

CHANGE MANAGEMENT TOOLKIT

Systems-based presentation of balanced scorecard metrics

By Patterson Shafer



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Systems-based presentation of balanced scorecard metrics

Balanced Scorecard represents a measurement system to “communicate and align... organizations to new strategies, away from the historic, short-term focus on cost-reduction and low-price competition, and toward generating growth opportunities by offering customized, value-added products and services to customers.”¹

“The 20 to 25 measures across the four perspectives... communicate, and help implement... strategy”. The Four key perspectives are:

1. Financial
2. Customer
3. Internal Business Processes
4. Learning and Growth

Critical Concepts

The Balanced Scorecard emphasizes that financial and non-financial measures must be part of the information system for employees at all levels of the organization.

Some measures are relevant to all.

Some measures are relevant to select business groups or corporate functions.

Too many measures reduce usability.

View of measures should be persistent (just-in-time, at-a-glance, ever visible).

Leading companies leverage multiple technologies to deliver metrics (e.g. Intranet, Extranet, handheld devices, mobile messaging).

Action should be taken when readings are out of control limits (gap analysis, e.g. “idiot lights”).

The measurement system should present high-level status – yet allow drill-down to details (identifying source of out-of-tolerance reading, if not root-cause).

Measures and their meaning, as well as targets, should be communicated throughout the organization.

Indicators should be “real-time”, recognizing that many systems may be capable of reporting only daily, weekly, or even monthly.

Case Study²

Herman Miller, a leading commercial furniture manufacturer, uses its Intranet to communicate mission, strategy, tactics, and performance. Its

The screenshot shows the Herman Miller Intranet interface. At the top, there are navigation tabs for 'GROUPS' and 'TOOLS'. The main content area is titled 'inside' and features several key metrics: 'reliability' at 92.1% (as of 12/22/2000) and 'stock price' at 26.813 (down -0.125 as of 1/3 at 9:45AM). A central news section titled 'Q2 financial information has been released' provides details on sales, net income, and earnings per share. Other news items include 'The results of the Fall 2000 employee satisfaction survey are online', 'Mileage rate increase to 34.5 cents a mile takes effect January 2', and 'TopHealth is online'. A sidebar on the right contains a 'feature' section for 'A Good Acquisition' by GEIGER and a 'new inside' section with various announcements like 'Information Technology Implementation Mar. (1/20/01)' and 'Office of the CEO'.

approach embodies Field Theory to set a strong cultural statement and “guide” attitude and behaviors of its employees.

The Herman Miller’s Intranet enables internal communications to all employees through desktops, kiosks, and remote access. One of the most innovative features is the high visibility of corporate metrics, including “reliability” and share price. The company effectively communicates performance standards, and the entire

¹ *The Balanced Scorecard*, Bob Kaplan and David Norton, Harvard Business School Press, 1996

² Source – *Benchmarking your Knowledge Management Intranet*, Patterson Shafer, 2000-2002

company is aware when key performance indicators fall below those standards.

Any employee has the ability to click on the reliability performance value and drill-down to isolate the problem area using robust, yet easy-to-use OLAP tools. Employees are quick to contact appropriate managers and discuss the issue and offer suggestions for remediation.

The success of this performance measurement program is attributable to the persistence and visibility of the dashboard. Though it only communicates one metric, it effectively aligns the entire company around performance, and has fostered a culture of accountability.

Recommendations

Companies that have established a strong Intranet or corporate portal, and especially those that have successfully mandated the site as the Browser default, can take advantage of the visibility in much the same way as Herman Miller did.

Those that do not have a ubiquitous portal should consider a persistent dashboard that “floats” on the desktop or remote device, while small indicators flag material shifts or gaps in performance readings, and alert appropriate groups to the issues. Emails and pages can support notification. The ability to leverage OLAP tools to drill down and investigate the performance reading is critical.

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Pat specializes in knowledge management, e-learning, communication and e-business strategy.

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