



Balanced Scorecard | BSC

FAQ

1. **What is the Balanced Scorecard?**

A BSC is a framework that focuses on shareholder, customer, internal & learning requirements of a business in order to create a system of linked objectives, measures, targets and initiatives which collectively describe the strategy of an organization and how that strategy can be achieved. The BSC concept was developed by Dr. David Norton and Prof. Robert Kaplan of Harvard Business School to help firms implement strategy and drive breakthrough performance.

2. **Who is Cedar and how can Cedar help in developing the BSC for your firm?**

The creators of the BSC founded a firm *Renaissance Worldwide* to help clients develop & implement the BSC. Cedar heritage includes being part of that firm. Thus, Cedar has BSC thought leadership having implemented over 200 assignments for a range of clients across diverse industries like Oil & Gas, Hospitality, Financial Services, Retail, Real Estate, Heavy Engineering, Automotive, Machine Tools, Paints, Consumer Products, and Software.

3. **What exactly is Cedar's role in a project?**

Cedar can help your firm validate its Vision and Mission statements, formulate or enhance your enterprise strategy as well as individually for chosen divisions or business units in your firm. Cedar will also develop and help implement the BSC at the corporate level and cascade it down to departments/business units, viz. Retail, Commercial, Gas Operations, Operations and Logistics, Engineering, Finance, Human Resources and Information Technology.

4. **Can the BSC be used for individual performance management?**

While the original concept was more focused on enterprise and business unit performance, a large number of firms around the world also use a version of the BSC for managing individual performance. Cedar had designed BSCs many roles across industries that helps in creating performance-oriented organizations.

5. **How will the BSC help in improving performance?**

The BSC works on the premise that measurement drives performance. Historically, firms measure performance primarily on financial parameters. The BSC approach lays strong emphasis on measuring key strategic parameters related to Financial, Customers, Internal Processes and Learning & Growth. By identifying the top 4-5 strategic objectives within each of these 4 perspectives, the BSC presents a comprehensive picture of a company's strategy and parameters that it needs to focus on to drive financial performance.

6. **What is the methodology of creating the BSC?**

Cedar has a globally & regionally well-tested methodology to develop the BSC. Key steps include:

- An **internal assessment** where Cedar will review internal documents, and data.
- Analysis of the **external business context** to highlight the existing potential challenges & opportunities.



- **One-on-one** interview with key management personnel at corporate & divisional levels. The purpose of these meetings is to allow the management team to articulate their interpretation of the vision, the financial, customer, internal process, and organizational issues/objectives of the enterprise, their concerns vis-à-vis the strengths and weaknesses of the organization, etc.
 - Series of **strategy workshops** for senior management. Typical output of these workshops will be the enhanced business strategy and a straw-model Strategy Map.
 - Often, this is later detailed into measurement templates, initiative templates etc. and forms the basis for the creation of a BSC
 - Conduct the second series of workshop to build consensus & acceptance around the above strategy deployment and enterprise performance management system.
7. **How long will the process take and what are the key milestones?**
The program takes about 6-12 weeks. A first workshop where the Strategy Map and BSC is finalized happens at about the 4-6 week point.
8. **How can individuals contribute to the development of the BSC?**
Individuals can assist by making available data/information to the BSC coordinator and by providing their frank opinion on internal and external challenges facing the organization during executive interviews. The BSC project provides many individuals within a company an opportunity to ensure their views are taken into consideration in the strategic planning process.
9. **What is the role of the BSC coordinator during the development of the BSC?**
The coordinators role is to ensure that all requested data is accurately and rapidly provided to enable objective analysis, to identify and facilitate meetings with key executives and ensure that the Balanced Scorecard development process progresses according to the agreed project timeline. The coordinator should also ensure that accurate information is disseminated among all employees regarding the BSC project and at all stages of the project to ensure understanding and support for the overall process.
10. **Can one automate BSC reporting?**
Cedar has developed an innovative tool called the *BSC Accelerator* and *PeopleBSC* to automate enterprise and individual BSC reporting. The tools capture Cedar's thought leadership including a dictionary of over 1000 lead & lag measures that could be considered for use.
11. **How does one ensure the success of the BSC program in a company?**
The BSC is not an initiative. It is a strategy management system, just as budgeting is a financial management system. Management systems operate on an on-going basis. To ensure BSC success – the BSC must be supported by the CEO, must have a senior BSC co-ordinator, reporting must happen regularly and be automated, management team must react to the positive or negative outputs of the BSC, the BSC must be only updated semi-annually or annually, and lastly there has to be strong alignment between the strategic planning process, the BSC and budgets.