

Balanced Scorecards & Technology

Get Strategy Focused through Automation

The Balanced Scorecard

The Balanced Scorecard is an organizational framework for implementing and managing strategy at all levels of an enterprise by linking objectives, initiatives, and measures to an organization's strategy. The scorecard provides an enterprise view of an organization's overall performance. It integrates financial measures with other key performance indicators around customer perspectives, internal business processes, and organizational growth, learning, and innovation.

Scorecard Development

Many organizations begin the scorecard process by reading one of the many books on the topic, attending a seminar, or doing web research. The Balanced Scorecard is a mature methodology, and there are many resources for introductory education, training, and consulting.

Once the organization has committed to the methodology, a third party facilitator (e.g., the Balanced Scorecard Institute) is often brought in to manage and bring an unbiased view to the scorecard development process. Scorecard development can be very rapid (five days), or as long as a year, depending upon the scope and complexity of the scorecard and organization. Many organizations elect to go with a rapid or intermediate approach, which insures project momentum while recognizing that scorecarding is an iterative process. It is often better to make and correct mistakes early while the organization is still excited about the methodology.

Initial scorecard work is typically done with Microsoft Excel, PowerPoint, and/or Word. As the scorecard matures, the organization should consider rolling out the methodology to the rest of the organization. The goal is to connect all employees to the organization's strategic objectives by using individual or group measures that are "on strategy." This will help to institutionalize the new measurement framework within the organization.

Sustaining the Scorecard

The premise of the Balanced Scorecard is to provide an on-going, living framework that is communicated to the organization. The scorecard needs to be sustainable and easy to roll-out. Scorecards should leverage technology to provide automated links to measures, texts, and initia-

tives. Ultimately, the scorecard should become part of the organization's culture and employees' work experience. An easy to deploy and embrace web based system will allow for rapid roll-out and a sustainable scorecard initiative.

Culture and Connection

Once the scorecard is developed, it is important to cascade it into the organization. This will help link groups and individuals to the strategy. This is important because everyone needs to understand the cause-and-effect linkage of how he/she connects to the organization's overall performance. The goal is to translate the strategy into the staff's "everyday speak" and identify measures of success that link to the overall strategic direction. As we connect and link, the culture of the organization changes to be strategy focused.

Using a software product will allow for everyone in the organization to clearly understand the cause-and-effect relationships so they can execute the strategy, align the organization to the strategy, and provide measurement and a continuous feedback mechanism to make corrections to reach the desired strategic state.

Balanced Scorecard Technology

When choosing a Balanced Scorecard technology solution, an easy-to-use and powerful web-based solution that requires little or no IT involvement is essential. The solution should allow for either an on-demand hosted solution ("scorecarding as a service") or local installation.

Key Features (what to look for when selecting a solution)

Web

Look for a solution where development and deployment is done through a web browser. Cross-browser compatibility is preferred. Solutions using the latest J2EE technologies and Ajax-style page updates are in-line with the latest developments in web technology.

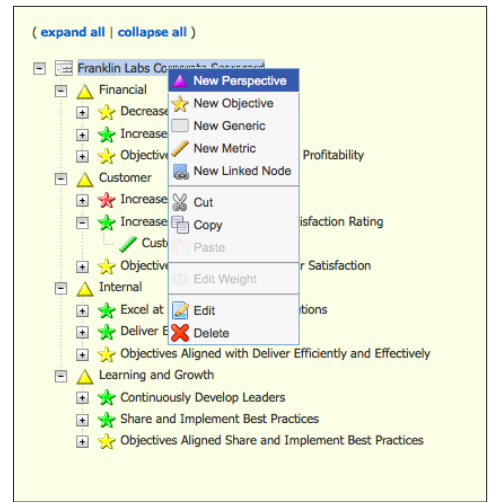
Ease of Use

Select a solution that is extremely easy-to-use. Choose a

product that functions like desktop software using left click to navigate and right click to develop. Also, look for products where data can be entered through the web interface, uploaded from a CSV file, or automated with a database connection. Products should be as easy to use as browsing a web page or shopping on-line.

Strategy Maps

The key to a good Balanced Scorecard is the strategy map. Any product selected should have the ability to create strategy maps with drill-down capabilities. Strategy maps often start out as a blank canvas to which you add images, shapes, text, and numbers to create a visual representation of your data. Once you make a strategy map, however, the colors and numbers automatically update based on the real data in your system. Strategy maps can also be used to track key metrics, visualize geographic data, and monitor trends.



Cascaded Scorecards

Organization-wide Balanced Scorecard roll-outs require multiple cascaded scorecards. This allows the organization to start at the top of the house and roll down into department, group, or even to the employee level. Look for products that allow for unlimited cascaded scorecards. Organizations should be able to drill-through to sub-scorecards or individual measure views. The entire organization should be able to roll-up information from multiple scorecards into higher-level scorecards.



Balanced Scorecard Views

Organizations should select a solution that has many different ways to visualize Balanced Scorecard information. In addition to the Strategy Maps discussed above, other views could include Navigational, Executive, Overview, Metric, and Analysis.

Communication

Look for products that allow for commentary on each level of the scorecard. It should be possible to create comments that are either general or period specific. Alerts, such as when your metric needs updating (Notification), or when your metric turns Red (Push) are essential communication components.

Alignment

A good solution will allow for Balanced Scorecard “Aligned Objectives” to be easily created, so that scorecards can show the performance of their own objectives and measures, or of supporting objectives across various scorecards.

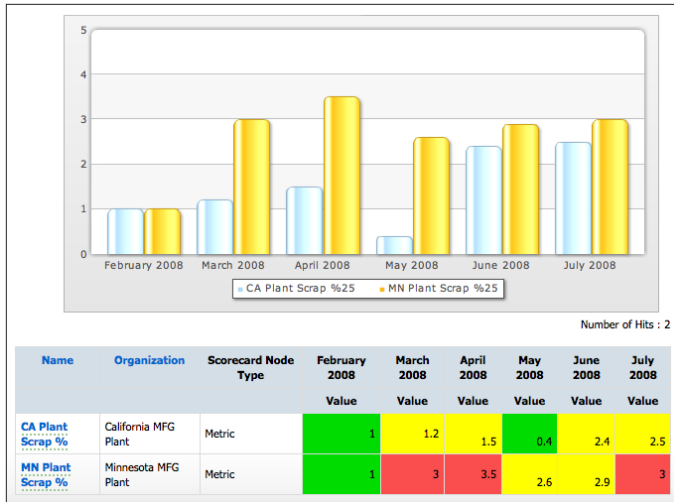
Automated Scoring and Weighting

A scorecard tool should allow for automated scoring and weighting of structure elements. Build your structure,

define the weighting, enter the measure values, and watch the scorecard “color-up.”

Initiative Management

Many initiatives will come out of the Balanced Scorecard process. Look for products that have full blown initiative management modules to manage these scorecard initiatives. It should be possible to create tasks and milestones and assign them to individuals or groups. All of the data should be visualized with sophisticated Gantt charts.



Report Writing

Reporting is still necessary in any scorecard initiative; getting the right information, to the right people, and at the right time is important. A good solution will come with a built-in report writer that contains canned reports like Red Metrics Report, Grey Metrics Report (missing values), and Metric Comparison Report (compares metrics within and across scorecards). The tools should also allow the user to pull data out of a scorecard database for ad hoc reporting. The report writer should allow for slicing and dicing of performance data and the ability to create exciting Flash presentation graphs.

Integration to Desktop Tools

The solution should allow the user to export graphs, reports, and scorecards to desktop applications like Adobe Acrobat, Microsoft Word, Excel, and PowerPoint.

Briefing Books

The tool should create on-line briefing books to consolidate data for management, groups, or users. Briefing books should be easy to set up by browsing the Balanced Scorecard model and adding views, reports, and graphs. Once the briefing book is created, it should be easily viewed on-line or exported to Adobe Acrobat, Microsoft PowerPoint, Word, or Excel.

Conclusion

Balanced Scorecard tools come in all shape and sizes ranging from desktop applications to ERP modules. Selecting the right tool depends on your organizational requirements. The basic premise, however, should be that the solution supports a structured approach, while being easy-to-use, easy-to-embrace, and routine when it comes to achieving results. A cost-effective, easy-to-use, web-based product, that requires little or no IT involvement is ideal.

