

## BALANCED SCORE CARD

Organizations looking at transforming their business to compete successfully in the global market have been using various improvement initiatives such as Total quality management, Lean manufacturing, Customer focused methodologies, Business process reengineering, Activity based cost management, 360° feedback, Talent management, etc.

Each of these programmes have led to improvement in select areas for the organizations and benefits accrued in short and long term for organizations that adopted them. However many of the practicing managers also felt that many of these improvement initiatives were conducted in silos, leading to lack of participation by the entire organization, due to the limitations of these initiatives to encompass all within an organization. The programmes being fragmented could not be linked to organization strategy.

Breakthroughs in performance of an organization requires changes in measurement and management system used, and not mere monitoring and controlling financial measures of past performance which is normally the focus of many organizations.

### **Balanced Scorecard as a management system**

The Balanced Scorecard not only retains the traditional financial measures, but also measures, that measure the drivers of future performance of the organization. The objectives and measures of the score card are derived from organization's vision and strategy. The objectives and measures view organizational performance from four perspectives: *financial, customer, internal processes, and learning and growth*. These four perspectives provide the framework for Balanced Scorecard.

The Balanced Scorecard provides the top management of organization to define objectives beyond the financial measures. The framework allows executives to measure how their business units create value for current and future customers and how they must enhance their internal capabilities and investment in people, systems, and procedures necessary to improve future performance. The Balanced Scorecard thus

provides measures for short-term performance via financial measures and also value drivers for superior long-term financial and competitive performance.

Balanced Scorecard emphasizes that financial and nonfinancial measures be driven down to all levels of employees of the organizations. The emphasis is on front-line employees knowing the financial consequences of their decision and senior executives understanding the drivers of long-term financial success. The objectives and measures of Balanced Scorecard are not independent financial and nonfinancial measures, but derived from a top-down process driven by mission and strategy of the business entity. The Balanced Scorecard should translate a business entities mission and strategy into tangible objectives and measures.

The Balanced Scorecard is more than a tactical or operational measurement system. Organization's use Balanced Scorecard as a strategic management system, to manage their long-term strategy. They use measurement focus of the Balanced Scorecard to accomplish critical management processes:

- Explain and translate vision and strategy
- Communicate and link strategic objectives and measures
- Plan, set targets, and align strategic initiatives
- Enhance strategic feedback and learning.

## **Our Approach**

Morison (UAE) Consulting can assist organizations to develop Balanced Scorecard framework and audit the implementation and help improve the framework.

### ***Phase 1: Training***

Balanced Scorecard Framework for senior executives

### ***Phase 2: Development and deployment of Balanced Scorecard Framework***

Our consultants work closely with senior executives of clients in following areas:

- Clarifying and translating vision and strategy
- Establishing the modes of communication and education of vision and strategy to key stakeholders
- Goal setting across the four perspectives: financial, customer, internal processes, and learning and growth
- Linking rewards to performance measures
- Planning and target setting – Setting targets, aligning strategic initiatives, allocation of resources and establishing short-term milestones for financial and nonfinancial measures
- Creation of Balanced Scorecard
- Creation of strategy maps

### ***Phase 3: Feedback and learning***

In this phase our consultants will facilitate the review of the deployment of the Balanced Scorecard. The review will cover the achievement of targets at various levels, adequacy of resource allocation, alignment of objectives to strategic initiatives and need for changes if any to targets due to change in business scenarios and needs.

**For more information please visit our**

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Acknowledgement: *The authors of Balanced Scorecard performance management system are Robert S. Kaplan and David P. Norton.*