Charlotte’s Balanced Scorecard

Aligning Strategy with Government Performance

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City of Charlotte
City of Charlotte

- Population: 658,848
- Council/Manager Government
- 6,491 employees
- $1.37 billion budget
- 2nd largest financial center in U.S.
- Balanced Scorecard since 1996
Governing Structure

• Part time City Council sets policy
  – Mayor
  – Seven district seats, four at large seats
  – Two year terms
• City Manager implements policy and administers operations
• Major functions
  – Police, Fire, Solid Waste, Transportation, Water and Sewer
Balanced Scorecard Defined

- Performance management tool
- Emphasis on strategy
- Forward looking
- Translates strategy into tangible, measurable objectives
Balanced Scorecard Defined, continued

- Framework includes four perspectives
  - Customer
  - Financial
  - Internal processes
  - Growth and learning
Begins with Strategy

Build consensus on

– Vision
– Focus areas, priorities
– Strategy
– What success looks like, results
– Few, vital measures
Why the scorecard?

- Link measures to strategy
  - Hypothesis, if….then…..
  - Learn and adjust, feedback
- Meaningful measures
- Motivate, stretch
Organizational Change in the 1990s

- Fiscal constraints
- Council interest in “business model”
  - Reduced layers of management
  - Competitive with private services
  - Customer focused
- Management by Objectives > 900 measures
- Need for a strategic performance management system
Voilà Scorecard

- New, private sector system
- Harvard Business Review
- Strategic, consensus building, fewer measures but meaningful and results-oriented measures
Charlotte’s Balanced Scorecard
Aligning Strategy…

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
Community Safety

- Reduce crime
- Homeland security
- Increase traffic safety
- Enhance neighborhood problem solving

“Charlotte will be the safest large City in America.”
Economic Development

- Strategic investments
  - Business facilitation
  - Targeted development areas
- Police and Fire
- Water and Sewer

“Charlotte will be the most prosperous and livable City for all citizens through quality economic development.”
Housing & Neighborhood Development

• Strategies to address economic health and quality of life

• Partnerships and capacity building with neighborhoods, businesses and schools

“Creating great neighborhoods in which to live, work and play.”
Transportation

- Integrated land use and transportation planning
- Road, pedestrian and bicycle networks
- Public transit

“Charlotte will be the premier City in the country for integrating land use and transportation choices.”
Environment

• Recognize interrelationships between air quality, water resources, land preservation and energy and resource conservation

• Share environment with regional neighbors

• Incorporate environmental goals in planning and decision-making

• Lead by example

“Charlotte will safeguard the environment, balancing environmental health, sound fiscal policy and growth.”
Charlotte’s Balanced Scorecard

**Vision**
City’s vision statement

**Themes**
Council communicates themes to Leadership

**Corporate Scorecard**
Response becomes strategic objectives

**Key Business Units**
Organization implements

**Annual Council Strategy Retreat**

**Council Committees/ Focus Area Cabinets**

**16 Corporate Objectives**

**Business Plans/ Scorecards**
Making Strategy Work: Actions Required

- Priorities
- Focus Areas
- Corporate Scorecard

Support It
Operationalize It
Communicate It

Key Business Unit Scorecard
Supporting Strategy

*Why it works in Charlotte*

- Continuity in Focus
- Supportive Culture
- Priority Investment
  - People
  - Technology
  - Research
- Staff to Champion the Effort
Support for Strategy

• Leadership Commitment
  – Mayor and Council
  – City Manager
  – Budget & Evaluation Department
  – Departments
  – Operating Divisions
Operationalizing Strategy

*Why it works in Charlotte*

- Use the balanced scorecard to operationalize council priorities
  - Corporate Scorecard Objectives Link to Key Business Units
- Translate strategy into operational terms
  - Individual Key Business Unit Scorecards
- Assign accountability
Communicating Strategy

- Clarify and translate vision and strategy
- Communicate how employee roles support corporate strategy
Why the Balanced Scorecard Works in Charlotte

- **Support** from executive leadership
- Alignment of **organizational structure** to strategy
- Translation of strategy into **operational terms**
- **Communication of** strategy to everyone
Aligning the Organizational Structure to the Strategy

- Bring people together from different departments to work on strategies and plans
  - Council Committees organized by focus area
  - Focus Area (staff) Cabinets
  - Manager’s Cabinet
Organizational Structure - Council Committees

- Organized around focus areas
  - Housing and Neighborhood Development
  - Environment
  - Economic Development
  - Community Safety
  - Transportation
Organizational Structure – Focus Area Cabinets

• Develop, implement and measure success of strategic plans for focus areas
  – Focus areas stable
  – Initiatives and objectives reviewed and measured annually to be responsive to the needs of the community and organization
Example - Members of Neighborhood Cabinet

**Goal Statements:**
Charlotte will be the safest large City in America. Creating great neighborhoods in which to live, work and play.
Organizational Structure - Manager’s Cabinet

• Review strategic direction, share information and review recommendations of focus area cabinets
  – Members include City Manager, Assistant City Managers and all Department Heads
  – Meetings chaired and facilitated by an Assistant City Manager
  – Meets bi-monthly
Charlotte’s Balanced Scorecard

How it Works

• Five strategic themes adopted by City Council
• Balanced Scorecard perspectives modified to city needs
  – Serve the Customer
  – Manage Resources
  – Run the Business
  – Develop Employees
• 16 Corporate Goals
• Key Business Units link to corporate scorecard through their business plans
Implementation

• Developing Departmental Scorecards

Focus Areas
Council communicates themes to Leadership

Corporate Balanced Scorecard
Response becomes strategic objectives

Departments
Organization implements

• Integrating Budget and Strategy
Departmental Scorecards

- Tool to communicate strategic results to be achieved by department
- Clear linkage to corporate strategy
- Help monitor and evaluate performance
- Provide basis for developing individual performance plans
Example - Solid Waste Services

Serve the Customer
- Strengthen Neighborhoods

Run the Business
- Develop Collaborative Solutions
- Enhance Customer Service
- Optimize Business Processes

Manage Resources
- Deliver Competitive Services

Develop Employees
- Promote Learning & Growth

How will SWS support/respond to corporate objective? What are SWS’ strategic initiatives?
- Improve neighborhood appearance and raise public awareness about solid waste services

How will SWS know that the strategic initiatives are being achieved? What is the information you need to make decisions?
- Achieve citywide litter rating of 2.0 or less
- Increase public education about bulky item scheduling in targeted neighborhoods
- Number of community awareness promotions targeted
Integrating Strategy and Budget

- Strategy is the foundation upon which the organization builds its budget and allocates resources
  - Strategy - “Why”
  - Budget - “What” and “How”
Example – Integrating Strategy and Budget for Utilities Field Operations

- **Strategic Initiative (Why)**
  - Improve customer service
  - Enhance efficiency and productivity

- **Budget (What and How)**
  - Water and sewer line repair crews
  - Consolidated work and training
  - Created geographic service areas
  - Developed employee skill levels
  - Consolidated and improved budget structure
Comprehensive Citizen Service Linkage

- **Initiative** - Improve citizen access to city services
- **Target** - Rating in biennial citizen survey of good or better from 70% of respondents
  - 311 Call Center customer satisfaction rate of 90%
Comprehensive Citizen Service Linkage

- **Initiative** - Develop a strategic IT Portfolio for Neighborhood Development functions

- **Target** - Implement the *City View Code Enforcement Information System* by year end
Environment Linkage

Serve the Customer

- **Initiative** – Protect natural ecosystems, habitats and tree canopy

- **Target** – Conduct tree canopy assessment/survey and set percentage of tree canopy to maintain or increase
Transportation Linkage

- **Initiative** – Implement Centers and Corridors strategy

- **Target** – 40% of new housing, 75% of new multi-family housing, 75% of new office development and 75% of new employment will occur in centers and corridors
Economic Development & Environment Linkage

Initiative  - Collaborate with partners to improve air quality
  – Target  - Reduce vehicle miles traveled and vehicle emissions per capita
  --Initiative  - Implement Permitting Process improvements
  – Target  - Survey result of “7” on 9 point scale for 90% of categories
Housing & Neighborhood Development Linkage

Serve the Customer

- **Initiative** - Conduct housing and property inspections to enforce city codes
- **Target** - Number of compliances achieved and Improvement in Neighborhood Quality of Life Index Scores
Housing & Neighborhood Development Linkage

- **Initiative** - Manage Housing Trust Funds and housing projects to leverage private funds with public funds to expand number of housing units

- **Target** - Leverage ratio of one public dollar to five private dollars
Council Strategy
Focus Area: Community Safety

Corporate Balanced Scorecard
Reduce Crime

KBU Initiative
Develop strategies to reduce vehicle theft

Division Balanced Scorecard
Implement strategies to reduce vehicle theft

Employee Performance Plan
5% reduction in vehicle theft per 100,000 pop.

Development Plan
Study vehicle theft trends/methods
**Linking Employees to City Strategy**

- **Corporate Balanced Scorecard**
  - Enhance Customer Service

- **Division Balanced Scorecard**
  - Customer Satisfaction Rate of 80%

- **Employee Performance Plan**
  - Customer Satisfaction Rate of 80%

- **Development Plan**
  - 20 hours of KBU site visits/training
Performance Management Strategic Linkage

- Corporate Scorecard
  - Focus Areas
    - Council Priorities
  - Business Unit Scorecards
Reporting

- Mid-year
- Year-end
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Alignment of Key Business and Corporate Support Functions

- Business Planning
- Budgeting
- Training and Development
- Customer Service Philosophy
- IT Investments
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Current Challenges

- Customer Service
  - 311 Call Center - 13 Different data platforms
  - “SILO” approach
  - “My customer” not the citizen
  - Not achieving excellent customer service
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Current Challenges

- IT Investments
  - Separate e-mail systems
  - Multiple work order systems
  - Duplication
  - Priorities for expenditures not made strategically

Run the Business

Develop Collaborative Solutions
Enhance Customer Service
Optimize Business Processes
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Technology Collaboration

• **Goals**
  – Adopt a unified citizen view of city services
  – Align expenditures with priorities
  – Eliminate duplication

• **Teams organized across Key Business Units**
  – Policy Management
  – Technology Management
  – Strategic Alignment
  – Total Cost of Ownership

• **Celebrate results to date**
Charlotte’s Balanced Scorecard
Celebrating Achievement

- Manager’s Strategy Award
  Recognizes a Key Business Unit or team that has made significant progress in a key area
  - 2006 Award - Developing Collaboration Solutions
    - South Corridor Light Rail Transit/Infrastructure Program
  - Previous Awards
    - Training and development (2005)
    - Communicating the balanced scorecard (2004)
    - Integrating strategy and budget (2003)
Why the Balanced Scorecard Works in Charlotte

- **Support** from executive leadership
- Alignment of organizational structure to strategy
- Translation of strategy into operational terms
- Communication of strategy to everyone
Five Principles of the Strategy Focused Organization

- Mobilize change through executive leadership
- Translate strategy into operational terms
- Align the organization to the strategy
- Motivate to make strategy everyone’s job
- Govern to make strategy a continual process
Accountability

“The corporate scorecard is a communication, information and learning system. Building a scorecard helps managers link today’s actions with the achievement of today’s priorities. It encourages accountability. And today we define accountability by results.”

-Pam Syfert, City Manager
Conclusion

• Strategy is continuous

• Strategy must be supported

• Strategy must be operationalized

• Strategy must be communicated

• Implementing strategy is not easy
More Information

- Web site: www.charmeck.org/cibudget
  - Publications available
    - Focus Area Plans
    - Balanced Scorecard
    - Strategic Operating Plan
    - Year End Report
  - BSC references
  - Frequent questions