Management Methodologies in Practice at UVa

Balanced Scorecard

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Six Sigma

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NACUBO Business Process Redesign

Lea Moore, Office of Process Simplification
Balanced Scorecard

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October 15, 2008

UNIVERSITY of VIRGINIA
Why the Balanced Scorecard?

- Important to have a plan, set goals, and measure your success
- Having a plan is more important than the specific tool you use
- “Holistic” approach that extends beyond financial measures and incorporates other priorities
- Linking strategic institutional plans and priorities
Why the Balanced Scorecard?

- Measuring and reporting success
- Recording baseline data
- Tracking over time
- Offering flexibility
- Using existing tools
History

- Balanced Scorecard is a tool developed by Robert S. Kaplan and David P. Norton, as described in two successful books.
- “The Balanced Scorecard translates an organization's mission and strategy into a comprehensive set of performance measures that provides the framework for a strategic measurement and management system.”

*Kaplan and Norton, 1996*
Balanced Scorecard objectives

- Consistently deliver superb customer experience
- Optimize resource utilization and be accountable and financial stewards
- Achieve operational excellence in our internal processes
- Our organization must consistently strive for learning and growth
Balanced Scorecard Overview

Customer Perspective:
In order to deliver superb service, how should we appear to our customers?

Mission:

Vision:

Financial Perspective:
In order to optimize resource utilization, how must we appear to those who provide the resources?

Innovation & Learning Perspective:
In order to sustain our ability to improve and create value, what do I need?

Internal Process Perspective:
In order to achieve operational excellence, at what business processes must we excel?
Balanced Scorecard - Perspectives

Financial Perspective
- Traditional need for financial data
- Processing can be centralized and automated
- Additional financial-related data, such as risk assessment and cost-benefit data
Balanced Scorecard - Perspectives

Customer Perspective
- Customer focus
- Customer satisfaction
- Changing customer demands and needs
Balanced Scorecard - Perspectives

Internal Process Perspective

- Internal business processes
- How well are processes running?
- Are there appropriate ties to institutional mission?
Balanced Scorecard - Perspectives

Innovation & Learning Perspective

- Employee training
- Individual and institutional improvement
- Continuous learning mode
- Focusing training funds on results
- ‘Learning' is more than 'training'
Institutional Priorities
Where to start?

- Commission on the Future of the University
- Critical functions
- Restructuring
- Board of Visitors performance metrics
Customer Perspective

In order to consistently deliver a superb customer service, how should we appear to our customers?

<table>
<thead>
<tr>
<th>Institutional Goals</th>
<th>VP&amp;CFO Objectives</th>
<th>Unit Goals</th>
<th>Measures</th>
<th>Targets</th>
<th>Base Line Data</th>
<th>FY09 Data</th>
<th>Best Practices (Critical Functions Only)</th>
<th>Initiatives</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commission on the Future of the University</td>
<td>Enhance Program, Service and Product Quality</td>
<td>Increase customer satisfaction</td>
<td>Average satisfaction results on survey</td>
<td>85% of surveys rank high satisfaction</td>
<td>75% data as of today</td>
<td>82%</td>
<td>Stanford, U Penn</td>
<td>1. Revise existing survey tool. 2. Conduct focus group with key customers.</td>
</tr>
</tbody>
</table>
Planning Principles

- Link strategic planning to mission
- Improve communication
- Establish mutual accountability and responsibility
- Provide programs and services that add value and minimize bureaucracy
- Solve problems proactively
- What gets measured gets done
Bibliography

The Balanced Scorecard: Translating Strategy Into Action
Author: Kaplan, Robert S.; Norton, David P.


Balanced Scorecard Basics, Balanced Scorecard Institute. 2008
Performance Improvement
Six Sigma: One Approach

Advancing Improvement and Innovation

October 15, 2008
Priscilla J. Shuler Ph.D. R.N.
Administrator Quality and Performance Improvement
UVA Medical Center
Introduction

What motivates the use of Six Sigma?

- Improving profitability and customer satisfaction
- Improved quality and efficiency are immediate by products
- Management philosophy
- Statistical Measurement
Six Sigma Born

- Motorola 1979 when executive Art Sundry proclaimed
  - “The real problem at Motorola is that our quality stinks!”
  - Led to the discovery of the crucial correlation between higher quality and lower cost in manufacturing
  - Improving quality would reduce cost
Error Free Manufacturing

- Rare failures
- Improve quality through processes and reduce production time and costs by focusing on the “hows”
- Link between higher quality and lower cost that led to Six Sigma
- Exact measurement to anticipate problems PROACTIVE; NOT REACTIVE
Process

- “Any activity or group of activities that takes an input, adds value to it and provides an output to an internal or external customer.” (Harry and Schroeder, 2000)
- Take everything apart; Fix It and put back without problems.
Complex or Simple

1. Well defined roles: Project Champion; Black Belt; Green Belt
2. Clear structure to the tasks begins with measurable goals
3. Involves everyone
4. Executive Leadership commitment
5. Middle organizational members run the projects
People Power with Process Power

Subir Chowdhury uses the football analogy to describe

Two ways to win a game
1. More spectacular plays
2. Make fewer mistakes
More Spectacular Plays

- Long passes
- Great runs
- Interceptions

To Achieve: Need spectacular people
Win with Fewer Mistakes

- Fewer penalties
- Fewer fumbles
- Fewer interceptions

Everyone focuses on doing what they do without error !!!!!!
Efforts of the Team

- Focus on not making mistakes
- Not wasting time and materials
- Not making errors in the processes of work
- Not making errors in service delivery
- Not sloppy but DOING WHAT YOU DO BEST!
Philosophy of Management

Eliminate Waste, Mistakes, Rework

Measurement of a strategic problem

**Sigma**: Designates standard deviation

Measure of variance within a process

How many mistakes in a given process
Six Sigma

**Six:**
- Sigma level of variance you desire
- One sigma: 700,000 defects per million opportunities (DPMO) doing correctly 30% of the time
- 3.8 Sigma: Get it correct 99% of the time
Steps

1. Define the problem FOCUS
2. Measure Calculate Errors Made
3. Analyze
4. Improve the process
5. Control
General Patton

“Never tell people how to do things. Tell them what you want done and they will surprise you with their ingenuity in getting there.”
THANKS
Office of Process Simplification

NACUBO Business Process Redesign

Lea Moore, Office of Process Simplification
Who We Are

- A systematic approach to continuous improvement at the University.

- Employees in academic and administrative units form partnerships, supporting the University’s mission, to create and maintain efficient processes offering unprecedented levels of service and optimizing the use of human, financial, and technological resources.

- Report to the VP for Management & Budget

- History of Process Simplification
PS Seeks To:

- improve the quality of a service;
- improve the users’ understanding about the service;
- simplify the steps required to complete a transaction;
- eliminate unnecessary duplication of effort;
- maximize the use of available resources;
- use the best (most cost-effective) technology available to support an activity; and
- improve communication across units supporting a service.
PS Services

- Facilitate communications throughout the organization
- Assist project owners groups with tracking and reporting process to senior administration
- Assist in selecting team members
- Assist in locating resources
- Provide project infrastructure
- Resolve project issues
- Empower team members
Support from Senior Administration

- **Steering Committee**
  - Comprised of Vice Presidents and senior administrators.
  - Provides oversight, guidance, and approval for all major elements of Process Simplification.
  - Assists in communicating the mission and goals of the project to the larger University community.

- **Advisory Committee**
  - Comprised of University-wide representatives.
  - Assists in identifying, prioritizing, and initiating projects.
  - Provides global perspective on initiatives.
  - Helps to oversee the general progress of approved projects.
Projects

Recently Completed Projects & Initiatives:

- Capital Projects Authorization
- Facilities Management Procurement Analysis
- Records Management
- Communication Action Matrix
- Faculty Exit Procedures
- Academic Certification Tracking
How do we do this?

National Association of College and University Business Officers (NACUBO)

Business Process Redesign
NACUBO Methodology

- Discover
- Redesign
- Realize
Discover Phase

- Mobilize the Process Improvement Effort
  - Set vision and process simplification objectives
    - Develop preliminary scope of work document
  - Organize for success
    - Determine project owner, team, SMEs, stakeholders
    - Kick-off meeting
  - Determine research to be conducted for a baseline
    - Interviews with stakeholders
    - Focus Groups
    - Process Maps
    - Surveys
    - Preliminary Benchmarking
Discover: Putting It All Together

- **Provide a Summary:**
  - Initial project purpose
  - Team member details
  - Timeline of research
  - List of recommendations

- **In-Depth Analysis Documentation:**
  - “As Is” & high level “To Be” process map(s)
  - Trends discovered
  - Statistics of findings
  - Areas for further research/evaluation
Redesign Phase

- Possible additional mini-discovery phase
- Further research based on recommendations
- Further develop the “to-be” process
- Determine implementation plan, timeline, and change plan
- Obtain approval/buy-in with Owner to proceed
Redesign: Developing Solutions

Some key guidelines to consider in developing solutions:

- Reduce complexity
- Reduce variation
- Remove waste
- Fix obvious problems
- Eliminate errors
- Open up bottlenecks
- Connect people who need to communicate!!!
Redesign: Narrow Solutions

- **Narrow the redesign alternatives. Ask:**
  - Does each process make good sense?
  - Are we meeting objectives? Customer needs?

- **Create new process flowcharts. The team should:**
  - Ensure all inputs and outputs are accounted for on the proposed model.
  - List issues or assumptions particular to the redesign.
  - Identify the critical success factors and strategic advantages.
  - Identify effects on other processes throughout the institution.

- **Final results:**
  - Consensus on the preferred “to-be” conceptual model.
  - Draft of requirements and priorities.
Realize Phase

- **Mobilize:** Involvement across impacted area—the more involved the better!

- **Implement:** Using well documented and clearly articulated plans—provide formal training!

- **Measure:** Without well-constructed, qualitative performance measures and management attention, dramatic improvements will slowly unravel!

- **Sustain:** Ongoing attention and incremental improvements will help to ensure that progress is not lost!

- **Communication is KEY!**
Q & A Opportunity