



Practical Tools for Balanced Scorecard Implementation and Maintenance

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Presenter: Dr. William (Bill) Hendricks

Dr. William Hendricks is the founder and president of Hendricks Training, an international training and development company based in Kansas City. His experience and expertise in the area of performance management began first, working with high performing athletes.

Today he creates intervention strategies for some of the nation's elite Fortune 100 companies, a host of multi-national companies, numerous not-for-profit organizations and a large cross section of medium sized businesses. With more than 300 balanced scorecard executions, Hendricks Training is recognized for the ability to connect strategy with day-to-day operations.

Host: Maija Erkheikki

Vice President, Channel Sales Europe and Americas, QPR Software Plc

 For questions, please use the "Questions and Answers" section of your GoToWebinar toolbar

Practical Tools for Balanced Scorecard Implementation and Maintenance

To hear the Audio:

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Measure Results NOT Effort

Advice for Worn Out Coyotes

If you want effective performance management...

 You need **clearly defined results.**

 You need **consistent communications.**

 You need **a process that is duplicable, replicable and scalable.**

 You **need a collaborative approach, individual effort is just not enough.**



Types of Participants

- 1 Those who are new to the scorecard and the disciplines of performance management.
- 2 Those who have a scorecard but it misses the mark.
- 3 Those who want take the scorecard to the next level.



Today's Web-Seminar Agenda

1 Introduction to Business Control: A Scorecard Primer – **15 Minutes**

2 Scorecard Components – **10 Minutes**

3 Performance Mgmt and Technology – **5 Minutes**



Tool Box

Q & A – **15 Minutes**



How are we spending our time?



Introduction to Business Control A Scorecard Primer

Performance Management Evolution



1940s – 1980s

1982 – 1988

1988 – 1994

1990 – 1998



Finance

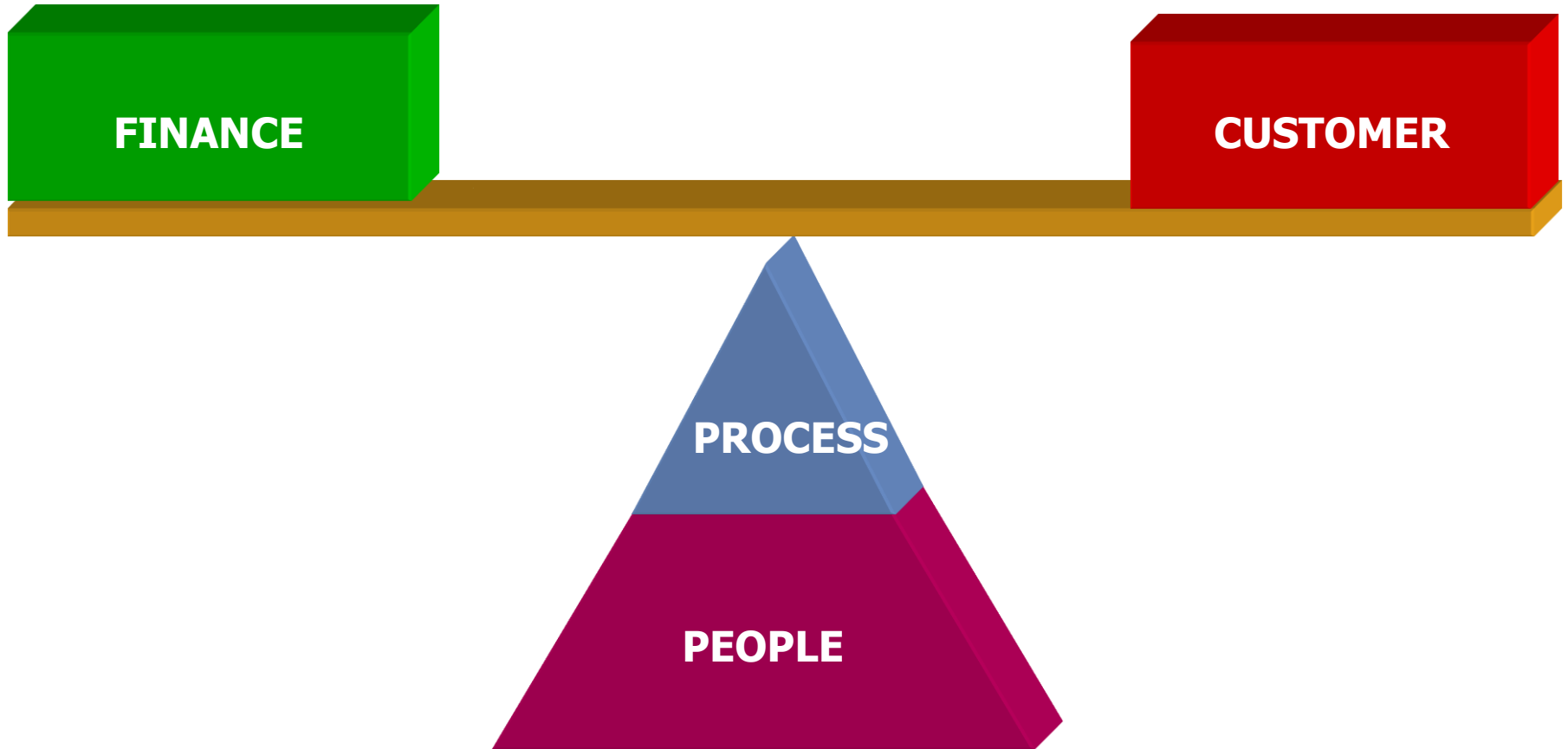
Customer

Process

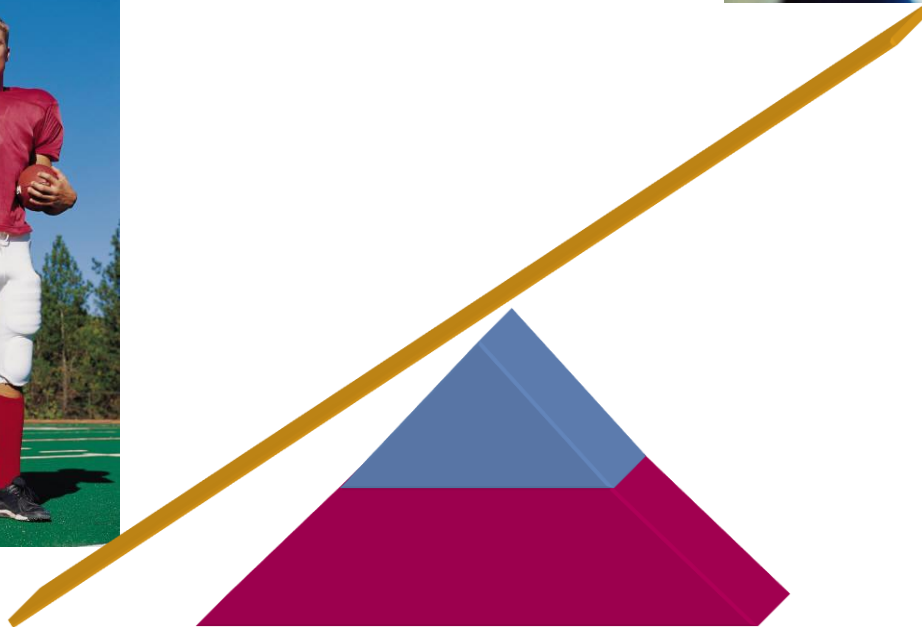
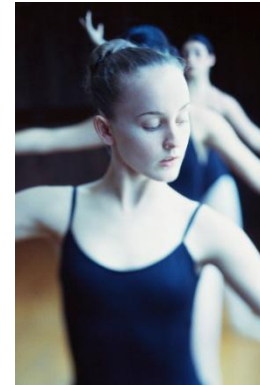
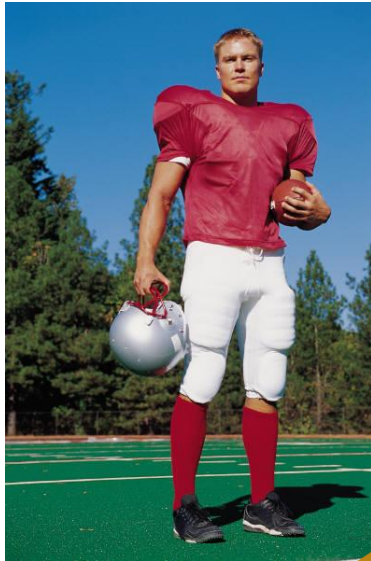
Employee



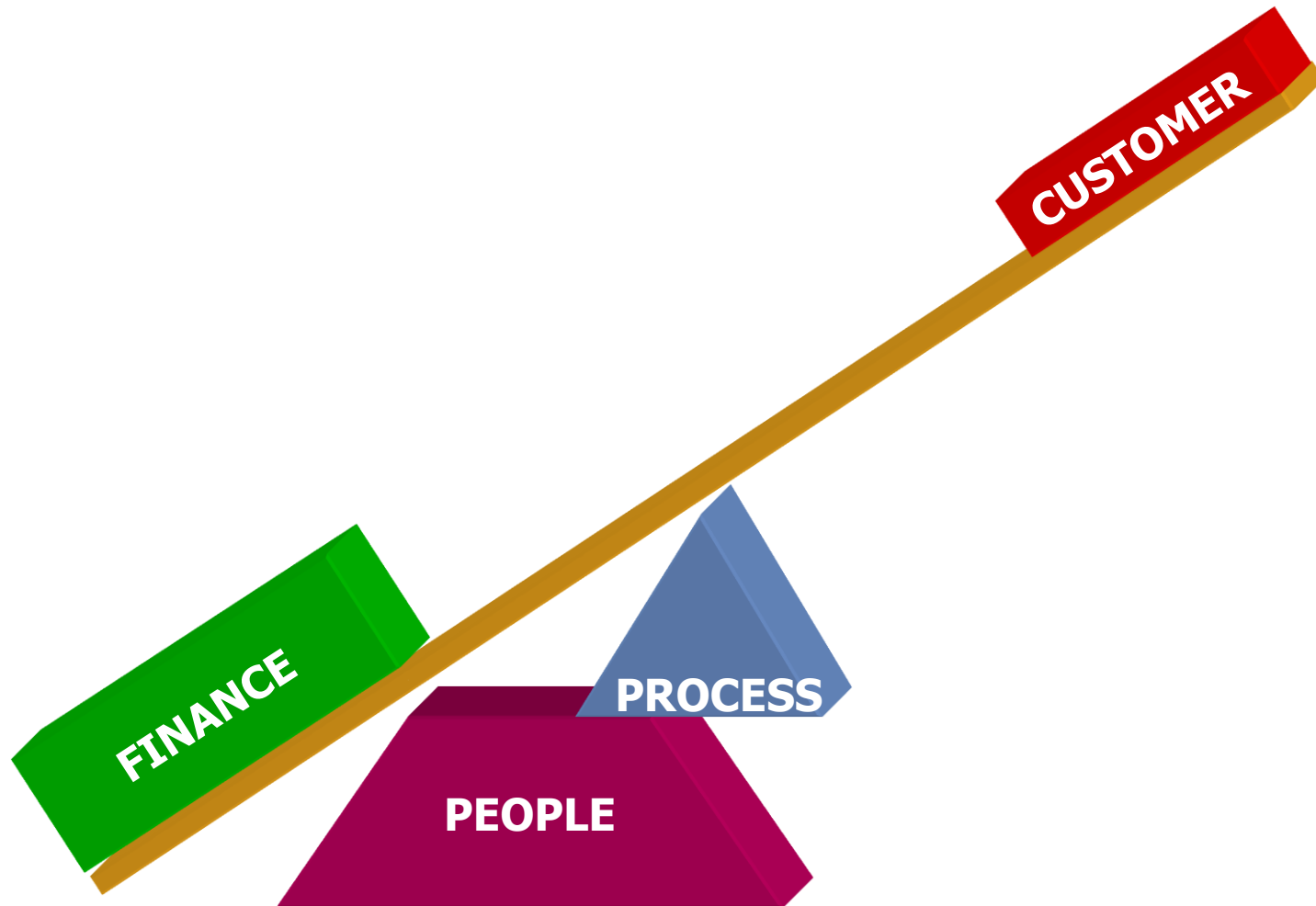
Recognizing the Balance



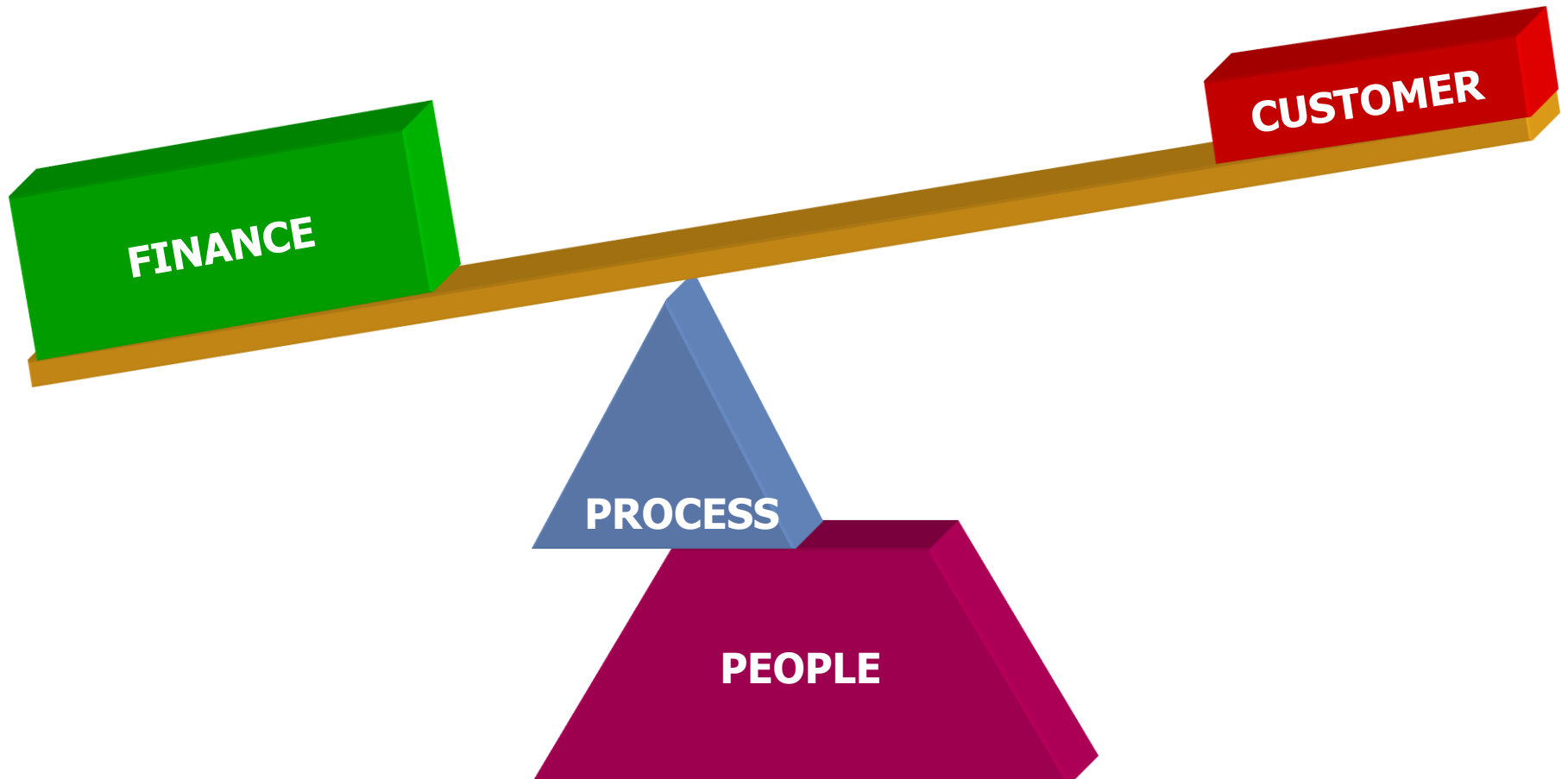
Recognizing the Balance



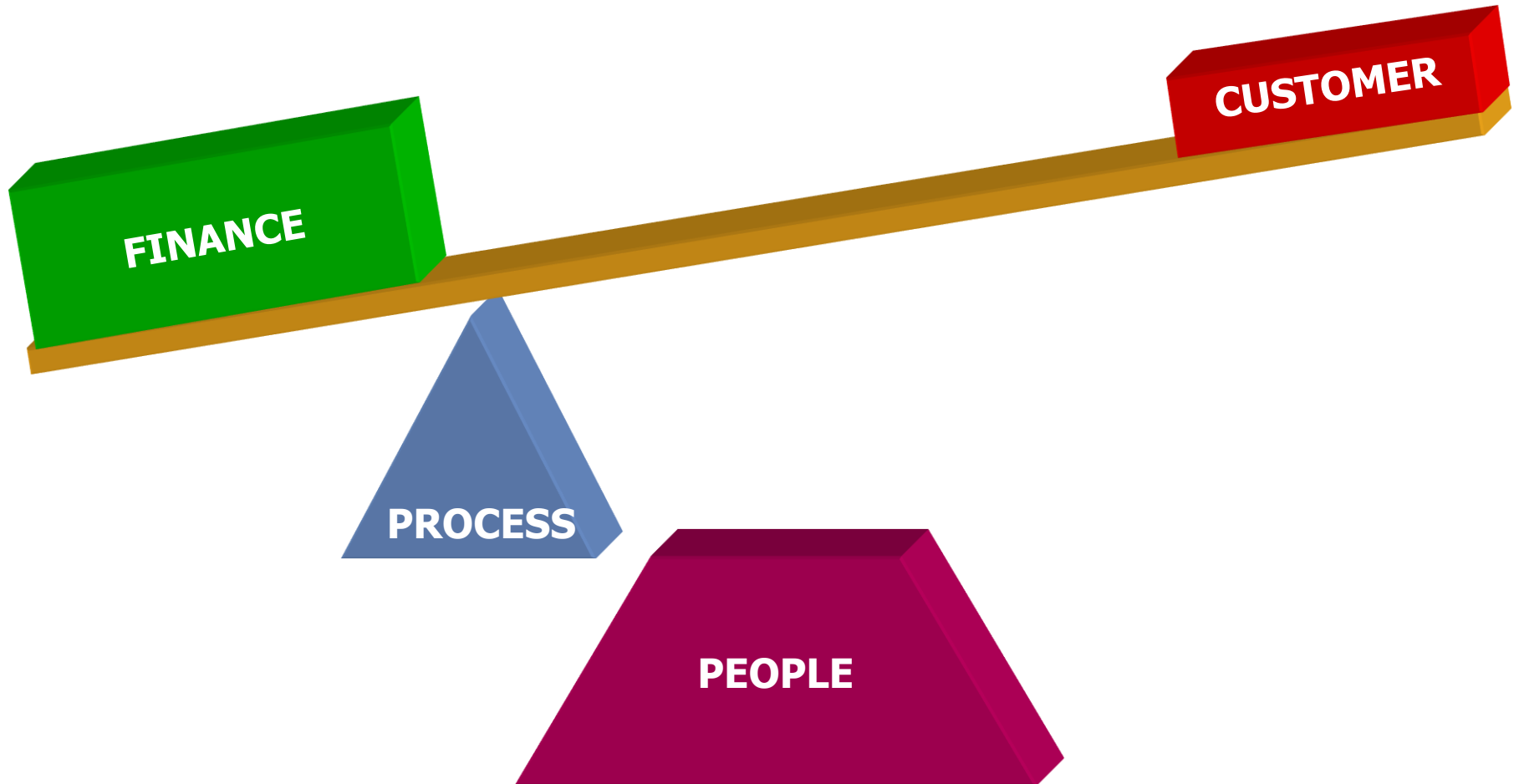
Recognizing the Balance



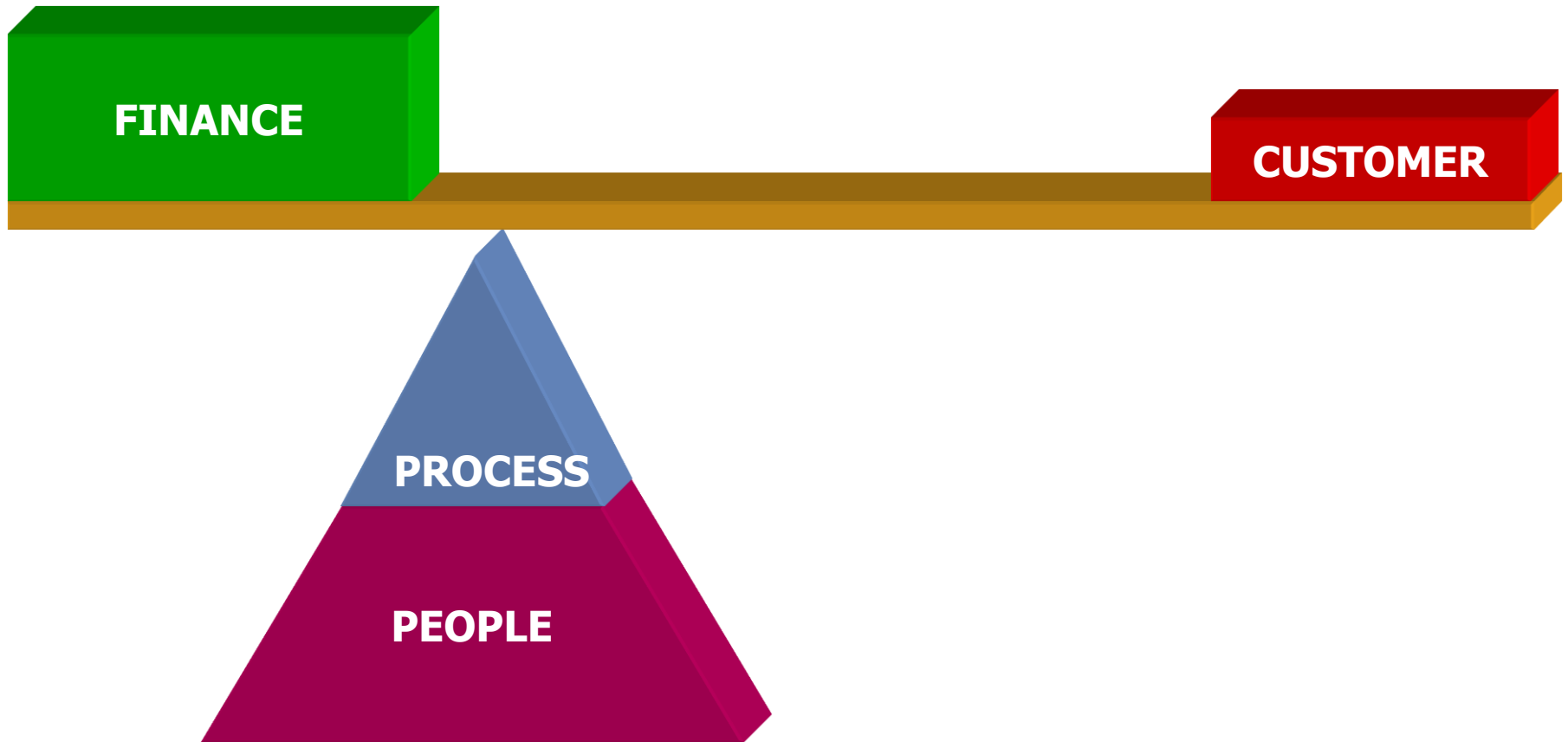
Recognizing the Balance



Recognizing the Balance



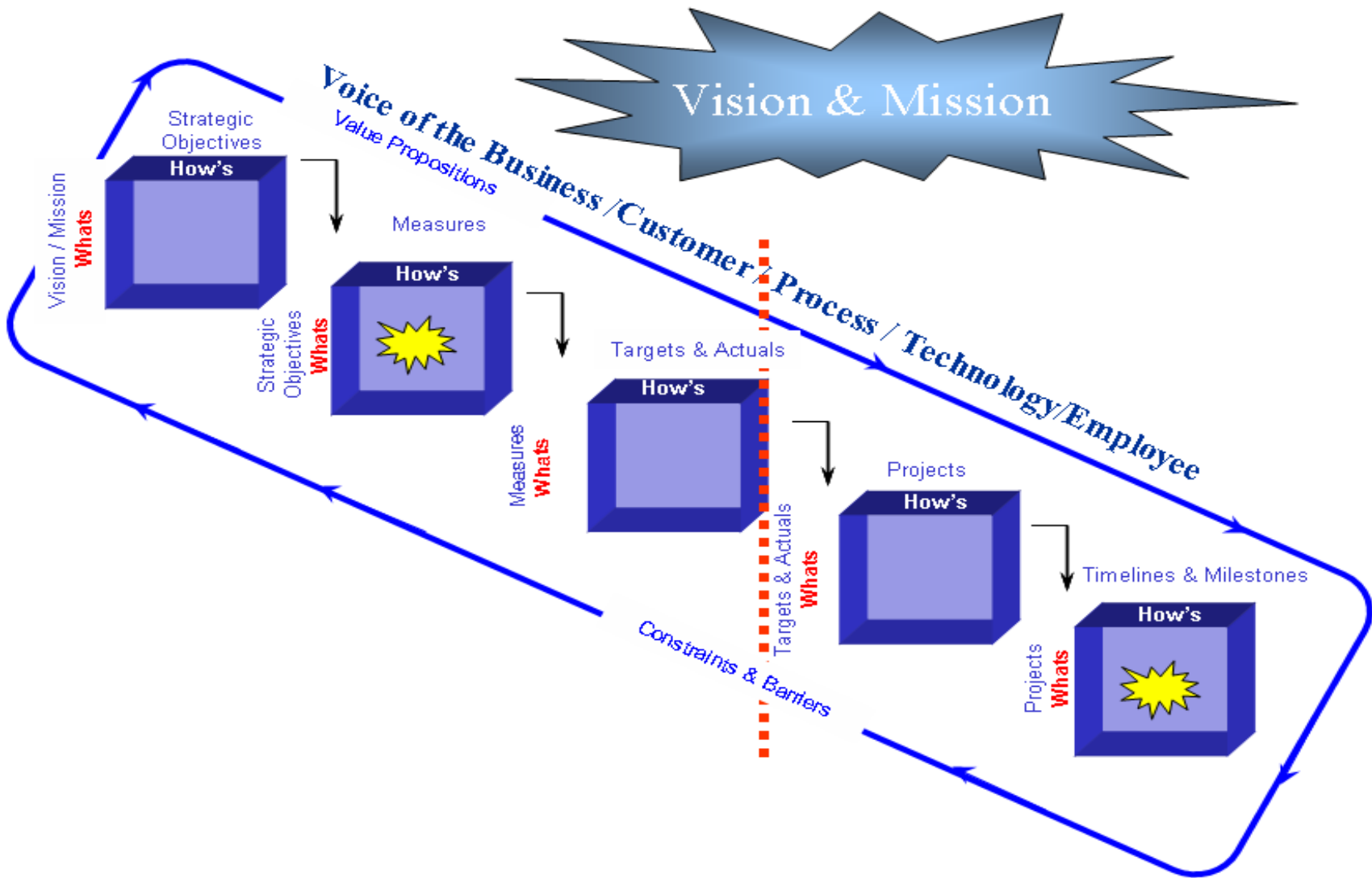
Recognizing the Balance





Balanced Scorecard Components

Scorecard Components



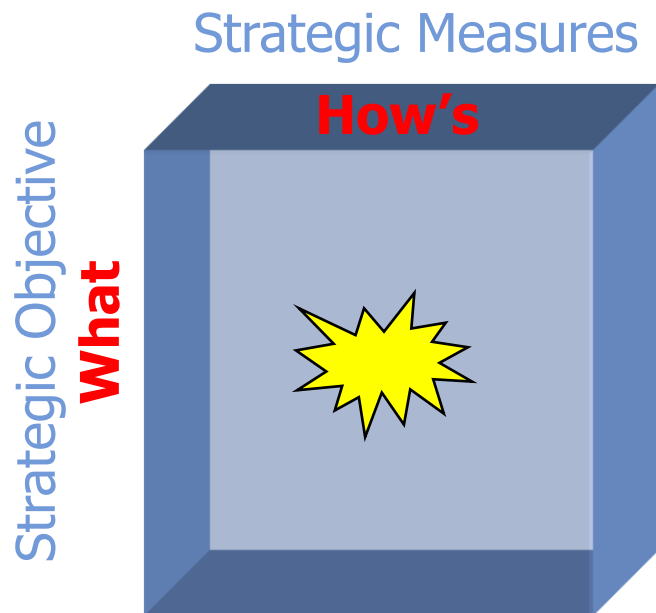
Scorecard Components



What is a Strategic Objective?

- Verb/Noun Statement that describe your performance expectations.
- Sometimes these are called Critical Success Factors.

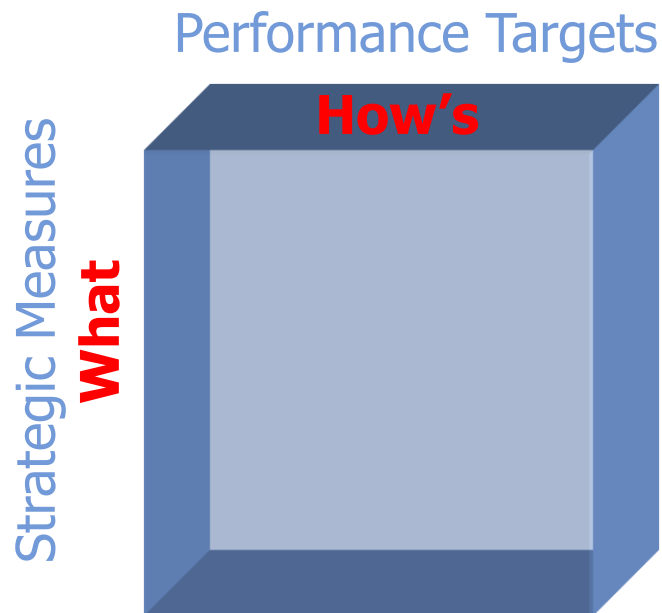
Scorecard Components



What is a Strategic Measure?

- Noun only Statement that describes your performance criteria.
- Sometimes these are called Key Performance Indicators.

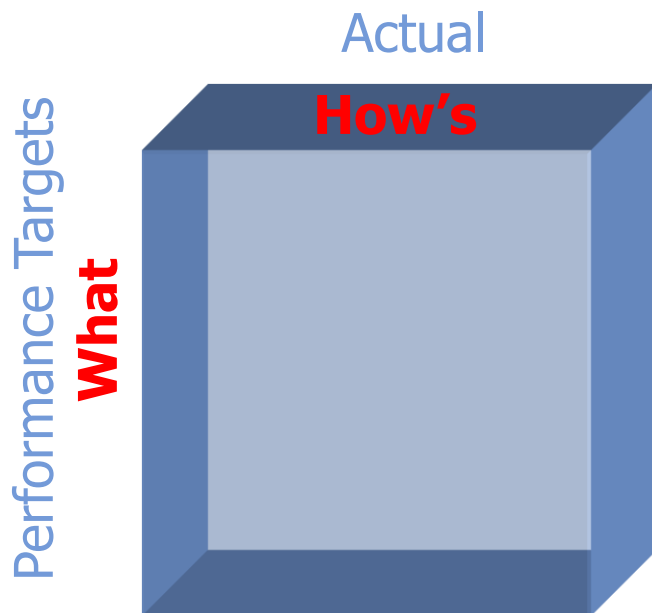
Scorecard Components



What is a Performance Target?

- A \$, a # or a %.
- Green, Yellow or Red tolerances are assigned to each target.

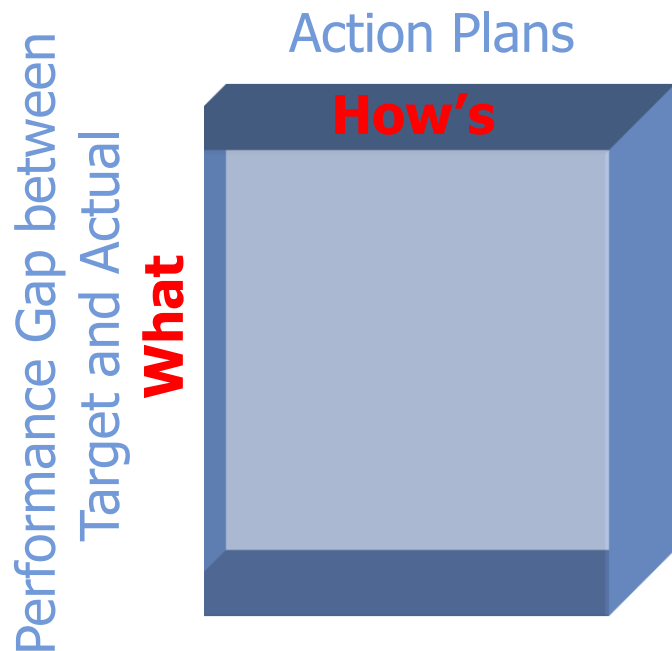
Scorecard Components



What is an Actual?

- A \$, a # or a % that identifies how you actually performed over a specific period of time.
- Green, Yellow or Red thresholds are assigned to each target.

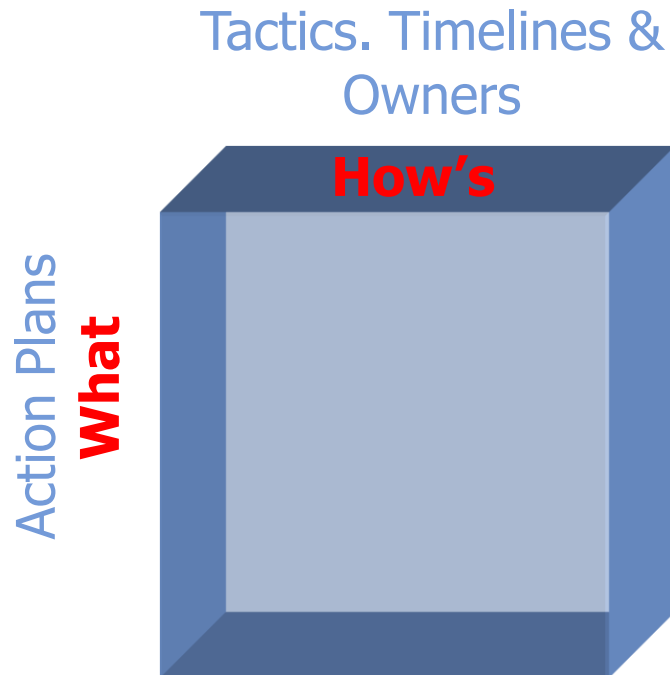
Scorecard Components



What is an Action Plan?

- Clear work assignment that has specific tactics, timelines and owners.

Scorecard Components



What is a WBS?

- A sequential list of what will be done, when it will be done and who will own it until it is done..

Scorecard Template

	Objectives	Measure	Target	Actual
Finance				
Customer				
Process				
People				

Scorecard Template

	Action Plan	Tactics	Owner	Metric
Finance				
Customer				
Process				
People				

Objective	Measure	Target/Actual
Improve Financial Performance	Margin	25%
	Cost Reduction	15%
	Revenue Growth	30%

Action Plans

- Decrease Low margin sales
- Develop pricing plan
- Develop up-sell on low margin items

Objective	Measure	Target/Actual
Build Customer Loyalty	Multiple Buys	45%
	Customer Churn	< 35%
	Revenue/Buy	\$62.70

Action Plans

- Create cross-selling model
- Increase knowledge of buying habits
- Maintain Inventory availability

Objective	Measure	Target/Actual
Leverage Client Information	CRM Utilization	40%
	Cycle Time	33 days
	\$/Data Sharing	\$.03

Action Plans

- Build ASP options
- Develop customer database
- Capture best practices

People: The Voice of the Staff

Objective	Measure	Target/Actual
Reduce Turnover	Employee Satisfaction	4.3
	Retention Rate	85%
	Avg Work hours	44

Action Plans

- Improve Employee Orientation
- Establish Employee Council
- Target 10% ers



Performance Management and Technology

Enterprises that choose to ignore IT during the design and implementation of the BSC [Balanced Scorecard], will fail to embed the BSC in the organization.”

Gartner Group, 2001







Tool support: Often Seen Problems

- ||| Scalability: Only the "executive suite", difficult to roll-out
 - Most employees are not aware of strategy or their role in it
- ||| Out-of-date information & quality
 - Poor basis for decision making
- ||| Lack of alerting functionality & drill-down
 - Difficult to pinpoint problems quickly
- ||| Inflexible (measure definition, methodology support, data aggregation)
 - You measure what you can vs. what you should
 - Limits scorecard evolution
- ||| Lack of collaboration functionality
 - Ineffective mending of performance gaps

→ Performance Management becomes an IT-Project

→ Effective Performance Management requires more than a dashboard that sits on top of Microsoft Excel

Benefits of an Automated Performance Management Solution

-  Facilitates and creates a framework for the BSC implementation.
-  Visualizes and helps people understand the strategy.
-  Saves time and money in data gathering and report generation.
-  Enables and systemizes feedback and collaboration.
-  Provides tools for analysis and enables drill down to the real causes.
-  Provides one easily accessible interface to all strategy and performance related information.

QPR Portal - Demo User (qpr) - Microsoft Internet Explorer

File Edit View Favorites Tools Help

Address: http://www.qpr7.com/Scripts/qpr75/qpr.exe?QPRPORTAL&*prnav&SES=tE9g5GS6oNRaLI0&FMT=p&LAN=en%u002C1&DTM=

Help | QPR UserNet | Settings | Logout

My Contents Processes Scorecards Actions

Scorecards Strategy Maps Navigator Analysis Reports Actions

[Model] : Dentorex Group Scorecard [<-Back] [Print] [Bookmark] [Add to Basket] [+] [-] [Edit] [Period] [Series] [Views] [Show Designer]

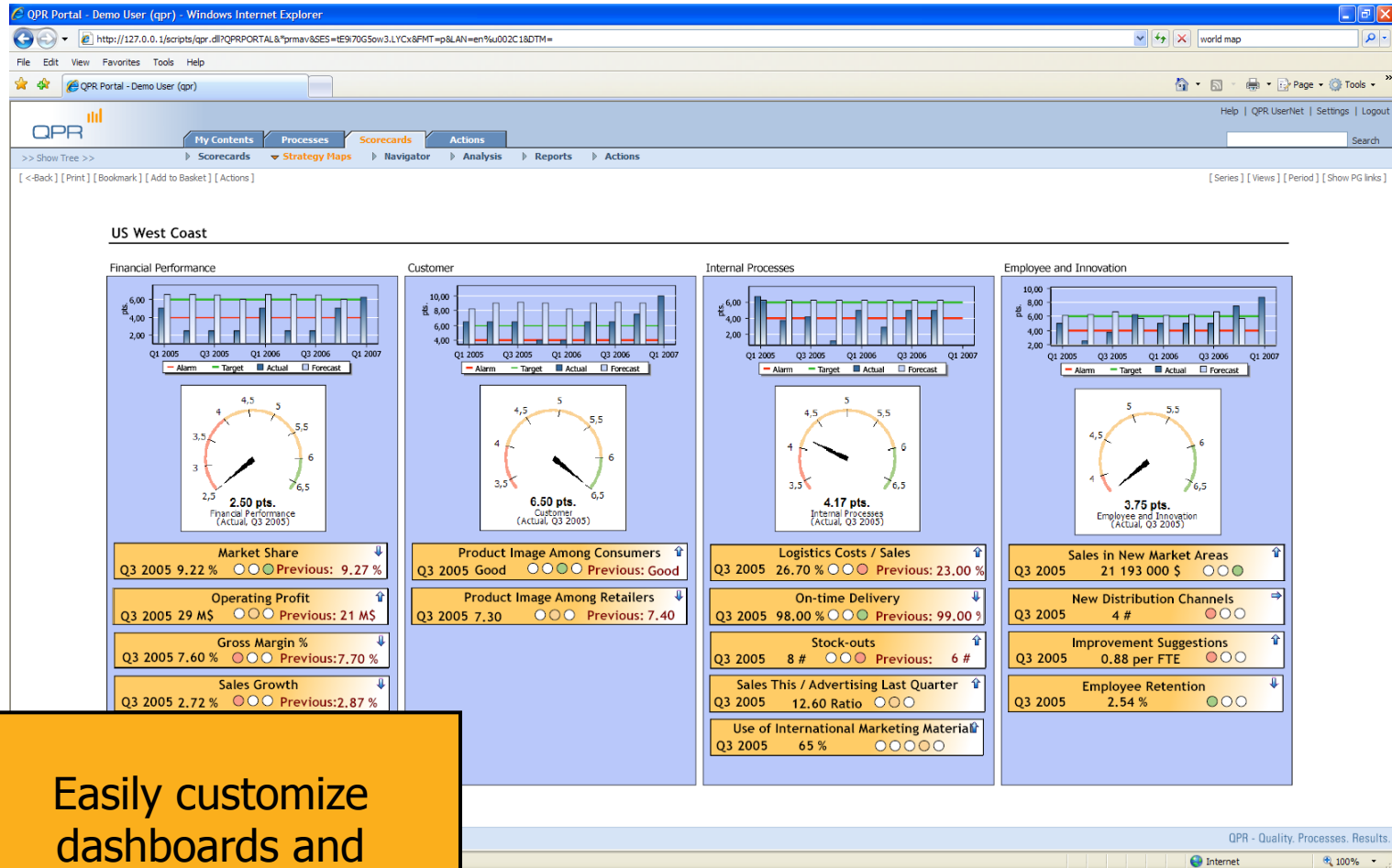
Dentorex Group Period: Q1 2006 Series: Default series

Hierarchy	Q1 2006			Action headers	Add action
Dentorex Group	Q1 2006 5.42 pts.	●	→		[Add]
1. Financial	Q1 2006 2.50 pts.	●	↓		[Add]
Growth	Q1 2006 5.00 pts.	●	→		[Add]
Profitability	Q1 2006 0.00 pts.	●	↓		[Add]
2. Customer	Q1 2006 10.00 pts.	●	↑	The new operational model Improving Customer Satisfaction RE: The new operational model RE: Improving Customer Satisfaction	[Add]
Product Image	Q1 2006 6.50	●	↑		[Add]
Product Image Among Consumers	Q1 2006 Good	●	↑	Clarification? RE: New Target? New Target?	[Add]
Product Image Among Retailers	Q1 2006 7.44	●	↓		[Add]
3. Internal Processes	Q1 2006 5.00 pts.	●	↑		[Add]
Logistics Efficiency	Q1 2006 5.00 pts.	●	↑		[Add]
Logistics Costs / Sales	Q1 2006 24.37 %	●	↑		[Add]
On-time Delivery	Q1 2006 96.72 %	●	↑		[Add]
Stock-outs	Q1 2006 14.00	●	↓	Check automatic ordering limits	[Add]
Marketing Communications Efficiency	Q1 2006 7.50 pts.	●	↑		[Add]
4. Employee & Innovation	Q1 2006 4.17 pts.	●	↓		[Add]

QPR - Performance Excellence

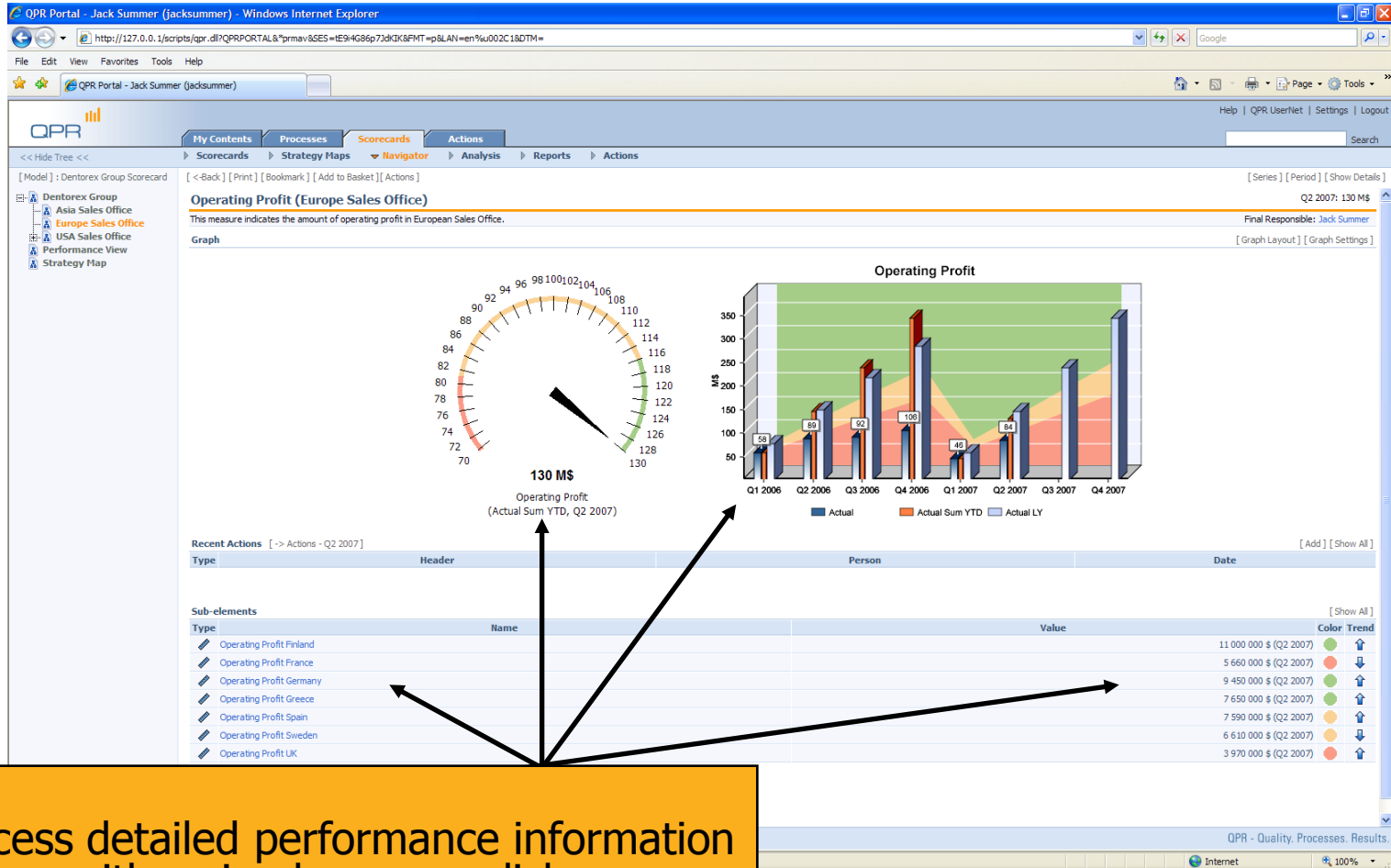
Done Internet

Dashboard – The Big Picture



Easily customize dashboards and performance views

Drill Down to Details



Operating Profit (Europe Sales Office)
 This measure indicates the amount of operating profit in European Sales Office.
 Final Responsible: Jack Summer

Graph

Operating Profit

130 M\$
 Operating Profit
 (Actual Sum YTD, Q2 2007)

Type	Name	Value	Color	Trend
Operating Profit Finland		11 000 000 \$ (Q2 2007)	Green	Up
Operating Profit France		5 660 000 \$ (Q2 2007)	Red	Down
Operating Profit Germany		9 450 000 \$ (Q2 2007)	Green	Up
Operating Profit Greece		7 650 000 \$ (Q2 2007)	Green	Up
Operating Profit Spain		7 590 000 \$ (Q2 2007)	Orange	Up
Operating Profit Sweden		6 610 000 \$ (Q2 2007)	Orange	Down
Operating Profit UK		3 970 000 \$ (Q2 2007)	Red	Up

Access detailed performance information with a simple mouse click,





Objectives Intent Worksheet

Scorecard Perspective: Finance Customer Process Associate

Objective: (Verb/Noun):

Description of intent:

Statement of Impact:

Positive Impact:

Negative Impact:

Potential Measures that define our outcomes:

Possible action plans (including existing):



Measurement Intent Worksheet

Scorecard Perspective: Finance Customer Process Associate

Strategic Objective:

Strategic Link:

Write a brief definition of the measurement (approximately 1 paragraph):

MEASURE:

Describe where and how the data is stored:

Who enters this data:

Performance Mgmt Software Checklist

	Low	High
	1	2 3 4 5 6
1. Look for simplicity. Does basic user training take less than 1 day?	1	2 3 4 5 6
2. Look for flexibility. Can the software pull data from your existing database(s) without extensive programming?	1	2 3 4 5 6
3. Look for ease of use. Can an average user find all relevant and personalized information with one click?	1	2 3 4 5 6
4. Look for ongoing support. Do you have internal staff who can maintain the majority of needs once installed?	1	2 3 4 5 6
5. Look for applicability. Can action plans and comments easily be linked to scorecard attributes to provide insight to the data?	1	2 3 4 5 6
6. Look for value. Does pricing encourage the maximum number of users?	1	2 3 4 5 6

Project Management Worksheet

Date:		Project Owner:		
Strategic Objective				
Strategic Link				
		Target:		
Project Statement				
Implementation Steps		Measure	Who	When
Resources Needed		Barriers and Constraints		Team Members

3 in 1 Chart

Objective:	Owner:	Sponsor:
Measure:	When will this be green?	

TREND CHART/DATA

EXPLANATION
1.
2.
3.

Issue	Action	Owner	Measure	Start	End



Coming QPR Webinars and our contact information

- ||| Strategy Mapping
 - Presented by Dr. Hendricks on Sep 2008
- ||| Business Process Management (September 2008)
- ||| Quality Systems (October 2008)
- ||| COSO Enterprise Risk Management (October 2008)
- ||| Process Modeling with BPMN (November 2008)

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