

# ***Balancing Scores***

*Driving Business Performance*

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Process improvement programs are like teaching people how to fish. Strategy maps and scorecards teach people where to fish.

— *Robert S. Kaplan* —

AZ QUOTES



## *About Balance Scorecard*

The Balanced Score Card is a strategic performance management system that translates the vision and strategy of an organization into operational objectives and measures. Objectives and measures are developed for each of four perspectives:

*The financial perspective*

*The customer perspective*

*The process perspective*

*The learning & growth perspective*

The objectives of these four perspectives are linked to provide strategic feedback to the managers through cause & effect relationship.



## About Balance Scorecard...contd.

### *Balancing*

- ❖ Short + Long term objectives
- ❖ Financial + Non-financial measures
- ❖ Lagging + Leading performance drivers
- ❖ Internal + External performance perspectives
- ❖ Objective + Subjective performance measures
- ❖ Tangible + Intangible assets

### *Scores*

- ❖ Measureable performance indicators for each perspective
- ❖ Desired Outcome + Their performance drivers

## About Balance Scorecard...contd.



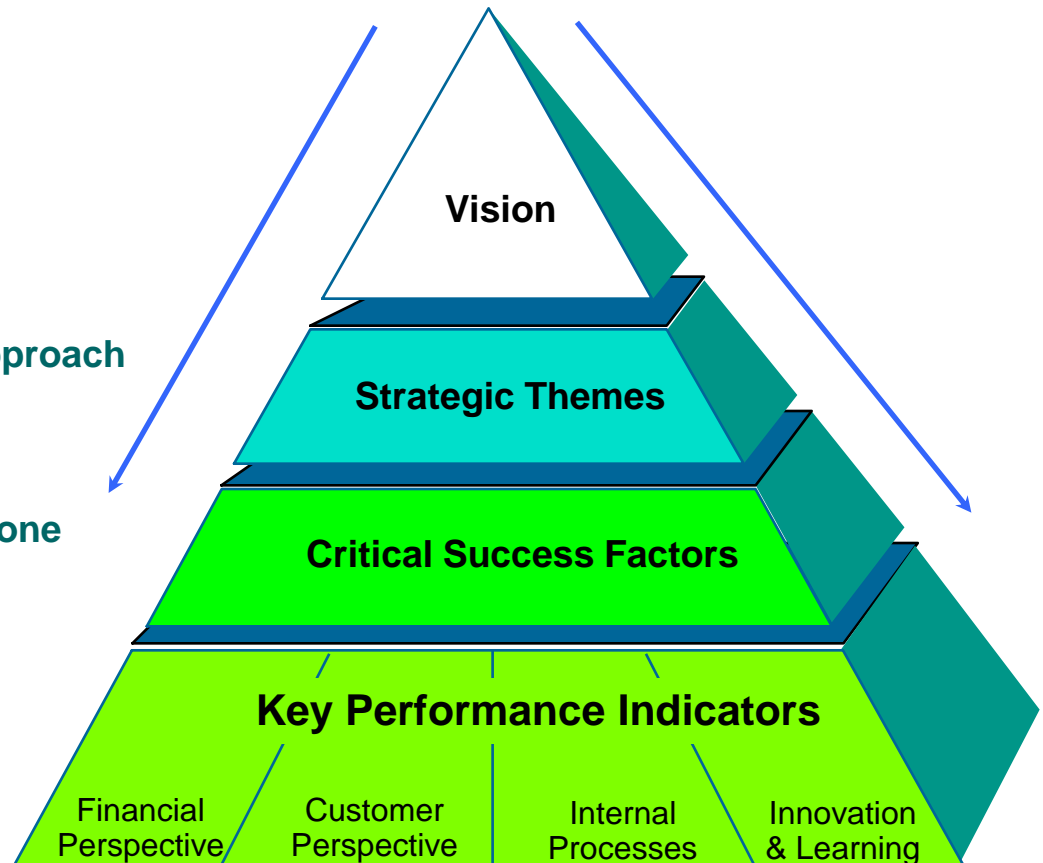
# Measuring Business Performance Through Actionable Indicators

**Purpose, why we exist -where the organization is headed**

**How to get there, and fundamental approach to competitive advantage**

**Strategically important things to be done well, to accomplish strategic goals**

**How well the company is doing**



# Cause and Effect Linkages

**Financial**  
"Increasing shareholders value"

**Customer**  
"The customers delight"

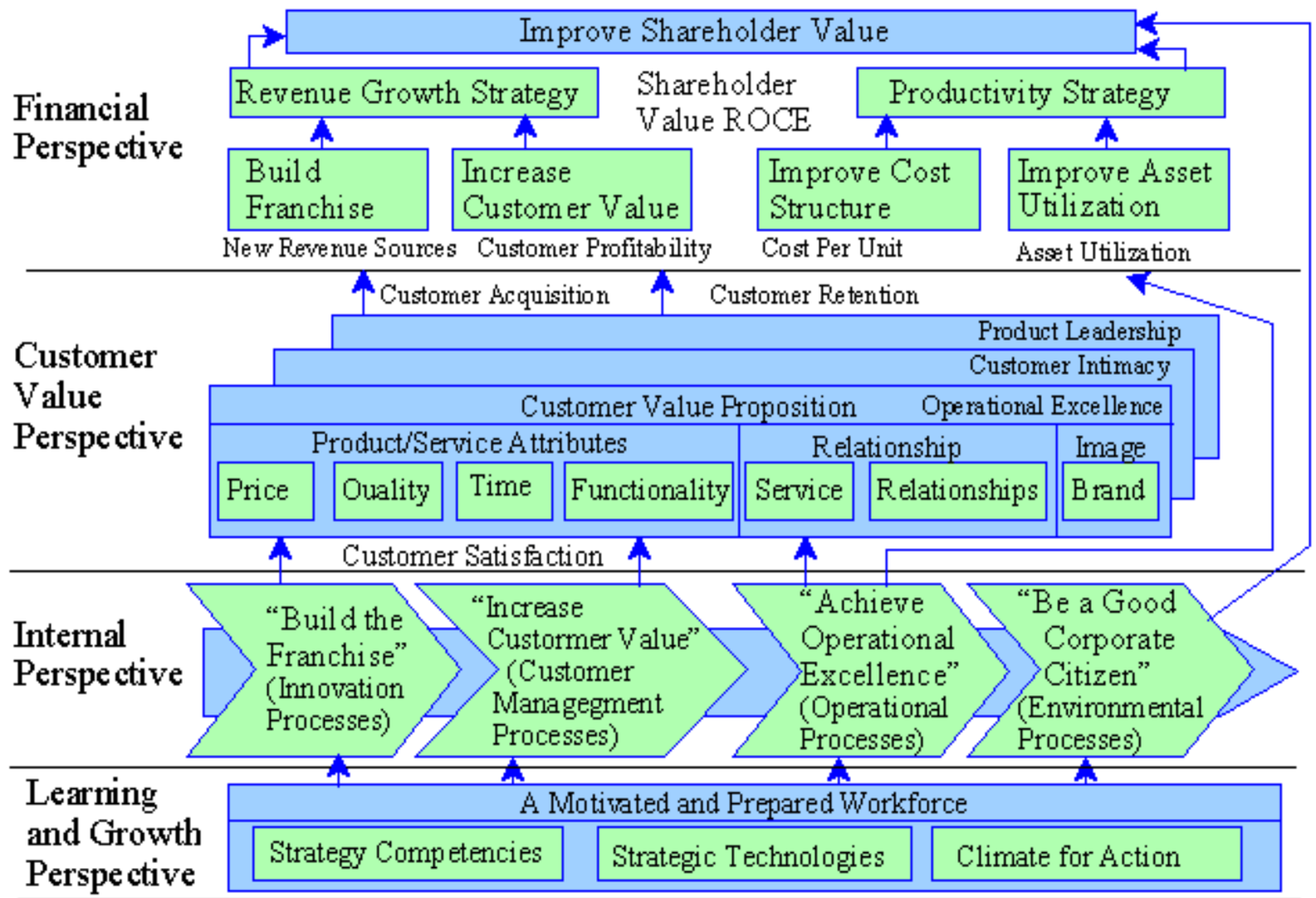
*Not the right place to start* ✘

**Internal Processes**  
"Doing the right things..."

**Strategic Capabilities**  
"have the right skills & technology..."

*The right place to start* ✔

# The Balanced Scorecard Generic Strategy Map\*



\* Adapted from Kaplan & Norton Figure 3-15 page 96.



# Developing Balance Score Model

## Financial

- How do we look to **shareholders**?
- What are the business **performance levers** we use to create value?
  - **Return** (Profitability, Productivity, Asset utilization, Risk management)
  - **Growth** (Sales growth, Sales mix - existing versus new products, markets)

## Internal Process

- At what must we **excel**?
- What is the **value chain** of internal processes through which we:
  - Deliver on our value proposition(s) to targeted customer/ market segments? Create value for shareholders?
- What key processes will it take to move from identifying customer needs to satisfying them?
- What are our **core competencies** ?

## Customer

- How do we look to **customers**?
- Who are our customers; what customer/ market **segments** do we serve?
- What is our **value proposition**; i.e., what do customers *in each segment* expect & value from us?

## Organizational Capability

- Can we continue to improve & create value in the future?
- To achieve our vision, how must we **learn, innovate, & improve**?
- What enabling capabilities do we need in order to execute our strategy?
  - Skills & competencies
  - Knowledge assets & best practices
  - Organizational context, climate, culture
  - Technology

# Making Balance Scorecard Successful



Adapted from Kaplan and Norton's Figure 1-3, page 9.



# Thanks!

## About CMA Pankaj Jain

Seasoned CMA with spirit of entrepreneurship and having over 24 years of diversified experience across wide spectrum of industries while working at India and overseas with proven track record of aligning strategies with business and building trust based relationships globally.

Have managed numerous strategic business initiatives involving Venture Formation, Business Modelling, Strategic Financial Planning, Corporate Alliances, Mergers, Demergers, Acquisitions, Divestments, Cost Optimization, Business Restructuring, Capital Structuring, Corporate Governance and Corporate Financing for successful businesses with global foot prints and hold distinction of turning around the financial position of company through dynamic initiatives.

A post graduate in commerce from Meerut University and has affiliations with leading professional bodies such as Institute of Cost Accountants of India, Institute of Company Secretaries of India, Indian Institute of Management, Calcutta, Institute of Directors, All India Management Association, Institute of Internal Auditors, Computer Society of India and is also founder of Young Entrepreneurs Network and Indian Society of Management Accountants.