

## Creating a Balanced Scorecard

*Jeff Bernard began working with the Balanced Scorecard during his Mobil Oil career in the mid 1990's. J Bernard Associates incorporated the Balanced Scorecard in the planning process and it is used by all his Marketer clients. The following is a brief explanation of the concept.*

The balanced scorecard (created by Robert S. Kaplan, David P. Norton) is a management tool that helps track business performance, align employees with strategies and monitor progress toward achieving specific objectives.

- ✓ The scorecard is balanced by four perspectives; Financial, Customer, Internal and Learning & Growth.
- ✓ Traditionally management judged business performance based on financial success and in reality without financial success businesses can not prosper.
- ✓ However, other measures that lead to financial success are also important to the health and long term well being of a business.

The strategic objectives and the goals identified in the objectives are the basis for the balanced scorecard.

- ✓ Objectives may have more than one goal and impact more than one perspective.
- ✓ Each goal should only be included in the one perspective that is most relevant to that goal.
- ✓ Again simplicity is paramount in creating a scorecard and the number of goals should be no more than 12 to 16.
  - The Financial perspective ( how you shareholders or owner view the company) might include sales, growth versus industry, gross margins, return on capital, or operating expenses.
  - The Customer perspective (how your customers view the company) might include customer satisfaction, shopper surveys, customer complaints or customer retention rates.
  - The Internal perspective (how successful are the processes used to operate the company) might include billing turnaround time, best practice implementation, or system improvements implemented.
  - The Learning & Growth perspective (how your employees view the company) might include employee retention rates, employee satisfaction, action items completed, training development implementation, or number of employees promoted