BALANCED SCORECARD ESSENTIALS OVERVIEW

An Introduction to the Nine-Steps to Success™ Methodology

Facilitator – Terry Sterling

• Director of Training and Senior Consultant
• Affiliated with BSI since 2010
• Successfully Implemented and Managed BSC in a Government Organization with 3200 Employees
• Experienced International Facilitator in Government, Non-profits, Education, For-Profit and Military Organizations
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Introduction and Agenda

Learning Objectives
Participants will gain a basic understanding of the topics covered in the Balanced Scorecard Essentials course.
- What a Balance Scorecard is
- Basic introduction to the Balanced Scorecard Institute’s Nine Steps to Success™ approach to developing a Balanced Strategic Plan
- Strategy Tools introduced in this course
- Who this course is designed for

“People and their managers are working so hard to be sure things are done right, that they hardly have time to decide if they are doing the right things.”

Stephen R. Covey

The Purpose of BSC Essentials Course

Balanced Scorecard Essentials is an interactive experience designed to help balanced scorecard team members contribute to their organization’s strategic management and performance improvement initiatives.
BSC Essentials Course Outline

Balanced Scorecard Overview
• Basic concepts of balanced scorecard systems
• Basic concepts of performance management and measurement
• The Balance Scorecard Institute’s Nine Steps to Success™ framework for strategic planning and management

Strategy Formulation
• Program planning and strategic assessment
• Strategic foundations
• Strategic Objectives and Strategy Mapping
  Application Exercise: Developing Strategic Objectives and Strategy Map
• Performance Measures & Strategic Initiative
  Application Exercise: Developing Intended Results, Performance Measures and Strategic Initiatives

Strategic Alignment
• Creating alignment through cascading scorecards
  Application Exercise: Developing Department/Unit Level Objectives and Measures

Strategic Execution
• Scorecard Rollout
• Performance Analysis
• Evaluation

Summary and Next Steps

What is a Balanced Scorecard?
A strategic management system that:

• Communicates mission, vision, and strategy to employees and other stakeholders
• Aligns day-to-day work to vision and strategy
• Enables prioritization of programs, projects, services, products and resources
• Uses strategic performance measures (KPIs) and targets to measure progress
A Strategic Management System Connects the Dots Between Strategy and Action

- **Mission**
- **Vision**
- **Strategy**
  - High Level Strategy
  - Strategy Maps/ Objectives
  - Measures and Targets
  - Strategic Initiatives

**Financial**

**Customer**

**Internal Process**

**Organizational Capacity**

- **Vision**
  - Measures are used to track organizations performance
  - Targets are the desired level of performance

- **Mission**
  - High-level strategy elements provide context

- **Strategy**
  - Strategic Objectives are continuous improvement outcomes we want to achieve
  - Strategy Maps visualize strategy

- **Strategic Initiatives**
  - are projects that help you achieve objectives
The Nine Steps to Success™ Framework

1. Program Launch
   - Executive sponsorship, resourcing, and program planning

2. Assessment
   - Conduct organizational assessment and SWOT; gather stakeholder input
   - Create or re-validate strategic elements (Vision, Mission, Goals, Core Values, Customer Values)

3. Objectives
   - Develop strategic objectives for business strategies developed in Step 2

4. Strategy Map
   - Create strategy map for enterprise strategy

5. Measures & Targets
   - Develop strategic performance measures for strategic objectives on the enterprise strategy map

6. Strategic Initiatives
   - Identify & prioritize critical projects (initiatives) to meet strategy goals
   - Prepare initiative plans (Scope, Schedule, Resources, Risk)
   - Communicate the balanced strategic plan
   - Inform budget and strategic operating plans
   - Begin strategy implementation

7. Performance Analysis
   - Collect and report visual performance information to improve decision making

8. Alignment
   - Align business and support units to organization-wide strategy
   - Align teams and individuals to strategy

9. Evaluation
   - Revise strategy based on actual performance

10. System Rollout
   - Inform budget and strategic operating plans
   - Begin strategy implementation

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Why Integrated Strategic Planning & Performance Management with a Balanced Scorecard?

- Aligns the organization
- Communicates with clarity organization's vision, mission, core values and strategy
- Helps leaders drive organizational transformation
- Provides a disciplined framework
- Improves performance through measurement
- Informs decision making
- Contributes to organizational growth while minimizing expenses

An Important Benefit of the BSC is Organizational Alignment

Align the Organization

Where We Are:

Where We Want to Be:
Alignment is Accomplished by Cascading Strategy Throughout the Organization

Tier 1: Organization-wide

Tier 2: Departments
Tier 2: Business Units
Tier 2: Support Units

Tier 3: Teams and Individuals

Mission/Vision/Values/Strategic Themes/Results

Tier 1 Scorecard: Strategy defined in a top-level strategy map and scorecard

Tier 2 Scorecards: Aligned strategy defined in business and support unit scorecards

Tier 3 Scorecard: Aligned personal objectives defined by job descriptions and work assignments

Building a Scorecard System is Like Building a Custom House

Perspectives

Financial / Stewardship
Customer / Stakeholder
Internal Process
Organizational Capacity

Engaged Leadership – Interactive Communications – Core Values

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A One-Page Strategic Plan Summary is a Great Briefing Tool

Be a world-revolutionizing provider of energy products
Efficiently deliver the highest standard of service providing energy products and expertise to our customers

Vision:

Mission:

Strategic Themes:

Strategic Results:

Increase in size and shareholder value through acquisitions, organic growth and asset optimization.

Process and services are executed in a timely, accurate, value-added and cost-effective manner that exceeds stakeholder expectations.

Worldwide recognition for thought leadership and energy services expertise.

International Growth

Strategic Objectives and Strategy Map

Measures

Targets

Initiatives

Financial

Reduce Costs

Increase Profit

Increase Return on Targeted Markets

• Profit

• Operating costs

• Revenue in targeted markets

• Implemented new financial system and benchmark results

Customer

Improve Customized Customer Experience

Improve Awareness in Industry Leader

• Customer experience score

• % of customers with CK charter

• Awareness and leadership score

• References in media

• Marketing campaign in new target markets

• Develop customer knowledge (CK) charter

Internal Process

Improve Internal Efficiency

Increase Acquisitions

Increase Consulting Knowledge Sharing

• Efficiency index

• EBIT from acquisitions

• Time to post

• % of transactions in CRM

• New products/SVCs as % of sales

• Province acquisition integration team

• Establish Business Process Reengineering (BPR) team

• Formalize new product development cycle

• Formalize CRM qualification process

Organizational Capacity

Increase Employee Expertise

Optimize Technology

Optimize Human/Capital

Improve Thought Leadership

• Employee development plans in place

• % systems automated

• Operating cost/FTE

• Articles published

• Improve utilization of technology

• Establish thought leadership committee

• Formalize research expertise strategy

Core Values:

• Integrity

• Commitment to Excellence

• Customer Focused

• Diversity of Knowledge

• Honesty

• Teamwork/Collaboration

• Entrepreneurial

• Thirst for Knowledge

Strategy Maps Provide a Visual Reference for Telling the Story of Your Organization’s Strategy

Constituent/Stakeholder

Financial Stewardship

Internal Process

Organizational Capacity

Improve Constituent Satisfaction & Trust

Improve Communication of Policy & Procedures

Improve Delivery of Government Services

Improve Information Sharing

Improve Asset Management

Improve Delivery of Government Services

Increase Transparency & Accountability

Improve Information Sharing

Enhance Employees Performance

Enhance Ethical Standards

Improve Utilization of Technology

Generic City Government Example

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Strategy Profiles are Used to Drive Discussions

This “Strategic Performance Profile” or “Strategy Canvas” allowed Southwest to understand and build market share by focusing on differentiators.

Source: Adapted from Charting Your Company’s Future, W. Chan Kim and Renée Mauborgne, HBR, June 2002.

Understand Alternative Measures
Broaden Measurement Options with Proven Tools

Logic Model
Input  Process  Output  Outcome

Cause-Effect Analysis or Ishikawa (Fishbone) Diagram
- Environment
- Systems
- Policies
- Resources
- Methods
- Effect

Process Flow Analysis

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Who Should Attend This Course?

The course is for those who are seeking the best practical ideas for a successful implementation, or who need a general awareness of balanced scorecard concepts so that they can provide support for their organization's development effort.

The course is also ideal for any business professional who wants to keep abreast of the latest thinking in strategic planning, alignment, management, measurement, and execution.

Managers – Planners – Analysts – Supervisors – Theme Team Members – Objective Owners – Measure Owners

Other Course Offerings

Associate Certifications – 3 Days or 6 Online Sessions
  • Balanced Scorecard Associate
  • Key Performance Indicator Associate

Professional Certifications – 5 Days or 10 Online Sessions (Exception: OKR Professional)
  • Balanced Scorecard Professional
  • Key Performance Indicator Professional
  • Objectives/Key Results (OKR) Professional (3 Days or 6 Online Sessions)

Master Professional Certifications – 5 Days or 10 Online Sessions (Requires Professional Certification)
  • Balanced Scorecard Master Professional
Next Steps: How Else Can BSI Help You?

- Consulting & Facilitation
- Balanced Scorecard, KPI and OKR Certifications
- Executive & Team Training
- SMO / PMO Establishment & Improvement
- Strategy Systems Development, Management & Implementation
- Strategy Execution & Process Improvement

Questions?
Visit balancedscorecard.org for more information