



## THE BALANCED SCORECARD METHOD: FROM THEORY TO PRACTICE

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**Abstract.** Performance management has become a legislative requirement for the private and local sectors. Unfortunately, not many tools exist to measure and monitor public and private service delivery effectively. Managers require accurate information to ensure that their decisions are not based on emotions and assumptions but that the information with regard to service delivery is accurate and relevant. In modern business models, intangible assets such as employee skills and knowledge levels, customer and supplier relationships, and an innovative culture are critical in providing the much-needed cutting-edge to the organisation. This is where tools like the balanced scorecard method hold relevance for the enterprise. Developed by Robert Kaplan and David Norton, the balanced scorecard method translates an organisation's strategy into performance objectives, measures, targets and initiatives. It is based on four balanced perspectives, and links them together with the concept of cause and effect. A proper balanced scorecard can predict the effectiveness of an organisation's strategy through a series of linked performance measures based on four perspectives including finance, customers, internal processes, employee learning and growth.

**JEL Classification:** G390, M190.

**Keywords:** balanced scorecard, strategy maps, performance measurement

**Reikšminiai žodžiai:** subalansuoti rodikliai, strateginiai žemėlapiai, veiklos išmatavimas.

### Introduction

Balanced scorecard is a management system that enables organizations to translate the vision and strategy into action. This system provides feedback on internal business processes and external outcomes to continually improve organizational performance and results. Robert Kaplan and David Norton created the balanced scorecard approach in the early 1990s. Most traditional management systems focus on the financial performance of an organization. According to those who support the balanced scorecard, the financial approach is unbalanced and has major limitations:

1. Financial data typically reflect an organization's past performance. Therefore, they may not accurately represent the current state of the organization or what is likely to happen to the organization in the future.

2. It is not uncommon for the current market value of an organization to exceed the market value of its assets. There are financial ratios that reflect the value of a company's assets relative to its market value. The difference between the market value of an organization and the current market value of the organization's assets is often referred to as intangible assets.

Traditional financial measures do not cover these intangible assets.

The main purpose of this article is to analyse the Balanced Scorecard method theory and practice. The article seeks to analyse the origins of the Balanced Scorecard method, evaluate this method in private and public sectors, and to analyse the strategy mapping process.

## 1. Origins of the Balance Scorecard Method

The Balanced Scorecard was developed by Robert Kaplan and David Norton (1992). In 1990, Kaplan and Norton led a research study of a lot of companies with the purpose of exploring the new methods of performance measurement. The importance of the study was a growing belief that financial measures of performance were ineffective for the modern business enterprise. Representatives of the study companies, along with Kaplan and Norton, were convinced that reliance on financial measures of performance had an affect on their ability to create value. The group discussed a number of possible alternatives but settled on the idea of a scorecard, featuring performance measures capturing activities from throughout the organization—customer issues, internal business processes, employee activities, and of course shareholder concerns. Kaplan and Norton introduced the new tool the Balanced Scorecard and later summarized the concept in the first of three *Harvard Business Review* articles, “The Balanced Scorecard—Measures That Drive Performance.”

The Balanced Scorecard has been translated and effectively implemented in both the nonprofit and public sectors. Success stories are beginning to accumulate and studies suggest the Balanced Scorecard is of great benefit to both these organization types.

What is a Balanced Scorecard? The Balanced Scorecard can be understood as a management system, which is structured according to the logic of the management circle (“plan-do-check-act”). The Balanced Scorecard resembles a typical management fashion. For instance, Van den Heuvel & Broekman wrote that “a self-respecting organization apparently can no longer do without the Balanced Scorecard” (1998) and Hers (1998) pointed to an abundance of congresses, seminars and publications on the theme. In crescendo, commentators spoke of “a real trend” (Koning & Conijn, 1997), “a fad-like impression” (Du Mée, 1996) and “a true hype” (Hers, 1998). Such statements suggest that the Balanced Scorecard has become popular and brought about many changes in a variety of organizations. If the quoted authors are right, the Balanced Scorecard even resembles a typical management fashion.

Kaplan and Norton position the Balanced Scorecard as a tool for organisations to manage the demands of relevant stakeholders and to translate strategies into action (“from strategy to action”). Possible stakeholders that are strategically relevant could be shareholders, customers or employees. Their demands are integrated into core management of com-

panies within a “financial”, “customer” or “learning” or “process” perspective (see Figure 1 below). So, the frame of the Balanced Scorecard consists of *four perspectives* (see Figure 1). Each perspective consists of relevant strategic goals, indicators and measures to achieve them. One should emphasize the fact that the concept remains open for integrating further relevant stakeholders or perspectives, e.g. an environmental perspective (Kaplan and Norton 1997, pp. 33). When conceiving the BSC, Kaplan and Norton, maintained that companies lack sophisticated tools for the management of intangible or qualitative assets (e.g. customer satisfaction, processes quality, infrastructures, know-how). Intangible assets, however, seem vital in order to stay competitive in the future. So, the Balanced Scorecard provides ‘enablers’ that focus on the achievement of strategic goals in the future (*leading indicators*) as well as results (*lagging indicators*) to depict the effectiveness and efficiency of measures in the past. Strategies can be usually interpreted as a set of hypotheses of *causes and effects*. So within a BSC the relevant goals and corresponding indicators are linked to each other revealing this structure of causal relationships. Such relationships are both relevant within each perspective and also between them. Objectives of the “learning” perspective, for instance, serve as ‘enablers’ for the achievement of goals of the other ‘overarching’ perspectives (e.g. customers, finance).

The BSC was originally created primarily as a measurement system and as an answer to a criticism concerning the unilateral measurement of the performance ability of a company. It was organised through four different perspectives:

- *The financial perspective:* to succeed financially, how should we appear to our shareholders? Examples of this perspective include financial ratios and various cash flow measures.
- *The customer perspective:* to achieve our vision, how should we appear to our customers? Examples of this perspective include the amount of time spent on customer calls and customer survey data.
- *The internal perspective:* to satisfy our shareholders and customers, what business processes must we excel at? The internal business processes that are often classified as mission oriented and support oriented. Examples of this perspective include the length of time spent prospecting and the amount of rework required.
- *The learning perspective:* to achieve our vision, how will we sustain our ability to change

and improve? Includes employee training and organizational attitudes related to both employee and organizational improvement. Examples of this perspective include the amount of revenue that comes from new ideas and measures of the types and length of time spent training staff.

The starting point of the Balanced Scorecard is the vision and the strategy of a company. The BSC takes the vision and the strategy as a given - the BSC should translate a business unit's mission and strategy into tangible objectives and measures. The measurement focus of the BSC is used to accomplish the following management processes: 1) clarifying and translating vision and strategy, 2) communicating and linking strategic objectives and measures, 3) planning, setting targets and aligning strategic initiatives and 4) enhancing strategic feedback and learning. The measures function as a link between the strategy and operative action. The core question is the selection of goals and measures to monitor the implementation of the vision and the strategy.

Kaplan and Norton recommend a nine-step process for creating and implementing the balanced scorecard in an organization.

1. Perform an overall organizational assessment.
2. Identify strategic themes.
3. Define perspectives and strategic objectives.
4. Develop a strategy map.
5. Drive performance metrics.
6. Refine and prioritize strategic initiatives.

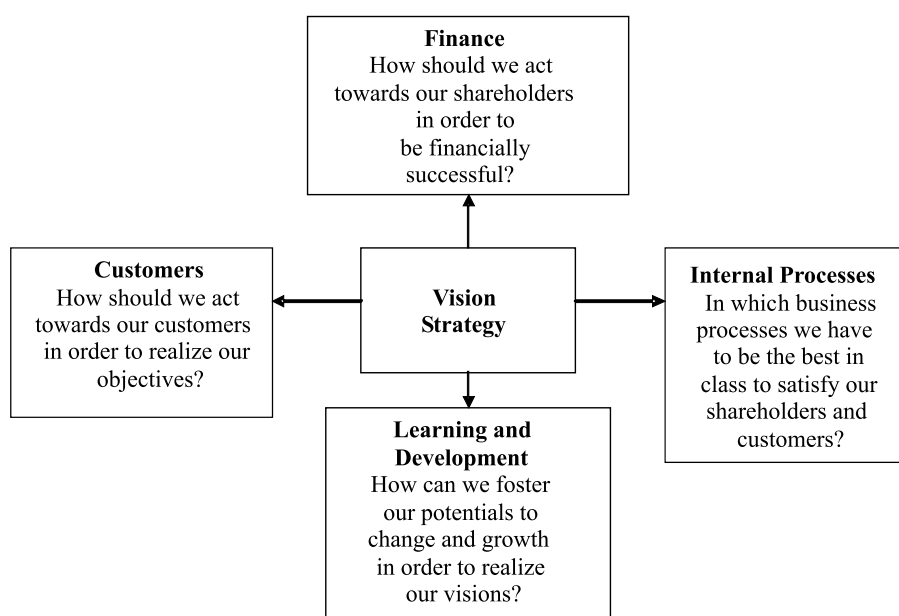


Figure 1. The methodology of the Balanced Scorecard (Kaplan and Norton, 1997, p. 9)

7. Automate and communicate.

8. Implement the balanced scorecard throughout the organization.

9. Collect data, evaluate, and revise.

There are many benefits and challenges to the balanced scorecard. The primary benefit is that it helps organizations translate strategy into action. By defining and communicating performance metrics related to the overall strategy of the company, the balanced scorecard brings the strategy to life. It also enables employees at all levels of the organization to focus on important business drivers.

The main challenge of this system is that it can be difficult and time-consuming to implement. Kaplan and Norton originally estimated that it would take an organization a little more than two years to fully implement the system throughout the organization. Some organizations implement it quicker, for some it takes longer. The bottom line is that the balanced scorecard requires a sustained, long-term commitment at all levels in the organization for it to be effective.

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## 2. Comparing the Balanced Scorecard between private and public sectors

Using the same performance metrics in the public sector as the private sector is likely to be ineffective since public sector goals differ drastically from those of the private sector. Private sector focus is primarily on *shareholder value: the bottom line*. Funding comes from various sources, and as long as shareholder financial needs are met, the company can function as it pleases (see table 1). The public sector faces a quite different environment. Public sector funding comes, in most cases, from the taxpayers it is servicing. the measure of

success is not shareholder value or profit but rather *how well the agency is meeting the mission* given to them by congressional statute or executive order. Although the agency can often-times perform this mission in whatever way it sees fit, it is still bound by the directive of the mission. thus, strategic value comes in the form of fulfilling the mission, and fulfilling the mission comes down to customer satisfaction with the agency’s service. however, defining customer needs is a bit more complex. A second difference evolves through the number of customers or stakeholders that a public sector organization must serve.

Financial measures in the BSC relate to financial performance, which is a means to satisfy investors (shareholders, investment firms, bondholders). in the public sector organization, the financial measures are just part of what is needed to please the “investors,” which in this case would be the funding agencies.

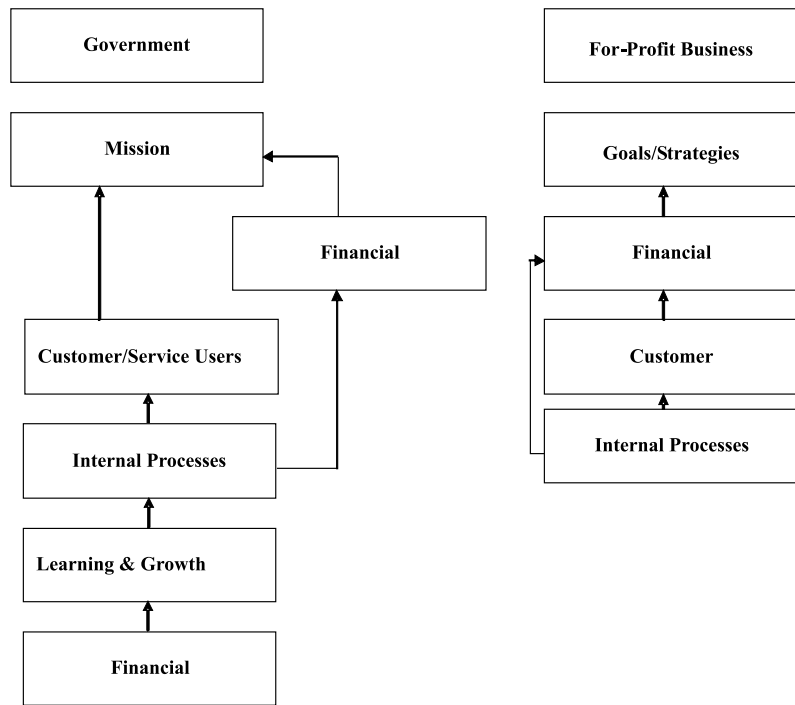


Figure 2. Comparing the Scorecards for Government Versus For-Profit Organizations (Nicholas J. Mathys, 2006)

Table 1. Comparison of Balanced Scorecards in the Private and Public Sectors (source Nicholas J. Mathys, 2006)

Features	Private Sector	Public Sector
<b>Focus</b>	Shareholder value	Mission effectiveness
<b>Financial goals</b>	Profit; market share growth; innovation; creativity	Cost reduction; efficiency; accountability to the public
<b>Efficiency concerns of clients</b>	No	Yes
<b>Desired outcome</b>	Customer satisfaction	Stakeholder satisfaction
<b>Stakeholders</b>	Stockholders; bondholders	taxpayers; legislators; inspectors
<b>Who defines budget priorities</b>	Customer demand	Leadership; legislators; funding agencies
<b>Key success factors</b>	Uniqueness; advanced technology	Sameness; economies of scale; standardized technology

While private sector clients are not concerned with an organization’s internal efficiency so long as their product, price, and service needs are met, internal efficiency is of great concern to the public sector’s stakeholders, who are also its source of fun-

ding. taxpayers also require accountability that their tax dollars are being used effectively and efficiently. Therefore, program performance, efficient use of resources, and satisfaction with the service by the public are additional key issues. These differences lead to a different sort of hierarchical model for the balanced scorecard, as seen in Figure 2. First, as increasing shareholder wealth does not have primacy in a governmental operation, financial performance becomes less critical. reaching the mission of the organization is of key interest to those who fund the organization. Hence, the government model needs some changes in the hierarchical ordering compared to how Kaplan and Norton arranged the hierarchical ordering in their mapping article. Some public sector balanced scorecard advocates have put financial measures at the bottom of the model to indicate the importance of having adequate funding as a precursor to developing the organization, as done in Figure 2. However, to be consistent with usage in the private sector, we look at financial measures as output measures that are precursors to meeting the mission, which will in the end lead to adequate future funding. Internal process management would be similar for government and for profit-seeking enterprises as both relate to the key value-added processes that the organization provides. For a car manufacturer, the key process would be producing automobiles and trucks. For the government agency, it is providing the service promised through its mission. This is

why there is a direct line from internal processes to both customer/user satisfaction and to financial performance. In the world for-profit, the financial ties directly to the overall goal; in government organizations it is only one part of fulfilling the mission, with customer/user satisfaction the other part. cases, learning and growth support the development of internal processes. in summary, the balanced scorecard is an effective management tool that can support improvements in government sector organizations. There needs to be some modification in the basic strategic mapping model provided by Kaplan and Norton to align elements in the BSCc to correspond to the environment faced by government organizations. allows a focus on the mission of the organization as the focal point rather than return to shareholders. We now focus on two government organizations that have adopted the balanced scorecard as a major part of the management effort. First, we look at the Defense Finance and Accounting Service and what they did

to develop the organization culture as they introduced the scorecard. the second case, the United States Postal Service, the focus is on the difficult time they had in enacting the scorecard and how reinforcement systems became an important part of their process. Both cases provide two different sorts of initial organizational cultures and environments that needed different approaches to effect a quality scorecard introduction and deployment.

The Balanced Scorecard can be effective in the public, if and only if, the current perspectives are rearranged (see Figure 3). The four perspectives of the current version of the The Balanced Scorecard can still be applied in government organizations as long as they are rearranged according to governmental priorities. Therefore, it is clear that above considerations seem to have considerable impact on the ability of the the Balanced Scorecard in ensuring best customer satisfaction. These considerations, if positively dealt with, may contribute to employee satisfaction,

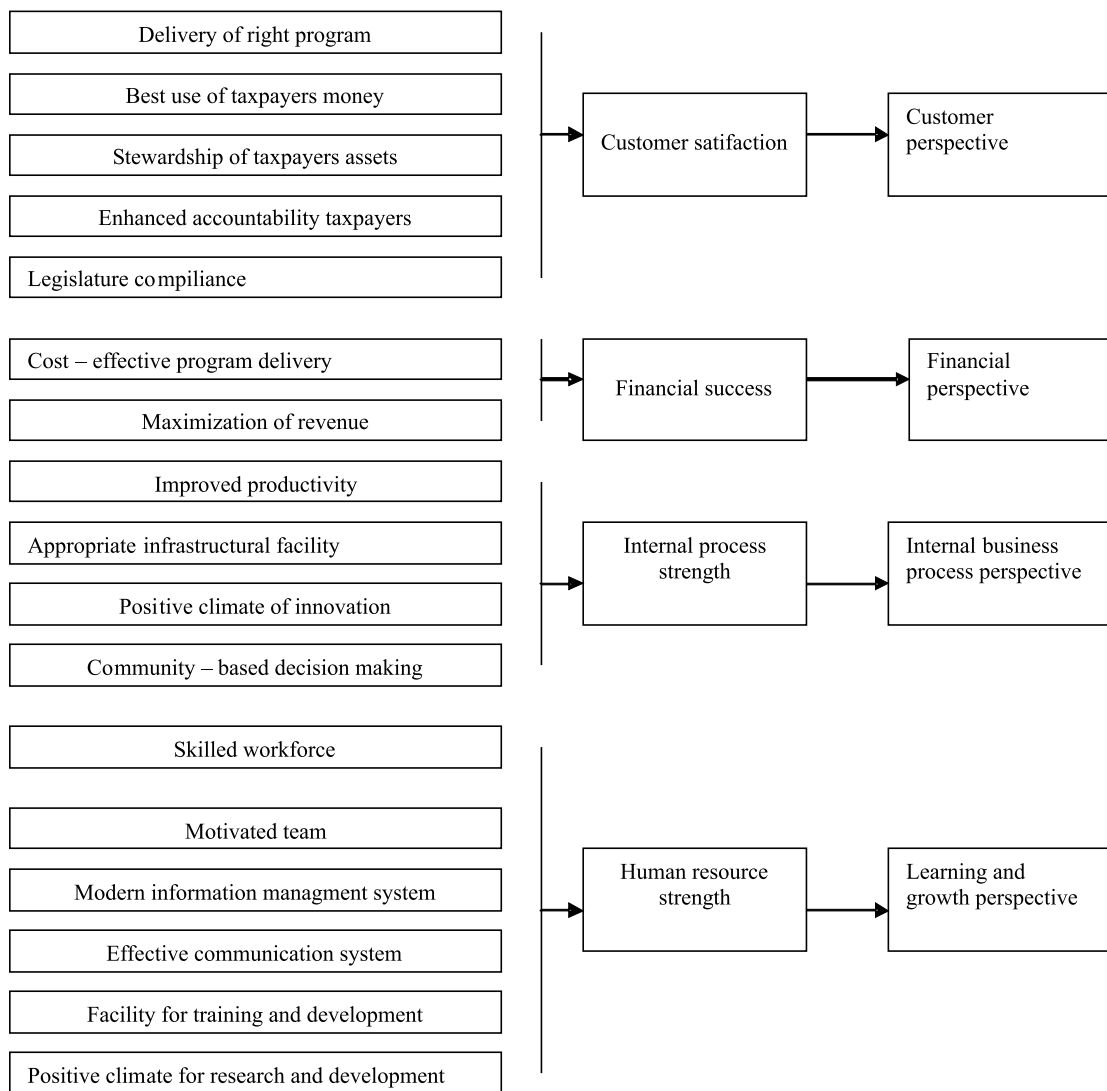


Figure 3. Is it meaningful to measure performance in public sector?

superior employee performance, sound internal business process and in turn, may lead to efficient stewardship of taxpayers' money.

Furthermore, the best possible use of taxpayers' money may eventually lead to achieving the bottom-line objective - absolute customer satisfaction. In the light of the above observations, it is clear that some modifications are needed to the current version of the Balanced Scorecard for its use in the government sector as an effective performance measurement and management tool. Although significant research has taken place and various modifications to the current version of the Balanced Scorecard have been suggested by the researchers for the private sector, no studies have been found recommending a modified Balanced Scorecard model for the government sector. The following diagram (Figure 3) is suggested for the government sector, keeping in mind that "Customer" perspective is the bottom line of government sector.

The Balanced Scorecard Institute has compared the different strategic objectives of the public and private Sectors. Table 2 shows the differences in each strategic level:

**Table 2. Comparison of Private and Public Sector Strategies (Marco Ahrendt, 2006)**

Strategy	Private Sector	Public Sector
common target	competitive	achievement of mission
financial target	profit, growth, increasing market share	cost reduction, effectiveness
values	innovation, creativity, acceptance	responsibility to the public, equity, integrity
desired result	customer satisfaction	customer satisfaction
stakeholder	founder, market, stockholder	tax payer, legislator, auditor
prioritisation of budget	customer demand	management, legislator
orientation in terms of security	securing intellectual property	national security
critical factors for success	growthrate, revenue, market share, uniqueness, superior technology	best management practices, consistency, standardised technology

A special requirement for adoption is needed for the financial perspective. Even though the Balanced Scorecard seems to be balanced all perspectives and

measures are aligned to the financial success and profitability of the organisation.

The Public Sector's financial perspective is mainly adjusted to budget targets, saving potentials, securing the basis for taxes, sustainment of credit worthiness and similar.

Some of the facts which are especially important for adoption of the Balanced Scorecard approach in public sector are:

- The closeness to political interests needs a special thoughtfulness and sensibility.
- It is important to explain employees and representatives the Balanced Scorecard's usefulness.

The implementation of a Balanced Scorecard requires an effective controlling system which assembles measures, values and other significant reporting data. Public sector still needs to catch up here. Accordingly from the beginning this should be allowed for.

- A balance between a tight schedule and adequate time for practice, communication and feedback during strategy discussion has to be found. To keep motivation high the rollout should be kept short. Adoption needs dynamics, especially in the Public Sector.

### 3. Strategy mapping

The strategy map has turned out to be as important an innovation as the original Balanced Scorecard itself. Executives find the visual representation of strategy both natural and powerful. Strategy maps provide increased granularity for executives to describe and manage strategy at an operational level of detail. A strategy map provides a visual framework for an organization's strategy – how it intends to create value. Specifically, a good strategy map will link together:

1. The desired productivity and growth outcomes.
2. The customer value proposition which will be needed.
3. Outstanding performance in internal processes.
4. The capabilities required from intangible assets.

In effect, a strategy map captures the organization's strategy in visual form so that managers can better execute their desired strategy. Strategy maps are built around the structure of these four perspectives. They ensure that the organization's objectives in each of these perspectives are consistent and internally aligned. That alignment, in turn, means the

organization is focused and performing at an optimal level rather than having the actions of one part of the organization impact on the results achieved by another part. Strategy maps clarify all cause-and-effect relationships so that an effective strategy can be developed and then optimized over time. They are the interface between strategy and the Balanced Scorecard. Conceptually, a strategy map links the high-level goals of the organization – its mission, values and vision – with meaningful and actionable steps each an employee can take. Strategy maps also provide balance between the various competing dynamics every organization faces:

\_ Whether to invest in intangible assets that will generate strong long-term revenue growth or focus on cutting costs more aggressively so as to boost short-term results.

\_ How to differentiate your organization from your competitors by clarifying your value strategy – which usually involves one of the four different approaches already mentioned:

1. Offering the lowest total cost to customers
2. Product leadership – always offering superior products
3. Making available complete customer solutions
4. Locking-in customers so that it would be hard to switch to other vendors:
  - a) Which internal processes to focus on and optimize and which to outsource.

- b) How to balance the allocation of resources between the various internal processes in such a way that different benefits are delivered at various points of time.
- c) How to align everything the organization does in such a way that the efforts of one part of the company do not have a negative impact on the results achieved elsewhere.
- d) How to make good management decisions about investments in intangible assets as the drivers of organizational growth in the future.

A company or other organization creates value by producing goods and services that can be sold for profit. At one time, it was suggested that managing these processes was the most important duty of management. In today’s competitive environment, however, operational excellence alone is not sufficient to provide a sustainable competitive edge. A strategy map (see Figure 4) helps ensure internal processes are well executed and properly aligned with intangible assets and the customer value proposition.

The four key internal processes by which organizations create value according to (Kaplan, Norton, 2002) are:

- Operations management processes;
- Customer management processes;
- Innovation processes;
- Regulatory and social processes;

In the operations management area, organizations are:

- Attempting to develop deeper relationships with suppliers with the goal of lowering the total cost of procuring all the materials needed to products the customer is offered. Generally, this involves simplifying ordering and accounting functions to lower administrative costs as far as possible.

- Looking for new ways to actually produce the products and services as efficiently as possible through continuous improvement of processes and enhanced efficiency initiatives.

- Attempting to lower the costs of distribution and delivery in any way possible.

- Trying to get a better idea of the risks involved in doing business and then finding effective ways to offset and minimize those risks to a better effect.

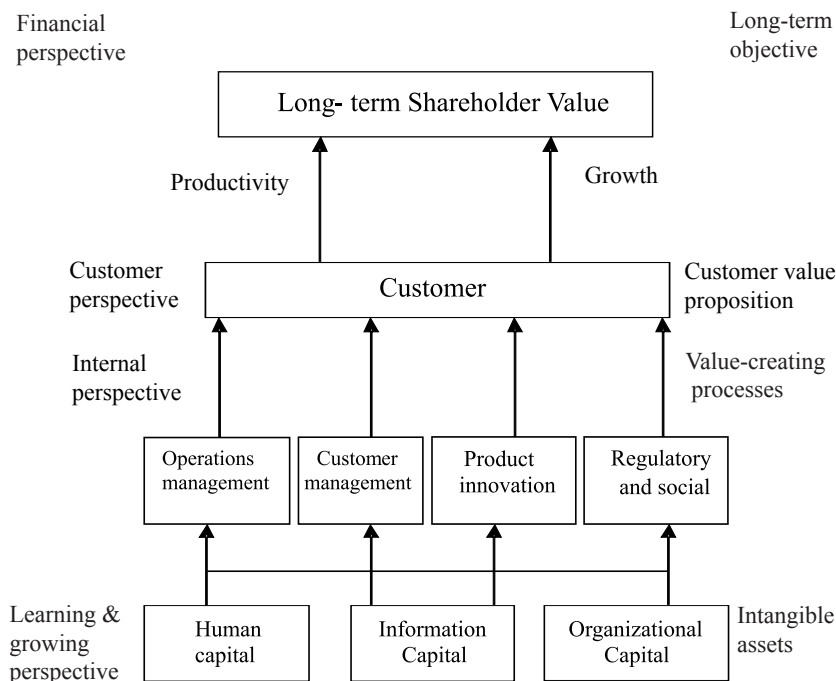


Figure 4. A simplified strategy map (source Kaplan, Norton, 2002)

By focusing on operations management, organizations attempt to inject key features into their value proposition:

1. Competitive prices
2. High levels of quality
3. Speedy delivery of the goods purchased
4. A comprehensive solution to customer problems.

A well thought out and integrated strategy map provides strategic focus to these key internal processes. Or, put differently, a strategy map helps link process improvement programs to important organizational outcomes. Strategy maps help organizations improve the right things, not just the more obvious things.

Strategy maps are also useful where organizations have embarked on quality management programs such as Total Quality Management (TQM), Six Sigma or Activity-based Management (ABM). The strategy map helps embed these quality management efforts within a strategic framework that will provide cause-and-effect accountability and measurement metrics.

Many organizations are weak in one or more of these areas. In customer management terms, organizations are:

1. Segmenting the broader market into niches or target segments which can then be offered a specific and customized value proposition.
2. Attempting to acquire new customers by communicating an attractive value proposition.
3. Working to retain the present customers rather than marketing to replace those who choose competing products or services. Typically, this involves customer loyalty incentives and other programs.
4. Trying to get existing customers to buy more products and services in the future through cross-selling or other partnering relationships.

By focusing on customer management, organizations are attempting to inject into their value propositions:

1. A stronger, more vibrant brand image;
2. A win-win expanding customer relationship;
3. Increased levels of customer loyalty;

Innovation requires that organizations:

1. Anticipate the customer's future needs and develop entirely new or next-generation products that will meet those needs.
2. Have a portfolio of research and development projects underway. Ideally, these will run the full spectrum from projects that create new science and technology through to breakthrough products, next-generation products, derivative products and joint development products.

3. In addition to researching new products, companies also need to be designing the products, doing prototyping and testing, running pilot production tests and planning on how best to ramp-up the manufacture of new products in acceptable volumes. All of these activities need to be completed within an applicable time-frame and budget.

4. At the conclusion of the development cycle, new products and services then need to be made available in commercial quantities. In parallel, the marketing and sales units will also launch their efforts to sell the new products and services to customers. Customers will also be demanding that suitable levels of quality are achieved.

Companies and organizations must continually win the right to operate in the communities and countries within which they produce and sell their offerings. They do this by complying with all the applicable laws and regulations, and by contributing to the communities within which they operate. Specifically:

1. Organizations have to use energy wisely, avoid contaminating the environment and minimize the impact on the environment of all products produced and sold.
2. Organizations have to provide a workplace which is safe and healthy for its employees, and to take active measures to reduce employee exposure to dangers wherever possible.
3. Companies need to pay workers appropriately and provide opportunities for employees to gain new skills and competencies.
4. Corporations need to be sensitive to the needs of the broader community and willing to make monetary contributions or allow employees to do volunteer work while still being paid.

At a minimum, these social and regulatory internal processes are intended to inject into the customer value proposition:

1. A sense of partnership with the community.
2. An awareness of the need to be a good Citizen.

Regulatory and social processes also pave the way for companies to enter new markets in the future. Organizations with a strong track record in this area are welcomed into new regions. There is also the flow-on effect in internal morale when employees take pride in their organization's contribution to improving the communities where they live. This, in turn, makes it easier to attract and retain talent.

Strategy maps can be used dynamically to create an action plan rather than passively as snapshots of corporate intent. To use a strategy map and



Balanced Scorecard together effectively in this way is a six step process:

1. *Establish and define what the current value gap is for shareholders* – or in other words, set the financial objectives, measures and targets. Determine how much long-term revenue growth and short-term productivity improvements you will work towards achieving. These should be stretch targets that will challenge the organization.

2. *Reconcile your current value proposition* – by identifying your current target customer segments, clarifying the value proposition you now use, selecting your measures and reconciling your customer objectives to the goals of financial growth. You might also decide on a new customer proposition that will generate the growth you desire.

3. *Establish your projected time line* – how quickly you anticipate your new internal processes and themes can begin to generate the kinds of financial results required. This should indicate which goals are achievable and which goals may need further adjustment.

4. *Identify your key strategic themes* – those critical few internal processes which will have the greatest impact on the customer value proposition. You also highlight which internal processes are the drivers for those targets and create some linked objectives, measures and targets.

5. *Identify and align your intangible assets* – by assessing the level of strategic readiness of each intangible asset. You then set targets on how to increase each asset's level of readiness individually.

6. *Specify and fund the strategic initiatives required to execute the strategy* – so there is clarity about the level and sources of funding required. The cause-and-effect linkage of the strategy map, Balanced Scorecard and action plan should help visualize the logic involved. These steps mean that passive statements of intent are given substance and relevance. For example, a strategic objective to “Reduce the typical product development cycle” is appealing but also open to individual interpretation. When it is transformed into something like “Reduce the product development cycle from three years to nine months”, everyone in the organization realizes this will require some breakthrough, outside-the-box thinking rather than minor enhancements.

## Conclusions

The Balanced Scorecard was developed, between others, by Robert Kaplan and David Norton. It was originally created primarily as a measurement system and as an answer to criticism concerning the

unilateral measurement of the performance ability of a company. It was organised through four different perspectives: the financial perspective, the customer perspective, the internal perspective, the learning perspective.

The Balanced Scorecard provides the cornerstone for a new strategic management system. The scorecard enables organizations to introduce new governance and renew process focusing on strategy. It does not rely on short-term financial measures as the sole indicators of performance but it does the following additional functions (Samir Ghosh, Subrata Mukherjee, 2006):

1. Translate strategy to action, making strategy everyone's job.

2. Manage the intangible assets e.g. customer loyalty, innovation, employee capabilities.

3. Leverage cross functionality without changing the structure of the business.

4. Measure what matters the critical few vs. the important many in real time, not just after the facts.

5. Create a daily management system for the day-to-day navigation of the business.

A Balanced Scorecard, however, suffers from some major drawbacks. The most important among these are (Samir Ghosh, Subrata Mukherjee, 2006):

1. The Balanced Scorecard decomposes the organization's primary objectives (financial perspective) into customer, internal process and learning and growth objectives (operating perspectives) in a way that is reminiscent of the way that the Dupont formula decomposed the return on capital employed metric into front-line operational measures.

2. To make scorecard useful, it should be prepared in conformity with the overall business strategies. Thus, companies may bias their scorecards to the dimensions that closely support their strategic direction.

3. It is difficult to integrate a company's scorecard into its planning, budgeting and resource allocation process; especially when scorecard metrics are changed.

4. In order to make the scorecard more useful and practical it is necessary to assign weights to different measures (both financial and non-financial) on the basis of their importance to the organization for specifying trade-off between financial and non-financial measures.

5. To make the scorecard more efficient and useful it should include a large number of both financial and non-financial measures and these should be continually modified on the basis of measurement feedback.

6. There are some organizations like investment companies to which Balanced Scorecards have little value as they are interested in improving financial performance only.

7. The creditors, debenture holders and even shareholders of an organization are interested in financial performance rather than operating performance which compels the management to give much emphasis on financial perspective of the organization making the scorecard imbalanced.

Creating the balanced scorecard is a critical step in the strategic process. So many organizations create a strategic plan and then dutifully ignore it because day-to-day issues / firefighting tends to take precedence. The scorecard periodically reminds the organization what the critical strategic issues are and gives the necessary feedback on the progress toward achieving them.

It is important that the scorecard is like a scale. The role of the scale when you are on a diet is not to make you lose weight. The scale merely provides you with feedback on how you are doing. In the same way, building a balanced scorecard will not improve organizational performance. It will simply give you feedback to know how well you are achieving your strategic direction.

The real strength of the linkages between the strategy map, Balanced Scorecard and action plan is consistency. Instead of a fragmented approach where one part of the organization pursues a different agenda from another part, everyone uses the same overall strategy. The vision is consistent with the strategy to get there. People can be inspired to act because they see that it is feasible to get to where the management wants to head.

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## SUBALANSUOTŲ RODIKLIŲ METODAS: NUO TEORIJS PRIE PRAKTIKOS

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**Santrauka.** Subalansuotų rodiklių kokybės užtikrinimo teorija išreiškia sistemišką požiūrį į organizacijos kokybės valdymą. Ji atveria galimybes organizacijos misiją ir strateginius siekius transformuoti į išsamų veiklos uždavinių, kriterijų, rodiklių, siekinių ir procedūrų rinkinį (Kaplan, Norton, 1996; 1992). Šio rinkinio kaip kokybės užtikrinimo instrumento paskirtis – palengvinti su kokybės tyrimu, vertinimu ir tobulinimu susijusį institucijos vadovų darbą. Tai, R.S. Kaplano ir D.P. Nortono nuomone (1996; 1992), yra organizacijos strateginio valdymo instrumentas. Interpretuojant autorių žodžius, taikant subalansuotų rodiklių instrumentą, organizacijoje į kokybę žvelgiama iš įvairių pozicijų, atitinkančių fundamentaliuosius organizacijos dalyvių ir jos realizuojamų produktų ar teikiamų paslaugų vartotojų interesus. Tai reiškia, kad rengiant subalansuotų rodiklių kokybės užtikrinimo instrumentą strateginiai organizacijos uždaviniai, kriterijai, rodikliai ir siekiniai numatomi atsižvelgiant į organizacijos finansinę, klientų, vidinių veiklos procesų ir iniciatyvos (arba mokymosi ir augimo) perspektyvas. Jų visuma ir rodo integruotą (arba subalansuotą)

požiūrį į kokybės užtikrinimą: tyrimą, vertinimą ir tobulinimą. Vadinasi, siekiant aukštos organizacijos veiklos kokybės apibrėžiama ne vienos, o keturių krypčių pokyčių valdymo organizacijoje eiga, grindžiama sistemišku požiūriu į daugiamačių veiksmų kompleksus, nuo kurių ryšių priklauso aukšta organizacijos veiklos kokybė.

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