

The Balanced Scorecard

A Strategic Implementation Tool to
Help Manage Human Resources

Executing Strategy...

Is the greatest challenge for organizations

- **Vision**
 - - only 5% of workforce gets it!
- **People**
 - – 25% of managers have incentives linked to strategy
- **Management**
 - – 85% of executive teams spend less than 1 hour/mo discussing strategy
- **Resource**
 - – 60% of organizations don't link budgets to strategy

Strategic Execution

Bad execution, not bad strategy is the cause of 70% of CEO failures

Execution is not just tactics—it is a discipline and a system

Challenges in Executing Strategy

Financial Management Tools

Balance Sheets
Income Statements
Statement of Cash Flow

Process Management Tools

Six Sigma
Supply Chain Management
TQM

Customer Management Tools

CRM
Customer Segment Analysis
Customer Surveys

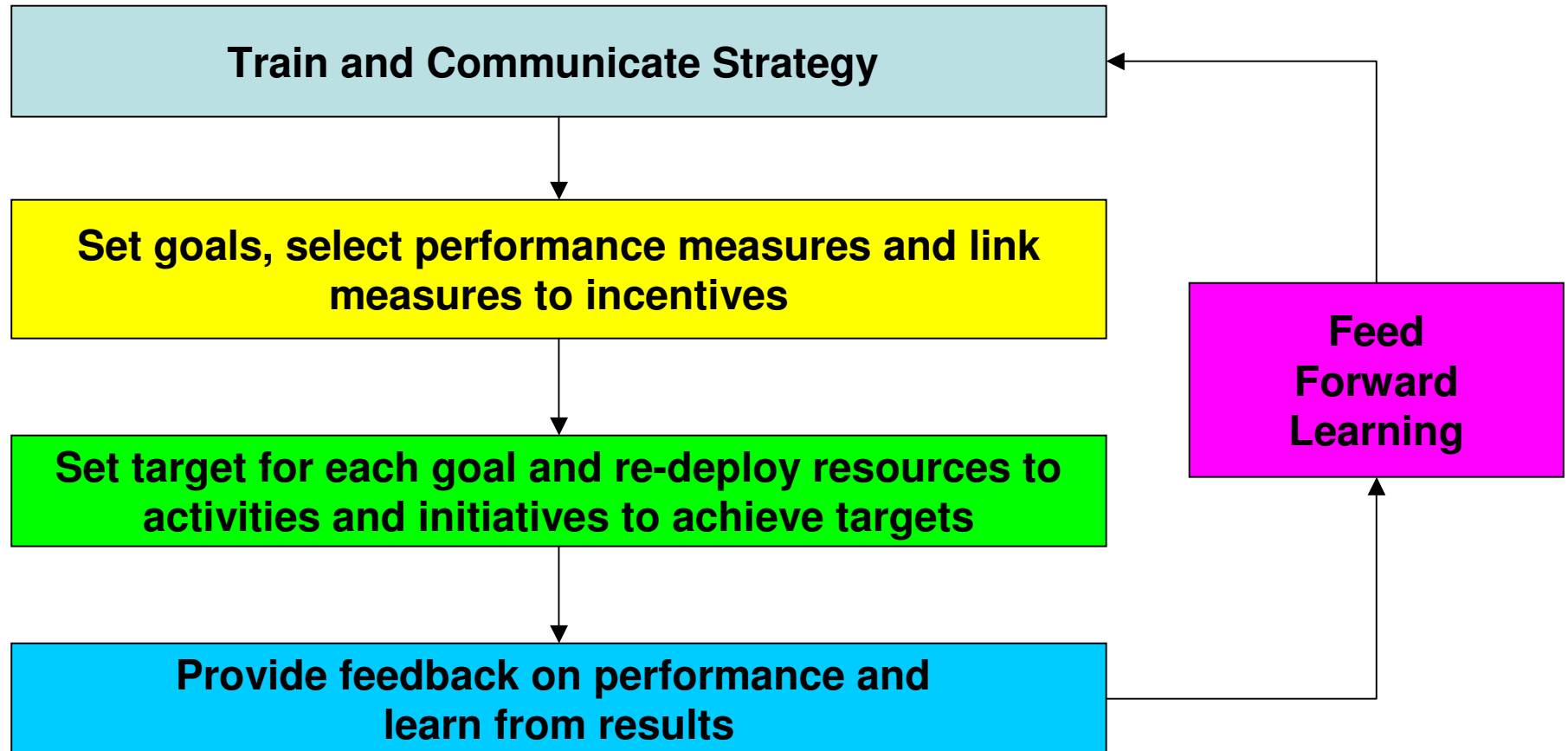
People Management Tools

MBO
Training Programs
HRIS
360 Feedback

Strategy Management Tools

???

The Balanced Scorecard



The Balanced Scorecard

- A robust tool – but keep it simple!
- Makes strategy tangible –everyone’s job!
- Tracks what’s important – hits and misses
- Measurement-lead management
- Provides feedback for short-term course corrections and long-term learning

Balanced Scorecard Perspectives

A. Financial

How do we succeed financially?

B. Customer

How do we appear to our customers?

C. Internal Process

At what processes must we excel?

D. Learning and Growth

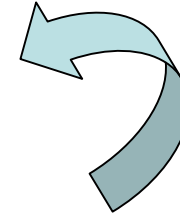
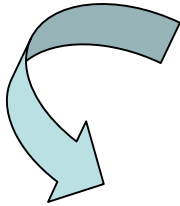
How do we sustain our ability to change and grow?

Government / Non-Profit Perspectives

- **Financial** –
 - taxes, donations, grants, maintain bond rating, sound fiscal management, long-term growth
- **Customer** –
 - reduce crime, increase community safety, provide economic opportunity , involved parents, chapter resource
- **Internal Process** –
 - promote business mix, streamline customer interaction, effective instructions, nutritious meals, website management
- **Learning & Growth** –
 - close skills gap, achieve satisfaction levels, tenure, volunteer development

Balanced Scorecard Perspectives

Financial				
How do we appear to our Stockholders?	Objectives	Measures	Targets	Initiatives



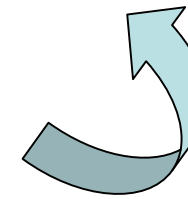
Customer				
How do we appear to our Customers?	Objectives	Measures	Targets	Initiatives

**Vision
&
Strategy**

Internal Business Process				
At what internal processes must we excel?	Objectives	Measures	Targets	Initiatives



Learning and Growth				
How do we sustain our ability to change & grow?	Objectives	Measures	Targets	Initiatives



Government & Non-Profits

The Mission

To succeed, how should we look to our funders?

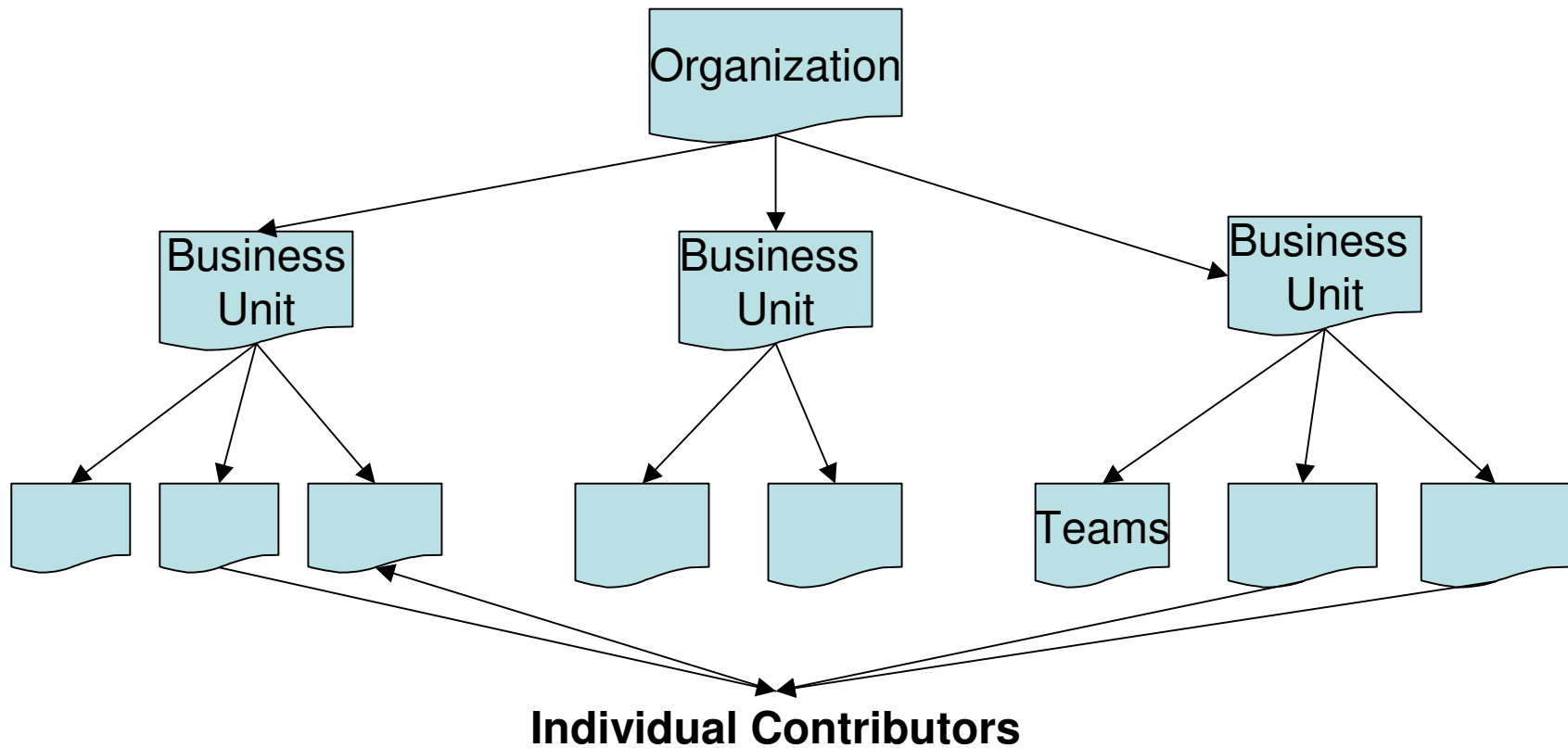
To achieve our mission, what benefits do we deliver to our recipients,

To satisfy our funders and recipients, and achieve our mission, at what processes must we excel?

To achieve our vision, how must our people learn, communicate and work together?

The mission, rather than financial/shareholder objectives, drive the organization's strategy

Cascading Scorecards to Build Alignment



Financial

Sound
Fiscal
Mgmt

Budgeting

Long-Term
Investment
Strategy

Customer – The Value Proposition

Product/Services
Price Selection
Quality Availability

Relationship
Partnership
Services

Brand
Image

Internal Process

Customer Mgmt
Deepen Knowledge
about customer
Attract
Retain
Grow Relationship

Innovation
New learning
Partnerships
Future needs

Operational Excellence
Admin excellence
Network of supplier for
Products & services
Adaptability

Learning & Growth

Climate for Action
Personal Growth

Competencies
Functional Excellence
Leadership Skills
Strategic Readiness

Scorecard Information

Perspective: Financial / **Customer** / Internal Process / Learning&Growth

Information Type	Are....	Example is...
Strategies	High Level Goals	Increase Market Share
Objectives	Measures of action plans	Increase Customer Satisfaction
Measures	Indicates success or failure	Average Customer Rating (scale of 1-10)
Targets	Desired level of performance for a measure	Achieve 9.9 of 10 Average Customer Rating
Initiatives	Management actions taken to achieve target	Train CSR Staff in Problem Resolution Skills

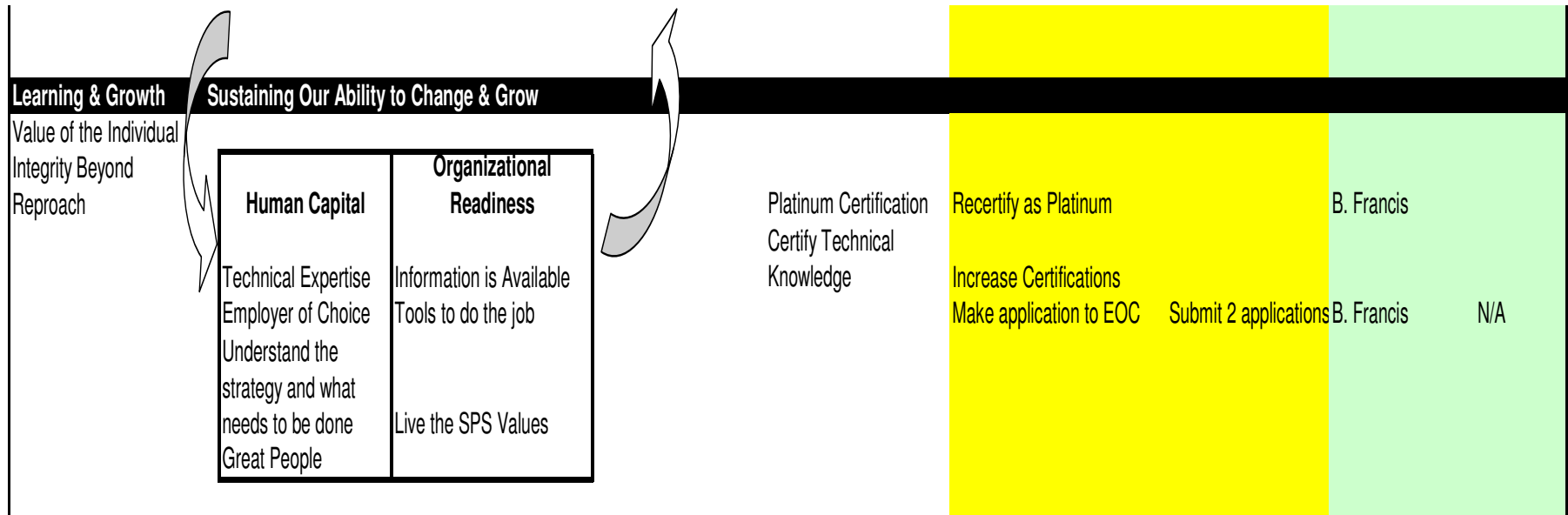
SPS Strategy and Balanced Scorecard

**Our vision is to be the leading integrator of communications equipment and services for voice solutions and data networking ;
 Our Purpose for Being is to Provide Our Customers with the Finest Communications Value in the Marketplace.**

Financial	Strategy Map		Objectives	Balanced Scorecard		Action Plan	
Financial Responsibility Integrity Beyond Reproach	Grow Revenue	Improve Profitability	Grow Revenue Increase Profit Margin	Measurement Revenue Attainment Profit Margin	Target \$xxxM xx%	Initiative/Owner JF JF	Budget
Customer	The Value Proposition						
Excellent Service Exceptional Customer Value Integrity Beyond Reproach	Product/Services Innovation Availability	Relationship Partnership Service Customer Profitability	Brand Image Communicate value	Customer Satisfaction	Customer Satisfaction Repor 9.0 SPS Overall Ivoice Available 10 Sites by 11/1/03	Bette Francis MT	\$xx
Internal Process	Operational Excellence						
Excellent Service Exceptional Customer Value Integrity Beyond Reproach	Manage Operations Maximize efficiency Maximize quality of business processes	Manage Customer Relationships Acquire new relationships Grow/broaden existing relationships Customer Profitability Create Awareness	Markets Enhance external relationships	Competitive Positioning Designs/Quote	2 Replace/Qtr 5/Quote-Complex	CP MT	
Learning & Growth	Sustaining Our Ability to Change & Grow						
Value of the Individual Integrity Beyond Reproach	Human Capital Technical Expertise Employer of Choice Understand the strategy and what needs to be done Great People	Organizational Readiness Information is Available Tools to do the job Live the SPS Values	Platinum Certification Certify Technical Knowledge	Recertify as Platinum Increase Certifications Make application to EOC	Submit 2 applications	B. Francis B. Francis	N/A

Human Resources Mission Statement:

The Human Resources Team will lead by example working to build a culture of high-energy, committed professionals who understand that continuous improvement and customer service are primary value competencies integrated into every position while developing SPS as a recognized employer of choice.



Objective	Result/Deliverable	Target & Lead	Initiative
Coordinate BP Certification Process	Platinum Certification Achieved	Lead: BF Target: 9/1/03	Develop matrix; assign responsibilities; conduct regular checkpoints

Sample HR Measures

Lagging Measures

*Impact of **Prior** Decisions*

Budget variance
Employee relationship results
Executive coaching
Employee productivity
Cost per hire by job class
People expense/Revenues

Leading Measures

*Guide **Future** Outcomes*

Employee strategic focus
Executive retention
Retraining/re-skilling
Internal promotion rate
Exit Rate of “C” Players
Employee relationship factor

So Why Consider the BSC?

- As an HR Professional --
 - Strategic Thinker
 - Business Leader
- As an organization --
 - Welcomes change – vital culture today
 - Achieves strategic objectives

Keys to Success

- Educate your Executive and Teams
- Devise the right metrics
- Follow through to completion
- Start ***small!*** – Report immediately
- Don't over measure

Getting Started – Customize Your BSC

1. Describe the strategy – burning platform?
 - Strategy Map
2. Measure the strategy
 - Develop the measures; critical data points
3. Manage the strategy
 - Gather detailed information about the measure and initiative

The Successful Scorecard...

- Is a dynamic process –
 - continues to set higher targets and achieves them –
- Define jobs strategically
 - from the perspective of where it fits in with the strategic business goals
- Supports joint decision
 - making about what you do/don't do based on strategic goals

Resources

- “The Balanced Scorecard,” Kaplan & Norton
- Balanced Scorecard Collaborative, Lincoln, MA, www.bscol.com
- “The Strategy-Focused Organization,” Kaplan & Norton
- www.BetterManagement.com
- “The HR Scorecard,” Becker, Huselid, Ulrich
- “Measure Like You Mean It,” Michael Hammer
- “The Balanced Scorecard Step By Step: Maximizing Performance and Maintaining Results,” Paul R. Niven
- “The Human Resources Scorecard, Measuring the Return on Investment,” Jack J. Phillips, Ron D. Stone, Patricia Pulliam Phillips
- Company Case Studies
- Networking