

Administration and Finance
CALIFORNIA STATE UNIVERSITY, SAN BERNARDINO


The Balanced Scorecard

Presented by Larry R. Givens, P.E.

Overview

CALIFORNIA STATE UNIVERSITY, SAN BERNARDINO

- ☞ Why improve?
- ☞ The Balanced Scorecard
 - What is it?
 - Why use it?
- ☞ How to apply to your operation?



A View to Success

Gamma Group Consulting 949-417-2136

Why improve?

CALIFORNIA STATE UNIVERSITY, SAN BERNARDINO

- ☞ What pressures?
- ☞ What new and future challenges?
- ☞ What opportunities?
- ☞ What responsibilities?
- ☞ What personal drivers?



Gamma Group Consulting 949-417-2136

Strategic Plan

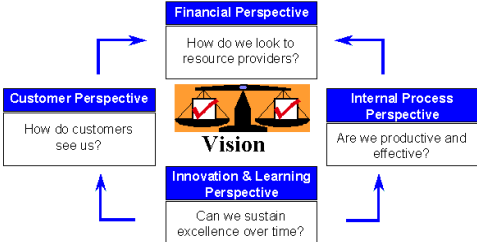
CALIFORNIA STATE UNIVERSITY, SAN BERNARDINO

- ☞ Mission - Why you exist
- ☞ Vision - What you aspire to be
- ☞ Goals - How to achieve the vision
- ☞ Strategies - Initiatives for accomplishing goals
- ☞ Measurements - Indicators of progress

Gamma Group Consulting 949-417-2136

The Balanced Scorecard

CALIFORNIA STATE UNIVERSITY, SAN BERNARDINO



Gamma Group Consulting 949-417-2136

The Ingredients of Highly Successful Balanced Scorecard Programs



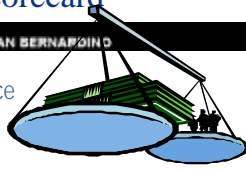
- Leadership From the Top**
 - Create a Climate for Change
 - Create a Common Focus for Change Activities
 - Rationalize and Align the Organization
- Make Strategy Everyone's Job**
 - Comprehensive Communication to Create Awareness
 - Align Goals and Incentives
 - Integrate Budgeting with Strategic Planning
 - Align Resources and Initiatives
- Unlock and Focus Hidden Assets**
 - Reengineer Work Processes
 - Create Knowledge Sharing Networks
- Make Strategy a Continuous Process**
 - Strategic Feedback That Encourages Learning
 - Executive Teams Manage Strategic Themes
 - Testing Hypotheses, Adapting, and Learning

Balanced Scorecard

CALIFORNIA STATE UNIVERSITY, SAN BERNARDINO

Four Perspectives in Balance

- ☞ Financial Perspective
- ☞ Customer Perspective
- ☞ Internal Process Perspective
- ☞ Innovation and Learning Perspective



Gamma Group Consulting 949-417-2136

Financial Perspective

CALIFORNIA STATE UNIVERSITY, SAN BERNARDINO

How do we look to resource providers?

- ☞ Reflects organization's financial integrity
- ☞ Demonstrates stewardship responsibility
 - Capital and financial resources
 - Preservation of physical assets
- ☞ Linked to the other perspectives through the relationships between cost and the results



Gamma Group Consulting 949-417-2136

Customer Perspective

CALIFORNIA STATE UNIVERSITY, SAN BERNARDINO

How do our customers see us?

- ☞ Considers relationships with customers
- ☞ Measures customer satisfaction and performance of services
- ☞ Categories:
 - Types of surveys
 - Primary customer groups
 - Primary services



Gamma Group Consulting 949-417-2136

Internal Process Perspective

CALIFORNIA STATE UNIVERSITY, SAN BERNARDINO

At what must we excel?

- ☞ Evaluation of delivery of primary services
 - _____
 - _____
 - _____
- ☞ Emphasis on improvements and measuring results.



Gamma Group Consulting 949-417-2136

Innovation and Learning

CALIFORNIA STATE UNIVERSITY, SAN BERNARDINO

How can we sustain excellence over time?

- ☞ Creating a high performance workplace and a learning organization
- ☞ Considers how the organization enables and encourages employees to contribute effectively
- ☞ Training - leadership and knowledge sharing
- ☞ Employee well being and satisfaction.



Gamma Group Consulting 949-417-2136

Financial Factors

CALIFORNIA STATE UNIVERSITY, SAN BERNARDINO

Examples:


- Cost of Service
- Cost/Unit
- Operating Income Growth
- Inventory Turnover
- Expenses/Sales Growth Ratio
- Cost of Backlog or Unfunded Requirements



Gamma Group Consulting 949-417-2136

Customer Perspective

CALIFORNIA STATE UNIVERSITY, SAN BERNARDINO



Performance Indicators:

- Customer Satisfaction Index (Avg Score)
- High Satisfaction Index (# High Scores/Total)
- Top Box – Bottom Box Index (2 Top/2 Bottom)
- Satisfaction Distribution (% of Each Score)
- Customer Weighting Index (Value to Customer)
- Satisfaction Gap Analysis (Actual vs. Desired)

Gamma Group Consulting 949-417-2136

Customer Service Traits

CALIFORNIA STATE UNIVERSITY, SAN BERNARDINO

Study of Best Practices Show

1. Performance
2. Relationship
3. Value



Leads to Customer Satisfaction

Gamma Group Consulting 949-417-2136

Internal Process Measurements

CALIFORNIA STATE UNIVERSITY, SAN BERNARDINO

Examples:

Rate of Completion	Percentage of Exceptions
Cycle Time	Budgeted or Estimated/Actual
Cost to Process Unit	Efficiency
Transactions per Employee	Employee Utilization
Backlog	Safety
Ratio Overhead/Production	Good Neighbor
Errors or Rework	Continuous Improvement

Gamma Group Consulting 949-417-2136

Innovation and Learning

CALIFORNIA STATE UNIVERSITY, SAN BERNARDINO



Performance Indicators:

- Employee Climate Survey
- Employee Satisfaction Survey
- Learning Organization Checklist

Gamma Group Consulting 949-417-2136


Balanced Scorecard Measurements

Financial Perspective	Internal Process Perspective	Innovation and Learning Perspective	Customer Perspective
Cost of Service or Cost/Unit Operating Income Growth Inventory Turnover Expenses/Sales Growth Ratio Cost of Backlog	Rate of Completion Cycle Time Cost to Process Unit Transactions per Employee Backlog Ratio Overhead/Production Errors or Rework Percentage of Exceptions Budgeted or Estimated/Actual Efficiency Employee Utilization Safety Good Neighbor Continuous Improvement	Work Environment Survey Employee Satisfaction Survey Skills and Competency Recognition Programs Compensation Programs Training Available Participation in Training Turnover Absenteeism	Reliability Credibility Responsiveness Ease of Doing Business Courtesy Empathy Communications Cost or Value Quality Appearance Importance Usefulness Expectations Win-Win Partnerships Frequency Purchased

Typical Balanced Scorecard performance measurements for a public institution.

Cascade of Scorecards

CALIFORNIA STATE UNIVERSITY, SAN BERNARDINO



Gamma Group Consulting 949-417-2136

Balanced Scorecard Program



CALIFORNIA STATE UNIVERSITY, SAN BERNARDINO

- ☞ Strategic objective based
- ☞ Goals for achieving vision
- ☞ Strategic themes
- ☞ Cascades and connects multiple scorecards
- ☞ Links objectives, measures, and initiatives
- ☞ Comparison of measures to targets
- ☞ Enhances communications
- ☞ Accountability

Gamma Group Consulting 949-417-2136

Thank you



CALIFORNIA STATE UNIVERSITY, SAN BERNARDINO

Start the journey to a
more successful
future.

Larry R. Givens, P.E.
Gamma Group Consulting
949-417-2136
lrgivens@usa.net
<http://GammaGroupConsulting.com>



Gamma Group Consulting 949-417-2136