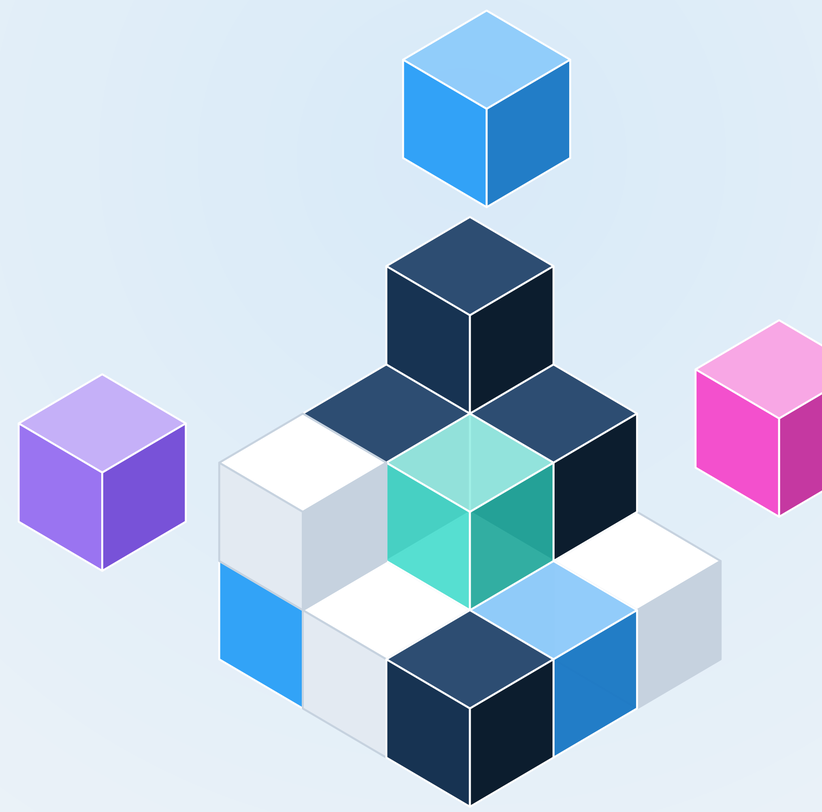
STRATEGY & PERFORMANCE

Balanced Scorecard

The balanced scorecard translates strategy into objectives and measures across four linked perspectives: financial, customer, internal process, and learning and growth.



01 THE CORE MODEL

FOUR PERSPECTIVES · ONE STRATEGY MAP

RESULTS	**Financial**	Revenue growth, margin, cash flow
MARKET	**Customer**	Delivery reliability, satisfaction, share
OPERATIONS	**Internal process**	Lead time, quality, cost
FOUNDATION	**Learning and growth**	Skills, systems, culture

CAUSE AND EFFECT

FOCUS

Strategy map

Shows how objectives in each perspective drive those above.

Objective and measure

Each perspective holds a few objectives, each with a metric and target.

Initiatives

Projects that close the gap between current and target performance.

02 BALANCE

Financial results lag; the lower perspectives show where they come from.

FINANCE ONLY — BALANCED

FINANCIAL VIEW ONLY

- − Short-term cuts damage capability
- − Problems seen only in results
- − No link to daily operations

BALANCED SCORECARD

- + Leading and lagging measures together
- + Cause and effect made explicit
- + Strategy translated into operations

03 WORKED EXAMPLE

CONTRACT MANUFACTURER · ONE CHAIN IN THE STRATEGY MAP

LEARNING
Problem solving
team leaders trained

→

PROCESS
Lower scrap
defects stopped at source

→

CUSTOMER
Fewer complaints
better reliability

→

FINANCIAL
Higher margin
and repeat business

04 MANAGEMENT TAKEAWAYS

01
Draw the map first
Agree the cause-and-effect logic before choosing metrics.

02
Keep it short
Roughly three to five objectives per perspective.

03
Test the links
Check over time whether lower measures really move the upper ones.

05 COMMON MISTAKE

LIMITATION

A KPI collection called a scorecard

Dozens of metrics without a strategy map give balance on paper but no direction.