

# [The be attempted, because it is bound](https://assignbuster.com/the-be-attempted-because-it-is-bound/)

The client is the executive team of the business organization. The BSC and the management system which will be built around it are, ultimately, the responsibility of the executive team. Without their active sponsorship and participation, a BSC project should not be attempted, because it is bound to fail. Measurement architecture: An organization must develop a distinct business strategy. A business strategy and a BSC that describes it are not random.

The architecture of a BSC has several dimensions which must be incorporated into Scorecard design. A good design process will recognize these dimensions and provide a framework to guide the architect and the executive team in their thinking about the strategy. There are frameworks that describe the strategy and represent the foundation on which a complex design is based.

Whether operating a growing, mature, or maturing business, executive teams use this framework to anchor their financial objectives. Similar frameworks for the customer and the learning perspectives give both the architect and the clients a common ground from which to consider the setting of strategic objectives. Strategic objectives development In general, the management groups in well managed organizations lack a shared understanding about the overall strategy of the organization and the relative roles of different groups within the organization keeps the team from agreeing on priorities.

The second step of the development process is designed to build consensus among the members of the executive team around the long-term strategic priorities of the organization. To achieve this goal, each executive team member is interviewed individually to capture his or her implicit and explicit strategies for the business. These personal visions are then synthesized into feedback that is reviewed at an executive workshop. During this session, the executive team learns about where there is and is not a consensus about their strategy and discusses unresolved issues. Ultimately, a coherent group vision for the organization emerges in the form of 10 top priority objectives. Design Measures With the prioritized strategic objectives agreed upon by the executive team, the next step is the selection of measures to track the achievement of these objectives. Sub-team working sessions focus on the development of measures for a subset of the objectives, finalizing the wording of objectives and searching for measures appropriate for tracking each objective.

At the end of this step, the sub-teams synthesize their recommendations into a united “ strategic story” in consonance with the strategic objectives and measures; thereby concluding the design of the BSC measurement system. Implementation plan For a BSC measurement system to create value, it must be integrated into the management system of the organization. The final step of the process entails three primary tasks: (a) Identifying the current practices in various management processes (b) Evaluating opportunities for integrating the BSC into the management process (c) Developing an implementation plan This step typically reviews the client’s approach to data reporting and review, management meetings and decision-making, strategic learning, strategic communication, personal objective setting, planning and budgeting. Organizations that have employed the BSC for some time and have successfully integrated the tool into their management processes would begin to see significant financial and operational results in the days to come. Others would describe the intangible benefits gained from being able to “ understand the drivers of business success” and “ educate the organization, deciding how, when and where to raise their working levels.” By developing a BSC that represents the business strategy of the organization, one can lay the foundation for a management system that is capable of driving dramatic improvements in performance.

The BSC provides a framework to translate strategy into operational terms so that it can be effectively communicated, understood, and acted upon. The process: align strategy with organization and resources, leverage hidden assets and knowledge, link people and processes, and create strategic feedback systems that accelerate corporate performance. The result: making strategy work – rapidly, measurable, knowledgeably. The need for speed in achieving business results has never been greater. The time to turn strategy into action is now. A strategic readiness assessment is the place to start.

Example: Enterprise performance management solution will create overall corporate view of business. Fortis, the fourth largest general bank and one of the largest insurers and asset managers in the Netherlands, has chosen a Balanced Scorecard, to help it with business planning across its multiple business units. Fortis already has a business model in place for its business planning, called Fortis Excellence. It has incorporated the BSC, developed by Robert Kaplan and David Norton, into this model. This combination will provide controllers and managers with an overall view of the business, making it easier to share information and develop business plans.

The Fortis group includes a large number of divisions under seven business units. Because many of the companies in the Fortis group work closely together, they needed a model that provides an overall view of the business. It is important to make information available to management in a structured and uniform way throughout the entire organization. By ensuring that everybody speaks the same language, valid comparisons between business units could be made and sharing information of such practices becomes easier. Another primary output of the deployment phase entails creating an organizational infrastructure to design and execute action plans are part of the implementation phase of the strategic management system. Accomplishing action plans leads to achieving the objectives defined during strategic planning. Implementation efforts include determining the appropriate activities for achieving objectives, executing actions, monitoring results, and sustaining improvements. A measurement system links activities undertaken by improvement teams to perform the objectives.

It also enables management to determine how well action plans are being implemented and whether the action plans is linked to the strategic objectives and ultimately the vision. Implementation processes are linked in a systematic manner through the “ plan-do-study-act” (PDSA) cycle. Formalizing implementation processes through specific problem-solving methodology often improves team effectiveness and enables more consistent delivery of strategic objectives. Performance measurement: A performance measurement system enables the organization to ensure its tracking along an appropriate path as it moves from its current state to a future state.

The vision and mission statements are the foundation of an effective performance measurement system. With a direction and a reason for existing in place, quantitative objectives can be defined to determine progress towards the vision. Several measurement concepts should be considered as the measurement system is designed: the balanced control panel, linking the vision to individual and group activities, and the PDSA cycle as a control system. The BSC tightly integrates the key business measures into a few manageable metrics, so that management has the necessary data to quickly assess the health of the organization along several fronts. It is characterized by a control panel similar to that found in automobiles or airplanes. Managers leading the organization use the gauges on the control panel to assess and modify action over time.

The BSC provides a holistic view of the short and long-term health of the organization, by having metrics established in each of the basic elements. Conversely, this implies that the vision statement also addresses each of these elements. The four elements of the BSC do not stand by themselves.

A series of relationships has been proposed, with financial performance being the ultimate lagging indicator. As an approach for defining the critical metrics for each element in a balanced scorecard, the use of a stakeholder diagram is useful. Evaluating the requirements of each stakeholder of the organization serves as a starting point for creating the balanced scorecard. Upstream and downstream of the A targeted system or organization under consideration are the suppliers and 1 customers, respectively. Linking measures to action or results into an effective measurement system links the vision with daily activities. Individuals and groups 1 understand their contribution in achieving the vision.

The quantified objectives that define the vision are outputs of the strategic planning. The objectives are deployed to individuals or groups that will develop the strategies and action plans for achieving the objectives. The process, from defining the objectives to developing action plans, which, when executed, will achieve the objectives, is one of three critical measurement linkages.