

# Orion constellation

volume 6 number 2  
summer 2008

## Executing Strategy with the BSC

by James W. Lloyd, DVM, PhD



### *A Whole System Approach in Higher Education*

The current environment in higher education drives a need for progressive leadership and management. Steady erosion of state funding as a percentage of institutional budgets and increasing overhead costs, including physical-plant and health care costs, come at a time when society's requirements for accountability have never been higher.

Successful organizations recognize the critical need to align around a shared vision and develop a core strategy by which it will be achieved. A key component of the futuring process at the Michigan State University College of Veterinary Medicine (CVM) is the balanced scorecard.

### *Balanced Scorecard*

The key to effective futuring is effective execution, and a key to effective execution is evaluation. An effective evaluation system is not simply a measurement device but a discipline that forces an organization to clarify its goals in real terms and facilitates related communications with stakeholder communities. Traditionally, organizations are rather one-dimensional in their focus on results. For corporations, the focus is often a financial measure, such as profits; in academia, it is often measures such as enrollment or graduation rates. While these may be important, even vital, factors, the single-mindedness of this approach can lead to organizational tunnel vision. In the worst case, organizations may be led to sacrifice long-term investments, such as infrastructure or human resources, in favor of short-term outcomes that affect organizational vitality and success.

There is increasing interest in the balanced scorecard (BSC) approach, a management tool created in the early 1990s. The purpose of the BSC is to provide a useful structure for implementation of an organization's strategic plan; the BSC presents a practical method for measuring an organization's performance against its goals. At the same time, the BSC offers a framework for communicating with employees and stakeholders on the outcomes and performance measures by which the organization expects to achieve its mission and strategic objectives. Importantly, the BSC incorporates four distinct perspectives for consideration in both strategy and performance: finance, process, learning and growth, and customer. Although the BSC was first developed for private businesses, it has now been adopted by numerous nonprofit and academic organizations.

The development of a BSC begins with the vision, mission, and core values of an organization. The organization's strengths, weaknesses, opportunities, and threats are then considered in order to form strategic objectives across the four BSC perspectives. These objectives are linked together based on their cause-and-effect relationships, forming

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## *Navigating Your Organization's Future*

# Executing Strategy with the BSC

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the organization's strategy map. Specific measures appropriate for quantifying the organization's performance for each of the identified objectives are developed. Each specific measure is supported by a succinct but complete definition, often including examples and suggestions for data collection. The ultimate test of these measures comes in the implementation, which involves an executive team setting goals for each measure, collecting the data, and using the BSC as a basis for management decisions and resource allocation. Differences between actual performance and established targets provide the basis for planning programmatic initiatives. Generally speaking, the BSC becomes a living, dynamic document that evolves over time with ongoing use. Coordination of BSC development is commonly led by a BSC facilitator, appointed early in the process. Regular communication across the organization on both the process and the product are viewed as vital to success.

Development of the BSC at MSU-CVM began in 2002, with implementation in 2003. Orion Development Group was used to help develop and implement the tool. Initially, key performance indicators (KPIs) were identified to clarify, communicate, and drive change in all major aspects of the CVM. These metrics were used to link operations to strategies by measuring tangible outcomes and provided a method to evaluate the overall progress of the CVM and of the change initiative specifically. The BSC draws on a basic business premise: what gets measured is what gets done.

The BSC provided a framework for allocating resources, communicating priorities, measuring results, and adjusting plans. The futuring initiatives were readily incorporated into the structure, and the BSC assisted in communicating the strategic initiatives throughout the CVM and its larger community. It also helped to institutionalize the futuring initiatives by directly incorporating them into the management process.

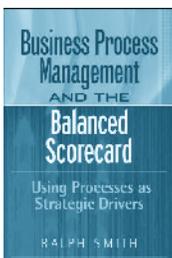
## Outcomes

The futuring process helped identify the need for leaders, leadership development, and succession planning. Active involvement in the futuring process provided valuable training for leaders; strategic initiatives to enhance performance were identified, and the related activities and outcomes to be measured and monitored with the BSC were defined. College leaders initiated, designed, and guided the futuring process, creating a broad base of strategic thinking skills across the college. Leaders from across the college assumed responsibility for implementing the strategic initiatives that arose from the futuring process. Leaders defined the BSC metrics, set the goals, and helped design programs to fill gaps to more aptly align operations with strategic priorities. Newly trained leaders with real-time leadership experience were then available to fill executive positions as they open. The BSC measures college progress associated with futuring initiatives and, in so doing, provides positive feedback to sustain momentum in the change process. The BSC highlights gaps between current and desired states and thus provides direction for college leaders and leadership development. The BSC also provides the rationale for supporting leadership-development efforts as part of a long-term investment in the human resources of the organization.

Presently, the college executive team regularly reviews information contained in the BSC and discusses identified strengths, suggested opportunities for improvement, and related trends or impending developments.

*Jim is an Associate Dean, College of Veterinary Medicine at Michigan State University.*

## Spanning the Globe... Smith's Book Now Available in Five Languages



Ralph Smith's groundbreaking book, *Business Process Management and the Balanced Scorecard: Using Processes as Strategic Drivers*, popular throughout the Far East and the United States, will be available in Lithuanian this year.

*BPM and the BSC* shows managers how to leverage processes for strategic success in an ever-changing business environment...and an ever-changing world. Using a "how to" approach with multiple real world examples, Mr. Smith helps readers identify and target the fundamental processes that drive and detract from the strategic performance of their companies.

*Business Process Management and the Balanced Scorecard* is available at [amazon.com](http://amazon.com) and major bookstores. It retails for \$45.00. To learn more, go to [odgroup.com/rsmith\\_book.asp](http://odgroup.com/rsmith_book.asp).

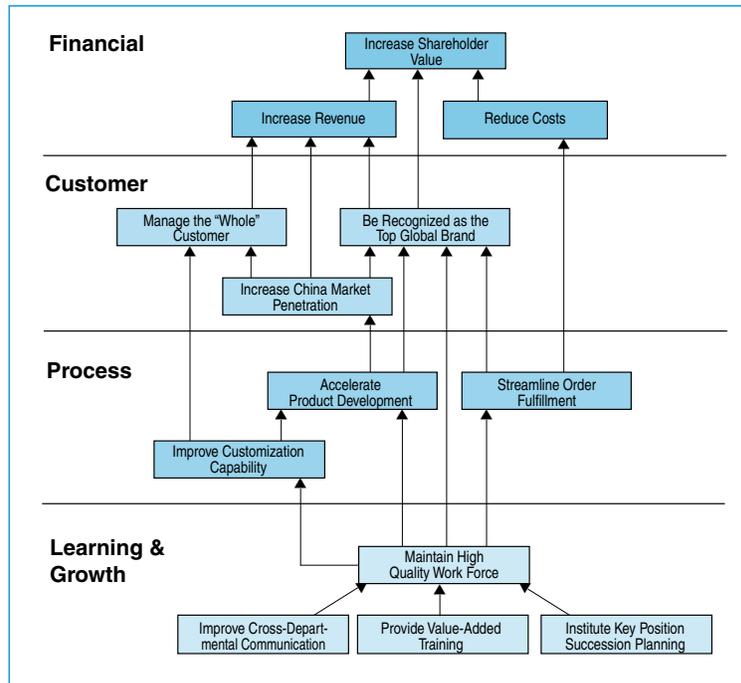
## Tool Corner: The Strategy Map

(This description is adapted from the forthcoming *Process Management Memory Jogger™*, published by GOAL/QPC)

The Strategy Map is a simple yet powerful strategy management tool. It is a one-page picture of the organization's strategic objectives that shows how they are linked via cause-and-effect relationships and how they support the overall #1 objective of the organization.

### The Strategy Map:

- Illustrates how various functional and internal development activities should work together to support the top strategic objectives of your organization.
- Provides an easily -digestible picture of strategy that is useful for communication purposes (to both internal and external audiences).
- Serves as a backbone for the Balanced Scorecard by identifying the objectives that will need to be measured.



Here are some tips that will help you make the most of this tool:

**Tip** You don't need to revise your strategic plan to build a strategy map. Take the 10-15 high level items of emphasis within the plan and use them as the building blocks for the strategy map.

**Tip** Read the map from bottom to top as a series of if-then statements. "If we improve workforce skills then we can streamline the order fulfillment process." And so forth. All elements should support the top goal(s).

**Tip** Try to limit the number of objectives within each perspective to less than five. Too many objectives can make the map difficult to read and result in loss of focus on the issues that are truly critical.

**Tip** Use the objectives of the strategy map as the framework of the organizational balanced scorecard; each objective should have measures that indicate achievement / failure.

**Tip** Make sure the strategy map is visible in meetings regarding strategy. If certain objectives are not being achieved then the supporting arrows may offer a clue as to why.

This Just In...

# 5-for-5

### New Certificates From MSU

Michigan State University will launch three new certificate programs this fall: Process Innovation, Business Analysis and Project Management. These critical skills series are comprised of three two-day seminars each. For more information, go to [http://odgroup.com/MSU\\_series](http://odgroup.com/MSU_series).

### New Strategy Series at UF

The University of Florida Leadership Development Institute will launch a new Executive Series on Strategy in October. It contains three one-day sessions: *Finding Blue Ocean Opportunities*, *Mapping Growth Strategies* and *Executing Strategy with the Balanced Scorecard*. For more information, go to <http://leadership.dce.ufl.edu/Programs/?p=144>

### The BA Five-for-Five

Orion is providing five bonuses for participants in our 5-Day *Essentials of Business Analysis Certificate Program*. For more information, go to [http://odgroup.com/seminars/balink\\_orion.asp](http://odgroup.com/seminars/balink_orion.asp)

### Body of Knowledge Update

The Association of Business Process Management Professionals expects to release version 2.0 of the Comprehensive Body of Knowledge (CBOK) in September. CBOK 2.0 will provide standards for a broad spectrum of process management disciplines.

# GROWTH Through Innovation



In challenging economic times, organizations often focus on their processes to streamline operations and reduce costs. These same processes can be the source of new growth opportunities, even in a slow economy.

Orion is pleased to announce a new Executive Briefing, *Growth Through Innovation: How to Leverage Process Strengths to Create Strategic Opportunities*. This three-hour program will be facilitated by Ralph Smith, Orion's Executive Vice President – Strategic Services.

**September 16 – Stamford, Connecticut** (Sponsor: Orion)

**September 17 – New Brunswick, New Jersey** (Sponsor: Rutgers University)

**September 19 – Atlanta, Georgia** (Sponsor: Orion)

The registration fee is \$295 per person. A web version of the briefing will also be available online for \$195. Visit [odgroup.com/growth-brief](http://odgroup.com/growth-brief) for more information.

Mr. Smith is author of the highly regarded business text *Business Process Management and the Balanced Scorecard*. All participants in Growth Through Innovation will receive a complimentary copy of this book.

*This is your newsletter...*

- Executing Strategy
- Tool Corner: Strategy Map
- New Courses from MSU & UF
- Body of Knowledge Update

*Inside...*

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