**Balanced Scorecard**

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The **Balanced Scorecard (BSC)** is a strategic performance management tool that enables organizations to monitor and manage performance by balancing financial and non-financial measures. It was developed by Robert Kaplan and David Norton.

**Key Perspectives of BSC:**

1. **Financial Perspective**: Tracks financial performance, such as revenue growth and profitability.
2. **Customer Perspective**: Measures customer satisfaction and retention.
3. **Internal Business Processes Perspective**: Focuses on operational efficiency and process improvements.
4. **Learning and Growth Perspective**: Examines innovation, employee skills, and development.

**Benefits of BSC:**

* Aligns business activities with the vision and strategy of the organization.
* Enhances decision-making by providing a comprehensive view of performance.
* Encourages strategic focus and organizational learning.

**Introduction to Strategic Control and Evaluation**

Strategic control and evaluation involve monitoring and assessing the implementation of strategic plans to ensure that organizational goals are achieved effectively and efficiently.

**Types of Strategic Controls:**

1. **Premise Control**: Ensures the assumptions underpinning the strategy remain valid.
2. **Implementation Control**: Tracks the progress of strategy execution.
3. **Strategic Surveillance**: Monitors a broad range of internal and external factors that may affect the strategy.
4. **Special Alert Control**: Focuses on critical and unexpected events requiring immediate action.

**Evaluation Process:**

1. Establish performance standards.
2. Measure actual performance.
3. Compare performance with standards.
4. Take corrective actions, if necessary.

**Strategic Surveillance**

Strategic surveillance is a broad-based and continuous monitoring process designed to identify changes in the environment that could impact an organization's strategy.

**Features of Strategic Surveillance:**

* **Wide Focus**: Covers internal and external environments.
* **Continuous Process**: Regularly gathers information to detect early signs of change.
* **Flexible Scope**: Adapts to emerging issues and trends.
* **Objective**: To ensure the strategy remains relevant and effective amidst changing circumstances.

**Tools for Strategic Surveillance:**

* Environmental scanning.
* Competitive intelligence.
* Market trend analysis.

**Case Study: Implementation of Balanced Scorecard at XYZ Corporation**

**Background:** XYZ Corporation, a global manufacturing company, faced challenges in aligning its operational activities with its long-term strategic objectives. Despite achieving steady financial growth, the company struggled with customer satisfaction, employee engagement, and internal processes. The leadership realized that focusing solely on financial measures was insufficient to assess the full spectrum of performance.

In response, the company decided to implement the **Balanced Scorecard (BSC)** to improve alignment between strategy and execution across the entire organization.

**1. Implementation of Balanced Scorecard (BSC)**

XYZ Corporation introduced the BSC across four key perspectives:

**Financial Perspective:**

* **Objective**: Increase profitability and maximize shareholder value.
* **Measure**: Profit margin, return on investment (ROI), revenue growth.
* **Target**: Achieve a 15% growth in ROI over the next three years.

**Customer Perspective:**

* **Objective**: Enhance customer satisfaction and loyalty.
* **Measure**: Customer satisfaction index, customer retention rates, net promoter score (NPS).
* **Target**: Improve customer satisfaction by 20% in 12 months.

**Internal Business Processes Perspective:**

* **Objective**: Improve operational efficiency and reduce defects.
* **Measure**: Process cycle time, product defect rates, order fulfillment time.
* **Target**: Reduce product defects by 25% within 12 months.

**Learning and Growth Perspective:**

* **Objective**: Foster a culture of innovation and continuous employee development.
* **Measure**: Employee training hours, innovation rate (new product launches), employee satisfaction scores.
* **Target**: Provide 40 hours of training per employee annually, introduce 3 new products per year.

**2. Strategic Control & Evaluation Process**

After implementing the BSC, XYZ Corporation focused on continuous monitoring and evaluating its strategic plan.

**Premise Control:**

The company periodically reviewed assumptions about market trends, technological changes, and customer preferences. As global demand for eco-friendly products rose, XYZ adjusted its strategies to prioritize sustainability.

**Implementation Control:**

Managers tracked performance against the BSC’s KPIs (key performance indicators) in regular meetings. A monthly review process was established to assess progress in financial, customer, internal processes, and learning outcomes.

**Special Alert Control:**

XYZ implemented special alert control for high-priority initiatives, such as the launch of a new product line. If any significant issues arose during the product development phase (e.g., supply chain disruptions), immediate action was taken to resolve them.

**3. Strategic Surveillance**

To adapt to external changes, XYZ Corporation continuously monitored industry trends, competitive activity, and technological innovations. Here’s how strategic surveillance was applied:

**External Monitoring:**

* **Market Trends**: The company set up an internal team to analyze changes in consumer behavior, focusing on the demand for green and sustainable products. This helped them stay ahead of competitors and align product development accordingly.

**Internal Monitoring:**

* **Employee Feedback**: The company conducted regular surveys to gauge employee morale and identify areas for improvement in learning and development. This information was used to refine training programs and ensure a motivated workforce.

**Competitor Analysis:**

* **Competitive Intelligence**: XYZ tracked competitor product launches, pricing strategies, and customer service innovations. This information helped the company adjust its own offerings to remain competitive.

**Technology Watch:**

* XYZ implemented a **technology surveillance** system to keep track of advancements in automation and AI, which allowed them to innovate in manufacturing processes.

**4. Results and Benefits**

Within two years of implementing the Balanced Scorecard, XYZ Corporation saw significant improvements in both performance and strategy alignment:

* **Financial Gains**: A 20% increase in profitability due to a more targeted approach to cost reduction and revenue generation.
* **Customer Satisfaction**: Customer satisfaction scores rose by 18%, driven by improvements in product quality and customer service.
* **Operational Efficiency**: Product defects decreased by 22%, and order fulfillment times improved by 15%.
* **Employee Development**: Employee training hours increased by 35%, and the company launched 4 new products in the first year.

Strategic surveillance helped XYZ stay ahead of market shifts, ensuring that their strategies remained relevant even in rapidly changing market conditions.

**Conclusion**

XYZ Corporation’s use of the Balanced Scorecard, combined with strategic control and evaluation, and effective strategic surveillance, enabled the company to maintain a well-balanced approach to performance management. By monitoring both internal and external factors, they ensured their strategy was continuously updated and aligned with business goals. The result was a more agile and performance-driven organization that could respond effectively to changes in the market.

This case study illustrates how the integration of BSC, strategic control, and surveillance provides organizations with a powerful framework to measure and manage performance while staying adaptable in a dynamic business environment. Let me know if you'd like more details or additional examples!