

# THE BALANCED SCORECARD



Elevate your practice with a comprehensive performance framework.

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Health care organizations, including those in the cataract and refractive surgery practice sectors, have long been subject to changing regulations, technological advances, and shifts in consumer preference. Further, the COVID-19 pandemic catalyzed changes across all health care sectors, necessitating rapid responses to unprecedented demands.

Ophthalmology faces a multitude of challenges that call for creative and sustainable solutions. The external forces at play demand a reassessment of patient care models and tight integration of clinical and administrative activities for practices to maintain their economic efficiency. The effort is imperative as competition intensifies. Practices must find innovative ways to deliver care despite the increased pressure on available resources.

## THE BALANCED SCORECARD

A comprehensive performance framework is instrumental to aligning the practice's overarching strategic goals with its day-to-day operations. It provides clarity for practice leaders and team members alike. One such model for measuring performance and facilitating strategy execution is the balanced scorecard (BSC).<sup>1</sup> Established in the 1990s, the traditional BSC offers a framework for holistic assessment and evaluation focused on four critical areas (Figure).

► **No. 1: Financial performance.** This element of the BSC aids practices in monitoring their income, expenses, profit margins, cash flow, and other key financial indicators. Regular tracking of these metrics allows practice leaders

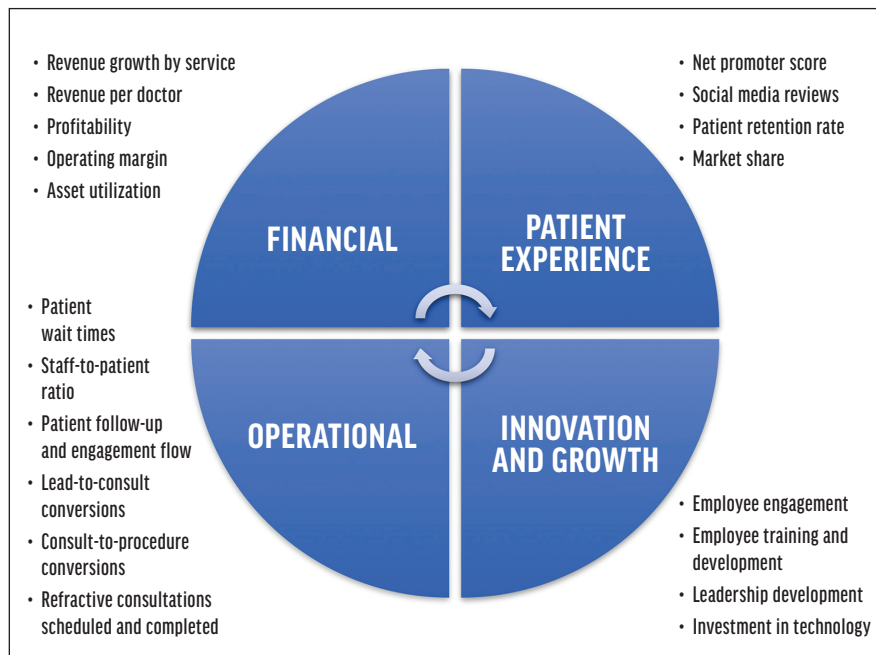


Figure. Proposed BSC for a refractive surgery practice.

to gain a deeper understanding of how the practice's finances are performing over time.

► **No. 2: Patient experience.** This aspect of the BSC assists practices in measuring patient satisfaction levels and ensuring consistent delivery of high-quality care. They can administer surveys to or interview patients and track metrics such as net promoter scores and patient satisfaction. Assessing patients' social media reviews can also provide valuable insight.

► **No. 3: Operational efficiency.** The internal operations segment of the BSC allows practice leaders to understand how effectively their teams perform daily tasks. Metrics to monitor include wait times, staff-to-patient ratios, workflow efficiency, and process compliance rates.

► **No. 4: Innovation and growth.** The innovation and learning aspect of the BSC equips practices to evaluate their ability to stay current with industry trends and regulations. It also gauges their eagerness to introduce innovative workflows or technologies that could benefit patients. This is often accomplished by tracking metrics such as research output and educational opportunities available to employees, which ensures they have access to the most recent information to deliver high-quality patient care.

## DEVELOP AND TRACK THE RIGHT METRICS

Practice leaders should define a set of key performance indicators (KPIs). These can offer profound insights

into the strengths and weaknesses of the practice. When formulating the KPIs that best suit their unique practice, leaders should consider two types of indicators.

**Lagging indicators.** These metrics demonstrate the organization's past performance. Examples of lagging indicators include financial statements such as balance sheets, income and cash flow statements, sales figures, or any other metric that signifies postperformance success or failure.

**Leading indicators.** These metrics assist leaders in predicting future performance. Examples of leading indicators include customer satisfaction surveys, employee feedback, market research data, sales projections, or conversions.

Developing effective KPIs requires thoughtful consideration, an analysis of specific organizational needs, and an understanding of which metrics best reflect the desired outcomes.

#### LEVERAGE THE BSC

Integrating the proposed BSC into the overall organizational performance framework can provide practice leaders with valuable insights into the performance of each aspect of the practice. By incorporating both quantitative and qualitative measures, they can concentrate not only on the financial health of the organization but also on patients and employees.

The BSC can also function as a potent communication tool among departments and leaders within the organization. It demonstrates to all stakeholders their roles in achieving

the organization's desired outcomes and helps them understand how their efforts contribute to those objectives. This can foster alignment across teams, promote data-driven decision-making, improve collaboration, and lead to more efficient problem-solving within the organization.

#### CONCLUSION

A well-crafted performance framework featuring a reimagined BSC, as proposed in this article, can provide invaluable insight into an organization's overall health. It does this by combining financial data and nonfinancial measures, such as customer satisfaction scores or employee engagement scores, into a single comprehensive view of operational success. Creating KPIs requires thoughtful and strategic consideration. Once established, however, KPIs provide a valuable metric for assessing the effectiveness of each department within an organization over time. For leaders seeking to optimize organizational efficiency while ensuring long-term success, a comprehensive performance framework can create a more systematic approach to measuring practice performance. ■

1. Kaplan RS, Norton DP. The balanced scorecard—measures that drive performance. *Harvard Business Review*. January-February 1992. Accessed May 26, 2023. <https://hbr.org/1992/01/the-balanced-scorecard-measures-that-drive-performance-2>

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