



Balanced Scorecard **frustrations** and **challenges** report



What is the biggest frustration with Balanced Scorecard?

We are always looking for a new ways to provide our customers with better information and service and we decided to come up with a single question:

- **What is your biggest frustration with Balanced Scorecard?** – answer this question to get a balanced scorecard consultation for *free*!

Why should one spend time to **participate**? Because you will **have a solution**! We know that your time is valuable and we are not just gathering the information to create a useless statistic report, we are actually going to find solutions that will help you to solve these Balanced Scorecard problems.

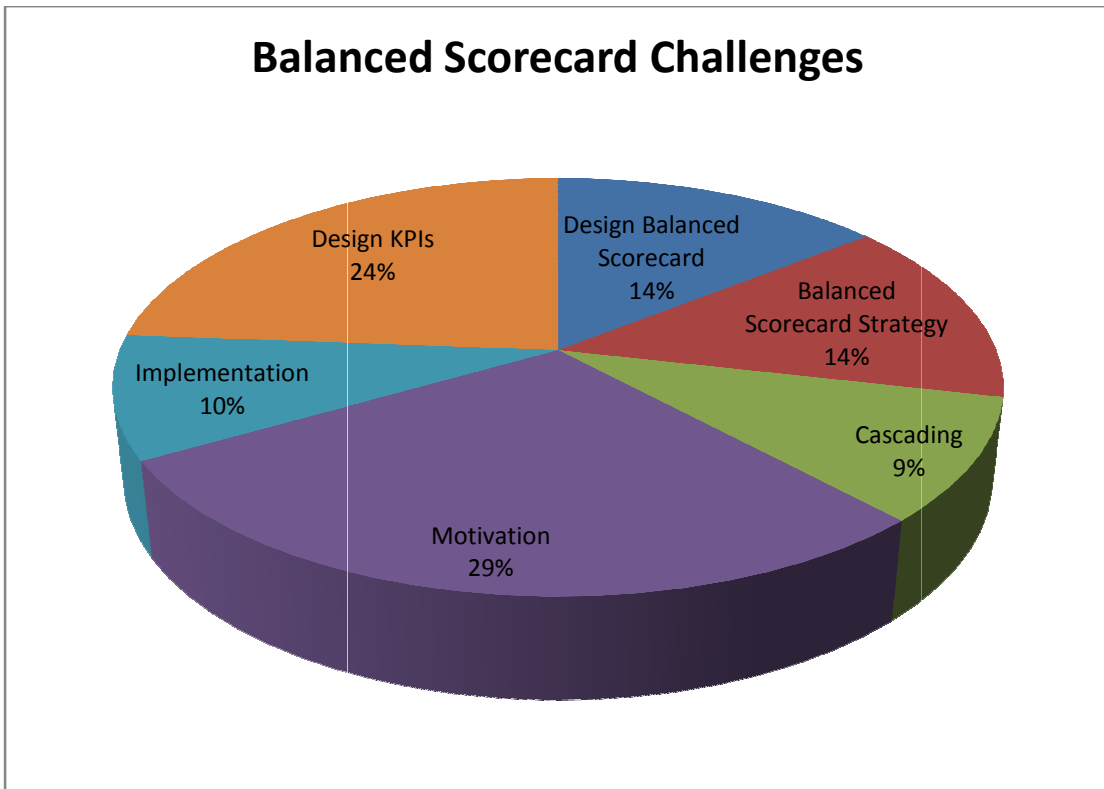
Once we analyze problems mentioned by our customers, all participants of this survey will have copy of our responses. This is actually a *free balanced scorecard consultation*, which normally [is expensive](#).

Take your chance to share your ideas about the biggest frustration with Balanced Scorecard and you will get some ideas that will help to solve your problem.

To participate post your questions at <http://www.bscdesigner.com/what-is-your-biggest-frustration-with-balanced-scorecard.htm>

Design Balanced Scorecard

According to what we have learnt with the survey the most frustrations and challenges with Balanced Scorecard are in motivation of top management and line-level employees to design, implement and use the concept:





Design Balanced Scorecard



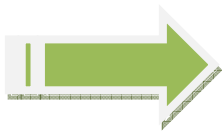
Frustration: „Lack of effective information while developing BSC“

Solution: It is important to understand what kind of information is lacking. The two biggest challenges while developing Balanced Scorecard is motivation and design of KPIs.

On the motivation stage it is necessary understand who real stake-holders of future Balanced Scorecard are and what will be the information flow between line-level employees and actual stake-holders.

As for KPIs, there are certain rules about making them. There is a eTraining: „[How to design winning KPIs](#)“ where this question is researched in details.

The detailed guide on the implementation process can be found in [BSC Toolkit](#).



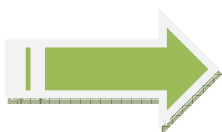
Frustration: „Develop Strategic Scorecard for Group“

Solution: Actually the Balanced Scorecard is normally developed for certain group (department) or for the whole company.

The algorithm for the implementation can be found in [Balanced Scorecard Implementation Guide](#).

In short:

1. Use your current organizational chart to understand who is playing manager's role and who plays the role of line-level employee
2. Manager should communicate with top management to understand company's priorities and goals.
3. Possible solutions should be defined that will help to achieve company's goals.
4. Manager together with line-level employee should develop KPIs that will be used to measure the efficiency of these solutions. The more result-oriented KPIs are the better!



Frustration: „It is often hard to sustain top management energy around vigilant monitoring of the metrics. The more comprehensive we try to be with the metrics, the heavier management time is required.“

Solution: The key here is in developing good metrics (discussed more in [Winning KPIs eTraining](#)). Normally, if the number of metrics or KPIs grow significantly it is a sign of information overload, which leads to losing the focus.

If manager use 3-4 KPIs to measure results of achieving of one goal, then these KPIs should be checked and updated.

There might be the situation that KPIs were designed according to rules (they don't repeat each other, they are descriptive, they are result-oriented, they are easy to measure), but there are still information overload.



In this case the solution is to use „Cascading“ (there is [eTraining](#) on this too). With cascading top managers will see only high level indicators and won't lose the focus.

For instance, line-level employee might have 3-4 indicators for self-control, his manager might be using 2 indicators (which are combination of lower-level indicators) and the top manager will have just 1 indicator showing the overall progress.

Balanced Scorecard and Strategy

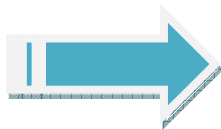


Frustration: „Balance present and future strategies“

Solution: As company changes the strategy of the company changes too. There is no way to predict what company will be in 10 years and there is no way to design today the Balanced Scorecard that will work without any changes in the future.

What top managers of the company can do is plan the certain time period when the Balanced Scorecard in the company will be revised and updated accordingly to new goals. This question was discussed in eTraining – [Testing the Balanced Scorecard](#).

When you designed your scorecard you have analyzed company's current goals and designed the KPIs, maps, cascading and other as a result. The key idea about is refreshing your Balanced Scorecard regularly, e.g. analyze the biggest goals and challenges again and update KPIs and other parts of Balanced Scorecard if needed.



Frustration: „BSC works best when put in the context of the organization's medium to long term strategies. The system should make a stronger input into evolving the firm's strategy which the BSC should support.“

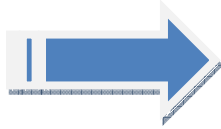
Solution: Actually the most important question here is **how** to make Balanced Scorecard to be a stronger input into firm's strategy.

The answer is in the area of proper Balanced Scorecard implementation as well as in the area of motivation.

The Balanced Scorecard **will make** a strong input into firm's strategy if top management will actually use the Balanced Scorecard. It was discussed in eTraining "[How to build Balanced Scorecard](#)". One of the key ideas here is to involve both - top management and line-level employees on the stage of Balanced Scorecard design. In this case it will be possible to create measures that are understandable and useable by both – line-level employees and top management.

As for implementation side: the Balanced Scorecard should evolve with the company. E.g. plan to update the Balanced Scorecard regularly to fit company needs.

These two ideas will ensure the input of Balanced Scorecard into firm's strategy and growth.



Frustration: „I think the major problems that most of us often make are: we dont know how to design as well as measure future strategies into a BSC, because we only think of present matters. And we often give a subjective percentage measurement“

Solution: Balanced Scorecard will not help much with planing future that top managers cannot see yet. But it can support managers with right decisions once they foresee some new goals.

Once top manager see some new goal that company might be willing to achieve, the Balanced Scorecard framework will enable linking this goal with actual actions of line level employees.

For sure there might be mistakes and some measure might be subjective, but the goal is to update the Balanced Scorecard regularly. Once it is more clear how the goal should be achieved and what measures should be used, the Balanced Scorecard should be updated.

Balanced Scorecard and Cascading

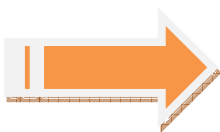


Frustration: „Cascading the measures systematically from the corporate level to the department and individual“.

Solution: Here are two possible issues. One is how to actually do cascading, another is how to do the cascading systematically.

The systematical update of the Balanced Scorecard should be planned when the Balanced Scorecard is designed. We talk about this in the eTraining: [Testing the Balanced Scorecard](#).

As for cascading itself it should be a simple structured process, as described in another eTraining: [Cascading Balanced Scorecard](#). The key idea is to involve managers from corporate level as well as managers from the department level.



Frustration: „How to effectively cascade a BSC from a unit level down to an individual level. while still aligned to performance management aspects.“

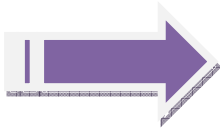
Solution: Detailed answer to this question was reviewed in eTraining: [Cascading Balanced Scorecard](#).

Here are some ideas to make the process more effective:

- Involve people, not just send them information about KPI that they need to use;
- Think about cascading as delegation, lower levels should work on more detailed tasks, but cascading (as well as delegation) is not just about dropping the task to the lower level and hoping that it will be solved;
- Do cascading only when it is necessary. If manager has more than 5-8 indicators then cascading sounds like a good idea. If manager has less then cascading will not be effective.



Balanced Scorecard Motivation

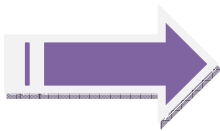


Frustration: „The responsible persons doesn't want to be evaluated by the assigned measures“

Solution: The best idea to do in this situation is to analyze the reason why this happens.

- Measure is not adequate. Measure was assigned by manager from higher level without collaboration with line-level employee. As the result the measure is not related to real job;
- Much many measures/bad measures. If there are too many measures or it takes too much time to calculate the value of the measure then the measure will not work.
- Employee think that the value of what he or she does is not related to the measure. This option is similar to the first option. Try to understand where the problem is. Probably employee doesn't understand real company goal, in this case manager need to explain this goal.

We discuss more motivation techniques in [eTraining: Motivation for the Balanced Scorecard](#).



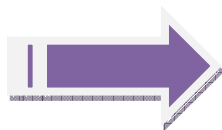
Frustration: „Lack of participation in development strategies and BSC“

Solution: People don't want to change their style of doing business, it is normally that most managers will not be happy when some new technique appears in the company.

The first goal is to show that Balanced Scorecard concept is not another hot business method that company will try and forgot. To do this company need to invest more in education of managers, also it is important that implementation of Balanced Scorecard should be supported by company owners and stake-holders.

The second goal is to actually show that Balanced Scorecard works and can make things better. When designing the Balanced Scorecard try to show that clear defined goals and measures are actually what will make the process more transparent and easier to understand and evaluate.

We discuss more motivation techniques in [eTraining: Motivation for the Balanced Scorecard](#).

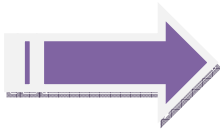


Frustration: „How staff bound to BSC“

[Guide](#).

Solution: This depends a lot on staff and the level of organization. The algorithm for the implementation can be found in [Balanced Scorecard Implementation](#)

The common mistake here is that managers design measures on their own. In is not the right approach. More important is to involve staff in this process. In this case people will be happy to work on and be evaluated according to measures they designed.

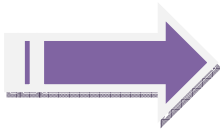


Frustration: „How to manage inclusion and involvement issues in big organizations“

Solution: Here are some ideas that should help:

- Think about big organization as about set of separate business units.
- For each business unit find stake-holder (who define goals of this unit), manager (who define and control real action), line-level employee (who do the job).
- Don't just create Balanced Scorecard, because you need to. Start with implementing it in certain business unit, where it is easier to measure processes and where the biggest results can be achieved.

We discuss more motivation techniques in [eTraining: Motivation for the Balanced Scorecard](#).



Frustration: „Lack of top management commitment.“

Solution: Probably one of the crucial problems, as finally stake-holders of the Balanced Scorecard are top managers.

Normally this happens when Balanced Scorecard doesn't prove to be working concept. In this case it is better to go one step back and start with successful implementation of the Balanced Scorecard in the single business unit.



Frustration: „Does anyone have “best practice” experience working with the busy entrepreneurs operating small businesses?“

Solution: I believe „busy“ entrepreneurs are much easier to deal with that large corporations. The best motivation for entrepreneurs to use the Balanced Scorecard is that with measures from BSC these people can actually delegate the business processes to employees. In this case delegate means not just forget about doing something, but outsource the process keeping key measures in-house.

We discuss more motivation techniques in [eTraining: Motivation for the Balanced Scorecard](#).

Balanced Scorecard Implementation



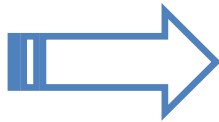
Frustration: „Lack of aligning HR system with BSC“

Solution: The problem here is more with particular Balanced Scorecard implementation, not with the concept itself.

Follow this scheme to make the process easier:



1. Define the type of aligning between HR and Balanced Scorecard. If you want align compensation plan or you want to measure efficiency as a part of control system or you might want to optimize hiring process or you can use Balanced Scorecard to measure education efficiency. Start with the area where you feel you need clear defined indicators.
2. Implement Balanced Scorecard in desired way for the control group of your employees.
3. If the group of measures was successfully implemented use it for the whole HR.



Frustration: „I wish to utilise BSC for close monitoring and value addition for our on going Civil construction projects all across India. I am interested particularly in Highway construction, Bridge Construction, Tunnel construction. Certainly it will give me pleasure if i can utilise BSC otherwise it is a big frustration for me.“

Solution: It is relatively big question, for the general understanding of BSC implementation process I'd recommend to start with [Balanced Scorecard Implementation Guide](#). For more practical guides and trainings you can check [BSC Toolkit](#) and [BSC Trainings](#).

Balanced Scorecard KPIs



Frustration: „My biggest frustration with BSC is the way to implement on an IT area as a PILOT. I have not found some guidance on how to do this. I have seen may templates on HR or IT operations but from the strategic perspective involving the complete area have not seen yet.“

Solution: The point here is to divide two ideas. The first idea is the idea of Balanced Scorecard framework. You can learn more about general implementation rules in [Balanced Scorecard Implementation Guide](#) and [eTrainings](#).

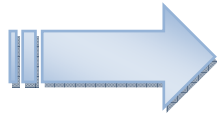
The second idea is that depending of your area you might need specific measures. You can get some ideas about measures for IT in the [library of KPIs](#). For instance for IT might be useful [Computer Networking](#) measures and [IT security KPIs](#).



Frustration: „Come up with the effective measures for each strategies“

Solution: There are some simple rules and algorithms that make this process easier. We discuss this in „[How to design winning KPIs](#)“ eTraining.

One of the best ideas that you can start using right now is not actually focusing on measures themselves, but on goals you want achieve and on solutions that you will use to achieve these goals. Then it is easier to switch to particular measures and keep them result-oriented.



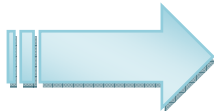
Frustration: „Lack of proper HR KPIs and Customer KPIs“

Solution: The good starting point for HR KPIs is the [library of KPIs](#), you can also find there KPIs for [customers](#). This is something that you can start using right now and then optimize to your own needs.



Frustration: „Setting up measurable and realistic KPIs that will align with our corporate objectives“

Solution: „Measurable“ and „Realistic“ are two important factors for good KPIs, but there are some more. For instance, KPI should be result-oriented. In the eTraining [How to design winning KPIs](#) we discussed simple algorithms that stake holders can use to design good KPIs. And for sure it is important to differentiate good and bad KPIs. Sometimes it is not possible at the starting point and KPIs need to be tested and optimized.



Frustration: „Based on a reusable template, setting up measurable KPIs for small companies.“

Solution: There are some reusable templates in the [library of KPI](#), which are a good starting point for any company or department. More important is to understand that these KPIs might work for some company, but won't work for other company from the same sector. That's why just coping KPIs doesn't work. Good idea is to invest in the education in this area. There is easy to go training for this: „[How to design winning KPIs](#)“

Balanced Scorecard Professionals



Frustration: „I would like to know how to implement my good theoretical knowledge in BSC in practice in my organization in hospital service in suburban Timor Indonesia?“

Solution: If your goal is to implement the Balanced Scorecard concept in hospital or any other company you need to make sure that stake holders of the company understand all the benefits of future implementation and are ready to process and support the implementation with resources and their own time.

You can find some general information about implementation of BSC concept in [Balanced Scorecard Implementation Guide](#).

It is good idea to represent to stake holders some [statistic](#) and [case studies](#) about Balanced Scorecard.

Finally, you can [become our partner](#) and suggest implementing BSC Designer as a affordable solution.