

DOKUZ EYLÜL UNIVERSITY
GRADUATE SCHOOL OF NATURAL AND APPLIED SCIENCES

**AN APPLICATION OF BALANCED SCORECARD
(BSC) AS A STRATEGIC MANAGEMENT TOOL
IN BORNOVA COUNTY**

by
Mustafa TEKİR

September, 2007
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**A Thesis Submitted to the
Graduate School of Natural and Applied Sciences of Dokuz Eylül University
In Partial Fulfillment of the Requirements for the Degree of Master of Science
in Department of Industrial Engineering, Industrial Engineering Orientation
Program**

**by
Mustafa TEKIR**

**September, 2007
IZMIR**

M. Sc THESIS EXAMINATION RESULT FORM

We have read the thesis entitled **AN APPLICATION OF BALANCED SCORECARD (BSC) AS a STRATEGIC MANAGEMENT TOOL IN BORNOVA MUNICIPALITY** completed by **MUSTAFA TEKİR** under supervision of **PROF. DR. EDİP TEKER** and we certify that in our opinion it is fully adequate, in scope and in quality, as a thesis for the degree of Master of Science.

Prof. Dr. EDİP TEKER

Supervisor

YRD. DÇ. DR. LATİF SALUM

(Jury Member)

DOÇ. DR. B. ORAL BİTLİSLİ

(Jury Member)

Prof. Dr. Cahit HELVACI

Director

Graduate School of Natural and Applied Sciences

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Mustafa Tekir

AN APPLICATION OF BALANCED SCORECARD (BSC) AS A STRATEGIC MANAGEMENT TOOL IN BORNOVA MUNICIPALITY

ABSTRACT

The goal of this thesis is presenting of a performance measurement system in public sector. The internal and external performance of a non-profit-organization Bornova Municipality House is examined by using BSC into performance measurement system. The Balanced Scorecard focuses primarily on internal structure, finance and business processes of an organization and its external circumference. In the implementing phase, not only the internal assets of Bornova Municipality as financial structure and internal-processes but also the expectations of Bornova's citizens and Municipality's sources with an enquiry have been examined. Finally, the suitable strategic plans have been chosen and aligning to the strategic map. In this article, it is representing that the Balanced Scorecard application had used as a strategic planning tool in Bornova Municipality House.

Key Words: *Public Sector, Strategy Map, Balanced Scorecard Application, Internal and external performance measurement*

BORNOVA BELEDİYESİNDE BALANCED SCORECARD'IN STRATEJİK YÖNETİM SİSTEMİ OLARAK UYGULANMASI

ÖZ

Bu tezin amacı kamu sektöründe performans ölçüm sistemini açıklamaktır. Kamu sektörü olan Bornova Belediyesinde içsel ve dışsal performansın ölçüm sisteminin BSC (Balanced Scorecard) uygulaması ve incelenmesi. Öncelikle Balanced Scorecard'ın ilgilendiği konular organizasyonun içsel yapısı, finansal ve işlevselliği, dış çevrenin incelenmesidir. Uygulama safhasında, sadece Bornova Belediyesinin içsel değerleri yanında finansal yapısı ve içsel işleyişi yanında Bornovalı hemşehrilerin anketi ve Belediye kaynaklarının incelenmesidir. Sonuçta ise stratejik harita ile en uygun stratejik plan seçilmiş ve uygulanmıştır. Bu tezde sunulan Bornova Belediyesinin Balanced Scorecard uygulanmasını stratejik planlama aracı olarak sunulmuştur.

Anahtar kelimeler: *Kamu Sektörü, Stratejik Harita, Balanced Scorecard Uygulanması, İçsel ve dışsal performans ölçümü.*

CONTENTS

	Page
THESIS EXAMINATION RESULT FORM	ii
ACKNOWLEDGEMENTS	iii
ABSTRACT	iv
ÖZ	v
 CHAPTER ONE-INTRODUCTION	1
1.1. Introduction to Balanced scorecard	1
1.2. The Origin of Balanced Scorecard	2
 CHAPTER TWO-GENERAL INFORMATION ABOUT BSC AND GOVERNMENT SECTOR VERSUS PUBLIC SECTOR.....	4
2.1.Building a Balanced Scorecard to Fit the Public Sector	4
2.2. Importance of Following BSC.....	8
2.3.Comparison in Private and Public Sector	16
2.4.The Different Perspectives of Balanced Scorecard	18
 CHAPTER THREE- A BSC IMPLEMENTATION ON BORNOVA MUNICIPALITY IMPLEMENTATION	22
3.1. Using Balanced Scorecard in Public Sector (Bornova Municipality) as a Strategic Tool.....	22
3.1.1. Balanced Scorecard Implementation Strategies to Bornova	22
3.1.2. Balanced Scorecard Planning Adjustment for Bornova	22
3.1.3. Bornova Council Balanced Scorecard Plan.....	23
3.1.4. Definition of the Municipal Strategic Management Plan Statement	26

3.1.5. The Purpose of MSMPS Report for Bornova Municipality	27
3.1.6. Background of Bornova Municipality	27
3.1.6.1. Bornova Municipal Strategic Management Planning Statement	27
3.1.6.2. Three Years BSC Review Requirement	28
3.1.7. Bornova Council Policy about Balanced Scorecard	29
3.1.8. The Council of the Municipality of Bornova	29
3.2. The Goals and the Necessities of the Project of Balanced Scorecard	31
3.3. Financial Analyses of Bornova Municipality with Balanced Scorecard	40
3.3.1 The Bornova Municipality Community and Cultural Grant Programs ...	47
 CHAPTER FOUR –THE CITIZEN SATISFACTION OF BORNOVA MUNICIPALITY	 48
4.1. The Bornova Municipality Geographic Location and Demography	48
4.1.1. The Bornova Municipality Population Data and Analysis	48
4.1.2. People and Households of Bornova Municipality	49
4.2. Local and Regional Services and Facilities of Bornova Municipality	50
4.3. Open Space and Recreation of Bornova Municipality	51
4.4. Community Well-being of Bornova Municipality	53
4.5. Activity Centers and Commercial Precincts of Bornova Municipality	55
4.6. Economic and Industrial Development of Bornova Municipality	56
4.7. Access and Transport of Bornova Municipality	59
 CHAPTER FIVE- THE DEVELOPMENT OF BORNOVA MUNICIPALITY WITHIN BALANCED SCORECARD IN MANAGEMENT PHILOSOPHY IMPROVEMENT	 62
5.1. Strategic Resource Plan of Bornova Municipality	62
5.2. An Example of Developing Balanced Scorecards in Not-For-Profit Organizations.....	66
5.3. Conclusion of Balanced Scorecard	68
REFERENCES	70

CHAPTER ONE

INTRODUCTION

1.1 Introduction to Balanced Scorecard

The purpose of this chapter is to provide an overview of the balanced scorecard as a performance measurement system. The initial focus and application as well the Balanced Scorecard has been in the for-profit (private) sector, the opportunity for the scorecard improve to the management of government and not-for-profit enterprises. The financial perspective provides a clear long-run target for profit-seeking corporations. The financial perspective, however, provides a constraint, not an objective for government and not-for-profit organizations.

These organizations must limit their spending to budgeted amounts. But the success of these organizations cannot be measured by how close they maintain spending to budgeted amounts, or even if they restrain spending so that actual expenses are well below budgeted amounts.

Success for government and not-for-profit organizations should be measured by how effectively and efficiently they meet the needs of their constituencies. Tangible objectives must be defined for customers and constituencies. Financial considerations can play an enabling or constraining role, but will rarely be the primary objective. (Kaplan Norton, 1996)

For this thesis Balanced Scorecard organized around four distinct perspectives, the public finance, the customers whose are Bornova's citizens, the internal measures are municipality working processes, the external measures are Bornova's people and other public and non public foundations, and fourth perspective learning and growth for the Bornova's official and worker training and productive transactions, were included

1.2 The Origins of Balanced Scorecard

The Balanced Scorecard was developed by two men; Robert S. Kaplan is the Marvin Bower Professor of Leadership Development at Harvard Business School and Chairman of the Balanced Scorecard Collaborative and David P. Norton is cofounder and President of the Balanced Scorecard Collaborative. In 1990, Kaplan and Norton led a research study of dozen companies exploring new methods of performance measurement. The study companies, along with Kaplan and Norton, were convinced that a reliance on financial measures of performance was affecting their ability to create value. (Niven, 2002)

1990: The Study was motivated by a belief that existing performance-measurement approaches, primarily relying on financial accounting measures, were becoming obsolete. The study reliance on summary financial-performance measures was hindering organizations' abilities to create future economic value. ***“Measuring Performance in the Organization of Future”***

1992: BSC organized four distinct perspectives- financial, customer, internal and innovation and learning. The finding of the study group in an article, ***“The Balanced Scorecard- Measures That Drive Performance,”*** was published in Harvard Business Press.

1993: The new measurement system to communicate and align their organizations to new strategies: away from the historic, short-term focus on cost reduction and low-price competition, and toward generating growth opportunities by offering customized, value-added products and services to customers. The article is ***“BSC- Measures That Drive Performance”***

In the early 1990's Dr. Robert Kaplan and David Norton developed a new approach to strategic management. They named this system the ***“Balanced scorecard”***. The BSC is a management system that enables organizations to clarify

their vision and strategy and translate them into action. The Balanced Scorecard is more than a new measurement system. Innovative companies use the scorecard as the central organizing framework for their management process.

The Balance Scorecard emphasizes that financial and non financial measures must be part of the management and information system for all levels of the organization. It provides feedback around both the internal business processes and external outcomes. In order to continuously improve strategic performance and results. The governmental organizations success should be measured by how effectively and efficiently they meet the needs of their constituencies. Tangible objectives must be defined for customers and constituencies.

Financial considerations can play an enabling or constraining role, but will rarely be the primary and key objectives. These organizations must limit their spending to budgeted amounts. But the success of these organizations cannot be measured by how close they maintain spending to budgeted amounts, or even if they restrain spending so that actual expenses are well below budgeted amounts.(Norton & Kaplan, 1996,180)

All governmental agencies exist not for profit but to fulfil their charter or mission, which is an “inherently governmental function”. Governmental agency has authority to conduct their mission that is delegated either by congressional statue or by Executive Order.

CHAPTER TWO

GENERAL INFORMATION ABOUT BSC AND GOVERNMENT SECTOR VERSUS PUBLIC SECTOR

2.1 Building a Balanced Scorecard to Fit the Public Sector

Public-sector use and acceptance of the Balanced Scorecard continues to increase at a steady pace. Little wonder since these organizations are able to exact the same Scorecard benefits private-sector companies have enjoyed since the early 1990s. However, the Balanced Scorecard was originally designed with the profit-seeking enterprise in mind and its basic framework must be modified for public-sector organizations to utilize it to full advantage: Figure displays a public-sector Balanced Scorecard model. We can use this diagram to differentiate between private- and public-sector uses of the Scorecard.

Strategy remains at the core of the Scorecard system, regardless of whether it's a government agency, Fortune 500 companies, or a mom and pop store. However, government organizations often have a difficult time cultivating a clear and concise strategy. While many attempt to develop statements of strategy, they amount to little more than detailed lists of programs and initiatives used to secure dollars from legislative funding bodies. As a result, early governmental Scorecard efforts focused primarily on internal measures of efficiency and quality with little regard to the ultimate goal of serving citizens. A review of the history books is revealing. As noted in the preceding section, the 1980s and early 1990s saw a rise in prominence of the quality movement in government circles, the effects of which strongly influenced performance measurement:—Clearly, public-sector organizations need to supplement the goals of strategy with higher-level objectives describing why it is they exist, and ultimately what they hope to

achieve. In other words, they need to describe their mission. "Reducing illiteracy," "Decreasing the incidence of HIV," and "Increasing public safety," are all examples of goals we would expect public agencies to espouse, but they are not strategies. They are missions, providing the motivating force for action within the public-sector agency. These overarching objectives must be placed at the top of the government Balanced Scorecard to guide the development of performance measures that will lead to their fulfillment. With its position at the top of the Scorecard, the mission dearly communicates to all why the organization exists, and what they are striving to achieve.

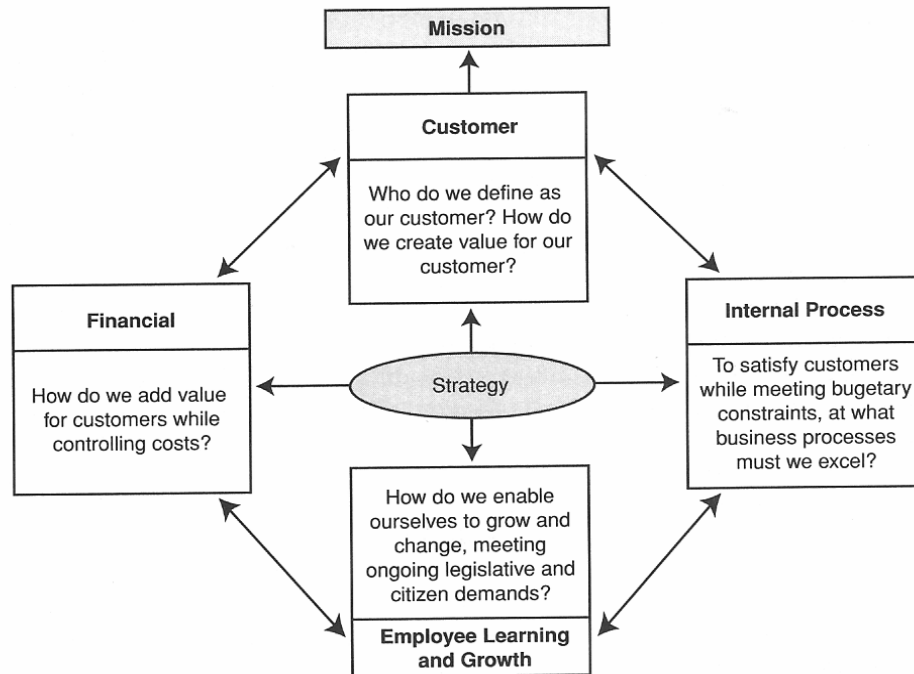


Figure 2.1 Example of Four Perspectives according to BSC

A clear distinction between private-and public-sector Balanced Scorecards is drawn as a result of placing mission at the top of the framework. Flowing from the mission is a view of the organization's customers, not financial stakeholders. Achieving a mission does not equate with fiscal responsibility and stewardship; instead, the organization must determine who it aims to serve and how their requirements can best be met. In the profit-seeking world, companies are accountable to their capital

providers (shareholders) for results, and they monitor this accountability through the results attained in the financial perspective of the Scorecard. Not so in the public sector. Here the focus is on customers and serving their needs in order to accomplish the mission. But the question of "who is the customer" is one of the most perplexing issues that government Scorecard adopters face. In the public sector, unlike the for-profit world, different groups design the service, pay for the service, and ultimately benefit from the service. This web of relationships makes determining the customer a formidable challenge for many public-sector managers. Establishing the real customer in many ways depends on your perspective. The legislative body that provides funding is a logical choice, as is the group you serve. However, think about that group you "serve." Would law enforcement agencies consider the criminals they arrest their customer? You could probably make a case for that. Conversely, many would argue that constituents are the ultimate beneficiaries of policing activities and are therefore the real customers. Fortunately, the Balanced Scorecard does not force you to make this difficult decision. Including all customers is permissible and possible using the public-sector Scorecard framework. Not only is it possible, it's desirable since meeting the mission will most likely entail satisfying disparate customer groups, each of whom figure in your success. Each group of customers identified will likely result in different measures appearing in the other three perspectives of the Scorecard. Once public-sector executives and managers have made their way through this tangled maze, the job of choosing performance measures in all perspectives becomes much simpler.

In the public-sector Scorecard model, financial measures can best be seen as either enablers of customer success or constraints within which the group must operate. The ultimate goal of the government agency is to fulfill their mission and customer requirements, not achieve financial success. However, financial metrics still have an important place in the overall framework. Working efficiently and creating value at lowest cost will be of critical importance in any organization, regardless of its status. Determining the costs

of services rendered can lead to important conclusions and dramatically affect funding decisions. Government organizations, like their colleagues in the private sector, are increasingly looking to activity-based management techniques to assist them in establishing the true drivers of costs and how best to minimize total outflows in the future. Applying disciplined cost control methods and tracking detailed financial metrics can be a particularly painful thorn in the side of many public-sector managers, however. Consider those working in the field of human services, such as adoption or family services. They will suggest, with merit, that you can't put a price on placing a child in a supportive and loving home or reuniting a child with parents who have successfully completed a counseling program and show tremendous promise for the future. Skillful Scorecard practitioners must coach the reluctant managers to see that financial measures are not necessarily at odds with their any financial goals but are intended to balance the ultimate goal of serving customers with fiscal accountability and responsibility.

Internal process measures in the public sector should derive from the value proposition reflected in the Customer perspective. What key processes must be executed flawlessly to increase the likelihood of achieving customer success? The notion of a value proposition is often new to public sector agencies that are often more accustomed to simply meeting budgets and not creating any significant control issues. As noted above, a legacy of government quality programs has been the reliance on measures of internal efficiency and quality with little regard to the effect these metrics have on the ultimate goal of meeting customer performance yardsticks and ultimately the mission. However, public-sector agencies need not depend exclusively on delivering operational excellence propositions, but with strong vision and captivating leadership can develop customer intimacy or even product leadership goals. Internal Process measures may also be generated from the increasing trend of government organizations contracting with third-party vendors and partnering with providers to meet customer needs. Performance measures should be crafted to track this important development.

To meet the objectives established in the Internal Process, Financial, and Customer perspectives, government agencies must develop metrics in the Employee Learning and Growth area that will enable such positive outcomes. Motivated employees with the right mix of skills and tools operating in an organizational climate designed for sustaining improvements are the key ingredients in driving process improvements, working within financial limitations, and ultimately driving customer and mission success. Government organizations normally do not experience much difficulty in populating this perspective, and will in fact flood it with metrics relating to everything from training programs to diversity initiatives to telecommuting pilot projects. Not to suggest these aren't important, but this perspective cannot simply act as a repository for every human resources initiative currently taking place. New measures must be developed that track the effectiveness of training programs, examine and attempt to fill the skills gap, establish the existence of information flows, and monitor the organizational climate.

2.2 Importance of Following BSC

Throughout this thesis we have discussed the importance of cascading the Balanced Scorecard, driving it to lower levels and thereby giving everyone the opportunity to define their contribution to the organization's success. As vital as cascading is in the private sector, it may be even more critical in public-sector applications of the Balanced Scorecard.

Among the many goals and benefits of cascading is the alignment that is created from top to bottom of the organization. Given the vast web of interdependencies existing within most public-sector agencies, alignment may be considered less a benefit of cascading and more of a necessity for Scorecard success. Achieving a high-Level objective such as "Reducing child poverty" cannot be done through the actions of one group and captured in the objectives and measures of a single Scorecard. As customers move through the government system, availing themselves of

the many services it offers, they rarely receive one-stop shopping. A more likely scenario is the acquisition of assistance from a variety of independent, yet closely related program providers. A family attempting to secure health insurance for their children could simultaneously be interacting with government health insurance specialists, immunization providers, and family counselors. Each of these groups play a vital part in helping the family achieve its goal of receiving insurance for their children, and therefore, each must document this contribution in the form of performance measures on the Balanced Scorecard. Taken cumulatively, the actions of program providers across the enterprise will move the agency ever closer to achieving its overall mission. Just as with the private sector, cascading will also increase the opportunities for government agencies to work collaboratively in solving problems and fulfilling their important mission.

Issues in Public-Sector Balanced Scorecard Development, and Ideas on Overcoming Them

As the old saying suggest, nothing worth having comes easy. So it is with developing a Balanced Scorecard in the public sector. One of the best attributes of the Balanced Scorecard is its simplicity. But remember, simple does not equate to simplistic. Applying this sophisticated tool requires rigor and discipline in any organizational structure, but the public sector offers some unique challenges. This section will explore those issues and offer some possible solutions to help you get the most from your Balanced Scorecard implementation.

- *What I do is not measurable.* This is perhaps the most common lament of public-sector managers and employees alike. Health and social services agencies are the most vocal, and with good reason. Helping drug addicted individuals get back on their feet, attempting to ensure that all poor children have health insurance, reducing disease rates, and reuniting troubled families are all outcomes that are subject to a wide variety of influences

making them difficult to measure. The key word in that last sentence is *outcomes*. Each of the examples cited is a long-range (usually) goal the government is working diligently to achieve. Many suggest that such outcomes are impossible to measure since they can take years to accomplish, involve a variety of contributors, and are subject to many variables out of the control of the public-sector agency. Trying to convince a dedicated social services manager that his or her work should be captured under the framework of the Balanced Scorecard can be one of the toughest tests to face even the most tenacious Scorecard facilitator. To overcome the challenge, public-sector agencies must distinguish between *outcomes* and *outputs*. Consider outputs the short- or medium term substitutes for long-range outcomes the agency hopes to achieve. The hypothesis you are putting forth under this scenario suggests that short-term success on the outputs will eventually lead to long-term success on the outcomes. For example, measuring the reduction of HIV rates in a community may be difficult and subject to myriad influences. However, as an output measure, tracking the number of high-risk individuals attending awareness presentations may over time help stem the growth of HIV rates. Not all substitute measures will be perfect surrogates for the outcome under question, but they will at least allow for a benchmark to be established and more importantly will stimulate conversation, information sharing, and learning among those involved in tracking the measure. After all, without measuring, how can you determine whether progress is being made in meeting social goals? Public-sector agencies must begin to consider possible cause-and-effect relationships and start accumulating data that can be used to, at the very least, generate better questions, and at the most, lead to some insightful answers. As performance measurement systems in the public-sector become increasingly sophisticated, creative managers are beginning to find ways to measure many things that were considered immeasurable. The city of Sunnyvale, California, has been a pioneer in the field of government performance measurement. They recently launched an initiative to measure perhaps the granddaddy of the immeasurable-quality of

life. Their eight-point initiative focuses on performance measures encompassing community safety; high-quality education; a healthy and sustainable environment; efficient and safe transportation systems; quality, diverse, and affordable housing; community pride and involvement; a diverse and growing economy; and a community with diverse cultural opportunities.

•*Results will be used to punish.* Most of the people I know who are unhappy in their current jobs have at least one thing in common. When they perform well there is no praise awaiting their achievements, but when things go wrong the boss is on their back faster than the disappearance of a politician's campaign promises. Unfortunately, this negative conditioning tends to occur quite frequently in public-sector ranks and can be a huge issue in the successful implementation of a Balanced Scorecard initiative. Two things need to happen in order to turn the tables on this problem. First of all, executives and managers have to be trained, coached, begged, pleaded, and coached some more about the dangers inherent in this practice. The Scorecard introduces new practices, new performance measures, and new ways of thinking about the business. It's all about a hypothesis of how what you do today will affect what happens tomorrow. Sometimes it does not play out exactly as planned, but that's life. Poor performance results cannot be treated as defects but must be seen as opportunities for discussion and learning about the business. The manager who enters a staff meeting declaring "Okay, we missed all our targets last quarter, what does that say about our current value proposition and strategy?" will go a long way toward cementing the Scorecard as an accepted business tool. Not only do executives and managers have to change their behaviors, but those affected by Scorecard results must also start acting differently. It is incumbent upon them to turn the tables on their supervisors by using below par performance results to demonstrate the need for new funding or new initiatives, not as an excuse to run and hide, waiting for the inevitable axe to drop. Software tools provide a great opportunity for defending performance by allowing

commentaries to be entered regarding measure results. Ultimately, this like so many of the issues we will discuss is a cultural issue, and cultural issues cannot be solved overnight. Only through the persistent and sustained efforts of a committed group of executives, managers, and employees will changes to organizational culture break through.

- *What is the mission?* In his book *Measuring Up*, author Jonathan Walters notes the dilemma faced by the U.S. Forest Service who are supposed to "*see the efficient killing of trees and the careful protection of wildlife.*" In this scenario, what is the Forest Service's true mission, and how do they go about developing performance measures? Many government agencies may feel similar pressures of being pulled in a number of different directions rendering a clear and concise Scorecard nearly impossible. Lacking clear direction, leaders facing such contradictory forces must make an effort to determine what they feel is the guiding mission of the organization and develop performance measures accordingly.

- *The public won't understand negative results.* Freedom of Information and Public Records legislation dictates that most if not all data relating to a public-sector performance management system must be released to any citizen requesting the information. The function of these laws is noble, permitting the public to see how the government is performing its functions, but very understandably they are a concern to public-sector Scorecard adopters. Not only can results be taken out of context, but below-target performance can be easily served up on the front page of the newspaper as evidence of the government's total incompetence. It is little wonder that many public-sector agencies shun the development of stretch targets, since they know that failure to achieve them could end up on the 6 o'clock news. There is no simple resolution to this issue. Inviting members of the public and media in to your office and explaining the virtues of the Balanced Scorecard would be impractical and probably viewed with great skepticism. Despite the challenge posed by freedom of information acts, public-sector organizations that have embarked on a Scorecard journey feel the risk of

greater performance offered by this tool outweighs the potential for public and media confusion.

•*Why invest in something that will only last with the current administration?*

We all know that common political practice dictates an incoming administration disavow itself of everything their predecessor's initiated, whether good or bad. A performance measurement program can certainly be the victim of such political whims, and cause even the most ardent supporter to have second thoughts about investing precious energy toward its success. However, unlike other programs that may come and go, performance measurement is here to stay from administration to administration. The Government Performance Results Act, as we know from our earlier reading, is a law, which means that it is definitely here to stay. And at lower-levels of government, elected officials are receiving more pressure than ever from constituents who demand they be accountable for results. Performance measurement systems are the tools they need to demonstrate results. Gaining the support of elected officials is similar to having senior executives in the for-profit world lend their encouragement and acceptance, and is not easy. One method of securing sponsorship is involving them in the development of performance measures since *"elected officials who participate less in the design of performance measures are also less likely to support them."* Education and training are also beneficial since even the basic concepts of performance measurement and the Balanced Scorecard may be relatively foreign to elected officials.

•*Culture of not trusting business solutions.* Public-sector organizations tend to be quite wary of the latest business fads sweeping boardrooms across the nation. They argue that the esoteric and socially relevant nature of their work makes such models inappropriate for their operations. Beyond distrust there could lay an element of fear since business solutions normally represent very new turf for the typical public-sector employee. This view is changing and will continue to do so as the line between business and

government practices continues to blur. In the meantime, public-sector agencies must avail themselves of any system that holds the promise of helping them achieve their mission, whether it emerges from within or from their business brethren. The Balanced Scorecard with its growing number of public-sector success stories should not be subject to as much criticism and skepticism as many business techniques.

•*No burning platform for change.* In the for-profit world companies will sometimes turn to the Balanced Scorecard in a time of great crisis when a change is not only desirable but necessary for the very survival of the enterprise. Development of a core group of performance measures can galvanize all employees and rally them around the outcomes necessary to ensure them live to see another day. Government organizations do not normally face this dilemma since going out of business is not really an option. Therefore, it is of ten more difficult for a Balanced Scorecard program to take hold in such an environment. However, having your function outsourced to a third-party (private-sector) provider is an option these days, as is continued scrutiny from taxpayers on how their dollars are being spent and what results are coming of those investments. Employees must be constantly aware of the challenges they face and how the Scorecard can demonstrate value to taxpayers and result in self-preservation.

•*Technical constraints.* Although things are changing, it is safe to say that most public-sector agencies lag behind their for-profit counterparts when it comes to having the latest technological tools. This can pose a problem for your Balanced Scorecard, especially if you choose to use an automated software tool. One government organization developed an excellent Scorecard system, but when it came time to begin reporting results they discovered that several key managers with responsibility for measures did not have computers. That made it a little tough to generate data and discuss the results. The sheer cost involved in establishing a performance measurement project can also be a deterrent to public sector agencies. From

software to training to consultants, the fees can rapidly escalate.

•*Staff skills.* The government has its share of analysts and those folks handy with a calculator and spreadsheet, but for many the analytical tools of business are a completely foreign language. Government employees often possess specialized skills that enable them to perform their jobs at a very high level of competence. However, for a law enforcement officer, public health nurse, or emergency medical system administrator, those skills probably do not include complex data analysis. To gain the advantages offered by the Balanced Scorecard, employees must be able to analyze and learn from the results generated by their performance measures. Fortunately, the Balanced Scorecard is not rocket science and the subtleties of the technique can be mastered by anyone with the requisite training and dedication to learn. Unfortunately, education, critical as it may be, is often lacking in public sector Scorecard implementations. Anxious to start measuring, many organizations will hold a cursory briefing session explaining the Scorecard as a metrics project and then charge everyone in attendance to develop a Scorecard that tells the story of what they do and how that contributes to overall outcomes. That is sort of like telling me that surgery is about cutting someone open, removing (or adding) something, and sewing him back up. Does that qualify me for brain surgery? Time and energy must be invested up front in detailed Scorecard training to ensure that those involved have the skills necessary to build effective Scorecards and benefit from the results achieved. *Developing innovative measures.* Since the idea of performance measurement is new to many public-sector organizations they're very likely to gravitate toward the familiar when developing performance measures. Some groups will already be responsible for submitting quarterly or annual information to funding bodies and will simply reword those requirements in an effort to populate the Scorecard perspectives. Sometimes these metrics are valid, but often they are not if they're not effective measures, how can they motivate performance? Scorecard developers must be reminded that it is the new or missing measures that often provide the greatest value on the

Scorecard. By defining the customer, determining what processes must be maximized to satisfy the customer, what financial constraints are present, and what employee skills are necessary, the public-sector manager can open a new world of creative performance measures that tell a strategic story.

- *Can't show the money!* From Scorecard architects Kaplan and Norton to for-profit practitioners around the globe, all agree that for cultural change to be secured in an organization the Scorecard should at some point and in some way be linked to compensation. Government agencies for the most part do not have this critical lever of Scorecard acceptance. Tight budgets, labor contracts, and a host of other potential problems conspire to make this option exceedingly difficult to execute. Difficult but it is not impossible. The City of Charlotte, North Carolina, has instituted a program that pays staff a reward based on the achievement of Scorecard targets, so there is proof it can be done. In the absence of monetary rewards, public-sector managers may turn to the intrinsic rewards emanating from the Scorecard. Increasing knowledge, learning, satisfaction, and possible increases to budget allocations is being just a few.

Those are just some of the issues you may encounter when developing a Balanced Scorecard for your public-sector organization. But before you throw your hands up in utter defeat, all is not lost. There are brave pioneers who have blazed a winning trail before you, and the next section will look at one such Scorecard overachiever that is sure to inspire you.

2.3 Comparison in Private and Public Sector

The key metric for governmental performance, therefore, is not financial in nature, but rather mission effectiveness. The selection of the departmental mission priorities is an ongoing strategic planning responsibility.

Table 2.1 Compare Strategy in Private and Public Sector Organizations. (Balanced Scorecard Introduction, 2000)

Strategic Feature	Private Sector	Public Sector
General Strategic Goal	Competitiveness	Mission effectiveness
General Financial Goals	Profit; growth; market share	Cost reduction; efficiency
Values	Innovation; creativity; good will; recognition	Accountability to public; integrity; fairness
Desired Outcome	Customer Satisfaction	Citizen Satisfaction
Stakeholders	Stockholders; owners; market	Taxpayers; inspector; legislators
Budget Priorities	Customer demand	Leadership; legislators; planners
Defined by:		
Justification for secrecy	Protection of intellectual capital; proprietary knowledge	National security
Key success	Growth rate; earnings market share	Best management practices
Factor	Uniqueness Advanced technology	Sameness; economies of scale; standardized technology

Examination of this table will illustrate the often significant differences between public and private sector organizations. The only clear similarity between the two is in the desire for “customer satisfaction”, but even here there is a difference, because the definition of “customer” is different in the two cases. This table illustrates the necessity for significant revision or “translation” of much of the private-sector focused guidance commonly available for implementing the BSC and other strategic planning efforts.

The Balanced Scorecard is more than a tactical or an operational measurement system. Innovative companies and public agencies are using the scorecard as a strategic management tool and planning system.

The objectives and measures of BSC view organizational performance from four perspectives: financial, customer (citizen), internal business process, and learning and growth. These four perspectives provide the framework for the balanced

scorecard. The four perspectives of the scorecard permit a balance between short and long term objectives, between outcomes desired and the performance drivers of those outcomes, and between hard objectives measures and softer, more subjective measures. But the four perspectives should not be considered constraint; one or more additional perspectives may be needed.

2.4 The Different Perspectives of Balanced Scorecard

BSC suggests viewing the organization from four perspectives. These perspectives are financial, customer (citizen), internal and learning and growth. Table 2.2. Shows how the critical variables of these perspectives in private and public sector can be used.

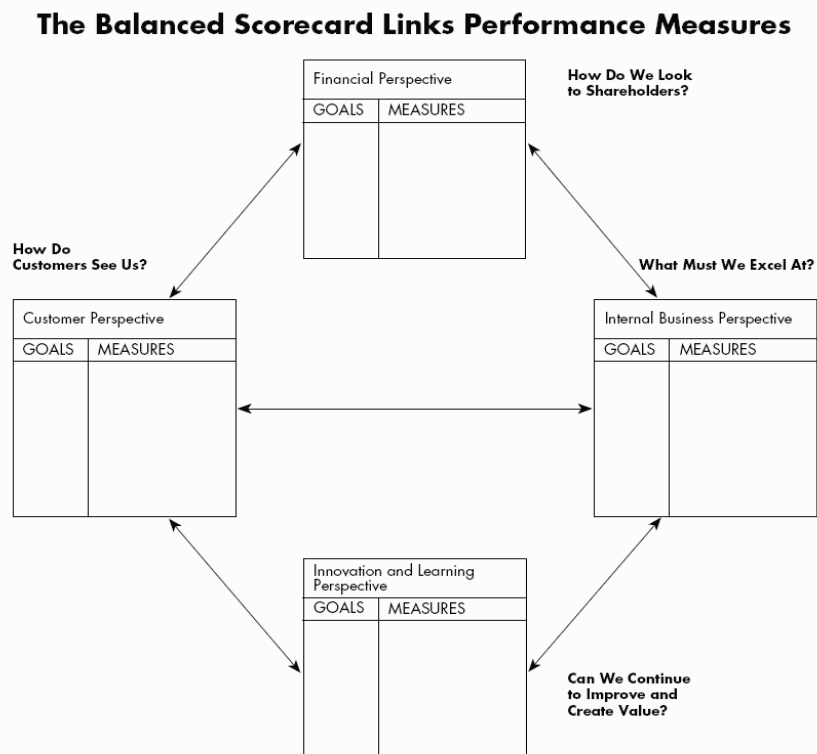


Figure2.2 The Balanced Scorecard Links

Table 2.2 Comparing Strategy in Private and Bornova Municipality

Perspectives	Private sector	Bornova Municipality
Financial	Operating income, revenue growth, revenues from new products, gross margin percentage, cost reduction in key areas, economic value added (EVA), return on investment	Operating income, tax, non-tax(service) and support fund revenue growth, cost reduction in key department, more investment on service, the efficiency of budget, accountability to public, effective and new accounting system, new investment productivity, decreasing redundant expense, establish reliance and efficient budget criteria
Customer	Market share, customer satisfaction, customer retention percentage, time taken to fulfil customer's requests	Establishing some new information and relation system: CIS(citizen information system), Social Service Centre (SSC) (handicapped information collection and help (finding job and training and medical support department), establishing Citizen Consulting Bureau, for investigating and responding local community requirements had Inquiry, citizen satisfaction, timeliness, quality service
Business Process	<i>Innovation Process:</i> Manufacturing capabilities, number of new product and services, new product	<i>Innovation Process:</i> Departments' archives had been changed, new data information system had been implemented, the structure of

	development times, and number of patent. <i>Operation Process:</i> Yield, defect rates, time taken to deliver product to customers, percentage of on-time deliveries, average time taken to manufacture orders, setup time, manufacturing downtime <i>Post sales Service:</i> time taken to replace or repair defective products, hours of customer training for using the product	department had been changed, and new criteria had been accepted for human resources, construction, and citizen relationship. <i>Operation Process:</i> Departments became new work flow chart, productive service, on time service, on legislation time respond, determine and solve tie work, establishing up-to-down citizen oriented organization culture, secure data store, to coordination of department
Learning and Growth	Employee education and skill levels, employee satisfaction scores, employee turnover rates, information system availability, advanced control	Training course to use new information system, telecommunication system, BSC implementation training, computer training, 3D and Acad course, Employee undergoing training, zero defect process training, productive legislation consulting, adaptation of new work process training, legislation and advanced inspection mechanism, team work training

The process of building a Balanced Scorecard clarifies the strategic objectives and identifies objectives. In our experience with the implement of scorecard programs, we had reached full consensus on strategic objectives. In this paper we want to use BSC as a strategic planning tool in a non-profit organization that is Bornova Municipality House.

CHAPTER THREE IMPLEMENTATION

3.1 Using Balanced Scorecard in Public Sector (Bornova Municipality) as a Strategic Tool

3.1.1 Balanced Scorecard Implementation Strategies to Bornova

Plan is systematically implemented through a series of policies and regulations. The plan identifies how existing regulations support the plan, and suggest new policies and regulations as needed to implement the plan. In some cases, where more research or study is required, additional plans or plan elements is recommended for completion after plan adoption.

3.1.2 Balanced Scorecard Planning Adjustment for Bornova

Planning is activity municipalities undertake on behalf of their constituents to guide the development and management of the Municipality. A plan has two chief purposes. It gives policy direction to regulate the use of the budget of a municipality so as to minimize expenditure. It also gives policy direction regarding the management of the service infrastructure a municipality provides to property.

This document is a Municipal Planning Strategy. It contains text, maps, and general policies directed at using all the land in the municipality to achieve certain goals. Council will adopt one Plan for the entire municipality and Secondary Planning Strategies pursuant to this document that will focus on specific geographic areas, such as downtowns or historic districts, which are more sensitive to development and need more policy direction. The policies set out in the Plan will allow council and staff to consider development proposals in an equitable manner. They essentially set out the general rules of land development in a comprehensive legal document. Most municipalities with a substantial amount of development, such

as those with cities or towns, create Plans to regulate new development to make sure it ‘fits’ with existing development.

The plan will create a region wide guide to land use which will reduce the uncertainty for both the public and private sectors. Municipal Planning Strategies are official legal documents prepared in compliance with the Municipality of Bornova.

Act sets out what can be contained in Management Plan Strategy statements of policy.

3.1.3 Bornova Council Balanced Scorecard Plan

The MSMP links with the Council Plan and builds on the following overarching principles established in the 2006–2009 Council Plan to guide future planning and development in the municipality:

- *Ecologically Sustainable Development* – Respect for the environment and promotion of an environmentally sustainable Bornova.
- *Urban Design of the Public Realm* – Well designed spaces and places that promote vibrant and equitable communities.
- *Community Well-being* – Social justice, cultural diversity and vitality to enable local communities to express their values, and build our community through enhanced health, well being and safety opportunities.
- *Economic Prosperity* – Municipality development that promote prosperity, enrich local identity, facilitate community strengthening, and enhance job opportunities and investments in the City.

Table 3.1 Municipality Council Management Plan Statement

MSMPS Themes:	Key MSMPS Issues and Directions:
	• Improved / Increased open spaces and tree plantings in activity centers • Increased provision of shop top housing in activity centers • Improved traffic management in activity centers where increased residential densities and new developments are occurring • Increased hospitality / restaurant uses and tourism at the Bornova County Center • A high standard of urban design and amenity for interfacing residential / commercial / industrial land uses & developments
Housing & Neighborhood Character	Encourage: • Housing diversity and choice in terms of size, types, price range and tenure – to encourage population diversity and meet household needs • Increased provision of affordable and social housing by the Izmir City and the private sector for low income households • Continued implementation of the Office of Housing's public housing upgrade and neighborhood renewal improvements program • Establishment of social and affordable housing, particularly in and around principal and major activity centers, and on strategic redevelopment sites serviced by the principal public transport network • Increased provision of shop top housing in activity centers • A high standard of urban design and residential amenity in new residential developments • Development of appropriate and effective physical and social infrastructure by private developers to meet the changing needs of the community, where appropriate • Protection of existing neighborhood character and heritage significance of residential precincts across the City. • High density, mixed use developments on surplus industrial land and strategic redevelopment sites adjacent to public transport • Protect neighborhood character (and heritage significance) from being eroded by new higher density residential developments and inappropriate dwelling styles, external finishes, fencing choices etc

MSMPS Themes:	Key MSMPS Issues and Directions:
Ecologically Sustainable Development & Urban Design of the Public Realm	• Need for strategies and policies to explicitly promote ESD and urban design, to guide strategic land use planning and development outcomes
Community Well-being	Encourage: • Integration, clustering, and expansion of affordable community services namely - recreation, aged care, health care, library, (short & long day and after school) child care, youth services, and religious facilities in community hubs, multi purpose buildings and activity centers – with access to public transport facilities as part of an overall community facilities strategy • Appropriate provision of community services / facilities at Altındağ, Bornova Center, Evka-4 • Private developers to provide the necessary physical and social infrastructure to meet the changing needs of the community, where appropriate • Opportunities for the future expansion of medical and primary health facilities at the Ege University General Hospital • Development of a new Primary School / education services hub in Bornova to meet expanding population needs • Retention of, and improved access to, existing Primary and Secondary Schools and Vocational Training Venues • Enhance the Municipality's image through design improvements, promotion of after hours restaurants and cafés at the İKEA, Forum Centre, support for young persons recreational activities, and increased opportunities for community involvement in the design of streetscapes and public spaces • Provision of a diverse range of housing options to cater for the needs of all households, and to enable existing residents to 'age in place' • Provision of diverse employment opportunities to meet the needs of the existing and new population • The promotion and reinforcement of the community's positive identity, image, and awareness of local 'neighborhood' facilities

Council's vision for the planning and development of the municipality is expressed in the City's Municipal Strategic Management Plan Statement (MSMPS). During 2006, Council must review the MSMPS to make sure it is up to date, addresses relevant planning issues, and has regard for current policies and community aspirations. This Issues Paper outlines Council's thinking about the City's future and what we want to achieve over the next 10 – 15 years.

Bornova Municipality Council invites anyone with an interest in the planning and development of the City to provide their comments and ideas to Council by completing a written submission. In addition, Council would be hosting a series of community consultation workshops on the Municipal Strategic Management Plan Statement in June and early July.

We need to make sure our vision for the City sets the right direction for the future by addressing the key planning issues we are likely to face and by meeting the aspirations of those who live, work, visit and conduct business in the City. This Issues Paper starts us thinking about the City's future and what we want to achieve over the next 10 - 15 years. I invite anyone with an interest in the planning and development of the City to provide their comments and ideas to Council, for consideration as part of the MSMPS review. Our response to the issues facing the City and the input from our community will help inform our review. It will ensure that our next MSMPS provides a strong and clear vision that meets the challenges, and that we keep what we value, build a sustainable city and maintain our City as an attractive place to live, work and visit.

3.1.4 Definition of the Municipal Strategic Management Plan Statement

The **Municipal Strategic Management Plan Statement** provides a vision for strategic planning and development in the Municipality of Bornova and forms part of the Strategic Planning Policy Framework in the Bornova Planning Scheme. It reflects the objectives of Council and the community, and sets in place a framework for the application of actions and controls to achieve the desired strategic outcomes.

3.1.5 The Purpose of MSMPS Report for Bornova Municipality

The purpose of the report is:

- Provide a three year strategic assessment on the performance of the Municipal Strategic Management Plan Statement (MSMPS) as required under Section 5018, 5227, 5393 of the Governmental Management and Control, Principles of Government Management, and Municipality Law 2003;
- Outline the next steps in the MSMPS review process to improve the strategic performance of the MSMPS; and
- Provide a report to the Mayor for planning to satisfy Council's MSMPS statutory review requirements.

3.1.6 Background of Bornova Municipality

3.1.6.1 Bornova Municipal Strategic Management Planning Statement

The Municipal Strategic Management Planning Statement (MSMPS) provides a 10 to 15 year vision for strategic planning and development in the Municipality of Bornova. It reflects the objectives of Council and the community, and sets in place a framework for the application of actions and controls to achieve the desired strategic outcomes.

Table 3.2 Council's MSMPS was introduced in July 2006 and includes the following key themes:

- | | |
|--|--|
| • Improve Efficiency of Public Service | • Industrial Development |
| • The Satisfaction of Citizen | • Activity Centers and Retailing |
| • Open Space | • Education, Health and Community Facilities |
| • Economic Development | • Access and Transport |

Strategic Planning Policies are tools used to implement the objectives and strategic directions of the MSMPS. They outline Council's view on planning issues and intentions for a particular area, and provide guidance on how a planning decision will be made. Council's local planning policies are being reviewed during the MSMPS review to ensure that they are relevant to the revised MSMPS and are clear in their direction

3.1.6.2 Three Years BSC Review Requirement

The Strategic Planning Law 2003 requires all Councils to review the Municipal Strategic Management Planning Statement (MSMPS) every three (3) years. The review evaluated the effectiveness of the Strategic Planning Policy Framework and reported on strategic policy gaps requiring improvement to strengthen the strategic performance of the Bornova Planning Scheme.

The current (2006) MSMPS review:

- incorporates an extensive internal and external consultation process to ensure the MSMPS is up to date, addresses relevant planning issues and has regard for current policies and community aspirations,
- Identifies proposed MSMPS Actions to be implemented over the next three years to address the key MSMPS issues identified by the community.
- Express the key strategic and development issues facing the Municipality over the next 10-15 years, and outline the policy directions that will be pursued to achieve the desired land use outcomes;
- Update the current MSMPS Vision (2009) and land use and development objectives;
 - Ensure consistency with the State Planning Policy Framework (SPPF) and in particular,
 - Provide better links with the Council Plan 2006-2009; and
 - Improve the format, consistency and usability of the MSMPS.

3.1.7 Bornova Council Policy about Balanced Scorecard

The MSMPS is part of the Bornova Planning Scheme, and outlines Council's vision for the long term management of strategy through physical framework plans and integrated Municipality development objectives and strategies.

The MSMPS is therefore a corporate strategy that guides land use and development decisions, and is used in the preparation of key policy documents, policy submissions. It is also used extensively by the public for strategic guidance and justification when preparing development proposals, planning applications and planning scheme amendments.

3.1.8 The Council of the Municipality of Bornova

The Council of the Municipality of Bornova, like that of Turkey, is divided into two branches, the legislative council and the executive. The enact laws. The Executive Branches (The Council and the Mayor) carries out the programs established by law and resolutions.

Legislators: The Legislature consists of Council a 37-member General Assembly. Council Members must be at least 30 years old. While legislators spend a considerable amount of their time on legislative matters, service in the Legislative is considered to be part-time, and most legislators also hold other employment.

Legislators are elected from political parties of substantially equal population. The voters in each party elect council member from political parties. Legislative elections are held in each five year. Members of the Council serve five year term. When the majority membership of either House belongs to the same political party or that it is said to "control" the house. The Mayor is a member of the majority party and, in his or her official capacity, able to support the party's policy goals by setting the agenda of the house. Committee chairs are members of the majority party, and committee membership usually reflects the partisan composition of the house. The

chief function of the legislature is to enact laws. A proposal to make a new law, or to change or repeal an existing law, is presented to the legislature as a bill.

The council of legislative committee is the legislature's partisan agency providing legal, fiscal, research, bill-drafting, and administrative services, committee staffing. Each party in each house is served by a full-time partisan staff that operates under the direction of the party leadership. These partisan staff provides research, policy, public relations, and administrative services for their respective party leaders, committee chairs individual legislators.

Bornova Municipality House launched scorecard programs for a variety of reasons. In our experience, Bornova Municipality House has adopted the balanced scorecard for specific strategic purpose. And, in each case, the scorecard's goal is to be accomplished that purpose. First the project requires collects the relevant background to construct the Balanced Scorecard.

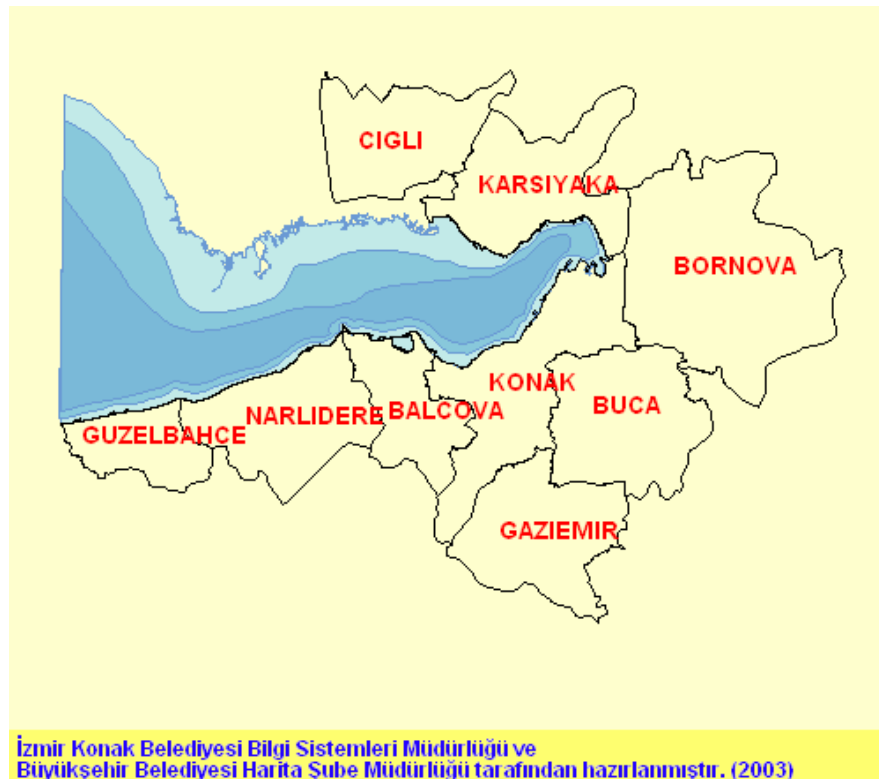


Figure 3.1 The District of İzmir City and Bornova Municipality (İzmir Konak Municipality Information System Department, 2003)

That is the Izmir city counties map. Izmir is the third metropolis of Turkey. Understanding this map Bornova Municipality is the biggest Municipality in Izmir. The Municipality is next to the Manisa city. It is huge advantage to improvement for every branch. Its population is 1 million day time and 300 thousand night time because of the university circulation. Therefore, Bornova is getting bigger city for the circulation of population among in the Municipality of Izmir. There are three university campuses in Bornova. There are 72 middle and 27 high schools. There are 80000 students and 4000 teacher in its schools. There are 8 industrial areas. There are 150000 taxpayers. There is 1.277.564 m² green field and 267 gardens. The area of Bornova Municipality is 205 km².

Table 3.3 The General Identification of Bornova

Region	Aegean Section of Turkey
City /Country	İzmir/Turkey
Area Square	205.6 Km ²
The Municipality District Square	8875.59 Ha
Foundation Year	1881
The Member Of Council	37
The Domestic Home	147.037
Trade-center, manufacturing place, shop, and work place	44779
Schools	Middle 72 High 27 Education Center 4 Student 79366 Teacher 3891
Bus station	Işıkent inter-Municipality Bus Terminal
Outlet (bazaar)	10
Gross-Market	10 (Kipa, IKEA, Koçtaş...)
Industrial Plant	8 Industrial Area
Hospital	6 hospital 5000 bed

Table 3.4 The Identification of Bornova Municipality House

Staff of Municipality	160 Officials, 317 Worker, 1 Co-official
Service Building	11
Work-room	4
Park (car, Vehicle...)	203
Taxable person	121307
Environment taxpayer	24791
Advertisement taxpayer	2736
Tax income occurrence	%90
Green Field, Total	1.277.564 m ²
Green Field Belongs to House	914.614 m ²
Play station	58
Basketball Field	54
Tennis Court	4
Ski	2
Volleyball	1

3.2 The Goals and the Necessities of the Project of Balanced Scorecard

In establishing, organizing and managing any organizations, a clear strategy is necessary. Balanced Scorecard is an appropriate tool for developing a strategically plan so BSC is applied in Bornova Municipality. BSC helps also show the cause and effect result of the previous managerial system. The phases of BSC are identified by process nature requirements, (see figure 1). These phases showed with rectangle and its timeline. The arrows are transactions of scorecard plan execution and transition to other phase. Phases have four key elements which is appropriate to BSC perspectives. Making and execution of strategic planning is the hardest process of implementation. Implementation must be Rechecked and Controlled Processes for each action. At the end, strategic managerial planning reached results.

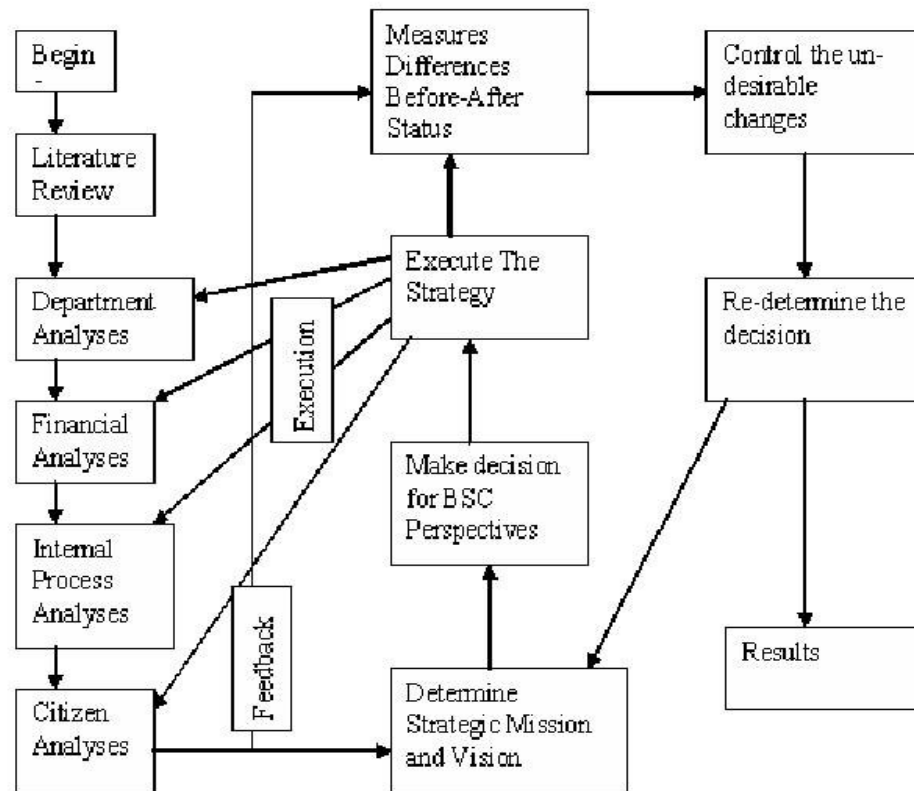


Figure 3.2 Strategic Implementation Flow Chart

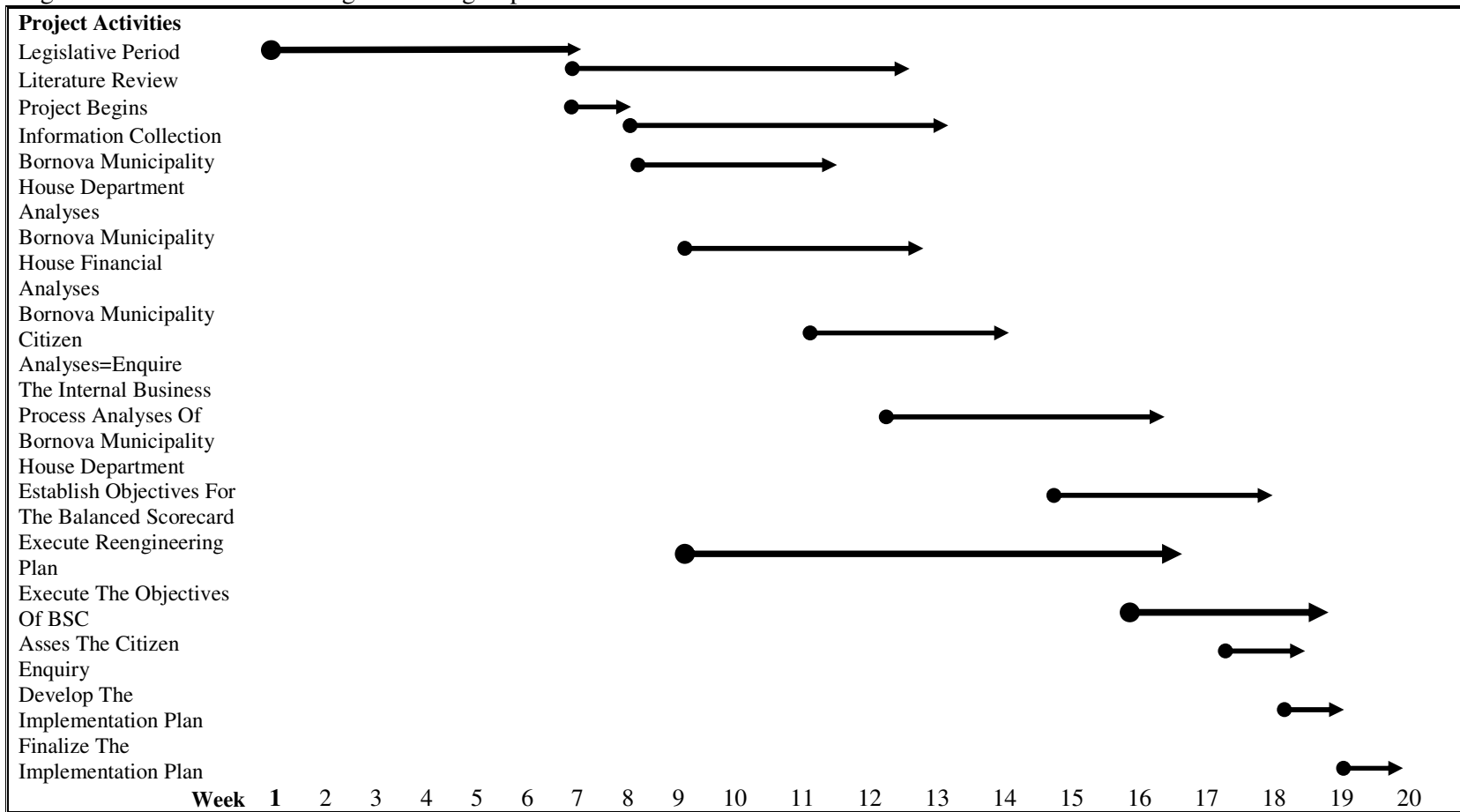
The Bornova Municipality House is unique and wishes to follow its own path for building a Balanced Scorecard. We can describe a unique and systemic development plan that we have used to create scorecard in Bornova Municipality House.

The BSC process begins with acceptations of Strategic Management laws. The rules of laws pressure for implying strategic plan, why legislations should be fulfilled. These rules of laws are the governmental management and investigation which number is 5018 validation date on 10.12.2003. In addition, it continued with resolution Governmental Management Basic Principles and Reconstruction (5227/15.7.2004) and the Law of Municipality (5394/3.7.2005). These rules have to fulfill by Bornova Municipality House, which is development of Turkey's Europe adaptation laws.

Briefly, there are requirements of control and accountability to public. The officials and workers of Bornova Municipality House demand for reengineering their service process and service quality. Bornova Municipality house internal analyses emerged that they have to have inside control and investigating system. Citizen demand to the House must enable the quality service and working process. The others are cost reduction, revenue and expense control etc... It emerges the necessity of this project at Bornova Municipality House. The restriction of these improvement reasons, Bornova Municipality House initiated to build strategic management tool.

Bornova Municipality House Scorecard project timeline is 20 weeks (see figure 1). This timeline emerged that execution reengineering plan have occurred at the same instant in Bornova Municipality House which is the necessity of any governmental agencies for adapting new rules of laws. In additional, the four perspectives were investigated individually one by one. Each department analyzed with the department chiefs, vice-mayor, after if any decision to execution, last decision had made by mayor.

Figure 3.4 The Bornova Strategic Planning implementation Timeline



The initial scorecard process works in a strategic business department. Figure 2 shows the structure for a hierarchically organized Municipality House. The natural setting for a Balanced Scorecard is at level Departmental of such Governmental Agencies. This information came from Bornova Municipality House Departmental Analyses Phase that initiated simultaneously with employee and human research of the house.

At the top of the house is Mayor. And there are two different Vice-mayors, one of them deals with technical and the other deals with managerial issues. These structures define 29 departments. Eight of them have directly connection to mayor. It produces efficient business process. The five connected with vice-mayor is technical department. They connect with mayor indirectly.

We conduct interviews with all chiefs of department and cooperate to build scorecard objectives. The resistance of implementation of balanced scorecard was gradually disappeared for all department after vice mayor and mayor belief to development will be in Bornova Municipality House. After all the interviews have been conducted, we meet to discuss the responses in the interviews, highlight issues, and develop a list of prioritized objectives and measures. The essential objectives in selecting specific measures for a scorecard are to identify the measure that best communicates the meaning of a strategy.

Organization Chart of the Bornova Municipality House

-Mayor

-Bornova Municipality Council

-Bornova Municipality Committee

Department of Cultural and Social Affairs

Directorate of Cultural Affairs

Directorate of City Theatres

Department of Health and Social Services

Directorate of Social Services

Directorate of Handicapped People

Directorate of Health and Hygiene

Directorate of Veterinary Services

Department of Municipal Police

Directorate of License and Supervision

Directorate of Municipal Police Counsel

Directorate of Municipal Police Support Services

Department of Support Services

Directorate of Social and Administrative Affairs

Directorate of Sport and Youth

Department of Human Resources and Education

Directorate of Human Resources

Directorate of Education

Directorate of Career and Skills Education

Department of Media and Public Relations

Directorate of Media

Directorate of Public Relations

Deputy Secretary General

Department of Science Affairs

Directorate of Construction Affairs

Directorate of Infrastructure Coordination

Directorate of Unit Pricing and Standards

Directorate of Final Accounts

Directorate of City Lighting and Energy

Department of Environment Protection and Control

Directorate of Cemeteries

Directorate of Environment Protection

Directorate of Waste Management

Directorate of Parks and Gardens

Department of Projects

Directorate of Projects

Directorate of Urban Design

Department of Resource Development and Affiliates

Directorate of Affiliates Coordination

Department of Housing and Urban Development

Directorate of City Planning

Directorate of Planning

Directorate of Housing

Directorate of Protection Application and Supervision

Directorate of Construction Analysis and Development

Department of Data Technologies

Directorate of Data Processing

Directorate of Electronic Systems

Directorate of Geographical Data Systems

Department of Strategy Development

Directorate of Strategic Planning

Directorate of European Union Relations

Department of Financial Services

Directorate of Budget and Supervision

Directorate of Expenditures

Directorate of Revenues

Directorate of Finance

Directorate of Financial Supervision

Department of Editorship and Conclusions

Directorate of Tender Affairs

Directorate of Council Transactions

Directorate of Town Committee Transactions

Directorate of Editorship

Directorate of Archives

Department of Purchasing

Directorate of Wholesale Markets

Directorate of Purchasing

Directorate of Equipment and Merchandise

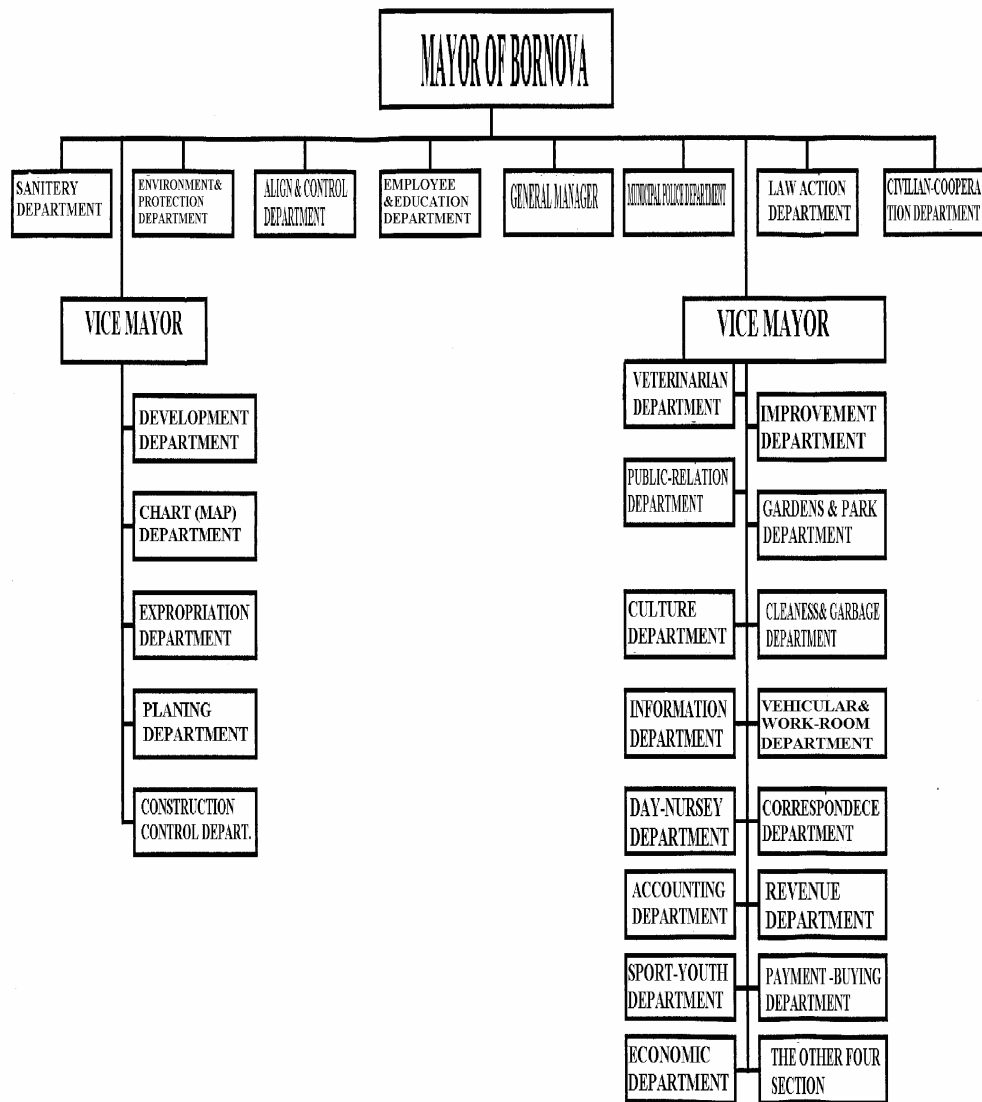


Figure3.5 The Organization Structure of Bornova Municipality House

3.3 Financial Analyses of Bornova Municipality with Balanced Scorecard

The Standard Income Statement for the SRP shows what is expected to happen during the next four years in terms of revenue, expenses and other adjustments from all activities. The “Operating Surplus (Deficit)” shows the total difference between the financial position at the beginning and the end of each year.

The Standard Income Statement requires revenues to be separately disclosed where the item is of such a size, nature or incidence that its disclosure is relevant in explaining the performance of Council. The Standard Income Statement also shows the movement in equity, so that a separate Statement of Changes in Equity is not necessary. The most common disclosures under this category are movements in asset revaluation reserves, which arise upon revaluations of assets and adjustments to opening accumulated surplus due to adoption of a new accounting standard.

Table 3.5 Standard Income Statement

Standard Income Statement	2006
Revenue from ordinary activities	49.491.125,43 YTL
Rates charges, Statutory fees and fines,	13.471.247,69 YTL
User charges and other fines, Grants –	426.840,70 YTL
Operating, Grants – Capital,	
Reimbursements	
Interest, Rent	
Total revenues	63.389.213,82 YTL
Expenses from ordinary activities	
Employee benefits	13.552.362,56 YTL
Materials, Services, Construction	26.685,33 YTL
Bad and doubtful debts	8.638.943,88 YTL
Depreciation	5.908.092,75 YTL
Other expenses	15.077,07 YTL
Finance costs	4.544.303,72 YTL
Machine, Material, equipment	7.545.219,87 YTL
Other payment	307.198,37 YTL
	3.623.399,07 YTL
Total expenses	44.161.282,62 YTL
<i>surplus (deficit) for the year</i>	<i>19.227.931,20 YTL</i>

The Balanced Scorecard emphasizes that financial and non financial measures must be part of the management and information system for all levels (see table 3.2.1) of the Municipality house. Analysis is going to be measured by how effectively and efficiently in Bornova Municipality House meet the needs of their expectations. The financial perspective of Bornova Municipality House is analyzed with accounting department reports. Bornova Municipality House was composed of 29 budget-related departments which are approved (related-budget) and planned for the fiscal period 2006. A significant number of projects are already underway in the current financial year and will not require further financial commitments. However, new initiatives identified in the proposed Draft MSMPs Actions Plan will require appropriate budgetary commitments to be made over the next three years, and these will be negotiated during the annual budget process. There may also be costs incurred during the preparation and exhibition of the revised MSMPs for inclusion in the Bornova Planning Scheme.

The actual budget for fiscal year was 59 million YTL last fiscal year. The target budget will deliver 70 million YTL for next fiscal year. Each department expenses have been classified by its ratio. (See Table 3.2.2.1.) It is useful to illustrate the problem for Balanced Scorecard.

The purpose of the Fund is to accelerate Council's spending on the renewal and maintenance of local infrastructure such as roads and community facilities. Council's spending priorities are heavily influenced by this year's *Council Plan* priorities of Renewal, rebuild, reengineering interval equipment, transport vehicles, employment qualification program, and environment changes.

We're listening to and responding to our community by expanding some services in high need areas. It's been formed within long term financial strategy that focuses on Council's sustainability. It's taken a lot of work by Council – and the community members involved in the development of the budget - to maintain a minimal rates increase and still provide the services and infrastructures to keep our Municipality on the right track.

Table 3.6 Departmental Expense Ratio

DEPARTMENT EXPENCE /YEAR	%	DEPARTMENT EXPENCE /YEAR	%
Mayor	%1,258587	Day-Nursery Dept	%0,32971
Correspondence Dept	%1,778651	Development Dep't.	%1,170399
Public Relation Dept	%0,320555	Improvement Dept	%26,29901
Accountings Dept	%0,204498	Expropriation Dep't.	%0,227446
Revenue Dept	%0,883204	Gardens Dept	%15,11415
Law Action Department	%0,223053	Veterinarian Dept	%0,522163
Align & Control Department	%0,041849	Culture Dept	%0,852584
Employee & Education Department	%0,615159	Economic Dept	%0,192297
Payment-Buying Dept	%0,81184	Information Dept	%0,587961
Vehicular & Work- Room Dept	%14,14533	Civilian -Cooperation Department	%0,022298
Police	%1,040819	Environment &Protection Department	%0,000673
Cleanness & Garbage Dept	%21,29088	Help Indigent	%0,679328
Sanitary Department	%0,502572	Chart (Map) Dept.	%0,000632
Sportive Service	%0	Education Service	%2,679429
Transfer Found	%8,204925		

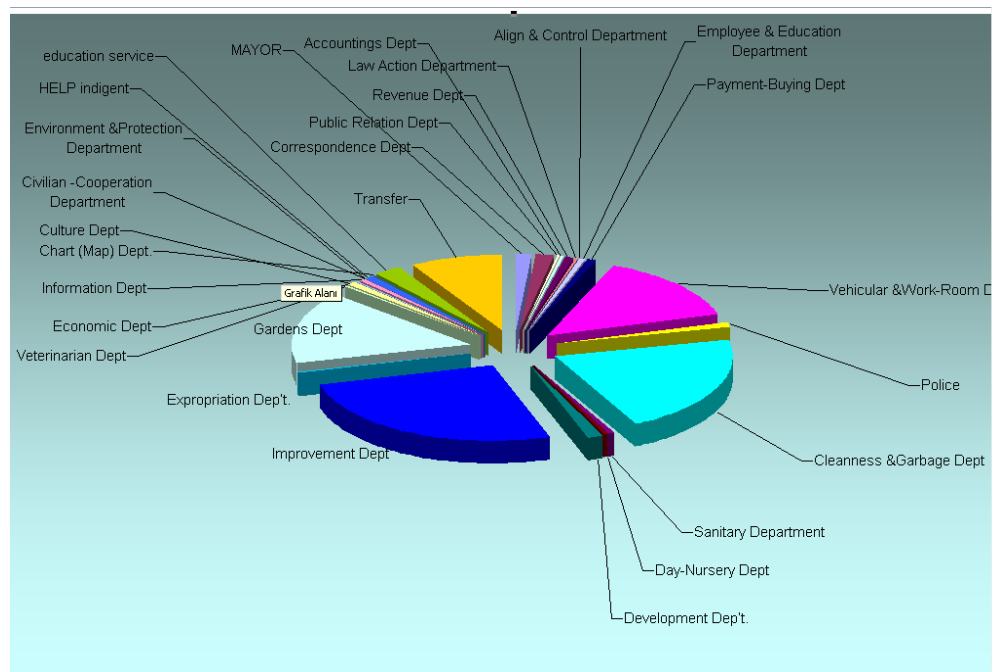


Figure 3.6 Departmental Expense Ratio

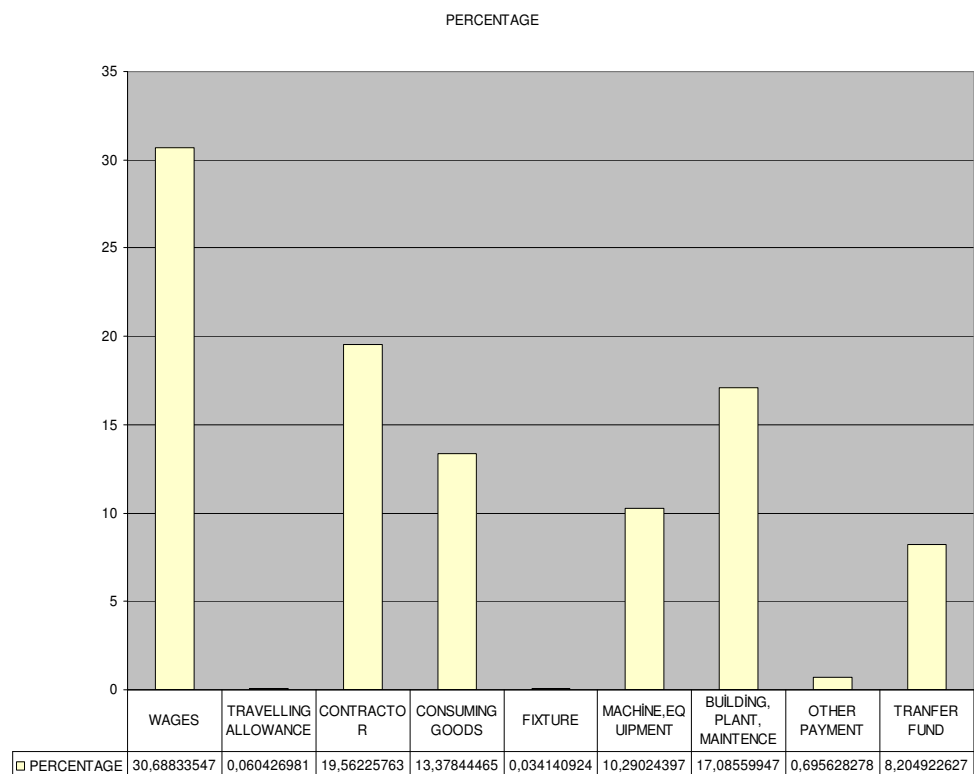


Figure 3.7 General Review of Expenses

Table 3.8 Expecting Expenditure

Years	Total expenses(YTL)	Expecting (YTL)
2001	11.703.781,33	
2002	17.729.807,75	
2003	28.257.444	
2004	30.642.481,88	
2005	44.161.282,62	
2006		57.500.000 57,5 mil
2007		70.000.000 70 mil

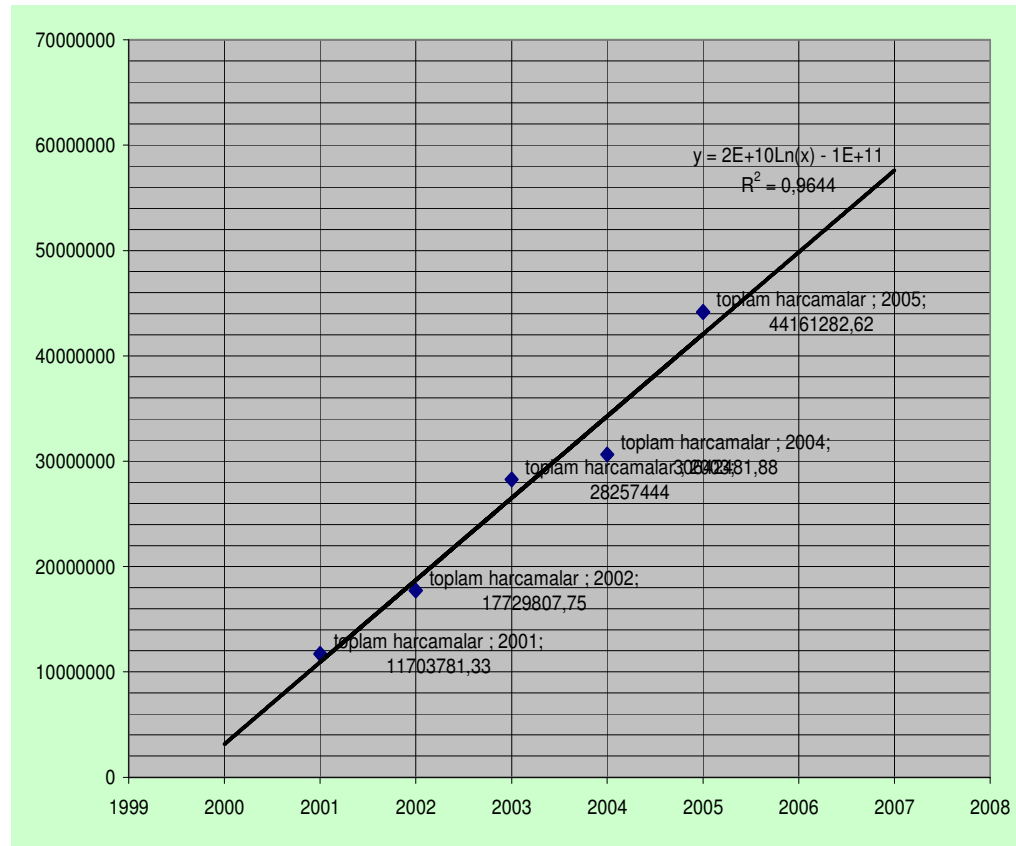


Figure 3.8 Expecting Expenditure

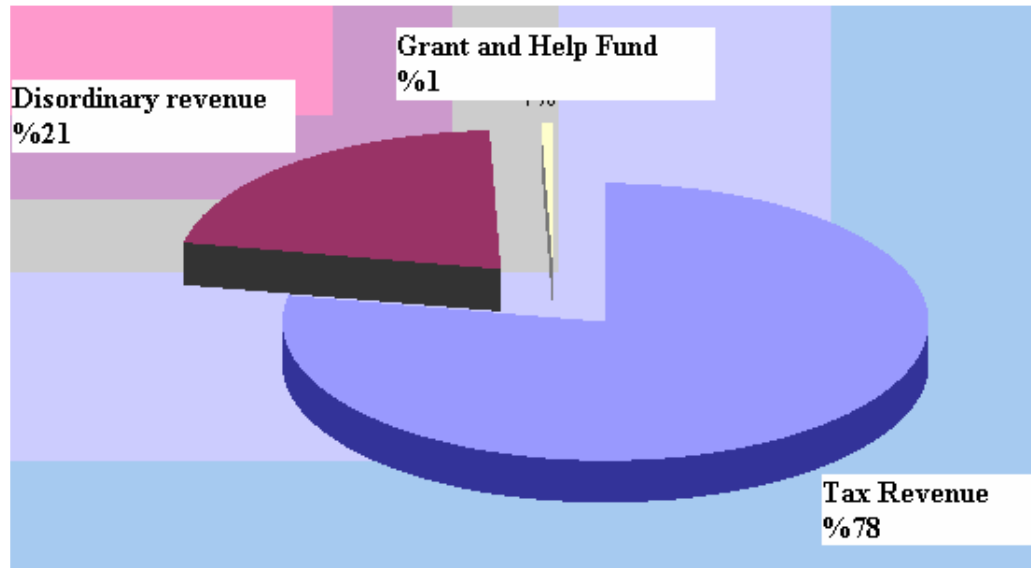


Figure 3.9 Revenue of Bornova Municipality 2006

Strategic Objective

To manage Council's resources to ensure long term financial sustainability

- Introduction of "International Financial Reporting Standards"
- Continued cost shifting from other levels of government
- Local Government funding reforms
- Long Term Financial Planning

Table 3.9 Financial Strategy - Strategic Activities 2006/2007

Task / Initiative	Outcome	Results
Develop a new long term Financial Plan	Implementation of the new long term financial plan which: a-Maintains existing service levels b- Achieves a balanced budget on a cash basis c-Ensures Council is able to meet its debt commitment in the long term	Long Term Financial Plan to be completed June 2006
Debt Surplus Modeling	Opportunities for revised debt repayments identified and effective usage of surplus	Complete by May 2007
Provide information to assist in the development of an organizational performance model	Organizational performance model in place Performance Model in place	December 2006
Audit Committee report to Council	Audit Committee report to Council completed	Complete by August 2006

Measuring Financial Performance; Council will implement systems and processes that measure the finance performance of Council and provide feedback which drives continuous improvement and enhances performance.

- 1. New accounting Information Technology**
- 2. Departmental expense and revenue control and investigation database system**
- 3. Open accountable process renewal business culture features.**
- 4. Accessible budget programming and**

3.3.1 The Bornova Municipality Community and Cultural Grant Programs

To improve the quality of life of the communities of the Municipality of Bornova and contribute to the achievement of their cultural aspirations.

Council understands that often, the enthusiasm and ideas of groups and agencies within the municipality is constrained by available resources. The Community and Cultural Grants Program aims to provide an opportunity for a small number of local initiatives to be able to be realized.

The Grants Program supports and provides a financial contribution toward:

1. Local community organizations whose members are residents within the Municipality of Bornova.
2. Projects which have the involvement of residents in design, decision making and management of the project
3. Projects which connect people socially, encourage residents to develop skills, artistic expression and strategies for further project development
4. Larger Multi-Stage projects that operate over a number of financial years
5. Projects that address current and emerging needs
6. Projects that contribute to the city's more significant strategic plans such as Community Safety and Health Promotion.

CHAPTER FOUR

THE CITIZEN SATISFACTION OF BORNOVA MUNICIPALITY

4.1 The Bornova Municipality Geographic Location and Demography

4.1.1 The Bornova Municipality Population Data and Analysis

The following population data is important to characterize the residents of the Municipality, and will inform Municipality development plan recommendations, especially in regards to housing and social services.

□ **Demographics.** Demographic information about the population is reported and analyzed.

□ **Position on Population Growth.** The Municipal Development Strategy must contain *policies, statements, goals, and planning components* detailing the jurisdictions position on population growth. If possible, some type of population projection should be used. Also, it may be beneficial to complete a build-out scenario, particularly for jurisdictions with significant amounts of vacant land within the current boundaries.

A suburb of İzmir, Bornova was the hub of the Levantine community in the late 19th and 20th centuries. Today it houses the campus of Ege University. The İzmir - Manisa road passes through Bornova, which is linked to the city centre by a 7 km railway line. The Municipality of Bornova is 205.6 sq km in area and has a population of 1.000.000 persons day-time and 3.000.000 residual person making it the biggest and most densely populated municipality in the İzmir.

It comprises six suburbs: Bornova Center, Altındağ, Çamdibi, Işıkkent, Pınarbaşı, and Villages

Geographically, the Municipality of Bornova is located within easy access to all of the benefits of the İzmir City, including major highways, public transport links, attractions center and trade markets, and large areas of land suitable for redevelopment.

Table 4.1 Demography Structure

SUBURB	STREET	POPULATION
Bornova Center	14	232527
Altındağ	7	62231
Çamdibi	7	65857
Işıkkent	3	12070
Pınarbaşı	4	20914
Villages	13	5735
Total	48	399.379

4.1.2 People and Households of Bornova Municipality

In 2002, the City's residual population was 300,000 persons. By 2011, the population is projected to grow by approximately 200,000 persons to 500,000 persons – representing a 66% increase in the total population since 2002, and giving the Municipality a greater residential focus than exists today.

Population growth over the past 10 years has primarily occurred in the suburbs of Pınarbaşı, Center, Villages and Altındağ where significant numbers of well designed, higher density, town house type developments, ranging in size from dual occupancies to large estates, have occurred. This trend will continue.

Data collected from the 2001 Census and from post occupancy surveys of new residential estates indicates that there is an emerging trend for young professionals to live in the Municipality of Bornova.

2002- 2011 population and household forecasts based on the 2002 Census also indicate that:

- Pre-school age children and persons aged 12 – 24 years will increase, particularly in the suburbs
- Experiencing increased redevelopment activity;
- The population is ageing, particularly in the 75+ year's age group;
- The average household size is becoming smaller;

- There is a need to accommodate a greater proportion of 1 and 2 person households than in the past;
- The greatest population gain will be experienced in the suburbs of Altındağ, Center, Pınarbaşı and villages

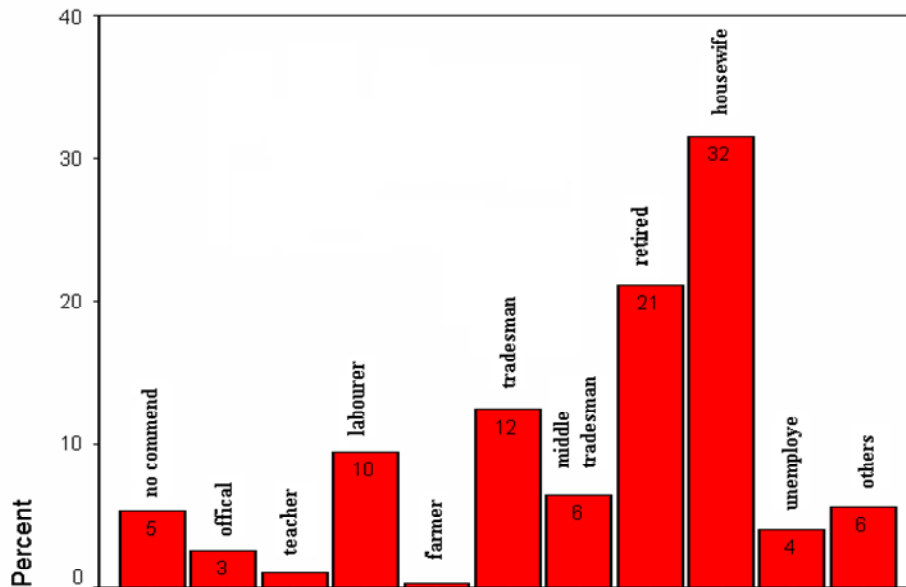


Figure 4.1 Employment Situation of Bornova

4.2 Local and Regional Services and Facilities of Bornova Municipality

The Municipality of Bornova provides a number of local and regional services and facilities of significance.

The most notable are:

- The *Gross Market and Outlets* which plays an important regional role in providing mixed-use development, bargain retail shopping, fresh food, multi-cultural Cafes and restaurants, and inter-modal transport facilities. Also, regional focal point for destination shopping and entertainment.

- The *Ege University* which offers regional tertiary education facilities for the west, with the campus in the Bornova Centre Campus.

- The *Ege University General Hospital*, which together with other private and public health services located close by, provide the most comprehensive range of health services in the region.

- The *Büyük Park, Ege Campus and sport fields*' parklands provide 1.277.564 sq meter of recreation, open space and environmental resources for Bornova and local residents alike, and significant heritage parkland and the largest sporting arena in the west.

4.3 Open Space and Recreation of Bornova Municipality

The Municipality of Bornova encompasses a broad range of parks and recreation facilities, many of which are located along the Municipality's Greenland. Parks range in focus from heritage gardens, such as Büyük Park, and Ege Campus to neighborhood pocket parks and reserves catering for active sports such as soccer, ski, swim, tennis...

However, some parts of the City are poorly served with public open space, including the areas.

Council will:

- Develop a new Municipal Open Space Plan in 2006-2009, and incorporate key policy directions of the revised Open Space Plan and the Recreation Strategy, 2006, in the revised Municipal Strategic Management Planning Statement.

- Develop an Open Space Contribution Policy with a fixed schedule of contribution rates that will facilitate the appropriate reservation and development of open space in Bornova

- Continue to engage the community in the design and development of public open space.

- Monitor recreation trends in the Municipality and advance key recreation priorities, such as the development of the Youth Centre and revitalization of the Büyük Park precinct.

Council's capacity to meet community needs in relation to active and passive recreation is an ongoing challenge, particularly its ability to provide adequate space for emerging sporting demands. To address these issues, Council is developing a new Municipal Open Space Plan and a Municipal Sports Development Strategy.

Another of Council's key challenges is the adequate resource of new and existing recreation facilities and programs. With limited resources, careful strategic planning is required to ensure the best recreation outcomes possible. Council will monitor changing recreation priorities in the community and ensure that recreation opportunities are available to people of all ages, abilities and backgrounds.

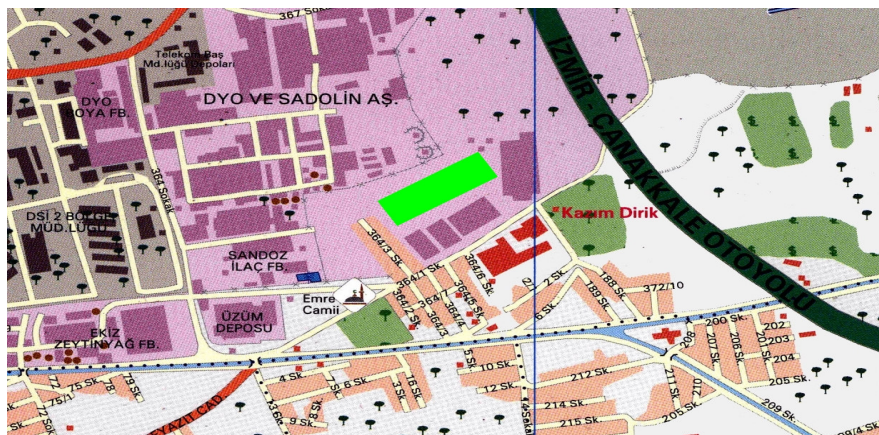


Figure 4.2 Yusuf Tirpancı football field.

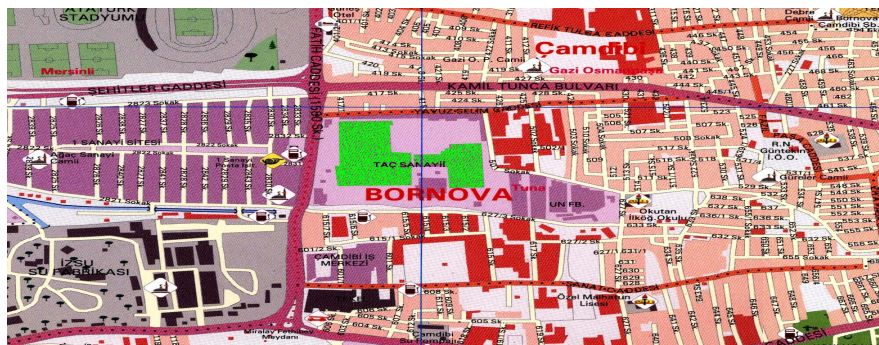


Figure 4.3 Taç Sanayi football field.



Figure 4.4 Pınarbaşı football field.

4.4 Community Well-being of Bornova Municipality

Community well-being is about building strong communities, with quality education, health and community services. It also relates to the provision of convenient and affordable services, so that the community's quality of life is enhanced and enriched.

Council has an important role in planning and managing the type of environments - built, social, economic and natural – that support and enhance community well-being. There is a growing recognition that good urban planning is a key factor in:

- Creating attractive, safe and walk able public places and neighborhoods that is friendly to a variety of users;
- Offering a variety of urban development outcomes and economic activities – such as residential areas, centers for shopping, industrial precincts, recreation opportunities, tourism, and entertainment facilities;
- Promoting a variety of transportation choices, and good access to services and facilities;
- Providing footpaths, bicycle paths, street parking and attractive streetscapes that encourage opportunities for spontaneous community interaction.



Figure 4.5 Bornova Municipality Warehouse

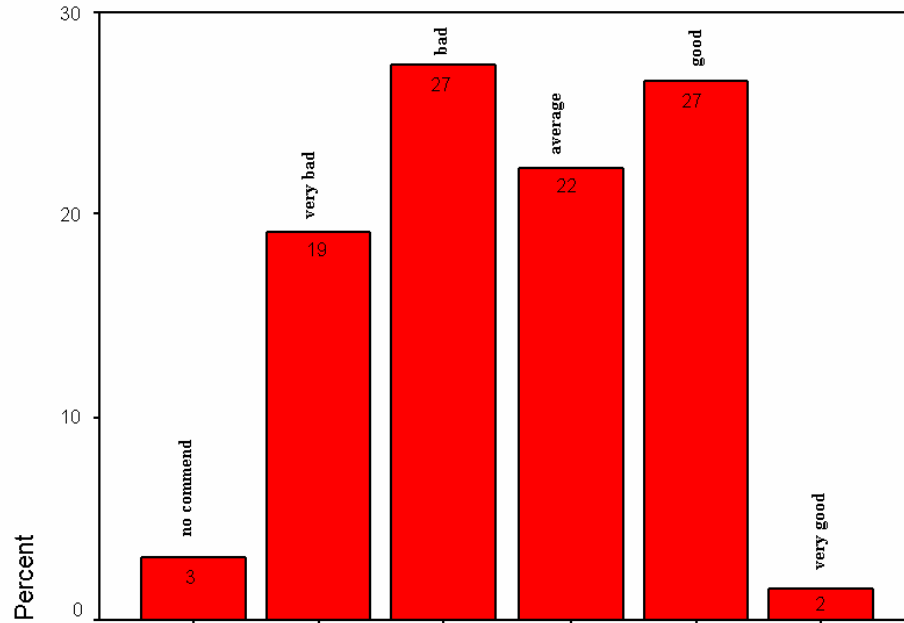


Figure 4.6 Service Satisfaction (Street/pavement construction)

Council will:

- Ensure that the revised Municipal Strategic Statement incorporates key community well-being directions with links Municipality development planning.
- Progressively implement Bornova's community strengthening and social planning policies.

4.5 Activity Centers and Commercial Precincts of Bornova Municipality

Activity centers provide the focus for services, employment and social interaction in the Municipality. They are places where people shop, work, meet, relax and live. Usually well served by public transport, activity centers vary in size and intensity, and range from principal activity centers to neighborhood shopping strips.

Refer to the **Strategic Framework Plan** for the location of key activity centers in Bornova. The future development of Bornova's principal and major activity centers will be guided by structure plans that outline a preferred vision for each individual centre, and:

- Provide for ongoing investment and change in retail, office, service and residential markets;
- Connect into an expanded public transport network; Metro into the Campus and Bornova center



Figure 4.7 Bornova Municipality Wedding and Congress Building



Figure 4.8 Municipality Information and GIS system

4.6 Economic and Industrial Development of Bornova Municipality

Bornova is home to more than 44779 businesses and 8 industrial (complex area) and has a strong manufacturing and industrial base. Major manufacturing industries include chemicals and derivatives, metals, heavy engineering, food processing, and vehicle parts and components.

The City also has a number of large transport and warehousing firms. The future employment and industrial development capacity of the Municipality of Bornova is currently being explored through the *MSMPS Employment and Industrial Development Strategy*.

The Strategy is an initiative of the Bornova Region Councils and will provide vital information about employment and the future use of the İzmir's key commercial locations and extensive industrial areas.

For the Municipality of Bornova, this includes key areas such as activity centers at Pınarbaşı, and Altındağ the core industrial precincts north of Bornova Center and along Pınarbaşı, and Çamdibi

Refer to the **Strategic Framework Plan** for the location of the key economic and industrial development precincts in Bornova.

Key issues associated with economic and industrial development in the City include:

- Managing regional pressures and opportunities – particularly in relation to the provision of appropriate physical, social and transport infrastructure, and local employment opportunities.
- Balancing population growth, land capacity and job opportunities to ensure that local employment opportunities keep pace with regional population growth, and that residential land demands do not result in a loss of sustainable industrial and commercial land.
- Identifying new high technology industries, and commercial, retail and tourism opportunities, and providing environmentally attractive, vibrant and highly sought after business and employment nodes to attract them to Bornova.

- Improving our activity centre network and ensuring its continued viability and potential growth, so that it continues to provide a large variety of goods and services.

- Ensuring that the redevelopment of the Industrial Site Bornova and MIS (Management Information System) provides a mix of uses that will support the forecasted population growth and provide local employment and a variety of goods and services.

- Managing changing community expectations and amenity needs, including the implications of these on existing and new industries.

Council will:

- Finalize the local and regional policies for Bornova's industrial areas, designated activity centers and strategic redevelopment sites, to diversify the economic base of the City, increase its prosperity, and expand the range of employment opportunities available to the residents of Bornova.

- Identify new high technology industries and commercial / retail opportunities, and prepare local planning policies to support their location and development in the Municipality of Bornova.

- Monitor population changes and employment needs.



Figure 4.9 Çamdibi Outlet (Pazaar)

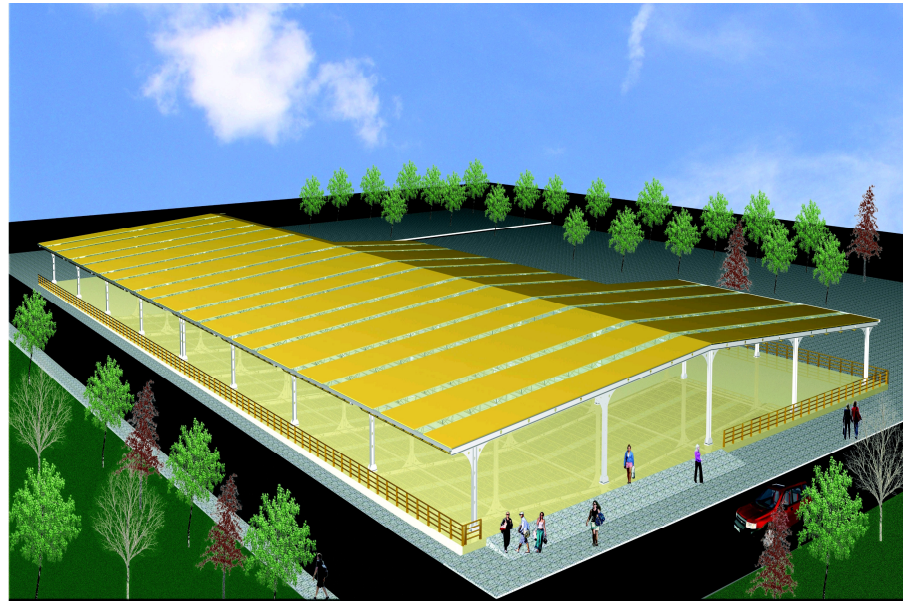


Figure 4.10 Open Bazaar of Manavkuyu

4.7 Access and Transport of Bornova Municipality

Improving public transport links and services between activity centers, transport hubs and across suburbs, attracts a greater share of travel onto public transport and out of private cars.

- Improving the arterial road network to cater for the increased redevelopment activity at strategic development sites in the northern areas of the City, and at key activity centers.
- Reducing employee and people freight and general vehicular traffic on Bornova's roads but increasing the general traffic on metro.
- Managing increased parking demands around the key activity centers where increased densities and new developments are occurring.
- Improving access for all abilities and opportunities for the socio-economically disadvantaged to travel on public / community transport.
- Implementing the İzmir City's initiatives arising from the *Metropolitan Transport Plan* and *Metro* program, both of which seek to increase the level of public transport use across metropolitan İzmir, and improve access to, from and within the Municipality of Bornova.

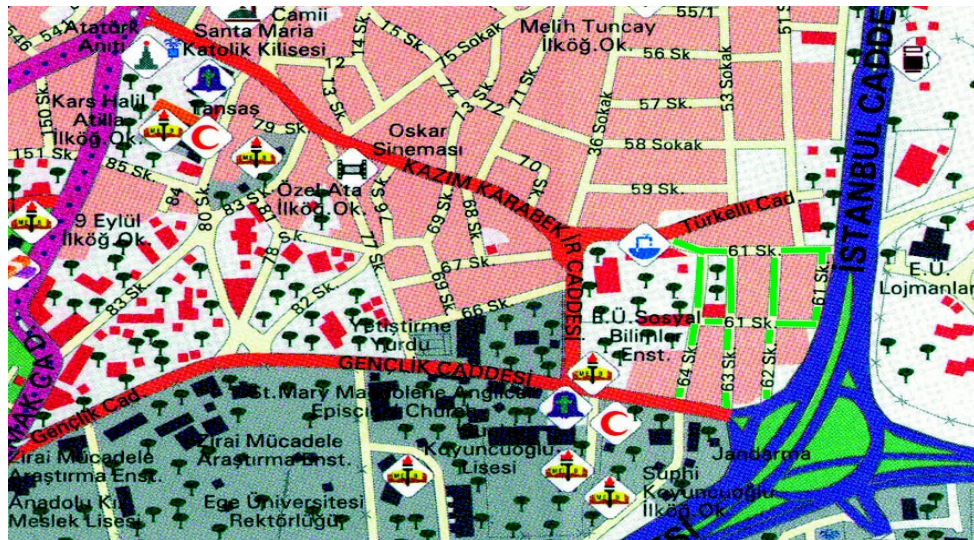


Figure 4.11 New Metro Station Way and Route

CHAPTER FIVE

THE DEVELOPMENT OF BORNOVA MUNICIPALITY WITHIN BALANCED SCORECARD IN MANAGEMENT PHILOSOPHY IMPROVEMENT

Once the consultation and summarizations have taken place a plan for future improved service delivery is developed. The service delivery plan is discussed and adopted by council for implementation by staff. Key performance indicators may be developed in the delivery phase. The service delivery plan includes:

- Key performance indicators(current levels and future targets)
- An accessibility statement;
- Future service levels;
- Future quality and cost standards;
- Details of proposed service improvements;
- An action plan for achieving the improvements; and

The 2006 BSC-MSMP Review has provided Council with an opportunity to conduct a comprehensive public review of the Municipal Strategic Management Plan to determine the key directions and proposed strategic actions required to lead the revision of the MSS in 2007. The proposed Draft BSC-MSMP Action Plan developed from the MSMP Review will be systematically implemented over the next three years to improve the strategic performance of Strategic Planning Policy Framework.

The outcomes of the Review and the proposed Draft MSMP Action Plan will be reported to the Mayor in June 2006 to complete Council's three year statutory review requirements. Council reports to prepare a detailed work management program to identify priority areas, links and critical paths between individual programs and resource allocations, to enable the identified initiatives to be effectively implemented over the next three years. Forwards the MSMP Review reports and

recommendations to the Mayor for planning satisfy Council's three year MSMP review requirements.

5.1 Strategic Resource Plan of Bornova Municipality

The Strategic Resource Plan (SRP) identifies the resources required to achieve the objectives detailed in the Council Plan over the next four years. The strategic resource plan is integral to the Council plan and identifies and assesses the resources required both financial and non financial to achieve the objectives of the Council. The SRP is Council's longer term report to the community and links to other key Council strategies and documents.

To assist Bornova Council in adopting annual budgets within a longer term framework, Council developed a Long Term Financial Plan (LTFP) in 1999 as a part of its ongoing financial planning.

During the 2006/2007 Financial Year Council updated the LTFP. The new model provides more analytical information which allows for more informed decision making by highlighting the long term implications of current day decisions. This is particularly helpful in the areas of rate setting and asset management.

The key objectives which underlined the development of the original LTFP were management of Council's debt and financial sustainability. The new model allows for a higher level review of the financial implications of decisions taken currently. The new model will be under constant review to ensure it takes into consideration the vision and commitments as set out in the Council Plan.

The key financial objectives which underpin the LTFP are:-

- Maintain existing service levels
- Maintain a capital expenditure program at least 60 mil YTL. This has now been achieved. Capital expenditure in this budget from rates is 48.679mil YTL
- Achieve a balanced budget on a cash basis
- Ensure Council is able to meet its debt commitments in the long term

The LTFP is updated and reviewed (annually) to reflect the most up to date conditions.

The review addresses the following:

- Council's financial performance and position
- Revenue and rating strategy
- Long term borrowing and debt strategy
- Infrastructure strategy
- Service delivery strategy

Table 5.1 The Balanced Scorecard for Bornova Municipality, Government, for the year 2006

<i>Objectives</i>	<i>Measures</i>	<i>Initiatives</i>	<i>Situation Analyze</i>	<i>Target Performance</i>	<i>Realized Performance Results</i>
Financial Perspective					
1. Decreasing Expense	Decrease: 1.Telecommunication costs 2.Paper and ink cost 3.Service cost	1. The Number of fax machine 2. The number of modem machine 3. Decrease communication costs	2 0 50000ytl/mounth	0 5 45000ytl/mount	0 2 28000ytl/mounth (%40 improve) (%24 improve)
2.Increasing Tax income Value	The increasing number of estate-taxpayer and other tax payers	Revenue Growth	49 million YTL/year	56 million YTL/year	56 million YTL/year (%100)
3. Increasing expenses of some critical departments	Improvement of some critical department service quality and operational activity	Increasing the rates of critical service departments in master budget	44 mil YTL/Year	70 mil YTL/year	72 Mil YTL/Year
Customer(citizen) Perspective					
Increase citizen satisfaction	Citizen satisfaction survey	Increase social services	Low-capacity, Inadequate buildings	7 new building (Social service center, day-nursery, sanitarians' house, maintenance work-room...)	5 building finished
Increase green area and parks	Improve the number of play station, sport center, culture and art center	Increasing the sport activity places for children, Football and basketball-fields	Low-capacity and inadequate fields People Education Centers	3 new sport places 2 building (PEC)	3 new sport places 2 building (PEC)
Internal Business Process Perspective					
Improve service capability	Create operation Procedures, Process schedules	Job improvement, reduce operation waste-time, and operation places, elimination of unproductive operations	Non-scheduled operation and high personal circulation, high waste-time	All departments have new work flow diagram %100	%100 prepared work flow diagram

Improve service quality and productivity	Zero defective service, achieve target lead times for standard service operations, qualitative and educated work-force	Create feed-back control system. Qualified personal at least undergraduate education.	None Control and feed-back system	Zero Defect Auto-control, defect sensor.	Zero Control Defect System
Reduce service time to citizen	Lead-time service	Reengineering process some works complete at least 10 days	More than 10 day	Target lead time 1 week	Average lead time 8 days
Improving data transfer system	Establishing a Geographic Information System (GIS), Data Processing Center and telecommunication system	Establishing Map Base programs, Increasing of Fiber optic cable connection between departments.	Data stored in the paper-files	Establishing a modern GIS Data transfer and communication between 4 departments	The GIS is not established. Data transfer connection between 3 Departments (%75 improve)
Learning and Growth Perspective					
Develop process skill	Establishing a modern citizen relation oriented organizational culture.	Establishing Citizen oriented relation behavior of officials. Employee training programs.	Restricted relations.	Improve relations with Public and Media Institutions.	Monthly Press conferences.
Enhance Information system capabilities	Increasing data processing by using PC.	Buying new computer programs and computer device	Pc program 1.Law Program 2.MapProgram 3. Finance Program	Improving Justice, Map and Finance Information Systems.	Established Justice, Map, Finance Information Systems
Improve service process	Restructuring of major service processes.	Modify major service processes.	None	Using Reengineering Methods on major service processes.	Departments Restructured with reengineering methods: Vehicular, Development, Information, Gardens, Accounting Dept.

5.2 An Example of Developing Balanced Scorecards in Not-For-Profit Organizations

One of the issues identified with applying the Balanced Scorecard to public-sector groups was the possibility of no "burning platform for change" necessitating the development of a performance measurement system. The same cannot be said of not-for-profit organizations. Clearly, the landscape facing most not-for-profits is changing rapidly, signaling the need for transitions to take place. Among the chief threats is the increasing number of competitors each vying for scarce donor contributions? Further, contributors increasingly demand that a high percentage of their donations actually reach recipients and are not gobbled up by administration costs. In such an environment, even not-for-profits with the noblest of missions are forced to examine their managerial practices in search of methods ensuring they're able to continue meeting the needs of the many constituents relying on their help each and every day. With increasing frequency, not-for-profits are turning to performance measurement techniques, and specifically the Balanced Scorecard, to meet the challenges they face.

In a number of ways the public-sector and not-for-profit Balanced Scorecards share a great resemblance. Neither organization claims financial objectives as their reason for being, but instead looks to serve constituent needs in both a humane and efficient manner. For that reason, mission-not financial objectives-appears as the overarching objective of the measurement effort. Customer objectives are next, followed by internal processes, financial, and employee learning and growth (some place financial at the bottom of the framework). The two groups also share many of the same issues impeding the successful development of a Balanced Scorecard: results that are not easily measurable, lack of control over variables, and technical constraints, to name just a few.

While many similarities exist between the two groups, not-for-profits face some issues that make the development of Balanced Scorecards particularly challenging. One such challenge is the background, experiences, and motivation of most not-for-profit employees. Many enthusiastically choose to

join these organizations at reduced salaries for the chance to work on a cause or mission toward which they feel very passionate. Of ten, their previous training and experience is in closely related fields, which makes them great candidates for success. These attributes are undoubtedly a tremendous asset to the not-for-profit as it works to fulfill its mission, but may be a liability when launching a performance measurement effort. As distrustful as public-sector employees may be of businesslike solutions, not-for-profit employees share not only the lack of trust but, for the most part, will have virtually no prior exposure to efforts of this ilk. Lack of knowledge and potential distrust leave a huge void for fertile imaginations to fill with negative perceptions toward the measurement effort. The lack of trust and knowledge can manifest itself in a variety of ways, including the insistence that a performance measurement initiative is time consuming and will drain resources from all important service delivery, which renders the effort unworthy of attention. Not-for-profit executives and managers, perhaps more than those of any other organizational type, must invest extraordinary effort at the outset of measurement projects explaining the background of the methods to be used, the process to be followed, and the benefits to be derived. Only through constant communication (which is a must in any implementation) will not-for-profit employees be expected to really understand and embrace these tools.

A characteristic differentiating not-for-profits from most other organizational types is the premium they place on involvement and group decision making. Unfortunately, this seemingly positive trait can be a double-edged sword. On the upside, nothing builds buy-in and support faster than including a wide range of employees in the Scorecard building process. Engaging employees in the development of innovative performance measures that will lead to the achievement of their mission can unleash reserves of creativity previously unknown in even the most enlightened organizations. However, not-for-profit organizations can have a tendency to take this inclusive atmosphere a little too far. It's not that including a wide range of people in developing measures is inherently bad, but when you try to please everyone

and make every decision based on consensus, trouble comes to a boil very quickly. In an environment where everyone's opinion is sought and attempts are made to satisfy all, the end result can be diffusion of responsibility, confusion around measures and objectives, and a stifling proclivity toward apathy. This sounds harsh, but it happens. Not-for-profit executives with the best of intentions attempt to develop Scorecards based on the wants and needs of all but end up with a product that pleases and inspires no one. To overcome this problem, executives and managers must exercise strong leadership. Encouraging input and involvement is one thing, but leaders must make it clear that they own the organizational Scorecard and will make the final decision on what measures are critical to the not for-profit's ability to meet its mission. Doing so clearly communicates the organization's direction to all employees, but does not preclude active and participative dialogue between leaders and staff.

Implementing the Balanced Scorecard offers many opportunities to a not-for-profit organization in spite of the hurdles that must be cleared. Increased focus on the mission, accountability for results, and alignment of human and financial resources toward overall objectives can all result from the development of a Balanced Scorecard. Kaplan and Norton have even gone so far as to suggest that *"the opportunity for the Scorecard to improve the management of governmental and not for-profit enterprises is, if anything, even greater."* If that is the case, and when you consider there are over one and a half million not-for-profit organizations registered with the Internal Revenue Service here in the United States, the opportunities for improvements to those organizations and thus society at large is staggering.

5.3 Conclusion of Balanced Scorecard

In this project, Balanced Scorecard is used successfully as a strategic planning tool in Bornova Municipality House. Implementation of this project enabled the effectiveness and productivity of manpower, machine, material, and business process time for the sources of Bornova Municipality House. In additional, zero defective

service achieves target lead times for standard service operations. The improvement will require cultural changes in organizational thinking.

The reduction of service time and improvement of service quality satisfied the citizen of Bornova Municipality. Financially, Bornova Municipality House earned %40 cost reduction in general budget in second quarter of fiscal year 2006 because of the reduction of operational costs. For further improvement the project requires developing in other sections as GIS, integration of accounting system, adaptation of information technology, new work design and also changing of organizational culture in the future.

Gains of this project are in Bornova Municipality, Reengineering and BSC processes are began as the fundamental rethinking of business process, such as service time, to improve critical performance measures such as quality, cost reduction, citizen satisfaction, information system and organization culture. The Balanced Scorecard could translate the Bornova Municipality House's mission and strategy into a comprehensive set of strategic management performance measurement tool that provides the framework for a strategic management system. The required criteria for four perspectives, 1-financial, 2-citizen, 3-internal business process, and 4-learning and growth for implementing of BSC are identified.

This paper can be recommended to governmental institutions and other counties which will initiate to imply strategic planning and performance measurement system.

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