

Presentation on BALANCED SCORECARD



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Presentation Covers.

- Brief concept about Balance Scorecard.
- Basis for adaptation of Balance Scorecard.
- How BSC benefits the organisation.
- Different perspectives of BSC.
- Aims of respective perspectives.
- Purpose of Balance Scorecard.
- Pre requisites for success of BSC.
- Essential process for BSC implementation.
- Model Balance Scorecard.
- Important traits of Mentor/Appraiser.



BALANCED SCORECARD

- ⦿ Balanced Scorecard is a performance measuring tool, aligned with company's vision and mission strategies. It is a semi standard structured report.
- ⦿ Balanced Scorecard is used to measure the financial and non-financial performance of the organisation.
- ⦿ Balanced Scorecard was developed by Dr.Robert Kaplan and Dr.David Norton in 1992.

Measuring Performance

Traits Methods

- 1) Graphic rating scales.
- 2) Ranking methods.
- 3) Paired comparison method.
- 4) Forced distribution method
- 5) Checklist methods
 - Simple Checklist
 - Weighted Checklist
 - Forced choice method
- 6) Easy/Free form appraisal.
- 7) Group appraisal.
- 8) Confidential reports.

Behavioural Methods

- 1) Behaviour checklist method.
- 2) Critical incident method.
- 3) Behaviourally anchored rating scales.
- 4) Behavioural observation scales.
- 5) Assessment centre.
- 6) Psychological appraisal.

Results Methods

- 1) Productivity Measures.
- 2) **BALANCED SCORECARD**
- 3) HRD Scorecard.
- 4) HR Accounting.
- 5) MBO.

Basis for Scorecard adaptation

1) Broad vision, mission and
commitment of the
organisation

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2) Effective performance
planning and management

1) Vision, Mission and Commitment

Vision is a broad statement of long term future of an organisation. It is an end result of the organisation.

Mission is a statement about the chief purpose and objectives of an organisation. It describes how an organisation will fulfill it's vision.

Commitment refers determining measures, mechanisms and values followed in achieving the mission objectives, governed by the vision.

Basis for Scorecard adaptation

2) Effective performance planning & mgt

Performance planning: Pre determine the tasks and align with men by considering all related factors.

Performance management:

- a) Assigning the tasks (consider KRAs, KPAs & KPIs).
- b) Monitoring the tasks.
- c) Reviewing the tasks.
- d) Adjusting the tasks in accordance with expected targets/results.

How does Balance Scorecard benefits the Organization

- ① It convert the strategies into objectives.
- ① It align the work in accordance with the objectives.
- ① It prioritise the tasks.
- ① It facilitate to measure individual/team/department/organisation progress against the targets.

PILLARS OF BALANCE SCORECARD

- ◎ **FINANCIAL PERSPECTIVE** -focus on- Financial Performance.
- ◎ **INTERNAL PROCESS PERSPECTIVE** -focus on- Quality and Efficiency of Product/Service.
- ◎ **CUSTOMER/PEOPLE PERSPECTIVE** -focus on- Customer Satisfaction/People Wellbeing.
- ◎ **LEARNING & GROWTH PERSPECTIVE** -focus on- Employee Skills and Knowledge.

Aims of respective perspectives

Financial Perspective aims :

1. To increase revenue.
2. To increase Profitability.
3. To decrease operating costs.
4. To decrease liabilities.

Internal Process Perspective aims :

1. To improve quality of products & services.
2. To evaluate market-trends/social needs.
3. To introduce new products & services.
4. To emphasize on long term relationships.

Aims of respective perspectives

Learning & Growth perspective aims:

1. To develop employee abilities.
2. To manage career/talent.
3. To increase employee satisfaction and retention.

Aims of respective perspectives

Customer Perspective aims :

1. To improve market information.
2. To improve customer acquisition.
3. To improve customer satisfaction and retention.

People Perspective aims :

1. To improve people information.
2. To improve people wellbeing & interest.
3. To improve people esteem and loyalty.

The ultimate purpose of Balanced Scorecard ?

Mention how can each job address these four parameters.

FINANCIAL

How should we appear to our shareholders?

CUSTOMER

How should we appear to our customers?

LEARNING & GROWTH

How will we improve to compete with the talent in the market?

INTERNAL PROCESS

What products and services should we excel?

Each job should be divided into the following sections.

Org-requisites for success of BSC

- 1.) Practical viability.
- 2.) Reliability of persons and validity of procedures).
- 3.) Job relatedness.
- 4.) Standardisation.
- 5.) Proper training to appraisers.
- 6.) Open communication.
- 7.) Employee access to results.
- 8.) Justified treat on grievances related to performance feedback..
- 9.) Establish an environment of continuous growth improvement.
- 10.) Provide opportunity for individuals to grow both personally and professionally.

Process for Scorecard implementation

- 1) Translate the strategy into a scorecard of clear objectives.
- 2) Determine measures to each objective and mention how to achieve them by employees.
- 3) Cascade score cards to all level employees and enable them to understand how their jobs and duties are aligned with goals and objectives.
- 4) Empower employees for performance improvements.
- 5) Provide feedback to employees, how they are accountable to goals, what extent they have achieved and reasons for failure to achieve the unaccomplished ones.
- 6) Make adjustments to the performance based on feedback to achieve goals properly.

Model BSC of Sales Manager

S.No	Perspective	Measure	Weightage /Scores	Remark
1	Financial	• Achieve sales target defined in budget.	15%	
		• Minimise outstanding to 30 days.	10%	
2	Customer	• Increase in new accounts over last year.	10%	
		• Increase in accounts over last year.	10%	
		• New market Identification.	5%	
3	Process	• Increase productive sales call by 10%.	10%	
		• Increase market penetration by 10%.	10%	
		• Circulation of monthly MIS by every month.	10%	
4	Learning & Growth	• Team training on products and market knowledge.	10%	
		• Sales training.	10%	
			100%	

Model BSC for Operations Head

S.No	Perspective	Measure	Weightage /Scores	Remark
1	Financial	• Increase revenue share by 9% in 20 19-20.	15%	
		• Maintain operation expenses at x % of revenue.	10%	
2	Customer	• Customer satisfaction score to be improved by 9% from last year.	10%	
		• Maintain Customer retention rate more than 10% over last year.	10%	
		• Increase customer confidence in our service by 10%.	5%	
3	Process	• Introduce two new products.	10%	
		• Increase market penetration by 10% .	5%	
		•Improve efficiency of service by 10% over last year.	8%	
		• Develop a robust plan for crisis recovery.	7%	
4	Learning & Growth	• Emphasize skills training.	7%	
		• Recruit and retain top talent.	8%	
		• Ensure competitive growth, compensation and benefits.	5%	
			100%	

Model BSC of HR Manager

S.No	Perspective	Measure	Weightage /Scores	Remark
1	Financial	• Recruitment expenses to be reduced by 10% from last year.	15%	
		• Maintain budgeted staffing.	10%	
2	Customer/ People	• Employee satisfaction score to be improved by 5% from last year.	10%	
		• Maintain attrition at less than 10%.	10%	
		•KRA setting to be done for all employees.	5%	
3	Process	• Implement two new HR best practices.	10%	
		• Increase training man hours by 2 hrs per employee over last year.	10%	
		• Circulation of HR dashboard by 5 th of every month.	10%	
4	Learning & Growth	• Strengthen individual capability by arranging level wise training programme .	10%	
		• Implement competitive growth, compensation and other benefits.	10%	
			100%	

STAKEHOLDERS

Finance

Customer Satisfaction

Internal Process

Learning & Growth

GOVERNMENT/
AUTHORITIES

People Wellbeing

Finance

Internal Process

Learning & Growth

**Integrated
approach**

Imp traits of a Mentor/Appraiser:

- 1.) Wider perception and outlook.
- 2.) Self awareness and Self management.
- 3.) Sense of compassion(human considerate).
- 4.) Unperturbed-mind(emotionally balanced).
- 5.) Motivational and Inspirational.
- 6.) Fair delegation and authorisation.
- 7.) Good articulacy(efficient communicator).
- 8.) Open minded for being transformed.
- 9.) Always be a servant leader and empathiser.
- 10.) Must be enthusiastic and a good BSC savvy.

