

# ***“Using the Balanced Scorecard to Execute a Sustainability Strategy”***

**5 MAY 2010**

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# Why a Sustainability Scorecard?

- While many organizations attempt to implement sustainability strategies; research<sup>1</sup> shows execution of those strategies often fall short because:
  - they are executed at the operational level and not linked to the overall strategy
  - management of a sustainability strategy is often done separately from existing management systems used by middle and upper management
- A Sustainability Scorecard provides a way to successfully execute a sustainability strategy by:
  - clearly defining and communicating your sustainability strategy
  - identifying how the sustainability goals contribute to the organizations 'overall goals
  - providing a means to monitor execution in an ongoing and formal manner
- The Balanced Scorecard provides a framework and tool for accomplishing the above

1: Bieker, T. (2005). Sustainability Management with the Balanced Scorecard. In Corporate Sustainability

**The Balanced Scorecard is a  
framework that provides a  
methodology for defining a strategy  
and translating the strategy into  
operations to drive execution**

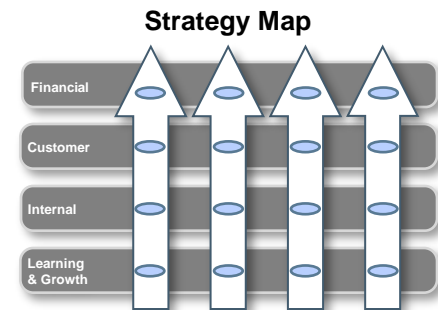
# Successful Strategy Execution Starts with Communicating the Case for Change

- Create a narrative – tell how the organization needs to change to achieve its goals

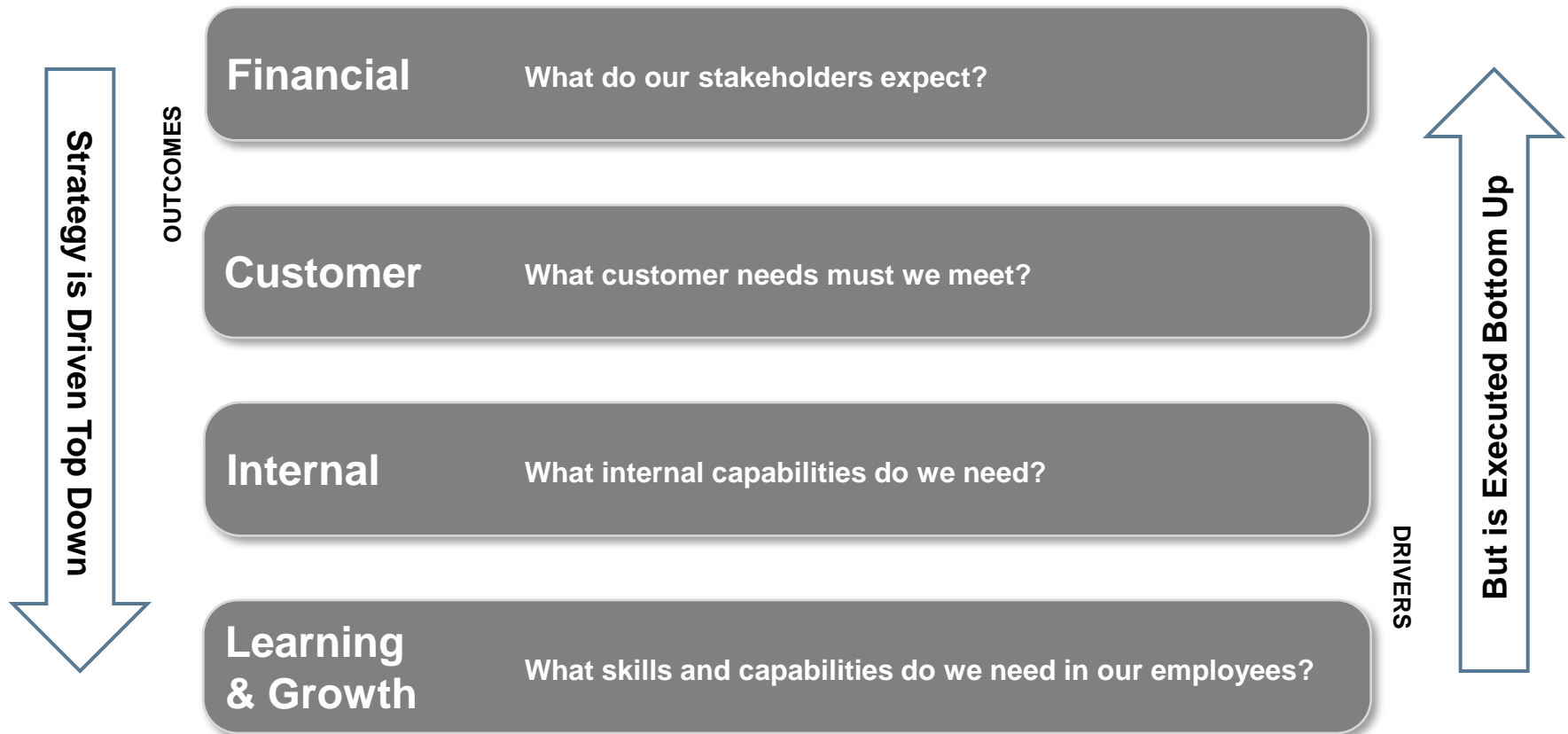


- Change drives the strategy – which is reflected in the Balanced Scorecard

Current	Domain	Future
100,000,000	Market Strategy	100,000,000
100,000,000	Customer Relations	100,000,000
100,000,000	Risk Taking	100,000,000
100,000,000	Organizational Culture	100,000,000
100,000,000	Technology	100,000,000
100,000,000	Staff Skills	100,000,000
100,000,000	Process	100,000,000



# The Balanced Scorecard is Built Around Four Key Perspectives



The perspectives are an integrating framework for defining the strategy

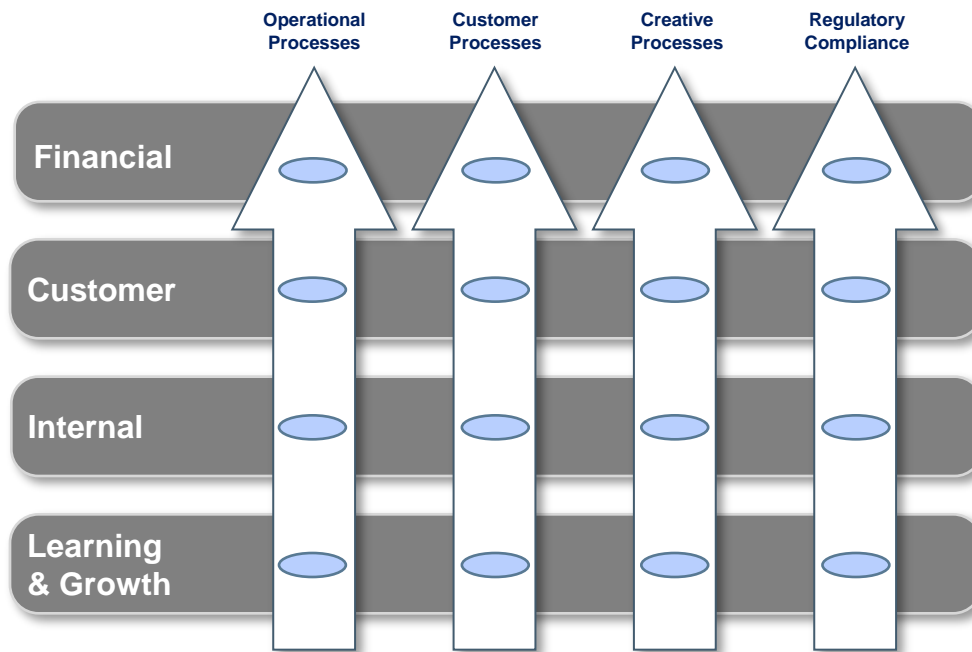
# Strategic Themes and Objectives to Communicate the Strategy

## Strategic Themes

- Describe the major strategic thrusts
- Provide focus on what must be done

## Strategic Objectives

- Describe how the strategy will be executed
- Illustrate the strategy's cause and effect relationship



# Strategic Measures Motivate and Evaluate Performance

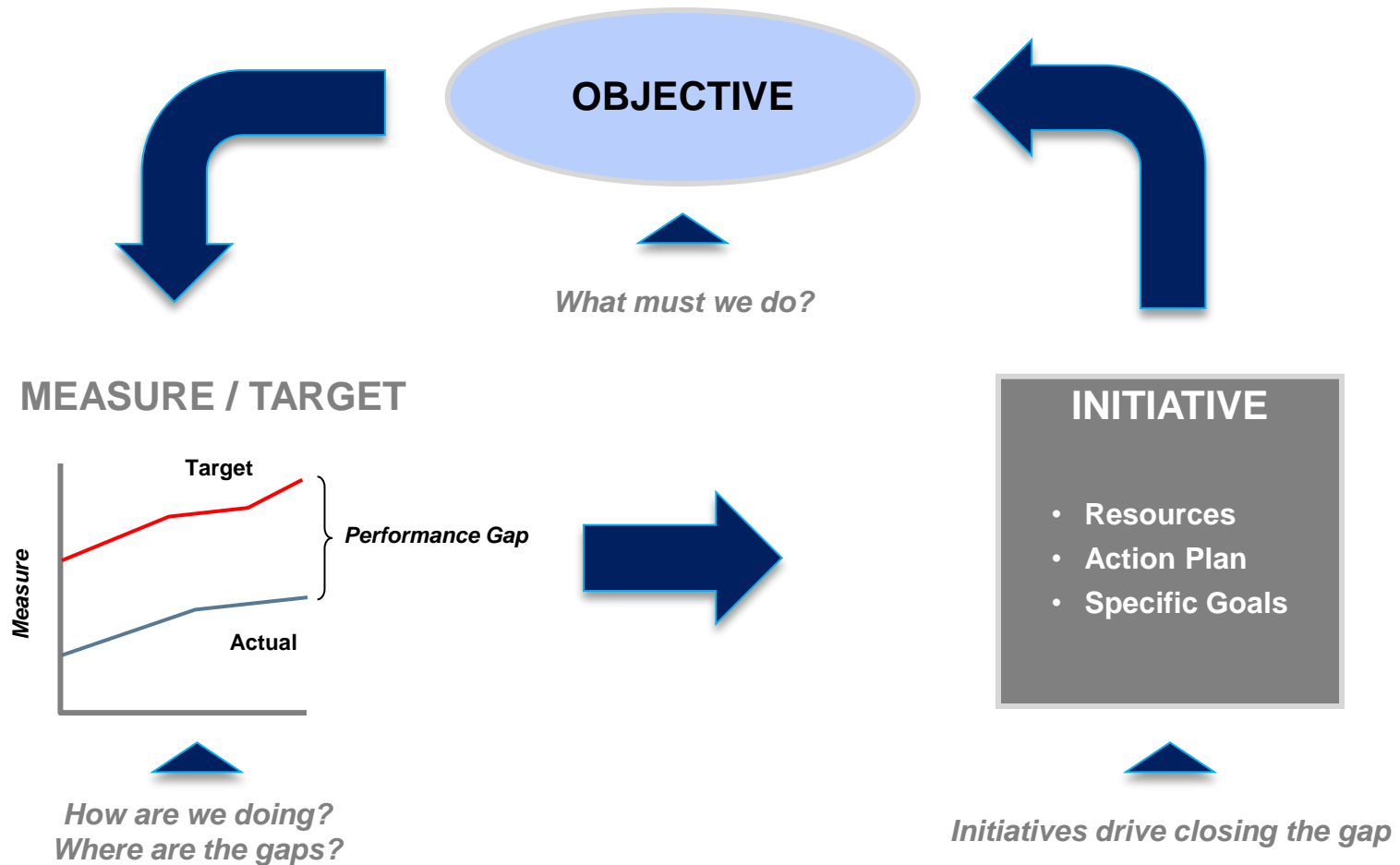
## ■ Motivation

- Measures drive desired behavior
- Measures provide direction on what must be accomplished
- You get what's inspected, not expected

## ■ Evaluation

- Tests how well the organization is accomplishing its strategic objectives
- Provides insight into how well the strategy is accomplishing its goals
- Evaluates the cause and effect assumptions

# Initiatives are the Resources for Executing the Strategy





# Together, the Balanced Scorecard Components Help Drive Strategy Execution

## Strategy Map and Themes

*Displays the strategy and the cause and effect logic*

**Strategic Theme:**  
Environmental Impact

**Financial**

Lower Environmental Costs

**Customer**

"Be Green"

**Internal**

Reduce Emissions

Increase Recycling

**Learning & Growth**

Employee Sustainability Awareness & Training

**Objectives**

*What must we do to execute the strategy*

**Measures**

*How will we define success*

**Targets**

*How well must we perform*

**Initiatives**

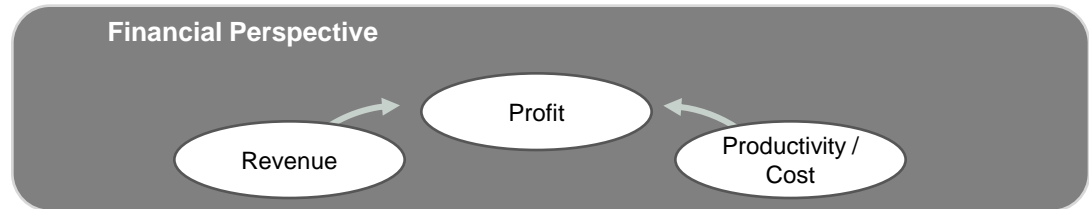
*How will we bring resources to bear to close gaps*

Objectives	Measures	Targets	Initiatives
Reduce Emissions	Percent Reduction in Greenhouse Gas Emissions	5%	<ul style="list-style-type: none"> <li>Shore Power Improvement</li> <li>Truck Replacement Incentives</li> </ul>

# The Balanced Scorecard Answers, in an Integrated Manner, Some Key Questions About a Sustainability Strategy

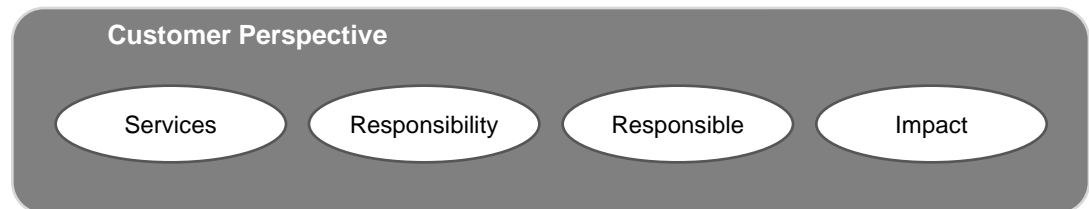
## 1 Economics

How does sustainability contribute to the bottom line?



## 2 Customer Perception

What must we deliver to our customers?



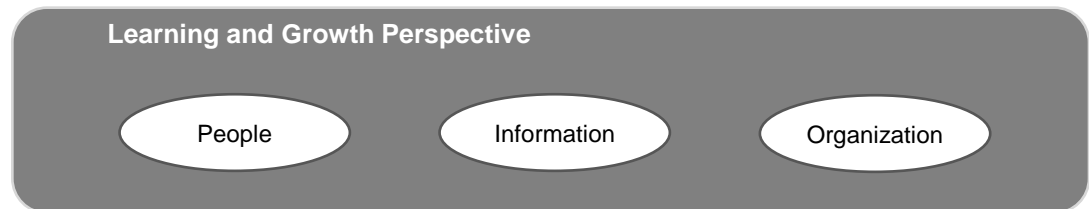
## 3 Process Requirements

What must we do well to deliver results?

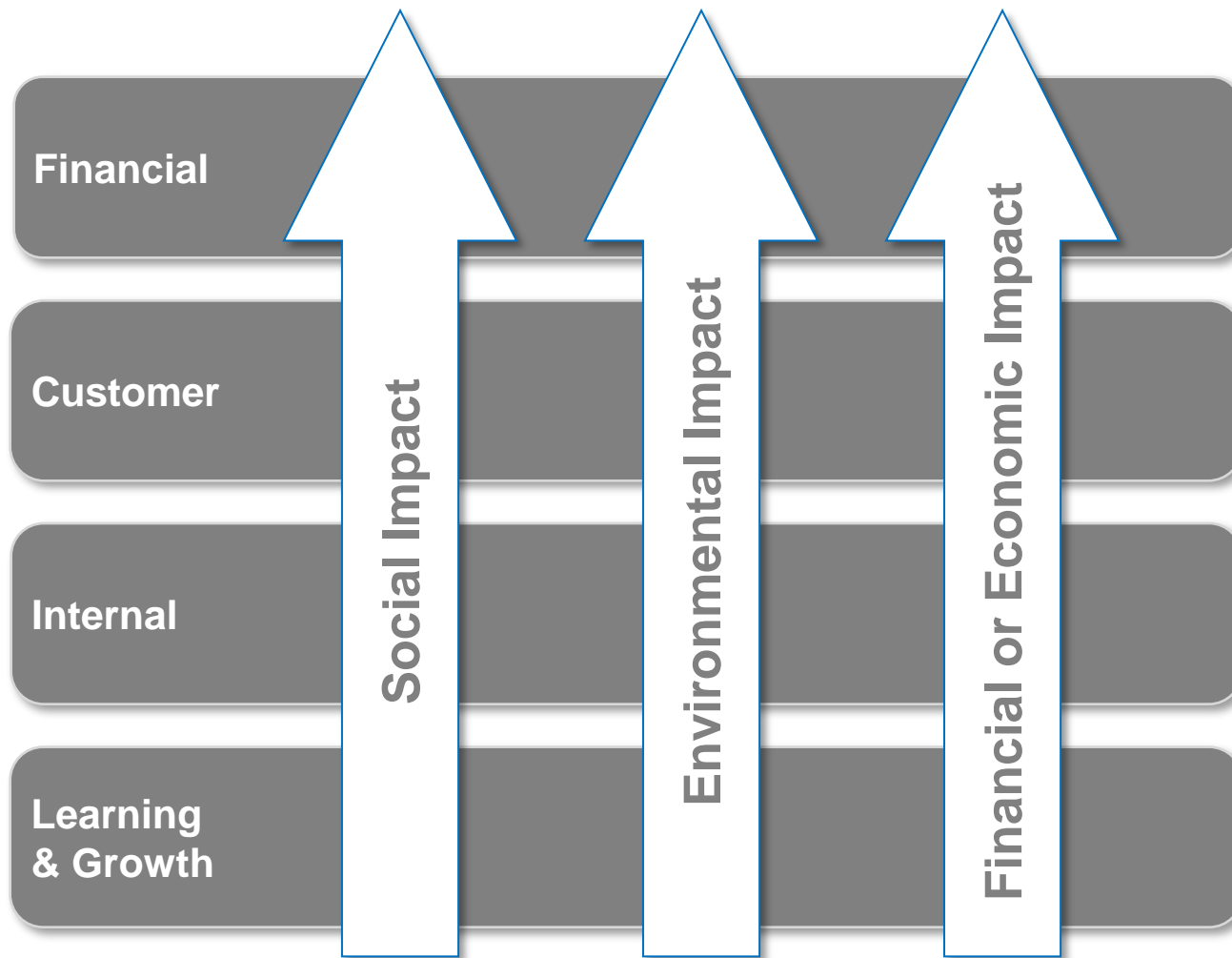


## 4 People

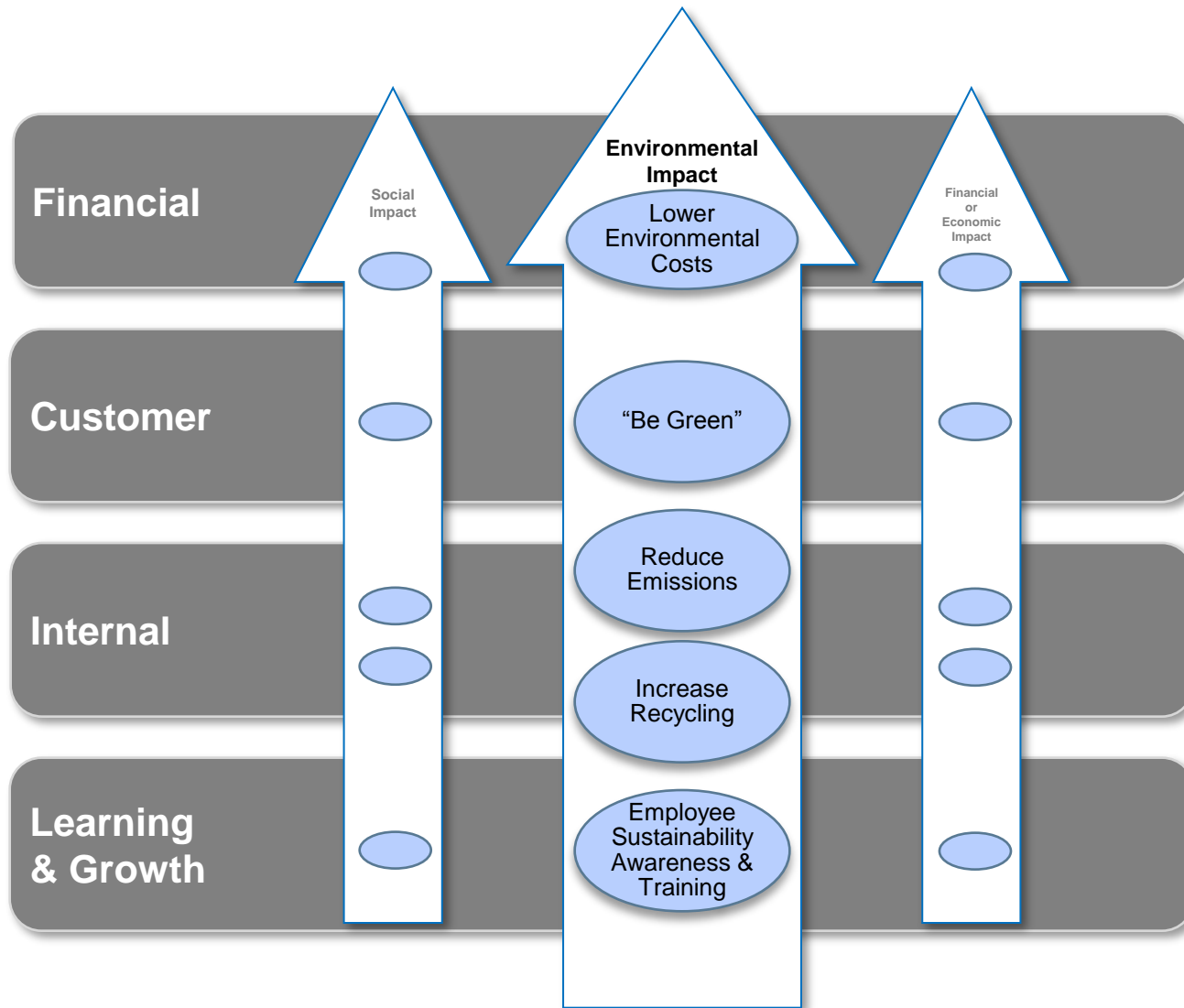
What capabilities must our people have to deliver results?



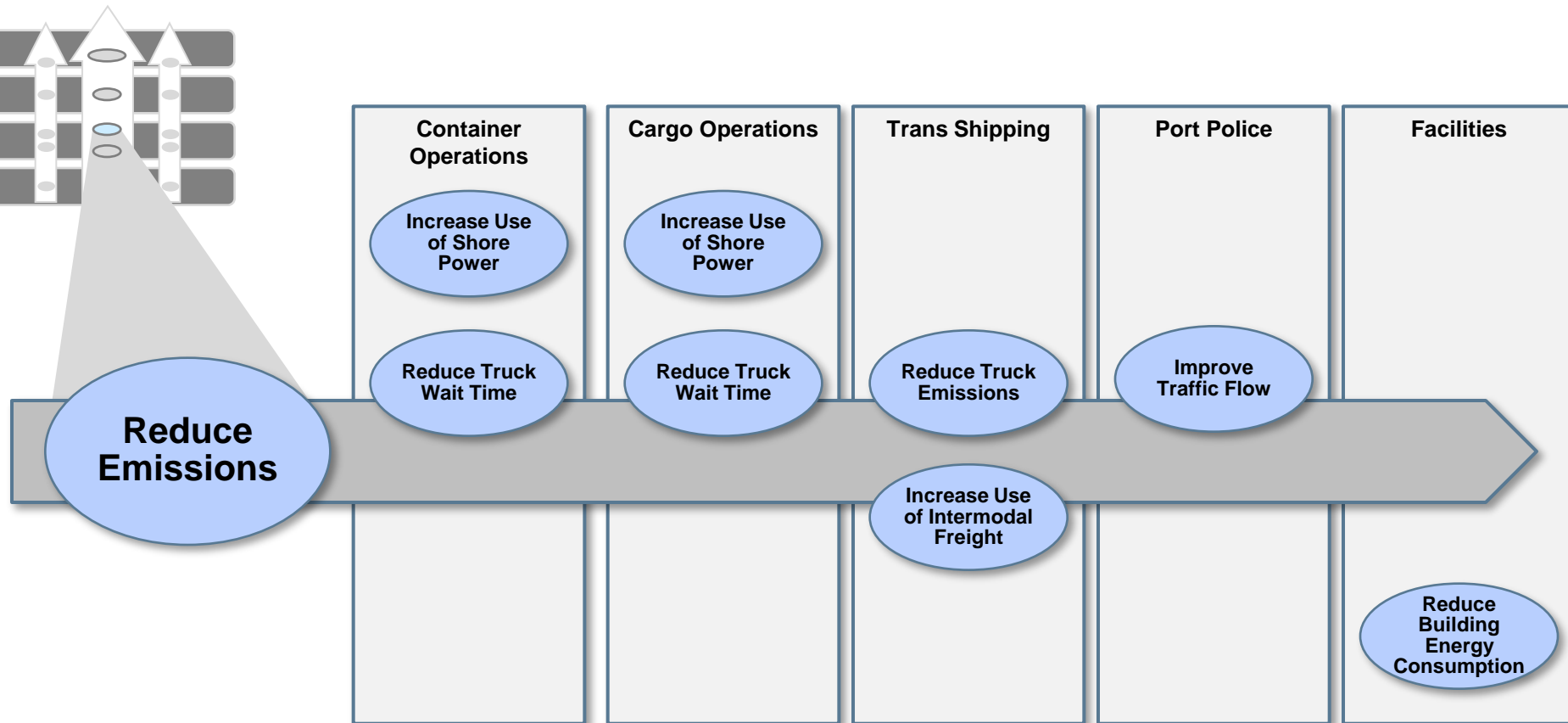
# The Traditional “Triple Bottom Line” Fits Well within the Framework



# The Strategic Objectives Show What Must be Done to Accomplish the Goals



# The Strategic Objectives Can then be Broken Done into Lower Level Operational Objectives That Drive the Sustainability Strategy Throughout the Organization



# James Coffey

## *Principal, Beyond Scorecard LLC*

Mr. Coffey has served as program manager for Strategy and Strategy Execution engagements using the Balanced Scorecard and the Principles of the Strategy Focused Organization authored by Drs. Kaplan and Norton. Jim has worked extensively in both Public and Private Sectors and most recently with medical organizations in the private and government sectors.

Jim has led project teams responsible for process reengineering, cost estimates, market competitive analysis and developing service level agreement, and financial reporting software system implementation. He has also worked in the power industry as a nuclear power plant performance evaluator with the Institute of Nuclear Power Operations and as a startup engineer with General Electric Nuclear. He served as an active duty submarine officer and reserve officer.

As a result, Jim has:

- Over twenty years of experience supervising personnel, managing multiple diverse technical programs with budgetary, planning and customer interface responsibility.
- Over fifteen years experience in organizational strategy management performance improvement efforts using Balanced Scorecard / Strategic Performance Measurement System methodologies; including managing, aligning and linking multiple organizational performance projects and initiatives
- Extensive experience using automated, web-based Balanced Scorecard Collaborative/ Strategic Performance Measurement certified applications and tools for scorecard development and reporting

Education: MBA from the University of Chicago  
Bachelor of Science in Engineering from The Ohio State University

### Recent Experience

- Department of Interior 2010
- Port of Houston 2008 – 2009
- US Army Medical 2007 – 2010
- USAF Medical Operations Agency 2009 – 2010
- Essentia, Marshfield Clinic 2009

### Areas of Focus:

- Strategy Management Systems and Balanced Scorecard design and implementation
- Performance measure development
- Initiative alignment with strategy
- Strategy Communication and Reporting

### Contact

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**Financial**

**Support Long-Term Economic Viability  
for the Port and the Houston region**

**Customer /  
Stakeholder**

**Sustainable Goods  
Movement**

**Safe & Resilient  
Houston Ship  
Channel**

**Earning &  
Maintaining  
Community's Trust**

**Green  
Port of Houston**

**Internal  
Process**

**Leadership as a "convener" in  
managing critical issues**

**Innovation**

**Protection &  
Stewardship of  
Environment**

**Efficient use of  
natural  
resources**

**Learning &  
Growth**

- Tools & Protocols
- Employee Sustainability Awareness & Training
- Employee Satisfaction & Retention

# Customer / Stakeholder Perspective

## Sustainable Goods Movement

- Regional multimodal air emission reduction
- Environmental & socioeconomic impacts of the Goods Movement system

## Safe & Resilient Houston Ship Channel

- Effective management of security, emergency and disaster response, and other critical issues in the Houston Ship Channel

## Earning & Maintaining Community's Trust

- Relationship with local communities
- Community awareness of PHA commitments and progress

## Green Port of Houston

- Environmental excellence in both PHA operations and among tenants



# Internal Perspective

Leadership as a  
“convener” in  
managing critical  
issues

- Position PHA as a leader in convening stakeholders to address critical issues to the maritime community
- Support effective maritime and transportation public policy and regulatory enforcement

Innovation &  
Search for Better  
Solutions

- Keep abreast of and implement new technologies and best practices in security and environmental management

Protection &  
Stewardship of  
Environment

- Extend ISO-14001 certification
- Continual improvement in policy, processes, and performance

Efficient use of natural  
resources

- Energy and water conservation
- Renewable energy
- Recycling, including support for tenants
- “Green Procurement”