

The Balanced Scorecard: A Tool for Enhancing Vision and Getting Results

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Not long ago, those seeking to improve organizational performance promoted the mantra “If you can’t measure it, it’s not worth doing.” But business isn’t that simple. In 1999, a report from Ernst & Young noted “a growing body of evidence revealing that reliance on financial measures alone will critically undermine the strategies leading-edge companies must pursue to survive and thrive long term.” Surely, those things you couldn’t measure were also important – but how do you account for them and incorporate them into your strategy?

The Balanced Scorecard: In the 1990s, Dr. Robert Kaplan and David North developed a tool called the Balanced Scorecard. The tool allowed leaders to balance financial measures against other important components of organizational performance, including service to customers, internal business processes, and the development of human capacity. Over the years, the Balanced Scorecard has become a highly sophisticated tool for creating strategies and aligning business operations with those strategies. Today, it is used by more than 57% of businesses worldwide.

The Balanced Scorecard can be used to achieve a number of organizational objectives. For example, according to Bain & Company, it can be used to:

- Clarify or update a business’s strategy
- Link strategic objectives to long-term targets and annual budgets
- Track the key elements of the business strategy
- Incorporate strategic objectives into resource allocation processes
- Facilitate organizational change
- Compare performance of geographically diverse business units
- Increase company-wide understanding of the corporate vision and strategy

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Mapping the Scorecard: While the Balanced Scorecard allows leaders to create strategies that reflect a complete understanding of all facets of their operation, leaders still face the difficult task of aligning performance with strategies and communicating the importance of strategic objectives across the organization. At Route 2, we provide Visual Mapping solution that clearly represent strategic objectives, assign accountability to people within the organization, and provide clear pictures of the processes that must be changed to support strategy.



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Comprehensive solutions that improve leadership performance and tangible business results.