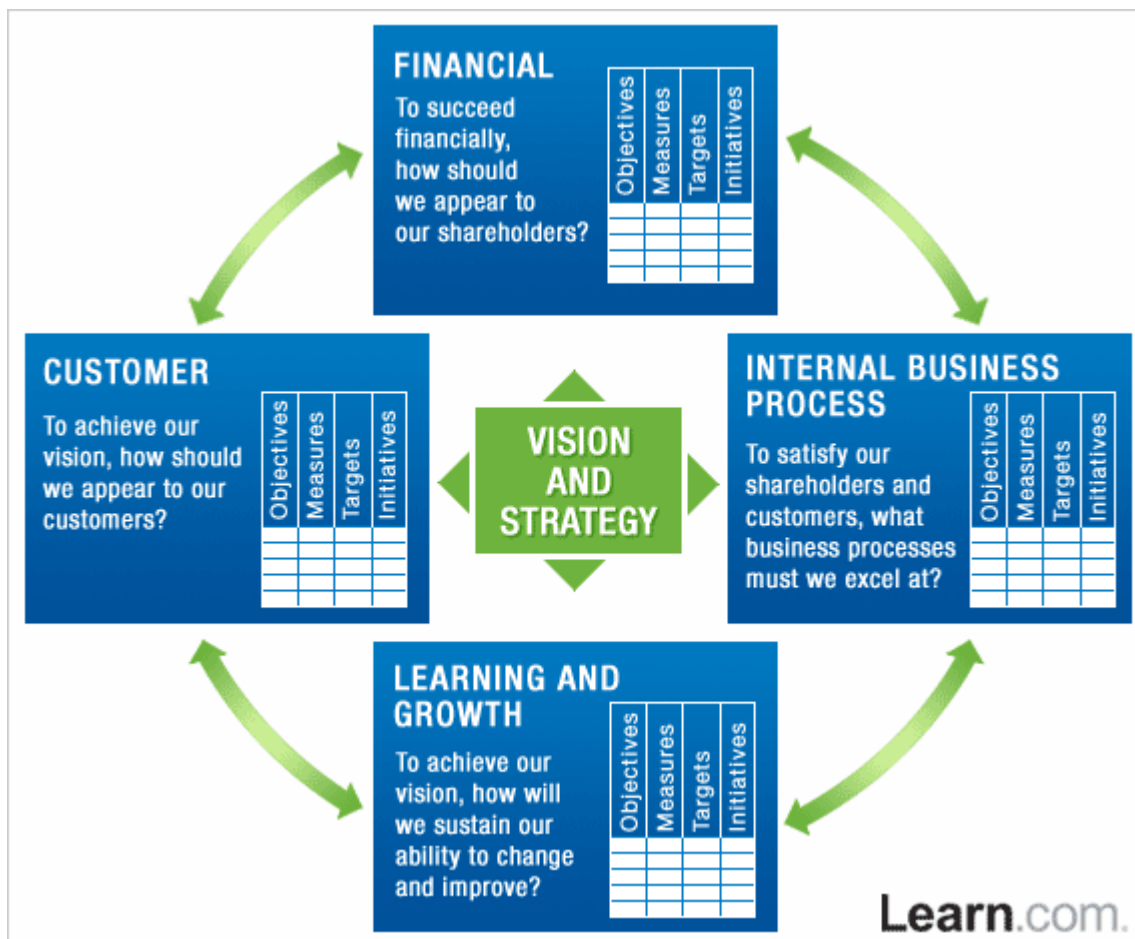


## The Balanced Scorecard

The Harvard Business Review identified the Balanced Scorecard Approach as one of the most significant ideas of the past 75 years. It is a measurement system that enables organizations to clarify their vision and strategy, and translate both into action. It provides feedback on both the internal business processes and external outcomes in order to continuously improve strategic performance and results.

Balanced scorecards focus on the core elements that matter most to achieving an organization's mission and goals. They connect daily operations to strategic measures and long-term goals, linking programs and services to efforts that directly support the mission of the organization. They also help allocate resources to where there is the greatest leverage and payback (ROI).

**The Balanced Scorecard automates and centralizes the issuance and tracking of objectives, targets, measures and initiatives.**



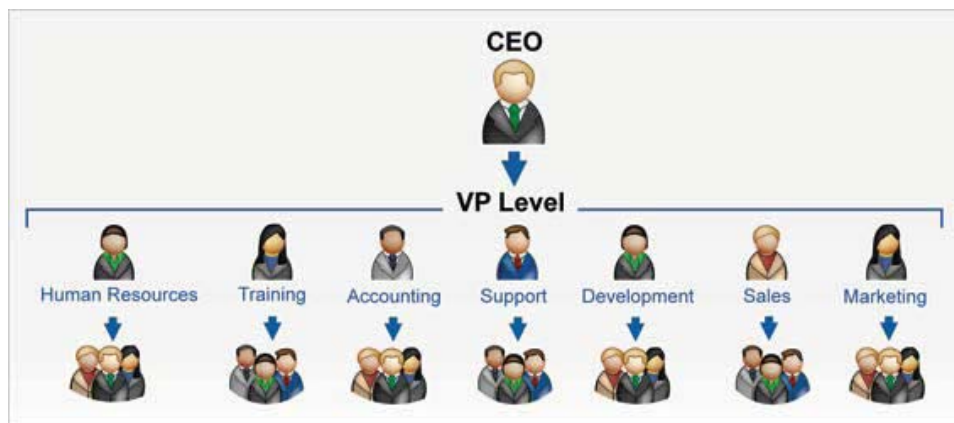
## Utilizing the Balanced Scorecard Approach empowers organizations to:

- **Achieve Effective Performance & Talent Management**  
Companies that identify, track, retain, and reward the strongest performers are likely to have the right people in the right jobs at the right time.
- **Enhance Strategic Alignment**  
When employee performance goals are tied to business objectives, everyone contributes to the ultimate success of the company.
- **Greater Administrative Efficiencies**  
By automating such functions such as goal setting, 360-degree reviews, and performance appraisals, managers can spend their time on more strategic initiatives.
- **Reach Goals**  
With leadership and employee development planning, managers can identify the gap between business goals and outcomes, and define the numbers and skill levels employees need to close the gap.
- **Smarter Resource Planning**  
Whether your company is upsizing, downsizing, or reorganizing, you need to know where the organization's critical skills, competencies and certifications lie.

**Ultimately, the success of a balanced scorecard system is dependent on its day-to-day use throughout all levels of the organization.**

- The board utilizes the scorecard regularly in reviewing performance and in making plans for the future.
- Everyone in the organization understands the importance of the performance measures and the relationship of the scorecard to the organization's mission.
- Staff and management's individual evaluations and compensation are linked from the organization's performance to the balanced scorecard.
- The measurement tools easily and efficiently collect and analyze performance data and information.

### An Overview of the Balanced Scorecard System



**A balanced scorecard is a set of measures that look at four fundamental performance areas of an organization:**

- Financial performance
- Customer satisfaction
- Internal operations
- Learning and innovation

This integrated approach balances the vision and mission of the organization with everyday operations. In other words, a strategic scorecard can help an organization identify the few core functions that translate its vision into reality.

**Financial and market measures tell an organization the results of actions already taken and whether those actions are contributing to its bottom line**

- Financial performance
- Diversity and stability of funding
- Investment strategy
- Cost reduction activities
- Identification of high demand markets
- Access to and penetration of target markets

**Customer satisfaction measures inform an organization how it is performing in the eyes of the customer**

- The value of the organization to its customers
- Customer relationships
- Organization's image and reputation with customers
- Customer satisfaction
- Customer retention and expansion

**Operational measures inform an organization about what it must do internally to meet customer and financial expectations. An organization needs to look at:**

- Resource allocation and unit cost
- Quality control
- Productivity

**Learning and innovation measures advise the organization on its capacity to continually innovate, improve, and sustain itself.**

- Human resource capabilities
- Learning capacity
- Investment strategy
- Motivation and reward system
- Information technology and systems capabilities and capacity
- Leadership and accountability

Remember that the idea behind the balanced scorecard is not to create a myriad of measures for each category, but to select those few that best inform an organization when its operations are aligned with its mission and where to focus its attention and resources.