BALANCED SCORECARD AND CHANGE MANAGEMENT

The Key to Successfully Executing Your Strategic Plan
EXECUTING STRATEGIC PLANS
KAPLAN & NORTON RESEARCH FINDINGS

- 9 out of 10 organizations fail to execute strategy
- 85% of senior executives spend less than one hour a month on strategy
- Only 5% of the employees understand the strategy
- 60% of organizations do not link budgets to strategy
- Translating strategy is more difficult than making strategy
WHY DO MOST STRATEGIC PLANS FAIL?

- Failing to link strategy to operations
  - (Robert Kaplan & David Norton)

- Not adequately considering the human factor, i.e. organizational culture and people’s ability to adapt to change
  - (John Kotter)

- Inefficient planning of activities to accomplish the end
  - (Henry Gantt)
THREE KEYS TO SUCCESSFUL EXECUTION OF STRATEGY

1. **BALANCED SCORECARD** (link strategy to operations)

2. **CHANGE MANAGEMENT** (consider culture and equip people to adopt change)

3. **PROJECT MANAGEMENT** (execute plans on time and on budget)
WHAT IS A BALANCED SCORECARD?

At the highest conceptual level, the Balanced Scorecard is a framework that helps organizations translate strategy into operational objectives that drive both behavior and performance.
BALANCED SCORECARD VS. DASHBOARD

- **Balanced Scorecard** is used for tracking *strategic* performance, i.e. how well the organization is executing its strategy.

- **Dashboard** is used for tracking *operational* performance, i.e. how well the organization is executing against operational goals.
COMPONENTS OF A BALANCED SCORECARD

- **Strategic Themes** – These are the strategic focus areas of the organization.
- **Objectives** – The goal or outcome to be achieved.
- **Measures** – Leading/lagging measure of performance against the outcome.
- **Targets** – Level of performance or rate of improvement needed.
- **Initiatives** – Key action plan required to achieve the objective.
The Balanced Scorecard measures the organization’s performance across four “balanced” perspectives:
1. Financial
2. Customer
3. Internal
4. Learning & Growth (typ. human resources and IT)
A balanced scorecard for a non-profit college or university may look like this:
1. Mission & Financial
2. Student/Parent and Grad School/Employer
3. Internal
4. Learning & Growth
BUILDING A BALANCED SCORECARD

- Select the higher level outcome measure(s) for each objective. This is a lagging measure.
- Determine the operational driver(s) for the desired outcome measure. This is a leading measure.
- Create a Driver map to identify the leading measures for the scorecard.
What outcome measures should we include in the BSC?

What leading measures should we include in the BSC?

Quick Problem Identification
Accurate Scripts
Personalize the Interaction
Resolve Problems on First Call
Reduce Service Cycle Time
Hiring the Right People
Knowledgeable CSR’s

What is the outcome that we want to achieve?

Improve Call Center Customer Satisfaction

What outcome measures should we include in the BSC?
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**Achieve a Learner-Centered Culture**

- Our college differentiates itself as a learner-centered institution
- % of program syllabi that meets standards (∑)
- Graduate survey results 📈
- % of classrooms/spaces that meet LC standards (Y)

<table>
<thead>
<tr>
<th>45%</th>
<th>70%</th>
<th>95%</th>
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<td>3.0/4.0</td>
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**Strategic Theme #2**

- Employer
- Student/Parent & Grad School/ Employer
- Learning & Growth

**Strategic Theme #3**

- Employer
- Student/Parent & Grad School/ Employer
- Learning & Growth

**Strategic Theme #4**

- Employer
- Student/Parent & Grad School/ Employer
- Learning & Growth
HOW PEOPLE RESPOND TO CHANGE

- Most people have a natural resistance to change
- Resistance should be expected and planned for when change is occurring
- 4 Phases of Resistance (Karl Schoemer)
  1. Betrayal
  2. Denial
  3. Identity crisis
  4. Search for solutions
**RESPONSE AND COMMUNICATIONS**

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<thead>
<tr>
<th>Stage</th>
<th>Type of Communication Needed</th>
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<tbody>
<tr>
<td>Betrayal</td>
<td>Just the facts (What, When, Why)</td>
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<tr>
<td>Denial</td>
<td>Just the facts (What, When, Why)</td>
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<tr>
<td>Identity Crisis</td>
<td>“It’s going to be alright”</td>
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<tr>
<td>Search for Solutions</td>
<td>“Help us make it great!”</td>
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**Diagram: Response and Communication Stages**

- **Current State**
  - Productivity

- **Transition**
  - Stage 1
  - Stage 2
  - Stage 3

- **Future State**
HELPING EMPLOYEES ADAPT TO AND ADOPT THE CHANGE

PROSCI’s ADKAR Model

Awareness
- Of the need for change
- Of the nature of the change

Desire
- To support the change
- To participate and engage

Knowledge
- On how to change
- On how to implement new skills and behaviors

Ability
- To implement the change
- To demonstrate performance

Reinforcement
- To sustain the change
- To build a culture and competence around change

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THE TOOLS OF CHANGE MANAGEMENT

- Change Readiness Assessments
  - Change characteristics
  - Organizational attributes
- Sponsorship Model and Roadmap
- Master Change Management Plan
- Coaching Plan
- Training Plan
- Communication Plan
- Roles/Responsibility Current State/Future State
- Start/Stop/Continue
KEYS TO SUCCESSFUL CHANGE MANAGEMENT

- Develop an internal change management competency
  - Ownership
  - Develop the competency among middle and senior managers

- Executive sponsorship of change initiatives

- Budget for change management

- Start your change management planning at the same time as you start your action planning

- Develop a communications strategy before you develop a communications plan
Questions?