BALANCED SCORECARD COLLABORATIVE

MONTEFIORE

Montefiore

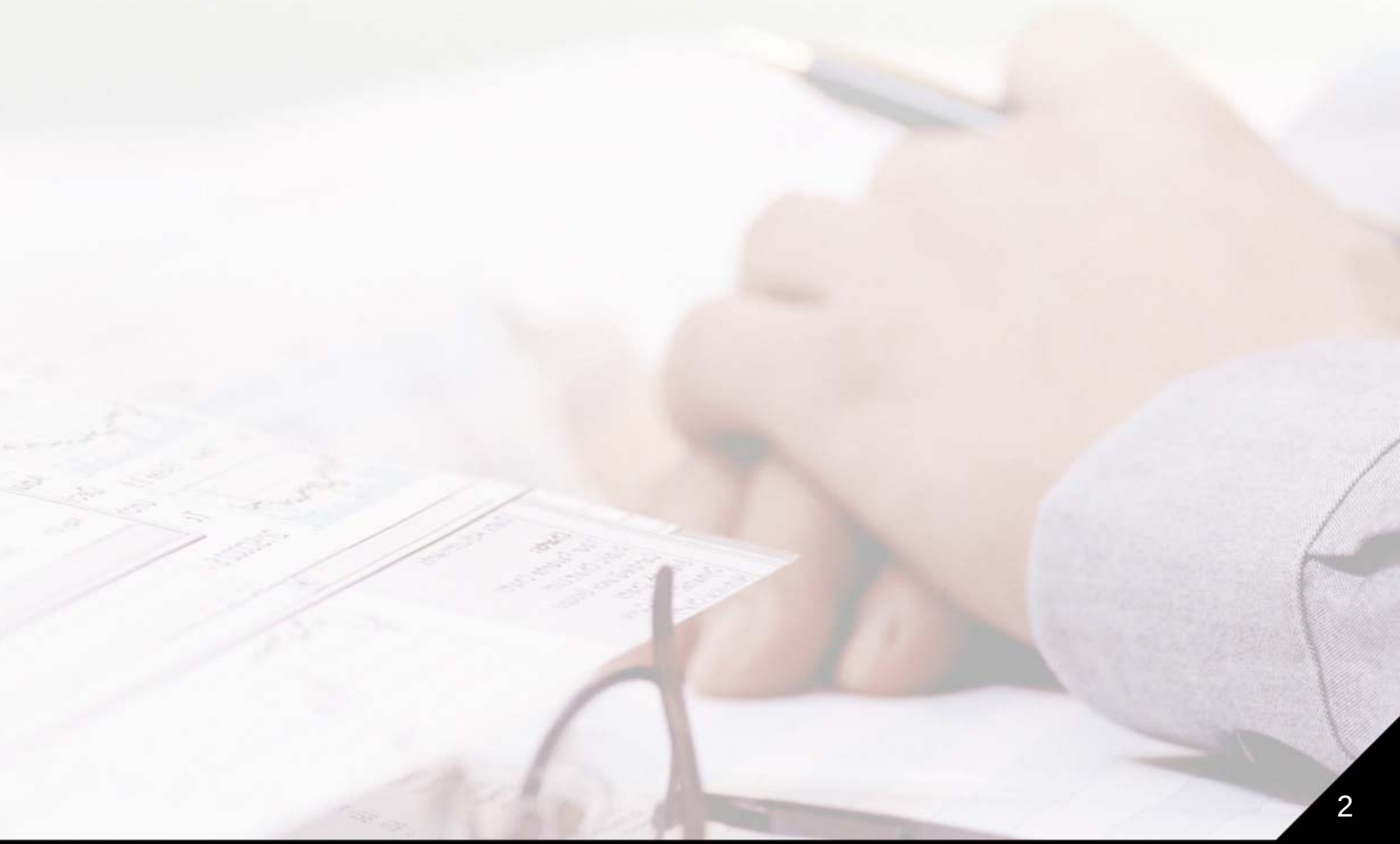
Montefiore Medical Center Case Abstract

Encompassing two tertiary care hospitals, 31 community-based primary care centers, a homecare agency, and a physician/medical center joint venture, Bronx, New York-based Montefiore Medical Center (MMC) is located in one of the country's most economically challenged urban environments. The Center's mission is to provide patient care and services that meet the needs of its diverse community—which includes 400,000 children. Montefiore also aims to provide educational experiences for physicians, nurses, social workers, respiratory therapists, and high school students. Community service and research are two additional components of Montefiore's mission. Using the Balanced Scorecard, Montefiore was able to go beyond cost reduction to provide high quality, cost effective patient care. The scorecard helped Montefiore grow volume and market share, rebalance its academic and clinical staff, upgrade its facilities—including its information and technology systems—and set targets and achieve them. A part of the Bronx community since 1884, Montefiore's specialized care now attracts patients from beyond its environs who come for treatment at its cancer and cardiology units and to take advantage of its health services for women and children.

This BSCol Hall of Fame organization exemplifies two important SFO principles:

Translate the Strategy to Operational Terms

Align the Organization to the Strategy



Montefiore's Challenge

When Elaine Brennan, RN, senior vice president of operations at Montefiore Medical Center, took charge of the institution's Acute Care Division in 1996, the organization needed some intensive care. With 1,060 beds, an operating budget of $850 million and more than 50,000 annual discharges, Montefiore had more Medicare patients than any other hospital in the U.S. To make matters worse, most of its non-Medicare patients belonged to highly price-sensitive HMOs. Facing increased competition from smaller hospitals in the Bronx and nearby Westchester County, Brennan also had a $57 million budget shortfall to overcome. Clearly, extraordinary measures were needed if Montefiore was to regain its fiscal health. Brennan was determined to grow Montefiore and make it more customer-focused as it continued to fulfill its mission of providing patient care, education, community service, and research. She turned to the Balanced Scorecard in 1998 to turn the division around.

Montefiore's Strategy: Getting a "GRIP"

Brennan's first steps were to cut $15 million in expenses and consolidate the administrative staffs of Montefiore's two tertiary care hospitals. Her strategic management team then formulated two high-level strategies:

- "Be all things to some people," meant providing a full spectrum of healthcare services to specific populations
- "Be some things to all people" was the impetus for creating specialty centers that would allow MMC to attract patients from outside the Bronx.

These two strategic themes produced four strategic imperatives nicknamed "GRIP":

- **G**row volume and market share
- **R**ebalance academic and clinical staff
- **I**nfrastructure: upgrade facilities, information systems, and technology
- **P**erformance: set targets and achieve them

With this new strategy, Montefiore hoped to balance population-based healthcare services with centers of excellence specializing in cancer, cardiovascular disease, HIV, and women's and children's health issues. To that end, five decentralized clinical centers were created. In addition, support was no longer provided by separate functional organizations for nursing, operations, and clinical care. Rather, each clinical care center had its own medical and managerial personnel. If a clinical care center required additional services, it could purchase them from clinical, facility, and business support centers.

Montefiore's Strategy

Using the BSC, Montefiore developed a mandate for its care centers. A care center

- is a table of organization designed around the needs of a patient population
- is by definition multi-disciplinary
- has organizational control over the majority of services delivered to its customers
- "buys" the services it doesn't "make" from other care centers or from internal "regulated monopolies"
- is responsible for its outcomes along a variety of dimensions (e.g., revenue, cost, quality, service, work environment)
- is run by an executive-level manager and a physician

Strategy	Needs	Implementation
Growth	- Manage care - High growth in select services	- Integrate delivery system - IPA/CMO
Rebalance Academics	- Productivity standards - Incentive-based compensation - Resource allocation	- Aligning clinical and operational goals - Delivering academic and research expectations - Balancing accountability and control
Infrastructure Enhancement	- Facilities - Integrated medical records	- State-of-the-art information systems
Performance Improvement	- Clinical quality - Customer satisfaction - Cost management - Human capital	- Standardized practices/products - Ongoing, affordable clinical, academic, and research excellence

Translate the Strategy to Operational Terms

Brennan soon realized that she needed a management framework that would help her gauge the success of her new program. A course at Harvard Business School introduced her to the Balanced Scorecard. Its application to healthcare was immediately apparent. “What initially attracted me to the scorecard was that you measured things that showed you had momentum and were thinking ahead. Traditionally in healthcare most administrative types rely on the ‘look-backs’ or financial results,” she recalls. “We spend quite a bit of time talking about the Mobil case. I was struck by the similarities of Mobil’s strategy around its dealerships and our relationships with our independent practitioners. Like Mobil, we needed a way to align people whom we really couldn’t direct with our strategy.”

Back in the Bronx, Brennan and her team began building a scorecard for the Acute Care Division, using a nation-state-city metaphor. The Acute Care Division was the “nation;” the five care centers and three support centers were the “state;” and individual services, product lines, or departments within each center were the “cities.”

Nation

- Two hospitals
- Home health
- Clinical and support care centers
- Skilled nursing facility
- Rehabilitation services

States

- Care centers
  - Surgical services
  - Medical services
  - Women and children services
  - Heart services
  - Emergency services
- Service centers
  - Facilities
  - Business services

Cities

- Admitting
- Security
- Pathology services
- Education and training
- Inpatient nursing units

Align the Organization

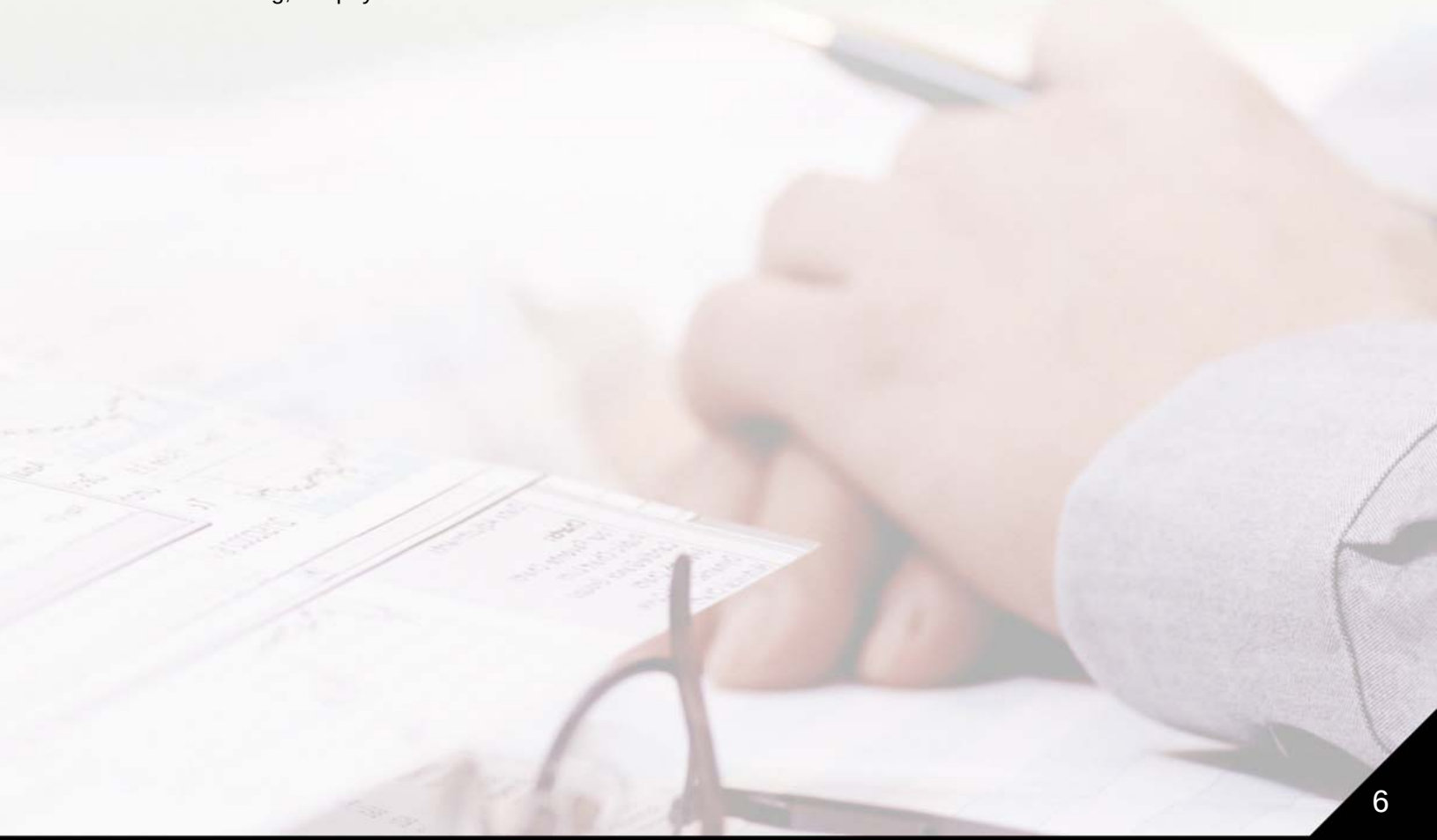
Gaining Buy-In from Physicians

If Brennan was to be successful in implementing the Balanced Scorecard, she needed first to change physicians' mind-sets to help them embrace the Balanced Scorecard. Her initial tactic was to bring the Balanced Scorecard up at every opportunity. So when staff members would come into her office with a request, she would use that time "to talk about what they wanted in terms of investment, what was already in place, and about putting measures around how we could achieve those things," she says.

She also put the scorecard framework into a language that doctors could not only understand but relate to. For instance, she would show how increasing the number of cases in a clinical care center would not only boost revenue, but would also expand the pool for clinical trials—an issue of great importance to physicians at academic institutions who wish to pursue their own research. In this way, Brennan would sell the scorecard framework around every new program.

When new physicians came on board, Brennan would discuss the Balanced Scorecard as though it had been in place for years. "Our adoption process is 'opportunistic,'" she notes. She also didn't spend a lot of time trying to convert the more reluctant staff members. "I wanted to move ahead and have some successes," says Brennan. "Success breeds success, and that's what is beginning to happen."

For example, one physician who had not yet bought into the Balanced Scorecard framework complained to Brennan that he wasn't being recognized for what he viewed as a good performance. "I asked him if he had any data sets demonstrating his improvement and if he could benchmark himself." When he couldn't answer those questions, Brennan recommended the Balanced Scorecard as a framework that she had been using. Shortly after that meeting, the physician showed Brennan a draft of his first scorecard.



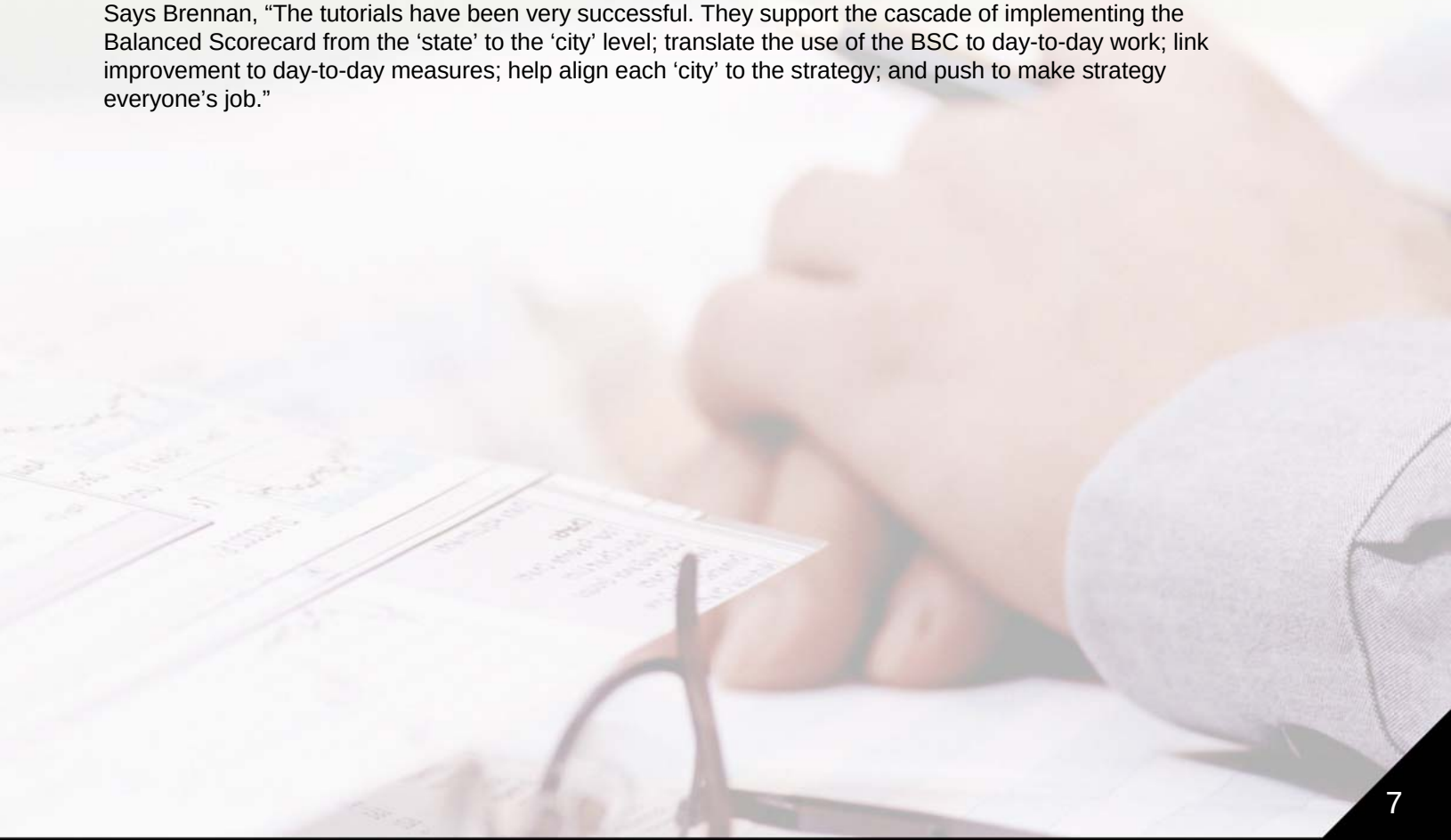
Cascading the Strategy

In order to cascade the scorecard down through the organization, Brennan asked each department, unit, or service to:

- Define the day-to-day measures that monitor performance in reaching strategic goals
- Select measures that reflect a balanced approach
- Communicate to educate associates to embrace performance measures as a part of everyday work
- Build a response plan for measures
- Establish and implement reward systems when targets are achieved
- Make measurement of goals a way to build alignment within the team

Brennan facilitated the alignment process running tutorials for management and leadership staff that helped build accountability through increased knowledge. The tutorials consisted of three 2-hour evening sessions with homework. She then scheduled individual 30 minute meetings with participants before each session. In these sessions she would review MMC's strategic plan and results and discuss the BSC as a performance management tool. In an exercise in which they developed a value map for their department, participants would define how they supported MMC and the areas that they controlled within each scorecard perspective; they would then develop measures for each perspective to determine whether they were meeting their goals.

Says Brennan, "The tutorials have been very successful. They support the cascade of implementing the Balanced Scorecard from the 'state' to the 'city' level; translate the use of the BSC to day-to-day work; link improvement to day-to-day measures; help align each 'city' to the strategy; and push to make strategy everyone's job."



An Oncology Care Center Value Map

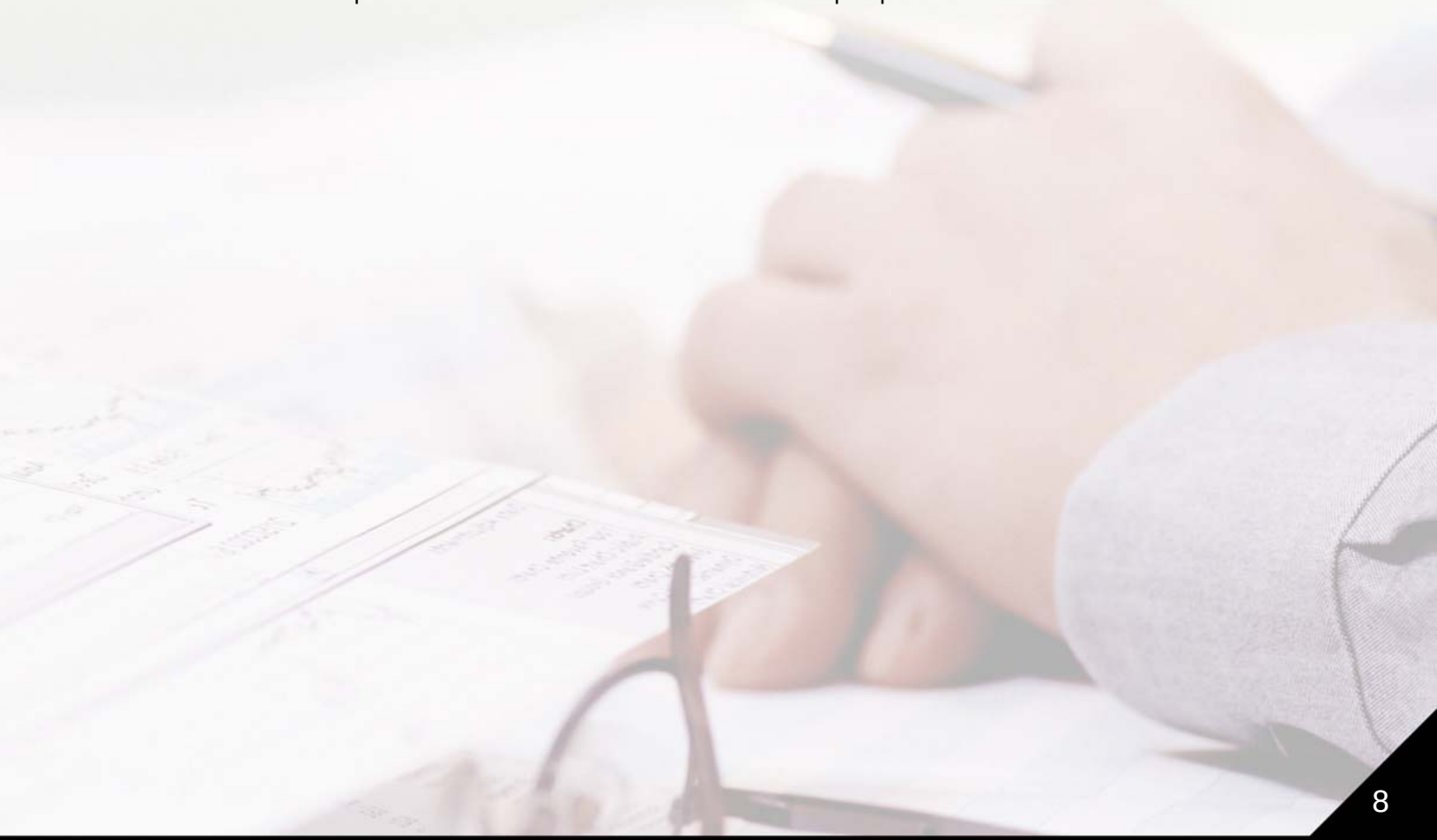
An Oncology Department value map that resulted from the tutorial sessions first shows how this department supports the MCC as a whole. For example, its community education program and new bone marrow transplant service are just two of the ways that it supports the MCC's Innovation and Growth strategy. The oncology value map also lists goals and ways to measure them under each perspective. For example, the financial goal of "Aggressively manage to budget" is measured by weekly budget reports, sick time usage, and cost per unit of service among other measures.

Oncology's customer perspective measures patient satisfaction scores; a pain management audit; the department's ability to handle complaints immediately—and both complaints and compliments are reviewed with staff; its community and in-patient education programs; and quality of care.

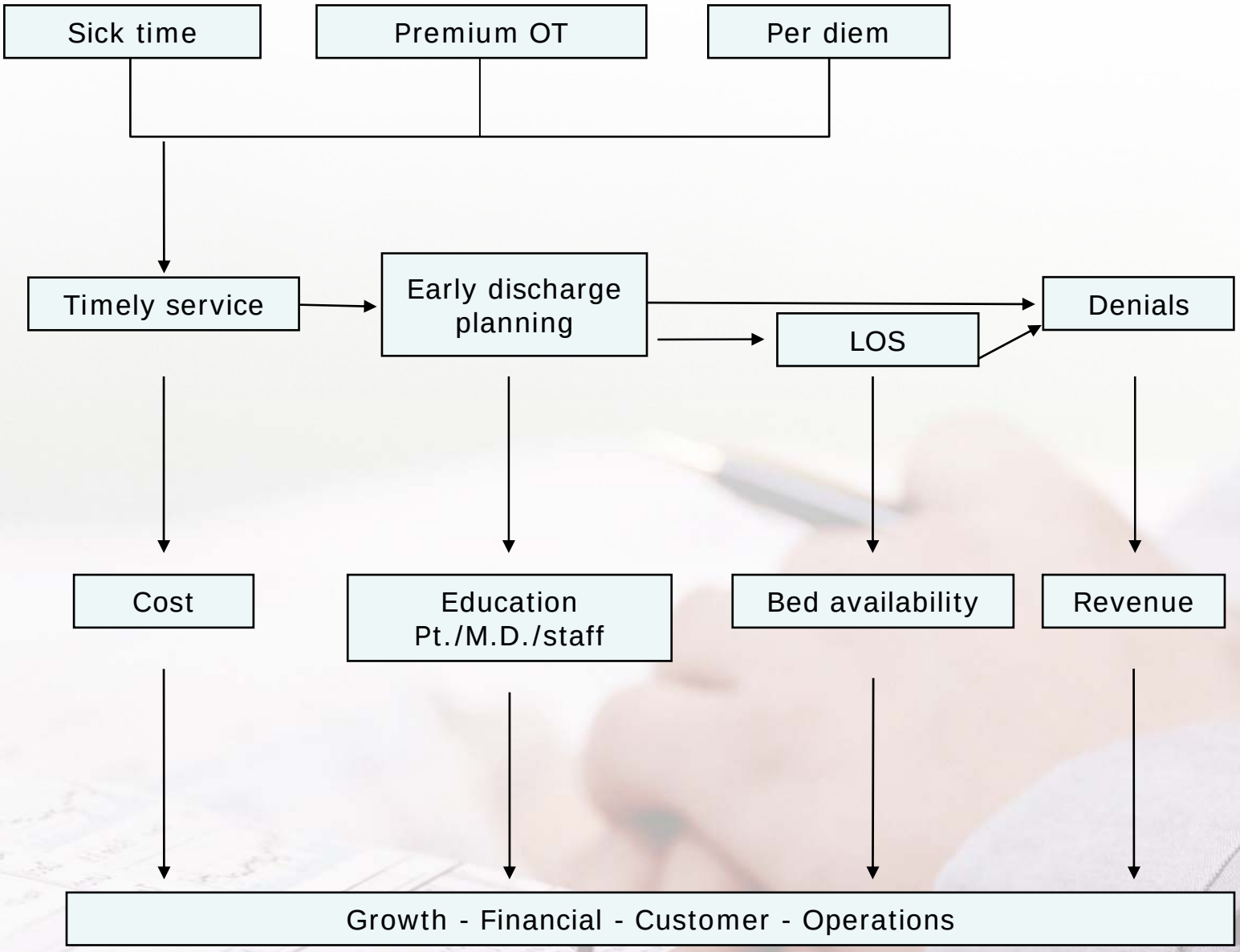
The Oncology value map lists patients, physicians, and the medical care center as its primary customers and then digs into the details of what each of those customers expect from the Oncology Department. So the map shows that physicians' concerns include the availability of beds and quality nursing care, while patients expect timely tests and results, compassion, and education about pain management. Among the MCC's expectations is the department's patient satisfaction score, and that the cost per unit of care stays within budget.

Brennan also has department heads document factors that directly affect their ability to meet such expectations and list the factors that are within their control as well as those that are not. For example, the Oncology value map states that while the department can control prompt service by caretakers, it cannot control pharmacy delays.

Other items detailed on value maps created during the tutorials include cause and effect of revenue, cost, quality and service and a list of performance measures within each scorecard perspective.



Oncology Value Map

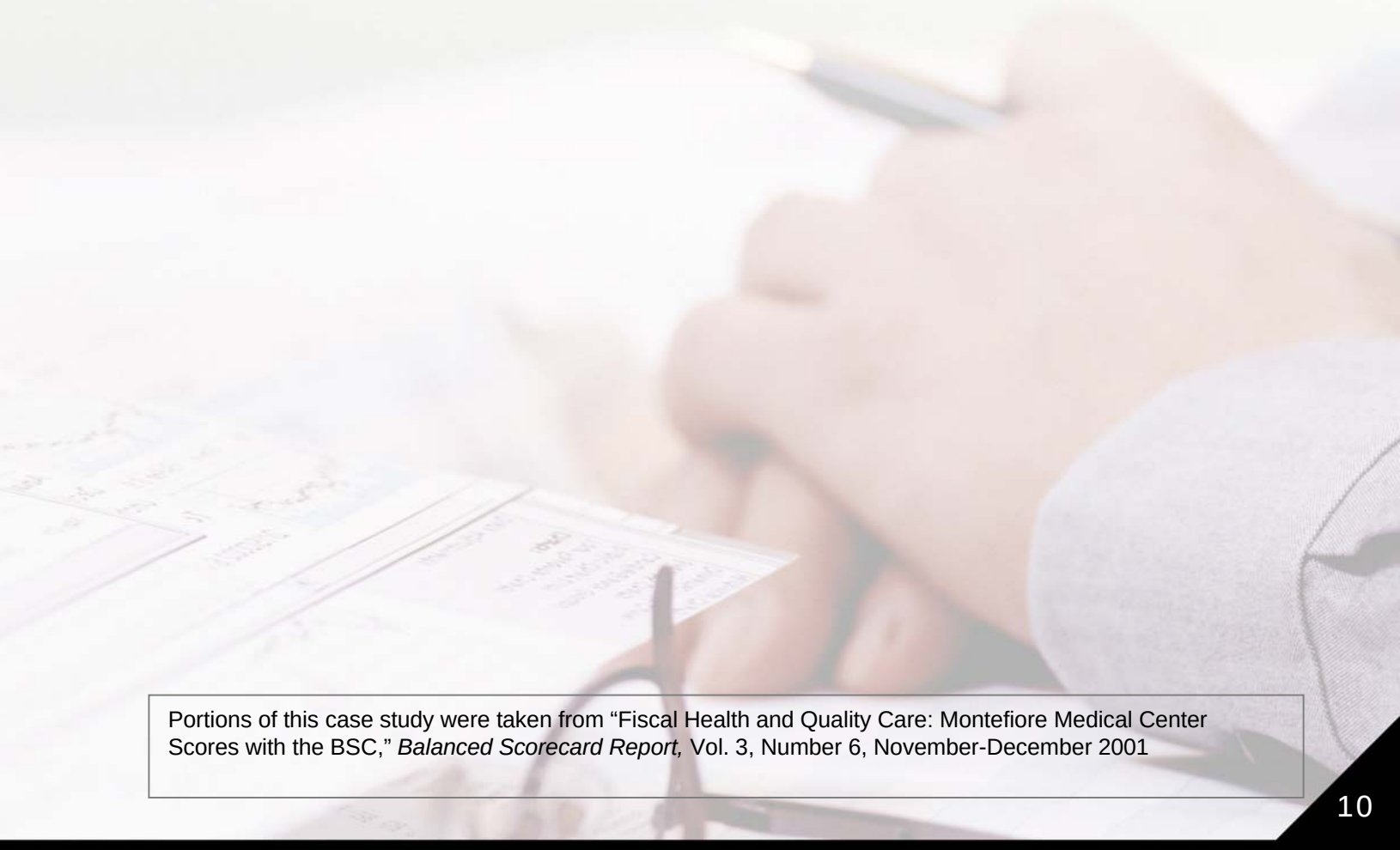


Results Achieved

In 1998, within the first year of implementing the Balanced Scorecard, Montefiore's Acute Care Division exceeded its financial targets; it overshot its goal to increase admissions (revenue source) by 6%, increasing them by 8%. For 2001, Montefiore was on target or exceeding goals to grow admissions by 3.4% and ambulatory care by 5%.

After three and a half years, the scorecard has become firmly embedded in Montefiore's culture, taking hold beyond the Acute Care Division. For example, in the fall of 2001, the entire Center's goals and objectives and those of its physician partners were translated into the Balanced Scorecard framework for Montefiore's governing body, the Medical Quality Council.

Brennan is convinced that the Balanced Scorecard is an effective framework for managing a complex healthcare organization like Montefiore. "The scorecard gives people a model that focuses them on systems and processes and who their customers are. It's a very logical approach that creates momentum and inspires innovation and learning. It also provides balanced information that focuses our decision makers on all the important things that lead to financial outcomes."



Portions of this case study were taken from "Fiscal Health and Quality Care: Montefiore Medical Center Scores with the BSC," *Balanced Scorecard Report,* Vol. 3, Number 6, November-December 2001

RESULTS: Substantial Clinical Growth

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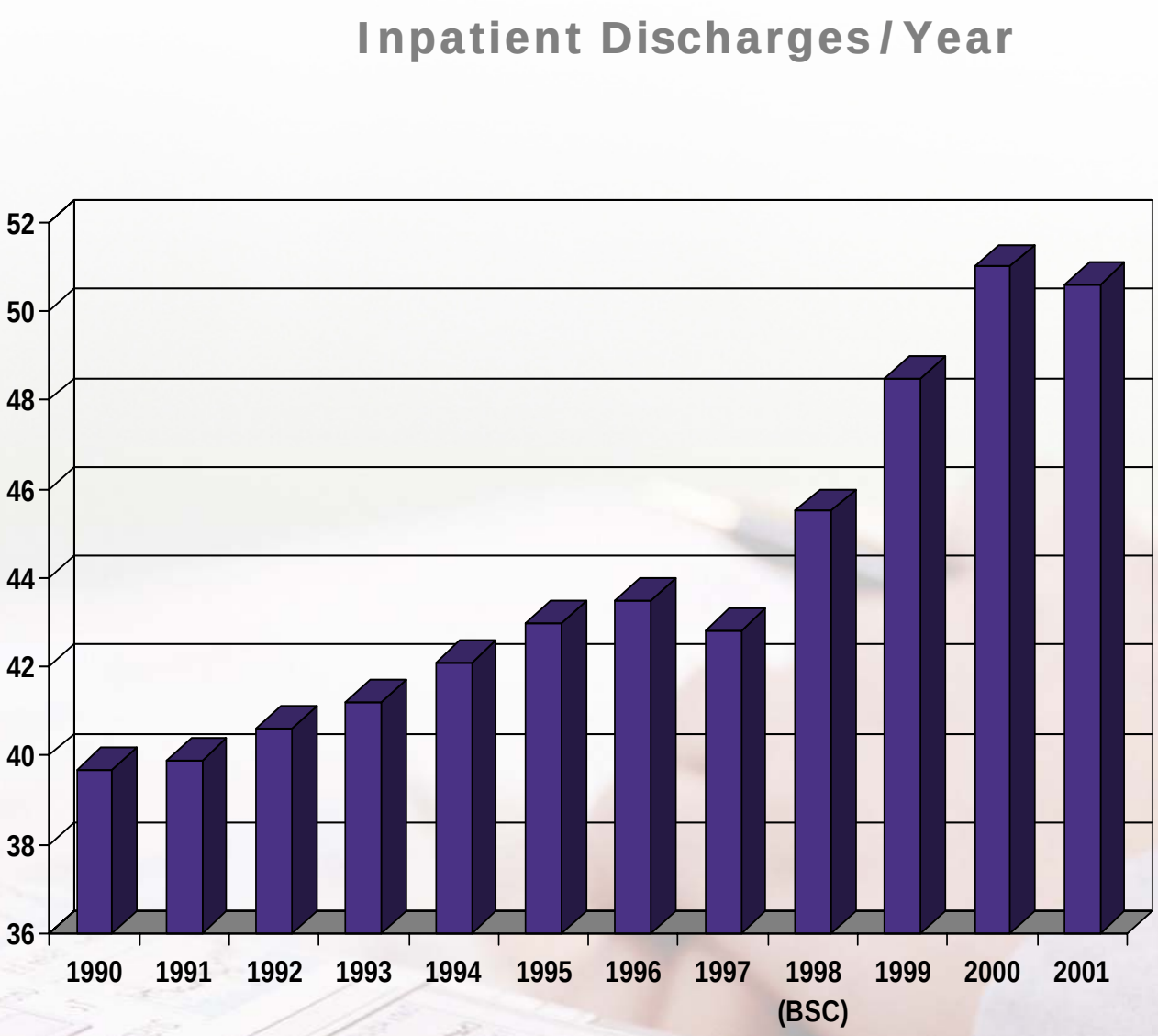
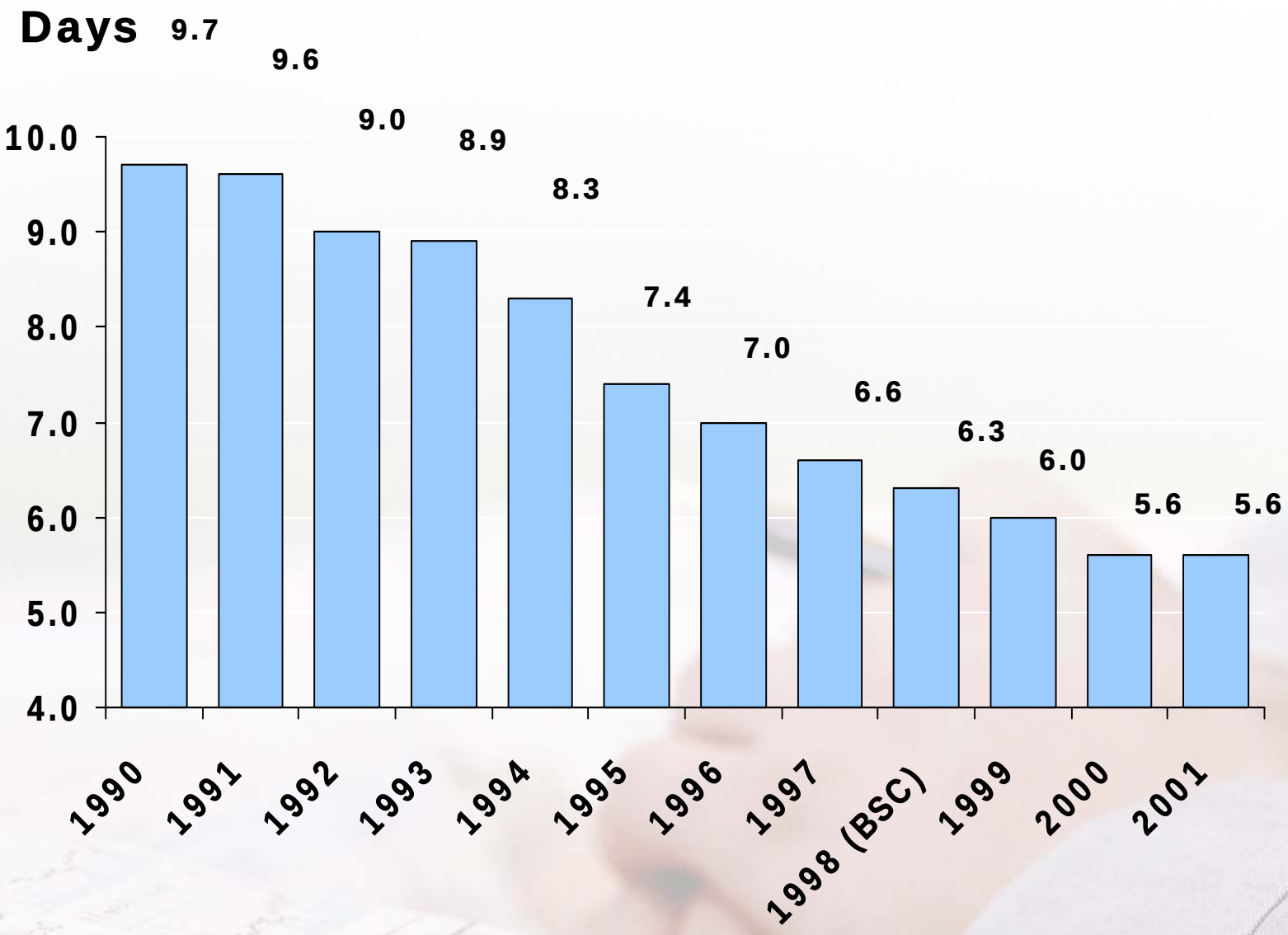


Average Length Of Stay 1990 - 2001



Excludes Newborns

BSCol Hall of Fame

Balanced Scorecard Collaborative Hall of Fame winners have achieved breakthrough performance largely as a result of applying one or more of the five principles of a Strategy-Focused Organization: Mobilize Change Through Executive Leadership; Translate the Strategy to Operational Terms; Align the Organization to the Strategy; Make Strategy Everyone's Job; and Make Strategy a Continual Process.

Other selection criteria include: implement the Balanced Scorecard as defined by the Kaplan and Norton methodology; present the case at a public conference; achieve media recognition for the scorecard implementation; produce significant financial or market share gains; and demonstrate measurable achievement of customer objectives. Hall of Fame honorees are nominated by the Collaborative's in-house experts and are personally selected by Balanced Scorecard creators Dr. Robert Kaplan and Dr. David Norton.

Balanced Scorecard Collaborative, Inc.

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