

Ethiopian Federal Ministry of Health**Assessment Status Report**

August 26, 2009

The Ethiopian Federal Ministry of Health (FMOH) has made great strides in creating a culture of planning. From strategic to operational planning, members of the health sector at large appreciate the value of planning their work and working their plans. In 2007, the FMOH embarked on a journey to transform its strategic planning and management processes by adopting the Balanced Scorecard (BSC) as their framework. Extensive work has been done at the leadership level to inculcate the Sector with the concepts of balanced scorecard and to link day-to-day activity with the organization's long term direction. However, an assessment of the current state of BSC implementation within the Sector has revealed that, in order to evolve the FMOH BSC into a truly strategic system and for the Sector to full realize the benefits of a best practice BSC system, significant changes in both the FMOH BSC structure and leadership action must be carried out.

The Balanced Scorecard Institute (BSCI) conducted an assessment of the current state of BSC implementation within the Health Sector of Ethiopia, focused primarily on the FMOH, related agencies, select Regional Health Bureaus and hospitals from 10-21 Aug, 2009. The consultants, BSCI VP of International Operations, Kevin T. Zemetis, and BSCI Associate, Peter Ndaa, conducted the assessment using the three (attached) evaluation instruments:

- a. The BSCI Readiness Assessment
- b. The BSCI Making Progress Questionnaire
- c. A customized interview form

Additionally, during the second week of the assessment phase, Software Programmer Jason Mckim, of Spider Strategies, a BSCI Strategic Partner, conducted the initial piloting of the QuickScore BSC Software in the Public Health Infrastructure Directorate of the FMOH on a resident server, and conducted initial training and modeling of the software with FMOH personnel.

1. Accomplishments:

- a. 67 interviews conducted within the Health Sector, including participants from:
 - i. FMOH
 - ii. 4 Health Agencies (Ethiopian Health & Nutrition Research Institute, DACA, HAPCO & FPSA)
 - iii. 5 RHBs (on location in Addis Ababa, Oromia, SNNPR, Tigray, and Amahra)

- iv. 4 Hospitals (Yirgalem Hospital in SNNPR; St. Paul's Hospital, St. Peters TB Specialized Hospital and Amenuel Mental Specialized Hospital in Addis Ababa)
 - b. The BSCI *Making Progress Questionnaire* was distributed with 80 responses (both manually and online) from throughout the Sector
 - c. The BSCI *Readiness Assessment* was conducted
 - d. *QuickScore* Software installed in the FMOH for evaluation.
2. Observations and findings:
- a. Interviews
 - i. Strengths
 - 1. LEADERSHIP - The Federal Government of Ethiopia (FGoE) is committed to making BSC the "One plan", driven by the overarching Strategic Guidance found in the narrative government-wide strategy *Implementing Capacity Strategy (In Amharic)*. Conversations with Ministry of Capacity Building BSC Director, Mr. Bizabih Bayene and subsequently with his health sector focus team indicated that the BSC is accepted as the one strategic planning and management framework to be implemented throughout the FGoE. Sectors are expected to use the overarching FGoE strategy guidance in forming their tier 1 (Sector) BSCs.
 - 2. Health Sector and FMOH Leadership Commitment to the BSC within the Health sector at all levels engaged is perceived as very high. This, together with an existing all inclusive planning processes, a bi-weekly reporting system, and the business process reengineering initiative, creates a favorable environment for the further development and effective implementation of BSC as a strategic planning and management system.
 - 3. STRATEGIC PLANNING: The FMOH has a strong culture of inclusive, top-down and bottom-up strategic planning processes in place. The capacity to think strategically is a key enabler for successful BSC systems. Leveraging this capability is a key to long term success.
 - 4. CUSTOMER AND STAKEHOLDER FOCUS: Survey respondents are confident that they know who their customers are and are generally able to satisfy them. However, they also feel that they should stay in better touch with them. This indicates that the relationship with customers could be strengthened.
 - 5. PROCESS MANAGEMENT: The concepts of BPR are firmly embedded within the Health Sector organizations we spoke with. Strategic customer-focused process improvement is a key element of implementing BSC strategic initiatives. BPR is therefore expected to

strengthen BSC strategy execution as the methodology to attain significant improvement in processes and their supporting structures.

6. **COMMUNICATIONS AND TRANSFORMATION:** All the FMOH directorates and agencies exhibited some awareness of the BSC, especially the leadership and the planning departments. Most of the interviewees from planning departments had attended BSC training within the past year.

ii. Challenges

1. **STRATEGIC PLANNING:** Multiple planning frameworks are in place within the FMOH. This has led to an unnecessarily complex planning, reporting, monitoring and evaluation processes. The bi-weekly rollup and reporting of individual accomplishment to strategic plan activity in order to demonstrate collective performance is largely viewed within FMOH as a non-value-adding activity. The subjectivity of measurement can lead to great variation in data integrity when viewed over time, especially as activities are temporary in nature. Additionally, in our opinion the cumulative impact of these activities cannot be accurately determined from aggregation of the individual activity and must be measured in terms of impact displayed in BSC driven strategic performance measures.
2. **PROCESS MANAGEMENT:** The current understanding surrounding the role of BSC within the Health Sector, which is heavily influenced by BPR, may also impede the progress of BSC. The relationship between the two frameworks is generally understood as follows: the BSC is perceived as principally a measurement and management tool for BPR initiatives and /or, BSC is perceived to be focused on the individual accomplishment of operational tasks related to strategic planned activity cascaded throughout the organization. The BSC is also widely perceived as merely an evaluation and monitoring component of BPR and will require a significant shift in understanding to be seen as a strategic planning and management framework for the health sector.
3. **HUMAN RESOURCE FOCUS:** The interviewees who had recently attended BSC training indicated a lack of confidence in their ability to develop, refine, and manage strategic performance measures. Additionally, the Health Sector is experiencing high turnover of professional and technical staff; Medical Doctors, technicians and other staff are continuously being pulled away by external opportunities and are in short supply. Retention and incentives are a key strategic challenge to be addressed by the BSC.

4. **COMPLEX RELATIONSHIP WITH REGIONAL BUREAUS:** Regional Bureaus have a dual reporting structure – they are responsible to the regional governments for administrative matters and to the FMOH for technical matters. This may pose a challenge where the priorities of the regional governments are not aligned to those of the FMOH with regard to a sector wide adoption of the BSC framework
- iii. **Opportunities**
 1. **HUMAN RESOURCE FOCUS:** The balanced scorecard can assist in providing the right emphasis on deficiencies in HR capacities. Recognition for the value of one's work is an important factor in public service sector retention strategies. Ownership and accountability at all levels can be achieved through the application of a comprehensive BSC system that aligns efforts from sector to individual and team effort and recognizes contributions of both. Individuals come to realize that leaders care about individual improvement in capacity, through the development of their knowledge, skills, and abilities, as well as their technology, tools and infrastructure and processes. Appropriate rewards and recognitions are linked to key changes in organizational behaviors that are demonstrated through performance target and initiative accomplishment.
 2. **CUSTOMER AND STAKEHOLDER FOCUS:** The relationship between the FMOH and regional bureaus, NGOs, other private and public partners as well as donors can be evaluated to ensure needs of key stakeholders are addressed through the FMOH BSC defined strategy.
 - iv. **Threats:**

In general, respondents perceived that little threat to BSC success exists due to government and FMOH high commitment levels.

- b. Best Practice: The following is a comparison of the FMOH BSC with international best practice in public sector institutions:

BSC Critical Success Factor Element	FMOH	Government of Botswana (BEST PRACTICE)	Mecklenburg County , NC USA (BEST PRACTICE)
Sustainable, engaged leadership	Leaders at all level engaged – Sustainment guaranteed through Institutionalization; Ministry of Capacity BSC expertise building is understood to be in line with best practice	Sustainment guaranteed through Institutionalization; program administered through BSCI certified Performance Improvement Coordinators in each ministry, supported centrally by the BSCI certified Office of the President senior manager.	Continuity of BSC Leadership in Senior Managers and Strategic Planning and Management Office
Incorporation of current strategic planning activities into BSC	Multiple frameworks in place – conflicting definitions for key terms and cascading of activities has put attention on operational performance rather than strategic performance	Unknown as initial BSC work was conducted prior to GOB and BSCI relationship was established.	Existent plans were initially incorporated into BSC system development
Using definitions of planning terms consistently	Multiple frameworks in place – conflicting definitions for key terms	A single BSC strategic planning and management system in place	A single BSC strategic planning and management system in place
BSC system built by key stakeholders, leaders, managers, and change agents from throughout the organization and its key stakeholders	Collaboratively built system with both bottom up and top down development and refinement.	Collaboratively built system with both bottom up and top down development and refinement.	Collaboratively built system with both bottom up and top down development and refinement.

Thinking it's a sprint (it's not, it's a marathon!)	Efforts began in mid 2007 and quickly cascaded to individual level through activity without institutionalizing management of the corporate BSC.	The GOB continues to refine its BSC driven strategy. Refinement of the existent BSC began in late 2005 and is ongoing.	Mecklenburg County continues to refine its strategy. Initial development began in 2001-In 2004 Mecklenburg County attained a fully deployed system.
Thinking it's only about performance measures or about what you are currently doing	The FMOH has attempted to apply BSC as the measurement tool to monitor and evaluate the performance of individual and collective (aggregated) performance of tasks derived from "objectives" (Performance Targets) derived from the traditional strategic plan	The GOB undertook a disciplined approach (<i>BSCI Nine Steps to Success</i>) to the refinement of their scorecard by first developing strategy by translation of Mission and Vision into Strategic Themes. The GOB then developed Strategic Objectives. Performance Measures were then developed and Strategic Initiatives selected to improve Strategic Objective performance	Mecklenburg County undertook a disciplined approach (<i>BSCI Nine Steps to Success</i>) to the development of their scorecard by first developing strategy by translation of Mission and Vision into Strategic Themes. Mecklenburg County then developed Strategic Objectives. Performance Measures were then developed and Strategic Initiatives selected to improve Strategic Objective performance.
Choosing software too early	FMOH has selected a software for piloting in conjunction with this effort	No single software solution implemented for BSC. In some ministries, spreadsheets are used to track measures and PowerPoint presentations are used to show progress, but there is no standard reporting format across ministries.	Designed the strategic planning system first and chose and implemented a software tool later after needs were defined.
Not rewarding success and desired behaviors	Rewarding success is a crucial FMOH challenge identified by this assessment	The GOB approaches rewards and recognition in multiple ways by recognizing and sharing internal best practices,	Implemented a market pay-for-performance compensation system as well as a performance-based budgeting system.

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		developmental assignments, and other opportunities presented to high performers. Success stories are even highlighted in the local press.	Linked related goals and measures to the Community & Corporate Scorecard.
Not planning for and managing change	Structure and communications processes in place to manage change	Structure and communications processes in place to manage change	Structure and communications processes in place to manage change
System sustainment – BSC Strategy implementation	Indications are that the FMOH is ideally positioned to create a sustainable system in line with best practice	The GOB through a change in Administration has endured the test of time. It has continued to refine its BSC to leverage best practice throughout the government and continues to drive change, transparency and accountability to strategy and alignment of all ministries to national direction and vision.	Mecklenburg County continues to refine its strategy. Demonstrated the sustainability of its system by providing annual performance data to the public. See their timeline here: http://www.charmeck.org/Departments/County+Managers+Office/Managing+For+Results.htm

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- c. We evaluate the current status of the various elements of the FMOH scorecard as follows:

Management System Component	Developed	Partially Developed	Not Developed	Comments
Mission	x			Clearly Communicated
Vision	x			Clearly Communicated
Communication and Change Management Plan	x			In place and functional
Overarching Strategic Result				Status Unknown
Organizations Core Values		x		Require review and to be continuously communicated
Enablers/Pains		x		Require update
Customers and Stakeholders		x		Requires update
Customer Value Proposition		x		Requires update
Perspectives, Strategic Themes and Results		x		Perspectives not in correct order; Themes appear narrow in scope
Strategic Objectives		x		Commentary?
Strategy Map		x		Not visible / widely known throughout sector
Performance Measures and Targets		x		Require update
Strategic Initiatives		x		Require update
Balanced Scorecard Graphic			x	Not widely distributed
Strategic Plan & Story		x		Should emanate from BSC
Implementation Plan		x		Requires update
Cascading Plan		x		By activity not by BSC Strategic Objective

3. Recommendations:

- a. Refocus leadership on BSC as a Strategic Planning and Management System. Currently the BSC is being deployed as a monitoring and evaluation tool for strategy execution of

activity at the individual level. The FMOH corporate scorecard should be refined and cascaded by strategic objective to all levels of the health sector. Refine as follows:

- i. Themes –consider broadening of theme to reflect FMOH-wide strategies. Current themes appear to be functionally or programmatically aligned.
 - ii. Objectives – refine current objectives to reflect refined strategy, which should be based on expanded themes, updated SWOT and strategy adjustments made during and following leadership development workshop.
 - iii. Strategy Map – validate selection of objectives by recreating the FMOH value creation story. Consider perspective realignment, refine and communicate consistently, constantly and broadly throughout the health sector and to external stakeholders.
 - iv. Measures – Refine and link strategic performance measures to desired behaviors
 - v. Initiatives – organize as risk-managed projects appropriate for the level of the organization; prioritize and develop an Initiative Portfolio Management capability at all levels of the organization, starting with the executive team.
- b. Harmonize or eliminate duplicative / conflicting planning and management frameworks -Simplify, simplify, simplify! Only one planning framework is required for excellent strategic performance execution. The BSC is capable of producing and enabling your strategic plans and their successful execution. Your strategic plan is derived from your BSC and can be updated as necessary.
- c. Develop the capacities of the BSC Expert Staff by focusing critical sustainment skills in the customized delivery of the BSCI Master Professional level certification course:

The Balanced Scorecard Professional Certification Program provides FMOH participants with background and resources in all areas that are important to lead or participate on a team to build, implement, and sustain a balanced scorecard planning and management system in their organization. The program includes in-depth study of strategic thinking, strategic planning, organization assessment, strategy mapping, performance measures and target setting, strategic initiatives, automation, cascading and strategic management.

- This program is based on the Institute’s Nine Steps to Success® balanced scorecard framework, and expands on other training workshops with additional process substance in each step, more advanced exercises, one-on-one interaction with the consultants, and additional resource material, software tools and templates.
- The program is taught in a highly interactive manner, using lectures, lessons learned, practical examples, case studies, software demonstrations, small-group exercises, a Performance Scorecard Toolkit, software tools and templates, and

instructor reviews of participants' existing scorecards. Topics covered by the course include:

- Comprehensive approaches to strategic planning, strategic management, performance measurement and target setting, initiative prioritization, performance information systems, and program evaluation
 - The Institute's Nine Step methodology for building and implementing balanced scorecard planning and management systems
 - Organization development practices, such as SWOT analysis, employee assessment planning, customer and stakeholder identification, and balanced scorecard program planning
 - Modern approaches to strategic thinking and strategy mapping
 - Communications strategy development and change management aspects of the balanced scorecard journey
 - Facilitation and coaching skills necessary to lead team workshops in the development of a balanced scorecard system for your organization
 - How to leverage your piloted software to collect and report performance information throughout the organization
 - How to cascade the enterprise scorecard throughout the organization
- d. Develop the capacities of the Middle Managers by through the customized delivery of the BSCI Professional level certification course.

This course is fast-paced, combining two three-day courses into one five-day course. The Institute's Building and Implementing a Balanced Scorecard: Nine Steps to Success(TM) framework is the basis of the course, where the emphasis is on shared participant experiences, lessons learned, and best practices. Small-group exercises are used for each step in the framework, to reinforce the lectures, and participants are encouraged to bring their organization's strategic planning material to share with the class and receive instructor feedback. Topics covered by the course include:

- Basic concepts of the balanced scorecard and how it can be used to improve organization performance
- How the balanced scorecard applies to the FMOH
- How to build and implement a balanced scorecard using our award-winning nine-step methodology
- How to develop strategy maps, and initiatives for improving organization strategy and processes
- How to develop meaningful performance measures and targets for balanced scorecards
- The correct sequence of steps that are necessary to build a strategy-focused organization
- How a scorecard system can drive a performance-based budget and employee accountability

- How to leverage your piloted software solution to automate the scorecard, and get performance information throughout the organization to better inform decision making
- How to cascade the scorecard to all levels of an organization
- How to develop an evaluation plan, to make corrections to strategy, measures, and initiatives
- How to be an effective team member of a balanced scorecard development team

e. Leverage Current Planning Activities

- i. Annual and Comprehensive Planning: Convert existent efforts in developing the annual and comprehensive plan into BSC-driven efforts to develop strategy at all levels of the organization. We recommend a transition to BSC planning effort over a period of time commensurate with your ability to clearly communicate intent starting with the FMOH-wide scorecard. When appropriate, cascade to subsequent levels of the sector in line with current or projected planning cycles.
- ii. Weekly Planning Effort
 1. Continue weekly planning at all levels; this will result in better execution of tasks if resources and actions are scheduled, coordinated and communicated.
 2. Decentralize monitoring and evaluation to Directorate level or if a FMOH managed project, to the Project Manager level as appropriate.

f. Prototype Cascaded BSCs

- i. The structure and sequence of cascading should be discussed and determined by the leadership team in order to effectively prototype scorecards at all levels of the sector.
- ii. Cascading should be kept to the least number of levels as possible in order to not overcomplicate your system. If possible we recommend three levels at any given major organizational division (Directorate, separate Agency, and possibly the RHB).

4. Conclusions and Next Steps

The FMOH is poised to successfully evolve their BSC and create a sustainable system of strategic planning and management. A shift in current application, structure and governance is required for long term success. However, resident enablers indicate the will and determination are in place to create a more effective system to best support the health needs of the nation now and into the foreseeable future. We look forward to jointly developing our way ahead and further refining our detailed plan of action with the FMOH on its strategic journey.



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