STRATEGY DEVELOPMENT WITH THE BALANCED SCORECARD

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Relationships …

The Balanced Scorecard

ISO 9000

LEAN THINKING

Continuous Improvement

Six Sigma

STRATEGY FOCUSED ORGANIZATIONS

Total Quality Management

Process Management

Points in Common…

- Customer focus…
- Leadership commitment…
- Fact based, data driven problem solving…
- Continual Improvement…
- ***The Strategy?***

Successful Organizations Place Strategy at the Center of the Management Process!

Strategy is at the Core of Every Successful Organization…

Successful Organizations Make Strategy Everyone's Job!

Strategy Development & Implementation Poses Questions to Leaders…

- How do I get the big picture in focus?
- How do I ensure our business processes support the big picture?
- How do I communicate that big picture?
- How do I map the road ahead for the next year? The next ten years?
- How do I satisfy the stakeholders & customers?
- How do I prioritize resources?
- How do I measure how well we are doing?

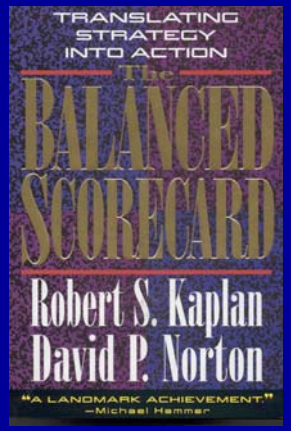
Strategic Management Requires an Enterprise View!

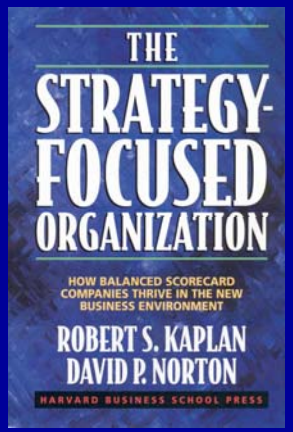
What is a Balanced Scorecard?

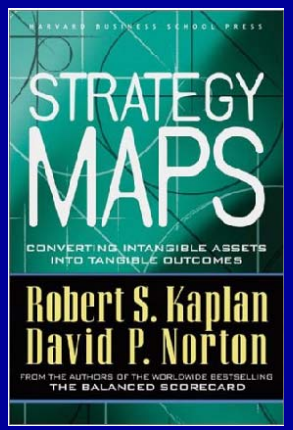
A process and framework that facilitates strategy development and strategic management while providing performance metrics to measure success against the strategy.

The Balanced Scorecard Provides an Enterprise View, Making Strategy Everyone's Job!

What is a Balanced Scorecard?







Balanced Scorecard

- *"Measurement motivates"*

Strategy Focused Organization

- "*Focus on the Strategy*"

Strategy Maps

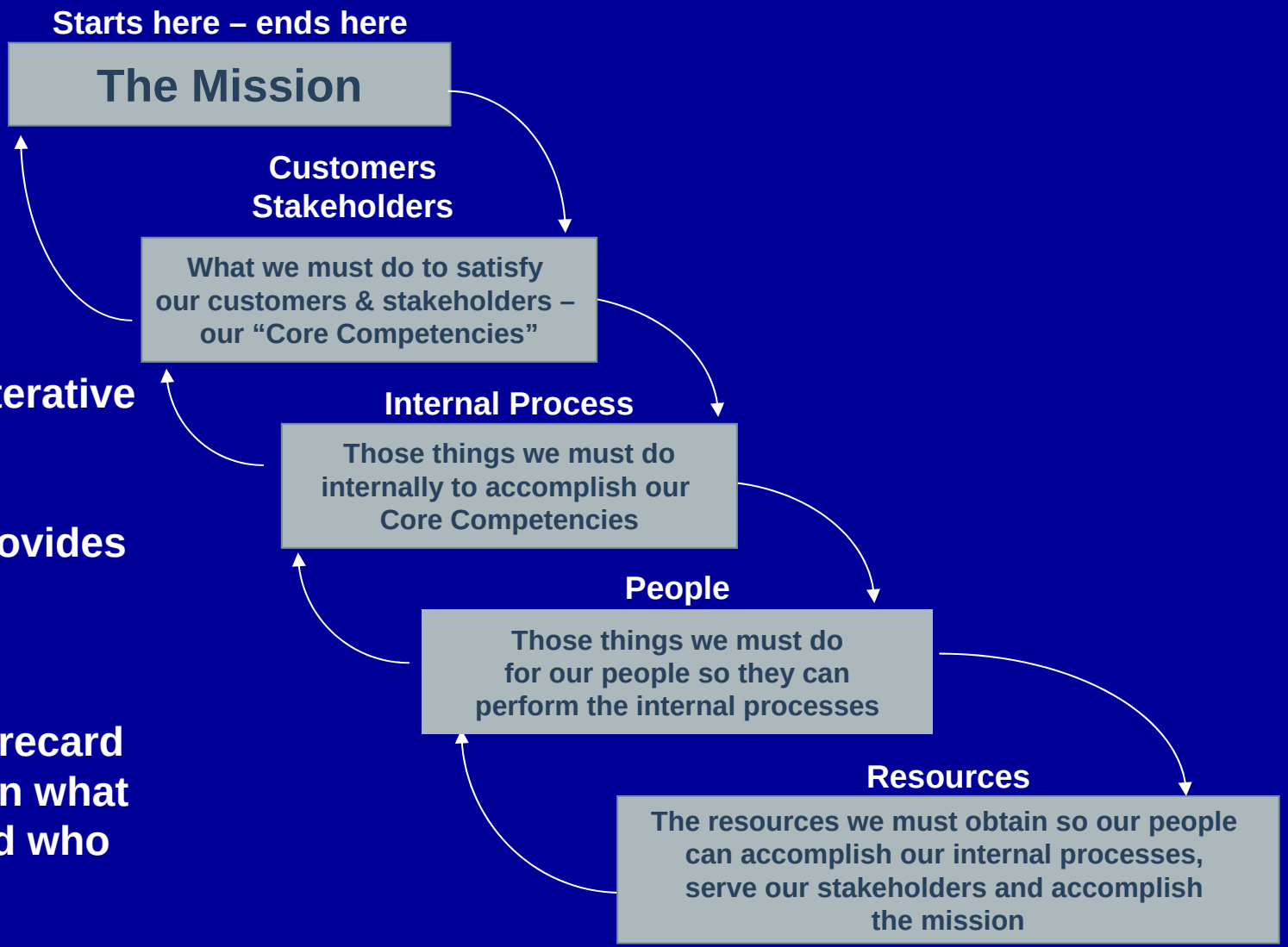
- *"Communicate the Strategy"*

Translating Strategy Into Operational Terms with the Balanced Scorecard

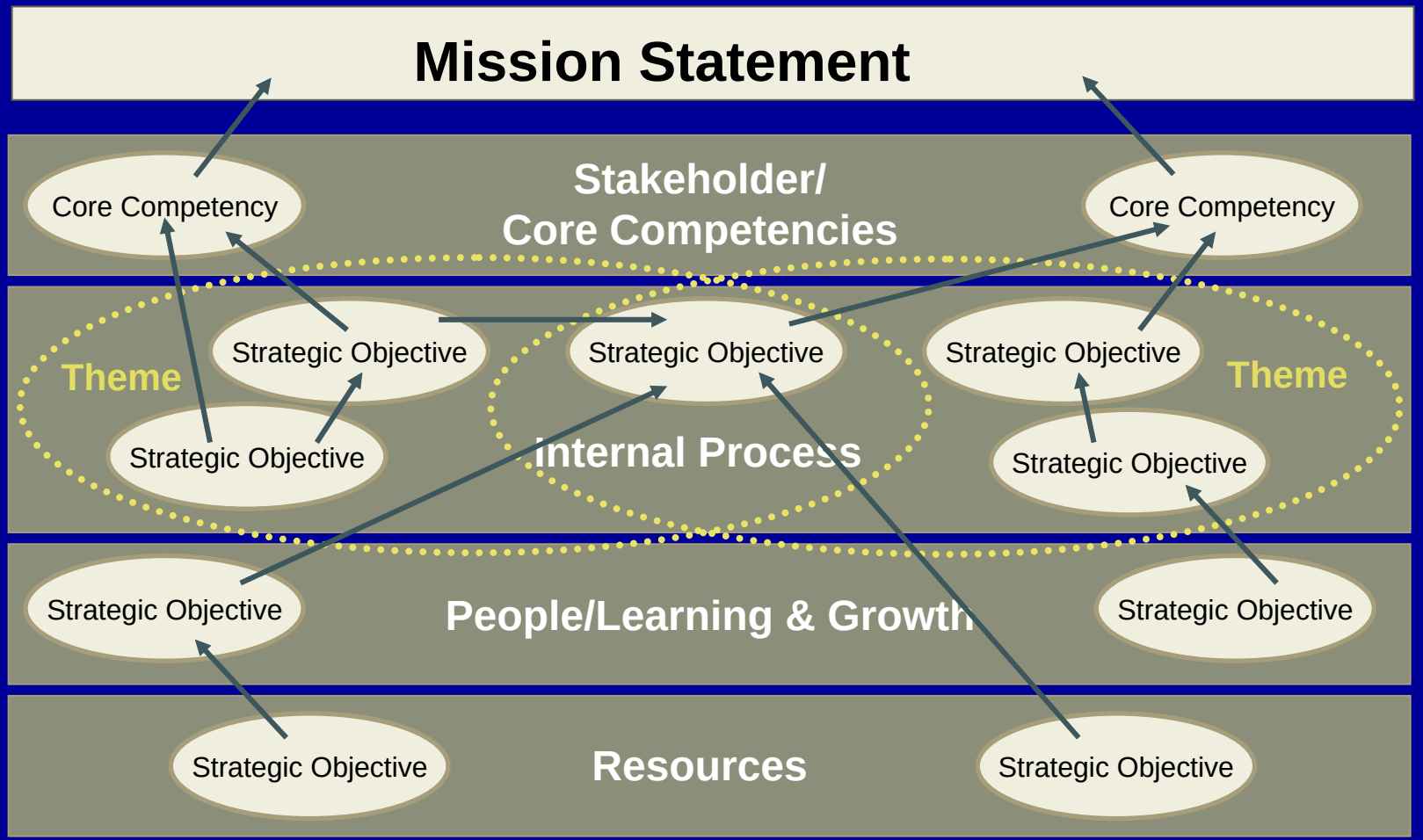
- Identify, define, & communicate what is important.
- Identify the key internal processes that drive success.
- Insure investment priorities support the processes that drive success.
- Identify gaps in the strategy.

Translating Strategy Into Operational Terms with the Balanced Scorecard

- **The process is iterative and inclusive.**
- **Measurement provides clarity and gives meaning.**
- **Building the scorecard requires focus on what you really do and who you really serve.**

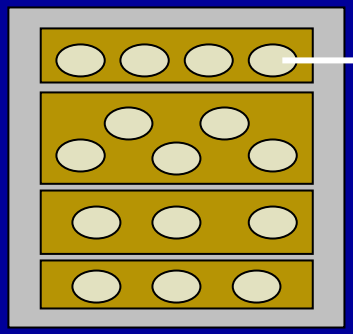


Generic Balanced Scorecard “Strategy Map”



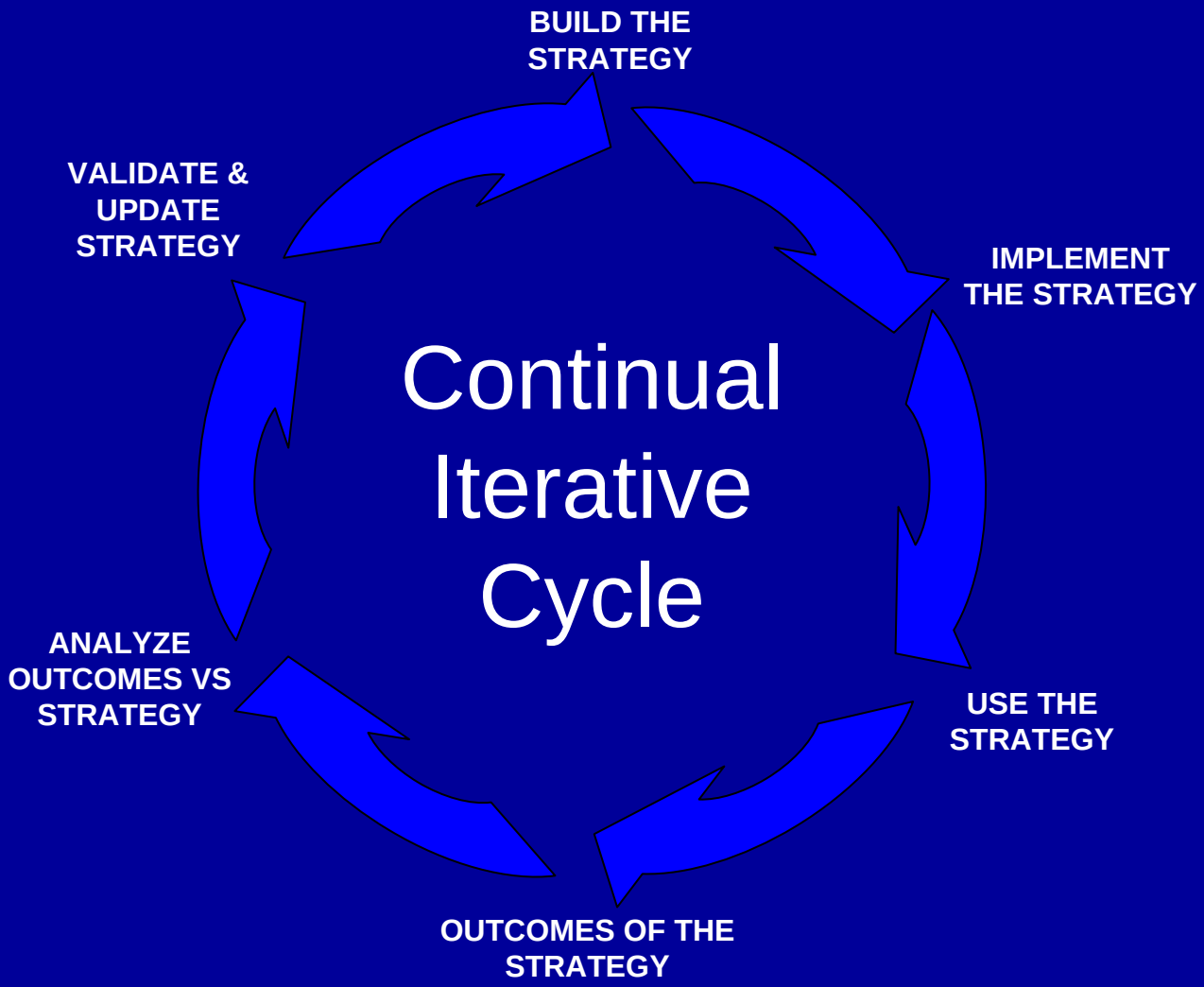
What is a Balanced Scorecard?

For each and every Bubble / Strategic Objective there is:



Objective Statement	Measure	Target
A full statement in paragraph form of the Strategic Objective or Core Competency	The unit of measure that will be used to measure performance for each Strategic Objective	The numeric value indicating the desired level of performance

Strategy Development with the Balanced Scorecard is a Continuous Cycle



- **"THINK BIG".**
- **MEASUREMENT DRIVES BEHAVIOR.**
- **WE DON'T NEED TO MEASURE EVERYTHING.**

The Balanced Scorecard is Used Across a Wide Spectrum of Organizations

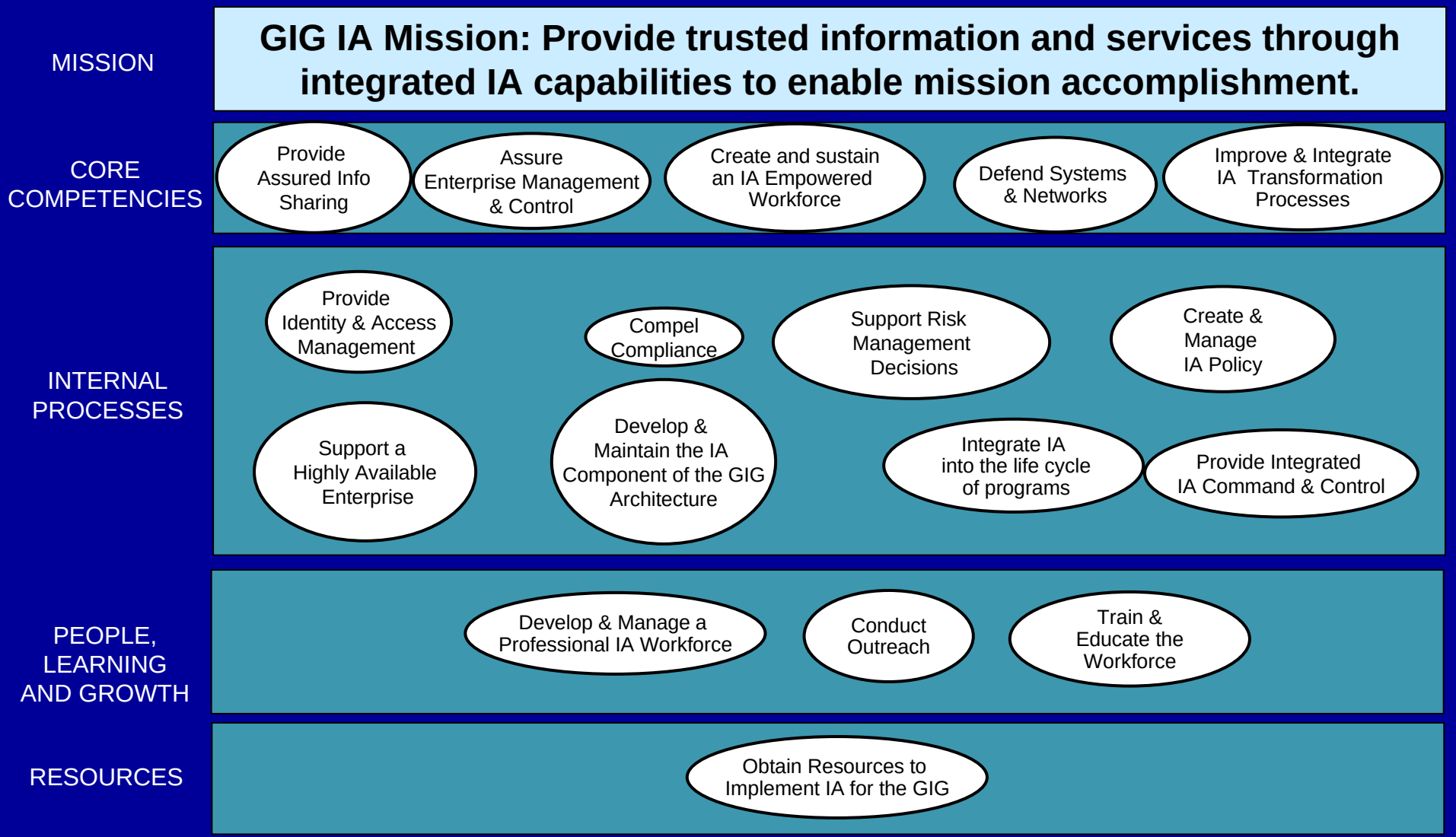
Commercial ***Government*** ***Non-Profit***

The Balanced Scorecard can Focus <u>ANY</u> Organization on Customers it Serves, Accomplishing the Mission, and the Processes Required to Assure Mission Accomplishment.

Who Uses the Balanced Scorecard?

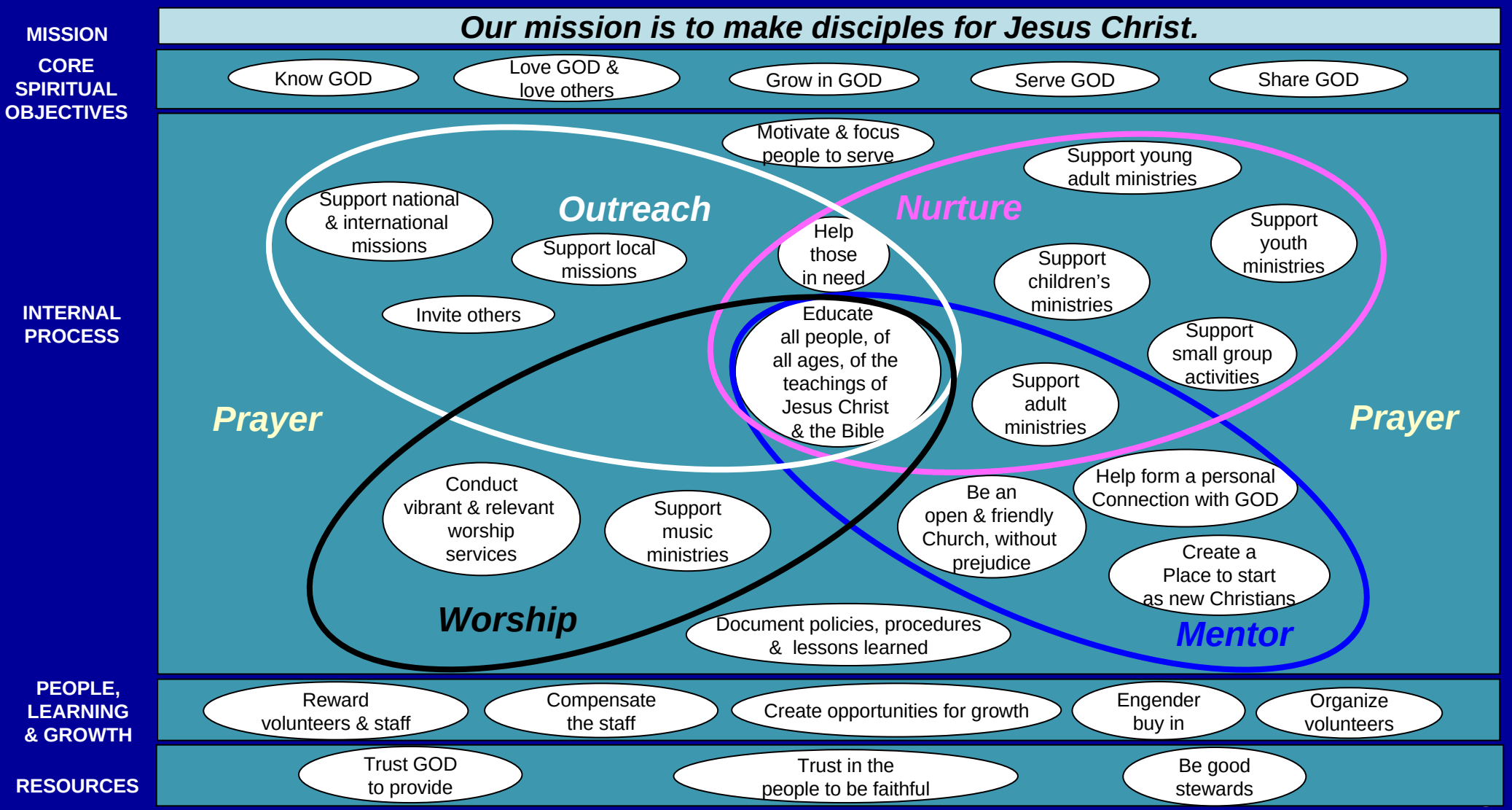
United States Army, Defense Logistics Agency, US Marine Corps Logistics, Department of Energy, Department of Transportation, National Reconnaissance Office, Internal Revenue Service, US Navy Naval Education & Training Command, J25 – Defense Program Office for Mission Assurance, Australian Defense Ministry, CIGNA, Chase Manhattan Bank, AT&T Canada, FMC Corporation, City of Charlotte, NC, State of Washington, Duke Children's Hospital, Montefiore Hospital, Nova Scotia Power, United Parcel Service, Singapore Subordinate Courts, Sears, Fannie Mae, University of California - San Diego, Shell Oil, Nationwide Financial Services, Texaco, General Motors, Daimler Chrysler Trucks, GTE Service Corporation, J.P. Morgan, Save the Salmon Campaign, Homeland Security Committee of the Reserve Officers Association, the Boston Lyric Opera, Pender United Methodist Church ……and more than 50% of the Fortune 1,000.

The Balanced Scorecard Strategy Map
Information Assurance Domain, Global Information Grid

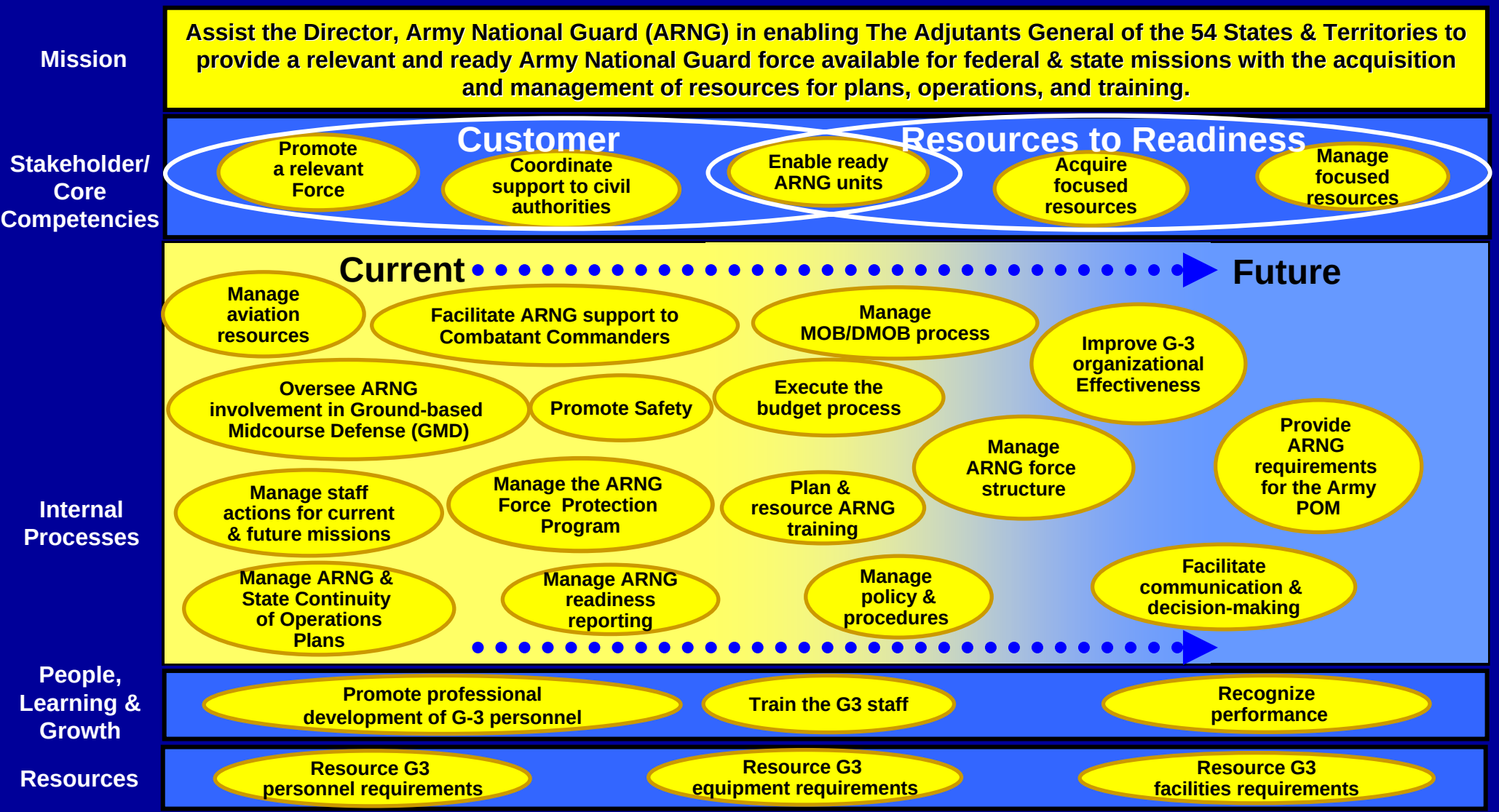


The Balanced Scorecard Strategy Map
Pender United Methodist Church

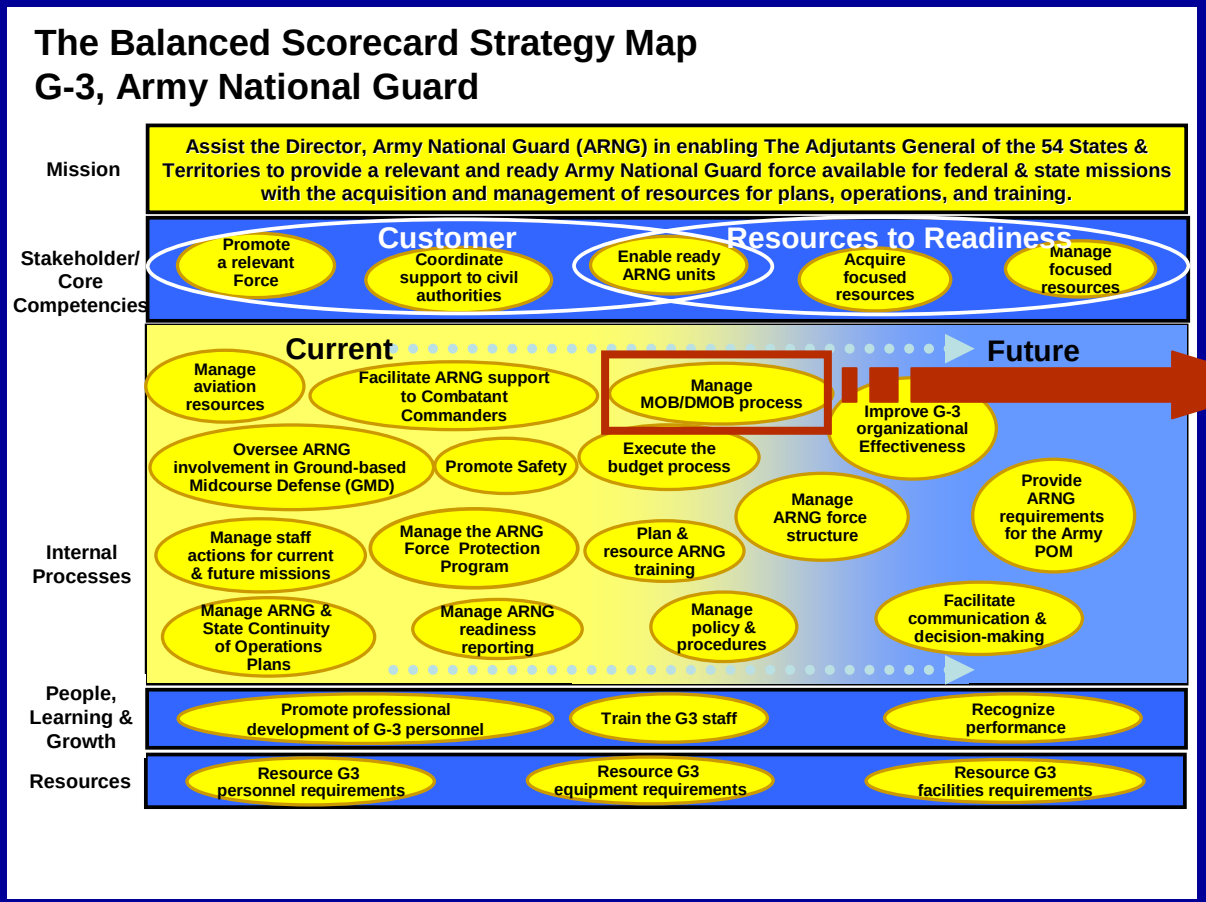
Therefore go and make disciples of all nations, baptizing them in the name of the Father and of the Son and of the Holy Spirit. ***Matthew 28:19 (NIV)***



The Balanced Scorecard Strategy Map
G-3, Army National Guard



Process Improvement and the Balanced Scorecard



"Manage the Mobilization / Demobilization Process"

- Does this process serve the "customer" (Combatant Command, solider, state, sourcing unit)?
- What comprises the Mobilization / Demobilization process?
- What is the baseline capability?
- What are the vital factors for process improvement?
- How can we implement process controls?

Process improvement & quality management can establish, implement, monitor and measure organizational processes aligned with the strategy.

Barriers to Strategy Development & Implementation

- Insufficient, unfocused or unused performance metrics - not measuring the right thing.
- Lack of accountability.
- Fear of accountability.
- Fear of change.
- Lack of leader support.
- The ‘rice bowl’ syndrome.

Barriers to Strategy Development & Implementation

- **<5% of the organization understands the strategy and even smaller number was involved in the strategy formulation.**
- **<25% of the leadership has personal objectives and rewards tied to organizational strategy.**
- **<60% of organizations link the strategy to the budget.**
- **85% of the leadership spends < one hour per month discussing the Strategy.**

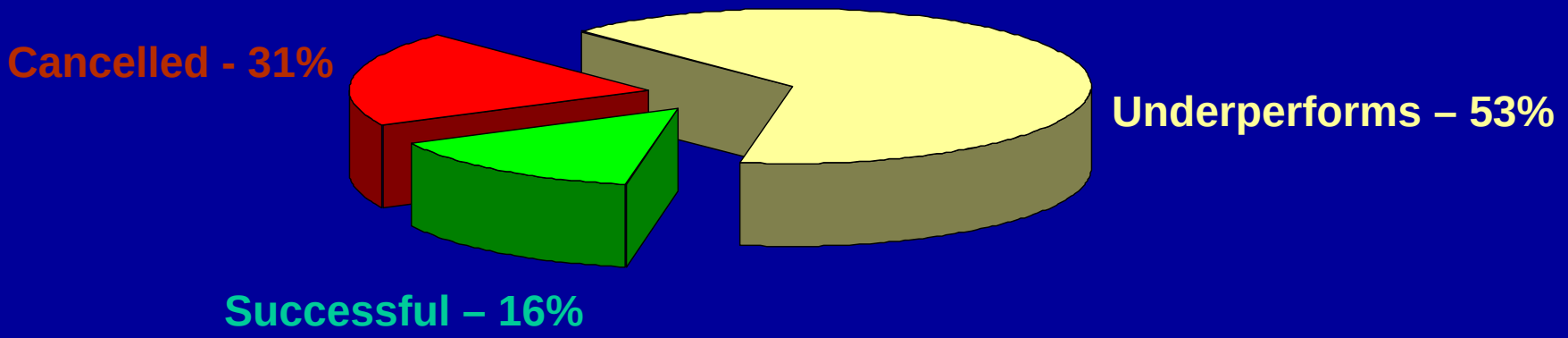
Barriers to Strategy Development & Implementation

31% will be cancelled before completion.

- Business case invalid.
- Funding.
- Prioritization.

53% will be late, over budget and/or deliver less than the requirement.

- Incomplete requirements.
- Lack of user involvement.
- Lack of resources.
- Unrealistic expectations.
- Lack of senior support.



16% will be delivered on time, on budget and be implemented successfully.

- Clear statement of requirements.
- User involvement.
- Executive Management Support.
- Proper training.

Source: Standish Group International

What Makes the Balanced Scorecard Different?

- The success rate is higher than classic strategy development and implementation models.
- The process is less expensive than the classic strategy development and implementation models.
- The process can be tailored to the client's needs and time requirements.
- Links strategy directly to performance metrics to drive behavior.
- Clearly communicates the strategy.
- Ensures accountability.
- The BSC process is widely respected across industry and government.

A Participatory Process Engenders Employee Buy In.

Drivers for Government Organizations

- The President's Management Agenda (PMA) requires executive branch organizations to develop and implement a performance metric program tied to their strategy.

- Government Performance Results Act (GPRA) initiates program performance reform with a series of pilot projects in setting program goals, measuring program performance against those goals, and reporting publicly on their progress.

- Management Initiative Decision 901 (MID 901) requires implementation of a scorecard process for each DoD organization.

- Management Initiative Decision 913 (MID 913) requires development of "performance measures" to drive resource allocation in the Program Objective Memorandum (POM).

What Does the Balanced Scorecarding Methodology Offer?

- Keeps the focus on the accomplishment of the mission.
- Keeps the focus on the customers and stakeholders.
- Links critical processes to the strategy.
- Engenders employee buy in.
- Provides a decision support tool.
- Provides a performance measurement tool.
- Is a Means to End - Not an End in and of itself.

The Balanced Scorecard Communicates Strategy at a Glance.

Questions?

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