

The Balanced Scorecard helps you to cascade strategy.
This is a print version from a collection of several Balanced Scorecard blog posts I wrote over the years.
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101 Balanced Scorecard Tips to Boost Strategy Execution

101 Balanced Scorecard Tips is a strategy execution guide that combines the best Balanced Scorecard tips I have collected over the years. I hope this guide will facilitate your Balanced Scorecard journey!

I won't focus on the technical aspects of the Balanced Scorecard itself since many great books and articles have already been written on the subject. Instead, I will focus on the BSC implementation challenges every practitioner faces.

What does a Balanced Scorecard actually do?

The Balanced Scorecard is “*one of most influential management ideas of the past 75 years*” according to *Harvard Business Review*. It provides a framework for translating an abstract strategy into specific, concrete objectives, measures, indicators and actions. It combines a ‘balanced’ (cause/effect) view with a ‘scoring’ (measuring/tracking) view. It focuses on aligning the goals of business units, teams and individual employees with the company's overall business strategy.

A great Balanced Scorecard breaks a business strategy down into specific and measurable chunks. It also keeps the long-term strategic goals visible on the radar. The ultimate goal of a Balanced Scorecard is to experience Strategy Execution as a continuous process.

Today, the BSC provides much more than multi-view measurement; in many organizations, it's an essential management system and a cornerstone of successful Strategy Execution. According to research by Bain, the Balanced Scorecard is the sixth most used management instrument in today's organizations, with around 50 percent of all 11,000 survey participants making use of it.

What are the Balanced Scorecard benefits you aim for?

I'm an early Scorecard adopter having used it since 1996. I've learnt the hard way what works and what doesn't. One of the most important things on my experience list is that you need to decide *how* you use the BSC in your organization. Or put differently, a Scorecard can offer you and your company a variety of benefits depending on how it is introduced and used. The crucial question is therefore not *if* you use the Scorecard but *how* you use it.

For maximum return, you need to look below the surface, understand your options and make a definite choice about *'how our company should use the Scorecard for maximum benefit'*. It's like buying a smart phone and using it only for phone calls. You'll miss out on all the other great benefits that such a phone can offer.

Benefit 1. The Balanced Scorecard cascades your strategy

The Balanced Scorecard helps you cascade strategy. That's the most important benefit. Your strategy is your big elephant that you have to cut into pieces. The Balanced Scorecard helps you achieve this. (Want to know more about strategy, check out this short article: [7 Things Every Leader Should Know About Strategy](#))

The cause and effect relationships of Scorecards on different levels force you to make your strategy thinking more visible and facilitates debate and challenging. Have a look at [the 8, a simple Strategy Execution Framework](#). You will find 'cascade strategy' in top right. That's where the Balanced Scorecard fits in – a methodology to cut your strategy into pieces and cascade it across the organization. The Scorecard is a company's strategy waterfall and can either be a torrent such as the powerful Niagara Falls on the Canada-America border or the almost invisible sources that feed Iceland's hot springs

Benefit 2. The Balanced Scorecard measures your strategy progress

If you ask 100 managers 'What's the use of a BSC?', 98 will include the response 'It's for measurement' within their answer. And there's nothing wrong with that, as long as it's not the only answer. And therein lies the fundamental problem with Scorecards in many organizations.

The Balanced Scorecard can measure, but that's not the only or most important thing it does or should do. It's like saying that a flat screen TV is great as a wall decoration or that a car keeps you dry when it's raining – you just miss out on the most important benefits such as watching your favorite movies and programs in high quality or getting you from A-to-B the most convenient way possible.

There is no doubt that Scorecards improve your measuring, but by focusing on this benefit alone, you will only reap 25 percent of all four potential benefits. I see too many managers getting carried away with the measuring part and when that happens a Scorecard approach does the organization more harm than good. Companies that lose track of the goal and let the means take over are on the wrong track. The Scorecard becomes a nice word for describing a set of measures, rather than a building block of your Strategy Execution framework.

Benefit 3. The Balanced Scorecard communicates your strategy

Cascading strategy is all about the collective understanding of the overall company strategy. And while this strategy can be designed by just a few people, the Strategy Execution demands effort from a much bigger crowd to succeed.

Thanks to the visualization of the cause and effect relationships, the Scorecard helps to get the strategy into the Head, Heart and Hands of all your employees. A strategy needs to come alive at each of these three levels.

Benefit 4. The Balanced Scorecard boosts your strategic thinking skills

The fourth benefit is a Scorecard advantage that few advertise or promote. And that's a shame, as I believe it's one of the most important returns you can have.

I'm a big fan of integrating Balanced Scorecard building into the leadership track. This is especially useful in operational environments where 95 percent of the challenges that managers face are focused on finding short or medium-term solutions. There will come a time when your best managers in operational jobs move up. And they should be ready. Learning to work with the Balanced Scorecard in a leadership track is a great way to train and get those analytical and conceptual thinking muscles in shape. So the Balanced Scorecard offers the opportunity to build and stretch those strategic thinking skills, an opportunity rarely present in lower-level operational environments.

Balanced Scorecard implementation tips

Now that you have a feeling for the potential BSC benefits, let's move forward and look at the implementation. I have tried to go beyond the typical list of tips and provide a fresh perspective.

Tip 1: Don't rely on the first BSC book

Knowledge evolves and 1996, when the first Scorecard book was launched, is light years ago. If you start a BSC project in your organization and see project members running around with the original Scorecard book complete with highlighted paragraphs, something is very wrong. The first Balanced Scorecard book is not the reference. New best practices have emerged so start your project with up-to-date knowledge.

Tip 2: Watch out for the Scorecard gurus

Many so-called BSC 'gurus' have jumped on the Balanced Scorecard wagon and produced a plethora of books all pretending to be the 'definitive' BSC book. Amazon lists more than 4,000 books under Balanced Scorecards. Take some time to dig into the subject. Listen to different opinions, build a broad view and make your own mind up, taking into account the specific needs of your organisation. Remember, just because something works very well in one company doesn't mean it will do the same for yours.

Tip 3: Manage the introduction of the Balanced Scorecard as a change project

The Balanced Scorecard impacts the way your managers manage – so the implementation effort will therefore demand change effort from everyone. Increase your success rate dramatically by managing your BSC introduction as a change project, rather than the introduction of an instrument.

Tip 4: Managing change requires strong leadership

There is no change without strong leadership. It's that simple.

Tip 5: Communicate process before content

Don't wait until you have the content ready – start right away by communicating the advantages, project timings, roles and responsibilities of the Balanced Scorecard. Proactive, no-nonsense communication prevents misunderstandings and creates buy-in. Take a look at some of the communication best-practices in change projects – they're quite useful.

Tip 6: Know what you want to achieve

A Balanced Scorecard can serve many purposes and offers four distinct benefits. You won't be able to reap all of them in the first year, so choose carefully. Once you make a choice, stick to it and make sure you get those benefits before focusing on something else. I like to focus on the cascading and learning part first, on the communication second, moving onto the measuring part last.

Tip 7: Define your cascading architecture

It's important to select a cascading approach upfront. You have several options to cascade objectives, measures, targets and initiatives. Your choice depends on your overall goal. For example, cascading by regions will help you empower a geographical approach, cascading by business lines will help you achieve higher autonomy and accountability for your profit centres. Cascading themes, like innovation, customer experience or green economy, will help you improve the coordination between several apparently disconnected organizational units around a particular theme.

Tip 8: Avoid the classic pitfalls

Many companies have gone through the process of introducing the Balanced Scorecard. It's a good idea to do some research to get a feeling for your organization's particular situation. This will help avoid some of the classic pitfalls. Typical mistakes that companies have made in the past include:

- Senior management is not convinced and shows little commitment
- The Scorecards are developed by 'the happy few'
- The internal/external project members have limited or only theoretical knowledge
- The Balanced Scorecard is only used by top management
- The Balanced Scorecard stays too long at the development stage before being launched and used
- There are not enough links to the strategy and planning processes
- The content of the Balanced Scorecard is unrealistic
- The Balanced Scorecard is only used for remuneration purposes

Tip 9: Get your vocabulary straight

An objective is neither a measure nor a target. A short overview of the key words and what they mean helps to avoid confusion. Choose the words that fit your organisation and make sure people stick to them. And do make sure you know what you are talking about!

Tip 10: What's the aim?

Your goal is not to get into the Balanced Scorecard hall of fame. Your goal is to cascade strategy to maximum effect. If that works with a dull approach that the Scorecard community doesn't find sexy, that's too bad. Your goal is to get the strategy into the heads, hearts and hands of the people in your organization, not to stroke your ego.

Tip 11: Set the expectations right from the start

Be honest with your stakeholders about timing and results. Setting up the basics may take a few weeks, but seeing real benefits will take far longer. Don't oversell yourself. Make your stakeholders aware upfront that implementing a Balanced Scorecard is a transformational journey better approached as a marathon than as a sprint.

Tip 12: Adapt your size

The BSC should be adapted to the size of the user group. You don't need a cannon to kill a fly. Smaller units don't have – or need – the resources to handle a complex Scorecard. If you use Scorecards for large *and* small units, you need two different approaches – a basic and a more detailed way of working. If you don't, you will overshoot for the smaller units and create frustration. So adopt according to size – a bare version for the smaller units, a standard version for mid-sized teams and a full-size version for big units.

Tip 13: The BSC is not the end station... so don't stop!

Strategy Execution is a continuous process. The Scorecard is one technique for cascading strategy to the next level. But cascading strategy to the next level down is just the first step in the cascading process. If you stop there, your strategy will never end up in all the hands, hearts and heads of your employees. Make sure you continue to translate the Scorecard output to a solid project and programme portfolio and that you succeed in getting the necessary actions and activities into the individual objectives of all team members.

Tip 14: Start with the right content

A well-designed Balanced Scorecard reflects your company's strategy – so make sure your strategy is clear at the start. If it isn't, take the necessary time to clarify. The quality of the strategy cascade can only be as good as the quality of the strategy it starts from. Challenge your strategy for inconsistencies and loopholes.

Tip 15: Don't let your budget process dictate your company's future

What is the most important process in an organization? Based on the amount of attention it receives, I would say the budgeting process. In many organizations, budget is king. Many see the budgeting process as the trigger (because they are forced to do so) of a limited reflection process to identify (read justify) how much more money they will need the following year. They get into a battle with those at the top and after some struggle and cutbacks, return to business as usual. Many companies would

make a big leap forwards if the strategy cascade process received the same attention as the budgeting process. Ideally, the cascading process should lead and the budget process follow. A solid strategy cascading process with the BSC is a great counterbalance for an out of control budget approach – a situation prevalent in many organizations.

“If companies would invest as much time in their strategy cascade as they do in their budgeting process, most would perform a lot better”

Tip 16: ‘We have a strategy map’ is not the same as ‘We have a strategy’

When I see a strategy map, my favourite question is “*Where’s the strategy?*”. Just because you have a strategy map, doesn’t mean that you have a strategy. A strategy map often looks fancy but mostly it’s a lot of ‘map’ and very little ‘strategy’. I like a written strategy document in Word format with all the hypotheses clearly explained. I like a document where there is no hiding behind an arrow and people saying ‘But that’s what that arrows means’ when you point out something that isn’t clear.

I’m not against strategy maps at all. In fact, they can be quite useful to communicate strategy and create involvement. But I’ve seen too many sexy PowerPoint presentations that look strategic from a distance, but are far from strategic if you take a closer look and start questioning the content. So I advocate prudence. Each strategy map should include a written two or three-page Word document that captures customer and industry insights and the choices that you have made based on this information (the Who), plus a clear overview of the way you deliver unique value to your customer (the What) using your value chain. You will find more on this topic in the next chapter.

Tip 17: Create a strong core team that involves others

Take your time selecting the people who will support the Scorecard’s implementation. Make sure you have people with a good level of business understanding, excellent facilitation skills and the ability to mobilize people. Motivate the core team to involve as many people as possible through workshops to ensure enough buy-in before you move forwards. Critical mass is key to propel a transformation forward.

Tip 18: Cascade more than objectives

The cascading process provides a great opportunity to align the whole organization towards the strategy. Cascading your targets – clarifying how much of a specific corporate target will come from each organizational units – and your initiatives – illustrating the contribution of each unit – will help you improve alignment by tackling upfront the interdependencies that may exist across your organization. Alignment can happen vertically – between ‘parent’ and ‘child’ organizational units – and horizontally – between ‘sister’ organizational units. So cascading objectives, measures and initiatives are all key to achieving horizontal and vertical alignment.

Tip 19: Don't rely too much on external consultants

Cascading strategy is a learning process. Don't miss the opportunity to capture all the knowledge that's generated during BSC implementation by over-utilizing external resources. Appoint your (best) internal resources to the implementation team, especially future leaders that you would like to develop. The BSC implementation program offers a unique window of opportunity to understand the essentials of your business and contribute to its future performance.

Tip 20: Strategy communication is much more than a good-looking PowerPoint presentation on the intranet

Your communication does not end when the slides are put on the shared drive. This is just the beginning. When you are tired of the message, you have only reached three percent of your target population.

Tip 21: Develop a 'strategy story'

How many times have we heard two managers telling a slightly different strategy story, but using the same slide deck? If your strategy is not detailed, people will fill in the blanks using their imagination. If your strategy is vague, it will not survive the Scorecard cascade. The end result may look good on paper, but there will be a variety of messages running through your organization depending on who the messenger is.

If you want your strategy to survive the cascading round, you have to do two things. Firstly, detail the message and secondly, work on the communication skills of the messenger. Put another way, develop a detailed strategy script and label this the 'official story'. Then teach your managers to repeat the storyline until everyone feels comfortable with the content.

Tip 22: Your CEO on YouTube

One of my favorite ways of achieving consistency of message is to make an 8 to 15-minute video of the CEO giving a strategy message that can be shown in sessions. I prefer an interview format as most people don't like speaking directly to the camera. We discuss the questions upfront before recording it and editing to perfection (I use a frozen image between each question allowing for easy cutting and pasting).

Tip 23: Use your BSC beyond those boring meetings

Don't limit the use of your Scorecard exclusively to Scorecard-related meetings. We have seen managers walking around with their Balanced Scorecards actually having created pocket versions or there are posters on the walls and other types of communication that allow employees to pull out their BSC in any discussion, whether in a meeting room or while having coffee with their colleagues.

Tip 24: Demystify the words 'strategy' and 'innovation'

In many organisations, these two words carry an aura of complexity and mystique. Lots of people like to use them – especially strategy tourists – and even cultivate them, but most don't really know their

meanings. One of the best ways to help others (and maybe yourself) is by demystifying them and push the real meanings forward. Here's are two articles about strategy that can help: [7 things every leaders should know about strategy](#) and [8 strategy questions every CEO should ask](#).

Tip 25: Teach people how to debate strategy

Operational people are like fire fighters – they are always ready to react at a moment's notice. But reacting to something that has already happened demands a different skill-set than debating things that have not happened. If you are not used to doing this, it can be quite a challenge. One of the first things I learned at Arthur D. Little was scenario thinking – learning to think about the future by looking at the same problem with a different set of fixed parameters each time.

The first thing you have to learn is how to translate your assumptions into parameters that you can control in a scenario exercise (it sounds harder than it is. The key question is 'Let's assume that...'). It's a very useful skill to dive deeper into different assumptions, using a common language.

A second important skill – and an often-overlooked one – is listening. As you are talking about something that has not yet happened, you have to feed the basis of your discussion on the assumptions of others. That means that you have to be able to capture them and understand them. Listening skills are highly undervalued. Interventions such as 'So you're saying that...' or 'Do I understand correctly that...' are crucial to get a solid strategy debate off the ground. Remember: the quality of a strategy debate is greatly determined by the listening skills of the participants. When you are not able to feed off other's ideas, the discussion becomes a 'convincing' contest and flatters nothing but the ego.

Tip 26: Integrate strategic thinking into your learning program

One great way to demystify words and teach people strategic thinking skills is to offer them the opportunity to try and fail in a safe environment at an early stage of their career. I'm always surprised that most leadership programs fail to integrate modules to teach and challenge the strategic thinking abilities of their leaders. I advocate that each leadership track should have those building blocks – and not only for the most senior people but at each level. That does not mean that you should deliver the same content or exercises at each level. You should start slowly and build it up gradually. And by the time your leaders arrive at the senior stage, they will have the background to apply what they have learnt in real life.

An MBA is not the solution. Yes, an MBA will teach you the building blocks of strategic thinking (if it's a good course), but you will never be able to send everyone on such a programme and as a result you create an atmosphere of 'strategy is for the elite'. I'm a strong believer that every manager or potential manager should get the opportunity to learn about strategy and stretch their strategic thinking skills.

Tip 27: Balanced Scorecard walk-in sessions

A Scorecard is based on a number of assumptions. The better the assumptions, the better the quality. The more assumptions are challenged, the better they get. Do you have a systematic process in your

organisation to do this? Not everyone has the most conceptual boss in the world with time on his/her hands. Not everyone is willing to show that they struggle with certain parts of their thinking. So how can you solve that? I'm a big fan of Balanced Scorecard walk-in sessions. How do they work? During the Scorecard season – the period during the year when everyone is cascading the overall strategy to their working environment – you set up a room where individuals or small teams can go to debate their Scorecard. Show what they have done and get challenged. It shouldn't take long, between 30 and 60 minutes. Short discussion can change assumptions and really help people step up their game.

Tip 28: Identify conceptual thinking power

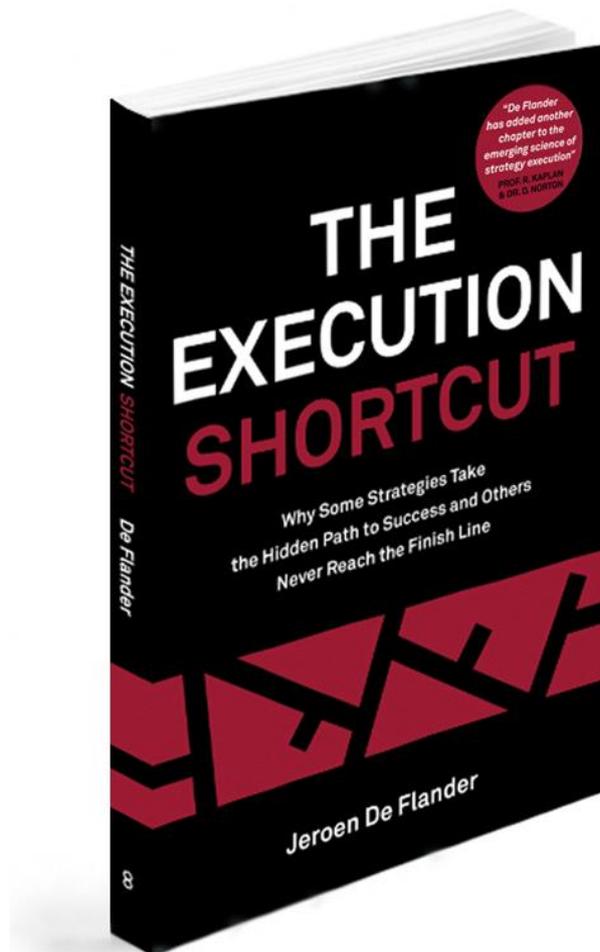
A few years ago I participated in a research programme. The goal was to identify which and to what extent leadership competencies could be developed. The conclusion was that from all 24 competencies we looked at, conceptual thinking (the helicopter view) was the competency with the least development potential. Or put another way, out of a set of 24 leadership competencies, conceptual thinking is the most difficult to develop.

So what do you do when you know that conceptual thinking power is hard to develop? You need to start as early as possible in the career to trigger conceptual power. If you start the development process when people actually need the skills in their job (after a promotion to senior level, for example), you will be too late.

Remember: if a senior team does not have enough conceptual thinking power, it will get into trouble. Many companies try to solve this by getting strategy consultants in, but if the team is unable to challenge the concepts/assumptions they propose, you won't win.

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About the author: Jeroen De Flander is one of the world's most influential thinkers on strategy execution and a highly regarded keynote speaker. He has shared the stage with prominent strategists like Michael Porter & Robert Kaplan and reached out to 24,500+ leaders in 40+ countries. His first book *Strategy Execution Heroes* reached the Amazon bestseller list in 5 countries and was nominated for Management Book of the Year 2012 in the Netherlands. His second book, *The Execution Shortcut*, reached the #3 spot in its category on Amazon.



"De Flander's latest book charts a strategy for taking any idea off the drawing board and into real life. A great help to anyone looking to bring a good idea into the real world."

Kirkus Reviews

"De Flander has added another chapter to the emerging science of strategy execution."

Prof. Robert Kaplan, Harvard Business School & Dr David Norton

"This book explains in an engaging way how Just Do It's don't come automatically. It only happens when the mind is triggered, the heart inspired, and willpower strengthened."

Bert Stevens, Vice President Europe Operations, Nike