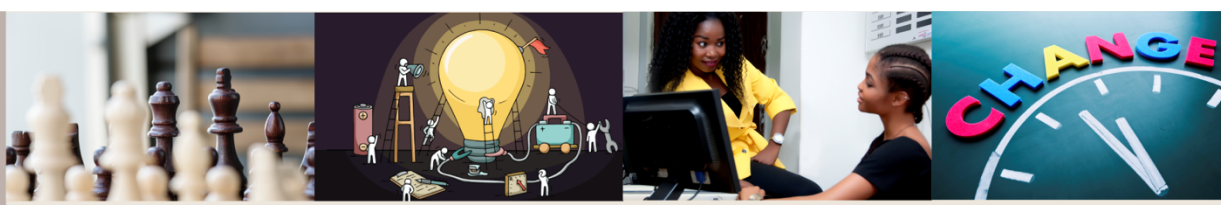




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# The Balanced Score Card for Government

*Managing Performance for National and Sub-National Governments*

## The Challenge/Opportunity

As countries especially, those in the developing world strive to improve their economies, the public sector remains a key driver for economic and social development. In these societies, Government remains the biggest player in the allocation of scarce resources for development, and while everyone acknowledges the need to transition to more market-driven economies, Government still has a major role to play in leading these efforts. As countries make these strides therefore, Governments at National and Sub-national Levels (State, Local Governments and Municipalities) have to begin to run like commercial enterprises with a culture and system of strategic planning and performance management comparable to the private sector. Many will argue that the public service of most Governments in developing countries are over-bloated, but the real issue is not necessarily the SIZE of the public service, but its PRODUCTIVITY. A more productive public service in Nigeria for example will justify the increased remuneration to employees (2019 Minimum Wage Act) and will create the kind of results that will ensure the sustainability of the various State and Local Governments and a better economy that we all yearn for.

Implementing a robust system for strategy development and implementation, performance management and creating a culture of

‘performance’ is therefore important to Governments at all levels and across Ministries, Departments and Agencies (MDAs) of Government. The successes achieved in the organized private sector all around the world is driven by this deliberate cultural shift to an innovation-driven, highly strategic and performance-based workplace. Political leaders must learn and embrace these time-tested principles of enterprise and apply them to the operations of Government and Public Institutions.

Governments in countries like the United States, United Arab Emirates, Qatar and Botswana amongst others have achieved a lot of their success based on the discipline of strategic planning, implementation and performance management built on the Balanced Score Card (BSC) – a tool developed in Harvard Business School in the 1990s that has changed the way organizations and Governments plan and manage strategy and performance.

In Nigeria, it is typical for people to complain that the public service is over-bloated and under-productive, but it will remain so until there is a deliberate and effective effort to institutionalize performance management that is actually aligned to the over-arching goals of the Government and the political leaders who often have great visions but are unable to translate it to performance.

## **Why the Balanced Score Card?**

Prior to the early 1990s, when commercially driven organizations contemplated strategy and performance, they typically focused narrowly on Financial or commercial success – measured by the amount of Profit or Returns on Investment that shareholders could earn. This narrow view of performance created mercenary cultures and led to short-term successes that couldn’t be sustained in these organizations. The Balanced Scorecard looks at organizational strategy and performance from a more balanced and wholistic perspective – based on four mutually-reinforcing pillars of 1) Financial Performance; 2) Customer/Stakeholder Engagement; 3) Process/Risk Management; and 4) People, Learning and Culture. The truth is that no matter your

efforts for example to drive Internally Generated Revenue (IGR) in a State (Financial Performance), you will need to manage your critical stakeholders (private organizations, investors, tax payers), ensure that you have world-class processes and systems to drive the IGR programs efficiently, and the right caliber of workforce to implement all of these. The Balanced Score Card approach that develops strategy, sets performance goals and managers performance along these four perspectives is therefore the appropriate approach.

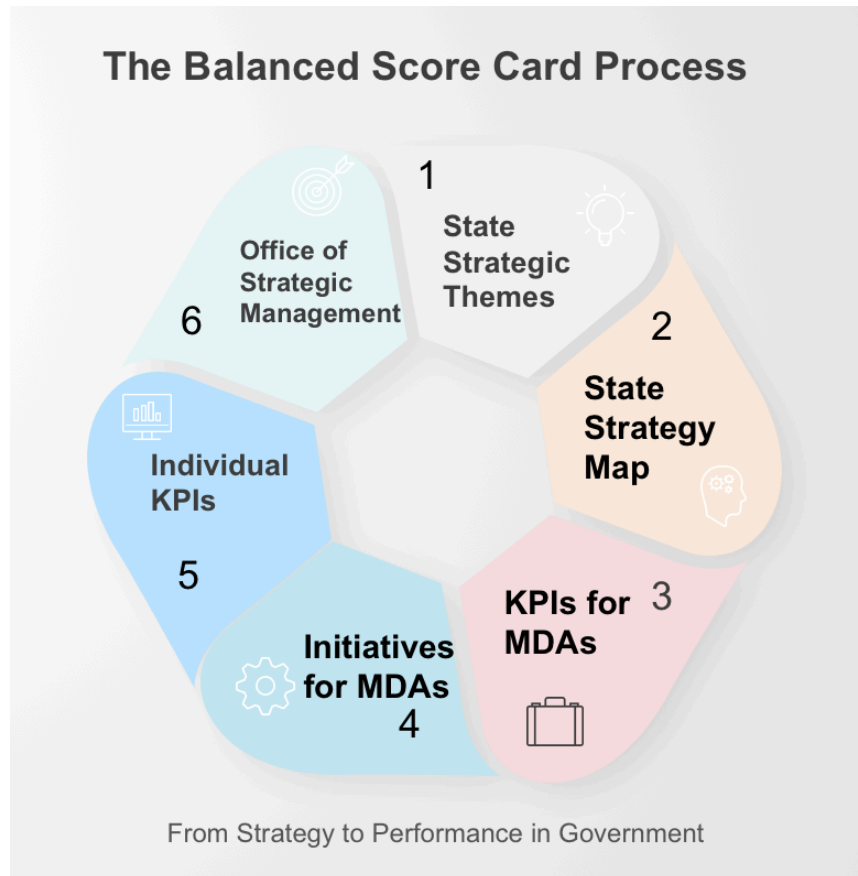


## The BSC Process

The process of implementing the Balanced Score Card for Government is similar to that of any commercial or not-for profit enterprise. It starts with a bottom-up, top-down definition of strategic themes and priorities that sets the areas of focus for the Government – for example, the Yar’Adua Government in Nigeria (2007) had a 7-Point Agenda while the Buhari Government (2015) had a 3-Point Agenda (Anti-Corruption, Security and the Economy). When the Strategic Themes have been set, the leaders need to create a STRATEGY MAP that sets broad goals for each of the thematic areas across the four pillars of the Balanced Score Card as illustrated below. Each Thematic Area should have a Theme

Champion who will drive the implementation of the themes across the various MDAs – these could be Special Advisers on each of the Thematic Areas. As an illustration, in the case of Buhari, it will therefore be Special Adviser (corruption); Special Adviser (Economy); Special Adviser (Security).

The goals set for the themes/pillars must be S.M.A.R.T – SPECIFIC –



**MEASURABLE – ALIGNED – RELEVANT – TIMEBOUND.** It is very important in the BSC process that goals are “ALIGNED” – that the focal areas of the political administrators are cascaded through the sub-goals of MDAs down to each public servant in a manner that there is real alignment. A typical example of this comes from the famous story about a Janitor at the national Space Center in the United States who was asked by the visiting President John F Kennedy what his job was. The gentleman responded to everyone’s surprise that he “sent people to space”. He explained further that whereas the US Government spent billions of dollars training and equipping astronauts, he kept the

corridors and path-ways water and banana-peel free so that the well-trained and equipped astronauts do not trip, fall and set the space project back. Clearly, his work and goals were clearly **ALIGNED** with the broader organizational goal. This is the kind of alignment that is required in our public service to translate well-intentioned political promises to actual performance and results by public servants. Without that level of alignment which the BSC offers, elected political leaders will keep making big promises which their appointed functionaries and the public servants will never deliver on.

High-Level Goals for the direct-reports to the Head of the Government (Ministers or Commissioners as the case may be) will also be distilled from the Strategy Map, creating the high-level Key Performance Indicators (KPIs) for each Minister or Commissioner. The next step in the process is a cascading of the Strategy Map for the Government to Strategic Plans for each of the Departments and Agencies under each Ministry. The MDAs will either adopt some of the goals set; derive new goals based on the broader goals or create new goals that align with the strategic priorities. More importantly at this level, each MDA will come up with initiatives to drive the KPIs that were set for their Ministers/Commissioners. Initiatives are the innovative actions that will be implemented to achieve the KPIs. Setting KPIs is definitely not sufficient, if there are no innovative initiatives to back them up. Without initiatives, KPIs remain Big-Hairy Audacious Goals (B-HAGS) or merely wishful thinking. Eventually, these KPIs, Goals and Initiatives will be cascaded across the various Departments within agencies and jobs across the entire public service in a manner that the actual KPIs that public servants have is aligned and linked to the overall KPIs of their MDAs that is aligned with the KPIs and Strategic Themes of the entire Government. This is how you ensure a **PRODUCTIVE** public service.

**Strategy Map Template**

	Financial	Stakeholders	Process	People
Theme 1				
Theme 2				
Theme 3				

To ensure that this entire system works properly, the Government must establish an Office of Strategy Management (OSM) at a high-level, reporting to the Head of Government (President, Governor or LGA Chairman), and a similar office should be set up within each of the MDAs (the existing Planning Departments of MDAs can be re-modelled to manage this function with the right training and tools)

**Strategic Goals Must Be...**

**S** **M** **A** **R** **T**

Specific Measurable Aligned Result-Oriented Time-Bound

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Often when new leaders are elected or appointed, they want to set up a system of performance management using KPIs which will ensure that their direct reports are focused and productive. This is good and commendable, but it should be done properly. Goal setting without a proper strategic direction with thematic areas across the four pillars of the BSC and without a deliberate plan to cascade and align the lower levels of administration across the entire public service will not create the RESULTS and IMPACT that the Head of Government desires. The Balanced Score Card and the disciplined methodology that it offers will achieve all of these and much more, evidenced by the successes that has trailed its implementation in some of the leading institutions across the private sector as well as in Governments at various levels in some of the best economies in the world.

## The 3 Phase Strategy Framework



Implementing it also requires significant investment in building capacity around strategy and performance management which itself is very valuable because of the impact of such improved capacity on the productivity of the public servants and political leaders.

For example, in 2016 when the Federal Government of Nigeria decided to focus on increasing Foreign Direct Investment (FDI) in Nigeria by improving the ease of doing business, the Information Technology Department of the Corporate Affairs Commission (CAC) (the agency responsible for registration of new companies) developed its strategy and performance goals regarding this mission-critical project with the BSC, and the tools for strategy alignment that the BSC offers. According to the CAC's Chief Technology Officer and Head of Information Technology, Peter Adaji, the successes achieved with the automation of the CAC championed by his Department were directly attributable to the discipline of thinking, execution and accountability that the Balanced Score Card brought to that project.

While a number of institutions and projects in both the private and public sector in Nigeria have been driven using the Balanced Score Card, there is still so much more that our Federal Government, States and Local Governments and their various agencies can do with the BSC to ensure that our public service will be better aligned and focused to deliver not only on the promises of their elected political leaders, but also on the yearnings and aspirations of the people who they serve.

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