

Methods in a Nutshell:

Redefining the role of the state

Balance Scorecard adapted to strategy development in public institutions

The role of the state must be fundamentally rethought in the coming years. None of the previous models, whether communist nor capitalist, can be extrapolated. Industry 4.0 will change the lives of the population and governments must anticipate and help shape these changes. In many countries, political decisions are in the hands of one or a few people. Depending on the degree of 'democratization', parliaments or the population will be involved in the discussion (or not). Independently of the political and democratic dialogue, however, the political impulses must always be implemented: the administration, the public institutions must realign themselves and coordinate among themselves, must clarify who has to do what, must redefine their services and processes and optimize organizational structures.

On the following pages I will introduce a method that can help you to do this. It has been developed over the last few years in various political consulting projects, which I have been able to help shape. It is based on the well-known Balanced Scorecard (BSC).

Kaplan and Norton limit the scope of the BSC. It is not suitable for strategy development but for strategy implementation; it is not suitable for branched organizations but for smaller, autonomous business units; and it is not suitable for the public sector but for the private sector.

Here, the method has been adapted to circumvent the limitations mentioned by the authors; the adapted BSC works for larger and semi-autonomous organizational units and groups, it translates political impulses into organization-specific strategies and is now excellently suited for public institutions.

At the same time, it retains the strengths of the original BSC by incorporating various strategy-relevant levels of organizational design and by providing the measures for strategy implementation with targets, indicators and metrics. This makes the BSC an evolutionary instrument that serves both the development of strategies and the management of public resources.

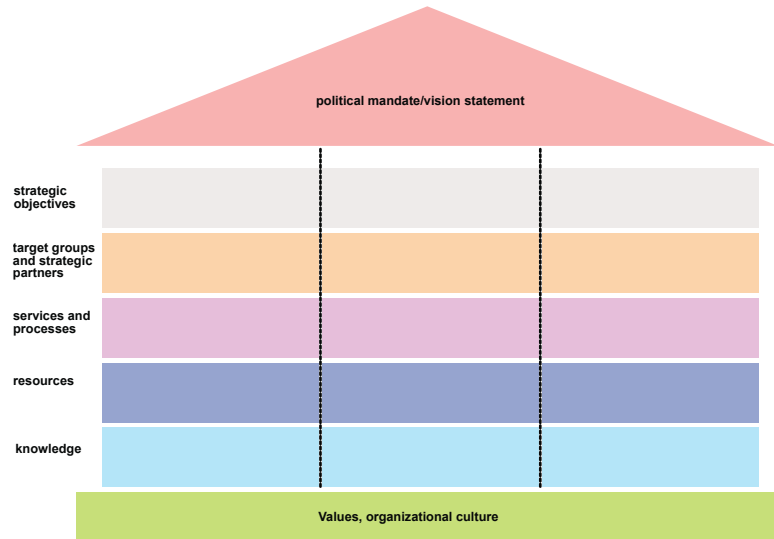
For the graphical representation I use a house with roof, foundation and columns.

The roof stands for the political mission, which is translated into strategic goals. In the pillars, each strategic goal is projected onto four strategy-relevant levels (target groups, services, resources and knowledge).

The foundation contains the values. This refers less to interpersonal values such as trust and openness and more to the values of the organizational culture with which the legal or political mandate is implemented. It is the room for manoeuvre whether one wants to show the applicant or citizen what the law is or whether one wants to support him in his concern.

In the diagram on the right, I have chosen three pillars, but there can be more or less, depending on the number of strategic objectives derived from the political mandate.

Each pillar is divided into four strategy-relevant levels, at which each strategic goal is examined. The questions are: for whom and with whom? What do we offer? What resources do we need? And how do we need to train our staff so that we can deliver the desired performance?



Each organizational unit makes its own BSC house, one after the other from top to down of the hierarchy.

The first strategic house is carried out by the top management of an organization or organizational group. This can be a minister with his deputy ministers, a deputy minister with his office directors, an office director with his heads of service.

To illustrate this, I will use the example of a national patent and trademark office.

1. A first step in the process is to clearly define the political mandate. Depending on the country, this can be imported from a higher-level strategic document, a multi-year plan or a decree. Otherwise, the political mandate must be developed in workshops. In rare cases, a vision statement can be chosen, but it should refer to the *impact* intended by the organization.

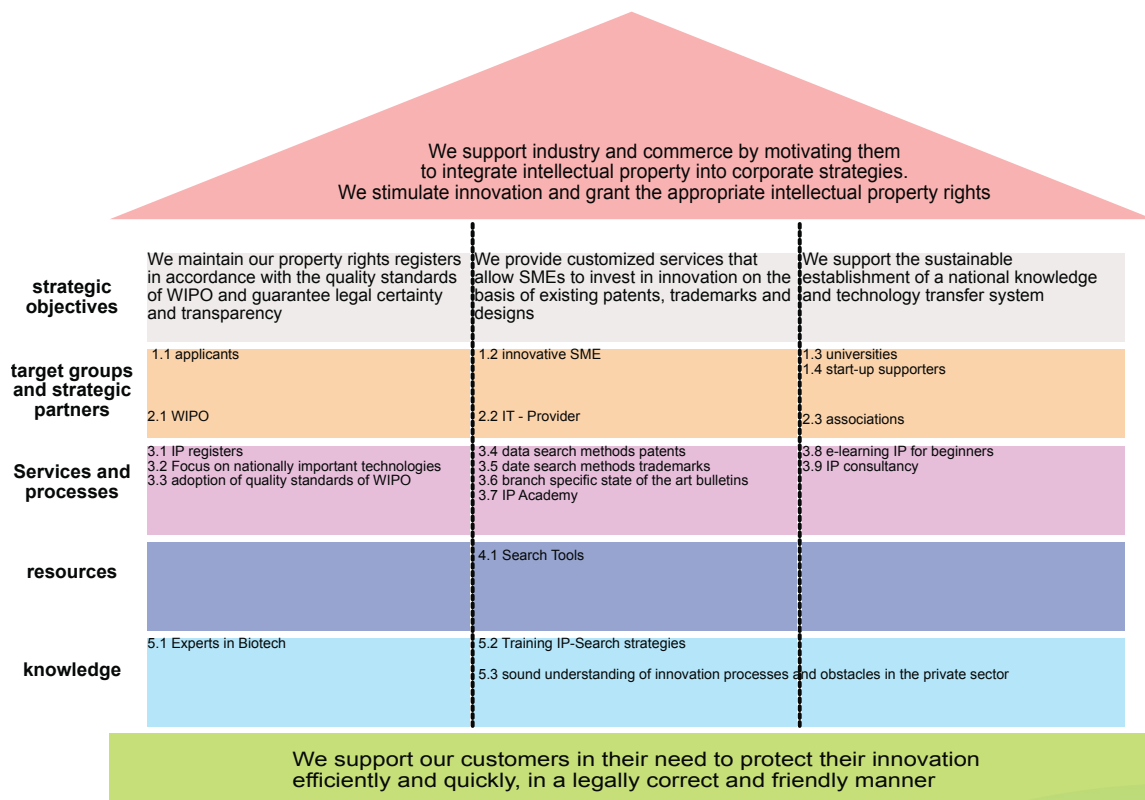


2. Then, the strategic objectives should be derived from the defined political mandate. They should be relevant for all units of the organization. The objectives must be clearly distinguishable from each other by their impact. In the example chosen here, the Intellectual Property Office assigns itself a target for the sovereign tasks which it is entitled and obliged to perform as the only authority in the country; a second target for its innovation-promoting services for SMEs; and a third target for its task of helping to shape a national system of technology transfer.

This step is extremely important, not only in terms of methodology, but also in terms of content. It allows seemingly contradictory tasks, services, resources, cooperation partners and even different basic attitudes to be united under one organizational roof.

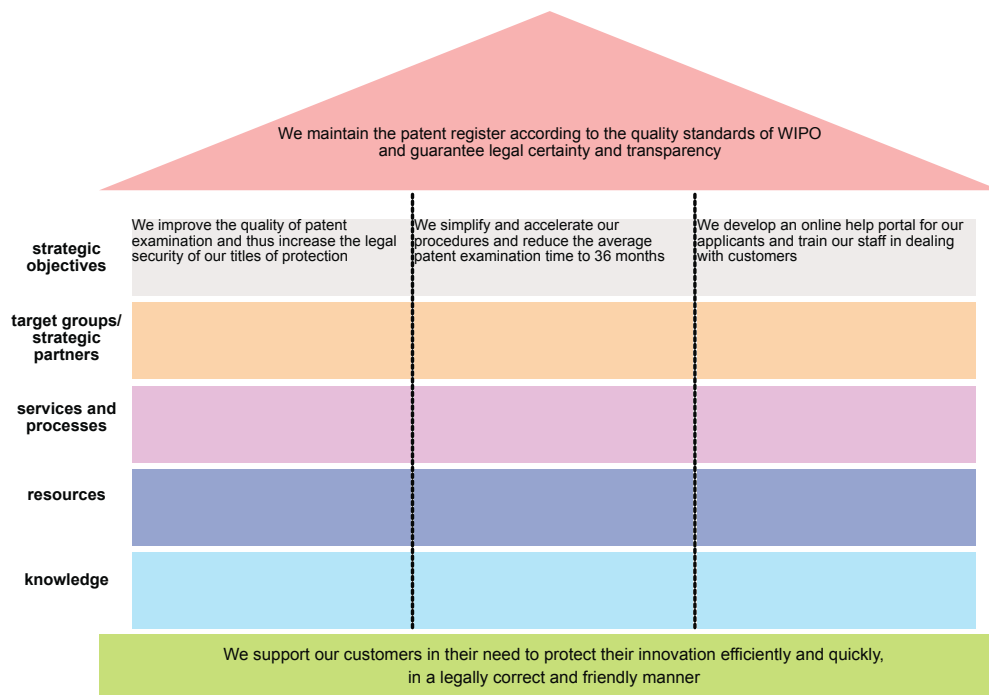
3. In the following step, all strategic goals are now questioned. Who are we there for? Are there cooperation partners with whom we work because they have the same target groups and a similar political mandate? What do we offer, what are our products or services? Do they fit the needs of our target groups? Do they differ sufficiently from what our cooperation partners do? What resources do we need in terms of infrastructure, personnel, time and money to fulfil our goal and mission well? And finally, how do we need to train or recruit our staff, so that we can provide the right human capital?

Each strategic objective must be dealt with separately. It is possible that certain answers to the questions asked may be the same for several objectives. This can be taken into account in the presentation. (e.g. 5.3 in the chart below).

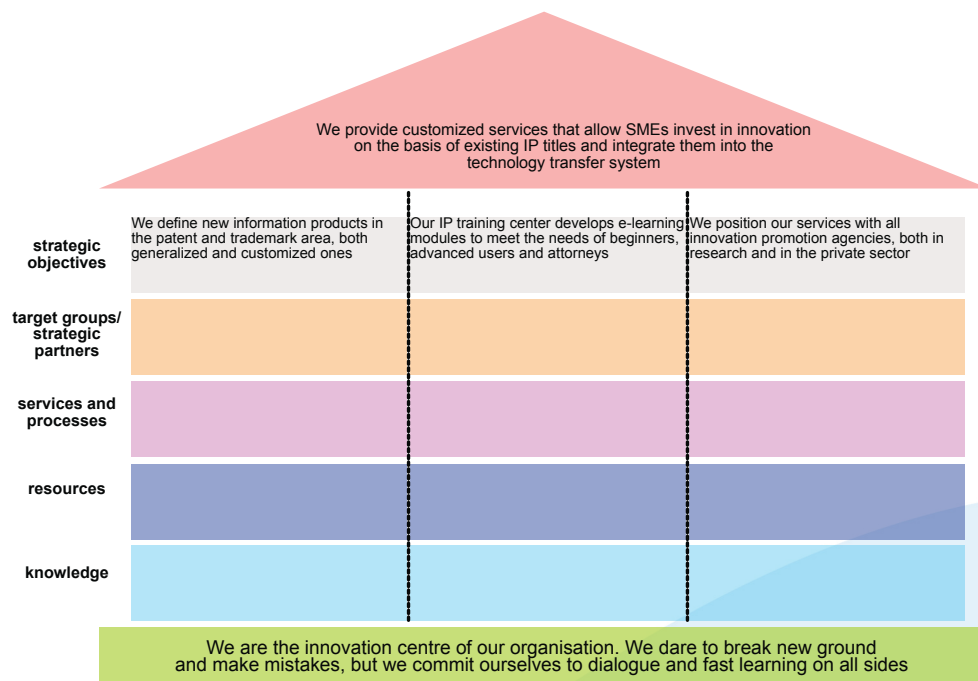


BSC house of the highest hierarchical level

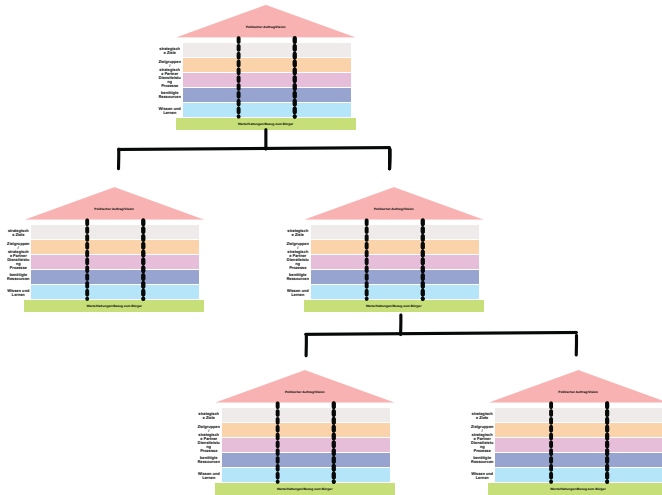
4. In the following, BSC houses are created for the hierarchically next lower units, in our example for the Patents Division and the Database Services Division. Ideally, one of the previous strategic objectives is now taken over as a (political or strategic) mandate in the roof of the new houses. Again, this mandate is translated into strategic objectives for the respective organizational unit (repeat steps 2 and 3).



BSC houses of the second highest hierarchical level, Patent division above and DB Service Division below



5. If necessary, BSC houses can be created again at the next lower hierarchy level, so that the landscape of the houses adapts to the organizational scheme:



6. Last not least: behind every BSC are indicators and figures. Therefore, all strategic statements in my presentations are numbered in order to structure stored Excel tables. It takes some effort to adapt the existing systems for performance and budget control to a BSC house, but it can be worth it.

The proposed methodology allows to

- translate political impulses quickly into organizational strategies,
- strategically link different institutions,
- legitimize different goals, target groups, services or even values under one roof,
- measure and control the means uses.

It is particularly suitable in systems which

- offer good methodological skills,
- from a cultural point of view, allow a symbiosis of top down and bottom up approach,
- have tools for managing public resources.

I particularly recommend working with this method when aspects of the role of the state are going to change. It quickly becomes apparent whether the new impulses can be implemented. The method allows pilot projects to be run and evaluated for a limited period of time alongside the usual duties, and finally, structural adjustments are facilitated when units have to be merged or new ones established.

Try it and share your experiences with me!

Andreas Kurt
CEO Tarana GmbH
www.tarana.ch*

* I do of course use existing knowledge. Knowledge must belong to everyone and shall make its way through worlds and times without any barriers. I therefore abstain from references and waive the ©.