

Managing Strategy to Enhance Care for Children

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Abstract

The adoption of the Balanced Scorecard philosophy of measure, monitor and manage by The Hospital for Sick Children (SickKids) has resulted in SickKids' staff understanding, appreciating and ultimately being able to accept the enhanced transparency and accountability around performance, at both the system and hospital levels. The leadership of the organization observed these differences after initial SickKids scorecard update meetings, realizing this was not a flavour of the month but a totally new way of operating in a quest to achieve SickKids' vision and mission. Almost immediately, the internal culture began to shift as staff better understood how their roles actively contribute to the organization's ability to execute on its strategy. Based on 2010 staff engagement results, 70% of staff "see a direct link between personal work objectives and SickKids' strategy," while 60% were familiar with the newly released strategic plan, unprecedented results based on current benchmarks. This article provides an overview of the SickKids strategy management system, outlining both best practices and the journey from its launch to induction into the Balanced Scorecard Hall of Fame. Performance, at all levels across the enterprise, has shown measureable improvement with the introduction of the comprehensive strategy management system.

In 2006, when strategy management was identified as a key enabler in the ongoing journey of The Hospital for Sick Children (SickKids) towards high performance, the chief executive officer (CEO) of SickKids established the Office of Strategy Management (OSM). Since then, SickKids has moved from an organization that simply had a strategy map and measures on a scorecard, to an organization that has now developed strategy execution as a core competency across the entire enterprise.

The OSM concept was developed in 2005 by Kaplan and Norton as an evolution of their performance measurement framework, the Balanced Scorecard (BSC). At its core, the BSC is a performance measurement framework that is the foundation for the execution of an organization's strategy (Kaplan and Norton 1996). While Kaplan and Norton have continued to evolve their BSC framework, SickKids OSM has grown from a unit of two people adapting and customizing the predominantly private sector tools for use in the public healthcare sector, into a unit within a larger corporate strategy and performance portfolio that contains both the OSM and Decision Support Services.

This article outlines the evolution of SickKids' OSM and the implementation of an organization-wide strategy management system, identifying areas where the hospital's approach has been recognized as best practice in the Balanced Scorecard

Hall of Fame, and discusses the results of SickKids measurement of its efforts to implement a strategy management system. Considering the complexity and scope of the organization, and the many other competing priorities in the operation of a large academic health sciences centre, it took ongoing determination and resolve of the SickKids leadership to ensure that effective strategy management became a reality. The article demonstrates that with thoughtful planning, building and strengthening of internal relationships, and leveraging of best practices in strategy execution from both the public and private sectors, SickKids has shown that strategy management with resulting impact can be implemented in a relatively short period of time.

Evolution of the SickKids OSM

In April 2005, the SickKids Board of Trustees approved the launch of a process to develop strategic directions, five high-level strategic priorities, that would identify key challenges and opportunities and determine strategies to position SickKids for the future. The planning process was led by the CEO with support from the Executive Committee and a Steering Committee on behalf of the SickKids Board of Trustees, and was managed by external consultants. Many changes, including new hospital leadership, new directions from the Ministry of Health and Long-Term Care of Ontario (MOHLTC) and the evolving nature of the healthcare system, made it necessary for SickKids to plan a course for the future that would provide focus and alignment to the changing landscape. SickKids had made many investments in clinical care, teaching and research to establish itself as a leader in children's health; however, in order to take its leadership and performance to the next level, it was important that a clear plan of action be developed for excelling in the core areas of strength. As a leader in children's healthcare, SickKids continually sets high standards for itself to maintain its position and provide leadership and direction to the child health system, government and other key stakeholders. In order to effectively measure and manage the organization's renewed strategy, the BSC, branded as the SickKids Scorecard, was adopted as the measurement and management tool of choice.

The BSC framework was chosen based on a review of the literature at the time. It had recently been implemented at the system planning level for MOHLTC, and it had begun to gain traction in other healthcare institutions both nationally and internationally (Yap et al. 2005). The measurement of health outcomes and, more broadly, the phenomenon of performance measurement have emerged as important public policy issues in healthcare both in Canada and globally (Brown et al. 2005). Empirically, Yap et al. (2005) found that 17% of the 129 acute care hospitals in Ontario use an institutional-specific BSC. Within this group, larger hospitals were more likely to have BSCs, with 42% of teaching hospitals having a BSC.

To ensure the successful execution of the SickKids strategic directions, SickKids introduced the OSM, in October 2006. SickKids' OSM is a centralized office, reporting directly to the CEO, whose focus is to provide a coordinated approach to strategy execution. OSM assists the organization to increase its focus on strategy through the five strategy focused organization (SFO) principles (Kaplan and Norton 1996):

- Mobilizing change through executive leadership
- Translate strategy to operational terms
- Align the organization to the strategy
- Motivate to make strategy everyone's job
- Govern to make strategy a continual process

Managing strategy was identified as a corporate support function similar to the management of finances by the finance portfolio, or the management of technology by the information management and technology portfolio. This concept is visualized in Figure 1, <http://www.longwoods.com/content/22535>.

OSM initially facilitated strategy management and the organization's focus on the five SFO principles through two key roles, adapted from Kaplan and Norton (2005): (1) coordination – define, develop and oversee the execution of processes required to manage the strategy; and (2) integration – assist in ensuring that operational processes owned and run by corporate services, and clinical, education and research services are linked to strategy. As with the customization of the BSC framework to apply to a public healthcare setting, SickKids customized the OSM function fairly quickly, to add a focus on strategy execution. The first addition to the SickKids OSM, beyond the original focus on developing the strategy management system, was a project manager to focus on the execution of organization-wide strategic projects impacting multiple portfolios. Over time, the project management function has become core to the ability of OSM to effectively develop strategies at all levels of the organization, adding a frame of implementation used throughout the development process. OSM has centralized non-information technology project management at the corporate level, and has an array of highly talented project managers with both clinical and corporate expertise.

OSM is now part of SickKids' strategy, performance and communications portfolio. This portfolio consists of four related sets of activities within the hospital: strategy development, strategy execution, performance measurement and communications. OSM takes the lead on issues of strategy development and execution (project management), while the hospital's Decision Support Team takes primary responsibility for the performance aspect of the portfolio, including organization-wide performance reporting and maintaining the SickKids Scorecard, the core element of the strategy management system. The Communications and Public Affairs Team ensures that all

communications are linked to organizational strategy and that all proactive public affairs are contextualized in this manner as well. OSM and decision support services work collaboratively to support the portfolio's overall mandate of strengthening enterprise performance management at SickKids.

In 2009, at the point where SickKids' strategic directions were naturally up for review, the hospital was able to turn to OSM to plan and execute a process to develop a renewed strategy, which was done entirely in house without the need for support by external consultants. Significant efforts were undertaken to ensure that the renewed directions chosen were meaningful and that the associated objectives were relevant and would lead SickKids to the overall achievement of its vision and mission. The resulting plan, *Avenues to Excellence 2010–2015*, has been noted both organization wide and within the broader community for its comprehensiveness and alignment to the wide variety of operational areas. It has also been cited by some international recruits as a key reason for their interest in SickKids. One of the major benefits that SickKids realized of having in-house strategy development is that the group responsible for the development also supported much of the execution of the resulting strategic initiatives. This level of continuity is difficult to achieve when a crucial function such as strategy development is outsourced to a third party. Bain & Company's *Management Tools* report (Rigby 2011) shows that strategic planning has been either the number one or number two management tool of choice since 2000, based on executive surveys. SickKids saw the importance of developing an internal capacity to perform this crucial function; since the development of the organization's strategy, SickKids OSM has led strategy development efforts in numerous clinical and support areas throughout SickKids.

SickKids Strategy Management System

The SickKids strategy management system contains adapted versions of both the classic and evolved elements of the Kaplan and Norton BSC framework, as outlined in their book *The Execution Premium* (2008). The following are the elements of the strategy management system:

- SickKids Strategy Map
- SickKids Scorecard
- Portfolio Action Plans
- Aligning Personal Performance Goals
- Operational and Strategy Review

SickKids Strategy Map

The foundational element of the strategy management system is the SickKids Strategy Map (See Figure 2, <http://www.longwoods.com/content/22535>), which outlines the vision, mission, values and strategic directions of the organization. As a complex academic medical health sciences centre, it is difficult

to capture what SickKids does on a single page; however, the strategy map achieves this in a visual way and is used to outline and communicate the organization's strategy to all levels at the hospital. The SickKids Strategy Map provides a visual depiction of how the organization aligns its resources to achieve a common goal; outlines the strategic objectives that collectively enable the organization to further its mission; and helps to unify and integrate components of the strategic plan so that

In large organizations only 5% of the workforce understands the strategy; at SickKids, 70% of staff "see a direct link between personal work objectives and SickKids strategy."

each objective is not seen merely as a discrete goal but part of a larger integrated picture. According to comprehensive research compiled by Renaissance Solutions Inc., CFO Magazine, and Business Intelligence (1996), in large organizations only 5% of the workforce understands the strategy. Based on 2010 staff engagement results, 70% of SickKids' staff "see a direct link between personal work objectives and SickKids strategy," while 60% were familiar with the newly released strategic plan. The use of the SickKids Strategy Map to communicate strategy set SickKids people on a clear path to strategy execution and proved to be an extremely effective communications tool.

SickKids Scorecard

The SickKids Scorecard is the part of a strategy management system that assists in the management of performance by enhancing the organization's ability to translate its strategy into action. The SickKids Scorecard (See Figure 3, <http://www.longwoods.com/content/22535>) is a set of quantifiable measures derived from the organization's strategy. As the management cycle evolves from strategic planning to operational planning and management, the SickKids Scorecard is used to measure, monitor and report on the key performance indicators (KPIs) that best measure the strategic objectives. This tool is also used to communicate to employees and external stakeholders the outcomes and performance drivers by which the organization will achieve its mission and strategic objectives.

Portfolio Action Plans

At SickKids, portfolio action plans are centred around the strategic directions from the SickKids Strategy Map and Scorecard, ensuring alignment between portfolio strategic objectives and corporate strategic objectives. Portfolio action planning is the process that OSM has developed and implemented to ensure that the entire organization is aligned and

working collaboratively to execute the organization's strategy. The strategic plan is cascaded to all SickKids portfolios in order to influence and shape each portfolio's contributions to organizational success. The cascading process facilitates top-down alignment and bottom-up execution, outlined in Figure 4 (<http://www.longwoods.com/content/ 22535>).

OSM facilitates planning sessions with SickKids portfolios to ensure that a consistent approach to alignment is maintained, and it provides expert guidance on managing strategy execution across SickKids. Before portfolio action planning occurs,

Strategy execution has truly become a core competency and part of the culture at SickKids.

a template is created from which the senior management team can work. The template consists of the strategic directions and is formatted to ensure that all portfolio initiatives are mapped to a specific strategic direction. Although these templates are not scorecards yet, the key performance indicators for some of the initiatives are reflected; therefore, the framework is in place for strategy map and scorecard development at the portfolio level.

Aligning Personal Performance Goals

Utilizing the portfolio action planning framework, personal performance objectives are planned with the same cascaded approach, to achieve bottom-up execution. At each level, the personal performance objectives are aligned with the corresponding level of organizational objectives (i.e., executive personal performance objectives are aligned with vice-presidential portfolio strategic objectives). This cascaded and aligned approach to portfolio and departmental strategic objectives ensures that employees see how they fit into the organization's (and portfolio's) strategy map and how they contribute to strategic objectives. Individual objectives planned in this manner are cross-functional (as linkages to other portfolios/departments are identified), focused on the long term (as they are aligned with SickKids' five-year strategic plan) and directly linked to the organization's strategy. Once personal objectives are set, indicators are selected from the respective portfolio scorecard (KPIs) or dashboard (operational performance measures) to ensure quantitative measures of performance throughout the year. It is the people on the ground every day who are executing SickKids' strategy, through rigorous planning and alignment, and optimizing performance related to the organization's strategic plan. Figure 5 (<http://www.longwoods.com/content/ 22535>) illustrates how the process is presented to staff in planning sessions, in this case, managers; note that it is the logical extension of the portfolio action planning process. Both

SickKids' Execution Premium from Balanced Scorecard Hall of Fame

The Balanced Scorecard Hall of Fame honours those organizations that have achieved an Execution Premium – extraordinary performance results – through the use of the Kaplan-Norton Balanced Scorecard management framework. It is awarded by Palladium Group, Inc. (www.thepalladiumgroup.com).

SickKids received Execution Premium honours for the following (2006–2010):

- Medication reconciliation rose from 33% of admissions to 78.3%.
- Hand hygiene compliance increased from 53.1 to 77.0%.
- Magnetic resonance imaging wait times fell from 11.7 to 7.7 weeks.
- In-patient overall satisfaction, already high, rose to 99.1%; pain management satisfaction jumped from 39.0 to 77.7%; and in-patient bed wait times from the emergency department dropped from 9.6 to 6.1 hours.
- Health and safety compliance rose from 69 to 84.5%.
- Core blood count test turnaround time decreased from 60 to 20 minutes.
- International revenue as a percentage of non-governmental and non-research revenue increased from 2.1 to 10.1%.

examples are used to reinforce the importance of alignment and the relationship between an employee's personal objectives and the organization's strategy.

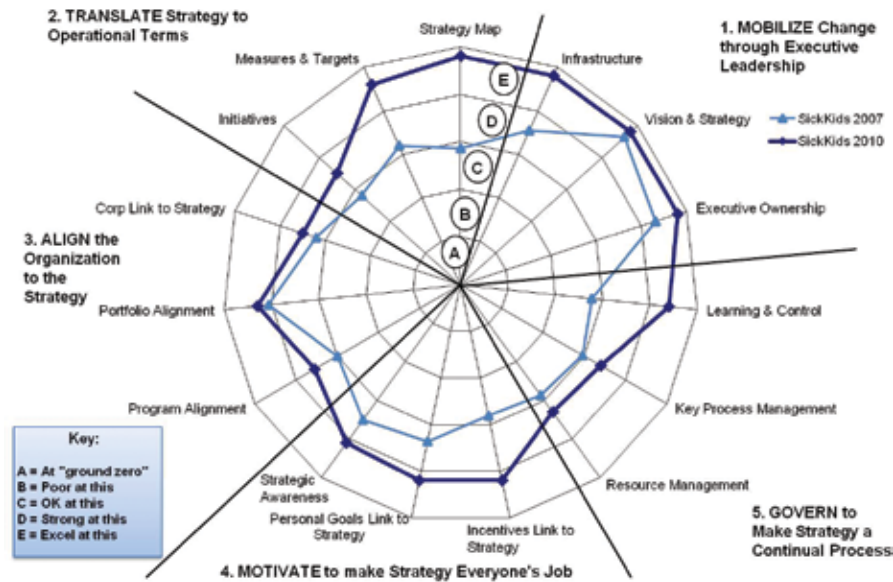
Operational and Strategy Review

One of the critical aspects of managing strategy is to separate strategy reviews and operational reviews (Kaplan and Norton 2008). As the strategy management system was being created and implemented, OSM continued to adapt and customize it to include the next evolution of the Kaplan and Norton BSC framework, what they termed *closed-loop management*, which established even stronger linkages between strategy and operations (Kaplan and Norton 2008). Figure 6 (<http://www.longwoods.com/content/ 22535>) outlines SickKids' customized closed-loop management system, showing the linkage between the operating plan and the strategic plan and the related execution. The closed loop shows how all of the elements of the strategy management system are integrated and occur iteratively to ensure measurement, monitoring and management of SickKids' strategy.

SickKids Strategy Management Assessment

In order to evaluate the focus on strategy at SickKids, OSM

FIGURE 7.
SickKids strategy management assessment results 2007 and 2010



Corp = corporate

Source: Data from SickKids' internal leadership surveys; structure from Palladium Group, Inc.

undertook an assessment of the five SFO principles at two points in time, 2007 and 2010. This evaluation is based on one designed by Kaplan and Norton (2001), which is performed across multiple industries. Surveys were conducted with the leadership team, including clinical, research and education chiefs, vice-presidents and directors ($n = 75$). The surveys contained questions pertaining to the subcategories of each SFO principle, and leaders were asked to rate the organization's performance in each area. Figure 7 demonstrates the significant improvement in all five areas of the SFO model over the course of three years, which coincides with the evolution of SickKids' OSM and the focus on managing the strategy. It shows the development of the capacity to maintain performance in each area and that strategy execution has truly become a core competency and part of the culture at SickKids.

Conclusion

During the implementation of the strategy management system, there were many obstacles that needed to be overcome. Firstly, as an organization with over a 100-year history of high achievement, people generally had too many projects already, which was a relatively strong barrier to adding another corporate-wide initiative that involved a lot of change management. Additionally, as with other "new" management tools, the perception that the

BSC framework was a fad and management gimmick had to be overcome. Lastly, education around the use of a new reporting tool, both on its structure and demonstrating its value within the organization, is no small challenge in an organization with roughly 8,000 staff, including 14 executives, over 90 directors and more than 250 managers.

While the full commitment of the CEO and the SickKids Board of Trustees greatly assisted in the uptake of the SickKids strategy management system, it was the achievement and sustainability of breakthrough results reported on the SickKids Scorecard that entrenched and validated the tools use at SickKids. Once people saw the results that were achieved at the

corporate level, all portfolios began to formulate strategies to cascade a BSC to the portfolio or business unit level, initiatives that are currently under way across all portfolios. The clinical portfolios have gone one step further and are cascading down throughout the business units into the more discrete departments. This is a testament to the value of the strategy management system at SickKids, as medical departments are inherently adverse to change and risk due to the nature of the work performed. New ways of managing must be truly tested, and all new models must be supported by substantive evidence, the evidence in this case being the great success seen at the corporate level with the SickKids Scorecard. In 2010, SickKids was inducted into the Balanced Scorecard Hall of Fame (see sidebar), for both the implementation of the Kaplan and Norton strategy management framework and, more importantly, achieving what is called the "Execution Premium" in both clinical and non-clinical areas. (Kaplan and Norton [2008] show that organizations using a formal system for implementing strategy consistently outperform their peers.)

For most healthcare organizations, hundreds of millions of dollars are literally in the balance when it comes to the successful and complete execution of strategy. Enterprise performance management has been a key focus for SickKids during the past five years. Having the SickKids Scorecard in place has

allowed the organization to measure, monitor and manage its performance to demonstrate to patients and families, as well as funders, that the organization is responsible, focused and committed to high performance and the achievement of its vision: "Healthier Children. A Better World." **HQ**

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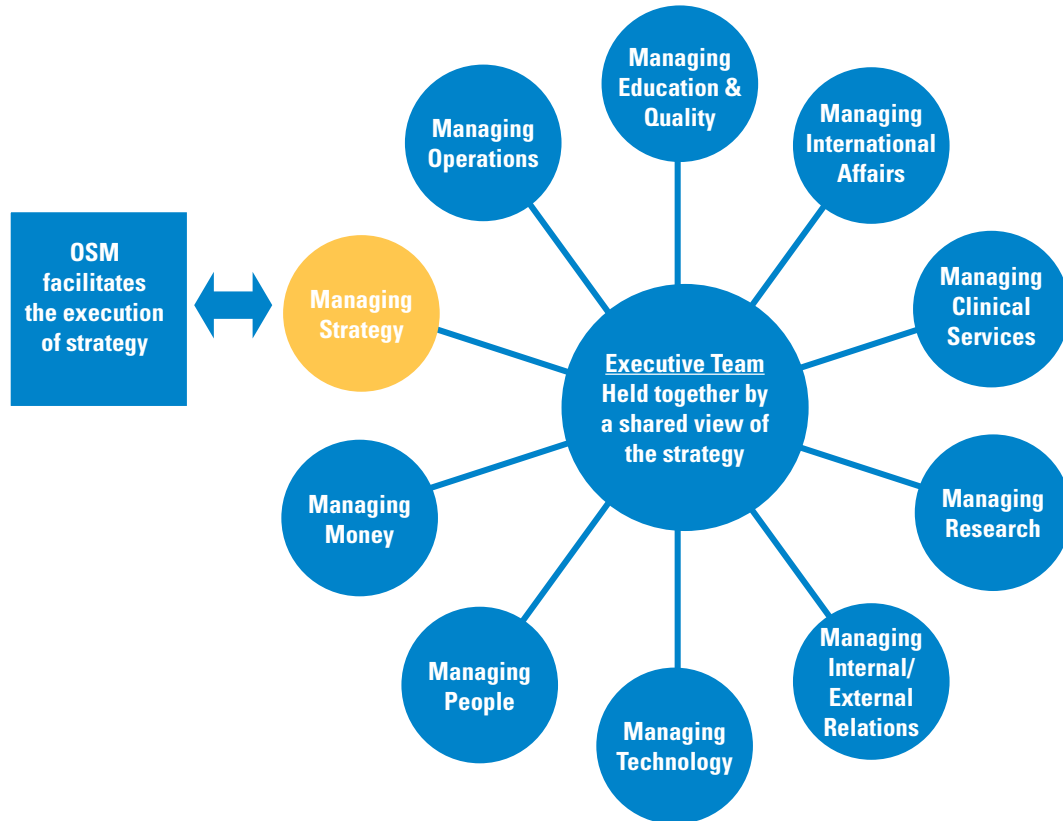
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FIGURE 1.
Managing Strategy as a corporate function



OSM = Office of Strategy Management.

FIGURE 2.
SickKids Strategy Map

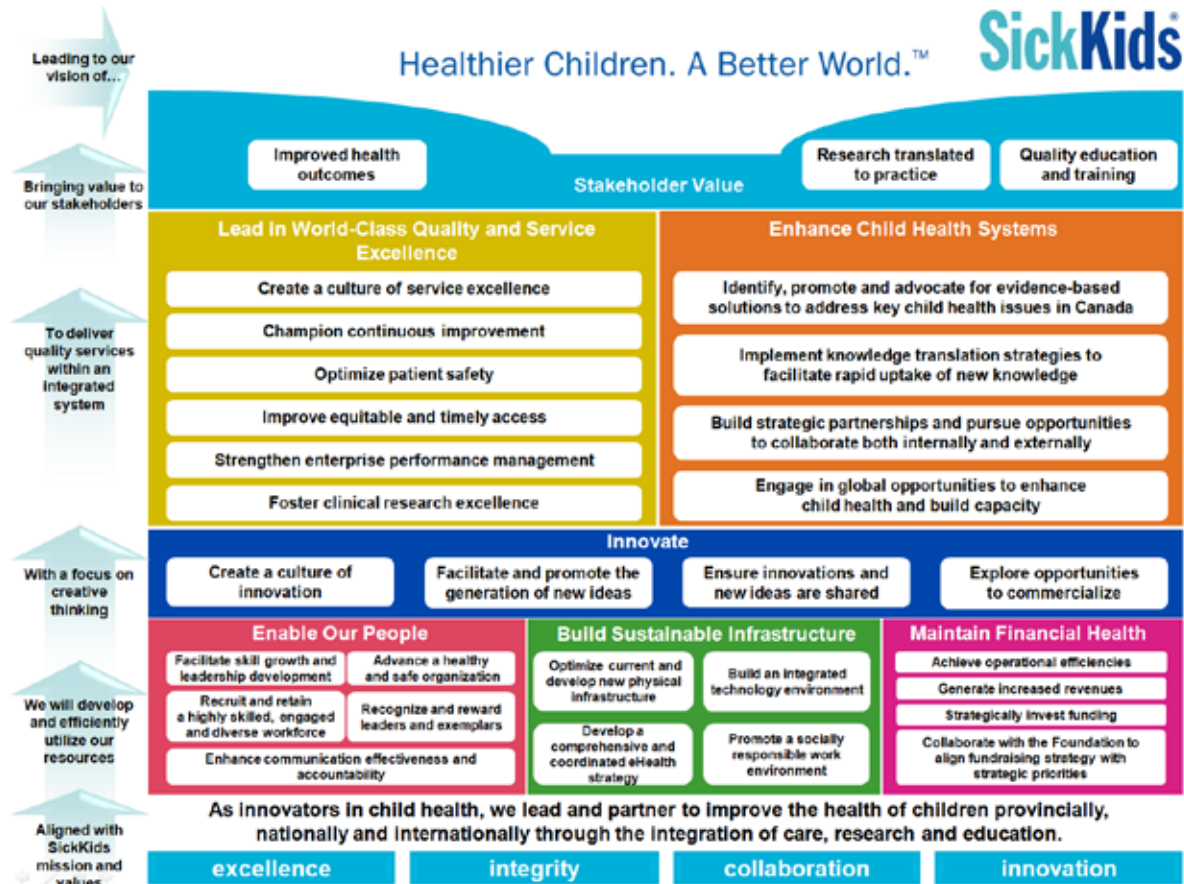


FIGURE 3.
SickKids Scorecard*



SickKids Scorecard

Summary - 2010/11 Q4 - year to date results as at May 24, 2011

	Key Performance Indicator (KPI)	KPI Description	Strategic Objective(s) KPI Measures	Unit of Measure	2009/10 Actual	2010/11 Target	2010/11 Q4 Actual	Variance
Stakeholder Value	Pain Management Satisfaction	Percentage of positive responses (Good, very good, excellent) on patient satisfaction survey regarding pain management in inpatient units	Improved health outcomes	Percent	78.3%	75.7%	78.6% Q3 ytd	1.2%
	Unplanned Readmission Rate	Unplanned readmissions from previous acute admissions where diagnosis is the same/related within 28 days	Improved health outcomes	Percent	6.4%	6.5%	7.5% Q3 ytd	15.4%
	Trainee Satisfaction	Evaluation of postgraduate medical education student experiences including both rotation effectiveness and teachers' effectiveness	Provide quality education at all levels	Annual Number	4.24	TBD	4.26	Q3 Reporting
Lead in World-Class Quality & Service Excellence	Communication Effectiveness	Percentage of positive responses (good, very good, excellent) to the Information, Education and Communication questions on patient satisfaction survey	Create culture of service excellence	Percent	78.1%	78.0%	76.1% Q3 ytd	-2.4%
	Inpatient Patient Satisfaction	Percentage of inpatient survey responses with a score of 3 (good), 4 (very good), or 5 (Excellent)	Champion continuous improvement	Percent	98.4%	98.0%	97.5% Q3 ytd	-0.5%
	Emergency Department Patient Satisfaction	Percentage of Emergency Department survey responses with a score of 3 (good), 4 (very good), or 5 (Excellent)	Champion continuous improvement	Percent	84.9%	92.0%	91.4% Q3 ytd	-0.7%
	Hand Hygiene Compliance	Percentage of observed correct practice based on total observed opportunities for hand hygiene. Direct observations are routinely performed in observation rooms of all inpatient units and Emergency Department	Optimize patient safety	Percent	77.0%	75.0%	74.9%	-0.1%
	Medication Reconciliation	Percentage of medication reconciliation completed during patient admission process (based on number of charts reviewed)	Optimize patient safety	Percent	78.0%	80.0%	82.0%	2.5%
	Emergency Department Length of Stay for Admitted Patients	Percentage of Emergency Department (ED) patients admitted within 8 hours from arrival to ED	Improve equitable and timely access	Percent	36%	45%	38.4%	-14.7%
	Surgical Out-of-Window Wait Times	Percentage of surgical cases completed outside of nationally accepted timelines	Improve equitable and timely access	Percent	31.8%	20.0%	21.5%	7.5%
	MRI Wait Times	Appointment wait times in weeks for MRI patients requiring general anaesthesia	Improve equitable and timely access	Weeks	N/A	12.88	8.80	-31.5%
Enable Our People	Health and Safety Compliance	Supervisor response rate to 1) JQHSC recommendations, 2) Employee Safety reporting incidences and 3) Fit testing compliance	Advance a healthy and safe organization	Percent	84.6%	80.0%	84.8%	6%
	Organizational Engagement	Organizational Engagement survey results representing employees' perceived relationships with their organization	Advance healthy work environment	Percent	N/A	65.0%	72.6%	12%
	Job Engagement	Job Engagement survey results representing employees' perceived relationship with their day-to-day work	Advance healthy work environment	Percent	N/A	73.0%	75.4%	3.3%
Build Sustainable Infrastructure	Waste Diversion Rate	Percentage waste diversion for all buildings	Promote a socially responsible work environment	Percent	38.0%	43.0%	42.0%	-2.3%
	Energy Consumption Reduction	Percentage reduction of total steam & electricity usage for all buildings year-over-year	Promote a socially responsible work environment	Percent	1.6%	1.5%	-5.8%	Over 100% increase

JQHSC = Joint Occupational Health and Safety; MRI = magnetic resonance imaging; Q = quarter; TBD = to be determined; ytd = year to date.

*Publicly reported.

FIGURE 4.
Cascading SickKids strategy

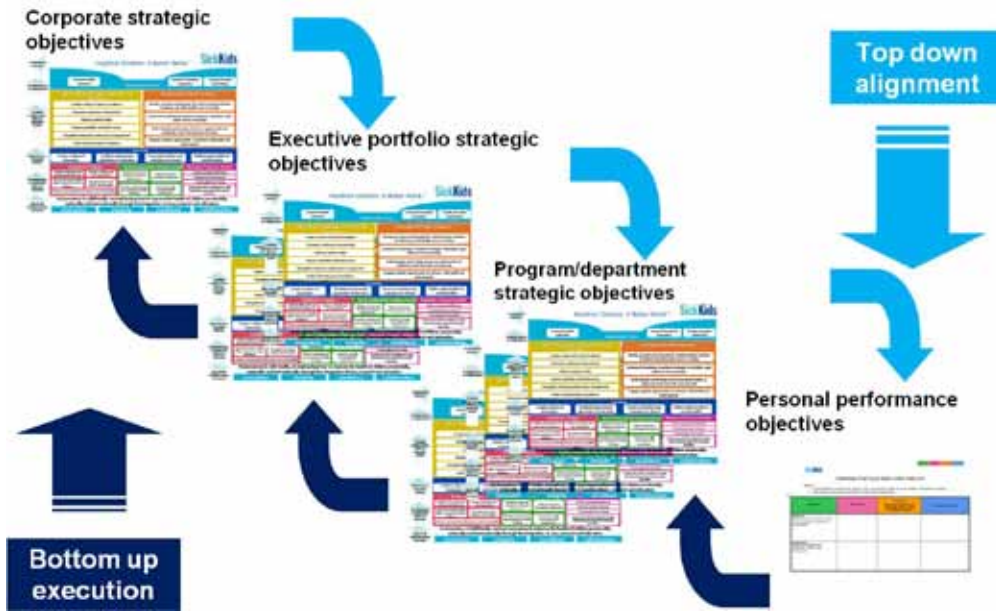
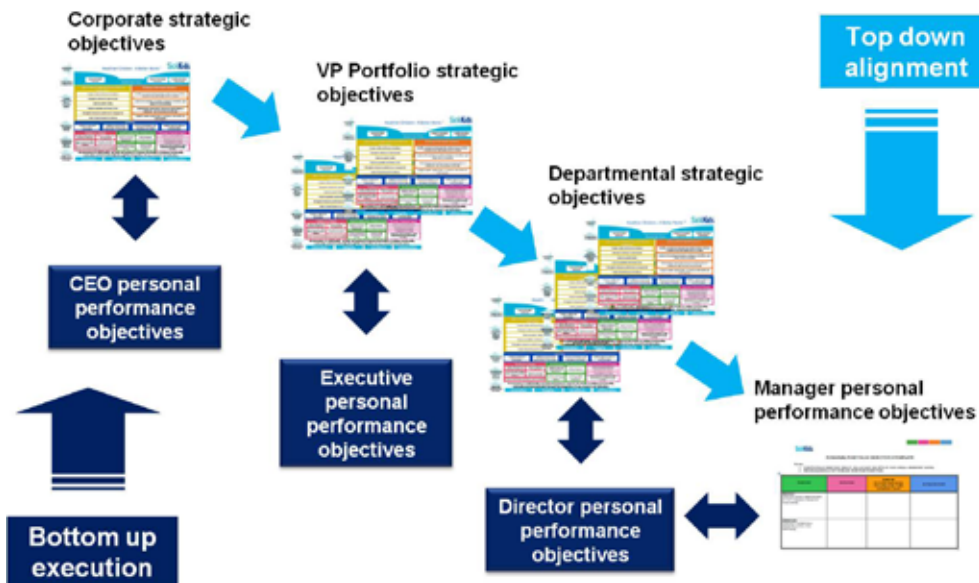
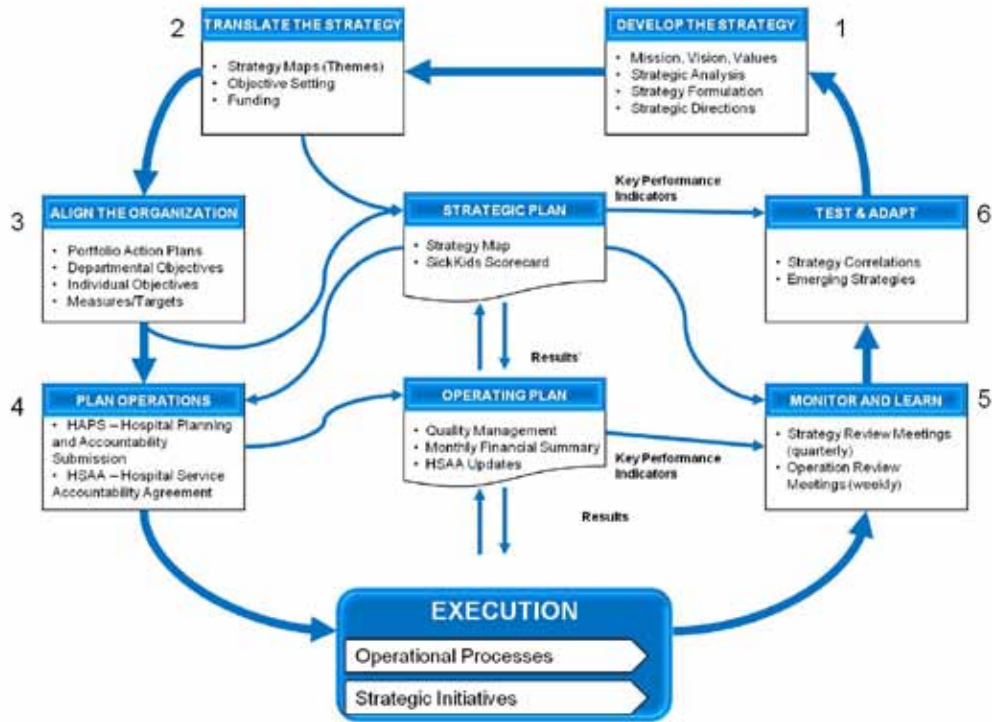


FIGURE 5.
Enterprise and personal performance management system cascade



CEO = chief executive officer; VP = vice-president.

FIGURE 6.
SickKids' closed-loop management system linking strategy and operations



Source: Adapted from Kaplan and Norton (2008).