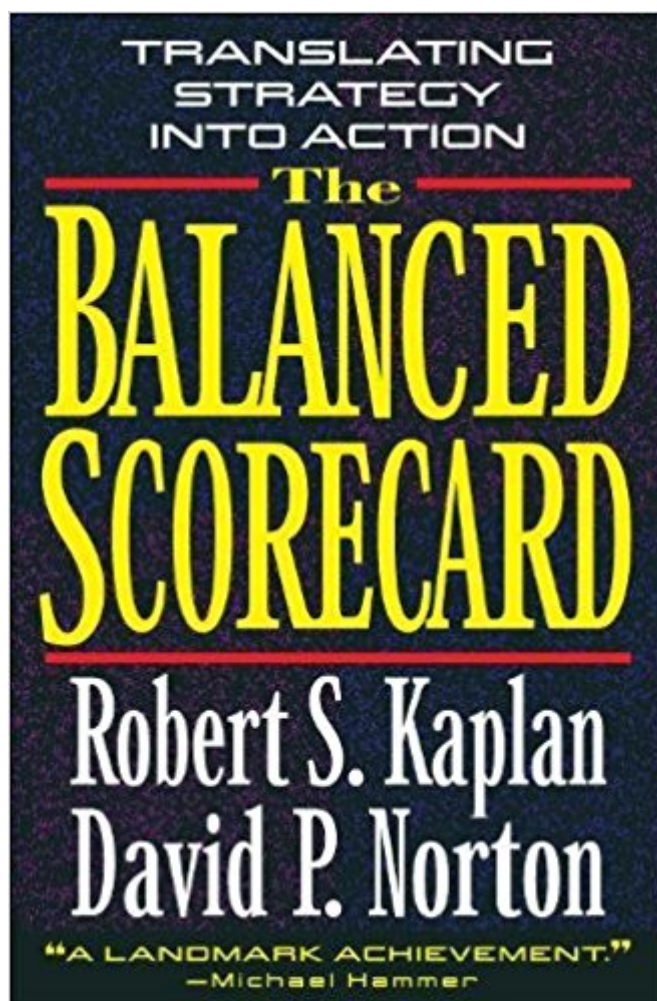


The book was found

The Balanced Scorecard: Translating Strategy Into Action



Synopsis

The Balanced Scorecard translates a company's vision and strategy into a coherent set of performance measures. The four perspectives of the scorecard--financial measures, customer knowledge, internal business processes, and learning and growth--offer a balance between short-term and long-term objectives, between outcomes desired and performance drivers of those outcomes, and between hard objective measures and softer, more subjective measures. In the first part, Kaplan and Norton provide the theoretical foundations for the Balanced Scorecard; in the second part, they describe the steps organizations must take to build their own Scorecards; and, finally, they discuss how the Balanced Scorecard can be used as a driver of change.

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Customer Reviews

As running a corporate or government or not-for-profit enterprise becomes increasingly complicated, more sophisticated approaches are needed to implement strategy and measure performance. Purely financial evaluations of performance, for example, no longer suffice in a world where intangible assets, relationships and capabilities increasingly determine the prospects for success. Kaplan, a Harvard Business School professor of accounting, and Norton, president of Renaissance Solutions, make a key contribution by describing and illustrating the balanced scorecard, a multidimensional approach to measuring corporate performance that incorporates both financial and non-financial factors. The concept of a balanced scorecard originated in a study group

of 12 companies that met throughout 1990; since then, the authors have worked with several companies, including FMC Corporation, Brown & Root Energy Services, Mobil and CIGNA, to create scorecards and use them as a systematic means to implement new organizational strategy. Though still in the preliminary stages of development, balanced scorecards could represent the emergence of a new era of management sophistication, in which both the hard and soft variables of work life are taken into account in a rigorous, testable fashion. Kaplan and Norton provide an excellent, though dry, introduction to a new methodology of management. Copyright 1996 Reed Business Information, Inc.

Kaplan (accounting, Harvard) and Norton, president of Renaissance Solutions Inc., created the "balanced scorecard" to assist businesses in moving from ideas to action, achieving long-term goals, and obtaining feedback about strategy. The balanced scorecard consists of four sections: clarifying and translating vision and strategy; communicating and linking strategic objectives and measures; planning, setting targets, and aligning strategic initiatives; and enhancing strategic feedback and learning. Because the writing is technically oriented and somewhat detailed, this work is geared toward scholars and high-level business planners. However, its clear organization makes reading and understanding the concepts much easier. Recommended for upper-level and graduate business students and senior practitioners in the strategic-planning field. Randy Abbott, Univ. of Evansville Libs., Ind. Copyright 1996 Reed Business Information, Inc.

As the title indicates, this book introduces the concept of the Balanced Scorecard: "The Balanced Scorecard (BSC) provides managers with the instrumentation they need to navigate to future competitive success. Today, organizations are competing in complex environments so that an accurate understanding of their goals and the methods for attaining those goals is vital. The Balanced Scorecard translates an organization's mission and strategy into a comprehensive set of performance measures that provides the framework for a strategic measurement and management systems. The Balanced Scorecard retains an emphasis on achieving financial objectives, but also includes the performance drivers of these financial objectives. The scorecard measures organizational performance across four balanced perspectives: financial, customers, internal business processes, and learning and growth. The BSC enables companies to track financial results while simultaneously monitoring progress in building the capabilities and acquiring the intangible assets they need for future growth." The authors then go on to presenting each of the four perspectives in details and discuss how the Balanced Scorecard measures link to the strategy. In

the subsequent section, the authors focus on how the Scorecard is used to manage business strategy. The framework presented revives the traditional thinking around strategy and how it is implemented in a very pragmatic manner - balancing both strategy and its associated execution. What I particularly enjoyed are the numerous case studies and examples presented that help anchor the concepts. A classic must read in the area of Corporate Strategy! Below are key excerpts from the book that I found particularly insightful:

- 1- "The Balanced Scorecard emphasizes that financial and nonfinancial measures must be part of the information system for employees at all levels of the organization."
- 2- "As more and more companies work with the Balance Scorecard, they see how it can be used to:
 - clarify and gain consensus about strategy,
 - communicate strategy throughout the organization,
 - align departmental and personal goals to the strategy,
 - link strategic objectives to long-term targets and annual budgets,
 - identify and align strategic initiatives,
 - perform periodic and systematic strategic review, and obtain feedback to learn about and improve strategy."
- 3- "A strategy is a set of hypotheses about cause and effect. The measurement system should make the relationships (hypotheses) among objectives (and measures) in the various perspectives explicit that they can be managed and validated."
- 4- "The financial objectives serve as the focus for the objectives and measures in all the other scorecard perspectives. Every measure selected should be part of a link of cause-and-effect relationships that culminate in improving financial performance."
- 5- "The scorecard should tell the story of the strategy, starting with the long-run financial objectives, linking these to the sequence of actions that must be taken with financial processes, customers, internal processes, and finally employees and systems to deliver long-term economic performance."
- 6- "In the internal-business process perspective, managers identify the critical processes at which they must excel if they are to meet the objectives of shareholders and of targeted customer segments...One recent development has been to incorporate the innovation process as a vital component of the internal-business-process perspective."
- 7- "While not the same as measurement, and not a long-term substitute for measurement, the text is a marker that serves many of the same objectives as a formal measurement system."
- 8- "Balanced Scorecard of no more than two dozen measures can be sufficient for measuring their operations. They are, of course, correct in a narrow sense, but they fail to distinguish between diagnostic measures - those measures that monitor whether the business remains in control and can signal when unusual events are occurring that require immediate attention - and strategic measures - those that define a strategy designed for competitive excellence."
- 9- "The Balanced Scorecard is not a replacement for an organization's day-to-day measurement system. The scorecard measures are chosen to drive the attention of managers and

employees to those factors expected to lead to competitive breakthroughs for an organization."10- "The disconnect between strategy formulation and strategy implementation is caused by barriers erected by traditional management systems - the systems organizations use to:-establish and communicate strategy and directions;-allocate resources;-define departmental, team, and individual goals and directions; and-provide feedback."11- "The scorecard provides a common framework for organizing the planning process of corporate support departments. It enables these departments to understand the strategies of the entire corporation and the individual SBUs so that the support departments can develop and deliver better services that help the operating units and corporation achieve their strategic objectives."12- "Strategic planning and operational budgeting processes are too important to be treated as independent processes. Strategic planning must be linked to operational budgeting if action is to be tied to vision."13- "Mintzberg and Simons identify key aspects of this newer or emergent view of strategy:-Strategies are incremental and emerge over time-Intended strategies can be superseded-Strategy formulation and implementation are intertwined-Strategic ideas can arise throughout the organization-A strategy is a process"14- "...the measurement framework in the Balanced Scorecard should be deployed to develop a new management system. The distinction between a measurement and a management system is subtle but crucial. The measurement system should be only a means to achieve an even more important goal - a strategic management system that helps executives implement and gain feedback about their strategy."15- "Most companies introduce the scorecard to drive single pieces of the management process: Obtain clarity and consensus about strategy, achieve focus, leadership development, strategic intervention, educate the organization, set strategic targets, align programs and investments, build a feedback system."

This is the first "balance scorecard" book I've read. It was quite easy to go through and highly comprehensive. With this book you can get a really deep understanding of the 4 pillars that are part of the BSC and several good examples to really comprehend how to move from strategy to actual steps and actions. Now I'm moving to a book based on ratios of the BSC. Actual dashboards examples that I somehow, missed on this book. Other than that, great reading.

The Balanced Scorecard is the foundation on which the entire Kaplan & Norton system of strategy development and implementation is based. Focusing on 4 perspectives of people, internal, customer and financial -- this approach emphasizes alignment and communication throughout the organization. I have implemented it at 2 companies, and find it to be perhaps the most powerful set

of strategy development tools out there. If you are at all in doubt, you should pick this book up. The method works. The focus on balance and alignment was revolutionary when this was written - and it continues as my strategy bible today.

It described in a clear and concise fashion some very common sense approaches to building a quality business. These concepts have been loosely discussed between myself and my boss but not nearly as clearly described as this book does

If you want to rise to the top in your business and career you need to have a great system for managing results. The management cycle involves defining objectives, assigning responsibilities, developing performance standards, evaluating results, and developing improvements where necessary. There may be many layers or hierarchies of organizational objectives, such as Corporate, Branch, Department, Team, and Individual. A good management system will capture all of the organizational objectives, and all will be linked to the overall business strategy. One helpful tool for capturing organizational objectives is the Balanced Scorecard. This system uses measures in four major categories: 1. FINANCIAL PERFORMANCE 2. CUSTOMER SATISFACTION 3. INTERNAL BUSINESS PROCESSES 4. LEARNING AND GROWTH REQUIREMENTS. The actual measures selected are highly dependent upon the type of business and should be carefully developed to ensure proper results are obtained. The goal is to select measures that best relate to the overall company strategy. As such, each scorecard will be unique. I have used a Balanced Scorecard and highly recommend them to help organize the complex assemblage of organizational objectives into a unitary whole. This fantastic book tells you everything you need to know. Highly recommended!

Great book on applying the BSI methodology and moving from planning to execution

Good book for accountability and ownership amongst your team KPI's.

This book helped me better understand how to shift our strategic planning process into a management plan and strategy. It gave me enough perspective and understanding of how to integrate all pieces of the puzzle it allows for much interpretation which I really appreciate.

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