

THE CASE OF GIVSA: APPLICATION OF THE BALANCED SCORECARD TO A LOCAL PUBLICLY OWNED COMPANY

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Abstract

The Balanced Scorecard has been shown to be a valuable tool for management control in organizations, particularly in the current context where continuous improvement of results and levels of quality is demanded in both the private and public spheres.

The point of departure is the idea that companies, citizens and society in general require from the Public Administration ever-increasing quality in the provision of public services; this makes it essential to introduce management systems that incorporate principles of continuous improvement and excellence. This case shows the methodology followed by a small publicly owned company in the design and development of a Balanced Scorecard.

KEY WORDS: Strategic management, balanced scorecard, public administration

INTRODUCTION

The business and the public sectors are embedded in an environment of increasing complexity and subject to constant pressure to achieve continuous improvements in efficacy, efficiency and economy. This framework requires innovations in all aspects of public administration [Tonge & Callaghan, 1997]. Notable among these aspects is that of management control. For a few years now, a specific tool for the management control of organizations, the Balanced Scorecard (BSC), has been coming into wider use. The first formulations of this system appeared at the beginning of the 1990's [Kaplan & Norton, 1992] and more recently the complete model with diverse applications to private and public organizations of many different sectors of the economy has been presented [Kaplan & Norton, 1997].

The Balanced Scorecard constitutes a really innovative approach that can strengthen the management control system of any type of organization, private and public. This case deals with the experience of "Gestora de Infraestructuras de Valverde, S.A." (GIVSA) in the design of the Balanced Scorecard in a small publicly owned company.

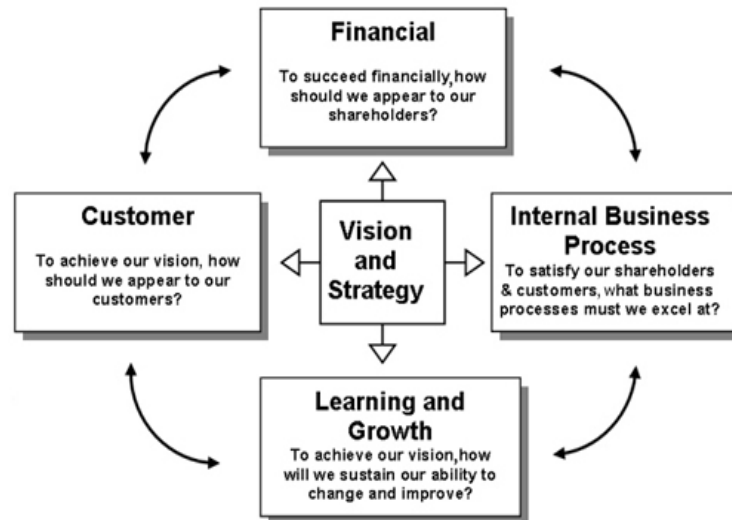
THE BALANCED SCORECARD

The Balanced Scorecard represents a first approach to the design of management indicators not available from the accounts of companies. Its objective is to develop a consistent system of elements that link the operative actions with the strategy and with the mission-vision of the organization, thus facilitating the processes of management. This involves determining the intangible elements that affect the results, and the ways by which these are linked to the financial indicators and to the strategy. Thus, the financial indicators (that report on what has happened in the past) are integrated with non-financial indicators (that make the future possible) and are interrelated in a system that allows managers to understand the

interdependencies among the various different elements, and their degree of consistence with the strategy and vision of the company.

In general, the analysis of the organization and the formulation of its strategy are undertaken from four perspectives, from which one can define the objectives to be pursued and the indicators by which both the results and the process are measured: financial, customers, internal processes, and learning-growth. These perspectives constitute the essence of the model, which is presented graphically in the following figure.

FIGURE 1



Source: Kaplan & Norton, 1992

In relation to the first of the perspectives, in the Balanced Scorecard the financial results are considered to be the final objectives of the business activity; the indicators most commonly employed are the return on own funds, the cash flow, the analysis of the profitability of customers and products, and the indicators of risk management, among others. In respect of the means for achieving those financial results, the strategies, in general, tend to produce an increase of income, an increase of productivity or the improvement of investment policies and of asset utilization.

The objective of the perspective of customers is to increase the competitive capacity of the organization, by means of market segmentation and the personalization of its goods and services, tailoring them to identified customer needs. The object is to improve market share, customer loyalty and customer satisfaction. The means utilized for this are the definition of target market segments and the analysis of the value and quality of the products for each market segment. Therefore, the company must act on the combined set of values of the product/service offered to the customers, such as the indicators for analyzing the image and reputation of the organization, the quality of the relationship with the customers, and the attributes of the products.

The objective of the internal perspective is to analyze the suitability of the business processes of the organization as means for obtaining customer satisfaction and for achieving, through this, high levels of financial performance. The indicators under this perspective concern the effectiveness and efficiency of the internal processes, measured in terms of cost, quality and time. The analysis of the internal processes must be made from a perspective of the business itself (not by analysis of the departments) and from a predetermined concept of the key processes by means of the value chain. This means identifying three types of processes:

- Processes of innovation, among which the indicators of percentage of new products, percentage of patented products, and comparison with main competitors in respect of the introduction of new products, should be emphasized.

- Processes of operations, which are those that are most developed, by means of quality analysis and re-engineering. The indicators are those relating to costs, to quality, to times or to the flexibility of the processes.
- Processes of after-sales service, where the most relevant indicators are the costs of repairs, response time and ratio offered.

Finally, with respect to the perspective of learning and growth, in the Balanced Scorecard this is conceived as the set of competences that facilitate the rest of the perspectives through the satisfaction of employees. These indicators constitute the set of assets that equip the organization with the ability to improve and learn, and for this reason they are clearly linked with the discipline of knowledge management. This perspective is the least developed of the four, as company practice is not very advanced in such matters. However, the contribution of the model is extremely valuable, since it presents a clearly indicated path and structure for this perspective, classifying the assets related to learning and growth in three blocks:

- Capacities and competences of persons. Includes the indicators of employee satisfaction, productivity, training...
- Information systems. Refers to the systems that provide useful information, with indicators relating, for example, to the strategic data bases, the company's own *software*, rights of industrial and intellectual property,
- Culture, climate, motivation towards learning and action. Included in this point are the indicators relating to individual and team initiative, the capacity for teamwork, alignment with and commitment to the vision of the company,

The four perspectives described do not operate in isolation, but rather they respond to the common purpose of developing processes for the generation of value. Their aggregation takes place through the development of individual capacities and their integration in the processes of the organization, orientated to satisfying the expectation of the customers and, through this, to generating increased returns from the business.

For each perspective, the company not only has to identify the key factors for success and the corresponding indicators, but also the cause-effect relationships between the various key factors that explain how to obtain better results. Therefore, it is not just a question identifying indicators in any way, but in such a way that all the indicators are inter-related with each other. In this way, the system not only provides managers with information on what is happening but also on why it is happening.

Among the principal benefits provided by the Balanced Scorecard, independently of the specificities of each organization, the following can be emphasised:

- The strategy of the organization is translated into a set of indicators that report on the achievement (or not) of the objectives and on the causal factors that give rise to the results obtained. It attempts to adopt a global perspective, since it balances the short-term objectives with the long-term objectives, the financial with the non-financial indicators, and the forecasts with the historical data. By means of these combinations, the system ensures that day-to-day management control acquires a strategic dimension [Smith, 1990].
- It is a very useful way of communicating the strategy to the entire organization. In other words, it helps to link the grand declarations of intentions to the daily work objectives of each and every member of the organization. Very often, even though the employees may be familiar with the mission of the organization, they do not know how to apply it to their daily work [Newing, 1994].
- The Balanced Scorecard also helps to align the objectives of each employee with those of the organization. This contribution can be linked to the implementation of a policy of incentives that is consistent with the organizational objectives and culture, and with the profile of the employees.
- By identifying the key success factors, the Balanced Scorecard can be of great help in promoting re-engineering and continuous improvement. In this context, by monitoring the relationships between the indicators that measure the key success factors, opportunities for improvement can be identified.
- Lastly, the Balanced Scorecard contributes to the continuous review of the strategy.

In summary, as can be appreciated from the above considerations, the Balanced Scorecard not only reports and informs but also contributes to the formulation of strategy, to communicating it, to aligning the

objectives of organization and employees, to motivating and training all the collaborators, and to improving and redesigning the strategy continuously.

GIVSA

“Gestora de Infraestructuras de Valverde, S.A.” (Henceforth GIVSA) is a municipal company whose purpose is to provide solutions to the needs of economic development by managing infrastructure projects (industrial and residential) in the municipal district of Valverde del Camino¹. GIVSA was constituted in January 2002, with registered offices in that municipality. In the course of fulfilling its economic activity as a municipal company charged with managing the infrastructures of its home municipality, GIVSA undertakes commercial operations, although it is a non-profit making entity.

Until now, under the program denominated the *Valverde Industrial and Technological Park (VPIT)*, GIVSA has been responsible for responding to the needs of industry in Valverde for more space. In addition, “Construimos tu Casa” (We build your home) is a residential building project that aims to meet the demand for adequate housing for young people.

GIVSA as a company is structured in three areas: financial, technical project management, and general management/administration. The directly employed workforce comprises four persons. At the head of the organization is a General Manager, with three supporting persons each responsible for one of these areas. Of the four persons, two are women and two men. The company also relies on a team of external collaborators and advisers in the legal-fiscal, energy-environmental, and technological-technical areas. Overall authority in GIVSA is exercised by the General Assembly which elects a Board of Directors comprised of five members. The General Manager reports to the Board of Directors.

JUSTIFICATION FOR THE APPLICATION OF THE BALANCED SCORECARD IN GIVSA

The principal reason for applying the Balanced Scorecard in GIVSA was to manage the process of transformation taking place in the company; the initial role proposed for the company, which was to promote and develop the Industrial and Technological Park, has been expanded to cover managing all the infrastructures of the municipality, whether urban, rural, industrial, residential, leisure, ...

So now it was necessary to take some measures to move the organization. There should be a check over the course of time to find out if the partial results being obtained augured well for the achievement of the general objectives set. That is, the evolution should be measured, because if something cannot be measured, it cannot be managed.

As GIVSA's management wants each member of the organization to contribute to the achievement of the strategy by generating from their environments the results required, tools or methodologies are needed that can focus the strategy from the perspective of each role; in other words, ways are needed to explain and measure the contribution to the strategy from each position and for each individual.

This is precisely the effect or result that the Balanced Scorecard provides, since it enables the identification, measurement and translation to the organization of a set of objectives and indicators of financial parameters, of customers and markets, of processes and of persons, individually and collectively considered.

This approach, as proposed, would also allow the short-term (budget) to be reconciled with the medium term (strategy), thus becoming in effect the vision in action. In short, this is a tool that helps an organization to transform itself into one based on strategy [Kaplan & Norton, 2000], since it makes it possible:

- To translate the strategy into operative terms.
- To align the organization with the strategy.
- To ensure that the strategy becomes the daily work of everyone in the organization.
- To make the strategy into a continuous process.
- To mobilize change through the leadership of the management.

Furthermore, being aware of the public character of the company, the management wanted the design of the Balanced Scorecard to take into account the particular differentiating characteristics of the public sector. According to the European Foundation for Quality Management (EFQM), these are [Muñoz, 1999]:

- They respond to strategies and policies that escape their direct control.

- They must satisfy numerous customers who do not necessarily accept their services voluntarily.
- They are subject to limitations in the choice of markets or groups of customers.
- They deal with the needs of the individual by establishing a balance between these needs and those of the community, the needs of the user of the service and those of persons who do not utilise it, the needs of those who benefit from it and those who do not.
- They provide their service within a political environment, balancing political needs and the requirements of the customer.

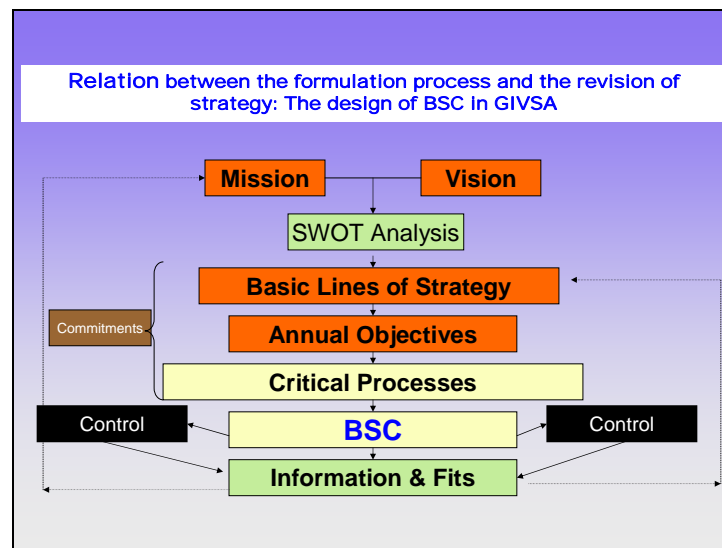
DEVELOPMENT OF THE BALANCED SCORECARD IN GIVSA

The General Manager of GIVSA detected the need to apply methods of quality management that would propitiate new values and involvement of the personnel with the objectives of the local council and those of the company. During a reflection before the start of the process, the General Manager of GIVSA perceived that:

- If he wanted the process to be successful and the personnel to be fully committed to the project, the leadership efforts by the General Manager needed to be intense: and he needed to lead by example. The key would be in making everyone understand and be participants in the vision and mission; the strategy would need to be implemented from the persons themselves. At the same time, the specific objectives needed to be aligned with the general, and the short and long term objectives needed to be balanced.
- Therefore, the Balanced Scorecard should be a tool of the Quality Management System implemented in the company.

These factors were taken into account in designing the theoretical model of Balanced Scorecard, which is reflected in the following figure:

FIGURE 2



The General Manager was also clear that the form of designing the Balanced Scorecard in GIVSA had to be on the assumption of the maximum participation².

Definition of the mission, the vision and the values

Defining the mission and the vision of the organization can have significant advantages [Coates, 1997], especially unanimity on its basic purpose, coherence in the utilization of resources, improvement of the organizational climate, vision in the long term, orientation to the needs of the users-customers, and motivation of the personnel.

Focus Groups were formed to carry out this phase³ with diverse agents of the organization (the Board of Directors and the personnel) and a personal interview with the General Manager.

With regard to the Board of Directors, advantage was taken of the information facilitated in a prior presentation to the Council on the Quality Management project, in order to clarify the kind of characteristics that the mission and the vision of the company should have. The following are the most significant results of this meeting:

- GIVSA is a municipal company whose purpose is to manage all the infrastructures of the municipality.
- GIVSA was created as a more operative instrument to meet these needs.

After the meeting held with the personnel of the company, and with reference to this aspect, it can be noted that:

- It is important to meet the needs of the people living in the municipality.
- It is important to meet the needs and expectations of local industry.

Lastly, from the conversations held with the management, GIVSA can be described as:

- A public instrument for intervention in the economic development of the municipality.
- A publicly owned company that is charged with managing all the infrastructures of the municipality.
- An organization capable of identifying needs and of initiating action to resolve relevant local problems and satisfy relevant local needs; and to do this:
 - efficiently,
 - by means of sustainable action,
 - taking into account respect for the natural environment,
 - with a team of enthusiastic individuals,
 - who are personally committed to the project,
 - who are creative, and
 - who have autonomy and responsibility in decision-making.

The criteria to include in the mission were: the products and services provided, definition of users and customers, philosophy of the organization, social responsibility and public image. Finally, consensus was reached among all the agents on the following statement of mission:

The mission of GIVSA is to work for the overall economic development and quality of life of Valverde del Camino, by means of excellence in the management of the infrastructures of the municipality, to meet the needs and expectations of the diverse stakeholders; as a public instrument, it aims to provide adequate and sustainable infrastructures, dwellings of good quality at reasonable price, and to stimulate the industrial sector thus attracting good new companies and helping existing companies to grow.

All these aims will be pursued with the participation of the inhabitants and with the efficient use of resources, by means of an effective and efficient organizational structure, capable of identifying and attending to local needs and requirements, with the support of employees and collaborators who are enthusiastic and committed to our mission and a philosophy of teamwork, of responsible autonomy and of continuous improvement.

In respect of the vision, it was considered that this should be defined by constructing a decision matrix of attractiveness-viability⁴, as important criteria so that the project might be not only exciting but also achievable.

	Attractiveness (it improves the image and is motivating for the personnel)	
	---	+++
Viability +++ (the resources are available and it can be achieved in an acceptable time) ----	Achievable but not interesting	Go ahead
	Not achievable and uninteresting	Interesting but impossible

The vision that would meet the requirements of viability and attractiveness that were chosen had to be expressed in a highly inspirational way. Specifically, the following was proposed:

The desire to be:

- *The public instrument of Valverde del Camino that is most highly rated by its inhabitants.*
- *An organization that undertakes excellent infrastructures by means that are efficient yet respectful of the natural environment.*
- *Capable of making our customers feel satisfied with the product that they receive.*
- *The public instrument of reference in the province of Huelva, both for the innovatory management of local infrastructures, and for our organizational model and our commitment to the environment and the inhabitants.*
- *An organization with a working environment that is propitious for the personal development of employees, for creativity and for the development of responsibilities.*
- *Capable of ensuring that our employees and collaborators feel proud to be working in and for this company.*
- *An organization united by shared values.*

The person is the focus of management in GIVSA, both as an inhabitant of the locality and as an integral part of the organization. This principle is sustained in a series of values, expressed in the following way:

The Values are: commitment, professionalism, teamwork, trust, efficiency, environmental respect, responsible autonomy, and all these combined with ethical behaviour.

SWOT Analysis

A strategic analysis was carried out making use of the SWOT technique (to identify Strengths and Weaknesses, Opportunities and Threats) as an operational tool to assist in defining the basic lines of strategy, or strategic principles, of GIVSA; this is aimed at maintaining and reinforcing the strong points, correcting or eliminating the weak points of the organization, all this so as to face the threats better and to take as much advantage as possible of the opportunities. Its conclusions can be summarised as follows:

STRENGTHS:

- Vision of the management.
- A team that is young and excited by the work.
- Collaborators with proven experience in their particular disciplines.
- The support of the Head of the local council.

WEAKNESSES:

- Major challenges for a recently structured team.
- Major challenges for a structure of limited stability.
- Excessive dependence on the management.
- Non-existence of documentary management.
- The company is not orientated to processes.

OPPORTUNITIES:

- To satisfy local needs to low cost for the users.
- To offer transparency in the management of infrastructures.

THREATS:

- Competition from property development companies working in the area.
- Not being transparent in the management of infrastructures.

Policies and Basic Lines of Strategy of GIVSA

All strategy is directed by the vision of a future state (how the company wishes to be perceived) and a favorable situation (it assumes a motivating challenge, a focus on which all the different efforts are concentrated), and its principal objective is to fulfil the mission of the organization. The strategy thus implies a dynamic, the movement of the company from its actual position to a future position, desirable but uncertain.

When speaking of strategic management, the authors refer to a process of analysis and decision that enables the management to optimize the utilization of the resources to achieve and maintain a particular equilibrium between satisfying the needs and expectations of all the stakeholders, guiding the

organization over the course of time, in a changing environment. It assumes a proactive behavior towards the resolution of problems to find a favorable competitive position.

Therefore, strategic management is a participatory process that enables numerous problems that are interrelated with each other to be dealt with. The process itself of planning is always more important than the resulting documents, and this process must introduce in the organization ways of effecting a transformation, so that it can become an organization that manages, that sets goals, that is permanently disposed to learn (to modify its courses of action as and when new data appear).

The policies of GIVSA were considered to be those management criteria that, in consonance with the mission-vision, condition its functioning and the possibilities for choosing between different strategies. These policies can be stated as follows:

POLICY 1: Commitment to the people of Valverde del Camino.

The purpose of this policy is put to the citizen at the centre of efforts towards continuous improvement.

Its development requires:

- Understanding the problems, needs and expectations of the inhabitants through various different mechanisms of civic information, consultation and participation.
- Redesigning or improving the processes on the basis of this information, with the purpose of building commitments to serve the citizens in accordance with their needs and expectations.
- Rendering account to the citizens with respect to the degree to which the commitments of service are fulfilled.
- Reviewing and improving them periodically.

POLICY 2: Transparency in management.

Since GIVSA is publicly owned and since it is undertaking activities that could fall within the scope of a private company, the intention with this criterion or policy is:

- To make public both the levels of quality that the citizens can expect of the services of GIVSA, and the degree to which it complies with the commitments assumed.
- To ensure that all the stakeholders are capable of understanding that GIVSA is concerned with managing demands for infrastructures of social character, of general interest, and that deliver increased quality of life to the citizens.
- To make sure that all the stakeholders know that the management of GIVSA is based on these demands, understanding that they have not been covered by private companies.
- To establish in GIVSA appropriate working systems, information mechanisms and commitments accessible to all the stakeholders, to demonstrate transparency in its management.

POLICY 3: Efficiency in management.

- In the first place, the object of this principle is to manage the organization in the most integrated and consistent way. A desired result can be achieved more efficiently when the relevant activities and resources are managed as a process.
- Secondly, efficiency can be achieved by developing and utilising all the potential inherent in the individual members of the organization. To develop all their potential, individuals should know how to do things, should be able to do them, and should want to do them. With management by competences, the objective is to translate the expectations of the different stakeholders into competences of the personnel.
- Lastly, the work must be based on facts and data. Hence, it is necessary to develop a system of indicators of perception, of performance and of the environment that enable us to put the cycle of continuous improvement into operation, transforming information into knowledge, comparing the data with the agreed objectives, with the results obtained in the past and with the performance of the best comparable organizations.

POLICY 4: Quality in the services offered.

To provide quality starts from the basis that whatever is offered must satisfy a need and/or an expectation, and also that it complies with the requirements specified, and is adequate for the intended use. In this context, it is necessary:

- to work with specifications to be able to measure the characteristics of the service and to see if it is considered of high quality;
- to operate in terms of satisfaction/value of the customer;

- assuming that quality must be achieved in a sustained way;
- to accept that it is multidimensional;
- and that results need to be offered to all the stakeholders;
- to recognize that specifications and needs change;
- to understand that all sorts of contradictory and diverse factors and aspects have to be managed,
- all of them efficiently,
- and considering the relationship between the value received and the price paid by the customer.

POLICY 5: Sustainability in its activities.

Lastly, as GIVSA is a public instrument and since it undertakes activities of general interest, it is a basic criterion that, in everything it undertakes, it must take account of the environmental component.

Thus, in the framework of the management criteria or policies established, and based on the statements of mission and vision as its point of destination, and based on the previous SWOT Analysis as its point of departure, the following are adopted as basic lines of strategy:

POLICIES		BASIC LINES OF STRATEGY
Commitment	1	To understand the needs and demands of the stakeholders.
	2	To understand the requirements of quality in its activities.
	3	To determine the degree of satisfaction of the citizens.
	4	To give account of its activities.
Transparency	5	To manage the external communication and information in accordance with the business purpose of the organization.
Efficiency	6	To manage in an integrated way.
	7	To manage on the basis of reliable data.
	8	To manage by individuals' competences.
	9	To develop responsible autonomy and collaborative working among the personnel of the company.
	10	To create a network for exchange and inter-company learning.
Quality	11	To establish a quality management system that is documented, practical and agile for the activities of GIVSA, that produces results generally and specifically in the form of the infrastructures to which GIVSA is committed.
Sustainability	12	To take maximum advantage of the environmental opportunities that each project presents, and incorporate, as far as possible, the most sustainable methodologies of action, such as the use of renewable energy.

Strategic planning requires participation, needs leadership and must integrate all levels into the management of the enterprise. Therefore, once the strategic lines had been established, the next step was to discuss them with the members of the organization to facilitate their alignment, in the way that is described next.

Setting of annual objectives and critical processes

In a top-down "cascade" type process of linking, from the more general to the more specific, the objectives of the organization and the plans of action for achieving them were formulated.

BASIC LINES OF STRATEGY	OBJECTIVES
1. To understand the needs and demands of the stakeholders.	1. To utilize the needs and demands detected in the management of GIVSA.
2. To understand the requirements of quality in its activities.	2. To have defined the requirements of quality for each activity and project.
3. To determine the degree of satisfaction of the citizens.	3. To reach an excellent degree of satisfaction.
4. To give account of its activities.	4. To utilize in the management the results of surveys.
5. To manage the external communication and information in accordance with the business purpose of the organization.	5. To fulfil the commitments acquired.
6. To manage in an integrated way.	6. To make public both the levels of quality that the citizens can expect of the services of GIVSA, and the degree to which it complies with the commitments assumed.
7. To manage on the basis of reliable data.	7. That all the stakeholders should perceive that the system of management adopted is transparent.
8. To manage by individuals' competences.	8. To work in close alignment with the mission and the vision.
	9. To analyse the data every six months.
	10. To define and implement a process of leadership.

	11. To implement a training plan. 12. To maintain a high level of motivation for the personnel and the collaborators. 13. To make use of systems of participation. 14. Effective internal communication.
9. To develop responsible autonomy and collaborative working among the personnel of the company.	15. To know how to do this.
10. To create a network for exchange and inter-company learning.	16. To initiate the first steps in the creation of a <i>cluster</i> .
11. To establish a quality management system that is documented, practical and agile for the activities of GIVSA, that produces results generally and specifically in the form of the infrastructures to which GIVSA is committed.	17. To supply products that meet a need and/or an expectation and that comply with the requirements specified.
12. To take maximum advantage of the environmental opportunities that each project presents, and incorporate, as far as possible, the most sustainable methodologies of action, such as the use of renewable energy.	18. To utilize the best sustainable technology available, in each project.

Throughout the preceding methodological itinerary, the medium term is balanced with the short term, defining annual objectives (aligned with the basic lines of strategy and with the mission); the next step is identifying the critical processes of the organization that must be managed and optimized in order to achieve the preceding objectives.

Currently fifteen processes have been defined, and all of these are taking place in the organization. Therefore, any task that GIVSA undertakes falls within one or more of these processes. They have been classified into strategic (two), of service (six), and of support (seven). Of these fifteen, eight have been indicated as key processes.

Production of the Management Plan

As is shown next, for each of the objectives, the indicators were defined to report the progress being made towards them. These indicators will be integrated in the Balanced Scorecard, and related to the perspectives defined by Kaplan & Norton (1992).

For this, the indicators that were selected conformed to the characteristics proposed by AECA (1998):

- They should be appropriate for the object of measurement.
- Objectivity: they should not give rise to heterogeneous interpretations.
- The cost of obtaining the indicator should be acceptable.
- They should be strategic.
- Sensitivity: they should be capable of identifying small variations.

OBJECTIVES		INDICATORS	
1	To utilize the needs and demands detected in the management of GIVSA.	1.1	Nº of mechanisms set up to identify new opportunities for development of infrastructures
		1.2	Nº of processes redesigned on basis of such needs/demands
2	To have defined the requirements of quality for each activity and project.	2	Nº of actions executed with previously-defined quality plans
3	To reach an excellent degree of satisfaction.	3.1	Nº of complaints received
		3.2	Score on citizen satisfaction
		3.3	Score on direct customer satisfaction
4	To utilize in the management the results of surveys.	4	Nº of processes redesigned on the basis of survey results
5	To fulfil the commitments acquired.	5	Nº of actions executed/Nº of actions promised
6	To make public both the levels of quality that the citizens can expect of the services of GIVSA, and the degree to which it complies with the commitments assumed.	6.1	Degree of compliance in availability of the information promised (%)
		6.2	Nº of actions of local communication (to municipal inhabitants) reporting achievements

7	To ensure that all stakeholders perceive that the system of management adopted is transparent.	7.1	Production of letters of services (Yes/No)
		7.2	ISO 9001 Certification (Yes/No)
8	To keep work activities aligned with the mission and the vision.	8	Key processes documented (%)
9	To analyze the data every six months.	9	Nº of half-year proposals for improvement executed
10	To define and implement a process of leadership.	10	Establishment of commitments and objectives (Yes/No)
11	To implement a training plan.	11	Amount invested in training (€/employee)
12	To maintain a high level of motivation for the personnel and the collaborators.	12	Nº of recognitions and incentives awarded
13	To make use of systems of participation.	13	Nº of internal suggestions for improvements
14	Effective internal communication.	14	Nº of team meetings held
15	Know how.	15.1	Score in surveys of personnel
		15.2	Nº of persons guided in their work by the Balanced Scorecard
16	To initiate the first stages in the creation of a cluster.	16	Meeting held on "best practice" (Yes/No)
17	To supply products that satisfy a need and/or an expectation and that meet the requirements specified.	17	Income (€)
18	To utilize the best sustainable technology available, in each project.	18.1	Nº of environmental actions associated with the projects
		18.2	Investments in environmental actions (€ thousands)

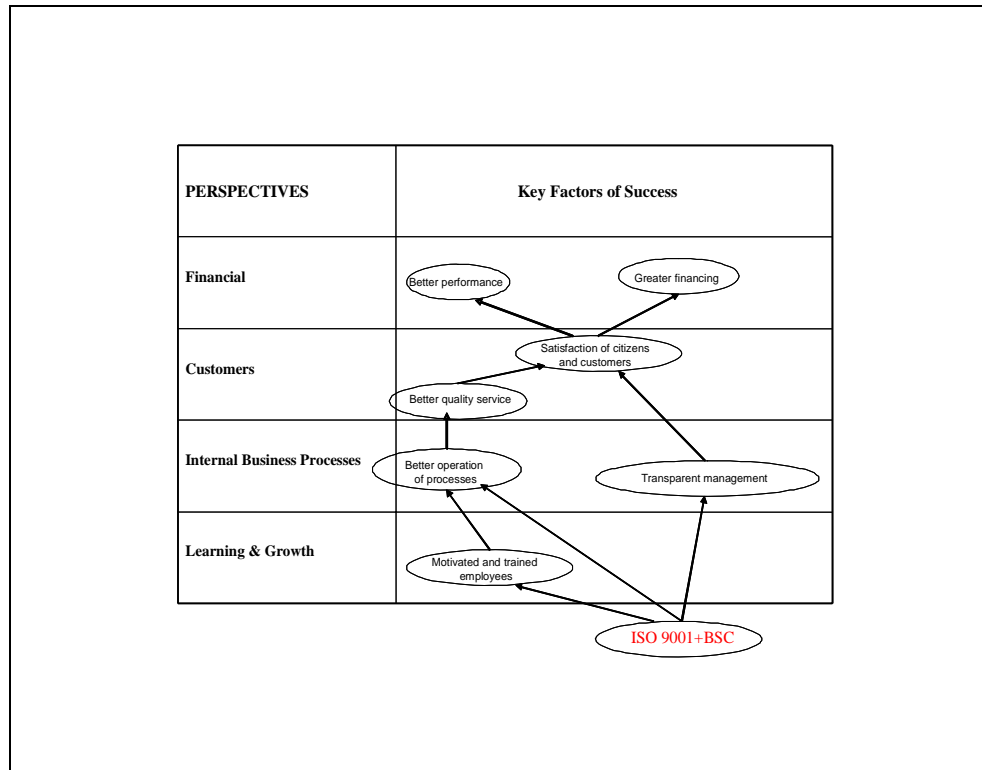
Having identified the indicators, the total number of which (25) is in line with the recommendation of Kaplan & Norton (2000), they were grouped under each of the four perspectives cited, as follows.

Perspective	Proposed indicators
LEARNING AND GROWTH	Establishment of commitments and objectives (Yes/No)
	Amount invested in training (€/employee)
	Nº of recognitions and incentives awarded
	Nº of internal suggestions for improvements
	Nº of team meetings held
	Score in surveys of personnel
INTERNAL PROCESSES	Nº of persons guided in their work by the Balanced Scorecard
	Nº of mechanisms set up to identify new opportunities for development of infrastructures
	Nº of processes redesigned on basis of such needs/demands
	Nº of actions executed with previously-defined quality plans
	Nº of processes redesigned on the basis of survey results
	Nº of actions executed/Nº of actions promised
	Degree of compliance in availability of the information promised (%)
	Nº of actions of local communication (to municipal inhabitants) reporting achievements
	Production of letters of services (Yes/No)
	ISO 9001 Certification (Yes/No)
	Key processes documented (%)
	Nº of half-year proposals for improvement executed
	Meeting held on "best practice" (Yes/No)
Nº of environmental actions associated with the projects	
Investments in environmental actions (€ thousands)	
CUSTOMERS	Nº of complaints received
	Score on citizen satisfaction
	Score on direct customer satisfaction
FINANCIAL	Income (€)

Validation of the Scorecard

Lastly, to check that the management system was well balanced and integrated, and that it enabled the managers to verify the degree to which they achieved their objectives, the four perspectives should be able to be connected. Thus, the key success factors corresponding to each of the four perspectives were integrated in a strategic map [Kaplan & Norton, 2000]. In the following figure the cause-effect relationships between them are demonstrated.

FIGURE 3



Therefore, if the quality management system is certified as meeting the ISO 9001 standard and is supported on a Balanced Scorecard, aligning the particular interests with the general interests of GIVSA, the employees will be more motivated and better trained. If the employees are motivated and trained, the internal processes also will function better. If the internal processes function better, the quality of the service will be excellent and, together with a transparent management, the customers and citizens will be more satisfied. If the clients and citizens are more satisfied, better financial results and more financing for new projects will be obtained.

Analysis of the factors that can limit the success of the project and premises that will facilitate its success.

After an analysis of the obstacles that can appear during the process of construction and implementation of the Balanced Scorecard, and after investigating the causes of these barriers⁵, those premises that would facilitate success of the project were established; the premises applicable in the case of GIVSA are the following:

- Institutional and personal involvement in the project of the persons holding the highest political and professional positions (the Mayor and Municipal Architect, respectively).
- Leadership on the part of the executive responsible for the commissioning and monitoring of the project (the General Manager of GIVSA).
- Comparison with relevant data of similar public entities, to identify potential improvements.
- Wide publication of the benefits that could be obtained as a consequence of the implementation of the Balanced Scorecard.

Design of a communication and feedback system.

Every logical sequence has its causes and effects, and hence in the implementation of any strategy, it is vitally important how it is communicated. Those who have to take decisions must be very aware of the widespread consequences of their actions (as shown by the strategic map). In fact, any attempt to integrate the organization's strategy into its system of management is, by definition, a form of communicating.

This process does not have a clearly defined end, since every time that information is obtained on the deviations between the goals and the reality reported by each indicator, corrective actions should be taken, and these actions (not specified in the plan) can affect any of the stages in the process of management.

Therefore, the Balanced Scorecard is a system of strategic management, a tool of permanent evaluation that, by means of agreed objectives, indicators, goals and plans of action, gives the organization maximum assurance (but never 100%) of success in the execution of the strategic plan, by correcting the deviations that are bound to occur.

The Balanced Scorecard does not seek to control, nor does it aspire only to coordinate plans of action. By obliging the organization to clarify the implications of its stated strategy, it also aims to be a system of communication. By ranking its objective in a descending "cascade", it will also serve as a system for assigning responsibilities. By representing the extent to which its different perspectives affect each other, it will be an instrument for organizational learning. When those who customarily take decisions are faced with their organization's Scorecard, they will know which of their decisions have the most wide-ranging impact, and why.

The Balanced Scorecard also demonstrates the importance not only of WHAT is achieved but also of HOW it is achieved. Its requirement for balance obliges the organization to measure and managing every factor identified, and not only those that it usually measures (results against budget): measuring and managing the satisfaction of the citizen with our management, or that of the persons who work in GIVSA, takes on as much importance as was previously attached to controlling deviations from budget.

Establishment of a policy of incentives linked to the indicators

Lastly, so that the Balanced Scorecard should serve as an instrument of motivation, in this case it was accompanied by a policy of incentives related to achieving the goals set for the indicators selected, and this process involved the participation of the individual responsible.

ENDNOTES

1. A municipality of the Andalusian province of Huelva, of approximately 12,000 inhabitants.
2. With the help of experts, a methodology was devised for designing and developing the Balanced Scorecard based on participation. Thus they established not only various levels of involvement of the participants in the process but also various tools and mechanisms for participation.
3. The *focus group* consists of a session with a small group of persons from similar areas who take part in a free but guided discussion on a topic. Information is gathered from the *focus group* particularly by noting the interactions between the persons in the group and how they reach a consensus or deal with a conflict of views with respect to the topic of interest (in this case the mission and vision). Two sessions were held, one with the Board of Directors and other with the personnel, with an observer present (the expert) who took notes and guided the discussion. The technique of *brainstorming* was used to generate ideas.
4. This time the matrix was constructed only by the personnel of GIVSA, including the General Manager, and by means of a *brainstorming* session. In the first place, the past situation was examined, in order to move on to the future, questioning what they wished to become as an organization. The objective was to create the maximum possible number of strategic visions. Once the list of possible visions had been compiled, various factors of attractiveness were established (How will the image be affected? Do the people find the vision motivating?) and of viability (Is access to the necessary resources available? How much time is needed to implement the vision?). The next step was the construction of the matrix.
5. The existence of barriers and defensive routines in GIVSA would certainly impede progress. An *inventory of organizational barriers* that could limit the development of the vision and the successes sought was prepared, with the object of working gradually to eliminate them. These barriers are presented below, in relation to the following areas:

- Barriers related to human nature:
 - It is not clear how far the responsibilities of each person extend.
 - People think that any ideas they contribute are not going to be appreciated.
 - Conflicts of interest exist.
 - People avoid accepting responsibilities.
 - Energy is wasted in attributing blame rather than in solving problems.
 - There is absence of real commitment.
- Consequence of (or reactions to) the behaviour of the management:
 - It is not trusted that the proposals are taken seriously, or dealt with properly.
 - Plenty of words but little action.
 - Poor organization capacity.
 - Lack of criteria.
 - Management is not aware of the real needs.
- Related to information and communication:
 - The objectives of the area are not known.
 - The priorities are not known. Which thing is the most important?

Next presented is the *typology of the causes underlying these barriers to the change*, since it is the causes that must be acted on directly. They are related to the character of the individual, with the set or structure of corporate values and with the repercussions that can be identified intuitively in the working environment:

- Fear of an increased work load.
- Negative attitude motivated by the personnel's resistance to departing from familiar routines.
- Insecurity.
- Fear of losing power, authority and personal status.
- Short time available.
- No access to the necessary resources.

Resistance to change, in turn, has some immediate *effects*:

- Increase in complaints from customers, external and internal.
- Unwelcome departure/unavailability of collaborators
- Increase of tensions in personal relationships.
- General anxiety provoked by any type of change.

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