



57th UITP World Congress

Public transport: Moving people, moving cities

Helsinki, 20-24 May 2007

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From strategy to operation: the balanced scorecard approach

1. BIOGRAPHICAL NOTE

Mohamed Mezghani has been working for 19 years in urban transport and mobility related fields. He is advising the International Association of Public Transport (UITP) since he established as consultant in March 2006. Until then, he has worked at UITP as Senior Manager (1999-2001) and Director Knowledge and Membership Services (2001-2006) chairing the department developing knowledge-related services for UITP members: professional training, research projects, thematic studies, technical advice, conferences, networking activities, information centre, etc.

His main fields of expertise are: institutional organisation of public transport, financing and pricing of urban mobility, relationships between public transport stakeholders, travel demand management and integrated mobility policies.

Before joining UITP, M. Mezghani has been working as consultant in the French group, BCEOM, (from 1990 to 1999) more particularly in the urban mobility field. He has managed and carried out projects including policy definition, technical assistance and research activities in several countries in Europe, sub-Saharan Africa and Arab countries.

During his collaboration with the French Agency for Environment and Energy Management, ADEME, (from 1988-1990), M. Mezghani carried out actions aimed at identifying and evaluating transport energy efficiency projects likely to be financed by the Agency in France.

Mohamed Mezghani has been graduated in Industrial Engineering (1987) and has a Master in Transport (1988).



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2. ABSTRACT

The balanced scorecard (BSC) is a management system that enables organizations to clarify their vision and strategy and translate them into action. It provides feedback around both the internal business processes and external outcomes in order to continuously improve strategic performance and results.

BSC is becoming increasingly popular amongst public transport operators. Because public transport companies, like other service companies, need to be efficiently managed, even if they operate, in most cases, in monopolistic situations. The BSC approach is a tool that could help them in this respect. It will help them translate strategic objectives into operational terms and ensure the whole organisation is aligned to the strategy. BSC is in the same time a way to help companies focus not only on the financial results themselves but also on other dimensions: the customer, the human resources, the processes.

The presentation will show how BSC has been implemented in public transport companies. Through a number of examples from real-life implementation, the speech will highlight some of the problems encountered by public transport companies and will emphasise the key conditions for a successful implementation of BSC. It will conclude by discussing the limits of BSC and highlighting the opportunities it offers to public transport companies.

3. FULL TEXT

The balanced scorecard (BSC) is a management system that enables organizations to clarify their vision and strategy and translate them into action. It provides feedback around both the internal business processes and external outcomes in order to continuously improve strategic performance and results.

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A survey carried out in 2006 by "Monitor" reveals the following results amongst large companies:



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- 95% of the typical work force doesn't understand the strategy defined by the top management
- 60% of organizations do not link strategies with budgets
- 70% do not link management incentives to strategy
- 85% of executive teams spend less than one hour per month discussing strategy

These results show how important are the definition and execution of a strategy. Therefore, a strategy focused organisation should:

1. Mobilize change through executive leadership
2. Translate strategy into operational terms
3. Align the organisation to the strategy
4. Motivate employees to make the strategy everyone's job
5. Govern to make the strategy a continuous process

The BSC approach plays an essential role to reach these objectives. Hereafter are some important elements, drawn from the experience of public transport companies in Vienna, Stuttgart, Madrid, Bern, Flanders Region, Berlin and Denmark. They are to be considered when defining and implementing BSC.

Strategy:

- The starting point of a BSC approach is a clear vision to be translated in a clear and focused strategy. The Company Management must not only endorse but commit to the BSC.
- The number of strategic goals should be reduced and balanced over all perspectives.
- Strategy map must be easy to communicate internally and externally
- Don't be a slave of your strategy as BSC. Be also flexible and open for certain opportunities, as long as they serve your values.

Alignment and involvement:

- Agreement and commitment are essential to assure alignment on the decision-making process
- Everybody in the company has to do his job in order to make the BSC survive
- Promote leadership throughout the organisation and not only at top management level



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- Strategic management office is a very good instrument to coordinate BSC deployment and the alignment of strategic initiatives included in the change plan

Data and indicators:

- Get the definitions of Key Performance Indicators (KPI) right from the beginning, and save a lot of time and resources discussing how to define the figures afterwards.
- Agree on very detailed definition of indicators to ensure the whole company speaks the same language
- Figures must be reproducible and comparable. There is a need for clear responsibility for measurement within the company.
- The existing data related to management and service operation could be used when defining the KPIs.

Implementation process:

- It is important to have a corporate planning process from strategy to reporting
- All systems have to fit together (find the right modus Vivendi to make them compatible)
- Cascading the KPIs (BSC targets) until actions plans is very important to ensure the strategy is translated and implemented
- "Simple is beautiful": start with what you have and improve it along the way. It is a learning process.
- BSC is not a one-time project, it is a never ending story (check it every year)
- Company restructuring will add additional problems to be resolved. Therefore, it is recommended to avoid combining both processes (company restructuring and BSC approach)

Communication:

- Communication is the key aspect to guarantee the involvement and ownership of people (with owner, employees and authority). Use several channels.
- BSC will also lead to better information for the employees, more in-depth knowledge of the strategic direction

But BSC has limits:

- It can only monitor whether the organisation is moving in the right direction or not. It does not by itself guarantee that the strategies are fulfilled.



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- BSC is a tool, it will never replace a strategy nor a good management of the company

However BSC offers opportunities:

- It could help to manage the company by ensuring transparency, improved internal communication, and by making the company prepared to implement changes and to be more flexible for a competitive market.
- BSC is an instrument to check if the company is on the right track in the changing public transport market.

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