The Balanced Scorecard for Port Authorities

Presentation for

American Association of Port Authorities
Alliance of the Ports of Canada, the Caribbean, Latin America and the United States

Paul Arveson
Balanced Scorecard Institute
www.balancedscorecard.org
Some BSCI Clients & Partners

Associations
- American Public Gas Association
- Workers Compensation Insurance Rating Bureau

Consulting
- BearingPoint
- Deloitte Consulting

Defense Department
- Air Armament Command - US Air Force
- US Army CIOG-6 (Chief Information Officer)
- Defense Information Systems Agency
- Defense Energy Support Center

Education
- Memphis City Schools
- University of West Indies
- Muscogee County School District
- Follett Corporation
- Pearson Educational

Energy
- LukOil
- U.S. Department of Energy

Financial Institutions
- First Bank of Nigeria
- International Bank Of Moscow
- Citizens National Bank
- Household Mortgage Services

Government
- U.S. House of Representatives Chief Admin. Office
- National Renewable Energy Laboratory
- U.S. Marine Corps Systems Command
- U.S. General Services Administration
- Royal Canadian Mounted Police
- Oneida Tribe of Wisconsin
- Government of Malaysia
- National Naval Medical Center
- U.S. Dept. of Defense Joint Interagency Task Force SOUTHCOM
- Customs Bureau U.S. Department of Homeland Security
- Federal Bureau of Investigation
- Spectrum Partners LLC
- Greenville Utilities Commission
- Franklin County, OH
- New York Office of General Services
- Mecklenburg County NC
- Pinellas County Sheriff's Office Florida
- Oklahoma State University
- School District

Healthcare
- LifeNet
- National Naval Medical Center

Industrial
- First Bank of Nigeria
- International Bank Of Moscow
- National Naval Medical Center
- Golden Sunlight Mine
- Golden Sunlight Mine

Not-for-Profit
- Habitat for Humanity

Security and Intelligence
- Customs Bureau U.S. Department of Homeland Security
- Federal Bureau of Investigation
- Task Force SOUTHCOM

Software
- SAS Institute
- Spectrum Partners LLC

State and Local
- New York Office of General Services
- Mecklenburg County NC
- Pinellas County Sheriff's Office Florida

Transportation
- HT Hrvatski Telekom
- Croatian Telecom
- AMIRI Flight Abu Dhabi, UAE

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“People and their managers are working so hard to be sure things are done right, that they hardly have time to decide if they are doing the right things.”

Stephen R. Covey
What Is the Balanced Scorecard (BSC)?

• The balanced scorecard is a strategic management system for establishing and communicating an organization’s vision, mission, and strategy to stakeholders and employees, and for aligning day-to-day work to the strategy.

• The balanced scorecard provides a framework for planning and measuring strategy as viewed from different dimensions, or perspectives, of organizational performance.

• The balanced scorecard uses performance measures to monitor strategic success and guide the selection of strategic initiatives. The measurements also provide guidance in budgeting and allow the organization to learn what works.
Balanced Scorecard History

• 1990 - Nolan Norton Institute study on balanced measures of financial and non-financial performance in several organizations
  • David Norton, study leader
  • Robert Kaplan, academic consultant from Harvard

• 1996 - “The Balanced Scorecard” book published
  • Introduced the BSC concept and rationale for balanced measures

• 1997 - Foundation for Performance Measurement founded

• 1998 - Balanced Scorecard Institute founded
  • Merged 2003, now incorporated as Strategy Management Group, Inc.

• 2001 - “The Strategy-Focused Organization” book published
  • Introduced the strategy map

• 2004 - “Strategy Maps” book published
  • 450 pages of strategy map examples and case studies

• The BSC is now used by over 65% of Fortune 1000 companies; increasingly being adopted by Federal agencies, by state and local organizations, and internationally.
How the BSC Can Help Port Authorities

• **Simplifies management** by focusing attention on a few high-impact Strategic Themes

• **Communicates vision and strategy effectively** by using Strategic Objectives and Strategy Maps

• Uses performance measures to **maintain alignment** to strategies and reward the right behaviors

• Provides **agility and flexibility** in the midst of rapid and continuous change

• **Helps everyone to maintain focus on the most important things**
Why Strategic Management And The Balanced Scorecard?

**Where We Are:**

**Where We Want To Be:**

- Alignment of the organization leads to:
  - Identifying Strategic Performance Measures
  - Customer focus
  - Improved Communication
  - Results-based justification for funding
  - Mission effectiveness
Make Strategy Everyone’s Job
The Balanced Scorecard …

<table>
<thead>
<tr>
<th>IS:</th>
<th>IS NOT:</th>
</tr>
</thead>
<tbody>
<tr>
<td>A strategic management system</td>
<td>Only a performance measurement system</td>
</tr>
<tr>
<td>A tool for evaluating organizational performance</td>
<td>A report card on my individual performance</td>
</tr>
<tr>
<td>A system for providing feedback where it is needed</td>
<td>An executive information system for top leaders only</td>
</tr>
<tr>
<td>Supported by software after metrics are defined</td>
<td>A piece of software you can just buy and plug in</td>
</tr>
<tr>
<td>A long-term journey</td>
<td>A short-term project</td>
</tr>
</tbody>
</table>
## Balanced Scorecard Perspectives

<table>
<thead>
<tr>
<th>Perspective</th>
<th>Key Result</th>
<th>Key Questions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer/Stakeholder</td>
<td>Satisfaction</td>
<td>How well do our products and services meet their needs?</td>
</tr>
<tr>
<td>Financial Stewardship</td>
<td>Increased revenues, Reduced costs</td>
<td>How do we create value for our owners?</td>
</tr>
<tr>
<td></td>
<td></td>
<td>For government and not-for-profits: how do we maximize value and effectiveness of our mission?</td>
</tr>
<tr>
<td>Internal Processes</td>
<td>Operational Efficiency</td>
<td>How can our employees improve internal processes to deliver our products and services better, faster, and cheaper?</td>
</tr>
<tr>
<td>Capacity Building</td>
<td>Knowledge, Tools &amp; Innovation</td>
<td>How can we support the internal processes through improved skills, technology, &amp; leadership?</td>
</tr>
</tbody>
</table>

Through the eyes of our customers and stakeholders: how well do our products and services meet their needs?

For businesses: how do we create value for our owners?

For government and not-for-profits: how do we maximize value and effectiveness of our mission?
The Balanced Scorecard Translates Strategy Into Operational Terms

(Public Sector)

Mission

Vision

Customer/Stakeholder Perspective
“To achieve our mission, what customer needs must we serve?”
- Price
- Speed
- Quality

Financial Perspective
“How can we maximize the value of our mission?”
- Productivity
- Effectiveness
- Growth

Internal Process Perspective
“To satisfy our customers, at which business processes must we excel?”
- Cost
- Cycle Time
- Efficiency

Capacity Building Perspective
“To excel in our processes, what capacities must our organization have?”
- Skills & Knowledge
- Technology
- Culture
- Leadership
Strategic Planning Framework: The “BSC House”
Each Strategic Theme Supports A Strategic Result

Strategic Result or Outcome

Customer

Financial

Internal Processes

Capacity Building

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A Strategic Theme Contains Strategic Objectives

- Customer
- Financial
- Internal Processes
- Capacity Building

Strategic Result or Outcome

Strategic Objectives
Key To A Successful Scorecard: a Strategy Map

Customer

- Lower Wait Time
- Increase Satisfaction

Financial / Stewardship

- Reduce Costs

Internal Processes

- Lower Cycle Time
- Reduce Procurement Steps

Capacity Building

- Improve Strategic Skills
- Upgrade Equipment

EXAMPLE
BSC for a Regional Airline

Mission: Dedication to the highest quality of Customer Service delivered with a sense of warmth, friendliness, individual pride, and Company Spirit.

Vision: Continue building on our unique position -- the only short haul, low-fare, high-frequency, point-to-point carrier in America.

<table>
<thead>
<tr>
<th>Strategic Theme: Operating Efficiency</th>
<th>Objectives</th>
<th>Measures</th>
<th>Targets</th>
<th>Initiatives</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial</td>
<td></td>
<td></td>
<td>• Profitability</td>
<td>• Market Value</td>
</tr>
<tr>
<td></td>
<td>• Profitability</td>
<td>• Market Value</td>
<td>• Lower costs</td>
<td>• Seat Revenue</td>
</tr>
<tr>
<td></td>
<td>• Profitability</td>
<td>• Market Value</td>
<td>• Increased revenue</td>
<td>• Plane Lease Cost</td>
</tr>
<tr>
<td>Customer</td>
<td>• Lower costs</td>
<td>• On-time flights</td>
<td>• FAA On Time</td>
<td>• FAA On Time Arrival Rating</td>
</tr>
<tr>
<td></td>
<td>• Increased revenue</td>
<td>• FAA On Time</td>
<td>• Customer Arrival Rating</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• More Customers</td>
<td>• Customer Arrival Rating</td>
<td>• No. Customers</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• More Customers</td>
<td>• No. Customers</td>
<td>• FAA On Time Arrival Rating</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• On-time flights</td>
<td>• FAA On Time Arrival Rating</td>
<td>• Customer Arrival Rating</td>
<td></td>
</tr>
<tr>
<td>Internal Process</td>
<td>• Lower costs</td>
<td>• FAA On Time Arrival Rating</td>
<td>• No. Customers</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Increased revenue</td>
<td>• FAA On Time Arrival Rating</td>
<td>• No. Customers</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• More Customers</td>
<td>• FAA On Time Arrival Rating</td>
<td>• No. Customers</td>
<td></td>
</tr>
<tr>
<td>Capacity Building</td>
<td>• On-time flights</td>
<td>• FAA On Time Arrival Rating</td>
<td>• On-Ground Time</td>
<td>• &lt;25 Minutes</td>
</tr>
<tr>
<td></td>
<td>• Lowest prices</td>
<td>• FAA On Time Arrival Rating</td>
<td>• On-Time Turnaround</td>
<td>• 93%</td>
</tr>
<tr>
<td></td>
<td>• More Customers</td>
<td>• FAA On Time Arrival Rating</td>
<td>• On-Time Turnaround</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• On-time flights</td>
<td>• FAA On Time Arrival Rating</td>
<td>• On-Time Turnaround</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Align ground crews</td>
<td>• FAA On Time Arrival Rating</td>
<td>• On-Time Turnaround</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• % Ground crew stockholders</td>
<td>• FAA On Time Arrival Rating</td>
<td>• On-Time Turnaround</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• % Ground crew trained</td>
<td>• FAA On Time Arrival Rating</td>
<td>• On-Time Turnaround</td>
<td></td>
</tr>
</tbody>
</table>

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Building & Implementing A Balanced Scorecard: Nine Steps To Success™

- Organization Pain
- Organization Enablers
- Vision & Mission
- Change Management
- BSC Development Plan

- Value Proposition
- Strategic Themes
- Strategic Results

- Strategy Action Components

- Cause-Effect Links

- Performance Measures
  - Targets
  - Baselines

- Software
  - Performance Reporting
  - Knowledge Sharing

- Strategic Projects

- Alignment
  - Dept. & Support Unit Scorecards

- Performance Results
- Revised Strategies
Balanced Scorecard Development: a Strategic Thinking Process

1. Customer/Stakeholder Needs
2. Perspectives: Strategic Themes & Results
3. Strategic Objectives
4. Strategy Map
5. Performance Measures & Targets
6. Activities: Projects, Tasks

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Step 1: Deploy the BSC Team

- Secure a mandate from senior leadership
- Team must have representation across the organization
  - Cross-functional
  - Many ranks and roles
  - Stakeholders or their representatives
- Desired attributes of team members:
  - Analytical thinker, visionary, change agent, internal process experts, proactive (“outside the box”) thinkers
Organizational Assessment

- What are the facts?
  - Current levels of performance
  - Challenges, Enablers, Pains
  - Internal Strengths, Weaknesses
  - External Opportunities, Threats

- Who are the customers?
  - Primary customers
  - Secondary customers
  - Stakeholders

- What do customers need?
  - Functions, services
  - Timeliness
  - Quality, reliability
  - Relationship, communication
  - Image, reputation
Step 1

What are Your Port Challenges?
Step 2: Identify Strategic Themes

- **Strategic Themes:**
  - Brief titles that indicate the “pillars of excellence” where the organization must excel to increase value for its customers
  - Represent the main areas on which the organization must focus its efforts to achieve success
  - Encompass all the major functional and support units of the organization
  - Typically, three to five in number

- Each Strategic Theme has one Strategic Result
Common Strategic Themes And Results

• **Theme:** Build the Business
  • **Result:** Increased number of customers and sales per customer

• **Theme:** Operational Excellence
  • **Result:** Improved efficiency in delivery of customer-facing services

• **Theme:** Strategic Partnering
  • **Result:** Increased number of partners and quality of partnerships

• **Theme:** Delight the Customer
  • **Result:** Increased customer satisfaction and retention

• **Theme:** Life Cycle Management
  • **Result:** Reduced cost of ownership and improved reliability

• **Theme:** Flatten the Organization
  • **Result:** Improved coordination; more efficient services

• **Theme:** Good Governance
  • **Result:** Clean audits and increased accountability

• **Theme:** Community Involvement
  • **Result:** Increased community involvement and satisfaction
Step 3: Develop Strategic Objectives

**Desired Result**
- What Are We Trying To Accomplish?

**Objective Owner**
- Who Is Responsible & Accountable?

**Strategic Objective**

**Performance Measure**
- How Are We Performing?

**Strategic Initiative**
- What Strategic Projects Must We Implement?

**Action Steps**
- What Specific Steps Must We Take?
1. Start from the Strategic Results at the top of the Strategy Map.

2. Work downward from the top asking the question “How can we achieve this objective?”

3. Check by reading upward from the bottom asking the “Why?” question

**Good Objectives:** Brief; start with imperative quantitative verbs (e.g., “Improve, Increase, Reduce”); continuous improvement potential (no projects, or on/off activities; show innovation & creativity; linked to desired strategic results.)
Calibrate Your “Strategic Altitude”

**Step 3**

Too high, Too vague

“World – class Provider of choice” “High-performance organization”

Risk: too vague to provide focus and direction

Too low, Too specific

“Train employees” “Build a new system” “Upgrade a program”

Risk: may miss better options
Sample Strategic Objectives

Good Objectives:
- Improve knowledge of customer requirements
- Reduce workplace accident rate
- Improve ability to estimate resource needs
- Lower cost per unit
- Improve employee morale
- Reduce process cycle time
- Improve reliability of network
- Increase critical employee skills
- Increase “smarter/faster” headcount
- Increase workforce diversity

Not-So-Good Objectives:
- Write a strategic plan (Better: Improve employee understanding of our strategic direction)
- Complete the IT upgrade project (Better: Increase network reliability)
- Train all employees (Better: Improve employee knowledge and skills)
- Secure more funding for XYZ program (Better: Improve program cost-effectiveness)
A Strategy Map:

- Defines the relationships among objectives that are causes (performance drivers) and objectives that are effects
- Helps create a balance among objectives, performance measures, and initiatives
- Helps define the logical consistency of the scorecard
A Shipping Company Strategy Map

<table>
<thead>
<tr>
<th>Financial</th>
<th>Customer</th>
<th>Internal Processes</th>
<th>Learning and growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increased profits</td>
<td>Increased revenues</td>
<td>Fewer trucks</td>
<td>Increase employee training</td>
</tr>
<tr>
<td>Lower costs</td>
<td></td>
<td>Reduce travel time</td>
<td>Improve route planning</td>
</tr>
<tr>
<td></td>
<td>Increase customer satisfaction</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>More customers</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
A County Department Strategy Map

Leading the Way for a Safer County

CITIZENS

- CULTIVATE SAFER NEIGHBORHOODS
- OPTIMIZE FINANCIAL RESOURCES
- FORGE COMMUNITY PARTNERSHIPS
- IDENTIFY FUNDING OPPORTUNITIES
- INCREASE EFFICIENCY & PRODUCTIVITY

FISCAL RESPONSIBILITY

- INTEGRATE TECHNOLOGICAL PROGRAMS & EFFECTIVE RESOURCE UTILIZATION
- ENSURE ACCOUNTABILITY AT ALL LEVELS
- PIPELINE INTERNATIONAL/EXTERNAL MARKETING
- ASSESS COMMUNITY PARTNERSHIPS, PROGRAMS & RESOURCES
- INCREASE QUALITY OF SERVICES

INTERNAL BUSINESS PROCESSES

- DETER CRIME
- ENHANCE EFFECTIVE CAREER DEVELOPMENT PROGRAMS
- PROMOTE CLEAR & EFFECTIVE COMMUNICATION

EMPLOYEES & INNOVATION

- PROPOGATE CULTURALLY DIVERSE WORKFORCE OF EXCELLENCE
- FOSTER POSITIVE WORK/TEAM ENVIRONMENT
- PROMOTE EFFECTIVE LEADERSHIP
- ENSURE COMPETITIVE PAY & BENEFITS

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Step 5: Performance Measures (Metrics)

- Provide a tangible way to see if our strategy is working
- Focus employees’ attention on what matters most to success
- Allow measurement of accomplishments, not just of the work that is performed
- Provide a common language for communication

“What gets measured gets done.”
“If you don’t measure results, you can’t tell success from failure, you can’t claim success or reward it, and you may be rewarding failure.”
“If you can’t recognize success, you can’t learn from it; if you can’t recognize failure, you can’t correct it.”
“If you can’t measure it, you can’t manage it and improve it!”
Exercise: Evaluate Your Metrics

<table>
<thead>
<tr>
<th>How well do your performance metrics:</th>
<th>Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>Help translate your business strategy into operational terms?</td>
<td></td>
</tr>
<tr>
<td>Align all business units toward common strategic goals?</td>
<td></td>
</tr>
<tr>
<td>Fully reflect what your customers and stakeholders care about?</td>
<td></td>
</tr>
<tr>
<td>Provide the leverage to create change?</td>
<td></td>
</tr>
<tr>
<td>Account for intangible value?</td>
<td></td>
</tr>
<tr>
<td>Manage end-to-end results across departments and business units?</td>
<td></td>
</tr>
<tr>
<td>Enhance your ability to compete in the future?</td>
<td></td>
</tr>
<tr>
<td>Drive improvements in how work is performed?</td>
<td></td>
</tr>
<tr>
<td>Include proper benchmarks to judge performance?</td>
<td></td>
</tr>
</tbody>
</table>

**Total Score**

Performance Measures Are Derived from Strategic Objectives

**Strategic Theme:**
*Build The Business*

**Performance Drivers**
- **Financial**
  - Reduce Costs
  - Increase Customer Confidence
  - Improve Service Quality
  - Increase Skills
- **Customer**
  - Expand markets
  - Increase Customer Retention
  - Reduce Cycle Time
  - Upgrade Information Technology
- **Internal Processes**
  - No. trained & tested
- **Capacity Building**
  - Average system age

**Results**
- Revenue Growth %
- Cash Flow
- Customer satisfaction index
- Repeat customers
- Service error rate
- Delivery time
- No. trained & tested

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Step 6: Select Strategic Initiatives

- New strategic projects identified during the scorecard development process
- Widely recognized as solving significant organization problems
- Prioritized and ranked by: potential alleviation of organization pain, cost and time to implement, benefits and time to realize the benefits
- Schedule, deliverables, resource commitments and ownership defined
- Dependencies and sequencing considered
Mission: Conduct counter-illicit trafficking activities to achieve an effective international effort.
Vision: Leverage assets to cause major reductions in illicit trafficking.

Steps 1-6 Summary: A Government Task Force BSC

Strategy Map

Strategy: Improved Operating Efficiency

<table>
<thead>
<tr>
<th>Customer/Stakeholder</th>
<th>Objectives</th>
<th>Metrics</th>
<th>Targets</th>
<th>Initiatives</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increase Partner Nation effectiveness</td>
<td>• Best assets • Improve effectiveness</td>
<td>• Asset Index • Coordination Index</td>
<td>• +15% in one year • + 20% in one year</td>
<td>• Develop new coordination initiatives • Develop a Command Capabilities Brief</td>
</tr>
<tr>
<td>Improved Partner Nation and Interagency Coordination</td>
<td>• Increase field asset availability</td>
<td>• Capability • Availability</td>
<td>• 10 new types by next FY • Reduce delays 10% per year</td>
<td>• Interagency roles and responsibilities study • Quarterly tactical meetings</td>
</tr>
<tr>
<td>Internal Processes</td>
<td>• Internal &amp; external resource allocation system</td>
<td>• Percentage priorities covered • Resources received</td>
<td>• 95% by next FY • $20M by next FY</td>
<td>• Command resource information system</td>
</tr>
<tr>
<td>Budget/Financial</td>
<td>• Improve training &amp; development • Develop cross-functional teams • Increase leadership accessibility</td>
<td>• Employee satisfaction score • Percent signatories • Team building index</td>
<td>• 90% • 95% • 85% by next year</td>
<td>• Integrated Assessment Capability • Command orientation training</td>
</tr>
<tr>
<td>Organization Capacity</td>
<td>• Better tools and training • Integrated Assessment of needs/better information • Agreement on shared Mission &amp; common doctrines</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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Step 7: Automation of the BSC

- **Automation**: Applying performance measurement software to get the right performance information to the right people at the right time to be used for effective feedback.

- There are now over 100 vendors of “Balanced Scorecard” software

- Prices range from free to several $100K, depending on requirements

- Popular vendors include:
  - ActiveStrategy, CorVu, Cognos, Hyperion, Microsoft, OpenRatings, Oracle, PerformanceSoft, Pilot, Rocket Software (CorVu), SAP, SAS, etc.

- Call us to discuss recommendations to fit your requirements.
Step 8: Cascade Strategic Objectives Through the Organization

Tier 1: Enterprise-wide
Tier 2: Business and Support Units
Tier 3: Teams & Individuals

Aligned Balanced Scorecard Objectives:

- **Tier 1**
  - Improve Ease Of Customer Access
  - PM1: % of processes Automated
  - SI1: IT enhancement plan
  - SI2: Knowledge library program

- **Tier 2**
  - Improve My Department’s Ability To Assist Customers
  - PM1: % of on-time reports to internal customers
  - SI3: Identify internal customer needs
  - SI4: Develop report delivery standards

- **Tier 3**
  - Improve My Customer Service Skills
  - PM1: Change in test score after training
  - SI3: Error identification training course
Step 9: Evaluation

- Real data are necessary in order to understand organizational performance
- Evaluation requires comparisons of BSC data:
  - With past performance
  - Between organizational units
  - Between processes in different organizations
- All aspects of the organization can be questioned
- Tie evaluation to budget decisions
- Repeat the cycle
The Ten Big Challenges

1. Lack of engaged leadership
2. Lack of strategic thinking
3. Using different definitions of common terms
4. Communicating only with the special few
5. Thinking it’s a sprint, not a marathon
6. Thinking it’s only about performance measures
7. Bad software decisions
8. Weak facilitation skills
9. Not planning for and managing change
10. Losing momentum and not following through
The Main Thing …

... is to keep
The Main Thing
The Main Thing!
The BSC Strategic Management System is A Journey

Strategy + Operations + Change

A cost-effective game plan, communicated and executed well
Efficient processes run by empowered, satisfied employees
Effectively managing the complexities of people, tools, innovation and action

In other words, learning to do the right things right, better.
The Balanced Scorecard Institute, a Strategy Management Group company

An organization of highly experienced professionals providing instructional, development, and implementation services in strategic management and performance improvement through:

Public Workshops
On-Site Customized Training
Balanced Scorecard Consulting & Re-Balancing
Balanced Scorecard-Baldrige-ISO-Six Sigma-Lean Integration
Strategic Planning
Expert Facilitator and Change Management Consulting
Performance Management/Measurement Software Integration

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www.balancedscorecard.org

Cary, North Carolina (800) 409-2009 Washington, DC (202) 465-4253
Thank you, and good luck on your balanced scorecard journey!

Paul Arveson
paul@balancedscorecard.org
The Balanced Scorecard Institute
Core Values: Our guiding principles; what we believe in.
Customers: Direct beneficiaries of our services or products.
Input: A resource consumed in work activities and processes, such as money, labor, time, equipment etc.
Logic Model: A basic description of a work process in terms of inputs, activities, outputs, and outcomes (or results).
Mission: What we are about; our purpose for existence as an organization.
Outcome: Results that are desired by producing outputs; accomplishments.
Output: What is produced by a work process; immediate deliverables in terms of products and services.
Performance Measure (Lagging): An indicator of past performance that show how successful we were in achieving our outcomes.
Performance Measure (Leading): An indicator of performance that is a precursor of future success; a performance driver
Perspectives: Different views of our organization; performance dimensions.
Process: A chain of work activities that transforms inputs into outputs and thereby adds value.
Stakeholders: The universe of people with an interest in our success.
Strategic Initiative: Action program designed to achieve our performance goals.
Strategic Objective: Strategy component; continuous improvement activity that must be done.
Strategy: How we intend to accomplish our vision; a long-term approach, or “game plan”.
Strategy Map: Cause-effect relationships among the objectives that make up a strategy.
Strategic Result: Desired outcome for a strategic theme.
Strategic Theme: Main focus areas of an organization’s vision; the organization’s “Pillars of Excellence”, used to focus staff effort on accomplishing the vision.
Target: Desired level of performance for a performance measure.
Vision: What we want to accomplish several years in the future; our “picture of the future”. 