

# BALANCED SCORECARD

## FREQUENTLY ASKED QUESTIONS

### **What is Balanced Scorecard?**

Balanced Scorecard is used as a performance management system in business, government, and non-profit organizations. It was first introduced in 1992 by Robert S. Kaplan and David P. Norton to provide a more holistic view of the business as opposed to a solely financial approach, which was popular at the time. While financial measures provide a lagging indicator of organizational success, Kaplan and Norton argued that there are leading indicators that can predict financial performance.

### **What are the four organizational perspectives?**

- Financial: “How should we appear to our stakeholders?”
- Internal Business Process: “What business processes must we excel at?”
- Customer: “How should we appear to our customers?”
- Learning & Growth: “How will we sustain our ability to change & improve?”

### **What are the potential benefits of using Balanced Scorecard?**

- Promotes accountability
- Clearly communicates vision and strategy to organization
- Creates a feedback loop for organizational learning
- Aligns organization vision with human and capital resources and with day-to-day operations

### **What metrics should be used in Balanced Scorecard?**

Metrics should be created around the four organizational perspectives: financial, customer, internal business process, and learning and growth. Each organization’s metrics will be unique and tailored to their business. Creating these metrics is a strategic process and should align with the organization’s vision and goals.

### **What are best practices in developing a Balanced Scorecard?**

- Executive level sponsorship
- Change management
- Concise and focused measures
- Participatory approach – involving staff in creation and discussion of BSC
- Valid data, realistic benchmarks

### **Can Balanced Scorecard be applied to higher education?**

Institutes of higher education are increasingly looking to performance management systems to show accountability to both funders and customers. Balanced scorecard can provide a strategic approach that addresses business, customer, and financial performance.



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## TEMPLATE

BSC Scorecard Template											
Customer Perspective						Financial Perspective					
STRATEGY No.	MEASURE	FREQUENCY	ACTUAL	TARGET	STATUS	STRATEGY No.	MEASURE	FREQUENCY	ACTUAL	TARGET	STATUS
CP1	Example: Student Retention	FY	99%	100%	●	FP1	Example: Number of Donors	FY	1500	1700	◆
CP2						FP2					
CP3						FP3					
Internal Process Perspective						Learning & Growth Perspective					
STRATEGY No.	MEASURE	FREQUENCY	ACTUAL	TARGET	STATUS	STRATEGY No.	MEASURE	FREQUENCY	ACTUAL	TARGET	STATUS
IP1	Example: Percent of processes mapped	FY	90%	100%	▲	LG1	Example: Employee Satisfaction	FY	3.65	4	▲
IP2						LG2					
IP3						LG3					

Key	
Q = Quarterly	● >= 95% target
FY = Annual	▲ >= 90% target
BA = Bi-Annual	◆ < 90% target
Mthly = Monthly	