

# **Development and Implementation of a Municipal Strategic Performance Management Framework Utilizing the Balanced Scorecard Methodology**

By

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## Introduction

The Town of Stratford, a small municipality in the province of Prince Edward Island, is a town with a vision of a sustainable future where

- Residents' social, physical, and spiritual needs are met
- Culture is rich and diverse, and heritage is protected and celebrated
- The natural environment is protected and respected
- There is a thriving local economy
- There is an open, accountable and collaborative governance system

The Town of Stratford began its journey towards this sustainable future with a series of decisions, plans and frameworks, but needed to take those plans to the next stage through the development and implementation of a framework that would address the multiple sustainability mandate challenges. These challenges included the requirement to report on sustainability initiatives and progress to residents, businesses, organizations and Council; to provide a mechanism to promote and educate those stakeholders on how they can contribute to a more sustainable future; and to integrate corporate planning and staff performance management tools into a decision making framework.

Under the Federal Gas Tax Agreement, funds have been allocated to all of Canada's municipalities for investment in infrastructure that achieves cleaner air, cleaner water, and lower greenhouse gas emissions (GHGs). In return, municipalities are expected to show demonstrable progress towards sustainable community planning. This grant fund provides a

fiscal and reporting mechanism to help inform and support the sustainability plans for the Town of Stratford.

The Federal Gas Tax Agreement provides guidance regarding what the underlying expectations are of the municipal planning process. Schedule G of the FGT Agreement establishes that a municipality should:

“...demonstrate through its existing planning instruments and processes or through the creation of new planning documents that the municipality has:

- A coordinated approach to community sustainability (e.g. linkages of various plans, planning and financial tools that contribute to sustainability objectives);
- Reflected and integrated social, cultural, environmental and economic sustainability [the ‘four pillars’] objectives in community planning;
- Engaged residents in determining a long-term vision for the municipality.” (Industry Canada, 2011)

Every Canadian municipality is unique and different. Each has its own history, demographic make-up, geographic characteristics, and economic, environmental, social and cultural challenges and opportunities. Given these variations, there is no single ‘right’ approach to increase long-term sustainability or identify any one process towards sustainability. The Town of Stratford had already laid extensive groundwork through the development of a Sustainability Plan utilizing collaborative planning via the ‘adaptive management’ approach. Additionally, the Town has developed a decision-making framework “which is used to assess to what degree a

project, proposal or policy will move Stratford toward its sustainability goals and objectives” (Town of Stratford, 2010, p. 27).

Based on preliminary research and outreach for assistance by the Town’s Chief Administrative Officer, it was proposed that the author work with the Town in conducting a review of current strategic planning outcomes, adapting a balanced scorecard-type framework with measureable indicators appropriate for sustainable municipal government, and defining an implementation plan for long term management and control of said performance measures. A series of training workshops, presentations and facilitated sessions for staff were developed and delivered to ensure understanding and engagement from all staff and stakeholders.

Through applied field work, this project has successfully transitioned the existing Strategic Sustainability Plan, the Operations Work Plan and the Decision Making Framework into the first phase of a Performance Management Framework, utilizing a customized combination of learning and engagement tools to conduct collaborative strategic planning sessions with council and staff. The key deliverable is an integrated sustainability strategic map with associated objectives, actionable initiatives and projects, and associated performance measures including data benchmarks and targets. The outcomes from this framework would then meet the reporting requirements for the Federal Gas Tax agreement, when required.

### ***Sustainability as a Driver for Funding***

In 1987, the United Nations convened the Brundtland Commission to address growing concern about the decline of environmental systems and the consequences for economic and human development. The resulting report gave us what is now the most common and widely

accepted definition of sustainable development: “Development that meets the needs of the present without compromising the ability of future generations to meet their own needs” (Brundtland Report, 1987).

In 2005, the Canadian Government introduced the Gas Tax Fund as part of the infrastructure development program managed by Industry Canada. Every municipality in Canada receives an allocation of the Gas Tax Fund determined at the provincial/territorial level based on a per capita formula. “The Gas Tax Fund supports environmentally sustainable municipal infrastructure development that contributes to cleaner air, cleaner water and reduced greenhouse gas emissions, and also provides funding for municipalities to increase their capacity to undertake long-term planning” (Gas Tax Fund, 2011).

Eligible municipalities who have signed the Gas Tax Grant Agreement are expected to develop an Integrated Community Sustainability Plan (ICSP) that sets out their environmental, social, cultural, governance and economic objectives over a five-year time frame. Additionally, annual expenditure reports must be filed with the Gas Tax Secretariat including outcome indicators demonstrating how the funds expended have supported the achievement of sustainability goals. While the gas tax funds are primarily for environmental infrastructure projects and are not the only source of municipal funding, they provide funding for capacity building to support communities in planning for long-term sustainability as well as much-needed infrastructure investment (Gas Tax Fund, 2011). Many municipalities are leveraging existing plans to meet the requirements for the ICSP, but are often challenged with the implementation of a sustainable strategic plan that requires outcome-based reporting (Stoney



& Bellefontaine, 2008). For smaller municipalities, these challenges are based in resource and capacity issues – long-term planning can be an expensive and time consuming process.

Additional challenges come from the need to approach sustainability as a ‘journey’ rather than a specific time-limited output, requiring extensive stakeholder participation and support (Kotter, 1996). Funding and guidance are both key to addressing these challenges, as well as support and buy-in from stakeholders.

When the Government of Canada introduced the term “Integrated Community Sustainability Planning (ICSP)” with the creation of the federal-provincial gas tax agreements, it was defined as:

“A long term plan, developed in consultation with community members that provides direction for the community to realize sustainability objectives it has for the environment, cultural, social and economic dimensions of its identity.”

While the focus of the agreements is the transfer of funds, the overall goal is of a collaborative, integrated approach to community planning that guides a community toward the implementation of local and global sustainability goals, using a long-term perspective in an adaptive strategic framework (Marbek Resource Consultants / CORPS, 2009). For the Town of Stratford, the Integrated Sustainability Plan was just a step in an ongoing process towards a sustainable future that began with the adoption of a sustainability mandate.

***The Gas Tax Fund***

The Federal Gas Tax Fund (GTF) was presented in the 2005 Federal Budget as ‘The New Deal’ (Department of Finance, 2005); the 2011 Budget ‘Building Canada Plan’ included commitment for legislating a permanent annual investment of \$2 billion in the Gas Tax Fund to provide predictable, long-term infrastructure funding for municipalities with a long-term vision for Canadians to “achieve a higher quality of life and standard of living” (Government of Canada, 2011). Municipalities can pool, bank and borrow against this funding, providing significant additional financial flexibility. The GTF supports environmentally sustainable municipal infrastructure that contributes to cleaner air, cleaner water and reduced GHG emissions. Eligible categories of investment include public transit, water and wastewater infrastructure, community energy systems, the management of solid waste, and local roads and bridges that enhance sustainability outcomes. Of particular relevance to this study, the GTF also provides funding to increase the capacity of communities to undertake long-term planning.

To ensure accountability to Canadians, communities are required to report on the use of the funds activities on an annual basis (Gas Tax Fund, 2011). While fiscal reporting structures are in place, performance measurement reporting requirements have not been clearly communicated or applied. It is expected that with the confirmation of the funding as a standard process, the reporting will become a challenge for municipalities, particularly if they have not done the work to operationalize their ICSP.

On this basis, the GTF and associated ICSP are significant fiscal drivers for municipalities to develop sustainable community plans through these funding agreements. Without this fiscal

support it would be much more difficult for municipalities to allocate the resources necessary to invest in the development and implementation of any form of sustainability planning.

The challenge with the emphasis on the ICSP however is that it is only a plan – a static document that does not encompass a process or framework that can be built over time and is adaptable to a community’s changing circumstances and momentum towards sustainability. The ICSP is only the beginning of the sustainability journey; municipalities require an operational framework that provides tangible results with minimal resource investment.

## **Town of Stratford: Mandate for Sustainability**

### ***Background***

The Town of Stratford in Prince Edward Island, Canada, is a relatively new municipality incorporated in 1995 from the amalgamation of five smaller communities (Southport, Bunbury, Cross Roads, Keppoch, and Battery Point). It has a residential population of approximately 8000, and encompasses 22 square kilometres of residential areas and green spaces, with limited commercial development space. Until the latter part of the 20<sup>th</sup> century, Stratford was primarily agricultural, and a choice location for summer cottages for Charlottetown residents. The construction of a new bridge in the 1960’s opened up the area to a new wave of residential development. Today Stratford is PEI’s fastest growing municipality, with a population younger than the PEI average, better educated and with a higher household income (Statistics Canada 2008).

***Budget***

The 2011 Operating Budget identifies \$3.92 million in revenue, almost entirely derived from property taxes. This budget is expended in the provision of services grouped by department, namely general government (\$1.63 M); finance and administration (\$596,000); recreation (\$500,000); public works (\$555,000); and planning (\$267,000), with \$252,000 identified for depreciation and a projected surplus of \$123,000 (Town of Stratford, 2011).

The Town Capital Budget for 2011 is \$1.7 million, with Gas Tax Funding representing 50% of that total in the current year, and 30% - 50% of the Town General Fund capital budget over the last five years. The Gas Tax funds can only be used for capital expenditures and are therefore very important for the Town to invest in infrastructure (sidewalks, trails, bicycle lanes and core area improvements). Before the availability of the Gas Tax Funding, the Town had to use its entire available infrastructure funding for this type of work. The projected available funding for the Town from 2010 to 2014 totals \$2.7 million in restricted infrastructure expenditures.

***GTF Impact on Municipal Services***

Stratford embarked on a program to provide central water supply and distribution services for the core area of the Town and fire rated water service in the commercial area for building sprinkler systems in 1999. In the last number of years, many of the areas of the Town that were serviced by central sewer in the 1980's began to experience water contamination as a result of a combination of factors including high density development, improperly abandoned older septic systems and poorly constructed older wells. In response, the Town developed a strategy to service these areas with central water supply services in the short term. Over the longer

term, the objective is to install central water supply services throughout the Town, excluding the agricultural reserve area (Town of Stratford, Sustainable Strategic Plan 2010). This water and sewer management has been and continues to be the largest capital expenditure in the Town's budget, and prior to the Gas Tax Funding used almost the entire capital budget of the Town.

### ***Imagine Stratford***

In 2006, the Town of Stratford authorized the development of a sustainability mandate where decisions and actions are based on the four dimensions of sustainability - economic, environmental, social and cultural – also known as the quadruple bottom line. In 2008, the Town produced a report entitled ***Imagine Stratford: Towards a Vision for 2028 (Annex A1)*** which committed the Town to develop both a sustainability plan and decision making framework. The resulting plan was developed and presented to members of the public in August 2008, and adopted along with the decision making framework by Council in September 2008. The Stratford Town Council has since adopted an overall mission statement which serves to provide a clear direction and performance standard for all Council actions. This mission statement also provides an overall policy framework for the official plan and is adopted as a general development goal:

“Utilizing an open, participatory approach to local governance, it shall be the mission of the Council of The Town of Stratford to foster the long term development of a self-reliant municipality which provides a range of high quality, safe, healthy, stable and affordable residential experiences together with complimentary commercial and municipal services, while

protecting the legitimate long term interests of farmers and maintaining the quality of our natural environment.” (Town of Stratford Revised Official Plan, 2006)

When Stratford set out to develop their community sustainability plan, they also planned to include a mechanism to report to residents on the Town’s progress. This was anticipated to require a combination of measurement and survey responses. Unfortunately, this aspect of the sustainability mandate was not completed, leaving the reporting, promotion, and integration mechanisms unaddressed. The Town has recognized that without a formal process for measuring how well they are doing in implementing their plans, they cannot confirm to internal and external stakeholders that they are doing what they said they were going to do. Externally, the Town requires a mechanism to report annually on progress towards sustainability to residents, businesses, and organizations. Promotion and education on how those same stakeholders can contribute to a more sustainable future, as well as capacity development for staff and Council, are required to support the mandate. The Town also wants to integrate corporate planning and staff performance management tools into the decision making framework to enable the most effective use of resources towards a shared sustainability vision.

The Town has already employed a collaborative planning approach to involve and include residents at the front end of the planning process and share all relevant information early so that the chosen solution is one that better reflects the wishes of the stakeholders. The goal of the Chief Administrative Officer (CAO) with support from the Council is to develop an

Integrated Performance Management Framework that addresses the needs of the Town while also meeting the requirements of the GTF Agreement when required.

From CAO Robert Hughes' brief to Council, August 18 2010 (**Annex B1**):

"In the public sector, the results that we are seeking are more than just financial results. We are primarily here to provide service to and care for our residents and stakeholders, and any measure of success must therefore include how well we are providing services and caring for our constituents...I have concluded that the keys to successful performance management are

- A continual strong strategy development process
- Clearly defined and measurable performance indicators that are derived from and linked back to strategy
- A shift in organizational focus to one centered on delivering results

I believe that the successful implementation of this project will vault the Town of Stratford to the forefront of municipal governance in the region and in the country. Resident and stakeholder satisfaction will increase because they will be more engaged in the process and they will see better results. Council will not have to spend as much time dealing with resident and stakeholder complaints and concerns and will be able to focus more on strategy and delivery. Employees will be empowered to deliver results and will have increased ability to effect positive change leading to higher job satisfaction. The Town's reputation will be enhanced as a leading example of good governance. "

***Political Environment***

Organizational considerations affect the success of any long term planning efforts. In the case of a municipality, the primary decision-making body is the Council, elected officials who serve a term of office and who are supported by administrative staff. In the Town of Stratford, the primary sponsor for the sustainability planning process was the mayor; Council elections were held at the beginning of this project and a new mayor and councillors were elected which presented a challenge for this project and for the overall sustainability effort. It is essential that all key stakeholders have a common understanding of the language and objectives of the sustainability mandate to ensure their support. In this case, the project was endorsed by Council and the overall plan supported. The challenges for implementing an effective performance management framework do not end there, however. Programs that require multi-level governance can make administration and evaluation much more complex, particularly as the federal government is not clear on whether the GTF is a grant or a contribution, which are both transfer payments but have different conditions. The GTF funding is provided up front, like a grant, but requires a complex accountability framework including outcome reports, like a contribution. Indicators for the outcomes and outputs have not been clearly defined, and remain a question for those managing the administration and evaluation of the GTF expenditures (Stoney & Bellefontaine, 2008).



## **Methodology: Results Matter**

### ***Background***

Strategic planning is an action-oriented type of planning that is only useful if it is carefully linked to implementation and supported by performance measures - and this is often where the process breaks down. Strategic plans do not implement themselves, and they may well be resisted by employees who feel threatened by change or by the institution of performance based measurements (Kotter, 1996). Additionally, public managers may fail to link their strategic planning efforts to other critical decision-making processes, including performance measurement and resource allocation (Poister, 2005). Sustainability requires planning that considers economic, social, cultural, and environmental and governance impacts, including those that are indirect and long-term. This requires adequate information and evaluation tools that allow stakeholders and decision-makers to understand the effects of their decisions.

As previously detailed, Stratford had developed a Sustainable Strategic Plan that had been endorsed by Council reflecting a commitment to the pursuit of sustainable processes, systems and governance (Sustainable Strategic Plan, 2010) (**Annex A2**). Specific projects and plans had been developed on a sectoral basis, but progress with the overall goals was limited due to a lack of focused resources and supporting internal commitment. While there was support at the Council level, there was lack of internal staff support or dedicated resources, continued silo approaches to decision-making, and lack of systems to measure benefits of sustainability. These challenges led to the proposal to develop a performance management framework utilizing a modified Balanced Scorecard methodology, and to deliver that framework through a phased project management process working closely with the CAO and the staff of the Town of

Stratford. The staged process would provide a clear continuum of learning and development, with specific goals and milestones (**Annex B3: Project Charter**). Tangible deliverables on the completion of the project would include a Corporate Balanced Scorecard for the Town, along with the associated strategic objectives, initiatives, and performance measures.

A formal launch event (**Annex B2: Project Launch Presentation**) was held for all staff and Council in October 2010 to introduce the process, the objectives, and the overall goals of the project, as well as the team members who would be facilitating the process. An additional introduction session / workshop was held for Council shortly after, as a result of Council elections. Multiple workshops were then planned and delivered in phases to deliver the essential elements of the BSC, including strategic objectives, indicators, measures, and corresponding action programs. All staff was required to attend on a rotating basis and Council members and department managers were encouraged to attend whenever possible to ensure staff was reassured of senior management endorsement. Workshops were scheduled on a weekly basis, providing time between meetings to enable reappraisal and reflection on the results generated, and to allow for adjustment to the planning schedule as required (**Annex D2: Expended Effort Summary**).

The author provided the primary facilitation role throughout the entire workshop schedule, providing uniformity and an objective moderation of discussion, while maintaining the overall schedule for each session. The process was extended over an entire year; this was a pilot and therefore a learning and development opportunity for both the facilitator and the municipality.

For many of the participants it was their first experience of collaborative planning and discussion, and there was an extensive and valuable learning curve for all involved as a result.

A detailed breakdown of the processes and tools used to conduct this process follows.

### ***Balanced Scorecard and Stratford***

In 1992 Harvard professor Robert Kaplan and consultant David Norton published the article ‘The Balanced Scorecard – Measures that Drive Performance’, in the Harvard Business Review (HBR). The ideas in this article led to the development of a strategic management system to translate strategy into action, to monitor strategic execution, and to align organizations around strategy. Over time, the challenges of applying the concepts of the Balanced Scorecard, particularly in identifying metrics, led to a further article in the HBR by the same authors introducing strategy mapping tools (Kaplan & Norton, 2000). A strategy map provides a visual map of how an organization will execute its strategy; it shows the objectives needed to execute the strategy and the causal links between objectives. It is a tool for clear communication and helps focus the organization in identifying the priority initiatives and critical metrics to monitor strategic execution. The balanced scorecard aligns measures with strategies in order to track progress, reinforce accountability, and prioritize improvement opportunities (Martinsons, Davison, & Tse, 1999).

The work of developing a Balanced Scorecard (BSC) incorporating a strategy map is time-consuming and labour-intensive in small / medium organizations where employees have multiple roles. An experienced consultant can facilitate and help managers get up to speed quickly, reducing the resource burden. For this study, the CAO undertook the BSC training

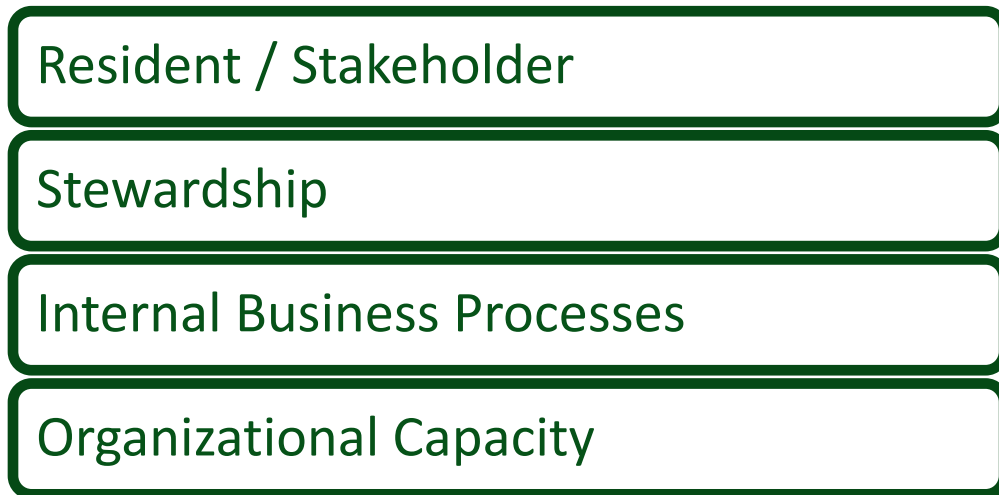
through the Balanced Scorecard Institute and obtained his practitioner certification. This access to the training materials and methodology was invaluable to the process and to the transfer of knowledge for the management team and enabled the facilitator to maintain a productive pace throughout the project (**Annex B4: BSC Definitions**).

While there is significant literature on the general approach and successful introduction of the BSC in the private sector (2GC Limited, 2011), few reports of detailed implementation experience are available for the public sector of municipal government. This is particularly relevant with the private sector focus on the financial perspective as the primary focus of the BSC, as demonstrated in Figure 1.

**Figure 1: Balanced Scorecard (Standard)**



While sound fiscal stewardship is a core perspective for the public sector and municipalities in particular, it is not the primary driver. As a result, a customized format of the BSC was developed at the initiation of the pilot to meet the specific needs of the municipal sector, shown in Figure 2.

**Figure 2: Municipal Balanced Scorecard**

The top perspective in the scorecard becomes the Resident / Stakeholder, and the Financial perspective becomes one of Stewardship of both finances and resources, including environmental; together these perspectives represent the external data and considerations in the Balanced Scorecard. The Internal Business Processes perspective remains the same, but the Learning and Growth perspective change to that of Organizational Capacity which includes people, tools and infrastructure.

This adapted Municipal Balanced Scorecard meets the need to provide a structure that supports sustainability performance goals; it provides a view of performance by combining financial measures (which tells the result of actions already taken) with operational measures of resident satisfaction, effective and efficient internal processes, and the organization's innovation and improvement activities and investment in the natural and built environment (Brugmann, 1997).

***Planning and Initiation***

Initial discussions were held with the CAO and from those a formal project charter was developed to form a basis for detailed planning and future decision making regarding the project, based on internationally recognized standards and processes for project management (Project Management Institute, 2008).

The charter was signed by the author, the CAO, and the project faculty advisor and provided a contractual document of record for the scope, assumptions, constraints, and agreed milestones and performance measures for the project (**Annex B3**). The role of the author was that of project manager and facilitator, providing assistance to the CAO in the successful implementation of the project objectives.

With that focus in mind, a living project plan was then developed for this initiative clearly outlining the stages and deliverables for each phase required to establish a performance management framework for the Town of Stratford. Extensive consultations with the CAO and his management team, as well as with the Council, together with a review and analysis of all existing plans and documents were conducted to inform the planning process. The resulting project plan was designed to deliver tangible outcomes that supported both the strategic objectives of the Town, but also the business objectives of the CAO and his staff. The key objectives of culture shift, capacity building, and a performance management framework address the core challenges identified in Stratford, but are representative of the challenges being faced by municipalities and other public sector organizations who are working towards

implementation of any transformational change strategy. By utilizing a 'learn by doing' approach, steady progress can be achieved in effective change:

1. **Highlighted accountability:** when staff knows what they are responsible for, and what they 'own', then teamwork is encouraged and cross-jurisdictional activities are more likely to occur. Even in small municipalities, departmental divisions occur and this can hinder progress towards high-level strategic objectives.
2. **Strategy focus:** a focus on organizational strategy and broad high-level objectives drives discussion around organizational direction, and on the importance of non-financial measures. The value of measures and indicators that are derived from objective sources external to the organization cannot be understated, particularly in support of critical success factors that are relevant to achieving financial goals.
3. **Creation of solid basis for planning,** with planning driving resourcing and managers invested in the planning process and the resulting commitments. Providing a clear connection between the plans and documents and the actual work taking place in the organization makes the planning meaningful, accurate, and enables organizational support.
4. **Clarification of the importance of data capture and reporting,** for both internal and external stakeholders, and enabling informed decision making for long and short term objectives. Data capture also enables effective reporting of results as well as future goals through the use of lagging and leading indicators.
5. **Enabling effective change management** by providing a well defined strategy and clarity; managers and staff know what is expected of them, and external stakeholders are

informed on achievements, goals, and objectives. True engagement and involvement of internal stakeholders is essential to enable ongoing engagement with external stakeholders.

These change drivers were addressed through the ‘learn by doing’ approach detailed as follows.

### ***Implementation Process, Roles and Responsibilities***

All members of Council and staff were asked to participate and accept responsibility for the success of the process. For staff, it was presented as an opportunity to contribute to strategic direction and development, to ensure that their voice was heard and recognized, and to learn about the process from the inside. Council was encouraged to participate in all planning and discussion sessions with staff on an equal level, with agreement that all would be open to feedback in the interests of building the process together. Figure 3 provides the initial framework that was used to drive the planning workshops.

**Figure 3: Municipal BSC Implementation Phases 1 and 2**

		<b>PILLARS (Themes)</b>				
		<b>Economic</b>	<b>Social</b>	<b>Ecological</b>	<b>Cultural</b>	<b>Governance</b>
<b>PERSPECTIVE</b>	<b>Resident</b>					
	<b>Stewardship</b>					
	<b>Internal Process</b>					
	<b>Organizational Capacity</b>					



**Phase 1: Council and Senior Management Goals**

- Review and confirm organizational mission, vision, and values
- Identification of stakeholder's needs and concerns
- Clarification of organizational mandates (themes) and perspectives
- Evaluation of internal strengths and weaknesses, external opportunities and threats
- Development of customer value proposition

**Process**

A planning session was held with Council in November 2010 following the municipal elections, facilitated by the author. The agenda for the session encompassed all of the identified actions and a record of decision was produced from the session for all councilors and management (**Annex C1**). This session gave councilors the opportunity to share their experiences and knowledge; to challenge and discuss the previous decisions and direction of the Town; and to work together as a group to review, understand, and confirm the sustainability themes and foundations. There was significant discussion on the definition of sustainability and how it could be implemented 'in real life'. The tools used during this session included SWOT analysis to develop a list of challengers and enablers; brainstorming in groups using Post-It notes and themed areas of discussion; and round-table facilitated discussion.

Agreement was reached on the need to engage and educate the community (residents and stakeholders), and to maintain a holistic viewpoint (how everything fits together). The record of decision from this key meeting has been a touch point throughout the project for Council, management and staff as it provides the foundation of all other project activity.

**Phase 2: 'Theme Teams' Goals**

- Review vision, mission and values
- Review SWOT analysis, customer value proposition and desired results
- Develop strategic objectives for each Sustainability Pillar in each of the four perspectives
- Develop Theme Strategy Map

**Process**

Staff members were expected to sit in on at least two theme teams, with at least one person from each team to sit in on the Big Team on a rotating basis. These planning sessions focused on each of the 'pillars' to develop a 'first pass' at the strategic objectives, and were completed by December 31, 2010 in a facilitated workshop format. As evidenced in the planning and session notes (Annex C1) there was extensive and sometimes heated discussion. Staff needed reassurance that the process was not designed to challenge them or their roles, and that all input was valued and recorded equally. Various techniques were employed to ensure the sessions were non-confrontational, inclusive, and clear and focused, with continuous feedback and discussion on the process itself from all involved. The tools used during these sessions were primarily Post-It notes mapped to the BSC perspectives (Resident, Stewardship, Process, Organizational Capacity) for each Pillar (Economic, Ecological, Cultural, Social, and Governance). The outcomes from each pillar session can be reviewed in **Annex C2**.

The completion of this section of the process ensured that every staff member had been involved in at least two of the planning / discussion sessions and had therefore benefited from

the shared learning as well as contributing to the identification of the initial strategic objectives. The next steps for the process required that volume of input to be filtered and focused into an ideal target of about 15 strategic objectives, identifying duplicates and similarities and making prioritization decisions in a collaborative context.

### **Phase 3: 'Big Team' Goals**

- Combine Strategic Objectives into Corporate Strategy Map
- Develop meaningful performance measures for Corporate Strategic Objectives
- Develop targets for performance measures
- Develop thresholds and identify baseline data for performance measures
- Develop strategic initiatives

### **Process**

The 'Big Team' was comprised of senior management, representatives from each 'Theme Team', and Council participants subject to availability, with alternates attending as required. The process of filtering the volume of objectives identified in the initial group sessions required that the participants move away from the themes, as these were an outcome of the sustainability goals but were no longer required for ongoing mapping. While this made sense in theory, it proved a bit more challenging in practice as the participants felt that the work they had done previously was not being valued. This was addressed through demonstrating that all input was being considered in the facilitated sessions, starting with blank posters for each perspective and working in groups to review all the objectives and place them in the correct perspective. The groups were then able to easily identify duplicates and related or similar

objectives, as well as those that were not at a high enough (strategic) level. Any objectives that were identified as being too far removed from the strategic level were placed in a 'parking lot' to become initiatives later in the process, ensuring that no input was lost. The deliverable from this stage was a draft strategic map, with 16 strategic objectives across the four BSC perspectives (**Annex C3: Performance Objectives, Indicators and Initiatives**).

Performance measures, targets and benchmarks were addressed at the strategic level, prior to the identification of initiatives. This ensured that the focus remained on the objective to be measured, and was informed by research on best practices from national and international sources including the Global Reporting Initiative, Statistics Canada, Industry Canada, and Environment Canada. The general guidelines from the GTF Agreement were also referenced to ensure compliance. It quickly became apparent that the collation and sourcing of data to inform the performance indicators would be one of the most resource-intensive activities in this project. This was addressed through the successful application for a business student / intern who has been specifically tasked with data collation and validation in support of the performance indicators, benchmarks and targets (**Annex C4: Data Sources**).

The final meeting for the 'Big Team' required reviewing all of the notes and material gathered throughout previous sessions and collating a list of activities and initiatives that could be matched to the agreed strategic objectives and their performance measures. By adding existing initiatives from departmental work plans, and brainstorming new initiatives to fill any gaps, the team was able to complete a first draft of the strategic map (**Annex C3: Performance Objectives, Indicators and Initiatives**).

**Phase 4: Department Goals**

- Cascade Corporate Sustainability Scorecard down into Department Scorecards
- Cascade Departmental Sustainability Scorecard down into Individual Scorecards

**Process**

The original scope of the project included the activities required to cascade the Scorecard down the Departmental and Individual level. Given the volume of effort required from staff during this process, and the work required to complete the performance indicator data sourcing, targeting and benchmarking, it was determined that the cascading would be addressed in a subsequent project in the fall of 2011. To prepare for this work, the senior management team reviewed the strategic objectives and initiatives and assigned departmental leads to each, providing the groundwork for the future project.

## Supporting Methodologies

### ***Project Management***

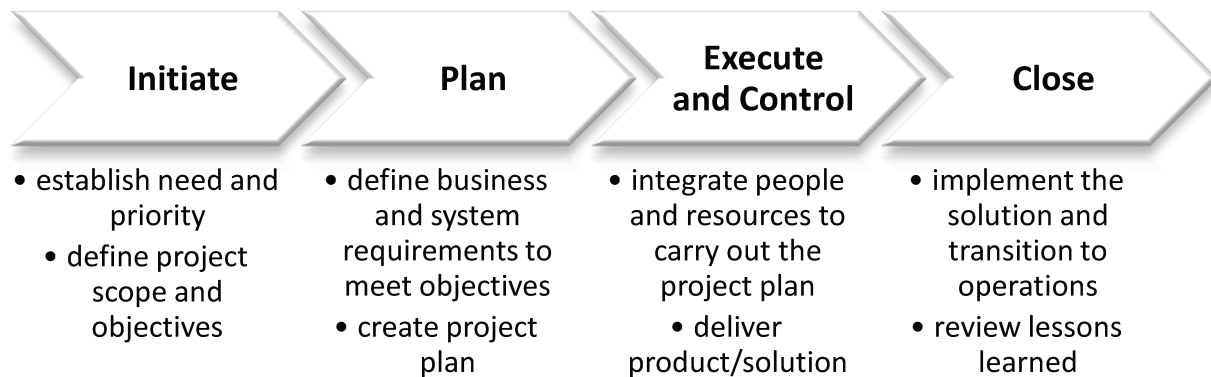
The Project Management Institute (P M I), defines project management *as* the application of knowledge, skills, tools and techniques to project activities to meet the project requirements *(from the Project Management Body of Knowledge Guide – Fourth Edition)*. Project management is sometimes used to describe an organizational or managerial approach to the management of projects and some ongoing operations, which can be redefined as projects. An organization that adopts this approach defines its activities as projects in a way that is consistent with the definition of a project; a temporary or unique endeavor that is constrained by resources, performed by people, and is planned, executed and controlled.

Project management is accomplished through the appropriate use of key processes; ultimately it involves addressing the various needs, concerns and expectations of the stakeholders as the project is being planned and carried out, as well as balancing competing project demands like scope, quality, schedule, budget, resources and risk. The rigour and use of project management processes on any given project is directly linked to the size and complexity of the project being managed. In most instances, a simplified project management framework is the best approach for environments that have not had a requirement or expectation of project management rigour but wish to benefit from the organization of activities as a means of achieving strategic goals.

For this project, the application of project management methodology provided a clear scope, objectives, performance measures and deliverables as well as identifying stakeholders,

risks, and a timeline. Using the Project Charter (**Annex B3**) as a key reference document informed a post implementation review and gap analysis to be conducted, as well as observations on lessons learned. These were provided in report format to the CAO (**Annex D1**) and have informed the subsequent planning of activity on the Performance Management Framework. The same tools have enabled the allocation of specific work packages to management and staff in support of the overall sustainability mandate. The management team at Stratford has requested project management training in this applied methodology to assist them with the strategic initiatives and objectives identified through the strategic sustainability planning framework.

**Figure 4: Simplified Project Management Process**



## Issues and Learning

### ***Outcome 1: Sound Stewardship***

Fiscal stewardship is traditionally the primary driver of business. In sustainable municipal planning, however, stewardship encompasses more than just budgeting and expenditure; it must reflect the environmental and ecological principles of sustainability as well as demonstrate sound fiscal management. Given that the primary source of federal funding is based on both fiscal and sustainable performance, it is important to clarify the definition of stewardship as it applies in this context and for the associated pilot and conceptual framework.

It is difficult to evaluate an organization on sustainability and environmental stewardship because an organization, by itself, is unlikely to violate a primary sustainable condition i.e. destroying the Earth's ozone layer (World Economic Forum, 2010). To measure sustainability, each organization's actions need to be scaled to a societal level by assessing what would happen if all organizations behaved the same way. In the same way that financial measures are in measurable units on a per capita basis or expenditure percentage, environmental units of analysis must be relevant to the organization's size and proportional impact without discounting the role that all entities have in sustainability targets. From the organizational perspective, the key challenge is to ensure that sustainability indicators are integrated into operational activities and initiatives, instead of being an 'eco add-on' to already existing and used statistical, measurement or reporting systems (Global Reporting Initiative, 2010).

For a small municipality in a small province, this brings its own set of challenges. At Stratford, significant work had already been done in defining broad sustainability goals and



providing the context for the Town, through the development of Imagine Stratford 2028 which expressed the goals at a strategic level and have informed all of the planning activity since.

**Goal 1:** Reduce Stratford's Greenhouse Gas Emissions

**Goal 2:** Reduce Stratford's Ecological Footprint

**Goal 3:** Improve the Quality of Life

Some examples of indicators that address and support these goals can be found in the next section on performance indicators.

### ***Outcome 2: Performance Management***

Performance management is not an isolated activity, but part of a continuum of results measurement activities that take place through the entire life-cycle of a policy, program, or initiative and that support the overall strategic plan. By gradually increasing the awareness, involvement and support of community members for sustainability, it may be possible to nurture a commitment to continual, purposeful implementation of incremental projects and measurement of the results. To foster a culture of performance within an organization, it is necessary that people understand how their work can contribute to the delivery of strategic outcomes and how this contribution could be measured and communicated through the use of performance indicators. Consequently, indicators need to be relevant to individuals as well as to municipalities, be flexible as the municipality evolves, and be scalable to the municipality and the users.

Given the current lack of consensus on nationally acceptable key performance indicators for environmental, social and governance criteria, it has been difficult for organizations to identify and relate indicators to corporate strategy and therefore bring any value to decision making. It is easy for organizations to get caught up in the imposition of targets and indicators based on 'best practices' without any serious attempt at relating those indicators to strategy or organizational priorities, which can lead to a negative impact on the drive for cultural change and result instead in a culture of performance measurement.

### ***Performance Indicators***

"Indicators stand out as a basic and effective tool for performance evaluation. In sustainable development planning, indicators have a unique place as a tool to measure performance in implementing each goal or policy of an action plan. " (Brugmann, 1997)

Indicators are a tool that can be used for diverse purposes – to educate residents, to assess existing conditions, to guide planning decisions, or to focus and evaluate actions. Each use implies different methods of development and standards for use and it cannot be assumed that the indicators used for one purpose can be effectively applied for another purpose. There are however common criteria used by a range of groups and organizations (in Canada and internationally) to help municipalities develop and use indicator of sustainability, particularly the Sustainable Development program from Environment Canada (Government of Canada, 2010) and the Global Reporting Initiative (GRI) sponsored by the United Nations (Global Reporting Initiative, 2010),

From these sources and from the workshop output, it was possible to derive three main criteria for good sustainability indicators that could also be practically implemented:

1. Relevant – validity, representative of the issue, integrates sustainability factors
2. Usable – understandable, unambiguous, useful
3. Reliable – available and cost effective data

Indicators should provide a good mix of qualitative and quantitative assessment, with emphasis on the quantitative, and should include leading (predictive) as well as lagging (reporting) indicators.

Based on these criteria, the indicators developed at Stratford fell into three main categories: existing data sources internally; existing data sources externally; and no existing data sources. External data is the easiest to source but is often out of date, and may not be in a format or at a level of detail that meet the reporting needs. As an example, an indicator to measure green house gas (GHG) emissions requires an inventory of emissions, a forecast and benchmark data. All are available from Environment Canada, but are not available at the municipality level which makes the condition of ‘relevant’ a challenge. This can be addressed however through partnerships with other municipalities who have developed a toolkit for measuring and reporting on Town facilities and operations (Town of Stratford, 2010). Other innovative ideas to develop data include a ‘friendly carbon challenge’ with other communities to extend into the community and raise awareness at the same time.

An example with a different challenge can be found in an indicator based in resident satisfaction, which must be measured through a statistically relevant survey tool. While this survey would provide extremely relevant and usable data, and could be used to inform a number of indicators, conducting a survey is a costly and time-consuming activity for a smaller municipality, and must be managed effectively to achieve a good return on the investment.

### ***Outcome 3: Stakeholder Engagement***

Stakeholder engagement is the process by which an organization involves people who may be affected by the decisions it makes or can influence the implementation of its decisions. Stakeholders may support or oppose the decisions, be influential in the organization or within the community in which it operates, holds relevant official positions or be affected in the long term. Before community engagement can be effective, however, it is essential that the internal stakeholders – staff, managers, and Council – are engaged in the process of issue identification and dialogue, and to develop understanding and ownership of the process and its outcomes.

Institutional reviews and changes are an integral part of effective strategic management, but can bring challenges associated with the introduction of change. Through a collaborative and open engagement policy, strategic planning can help set goals that reflect stakeholder concerns as well as planning priorities; the associated indicators can then be used as learning tools for stakeholders by providing meaningful and understandable information for discussion, consultation and decision-making.

## **Conclusion and Outcomes**

### **Outcomes Not Met**

A data management process / system was not developed during this phase, but is a targeted outcome in the next phase and is currently under development. Status reporting for internal and external usage is also under development.

Performance development plans and appraisal processes have not been completed in this phase, as they are dependent on the cascading of the scorecard to the individual and departmental level. Staff performance development process has not been developed or implemented in this phase.

A work plan for the current year will be developed through the application of the project management process for those initiatives currently underway or in the 18 month planning window.

### **Lessons Learned**

- A more comprehensive introduction to the language and concepts / definitions earlier in the process would have been beneficial for participants
- The BSC process can be repetitious for participants, particularly in the transition from pillars to themes to objectives
- It was challenging for participants and facilitators to keep the focus on the strategic level when developing objectives and initiatives

- Some of the editing and decision-making could have been done without participation or with a more focused group to reduce the burden on staff
- Exercise, examples and hands-on training would be beneficial for participants earlier in the process
- Narratives and relevant story-telling was very effective in presenting concepts and resolving areas of challenge during workshops and training
- Staff were more open and creative when they worked together in small groups than as individuals
- Many good ideas and 'breakthroughs' happened during periods of conversation and discussion
- The volume of paper produced was significant and confusing; version control needs to be more carefully managed in future applications
- Maintaining a library of templates, tools, and resources will be invaluable for future applications

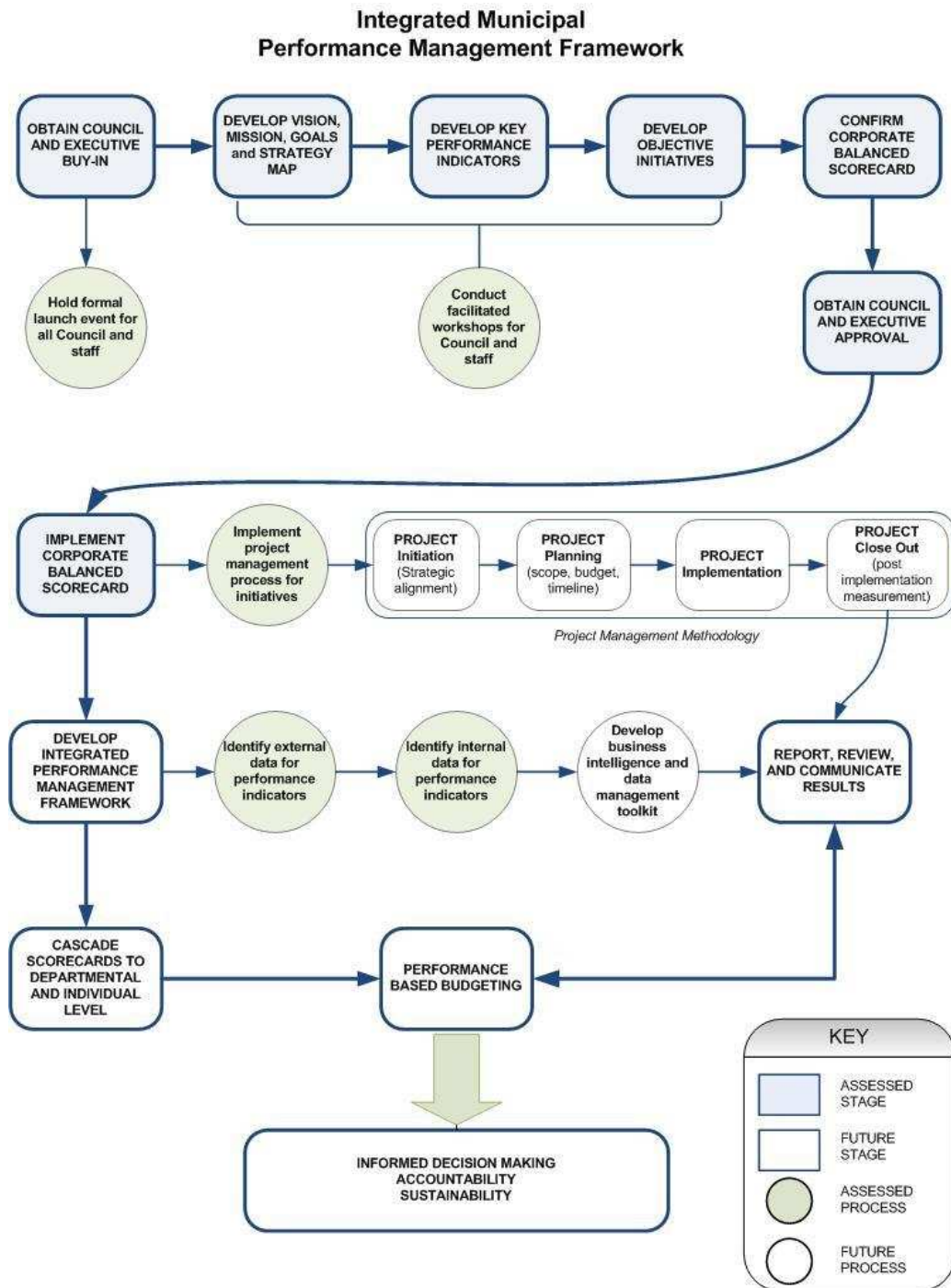
## **Conclusion**

The completion of a Corporate Municipal Balanced Scorecard marked the official successful conclusion of the project. In reality, the work is ongoing as the staff, management, and Council are engaged and empowered through their extensive commitment and involvement to the process. The framework outlined in **Figure 3** is the outcome of the project from the author's perspective, reflecting both the completed and projected stages and phases that comprise the Integrated Municipal Performance Management Framework. This Framework is a result of the

adapted methodology developed and employed during this pilot study, and represents the new approach taken during this project to address some of the challenges identified throughout.

As detailed in the Framework, the next stages continue to require a significant investment in time and resources. The BSC must be cascaded to the departmental level and eventually the individuals in the organization, while ensuring the strategic objectives are still met. A resource has been secured to address the data identification required for the development of performance analysis and reporting, and an options analysis is being conducted for dashboard and business intelligence tools. The Council and senior management continue to support this process and have committed to the long term strategic objectives and associated initiatives as identified through the development and application of the Integrated Municipal Performance Management Framework.

Figure 5: Integrated Municipal Performance Management Framework





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## ***Annexes***

### ***Town of Stratford Reference Documents***

- A1        Imagine Stratford 2028
- A2        Strategic Plan June 2010

### ***Sustainable Stratford Initiation Documents***

- B1        CAO Brief to Council August 18 2010
- B2        Project Launch October 15 2010 (PowerPoint presentation)
- B3        Project Charter
- B4        Definitions (BSC Derived)

### ***Sustainable Stratford Implementation Documents***

- C1        Planning Records of Decision 2010
- C2        Collated Pillar Session Outcomes
- C3        Strategic Objectives, Indicators and Initiatives Final June 2011
- C4        Performance Indicators and Data Sources
- C5        Balanced Scorecard September 2011

### ***Project Close Documents***

- D1        Post Implementation Review Gap Analysis and Lessons Learned
- D2        Expended Effort Summary

### ***ASB Paper (October 2011)***