

A balance scorecard essay



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The approach of a balance scorecard in achieving strategic objectives in organisation. Introduction: In current upsurge in economic condition globally brought on by competition and uncertainty, all organisations are impacted with need for changes to remain viable in performance of duties. This trend have prompt companies in adopting suitable approach which are unique to its operation and thus being effective in achieving goals objectives and prospect for development. The development of the balance scorecard has become an approach adopted in an organisation operation. It originated as a performance measurement framework that added strategic non-financial performance measures to previous practices of using financial measures for supporting management in arriving at a balanced view of organization performance. It's framework primarily focus on strategic planning in business, industry, government, and non-profit organisation worldwide by evaluating factors which are most important to improve internal and external communications with customers and align with their prospective goals.

In this effort company would be able to increase revenue, cut internal cost and maximise full use of its resources. Generally, four frameworks are approach to which performance is derived for strategic planning in an organisation as mention. | Financial Perspectives: This coincides with performance measures such as earning per share, return on capital and return on interest which are used to evaluate the strategic approach by the company or organisation concern. This perspectives evaluates whether the strategic performance measures used by the company in other perspectives is contributing towards objectives of the company in term of maximizing shareholders value of increase revenue and growth in the company. For this

justification to be made, management would assess the cost involved to the return on investment.

For example, the types of response that might be taken in responding to changes in customers' taste that may result from competition is through developing new products or redesigning existing ones to meet customers' satisfaction or perspectives. These approaches are targeted towards new and existing customers as a means of increasing market shares to gain a higher return on investment being the goal of the organisation. In order for this target to be achieved under the balance scorecard approach a company will seek to derive performance from the internal perspectives being the initiatives of enhancing capabilities within organisation such as allocating the right amount of quality resources, increasing production capacity and overall in line with their capital cost. For this to become successful, the organisation's initiatives would focus on performance measurement through the learning and growth perspectives whereby programmes to develop the skill of the workforce are adopted along with the introduction of technology to increase efficiency in order to support the objectives of increasing revenue, cost reduction and asset utilization within the organisation.

! Learning and Growth Perspective: This is said to be the foundation upon which the balance scorecard is built. In this area, companies focus their approach on programmes to facilitate further improvement while taking into consideration technological changes in the global environment. It focuses on objectives of maintaining competent workers to develop skills through adopting a continuous learning programme which are used to facilitate progress with changes internally and externally and transformation of that

experience into knowledge accessible to the whole organisation, and relevant to its purpose of increase revenue being the aspect of the financial perspectives. This trend would reflect, businesses adopting and delivering efficient services with technological advancement and changes in line with the framework of the internal business perspectives in order to meet the satisfaction of customers or perspectives.

Management are always trying to think ahead on matters of how to outweigh their competitors. For example, competency assessment test can be carried out in companies to test knowledge of employees and suitable for detecting likely fall in standard to which measure can be implemented through a development strategy. This would enable the organisation to set target in meeting its objectives of customer retention and increase growth ; Customer Perspective: This is where businesses focuses on identifying characteristic found to be most valued by customer in reaching their level of satisfaction. These characteristic form the perspectives of customers and establish the basis of customer view of such business in fulfilling their needs or perspectives.

They can be base on factors of price, quality, and on-time delivery and customers services. Businesses would depend on employees to deliver quality services and likewise forming an enduring relationship with customers to maintain customer loyalty and increase market share. The strategic objective would be to providing quality services, products and increase efficient. For this to be achieved they would identify key variables relating to the factors identify such as improvement in quality, new features and low prices along with follow after care services of periodic maintenance.

They can further undertake strategy of giving regular customer credit agreement and generous term under which customers return or exchange merchandise to maintain customer loyalty. This would be as a means to align the business with customers' expectation and further endeavour such business to meeting customer's requirement in such areas as it would positively reflect on customer's desire and expectation of the business.

This provide a view of how customers see the company in term of the company objectives and goals in providing value to its customers in achieving its interest of maximum profits and market share. Management can take a non-financial approach in term of looking at the level of product defect in the company as well. Their expectation would be little or no wastage from their product as the consequences of this outcome can cause valuable time to be committed in finding suitable product or remedial actions because consideration would have to be given for further cost which can affect it profit line eventually and not in accordance with its financial perspectives. Therefore, approach on strategic planning would involves redesign of how work is achieved through activities which are aim to improve key business processes by focusing on cost reduction, improved quality and enhanced customer satisfaction. | Internal Business Processes Perspectives: Focus on factors that on organisation should develop internally to meet customers' needs and satisfaction.

It is expected of businesses to identify key processes at which they must excel to meet those expectations of customer and potential customers through an understanding of how well the internal processes are designed to meet the objectives. For example, improvement in technology in a

manufacturing industry can lead to increase efficiency and on time delivery which are factors relating to customer perspectives. Target can be set to increase efficiency through developing the skill of staff base on the learning and growth framework or linking with external suppliers who can provide on time delivery and reduce cycle time. This speed of services can enable the organisation to increase its revenue in line with the financial perspectives. These processes should be monitored to ensure satisfactory outcome.

In some way it can be consider as the perspectives tool which is necessary to coordinate and achieve expected performance result. Management approach in gathering performance in this fashion tends to be base on an assessment of new product and services through an overall evaluation and how they confers to customer requirements. This is achieved for example, within a service organisation like a textile business; manager may introduce a range of clothing of particular design and have an internal process of evaluation conducted over a determine period of time in order to ascertain the impact of new products to customer profile, taste, location and satisfaction by means of a survey. An aspect of how it is conducted in a company is by collecting data over a prescribe time frame under management guidance. Management can then used this information in decision making and planning such as the feasibility of a particular product, determine necessary improvement or consider discontinuation of operation if seen as the suitable option with regard to the company concern. Recently, the community perspectives have added into the framework of the balance scorecard.

This perspective focus issues to which the organisation can provide to the community such as funding to projects in the community and showing

concern for the environment as a whole in terms of reduction in pollution. A critical evaluation of balanced scorecard usefulness in achieving strategic objectives in hospital. There are challenges associated with use of a balanced scorecard in a service organisation such as a hospital. This relates to its application within the internal operation of health care system where conflict may arise between management and physicians interests through values proposal for different kinds of patients and coupled with inefficient information systems in place to deliver its objectives in meeting patient expectation.

Also, external factors may influence how it work such as regulation processes along with a diverse customer needs. At first, professional judgement was the norm of ensuring patients received high-quality medical care. Today, with introduction of balance scorecard; evaluations of poor outcome such as deaths or infections can be measured to identify ways of improving quality of care to patient to which is the perspectives of customer. It can be used in assessing and setting measures to develop employees' skill through training and introduction technologies under learning and growth perspectives. This is to enhance the organisation in achieving quality services and immediate response time to fulfil the criteria of customer perspectives.

Quality services and immediate response time form basis of the internal business perspectives and when apply to a hospital operation, can be used as measures towards setting target of providing patient with the most appropriate treatment. Therefore, in order for patient to receive such treatment while they are in hospital, a high level of responsibility rest on

nurses and physician being assign to look after specified patients. These patient may suffered from chronic condition such as Tuberculosis which can require a great deal of time and effort on the part of health workers to providing care because they can put them self at risk of becoming infected themselves. However, as stated in The New England Journal of Medicine (2008) that, ' it will never be possible to produce an error-free measure of the quality of care. ' In spite of, Physicians' performances can be conducted through use of the balance scorecard measures to detect mal practices such as evaluating medical data f past and present usage to determine whether appropriate guidelines had been followed in delivering patient care.

Through the learning and growth perspectives, measures such as distribution of physicians and nurses performance report can be exercise as ways of setting target for further improvement and patient satisfaction. The reason being, are effort to prevent the likely consequences of poor performance occurring as this can seriously affect moral of the hospital and further action may be taken by medical board to disbar the physician or nurses involve. This was highlighted in which state, ' if a nurse make an error that causes no harm, we consider the nurse to be lucky. Yet, if another nurse makes the same error resulting in injury to a patient, we consider the nurse to be blameworthy, and disciplinary action may follow. ' This shows that in some ways, the balance scorecard rarely considers as a second chance staff well being in this organisation for further learning and development to improve performance when mistakes occurs but seem to be more reliant on deriving consistent performance under its implementation in a hospital being a limitation towards a balance organisation performance. When considering

the concepts of the balance scorecard of deriving performance measures from its primary four perspectives to arrive at a balance view of an organisation performance, it is evident that there are other limitation because it focus on performance of achieving high quality care but as stated in mention that, ' patient satisfaction is often base on functional aspects of care.

' This was further reiterated in which state that, ' Low-quality care may be acceptable to patients while high-quality may not. For example a patient may be more satisfied when treated with an antidepressant medication rather than electro convulsive therapy (ECT), even when the patient profiles clearly indicate ECT as the treatment of choice. ' This shows that the Balance scorecard should focus on the organisation culture in which they work and choose objectives with corresponding indicators to report result. This meant that in a hospital quality can be assessed by examining adherence to standards. For management in a hospital to achieve this under the balance scorecard approach, they will have to identify what need to be measured and what objectives they are seeking to achieve.

For example, under the framework of internal business perspective; the task can be to identify availability of sufficient staff in line with the organisation financial perspectives with required skill in order to meet patient needs and expectation. Further action of assigning appropriate number of staff to divisional units within the organisation with objectives towards a balance between time management and quality assurance services can be used as strategy to increase efficiency, dependability and paramount to saving life which are core factors of the internal business perspective framework. The <https://assignbuster.com/a-balance-scorecard-essay/>

initiatives can be based on a pattern of workaround adopted in the organisation where practitioners or nurses are on call to make regular visits to patients which would increase workflow and favourable patient outcomes. In light of this, staff can become fatigued and stress can develop among team members especially when treating patients with deteriorating conditions.

This can result in errors occurring such as choosing the wrong diagnostic test or ordering the wrong medication for a given condition. In the event of this, use of the balance scorecard means that measures can be implemented such as designing and implementing a medication error tracking system to maximise patient safety under the frame of internal business perspectives to detect shortfalls. Initiatives can be put in place such as developing a score-based chart with scores ranging from one point for a wrong time to up to five points for incorrect medication as a control to measure performance. This would mean that disciplinary policies are maintained and improved clinical outcomes are achieved and reflective of the customer perspectives.

Other initiatives can be based on the introduction of a red rule in health care which means that no hospitalized patient can undergo a test of any kind, receive a medication or blood product if they are not wearing an identification bracelet, being a form of quality measure. The implication of specifying a red rule in a hospital is that the moment a patient is identified as not meeting this condition, all activity must stop in order to identify the patient and provide them with an identification band. The implementation of red rules would encourage adherence to safety as frontline workers would be aware of any shortfalls in standards and stop further activity in order to protect the safety of the patient involved. The drawbacks resulting from adherence to this measure

meant that considerable inconvenience may arise resulting in time and increase of cost to the organisation.

Through the balance scorecard framework of learning and growth perspectives, improvement in communication can be enhanced in the organisation and would lead to increased efficiency of services to patients. In this aspect, carrying out a mandatory system of protocols such as having a read back through a transmitter to confirm correctness of information can be measures to ensure accurate identification of recipients and vital to increase speed of service. Introduction of new technologies can also increase communication, high-quality medical care and efficient services. For example, ambulances are equipped with resource screens that assist paramedics to locate the nearest appropriate hospital for each patient based on severity of injuries. In this way, patients with the most severe conditions are taken to intensive care facilities immediately while those with less severe injuries are sent to other hospitals.

The balance scorecard device further performance measures through initiatives based on learning and growth perspectives in which high-tech systems have recently been implemented in hospitals for relaying information to emergency medical teams on patients they have delivered by providing them with a copy of the admission report, detailed list of the internal injuries that were identified by the doctors performing the surgery and further updates on the patient's progress. In this way, the information reports can aid emergency medical staff in enhancing their techniques, capabilities and a wider knowledge of dealing with patients at the scene of an accident to which would be to the satisfaction of the patient and reflect in the value of the

hospital services. Conclusion: The balance scorecard is not a one-size fits all approach. That is to say, while it may achieve its objectives in arriving at a balance view in a wide range of business operation with least limitation, as a performances measurement in a non-profit organisation such as a hospital where rules and regulation create many limitations may gives impression that the balance scorecard would not be a suitable performance measurement framework for this organisation to adopt. However, it is evident that the balance scorecard is useful as a performance measurement in a hospital organisation.

This is primarily because its frameworks are easily adopted and link together in a chain of cause and effect relationships from performance drivers in the learning and growth perspectives all the way through to improved financial performance as reflective in the financial perspectives. The fact is, its approach to measurement for performance is not single focus. Therefore, service organisation like a hospital are better poised with the instrumentation they need to navigate to future competitive success by putting its mission into strategic objectives and deriving suitable measures to set target and develop initiatives. This would enable the organisation in meeting patient well being which is critically important to its moral values and saving life. References: Books: (1) Drury, C.

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