



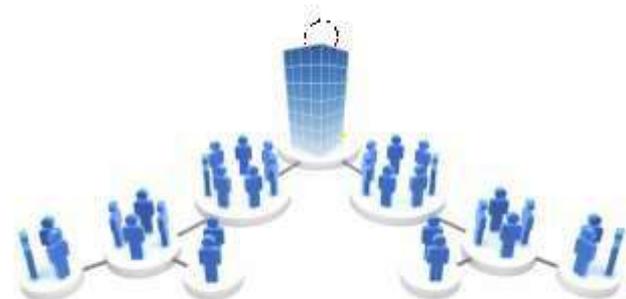
BALANCED SCORECARD

Balance Score Card

- Introduced in 1992 by Drs. **Robert Kaplan** (Harvard Business School) and **David Norton** as a performance measurement framework
- The **Balanced Scorecard** is the most commonly used framework for ensuring that companies execute their strategies



- A **Balanced Scorecard** monitors the **performance** of all or part of an organization, towards strategic goals
- It is used in **business, industry, government, and nonprofit organizations** worldwide to align business activities
- It gives a **framework** and help what should be done and **mea**



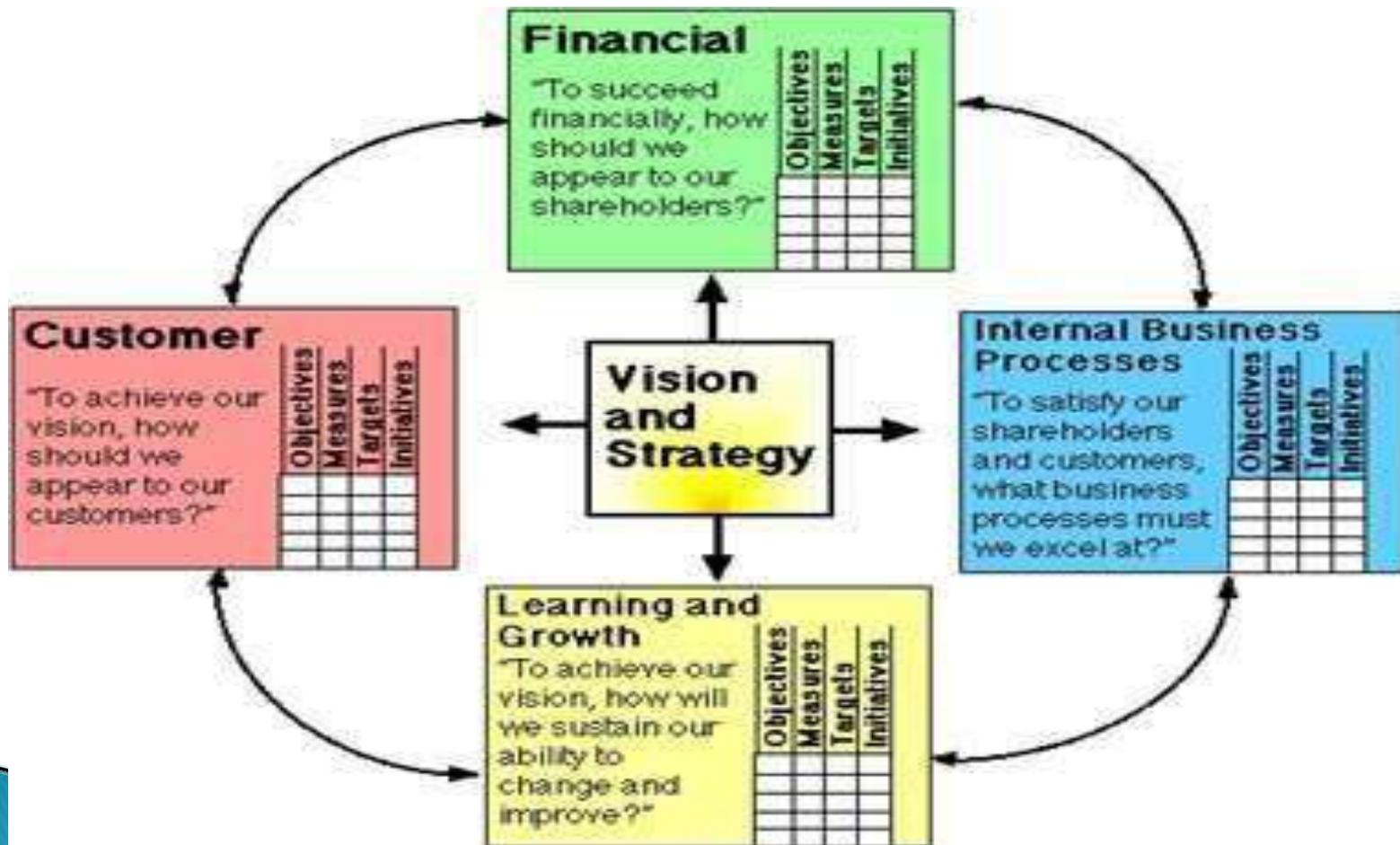
Why Implement a Balanced Scorecard ?

- Increase focus on **strategy** and **results**
- Align organization strategy with the **work people** on **day-to-day** basis
- Improve communication of the organization's **Vision and Strategy**
- To provide a more reliable basis for awarding **incentive based** pay



- To give **managers** a comprehensive view of the performance of an **employee and business**
- Employee **Satisfaction**
- To **survive** and **prosper** in today's world
- It provides feedback to both the **internal business processes** and **external outcomes** in

Four Strategic Perspectives



Financial

- **Examines company's implementation and execution of its strategy**
- **Three possible stages as described by Kaplan and Norton**
 - ❖ **Rapid Growth**
 - ❖ **Sustain**
 - ❖ **Harvest**

Customer

- **Customer Satisfaction**
- **Retention**
- **Marketing**
- **Product/Service in the eyes of the customer**



Internal Business Process

- **Metrics based on this perspective allow the managers to know how well their **business is running****
- **Innovation** - Measures how well the company identifies the **customer's future needs**
- **Operations** – Measures **quality ,costs, technology & plant infrastructure**



Learning and Growth

- **Training**
- **Forward Focused**
- **Concerned with**
 - **Human capital**
 - **Information capital**
 - **Organizational capital**



Process

Formulate business strategy

Define business strategy

Outline the company's value chain activities

Outline a strategy map

Identify the strategically required organizational outcomes

Identify workforce requirements

Identify the required work force behaviors