

IMPROVEMENT SKILLS CONSULTING LTD.

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*“Simply, improvement...”*



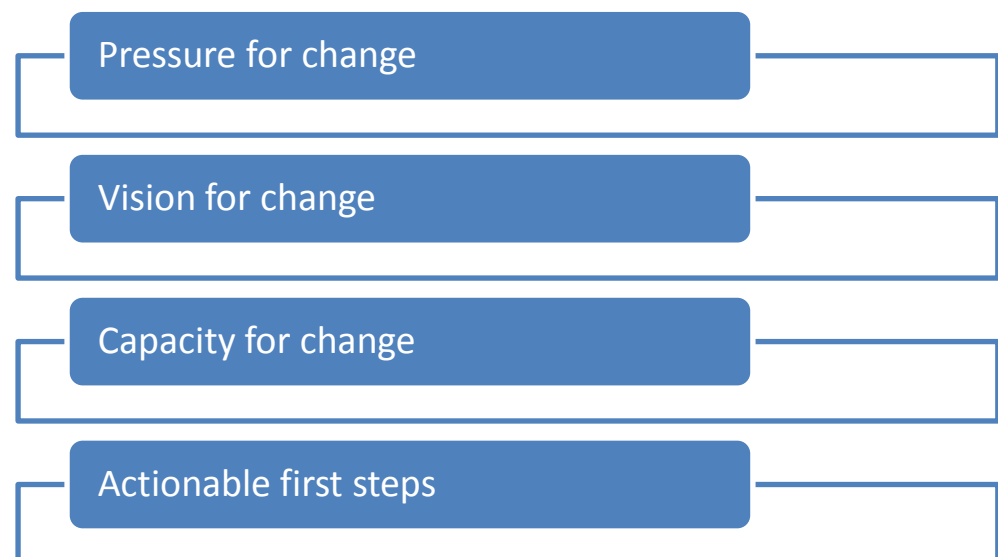
Are you ready for a  
Balanced Scorecard?

## Are you ready for a Balanced Scorecard?

*“Most improvement initiatives fail for one of two reasons: they either have passion without system, or system without passion. You need both.” [Tom Peters]*

### Successful Change

One of the really useful models of successful change is shown below:



It describes the four components required for change to be successful and if any one of these is missing, it is likely that change will be difficult, or will fail. Some versions of the model add a fifth component: Recognition and Reinforcement, which is required to ensure change is sustainable.

We've used the model as a means of helping senior managers assess their readiness to adopt performance management approaches such as the Balanced Scorecard. It provides a way to engage with senior teams and to have practical discussions about their role in successful implementation and in recognising some of the implications of adopting a Balanced Scorecard approach. It can be used to raise awareness and to prevent potential implementation problems.

The Readiness Assessment model (below) only covers the first three components (Pressure, Vision, Capacity) because “Actionable First Steps” can then become the elements of your implementation plan. You will also need to build in recognition and reinforcement, to ensure the Balanced Scorecard is used effectively and drives the right behaviour.

## Readiness Assessment

<b>Pressure for Change</b>		
The executive management team does not recognise the need for a Balanced Performance Management System	Some of the executive management team recognise and support the need for a Balanced Performance Management System	The executive management team fully supports the need for a Balanced Performance Management System
There is no executive level champion for the development of the Performance Management system	An executive level champion has been appointed for the development of the Performance Management system	There is an active executive level champion for the development of the Performance Management system
Most people throughout the organisation would not recognise (or would deny) the need to manage and improve performance more effectively	Some people throughout the organisation recognise the need to manage and improve performance more effectively	Most people throughout the organisation recognise the need to manage and improve performance more effectively
<b>Vision for Change</b>		
The current Strategy is unclear or incomplete and cannot be easily aligned to people’s daily work	Some aspects of the current Strategy could be used to align people’s activities throughout the organisation	There is an agreed, coherent Strategy that can be readily cascaded through the organisation
It is not known what impact a Balanced Performance Management system will have on the organisation	It is believed that a Balanced Performance Management system will only have marginal impact on the organisation	It is recognised that a Balanced Performance Management system will impact on all levels of the organisation
<b>Capacity for Change</b>		
No people resources have been allocated to create the Performance Management system	A Project Leader has been appointed to create the Performance Management system	A project team is signed up to create the Performance Management system
Performance Management is currently “text-based” (e.g. using MS Word performance reports; commentaries and tables of data are used)	Performance Management is currently “metrics-based” (e.g. using MS Excel reports; some trend graphs are used)	Performance Management is currently “knowledge-based” (e.g. using Scorecard and Business Intelligence software; traffic lights, trends, targets and benchmarks are used)

Performance Management tools are largely manual and resource-intensive	Performance Management tools are partly automated but still resource-intensive	Performance Management tools are fully automated and easy to use
There is no history of data-driven decision-making processes for Performance Management	There is some history of data-driven decision-making processes for Performance Management	All levels of the organisation are familiar with data-driven decision-making processes for Performance Management
Ownership and accountabilities for maintaining the Performance Management system (after the design project) has not been considered	Ownership and accountabilities for maintaining the Performance Management system (after the design project) have been proposed	Ownership and accountabilities for maintaining the Performance Management system have been defined and implemented

## Some obvious actions

There are some obvious actions to enable a successful implementation:

- Ensure there is an executive level Champion/Sponsor for the implementation project who has a good understanding of the BS approach
- Provide education for senior managers so they understand the “why, what and how” of the BS (and how it differs from “Dashboards”)
- Decide whether you will use the BS design process to help reformulate Objectives and Strategies, or if you will build the BS from existing ones
- Build a BS design team and ensure they have the right skills
- Consider what IT support will be needed to enable implementation and support the continuing use of the BS
- Provide end-user education on “management by fact”, effective use of data and continuous improvement

As with many change initiatives, implementing a Balanced Scorecard is not “technically” difficult, particularly if you have user-friendly software tools to support it. The challenges are almost always “cultural” and it’s not necessarily “resistance” to change. Often, the issues will be due to lack of executive ownership, poor understanding of BS principles and inadequate skills (at all levels). No surprises there then!

If you want to find out about the Balanced Scorecard approach, please visit our website for more articles.

## Our track record

Our consultants have been helping organisations in the private and public sectors to implement performance management systems, including those based on Balanced Scorecard principles, for nearly two decades. We have helped with BS design, senior management education and facilitation of BS implementation project teams.

We are not wedded to a particular methodology. We help clients identify their improvement goals and then develop an approach to achieve these; invariably ensuring their people develop the skills to make further improvements themselves. We also work with technology partners to recommend and provide appropriate IT solutions to support BS implementation.

Please contact us for more information about how we can help you to implement a performance planning and management approach, based on the Balanced Scorecard.

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