The KEY elements of Balanced Scorecard success

By Sandy Richardson

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Balanced Scorecard (BSC) initiatives have a mixed track record. However, when you study organizations that have had success, you will notice several recurring themes. These provide six lessons for success for all balanced scorecard practitioners.

Success Element 1:
Understand that the balanced scorecard is part of a bigger process that starts with strategy.

The balanced scorecard framework forms one (key) component in an integrated business performance management process that revolves around business strategy. This process is really a system where the balanced scorecard plays a critical role in translating business strategy into measurable action. With this in mind, successful BSC organizations define a solid business strategy prior to BSC development. While this may appear obvious to BSC practitioners, many "war stories" exist about organizations that threw themselves into a measurement initiative without spending time on strategy first. Generally, the result of these initiatives is sub-optimization with results that may or may not support business strategy achievement.

When cascaded from strategy, the BSC framework provides an important connection between strategic business performance and individual employee performance. In addition, the BSC helps close the feedback loop in the business-performance management system by providing a means for the business to: monitor and actively manage progress towards the achievement of business strategy, further explore and understand the cause and effect relationships within the business, and manage/change business
strategy dynamically based on internal insights or shifts in the external operating environment.

**Lesson 1: Embedding the BSC in a business-performance management process that begins with business strategy creation starts building strategic alignment from the start.**

**Success Element 2:**
Senior Leadership involvement in critical!

Visible and genuine senior leadership involvement is critical to the success of any BSC initiative. That is, you must secure hands-on executive participation in the balanced scorecard development, implementation and management. Commitment at the top is so important that successful BSC organizations treat it as a "show stopper" - focusing on resolving support issues before moving forward.

The issue of gaining leadership support is the most frequent concern faced by new balanced scorecard practitioners. Most BSC journeys don't begin with executive support from the start - very frequently, the push for a balanced scorecard initiative begins at a grass roots level. The key to "selling" the BSC to executives is to take an individualized approach. That is, first look for the burning platform or key business improvement opportunity that could be addressed by the successful application of a business performance management approach like the balanced scorecard. Then, complete your BSC research (note: there is information out there that can help support your situation!) and build a balanced scorecard business case that clearly demonstrates the benefits required to solve your organization's critical business issue. Keep at it until the executives in your organization get the message.

**Lesson 2: Lack of leadership support can destroy your balanced scorecard initiative so: DO NOT PROCEED ON YOUR BALANCED SCORECARD JOURNEY WITHOUT IT.**

**Success Element 3:**
Start with a clear vision for your balanced scorecard.

A balanced scorecard vision or philosophy is simply a clear statement that describes what your BSC will look like, how it will operate, how it will be built, and how the organization will use it. When created early in the balanced scorecard development process, your BSC vision provides a valuable touchstone going forward providing focus and facilitating quick consensus when critical balanced scorecard decisions are required.

**Lesson 3: Establish your BSC vision early and use it to guide your business performance management road map.**

**Success Element 4:**
Maximize balanced scorecard utilization by fully deploying it at all levels of the organization.

Successful BSC organizations make their balanced scorecard widely available so that everyone can "make strategy their job." Fully deploying a balanced scorecard across an organization helps develop
strategic awareness amongst employees. This is important because successful strategy implementation requires the active contribution of every employee as they make decisions in their day to day work - decisions that can either contribute to or take away from the business strategy. Many business leaders voice concern about sharing their business strategy so broadly across the organization. Worries include the disclosure of critical strategic information to competitors. While these are valid concerns, successful BSC organizations know that the benefits of a broad deployment philosophy and in building employee satisfaction and loyalty levels far outweigh the risk of serious information leaks.

Lesson 4: Implement the BSC at all levels of the organization to maximize organizational alignment and execution.

Success Element 5:
COMMUNICATE-COMMUNICATE-COMMUNICATE!

To support BSC implementation and its ongoing use, successful BSC organizations view communication and education on their business strategy and the balanced scorecard as an important internal marketing campaign. As a result, few of these organizations use only a single mode of communication to do the job. In fact, they use almost every type of communication method available, from general communication modes (e.g. large group meetings and mass distribution e-mails) to those that are very personalized with customized messages (e.g. face to face discussions) to ensure communication success.

Lesson 5: Be sure to plan and budget for BSC communication activities because experience shows that these activities are critical, they need to happen, and they won't without a solid plan and dedicated funding.

Success Element 6
Extend the balanced scorecard and make it "the way we work"

Successful BSC organizations deepen alignment by mirroring their balanced scorecard framework and categories in as many business activities as possible: reward and recognition programs, individual goal plan formats, incentive compensation plan formats, strategic plan categories and format, and almost anything else they can think of! They maximize alignment with the balanced scorecard until it becomes so integral to the business that it is automatic and embedded in everyday work.

Lesson 6: Enhance your integrated business performance management system until the BSC changes from just a measurement framework to the framework by which the business operates.
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