

How to Create a Successful Balanced Scorecard

What is a Balanced Scorecard

The balanced scorecard is a concept and tool first conceived by by Robert Kaplan and David Norton. The balanced scorecard idea debuted in the *Harvard Business Review* in 1992.

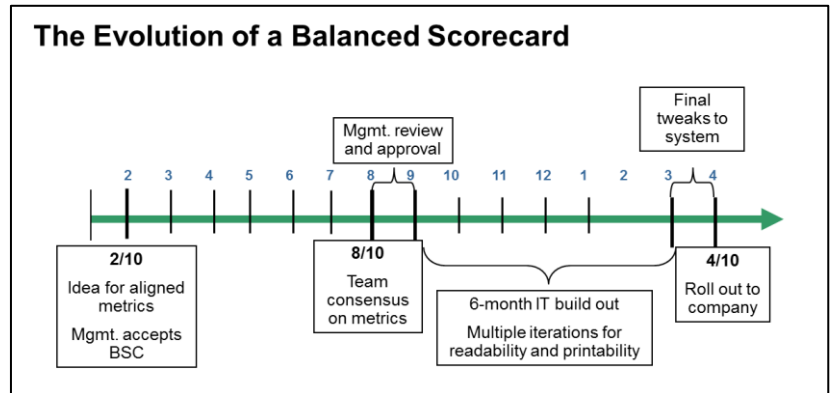
"The balanced scorecard retains traditional financial measures. But financial measures tell the story of past events, an adequate story for industrial age companies for which investments in long-term capabilities and customer relationships were not critical for success. These financial measures are inadequate, however, for guiding and evaluating the journey that information age companies must make to create future value through investment in customers, suppliers, employees, processes, technology, and innovation."

It allows managers a tool on which view critical operational factors and their inter-relationships with current and future performance in mind.

When developing your Balanced Scorecard, the focus should be on organizational vision and long-term success, not on control and compliance (see 'Recommendations for Success' in this document.

The Process for Developing a Balanced Scorecard

- Get enthusiastic support and commitment from top management
- Carefully design the design team
 - Cross-representation
 - Get your IT support on board early
- Determine what the true drivers of performance are
 - Enlightening process
 - Defines the "heart" of the organization
 - Focus in on 'cause and effect' relationships



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