

Balanced Scorecard (BSC)

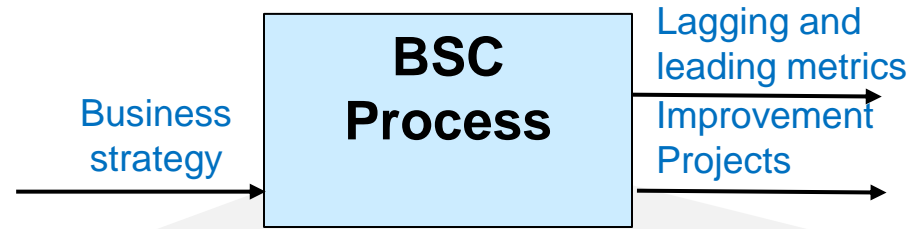
Problem

How to manage an organization's strategy?

Difficulty

Work with an SME

- The **Balanced Scorecard (BSC)** is a framework for tracking and managing an organization's strategy.
- A BSC has four connected perspectives.
 - Financial** goals: What do shareholders want?
 - Customer** goals: What do customers want?
 - Process** goals: What should we be better at?
 - People** (or learning and growth, or innovations, or organizational capacity) goals: How can we create more value?
- A **strategy map** is a 1 page depiction of a BSC with connections between the perspectives.



1. Define the **Mission, Vision, and Values**.
2. Define **Strategic Priorities**, the top-level goals (e.g., client relations, operations, product)
3. Define the **Four Perspectives** (in priority order): Finance, Customer, Process, and People.
4. Define the **Business Goals** supporting the perspectives. Create cause and effect relations; the lower perspectives' goals explain how to achieve the higher perspective goals.
5. Describe each goal's **Rationale**, for later review.
6. Define **Leading** (success goals) and **Lagging** (achieved results) **metrics** for each goal.
 - Only leading metrics can be influenced; it can be challenging to identify them.
7. Define **initiatives** to execute the strategy.
8. Flow the information down with local strategy maps aligned with higher level strategy maps.

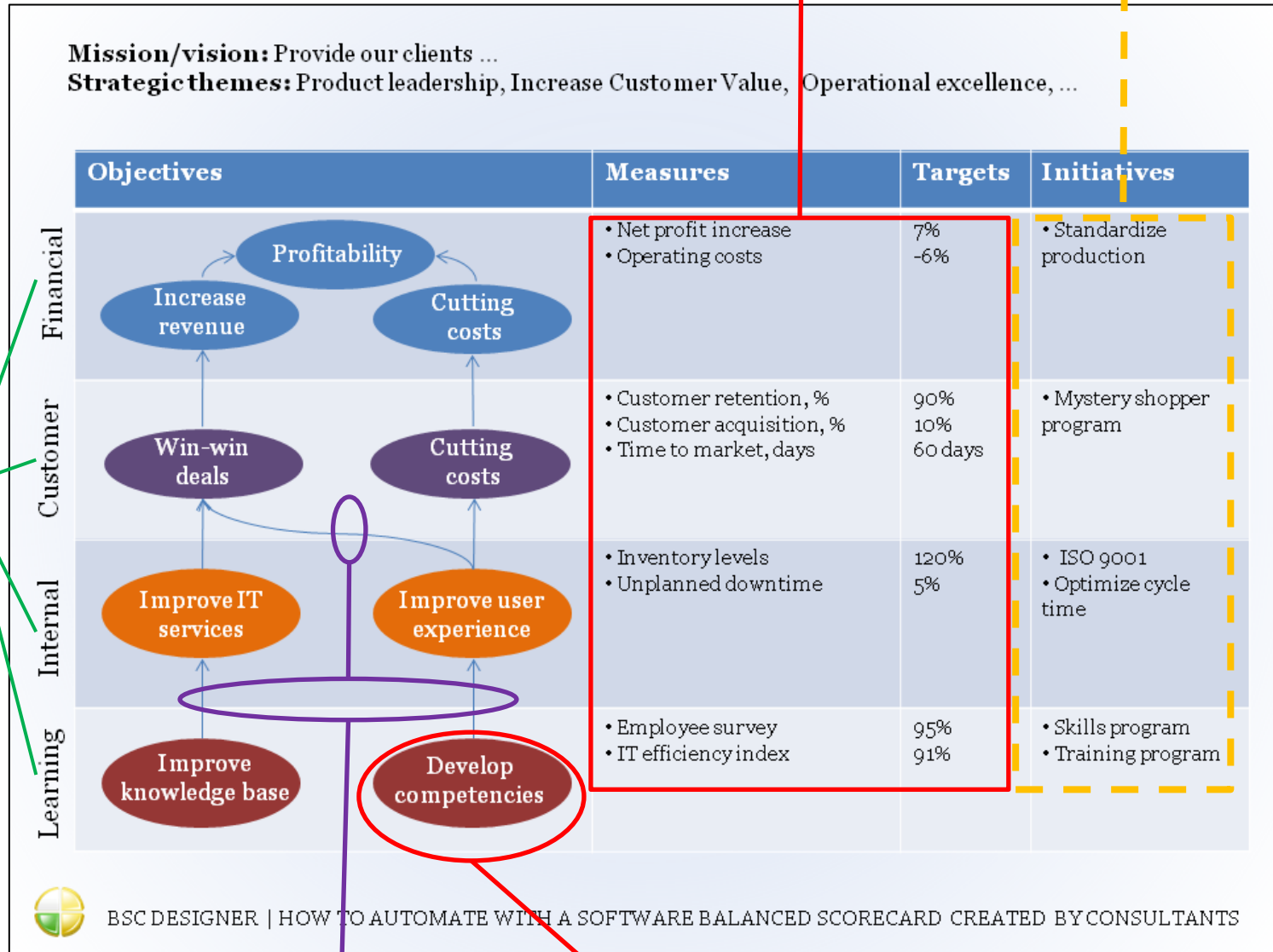
STRATEGY MAP	OBJECTIVES	BALANCED SCORECARD		ACTIONS	
		MEASUREMENT	TARGET	INITIATIVE	BUDGET
FINANCIAL PERSPECTIVE	OBJECTIVE	MEASUREMENT	TARGET	INITIATIVE	
Overall Objectives	OBJECTIVE	MEASUREMENT	TARGET	INITIATIVE	
OBJECTIVE	OBJECTIVE	MEASUREMENT	TARGET	INITIATIVE	
OBJECTIVE	OBJECTIVE	MEASUREMENT	TARGET	INITIATIVE	
CUSTOMER PERSPECTIVE	Objective	Measurement	Target	Initiative	
Overall Objectives	Objective	Measurement	Target	Initiative	
Objective	Objective	Measurement	Target	Initiative	
Objective	Objective	Measurement	Target	Initiative	
Objective	Objective	Measurement	Target	Initiative	
INTERNAL PROCESSES PERSPECTIVE	OBJECTIVE	MEASUREMENT	TARGET	INITIATIVE	
Overall Objectives	OBJECTIVE	MEASUREMENT	TARGET	INITIATIVE	
Objective	OBJECTIVE	MEASUREMENT	TARGET	INITIATIVE	
Objective	OBJECTIVE	MEASUREMENT	TARGET	INITIATIVE	
Objective	OBJECTIVE	MEASUREMENT	TARGET	INITIATIVE	
LEARNING & GROWTH PERSPECTIVE	Objective	Measurement	Target	Initiative	
Overall Objectives	Objective	Measurement	Target	Initiative	
Objective	Objective	Measurement	Target	Initiative	
Objective	Objective	Measurement	Target	Initiative	

<https://www.smartsheet.com/balanced-scorecard-examples-and-templates>

BSC – Example - Generic

These are trailing metrics

How to achieve objectives



<https://bscdesigner.com/wp-content/uploads/2016/10/bsc-example-by-bsc-designer.png>

Perspective objectives are connected and flow up

A leading metric would be percentage of employees with new competency training.

BSC – Notes

Slide 1

1. The BSC was developed in 1992 by David Norton and Robert Kaplan.
2. While other perspectives could be used, experience has shown that Financial, Customer, Process and People work well.
3. Typically, a BSC is developed by management, stakeholders, and employees, ensuring collective responsibilities.
4. Benefits of the BSC
 - A. Improved organizational alignment and communication
 - B. Improved strategic planning and performance tracking
 - C. Mapping strategy into understandable performance measures.
 - D. It helps a company invest internally, in processes, infrastructure, and technology for better performance.
5. Potential Strategy Mapping mistakes
 - A. Having unconnected goals
 - B. Focusing on Operational goals
 - C. Not documenting the rationale
 - D. Only using lagging metrics
 - E. Having Too Many Goals
 - F. Mixing Goals and Metrics

Slide 2

1. A fairly generic strategy map is shown.
2. There are many generic maps available on the web for different industries including nonprofits and government agencies (both of which are not profit driven).