MAXIMIZING PERFORMANCE AND MAINTAINING RESULTS

BY IMPLEMENTING THE BALANCED SCORECARD

Dr. Dinesh Neelakanta Rao

MAXIMIZING PERFORMANCE AND MAINTAINING RESULTS

BY IMPLEMENTING THE BALANCED SCORECARD

MAXIMIZING PERFORMANCE AND MAINTAINING RESULTS

BY IMPLEMENTING THE BALANCED SCORECARD

Dr. Dinesh Neelakanta Rao

ALEXIS PRESS

ALEXIS PRESS

Published by: Alexis Press, LLC, Jersey City, USA
www.alexispress.us

First Published 2023

A catalogue record for this publication is available from the British Library

Library of Congress Cataloguing in Publication Data

Includes bibliographical references and index.

Maximizing Performance and Maintaining Results: By Implementing the Balanced Scorecard
by *Dr. Dinesh Neelakanta Rao*
ISBN 979-8-89161-822-0

CONTENTS

CHAPTER 1

PERFORMANCE MEASUREMENT
AND NEED FOR A BALANCED SCORECARD

Dr. Dinesh Neelakanta Rao, Associate Professor
Department of OB & HR, Faculty of Management Studies, CMS Business School
Jain (Deemed to be University), Bangalore, Karnataka, India
Email Id- dinesh.rao@cms.ac.in

ABSTRACT:
Performance measurement is a critical aspect of organizational management, providing insights into the effectiveness and efficiency of operations. In today's dynamic business environment, traditional metrics often fail to capture the multifaceted nature of organizational performance. This abstract explores the need for a balanced scorecard approach, which offers a comprehensive framework for evaluating performance across various dimensions. The balanced scorecard integrates financial and non-financial metrics, aligning them with strategic objectives to provide a holistic view of organizational performance. By incorporating measures related to customer satisfaction, internal processes, learning and growth, alongside financial indicators, the balanced scorecard enables managers to make informed decisions that drive long-term success. This abstract discusses the limitations of relying solely on financial metrics and highlights the benefits of adopting a balanced scorecard approach. It emphasizes the importance of aligning performance measures with strategic goals and fostering a culture of continuous improvement. Furthermore, it explores how the balanced scorecard fosters communication and accountability throughout the organization, facilitating collaboration and driving performance excellence.

KEYWORDS:

Customer Perspective, Financial Perspective, Key Performance Indicators (KPIS), Strategic Goals, Strategy Mapping.

INTRODUCTION

Greetings on your journey towards performance assessment and balanced scorecard. We will examine the various dimensions of this issue throughout our time together, and my aim is that the process will alter you and your business. The idea of the balanced scorecard has been around for a little more than a decade when I write this book. Born out of a research study carried out in 1990, the Balanced Scorecard has grown to become an essential business tool used by millions of firms worldwide. According to recent estimates, a staggering 50% of the Fortune 1000 companies are said to have a performance management system in place. Let's look at the history of the Balanced Scorecard and try to figure out why it has become such a well-recognized approach before delving into its nature. The Balanced Scorecard has significantly improved two basic business issues: the challenge of measuring organizational performance effectively and the crucial issue of successfully implementing strategies. We'll look at each of these problems in the next sections before going back to the Balanced Scorecard overview and talking about how each is resolved [1], [2].

Assessing the performance of an organization

Examine this passage again from Lord Kelvin: "Your knowledge is of a meager and unsatisfactory kind when you cannot measure what you are speaking about, when you cannot express it in numbers, you know something about it." Many quotations on measurement that I have seen written on walls and in binders throughout the years are rather wise, such as this one by Einstein: "Not everything that can be counted counts, and not everything that counts can be counted." It's likely that at least one team member will have the quote scrawled someplace on their desk when you begin working on your Scorecard project, and with good reason—the words are insightful and motivating. However, I must give credit to the preceding Lord Kelvin quotation for pure literary brilliance. Merely and unsatisfying are two adjectives I adore. That, in my opinion, effectively illustrates the significance of performance assessment. I'm not sure when exactly Lord Kelvin wrote the phrase, but if it was written in the middle of his life, about 1850, it would be more than 150 years ago. At that time, he was discussing the value and strength of measurement. In the current context, measurement is as crucial as ever, if not more so [3], [4].

As we're talking about sound bites, let's talk about one from Peter Drucker, who is widely regarded as the greatest management thinker of all time. Few things, he contends, are as crucial to an organization's success as measurement, yet measurement is one of management's weakest points at the moment. Is measuring really in such a bad way? According to a 1987 study conducted by Computer Aided Manufacturing-International and the National Association of Accountants, sixty percent of the 260 finance officers and 64 operational executives polled in the US expressed dissatisfaction with their performance evaluation method. Time hasn't seemed to have made things any better. Roughly 80% of major American corporations, according to more recent studies, want to modify their performance evaluation methods. Bill Jensen probably wouldn't be all that surprised by the results of these studies. The New Competitive Advantage was written by Jensen. When it comes to performance management, Jensen contends that the majority of businesses fall short in giving workers the information they want in a way that is relevant to their particular needs. "Being more efficient at work implies that all corporate information pertinent to a worker's job should be accessible in formats that are easily customizable. It is evident from the study that many businesses need and want to make changes to their current performance measurement systems. However, is it able to pinpoint a single, major problem with the state of performance measurement deficiency? Many would argue that our near-exclusive dependence on financial success metrics is the root of the issue.

Financial Metrics and Their Restrictions

Financial measurements have been the standard approach to measuring for as long as there have been commercial organizations. Financial transactions have been facilitated by bookkeeping records for literally thousands of years. Innovations in financial measurement around the start of the 20th century were essential to the early industrial giants' success, such as General Motors. That shouldn't be shocking given that the era's financial measurements were the ideal match for the corporate entities' machine-like structure and management ideology. Scale and economies of scale dominated the competition, and success was measured in monetary terms [5], [6].

Financial performance metrics have changed throughout time, and economic value added is now a widely accepted idea. This idea contends that a company isn't really adding value for its shareholders until its profit margin surpasses its cost of capital. By using EVA as a lens, one may ascertain that, even in the case of a rise in profits, a company can be eroding shareholder value if the cost of capital for future investments is high enough. It is admirable what financial experts do. However, as the twenty-first century approaches, many are beginning to doubt our near-exclusive dependence on financial success indicators. Rather than outlining the organization's future course, these metrics would be more useful for reporting on the stewardship of assets entrusted to management's care. Let's examine a few of the complaints leveled about the excessive use of financial measures:

Not in line with the reality of modern business. Today's organizational value-creating endeavors are not represented in the company's physical, fixed assets. Rather, value is found in the opinions of individuals dispersed across the company, in the connections with suppliers and customers, in databases containing important information, and in the innovative and high-quality cultures. Conventional financial metrics were intended for use in internal performance standards-based comparisons with prior quarters. When it comes to early warning signs of issues or opportunities pertaining to customers, quality, or employees, these measures are not very helpful using the rearview mirror while driving. Financial metrics provide a great overview of the organization's historical performance and happenings. They serve as a clear exposition and synopsis of the company's previous periods' operations. This thorough financial analysis, however, is not able to forecast the future. Excellent financial outcomes in a given month, quarter, or even year are by no means a reliable predictor of future financial success, as history has shown us all a propensity to maintain functional silos. Typically, financial statements are categorized by functional area: The business unit's data are generated from the individual department statements and combined to provide the overall organizational picture. This method does not fit the modern organization where a large portion of the job is cross-functional. Teams with members from a variety of functional areas are working together to address urgent issues and provide value in previously unthinkable ways. It is impossible for our conventional financial assessment methods to determine the actual cost or value of these partnerships. Give up on long-term planning. Severe cost-cutting strategies used in many transformation projects might significantly improve the organization's short-term financial results. Nevertheless, these cost-cutting initiatives often target the company's long-term value-generating operations, such associate development, customer relationship management, and research and development. The organization's resources may not be used to their full potential as a result of this emphasis on short-term profits at the price of long-term value generation [7], [8].

In many organizational levels, financial metrics are irrelevant. Financial reports are abstractions by definition. In this context, abstraction is described as going to a new level and omitting some details. That is precisely what we do when we roll up financial statements throughout the whole organization—assembling data at an increasingly high level until it is almost unintelligible and meaningless for the majority of managers and workers to utilize in making decisions. Performance data that may be used for action is necessary for workers at all organizational levels. This data has to have practical application to their daily lives. Are financial measurements really worth saving room for in our Balanced Scorecard, considering their limitations? Are they still relevant in the current climate given their innate concentration on short-term outcomes, which often comes at the price of long-term value-creating activities? For a variety of reasons, the answer is indeed. The Balanced Scorecard is just that—balanced, as we'll talk about in a moment. Excessive attention to any one area of measurement can often result in poor performance overall. The corporate world's precedents support this stance. While increasing productivity was the main emphasis in the 1980s and 1990s, quality also grew popular and seemed to be important for an organization's success at that time. Following the tenet that "what gets measured gets done," several firms saw significant increases in output and caliber. They may not have seen a commensurate improvement in financial performance; in fact, several of the highest-caliber businesses in their sector went out of business. Since they ultimately decide if advances in customer happiness, quality, on-time delivery, and innovation are leading to greater financial performance and wealth creation for shareholders, financial statements will continue to be a crucial tool for firms. We need a strategy to strike a balance between the factors influencing the organization's future financial performance and the precision and integrity of our financial measurements.

DISCUSSION

Perhaps the most talked about and contested issue in the corporate world is strategy creation. The creation of a successful strategy was often seen by successive generations of business executives as the primary differentiator for organizational success. Scholars, consultants, and executives have all influenced the topic and added to the conversation, all looking for the magic bullet that would create a successful plan. Their efforts over the years have not gone unfruitful; in fact, they have spawned a number of schools of strategic thinking. Mintzberg, Ahlstrand, and Lampel identified ten such schools in Strategy Safari. They describe the process of developing a strategy as, among other things, formal, conceptual, emergent, and negotiating processes [9], [10].

Similar to financial measurements, some have lately criticized strategy, arguing that the fast changing and dynamic nature of our corporate environment renders long-term plans useless and quickly out of date. Proponents of this school contend that businesses cannot afford to take their time formulating a plan since doing so renders them cripplingly rigid. Michael Porter, perhaps the most well-known academic strategist in the world, disputes this. On the other hand, he argues that strategy is more crucial than ever. The actions of certain Internet pioneers are putting pressure on profitability across other businesses. Porter suggests that these companies have engaged in competition in a way that directly violates the principles of successful strategy. These organizations specifically have concentrated more on gaining market share and income than on profitability via aggressive pricing, giveaways, and advertising. eschewed providing actual value in favor of focusing on "click-through fees" from partners and indirect advertising money offered a wide range of goods and services in an effort to appeal to a wide range of consumers rather than taking the tough trade-offs involved in developing a strategy. These businesses have negatively impacted their industry structures by neglecting the principles of strategy, which makes it harder for anyone to get a competitive edge. It is thus more crucial than ever for businesses to set themselves apart from the competitors. Porter suggests that operational efficiency is the key to achieving lasting competitive advantage, and strategic positioning is the key. Rewritten from material created by David P. Norton and Robert S. Kaplan. The company. The majority of businesses are still set up as they were in the industrial age, with command and control structures that don't work in the modern workplace. Why is this the case when every piece of information points to the need for change? S.I. More than fifty years ago, Hayakawa established the idea of cultural lag, which helps to explain this organizational rigidity.

The Divide between People

We've had incentive compensation plans for a while, but are they appropriately correlated with certain outcomes? The majority of systems provide incentives for meeting immediate financial goals rather than long-term strategic plans. Remember the last warning: Measure what you do. When meeting short-term financial goals is the main goal, astute personnel will go above and beyond to make sure the desired outcomes are met. Creating long-term value for the company is often sacrificed in order to achieve this.

The Obstacle of Resources

Sixty percent of businesses do not connect strategy and finances. We really shouldn't be surprised by this fact given most firms have distinct budgeting and strategy planning procedures. While another group works separately to create the operational and capital budgets for the next year, the first group is working to build the strategy that will bravely guide the company into the future. This technique has the drawback of once again tying human and financial resources to short-term financial gains rather than long-term strategy. I remember my time spent working for a big corporation in a corporate accounting setting. Not only did our group not communicate with the strategic planners on a regular basis—we hardly knew them—but I shared a floor with them!

The Barrier to Management

When your leadership team conducts monthly or quarterly evaluations, how does it spend its time? If your company is like most others, the bulk of their time is usually spent examining the financial results and trying to find solutions for the "defects" that arise when real performance falls short of projected outcomes. A strategy-focused approach necessitates that executives devote their attention to comprehending the fundamental processes inside the company that generate or destroy value, rather than just analyzing flaws [11], [12].

The scorecard that is balanced

Organizations have several challenges when creating performance measurement systems that accurately assess the appropriate items, as the previous discussion has shown. A system is required that helps firms execute their distinctive strategy while striking a balance between the historical accuracy of financial data and the factors that will determine future success. The solution to these problems is the Balanced Scorecard. In the sections that follow, we will start our investigation of the Balanced Scorecard by going over its history, going over its conceptual model, and thinking about how it differs from other systems.

The Balanced Scorecard's beginnings

Two individuals, a Harvard University professor named Robert Kaplan and a consultant from the Boston region named David Norton, created the Balanced Scorecard. Twelve businesses participated in a 1990 study conducted by Kaplan and Norton to investigate novel approaches to performance evaluation. The research was motivated by the increasing perception that financial performance metrics were not useful for contemporary corporate enterprises. The research firms were persuaded, as were Kaplan and Norton, that their capacity to generate value was being hampered by a dependence on financial performance indicators. After debating many options, the committee decided on the concept of a scorecard with performance metrics that would include activities from all across the company, including staff activities, internal business procedures, customer difficulties, and shareholder concerns. This new instrument was named the Balanced Scorecard by Kaplan and Norton, who also summarized the idea in the first of three pieces published in the Harvard Business Review titled "The Balanced Scorecard—Measures that Drive Performance."

Many firms implemented the Balanced Scorecard throughout the course of the next four years, and they saw improvements right away. Kaplan and Norton found that these companies were expressing their strategy via the measurements they chose for their Balanced Scorecard, in addition to utilizing the Scorecard to supplement financial indicators with the drivers of future success. In their 1996 book The Balanced Scorecard, Kaplan and Norton summed up the idea and the knowledge collected up to that time as the Scorecard became widely used by organizations as a crucial instrument in the execution of strategy. Since then, about half of the Fortune 1000 companies have implemented the Balanced Scorecard, and the trend is still going strong. The Balanced Scorecard was originally thought to be just for-profit, but it has been successfully translated and used in both the public and not-for-profit sectors. These businesses have discovered that they may communicate to their constituents the value they provide and the actions they are taking to carry out their significant objectives by making minor adjustments to the Scorecard structure. In this section, we'll examine how the public and not-for-profit sectors are effectively implementing the Balanced Scorecard. The Scorecard has been so successful and extensively adopted that the Harvard Business Review named it one of the 75 most significant concepts of the 20th century. Is your hunger piqued for more after reading this? Now that we have focused on the instrument itself, let's examine the components of the Balanced Scorecard.

Equitable Scorecard

The Balanced Scorecard may be defined as a well chosen collection of metrics that are obtained from the strategy of a business. The metrics chosen for the Scorecard serve as a tool for executives to convey to workers and outside stakeholders the results and performance drivers that will enable the company to fulfill its goals and fulfill its purpose. But a little explanation cannot cover everything there is to know about the Balanced Scorecard. Based on my extensive experience working with several businesses and researching the best ways to utilize Scorecards, I see this tool as a communication tool, a strategic management tool, and a measuring system.

Using the Balanced Scorecard as a System of Measurement

We have already spoken about the limitations of financial performance measurements. Although they provide a valuable overview of historical events, they fall short when it comes to addressing the true processes that create value in modern organizations, which are intangible assets like networks of people and knowledge. We may refer to financial metrics as lag indicators. These are the results of earlier deeds.

The lead indicators, or drivers of future economic success, are a supplement to these lag indicators in the Balanced Scorecard. However, where do these performance metrics come from? Your plan is the solution. The organization's strategy is translated into each and every one of the metrics on the Balanced Scorecard. This diagram is noteworthy because, unlike many other firms, the Balanced Scorecard method places a greater emphasis on strategy and vision than on financial controls.

Many firms have compelling strategies and inspirational goals, but they often struggle to leverage those elegantly phrased statements to get workers to behave in a way that is consistent with the company's strategic direction. The dilemma is outlined by Peter Senge in his book The Fifth Discipline: "Many leaders have personal visions that never get translated into shared visions that galvanize an organization." The Balanced Scorecard offers a new framework that enables an organization to translate its vision and strategies by telling the story of the organization's strategy through the selected objectives and measures. Instead of emphasizing financial management mechanisms that provide little direction for long-term staff decision making, the Scorecard use measurement as a novel vocabulary to delineate the critical components involved in realizing the plan. Utilizing measurement is essential to achieving plan goals. Timothy Galpin lists "measurable goals and objectives"11 as one of the essential components of a successful strategy, according to his book Making Strategy Work. The Scorecard includes three additional, unique viewpoints in addition to financial measurements: customer, internal processes, and learning and growth.

From the Customer's Perspective

Organizations must provide answers to two important questions when selecting measurements for the Customer viewpoint of the Scorecard: Who are our target customers? How can we best serve them using our value proposition? Although these issues seem straightforward, there are a lot of difficulties for corporations to overcome. The majority of businesses will admit that they have a target consumer base, but their behavior suggests that they are trying to please everyone. As Michael Porter taught us earlier in the chapter, a company that lacks concentration would be unable to set itself apart from rivals. Selecting a suitable value proposition is an issue that most businesses face. Of the three "disciplines" described by Treacy and Wiersema in The Discipline of Market Leaders, many will choose one.

Efficiency in Operations

A fantastic example of an operationally good company is Wal-Mart. Organizations that follow the operational excellence discipline emphasize low price, convenience, and typically "no frills. Product Heading. Product leaders innovate with the products offered by their company. They work tirelessly to provide the greatest product available on the market. In the world of sports footwear, Nike is an example of a leader in product development.

Client intimacy

Taking all necessary steps to address the specific demands of each individual consumer contributes to the definition of the close-knit firm. Due to their in-depth understanding of client demands, they place more of an emphasis on establishing long-term relationships than they do on one-time deals. Within the retail sector, Nordstrom personifies the close-knit customer organization.

This viewpoint will often contain commonly used metrics, such as market share, customer acquisition, customer loyalty, and customer happiness, regardless of the value discipline used. The development of performance drivers by the organization is equally significant in promoting progress in these "lag" metrics of customer success. We will examine the customer's point of view in more detail in Chapter Five and recommend the precise actions your company should take to create customer measurements.

Internal Procedure Viewpoint

We highlight the critical processes that the company must continue to excel at in order to provide value for clients and, eventually, shareholders from the Internal Process viewpoint of the Scorecard. To service the firm's customers and deliver on the firm's value proposition, each of the customer disciplines outlined above will need the effective functioning of certain internal processes. From this angle, our job is to pinpoint those mechanisms and create the most effective metrics to monitor our advancement. Rather than concentrating your efforts on the gradual enhancement of current operations, you may need to discover whole new internal processes in order to meet the expectations of customers and shareholders. This perspective may include product creation, production, manufacturing, distribution, and post-sale servicing.

To efficiently service clients, many firms depend substantially on partnerships with suppliers and other third-party agreements. In certain situations, you may think about creating measurements that represent the essential components of those interactions from the Internal Process viewpoint. In five, the creation of performance metrics for internal processes will be covered in more detail.

Perspective on Learning and Growth

Where are these advantages located if you want to attain aspirational outcomes for consumers, internal processes, and eventually shareholders? In actuality, the metrics included in the Balanced Scorecard's Learning and Growth viewpoint serve as catalysts for the other three views. They serve as, in a sense, the foundation around which the whole Balanced Scorecard is constructed. You may be sure to find certain gaps between your present organizational architecture of personnel abilities and information systems, and the level required to accomplish your outcomes, after you select measurements and associated projects in your

Customer and Internal Process perspectives. It will be easier for you to narrow that gap and guarantee sustainable performance going forward with the measures you create from this viewpoint.

The Learning and Growth viewpoint should be represented by a combination of key outcome measurements and performance drivers, much like the other views on the Scorecard. This might be a location for staff skills, employee happiness, information availability, and alignment. A lot of firms have trouble coming up with learning and growth metrics. It is often the final viewpoint to be established. The teams may see this perspective as "soft stuff" that is better left to the Human Resources department, or they may be mentally exhausted from their previous attempts to generate new strategic metrics. This viewpoint must be taken into consideration throughout the development process, regardless of how sound the reasoning may seem. As previously stated, all other measurements on the Scorecard are essentially enabled by the metrics created from the Learning and Growth viewpoint. Consider them as the tree's roots, which will eventually lead to the branches representing customer outcomes, the trunk representing internal operations, and the leaves representing financial returns.

CONCLUSION

It is impossible to exaggerate the importance of good performance assessment in businesses. Although conventional metrics provide insightful information, they often fail to fully capture the range of variables affecting the performance of a business. A strong option that offers a comprehensive framework for matching performance indicators with strategic goals is the balanced scorecard. The balanced scorecard provides a holistic perspective of corporate performance by combining financial and non-financial measurements, empowering managers to drive continuous improvement and make well-informed choices. Additionally, it encourages cooperation, responsibility, and communication at all organizational levels. As success in today's cutthroat corporate environment depends on flexibility and agility, the balanced scorecard is an essential instrument for directing strategic management and attaining long-term development. Its emphasis on matching strategic objectives with performance metrics guarantees that businesses stay focused on what really matters while encouraging an innovative and excellent culture.

REFERENCES:

[1] P. Quesado, B. A. Guzmán, and L. L. Rodrigues, “Advantages and contributions in the balanced scorecard implementation,” *Intang. Cap.*, 2018.

[2] S. Jassem, A. Azmi, and Z. Zakaria, “Impact of sustainability balanced scorecard types on environmental investment decision-making,” *Sustain.*, 2018.

[3] R. Malagueño, E. Lopez-Valeiras, and J. Gomez-Conde, “Balanced scorecard in SMEs: effects on innovation and financial performance,” *Small Bus. Econ.*, 2018.

[4] E. G. Hansen and S. Schaltegger, “Sustainability Balanced Scorecards and their Architectures: Irrelevant or Misunderstood?,” *J. Bus. Ethics*, 2018.

[5] E. Dhamayantie, “Designing a Balanced Scorecard for Cooperatives,” *Int. J. Organ. Innov.*, 2018.

[6] G. Gupta and S. B. Salter, “The balanced scorecard beyond adoption,” *J. Int. Account. Res.*, 2018.

[7] J. M. Ramón-Jerónimo, R. Flórez-López, and N. Domínguez-Lario, “Usefulness of the budget and the balanced scorecard in managing Primary Care Centres. Impact on staff motivation,” *Aten. Primaria*, 2018.

[8] Okfalisa, S. Anugrah, W. Anggraini, M. Absor, S. S. M. Fauzi, and Saktioto, "Integrated analytical hierarchy process and objective matrix in balanced scorecard dashboard model for performance measurement," *Telkomnika (Telecommunication Comput. Electron. Control.*, 2018.

[9] L. Sislian and A. Jaegler, "A sustainable maritime balanced scorecard applied to the Egyptian Port of Alexandria," *Supply Chain Forum*, 2018.

[10] M. Iyibildiren and F. Karasioglu, "Balanced Scorecard in Business Performance Measurement and Its Effect on Financial Structure," *Glob. J. Manag. Bus. Res. C Financ.*, 2018.

[11] S. Singh, E. U. Olugu, S. N. Musa, and A. B. Mahat, "Fuzzy-based sustainability evaluation method for manufacturing SMEs using balanced scorecard framework," *J. Intell. Manuf.*, 2018.

[12] A. Nicoletti Junior, M. C. de Oliveira, and A. L. Helleno, "Sustainability evaluation model for manufacturing systems based on the correlation between triple bottom line dimensions and balanced scorecard perspectives," *J. Clean. Prod.*, 2018.

CHAPTER 2

BALANCED SCORECARD AS A COMMUNICATION TOOL

Dr. Vinayak Anil Bhat, Associate Professor
Department of OB & HR, Faculty of Management Studies, CMS Business School
Jain (Deemed to be University), Bangalore, Karnataka, India
Email Id- vinayak_ab@cms.ac.in

ABSTRACT:
Effective communication is essential for organizational success, enabling alignment, clarity, and accountability among stakeholders. This abstract explores the role of the balanced scorecard as a powerful communication tool within organizations, facilitating the transmission of strategic objectives, performance metrics, and progress tracking across various levels and departments. The balanced scorecard transcends traditional performance measurement systems by integrating financial and non-financial indicators, thereby providing a comprehensive view of organizational performance. Its structured framework translates strategic goals into actionable metrics, allowing for clear and consistent communication of priorities throughout the organization. This abstract highlights how the balanced scorecard promotes transparency and accountability by clearly defining objectives and performance expectations. By disseminating key performance indicators (KPIs) across departments, teams, and individuals, it fosters a shared understanding of organizational goals and encourages alignment of efforts towards common objectives.

KEYWORDS:

Collaboration, Communication, Consistency, Engagement, Objectives, Strategy.

INTRODUCTION

The Balanced Scorecard's financial metrics are crucial, particularly for for-profit businesses. The metrics in this viewpoint allow us to determine whether or not the way our strategy is being executed which is determined by the metrics used in the other perspectives is improving our bottom line. We could devote all of our resources and efforts to raising customer happiness, quality, delivery on time, or any other number of metrics; yet, their usefulness would be limited if their impact on the company's financial returns was not made clear. Traditional trailing indicators are often seen from a financial standpoint. Profitability, revenue expansion, and economic value added are typical examples. We will go back and take another look at financial measurements in Five, just like we did with the other three views [1], [2].

As a tool for strategic management, the balanced scorecard

The Balanced Scorecard has developed into a "strategic management system" for many firms, as per Kaplan and Norton, from its original use as a measurement tool. Although the initial goal of the Scorecard system was to strike a balance between past financial data and factors that would create future value for the company, as more and more companies began experimenting with the idea, they discovered that it was an essential tool for coordinating immediate actions with long-term goals. When used in this manner, the Scorecard mitigates many of the problems associated with implementing strategies successfully that we covered previously in the. Let's go over those obstacles once more and see whether the Balanced Scorecard can really get rid of them.

Breaking Through the Vision Barrier by Translating Strategy

A common understanding of the organization's strategy and its translation into goals, targets, and activities for each of the four Scorecard perspectives are perfect for the creation of the

Balanced Scorecard. The executive team is forced to carefully define the meaning of many ambiguous and hazy terminology included in vision and strategy statements, such as "best in class," "superior service," and "targeted customers," as a result of the translation of these declarations. An executive group may decide that providing 95 percent of customers with on-time deliveries constitutes exceptional service throughout the Scorecard development process. Instead of wondering what constitutes good service and engaging in endless debates about it, all workers may now direct their resources and daily actions toward the unambiguous aim of on-time delivery. These companies develop a new measuring language that directs all workers' activities toward the accomplishment of the specified direction by using the Balanced Scorecard as a framework for interpreting the strategy [3], [4].

The People Barrier is overcome by Cascading the Scorecard

Any plan has to be understood and used by all business levels in order to be properly implemented. By allowing every person to demonstrate how their daily actions support the company's goals, the Scorecard is being cascaded down through the business. By designing Scorecards that are connected to the overarching company goals, all organizational levels are able to identify the value that they are producing. An employee on the shop floor can see back to the executive boardroom because to cascading. Certain businesses have extended the concept of cascading to the individual level, wherein staff members create individual Balanced Scorecards outlining their contributions to the team's overall goal-achieving. In this section, Eight will examine cascading in more detail and go over how to create coordinated Scorecards throughout your whole company. Managers using the Balanced Scorecard have the chance to attach the rewards of their team, department, or business unit directly to the areas in which they have power, as opposed to tying them to the accomplishment of short-term financial objectives. Now that the performance drivers of future economic value have been identified, all workers can concentrate on making the decisions and taking the required steps to attain those objectives. Ten will describe methods for connecting compensation to the outcomes of the Balanced Scorecard.

In our discussion of this obstacle, we pointed out that the majority of businesses have distinct procedures for strategic planning and budgeting. Creating a Balanced Scorecard is a great way to connect these critical procedures. When developing a Balanced Scorecard, we must critically evaluate not only the goals, metrics, and targets for each of our four perspectives, but also the initiatives or plans of action that will enable us to achieve the Scorecard targets. We may think about the gradual stages leading up to our metrics' accomplishment if we set long-term stretch targets for them. The foundation for the yearly budgeting process should be the financial and human resources required to meet Scorecard objectives. Departments and business units won't be submitting budget proposals any more than just add an arbitrary 5 percent to the amount from the previous year. Rather, their submission documents explicitly state the required expenses related to the Balanced Scorecard goals. Because the organization must now make difficult decisions and trade-offs about which projects to support and which to postpone, this improves executive learning about the strategy [5], [6].

Developing a Balanced Scorecard also gives you a wonderful opportunity to assess the several projects that your company is currently involved in critically. When I visit a new client as a consultant "Oh no, another new initiative!" is a common complaint I hear from front-line staff. Executives often pursue pet projects and agendas without considering the strategic implications of their actions. The possibility that efforts from several functional areas might conflict with one another is more concerning. While your Human Resources department has just introduced a new incentive program that rewards sales personnel for returning customers, your Marketing department may be launching an aggressive marketing push to gain new business. Which should the sales staff prioritize: retaining existing clients or gaining new ones? Every initiative, regardless of its level of organization or functional focus, has to be connected to the company's overarching strategic objectives. This analysis is made via the viewpoint of the Balanced Scorecard. After creating your scorecard, you should go over every project your company is working on to determine which is really essential to achieving your strategy's goals and which are just wasting expensive and limited resources. Saving resources is obviously advantageous, but much more so, you convey to all members of the company the essential elements of success and the actions you are doing to get them. In chapter nine, this subject is covered in more detail, along with recommendations on how to connect your budgets and strategies.

The Management Barrier is overcome by Strategic Learning

Making strategic decisions in the quickly changing corporate environment that most of us work in requires more than just comparing real and budgetary deviations. Regretfully, a lot of management teams squander their valuable time debating differences and figuring out how to fix these "defects." The components we need to transition from this paradigm to a new one, where Scorecard findings serve as a springboard for evaluating, challenging, and understanding our approach, are provided by the Balanced Scorecard. Our vision and strategy are translated into a coherent set of measurements in four balanced perspectives via the Balanced Scorecard. We need to take into account more information than just financial statistics right now. When taken as a cohesive whole, the outcomes of our Scorecard performance measures represent the articulation of our strategy up to that point and serve as the foundation for considering whether or not our results are moving us closer to achieving that plan. Any strategy we use is a hypothesis or our best estimate of how to succeed, as can be shown in the next. The metrics on our Scorecard must work together to explain or tell the narrative of that approach in order for them to be considered significant. For example, we must use the metrics on our Scorecard to verify the premise that investing in staff training would result in quicker cycles for product development. If our goal is met by increasing employee training, but product development has actually slowed, then maybe that assumption is false and our attention should be directed at enhancing employee access to critical information. Even although it may take some time to collect enough information to evaluate these relationships, having managers start to doubt the strategy's basic assumptions is a huge improvement over having them base their judgments just on financial statistics [7], [8].

DISCUSSION

The application of the Balanced Scorecard as a system for pure measurement and its development into a strategic management system have been covered in the previous sections. The potential of the Scorecard to communicate—that is, to translate the strategy and convey its narrative to every employee—was a topic of much dispute. Thus, why is it vital to go into detail about why the Balanced Scorecard ought to be regarded as a communication tool? Only because it is the most fundamental and valuable feature of the system as a whole. With the help of the exact and definite performance metrics you have selected, a well-designed Scorecard vividly illustrates your approach and brings the hazy and imprecise world of ideas and plans to life. Organizational knowledge management techniques have been extensively covered in recent years, and there are several schools of thought on the subject. All of these solutions could have the goal of bringing your workforce's latent knowledge to light and making it available for debate and education. The employee who owns the means of production—knowledge—differs from his organizational descendants who were dependent on the company's physical assets. This is the period of the knowledge worker. Codifying such information and taking appropriate action with it could be the biggest problem your business faces today. As a matter of fact, one of the major management challenges of the twenty-first century, according to Peter Drucker, is effectively managing the productivity of knowledge workers. Employees can discuss the underlying assumptions of the strategy, draw lessons from any unexpected outcomes, and engage in necessary dialogue about future modifications when Scorecard results are shared throughout the organization. When staff members comprehend the company's plans, they may discover for the first time where the organization is going and how they might contribute to its progress. This can reveal numerous latent organizational capabilities. Employee surveys were carried out by one of the organizations I worked with both before and after the Balanced Scorecard was developed. Less than half of respondents claimed to be aware of and understand the approach prior to its execution. That percentage shot up to 87% a year after the complete adoption of the Balanced Scorecard! The Balanced Scorecard is the ideal instrument to act as your open book if you think that your staff should get information in an open and transparent manner, a practice known as "open book management [9], [10].

The Value of Causation and Effect

You could be thinking to yourself, "We have lots of nonfinancial information: customer satisfaction, quality statistics, and employee morale data," if this book is your first exposure to the Balanced Scorecard idea. Not so fast! I suppose we're well on our way to the Balanced Scorecard. The idea of cause and effect is what really sets the Balanced Scorecard apart from other performance management programs.

The authors' hypothesis is just the greatest plan ever devised. Given their understanding of the environment, competitive situations, and other relevant factors, it is their best estimate of the optimal course of action. A way to record and verify the strategy's underlying assumptions is required. That is exactly what the Balanced Scorecard enables us to achieve. Your approach should be outlined in a well-designed Balanced Scorecard using the goals and metrics you have selected. From the performance drivers in the Learning and Growth view to enhanced financial success as shown in the financial perspective, these measurements need to be connected in a series of cause-and-effect interactions. In order to enable monitoring, management, and validation of the measurements, we are trying to explicitly state the linkages between the measurements as we record our approach via measurement. An example of cause and effect may be found in this: Let's imagine your company wants to implement a growth plan. As a result, you decide to use the Scorecard's financial view to gauge revenue growth. You assess customer loyalty from the customer's point of view because you believe that repeat business from devoted consumers will lead to higher revenues. How are you going to get higher levels of client loyalty? Now is the time to ask yourself what internal procedures the company needs to do exceptionally well in order to foster client loyalty and eventually boost sales. You decide to assess new product development cycle durations from the Internal Process viewpoint because you think that your capacity to consistently innovate and provide new products to the market drives consumer loyalty. The last step is to decide how to shorten cycle times. Employee training on new development projects is assessed under the Balanced Scorecard's Learning and Growth viewpoint, and it may ultimately reduce the development cycle time. Cycle times will decrease if we enhance training, according to the "if-then" statements that connect the measurements across the Balanced Scorecard. Loyalty will increase if cycle times decrease. Revenue will rise in the event that customer loyalty rises. When analyzing the relationship between measurements, we want to make an effort to record the occurrence and magnitude of the correlations. For instance, if we concentrate on reducing the time it takes to create new products, should we anticipate that customer loyalty would double in the first year? Because our measure design explicitly states the assumptions behind it, the Balanced Scorecard is a very powerful instrument for strategic learning [11], [12].

Establishing causal relationships among performance metrics may be the most difficult part of implementing a balanced scorecard. But, as is usually the case, the effort will ultimately pay off since you will have more than a hastily assembled set of financial and nonfinancial metrics. As an alternative, you will have created a system that clarifies your approach, helps to inform every employee about it, and permits continuous strategic learning as you test and validate your model. We'll talk about this crucial subject again in six.

The balanced scorecard has balance

You may encounter some pushback to the phrase "Balanced Scorecard" when you implement the system in your company. No matter how effective the tool is, some people could think the Balanced Scorecard is just the newest management fad making its way through executive suites throughout the country, and the mere mention of such a phrase would make it impossible for staff members to embrace it. Depending on the outcome of earlier change projects inside your firm, this might be a valid issue. Some people could call the tool a scoreboard, performance management system, or any other combination of terms. When discussing this instrument, it's critical to use the phrase "balanced scorecard" consistently. This system's core idea is balance, which has three particular applications:

Strike a balance between performance metrics that are monetary and non-monetary. By combining financial performance metrics with factors that influence future performance, the Balanced Scorecard was first designed to address the shortcomings of a dependence on such metrics. This still forms the foundation of the system. equilibrium between the organization's external and internal stakeholders. Employees and internal processes are representative of internal constituents in the Balanced Scorecard, whereas shareholders and consumers represent external components. In order to execute strategy successfully, it is important to balance the often conflicting requirements of all these groups, as recognized by the Balanced Scorecard. Strive for a balance between lead and lag performance indicators. Generally speaking, lag indicators show historical performance. Examples that are typical might be income or customer pleasure. These measurements often have little predictive value, despite the fact that they are typically quite accessible and objective. The performance indicators known as lead indicators are what propel the attainment of the lag indicators. The measurement of activities and processes is often one of them. A leading signal for the lagging customer satisfaction metric may be on-time delivery. Although these measurements are often assumed to be predictive in nature, it is possible that the correlations are arbitrary and the data is difficult to collect. Lead and lag indicators should both be included in a scorecard. Without leading measures, lag indicators are unable to convey the strategy for achieving goals. On the other hand, although leading indicators without lag measures could show gains in the near term, they cannot indicate whether or not these changes have benefited customer and shareholder outcomes in the long run.

The Balanced Scorecard: A Sustainable Management Instrument

Roadmap for Two: At this moment, you could be holding this book and debating whether or not to spend the purchase price and, more significantly, your precious time into the idea of the balanced scorecard. You convince yourself that the Scorecard is nothing new; it's been around for a while, and maybe its time has come. Might it follow in the footsteps of previous management cure-alls? Nevertheless, I'm delighted you're reading this because those are worthwhile questions, and I'd like the chance to respond to them on your behalf. This will examine a number of topics that support the Balanced Scorecard methodology's long-term worth and, in fact, its ongoing expansion. To win support for the Scorecard program, you may also present the results to important sponsors within your company.

Value in most firms increasingly rests on the extraction, manipulation, and creative use of information possessed by individuals rather than on smoothly operating physical assets. The first section of the looks at human capital and how it affects measurement systems. It will demonstrate how well-suited the Balanced Scorecard is to help us gauge the important intangible assets that make up our companies. Many public and nonprofit organizations have successfully adopted the Balanced Scorecard, despite its initial design being for the for-profit sector.

In this article, we'll explore the idea that the Balanced Scorecard may really provide management of these companies more chances to gauge the key performance indicators for accomplishing their goals. Regardless of your employment status public, nonprofit, or private you will discover that the debate over the new Balanced

Applications for scorecards are useful and engaging.

Following the Balanced Scorecard's widespread adoption as a crucial management tool in the 1990s, many adopting firms started looking for ways to utilize the tool as the cornerstone of their management systems and publicly convey Scorecard results to all workers. For such duties, the low-tech solutions available at the time were totally unprepared. Thankfully, the software sector has responded to the need by creating a multitude of outstanding solutions that enable businesses to fully use the advantages of the Balanced Scorecard method. This article examines these goods' evolution and makes the case that they could be essential to the concept's further development. A succinct but crucial review of the outcomes businesses have attained using the Balanced Scorecard approach closes this off. The main driver of the concept's ongoing expansion will be the notable and steady outcomes attained by Scorecard organizations.

The increasing importance of human capital

One spoke about some of the restrictions that financial measures may have. In light of these constraints and the increasing importance of human capital, nonfinancial performance measures are receiving more and more attention from the business and investment communities. Nowadays, business executives are starting to doubt their near-total dependence on financial statistics and are starting to examine the operational factors that will determine future financial performance, such as organizational learning, ongoing innovation, and customer pleasure and loyalty. From the perspective of investors, Wall Street has shown that nonfinancial data is increasingly important in determining value. According to a 1999 Ernst & Young research, nonfinancial performance matters "even for large cap, mature companies."2 An average of the study's results indicates that nonfinancial parameters account for 35 percent of an investor's choice. Additionally, the researchers discovered that analysts' profit projections are more accurate the more nonfinancial metrics they use. However, what exactly is human capital and why does it matter for the Balanced Scorecard's future?

An alternative metaphor that pervaded businesses prior to concepts like human capital, intellectual capital, and intangible assets was the employee as asset. There were many declarations in annual reports, press releases, and business literature praising the high priority that corporations put on their human resources. This metaphor marked a significant advance over the "employee as a cost object" concept that was at the core of the downsizing movement of the early 1990s, since it recognized the value that people provide to the company. However, take into consideration the definition of an asset that we learned in our accounting classes: an item that the company owns or controls that has a monetary worth and generates future value. Are we workers really that much of a fit? Gradually, another school of thinking has emerged that views the employee more as an investment in human capital than as an entity under the organization's authority. This new paradigm is articulately described by Thomas Davenport, who says, "People have innate behaviors, abilities, personal energy, and time." These components comprise human capital, which is the money that employees contribute to their work. Workers own this human capital, not organizations. And choose where, how, and when to make their contribution. These investors would be referred to by Peter Drucker as knowledge workers, and he would argue that the generation of value in the new economy rests with them. For the first time in the history of the business, the employees, not the company, control the means of production the skills and information they possess—and they choose when and where to use them.

CONCLUSION

Organizations have found that the balanced scorecard is a revolutionary communication tool that promotes responsibility, openness, and alignment at all levels. It makes strategic goals and performance expectations easier to communicate within the firm by combining financial and non-financial measures into a standardized framework. Stakeholders may better coordinate their efforts by gaining a thorough grasp of business objectives and priorities via the balanced scorecard. This mutual understanding across departments and teams promotes cooperation and synergy, advancing group development toward shared goals.

In addition, the balanced scorecard facilitates continuous learning and feedback, which helps firms adjust and improve their plans in response to shifting conditions. Establishing a culture of innovation and constant development enables businesses to be flexible and adaptable in fast-paced commercial settings.

REFERENCES:

[1] S. Shahid and S. Thomas, "Situation, Background, Assessment, Recommendation (SBAR) Communication Tool for Handoff in Health Care – A Narrative Review," *Saf. Heal.*, 2018.

[2] A. Omar Bali, "Communication Tools to Fight Bureaucratic Corruption in Iraqi Kurdistan: A Case Study," *SAGE Open*, 2018.

[3] M. M. Witt and K. A. Jankowska, "Breaking bad news in genetic counseling—problems and communication tools," *J. Appl. Genet.*, 2018.

[4] S. Lockhart, A. F. Dempsey, J. Pyrzanowski, S. T. O'Leary, and J. G. Barnard, "Provider and Parent Perspectives on Enhanced Communication Tools for Human Papillomavirus Vaccine–Hesitant Parents," *Acad. Pediatr.*, 2018.

[5] Z. Sun, C. H. Lin, M. Wu, J. Zhou, and L. Luo, "A tale of two communication tools: Discussion-forum and mobile instant-messaging apps in collaborative learning," *Br. J. Educ. Technol.*, 2018.

[6] A. Holm and P. Dreyer, "Use of Communication Tools for Mechanically Ventilated Patients in the Intensive Care Unit," *CIN - Comput. Informatics Nurs.*, 2018.

[7] C. C. De Jong, W. J. G. Ros, M. Van Leeuwen, L. Witkamp, and G. Schrijvers, "Professionals' Use of a Multidisciplinary Communication Tool for Patients with Dementia in Primary Care," *CIN - Comput. Informatics Nurs.*, 2018.

[8] V. D. Herawati, D. Nurmalia, T. Hartiti, and L. Dwiantoro, "The effectiveness of coaching using SBAR (Situation, background, assessment, recommendation) communication tool on nursing shift handovers," *Belitung Nurs. J.*, 2018.

[9] J. Buelow, W. Miller, and J. Fishman, “Development of an Epilepsy Nursing Communication Tool: Improving the Quality of Interactions between Nurses and Patients with Seizures,” *J. Neurosci. Nurs.*, 2018.

[10] K. Ng, “Implementation of new communication tools to an online chemistry course,” *J. Educ. Online*, 2018.

[11] A. Tuhkala and T. Kärkkäinen, “Using Slack for computer-mediated communication to support higher education students’ peer interactions during Master’s thesis seminar,” *Educ. Inf. Technol.*, 2018.

[12] A. M. Navar *et al.*, “Influence of Cardiovascular Risk Communication Tools and Presentation Formats on Patient Perceptions and Preferences,” *JAMA Cardiol.*, 2018.

CHAPTER 3

BALANCED SCORECARD TO MEASURE VALUE IN THE NEW ECONOMY

Dr. Satyajeet Nanda, Associate Professor
Department of OB & HR, Faculty of Management Studies, CMS Business School
Jain (Deemed to be University), Bangalore, Karnataka, India
Email Id- dr.satyajeetnanda@cms.ac.in

ABSTRACT:

As the global economy continues to evolve, traditional methods of measuring organizational performance are becoming increasingly inadequate. This abstract explores the relevance and efficacy of the balanced scorecard in measuring value creation in the context of the new economy, characterized by rapid technological advancements, changing consumer preferences, and a shifting competitive landscape. The balanced scorecard offers a holistic approach to performance measurement by integrating financial and non-financial metrics aligned with strategic objectives. In the new economy, where intangible assets such as intellectual capital, customer relationships, and innovation play a crucial role in driving value, traditional financial metrics alone fail to provide a comprehensive picture of organizational performance. This abstract highlights how the balanced scorecard enables organizations to capture and assess the value created through various dimensions, including customer satisfaction, internal processes, learning and growth, and financial performance. By incorporating non-financial indicators alongside traditional financial metrics, it provides a more accurate reflection of organizational value creation in the new economy.

KEYWORDS:

Customer Experience, Digital Transformation, Innovation, Intangible Assets, Knowledge Management, Market Disruption, Resilience.

INTRODUCTION

An excellent illustration of generating value from intangible rather than tangible assets is provided by consulting firms. Instead of primarily depending on tangible assets, consultants provide value for customers by using their connections to subject matter experts throughout the company and their prior client experiences to generate creative solutions. Recently, I was dealing with a customer who was having trouble importing data into their new performance assessment program. The software's automatic data interfaces were not seen to be a feasible alternative since they would have required a large investment of time and money to develop. The manual data input option was also rejected since it would require a lot of time and provide no benefit to system administrators. Our group was entrusted with coming up with a creative but economical fix. A group of specialists covering a range of topics was assembled, including desktop software, client data sources, the Balanced Scorecard methodology, and the Scorecard software program. The newly established team came up with a number of ideas for strategies that would meet the requirements of low human data input effort and cost effectiveness. Ultimately, we concluded that creating a new data input tool inside a spreadsheet program was the best course of action.

The system administrator would automatically upload the data into the program when data owners entered their personal information in the spreadsheet and sent it to them. Only the measurements for which each owner was accountable were included in the specially created spreadsheets. This method made sure that the two requirements were met. System administrators would no longer need to manually enter data because of the new system, which would be very inexpensive to build and deploy. This creative answer to a client's demands was the result of the deft integration of the diverse expertise possessed by the team members, not the tangible resources [1], [2].

Organizations all around the world are experiencing the scenario outlined above as we move from a physical asset-based economy to one that is almost entirely reliant on intellectual assets. This shift is supported by studies from the Brookings Institute as well as being obvious to everyone working in the corporate sector today. The value of tangible assets changes to intangible assets. The rate of change has not slowed since this study was finished. Margaret Blair of the Brookings Institute suggests that the value of tangible assets has continued to decline in an interview with National Public Radio's Morning Edition. To put it another way, companies' internal sources of value account for around 75% of what they do not measure or report on their books. Should you work in the public sector, you could have seen that Ms. Blair refers to companies in the aforementioned quotation. But the impact on your organizations is just as great as it is on your corporate peers. Washington is aware of the problems that this transition represents. In testimony to the US Senate in February 2001, US Comptroller General David M. Walker said that "human capital management is a pervasive challenge in the federal government." Human capital shortages have caused major issues and concerns at several organizations. The announcement of the creation of the New Economy Value Research Lab by the consulting firm Arthur Andersen and the MIT Sloan School of Management serves as yet another illustration of the significance of intangible assets. Wall Street is finding intangible assets more and more important in the new economy. The think tank will research these assets and provide quantitative values of them. "Even the Coca-Colas and Disneys of the world actually generate most of their value from assets that don't appear on their Balance Sheets," states Lab co-chair Richard Boulton [3], [4].

The shift in the generation of value from tangible to intangible assets has significant effects on measuring methods. In a society when tangible assets predominated, the financial metrics that define our Balance Sheet and Income Statement techniques of tabulation were ideal. An organization's general ledger may be used to record and represent transactions pertaining to property, plant, and equipment. Nonetheless, the modern economy expects more from our performance measuring systems due to its emphasis on intangible value-creating processes. The modern system has to be able to recognize, characterize, track, and provide input on the intangible resources that propel an organization's performance [5], [6].

DISCUSSION

Purely physical assets provide a totally different kind of value than intangibles do. The creators of the balanced scorecard, Kaplan and Norton, have proposed a variety of ways to distinguish the two: Intangible assets could not directly affect financial outcomes. It's possible that investing in intangible assets won't automatically increase financial performance. Consider investing in staff training in customer service. Directly evaluating the effect of such training on the operational outcomes of the company would be very challenging. It is more probable that spending money on customer service training will have an effect on the level of service provided to clients, which will increase client loyalty and eventually provide financial returns. Financial performance may be impacted in a second- or third-order manner by an investment in the intangible asset of enhanced personnel capabilities. Intangibles have mostly potential worth; it has to be changed. In the industrial economy, calculating the return on a new equipment investment was simple. Maybe a new asset adds twenty percent to the company's manufacturing capability, increasing order fulfillment and profitability. The situation with intangible assets is more difficult. The raw yet potent forces that technology, employee talents, and empowering cultures represent need to be converted into real opportunities to create value.

Interdependence is necessary for the success of intangible assets. Investments in intangibles made separately cannot add much value to the company. To maximize each asset's unique qualities, these resources must be combined instead. To maximize the benefits from each, a company's leadership style, culture, networks, organization, talents, and technology should all be woven together. A recurring trend shows up when we examine the attributes of intangible assets listed above. These resources need to be changed and connected in order to really provide value, which will result in a compelling and coherent explanation of your approach. How can we best accomplish this goal? The previous section discussed the significance of cause and effect as what may be a Balanced Scorecard system's most crucial component. We are able to provide a hypothesis on how the transformation of intangibles might result in the fulfillment of our strategy and better financial outcomes because of the connections between performance indicators in a balanced scorecard. The process of developing a scorecard compels us to assess our approach objectively and explain how investing in staff skill development will impact customer concerns, company procedures, and financial success in the end. The importance of translating strategy into the essential value-creating components that will enable its execution cannot be overstated in any other performance measuring methodology [7], [8].

There is a growing trend in characterizing the value of intangible assets using the Balanced Scorecard technique. Probably the most well-known example is that of Skandia, a Swedish organization. Starting in 1994, the Business Navigator was included as a supplement to their annual report. The Navigator has a strong resemblance to the Balanced Scorecard; however, it employs five perspectives instead of the conventional four: financial, customer, process, human, and development and renewal. The Navigator, created by Leif Edvinsson, a former director of Skandia Intellectual Capital, blends the Balanced Scorecard technique with the academic Konrad theory. We'll talk more about measuring human capital in Five, when we look at the Balanced Scorecard's Employee Learning and Growth perspective's metrics.

The balanced scorecard is continuing to expand due to new uses

Upon its introduction in 1992, the Balanced Scorecard marked a significant shift from the prevalent measuring methods of that era. It was a revolutionary notion to explain an organization's strategy using a measuring hierarchy and to augment financial indicators with the drivers of future financial performance. The first organizations to adopt this novel concept were for-profit businesses looking to carry out their plans and, in the end, maximize shareholder value. For this group, the Balanced Scorecard was the perfect tool. Profit-seeking firms were able to efficiently track the implementation of their plans thanks to the Balanced Scorecards' integrated set of performance metrics.

As the idea of the Balanced Scorecard became more well-known and widely accepted, experts and professionals started to discuss whether it could be applied to other types of organizations. There was undoubtedly a need. According to research conducted by Harvard University's Social Enterprise Program, performance assessment is routinely ranked as one of the top three management priorities by nonprofit leaders and board members. New methods were also needed in the public sector. The Government Performance and Results Act, passed in 1993, required all federal agencies to begin monitoring their performance. The Governmental Accounting Standards Board may soon enforce performance measurements at the state and municipal levels. Does this mean these organizations are covered by the Balanced Scorecard? The creators of the Scorecard, Kaplan and Norton, feel that it does: "Although the Balanced Scorecard has primarily focused on the for-profit sector, there is a greater opportunity for the Scorecard to improve the management of governmental and not-for-profit enterprises."10 This is probably because public-sector and not-for-profit organizations are genuinely mission-driven and ought to be evaluated based on how well and efficiently they fulfill the needs of their constituents. Before the Balanced Scorecard was introduced, many of these institutions had purpose and strategy statements, but few had performance evaluation methods to indicate how well the approach was working.

But putting the Balanced Scorecard into practice in public and nonprofit sectors is not without its difficulties. Basic matters like terminology might be biased in favor of a profit-driven model. Consider the term "customer," for instance. Who is a government agency's client? Who is a not-for-profit organization serving? Even though this is a challenging endeavor, in the end, critically examining terms like "customer" and "target" helps these firms determine precisely who they are trying to serve and what crucial performance drivers they must excel at in order to do this.

Notwithstanding the difficulties, an increasing number of governmental and nonprofit institutions are using the Balanced Scorecard and seeing notable improvements. They have discovered a way to quantify their tactics and assess how well they are accomplishing their goals by reorganizing the Balanced Scorecard's design. Charlotte, North Carolina, is perhaps the most well-known example of a government using the Balanced Scorecard.

The city converts five important strategic themes into performance metrics for each of the four Scorecard viewpoints by using the Balanced Scorecard approach. Furthermore, the Balanced Scorecard has been integrated with the budgeting process and cascaded down through the organization at the business unit and personnel levels. Regarding Charlotte's initiatives, Mayor Pat McCrory said, "I have been able to convey a strategic vision for the city to my voters, the residents, and potential companies who are considering coming here because to the Balanced Scorecard. In chapter thirteen, the application of the Balanced Scorecard in the public and not-for-profit sectors will be examined in more detail. Specific challenges will be examined, along with tips for creating your own Balanced Scorecard and an examination of other successful cases. This approach assists the city manager in concentrating their efforts on issues that will have the greatest impact on the city.

The development of robust balanced scorecard programs

The award-winning Scorecard implementation was deemed a great success. In reality, this book uses several instances of Nova Scotia Power. Early in the implementation process, team members were included in conversations about the reporting of this new and potent strategic information to the executive team. Regretfully, we didn't have many choices. A few companies were providing software solutions, but they were inexperienced and untested. Due to the restricted selection of pre-made Balanced Scorecard software solutions, we really thought about creating our own tool in collaboration with an IT consulting company. In the end, we decided to distribute the findings across the workplace via the intranet and print reporting.

The aforementioned scenario reflected the difficulties early Scorecard adopting organizations had in figuring out how best to provide this new abundance of strategically packed information to workers at all level of the company. One spoke on how effective the Balanced Scorecard is as a tool for communication. It is quite challenging to share knowledge using low-tech methods across a whole corporation.

The manipulation of data delivered to the appropriate people at the right time in the right environment leads to knowledge sharing and better decision making. Although one level of the business may get Scorecard findings via paper reports on spreadsheets, new, powerful reporting systems were needed in order to fully realize the potential of the Balanced Scorecard technique. The continued growth of the Balanced Scorecard system may have been jeopardized by the absence of strong reporting tools, since firms found it difficult to locate software solutions that could keep up with the advancements achieved in implementing this new approach. Thankfully, the software industry has responded to our request by offering a wide range of solutions suitable for any Balanced Scorecard deployment. The capability of these items continues to grow with each new generation of releases. These tools, which are dazzlingly colorful and have incredible visuals, do more than just execute the fairly mundane function of reporting results. They also provide mechanisms for mapping strategies, showing intricate cause-and-effect relationships, and carrying out intricate "what if" scenario planning.

An increasing number of businesses will turn to software suppliers for the resources they need to optimize the effectiveness of their initiatives as long as they are dependent on the Balanced Scorecard as a means of translating their strategic goals into action. Almost 50% of participants in a recent survey by the Balanced Scorecard Collaborative indicated that they plan to use commercially available applications to report their results.12 In addition to the many functional advantages of using a software solution for the Balanced Scorecard, people seem to react well when their goals and metrics are displayed on a computer screen in front of them.

My view, which may not be entirely scientific, stems from my experience dealing with customers of all sizes and sectors. Actually, this phenomena already exists prior to the creation of the Scorecard. We devote a lot of time to educating people about the fundamental ideas of the Balanced Scorecard as part of every endeavor to adopt the Scorecard.

Having delivered hundreds of these presentations, I have had enough of chances to focus my offers on the ideas that are really vital for people to understand. Every group, no matter how hard I try, will eventually receive my passionate lessons with glazed expressions and heavy heads. "There's no way that could be me, is there?I ruminate to myself. However, the room comes to life when I show them a mock-up of how their organization's measurements may appear in a for-profit software program! As soon as the group realizes this technology has the ability to help spread their message, questions start to arise and a feeling of excitement grows.

The development of the Balanced Scorecard approach and the accompanying power of technology to allow and amplify those advances will continue to carry the whole field of performance management ahead to new and thrilling heights, as is the case with many ideas in our modern world. Eleven will investigate this subject further and assist you in identifying the reporting needs that are appropriate for your company. Nobody wants to expend mental and physical energy on a notion that will eventually fade. This was developed with such goal in mind and provides many arguments for the continued use of the Balanced Scorecard.

It is imperative that I provide you with my proof so that you may assess the tool's future potential with knowledge. It is hoped that the talks on software tools, public and nonprofit balanced scorecards, and human capital were interesting and useful to you while making your choice. But if I had simply told you that the Balanced Scorecard, plain and simple, produces outcomes, I could have definitely made the much shorter!

Thousands of businesses of various shapes and sizes, located all around the world, have adopted the Balanced Scorecard since its launch in 1992. While some individuals are inherently drawn to fresh ideas and concepts regardless of their practicality, the majority won't get on board until the idea has been validated and shown to be successful. It's what the Balanced Scorecard has accomplished. Part of the first is used by writers Kaplan and Norton to characterize a number of successful Balanced Scorecard companies in their most recent book, The Strategy Focused Organization. Among them are well-known businesses like Chase, CIGNA, and Mobil. They also talk about a hospital, a university, and a citrus farmer in Florida, among other places, demonstrating that the Scorecard is applicable to smaller businesses and other industries. Scanning most business journals will provide more proof of the Balanced

Scorecard's adoption and effectiveness. These articles often mention the system and the businesses that are making excellent use of it. Should you need any empirical proof that performance management is effective?

Methodical Creation of the Balanced Scorecard

This project has many components that need to be taken into account before any metrics are discussed. This will need a close examination of every component that makes up a successful Balanced Scorecard project. We will specifically cover the following topics: creating goals for your Balanced Scorecard project, figuring out where to start, the value of executive sponsorship and how to get it, assembling a strong team to complete the task at hand, creating a development plan for the Scorecard, and, lastly, communication strategies for the Balanced Scorecard project. We'll teach you strategies for success and important traps to avoid so that your project gets off to a fantastic start [9], [10].

Start with the larger boulders and establish specific goals

I like to read Steven Covey's writings. His words have greatly influenced both my own purpose and my consultancy profession. Covey and his coauthors explain the idea of placing the large rocks in order of importance in their book First Things First. This is a way to figure out what your top priorities are in life and make sure you take care of them before moving on to more urgent matters.1 That's exactly what you have to do when you start implementing your balanced scorecard—start with the major stuff. Think of this as your target for the Net Promoter Index. The document that explains your organization's reasoning for creating a balanced scorecard is perhaps the largest stone. Did you establish a scorecard for the following reasons: you seen it used in other family-owned businesses, read about the idea, and thought it made sense to balance non-financial and financial measurement? While this is undoubtedly the case, it is insufficient justification for using a balanced scorecard on its own.

Even the best-designed Balanced Scorecard won't magically change your company all by itself. The Scorecard has to be ingrained in your management processes in order for meaningful change to happen. It should serve as the main resource for management analysis, support, and decision-making. To guarantee that the Scorecard evolves from a measuring tool to a management system, you must clearly identify your goals before starting the journey.

The Scorecard cannot be seen as a one-time "now we have a balanced scorecard" even if it is to be successful. Establishing your goals for creating the Balanced Scorecard will be crucial to ensuring that the tool continues to advance inside your company.

On the other hand, your Scorecard program's efficacy can eventually be limited if it has a defined goal. For example, in times of extreme disaster, when an instant turnaround is required to survive, some firms may resort to the Balanced Scorecard. When the company is no longer under imminent danger, a few critical goals and metrics on the Scorecard could give it a laser-like concentration during that conflict, but how will the Scorecard fare after that?

When the project's justification is clear, broadly accepted, and articulated, you have a useful instrument for extending the scope of the Balanced Scorecard. The creation of measures inside a Balanced Scorecard framework will be seen by management and staff alike as the first of many stops on the route to a new and effective management system for the company. The agreement reached on a broad aim for the Balanced Scorecard substantially aids in concentrating your communication efforts and educating all staff members about the implementation's objectives. The main point of your guiding aim may act as a rallying cry to refocus and revitalize your team's efforts during the inevi times when your Scorecard implementation struggles to keep momentum. Lastly, having specific goals will be a huge help when it comes to directing future efforts to integrate your Balanced Scorecard with management procedures like pay, management reporting, and budgeting [11], [12].

The Balanced Scorecard is straightforward but not too basic, according to scorecard designers Kaplan and Norton. This is the first of many instances in which we will refer to it while creating your balanced scorecard. While the idea behind balancing financial and non-financial measurements to drive strategy is pretty simple, carrying out those responsibilities will need many challenging discussions on a broad range of themes. We recently looked at the goals for creating a Balanced Scorecard, and we described one such problem. This will cover another crucial topic that needs careful thought: selecting the right unit to create your first Balanced Scorecard.

You can have a lot of options to choose from, depending on how big your company is. If you collaborate with a big company, you may decide to start your Scorecard at the top by creating a corporate set of high-level metrics. It might also be feasible to start at the business unit or even shared service unit level. Even though they may have fewer options, smaller businesses nevertheless need to choose wisely to guarantee the Balanced Scorecard program's success. Starting at the top is often seen as the most logical decision by many businesses, and this is often the case. A Corporate Balanced Scorecard gives the whole business a way to communicate strategic goals and metrics. The organization's many components may come together to work toward the shared objective of putting the plan into action thanks to the focus and attention that these high-level measurements provide. All organizational members may then show how their daily activities support long-term objectives by using the measures on the Corporate Scorecard as the foundation for cascaded Scorecards at all organizational levels. This creates a sequence of linked measurement systems.

Selection Criteria for the Correct Organizational Unit

Prior to concluding that the highest level Balanced Scorecard is the optimal option for you, we have to take into account many factors while making this crucial choice. The choice of an acceptable organizational unit for your first Balanced Scorecard is influenced by a number of factors. Methodology. When choosing a unit, the most crucial factor to evaluate is whether or not it has a well-thought-out plan. Ultimately, the Balanced Scorecard is a system created to help you translate your plan into goals and metrics so you can assess how well you're doing at implementing your plan. You risk having an ad hoc collection of financial and nonfinancial metrics that don't relate to one another to tell the tale of your plan if you don't have a strategic interest in the matter. It is going to be difficult to ascertain whether the intended impacts on other key indicators are being produced by improvements in one area of the Scorecard without this connection of cause-and-effect linkages outlined to illustrate your plan. As a matter of fact, pursuing a number of contradictory activities without a defined plan may have negative repercussions. However, this does not mean that you cannot create a balanced scorecard in the absence of a well-defined plan. It does imply that you will create a new kind of scorecard, maybe with an emphasis on important stakeholders or key performance indicators. In Four, the significance of strategy to the Balanced Scorecard is discussed in more detail sponsorship. This following section will examine in detail the critical role that executive sponsorship plays in your Balanced Scorecard effort. For the sake of this conversation, let's just state that your efforts will be severely jeopardized if your boss does not support the principles and objectives of the Balanced Scorecard and does not think highly of the instrument. The program needs an executive sponsor who will lead by example, both verbally and physically.

A balanced scorecard is necessary. As was said in the first of them, the Balanced Scorecard program requires defined goals. Does the unit you're contemplating have a broad aim or target for its execution, based on that review? Does their performance measuring system clearly need to be updated? Vitale and Mavrinac provided a great 1995 essay outlining seven indicators that may indicate the need for a new system.

Backing from important supervisors and managers. Without a doubt, the success of a Balanced Scorecard implementation depends on executive backing. But while though executives could utilize Scorecard data to influence strategic choices, we also rely a lot on managers and first-line supervisors to use the tool in their daily work. Real performance breakthroughs may result from the alignment and concentration that the Scorecard brings to every level of the company via a cascading process. This is made possible by managers and supervisors' comprehension, acceptance, support, and use of the balanced performance approach, which is accep on all dimensions except profit. Improvements in some areas have been attained via a focus on quality and other metrics, but profits have not increased. Even with comparable pricing, customers won't purchase: Your performance may be inferior to that of your rivals. When performance measurement reports are not generated, nobody notices since the data in the reports is no longer useful to decision makers. Managers argue about the meaning of the measurements for a long time: the measures should be directly related to the strategic goals.

A scorecard But not every member of these organizations will be willing to engage in this way. Although it is uncommon for managers and supervisors to publicly criticize new initiatives from upper management, they frequently keep quiet or show only a moderate amount of enthusiasm, which employees quickly interpret as a dubious demonstration of support for the program.3 When selecting your organizational unit for the Balanced Scorecard, honestly assess the managers and supervisors you will be depending on to participate and provide support Organizational range. The unit you choose need to do a number of operations within an organization's normal value chain. Put otherwise, they must to possess a well-defined approach, well-defined clientele, precise procedures, operations, and management. A Scorecard with specific, functionally focused metrics will be generated by choosing a unit with a tight emphasis.

Information. There are two components to this criteria. Firstly, does this unit support a measurement culture? Although all groups in a contemporary company need to depend on performance measurements, you may choose to start with a unit that already uses them. Secondly, can the unit provide data for the selected performance measures? Since some of the metrics on your Balanced Scorecard may be new and have unknown data sources, it could be challenging to evaluate this at first. The unit could be unwilling or unable to acquire the data you eventually need for your Balanced Scorecard, however, if they are having trouble getting data for the performance metrics they are now using Materials. This new management system cannot be constructed by you alone. The finest Balanced Scorecards come from a group of people who are all dedicated to achieving excellence as a shared objective. Make sure the unit you choose is prepared to provide enough resources for the implementation. People fiercely guard their time, and with good reason, if your experience is similar to many of mine.

CONCLUSION

The modern economy is characterized by fast technology progress and changing customer behavior. As such, conventional approaches of measure organizational performance are inadequate to fully capture the range of value generation. In order to handle this issue, the balanced scorecard shows to be a potent instrument. It provides a comprehensive strategy that combines financial and non-financial measures that are in line with strategic goals. The balanced scorecard helps businesses capture and evaluate value creation via a variety of aspects, including as customer happiness, internal processes, learning and development, and financial performance, as they negotiate the complexity of the modern economy. Non-financial indicators are added to standard metrics to create a more complete and accurate picture of the sustainability and performance of the company. The balanced scorecard also acts as a strategic management tool, enabling businesses to pinpoint areas for development, coordinate their efforts with long-term objectives, and promote excellence in performance. Its focus on evaluating value beyond financial results encourages a culture of creativity, flexibility, and agility qualities necessary for success in the quickly evolving corporate world.

REFERENCES:

[1] E. Portmann, "Rezension „Blockchain: Blueprint for a New Economy“," *HMD Prax. der Wirtschaftsinformatik*, 2018.

[2] G. Saint-Paul, "Bobos in paradise: Urban politics and the new economy," *Economics*, 2018.

[3] C. Duvivier, M. Polèse, and P. Apparicio, "The location of information technology-led new economy jobs in cities: office parks or cool neighbourhoods?," *Reg. Stud.*, 2018.

[4] D. Farrugia, "Youthfulness and immaterial labour in the new economy," *Sociol. Rev.*, 2018.

[5] K. Jurn, J. Lavallee, and L. King, "Environmental destruction in the new economy: Offshore finance and mangrove forest clearance in Grand Cayman," *Geoforum*, 2018.

[6] A. Cevallos-Aráuz, "Unexpected effects of the gentrification process.," *Bitacora Urbano Territ.*, 2018.

[7] O. Tkacheva, E. Popova, A. Sukhova, E. Grevtseva, and V. Karashchenko, "Reward for innovative activity of employees as a special item of financial accounting of a globally oriented company in the conditions of the new economy formation," *Espacios*, 2018.

[8] K. Boxall, J. Nyanjom, and J. Slaven, "Disability, hospitality and the new sharing economy," *Int. J. Contemp. Hosp. Manag.*, 2018.

[9] V. B. Venegas, "Consumer Inertia, the New Economy and EU Competition Law," *Mark. Compet. Law Rev.*, vol. 2, no. 1, pp. 47–53, Apr. 2018.

[10] World Bank Group, "Malaysia's Digital Economy: A New Driver of Development," *Glob. Knowl. Res. Hub Malaysia*, 2018.

[11] D. Reike, W. J. V. Vermeulen, and S. Witjes, "The circular economy: New or Refurbished as CE 3.0? — Exploring Controversies in the Conceptualization of the Circular Economy through a Focus on History and Resource Value Retention Options," *Resour. Conserv. Recycl.*, 2018.

[12] P. Dec and P. Masiukiewicz, "Sharing Economy – New Phenomenon," *Bus. Econ. Res.*, 2018.

CHAPTER 4

ANALYZING THE CRITICAL ELEMENT OF BALANCED SCORECARD PROGRAM

Dr. Neena P C, Associate Professor
Department of OB & HR, Faculty of Management Studies, CMS Business School
Jain (Deemed to be University), Bangalore, Karnataka, India
Email Id- dr.neenapc@cms.ac.in

ABSTRACT:
A Balanced Scorecard (BSC) program serves as a cornerstone for strategic management, providing organizations with a structured framework to translate their vision and strategy into actionable objectives and performance measures. This abstract examines the critical elements essential for the success of any Balanced Scorecard program, emphasizing their role in driving organizational alignment, performance improvement, and strategic execution. The abstract delves into the importance of strategic clarity and alignment as fundamental components of a BSC program. Clear articulation of organizational objectives, cascading down to individual performance measures, ensures that every employee understands their role in contributing to overall strategy execution. Additionally, the abstract discusses the significance of selecting the right performance metrics. A mix of financial and non-financial measures, encompassing various perspectives such as customer satisfaction, internal processes, learning and growth, and financial performance, provides a comprehensive view of organizational health and progress towards strategic goals.

KEYWORDS:

Alignment, Key Performance Indicators (KPIs), Objectives, Strategy, Sustainability, Transparency.

INTRODUCTION

In my capacity as a consultant and Scorecard user, I've had the chance to present at several performance management conferences and visit others. A number of the events addressed performance management across all sectors, with some concentrating on manufacturing enterprises, others on the public sector, and yet others on utilities. Attendees may expect speakers who will enthusiastically showcase their organizations' accomplishments in performance management, promoting their finest practices and imparting valuable insights gained along the process. The significance of executive sponsorship for their program is a recurring topic in all of the successful implementing organizations' presentations. Presenter after presenter will emphasize the crucial qualities of a senior executive who is prepared to dedicate their time and energy to this project. Senior management commitment, according to Kaplan and Norton, is essential for many reasons [1], [2].

The majority of middle managers are not well-versed in the organization's strategy. An continuous plan can only be articulated properly by the top management team. Decision-making authority. Trade-offs between different courses of action are a part of strategy. It's important to decide which possibilities to pursue and which to pass up. The ability to make decisions about strategic goals, such as customer value propositions and associated operational procedures, which are essential for the creation of any Balanced Scorecard, is not possessed by middle management. Dedication. Although understanding the corporate strategy is important, what really sets successful programs apart is the executives' emotional dedication to the Scorecard program. This is well summarized by Kaplan and Norton: The time spent in real meetings, when top executives discuss and debate with one another, is more crucial. These gatherings foster a deep emotional commitment to the management procedures that create a strategy-focused organization, the strategy, and the scorecard as a communication tool [3], [4].

Employees are more vigilant than ever about their leaders signaling what matters most in the company in the current economic climate, where some CEOs have attained icon-like status and rock star reputation. Employees will see this demonstration as a hint the project is probably not worth their time and effort if top management just offers flimsy and casual support for the Balanced Scorecard. Workers "observe what the manager observes and are aware of which projects are likely to require their focus." I am aware of one company that suffered due to a lack of top management support. Initially, the project team emphasized the need for an executive sponsor; nevertheless, in spite of this crucial warning, they proceeded with the project without any senior team member taking the lead in leading the execution. Since then, they have created Scorecards for every department inside the company and made significant investments in software. However, both managers and staff are increasingly reluctant to utilize the tool without top management providing direction on the program's ultimate goal. Even while the implementation could end up being a huge success, they would have already been declaring triumph if there had been strong executive backing from the beginning.

Getting Chief Executive Sponsorship

A successful Balanced Scorecard program requires top management support and leadership, as the paragraphs above demonstrate. It is very fortunate for many firms that the Balanced Scorecard project came about as a direct consequence of executive action. One such company is San Diego, California's Scripps Health. The development of Scripps' Balanced Scorecard may be traced back to a meeting in January 1998 between Dr. Henry Johnson, Vice President, Clinical Measurement and Outcomes, and Dr. Stan Pappelbaum, the newly appointed CEO. "Dr. Pappelbaum stated that we should implement the Balanced Scorecard, based on his readings about it." Regretfully, getting top leaders' support and buy-in is not always that simple. Top-level managers have many demands on their time and attention, just like everyone else. They swiftly weed out ideas that don't seem worth the precious resources they have to spare. Astute individuals use several strategies to get a senior manager's support for the Balanced Scorecard. Among the most persuasive techniques are:

The Balanced Scorecard is unlikely to be immediately appealing to your senior management team if they operate your company primarily via financial control systems. It is essential that you locate high-ranking executives that acknowledge the need and the requirement of equitable performance evaluation and administration. The Balanced Scorecard method will also be more acceptable to senior managers who have gone through a strategic planning process intended to assist them in defining their goals and concentrating their efforts. Make sure the senior manager you find meets this description the first person you see on your sponsorship tour [5], [6].

The main responsibility of senior executives is to achieve outcomes for the company. Make a strong case for this leadership principle by listing the many accomplishments of other businesses that have used a balanced scorecard strategy. There are many examples of successful Balanced Scorecard implementations in business literature and at international conferences. Other top executives' testimonials, such as this one, are also very persuasive. "As a framework for selecting the goals we are really going to pursue and as a means of communicating our direction to others, we have found the Balanced Scorecard idea to be quite helpful. Lastly, there's a strong probability that the approach will be used by at least one of your rivals, if not a different regional office inside your own company. Convince your bosses that you can use the Balanced Scorecard to get even greater outcomes by demonstrating its effectiveness. According to a Survey." Everyone wants to feel important, and by providing a few important data on other firms' implementations of the Balanced Scorecard, you may help your senior management feel very wanted. According to a Best Practices, LLC research, senior vice presidents and vice presidents engaged in the process 80% of the time, and the CEOs of half of the benchmark participants did as well. CEOs were the primary sponsors of the Balanced Scorecard, according to survey participants in a research done for the Balanced Scorecard Report. Thirty-one percent of the companies said that their CEO sponsored them.

Teach. Any cause or concept must first be acknowledged as meaningful or worthwhile before we can support it. Value and meaning are gained from a thorough comprehension of the topic. When accepting new change projects, senior managers adhere to the same frameworks. This implies that if you want the support of your executive team, you need to give them a well-designed and executed presentation on performance management and the Balanced Scorecard. Let’s talk about the possible course of this incident. You might think about giving your executive team some material on the Balanced Scorecard before the meeting. Your audience will benefit from having copies of books like this one or excellent articles on the topic to help them be ready for the presentation.

If at all feasible, have the actual session off-site. Reducing distractions to the absolute minimum will be advantageous to all parties. It may be devastating to your momentum to have an administrative assistant knock on the door and usher an involved executive out of the meeting at a critical juncture. If possible, think about having an outside consultant present the content or at the very least take part in it. There are many explanations for this. First of all, a skilled consultant would have used tried-and-true content and given presentations of this kind before. Sadly, second, external voices are often given more weight and seen as having greater legitimacy by CEOs than inside ones. This is a somber but accurate depiction of contemporary organizational life. Lastly, and maybe most crucially, the reason you are hosting this event is to get your executive team's support. An experienced consultant will have dealt with similar audiences on several occasions and will be ready to address any questions or concerns brought up by the audience. Well-reasoned and expressive answers here may eventually result in genuine assistance.

An event that lasts two to three hours and is organized as follows should be on the real agenda: 90 minutes on performance management and the Balanced Scorecard, and 30 minutes on your company and the reasons for the changes. Background material on the subject, a thorough analysis of the approach, case studies, and success stories should all be presented. During the last thirty to sixty minutes, respond to inquiries and ask for help with the installation. Last but not least, remember to feed them. I only half-joke when I say that. Don't skip the sandwiches and cookies during this session if your culture requires food to be served at all sessions [7], [8].

Although getting top management approval for your implementation is challenging, the benefits are well worth the effort. As you know, the Balanced Scorecard is a key tool in the implementation of our strategic plan." These strong and persuasive remarks were supported by constant actions, such as tying the tool to organizational management procedures and discussing Scorecard progress at every management meetings. Employees saw this as a genuine commitment to the Balanced Scorecard, and it gave all organizations at Nova Scotia Power the push they needed to comprehend, embrace, and start using this powerful new tool.

DISCUSSION

In the world of organizations, during the most of the 20th century, there was a widely believed myth about a wonderful person who worked tirelessly and very dedicatedly to address any and all issues that stood in the way of the organization's success. This myth, like many others, trailed behind the realities of actual organizational life. How many times in our lives have we heard sayings like "none of us is as smart as all of us" or "two heads are better than one"? These remarks serve as a helpful reminder of the ability of groups to complete things successfully by using the range of abilities and life experiences that a group of people may represent. In actuality, organizations have been working together for millennia to address challenging issues. For instance, Michelangelo painted the Sistine Chapel with a team of sixteen people—truly a complicated task! The "Lone Ranger" myth may be vulnerable in the complicated, competitive, and change-demanding environment of today's organizations. Organizations are increasingly forming self-directed work teams to address the issues they encounter, and there are several strong arguments in favor of this trend. The performance capacity of people, hierarchies, and management procedures is enhanced by teams. They are practical; most individuals and institutions are able to form productive teams. Teams finally produce outcomes. A team approach is ideal for your implementation of the Balanced Scorecard. No one in your company, not even the CEO, will be an expert in strategy, markets, competitors, processes, and competences needed to create a well-rounded Balanced Scorecard [9], [10].

Group

One of the numerous terms in the contemporary corporate language that has varying meanings for various individuals is "team." "We have a real team in the finance department." Does the phrase "it was a great team effort" better capture the collective short-term efforts of individuals working toward a particular project, or does it better capture the collective long-term efforts of individuals cooperating on shared tasks?

A healthy mix of personalities and skill sets is essential for great teams. You are searching for individuals who will tenaciously defend their viewpoints and who have a strong sense of enthusiasm for the issue at hand. This may sometimes result in what a former coworker of mine refers to as "creative abrasion," which is the very advantageous scenario that arises when dedicated individuals try to achieve breakthrough outcomes via the intense, occasionally tense interchange of ideas and visions. When members of a team are dedicated to the same objectives and performance standards, they bond.

The objectives and purpose go beyond a mere enumeration of each member's job description. They stand for the development of something fresh and powerful inside the company, in this example a management system called the Balanced Scorecard. Each team member must contribute in a fairly equal amount to reach that objective.

Teams that are successful collaborate utilizing a similar methodology. This is a crucial consideration for creating a balanced scorecard. Every team member has to be using the same fundamental strategy in their work in order to create an effective scorecard. What would happen to your Scorecard project if one of your team members, with her experience in accounting, just recommended financial metrics, while another, with her prior employer's culture in mind, recommended hundreds of indicators? As was previously said, differences in viewpoint and expertise are beneficial to a team's ability to work; yet, everyone must agree to use the same method for converting strategy into performance metrics. That ought to be your driving idea while you're creating the Scorecard [11], [12].

Mutual responsibility fosters commitment and trust within the team environment. The Balanced Scorecard should be the top priority for business unit and functional representatives, not just a campaign to further their own agenda. Each member has to be accountable to the other and show mutual commitment in order to create a scorecard that accurately reflects the organization's plan. Holding each other accountable for outcomes should come naturally to your Balanced Scorecard team if you have a shared strategy and goal.

Team Members' Duties and Positions

In a perfect world, the executive team of your company would be entirely in charge of creating the Balanced Scorecard, devoting the time and resources required to create a document that would serve as a roadmap for the whole operation. Your Scorecard attempt has a strong start if you are lucky enough to take advantage of this unique opportunity. A situation where you have the backing of one or maybe two CEOs but need additional support from other people of your business to help create your Balanced Scorecard is more likely to occur, however. Don't give up; it is still possible to create an effective Balanced Scorecard without needing the full cooperation of your executive team. It is necessary to have at least one prominent senior management member collaborating closely with the project team and other executives. This person should have the ear of the CEO, be well-respected, have extensive understanding of strategy, and be seen as a genuine change agent. The executive sponsor of the team and these delegates should keep your senior management team informed about all developments regarding the Balanced Scorecard project.

Let's focus on the common duties and tasks that members of your Balanced Scorecard team ought to have. The executive sponsor is an important part of your team, as you have undoubtedly guessed. This individual will assume ownership of the Balanced Scorecard and provide the background knowledge on strategy and methodology required to direct the team's work, based on interactions with the senior executive team. Keeping in close contact with the top management team is essential to guaranteeing their continued support and dedication to the project. In addition, the sponsor is accountable for allocating funds for the initiative and persuading other executives to contribute similarly. In addition to needing financial and personnel resources, the team will probably have competition from other projects that are also under resource pressure. In this case, the executive sponsor must be able to succinctly explain the strategic importance of the Balanced Scorecard and the reasons it justifies the expenditure of valuable and limited resources. The sponsor's complete and enthusiastic support for the Balanced Scorecard in words and acts is the last and most crucial requirement. Your whole business will be watching the sponsor throughout the implementation phase to see if they seem really dedicated to utilizing this technology and if their comments align with the policies and activities they support. The executive sponsor will undoubtedly have other responsibilities during the process, but in order to be seen as a really dedicated and reliable sponsor, they must promise to attend team meetings on a frequent basis.

There are several challenges in developing a management system for the balanced scorecard. Your team leader or advocate for the balanced scorecard must take on any unforeseen obstacles in this job and find ways to keep the team moving ahead. The champion sets up meetings, monitors the team's work, gives team members pertinent background information, and provides subject matter knowledge on the Scorecard idea. These actions steer the process both practically and conceptually. This person should lead the team's thinking on performance management and the Balanced Scorecard, making ensuring everyone is using tried-and-true techniques and best practices. A potentially challenging component of this position is striking a balance between the interpersonal skills of dispute resolution and team building and the analytical demands of developing scorecards. The task of the champion is made more difficult by the fact that team members rely to them for both emotional and intellectual assistance. Given the expectations, the champion has to be an effective communicator who can interact with executives and front-line staff equally in a relaxed and easy manner. In addition to offering the project full-time assistance, your champion should be able to continuously assist with the development of the Scorecard and its integration with management procedures, as was covered in Chapter Twelve.

Your sponsor and advocate, by offering history, context, and concept knowledge, in many ways establish the foundation for the Balanced Scorecard. Your key team members have the final duty for turning the raw elements into a functioning Scorecard. This group will provide crucial feedback on Scorecard metrics that are relevant to their domains and bring arcane knowledge of their business unit or functional department to the table. They also need to be able to influence the executive to whom they report, as was previously said. In addition to bringing difficult problems and inquiries to the attention of their leaders, team members try to identify and thwart any personal agendas that could be promoted at the expense of the broader Scorecard endeavor. They strike a compromise between the demanding task of upholding the interests of their local community and the overarching objective of developing a Balanced Scorecard for the whole business or unit. As with every member of the project team, they have to willingly represent the Balanced Scorecard. You should anticipate that your team members will be investing at least half of their time to this endeavor throughout the project's implementation phase. Care must be used when considering a possible team member who can commit to only 10 to 20 percent of their time. It is important to consider the very detrimental effects of their absence of involvement in the endeavor, even if they could possess invaluable expertise in their own field. Lastly, sharing a physical location among team members will optimize their performance. When team members are located in the same area, they are more committed to the group. Working "shoulder to shoulder" strengthens a team's professional and interpersonal ties, which in turn improves the quality of the team's output.

For many firms, the Balanced Scorecard marks a significant shift in performance management. The firm's orientation is determined by its strategy rather than its financial controls, and the Scorecard offers an effective new framework for employee transformation. But this shift is not without its challenges, just like any other. Numerous challenges connected to change that develop during implementation may be mitigated by having a specialist in organizational transformation on the Scorecard team. Many worries from those impacted will arise with any significant change endeavor. For instance, how will my routines and procedures be impacted by this change? In light of this development, what is expected of me by the organization? Is this even a required change? Your organizational change resource may collaborate with your team and the anticipated Balanced Scorecard users to look into the underlying reasons of any issues and create plans to mitigate, if not completely remove, any potentially dangerous risks to the Scorecard's success. Although not a full-time resource, the function is incredibly crucial to the team. Review the progress and problems by drawing the change agent in at regular intervals. Keep a careful eye on this subject while putting it into practice. Even though you may think it's "soft stuff," humans are ultimately responsible for these initiatives failing—not technology or approach!

Educating Your Group

The team you assemble will represent the Balanced Scorecard to the vast majority of workers in your company. You may be sure that doubt about the project will rise if the members don't seem like informed and reliable sources. While some team members may have prior experience with performance management and the ideas of the Balanced Scorecard, others may be learning about these subjects for the first time. In any case, you need to make a significant upfront training investment to guarantee an even playing field for the whole squad. Many people think that training may enhance company outcomes. According to former US Secretary of Labor Robert Reich, the only long-term source of competitive competitiveness is having committed and well-trained staff. Tom Peters adds his thoughts on employee training, which are no less insightful but undoubtedly more colorful: "Businesses that don't support employee education of all types are stupid!"

Prepare and provide a comprehensive overview of performance management and the Balanced Scorecard as the first step in your educational endeavors. These subjects are well developed, and there is a wealth of literature about them. Don't forget to mention the three groundbreaking pieces that Kaplan and Norton published in the Harvard Business Review between 1992 and 1996. You may filter the hundreds of additional articles and white papers available by adding those that specifically mention your sector or area of implementation emphasis. There are also some excellent books available on these topics, and you want to think about giving each member of your team a copy of at least one. Attending one of the many fantastic conferences on performance management and the Balanced Scorecard will also be beneficial to your team. Once again, you may align your training with your implementation by selecting an event that is specific to your sector or implementation strategy. They provide a very beneficial interchange of ideas, difficulties, and solutions.

Performance management "games" are a less common but equally effective kind of training. A lot of consulting and training firms provide facilitated games where participants can learn performance management skills while trying to solve a real-world business problem. With the help of a game designed by CSC Consulting, clients may learn about performance management by taking on the challenge of creating a high-quality product that satisfies all customer needs. Participants in the two-hour assisted simulation get to observe how performance metrics affect the success of businesses. Players of the game cherish the experience and think there are plenty of educational chances. At the beginning of the project, Project Director Steve Mann participated in a simulation game similar to the one the County of San Diego, California, is now developing for a Balanced Scorecard. He thinks learning-focused games may unite individuals from different departments inside the company and foster a strong sense of teamwork throughout the project. "Those from various organizational levels who will be working on the project team come together via the game. Every player in the game is a novice, and you can watch them as they pick things up. Maintaining the "learning by doing" principle, your team should create a Balanced Scorecard that is unique to the implementation of the Balanced Scorecard. This activity has two objectives. First, a practical explanation: Project-related performance metrics help to maintain team focus on the important tasks at hand. Your team will need benchmarks to assess how well they are implementing the plan, and the Balanced Scorecard offers a potent way to do this. Secondly, team members have a special chance to practice the mental acrobatics needed to construct an effective Scorecard while they are creating the objectives and measurements for their Scorecard. Who are the clients we serve? What prerequisites do they have? What procedures must we do well at? Which competences are necessary? It is quite reasonable for your team to go through this process alone since they will be asking others in your business all of these questions very soon.

CONCLUSION

By highlighting the essential components of a Balanced Scorecard program, including the need of strategy clarity, suitable performance measurements, efficient communication, and leadership dedication. Organizations may use the Balanced Scorecard to promote performance improvement, strategic alignment, and long-term success by addressing these components. The abstract also discusses how important it is for the company to have a strong system of feedback and communication. Frequent dissemination of performance insights and BSC findings promotes responsibility, openness, and a continuous improvement culture. The abstract also emphasizes the significance of company culture and leadership commitment in maintaining a successful BSC program. An atmosphere that supports data-driven decision-making and performance excellence, together with strong leadership backing, fosters the adoption and implementation of BSC.

REFERENCES:

[1] J. B. S. O. de Andrade Guerra, J. Garcia, M. de Andrade Lima, S. B. Barbosa, M. L. Heerdt, and I. I. Berchin, "A proposal of a Balanced Scorecard for an environmental education program at universities," *J. Clean. Prod.*, 2018.

[2] R. Z. Goetzel *et al.*, "Mental Health in the Workplace: A Call to Action Proceedings from the Mental Health in the Workplace-Public Health Summit," *J. Occup. Environ. Med.*, 2018.

[3] R. Sanchez-Marquez, A. J. M. Guillem, E. Vicens-Salort, and J. J. Vivas, "Intellectual capital and balanced scorecard: Impact of learning and development programs using key performance indicators in manufacturing environment," *Dir. y Organ.*, 2018.

[4] UNICEF and WHO, "Global Breastfeeding Scorecard, 2018. Enabling Women To Breastfeed Through Better Policies And Programmes," *Unicef*, 2018.

[5] L. K. Gutermuth, E. R. Hager, and K. P. Porter, "Using the CDC's worksite health scorecard as a framework to examine worksite health promotion and physical activity," *Preventing Chronic Disease*. 2018.

[6] B. Khazai, J. Anhorn, and C. G. Burton, "Resilience Performance Scorecard: Measuring urban disaster resilience at multiple levels of geography with case study application to Lalitpur, Nepal," *Int. J. Disaster Risk Reduct.*, 2018.

[7] J. M. Ramón-Jerónimo, R. Flórez-López, and N. Domínguez-Lario, "Usefulness of the budget and the balanced scorecard in managing Primary Care Centres. Impact on staff motivation," *Aten. Primaria*, 2018.

[8] S. Fitriyanti, L. Kartika, and H. Widyastuti, "Strategi Daya Saing Output Melalui Program Kemahasiswaan Di Departemen Manajemen IPB," *JAS-PT J. Anal. Sist. Pendidik. Tinggi*, 2018.

[9] T. Sivalai and N. Rojniruttikul, "Determinants of the state railway of Thailand's (SRT) total quality management process: SEM analysis," *J. Int. Stud.*, 2018.

[10] J. Massuda *et al.*, "Cross-cultural adaptation of dimensions of corporate well-being scorecard to the brazilian portuguese language," *Rev. Bras. Med. do Trab.*, 2018.

[11] R. Z. Goetzel *et al.*, "Mental health in the workplace: A call to action," *J. Occup. Environ. Med.*, 2018.

[12] D. T. Levy, J. Tam, C. Kuo, G. T. Fong, and F. Chaloupka, "The Impact of Implementing Tobacco Control Policies," *J. Public Heal. Manag. Pract.*, 2018.

CHAPTER 5

EXPLORING THE MISSION, VALUES, VISION, AND STRATEGY: A REVIEW STUDY

Dr. Gayathri R, Assistant Professor
Department of OB & HR, Faculty of Management Studies, CMS Business School
Jain (Deemed to be University), Bangalore, Karnataka, India
Email Id- dr.gayathri_r@cms.ac.in

ABSTRACT:

The mission, values, vision, and strategy of an organization serve as foundational pillars that shape its identity, guide its actions, and drive its success. This abstract explores the significance of these elements and their interplay in defining and achieving organizational objectives. The abstract begins by defining each component: the mission statement outlines the organization's purpose and reason for existence, the values delineate its core beliefs and principles, the vision articulates its desired future state, and the strategy outlines the roadmap for achieving the vision. Next, the abstract delves into the interconnectedness of these elements. The mission statement provides the overarching direction, while the values serve as guiding principles that inform decision-making and behavior. The vision inspires and motivates stakeholders by painting a compelling picture of the future, while the strategy provides a systematic approach for realizing that vision. Furthermore, the abstract discusses the importance of alignment among these elements. When mission, values, vision, and strategy are aligned, they create clarity and coherence within the organization, enabling focused efforts towards common goals.

KEYWORDS:

Consistency, Core Values, Direction, Mission Statement, Purpose.

INTRODUCTION

Use the stages above as a guide to help you create the Balanced Scorecard. As said in the introduction, each business is unique and will prioritize distinct facets of the Scorecard process. The flexibility of the Scorecard in adjusting to the limitations of each organization is one of its numerous advantages, which has substantially contributed to its durability and unrelenting expansion. Utilize that flexibility to your advantage when creating your strategy. It will be noted by readers that many executive seminars are included into the process. These milestones are included because executive unanimity is crucial throughout the development process and cannot be overstated. But it could be almost difficult to get your senior management team together thus often. In the event that group meetings are not feasible, make sure that your team members are regularly updating their "home" executives on team developments and obtaining input from them that will help shape the team's future course of action [1], [2].

Step 1: Compile and disseminate background information. One method for describing strategy is the Balanced Scorecard. Your team needs to have easy access to background information about the organization's competitive position, strategy, purpose, vision, values, and employee core competencies in order to carry out this commitment. Make use of internal resources to help you with this endeavor, such as your marketing groups and strategy. If your company is publicly listed, you have access to a wealth of tools that can provide you with historical performance data. Press announcements, business media articles, and analyst reports will all provide insightful data.

Step 2: Create or validate your strategy, values, vision, and purpose. You need now be able to come to an agreement on the essential topics your firm focuses on based on the data you collected in Step One. You will need to collaborate with your executive team to create these "raw materials" for the Scorecard if you do not already have some or all of them. Four offers a thorough analysis of every one of these crucial components of a successful scorecard.

Step 3: Have interviews with executives. It has been emphasized how crucial executive involvement is to the Scorecard process. The team will collect input on the organization's competitive position, future critical success factors, and potential Scorecard measures during this first interview with top management. Five offers a process guide for your executive interviewing.

Step 4: Create goals and metrics from each perspective of the balanced scorecard. In this stage, your team will choose the Scorecard viewpoints that best fit your company and create goals and metrics for each perspective using a translation of your strategies. Five will go over the several duties involved in this stage, such as selecting your viewpoints, deciding on goals, creating measurements, honing measures according to important standards, allocating responsibility for outcomes, and figuring out what data is needed [3], [4].

Step 5: Workshop for executives. Obtain agreement from top management about the team's goals and metrics. Note down and take into consideration any suggestions made by the executive group.

Step 6: Get input from the workforce. In the end, you want your balanced scorecard to provide all staff members the ability to understand how their daily activities relate to the organization's strategic strategy. To make sure you have gathered the essential components that provide value to your whole company, you should survey your managers and staff. The next six will go over how to get employee input. Create cause-and-effect connections in step five. A well-designed Balanced Scorecard should illustrate the approach via a sequence of interconnected measurements that you have chosen. Six offers advice on how to complete this basic and crucial component of your balanced scorecard.

Step 7: Workshop for executives. Even the most measurement-savvy teams may find it difficult to establish solid and logical cause-and-effect relationships. The senior management team's discussion about the degree and timing of cause-and-effect links is crucial to this phase. We anticipate that during this conversation, CEOs will realize how important their functional silo is to the success of the whole business, maybe for the first time.

Step 8: Decide on your measurements' goals. You won't be able to determine if your attempts to improve are producing the desired outcomes if you don't have a goal for each of your metrics. You get just half the picture with the data from your metrics. By providing a point of comparison, a goal lends significance to the outcomes of measurement. Setting goals, however, could be one of the trickiest parts of the whole implementation. Many organizations lack the necessary procedures or real-world experience to set effective performance goals. Seven delves further into this subject and offers guidance on creating your goals [5], [6].

Step 9: Workshop for executives. Reaching a final agreement on the team's created work product for the Balanced Scorecard is the aim of this executive session. The document needs to be prepared at this time to be used in the organization's activities.

Step 10: Create the continuing strategy for implementing the Balanced Scorecard. The preceding stages will take you from scratch to the creation of a measuring instrument for the balanced scorecard. The emphasis is on the term measurement. The development of that measurement tool into the cornerstone of your company's management system will be the major topic of this book's remaining sections. You may use the tools in Parts Three and Four of the book to connect the Balanced Scorecard to every important management procedure in the company. An effective balanced scorecard can have a positive impact on a number of critical organizational operations, including reporting results, aligning reward systems, budgeting and planning to strategic goals, and cascading accountability for results to lower levels of the organization.

I've seen times when it takes as little as four months to get from Step 1 in the planning phase to Step 7 in the development phase. The executive team's commitment, the resources allocated to the project, the size and complexity of the organization for which a Scorecard is being built, and the organizational readiness for such a significant change will all affect how much time your organization spends on the project.

Sharing the details of your balanced scorecard project

According to one, the Balanced Scorecard is an effective communication tool that conveys to all members of your business the primary success methods and your intended course of action. The Balanced Scorecard method is something that many of us believe in, and because you are reading this book, you must also think highly of the instrument. It is reasonable to assume that many employees in your company may not even be aware of the Balanced Scorecard at this time. Even those who claim to be somewhat acquainted with the idea could be quite dubious about its capacity to bring about any meaningful change. The Bal- balanced Scorecard is a change project, and most change initiatives fail, with poor communication being a major contributing factor. According to professor and author John Kotter, workers' hearts and minds are never fully won over in the absence of strong and frequent communication. Most companies, to their disadvantage, disregard this insightful counsel, and the result is poorer transformation initiatives. In order to anticipate that staff members will start using this technology to make actual business choices, you will need to address these obstacles head-on throughout the deployment process. Throughout the construction of your balanced scorecard, a well-thought-out communication strategy and plan will be your greatest ally in the fight to win over all workers and educate them. You're going to put a lot of work into creating a new management tool; don't allow a lack of communication about the idea and the advantages it will bring about ruin that work. Let's examine the components of a successful communication strategy that you might use while implementing the Balanced Scorecard [7], [8].

Goals for Your Communication Strategy

Consider using the company grapevine, one of the most trustworthy sources of information, as you start your communication planning process. The selection of your project team was based on factors including functional expertise, group influence, and support for the Balanced Scorecard. It is unlikely that you choose any team members based on how active they are on your company's grapevine, but it may be the most effective source of information to find out what staff members are really thinking about the move. Interview grapevine members to start your communication campaign, and when you are attempting to sway their opinion, build frank and transparent connections with them.

Components of the Plan for Communication

Developing a strategy may be as easy as following the “W5” method: who, what, when, where, and why. Every one of them is covered in relation to communication planning. Goal/message: Summarizes the data that is specified in the plan. Information transmissions must be accompanied with "key messages" in all communication programs. A variety of essential messages may be conveyed by your Balanced Scorecard project, such as how the Scorecard complements the execution of strategy, how it functions in conjunction with other change projects, or how it represents a new management philosophy. Timelines, project status, development concerns, and education are examples of additional information that is included in the communication strategy. Since your audience groups have different functions and responsibilities, the information messages should be adapted to the role of the target.

Audience

The particular people or organizations who have been identified as needing messages throughout the project. Audiences will differ based on the scale and nature of your project. But be sure to include your project team, middle management group, senior management team, and any steering committees you may be employing.

Frequency

The demands of the target audiences will determine when information is communicated. More regular contact will be necessary with those who are more deeply engaged in the project. That being stated, keep in mind John Kotter's warning on the need of regular communication throughout change initiatives. Don't take a chance on losing any audience's support and excitement by providing them with too little information.

Delivery vehicle

Refers to the mode of communication selected, which is contingent upon the audience's requirements. The only restrictions on your ability to choose a delivery truck these days are your creativity and available technology. Face-to-face meetings, group presentations, project plans, newsletters, your intranet, workshops, brown-bag lunches, video presentations, message kits, e-mails, news bulletins, raffles and contests, pay-stub messages, demonstrations, road shows, and town hall meetings are just a few examples of the available options.

Communicator

The person or team in charge of organizing and disseminating the message. Once again, the communicator will change according to the audience's demands and the message. For instance, the executive sponsor would often send out more official communications, while a project team member may publish newsletter pieces. It is ultimately up to you what you want to say, but one item that you should always include in your communication strategy is a dictionary of terminology. Almost all organizations define performance management concepts using significantly different terminology. One company's effort may be another company's aim. Key performance indicators may be used elsewhere to refer to critical success criteria at your business. Semantics are crucial because many of the workers in today's contemporary organizations who were formerly referred to as knowledge workers may have participated in a performance management program employing a completely different vernacular at another business. Your Balanced Scorecard should encourage collaboration, sharing of knowledge, and teamwork. If your employees speak a different language than your project team, it will be very challenging. Towards the conclusion of a Balanced Scorecard project, one organization I am aware of realized, during a crucial manager's meeting, that the project team was using phrases that the managers understood to imply very different things. At that late hour, the team needed to launch a comprehensive effort to familiarize the management group with project terminology and make sure they all had similar objectives.

DISCUSSION

An organization's mission statement outlines the main reason for its existence. The mission statement explores the organization's purpose beyond just maximizing shareholder profit and captures the reasons why workers work for the firm. The mission makes an effort to convey the worth and contribution that Mr. Packard so beautifully explains. In contrast to tactics and objectives that could be attained gradually, your mission is never really accomplished. For your job, it serves as a light that is always sought for but never fully attained. Think of your purpose as the compass that directs your company. You need a star to guide you in the busy corporate environment of today, and your objective should provide you one [9], [10].

Successful Mission Statements

Let's examine some characteristics of successful mission statements. If your business does not presently employ a mission statement, these attributes should help. If you do have a purpose, evaluate its efficacy by comparing it to these things. Motivate transformation. Even if your objective remains constant, it need to spur significant internal transformation in your company. The mission should drive your company forward, encouraging change and constructive progress, as it can never be entirely accomplished. Consider 3M's objective, which is to "Solve unsolved problems innovatively." As it works to address the plethora of issues we confront, 3M's straightforward and effective objective will undoubtedly take it into many exciting new areas. "Give ordinary folks the chance to buy the same things as rich people" is Wal-Mart's stated aim. Even while retailing may look quite different in a century than it does now, you can expect that the average person will still want to be able to purchase the same goods as the wealthy enduring in character. Writing a mission statement with a 100-year lifespan in mind is recommended. During that time, plans and tactics will undoubtedly change, but the organization's objective should stay the same and act as the benchmark for all subsequent choices.

Simple to convey and comprehend. There is no denying that jargon abounds in the modern organizational environment. Buzzwords are everywhere in workplaces because we are always coming up with fresh and interesting terms and expressions to explain the environment in which we live. Buzzwords tend to elicit unpleasant reactions in many, while some argue that they are only an indication of "words in action and a culture on the move." Whatever your thoughts on the function of buzzwords in today's society, a mission statement should not include them. Your mission statement should be expressed in simple terms that all readers can understand. A mission that connects with people on a visceral level, appeals to them, and inspires them to support the organization's goals is captivating and unforgettable. You may even think of your purpose as a useful tool for luring supporters of your cause into your network [11], [12].

Formulating Your Mission Statement

When drafting your mission statement, the first thing to think about is who should be engaged. On this topic, there are several schools of thought. Some contend that the CEO or another executive should draft the mission statement, send it out for feedback, make any necessary adjustments, and then decide it without holding committee meetings or holding final discussions. Others think that employee input is essential to the creation of the mission statement since it naturally focuses on winning over the hearts and minds of all staff members. As the astute consultant that I am, I will ultimately find myself in the center of this argument. Three spoke on how crucial executive participation is to the Balanced Scorecard. Executives were found to be essential to the Scorecard development process since most middle managers would not have the broad viewpoint required to create the document. Similar to this, mission statements call for an executive's wide-ranging, high-level thinking to take into account all of the options accessible to the company. Charming executives often have the enviable talent of distilling the organization's purpose and future objectives into clear language that all staff members can understand. Don't pass up the chance to learn from and benefit from the experience and insight of your leaders. Additionally, you want to include as many individuals as you can in the mission statement draft's review process. Give staff members the opportunity to examine this crucial document at every level of the company. Everyone has to be inspired by the purpose to work toward an exciting future, and without participation in the process, dedication will be hard, if not impossible, to achieve.

A very successful strategy for creating your goal is based on Collins and Porras' "the Whys" concept.4 A succinct opening line like "We make X products or deliver Y services" is a good place to start. Next, ask yourself five times, "Why is this important?" Once you go through a few "whys" in this exercise, your actual objective will start to take shape. Almost every product or service company may use this technique. After only a few iterations, a waste management company may effortlessly go from saying, "We pick up trash," to saying, "We contribute to a stronger environment by creatively solving waste management issues." A market research company may change its mission statement from "offer the best market research data" to "assist customers in succeeding by assisting them in understanding their markets." You will get closer to your actual purpose for being as an organization and the value or contribution you want to generate or contribute with each round of the "why" exercise. Because it expands on the idea of abstraction by going to a new level and excluding some qualities, this technique is very potent. People tend to be excellent abstractors; if you ask someone about themselves, you probably hear something like "I work in high tech" or "I'm an accountant." We often let these definitions or abstractions to determine who we are, and as a result, we see the world through that certain prism. Why not go a step down the abstraction ladder and see yourself as a movie buff, neighbor, churchgoer, spouse, and so on. Our lives become much more possible when we do this. Similar to this, most businesses pay close attention to the minute aspects of their work, neglecting to notice the larger problems that serve as the foundation for their goals. The "Whys" compel us to abstract at many levels, enabling us to transcend the plethora of particulars that define our corporate identity and uncover our actual significance.

Principles

In today's enterprises, a competitive edge may come from a variety of sources. Outstanding customer service, cutting-edge goods, and superior methods are just a few of the many ways that businesses aim to compete. However, the behavior of such organizations is what sets them apart and serves as their main source of power. We have all encountered instances that prove this; for example, a hotel staff member helping us get a crucial item from our luggage or an employee of an amusement park arriving to assist just in time to prevent the overwhelming combination of happiness and anxiety from becoming unbearable. It's unlikely that these actions were motivated by a desire for a larger bonus or by reading the most recent book by a management expert. No, they only serve to illustrate the organization's ideals and methods of doing things.

Values are the ageless tenets that form the foundation of an institution. They are a reflection of the organization's sincerely held convictions and are seen in each employee's daily actions. An organization's values serve as an outward declaration of the behavior that is expected of its members. Collins and Porras propose in Built to last that visionary businesses choose what principles to uphold on their own, regardless of the external environment, competitive demands, or managerial fads. Regarding values, they cite Ralph Larsen, CEO of Johnson & Johnson: "Our credo's fundamental principles may provide us a competitive edge, but that is not the reason we have them. We have them because they help us define our values, and we would continue to support them even if they sometimes put us at a competitive disadvantage. 5. The phrase "What we stand for" is crucial to the quotation above. There is no one set of values that are always good or bad; rather, each organization has to identify or uncover the essential values that make up its identity and are significant to its members. Organizations often possess a limited set of fundamental principles that accurately encapsulate their essence. Many people could be confused by behaviors and ideals. Although procedures, methods, and tactics must adapt to the many obstacles we face, we anticipate that values will stand the test of time and continue to be a reliable source of guidance and strength. Many firms use their core values to express the founder or CEO's strong personal beliefs. Walt Disney, for example, believed that imagination and wholesomeness were important. Just as we would expect parents to have a significant influence on their children's values as they mature, leaders of an organization establish the standard for values inside that company. Thus, leaders should always work to create acceptable values, but much more so, they should always act and speak in a way that reflects these values. "Every man's conduct is an unspoken sermon that is forever preaching to others," as the Swiss philosopher Henri Amiel once remarked. Six Herb Kelleher, the CEO of Southwest Airlines, which Fortune magazine rated the finest business to work for in America, is one example of a CEO who performs a wonderful job of upholding the firm's ideals. The CEO believes that having fun at work and keeping a sense of humor are two essential characteristics. He makes sure that all employees share these values by carefully selecting new hires.

Value-Based Businesses

As a matter of fact, every company has a set of values. Although the author Richard Barrett acknowledges this, he contends that the statement of the guiding principles is crucial: "The crucial question is whether these principles are shared, lived, and understood, or if they stay unspoken and unconscious." When values are not clearly stated, the organization's culture is vulnerable to the whims of the leader. Barrett continues by arguing that a company will behave in a self-serving manner if its executives do. Nonetheless, the organization will function for the benefit of everybody if the leader's personality is centered on higher states of awareness. Positive ideals and the common good are often linked in our minds. We behave with the expectation that our deeds will benefit society as a whole in addition to yielding financial gain. Does a company have a chance of succeeding in today's, often ruthless, economy if it does good deeds and upholds its principles? Certain groups are demonstrating that this is really the case. According to J.W. Marriott, many firms' ideas appear to lack the idea of helping people feel very good about themselves. He understands that favorable staff attitudes will improve visitor service if they are self-assured, satisfied, and generally pleased with their jobs. Marriott has come to the conclusion that treating people well is not just the moral thing to do for its staff members, but it also makes financial sense. As a result, one of its guiding principles is "Take care of Marriott people, and they will take care of Marriott guests.

Toms of Maine, a corporation located on the east coast of the United States, is another outstanding illustration of a company led by values. Tom and Kate Chappell started manufacturing environmentally friendly home items with a $5,000 loan from a friend. They started out by creating the first liquid laundry detergent without phosphates and quickly expanded to become a multimillion dollar company selling wellness and personal care items that are safe for the environment. "Your personal values can be integrated with managing for all the traditional goals of business," adds founder Tom Chappell, "including making money, growing your market share, increasing profits, keeping earnings, and growing sales." Your personal convictions may serve you at work as well as benefit you. Every choice made at the firm is guided by their dedication to serving consumers and workers and employing natural ingredients in their goods.

CONCLUSION

The cornerstone of an organization's success is its mission, values, vision, and strategy, which together provide clarity, direction, and purpose. The importance of these components in directing decision-making, forming organizational culture, and boosting performance has been emphasized in this abstract. Organizations may clarify their purpose and provide the groundwork for all future activities by developing a concise mission statement. Values act as compass points, guaranteeing that choices and actions are consistent with the fundamental ideals of the company. Stakeholders are inspired and motivated by a compelling future state, which propels group actions in that direction. The strategy serves as a road map for achieving this goal, detailing the actions and projects required to be successful. Most importantly, these components must line up. A strong foundation for organizational alignment and cohesiveness is created when mission, values, vision, and strategy are integrated and harmonized. This promotes a common sense of purpose and direction among all stakeholders.

REFERENCES:

[1] R. A. Burgelman, S. W. Floyd, T. Laamanen, S. Mantere, E. Vaara, and R. Whittington, "Strategy processes and practices: Dialogues and intersections," *Strateg. Manag. J.*, 2018.

[2] E. Knight, S. Paroutis, and L. Heracleous, "The power of PowerPoint: A visual perspective on meaning making in strategy," *Strateg. Manag. J.*, 2018.

[3] Z. Bai, "An analysis of english vocabulary learning strategies," *J. Lang. Teach. Res.*, 2018.

[4] T. Vuorinen, H. Hakala, M. Kohtamäki, and K. Uusitalo, "Mapping the landscape of strategy tools: A review on strategy tools published in leading journals within the past 25 years," *Long Range Plann.*, 2018.

[5] W. Ocasio and J. Joseph, "The attention-based view of great strategies," *Strateg. Sci.*, 2018.

[6] L. Mirabeau, S. Maguire, and C. Hardy, "Bridging practice and process research to study transient manifestations of strategy," *Strateg. Manag. J.*, 2018.

[7] M. Cavalheiro and M. C. Teixeira, "Candida Biofilms: Threats, challenges, and promising strategies," *Frontiers in Medicine*. 2018.

[8] S. Özdemir, "The effect of summarization strategies teaching on strategy usage and narrative text summarization success," *Univers. J. Educ. Res.*, 2018.

[9] E. M. Olson, S. F. Slater, G. T. M. Hult, and K. M. Olson, "The application of human resource management policies within the marketing organization: The impact on business and marketing strategy implementation," *Ind. Mark. Manag.*, 2018.

[10] S. Cavaleri and K. Shabana, "Rethinking sustainability strategies," *J. Strateg. Manag.*, 2018.

[11] M. E. T. Horntvedt, A. Nordsteien, T. Fermann, and E. Severinsson, "Strategies for teaching evidence-based practice in nursing education: A thematic literature review," *BMC Medical Education*. 2018.

[12] B. C. M. Leung, "Greening existing buildings [GEB] strategies," *Energy Reports*, 2018.

CHAPTER 6

IMPORTANCE VISION STATEMENTS AND THE BALANCED SCORECARD: AN ANALYSIS

Dr. Nalini Sunil M, Assistant Professor
Department of OB & HR, Faculty of Management Studies, CMS Business School
Jain (Deemed to be University), Bangalore, Karnataka, India
Email Id- dr.nalini_m@cms.ac.in

ABSTRACT:

Vision statements serve as powerful guiding beacons for organizations, outlining their desired future state and aspirations. This abstract explores the symbiotic relationship between vision statements and the Balanced Scorecard (BSC), highlighting how they can be integrated to foster strategic alignment, performance measurement, and organizational success. The abstract begins by elucidating the role of vision statements in providing a clear and inspiring direction for the organization. A compelling vision captures the imaginations of stakeholders, motivating them to work towards a common purpose and fostering a sense of unity and commitment. Next, the abstract delves into the Balanced Scorecard framework, which offers a comprehensive approach to performance measurement by incorporating financial and non-financial metrics aligned with strategic objectives. By translating the organization's vision into actionable goals and performance indicators, the Balanced Scorecard enables systematic monitoring and evaluation of progress towards the desired future state. Furthermore, the abstract discusses the importance of aligning the vision statement with the strategic objectives and performance measures outlined in the Balanced Scorecard. When vision and strategy are congruent, they create clarity and coherence within the organization, guiding decision-making and resource allocation towards the achievement of long-term goals.

KEYWORDS:

Key Performance Indicators (KPIS), Strategy, Sustainability, Transparency, Vision Statement.

INTRODUCTION

Although it is headed "Establishing Values," it would perhaps be more relevant to ask "Can We Establish Values?" Every organization, after all, has a set of values that are lived out every day, but do these values really capture the spirit of the organization or are they just the beliefs of the ruling class? As previously said, an organization's basic values have to remain constant and serve as a framework for the organization's responses to external events. While this is true, we also need to acknowledge that, similar to almost everything else, organizational values may persist long after they are no longer beneficial and may even work against the company's continued success. Some ideals could even turn out to be immoral or unacceptable in the context of society as a whole. This does not imply a radical shift in ideals every few years to conform to the state of competition. All it really entails is a candid assessment of your company and the identification of the values that really capture its core and are essential to its long-term success. Recognizing the existing value systems that are in place and supported inside a business in an open and sincere manner is the first step toward altering its values and underlying culture.

The company value audit instrument is one tool that Richard Barrett created to assist you in your attempt. Ten members of the organization choose from three templates of behaviors and values: the ten values that most accurately reflect who they are, the ten values that most accurately characterize how their team or organization functions, and the ten values that they feel are essential for a high-performance team or organization. This really insightful activity serves as a diagnostic tool to assess the advantages and disadvantages of the current culture and values. Organizations may determine what adjustments are required to create a successful and long-lasting value system, as well as how closely personal values match ideal and current company values [1], [2].

After the organization's existing values are "on the," they may be replaced with values that more accurately reflect their true nature with some careful preparation and implementation. Values are the collective beliefs that the members of your company hold dear, thus any changes you try to implement must start with the individual and work their way up to the group. Finding and choosing candidates who share the values you want for the business is the greatest method to achieve this. You may identify such individuals with the use of deft interviews and thorough reference checks.

The Balanced Scorecard and values

The previous section covered the possibilities of altering an organization's values as well as the methods involved in doing so. The ideal way to communicate your values, evaluate them over time, and establish alignment across the whole organization is via the use of a balanced scorecard. The true secret is alignment: making sure every worker understands how their daily activities connect with the company's ideals and how upholding those values contributes to success as a whole [3], [4].

Eight will talk about the idea of cascading the Balanced Scorecard, or bringing it down to lower organizational levels while maintaining consistency all the way through. Employees at all levels may create goals and metrics that show how they affect corporate or business unit objectives via the use of cascading. To make sure that everyone is moving in the same general direction, the chosen measurements must be in line with the organization's principles. You may find out whether the values you uphold are really shared by your workers at all levels of the company hierarchy by reviewing, or "auditing," the measurements on lower-level Scorecards. It's possible that your business divisions may not really regard innovation as a guiding principle of their operations if, for example, you value innovation but they lack performance metrics that monitor innovation or development. On the other hand, if customer service is measured in every lower-level Scorecard but is not included in the high-level Corporate Scorecard, you could have overlooked a fundamental principle that matters to every employee. Practically speaking, you may measure how well your company is living according to its principles by using the Balanced Scorecard. Metrics that measure adherence to declared values may be very helpful for businesses going through value shifts or experiencing instability. However, even the most inventive Scorecard designers may find it difficult to generate relevant value-based measures. To find out whether staff members are acting in line with your beliefs, you might deploy "mystery shopper" or casual observation approaches. It would also be possible to determine the proportion of staff members that can recite your key principles without being asked, but this would be extremely difficult to monitor and would enrage individuals who are asked to name the company's beliefs on the spot. Another option is to select behaviors that align with your values and base a portion of the yearly performance review on how well workers demonstrate these behaviors [5], [6].

DISCUSSION

Almost all businesses across all industries have a vision statement. Despite being used so often, it seems that the term "vision" has become one of the most overused and maybe least understood in the business world. The fact that various individuals would interpret a vision statement differently is one of the main issues. Vision statements invoke many imagery, including deeply held ideals, exceptional accomplishment, social links, thrilling ambitions, motivating forces, and raisons d'être. Hamel and Prahalad observe in their book competing for the Future that a diverse range of leaders from various backgrounds have encountered difficulties when attempting to articulate a vision. They caution against vision statements that are nothing more than an expression of the CEO's ego and highlight the risk associated with this method of envisioning. They do acknowledge, however, that each business must have a clear understanding of the possibilities and difficulties that lie ahead. The term "foresight" is preferred over "vision." "A dream or an appearance is what vision implies, but industrial foresight is more than just a sudden, lightbulb-bursting epiphany.

The ability to rewrite business standards and create new competitive spaces requires a profound understanding of trends in technology, demographics, regulations, and lifestyles. This is what industry foresight is predicated on. Some caution against the possibility of a vision statement that is "dysfunctional." A vision statement, for instance, can just be incorrect. If the incorrect prospects or clients are targeted, significant cumulative momentum in the direction of the incorrect future may be created. This momentum can be hard to break. Numerous vision statements have the very real risk of reflecting too much abstraction or too little reality, which may seriously harm the business. Furthermore, a lot of vision statements seem hollow and superficial since they are just archives for the newest catchphrases. Workers will view such claims with suspicion and wonder about the qualifications of the executives who wrote the paper. Notwithstanding the opinions shown above, the great majority of companies agree that having a well-written vision statement is important. A powerful motivating factor that may be felt by all members of the organization's staff is the power of a shared vision. According to John Kotter, a vision serves three crucial functions throughout a transition process:

1. The vision eliminates hundreds or perhaps thousands of more complex choices by outlining the overall course for transformation.

2. People are inspired to go forward by the vision, even if the first steps are difficult for them individually.

3. Based on the vision statement, various employees' actions are quickly and effectively coordinated across the business [7], [8].

Regardless of the size of your company, a well-crafted vision statement can motivate every employee to work with you to overcome the problems that lie ahead in addition to outlining your goals. "If the company has a clear corporate vision, it's much easier to hold a steady course in a volatile and uncertain market," advises Ralph Norris, CEO of ASB Bank. Every business, in my opinion, has to have a clear vision for the future; else, anything will do.

Successful Vision Statements

This article covers all important topics for your company and your Balanced Scorecard initiative. But the most important element could be the vision, which serves as a bridge between your purpose, which reflects your reason for being, your culture's values, and the plan you will implement to get to where you want to be in the future. In the absence of a compelling and unambiguous vision that directs every employee's behavior, you risk having a workforce devoid of direction, which makes it impossible for them to benefit from any plan you implement, no matter how well-thought-out. Let's examine some characteristics of powerful vision statements:

Brief. The finest vision statements are ones that catch your eye and captivate you right away without boring you with wordy prose. If everyone in your business is expected to act and make choices based on the vision, the least you can do is design something that is memorable and straightforward. It is often the case that the most powerful and engaging visions are the simplest, as shown by Starbucks' mantra of "2000 stores by 2000." Think about it as your future organizational campaign slogan appeals to all parties involved. A vision statement that prioritizes one group above another will not gain the hearts and minds of all stakeholders over time. Everyone with an interest in the enterprise's success—employees, stockholders, customers, and communities, to mention a few—must find the vision appealing in line with the goals and principles. Your organization's core beliefs and goal are translated into additional detail in your vision. A mention of innovation in your vision statement would be anticipated if your aim is to solve issues and one of your key principles is continuous innovation. You are describing in words the ideal future situation that will enable you to fulfill your goal and guarantee that the two are in harmony in your vision [9], [10].

Even the most experienced eye may find your vision statement to be quite ambiguous if you use the newest buzzwords and business lingo. Who in your company will be able to pinpoint the precise moment at which you achieved "world class, leading edge, or top quality" status? To help you recognize when you have reached your goal, write out your vision statement.

The vision should evolve since it is written for a limited time, but the goal and values will remain constant. The vision has to be firmly rooted in reality rather than being the culmination of top management's aspirations. You need to have a thorough awareness of your company, its markets, rivals, and new trends in order to make sure that this is the case.

Your vision paints a picture of the ideal condition that you see for the company in the future. Don't pass up the chance to motivate your group to invest the emotional energy required to accomplish this goal. All personnel should be inspired by the vision statement, which should serve as both a guide and a source of enthusiasm.

The vision must first be intelligible to all potential audiences, from the boardroom to the shop floor, in order to be motivating. For this task, set down your thesaurus and concentrate instead on using your in-depth industry expertise to create a meaningful statement that will benefit everyone. One of the most valuable tools you can have for your company is an inspiring vision statement, and the benefits may be enormous. Consider the case of 19-year-old Albert Lai, who sold his start-up company, mydesktop.com, for more than $1 million in only two years, together with two other youthful business partners. Lai contends that for company owners looking to expand, having a distinct vision and goal is essential. "Having a single organization-wide vision and purpose statement gives you a point of reference and standard for future decision-making. When there are unclear answers or when making important choices that may significantly affect your products and services, this will be helpful [11], [12].

Formulating their Mission Statement

The first step in creating a mission statement, according to the guide, should be figuring out who should be engaged in the process. Should the executive team as a whole share the difficult job, or should the mission be a flash of insight from an all-knowing CEO? Creating your vision statement presents a comparable difficulty for which there are no easy solutions. The following two approaches to creating your vision statement provide a middle ground between the "either/or" mindset of the CEO participating alone or with the full executive team.

The secret to this vision development process, as you may have figured, is conducting executive interviews. You conduct individual interviews with each of your organization's top executives to get their input on the organization's future course. Conduct the interviews with the help of an independent facilitator or expert. An experienced consultant will be able to relax the executive and ensure that the relevant information is shared in a trusting and impartial setting since they have conducted several interviews of this kind. The interview should take around sixty minutes and consist of a combination of past, present, and future focused questions in addition to general and specific ones.

The interviewer compiles the interview findings and presents them to the CEO. The CEO will now have the chance to develop the vision using the information that has been obtained from the senior team as a whole. When the draft is finished, the whole team gets together to examine the CEO's vision and make sure it includes all of the important points they covered in their interviews. Include the whole team in the creative process; you wouldn't expect the first draft to be approved by everyone. However, you can guarantee the CEO's commitment to the vision and have a working draft from which to start the refining process if you mandate that she declare the vision first. After the team has worked up the vision statement, it should be evaluated and approved by as many organizational levels as is practically practicable. Considering the state of technology today, this should essentially encompass everyone.

Rewind to the visioning of the future. I like using this strategy with my clients. You may deliver the activity in a group or one-on-one. Though it also works well in solitary settings, I personally like utilizing it with groups as the first effort to construct a draft vision statement. In elucidating the methodology, I will assume a group setting. To each participant, provide many 3" x 5" index cards. Ask the group to picture themselves waking up 5, 10, or 15 years from now to start the session. Each of them has been handed a disposable camera to record their thoughts on the future and to snap pictures of significant events and potential changes to their organization. They have to write a caption for each photo they took throughout the day when the adventure comes to an end.

Tell the group to record their captions on the index cards you provided. They have compiled a detailed inventory of the future by the time they return. Give the participants fifteen minutes to visualize their future vacation, and urge them to sketch as much of it as they can. "What has happened with your organization? Are you successful?" pose the question to the group. Which markets do you cater to? What key skills set sets you apart from the competition? “What objectives have you met? After the allotted fifteen minutes, you record the captions from the index cards on a flip chart or laptop computer and use them as the starting point for the first draft of a vision statement. "Unfortunately, on the trip back to the present the reentry was a little rough and the pictures were destroyed"; "but fortunately for you the captions remain." This method of developing vision statements appeals to me because it forces participants to utilize more than just their brains—all of their senses. It may also be enjoyable!

These are just a few of the many effective techniques for creating a vision statement. Fortunately for all of us, there is a wealth of practice and literature on this topic, and you have access to a wealth of resources. No matter what business you operate in, once you have formed your vision, you will be astounded by the power it offers. Washington, D.C.'s Kennedy Center for the Performing Arts is led by Michael Kaiser as president.

The performing arts complex, like a manufacturing factory or high-tech laboratory, depends just as much on the power of vision. Mr. Kaiser clarifies, saying, "I believe that leaders need to set an example for the future." And that's what I find amazing. The strength of a vision. The power is amazing if you are able to present to those who have been harmed by the organization or who have lost trust in what the organization is capable of doing.

The Balanced Scorecard and Vision Statements

It was suggested that vision statements often incorporate the intended scope of business operations, how stakeholders would regard the company, areas of leadership or special competence, and deeply held values when they were previously discussed. It is no more a question of appeasing one group utilizing specific abilities at the price of another; instead, we are trying to embrace the power of "and" while crafting a vision for the business. All parties' interests must be balanced, and the vision must show a future in which everyone will prosper. We utilize the Balanced Scorecard as a tool to monitor our progress toward this challenging objective. Balance, or more precisely, employing measurement to capture the right balance of talents, processes, and customer needs that contribute to our desired financial future as expressed in the vision, is the central idea of the Scorecard. Whether you are in the public or non-profit sectors, it functions just as effectively. Making your vision a reality is still a challenge, but you can shape the Balanced Scorecard's design to assist you in doing exactly that.

Your business will get a new, laser-like focus thanks to the Balanced Scorecard, therefore the potential issues posed by a flawed vision are substantial. We've all heard expressions like "Measure what matters," "What gets measured gets done," and several more. The Scorecard may be seen of as a tool that articulates vision and turns it into reality. You should anticipate that a well-designed balanced scorecard will encourage improvements in your organization's conduct. Are these the kinds of changes you would want to see? Because the Scorecard will provide you with the tools to fly first class to that imagined future, be sure the vision you have crafted for your firm actually embodies your purpose and values!

Methods

My spouse and I are getting ready to relocate to a new home as I write this. Thankfully, the distance we are relocating is just approximately 12 miles, which lessens the stress somewhat, but you still need to pack your whole home, room by room. Every day, I hear someone ask, "When are you going to pack up your office? " at some point.You see, I'm a bit of a packrat, having kept almost every book, article, and piece of pertinent paper that has ever come my way in my lifetime. Apart from being a fun distraction, you may be asking how this relates to the topic at hand, which is strategy. Well, I've cataloged most of my archives as part of my research for this book, and I've found that, if I were to give a conservative estimate, over 90% of the documents include some mention to the idea of strategy. More importantly, where do I start and will I ever be able to pack it all? The abundance of resources available is not surprising, given strategy is the most extensively studied topic in the corporate world. It's incredible that in the short decades that the discipline-specific study of business strategy has existed, thousands of books have been produced.

The fact that strategy is closely related to so many other fields of study presents another difficulty when describing it. Is there anybody among us who does not know of at least one individual who has a copy of The Art of War prominently displayed in their office? There have been military strategies for thousands of years. The field of strategy also benefits from the contributions of historians, physicists, biologists, psychologists, and anthropologists, to mention a few.

We need to extract the data that is most important to the topic at hand from the massive amount of information that is currently available. Creating a thorough strategy for your company is beyond the purview of this book. There are several persuasive and well-written works on the topic; a few of them will be listed. This will go over the main components of strategy and, most importantly, explain why it is necessary to integrate strategy with the Balanced Scorecard in order to maximize the benefits of both. To kick off our conversation, the famous strategy writer Henry Mintzberg offers this great summary of the topic. Some people think that the high-level plans that management creates to guide the company into the future indicate strategy. Some contend that a plan is based on the precise steps you will take to realize your ideal future. For some others, strategy is just the application of best practices. Lastly, some people can define strategy as an ongoing pattern of consistency in behavior. Instead than attempting to define this ambiguous phrase precisely, let's examine some of the fundamental ideas of strategy:

Gratitude

Everyone on a non-profit board or thousands of employees in a huge firm has to be aware of the strategy in order for everyone to be traveling in the same direction. If the strategy implementers don't fully understand it, how can they make sense of the hundreds of options in front of them? Leaders need to be both evangelists and instructors. Distinct pursuits. Choosing a different set of actions than your competitors in order to gain a distinct and valued position in the market is the essence of strategy. Differentiation would be solely dependent on operational success if everyone pursued the same goals.

Trade-offs

Competitive tactics need trade-offs. Choosing what not to do is as important as choosing what to do in strategy. Organizations that try to please everyone will not be able to compete successfully. The decisions you make and the benefits you get from that strategic stance must be supported by the whole company. Fit. To be successful over time, the selected activities must complement one another. To create a sound theory of the business, our presumptions about the industry must make sense. The same rules apply to activities: they must result in an integrated whole.

Continuity

While significant structural alterations in the sector may need a shift in tactics, strategies shouldn't normally be continuously reined in. Your thoughts on fundamental matters, such how and to whom you will provide value to clients, are brought to clarity by the strategy. Both internal and external stakeholders need to understand this path clearly. New possibilities, like new technology, may arise from changes that can be incorporated into the present plan. Different ways of thinking. Analytical and conceptual activities are part of strategy. The quotation from Mintzberg at the beginning of this article serves as a reminder that strategy entails both the comprehensive conceptual understanding of the firm, industry, market, and so forth, as well as the deep analysis of complicated data.

CONCLUSION

The incorporation of vision statements into the Balanced Scorecard offers a powerful method for improving organizational performance and strategy alignment. The abstract has emphasized the mutually beneficial link between these two components, highlighting their combined ability to propel enterprises' strategy execution, motivation, and clarity. Vision statements act as beacons of light, shedding light on the ideal future state and motivating stakeholders to collaborate towards a shared goal. In the meanwhile, the Balanced Scorecard offers a methodical framework for converting this vision into achievable objectives and performance metrics, making it easier to track and assess development over time. Organizations establish a unified path to success by coordinating their vision statements with their strategic goals and performance metrics. By promoting unity, coherence, and clarity of purpose, this alignment directs resource allocation and decision-making toward the achievement of long-term objectives. Additionally, the organization's goal is communicated and operationalized via the Balanced Scorecard, guaranteeing that it pervades all organizational levels and spurs action.

REFERENCES:

[1] K. A. Allen, M. L. Kern, D. Vella-Brodrick, and L. Waters, "Understanding the Priorities of Australian Secondary Schools Through an Analysis of Their Mission and Vision Statements," *Educ. Adm. Q.*, 2018.

[2] A. Wiśniewska, "The mission & vision statements in the consumer strategies," *Humanistyczno-Spoleczne*, 2018.

[3] K. Giusepponi and E. Tavoletti, "Vision and Mission Statements in Italian Universities: Results of an Empirical Investigation on Strategic Orientation," *J. Knowl. Econ.*, 2018.

[4] C. Cook-Cottone and L. K. Anderson, "Eating disorders: The journal of treatment and prevention new editors' vision statement," *Eating Disorders*. 2018.

[5] T. Whitley, "The Power of Language in Defining and Developing Teams," *Christ. Educ. J.*, 2018.

[6] M. Fulea, S. Brad, B. Mocan, and M. Murar, "Framework for Building a Service Vision Statement," *Acta Tech. Napocensis Ser. Math. Mech. Eng.*, 2018.

[7] A. J. Abukari and I. K. Abdul-Hamid, "Corporate social responsibility reporting in the telecommunications sector in Ghana," *Int. J. Corp. Soc. Responsib.*, 2018.

[8] W. Mugizi, "The Role of Higher Education in Achieving Uganda Vision 2040," *Elixir Int. J.*, 2018.

[9] A. C. Messner, G. Samuel, and M. Stanley-Baker, "Vision statement of IASTAM as a transdisciplinary forum," *Asian Medicine*. 2018.

[10] S. Pope, P. Bromley, A. Lim, and J. W. Meyer, "The Pyramid of Nonprofit Responsibility: The Institutionalization of Organizational Responsibility Across Sectors," *Voluntas*, 2018.

[11] L. Tai, C. Lim, M. Mohd Nor, N. Ismail, and W. Wan Ismail, "Malaysian Registry of Intensive Care 2017 Report," *Malaysian Minist. Heal.*, 2018.

[12] G. K. Laing and B. F. Dunn, "Organisational Narcissism: A Review of the Indicators in the Major Australian Banks," *e - J. Soc. Behav. Res. Bus.*, 2018.

CHAPTER 7

DEVELOPING PERFORMANCE OBJECTIVES AND MEASURES OF BALANCED SCOREBOARD

Dr. Dinesh Neelakanta Rao, Associate Professor
Department of OB & HR, Faculty of Management Studies, CMS Business School
Jain (Deemed to be University), Bangalore, Karnataka, India
Email Id- dinesh.rao@cms.ac.in

ABSTRACT:
Developing performance objectives and measures is a critical aspect of implementing a Balanced Scorecard (BSC) system, providing organizations with a structured approach to monitoring and improving performance across multiple dimensions. This abstract explores the process of developing performance objectives and measures for a Balanced Scorecard, highlighting key considerations and best practices. The abstract begins by emphasizing the importance of aligning performance objectives with the organization's strategic goals and priorities. Clear and specific objectives are essential for guiding actions and ensuring that efforts are focused on activities that contribute to the overall strategy. Next, the abstract discusses the selection of performance measures, emphasizing the need for a balanced mix of leading and lagging indicators across financial and non-financial perspectives. By capturing both short-term outcomes and long-term drivers of success, organizations can gain a comprehensive understanding of performance and progress towards strategic objectives.

KEYWORDS:

Key performance indicators (KPIs), Metrics, Quantifiable, Strategy, Targets, Validity.

INTRODUCTION

This will outline techniques that you may use to convert your strategy into goals and metrics from each perspective of the Balanced Scorecard. How many different points of view will you include on your scorecard, I wonder? I only discuss the following four aspects in this section and the rest of the book: financial, customer, internal processes, and employee learning and growth. However, Kaplan and Norton state that the four viewpoints "should be viewed as a template, not a straitjacket." Several organizations have taken this advice to heart and have created innovative viewpoints on innovation, R&D, the environment, suppliers, leadership, and the community. In the end, the perspectives you choose for your Balanced Scorecard should be determined by what is required to explain your strategy and provide your company a competitive edge. What or who are the essential elements required to characterize your strategy when you look it over and try to translate it? The four viewpoints are wide enough to include most constituencies; if, on the other hand, you believe that connections or procedures centered on a particular constituency provide your company a competitive edge, you could choose to include a different perspective for this group. For instance, a manufacturing company may depend significantly on its suppliers to ensure optimal operational efficiency. It could be wise for this organization's operations to have a viewpoint focused on supplier relations. The success of your firm depends on you being able to identify the important stakeholders and include them in your Balanced Scorecard. However, you shouldn't just create a "Stakeholder Balanced Scorecard" with every potential donor included. These kinds of scorecards list the main stakeholders in the firm and specify their objectives. A stakeholder balanced scorecard is shown by Sears's original scorecard, which was built around three interconnected principles. "A compelling place to work," "a compelling place to shop," and "a compelling place to invest" were the three themes. In a similar vein, Citicorp used this design for it’s "an excellent place to work, bank, and invest" Scorecard.2. The "how" of value creation that a fully balanced scorecard may provide is absent from most scorecards, which concentrate on three important groups: customers, shareholders, and staff. Which value proposition can guarantee happy and devoted customers? What capabilities do our workers need to possess, and what processes must we excel at in order to deliver this customer value proposition? To create a Balanced Scorecard that explains your strategy and shows how you intend to carry it out, you need to provide answers to these questions. It should be mentioned that in order to fully describe their plans, Sears and Citicorp both moved on to create strategic Balanced Scorecards that had perceptive internal procedures [1], [2].

Not to be overlooked is the original Balanced Scorecard's numerous charms, especially its conciseness. A well-designed balanced scorecard should use a limited set of measurements that are interwoven across the viewpoints to convey the narrative of the organization's strategy. One of the main advantages of the Scorecard idea is its capacity as a communication tool to swiftly and properly convey the organization's important drivers to a large and diverse audience. Decide on the amount of viewpoints that will enable you to include all of the organization's important stakeholders and explain how you will ultimately serve them to effectively execute your plan. The real litmus test is how well you can weave together your many points of view to create a coherent narrative. A balanced scorecard should not include stand-alone viewpoints that characterize a component group without also connecting with the other perspectives. Completing your homework: studying background data on raw materials for the balanced scorecard [3], [4].

Compiling and Examining Historical Data

Regarding the nature of your company, its competitive position, future prospects, suitable strategy, and metrics, each member of your Balanced Scorecard team will approach the project with certain preconceptions. As much background information as you can uncover should be gathered and reviewed to help your squad compete on an even playing field. Although you selected your team members according to their specific training and expertise, everyone on the team has to have access to the whole body of information about your company in order to create an effective scorecard. The following are some information sources you may want to look. Your annual reports are a useful source of information that will cover a wide range of topics, including your market position, important goods, future prospects, and maybe even nonfinancial success indicators.

Mission statement. In fact, this may be really educational and even fun. Request that every team member repeat the mission statement of the company. After all, the majority of firms do have one, and you need to have one after reading Four a strategic blueprint. The primary source of information for creating a scorecard is the strategic strategy. You are off to a wonderful start in the process if you are lucky enough to have a well-thought-out strategic plan that is founded on your goal, values, and vision. The majority of enterprises do not have this luxury, and they often experience delays or even complete failures in the Scorecard project due to their inability to formulate a workable plan [5], [6].

Plans for projects. If your business is like others, there will be dozens of projects circulating at any one moment, all competing for resources and attention. It's critical that you assess whether initiatives seem to match the organization's goal and have the backing of powerful leaders. These programs could be worthy of continuing to be crucial action plans for reaching one or more Scorecard objectives advising research projects. Consultants tend to hoard copious amounts of paper and often leave behind vast amounts of important data. Whatever they have been investigating at your company, they have probably supplied background data that will come in extremely handy throughout your evaluation process reports on performance. Even if your company doesn't use a balanced scorecard, it still uses some kind of management reporting system. Locate and go over these reports for at least a year to find out which performance metrics are now considered essential to the organization's success rival information. Identifying some of your own primary goals and metrics may be made easier by being aware of what your rivals are doing and, if possible, what they are measuring. But keep in mind that the core of strategy is creating value by acting differently from your competitors. Don't just replicate your rivals' numbers. Their measurements may actually work against your efforts since they may have more developed procedures than you do, focusing on other parts of the value chain history of organizations. Has the history of your organization been written down by anyone? If this is the case, analyst reports will probably provide a plethora of insights into the organization's history, values of the founders, important lessons learnt throughout time, and outlook for the future. Analyst reports, if your firm is publicly listed, will provide you a great idea of what the market thinks of it. A wealth of statistical information is often included in these publications as well [7], [8].

The information you choose to use to sway public opinion may be significantly influenced by what you discover here. Reports on benchmarking. There are still a lot of excellent studies on a broad range of sectors and functional specializations, and benchmarking is still quite popular. Although these materials provide useful context and might spark discussions about possible actions, depending only on them is not a smart idea. Your plan should be narrated in your balanced scorecard.

The metrics you use to illustrate that approach may sometimes resemble those of other businesses, but what will eventually set you apart from your competitors is identifying the important factors for your own enterprise. The sources listed above are by no means comprehensive; in fact, you may find numerous more. Think about utilizing the Balanced Scorecard design to help you find sources of content when deciding where to go for information and to further reinforce Scorecard basics within your team. For instance, you may ask yourself, "Where might we find information relating to the financial performance of the organization?" under the Financial perspective. Many options will probably come to mind when you ask that question: management reports, yearly reports, analyst reports, and the like.

DISCUSSION

After you've obtained enough background data, it's time to compile your results and validate them with individual interviews with every executive team member. As has previously been said several times, the significance of executive support for the Balanced Scorecard is emphasized once again. This is your first chance to collaborate on the Balanced Scorecard project with the executive team. First impressions matter a lot in life and business, as we all know. Make sure you are ready to demonstrate to your executive team the worth of this idea and the effectiveness of your team in producing outcomes. Take into account the following structure for your interviews:

Review's objective

Although the Balanced Scorecard project should be recognizable to your executives already, you should take the time to explain why it is crucial to get their input in order to create a successful Scorecard. Discuss with them the topics you want to discuss and the estimated length of the meeting. Strategy, values, vision, and mission. Start the interview by getting the executive's opinion on these four important BSC components. Don't disclose the findings of your investigation with anybody unless particularly requested to. You are trying to find out whether your senior team is in agreement on these things and how your executives feel about them.

Creating your goals and metrics

Building Your Balanced Scorecard Requires Effective Translation

Not to put too fine point in front of you, but why do we need interpreters to tell us what people we can't comprehend are saying? Since we are not native speakers of the language, translation is required so that we can't act on what the other person is saying since we are not understanding them. Consider the vocabulary of a contemporary corporate entity. Our "five-dollar words" must seem like a foreign tongue to those fighting on the front lines. However, how can someone who leaves the meeting and meets with a customer an hour later follow through on that statement? They are unable to. Considering the terminology we have chosen, it is not surprising that successful strategy execution has been identified as the primary factor contributing to CEO failure in the US. Workers need language that makes sense to them and inspires action rather than just confused lethargy [9], [10].

Formulating Goals

Examining each perspective on the Balanced Scorecard as a question is the most effective method for formulating performance targets. Ask your group to think about these questions, then build your goals on the answers you get back: From a financial standpoint: What financial actions are required to guarantee that our plan is carried out? Your company's life cycle and the strategy you choose to follow will have an impact on the financial objectives you choose. For instance, if your organization is pursuing an efficiency or cost-reduction plan, you may think about goals like "Increase revenue per employee" or "Lower our indirect costs." While a mature organization may only concentrate on cost reductions, a rising corporation adopting an efficiency plan would be more concerned with revenue per employee.

From the viewpoint of the client: Who are our ideal clients, and how can we best serve them? The goals and metrics you decide on for this viewpoint will ultimately depend on the value proposition you choose. Increasing customer happiness and loyalty are commonly found in the Customer viewpoint. An organization seeking a value proposition of customer intimacy may contain goals like "Increase retention rates" and "Increase knowledge of customer buying patterns." These goals are ideal, provided that they align with your value offer. But be careful—these are essentially "outcome" goals; don't limit yourself to only those. Just keep in mind that a goal like "Increase customer loyalty" does not reflect a single deed. The concepts "lagging" and "leading measures" will be covered in more detail later in the. Engaging in specific actions or behaviors that will eventually result in a greater level of customer loyalty is necessary to enhance loyalty. Put otherwise, what motivates a customer's loyalty?

Your work clearly demonstrates one of the numerous advantages of the Balanced Scorecard from this angle. The Balanced Scorecard, with its emphasis on strategy and the interaction between objectives and measures, may lead to the development of completely new processes to drive customer and shareholder value, in contrast to most performance systems, which typically concentrate on the incremental improvement of current organizational processes. If a business decides to pursue the customer target of "Lowering complaints," for instance, yet upon inspection finds that there is no formal mechanism in place for resolving disputes, they must quickly establish one, lest accomplishing their overall goals prove to be quite challenging! The goals selected for this viewpoint will often be closely related to those found in the customer perspective. From a retail outlet's customer viewpoint, a goal of "Lower return rates" might lead to "Work with 'A'-rated suppliers" from an internal process standpoint. From the standpoint of employee learning and development, what skills and resources are needed by our staff to assist them in implementing our strategy? The majority of firms identify challenges pertaining to employee skill development using the Employee Learning and Growth viewpoint.

On a balanced scorecard, the phrases "Close skills gaps" and "Increase employee training" will be seen often. Even if these are worthwhile goals, don't forget to consider the resources your staff depends on to do their work. Do their systems include the most recent consumer information? Exist procedures for gathering and disseminating staff knowledge? The goals you choose for this viewpoint need to take these questions into account and be expressed in them.

It is beneficial to start each performance target you create with an action verb, such as grow, decrease, commence, develop, lower, improve, become, accomplish, and so on. By providing a solution to the vital issue of how the strategy will be carried out, the usage of these verbs sets apart the action-oriented character of goals from the sometimes stagnant world of plans. It's possible that your operational efficiency approach translates into the following goals. Our operational efficiency approach will be implemented via cost reduction, employee loyalty building, rework reduction, and skill gap closure. Your goals should inspire action, but they don't have to be strictly quantifiable. It is not the purpose, but the domain of the performance measure to provide precise numerical depictions of success. Remember that the Balanced Scorecard is all about translation: converting the strategy into goals and then choosing the most appropriate metric to monitor those goals' accomplishment.

You must make sure that everyone on your Balanced Scorecard team is aware of the goals you have created, since they will come from a range of functional areas. Create sentences that elucidate or explain the precise meaning of every goal. These statements need to be no more than one or two sentences long—just enough to convey the true meaning of the goal, but never so lengthy as to put off readers. For instance, the Employee Learning and Growth view can include "Closing skills gaps" as one of your objectives. As said, this goal is a little ambiguous and up to reader interpretation. You may develop performance measures around strategic skills, recruitment efforts, training, or retention based on this articulation of the objective. An accompanying statement might be, "We will increase strategic skills available to the organization through recruitment, training, and retention of key staff." The statement outlines your plan of action but does not go into specifics on the measures that must be taken to accomplish the goal. Prioritize developing goals and metrics before creating cause-and-effect relationships [11], [12].

The creation of connected goals and measurements using the four Scorecard perspectives is encouraged by several books, papers, and consultants on performance measurement. Put another way, they advise you to create your cause-and-effect relationships while you're creating goals and metrics. While this seems sensible and quick in theory, there are practical drawbacks. It's interesting to note that while this advice is widely available in the literature, there aren't many specific methods for completing this particular task. This is due to the fact that it is really difficult to gather around a conference table and hammer out a cohesive and logical tale of your strategy via a set of interconnected goals and metrics. My main criticism of the technique is that it may restrict the group's ability to be creative in developing the potent new performance metrics that are crucial to the success of your plan. Frequently, the first performance determinant for a given goal or metric is selected without careful consideration of the several options that may be available. If the functions are divided into two, the task becomes simpler and more fulfilling for all parties.

1. Create goals and metrics for every one of the four viewpoints.

2. Make a strategy description based on those, or entirely other, goals and metrics.

Begin the process of growth by coming up with as many goals and actions as your group can think of from each of the four viewpoints. Your team was selected on the basis of their ability to solve problems, functional specializations, and varied backgrounds. Encourage participants to draw from their whole range of experiences by organizing a brainstorming session that lets the group explore all of its creative potential. Without a doubt, you will have hundreds of possible goals and actions in no time at all. You'll have constructed a virtual menu of possibilities that represent the collective experiences of the team by the time you're ready to build your strategy map of connected goals and metrics. Though it may not include all the important goals and metrics, your first brainstorming session will provide a wide range of options for you to evaluate. You will have plenty of time throughout the construction process to include new goals and metrics as they come to light from team members, executives, literature studies, research, and staff.

It won't take long for you to realize how iterative the building of a balanced scorecard is. It goes without saying that your final Scorecard won't look anything like your first draft, and that's okay since each iteration will more precisely reflect your strategic landscape. For this reason, rather than completing the phases as a single procedure, the two-step method of setting goals and metrics and then making connections is better. You essentially have to start over from scratch if you try to develop a strategy map "from scratch" and later realize the metrics or objectives are not appropriate for your aims, or if the executive team believes they are not the suitable components. You may "plug and play" a plethora of possible goals and actions into your strategy map using the brainstorming technique until the right balance is reached. Let's go over some advice on how to run productive meetings that result in goals and metrics.

The title of this was purposefully omitted to include the word brainstorming. Despite the fact that brainstorming is a highly useful notion, some individuals find it stressful to create ideas on demand and feel stuck in these sessions. In light of this, you could choose to call these gatherings "idea generation sessions" or "hypothesis meetings"—any term that you believe would spark curiosity and originality among the members of your group. Whatever name you give the gathering, creating a significant number of goals and metrics to illustrate your strategy's progress is the ultimate goal. These kinds of sessions are advantageous for many reasons. They

Promote originality

During the gathering, no suggestion is turned down, and the open atmosphere of respect and sharing often fosters breakthroughs in thought.

Encourage self-ownership

This technique remains the property of the team you put together, even when the instrument is manufactured inside your company. Encouraging every member to engage in this session and share their own convictions will foster a feeling of responsibility and dedication. Even the playing field. There's little question that members of your team will come from different organizational levels. Everyone is on equal footing during these discussions, and the relaxed environment for idea exchange fosters team cohesiveness.

Generate a tonne of concepts

Remember why we are holding this session! These gatherings often result in a large number of goals and actions being taken quickly. While some may undoubtedly have more potential than others, having a wide selection to choose from will help your strategy mapping efforts in the future. These will need to be carefully planned in order to provide successful outcomes, just like any other meeting. Let's examine what has to happen before, during, and after the meeting to guarantee that your team comes up with a ton of possible goals and metrics for your Balanced Scorecard.

Prior to the meeting

The secret to success in every situation involving a meeting is preparation. The first thing you need to think about is who will lead the meeting. It is advised to use a professional facilitator or an independent expert to run the meeting in accordance with previous suggestions. A skilled consultant or facilitator can guarantee that your goals are met by igniting group discussion and using tried-and-true methods. Set aside a maximum of three hours for each session. The kind of temper that these meetings need cannot be maintained for more than three hours. Before your session, take into account the following additional points:

Distribute the documents beforehand

Make sure the team has the most current copies of your purpose, values, vision, and strategy since the Balanced Scorecard will translate them. Furthermore, distribute the data you obtained from your executive interviews. Organization. To make sure that your team isn't sidetracked by supposedly vital tasks going on around you during the meeting, it should ideally be conducted off-site.

Get the space ready

No matter where you have your meeting, setting up the space properly is essential. Place huge banners or sheets at strategic points throughout the room that convey the purpose, values, vision, and strategy. These materials should be easily visible to all attendees for convenient reference. Post any quotations from your executive interviews that you found especially noteworthy or pertinent as well. This tool must ultimately belong to the senior management team, therefore you want to make sure that their perspective permeates all you do. Additionally, you need to have the flip chart pages open and prepared to take group feedback. Prepare papers for parking lot items and other concerns, as well as for each viewpoint of the Scorecard. The proverb "The devil is in the details" applies to everything, so make sure you have enough flip chart paper, Post-it notes, pencils, and tape to record everything.

I have truly loved many of filmmaker Woody Allen's cinematic works, but I have to disagree with him on that point—at least as it applies to your Balanced Scorecard sessions. During the meeting, Woody Allen is quoted with remarking, "90 percent of life is showing up." It is your responsibility to ensure that everyone gets the most out of the session when they "show up." You have distributed your materials, completed your homework, and guaranteed faultless attendance at your meeting. Let's now examine what needs to happen in order for the session to be effective kicking off the gathering. Thanking everyone for coming, praising them for their efforts so far, and outlining the difficult but fascinating task that remains ahead are all important things for your facilitator to do. She will also describe her position in the meeting, which is that of an impartial facilitator. Along with meeting objectives, it's important to discuss housekeeping matters like schedule and facilities. The ground rules for the session will be announced at the end. Even though this is supposed to be a relaxed session, there are several guidelines that must be followed: everyone must actively participate, no ideas should be rejected, and time limitations must be followed.

Gathering concepts

The purpose, values, vision, and strategies as well as anything else that may be found written on the walls of the room are read aloud by the facilitator to the group to begin the main part of the meeting. She then invites suggestions for prospective goals and actions from each of the four viewpoints. Ideas from participants are recorded on the flip chart page that corresponds to the correct Scorecard viewpoint. In the first forty-five minutes of this sort of workshop at Nova

Scotia Power, we generated over a hundred prospective goals and measurements. Even if you'll succeed enormously, every brainstorming session will ultimately run into a creative block. Here are two ideas to help you spark your imagination once again. Try starting the meeting with some physical exercise. One method is called "brain walking." Encourage the people of your team to get out of their seats and take a tour of the space. Everyone must add at least one item to each list as they pass the flip charts with the goals and metrics before they are allowed to sit down again. This simple exercise may inspire further creativity just by virtue of the physical exertion and flexibility it provides. The paper aircraft approach is another way to add some spice to the situation. Fold up a paper aircraft and throw it to someone close when the group seems a bit worn out. The group needs to hear from whomever is sitting closest to the landing. After that, they launch the aircraft into the air, where it will crash close to another person who has the same duty. You may always turn to a little trickery if these tiny tips of the trade don't work and your group seems really disinterested. Give the facilitator a list of potential goals and metrics that you have discovered in trade journal reviews, benchmarking reports, and other sources. She may try to refocus the group by sharing a few with them. Your team can bring up throughout the meeting the possibility of creating a cause-and-effect connection between a few of the goals and measurements. While the purpose of this discussion is not to draw out strategies, you should note any potential connections between the measures. To identify potential connections, using various colored Post-it notes will be useful. Summarize the goals and metrics you have gathered from each of the Scorecard viewpoints to round off the discussion. Participants may then clarify interpretations and cross out any things that could have been repeated. Following the meeting, it will be the duty of your team leader to collect the flip charts, get the content written, and give it to the group. For the group's evaluation, any cause-and-effect connections that were proposed throughout the discussion need to be recorded.

Your Balanced Scorecard team may develop a strong feeling of mutual responsibility and collaboration by participating in these activities. Although not all of the objectives and measurements found on your well-worn flip chart pages will ultimately show up on your Balanced Scorecard, they do give your team a great start and help them become used to thinking about the perspectives of the Balanced Scorecard and what it takes to translate a strategy effectively.

Streamlining Your Goals

There will surely be hundreds of potential goals from the above-described session. How many goals are necessary, and how do you decide which to maintain? The Balanced Scorecard is a potent instrument for communication because it conveys to all members of the business the critical success strategies and gives them a chance to help bring those strategies to fruition. If you have a lot of targets, it is hard to use the Scorecard's communication capacity. Remember that in order to appropriately reflect the goal of each objective on the Scorecard, there could be two performance measures that come from it. Consequently, you should include no more than 10 goals if you want to restrict your Scorecard to a maximum of 20 measurements. Aim to keep the number of goals for each Scorecard viewpoint to no more than three.

Call a follow-up meeting after the team has had some time to consider the goals you have created. You could require more than one meeting, depending on how many objectives you have created. You'll ask your team to vote on the goals they think belong on your balanced scorecard at this meeting. To make sure that each goal is in line with your vision, values, and purpose, it should be carefully examined. It is also necessary to go over the objectives to make sure that they accurately reflect your plan. Consider this: Will achieving this goal result in our approach being carried out successfully? The foundation of the balanced scorecard are performance measurements. When performance goals were first presented, they were described as succinct declarations that outline the precise tasks you need to do effectively in order to carry out your plan. But how can we determine if we are really succeeding in achieving our goals? Our strategy's effective execution is dependent on our ability to accomplish our goals, which we assess using performance measurements. To be more precise, measurements are measurable benchmarks that are used to compare performance to predetermined outcomes and convey the findings. But there's no easy way to adequately express the influence that well designed and conveyed performance metrics may have inside a company. Measures convey value creation in a manner that speeches from even the most captivating CEOs can never match. They serve as a tool to encourage desirable behavior, provide guidance to all staff members on how they may support the organization's overarching objectives, and give management a means of monitoring overall progress toward strategic goals. Measurements are thus essential to your Balanced Scorecard, but it may not be as easy as you would expect to create performance measurements. "The ability to define and agree upon measures" was cited by 27% of participants in a recent American Institute of Certified Public Accountants research as the most common obstacle to putting in place or updating a performance measuring system.

This will look at the performance measure's significant significance in the Balanced Scorecard. Our beginning point is the difference between trailing and leading measures since it will be crucial to the development of your measures. Next, we will break into each of the Scorecard's four viewpoints, going over how to develop particular metrics for each and looking at various measure kinds that we may come across. After reading the following, hopefully, your company won't claim that the largest obstacle to creating a performance measurement system is its inability to identify and agree upon measurements.

CONCLUSION

By emphasizing how crucial it is to create performance goals and metrics for a balanced scorecard system. Organizations may use the Balanced Scorecard to create performance excellence and accomplish their intended results by choosing relevant metrics, cascading objectives across the business, aligning objectives with strategic goals, and developing a continuous improvement culture. In addition, the abstract delves into the method of distributing goals and metrics throughout the whole company to guarantee that aims are converted into achievable targets at every stage. Performance improvement and alignment with corporate goals are driven by effective communication and goal alignment, which also fosters responsibility and ownership. The abstract also touches on the significance of routinely evaluating and improving performance goals and metrics in order to adjust to shifting conditions and shifting strategic priorities. The Balanced Scorecard is kept current and useful for promoting organizational performance over time via continuous improvement.

REFERENCES:

[1] A. A. Karl, J. Micheluzzi, L. R. Leite, and C. R. Pereira, “Supply chain resilience and key performance indicators: A systematic literature review,” *Production*. 2018.

[2] M. P. Docekalová, A. Kocmanová, I. Simberová, and J. Koleňák, “Modelling of social key performance indicators of corporate sustainability performance,” *Acta Univ. Agric. Silvic. Mendelianae Brun.*, 2018.

[3] M. Demartini, C. Pinna, B. Aliakbarian, F. Tonelli, and S. Terzi, “Soft drink supply chain sustainability: A case based approach to identify and explain best practices and key performance indicators,” *Sustain.*, 2018.

[4] E. Varouchas, M. ángel Sicilia, and S. Sánchez-Alonso, "Academics' perceptions on quality in higher education shaping key performance indicators," *Sustain.*, 2018.

[5] D. M. Safina, A. I. Podgornaya, S. I. Grudina, and A. A. Datsyk, "Key performance indicators influence to team building," *J. Soc. Sci. Res.*, 2018.

[6] J. Jetter, J. Eimecke, and A. Rese, "Augmented reality tools for industrial applications: What are potential key performance indicators and who benefits?," *Comput. Human Behav.*, 2018.

[7] R. Sanchez-Marquez, A. J. M. Guillem, E. Vicens-Salort, and J. J. Vivas, "Intellectual capital and balanced scorecard: Impact of learning and development programs using key performance indicators in manufacturing environment," *Dir. y Organ.*, 2018.

[8] D. Pavelková, L. Homolka, A. Knápková, K. Kolman, and H. Pham, "EVA and key performance indicators: The case of automotive sector in pre-crisis, crisis and post-crisis periods," *Econ. Sociol.*, 2018.

[9] J. Goya, G. De Miguel, S. Arrizabalaga, L. Zamora-Cadenas, I. Adin, and J. Mendizabal, "Methodology and key performance indicators (KPIs) for railway on-board positioning systems," *IEEE Trans. Intell. Transp. Syst.*, 2018.

[10] K. Ganguly and S. S. Rai, "Evaluating the key performance indicators for supply chain information system implementation using IPA model," *Benchmarking*, 2018.

[11] R. A. Dolzhenko, "Key performance indicators of the bank's distressed assets and their calculation," *Financ. Theory Pract.*, 2018.

[12] M. Schrage and D. Kiron, "Leading With Next-Generation Key Performance Indicators," *Sloan Manage. Rev.*, 2018.

CHAPTER 8

EXPLORING THE PRODUCT LEADERSHIP MEASURES: A REVIEW STUDY

Dr. Vinayak Anil Bhat, Associate Professor
Department of OB & HR, Faculty of Management Studies, CMS Business School
Jain (Deemed to be University), Bangalore, Karnataka, India
Email Id- vinayak_ab@cms.ac.in

ABSTRACT:

In today's competitive business landscape, achieving product leadership is crucial for organizations aiming to drive innovation, capture market share, and sustain long-term growth. This abstract explores the significance of product leadership measures in assessing and enhancing an organization's ability to innovate, differentiate, and excel in the marketplace. The abstract begins by defining product leadership and its importance as a strategic imperative for organizations across various industries. Product leadership encompasses the ability to consistently deliver innovative solutions that meet customer needs, outperform competitors, and establish market dominance. Next, the abstract delves into the key measures used to evaluate product leadership, including metrics related to innovation, market performance, customer satisfaction, and competitive positioning. Innovation metrics may include the number of new product launches, research and development investment, and patents filed, while market performance metrics could encompass market share, revenue growth, and profitability. Furthermore, the abstract discusses the importance of balancing short-term and long-term measures to ensure sustainable product leadership. While short-term measures such as revenue growth and market share provide insights into immediate success, long-term measures such as customer lifetime value, brand equity, and innovation pipeline health are essential for assessing future competitiveness and sustainability.

KEYWORDS:

Customer Satisfaction, Innovation, Market Share, Product Development, Product Lifecycle, Quality.

INTRODUCTION

I recently delivered a presentation at a software conference, and midway through the talk, I saw that there were a lot of questions, and everyone was paying close attention there wasn't even a yawn! I'll bet this bunch gives me positive evaluations. My reasoning was founded on the idea that I wanted the group to give me excellent ratings, and that in order to do so, I needed to keep the group's interest during the whole presentation and motivate them to participate actively. Essentially, my hypothesis was that a large number of questions and little yawns would result in favorable assessments on my assessment forms. Stated differently, my total assessment score was determined by my performance on the "yawn" and "question" categories. The main difference between the two is this: Lead indicators are the activities that result in, or propel, the outcomes shown in the trailing indicators, while lag indicators show the effects of earlier actions. Examples of lagging indicators are lost time accidents, market share, and sales. Why do all these trailing signs exist? Hours spent with consumers might influence sales, brand awareness could influence market share, and safety audit results could influence lost time accidents. The performance of trailing measures should be predicted by leading indicators. Leading and trailing indicators should be included in your balanced scorecard in equal amounts.

When performance drivers are absent from lagging indicators, we are unable to determine how we intend to attain our goals. On the other hand, although leading indicators may indicate important organizational changes, they cannot determine if these changes are resulting in better financial and customer outcomes by themselves. Given the abundance of indicators in our measuring language sales, profitability, contentment, and a host of other commonly used metrics—developing the lagging measures shouldn't be too difficult. Including some of these trailing indicators on your Scorecard is very suitable. Even while many other firms use similar metrics, your leading indicators are what really make you stand out since they pinpoint the precise actions and procedures you think are essential to achieving that success trailing indicators [1], [2].

In performance management training seminars and in the literature on the Balanced Scorecard, the topic of leading and lagging measurements is often covered. Unfortunately, a lot of businesses neglect to keep a careful eye on how these crucial aspects are combined when creating effective balanced scorecards. Although the majority of individuals understand the idea intellectually, they find it difficult to create leading indicators and instead heavily rely on trailing performance measurements. Include the topic of leading measurements in all of your measurement talks to get around this problem.

For instance, in the previously mentioned "Measure Generation Sessions," the facilitator need to respond, "Good, now what drives performance for that measure?" to each suggestion made for a lagging indication of performance. You should set up two columns on your flip charts for gathering measurements: one for lagging indicators and another for the leading measures that will influence your outcome measures.

Selecting Monetary Measures

Financial indicators should be obtained as direct translations of the organization's strategy, just as all other measures on the Balanced Scorecard. Since strategies focus on the distinctive actions that eventually result in success, we would anticipate a broad range of metrics in all Scorecard perspectives, including Financial. In actuality, however, the majority of organizations choose financial metrics pertaining to three domains: expansion, profitability, and value generation [3], [4].

Most businesses will eventually want to expand the markets they service or the income they bring in. Metrics like target market share and income from new goods are excellent indicators of whether this objective is being met. While expansion is often the goal, profitability is always the primary measure of success for private-sector organizations. Numerous techniques for determining corporate profitability have been created throughout the years by our conventional accounting systems. Usually used are gross margin, net income, and profit as a proportion of sales. While growth and profitability metrics are useful, they are not the only indicators of an organization's financial health. Consider a company that wants to increase its profits. This goal will surely be achieved by expanding operations and purchasing a new factory, but at what cost? Only when an expansion is profitable and yields a return higher than the cost of capital is value increased. If a company's cost of capital for new projects is high enough, it might boost profitability while still destroying shareholder value. Many firms are using economic value added calculations to assess if financial investments are really adding value. EVA is just a company's net operating profit (NOPA) minus a capital charge, after taxes. Many businesses may now assess the opportunity costs of different investment options by using EVA as a benchmark. For instance, United Distillers & Vintners Limited's parent company, London-based Diageo PLC, employed EVA to determine which of its booze brands produced the highest returns. Based on the data, it was found that vodka, which could be sold few weeks after distillation, made more money than aged Scotch due to the time it took for care and storage. The EVA study led United Distillers' management to prioritize the production and sales of vodka [5], [6].

Not every company will choose financial metrics for value, growth, or profitability. Some people may use risk management indicators to supplement other financial measurements, particularly those in the insurance and banking sectors. German wholesale bank Westdeutsche Landesbank is present in more than 35 nations throughout the globe. West LB decided to add a risk-adjusted return on capital metric to their standard financial measurements of revenue growth and cost reduction while creating financial measures for their New York City branch. The significance of risk management in their portfolio was shown by this addition.

Measures from the viewpoint of the client

The majority of firms have minimal trouble coming up with a wide range of customer measurements. During your measure creation sessions, customer happiness, market share, retention, and customer profitability will all undoubtedly come to light. Upon closer examination, these metrics exhibit a bias towards pre-existing behaviors, which is why they are referred to as lagging indicators of performance. Even while each of these indicators has value, we won't fully understand their performance unless we understand what really motivates each one. What are their leading signs, to put it another way? If client satisfaction is drastically declining, we must ascertain the cause of the reduction. In the case that profitability increases, we must determine what caused the fortunate turn of events and how to maintain it. The combination of lead and lag indicators is crucial to the customer viewpoint in the Balanced Scorecard more than any other place. Let's examine how we may create our lead and lag customer metric blend [7], [8].

Choose Leading Indicators Based on Your Value Proposition

The significance of a distinctive combination of complimentary activities that produce customer value was mentioned in the strategy. The customer value proposition outlines your unique selling point and, in turn, the markets you will target. Many businesses choose one of the three "disciplines" described by Treacy and Wiersema in The Discipline of Market Leaders in order to create a consumer value proposition. Excellence in operations. Businesses that follow the operational excellence discipline prioritize affordability, ease of use, and often "no frills." Anyone who shops at Costco will understand that it's a top-notch business. Enormous variety and affordable pricing lure us back. Leadership in products. Product leaders innovate with the products offered by their company. They work tirelessly to provide the greatest product available on the market. One may say that Sony Corporation is a leader in products. Customer intimacy.

A customer-intimate organization is one that goes above and beyond to meet the specific demands of its clients. With their in-depth understanding of client demands, they prioritize long-term relationship development above one-time transactions. Home Depot is a prime example of a customer-focused company in the retail sector. The performance metrics you decide on will be significantly impacted by the value proposition you chose since each will have a distinct focus.

Operational Excellence Metrics

One word best describes an operationally excellent company, according to Treacy and Wiersema: formula. To keep ahead of the competition, these businesses make difficult decisions such as "fewer product variations, the guts to disappoint some customers, and uniting the entire organization not just production and distribution into a single, laser-focused tool." Let's look at the performance metrics that these companies may use to monitor their unique set of abilities.

Cost

Most operationally great businesses have a relentless pursuit of cheap pricing as their primary goal. When compared to their rivals, Wal-Mart, Costco, and Southwest Airlines all maintain consistently cheap costs. For these companies, measuring product pricing is essential since it influences trailing measures like market share and customer satisfaction [9], [10].

Choice

These companies understand that their clients do not expect them to provide every product imaginable, since it would be a clear violation of their "recipe" for success. To guarantee that all items are accessible for clients, operationally great businesses must maintain effective inventory control. Close monitoring would be done on "product availability," "inventory turnover," and "stockouts."

Easy access

Operationally superior businesses eliminate expenses they believe do not provide value to the client. These expenses might be either intangible or tangible. Saturn is a fantastic example of a company eliminating an intangible expense of doing business for its clients—the awkward interaction with the salesman. Their no-haggle price helps clients rapidly ascertain the complete cost of purchasing an automobile. "Customer complaints" about delivery or service are a stand-in for the convenience metric.

Zero defect

Whether purchasing a Big Mac at one of McDonald's hundreds of locations or anticipating a box from FedEx, clients of an operationally great company expect zero problems. This ambitious objective is made possible by streamlining processes and closely collaborating with suppliers. The rates of "manufacturing defect" and "service errors" will be closely monitored.

Development

The motto of the operationally great organization is value leadership. Increasing the cost of cutting-edge items or offering extraordinary customer support would contradict their mission to provide seamless customer service and very efficient operations. Growth in the markets they have selected is what they do want. These businesses have created a successful formula, and they will look to "growth in targeted segments" as evidence of their accomplishments.

DISCUSSION

Product leaders concentrate on developing a never-ending stream of cutting-edge goods that provide clients with unrivaled usefulness rather than being satisfied with a "new and improved" approach. The goal of these companies is to consistently provide goods that consumers find to be better. If you are a product leader, you should measure the following areas: Marketing is essential. Product leaders will work to build strong brand perceptions by giving consumers better functionality, time savings, and a track record of exceeding competitors. Product leaders may create items that the market isn't quite ready for since they are always coming up with new ideas. The Remington Company, which began developing typewriters in 1874, is the subject of Treacy and Wiersema's account. Although Mark Twain purchased one right away and even made an investment in the business, it took the product a full twelve years to become popular.

One way to make sure the market is aware of the many new items that are coming out is via "brand awareness." Product leaders, who are known for pushing the boundaries of innovation, may track the number of "help line calls per product" to gauge consumer interest in and potential misunderstanding of their most recent creation.

Usability. We expect market leaders in products, such as Sony, to continuously improve functionality across the board. Ultimately, what draws us back isn't their pricing, which is probably more expensive, nor their minimum standards for customer service. To make sure that expectations are being met, it is possible to monitor the "number of customer needs satisfied [11], [12]."

Steps to Enhance Customer Closeness

Customer-focused businesses understand that their customers need more from them than only their products can provide. To ensure that consumers get the most out of the items supplied, they provide a comprehensive solution that includes a special variety of excellent services. The following characteristics of customer-intimate firms may be used to gauge your performance if you adopt this strategy:

Customer knowledge

Every customer-focused business that wants to prosper has to have a thorough understanding of its clientele. Sharing of knowledge is essential to the customer-intimate organization, and this metric also guarantees that staff have access to the most recent information accessible from their colleagues. Staff knowledge may be measured by looking at "training hours on client products."

Solutions provided

Customer-focused businesses also understand that their clients come to them for the unrivaled comprehensive solutions they provide, not for their cheap prices or the newest merchandise. The customer-focused company will gauge this characteristic by counting the "total number of solutions offered per client."

Infiltration

During IBM's heyday, its prosperity was guaranteed by their close relationships with customers. The customer-intimate organization aims to provide complete solutions for its base and needs to ensure that these efforts are achieving success by deep penetration of accounts. IBM legend Thomas Watson outlined customer penetration or "share of targeted customer spending" as the critical objective he put forth to his staff.

Customer data. Additionally, these firms need rich and plentiful client data in order to provide the answers that only they can. Measurements such as "Percentage of employees with access to customer information" may be used to monitor this crucial success factor a mindset that propels customer success. It is ingrained in the culture of customer-intimate organizations for employees to consider their work successful when the client is successful. The best reward a customer-focused business can get is a certificate of appreciation from a valued customer, demonstrating their value. This aim is tracked with the assistance of "Number of customer awards received long-term partnerships. Organizations that care deeply about their customers do not consider their client relationships as temporary. Their objective is to establish enduring partnerships in which they may grow their clientele's company by offering unmatched expertise and solutions. The sale is not the end of the relationship; rather, it is just the beginning. Roadway Logistics assigns "directors of logistics development" to each customer, who often go to the client's site and remain closely involved in the process. The "number of staff at client locations" may serve as an indicator of the close bonds that these businesses have with their customers. Should you go for a customer-intimate approach, metrics that assess your degree of customer service as well as the bond you are trying to build with them will be the main emphasis from the customer's point of view. Apart from the metrics mentioned above, other possible metrics to consider may include "number of referrals received from existing customers" as a proxy for relationship and "hours spent with customers" to monitor service.

Customer Contentment and Additional Delayed Measures of Customer Achievement

Establishing your value proposition will be crucial in assisting you to target certain client groups. If you are concentrating on an operational excellence value proposition, customers who are searching for the newest goods are probably not going to get what they are looking for. In a similar vein, a Wal-Mart regular could like Nordstrom's service but be a bit taken aback by the costs. Many of us may find it confusing to think about a certain set of consumers since we think that "a customer is a customer," but the value proposition is about having to make difficult decisions. You are now prepared to develop some key outcome metrics from the customer's point of view, having made those decisions and taken into account some of the leading signs of your success. In their customer perspective, the majority of firms will concentrate on a mix of the following metrics: market share, customer profitability, acquisition, retention, loyalty, and that tried-and-true statistic, customer happiness. While many have criticized satisfaction as the most common measure offered for this viewpoint, it is still important to define and create satisfaction thoroughly before include it on your Scorecard.

Some commentators contend that the development of satisfaction measurements occurred during a period of low quality, when there were so many unhappy consumers that almost any improvement in quality would increase profits. However, as quality has increased, it has become less evident how satisfaction affects the bottom line. In the current context, a better proxy might be customer value, which is the market's assessment of all the costs and benefits of using a specific product in comparison to its alternatives. Author of more than twenty books on service and related subjects, Ron Zemke, is a service guru who refers to these as "pulse calls," or taking customers' pulses. This strategy is best shown by Kwikfit, a Ford-owned company, whose call center representatives randomly phone thousands of consumers each night and say, "You had your car serviced with us today." consumer pleasure is still a crucial and useful aspect of any consumer viewpoint, notwithstanding the disadvantages. Businesses must determine whether the value proposition they have spent countless hours honing and measuring with leading indicators is indeed making customers happy so they would do business with them again. The secret is to define your satisfaction meter precisely so that anybody assessing your score can rapidly determine its factors and decide how best to proceed based on the information provided. At each of its more than 150 hotels, Embassy Suites Hotels—the first premium all-suite brand to join the market carefully monitors guest satisfaction. Every site is evaluated using a guest satisfaction rating system that is administered via questionnaires that are sent to consumers by an independent survey company. A random sample of previous customers is asked to score several areas of their experience, such as bookings, check-out, room service, meal quality, and overall service. The company's Balanced Scorecard heavily relies on these ratings, and sites that do very well are recognized publicly.

Additional Sources of Customer Data

Choosing your value proposition and figuring out which client segments to target will make a big difference in how well you design measurements from the standpoint of the customer. They are not, however, your only choices. Additional resources that may lead to metrics you want to monitor include financial goals and metrics. Remember that your plan should be narrated by the Balanced Scorecard, starting with financial metrics and ending with the customer, process, and personnel competencies necessary for success. After you have established your financial goals and metrics, consider how these relate to the needs of your customers. For instance, in order to reach your financial aim of double-digit revenue growth, you could need to increase client loyalty or use aggressive customer acquisition strategies.

The viewpoint of the client. Positive or negative client impressions about your goods and services may go far thanks to the Internet. There are probably many mentions to your business and its products on message boards and specialized websites across the huge internet. Seize this chance by hearing what your clients have to say about you and then taking the initiative to establish your brand. A moment of truth is any occasion when a consumer interacts with a company. The exchange may be beneficial or detrimental and have a significant effect on future business. You may identify the unique selling points you have to provide and create measures to monitor your progress by mapping these "moments of truth

Examine your available channels. A business nowadays may provide customer service in a variety of methods, each with its own set of procedures. Consider a store as an example. They could provide shopping by catalog, in-person, or online. Every one of these channels has unique procedures and will need various performance standards. For example, mistake rates in entering prices and products into the register and the typical duration of a transaction may be tracked while evaluating the efficiency and speed of checkout at retail establishments. Through online means, the same firm may keep an eye on transaction easiness by looking at the quantity of fields a consumer has to fill out or the amount of transactions that are abandoned. In a catalog transaction, the duration of order placement and the number of rings required for customer care representatives to respond to calls would be monitored.

Utilize the experience of the consumer in your work. According to Joe Pine and Jim Gilmore's theory in The Experience Economy, the economy is changing to experiences, where every company is a stage and clients need to have unique experiences. If you're anything like me, you probably spent anywhere from $2 to $5 for the pleasure of starting your day with a trip to Starbucks or your preferred coffee supplier. You just spent around 200 times as much as the firm that harvested the beans, which likely earned the equivalent of one or two cents due to the enjoyable experience that the coffee shop or restaurant offered. You will undoubtedly find many important success metrics for the customer and every other Scorecard viewpoint when you examine the experience you are creating for them efforts for customer relationship management.

The market for consumer intelligence is expanding quickly. For instance, Meridien, a financial services firm located in Newton, Connecticut, projects that retail financial services firms would spend $6.8 billion on CRM this year. According to Tom Richards, the author of "Measuring ROI: Yardsticks for Managing Successful CRM Strategies," the business community has to improve its methods for figuring out how CRM boosts profitability. Senior research analyst Kathleen Khirallah of the Needham, Massachusetts-based TowerGroup research organization has an idea. According to her, businesses should use a Balanced Scorecard to monitor CRM.18 Measures that track the return on your significant investment in customer relationship management programs should be included in your customer viewpoint.

It is essential that the whole Scorecard, as well as the customer viewpoint, include both lead and lag indications. But a lot of Balanced Scorecard teams lose their way because they can't agree on what constitutes "leading" performance or what constitutes a "lag" score. It's certain that some team members would argue that since each metric is historical in nature, it is really "lagging." The semantics of this subject are debatable for eternity, but ultimately, it boils down to selecting metrics and considering what motivates each one. You have established a lag and lead connection whenever you choose a single measure and are able to infer a link with a related metric that you think influences the first measure's performance.

Customer Service with a Focus on Intimacy with Customers

Through an unmatched combination of exceptional services that give a comprehensive solution, the customer-intimate firm may go beyond the provision of goods or services and instead establish a long-lasting connection with its clients. The goal of this project is to get important consumer data. The customer-intimate organization can tailor, anticipate, and even forecast consumer trends more effectively the more information it has about its clients. A solid foundation of knowledge makes this possible. Users must be able to perceive the customer holistically via the information, which must be integrated from all sources, relevant and actionable, and easy to use.

Businesses that provide their customers with comprehensive solutions via unrivaled expertise must concentrate on a comprehensive understanding of all relevant operations, including marketing, selling, delivery, and service. There should be corresponding performance metrics for each client "touchpoint" that enhance the whole procedure. For instance, concentrating primarily on marketing without providing post-sale service as a counterbalance may result in a rise in clients; yet, neglecting service may also result in an increase in disgruntled customers and complaints. The customer-intimate organization can now measure essential supporting activities like creating comprehensive solutions and offering advising services, thanks to a basis of customer knowledge to operate from.

Operational Excellence: Supply Chain Measurement

It is likely that, regardless of the kind of organization you operate, you have heard a lot about enhancing your supply-chain procedures. From the backroom of most businesses to the executive suite, this quickly expanding industry is now where leaders apply the newest strategies to outperform their rivals in terms of cost, quality, and services. Although ultra-efficient supply chain processes are the lifeblood of an operationally superb firm, evaluating and optimizing these critical processes may be very advantageous to any kind of business. We think of the supply chain as consisting of three main processes: order fulfillment, planning, forecasting, and scheduling; sourcing and procurement; and "a set of three or more organizations directly linked by one or more of the upstream and downstream flows of products, services, finances, and information from a source to a customer." Supply-chain procedures are increasingly serving as the foundation for competitiveness in sector after industry, which makes sense given the high stakes. Within the

For instance, in the US car sector, the cost of acquired components including inbound logistics represents 45% of the overall expenses associated with production and distribution. Think about the effect this $600 billion business would suffer from even a 1% cut. Sadly, the world of interconnected business connections in today's supply-chain industry has not kept up with performance assessment. Actually, a lot of businesses will concentrate on supply-chain function optimization, often at the expense of the process as a whole. Boeing, the industry leader in aerospace and the Commercial Airplanes Group, is supporting a special initiative to boost the purchase of products and services from women- and minority-owned companies by using their Balanced Scorecard. There are two things in the Scorecard under the "Business Direction" aspect. The first calculates the proportion of money that is subcontracted to small enterprises, small companies owned by women, and small businesses controlled by minorities. The second measures the increase in the proportion of women- and minority-owned small businesses as well as small business suppliers. A color is assigned to each line item based on performance. Green indicates that the procurement director is following the plan; yellow indicates caution; and red indicates that the plan is not being followed. The procurement director meets with Boeing management to address what went wrong and how they can get back to green performance if the measure score is either yellow or red.

Every year, Boeing gives over 3,000 vendor’s contracts for around $15 billion. The Commercial Airplane Group wants to spend around 2% of its budget this year with suppliers who are women's owned, 2% with suppliers who are minority owned, and 20% with small companies. Before this initiative—which its proponents refer to as "cutting edge"—was introduced, procurement directors had no standard performance criteria with which to monitor their advancement. A crucial component of supply-chain logistics, transportation expenses are something the corporation is keen to cut. Reducing these expenses results in local cost savings, but there's a chance that it may have a negative impact on order cycle time and consistency, raise damages, or create additional inventory. Transportation expenses could decrease, but overall performance and customer satisfaction might not. Inaccurate data presents another risk for supply-chain measurement. According to a thorough analysis of 35 leading retailers, supply-chain management's foundational facts are often grossly erroneous. How can the supply chain be measured to provide us a competitive advantage? The authors of Keeping Score: Measuring the Business Value of Logistics in the Supply Chain provide many guidelines for efficient supply-chain assessment, including the following: Make sure the value proposition and approach are consistent. Because your strategy and customer value proposition will need distinct supply-chain measurement focuses, make sure the metrics you utilize reflect them. As previously said, this section focuses on operational excellence; nonetheless, companies that want to achieve product or customer intimacy must maintain minimum criteria of supply-chain efficiency.

Operationally great businesses, for instance, may emphasize total delivered cost, order cycle time variation, precise product selection, accurate invoicing, and timely and accurate information availability when evaluating the fulfillment process. For a company to be operationally outstanding, supplier relationships are very important and need to be measured using performance metrics. Product managers should keep an eye on order cycle time and a product that is free of damage in addition to supply chain KPIs. For the product-leading firm, total delivered cost is less important since its consumers are ready to spend a little bit more for the functionality that its goods provide. Last but not least, a customer-focused organization would prioritize timely delivery, order cycle time flexibility, transportation expenses, completed orders, authorized exceptions, and information accessibility. Since its clients depend on the customer-focused business to provide highly dependable service, on-time delivery is essential.

Businesses that can assess their supply-chain performance well will undoubtedly reap a number of rewards. First, supply-chain metrics let managers identify ineffective practices and cut expenses. Better customer service is something that firms may expect as a consequence of more efficient supply-chain procedures. For instance, with the aid of a supply-chain measurement program, 3M was able to enhance on-time delivery by an astounding 32% over the course of three years. Additionally, managers are given the knowledge they need to make critical choices about what services and service levels to provide customers by insights into the costs of supply-chain operations. When combined with supply-chain metrics, activity-based costing—a technique for pinpointing cost drivers and allocating expenses to specific activities rather than standard general ledger accounts can provide valuable insights into which supply chain activities are really boosting customer profitability.

CONCLUSION

Metrics related to product leadership are essential for evaluating and improving an organization's capacity for innovation, market differentiation, and success. The importance of these metrics as strategic requirements for businesses looking to gain and maintain market leadership has been emphasized in this abstract. Through the definition of product leadership and an examination of important metrics linked to competitive positioning, innovation, market performance, and customer happiness, this abstract has shed light on the complex process of ranking product leadership.

It underlines how crucial it is to strike a balance between short- and long-term goals in order to achieve sustained success. It also underscores how important consumer feedback and market information are in fostering innovation and ongoing development. To sum up, companies that place a high priority on creating and implementing product leadership strategies set themselves up for long-term success and competitiveness in the fast-paced commercial world of today. By using these strategies to stimulate creativity, set themselves apart from competitors, and satisfy client demands, businesses may become industry leaders and accomplish long-term expansion and financial success.

REFERENCES:

[1] T. Sattayaraksa and S. Boon-itt, “The roles of CEO transformational leadership and organizational factors on product innovation performance,” *Eur. J. Innov. Manag.*, 2018.

[2] S. Zhou, D. Zhang, C. Lyu, and H. Zhang, “Does seeing ‘mind acts upon mind’ affect green psychological climate and green product development performance? The role of matching between green transformational leadership and individual green values,” *Sustain.*, 2018.

[3] H. Elrehail, O. L. Emeagwali, A. Alsaad, and A. Alzghoul, “The impact of Transformational and Authentic leadership on innovation in higher education: The contingent role of knowledge sharing,” *Telemat. Informatics*, 2018.

[4] C. Lang and C. M. J. Armstrong, “Fashion leadership and intention toward clothing product-service retail models,” *J. Fash. Mark. Manag.*, 2018.

[5] J. Ahmetasevic and M. Obralic, “Influence of Transformational Leadership on Novelty of Product Ideas: Validation of Theoretical Model,” *Eur. Sci. Journal, ESJ*, 2018.

[6] B. Oberer and A. Erkollar, “Leadership 4.0: Digital Leaders in the Age of Industry 4.0,” *Int. J. Organ. Leadersh.*, 2018.

[7] S. Bag, “Sustainable innovation in supplier networks: An empirical study with South African steel and engineering sector,” *Int. J. Bus. Innov. Res.*, 2018.

[8] H. Zhang, K. S. Fam, T. T. Goh, and X. Dai, “When are influentials equally influenceable? The strength of strong ties in new product adoption,” *J. Bus. Res.*, 2018.

[9] F. A. Zainol, W. N. W. Daud, L. S. Abubakar, H. Shaari, and H. A. Halim, “A Linkage between Entrepreneurial Leadership and SMEs Performance: An Integrated Review,” *Int. J. Acad. Res. Bus. Soc. Sci.*, 2018.

[10] G. V. Prabhakar and L. A. Savinkina, “Knowledge conversion processes and organisational performance,” *Int. J. Knowl. Manag. Stud.*, 2018.

[11] S. K. Roy, R. Paul, A. Quazi, and B. Nguyen, "Developing a service value measurement scale in retail banking services: Evidence from India," *Int. J. Bank Mark.*, 2018.

[12] J. Lyu, K. Hahn, and A. Sadachar, "Understanding millennial consumer's adoption of 3D printed fashion products by exploring personal values and innovativeness," *Fash. Text.*, 2018.

CHAPTER 9

FINALIZING MEASURES AND DEVELOPING CAUSE-AND-EFFECT LINKAGES

Dr. Satyajeet Nanda, Associate Professor
Department of OB & HR, Faculty of Management Studies, CMS Business School
Jain (Deemed to be University), Bangalore, Karnataka, India
Email Id- dr.satyajeetnanda@cms.ac.in

ABSTRACT:
Finalizing measures and establishing cause-and-effect linkages are pivotal stages in the development and implementation of a robust performance management system. This abstract delves into the significance of these processes and their role in driving strategic alignment, accountability, and performance improvement within organizations. The abstract begins by highlighting the importance of selecting and finalizing performance measures that accurately reflect organizational goals and priorities. Careful consideration is given to both leading and lagging indicators across various perspectives, including financial, customer, internal processes, and learning and growth, to provide a comprehensive view of organizational performance. Next, the abstract explores the process of establishing cause-and-effect linkages between performance measures, aligning them with strategic objectives and outcomes. This involves identifying the relationships between different measures and articulating how improvements in one area contribute to enhancements in others, thus creating a coherent framework for performance management.

KEYWORDS:

Clarity, Criteria, Key performance indicators (KPIs), Linkages, Strategy.

INTRODUCTION

Product leaders thrive by delivering their clients cutting-edge, novel items with special features not found in those of their rivals. Innovation is the primary internal process of the product leader organization. More innovation and ground-breaking ideas are definitely something that any corporation would want to see happen, but IDEO is one business that really exists in the "innovation fast lane." IDEO is a veritable invention factory that has produced more than 4,000 goods, settings, and services for hundreds of customers. You have benefited from IDEO innovation if you have chosen to undergo teeth whitening at Brites mile. Otherwise, you have seen IDEO innovation if you have gone to the Museum of Modern Art in New York and seen "Work spheres," a group of nine ideas that address the issue of uniqueness in the context of corporate culture. When founder and Chairman David Kelley states, "Design is not a noun; it's a verb," he embodies the IDEO culture. The five linked stages of innovation understanding, observing, visualizing, assessing and refining, and implementing form the foundation of the IDEO methodology. Even if you may be a long way from creating your 4,000th product, innovation is crucial for every organization that focuses on providing goods or services [1], [2]. Here are some pointers for quantifying the invention process:

Monitor accomplishments

A clear indicator of innovation performance is the quantity of new goods or services introduced in a certain period of time. As well as failure. Examining your errors is important for highly creative firms, but it's not always evident. In his account of the IDEO success story, Tom Kelley makes the argument that often, IDEO's innovations result from doing things in an incorrect manner! Not only can you grow from your errors and learn from them, but the idea also heavily relies on understanding when to confess when you've made a mistake and declare "enough is enough." Abandonment is a technique used by businesses adept in the discipline of innovation, according to Peter Drucker. Take advice from experienced users. It has been found by researchers that consumers, rather than producers, are often the ones that invent and prototype new products and services. "Lead users," a group of people with demands that go beyond those of the average user and who are often far ahead of market trends, are frequently the ones that come up with these novel goods. You may create the new goods and services your lead users may have already imagined by identifying them and collaborating with them. This procedure was first used in 1996, and it is ascribed to 3M's Medical Surgical Markets Division. Since then, the organization's lead user procedure has undergone successful testing in seven more divisions. Collaborate in groups. It is better to have two heads than one, five heads than two, and so on. Keep track of how many multidisciplinary teams are employed by your company to produce innovations. Experts in human factors, cognitive psychology, business strategy, industrial design, interface design, graphic design, architecture, mechanical and electrical engineering, software, and manufacturing are all represented on IDEO's teams. Construct a pipeline. As product leaders refine their innovation processes, they ought to see a constant flow of fresh concepts emerging [3], [4].

Good Citizenship Metrics

So far, we've focused only on internal business operations in our discussion of the internal process viewpoint. In order to wrap up our examination of this viewpoint, we need to acknowledge that all organizations have significant constituents and stakeholders outside of their four walls. Utilities and telecoms are examples of regulated companies that have to follow certain environmental standards in addition to maintaining good relations with regulators and other government representatives. All organizations should also make an effort to be good corporate citizens in the areas in which they do business. Businesses are starting to see that doing this is not just the moral thing to do, but also a smart business move. According to a Conference Board of Canada research, eighty percent of Canadian managers believe that attracting and retaining quality staff is greatly aided by their organization's positive image.

The Balanced Scorecard is a fantastic tool for firms that need to go from strict compliance to leadership when it comes to environmental or health and safety regulations. Consider Nova Scotia Power, for instance. Being a regulated utility, NSPI is subject to several government agencies' health, safety, and environmental regulations. They challenged themselves to create a measure and accompanying target that would position them as environmental and safety leaders in the Canadian utility sector when they developed their internal process perspective. They did this by using the Scorecard to measure compliance with environmental regulations. A "environmental performance index" was created, including many top environmental indicators, to help NSPI make choices about this closely watched area of their organization. By adding the index to the Scorecard, NSPI management challenged all staff members to do their work in a way that would positively influence this significant indicator, therefore reinforcing the value of environmental stewardship across the whole company [5], [6].

A company's ability to succeed over time depends both on and adds to the community's prosperity. While the organization is not exclusively accountable for the well-being of the neighboring neighborhood, it is in their best interests to keep an eye on the community's progress and make sure they are making a positive impact on the area's continued prosperity. In his book, 1001 Ways to Energize Employees, Bob Nelson makes this point. The greatest organizations these days, according to Bob, are active in and give back to their communities. It all comes down to finding methods to share resources, utilize local labor, or simply plain old money to make their communities better places to live, work, and conduct business. He profiles some innovative companies that have raised the bar for community participation in the book.

McCormick and Company, a spice maker in Maryland, is one such business. Every year on a Saturday, they open their factory for "Charity Day." While working their regular hours, employees donate all of their earnings to a charity of their choosing. McCormick gives the charity double an employee's daily salary in the spirit of giving back to the community. By keeping track of donations to different organizations, recording the amount of time staff members give, or measuring the number of community-related partnerships you engage, you may keep an eye on your level of community participation.

DISCUSSION

According to Peter Drucker, every company may perform on par with any other company. The way it raises its own people is the sole difference. Using core competencies to monitor skill growth is one suggestion for nurturing your most valuable asset. The phrase "core competence" was first used by C.K. the very popular book competing for the Future by Prahalad.30 Over time, the term has changed meaning and is now defined as "a quality or conduct that individual managers and staff members need to exhibit to be successful at their specific organization." Finding the differentiating abilities required to implement your plan is the first stage in the core competence process. Experts agree that involving as many individuals as possible from all organizational levels is the best method to do this. Interviews and focus groups may be used to evaluate the requirements and competency gaps of the firm. This "competence inventory" approach may make for an excellent first-year Scorecard statistic if you haven't already completed it. After all, unless you have enumerated the abilities you believe are essential to gaining a competitive edge, you cannot compare your present workforce to the skills you seek [7], [8].

Planning for personal growth may help competency holders. To help workers create objectives, several firms have adopted the concept of personal development planning. This is indeed a commendable endeavor, but in order for PDPs to benefit the individual or the company, a few key points need to be made clear. Alignment with corporate strategic objectives is the main problem. Most of the employee's personal objectives in the plan should assist them in influencing the company's strategy's success.

The plan's objectives have to be quantifiable and include specific stages for implementation. Employees at Nova Scotia Power were encouraged to participate in PDP seminars led by corporate leaders and outside consultants. In addition to receiving binders with a wealth of helpful material, including spreadsheets, corporate vision and strategy, capability definitions, planning guidelines, and more, participants received coaching on the components of a successful plan. You are prepared to start measuring after you have determined the essential skills required to lead your sector and your staff members have created plans outlining how they will contribute to your objectives. Monitor the proportion of staff members who reach the objectives of their personal development plans. Avoid using it as a quantitative metric. Request quarterly or even monthly progress reports from staff members to spur them to action on this crucial assignment. Your "competency coverage ratio," which monitors the proportion of necessary skills you now have throughout your staff, may also be measured. Put otherwise, what is the number of eligible workers you have on staff to fulfill your anticipated demands?

Promote wholesome ways of living. Experts estimate that lifestyle decisions account for more than 50% of all deaths. From the standpoint of employee learning and development, many firms may include occupational health and safety metrics like lost time accidents, workers' compensation claims, and injury frequency rates. Sensible businesses, on the other hand, are going beyond these lagging indicators and making an effort to provide employees with a work environment that supports and motivates them to lead healthier lives. By adopting this "health promotion" philosophy, organizations want to foster a win-win situation where workers take ownership of their health and companies benefit from fewer lifestyle-related expenses. One Southern Ontario auto parts company was able to implement a health promotion program for over 450 employees at a cost of only $30 per employee per year by using straightforward and affordable solutions like lunchtime walking clubs, weight-control programs, and health fairs. You can evaluate the success of your health promotion initiatives by keeping track of the number of employees who participate in the program or by assessing employee attitudes regarding lifestyle choices. These metrics might also be seen as leading indications of other common metrics for learning and development, such staff productivity, morale, and absenteeism monitoring employee education. Almost all businesses will have at least one staff training initiative performance metric. And why not, given that training gives the company access to more competent and adaptable personnel, and it gives employees fresh perspectives on how their job contributes to the success of the company as a whole. When it comes to training metrics, the majority of firms make the error of focusing just on the quantity of training provided, such as the number of training hours per employee. Training has to be connected to company goals and objectives in order to be successful, and businesses need to track the training's outcomes. Encourage trained staff members to impart their newly acquired knowledge to their colleagues and networks inside the organization. This is referred to as third-person teaching by experts, who claim that it has many advantages for both the instructor and the pupil. For instance, most individuals will be more inclined to pay attention and retain more of the knowledge they are being given if they are aware that they will need to communicate what they are learning [9], [10].

Worker output. Increased productivity is the intended outcome of investing in competence development and personal development planning, and many firms will track this exact metric. This measure's flaw, at least with the conventional interpretation, is that it divides company income by the total number of workers. This ratio may be easily manipulated by cutting staff, outsourcing whole functions, or raising income in potentially unprofitable areas. Deducting externally purchased components from your numerator can help you try to calculate the value contributed per employee, much like the financial measure of economic value added.

Monitoring Employee Resources

Success in the new economy requires capabilities, but in order to meet objectives, staff members need to have access to certain real and intangible resources. These instruments, together with potential metrics for gauging their influence on outcomes, include: the tools used in business. I recently worked with a customer that was putting their Balanced Scorecard program's technological solution into practice. All seemed great until we discovered that some workers who worked off-site did not have computers at their workstations. In fact, several of them did not even have voice mail on their phones. Although we could create Scorecards for them, their lack of access to technology would severely restrict the program's numerous advantages, including real-time reporting and decision assistance. If you want to compete in the current market, you must make sure that your staff have modern equipment, even if this may seem like an oversimplified performance metric.

Information availability. If any of your colleagues are lucky enough to possess the required tools, you must ensure they are able to get the appropriate data as well. In less than 30 seconds after a client encounter, what proportion of employees who deal directly with customers can get comprehensive customer information? Establish a performance metric that records the proportion of workers who have access to the information that is critical to their decision-making and identify what information is essential.

Inspiration and Harmony

If workers are not driven to give their all or in line with company objectives, no amount of training or information exchange will be of any use. Measures of alignment and motivation take into account the following:

The employee satisfaction rating is perhaps the most widely used indicator of employee learning and development. The great majority of businesses utilize yearly surveys to gauge employee satisfaction and use the results to create more efficient processes. That is, at least, how it is intended to operate. Sadly, a lot of employees think the yearly survey is a fraud and a waste of money, and the findings are just put on file and never used. Since satisfaction is a very important measure, make sure you make the most of the information by quickly identifying areas that need improvement and creating action plans to address those issues. It is advisable to contemplate using the plethora of technology resources at your disposal to regularly assess the emotional state of your staff members. Employee input may be gathered semiannually or quarterly via corporate intranets and email systems. You can't expect to respond rapidly in the current climate without the most recent information from the front lines, given the speed at which things are changing [11], [12].

Your unique story's goals and measurements should be included in your Scorecard to represent your plan. Eight will explain how to use the cascading method to push your high-level performance measurements throughout the whole business. Counting the number of Scorecards generated by the company is a valuable alignment metric in the early phases of the Balanced Scorecard deployment. The goal should obviously be 100%. However, as performance management as a discipline develops, you may fine-tune the metric by looking at individual Scorecards and gauging their "degree of alignment." This is an excellent method for running a diagnostic on cascaded Scorecards.

By now, you should have created a wide range of possible metrics from each of the Scorecard perspectives in your Balanced Scorecard implementation. At least one player on your squad will be a fan of each of those stats. The task at hand involves reducing the multitude of potential actions to a limited number that precisely encapsulate the core of your approach. Once you have a subset of fortunate finalists, you can utilize them to start building the causal relationships that make up your strategy's map. Let's get started by looking at some factors that you may use to choose the measurements that are most suited for your company. Next, we'll talk about how many metrics to include on your Scorecard and how to get input from executives and staff.

Selection Criteria for Performance Measures

The fact that the Balanced Scorecard requires organizations to make tough decisions from a range of options is only one of its many advantages. In creating a scorecard, which is the cornerstone of our management system, decisions about our goals, targets, and activities to reach those targets must all be carefully considered. The process of making difficult decisions is never more apparent than when choosing performance metrics. These metrics, which serve as the organization's main focal point and point of reference, are really the system's mainstay. Experience and study have shown the following factors to be useful in assisting you in selecting and assessing your measurements connected to tactics. This one wins the prize for being the most apparent, yet its significance cannot be emphasized. Using performance metrics that illustrate your plan, the Scorecard is a useful tool for putting strategy into practice. Selecting performance metrics that don't affect your strategy might cause uncertainty and disarray as workers will spend valuable time and energy chasing metrics that won't affect the company's ultimate objectives. That being said, you may find it challenging to connect each metric directly to your plan. The majority of organizations will have a number of what we would refer to as diagnostic performance indicators that are crucial to the smooth operation of the company on a daily basis but do not seem to be directly related to a strategy. To make sure the company stays "in control" and can move fast when things need to be addressed right away, these variables must be kept an eye on. These signs are significant, but they aren't always tactical. Remember how we spoke about value propositions in Five? When a company adopts a customer intimacy approach, its primary focus will be on using deep knowledge to provide comprehensive solutions to meet the demands of the client. They cannot address logistical problems or product functioning; this is their primary emphasis. It could be necessary to add performance indicators to the Scorecard in order to maintain threshold levels of performance in certain areas numerical. Scorecard practitioners are frequently tempted to include measures that rely on subjective assessments of performance, such as assigning a rating of "good," "fair," or "average" to suppliers. Of course, the main problem with this approach is that ten people assigning a rating to the same supplier could come up with ten entirely different approaches and responses. On the other hand, the findings are objective and have the same significance for all parties when the same providers are assessed based on the proportion of on-time delivery. Everyone is aware of what 10% means, however there may be big differences between your and my definitions of average. Almost every performance metric can be computed analytically if you have creativity. The timely dissemination of trauma reports was a critical performance criterion for the medical services unit of a government agency where I was employed. Their first metric was "Reports issued," which meant that a simple affirmative or negative would do as the indicator of success. We rephrased the indicator as "The percentage of trauma report recipients receiving the document on time," which improved it somewhat.

Availability. The benefits of "missing measures," or performance metrics you previously overlooked but discovered as a consequence of the Balanced Scorecard formulation process, are a topic Kaplan and Norton often address. Without a doubt, the Scorecard offers many benefits, including new and creative measurements. In fact, the absence of any metric might indicate that value-creating activities as a whole are not presently being controlled. On the other hand, you need to refrain from using "wish list" performance metrics, which require large expenditures in IT infrastructure in order to gather. You will immediately discover that choosing performance measurements requires some degree of pragmatism. Recently, I worked with a group that created a Scorecard for their business unit, which the group CEO regarded as the organization's pride. But when it came time to actually submit the data, it became clear that without large technological expenditures, the data was absolutely uncollectable. This is not to say that you shouldn't use novel and creative approaches; just be sure to weigh the advantages and disadvantages of doing so. In the covering measure dictionaries that follow, data requirements are covered in further detail. Developing a Scorecard that inspires action should be your ultimate objective. When your audience does not understand the importance of the measures you have chosen, it is challenging to do this. Readers of Scorecards should be able to quickly explain each measure's operational and strategic importance. It should also be clear where the legislation is intended to advance. You should definitely reconsider a high value for the metric if your staff is unaware of its pros and cons.

Inverted. Assume you were a fast-food restaurant owner who wanted to raise the levels of client satisfaction. Since these restaurants may become rather busy during the busiest times of the day, as we all know, you decide to cut costs and add more employees. Your lowered pricing have generated demand that your expanded personnel should be able to meet both now and in the future, which will boost customer satisfaction. But what impact would hiring more people and cutting costs have on your bottom line? Given that you have lowered your income and raised your cost base, there's a good chance it will drop quickly. This phenomenon is known as sub-optimization by some. Even while your Scorecard will force you to make choices about how to allocate resources and make trade-offs, you don't want to put yourself in a position where concentrating on certain metrics actually makes it harder for you to compete. We would like to use a measure of "revenue per employee" in the case of our fast food establishment to counterbalance our satisfaction rating. We need to make sure that, even with our lower price structure, the volume and efficiencies from more staff are allowing us to maintain revenue targets pertinent. The metrics that are shown on your Scorecard need to fairly represent the procedure or goal that you are trying to assess. Assessing the actionability of measurement data is a useful test. If there was a performance issue, you need to be able to identify the issue's importance and resolve it. Performance indices, which many businesses will utilize on their Scorecards, are used to illustrate this problem.

An index is a composite of many distinct performance indicators that are integrated in some manner to provide a single overall indication. Your Scorecard may provide employee satisfaction as an index of the weighted-average performance of complaints, absence, turnover, and survey findings. Although they have some intrinsic flaws, indicators are an excellent method to rapidly see a variety of performance characteristics in a single indication. They might, first of all, obfuscate outcomes and restrict action. If your employee satisfaction index placed a low value on turnover, even if it was at an all-time high at your company, you may not be aware of problems since the index as a whole could seem to be trending upward. If important employees are among those leaving the company and you haven't responded, you could soon pay a high price in other performance areas that are shown on the Scorecard. Additionally, indicators usually fall short of the previously described "easily understood" standard. Although a "logistics" index that appears from the Internal Process viewpoint could provide useful information, those who are not familiar with the organization's supply chain may find it confusing. Once again, indices may provide a great deal of helpful information, particularly if you want to incorporate a lot of measures but don't want to add too many to your whole Scorecard. But given the aforementioned factors, their usage need to be restricted to no more than a few of your total.

Common definition. Since this is your strategic tale to tell, it is only fitting that your Scorecard would include a variety of esoteric performance metrics. But when you put metrics on the Scorecard that are ill-defined or not specified at all, things go wrong. While on-time delivery is undoubtedly an important measure, what exactly does it mean? Your team as a whole must agree with you and you must be clear about what your performance metrics entail. For example, a team member from marketing may define customer satisfaction significantly differently from a team member from finance. Another example of how the Scorecard building process unites apparently unrelated activities is the process of deciding on measure definitions. This is done to make sure the measurements capture a meaning that enables everyone to meaningfully contribute to success.

CONCLUSION

The need of completing measurements and creating cause-and-effect relationships as essential phases in successful performance management. Organizations may promote accountability, performance improvement, and alignment by choosing metrics that support strategic goals and defining the connections between them. This will eventually increase their capacity to meet goals and accomplish the intended results. The abstract also touches on the significance of simplicity and clarity in conveying cause-and-effect relationships to all levels of the organization. Organizations may promote accountability and enable workers to make well-informed choices that lead to improved performance by providing clear guidance on how specific actions and projects fit into the larger strategic goals. The abstract also highlights the iterative process of generating cause-and-effect relationships and completing metrics, acknowledging that performance management is an ongoing activity that has to be reviewed and improved upon on a frequent basis. To maintain the efficacy and relevance of their performance management systems, organizations need to be flexible and sensitive to changing conditions and shifting strategic goals.

REFERENCES:

[1] M. N. Matinga, N. Mohlakoana, J. de Groot, A. Knox, and H. Bressers, “Energy use in informal food enterprises: A gender perspective,” *J. Energy South. Africa*, 2018.

[2] C. G. Daughton, “Monitoring wastewater for assessing community health: Sewage Chemical-Information Mining (SCIM),” *Sci. Total Environ.*, 2018.

[3] S. Habtemariam, “Molecular pharmacology of rosmarinic and salvianolic acids: Potential seeds for alzheimer’s and vascular dementia drugs,” *International Journal of Molecular Sciences.* 2018.

[4] P. Lyons and R. P. Bandura, “Measures aiding in identifying voluntarily helpful employees: an accounting student sample,” *Eur. J. Train. Dev.*, 2018.

[5] D. Graziotin, F. Fagerholm, X. Wang, and P. Abrahamsson, “What happens when software developers are (un)happy,” *J. Syst. Softw.*, 2018.

[6] B. B. Gardas, R. D. Raut, and B. Narkhede, “Evaluating critical causal factors for post-harvest losses (PHL) in the fruit and vegetables supply chain in India using the DEMATEL approach,” *J. Clean. Prod.*, 2018.

[7] M. Soleymani-Goloujeh *et al.*, “Effects of N-terminal and C-terminal modification on cytotoxicity and cellular uptake of amphiphilic cell penetrating peptides,” *Artif. Cells, Nanomedicine Biotechnol.*, 2018.

[8] A. S. Mori, “Environmental controls on the causes and functional consequences of tree species diversity,” *J. Ecol.*, 2018.

[9] D. T. Manning, J. E. Taylor, and J. E. Wilen, “General Equilibrium Tragedy of the Commons,” *Environ. Resour. Econ.*, 2018.

[10] V. Egidi, M. A. Salvatore, G. Rivellini, and S. D’Angelo, “A network approach to studying cause-of-death interrelations,” *Demogr. Res.*, 2018.

[11] J. J. Louw *et al.*, “Compound heterozygous loss-of-function mutations in KIF20A are associated with a novel lethal congenital cardiomyopathy in two siblings,” *PLoS Genet.*, 2018.

[12] G. Der and I. J. Deary, “Reaction times match IQ for major causes of mortality: Evidence from a population based prospective cohort study,” *Intelligence*, 2018.

CHAPTER 10

CONDUCTING AN EXECUTIVE WORKSHOP TO SHARE BALANCED SCORECARD MEASURES

Dr Neena P C, Associate Professor
Department of OB & HR, Faculty of Management Studies, CMS Business School
Jain (Deemed to be University), Bangalore, Karnataka, India
Email Id- dr.neenapc@cms.ac.in

ABSTRACT:

Conducting executive workshops to share Balanced Scorecard (BSC) measures serves as a pivotal step in fostering organizational alignment, strategic understanding, and collective commitment to performance management. This abstract delves into the significance of such workshops and their role in facilitating informed decision-making and driving performance improvement within organizations. The abstract begins by emphasizing the importance of executive engagement in the BSC process and their role in championing performance management initiatives. Executive workshops provide a platform for senior leadership to gain a comprehensive understanding of BSC measures, align strategic priorities, and cascade performance objectives throughout the organization explores the structure and content of executive workshops, which typically include presentations on BSC methodology, review of performance measures, and interactive discussions on strategic alignment and performance improvement initiatives. These workshops foster a shared understanding of organizational goals and priorities, enabling executives to make informed decisions that drive performance excellence.

KEYWORDS:

Engagement, Executive Workshop, Facilitation, Key Stakeholders, Strategy.

INTRODUCTION

After assessing each of your metrics, you have chosen a set that you are prepared to present to your executive team and, eventually, to other staff members throughout the company. However, you must first categorize them in a measure "data dictionary" before moving forward. According to the dictionary definition, a dictionary is a "book that lists the topics of a subject." In this part of the process, you are creating just that: a document that gives every user a comprehensive analysis of your Balanced Scorecard measures, along with a full list of measure attributes. Though it's not a glamorous operation, creating the measure data dictionary is a crucial one. Executives and workers will surely question you about the history of each metric when you show them your balanced scorecard. "What made you decide on this measure?" "Is it important strategically?" "How is the measure calculated?" "Who is accountable for the outcomes?" When you try to show your Scorecard to coworkers, you'll be met with these and a plethora of additional questions. The data dictionary gives you the context you need to promptly defend your measure selections and address any queries from your audience. Furthermore, documenting your measurements in the data dictionary gives your team one last chance to ensure that everyone is aware of the specifics of each metric [1], [2].

Data specifications and computation

This dictionary's contents may be the most important, but they're also the hardest to find. Clearly identified data sources and exact calculations are required before you can start reporting your measurements.

Source of data. Every metric has to have a source, whether it an already-existing management report, data from outside vendors, customer databases, the general ledger, and so on. You should make a determined effort to include as much specific information as you can in this. If the data came from an existing report, what is the name of the report and what line number does the particular data appear on? When will you be able to view the data, too? What day of the month should you anticipate the final statistics if it is dependent on your financial closure procedure? Because you will be developing your Scorecard based on other people's schedules, this information is crucial to your Scorecard reporting cycle. It will be simpler to start really creating Balanced Scorecard reports with actual data the more details you include here. However, it would be very challenging to report on the metric in the future if you provide ambiguous data sources or no information at all. A word of caution: take the time necessary to do this completely. Some scorecards go quickly through the creation phase, but they stop when it comes time to report because it is difficult or impossible to find the real data [3], [4].

Data caliber

Comment on the state of the data you want to utilize to report Scorecard findings in this section of the template. The data may be regarded as "high" if it is automatically generated from a source system and is readily accessible. However, you may classify the quality as "low" if you depend on an analyst's word document that was created using an outdated legacy system and another colleague's Access database numbers. Evaluating the quality of data is crucial for two reasons. Practically speaking, you must be aware of which performance metrics might cause problems once you start disclosing your findings. You may create plans to guarantee that the data you want is generated in a timely and correct manner by being aware of what to anticipate in advance. Issues with data quality may also improve your organization's resource inquiries. As was previously said, one advantage of the Scorecard is the "missing measures" it often enables you to find. Perhaps the company should invest in tools to better mine the data if the information is really essential to achieving its strategic goals. The person accountable for outcomes was specified as the mea- sure's owner in the initial template. Usually, we wouldn't anticipate that this individual would provide the real performance information. In our case, marketing analyst I. Hashem is the real data contact, while D. Ferguson, the vice president of marketing, is accountable for the measure's success [5], [6].

Performance Data

The template's last section lists our present performance level, suggests future goals, and describes the particular actions we plan to take to get there. Starting point. The present state of performance for each metric will pique the curiosity of Balanced Scorecard users. The baseline is essential to the work of those who take on the task of creating objectives.

Goal. Right now, some of you may be thinking, "What do we do now that we haven't set targets for the process; that's the next step." It is accurate to say that the objectives will be discussed in Seven. But there's a chance that some of your measurements already have goals. Maybe your state government has passed legislation requiring your facilities to reduce emissions by five percent, or maybe your most recent analyst reports explicitly mention that you want a fifteen percent return on equity. Use targets immediately, wherever they may be found. You may leave this blank for measures that don't presently have objectives and fill it up when the targets are decided upon. If you do have certain objectives, please list them according to how often the metric occurs. Quarterly customer loyalty objectives are shown below. Certain businesses could find it challenging to set monthly or quarterly goals, therefore they might choose to set an annual goal instead, but they nevertheless monitor performance in relation to that goal on a monthly or quarterly basis. As mentioned above, only the measurements for which you now have a performance objective will be affected by this. Users may learn more about your process for arriving at the specific goal by reading the reasoning. Was it from a retreat for executive planning? Does this represent a step-by-step improvement based on past performance? Was it based on an order from the government? People must understand how a goal was set and that, despite the fact that it may seem ambitious, it is not just the wishful thinking of enthusiastic executives in order for them to get enthused about achieving it. Most companies will have hundreds of initiatives or projects underway at any one moment.

The majority of the time, only individuals closest to the project are aware of it, and any potential synergies between endeavors never materialize. You have a fantastic opportunity to assess your projects in light of their strategic significance thanks to the Scorecard. You must consider why a project or initiative is being sponsored and pursued if it cannot be connected to the effective implementation of your plan. Utilize this template to link planned or ongoing projects to designated performance metrics. Seven will talk about efforts once again [7], [8].

DISCUSSION

The executive workshop is a thrilling occasion when you present your recently developed Balanced Scorecard metrics to your organization's top leadership. This may be the first time the group has met to discuss and examine your performance measures in detail, but it shouldn't be the first time they have seen your suggested measurements. The executive sponsor of your project is in charge of maintaining regular contact with the senior management team to guarantee their continued support and dedication to the project. Each member of your Scorecard team should have established a continuous communication line with their "home" executive to solicit their input and garner support, complementing the efforts of your sponsor.

Getting Ready for the Workshop

Being prepared is essential for an executive workshop to be effective. Give them the knowledge they need to make the meeting successful and productive well before the conference room door closes and you find yourself facing a captive audience of executives who are waiting to latch onto everything you say. In order to give even the busiest of executives enough time to review and process the information, the following paragraphs will detail the specific elements of a Scorecard packet that should be hand-delivered to each executive by the appropriate team member approximately one week prior to the meeting [9], [10].

The actions you have done so far and the general procedure you used are described in the approach. You may start by emphasizing that you used a modified Baldrige method, a Kaplan and Norton Scorecard approach, and so on. After that, you may talk about how you found the background information for the Scorecard, how many interviews you conducted, and how many prospective objectives and measures you found before deciding on this particular group. You could also mention any specific difficulties you ran across in this section. The issues you have encountered so far might be precursors to more complex issues in the road. As the project progresses, your executives should be made aware of these issues and be prepared to provide potential fixes to prevent future recurrences.

A one-page depiction of the Scorecard with all of the performance measurements in connection to each of the four Scorecard views should be included in the document's following section. This will serve as an invaluable resource for reference during the workshop. Readers should view the contents of your Balanced Scorecard measure dictionary after your scorecard graphic. Your executives need the particulars of each metric in order to make an educated decision about them and to provide relevant feedback. A list of the performance goals and measurements you first proposed but ultimately abandoned based on the assessment methods you previously discussed should be included on the last page of this. Despite the problems you found during your review, your executive group may still feel that certain goals or metrics are essential to the organization's performance.

Prepare a one-page high-level overview outlining how the measurements you have chosen will complement one another to support your strategic objectives as a lead-in to the next cause-and-effect linkage work. This one-page synopsis, titled "Value Creation through Strategy," at Nova Scotia Power gave the executive team information on how using the Scorecard will result in value creation for the company. The summary also restates how important cause and effect are to the success of the Balanced Scorecard. Together, the goals and measurements provide a potent method of characterizing the organization's approach; they are not only stand-alone indications. A project timeline that shows the work that has been done and the status of the work that needs to be done should also be included in your executive package. Celebrate your victories along the way in any significant change project. You may highlight your achievements to date by adding comments to the timeline's "work completed" section. Thanks to your achievements, you will have more leverage to ask the executive team for further help in completing your project by the deadline.

Provide a summary of all the resources your team utilized in the process of creating your paper at the end. Enumerate books, articles, films, corporate documents, websites, and similar materials. This will demonstrate your perseverance in creating a fantastic product, but it could also encourage executives who would not otherwise be dedicated to do more study on their own, broadening their understanding and acceptance of the Balanced Scorecard [11], [12].

Managing the Workshop

Similar to any other meeting, the executive workshop's format is critical to its success. If you want the meeting to be successful, you'll need clearly defined responsibilities, an agenda, and specific intended goals.

Ask everyone on your project to come to the meeting and take part. They will be quite helpful in responding to specific inquiries about the measures they suggested or those about which they provide thorough background data. Your executive sponsor and the team leader for the Balanced Scorecard should co-facilitate the meeting. The meeting's sponsor welcomes everyone, goes over the agenda, and states what they want to achieve. In addition, he must to provide a succinct presentation on the advantages of using the Balanced Scorecard. I firmly believe in the "mere exposure effect," which states that the more a group is exposed to a concept, the more likely it is that they will return to superior financial performance. Some people may find this to be repetitious. Our plans and actions demonstrate our dedication to upholding the confidence of the investing community while balancing our goal to expand our company in novel and interesting ways.

Customer

We will be able to achieve our objective of turning delighted customers into devoted customers by concentrating on the essential activities that provide value for all stakeholders. It's crucial to include measurements that illustrate the company's customer value proposition in addition to the primary result metrics, such customer loyalty ratings, when creating metrics from the viewpoint of the customer. These essential components are well-represented by the measurements we've chosen for this viewpoint. Our clients prioritize affordability and dependability among other factors. Our scorecard displays these leading indications as factors that influence consumer loyalty.

Internal Procedures

Which are the most important ones that we need to keep improving in order to keep adding value for all parties involved? The Internal Processes perspective asks that question. Employees may contribute to the culture of continuous improvement, which is essential to maintaining a competitive edge in today's market, if they have the infrastructure, skills, and willingness to do so. Our priorities will be enhancing employee productivity on a constant basis, creating cutting-edge consumer solutions, and making sure we're making the most use of our capital assets. We will execute all of this while keeping our commitment to sustainable economic growth in mind. In order to do this, we will keep growing and enhancing our initiatives to enhance environmental performance.

Learning and Growth

How will we overcome these obstacles if our goals are to attain high standards for our clients, investors, and internal operations? The other three viewpoints are made possible by the measures in this perspective. Our goal is to provide a work atmosphere that inspires employee dedication by emphasizing and evaluating performance in crucial areas including effective communication, competency growth, and safety. In addition to providing our staff with the tangible resources they need to make wiser business choices, we'll also make sure they get the training required to guarantee that every employee has the foundational knowledge needed to keep contributing value to their roles. Start to comprehend and endorse it. The team leader will lead the meeting after the brief Scorecard briefing, and they will depend on the sponsor and team members to provide further assistance and information clarification.

The information package you sent the executive team should serve as the basis for the meeting's agenda. The team leader will start by giving a short presentation that outlines the process used to create your scorecard. You will then be prepared to examine your performance metrics in further detail. Examine the four viewpoints, starting with the financial one and ending with the employee's learning and development. Executive remarks on each of the metrics may be recorded by team members in notes and on flip charts. Modifications to any component of a measure, description, calculation method, frequency, and so forth may be suggested by your senior management team. They could even provide suggestions for prospective goals. The executive team should decide on which of the measures in a perspective should stay on the Balanced Scorecard once all of the measures have been considered and debated. As previously said, they can want to propose completely new measures or include ones that your team first designed but subsequently abandoned. Following the meeting, your team will need to get together again and modify the Scorecard as needed in light of the executive group's modifications. Now that you have a strong draft, you should start outlining your cause-and-effect relationships. Sharing the draft Scorecard with your coworkers and winning their support and buy-in to the instrument is the last obstacle to overcome.

Employee Input Using the Balanced Scorecard

In the end, you want your balanced scorecard to provide all staff members the ability to understand how their daily activities relate to the organization's strategic strategy. The majority of specialists will tell you that for the Balanced Scorecard to be successful in producing outcomes, the CEO of your company has to own it. That's true, but in order to realize any of the innovations this idea might provide, workers must embrace the tool and be eager to utilize it, even if executives may be the ones who control the Scorecard. Your struggle for Scorecard success will be fought and won or lost on a daily, decision-by-decision basis at the forefront of commerce. This book makes repeated references to the growth of human capital. Before asking workers to use your Scorecard as a management tool, do yourself a huge favor and find out what they think about it if you really believe that employee knowledge makes the difference in attaining organizational triumph. You may use the following three techniques to find out what your staff members think of your balanced scorecard:

The County of San Diego, California, has implemented a comprehensive performance management program to better serve the residents of this sixth most populous county in the US. Hold a Balanced Scorecard "open house." Initially, they worked on creating Balanced Scorecards for the Human Services Agency. HHSA is bigger than many companies, with 5,000 workers and a budget of more than $1 billion. Owing to the wide range of services provided by the organization, HHSA requested that each program area create a Balanced Scorecard that outlined how they effectively assist their clients. Over the course of four months, a project team for the Balanced Scorecard, comprised of consultants and county employees, worked with each program to build a Scorecard. After developing draft Scorecards, the team sought a means of disseminating the work to all staff members and soliciting their input. They made the decision to have what they called validation meetings. There were two morning sessions and two afternoon sessions. Project personnel welcomed participants and provided them with a folder containing the information they would collect during the session as soon as they entered the conference room. The project team leader gave a brief talk to start each session. He gave a summary of the project, the advantages of performance management, and the tasks that still needed to be completed. Following the lecture, attendees were free to move around the spacious space and stop by any of the several booths run by the project team members. A variety of Scorecards were available for attendees to study and discuss with the staff at each booth. Additionally, a kiosk was put up so that staff members could try out the Scorecard program, which would be used to report outcomes. Participants were encouraged to submit their comments to the team by distributing feedback forms. The opportunity for staff members from all throughout the agency to take part in the development of performance metrics and see how other HHSA units were gauging their results made the event a huge success.

Make use of your intranet

Utilize the widely accessible technology that is already in place at your company to disseminate Scorecard updates via your intranet. Establish a presence on your internal web site with frequently asked questions, performance management presentations, executive quotations on the importance of the Balanced Scorecard, and information updates on the development of the Scorecard. After a draft scorecard is ready, publish it on the intranet and invite staff members to email the project team with any comments they may have. Alternatively, start a chat room where you can put all of the comments people have had on the Balanced Scorecard project. It's crucial to encourage as much informal dialogue as you can over the Scorecard since it might result in groundbreaking discoveries. One of the most effective ways to quickly get input from a big number of individuals is by using the intranet.

Have town halls or management meetings

Use your regularly scheduled management team meetings as a platform to distribute the draft Scorecard. Give careful thought to outlining the history of the scorecard, the construction process, and the current state of development. Additionally, you have to get the audience ready for the challenges that lie ahead of them, including creating their own Balanced Scorecards and managing their companies using the system. Managers may be encouraged to consider the advantages the Balanced Scorecard will have for their organization by holding breakout sessions according to business groups. Specific departments and business groups will be able to evaluate how effectively their concerns and competitive advantages are reflected in the existing Scorecard metrics during breakout sessions. Organizing town hall meetings is another excellent technique to present your work to a big group of employees. You will definitely need to arrange many of these sessions in order to make sure that everyone has an opportunity to take part due to scheduling conflicts. The exchange of information and gathering of feedback during these meetings is crucial, so make sure the conversation is two-way and facilitates communication between the project team and the staff. Try to have an executive start the meeting, whether you have town halls or management meetings. This endorsement of the idea by top management might help persuade skeptical employees that the Scorecard is here to stay!

The greatest plan ever developed is only the conjecture of the people who drafted it on the organization's behalf, as was covered in one. With regard to the environment, competencies, competitive positioning, and other factors, it is their best estimate of the optimal course of action. A way to record and verify the strategy's underlying assumptions is required. That is exactly what the Balanced Scorecard enables us to achieve. Your approach should be outlined in a well-designed Balanced Scorecard using the goals and metrics you have selected. These metrics need to be connected in a series of cause-and-effect interactions starting with the learning and growth perspective's performance drivers and ending with the financial perspective's reflection of better financial performance. In order to enable monitoring, validation, and management of the measures, we are trying to formalize our approach via measurement and make the connections between the different measures clear. Having followed my guidance up to this point, you need to now have a compilation of goals and actions in each of the four viewpoints. A balanced scorecard is what you lack. Before you can really make that claim, there is one more obstacle to overcome, and for many businesses, this obstacle may be rather challenging: connecting your metrics with a sequence of cause-and-effect linkages that collectively characterize your approach.

The company may monitor the implementation of its strategy and explain the crucial "how" of value creation by creating a set of metrics that are integrated into the strategy description. The "strategy maps," or cause-and-effect relationships, are your success's formula. Norton and Kaplan elucidate. "An organization's transition from its current state to a desired but undetermined future state is implied by strategy. The route to this prospective location is made up of a number of connected possibilities since the organization has never gone there. These cause-and-effect links are made apparent and measurable via the use of strategy maps.1 Cause-and-effect linkages delineate the precise course that you will take to accomplish your plan. All you have left is an ad hoc collection of financial and nonfinancial variables without this sequence of links. There are many who believe that a combination of financial and nonfinancial metrics is still preferable than focusing just on one aspect of success, like revenue or quality. That may be the case, but you still haven't explained the "how" of executing your plan if there aren't any established links between the measures. That can only be accomplished by following the cause-and-effect chain that is shown in your strategy map.

In addition, cause-and-effect relationships are a very useful diagnostic tool for reviewing your recently constructed Balanced Scorecard. Think about the following situation. Having made the decision to go with a revenue growth plan, you are now going over the metrics that make up your Balanced Scorecard. You decide to assess customer loyalty in the customer perspective of the Scorecard in order to meet your revenue growth objectives as shown in the financial view. Since you believe that creating new goods and services for your clients is a function of building loyalty, you evaluate innovation using the Scorecard's internal process viewpoint. When you examine your viewpoint on employee learning and development, you discover that the sole metric being assessed is employee satisfaction. You haven't included any measurements that outline the resources workers would need for creative breakthroughs, despite the fact that happy employees may be more likely to be creative and hence produce new items. One might get satisfaction in a variety of ways. Maybe you began offering subsidized meals, opened an on-site daycare facility, or implemented a four-day workweek. Increased satisfaction might result from any of these approaches. Will they, however, result in more creativity and productivity? Perhaps you should have monitored employee access to the newest technology to create and execute ground-breaking solutions, or included a performance measure tracking the percentage of employees possessing the essential skills required to develop new products for your markets, to complete your chain of cause-and-effect measures. It is only via dissecting the causal chain of events that you can start to identify any potential holes or ingredients lacking from your success recipe.

Cause and effect suggests a relationship between components of the organizational narrative that at first glance seem unrelated. In reference to American organizations, psychologist Abraham Maslow proposed that these entities are “embedded” in their local communities; these local communities are enmeshed in the greater community, which is enmeshed in the nation, which is enmeshed in the West, and so on. He points out that all of these links are functional in the sense that hundreds of observable causes and consequences may be named. It's interesting to note that relationships are not limited to the corporate context that most of us live in. The finest example of how different parts come together to form a stronger, more complete whole may actually be found in the natural world that surrounds us. The delicate inner workings of the natural world are described by Margaret J. Wheatley in her thought-provoking book Leadership and the New Science. She also discusses the new science, which views systems as entire systems and pays attention to the interactions within those networks. Her work has ramifications for this, our current area of focus. Think about these potent quotes from her book. A system cannot be understood by examining its individual components. Even as we engage with specific components or isolated issues, we still need to work with the whole of a system. Finally, "To strengthen a system, we need to create stronger relationships seems familiar? If we keep the whole in mind while studying the part and comprehend the part in relation to the whole, significant new insights become accessible. She may just as well be explaining cause and effect in relation to the Balanced Scorecard. By looking at our company's individual components, we are unable to comprehend it. We need to approach the organization as a cohesive one even as we engage with each component. The connections we outline on our strategy maps serve as the unifying factor that strengthens the system as a whole and helps us accomplish our goals.

CONCLUSION

The need of holding executive workshops to discuss Balanced Scorecard measures in order to promote alignment, strategic knowledge, and performance improvement inside businesses is highlighted in this abstract's conclusion. Organizations may successfully accomplish their strategic goals and generate organizational success by using the executive insights and knowledge provided by including senior leadership in the BSC process. The abstract also covers the advantages of executive workshops for promoting responsibility, openness, and cooperation in businesses. Organizations foster a culture of ownership and responsibility where leaders actively participate in performance management and spearhead efforts to accomplish strategic goals by incorporating senior leadership in the BSC process. The abstract also emphasizes how crucial it is to keep in touch and follow up after executive seminars in order to maintain momentum and guarantee alignment with strategic objectives. Organizations may adjust to changing conditions and improve performance management tactics to get targeted results by conducting regular evaluations and dialogues around business standards and certifications.

REFERENCES:

[1] R. M. Pollanen and K. K. Xi, "The Effects of Using Balanced Scorecard Measures in Executive Compensation on Organizational Performance .pdf," *Int. J. Business, Accounting, Financ.*, 2018.

[2] K. A. Vu Thi, T. D. Vu, and K. Van Hoang, "Using the Balanced Scorecard to Measure the Performance of Small and Medium- Sized Garment Enterprises in Vietnam," *Account. Financ. Res.*, 2018.

[3] S. M. Fernando *et al.*, "Monitoring intensive care unit performance - Impact of a novel individualised performance scorecard in critical care medicine: A mixed-methods study protocol," *BMJ Open*, 2018.

[4] M. Muchran, "Empirical Studies Use The Balanced Scorecard To Measure Government Performance," *Arch. Bus. Res.*, 2018.

[5] A. I. Al-Alawi, "Using Balanced Scorecard in Measuring the Performance of Online Banking: Cultivating Strategic Model Map in Financial Sector-Case of Bahrain," *J. Internet Bank. Commer.*, 2018.

[6] S. B. Khaled and A. Bani-Ahmad, "The Role of the Balanced Scorecard on Performance: Case Study of the Housing Bank for Trade and Finance," *Int. J. Econ. Financ.*, 2018.

[7] M. Daud, A. Rahim, and A. Kohar, "Strategi Peningkatan Kinerja Sekolah SMA Berbasis Balanced Scorecard Pada Yayasan Pendidikan Madania Indonesia," *J. Manaj.*, 2018.

[8] S. Rouis, A. Ben Abdelaziz, H. Nouira, M. Khelil, C. Zoghlami, and A. Ben Abdelaziz, "Development of a balanced scorecard for the monitoring of hospital performance in the countries of the greater Maghreb. Systematic review," *Tunisie Medicale*. 2018.

[9] M. Durovic Petroví, A. D. Lazarević, and B. Z. Kojičić, "Integration of the energy efficiency into the local development strategies," *Therm. Sci.*, 2018.

[10] S. Abadi and S. Widyarto, "The designing criteria and sub-criteria of University Balance Scorecard using Analytical Hierarchy Process method," *Int. J. Eng. Technol.*, 2018.

[11] W. Sulistiyowati, I. Rodiyah, and I. R. Indra Astutik, "Level of implementation performance measurement with integrated balanced scorecard method and root cause analysis in small and medium industry," *J. Adv. Res. Dyn. Control Syst.*, 2018.

[12] T. Hardi, "Prototype Sistem Informasi Pengukuran Kinerja Fakultas Dengan Menggunakan Balanced Scorecard Studi Kasus: Fakultas Sains Dan Teknologi UIN Jakarta," *J. Tek. Inform.*, 2018.

CHAPTER 11

DEVELOPING EFFECT LINKAGES OF BALANCED SCORECARD

Dr. Gayathri R, Assistant Professor
Department of OB & HR, Faculty of Management Studies, CMS Business School
Jain (Deemed to be University), Bangalore, Karnataka, India
Email Id- dr.gayathri_r@cms.ac.in

ABSTRACT:

Developing cause-and-effect linkages is a crucial aspect of implementing a Balanced Scorecard (BSC), facilitating a deeper understanding of how organizational actions and initiatives contribute to strategic outcomes. This abstract explores the significance of developing cause-and-effect linkages within the BSC framework and their role in driving strategic alignment, performance improvement, and organizational success. The abstract begins by elucidating the concept of cause-and-effect linkages and their importance in translating strategic objectives into actionable performance measures. Cause-and-effect relationships establish a logical connection between different perspectives of the BSC, illustrating how improvements in one area influence outcomes in others, thus creating a cohesive framework for strategic management the process of developing cause-and-effect linkages, which involves identifying key drivers, defining leading and lagging indicators, and articulating the relationships between different performance measures. By mapping out these connections, organizations gain insights into the interdependencies within their strategic objectives and can prioritize initiatives that have the greatest impact on overall performance.

KEYWORDS:

Alignment, Causality, Clarity, Connection, Cause-And-Effect, Linkages.

INTRODUCTION

The narrative of our approach is conveyed via the cause-and-effect connections we create in our balanced scorecard. The word "story" is crucial in the statement. For your cause-and-effect links to be effectively communicated, you will need both the graphical map and a brief narrative that explains it. First, let's think about how to make our graphical map. Next, we'll focus on the terms that will entice the whole company to support your Scorecard initiatives. Remember from Five that you should create performance measurements first, and then create a map with several cause-and-effect links. If everything goes according to plan, you should have a plethora of performance metrics in all four viewpoints from which to build your map. The ways in which you may use those metrics to craft your strategic narrative are outlined in the following paragraphs. You could discover that some of the measures you have developed just do not fit into the story you are telling while creating your strategy map. You shouldn't think that the work spent creating such safeguards was in vain. As you start cascading, there's a strong possibility they'll work for the lower-level Scorecards you'll be making. As an alternative, they may be monitored independently of the Balanced Scorecard and referred to as "operational" or "diagnostic" measurements. Adding completely new steps to your map to ensure the coherence of your strategic narrative is another option. This is when the mapping approach really shines since it makes you think hard about the actions that will accurately represent your plan [1], [2].

Core outcome measures and the performance factors that result in higher performance on those metrics should be included in a well-designed balanced scorecard. Start by crafting a narrative using your lagging indicators of performance from each of the four viewpoints when developing your cause-and-effect connections. Because these metrics are results-driven, it is easy to combine them in a logical order, starting with financial goals and working your way down to customer, internal process, and finally staff learning and growth metrics. After constructing a coherent framework of trailing metrics including all four viewpoints, you may go over the leading performance indicators for each. If there is difficulty in connecting the performance leading indicators across the four viewpoints, don't worry. We would anticipate these metrics to be very esoteric as they serve as differentiators of success for your company in reaching its primary outcome goals. Margaret Wheatley reminded us that we need to consider each component in light of the system as a whole. Examined in the context of the overall Scorecard system, the performance driving lead indicators provide a potent fuel to run the entire Scorecard engine, even if they may not seem related or related to a common theme [3], [4].

Using Narrative to Energize Your Connections

We have all heard the adage "a picture speaks a thousand words" several times in our lives. Your finished strategy map has the power to convey a thousand words. The issue is in the possibility that each person who views the map will come up with a different set of terms depending on how they understand the image you've provided. Your staff won't have to speculate about the situation thanks to the narrative you write to go along with your strategy map. The plot compels you, as the author, to describe in depth the presumptions that underlie the map and to provide important information like the extent and chronology of the correlations you have found. For instance, your map may show how, from the standpoint of the internal process, focused marketing activities determine brand recognition from the perspective of the customer. What kind of connection is this? Furthermore, how big of a connection is it? Will a ten percent boost in marketing result in a five percent rise in brand recognition? You are compelled by the narrative of your strategy map to explain the nature of every cause-and-effect relationships so that readers of the map are aware of your intended course because they have a way of engrossing, captivating, and drawing us into the topic. According to social historians, tales have a vital role in preserving families, communities, and society. The impact of storytelling on human memory and intellect is equally significant. A youngster may "imagine a course of action, imagine its effects on others, and decide whether or not to do it" by listening to tales. Studies have shown that using a narrative approach enhances memory and learning outcomes. An intriguing research converted American history textbooks into narrative form. When reading story-based books as opposed to regular textbooks, students were able to recall information up to three times more. A few companies have already realized how effective storytelling can be for strategy planning and other important business tasks. Among these companies is 3M. "At 3M, stories are ingrained in our culture, and it is via them that we identify chances for strategic transformation, since they enable us to see our operations and ourselves in intricate, multifaceted ways. Narratives help us create concepts of victory. Every narrative follows the same fundamental structure: conflict, transition, climax, closing. This applies to both scary tales about ghosts and goblins told over a crackling campfire and the newest blockbuster you can't wait to see in theaters. The same components must to be included in your strategic tale. Conflict requires describing the existing state of affairs, examining your market, and talking about the conflicts that prevent change. This is the section of the tale that serves as the "burning platform," outlining why it is essential that you adapt in order to remain one step ahead of the competition. Your story's transitional section presents the Balanced Scorecard system, gives a summary of the approach, and offers proof of its efficacy. You would also see your goals for introducing a balanced scorecard throughout the transition period. The climax of your tale explains the performance metrics you've selected and clearly lays out the cause-and-effect connections that will motivate your performance. This is where you provide the reader enough context for the assumptions you made while creating the map. As you wrap up, talk about how you think the Balanced Scorecard you created will help you achieve your goal of reaching your purpose and vision and help you execute your plan successfully [5], [6].

The most difficult thing about writing a tale is keeping it concise, interesting, and clear. The narrative ought to enhance rather than obscure the strategy map. To entice the reader into the realm of strategic thinking required to succeed in your market, the two components must cooperate. Since each organization's attention span varies, you will need to decide how long your narrative should be.

It could be reduced to one page for certain businesses, while five pages might discover that staff members are prepared to read it. The ideal document has two pages for the accompanying table and one page for the graphical map.

Your organization may get great inspiration from a strategic tale. The telling of your special story will increase the dedication and enthusiasm of every worker, from the executive suite to the shop floor. Through your tale, you have not only made what it takes to succeed concrete but also allowed people to identify with the drama and make sure they are part of its happy ending. The power of a well-crafted narrative will astound you.

DISCUSSION

People are flocked to the Internet because it gives them the chance to express their voice and their enthusiasm via talks, according to the authors of the ground-breaking book The Cluetrain Manifesto. They contend that all marketplaces are conversations. Anyone, anywhere, at any time may initiate a worldwide discourse on almost any issue by using the World Wide Web to start a conversation. Wonderful, deep things happen when individuals start connecting on a personal level, and learning is fostered in a manner that no training session could ever match. Creating a strategy map that illustrates the cause-and-effect relationships in your Balanced Scorecard is a great way to initiate strategic dialogues throughout the whole company [7], [8].

Your strategy and the hypothesis you have selected to pursue your objectives are narrated by the Balanced Scorecard. As you report on your Scorecard metrics and results start to mount, you may examine and question the underlying assumptions of your strategy. Maybe you thought that more creativity would result from training employees. Has it occurred, and to the extent you believed? or there was a 10-point increase in client loyalty. Has the return on capital used increased in line with your expectations? You may focus your management skills and attention on challenging the validity of the assumptions behind your cause-and-effect connections across the Scorecard, rather than seeing any variations from expected outcomes as flaws that need quick remedy. What if there was an increase in customer loyalty but no change in the return on capital employed? Would you forgo making any further purchases from reward programs? As was previously said, the linkages within the Balanced Scorecard as a whole should now be the main topic of discussion. When it comes to customer loyalty, you could still think there's a relationship between loyalty and return on capital—just not as strong as you had once thought—after surveying your industry, your rivals, and your own company [9], [10].

It's possible that many of the cause-and-effect connections you create, particularly in the short run, lack actual statistical significance. Don't let that stop you from realizing the benefits this technique really offers. Real breakthroughs are almost always the result of talks sparked by challenging presumptions. The Balanced Scorecard ought to raise as many questions as it does answers, and you want your staff to be asking strategic questions all the time in the modern workplace where intellectual capital generates corporate value. Encourage an active conversation among your staff members that challenges the underlying presumptions of your scorecard in order to give them a voice.

The performance metrics stay the same

We need to think about how long performance metrics will last in the Balanced Scorecard before we wrap up our discussion of them. Will we be able to alter our course of action?and "Should the measures be altered?are two of the most common queries that arise when a company implements a Balanced Scorecard program. Some individuals worry that once they commit to monitoring a particular performance indicator, they will have to stick with it for the duration of the Scorecard. That is obviously untrue [11], [12].

The Balanced Scorecard is intended to be an adaptable, dynamic instrument that may be altered when circumstances call for it. You should anticipate a number of changes within the parameters of your metrics throughout time. In the worst situation, you may give up on a plan you were following since the Scorecard findings showed that a large portion of your hypothesis was false. In such scenario, you would probably create a new organizational strategy and choose fresh, appropriate measures that directly reflected the new plan. Reviewing your performance metrics in conjunction with your planning activities should be done at least once a year, even if you don't entirely abandon your present approach. Measures should be assessed to make sure they remain relevant in the context of the company environment both now and in the future and can continue to be important components of your strategic narrative.

As they become more used to the Balanced Scorecard method, many businesses have a tendency to make little adjustments to the metrics. To better convey to employees the operational and strategic value of the measure, the description of the measure may be improved, or the technique of computation may be modified to better capture the core of the event being investigated. It is also possible to alter how often you get performance statistics. For instance, you could have tried tracking employee happiness on a monthly basis, but the practicalities of collecting the information proved to be too difficult. If so, you would simply adjust the reporting period to something that is easier to assess rather than abandoning this crucial signal. Utilizing the pooled knowledge inside your business may also be achieved by altering your performance measurements. Make sure to inform all staff members that you will be considering making modifications to your measures for the next fiscal year and invite their input on potential improvements.

The warning with these adjustments is to not modify your metrics just because you don't like the crop that is now growing or because the outcomes don't meet your expectations. Learning about your strategy, the presumptions you have made to succeed in your market, and the value proposition you have presented are all part of the learning process that the Balanced Scorecard is all about. Sometimes you won't like what your metrics are saying you, but as we've already covered, you shouldn't only see these deviations from the plan as flaws; instead, you can use them as an opportunity to reflect on and gain insight into your company.

Prioritizing Initiatives and Establishing Goals

Like most others, my passion is golf. I was 16 when the game first captivated me, and ever since then, I've been an eternally hopeful hacker. Golf was described as "a good walk spoiled" by Mark Twain, yet I can't get enough of it. I was thinking about how to start this when I noticed that the golf course was on my thoughts. Can you picture a game of golf without holes and flags? What would you try to strive for? Which direction and how far would you attempt to strike the ball? Imagine if you could approach the first tee box, set your ball up on a tee, and give it a fierce swing. It wouldn't matter where the ball landed; you could go to the next hole and maybe even grin. However, how can you tell whether you're improving as a player? What's the norm? Flags give us something to aim for, something to concentrate our attention and attention span on, together with the holes in which they are positioned. We may evaluate our performance by aiming at the flag and counting the number of strokes needed to get the ball in the hole, a system known as par. We also like the challenge of trying to match each other. Of course, achieving our objectives and succeeding has always been a desire of humankind. Many cultures, like those of ancient Egypt and Peru, felt that setting down a goal in writing beforehand would increase the likelihood of a successful result. They drew representations of their objectives on the walls of caverns using simple colors.

Though we have gone a long way since we started sketching on the interior of cave walls, our motivation to overcome an obstacle and accomplish has not changed. Without a set of goals to spur on and drive breakthrough performance, the Balanced Scorecard is empty, much like a golf course without flags or holes. Objectives provide context for the findings of assessment and indicate our level of performance. Unless we analyze that performance in the context of our intended outcomes, a 65% on-time delivery rate actually doesn't tell us anything. This feedback only makes sense when we combine our actual performance with an objective. When we discover that the industry average is 80% and that the percentage ages of our main rivals are all in the upper seventies, our 65% on-time delivery record becomes much more significant. Equipped with this understanding, we can see that in order to successfully compete in the market, our rate has to be improved. We could now establish an ambitious goal for the next year: 85% on-time delivery. We can now interpret performance data in the context of the objective as it becomes available, allowing us to assess trends and decide how best to ensure that the target is met or exceeded. Monitoring our outcomes in relation to the aim also helps with future result prediction. And lastly, giving ownership of the outcome to the person in charge of reaching the goal promotes responsibility.

A common and acknowledged practice among Balanced Scorecard users is the use of performance objectives. According to one study, 93% of respondents "employed quantitative goals that have been directly aligned with Scorecard measures." If you're wondering why the percentage isn't 100%, it's because some organizations use targets that are subjective in nature, like "fair" or "av-erage." As we covered in six, in order to maximize impartiality, it is always better to adopt a quantitative norm, thus this practice should be avoided wherever feasible.

Various Target Types

A goal may be characterized as a numerical depiction of the performance metric at a certain future moment. The idea of objectives revolves on the term future. When creating objectives, we have the option of gauging performance just against a goal for the current month, quarter, or year, or we may create a longer-term aim that calls for more work and output. This will look at three different target kinds that you might use, each with a distinct time period.

Long-Term Objectives: Huge, Hairy, Bold Aspirations

Built to Last authors Jim Collins and Jerry Porras invented the phrase "Big Hairy Audacious Goal," or "BHAG," to characterize the apparently outlandish aims that companies adopt as potent mechanisms to encourage development. This remark captures the finest essence of a BHAG.

A big hairy audacious goal (BHAG) is supposed to upend an organization by presenting it with an enormous task that will need a great deal of work and cannot be accomplished via regular operations. BHAGs are inherently long-term objectives with an appealing end line that may be the focus of all efforts, as shown by their striking difficulties. For the majority, it would take ten to thirty years to complete successfully. The extended duration accomplishes two goals. It is improbable that a worthy BHAG will be accomplished in a year or two. To overcome the tremendous obstacle it poses will take many years. For instance, given that they now have over

100 million clients, Citibank's BHAG of having 1 billion customers globally may take several years to achieve. Second, having a longer time horizon makes sure CEOs don't forgo long-term outcomes in order to meet immediate objectives.

Jack Welch famously said, "To become #1 or #2 in every market we serve and revolutionize this company to have the speed and agility of a small enterprise," when he took over General Electric. That claim is beyond a shadow of doubt. Everyone who reads it will come to the same conclusion and be inspired to take action or face potentially disastrous outcomes. That is the core of a BHAG: it is succinct and appealing, usually limited to one or two phrases, but it makes the intended outcomes very evident.

Stretch objectives: Midrange Goals

Stretch objectives often apply to a larger range of operations, but BHAGs reach out and grasp the whole business, acting as a unifying focus point for one enormous goal. In essence, we are disassembling the BHAG into its constituent elements. Reaching specified goals in every area of the company is necessary for GE to rank either first or second in every market it serves. This is when the use of stretch objectives is necessary. Although they are not nearly as dramatic or outlandish as BHAGs, stretch goals indicate discontinuous operations and are targeted three to five years in the future. A stretch aim might be to increase customer loyalty from 40% to 75% over a three-year period. Other examples of stretch targets include tripling stock price or inventory turnover.

Think about the Honeywell tale. When Michael Bonsignore took over as CEO in February 1995, he was presented with an extremely challenging situation. Business Week cautioned that the board was putting more pressure on the company to produce results, and investors were becoming impatient. 1994's dismal financial results placed significant pressure on the newly appointed CEO to turn things around.

A bold objective for a corporation that had not generated much more than $6 billion in sales in well over ten years, one of Bonsignore's first actions was setting a stretch target of $10 billion in yearly revenue by the year 2000. "I wanted to send a very strong signal to the organization," Bonsignore subsequently recounted. Eventually, the group came together behind the goal and set out to accomplish it, despite early pushback from Honeywell officials. We were going to do something new or die trying. Honeywell reached $9.9 billion in revenue by 1999. This remarkable reversal was facilitated by the creation of a strong stretch objective.

Short-Term: Gradual Objectives

As everyone knows, a thousand miles start with one step. The incremental performance objective is no different. Typically, these objectives are set annually for every metric that is included on the Balanced Scorecard. They give our measurements a numerical objective and enable us to track our progress toward stretch targets and, eventually, BHAGs. Stretch goals and BHAGs serve as early warning systems that provide timely feedback on our progress toward achieving our intended future state. Incremental targets serve as this kind of feedback mechanism. Although most businesses utilize yearly objectives, there are more advantages to matching targets with the frequency at which performance measurements are reported. For instance, you could want to measure your goal market share every three months. Although fifty percent is your goal for the year, you may be able to divide that into forty percent in the first quarter, forty-four percent in the second, forty-eight percent in the third, and fifty percent at the end of the year. Setting goals for every quarter gives real outcomes more context for decision-making since it allows you to compare actual and intended results with validity.

Three Types of Targets Required

The previous section's explanation demonstrates how the three groups of objectives might collaborate to influence an organization's destiny. The intended long-term future vision is established by BHAGs and then broken down into many stretch goals. One way to get feedback on reaching stretch objectives is to look at short-term performance outcomes. Ideally, goals should be developed in relation to every time frame. But in reality, this is seldom done—at least not in the early going when implementing a scorecard. Even setting incremental performance objectives may be difficult at times, particularly when you take into account that many performance measurements may be relatively new and lack baseline data to support rational expectations. When establishing each kind of objective, things to take into account are as follows:

BHAGs need systems of organizational support. It will take many, many years—possibly even decades—to achieve a BHAG. Putting in place management structures that not only openly oppose the BHAG's attainment but also actively undermine it is one guaranteed approach to derail one. Executive compensation focused on short-term profit while seeking a BHAG of revolutionary development is incompatible and will prevent the latter objective from ever being accomplished. Author Jim Collins defines catalytic mechanisms as the connection between performance and goals that enables businesses to achieve the high peaks of their BHAGs. "Hillary aspirations transformed into concrete reality" is what catalyst mechanisms do. They enable people to achieve large, bold, and daring ambitions. Collins cites 3M as an example, which advised its scientists to dedicate 15% of their time to independent research and experimentation in a field of their choosing. This system was created to guarantee that 3M would always be known for its inventiveness and originality.

Set reasonable stretch goals. Although BHAG consists of apparently unrealistic claims and objectives aimed at inspiring a company, stretch targets need to be grounded in reality in order to be approved. Consider getting a personal trainer to assist you in reaching your health objectives. Your brawny teacher says, "Someday you could compete in the Olympics," after you've worked out together. You feel pretty good about that, until the next time the beast says, "So tomorrow we're going to get you ready by bench-pressing 400 pounds 10 times." Unless you're a professional weightlifter, that goal is obviously unattainable, and instead of inspiring you, it might discourage you from attending the next session! Regretfully, it seems that many organizational stretch objectives are chosen with the same lack of rigor as our example.

The equally insane objective is to double net revenues in six months or achieve zero manufacturing faults in one month, rather than lifting some absurd amount of weight. Employees are often ill-equipped to accomplish such objectives as they lack the skills, resources, and means required to create, even if they were somehow motivated to do so. Stretch objectives need to walk a fine line between realism and incentive in order to be effective. Like with BHAGs, you also need to implement management mechanisms that support reaching your stretch goals.

Set incremental performance objectives and start the games. When businesses set goals of this kind, they often add a little amount to the previous year's total. Increment signifies additional amount. Raise sales by five percent, reduce the cost of suppliers by ten percent, and so on. What is the right amount to add or subtract, I wonder? Certain managers become quite skilled at creating what they know they can do with the least amount of work, so they learn to hide them as stretches. This may be quite risky since it might seem from the inside like the company is making an effort to continuously develop, but in reality, it can just be a front while rivals are making improvements much more quickly. Every goal on the Balanced Scorecard need to go through a thorough evaluation procedure to guarantee that the numbers listed are, in fact, substantial goals that will require a lot of work to accomplish. Managers and executives should query the goal setter, producing alternatives and generally deciding that the objective is the product of rigorous study rather than deliberate game playing, rather than taking targets at face value. Not every scorecard metric will have a corresponding large, bold, and ambitious aim. That would be very difficult to handle and may cause priorities to spread across the company. Nonetheless, you have to make an effort to create stretch goals for every one of your actions. When you connect your organization's budgeting process to the Balanced Scorecard, these stretch objectives will be crucial. Of course, your Scorecard should include incremental milestones as well. You need to visualize your goals for the next three to five years and the little actions you'll need to take to get there for each metric.

CONCLUSION

The need of creating cause-and-effect relationships while implementing the Balanced Scorecard. Organizations may enhance their capacity to successfully accomplish their intended outcomes and goals by fostering alignment, accountability, and performance improvement via the establishment of explicit links between strategic objectives and performance metrics. The abstract also covers the advantages of creating cause-and-effect relationships in order to promote responsibility and corporate alignment. Stakeholder commitment to performance improvement projects is increased when there are clear and unambiguous links between their activities and strategic objectives. This understanding helps stakeholders take ownership of the initiatives. The abstract also emphasizes how cause-and-effect relationships support an organizational culture that values learning and continual progress. Over time, companies may foster innovation and excellence by identifying areas for improvement, adapting to changing conditions, and routinely analyzing and improving cause-and-effect links.

REFERENCES:

[1] L. Xu, H. Xu, J. Yu, and L. Wang, "Linkage effects mining in stock market based on multi-resolution time series network," *Inf.*, 2018.

[2] G. Deng, L. Wang, and X. Xu, "Linkage effect of virtual water trade in China's industrial products—based on generalized hypothetical extraction method," *Ecol. Indic.*, 2018.

[3] A. R. Putra, Y. Tachibana, M. Tanaka, and T. Suzuki, "Lithium isotope separation using displacement chromatography by cation exchange resin with high degree of cross-linkage," *Fusion Eng. Des.*, 2018.

[4] Y. Q. Lei, J. Q. Zhou, J. Wang, G. X. Gu, H. Guo, and R. Jia, "Effect of the linkage position in ruthenium dyes on the photoelectrochemical perfomance," *J. Saudi Chem. Soc.*, 2018.

[5] A. Bhattacharya and M. O'Hara, "Can ETFs Increase Market Fragility? Effect of Information Linkages in ETF Markets," *SSRN Electron. J.*, 2018.

[6] P. N.M. *et al.*, "Effect of undisclosed HIV+ status on linkage to and retention in care," *Top. Antivir. Med.*, 2018.

[7] R. Wang, Y. L. Wang, N. Lin, R. Zhang, L. Duan, and J. Qiao, "Effects of ortho-Linkages on the Molecular Stability of Organic Light-Emitting Diode Materials," *Chem. Mater.*, 2018.

[8] J. W. Kang and S. Dagli, "Tariff barriers and industrial spillover effects," *J. Korea Trade*, 2018.

[9] S. L. Anderson, A. L. Mahan, S. C. Murray, and P. E. Klein, "Four Parent Maize (FPM) Population: Effects of Mating Designs on Linkage Disequilibrium and Mapping Quantitative Traits," *Plant Genome*, 2018.

[10] K. P. Scheibe and J. Blackhurst, "Supply chain disruption propagation: a systemic risk and normal accident theory perspective," *Int. J. Prod. Res.*, 2018.

[11] O. Ecker, "Agricultural transformation and food and nutrition security in Ghana: Does farm production diversity (still) matter for household dietary diversity?," *Food Policy*, 2018.

[12] E. C. Toomey and C. W. Rudolph, "Age-conditional effects in the affective arousal, empathy, and emotional labor linkage: Within- person evidence from an experience sampling study," *Work. Aging Retire.*, 2018.

CHAPTER 12

CASCADING THE BALANCED SCORECARD TO BUILD ORGANIZATIONAL ALIGNMENT

Dr. Nalini Sunil M, Assistant Professor
Department of OB & HR, Faculty of Management Studies, CMS Business School
Jain (Deemed to be University), Bangalore, Karnataka, India
Email Id- dr.nalini_m@cms.ac.in

ABSTRACT:
Cascading the Balanced Scorecard (BSC) throughout an organization is a pivotal strategy for building alignment, ensuring that every level and department is aligned with the organization's strategic objectives. This abstract explores the significance of cascading the BSC and outlines strategies for its effective implementation to foster alignment and drive performance excellence. The abstract begins by emphasizing the importance of alignment in translating strategic objectives into actionable goals and initiatives at all levels of the organization. Cascading the BSC involves aligning departmental and individual objectives with overarching organizational goals, ensuring that everyone is working towards a common purpose the process of cascading the BSC, which involves translating high-level strategic objectives into specific, measurable targets for each department and individual. This process requires clear communication, collaboration, and alignment between senior leadership, middle management, and frontline employees.

KEYWORDS:

Consistency, Deployment, Engagement, Objectives, Strategy, Transparency.

INTRODUCTION

The process of communicating the presumptions in your strategy map via narrative. By using a narrative technique, the author is compelled to specify the specifics, including the time and strength of the correlations between measurements, as well as to express the assumptions that are included in the map. You must make the nature of all cause-and-effect links evident and intelligible to anybody evaluating the strategy map narrative. You may set goals to assist you reach the breakthrough performance you want by using the links you have found across the map and depending on the expected degree of correlation. Let's imagine your three-year financial stretch aim is to increase return on equity by 20 percent. At first, it may not seem doable in the eyes and thoughts of the managers who will be responsible for implementing it. However, you will be able to effectively accomplish that aim by applying a special and potent combination of leading and lagging indicators covering the four viewpoints of the Scorecard as the components. Now it's up to you to figure out just the correct combination of goals to make that dream come true. You may identify the ideal sequence of events that results in the achievement of your overall financial aim by entering distinct targets for each of your indicators. You could have predicted that a five percent rise in staff satisfaction would result in a similar ten percent reduction in defect rates, which would then lead to five percent increases in customer satisfaction and a five percent gain in return on equity. Once many situations are examined, the ideal combination of targets will become apparent. Kaplan and Norton discuss the Kenyon Stores case in their debut book. Through the use of scenario planning, they were able to break down a large financial stretch target into a number of more manageable goals that, when combined, allowed them to reach their financial aim of doubling sales [1], [2].

In your company, putting this into effect will probably take some time. It may be challenging enough to establish a sequence of cause-and-effect linkages without having to consider the additional challenge of forming views about the strength of correlations. Think of this as a potential improvement to your Scorecard model as your discipline of performance management develops and gets more sophisticated.

Sources of Target Data

Developing objectives for their measurements is a significant challenge faced by several businesses. Managers may seem reluctant to commit to a real goal that they will have to meet and be evaluated against. However, the main thing holding people back is often the fact that the measure is new and there is no baseline to start from, or there are no viable sources of target information. Regarding the first, I'm not sure I can do much to help, but I can help with the second. Here are some resources where you may get information to assist you in setting goals for your specific metrics. Workers. Never forget that the finest people to provide advice on how to go above and beyond stakeholder expectations are those who are closest to the action. Whatever industry you operate in, your staff members have a unique perspective on the internal operations and customer experiences that create value for the whole company. Including staff members in goal-setting will also boost support and buy-in for the Balanced Scorecard as a management tool [3], [4].

Baselines and trends. If historical data is available, using statistical methods such as trend analysis can assist you in creating a baseline prediction. You may use this baseline data to forecast performance levels in the future under circumstances that are similar to those seen in the past. That is a crucial idea. It may not be possible to maintain profi performance with incremental improvements from prior baselines if your company or sector is experiencing rising levels of volatility. When there is a degree of relative stability, trends perform best interviews with executives. Your executives may have told you what they believed to be the necessary performance level to succeed when you met with them earlier in the process. In a similar vein, the executive workshops you have throughout the Scorecard development process will probably provide prospective Scorecard objectives external and internal evaluations. It is quite likely that you have assessed your strengths, weaknesses, opportunities, and threats if you have lately engaged in any kind of strategic planning process. You may choose appropriate targets to maximize opportunities and reduce dangers with the assistance of the information gathered from these evaluations input from stakeholders and consumers. Anticipations from these significant groups might provide data that you can use in setting performance goals. Clients may have expectations of all suppliers that are either explicit or tacit. Participating in the target-setting process with stakeholder’s shows that you are dedicated to collaborating with all parties engaged in your business to achieve win-win outcomes. Remember how we spoke earlier about how clients may rate your work online? Don't pass up this chance to discuss with your clients what they consider to be exceptional performance.

Industry mean values. Almost all sectors have a number of reliable organizations keeping an eye on their performance. One thinks of J.D. Power & Associates when considering the automotive sector. Most likely, your organization belongs to a trade association or industry that has access to important data on how your sector is doing on certain measures. Make sure that any data you utilize is in line with your measuring methods. Even the most widely used performance metrics are calculated in a variety of ways by several organizations [5], [6].

Comparative analysis. Analyzing top-performing companies and trying to achieve their outcomes is beneficial—up to a point. While striving for the same degree of success as the top achievers in your field is crucial, benchmarking also has drawbacks. Initially, while undertaking a benchmarking study, the majority of organizations would just concentrate on one aspect of operations—perhaps contact center operations, month-end closure procedures, or innovation processes. The issue with this strategy is that the best-in-class business you are researching most often engages in a variety of diverse activities that work together to provide a special blend of value for customers. If you were to replicate just one part of this strategy, you may see isolated gains in that area but not significantly better financial results. Furthermore, the companies you examine can have distinct policies, procedures, and assets. Perhaps their success can be attributed to the fact that they devote a substantial amount of financial and human resources to the process that is being scrutinized.

DISCUSSION

The task of approving the targets that appear on your highest-level Balanced Scorecard should fall to your executive team. The executives are the ones who own this tool in the end, and they need to believe that the objectives on the Scorecard reflect extraordinary performance, which will take a lot of work and teamwork to achieve. Another chance for your senior staff to transcend functional boundaries and show how their specific function within the company contributes to performance as a whole is when objectives are approved. The group has to make sure that the goals listed on the Scorecard will come together to provide the revolutionary financial outcomes they hope for. You would anticipate a commensurately high objective from the chief financial officer if the vice president of manufacturing committed to enormous improvements in supply-chain operations and the vice president of sales expressed a desire to produce previously unheard-of rises in sales. Once again, every component of the Scorecard and every member of the senior management group is a part of the bigger system, the more expansive total that is strengthened by the influence of interpersonal connections [7], [8].

Six emphasized how crucial it is to have employee input on your performance metrics. Although your high-level Scorecard objectives won't be approved by your staff, they still need to be given the chance to examine and provide input. The last thing you want is for your goals to be seen by staff members as directives from above, regardless of the cost they will exact on those who must do the real labor. Concerns raised by staff members about goals, feasibility, and chance of success should be recorded and reported to upper management. The executive team can use this opportunity to inform the staff of their decision and provide justification for why keeping this specific target on the Scorecard is essential to the strategy's successful execution, even if they conclude that it is necessary to maintain controversy in order to get the desired results. In order to succeed in this Balanced Scorecard game, you need to seize every chance to inform, connect with, and inspire your employees.

Setting organizational efforts as a top priority

Up till now, you have created a Balanced Scorecard with connected objectives and metrics that tell the tale of your approach, and you have filled the model with goals that will propel you to previously unheard-of levels of success. However, you're not quite done yet. The creation and prioritizing of projects that will assist you in reaching your goals is the last component in using the Balanced Scorecard as a measuring method. The particular activities, projects, programs, or actions you will take on to make sure you reach or surpass your performance goals are called initiatives. The objective serves as your "end in mind" for the performance measure, and in order to reach it, you must decide which efforts and investments are required to ensure success.

There will always be a plethora of projects ongoing if your company is like most others. Projects like customer relationship management, employee empowerment, ISO 9001, facility improvements, expansion efforts, and local area network modernization are just a few of the many ones that could be underway at your company right now. The majority of organizational initiatives are intriguing due to the wide range of disciplines and processes they aim to impact. Apart from having diverse foci, they are likely supported by distinct managers or executives and carried out with separate financial and human resources. We are interested in knowing whether they are strategic in nature. Without a doubt, every effort your company takes will lead to regional advancements in the area it is trying to enhance. If it had not been the case, chances are it would not have been funded. However, will the gains you make really help you achieve your strategy's goals and your Balanced Scorecard targets? Taking a close look at your current projects might reveal some fascinating things. You can discover that you have too few and too many projects going on at the same time. There might be a plethora of initiatives receiving funding that aren't focused on any one aspect of your strategy, and at the same time, there could not be a single effort that represents all the steps you need to do to meet your Scorecard objectives [9], [10].

You most likely created a number of performance metrics for your Balanced Scorecard that were never considered by your company previously. This is especially true for the leading success indicators, or the financial performance drivers of the future. The special components of your success formula that are difficult for rivals to imitate are your performance-driven lead metrics. It is safe to assume that no efforts are being considered to guarantee the effectiveness of these measures if they are novel in and of themselves. Each unique measure you find may indicate that a related strategic process is either poorly managed or not managed at all. For instance, procedures guaranteeing profound customer knowledge stored inside the Scorecard's Internal Process viewpoint are necessary to provide a value offer of customer intimacy. You really won't be able to reach your desired goals if an analysis reveals that although you have created creative new methods for capturing consumer information, you haven't created the related activities or procedures to support the measures. It will be necessary to achieve this by introducing clear initiatives that support the new management procedures and metrics. Let's examine a technique that will help you make sure that the proper projects are in place to back up the measurements on your Scorecard.

Making Sure You're Taking the Correct Actions

Here's a symbolic carrot in case you need a little more motivation to finish your journey over this difficult terrain of initiative prioritizing. Establishing the projects that are really helping you achieve your strategic objectives is one of the finest and simplest methods to get the financial benefits of a Balanced Scorecard project quickly. Consider this: There are possibly hundreds of projects vying for limited money resources, limited people resources, and the most valuable resource of all: senior management's time and attention. Not only are projects that are not advancing your plan unhelpful, but they may also be quickly losing ground to your rivals due to an overuse of cash and human resources. By using the Balanced Scorecard's laser-like focus to eliminate nonstrategic efforts, significant resources may be freed up and directed toward initiatives that really provide value and give businesses a competitive edge. We shall arrive to the promised land of strategic initiatives in four phases. They are as follows:

1. Make a list of every endeavor that is currently underway inside the company.
2. Connect such programs to our Balanced Scorecard's goals.
3. Develop the efforts that are lacking and think about getting rid of non-strategic ones.
4. Give the remaining projects top priority.

Let's take a closer look at each of these actions.

Making a list of all of the ongoing projects. In order to determine which efforts are strategic and which are not, you must first collect data on all ongoing projects throughout the whole business. This will need a lot of digging around since there's a good chance you'll uncover efforts in every remote part of the company. Since there will probably be an executive sponsor for each project, your executive team should be able to provide insightful feedback on current projects. The cur- rent actions that impact them will also be known to managers and leaders of certain departments. A thorough list of all the projects underway at any one moment may be maintained by your strategic planning department; this information will be very helpful to you. Lastly, the accounting division could be monitoring project-related expenses and might provide you with a list of ongoing projects. Make sure you have the initiative's name, the project's goal, estimated costs, any discounted cash flow analysis done, an expected schedule, and the names of everyone participating in order to help with the decision-making process that will come next coordinating actions with your strategic goals. Now that you have a detailed list of all the projects that are in progress, you can connect them to the goals you have stated in each of the four Scorecard perspectives. It seems simple enough to take the initiative and consider each goal in its context. You designate anything as such if it helps you reach a goal. You leave that grid empty if it doesn't. But it may not be a good idea to judge the effort just by its name. Perhaps there are supplementary operations that really assist strategic goals, or perhaps the term misrepresents the true nature of the work being accomplished. Take the proper amount of time to do your homework before moving forward. Every business will define the phrase "strategic," thus the first step is to define precisely what you mean by that term. Make sure you completely comprehend the actual objectives of each and every initiative by carefully going over the data you collected during your inventory process. Make sure you have identified the initiative's whole range of activities and potential outcomes by having conversations with the sponsors, project team, and individuals impacted by the effort. To help you with this crucial choice, every effort should come with accompanying documentation. The projects that lack essential data, such as resource needs, net present value analysis, and connection to strategy, are likely to be eliminated in our subsequent phase. It will be very challenging to prevent bias from creeping into your study, but as we have already covered, strategy is a chaotic field that is often seen more as an art than a science [11], [12].

I should define the phrase "balanced scorecard" before going into the methods and procedures required to appropriately cascade your scorecard. The practice of creating Balanced Scorecards at every organizational level is known as cascading. These Scorecards outline the strategic objectives and metrics that lower-level departments and groups will use to monitor their progress toward achieving overall corporate goals, so they are in line with your organization's highest-level Scorecard. The measures included in the lower-level Scorecards often represent the unique possibilities and difficulties that are unique to that level of the organization, even though some of the measurements utilized may be the same across the board. Many effective practitioners have made their highest-level Scorecards only the starting point of a program that uses a succession of cascading Balanced Scorecards to connect every employee, from the executive boardroom to the shop floor.

The Balanced Scorecard Cascading Connects Every Employee to Your Strategy

In his book Simplicity, Bill Jensen makes the argument that having ambiguous goals and objectives is a major contributor to job complexity. Since you took the time to create a Balanced Scorecard with precise goals and measurements that combine to convey your own strategic narrative, you are undoubtedly thinking you have this issue solved. Not so quickly. Jensen continues by pointing out that a significant factor in task complexity is a lack of purpose alignment. Things start to get interesting now, don't they? Is there a clear top-to-bottom objective alignment in your organization? Is the person answering the phones at your organization aware of how their daily activities contribute to the company's plan being achieved? Would a mid-level sales manager be aware of this? Does anybody in the top echelons know exactly how they contribute to the overarching objectives of the company? The answer is no in a lot of companies. Workers carry out their work according to job descriptions that may need to be updated for a long time, going about their daily lives with little understanding of how their actions contribute to the organization's goals. Even for companies that have created Balanced Scorecards, there could be serious alignment problems impeding their ability to beat competitors. There are others who maintain that a senior management team is the only group that can use a balanced scorecard. Although lower-level employees may look at and perhaps even learn from the measurements on the Scorecard, other systems, like the performance review process, can keep an eye on their work.

Businesses that hold this belief are wagering on awareness's dominance over alignment, which is regrettably untrue for them. Will employees making decisions at the forefront of the company make better decisions only because they are aware of the business strategy, goals, and measures? Most likely not. How can a customer care agent handle an unhappy client who expects quick gratification if they are aware of a customer intimacy strategy? It doesn't.

Every employee should have the chance to show how their own efforts are contributing to the company's achievement of its strategic goals. The most effective method for doing this is to cascade the Balanced Scorecard to all high-level departments inside the company. All workers will have a clear path from their daily activities to the high goals stated in the strategic plan when we cascade the Score-card—driving it down to lower levels in the organization. As an employee, strategy has evolved from being a poorly understood manual created by top management to a set of goals and actions I must take in order to significantly contribute to the success of the company. And contributing to the organization is exactly what every single person in it wants above all else. In the history of organizations, this is the knowledge worker era. These very talented talent brokers are not like their organizational forebears in one very important way. These workers bring the means of production—their knowledge—with them, in contrast to previous workers who were dependent on the company to provide equipment and other forms of production. According to Peter Drucker, employees in this day and age of knowledge workers need to be seen as volunteers. A volunteer does not give up her priceless expertise, experience, or knowledge in the hopes of receiving a large financial payout or moving on in her career. Volunteers often want for significance and contribution—things that evade them in their nine to five life. A mismatch between individual goals and corporate strategy makes it difficult to discover genuine fulfillment and significance in one's employment. By giving every employee, regardless of function or level, the chance to show that their work is in fact essential to the organization's broader goals, the Balanced Scorecard's cascading implementation helps to reestablish this opportunity.

The cascading process is often mentioned as a crucial component in the success of Balanced Scorecard initiatives, in addition to helping to align staff activities with strategy. at instance, we utilized a sizable management meeting to introduce the recently created Corporate Balanced Scorecard while I worked at Nova Scotia Power. Apart from imparting knowledge and facilitating communication, we also asked for opinions on the Scorecard and suggestions for the measures that should be taken to guarantee its effective execution across the board for the whole organization. Many respondents said that the Scorecard initiative needed to be implemented on the factory floor to demonstrate its effectiveness. While a high-level Scorecard is essential for executive decision making and makes a great communication tool, our audience realized that all workers want a comparable system to make sure their actions are in line with the overall plan. This realization has been validated by further customer interactions. Implementers of the Scorecard who are successful understand that for the tool to be as effective as it can be, individuals working in the field on the front lines must accept and use it. By implementing the Scorecard in a cascading manner, you enable your whole company to be reached and equipped to respond to the crucial question The goals and metrics included in each Balanced Scorecard throughout your company hold the key to the solution.

Gaining Knowledge Is Essential for the Highest Level Balanced Scorecard

The highest-level Balanced Scorecard in your organization is when the cascade process starts. The details of the Scorecard will not be covered here, since the preceding seven sections of the book explain how you should go about preparing this record. This highlights how crucial it is for staff members to be knowledgeable with and comprehend the goals and metrics that comprise the high-level Scorecard.

The main success metrics that are identified by your highest-level Balanced Scorecard are interconnected via a sequence of cause-and-effect interactions, which collectively convey the strategy's narrative. Before starting to create their own Balanced Scorecards, it is vital that all members of the business comprehend the strategic relevance of these measurements. This is especially true for the people in charge of spearheading the creation of Scorecards in the organization's lowest echelons. Building Scorecards that are properly connected to the organization's high-level goals will be very difficult for these folks to accomplish if they lack a firm understanding of the high-level objectives and measurements.

At this stage of the Scorecard process, firms might accidentally undermine their own efforts due to flawed assumptions. Certain firms hold the belief that personnel at lower levels are not capable of comprehending the activities and procedures that create value and eventually lead to success. These companies' executives argue that discussions about economic value added, customer segmentation, and supply chain best practices belong only in the executive boardroom and that workers are just players paid to carry out a scenario they have skillfully directed. There is nothing that is more false than this. Successful organizations, on the other hand, challenge this presumption and invest the time and resources required to provide people with these ideas, often with remarkable outcomes. Think about the creative Brazilian company Semco as an example. Workers at this company, which is often recognized for its inventiveness and ingenuity, take part in almost every aspect of organizational life, including selecting real estate, creating manufacturing facilities, and setting their own compensation. CEO Ricardo Semler is certain that genuine interest and drive, which arise from allowing workers to carry out their tasks in ways that make sense to them, are the main factors that propel productivity. You should start an extensive program of education and communication to make sure that staff members are aware of the goals and metrics included on your high-level Balanced Scorecard. Six spoke about three potential methods for getting employee input for your BSC. These techniques may also be utilized to explain to and train your employees on the finer points of your strategy as it is represented by the Scorecard. The following is a summary of the three methods:

Organize a Balanced Scorecard "open house" and take inspiration from the model provided by the County of San Diego in California, which implemented a similar program. Employees are invited to an open house where the Balanced Scorecard will be discussed, examined, and evaluated. Make use of your intranet. Include executive statements praising the benefits of the Balanced Scorecard, background information on the measures' strategic and operational relevance, and future plans for rolling out your measures throughout the whole organization when you post your new BSC on the intranet. Have town halls or management meetings. Use the opportunity to educate your staff on the Scorecard you have established if you have frequent meetings with your whole management team. Another excellent technique to present what you have built to a big number of workers is via town hall meetings. Practitioners of the Creative

Scorecard will surely discover a plethora of other methods for training employees on the Balanced Scorecard. You may use a variety of materials, including as brochures, films, and inserts that go with pay stubs, to provide interested workers an explanation of how your Scorecard operates.

CONCLUSION

The importance of cascading the Balanced Scorecard to foster corporate alignment and promote performance excellence is highlighted in this abstract's conclusion. Organizations may harness the potential of the Balanced Scorecard to accomplish sustained success in today's changing business climate by coordinating departmental and individual goals with broader strategic goals and cultivating a culture of responsibility and teamwork. The abstract also covers methods for successfully cascading the BSC, such as involving stakeholders, offering assistance and training, and promoting an environment that values responsibility and ongoing development. Organizations may foster a feeling of ownership and commitment to accomplishing strategic goals by allowing workers to take ownership of their objectives and including them in the process. The abstract also emphasizes how organizational alignment, agility, and responsiveness may be fostered by cascading the BSC. Organizations may respond rapidly to changing conditions and promote performance improvement when all members of the company understand their part in fostering the organization's success and how their activities correspond with strategic goals.

REFERENCES:

[1] A. R. Lyon *et al.*, "The impact of inter-organizational alignment (IOA) on implementation outcomes: Evaluating unique and shared organizational influences in education sector mental health," *Implement. Sci.*, 2018.

[2] F. J. Burger and T. G. Pelser, "A conceptual framework of organisational alignment to improve south african mining companies," *African J. Bus. Econ. Res.*, 2018.

[3] M. Jevtić, M. Jovanović, and J. Krivokapić, "A New Approach to Measuring the Correlation of Organizational Alignment and Performance," *Manag. Sustain. Bus. Manag. Solut. Emerg. Econ.*, 2018.

[4] J. Zhou, G. Bi, H. Liu, Y. Fang, and Z. Hua, "Understanding employee competence, operational IS alignment, and organizational agility – An ambidexterity perspective," *Inf. Manag.*, 2018.

[5] S. Panda and S. K. Rath, "Strategic IT-business alignment and organizational agility: from a developing country perspective," *J. Asia Bus. Stud.*, 2018.

[6] S. A. Thekdi and T. Aven, "A methodology to evaluate risk for supporting decisions involving alignment with organizational values," *Reliab. Eng. Syst. Saf.*, 2018.

[7] C. Deller, S. Gallani, and T. Sandino, "In Search of Organizational Alignment Using a 3600 Assessment System: Evidence from a Retail Chain," *SSRN Electron. J.*, 2018.

[8] L. Dhillon and S. Vaca, "Refining Theories of Change," *J. Multidiscip. Eval.*, 2018.

[9] G. M. Jonathan, L. Rusu, and E. Perjons, "Organizational Structure's Influence on Business-IT Alignment," *Int. J. It/bus. Alignment Gov.*, 2018.

[10] Y. J. Moon, M. Choi, and D. J. Armstrong, "The impact of relational leadership and social alignment on information security system effectiveness in Korean governmental organizations," *Int. J. Inf. Manage.*, 2018.

[11] C. M. Alina, S. E. Cerasela, and T. Raluca-Andreea, “Organizational Culture Impact on Strategic Management,” *“Ovidus” Univ. Ann. Econ. Sci. Ser.*, 2018.

[12] E. O. Siegel, D. Bakerjian, and L. Zysberg, “Quality Improvement in Nursing Homes: Alignment among Leaders Across the Organizational Chart,” *Gerontologist*, 2018.

CHAPTER 13

IMPORTANCE OF INFLUENCE CONTINUES WITH LOWER-LEVEL SCORECARDS

Dr. Dinesh Neelakanta Rao, Associate Professor
Department of OB & HR, Faculty of Management Studies, CMS Business School
Jain (Deemed to be University), Bangalore, Karnataka, India
Email Id- dinesh.rao@cms.ac.in

ABSTRACT:
The importance of influence doesn't wane as one delves into lower-level scorecards within an organization's hierarchy; instead, it becomes increasingly pivotal in driving performance and aligning individual efforts with overarching strategic goals. This abstract explores the significance of lower-level scorecards and their role in sustaining organizational effectiveness and alignment. The abstract initiates by underlining the ongoing impact of strategic alignment across all levels of an organization. Lower-level scorecards act as crucial instruments in ensuring that the strategic directives set by senior leadership permeate through every layer, guiding day-to-day activities and decisions. Furthermore, the abstract delves into the role of lower-level scorecards in fostering accountability and ownership among employees. By translating strategic objectives into specific, measurable targets at the departmental or individual level, these scorecards empower employees to understand their contributions to the broader organizational goals and take ownership of their performance.

KEYWORDS:

Alignment, Cascading, Consistency, Coordination, Engagement, Influence.

INTRODUCTION

You may start the process of having workers create Balanced Scorecards that detail their individual contributions to the success of the company if you are satisfied that they have a sufficient understanding of your high-level Scorecard. Influence is a critical idea in generating aligned Scorecards.

The power to generate an impact is one definition of influence that a dictionary may provide, and that is precisely what we mean when we cascade the Balanced Scorecard. Every employee need to have the ability to influence the results of the company. The Balanced Scorecard serves as a platform for doing this. "What can we do at our level to help the organization achieve its goals?" is a pertinent issue to consider while creating scorecards at this initial level of cascading. Although they may not have exactly the same measurements, the Scorecards you make at this level will be in line with the high-level Card. That is an important aspect that needs to be considered. A common practice is to "chopping up" high-level goals into manageable chunks that are dispersed around the company. That strategy could be effective for certain financial indicators, like expenses or sales, but how do you fairly distribute new product development or customer loyalty? A Balanced Scorecard that is cascaded properly is not one that only includes fragments of the highest-level Scorecard. Employees at the bottom of the organizational ladder may find no use whatsoever for high-level organizational measures. Examining the high-level Scorecard closely and figuring out which goals and metrics you can affect at this organizational level is a superior strategy. The Canadian electric company Nova Scotia Power Inc., which is the subject of much discussion in the book, initiated the Balanced Scorecard program by first developing a high-level Corporate Scorecard that detailed their approach to becoming ready for the impending deregulation of the Canadian utility sector. They then cascaded the Balanced Scorecard to every level of the company to guarantee that every worker has the chance to contribute to the realization of their plan. From the senior team at corporate headquarters to the work floor at power plants, more than 100 scorecards were made [1], [2].

The next level of cascade you may undertake may be to the department, group, or team level, depending on your organizational design. As was previously discussed, you may refer to the different levels that exist within your organization using different language. But whatever the moniker, the concept of impact is always the same. Scorecards at this organizational level need to be based on the people who these groups report to. For example, we wouldn't anticipate that a single marketing department would create a Balanced Scorecard based on the Corporate Scorecard. The indicators used by the Marketing group would most likely come from the Balanced Scorecard of the Sales and Marketing business unit. Based on the goals and metrics they may effect on the Corporate Scorecard, Nova Scotia Power's Customer Service and Marketing business unit developed a Balanced Scorecard. Information technology for customer service and marketing is one of the many sub categories that make up customer service and marketing. The CS&M IT staff used the business unit's Scorecard as a guide when creating their own to identify which goals and metrics they might influence. They discovered that CS&M was measuring "Redesigned Customer Processes" after looking over the Scorecard. Although the IT department is not directly engaged in the redesign of customer procedures, they believe they may have a good impact on this goal. The CS&M team will mostly depend on desktop support capabilities as they experiment with fresh and creative concepts in order to improve many important client procedures. The IT department understands this and hypothesizes that by responding to service requests in a timely and correct manner, they will help the CS&M business unit accomplish its objective of revamping problematic customer procedures [3], [4].

Helping to Create Aligned Balanced Scorecards

Within any business, there are those who are inherently drawn to the Balanced Scorecard and the management approach it encompasses, and others who see it as just another magic bullet being rammed down their throats by an overly enthusiastic senior management team. Whichever category the bulk of your workforce falls into, one thing is for sure: they will need help creating their Balanced Scorecards. The following advice will make the cascade process easier for you: Give directions, unambiguous accountability, and one-on-one support. Although the Balanced Scorecard is perhaps the most rational and beautiful tool ever featured in a business magazine, managers and staff who have never created a Scorecard may be rather apprehensive. It is vital to have built some useful equipment ahead of time to aid them in the process. When feasible, have a discussion about the Scorecard, give it to every employee, offer helpful books and articles, and most importantly provide templates that will let them create their own Balanced Scorecards. Giving them precise deadlines and accountabilities so they understand precisely what is expected of them when is another way to assist them. But helping people one-on-one is the most important thing you can do. Distribute across your organization the knowledge that your Balanced Scorecard team has. In addition to facilitating the creation of Balanced Scorecards, your staff may provide training courses on Scorecard ideas. Their combination of functional expertise and the Scorecard will be unmatched.

Your organization's highest-level Balanced Scorecard resulted from a meticulous translation of your distinct approach. There are no particular strategies, missions, or aspirations when you cascade the Scorecard down to progressively lower levels of the organization. The majority of groups do, however, have a business plan since creating yearly plans is a well-established practice in most companies. Business units, departments, and teams may all benefit greatly from using these business plans as a source of information when creating their scorecards. The majority of plans will include details on important procedures, goals, projects, and expenses. Business plans may be superseded by the Balanced Scorecard if it is integrated into your organization's management system [5], [6].

Distributed Service Equitable Scorecards

Some refer to shared service groupings as corporate workforce or resources. Information technology, accounting and finance, and human resources are a few examples of shared service units found in almost all businesses. These divisions provide specialized services to the corporate entity and business units they support, and they need to do so at a price and caliber that beats that of outside suppliers. The rub is, as Shakespeare said, right there. Do your shared service groups provide services that are more affordable and of higher quality than those offered by other vendors that provide comparable services? These teams are held accountable to and their performance is tracked by a Balanced Scorecard, which makes sure that the services they provide help the business units meet their strategic goals.

Some shared service units find it challenging to start the Scorecard creation process because they don't have a clear strategy and instead concentrate on serving the demands of their internal customers. They worry what should be the foundation of their balanced scorecard as they don't have a particular plan. Because of this, businesses often bargain over service-level agreements between shared service groups and business units. The degree of service that the business unit requires for certain procedures and goods provided by the shared service unit is outlined in detail in these papers. Included are the costs, goals, and critical performance metrics that are wanted. The shared service unit's scorecard development now starts with the SLA. Not every firm will be big enough to need official service level agreements (SLAs) between shared service groups and business units. If shared service units don't have a formal SLA, they may heed the guidance provided previously in this article. The shared service group may create its own performance measures based on business unit Scorecards to identify which goals and metrics it can most directly affect. There's a chance the shared service group may directly influence some of the indicators on the organization's highest-level Scorecard. For instance, the human resources department would be required to create cascaded performance metrics to achieve a goal of reducing employee turnover if it was included on the Corporate Scorecard.

With most big organizations seeing a frenzy of outsourcing activity, shared service units may effectively showcase their distinctive value to the corporation via the use of the Balanced Scorecard. Getting good scores on Scorecard metrics demonstrates why they should stay in place. There is a more profound and convincing justification for cascading the Scorecard to shared services than only this extremely practical one. Workers belonging to these categories often experience a lack of connection to the organization's overarching strategy. The actual product being manufactured may be visible to those in production, and marketers put out great effort to generate demand, but shared service group members often have little insight into the goods and services that power the company. This crucial line of sight is made possible by cascading the balanced scorecard, which enables employees in shared services to see how their activity fits into the organization's larger plan [7], [8].

DISCUSSION

Few companies are very good at helping people create meaningful goals and objectives. In actuality, there are several problems with the yearly performance appraisal process that affect both management and employees. Businesses are going to devote a great deal of effort in promoting a fair assessment process, sending out memoranda, giving out templates with information on the skills and behaviors they want to see, and instructing staff members on how to create a workable plan. However, after this first burst of activity, there is often minimal follow-up. I often get rolling eyes and shaking heads from new customers when I explain the performance evaluation process. Even companies that conduct employee review meetings and follow up on the assessment process are always running behind schedule. This important task that uses the most valuable resources often gets neglected. It is hardly surprising that this awful state of things persists when we seriously evaluate the procedures at the majority of firms. Performance evaluations are often wholly subjective and solely dependent on a manager's or supervisors constrained perception of an employee's work. Employees become distrustful of the process rather than more trusting as a result of this. Employee feedback is scarce throughout the performance period, and when it is given, it focuses on results and outcomes rather than actions. The process's most egregious shortcoming, however, is the misalignment between business and personal objectives. Workers are either unaware of how their performance evaluation results will help the business or don't know how.

Many of the problems with the standard performance review process may be reduced, if not completely eliminated, by cascading the Balanced Scorecard down to the individual employee level. One of the several advantages of allowing staff members to create their own individual Balanced Scorecards is that it increases awareness of the tool. Creating individual scorecards offers an additional chance to teach all staff members the concepts and methods included in the Balanced Scorecard framework inspires dedication to the Scorecard. Without a doubt, more participation in almost any activity will tend to strengthen dedication to that goal. Thus, the Balanced Scorecard is appropriate. Employee education on the Scorecard and the creation of their own set of related objectives and metrics will undoubtedly increase support from this important constituency improves understanding of the aligned scorecards. The goals and metrics included in every cascaded scorecard, from the high-level organizational scorecard to the business unit scorecard to the card for their team or department, must be understood by workers before they can create their own individual scorecards. Cascades, therefore, provide an excellent chance for training provides a direct path from employee objectives to corporate strategy. Creating individual Balanced Scorecards that correspond with departmental or team Scorecards enables each worker to show how their particular contributions are improving overall outcomes increases support for the process of developing goals. Employee goal-setting procedures that are often stale and unnecessary may be given new life by using the Balanced Scorecard, which your staff can use to create their own customized scorecards. The cascading efforts of an electric utility organization served as the model for this template. Personal development plans, incentive compensation, and cascaded scorecards are the three main aspects that are combined in this document. The paper is divided into two pages in order to optimize its instructional and practical usefulness. Establishing a clear direction for the employee and summarizing the goal, vision, and strategy are two crucial functions of page 1. The cascading Scorecards that apply to that particular person are shown across the rest of the page. The departmental, business unit, and organizational Balanced Scorecards are given in summarized form [9], [10].

Although page 1 may be viewed as a learning page, page 2 serves a more specific function by enabling each employee to specify the particular goals and actions they will take to support their department in achieving its objectives, provide potential incentive awards, and lay out the steps they will take to succeed. Ten includes further discussion on the connection between compensation and the Balanced Scorecard. The precise actions needed to finish filling up page 2 of the template are as follows: The person is responsible for creating the goals, metrics, and targets that make up their personal scorecard. The creation of personal objectives ought to go rather well with conversation and coaching, as all connected Scorecards are shown on page 1. When calculating his or her incentive possibilities, the person must next choose the proper weights for each measurement. The manager or supervisor will have the last say on the weights and related targets, making sure they seem fair, difficult, yet doable. Additionally, the viewpoints are weighed to indicate the areas where the employee has the most ability to influence decisions. The perspective weights in this instance are equal. The assessment of the use of the Balanced Scorecard in remuneration goes into additional detail about employee objectives. At last, the worker may start creating a personal growth plan according to the objectives listed on their Scorecard. This document will undoubtedly aid in the creation of the official PDP by highlighting the individual's primary areas of attention, even if it may not completely replace the necessity for one.

By completing the chain of linked Scorecards from "the boardroom to the back room," the establishment of personal Balanced Scorecards allows for the incorporation of the crucial components of incentive pay and competency achievement.

This focuses almost entirely on the advantages that staff members may get from creating their own personal Balanced Scorecards: familiarity with the system, comprehension of the organization's goals and metrics, and alignment with them. Senior managers, however, stand to benefit much from this approach as well. Managers may have a great degree of insight into the precise activities that are enhancing or diminishing overall organizational performance by cascading to this level. Consider the McCord Travel Management scenario. At this travel agency, senior managers keep an eye on a productivity indicator that counts how many tickets each agent issues in an hour.

In addition to being shown on McCord's Corporate Balanced Scorecard, the metric is also cascaded down to the agent level. Senior management turned to their cascading balanced scorecards for guidance when actual performance started to fall short of expectations. Since most regions were generating outcomes that were comparable, analyzing regional performance on the productivity index revealed nothing. Upon analyzing the Scorecards of individual sites, McCord managers discovered several intriguing variations that were responsible for the high-level corporate result. It became out that the outcomes produced by agents catering to professional service businesses were consistently poorer than those of other groups. When questioned, they said that it was difficult to really issue a ticket since these organizations' customers were always altering their plans. Senior management at McCord may have made the risky and incorrect assumption that these locations were just underperforming and taken the wrong response if the Balanced Scorecard hadn't raised these problems. Equipped with the insights obtained from cascading Balanced Scorecards, managers might modify the objectives to better represent the types of customers that various McCord locations serve. "The key benefit of cascading is allowing everyone to know of their importance in the overall strategy of the company and that they are an active and critical part, and it's not just lip service, it's real," says McCord Senior Vice President Ed Berkman, summarizing the advantages of cascading the Balanced Scorecard [11], [12].

Analyzing and Assessing Balanced Scorecards using Cascades

You may create hundreds of cascading Balanced Scorecards at every level of the business, depending on how large your firm is. It is impossible to exaggerate the advantages of alignment and more information, but if you do not closely watch the Scorecards that are being made, there might be risk. Lack of a review and assessment procedure might lead to unrealistic goals, unmet metrics, and departments competing with one another in the Balanced Scorecard process. Making ensuring your Scorecards are delivering the same picture throughout the whole organization requires a two-phased strategy. The first obligation of personally assessing the cascaded Scorecards developed within their respective business units should fall to your Balanced Scorecard team. Your team has the necessary expertise, based on their experience, to critically evaluate goals and metrics in an efficient manner, guaranteeing uniformity in structure and methodology across the company. The Balanced Scorecard team may analyze the Scorecards produced by business units and departments and then convene with the submitting departments to discuss adjustments and enhancements.

You are prepared to expose groups to the actual test—that of their peers—after they have had an opportunity to modify their Scorecards in response to feedback from your team throughout the whole organization. A great way to get a lot of people's opinions in an enjoyable and structured way is via the County of San Diego's open house strategy. Encourage staff members to go at their colleagues' Scorecards and provide comments for clarity and improvement. Clarification, the initial idea in the statement, is important. Even with the greatest of intentions, individual organizations find it difficult to avoid using obscure terminology and phrases in their Scorecards. Workers from other departments will evaluate colleagues' Scorecards quickly, opening the door to rewording or altering certain things to make them more comprehensible to a wider audience. The learning that often takes place during these scorecard sharing meetings is another exciting result.

The many interdependencies that exist among groups in a contemporary corporate operation help the organization grow. While some are implicit, others are well-known and explicit. By displaying goals and metrics on Balanced Scorecards, departments and business units are often encouraged to assess their connections critically and challenge other organizations to provide metrics that affect their working relationships. For instance, internal interactions between suppliers and customers would need to be recorded on balanced scorecards. Sharing scorecards encourages innovation as well since teams may enhance and modify their own efforts by building on the measurements in each other's scorecards.

When examining the cascading Balanced Scorecards at your company, the following should be noted: connection to relevant scorecards. Recall that the fundamental idea here is cascading, or pushing the Scorecard down the organizational hierarchy. Every scorecard in the chain should include goals and metrics that impact the scorecard after it. Connection to the plan. One instrument that helps with strategy translation is the Balanced Scorecard. The metrics that are shown on cascaded scorecards have to demonstrate a connection to the organization's overall plan. Suitable objectives. Setting goals may be a challenging task that calls for much professional judgment. Make sure that, throughout the chain of connected Balanced Scorecards, cascaded objectives will result in the achievement of higher-level targets coverage of the main goals. Influence is the main principle of cascade. What can we do, for instance, at our level to affect our business unit? A scorecard, perhaps? While not all groups will have an impact on all high-level goals, the whole population of the highest-level objectives inside the organization should be sufficiently covered. Lead and lag indicators. There should be a suitable balance of leading and trailing performance indicators in cascaded scorecards.

Cascade

The Balanced Scorecard method may be a very useful tool for strategic management, communication, and measurement, depending on how it is used. However, if done well, cascading can provide the most benefits of all. By implementing the Scorecard at every level of the organization, you can inform every employee about the main factors that contribute to your performance and give them a chance to explain how they fit into it. Additionally, you establish a common language throughout the organization—the measuring lexicon that directs work and has the potential to produce ground-breaking outcomes. According to a recent survey, more than 60% of participating firms were pushing the Scorecard to lower levels, indicating that leading Scorecard practitioners are seeing the benefits of cascading. Encouraging all staff members to take part in establishing significant goals and benchmarks may foster a thriving culture of engagement and collaboration, ultimately yielding remarkable outcomes for all parties.

Allocating Resources Strategically using the Balanced Scorecard

Everybody knows how quickly the contemporary organizations we work for are changing. Everything seems to be moving at breakneck pace, and the years ahead only seem to promise greater chaos and speed. But as I write this, summer is here, and even the busiest contemporary worker will find that this beloved season tends to bring about a bit more laid-back attitude and slower pace. Some businesses even continue to follow the seemingly archaic custom of having four-day workweeks during the summer's "lazy" days. It is possible that you have also fallen into a comfortable summer routine and are enjoying the extended days, but be cautious—it is likely not far off. What is this thing that may be horrifying that I'm talking about? That would be the much-hated yearly plan and budget paper. If your business is like others, and assuming that your fiscal year ends on December 31st, you will likely get a 40- to 50-page handbook in mid-August that is intended to get you started on the yearly budgeting process. Perhaps after pushing papers for many months, doing mind-numbing research, and spending countless hours on games, you have something to show your board of directors. If you're very fortunate, they could give their blessing before you toast to the New Year while drinking champagne. Think again if you believe that I'm exaggerating. According to a 1998 Hackett Benchmarking research, the typical firm spends more than 25,000 person days per billion dollars in sales on planning, and it takes four and a half months on average to produce a financial plan.

Not much has changed from the original approach, which was created almost 80 years ago to assist the early industrial giants like DuPont and General Motors in controlling their expenses. The budgeting method that most businesses use today is typically abhorrent. Companies used to function in a very different atmosphere back then than it is now that you and I are used to. Moreover, globalization was undoubtedly unaffected because businesses operated almost exclusively in their local area and the financial environment was relatively stable. Henry Ford famously said, "They can have any color they want, as long as it's black," when discussing customer choice and the Model T. Control was the constant thread that ran through the day's business operations. Plans were created by senior management, and staff members were required to follow them step-by-step, routinely. Deviations from the meticulously designed plans were reported by control and fresh directives were given to address these flaws.

Our contemporary corporate environment differs greatly from that of our organizational forebears. Due to nearly limitless options and information availability for clients, globalization has led to fierce rivalry across all sectors. To put it simply, fiscal situations are less stable and change is occurring at a frantic pace. Additionally, we're trying to transition from the era of control to one of empowerment. The once-admired budget in this setting is often outdated nearly quickly after it is created. However, the conventional budget still stands, much like a lot of other remnants of the past. The way the existing budgeting process is being implemented is often gravely defective, not to mention that it directly contradicts many of the dynamics that propel the contemporary industry. Take into consideration this: According to a poll conducted by CFO magazine, 66% of respondents said politics had a greater effect on their planning process than strategy. Eighty-eight percent of CFO survey participants in 1998 said they were not satisfied with budgeting.

Planning procedures are hindered by high levels of detail, long cycle durations, and an emphasis on the incorrect information, which prevent many firms from effectively using them as decision-making tools. Sixty percent of businesses don't connect strategy with finances. A lot of firms appear to associate the bud-geting procedure with politics and system-gaming. Everyone in our department at one business I used to work for felt an odd feeling of pride since our boss's abilities to negotiate the company's budget were highly valued. Undoubtedly, he was well-versed in the nuances of the game. His catchphrase was "promise less, ask for more." It appeared to work since our goals were always within easy reach. In retrospect, I see how many issues he was causing. The never-ending game playing prolonged the already endless budgeting process, almost ensuring that nothing would be decided upon before the New Year began. Was he really defending us, too? No, his easy targets only made it harder for us to be creative and look for novel answers. There are undoubtedly others in your company who are also experts at budgeting.

The fourth item above that is, 60% of firms do not relate budgets to strategy may be the most alarming flaw in the present budget process. Give it some thought for a moment. The organization's anticipated receipts and outlays for the next months are meticulously outlined in the budget. This allocation is really a strong an indication of their actual values. What does the organization's lack of alignment between expenditure and strategy tell us about its priorities, and how does the budget help it come closer to its strategic objectives? Even if the 60% number is unsettling, we shouldn't be surprised by it. The majority of firms have distinct procedures for budgeting, strategic planning, and business planning. While another group is working separately to prepare the operational and capital budgets for the next year, the strategic planners are hard at work creating the strategy that will set the company apart from its rivals. This method has a flaw in that it links financial and human resources to the budget's short-term financial ambitions rather than to the strategy's objectives. The majority of eight spoke on the benefits of alignment; although staff objective misalignment is harmful, careless expenditure is just as bad. Fortunately, your company may overcome many of the challenges posed by the current budget process by implementing a cascaded sequence of Balanced Scorecards. We'll talk about how to use the Balanced Scorecard to guide the budgeting process a little later in this article, but first, let's look at some other recent ideas on the reform of this sometimes difficult organizational activity.

Eliminating the budget

The various shortcomings of budgeting as it exists now have led to a great deal of research and discussion on the subject. One organization that has the most depth of expertise and experience is the Beyond Budgeting Round. The goal of this organization, which was established via a collaboration with the Consortium for Advanced Manufacturing International, is to create management procedures that are suitable for contemporary businesses. Not surprisingly, they consider finances to be a big hindrance to any business's ability to run efficiently. Over fifty organizations have participated in the BBRT since its founding in 1998, and it has also drawn member corporations from South Africa and the United States.

The BBRT's study is primarily focused on providing a response to a basic question: How are top businesses who have abandoned, drastically altered, or deemphasized their centralized planning and budgeting systems currently accomplishing their goals? Their study results confirm the solution, which is that top businesses have created new performance and management procedures that do away with the need for budgets and instead concentrate on building adaptable organizations built on responsibility and empowerment. The Swedish bank Svenska Handelsbanken is the BBRT's shining example of a business that succeeds without financial constraints. Established in 1871, this bank with 510 branches has continuously produced outstanding financial results in spite of shifting economic conditions. The writers of the BBRT white paper, Jeremy Hope and Robin Fraser, feel that Dr. Jan Wallander, the previous president of Handelsbanken, was essential to the bank's long-term success because he was a true visionary who saw the underlying flaws in the way giant companies were being handled. Dr. Wallander said that the budget model's disintegration was in favor of this drastic transformation. Wallander drastically changed the Handelsbanken culture during his tenure by doing away with top-down restrictions and bureaucracy and empowering individual managers to make business-related choices.

The bank is now under pressure to outperform peers and rivals on important performance metrics, which drives continuous improvement. There are no annual plans or budgets to be discovered. The outcomes are astounding: during the last eighteen years, a compound annual shareholder return rate of twenty-five percent has been attained, expenses are the lowest in the sector, and staff turnover is almost nonexistent. With "early indications from over 200 companies showing that there is a statistically significant correlation between the BBRT model and competitive success," other organizations that have adopted the BBRT technique have also shown success.

To find a middle ground between the need for planning and flexibility, many companies have resorted to the notion of rolling projections rather than completely destroying the budget process. Compared to a calendar year budget, rolling projections, which typically span six quarters into the future, provide a deeper integration of planning and budgeting. Executives may finance strategic initiatives or alter course depending on the state of the firm once the plan is evaluated every quarter. Since rolling predictions provide managers the much-needed flexibility to seize new possibilities as they present themselves, managers are inclined to favor them. One of the main benefits of the rolling forecast is that.

An organization will often see an opportunity in the middle of the year, but the fixed budget—which has already allotted every cent for discretionary spending—will not finance what may end up giving the company a competitive edge. There are others who disagree with the rolling forecast, despite its benefits. They argue that creating rolling predictions takes a lot of effort and may not totally get rid of the politics and internal strife that so often characterize the budgeting process. Certain firms have really made the decision to replace or retool their budgeting process by implementing a Balanced Scorecard initiative. One such business is SKF, a well-known producer of rolling bearings with 44,000 employees. When SKF's discontent with the budget process grew in 1995, they decided to "replace the budget, which was perceived as having largely negative effects, while still retaining the positive features of a budget, e.g., setting targets and disci- pline in meeting commitments." This is how the Balanced Scorecard came to be. You would probably gain from making minor adjustments or reengineering the budgeting process, even if you are not yet ready to remove it entirely from your management repertoire. Now, let's focus on how you can utilize the Balanced Scorecard to match your plan with the way resources are allocated.

Initiatives are the particular plans you will implement to make sure you reach or surpass your performance goals, according to Balanced Scorecard Initiative. The Glue that Binds Budgets to Strategy 7. The goal of initiatives is to reduce the difference between current performance and the goals that have been set as stretch objectives. The objective serves as your "end in mind" for the performance measure, and in order to reach it, you must ascertain which activities and investments are required to ensure success. The word "investments" may be crucial in that phrase since, at its core, a budget is nothing more than an exercise in identifying the right investments—in people, procedures, technology, and so on. Making sure the projects you choose to sponsor are strategic in nature and will assist you in achieving the objectives you have set in order to advance the business is crucial. In addition to being a waste of important financial resources, funding nonstrategic activities will surely take up managers' already limited time and attention.

Connect budgets to balanced scorecards

The particular actions you may take to make sure the budget you set up aligns with your plan are described in the next sections. First, however, a note about time. In the first year of implementation, even if your organization's budget process is in dire need of reengineering and you are desperate for the Balanced Scorecard to save the day, it may not be practical. The introduction of the Scorecard for the first time will pose a significant challenge to the current state of operations inside your company. As was previously said, the Scorecard presents a whole new framework for management that centers the organizational universe on strategy rather than financial controls. Acquiring the backing and dedication of your whole staff will need some time, and trying to establish a connection between budgets and Balanced Scorecards, regardless of the potential benefits, can be too much for the average business to handle. The majority of firms hold off until the Scorecard management process is more established and included into the organization's overall management plan. Naturally, every firm will need a different amount of time to do this. To effectively implement the budget/Balanced Scorecard relationship, you typically require a high-level Scorecard and a number of cascading Balanced Scorecards. Often, you can do this in the second year of implementation. But if, in the first year of implementation, you have created Scorecards for every department in the firm and you think your business is ready for even more positive change, then by all means capitalize on your momentum and create the very beneficial connection between budgets and balanced scorecards.

Make a plan in advance

Most likely, your firm already has a well-established budget procedure in place, complete with a bulky document that is sent to every budget preparer in the organization. Use that tool to spread the word about the "new" budgeting method that is based on the Balanced Scorecard, as well as a number of other communication channels. The company's stakeholders need to be prepared for the upcoming changes, including the new procedures and techniques you'll use to create budgets that match expenditure to your plan. Just as with all the other components of the Balanced Scorecard that we have looked at, you must provide personnel in charge of creating budgets a lot of support. Once again, the first group to help should be your Balanced Scorecard team, who will provide support, direction, and training.

Create or Improve the High-Level Organizational Balanced Scorecard in Step Two

The company-wide priorities are established by the organizational Balanced Scorecard, which also informs all stakeholders of the important goals and metrics that indicate success. The measurements on this Balanced Scorecard will be the same on all future cascaded Scorecards.

Create Cascaded Balanced Scorecards in Step Three.

Scorecards are created by departments, teams, individuals, and business units to show how they might impact higher-level goals and to specify the particular metrics they will monitor. Both the particular projects that need financing to ensure that the objectives required for breakthrough performance are reached and the targets themselves must be included in the Scorecards. The budget should ideally support the first objectives in a sequence that are meant to help you reach the stretch goals you created for every performance metric.

Regardless of the organizational level the Scorecard represents, every project that appears on it should have a link to the related strategy that it supports. Initiatives under the Scorecard should be connected to the overarching corporate objectives, even at the department and team levels. Initiatives should also provide a clear description of the resources needed. This raises the question: Will all the resource needs needed to run the group be included in the Balanced Scorecard for a particular business unit or department? Stated differently, is it appropriate to divide up standard budget line items like salaries, benefits, supplies, travel, and the like among the projects listed on the Balanced Scorecard? On this topic, there are several schools of thought. Organizations should use a dynamic budgeting approach, which combines operational and strategic planning, according to Kaplan and Norton. The strategic budget allocates funds to major projects intended to bridge the performance gap between intended and actual results on crucial strategic drivers, while the operational budget supports the distribution of resources required for ongoing operations. According to Kaplan and Norton, because of the wide range of goods and services that the company today offers, the operational budget will control the majority of an organization's expenditure. Some advocate using a single budget that includes every combination of operational and strategic components required to accurately portray the company. By taking this path, the organization is compelled to assess its present operations critically in light of budget requirements and determine the relationship between operational costs and strategic goals. Of course, this is easier said than done, but there are resources to help with the computation. One approach to look at present operations and identify which activities inside the business truly generate expenses is to use activity-based management strategies. The distribution of ongoing operations across strategic initiatives may be made easier by using an activity view of organizational spending. Simply considering the relationship between present spending and strategy, according to proponents of the "one budget" school, would start crucial discussions inside the company and inspire management to consider how their daily decisions are influencing strategic outcomes. The capacity to appropriately allocate continuing expenditures to strategic projects, prior efforts to modify the budget process, and top executives' opinions on the matter will all influence your budgetary decisions. The method I lay forth is just as effective for a strategic budget as it is for one that has both operational and strategic components.

Here's a related and equally frustrating problem to the last topic. How can you be confident that projects targeted at improving the "softer" metrics, or leading indications of success, such customer happiness and staff retention, will get funding from top management? Every effort, as covered in seven, has to be backed by a sound business case that details the costs, time, resources, dependencies, and effects the initiative will have on a strategic objective. While it may be difficult, applying these standards to a nonfinancial performance metric is by no means impossible. Consider Fidelity Investments as an example. In order to improve employee performance, Practice managerial Vice President Colleen Catallo and her team created a variety of cutting-edge strategies, including work environment, employee retention, and managerial depth. The team provided evidence of what was "broken" at the company, how the new measures would cure it, how much it would cost, and the anticipated savings from making the repairs in order to support funding requests. They effectively laid out the return on investment for each measure. Regardless of whether your efforts are related to hard or soft measures, they should be supported with supporting documentation that demonstrates why they should be funded. Everyone should justify projects using the same standards of assessment in order to create a fair playing field. Applying yardsticks consistently across the firm is crucial, regardless of whether they are discounted cash flow analysis, internal rate of return, payback time, total expenses, or any number of other possible metrics. For more assistance in setting priorities, see to seven.

Gather Information

Without a question, the budget process produces a lot of paper. The yearly budgeting season takes a severe toll on the number of trees, even in this purportedly paperless age. From August to December, printers and photocopiers are in constant operation thanks to hundreds of spreadsheets that generate reams of analysis and several revisions of budget proposals. I have outlined issues in almost every chapter of this book, followed by an explanation of how the Balanced Scorecard may intervene to resolve the situation. Not at this moment. Using the Scorecard to guide the budget process will undoubtedly need the use of paper, at least in the first year.

It is necessary to provide templates that budget preparers may fill out in order to ease the burden of compiling all expenditure requests. You may try doing this electronically, but most of your submissions will be on standard eight and a half by eleven paper unless you are exceptionally proficient in the art of paper conservation. In year two, as the process reaches maturity, the end is beginning to materialize. Budget preparers should become more adept at electronically submitting budget submissions linked to scorecards.

CONCLUSION

The significance of lower-level scorecards in maintaining performance excellence, accountability, and organizational alignment. Lower-level scorecards are critical to organizational performance and resilience in the fast-paced business environment of today because they facilitate individual efforts to be in line with strategic objectives, encourage flexibility and agility, and promote a continuous improvement culture. The abstract also emphasizes the significance of flexibility and agility included in lower-level scorecards. These scorecards provide a framework for quickly modifying priorities and initiatives when frontline staff members experience changing opportunities and obstacles, guaranteeing that efforts stay in line with strategic goals. The influence of lower-level scorecards on promoting an innovative and continuous improvement culture is also covered in the abstract. These scorecards provide an organized way to monitor advancement and pinpoint areas that need improvement, which encourages staff members to look for ways to improve and innovate in their fields.

REFERENCES:

[1] G. Gupta and S. B. Salter, “The balanced scorecard beyond adoption,” *J. Int. Account. Res.*, 2018.

[2] H. Ayoup, “Communicating Organizational Strategy to Employees Using the Balanced Scorecard (BSC): Case Study of a Malaysian Company,” *J. Bus. Manag. Account.*, 2018.

[3] P. M. G. van Veen-Dirks and A. M. Lillis, “Do the motives for adoption of the balanced scorecard affect its development and use?,” in *Studies in Managerial and Financial Accounting*, 2018.

[4] S. Benin, J. Ulimwengu, and W. Tefera, “The CAADP inaugural biennial review and the Africa agricultural transformation scorecard results and areas for improvement.,” *IFPRI - Discuss. Pap.*, 2018.

[5] E. A. Eboreime *et al.*, “Evaluating the sub-national fidelity of national Initiatives in decentralized health systems: Integrated Primary Health Care Governance in Nigeria,” *BMC Health Serv. Res.*, 2017.

[6] A. J. Kivisto, B. Ray, and P. L. Phalen, “Firearm legislation and fatal police shootings in the United States,” *Am. J. Public Health*, 2017.

[7] J. E. Miller, M. Wilenzick, N. Ritcey, J. S. Ross, and M. M. Mello, “Measuring clinical trial transparency: An empirical analysis of newly approved drugs and large pharmaceutical companies,” *BMJ Open*, 2017.

[8] T. Lancet, "Health providers — helping to disrupt human trafficking Breastfeeding□: a missed opportunity for global health," *Lancet*, 2017.

[9] C. P. Radu, N. D. Chiriac, and A. M. Pravat, "The Development of the Romanian Scorecard HTA System," *Value Heal. Reg. Issues*, 2016.

[10] J. Anicic, V. Petrovic, and D. Anicic, "Financial and marketing perspective of a company according to the concept of strategic Balance Scorecard," *J. Process Manag. New Technol.*, 2016.

[11] M. P. McRae, G. Simmons, J. Wong, and J. T. McDevitt, "Programmable Bio-nanochip Platform: A Point-of-Care Biosensor System with the Capacity to Learn," *Acc. Chem. Res.*, 2016.

[12] M. A. N. Pratiwi, N. Nuraini, H. Nugroho, and D. Kurniani, "Kajian Kinerja Sistem Polder dengan Balance Scorecard," *J. Karya Tek. Sipil*, 2016.