

Maria NIEPLOWICZ¹

THE SELECTION OF MEASURES FOR EFFECTIVE IMPLEMENTATION OF THE STRATEGY OF THE CITY

The purpose of this article is to present the selection of performance measures for effective implementation of the city strategy on the example of the Balanced Scorecard with a particular emphasis on the big cities in Poland (metropolises). Local government units benefit from the funds supplied by the local community. So a very important issue is to create customer focused strategies that are well designed to meet the needs of customers and provide the highest levels in product and service performance. Measuring efficiency is a challenge in the context of limited resources for the public undertakings in Polish cities. Therefore, it is necessary to search for the new tool that describes the strategy of the local government unit's development and helps to monitor its effective realization. At the beginning the article presents the general concept of the Balanced Scorecard. Then, there is discussed the requirements for performance measures. Next, there are presented the examples of goals and measures in four perspective: serve the customer, run the business, manage resource and develop employees. The summary indicates the readiness of big Polish cities to implement the Balanced Scorecard. In the article, the following research methods were used: the literature research, the analysis of the resolutions implementing the city strategy made by the councils of the cities, and the reasoning by analogy.

Keywords: objectives, measures, Balanced Scorecard, city.

1. INTRODUCTION

Local government units² benefit from the funds supplied by the local community. So a very important issue is to create customer focused strategies that are well designed to meet the needs of customers and provide the highest levels in product and service performance.

Very often, the amount of these funds is insufficient and some public tasks are performed only to a minimal extent. Given the scarcity of public funds, it is important to spend them in the most effective manner. Measuring efficiency is a challenge in the context of limited resources for the public undertakings in Polish cities. Therefore, it is necessary to search for the new tool that describes the strategy of the local government unit's development and helps to monitor its effective realization. A good solution to these problems could be a Balanced Scorecard which is used in many countries in the world³.

¹ Maria Nieplowicz, PhD, Uniwersytet Ekonomiczny we Wrocławiu, 53-345 Wrocław, ul. Komandorska 118/120, maria.nieplowicz@ue.wroc.pl, t. 71-36-80-428.

² In Poland in 2016 the local government units include: municipalities (2478), counties (314 counties and 66 cities with county rights) and provinces (16 provinces - regions). In the paper, a special attention has been drawn to the big cities with county rights - metropolises.

³ The Balanced Scorecard is used for example in: Sweden (Arhus, Geteborg, Helsingborg, Lulea, Vaestervik), Norway (Larvik), Germany (Detmold, Essen, Passou), Great Britain (Ipswich, Nottingham), the Republic of South Africa (Cape Town, Johannesburg), the United States of America (Atlanta, Austin, Bellevue, Chicago, Dallas, Flint, Miami, Portland, San Diego, Seattle, West des Moines) or in Australia (Brisbane, Cockburn).

The purpose of this article is to present the selection of performance measures for effective implementation of the city strategy on the example of the Balanced Scorecard with a particular emphasis on the big cities (metropolises).

In the article, the following research methods were used: the literature research, the analysis of the resolutions implementing the city strategy made by the councils of the cities, and the reasoning by analogy.

2. THE BALANCED SCORECARD CONCEPT

The idea of the Balanced Scorecard was established in the 90s of the twentieth century in USA. The Balanced Scorecard has changed from a comprehensive system for performance measurement⁴(1992 – first generation) through a tool to translate strategy into the action⁵(1996 – second generation) through a basis for the strategy-focused organization⁶ (2000 – third generation) towards a method for converting intangible assets into tangible outcomes⁷(2004 – fourth generation)⁸.

To adapt the traditional idea of the Balanced Scorecard for private sector to the cities needs⁹ its perspectives have been corrected as to their order as well as their meaning. The change was made in 1996 due to the city Charlotte - the first city in the world that implemented the Balanced Scorecard. The City of Charlotte, North Carolina, is the best example of the Balanced Scorecard success in a public sector. “Adhering to a firm belief that “measurement matters”, leaders have continuously fine-tuned their efforts, maximizing the benefits of the Balanced Scorecard as a measurement system, strategic management system and communication tool”⁹. Then Charlotte’s experience could be helpful while implementing the Balanced Scorecard for metropolises in Poland.

Four perspectives with the key questions have been pointed¹⁰:

- customer perspective/serve the customer perspective– Whom do we define as our customer? How do we create value for our customer?
- internal business process perspective/run the business perspective – To satisfy customers while meeting budgetary constraints, at which business processes must we excel?
- financial perspective/manage resourcesperspective- How do we add value for customers while controlling costs?
- learning and growth perspective/develop employeesperspective –How do we enable ourselves to grow and change, meeting ongoing demands?

⁴R.S. Kaplan, D.P. Norton, *The Balanced Scorecard - Measures That Drive Performance*, „Harvard Business Review”, January-February 1992.

⁵R. S. Kaplan, D. P. Norton, *The Balanced Scorecard: Translating Strategy Into Action*, Harvard Business School Press, Boston 1996.

⁶R.S. Kaplan, D.P. Norton, *The Strategy-Focused Organization. How Balanced Scorecard Companies Thrive in the New Business Environment*, Harvard Business School Press, Boston 2000.

⁷R.S. Kaplan, D.P. Norton, *Strategy map: converting intangible assets into tangible outcomes*, Harvard Business School Press, Boston 2004.

⁸B. Nita, *Cztery generacje balanced score card w zarządzaniu finansami przedsiębiorstwa*, [in:], *Współczesne finanse. Stan i perspektywy rozwoju finansów przedsiębiorstw i ubezpieczeń*, ed. B. Kłosowska, Wydawnictwo Uniwersytetu Mikołaja Kopernika, Toruń 2008, p. 204-205.

⁹P.R. Niven, *Balanced Scorecard step-by-step for Government and Nonprofit Agencies*, John Wiley & Sons Inc, United States of America 2003, p. 271.

¹⁰*Ibidem*, p. 32 and p. 273.

The customer perspective is at the top because the city is a public-sector unit, funded by citizens and taxpayers, so the city is to serve the customer – the new names of perspective are more consistent with the language used in the city. Financial measures are very important, but the customers' view of the city's performance plays a more significant role.

3. REQUIREMENTS FOR MEASURES

The process of developing appropriate measures should include: purpose of measure usage, link with the strategy, formal character of a measure, data source, feedback orientation and continuous improvement, the possibility of cascading, specified frequency of measurement and persons involved in the efficiency measurement¹¹.

In order to ensure a clear understanding of the measure (for example, what objective it concerns, its calculation formula, when and who provides the data to calculate it) it is recommended to use the so-called card of (standard) measure, indicating the owner and the leader. This approach is commonly used in many performance measurement concepts, such as the Balanced Scorecard¹². Assigning the responsibility for the measures of achieving the objectives makes the achievement of the assigned tasks and objectives possible. Four types of measures should be used: activity measures, input measures, output measures, and outcome measures¹³.

Generally, the leader of the measure is the person responsible for monitoring the individual/particular measures and the identification of opportunities and risks in achieving the planned path values for each measure assigned to them. In contrast, the owner of the measure is the person responsible for the activities that affect the value of the meter. In the city council the leaders of the measures should be directors of organizational units or persons responsible for the selected functional areas of the city council. In contrast, the owner of the measures should be a person appointed by the mayor as the coordinator of controlling tasks, mostly an employee of a public finance department. The basic tasks of the leaders of measures, taking into account the functioning of the city council, should be:

- monthly monitoring of the measure,
- informing the owner of the measure if the meter reaches critical values and preparing a corrective action plan,
 - preparing the information on the evolution of the measure,
 - participating in quarterly and annual reviews,
 - preparing proposals for changes in indicators, targets and specific objectives
 - initiating the actions that affect the value of the measure.

Monthly inspections should be carried out by the leaders of the measures. The leaders should evaluate the achieved value of the measure in relation to the plan. In the event of a critical assessment of the level of the measure the leader should develop a corrective action plan and initiate a corrective action. The information about the action taken in relation to the measure should also be forwarded to the owner of the measure. The owner of the measure should be an independent person, reporting only to the president of the city. Any dependence on the leader of the measure (the director of the organizational office of the city council) may

¹¹ B. Nita, *Rola rachunkowości zarządczej we wspomaganii zarządzania dokonaniem przedsiębiorstwa*, Wydawnictwo Uniwersytetu Ekonomicznego we Wrocławiu, Wrocław 2009, pp. 269-270.

¹² R. S. Kaplan, D. P. Norton, *The Balanced Scorecard: Translating... op.cit.*, pp. 242-245.

¹³ P.R. Niven, *op.cit.*, p. 274.

cause disturbances of the process associated with setting the measures, preparing the calculation formulas of the measure, providing the data needed for the calculation or with setting a target value of the measure.

4. EXAMPLES OF GOALS AND MEASURES

Considering the specified requirements for measures, on the basis of the analysis of the Balanced Scorecard implementations in many cities around the world, and taking into account the mission and the strategy of metropolises (Gdansk, Lodz, Katowice, Krakow, Poznan Warsaw, Wroclaw)¹⁴ objectives and measures in four perspectives for example metropolis in Poland were developed (table 1-4).

Table 1. Serve the customer perspective

STRATEGIC OBJECTIVES	MEASURES
1. Creation of economic opportunities	1. The average monthly gross salary per capita for residents
2. Providing good housing	2. The number of housing completions per year
3. Strengthening the position of the city as a meeting and exchange centre of the European significance	3. The number of interregional events organized
4. Building and strengthening the identity of residents, especially through science and art	4. The level of awareness of common features and a sense of unity among the residents (determined on the basis of surveys carried out regularly)
5. The development of the technical infrastructure of the city	5. The value of infrastructure investments

Source: own elaboration on the basis of the strategies of analyzed cities.

In the serve the customer perspective, one measure could be defined for each goal. The overall economic development of the city is affected by many factors and it is difficult to clearly identify one measure. However, if we assume that the economic development is aimed at improving the situation of the urban population, then the financial situation of an average resident shows whether the city consistently encourages this development. Therefore, the average monthly gross salary per capita was accepted as a measure of the achievement of this goal.

Providing quality housing can be measured in the number of annual housing completions. Strengthening the city's position as a center for meetings and exchange of the European significance may be indicated by the number of interregional events. As examples of such initiatives can serve cultural events, sports events, scientific events (Congresses, Symposia, Conferences), political events, exhibitions, and entertainment events. Building and strengthening the identity of residents, especially through science and art, can be measured by

¹⁴ *Strategia Rozwoju Miasta Gdańsk 2030 Plus*, <http://www.gdansk.pl/urząd/strategia>; *Strategia Rozwoju Miasta Łódź 2020+*, www.ekonomiaspoleczna.pl/.../lodz_diagnoza_strategiczna_wyniki.pdf; *Strategia Rozwoju Miasta "Katowice 2030"*, <https://bip.um.katowice.pl/dokumenty/2015/11/20/1448018129.pdf>; *Strategia Rozwoju Krakowa 2030*, https://www.bip.krakow.pl/?dok_id=56832; *Strategia Rozwoju Miasta Poznania do roku 2030*, <http://www.poznan.pl/mim/main/strategia-rozwoju-miasta-poznania-do-roku-2030-aktualizacja-2013,p,14886,26640,26644.html>; *Strategia Rozwoju Obszaru Metropolitalnego Warszawy do roku 2030*, <http://omw.um.warszawa.pl/>; *Wrocław 2030. Strategia Rozwoju Wrocławia*, <http://www.wroclaw.pl/strategia-rozwoju-wroclawia-2030/>.

a survey on awareness of the common features and the sense of unity among the people. The development of the technical infrastructure of the city will provide the value of infrastructure investments.

Table 2. Run the business perspective

STRATEGIC OBJECTIVES	MEASURES
1. Providing investment advice	1.a The number of residents satisfied with the advice received 1.b The number of officials who completed required courses during the last year
2. Simplification of procedures and processes operating at the office	2.a The number of cases that can be settled "at a time" in the same building 2.b The number of municipal services which can be provided via the Internet
3. Strengthening the positive contact of citizens with the city	3. The increase in citizen satisfaction with contacts with officials on the basis of rankings

Source: own elaboration on the basis of the strategies of analyzed cities.

In the run the business perspective, five measures for the three strategic objectives were suggested. The measures describing the investment advice are reflected in the number of people satisfied with the advice received and the number of officials who completed the required courses during the last year. The degree of achieving the goal to simplify the procedures and the service processes in the office should be measured by the number of cases that can be settled "at a time" in the same building and the number of urban services that can be provided via the Internet. The choice of these measures appears to be natural, due to the population's unwillingness to spend time in a number of buildings of the office, which are located in different parts of the city. The trend is to locate many departments in one building and taking action to deal with many issues over the Internet. However, a good measure for strengthening the implementation of a positive contact with the citizens of the city is the level of citizen satisfaction, based on the ranking of professional, polite and ready to work officials.

Table 3. Manage resources perspective

STRATEGIC OBJECTIVES	MEASURES
1. The financial security of continuous service delivery	1. The increase in the income of the city (in %)
2. Management of the tax base	2.a The current collection of local taxes and fees 2.b The number of tax changes, friendly for entrepreneurs and investors
3. Acquisition of EU funds	3. The number of applications handled positively / the total number of submitted applications
4. Ensuring efficient allocation of funds	4. The degree of implementation of the planned tasks

Source: own elaboration on the basis of the strategies of analyzed cities.

Manage resources perspective could contain five measures for the four strategic objectives. Financial security for the continued provision of services can be measured by the percentage of revenue growth. Managing the tax base includes increasing tax revenues coming from local residents, as well as redistributed by the central administration, for example, by attracting investment and the introduction of legal facilities for doing business. Therefore, to

measure the achievement of this goal two measures have been suggested, namely the current collection of local taxes and fees and the number of tax facilities for entrepreneurs and investors. A good measure reflecting the amount of obtained EU funds is the percentage of applications handled positively. Ensuring effective cash disposal can be measured by the degree of implementation of the planned tasks.

Table 4. Develop employees perspective

STRATEGIC OBJECTIVES	MEASURES
1. Development of information infrastructure	1. The number of departments with internet access and fully computerized
2. Raising the competence of employees	2. The number of trainings per employee
3. Adjustment of structures and procedures in terms of the functioning of the European Union	3.a The number of new contacts established within the European Union 3.b The degree of regulatory compliance in the city council with the procedures adopted in the European Union

Source: own elaboration on the basis of the strategies of analyzed cities.

In the develop employees perspective, four measures could be identified for the three strategic objectives. The achievement of the objective of the development of information infrastructure is measured by the number of departments which are fully computerized and have the internet access. In order to improve the competence of staff, training is carried out. Therefore, the number of trainings per employee seems to be an adequate measure. The degree of achieving the objective of adapting the structures and procedures to those in the European Union can be measured by the number of new contacts established within the European Union and the degree of compliance regulations in the city council with the procedures adopted in the European Union.

5. CONCLUSION

Described requirements for measures and presented examples of goals and measures in the four perspectives of the Balanced Scorecard, can be helpful in developing the Balanced Scorecard for metropolises in Poland. Świerk conducted a study on the readiness of big Polish cities to implement the Balanced Scorecard¹⁵. Results of this study show that Polish big cities in most cases are prepared to develop and implement the Balanced Scorecard. During the study the city they were checked whether they have the vision, the mission and the strategy, which are the starting point for the development of the Balanced Scorecard.

Implementation of the strategy in the city is an action extremely complicated. The greatest difficulty concerns the adjustment of the management plans for specific geographical and social conditions of cities. Each city has different strategic goals and other possibilities to achieve these objectives. Therefore it is so important that these goals were set individually and not copied from other cities, such tailored to the specific plans of the city. Also, the selection of measures depends both on the objectives and specific management records.

¹⁵J. Świerk, *Analiza gotowości polskich miast do wdrożenia strategicznej karty wyników*, Prace Naukowe Uniwersytetu Ekonomicznego we Wrocławiu nr 442, Wrocław 2016, s. 478-486.

BIBLIOGRAHY

- [1] Kaplan R.S., Norton D.P., *The Balanced Scorecard - Measures That Drive Performance*, „Harvard Business Review”, January-February 1992.
- [2] Kaplan R. S., Norton D. P., *The Balanced Scorecard: Translating Strategy Into Action*, Harvard Business School Press, Boston 1996.
- [3] Kaplan R.S., Norton D.P., *The Strategy-Focused Organization. How Balanced Scorecard Companies Thrive in the New Business Environment*, Harvard Business School Press, Boston 2000.
- [4] Kaplan R.S., Norton D.P., *Strategy map: converting intangible assets into tangible outcomes*, Harvard Business School Press, Boston 2004.
- [5] Nita B., *Cztery generacje balanced score card w zarządzaniu finansami przedsiębiorstwa*, [in:], *Współczesne finanse. Stan i perspektywy rozwoju finansów przedsiębiorstw i ubezpieczeń*, ed. B. Kłosowska, Wydawnictwo Uniwersytetu Mikołaja Kopernika, Toruń 2008.
- [6] Nita B., *Rola rachunkowości zarządczej we wspomaganiu zarządzania dokonaniami przedsiębiorstwa*, Wydawnictwo Uniwersytetu Ekonomicznego we Wrocławiu, Wrocław 2009.
- [7] Niven P.R., *Balanced Scorecard step-by-step for Government and Nonprofit Agencies*, John Wiley & Sons Inc, United States of America 2003.
- [8] *Strategia Rozwoju Krakowa 2030*, https://www.bip.krakow.pl/?dok_id=56832 (15.06.2016).
- [9] *Strategia Rozwoju Miasta Gdańsk 2030 Plus*, <http://www.gdansk.pl/urząd/strategia> (15.06.2016).
- [10] *Strategia Rozwoju Miasta Łódź 2020+*, www.ekonomiaspoleczna.pl/.../lodz_diagnoza_strategiczna_wyniki.pdf (15.06.2016).
- [11] *Strategia Rozwoju Miasta “Katowice 2030”*, <https://bip.um.katowice.pl/dokumenty/2015/11/20/1448018129.pdf> (15.06.2016).
- [12] *Strategia Rozwoju Miasta Poznania do roku 2030*, <http://www.poznan.pl/mim/main/strategia-rozwoju-miasta-poznania-do-roku-2030-aktualizacja-2013,p,14886,26640,26644.html> (15.06.2016).
- [13] *Strategia Rozwoju Obszaru Metropolitalnego Warszawy do roku 2030*, <http://omw.um.warszawa.pl/> (15.06.2016).
- [14] Świerk J., *Analiza gotowości polskich miast do wdrożenia strategicznej karty wyników*, Prace Naukowe Uniwersytetu Ekonomicznego we Wrocławiu nr 442, Wrocław 2016.
- [15] *Wrocław 2030. Strategia Rozwoju Wrocławia*, <http://www.wroclaw.pl/strategia-rozwoju-wroclawia-2030/> (15.06.2016).

DOBÓR MIERNIKÓW W SKUTECZNYM WDRAŻANIU STRATEGII MIASTA

Celem artykułu jest przedstawienie doboru mierników w skutecznym wdrażaniu strategii miasta na przykładzie zrównoważonej karty wyników (*Balanced Score card*), ze szczególnym uwzględnieniem dużych miast polskich (metropolii takich jak Gdańsk, Łódź, Katowice, Kraków, Poznań, Warszawa, Wrocław). Jednostki samorządu terytorialnego korzystają ze środków przekazanych przez lokalne społeczności. W związku z tym opracowywane przez nich strategie

powinny być dobrze zaprojektowane, zorientowane na klienta, spełniać ich oczekiwania oraz dostarczać usługi najwyższej jakości. Ponadto pomiar efektywności jest bardzo ważny w sytuacji ograniczonych środków na zadania publiczne w miastach polskich. Konieczne zatem jest poszukiwanie nowych narzędzi, które będą pomocne w opracowaniu strategii rozwoju jednostek samorządu terytorialnego i w monitorowaniu ich skutecznej realizacji. W artykule na początku przedstawiono ideę zrównoważonej karty wyników, która ewoluowała od wielowymiarowego systemu pomiaru dokonań, poprzez instrument obrazowania strategii przedsiębiorstwa za pomocą tzw. map strategii, poprzez całościowy system zarządzania strategicznego, uwzględniający kwantyfikację aktywów niematerialnych, aż po model synergii organizacyjnej. Następnie opisano wymagania odnośnie mierników oraz zaprezentowano przykładowe cele i mierniki w czterech perspektywach zrównoważonej karty wyników, to znaczy w perspektywie klienta, perspektywie procesów wewnętrznych, perspektywie finansów oraz perspektywie rozwoju. W podsumowaniu wskazano na gotowość polskich dużych miast do wdrożenia zrównoważonej karty wyników. W artykule zastosowano następujące metody badawcze: analiza literatury, analizę strategii dużych miast polskich oraz wnioskowanie przez analogię.

Słowa kluczowe: cele, mierniki, zrównoważona karta wyników, miasto.

DOI:10.7862/rz.2016.hss.26

Przesłano do redakcji: czerwiec 2016

Przyjęto do druku: lipiec 2016