

Building & Implementing a Balanced Scorecard: Nine Steps to Success™

The Institute's award-winning framework, *Nine Steps to Success™*, is a disciplined, practical approach to developing a strategic planning and management system. Training is an integral part of the framework, as is coaching, change management, and problem solving. Emphasis is placed on "teaching clients to fish, not handing them a fish", so the scorecard system can be sustained.

A key benefit of using a disciplined framework is that it gives organizations a way to 'connect the dots' between the various components of strategic planning and management, meaning that there will be a visible connection between the projects and programs that people are working on, the measurements being used to track success, the strategic objectives the organization is trying to accomplish and the mission, vision and strategy of the organization.



Step 1: Assessment

- Internal and External Strategic Assessment

Step 2: Strategy

- Customer Value, Strategic Themes & Results

Step 3: Objectives

- Strategy Action Components

Step 4: Strategy Map

- Cause-Effect Links

Step 5: Performance Measures

- Measures & Targets

Step 6: Initiatives

- Strategic Projects

Step 7: Performance Analysis

- Software, Performance Reporting & Analysis

Step 8: Alignment

- Cascading to Unit and Individual Scorecards

Step 9: Evaluation

- Strategy Results and Revised Strategies



Balanced Scorecard Components

The balanced scorecard is a strategic planning and management system that helps everyone in an organization understand and work towards a shared vision. The components of the management system are shown in the figure below. Starting at high “strategic altitude”, Mission, Vision, and other planning elements are translated into desired Strategic Results. The organization’s “Pillars of Excellence”, or Strategic Themes, are selected to focus effort on the strategies that matter the most to success. Strategic Objectives are used to decompose strategy into actionable components that can be monitored using Performance Measures. Measures allow the organization to track results against targets, and to celebrate success and identify potential problems early enough to fix them. Finally, Strategic Initiatives translate strategy into a set of high-priority projects that need to be implemented to ensure the success of strategy. Once the strategic thinking and necessary actions are determined, annual program plans and projects can be developed and translated into budget requests.

Figure 1: Logic of Balanced Scorecard Strategic Planning



The Nine Steps to Success™

Step One of the scorecard building process starts with an assessment of the organization’s Mission and Vision, challenges (pains), enablers, and values. Step One also includes preparing a change management plan for the organization, and conducting a focused communications workshop to identify key messages, media outlets, timing, and messengers.

In **Step Two**, elements of the organization’s strategy, including Strategic Results, Strategic Themes, and Perspectives, are developed by workshop participants to focus attention on customer needs and the organization’s value proposition.

In **Step Three**, the strategic elements developed in Steps One and Two are decomposed into Strategic Objectives, which are the basic building blocks of strategy and define the organization’s strategic intent. Objectives are first initiated and categorized on the Strategic Theme level, categorized by Perspective, linked in cause-effect linkages (Strategy Maps) for each Strategic Theme, and then later merged together to produce one set of Strategic Objectives for the entire organization.

In **Step Four**, the cause and effect linkages between the enterprise-wide Strategic Objectives are formalized in an enterprise-wide Strategy Map. The previously constructed theme Strategy Maps are merged into an overall enterprise-wide Strategy Map that shows how the organization creates value for its customers and stakeholders.

In **Step Five**, Performance Measures are developed for each of the enterprise-wide Strategic Objectives. Leading and lagging measures are identified, expected targets and thresholds are established, and baseline and benchmarking data is developed.

In **Step Six**, Strategic Initiatives are developed that support the Strategic Objectives. To build accountability throughout the organization, ownership of Performance Measures and Strategic Initiatives is assigned to the appropriate staff and documented in data definition tables.

In **Step Seven**, the implementation process begins by applying performance measurement software to get the right performance information to the right people at the right time. Automation adds structure and discipline to the system and helps people make better business decisions.

In **Step Eight**, the enterprise-level scorecard is ‘cascaded’ down into business and support unit scorecards, meaning the organizational level scorecard (the first Tier) is translated into business unit or support unit scorecards (the second Tier) and then later to team and individual scorecards (the third Tier). Cascading translates high-level strategy into lower-level objectives, measures, and operational details and is the key to organization alignment around strategy.

In **Step Nine**, an Evaluation of the completed scorecard is done. During this evaluation, the organization tries to answer questions such as, ‘Are our strategies working?’, ‘Are we measuring the right things?’, ‘Has our environment changed?’ and ‘Are we budgeting our money strategically?’

If you would like to learn more about how the Balanced Scorecard Institute can help your organization become more strategy-focused, contact the Institute via phone at (919) 460-8180 or visit www.balancedscorecard.org.

