

# Evaluation of a BSC System and its Implementation

The Balanced Scorecard Institute is often approached by organizations that have implemented a balanced scorecard system but are not achieving the results they desire. ***Once your scorecard is built and implemented, how do you ensure its ongoing health and effectiveness?*** Evaluation will help you determine how to make your existing scorecard

stronger, especially if you are not seeing the level of alignment or support from all areas or levels of the organization that you expected, or if you are not achieving the results you desire on strategic performance. We offer an Evaluation service to help organizations by assessing their scorecard system and its implementation against best practices. If you're scoring high against best practices, we'll tell you; if you could improve in some areas, we'll recommend appropriate steps to improve the system and its implementation.



There are two components of Evaluation: System Performance and Strategic Performance. System Performance looks at the technical as well as the human behavior aspects of your system – the structure of your balanced scorecard system. Strategic Performance evaluates strategic results as well as the strategy itself – and takes you through the process to adjust your strategies and strategic focus, as needed. The key questions addressed for each type of evaluation are:

## System Performance

### Technical

- How complete and effective is the structure of your balanced scorecard system?
- How well is your organization aligned around strategy? How is strategy communicated?
- Are the strategic objective measures and initiative tracking measures being used? How useful is the information?

### Behavioral

- How well do employees at all levels of the organization understand, embrace and execute your strategy?
- What is the strategic maturity level of your organization?

## Strategic Performance

- Did your strategy and the execution of your strategy work as planned? Did they yield the anticipated results?
- How effective are your programs (products/projects/services) that are tied to your strategies, as seen through our customers eyes (outcomes/results) and as seen through your eyes (costs/revenues/process efficiency)?
- What adjustments should be made to your strategy for the upcoming planning cycle?

# System Performance Evaluation

We offer services to comprehensively evaluate both the technical and behavioral aspects of your system and can provide you with an Evaluation Report, summarizing the results of assessments, interviews, and surveys.

In the technical evaluation, we will take any unique characteristics of your system into consideration. It is not unusual for organizations to “customize” their balanced scorecard to integrate with and leverage existing tools, training, and terminology.

In the behavioral evaluation, we take the organization's culture into account and recognize that system development and approaches to change management are necessarily influenced by the culture and norms of the organization.

The **System Performance Evaluation** culminates in a comprehensive report, consisting of two sections:

- 1) **Executive Summary** which contains key findings and the highest-priority recommendations for improving your system – immediate actions you can take that will achieve the greatest results.
- 2) **Evaluation Report** which contains detailed analysis of over 80 attributes in 10 evaluation categories. All 80 attributes are scored on a 1-5 scale and include comments and recommendations for improvement, if appropriate. The technical and behavioral evaluation categories are shown in Table 1 .

Table 1: System Performance Evaluation Report

Executive Summary			
<ul style="list-style-type: none"> <li>• Key Findings</li> <li>• Key Recommendations</li> </ul>			
Evaluation Report <i>(includes analysis of over 80 attributes in 10 categories)</i> :			
Evaluation Category	Score	Comments	Recommendations
Organization Leadership			
Balanced Scorecard Management			
Enterprise Scorecard Elements and Implementation			
Business Unit/ Division Elements and Implementation			
Teams & Individual Elements and Implementation			
Results			
Communications			
Automation and Reporting			
Sustainment			
Strategic Management Maturity			

The key recommendations found in the executive summary are the top priority recommendations. The full, detailed report not only contains the complete list of recommendations for your consideration, it also provides baseline scores so that in the future, you will have measurable evidence of improved system performance.

### Sample Instruments:

We use the following instruments to gather information for the System Performance Evaluation:

Table 2: Instruments Used in System Performance Evaluation

Instrument	Description
Evaluation plan	Sequential list of evaluation events, including identification of stakeholder participants for each task.
BSC Gap Assessment	Systematic evaluation of Tier 1, 2, and 3 scorecard elements as compared to best practice.
Interview forms	Questions to be asked in person or over the phone of the key stakeholders of the management system. The questions may be customized for your organization.
Manager/employee survey	Online survey to be administered to selected (or all) managers and employees. Its purpose is to assess the overall understanding of strategy and how well strategy has been embraced and executed. Some questions may be customized for your organization.
Executive survey	Online survey to be administered to the executive team, and potentially board members, to understand their view of the system and its implementation organization wide. It is based on the Best Practices survey on the Institute website so results can be compared with those of the hundreds of organizations that have completed the survey.
Report Card	An assessment of the key areas of the system and implementation to be completed by members of the OSM.
Strategic Management Maturity Model	Used to assess and score the maturity of strategic management within your organization – can be administered manually or via online survey (depending on number of participants).

Figure 1 is an example Gap Assessment report in which the structural components of the BSC system are evaluated against a checklist of best-practice attributes that we have assembled from our years of observing high-performing organizations.

System Component	Reviewed	Acceptable	Revision Required	Comments
Mission	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Mission statement is old; revisit
Vision	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Developed and validated last year
Core Values	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Finished; revalidated existing
Overarching strategic result tied to vision	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Not developed yet
Communications and change management plan	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Not developed yet
Enablers/pains	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Have SWOT from a few years ago
Stakeholder needs and value proposition	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Started; more discussion required
Strategic goals and results	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Not developed yet
Perspectives	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Done
Strategic objectives	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Strategic altitude is wrong
Organization strategy map	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Not developed yet
Performance measures and targets	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	First pass done; too operational
Strategic initiatives	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	First pass done
One-page strategy graphic	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Not developed yet
Strategic plan and story	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Partially done
Automation plan	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Not developed yet
Cascading plan	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Not developed yet
Evaluation plan	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Not developed yet

Figure 1: BSC Gap Assessment

Table 2 is a **sample of a survey** result from a prior client. The responses to this question reveals that even though this organization had cascaded its BSC from enterprise through division/ business units, and to individual performance plans, executives have a better understanding of the system than do managers and employees. So, while some information is trickling down, there is a probable lack of strategic alignment in terms of understanding, focusing on priorities and making strategic decisions. Results from other survey questions and other evaluation instruments verified this issue. Consequently, recommended actions include communications and change management plans and execution, a review of the training and processes used in setting individual performance goals, and an assessment of the training and skills of Executives and Managers—are they equipped to effectively deliver the right messages to their direct reports?

Table 3: Sample Question from Executive / Manager / Employee Survey

Where is our organization in the process of implementing our BSC strategic planning and management system?			
Answer Options	Executives Response Percent	Managers Response Percent	Executives Response Percent
We have not begun work on our BSC	0.0%	2.0%	0.0%
We are in the process of developing our BSC	0.0%	11.6%	9.1%
We are in the process of implementing our BSC	54.5%	33.3%	45.5%
We have implemented BSC and are using it as our strategic management system	45.5%	44.2%	27.3%
I don't know	0.0%	8.8%	18.2%

## Strategic Performance Evaluation

The Institute will work with you to develop a custom project plan for assessing your strategic results and recalibrating your strategy, based on the *Nine Steps to Success™* framework (see Figure 2).

Components of the plan are mutually agreed upon with the client and may include:

- Assessments of changes to both your organization and the environment in which you operate (market, customers/stakeholder value proposition, competition, and other forces)
- Re-validation of Mission, Vision, and other strategic guidance in context of change
- Re-validation of or modification to Strategic Themes & Results in context of change to organization, environment, mission, or vision
- Assessment of and change to Strategic Objectives and Strategy Map to align with changes to strategic direction
- Assessment of validity and meaningfulness of performance measures
- Assessment of strategic impact of funded initiatives and re-prioritization of initiatives, as needed, to support changes to strategic direction or improved understanding of performance



Figure 2: Balanced Scorecard Institute's Nine Steps to Success™ Framework

**About the Balanced Scorecard Institute (BSI)**

BSI provides consulting, training, and professional certification services to organizations worldwide related to strategic planning, balanced scorecard, KPI/performance measurement, and strategic project management.

©2013 Balanced Scorecard Institute, a Strategy Management Group company. All rights reserved. Do not copy without permission.