

## A balancing act

Written by Jacqui Burke of Flourishing People

The balanced scorecard approach to management suggests that businesses shouldn't measure their success purely in financial terms, but that we should look at all of the factors that contribute to the success of the business. So for example, you may have a great financial plan but if your relationship with your customers is poor you are unlikely to see great success.

The first step towards a balanced scorecard is for the business to identify 4-6 areas where it needs to be successful, and to agree key goals for those areas. These might include customers, staff, product and service innovation, and let's not forget the financials.

The scorecard approach then encourages the business to answer some critical questions about its performance:

- What do we need to achieve in each of these areas?
- How will we measure our performance?
- What do we need to focus on to keep on track?

It provides a clear focus on what's really important. And if cascaded to people throughout the business, it also provides everyone with clarity about where they fit into the picture, so building motivation and commitment through a shared sense of pride in the achievements of the business.

Making a scorecard approach come to life involves a number of key enablers:

- Involvement of a wide cross-section of the team in agreeing the performance measures ensures buy in and builds understanding of each others areas of responsibility
- Making it real by cascading corporate objectives down into the work objectives of every individual within the business, making it a fundamental part of how people's performance is managed, ensures that everyone is pulling in the same direction
- Excellent IT systems allow the business to record and report on the critical data required with ease and accuracy.

*Reference: The Balanced Scorecard - Measures that drive performance - Kaplan & Norton (Pub'd HBR Jan 1992)*

Published by TNG Networker Magazine 2005