: A Sample City Council Balanced Scorecard



By cascading an organization can BSC in all three ways: measurement tool, strategic management system, and communication aid. Producing a series of aligned scorecards throughout the organization ensures maximum effectiveness of the scorecard system. At its core, the scorecard is a measurement system. Tracking results on objectives and measures helps gauge the effectiveness in fulfilling council strategies. The organization can create a strategic management system by linking the scorecard to compensation and planning, management reviews and other processes.

Exhibit 10: Cascading Scorecards



The scorecard can also serve as a communication tool. By providing the scorecard every employee in the organization will be aware of the council’s vision, strategies, and measures of success.

To maximize the effectiveness of the scorecard a council has to align individual employee performance with overall strategies. The idea is to give every employee the opportunity to show how their day to day actions could influence the achievement of the company’s strategies.

By integrating performance from four perspectives, the scorecard is an ideal tool to test the ongoing implementation and execution of strategy.

Because the scorecard identifies key measures of success, it is necessary that everyone in the organization understand the strategic significance of these measures before they begin their own scorecard. This is especially true of individuals who are likely to head departments within the council.

Once everyone is comfortable with the organization-wide scorecard, they can begin constructing their own scorecards and demonstrate how their activities link to the council's objectives.

Cascading is likely to be a common design problem in using the scorecard effectively in any complex Public Sector organization that encompasses business units run according to quasi-commercial principles.

The following principles would serve an organization well in its cascading efforts:

- Start with a (business) plan containing vision, mission, strategy, processes, objectives, initiatives and costs. The development of BSC is a complimentary activity to planning
- Brainstorm Key Performance Measures and generate a broad list of performance measures for each objective
- Fix Accountability
- Review Key Processes
- Group into Four perspectives

The development of the scorecard is both a top-down and bottom-up process in the sense that communication flows both ways.

Implementation Issues

Like their private sector counterparts, public organizations also face several implementation issues.

- The implementation of BSC requires high level of Organizational commitment.
- There are change management issues in the sense that the top leadership may not see any benefit for them.
- Since the implementation raises visibility and accountability, the exercise may create fear among those concerned.
- Public sector services have more complex perspectives to consider than private sector organizations and there is a danger that organizations will merely massage existing measures into an 'off the shelf' framework;
- The success of the approach is based on the organization having a clearly defined vision and strategic objectives;
- The scorecard can encourage a focus on existing short term goals rather than encouraging innovation and transformation;

- Users must make efforts to ensure that staff do not see the scorecard as a measurement project.
- The balanced scorecard is relatively simple to implement if the organization has a clear vision, mission and strategies in place. It is not steeped in methodology and is easy to use at all levels. There are minimal resource implications for implementing the scorecard.
- Data taken from a Business Intelligence report ‘Building and Realigning the Balance Scorecard Research Survey 2001’ which received responses from over 200 public and private organizations revealed that 42% of respondents said implementation took 4-6 months. That is, the implementation is time consuming. Often it takes about 32 weeks to implement the BSC.
- Most importantly, performance measurement itself does not solve anything. The measurement system must be accompanied by strategy and initiatives. Due to these reasons adoption rate may be slow.

Concluding Comments

The Balanced Scorecard (BSC) provides a framework needed for strategic alignment and organizational learning. Names of tools and techniques may change, but some features will continue:

Performance measurements: The BSC provides an objective way of measuring a council’s performance. In the absence of a coherent framework managers would use ad hoc measures that have little or no connection to overall objective.

Results-based planning and management: The BSC is a results based planning and management tool. It links strategy and performance measures and defines interdependencies between measures. The inter linkages provide a framework for aligning employee objectives with the organizational objective.

Increased use of information technology: Implementing BSC is increasingly becoming IT intensive in order to collect & report data and cascade the scorecard across the organization. Once the metrics and data collection procedures have been defined, an information infrastructure can help greatly in managing the data flows. A database-backed web intranet can be used both for data collection and data reporting. This can be developed at relatively low cost. Web technology can support survey data collection and data reporting fairly easily.

Increased sharing of data for benchmarking: While all organizations have some form of benchmarking with peer group in place, the use of BSC makes it more explicit. Further, deployment of BSC requires sharing of organization-wide data. This facilitates greater employee involvement in strategy execution.

A good performance measurement system should be a combination of:

- Leading and lagging measures
- Financial & non-financial measures
- Input, process, output and outcome measures

- Internal & external measures

It is important to understand that managing the performance of city councils should be viewed in the context of managing the performance of nations. Big countries like the US or India cannot be managed from the top. The BSC provides a framework to integrate cities and states and drive performance throughout the nation.

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End Notes

ⁱ There is growing evidence that access to resources within the UK Public sector is now linked to the achievement of externally imposed performance targets. See Propper and Wilson (2003), and Woods and Grubnic (2008)

ⁱⁱ Robert S Kaplan and David P Norton, “ The Balanced Scorecard – Measures that drive performance “, Harvard Business Review, Jan – Feb 1992

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ⁱⁱⁱ Nerreklit, Hanne, “ The Balance on the Balanced Scorecard- A critical analysis of some of its assumptions”, *Management Accounting Research*, 2000, 11, pp 65-88

^{iv} This is not necessarily true. It is possible to link incentives to targets set at the unit or individual level scorecard. The City of Charlotte, for example, started a gain sharing program in 1996 to motivate efficiency among city employees.

^v Willett, Roger, “Establishing and assessing criteria for judgment of effectiveness of the of the balanced scorecard in a large Australian Local Government Authority”, Working paper No 2003-013, undated

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Greatbanks, Richard, and David Tapp, “The impact of balanced scorecards in a public sector environment: Empirical evidence from Dunedin City Council, New Zealand”, *International Journal of Operations and Production Management*, Vol 27, No 8, 2007, pp 846-873

^{vi} Sector based and department level scorecards are discussed in a subsequent section.

^{vii} Kaplan, Robert, City of Charlotte (A), Harvard Business School Case No 9-199-036, February 5, 1999

State of the City FY 2003: Report to the citizens, Charlotte Annual Report

^{viii} Nottinghamshire county, UK, has a similar strategy map.

^{ix} Tremonton City, Utah, for example, has undertaken such initiatives.

^x Hertfordshire County council, UK, has a similar scorecard