DOWNLOAD PDF THE BALANCED COMPANY

Chapter 1 : How Does the Balance Scorecard Work? | racedaydvl.com

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Robert Kaplan and business executive and theorist Dr. It was first published in in a Harvard Business Review article. Purpose Behind the Balanced Scorecard The balanced scorecard is used to reinforce good behaviors in an organization by isolating four separate areas that need to be analyzed. These four areas, also called legs, involve learning and growth, business processes, customers, and finance. The balanced scorecard is used to attain objectives, measurements, initiatives and goals that result from these four primary functions of a business. Companies can easily identify factors hindering company performance and outline strategic changes tracked by future scorecards. With the balanced scorecard, they look at the company as a whole when viewing company objectives. An organization may use the balanced scorecard to implement strategy mapping to see where value is added within an organization. A company also utilizes the balanced scorecard to develop strategic initiatives and strategy objectives. The Four Legs of the Balanced Scorecard Information is collected and analyzed from four aspects of a business. First, learning and growth are analyzed through the investigation of training and knowledge resources. This first leg handles how well information is captured and how effectively employees utilize the information to convert it to a competitive advantage over the industry. Second, business processes are evaluated by investigating how well products are manufactured. Operational management is analyzed to track any gaps, delays, bottlenecks , shortages or waste. Third, customer perspectives are collected to gauge customer satisfaction with quality, price and availability of products or services. Customers provide feedback regarding if their needs are being met with current products. Finally, financial data such as sales, expenditures and income are used to understand financial performance. These financial metrics may include dollar amounts, financial ratios, budget variances or income targets. These four legs encompass the vision and strategy of an organization and require active management to analyze the data collected. Therefore, the balanced scorecard is often referred to as a management tool, not a measurement tool.

Chapter 2 : What is a Balanced Scorecard? A short and simple guide for

*The Balanced Company: A Corporate Integrity Theory [Muel Kaptein, Johan Wempe] on racedaydvl.com *FREE* shipping on qualifying offers. This book contains a cohesive overview of the most important theories and insights in the field of business ethics.*

Abstract The Balanced Company provides a coherent overview of the most important theories and insights in the field of business ethics and corporate social responsibility. This is an area of growing concern for corporations today - many have Corporate Social Responsibility CSR personnel and use ethical codes in areas such as performance appraisals, staff induction programmes, supplier contracts, and so forth. Corporations are driven by more than a sense of ethical duty and idealism, however. There is clear evidence that the implementation of ethical codes can help to minimize legal fees, improve staff morale, ward off bad press, improve public image, empower stakeholders, and boost profits. But what of the situations where ethical decisions come at the cost of profits? Accessible and up-to-date, The Balanced Company presents criteria that can be used to measure, assess, improve, and report on corporate integrity. Tailoring the main ethical theories to the situations in which organizations function, the book also provides in-depth case studies at the end of each chapter. Part I describes the rise of business ethics in practice. General misconceptions about the field are discussed and a summary of common ethical theories is presented. It concludes with a discussion of the concept of integrity. Part II provides the theoretical foundation for the ethics of business and discusses the question of whether the notion of integrity is applicable to organizations and whether an organization can be viewed as an autonomous entity. Part III formulates practical applications based on the preceding analyses and arguments. For academics, this book sets out a unique framework for the development of theories and critieria; for students, it provides a clear explanation of business ethics, sustainable development, and compliance; and for managers, it presents a practical framework that can be used to develop their organization. The Balanced Company will be widely used on courses and training programmes in corporate social responsibility and business ethics. The book is supported by a website containing further information about the cases and questions for discussion www. To find whether it is available, there are three options: Check below whether another version of this item is available online. Perform a search for a similarly titled item that would be available. More about this item Access and download statistics Corrections All material on this site has been provided by the respective publishers and authors. You can help correct errors and omissions. See general information about how to correct material in RePEc. For technical questions regarding this item, or to correct its authors, title, abstract, bibliographic or download information, contact: General contact details of provider: If you have authored this item and are not yet registered with RePEc, we encourage you to do it here. This allows to link your profile to this item. It also allows you to accept potential citations to this item that we are uncertain about. We have no references for this item. You can help adding them by using this form. If you know of missing items citing this one, you can help us creating those links by adding the relevant references in the same way as above, for each refering item. If you are a registered author of this item, you may also want to check the "citations" tab in your RePEc Author Service profile, as there may be some citations waiting for confirmation. Please note that corrections may take a couple of weeks to filter through the various RePEc services. More services and features.

Chapter 3 : Balanced Scorecard

The "balanced scorecard" added additional non-financial strategic measures to the mix in order to better focus on long-term success. The system has evolved over the years and is now considered a fully integrated strategic management system.

With a well-designed strategy map, every employee can know your overall strategy and where they fit in. Each bubble is automatically colored red, yellow, or green based on your actual measures and the goals you set for them. This article assumes that you know about the general idea of balanced scorecards. The Basics The main idea of a strategy map is that each strategic objective in your balanced scorecard is represented by a shape, usually oval. Very rarely are there more than 20 objectives. Tracking too many will dilute your overall message, making your strategy difficult to communicate. Adding Arrows Many strategy maps also have arrows between the objectives to show their cause and effect chain. These causal relationships are central to the idea of the balanced scorecard. Strategy maps show how fuzzy intangible assets, like company culture and employe knowledge, are turned into concrete tangible results. Your strategy map shows these relationships and encourages strategic thinking that goes far beyond your balance sheet. Themes Some strategy maps have strategic themes. They represent the three or four big-picture strategic focuses in your organization. Themes vertically group together related objectives across your entire strategy map. Unlike perspectives, themes are very specific to your organization. For example, themes may be things like: Operational Excellence Sustainability Clinical Leadership Some organizations find it helpful to show themes on their strategy map. Others think that themes add unnecessary complexity. Showing Performance Some balanced scorecard software packages allow you to build your strategy map directly in the software. There are many benefits to automating your balanced scorecard, but the ability see your strategy map light up with real performance colors may be the biggest. Your static strategy map becomes a live performance dashboard. You can see at a glance how your organization is performing, and you can click on a colored bubble to drill down to more information. For example, most companies put the financial perspective on top because their end goal is to make more money. Public utilities and nonprofits, however, have different motivations. Their finances are just a means to an end. Their funding Financial allows them to help people Customer. Likewise, some objectives may not fit neatly within a single perspective and it may make more sense for them to straddle the line between two perspectives. The Wikipedia entry for strategy maps is a great resource, but it can get pretty wordy. Finally, Amazon has some great books available if you really want to get some deep insight. See what it does.

Chapter 4 : What is a Strategy Map? A short and simple guide for

Companies using the Balanced Scorecard are usually tracking a wide variety of measures and other information. With many divisions, partners, and resellers, it can become confusing to decipher how the company is doing overall.

Use[edit] Balanced scorecard is an example of a closed-loop controller or cybernetic control applied to the management of the implementation of a strategy. Such control requires three things to be effective: Kaplan in conjunction with US management consultancy Nolan-Norton, [10] and during this study described his work on performance measurement. Norton included anonymous details of this balanced scorecard design in a article. While the "corporate scorecard" terminology was coined by Art Schneiderman, the roots of performance management as an activity run deep in management literature and practice. Management historians such as Alfred Chandler suggest the origins of performance management can be seen in the emergence of the complex organisation â€" most notably during the 19th Century in the USA. The book reflects the earliest incarnations of balanced scorecards â€" effectively restating the concept as described in the second Harvard Business Review article. The report is not meant to be a replacement for traditional financial or operational reports but a succinct summary that captures the information most relevant to those reading it. As the initial audience for this were the readers of the Harvard Business Review , the proposal was translated into a form that made sense to a typical reader of that journal â€" managers of US commercial businesses. Accordingly, initial designs were encouraged to measure three categories of non-financial measure in addition to financial outputs â€" those of "customer," "internal business processes" and "learning and growth. Modern balanced scorecards have evolved since the initial ideas proposed in the late s and early s, and the modern performance management tools including Balanced Scorecard are significantly improved â€" being more flexible to suit a wider range of organisational types and more effective as design methods have evolved to make them easier to design, and use. By alerting managers to areas where performance deviates from expectations, they can be encouraged to focus their attention on these areas, and hopefully as a result trigger improved performance within the part of the organization they lead. Translating the vision into operational goals; Communicating the vision and link it to individual performance; Business planning; index setting Feedback and learning, and adjusting the strategy accordingly. These steps go far beyond the simple task of identifying a small number of financial and non-financial measures, but illustrate the requirement for whatever design process is used to fit within broader thinking about how the resulting balanced scorecard will integrate with the wider business management process. In particular, designers were encouraged to choose measures that helped inform the answer to the question "How do we look to shareholders? These suggestions were notably triggered by a recognition that different but equivalent headings would yield alternative sets of measures, and this represents the major design challenge faced with this type of balanced scorecard design: Because of this, many are abandoned soon after completion. With this modified approach, the strategic objectives are distributed across the four measurement perspectives, so as to "connect the dots" to form a visual presentation of strategy and measures. A balanced scorecard of strategic performance measures is then derived directly by selecting one or two measures for each strategic objective. This style of balanced scorecard has been commonly used since or so: Third-generation balanced scorecard In the late s, the design approach had evolved yet again. One problem with the "second generation" design approach described above was that the plotting of causal links amongst twenty or so medium-term strategic goals was still a relatively abstract activity. In practice it ignored the fact that opportunities to intervene, to influence strategic goals are, and need to be, anchored in current and real management activity. Secondly, the need to "roll forward" and test the impact of these goals necessitated the creation of an additional design instrument: This device was a statement of what "strategic success", or the "strategic end-state", looked like. It was quickly realized that if a Destination Statement was created at the beginning of the design process, then it was easier to select strategic activity and outcome objectives to respond to it. Measures and targets could then be selected to track the achievement of these objectives. Design methods that incorporate a Destination Statement or equivalent e. The major difference is the incorporation of Destination Statements. Other key components are strategic objectives, strategic linkage model and perspectives, measures and initiatives. Balanced scorecards have been implemented by government agencies, military units, business units and corporations as a whole, non-profit organizations, and schools. Balanced scorecard has been widely adopted, and consistently has been found to be the most popular performance management framework in a widely respected annual survey e. Theorists have argued from the earliest days of discussion of Balanced Scorecard usage that much of the benefit of the balanced scorecard comes from the design process itself. Most have very limited application, and are typically proposed either by academics as vehicles for expanding the dialogue beyond the financial bottom line â€” e. Many of the structural variations proposed are broadly similar, and a research paper published in [8] attempted to identify a pattern in these variations â€" noting three distinct types of variation. The variations appeared to be part of an evolution of the balanced scorecard concept, and so the paper refers to these distinct types as "generations". Variants that feature adaptations of the structure of balanced scorecard to suit better a particular viewpoint or agenda are numerous. Examples of the focus of such adaptations include the triple bottom line, [25] decision support, [41] public sector management, [42] and health care management. The first kind of criticism focuses on the empirical nature of the framework, and when it was originally proposed the lack of any formal validation of the ideas. Kaplan and Norton notoriously failed to include any citations of earlier articles in their initial papers on the topic [6] [12] , an absence noted, for example, by Norreklit [47]. Others identified technical flaws in the methods and design of the original balanced scorecard [28] [37] [48] or concerning the lack of validation for the approach - for example Flamholtz observed that no validation was provided for the choice of the "four perspectives" of the 1st Generation design [30]: The second kind of criticism is that the balanced scorecard does not provide a bottom line score or a unified view with clear recommendations: Brignall [25] The third kind of criticism is that the model fails to fully reflect the needs of stakeholders â€" putting bias on financial stakeholders over others. This focus was maintained through subsequent revisions. There are relatively few reliable assessments of the effectiveness of the approaches embodied in Balanced Scorecard, but some studies demonstrate a link between the use of balanced scorecards and better decision making or improved financial performance of companies [54]. However, such studies as have been done have typically found balanced scorecard to be useful. Software tools[edit] It is important to recognize that the balanced scorecard by definition is not a complex thing â€" typically no more than about 20 measures spread across a mix of financial and non-financial topics, and easily reported manually on paper, or using simple office software. The simplest mechanism to use is to delegate these activities to an individual, and many Balanced Scorecards are reported via ad-hoc methods based around email, phone calls and office software. Where these conditions apply, organizations use balanced scorecard reporting software to automate the production and distribution of these reports.

Chapter 5 : Balanced scorecard - Wikipedia

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Learning and Growth Strategic Objectives The next step in creating a balanced scorecard is choosing several strategic objectives for each perspective. This is where things get concrete. Some example strategic objectives might be: The people who know the intimate details of your organization are very important here, so get them involved early. Fortunately, we have some helpful guidelines. Every organization will have different strategic objectives, but all good strategic objectives are alike in several ways. Starts with a Verb All of your strategic objectives should begin with an action word. These are all great words that involve doing something. Measureable Some things are just too difficult to quantify. These things are bad candidates for strategic objectives. Click to enlarge image Strategy Map If you already know a little about the balanced scorecard, that graphic showing your strategic objectives on top of the four perspectives may look familiar. The final step in creating a strategy map is to draw arrows between your strategic objectives that show the cause and effect chain. Measures The final building blocks of a balanced scorecard are measures. These measures need goals and should be measured on a regular schedule. Tracking too many measures often means that nothing improves. Finally, notice how we waited until the very end of building our balanced scorecard to choose measures. Perspectives A balanced scorecard is broken down into four Perspectives. Strategic Objectives Each perspective has several Strategic Objectives. Strategy Map A chart showing the relationships between strategic objectives is called a Strategy Map. Measures Each strategic objective has one or two Measures. Finally, if you want more of a deep dive, Amazon has some great books available. See what it does.

Chapter 6 : The Balanced Company: A Theory of Corporate Integrity

Modern balanced scorecards show how each perspective builds on the previous one. If you train your employees and build a culture of information sharing (Learning and Growth), they'll make your company run more smoothly (Internal Business Processes).

Other models for this type of self-assessment have been in use for much longer than the balanced scorecard. David Norton developed the balanced scorecard in the s, the Balanced Scorecard Institute says. Customer, financial, business processes and learning and growth are the four components of the model. Strategic Translation The first point in understanding how the balanced scorecard works is to know its purpose. It compares internal and external metrics, objective and subjective metrics and performance results and contributors to them. Ultimately, your goal is to figure out how the company is carrying out its strategy in each of these areas. Strategy Map An important initial task in building a balanced scorecard approach is what the Balanced Scorecard Institute calls strategy mapping. This is where you focus on your strategic objectives and then map them to each of the four evaluation areas. You apply the appropriate metrics to each category as they best align with your strategic objectives. This mapping process also serves as an element of preparing your scorecard assessments. Scorecard Preparation The standard scorecard lists each of the four components on the vertical axis and the metric areas on the top horizontally. The common metrics categories, according to "Quick MBA," are objectives, measures, targets and initiatives. As an example, you might have an objective of increasing market share during the next year. The measure is the tool for measurement; in this case, percentage increase. Target is the specific goal, such as 10 percent. Initiatives are the action steps to achieve the objectives. Software Implementation Most companies in the early 21st century use software solutions to track data related to the balance scorecard. As data is entered or collected it is computed within the balanced scorecard. The "Balanced Scorecard Institute" is quick to point out that software solutions do not create a balanced scorecard on their own. Companies have to develop their system and then use the software as part of implementation. References 2 Balanced Scorecard Institute: Balanced Scorecard Basics About the Author Neil Kokemuller has been an active business, finance and education writer and content media website developer since He has been a college marketing professor since Kokemuller has additional professional experience in marketing, retail and small business.

Chapter 7 : 3 Balanced Scorecard examples + application in business

Balanced Scorecard Examples: Defining the 4 Perspectives The best way to define the objectives and their metrics for each of the perspectives are by answering a few questions. Note that there is an interconnected hierarchy ranging from financial goals (usually what the company wants to attain), through to internal customers, processes and then.

What is the Balanced Scorecard? By focusing on future potential success it becomes a dynamic management system that is able to reinforce, implement and drive corporate strategy forward. It provides feedback around both the internal business processes and external outcomes in order to continuously improve strategic performance and results. The concept of the Balanced Scorecard has achieved increasing popularity in the business world. Many businesses had previously built their objectives around financial targets and goals of little relevance to a long-term strategic vision, thus typically leaving a gap between strategy development and implementation. Financial perspective - return on investment, shareholder value Customer perspective - customer satisfaction, our coorporate image? Process perspective - in what processes should we excel to succeed? Innovation perspective - how will we go on from lessons learned and sustain our ability to change and improve? Where are we going? By focusing on cost efficiency, high quality and by investing in new technologies? In which perspectives should we excel at what? Creating your winning strategy is only the first part of your Balanced Scorecard implementation. The next part is measuring the success or "failure" of your strategy. Besides the Balanced Scorecard, performance measurement systems have mainly focused on lagging financial indicators. Although non-financial measures have existed for long, their link to strategy and financial results has been vague at best. On the contrary, the Balanced Scorecard provides predictive, foreward-looking views of the overall business that go beyond a focus on short-term bottom-line results. Measuring your strategy enables you to confirm or set aside the assumed causes and effects you have based your strategy on. This is vital information. Your strategy is based on what you believe influences the perspectives the most. Keeping track of the right measures and communicating the success or failure to achieve the target values of such measures helps everyone focus on the issues that matters most. Getting this kind of information to your desk fast may save you from total embarrassment. Confirm or disprove your ability to achieve what you have planned to achieve. Have you been able to recruit the kind of personnel you needed? Have you succeeded in your effort to acquire new parking space or implement your new logistics system? Have these changes had the desired effect on your ability to deliver internal processes end objectives? Many Balanced Scorecard implementations go wrong, because managers are reluctant to introduce new data gathering routines. The Balanced Scorecard measuring is, in those cases, primarily based on data already available in other systems and not the measures most relevant to the strategic objective. The scorecard gets too crowded. If you exceed a total of 25 measures, the picture gets just too dense. A high number of measures are usually a sign of strategic focus being sacrificed for internal organizational reasons, i. You should simply start with the really important stuff and gradually increase if necessary. The scorecard gets out of balance. An out of balance scorecard is often a consequence of internal organizational politics, a fad-oriented implementation or a combination of the two. The scorecard has too few leading indicators. Leading indicators are measures that may be used to predict future outcomes of lagging indicators measures of stated facts. Number of catalogues distributed may be used as a leading indicator of number of future shop visitors. Relative price ratio to competitors may be used the same way. Please observe that the terms leading and lagging only make sense relative to one particular strategic objective. A lagging measure for one objective may therefore be used as a leading indicator for an objective further up the cause-and-effect chain. To find the best measures you should brainstorm about 50 or 60 measures free from any "reality constraints". Out of these measures you should focus on about measures that will measure on target because they actually do measure the success or failure of your objective lagging measure real influence on your objective leading measure only the success or failure or likelihood of such of your objective lagging or leading will yield approx. Make sure that the measure will be correctly understood if presented out of its strategic context, i. Never underestimate the power of your metrics. Off target measures or interpretation of the measures are dangerous. This effect can be strengthened if you communicate the "whole picture" first and then let your employees see exactly where "their measure s " tie in.

Chapter 8 : The Balance Company Review and Company Profile

When building a balanced scorecard, tailor the measures to fit your company's particular challenges. That way, you'll be more likely to get the performance you need to succeed. 1.

Chapter 9 : What is the Balanced Scorecard?

We enable organizations, leaders and their teams to reach their potential by providing unique advantages through insights, innovations and inspirations.