

Balanced Scorecard Briefing

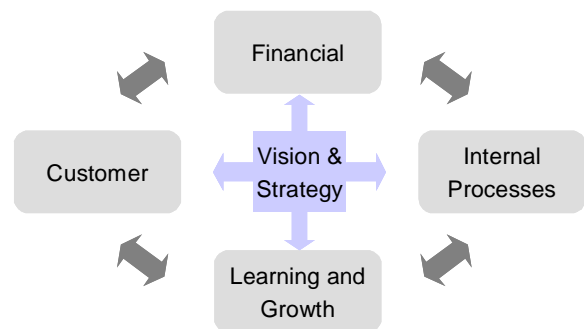
Introduction

The Balanced Business Scorecard was developed in the early 1990's by Kaplan and Norton. Its use has since become widespread in both the private and public sectors and it is considered best practice by both multi-nationals and governments. The Balanced Business Scorecard provides a framework that helps an organisation translate its strategic intent into operational objectives that drive both performance and behaviour. It is a strategic management system that uses metrics to provide feedback and learning and that can fundamentally change the performance of an organisation. It is a mistake to consider the Balanced Scorecard as just organising a few Key Performance Indicators into a presentable format, although this misinterpretation is not uncommon.

Basic Structure

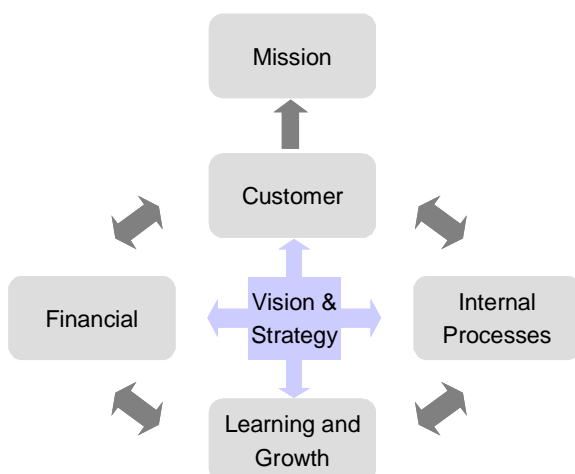
The structure of a Balanced Business Scorecard is based on four perspectives that are arranged with the Financial perspective at the top—this is the focus of commercial organisations, see diagram below. Through a cause and effect model the strategy is translated into the 4 perspectives that address key questions:

Financial	if we succeed how will we look to our shareholders?
Customer	if we succeed how will we look to our customers?
Internal Process	to satisfy our financial and customer objectives at which processes must we excel?
Learning & Growth	to achieve our vision how must our organisation learn and improve?



Unlike financial measures that only provide information on what has happened the Balanced Scorecard uses performance measures that not only consider the outcomes of your previous actions but also the drivers of your future performance.

In the Public and Not-for-Profit Sectors the focus isn't on financial performance but on achievement of the organisation's mission to the satisfaction of its customers. The structure of the Balanced Business Scorecard changes for these organisations, see diagram below. There are also differences in developing and implementing the Balanced Scorecard for these sectors.



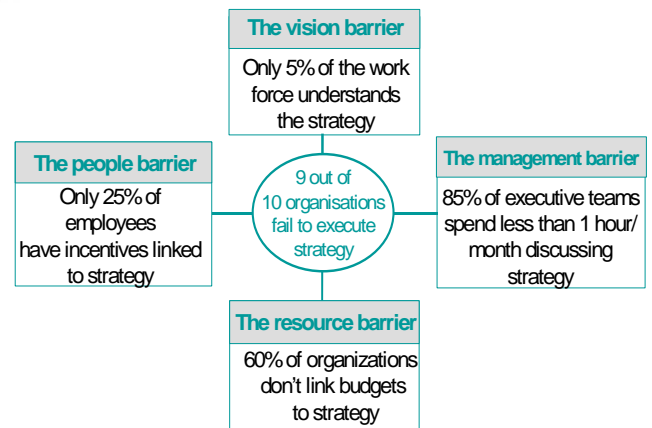
Available Courses

To ensure that the training programmes are focused on the needs of particular types of organisation 4 different programmes are available:

- Balanced Business Scorecard for commercial organisations -2 days
- Improving Performance in the Public Sector with a Balanced Scorecard, 2 days
- Improving Performance in the Not-for-Profit Sector with a Balanced Scorecard— 2 days
- Balanced Scorecard Master Class covering all sectors and applications—5 days

What are the benefits?

The successful implementation of strategy requires both private and public organisations to overcome four barriers, see diagram. But many organisations don't even have a strategic management system so they have little chance of achieving their strategic goals. The Balanced Scorecard is a performance management programme that puts strategy at the centre of the process and provides a framework for organisations to overcome the barriers and become a *Strategy Focused Organisation*.



Some of the key benefits of using the Balanced Scorecard are:

- Translation of the organisation's strategic plan and initiatives into operational objectives.
- Identification of performance measures that drive your future performance as well as the outcome measures that record the impact of previous decisions and actions.
- Alignment of the operational and support functions, and departments with the strategy.
- Alignment and prioritisation of initiatives.
- Effective communication of the vision, strategy and goals to all its stakeholders.
- Alignment of personal objectives with the strategic direction.
- Making strategy a continual process and the focus of the organisation's efforts.

The survey extract below, although from 1998, reinforces the benefits that are gained by implementing a Balanced Scorecard, or Measurement Management as Metrus prefer to call it.

	Non-Measurement Management	Measurement Managed
Open sharing of information.	30%	71%
Effective communication of strategy to the organisation	8%	60%
Clear agreement on strategy between management.	47%	90%
Changes are perceived as successful	55%	97%
Perceived as an industry leader over the last 3 years	44%	74%

Extracted from Metrus Group survey.

Some Balanced Scorecard users:

Public Sector	Newcastle City Council, Brisbane City Council, MOD, City of Charlotte, etc.
Not for Profit	The May Institute (behavioural care), New Profit Inc (philanthropic), United Ways of South East New England (multi-agency funding and provision).
Healthcare	Dukes Children's Hospital, Montefiore Hospital.
Business	Mobil, BT, BP Chemicals, Brown & Root, ICI, ABB, Whirlpool, Philips Electronics, HP, Sun, Natwest Bank, Nationwide & Yorkshire Building Societies, IKEA, Burger King, Ritz Carlton Hotels, Royal and Sun Alliance, Chemical Bank, etc.

How can I learn more?

Implementing a Balanced Scorecard is a significant Change Management programme that will require effective management by the leadership team. **Business Transformation (Training and Coaching)** can help executives and managers to prepare for, successfully develop and implement the Balanced Scorecard. Contact Denis Mahoney on +44 1903 784783 or +44 7766 333294 or via email denis.mahoney@business-transform.co.uk