

Buss499 cs3 case study sample

[Business](#), [Company](#)



\n[[Table of Contents](#)]\n

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1. [Introduction](#) \n \t
2. [Analysis of Duke Children's Hospital](#) \n \t
3. [Conclusion](#) \n \t
4. [References](#) \n

\n[/toc]\n \n

Introduction

Companies today face the challenge of measuring their performance appraisal since managers want to make sure that they are following the strategic objectives that have been set for the company in a particular time period (Stimpson, 2002). One of the tools that have become increasingly popular to measure performance is a balance scorecard. It is a management system and a strategic planning tool which helps different companies like hospitals, hotels, nonprofit organizations to match their business activities with their vision and strategies, assists in monitoring the company's performance against its goals and helps to evaluate the internal and external communications of the company (Pearce and Robinson, 2009). Furthermore, the balance scorecard stresses that there are four perspectives that an organization has to take care of which are: financial perspective, customer perspective, learning and growth perspective and internal processes perspective (Divandri and Yousefi, 2011). Duke Children's Hospital was suffering from a number of problems before implementing a balance scorecard management system in their organization. This report analyses

how the company has applied this particular tool and to what extent its performance has changed after the introduction of balance scorecard.

Analysis of Duke Children's Hospital

Hospitals whose core aim is to serve people have the utmost responsibility to make sure that the services that they offer are of a high quality so that its patients experience the best possible treatment methods and are satisfied. Quality in services is formed during various stages such as production, consumption and the delivery processes and it forms the basis with which any company is able to satisfy the needs of its customers successfully (Yoo and Park, 2007). Duke Children's Hospital, however was going through a bad time not only financially but also with regard to its employee motivation and customer retention in the year 1996. The company's expenses were rising which affected its profitability and the overall atmosphere within the hospital since employee productivity fell from 8th to 70th percentile. This affected the company's service since its staff motivation was low as well as its customer's satisfaction levels which in turn influenced the brand image of the company.

The corrective measure that Duke Children's hospital's management took was to implement a balance scorecard management system within their company. The major problem that the company was facing was that its strategic objectives and its quality outcomes were not aligned together as the Duke hospital system comprised of three separate hospitals. This misalignment resulted in chaos amongst the hospital system which led towards financial losses and staff de-motivation.

The company implemented balance scorecard based on its four

perspectives. Firstly, it recognized that its finances were all time low and therefore need to be addressed. Tools like cash flows, sales and income were taken into regard by the hospital to understand the areas where the company is failing. The business process perspective helped the company to establish the linkages between its hospitals and strategic goals. Duke Children's Hospital analyzed three areas through which they can form strong business processes: encourage the key stakeholders to develop the measurement strategies and define the objective, identify the key performance indicators and to align the company's operations to its budget. By identifying the key performance indicators, the hospital was aiming to define those factors that can help facilitate the linkage within the company (Kaplan and Norton, 2004). The hospital also formed a regulatory area through which it was able to provide compliance since health care is highly regulated and the company needed performance improvement to ensure that it is providing the best compliance to its customers.

A balance scorecard has the ability to provide daily instructions to the and also provides the management with tools to identify what should be done and what should be measured. Duke Children Hospital also used the balance scorecard for this purpose. the company implemented the tool in its processes firstly and then measured its performance to check whether it is going on the right track. The operational performance was measured by comparing the results to the targets that were identified earlier and tools like target staffing levels, actual staffing levels, cost per patient and others were calculated to recognize any improvement that is needed. To measure performance with relation to its patients, the hospital calculated costs,

revenues, trends of volumes keeping discharges as the underlying tool. Staff demotivation factors were also recognized and the hospital took initiative to correct different factors that were causing staff discontentment.

Duke Children's Hospital's performance improved in all areas after implementation of the balance scorecard. The company's cost per case reduced to \$ 10, 500 in 2000 from \$ 14, 889 in 1996 and its net margin improved to \$ 4 million in the year 2000. Furthermore, the hospital was also able to improve its customer satisfaction levels since a change from 4. 3 to 4. 7 was recorded on 5. 0 scales. Another performance measurement which shows the successful implementation of balance scorecard within Duke Children's hospital is the fact that its nurse productivity increased from 71 percent to full 100 percent and its staff satisfaction increased from 1. 5 to 4. 0 on a scale of 5. 0 from fiscal year 1996 to 2000.

Conclusion

Implementing the correct strategies can help companies to improve their performances over a period of time; something which is evident through the case study of Duke Children's Hospital. The hospital was not only able to align its strategic objectives with its business processes but was also able to improve its productivity and finances drastically from the year 1996 to 2000. This shows that a balance scorecard has benefits attached to it if used properly.

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