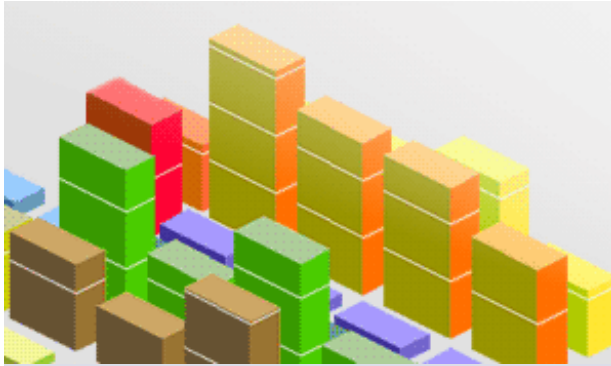


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IS Planning and Strategy

Lecture 10 - Balanced Scorecard Analysis &
OKRs

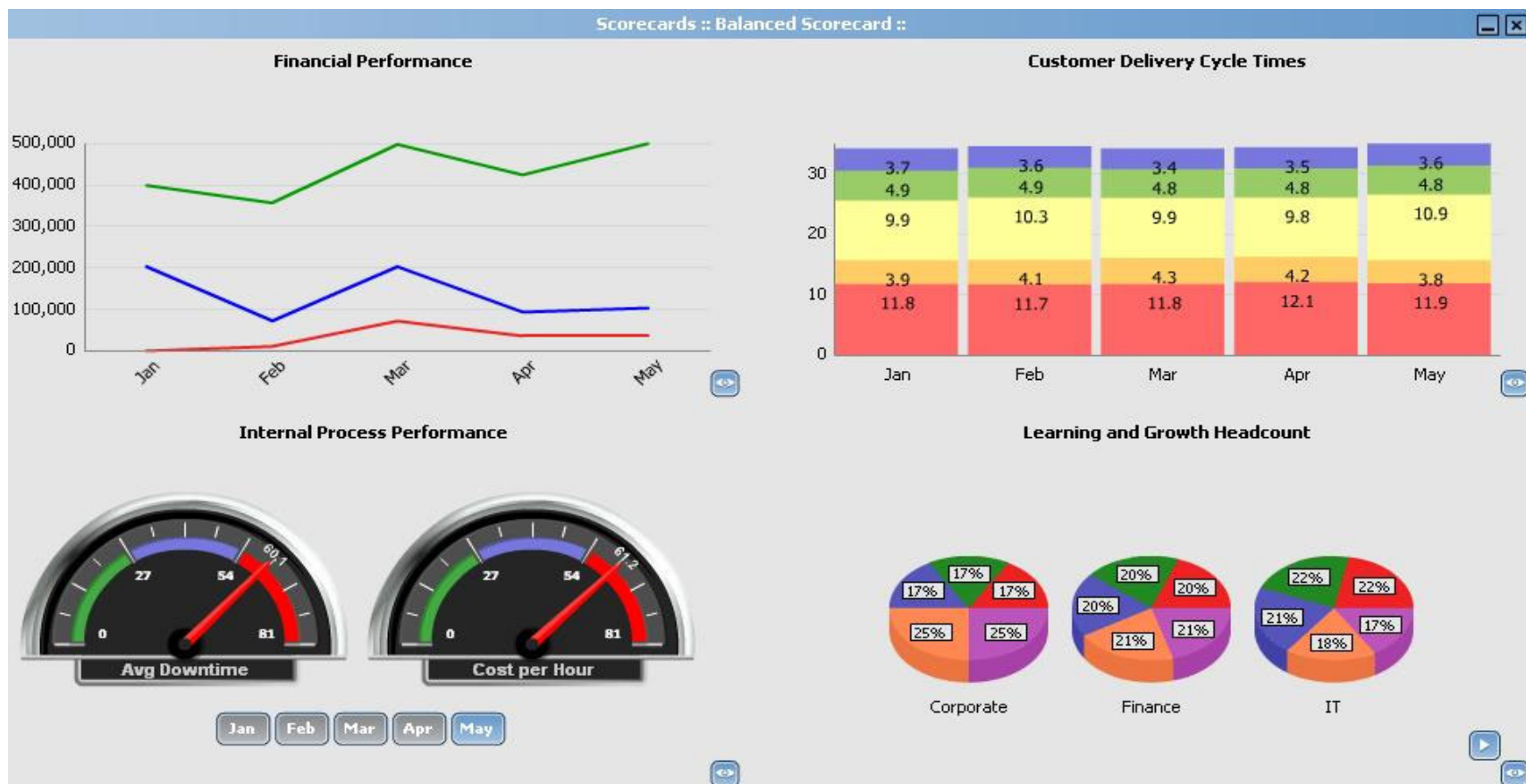


Balanced Scorecard

Balanced Scorecard

- Balanced Scorecard
- Strategic planning and management system to communicate and align around strategy, prioritize, and measure performance
- Looking at strategic measures, in addition to traditional financial measures to get a more “balanced” view of performance

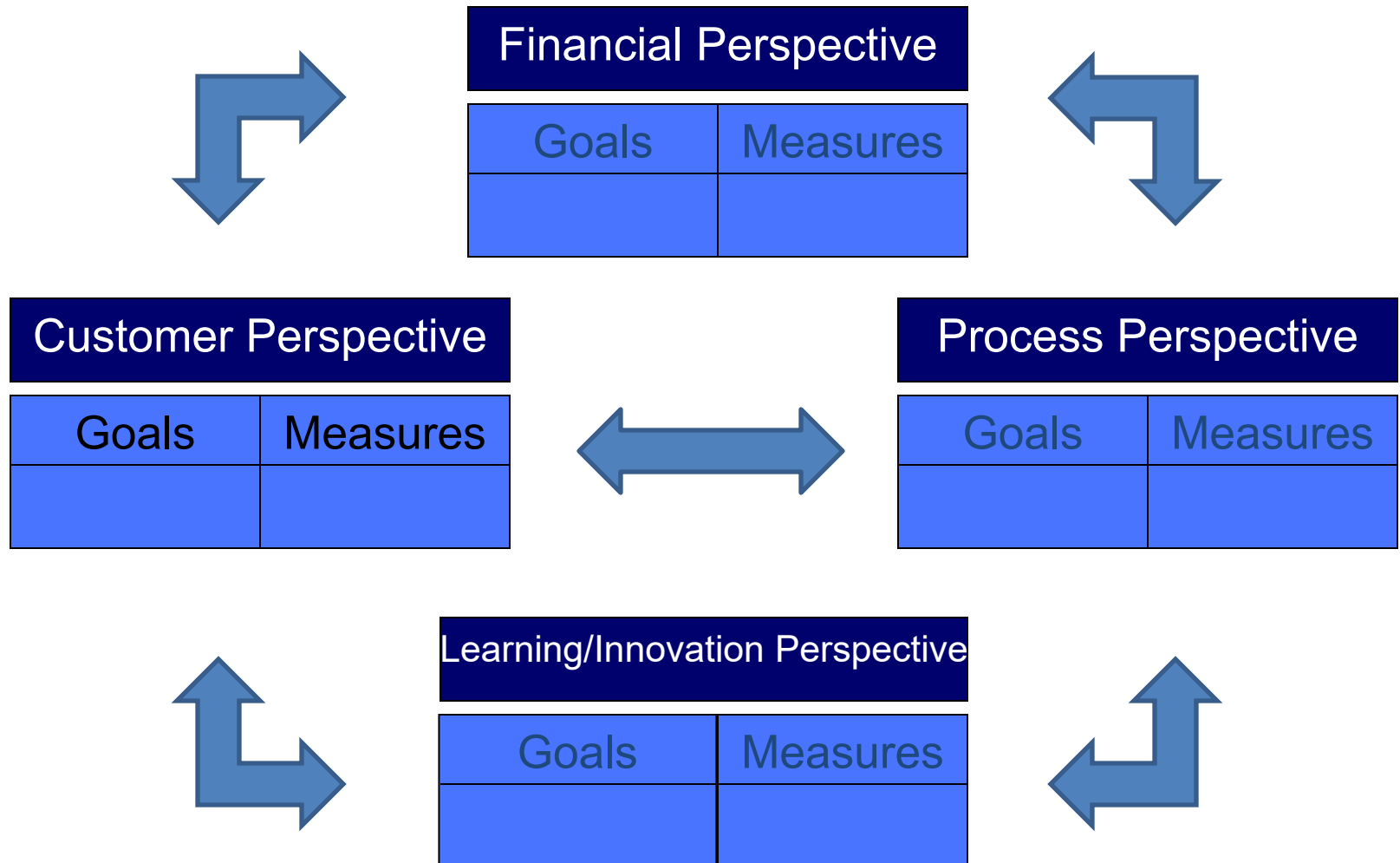
Balanced Scorecard (Dashboard View)



Bain & Company's 14th Management Tools & Trends survey
1,208 global executives interviewed

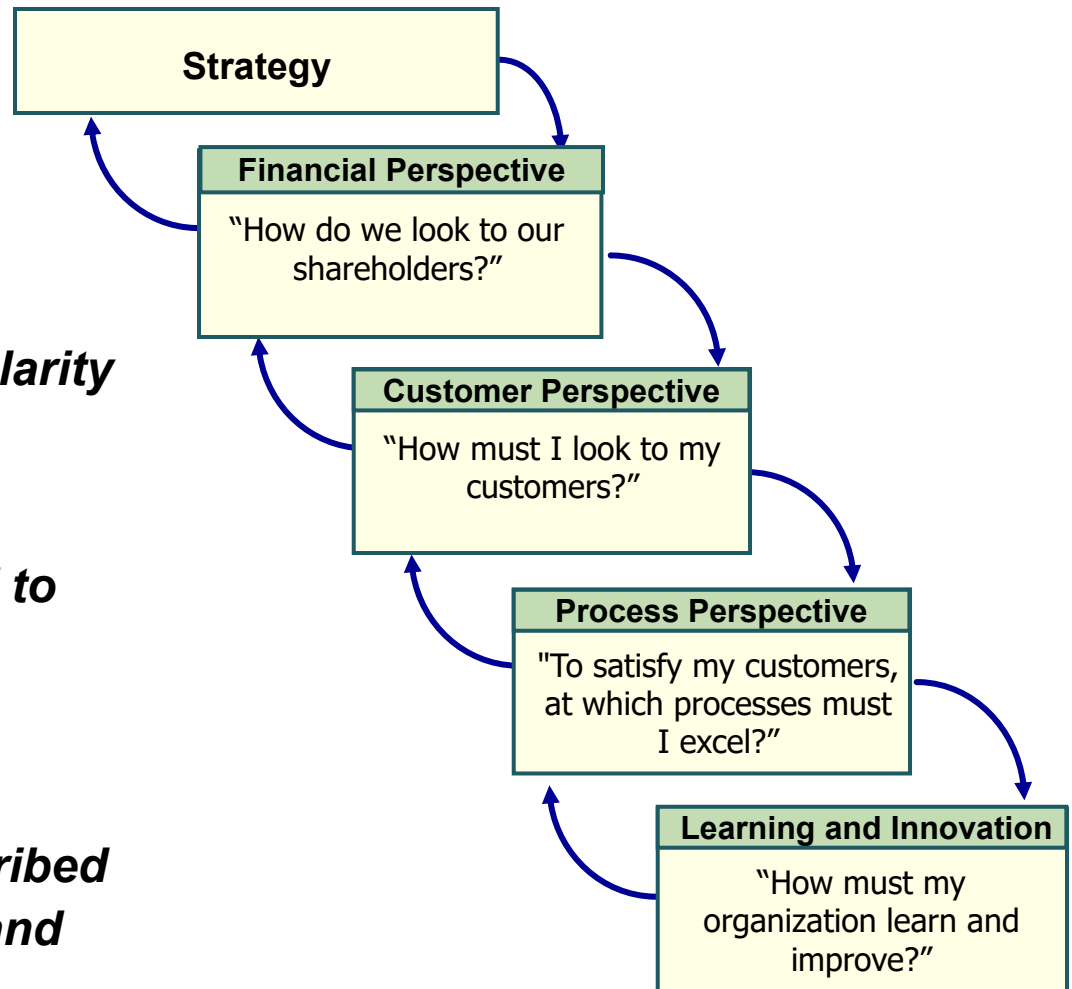
Balanced Scorecards is one of the five tools used most often

Four Perspectives



Strategy Operationalization with BSC

- ❑ ***Measurement is the language that gives clarity to vague concepts.***
- ❑ ***Measurement is used to communicate, not to control.***
- ❑ ***Strategy can be described as a series of cause and effect relationships***



Financial Perspective

Goals	Measures
Survive	Cash flow
Succeed	Quarterly sales growth and operating income by division
Prosper	Increased market share and ROE

Example of a semiconductor company

Source: Kaplan and Norton, "The Balanced Scorecard: Measures that Drive Performance."

Customer Perspective

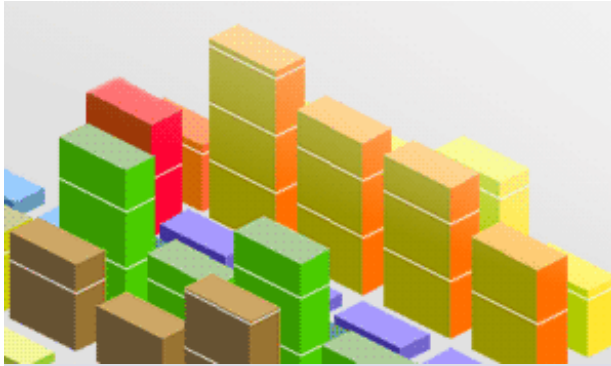
Goals	Measures
New products	Percentage of sales from new products Percentage of sales from proprietary products
Responsive supply	On-time delivery (defined by customer)
Preferred suppliers	Share of key accounts' purchases Ranking by key accounts
Customer partnerships	Number of cooperative engineering efforts

Internal Process/Business Perspective

Goals	Measures
Manufacturing excellence	Cycle time, unit cost, yield
Design productivity	Silicon efficiency, engineering efficiency
New product introduction	Actual introduction schedule versus plan

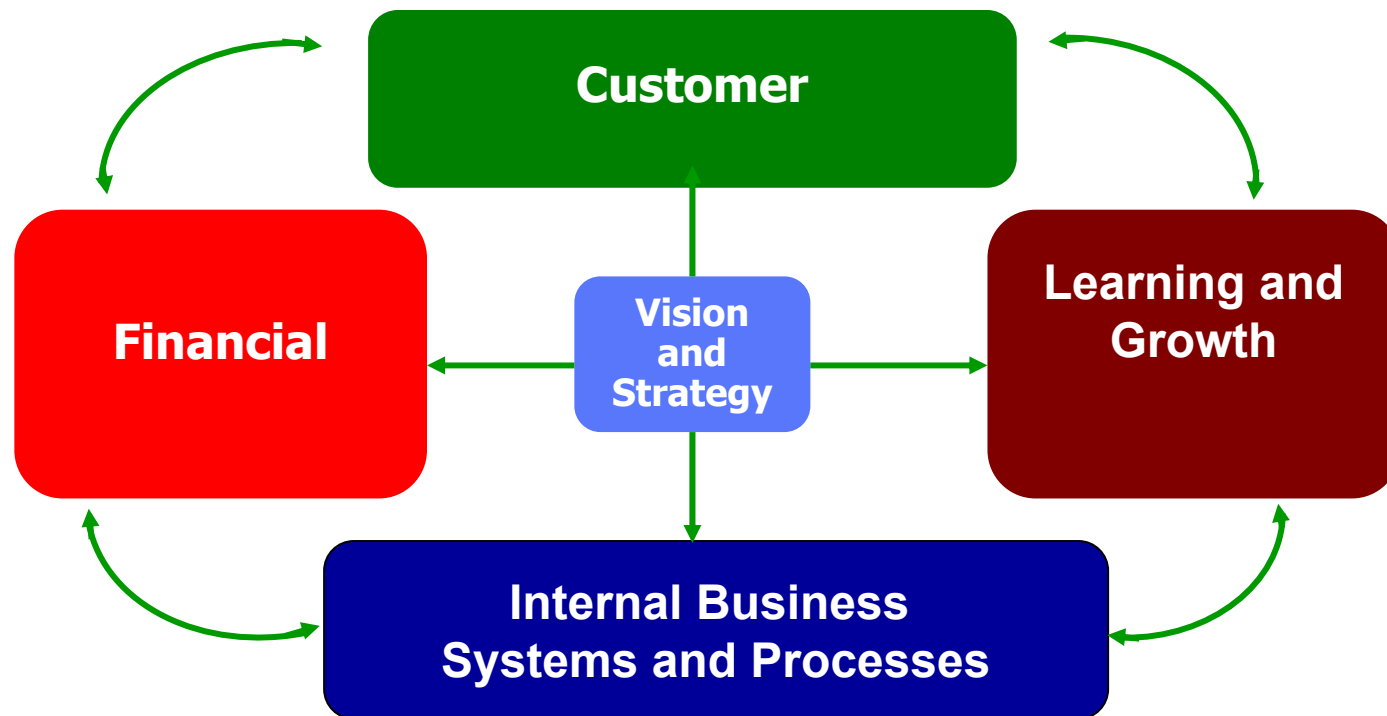
Innovation and Learning Perspective

Goals	Measures
Technology leadership	Time to develop next generation
Product focus	Percentage of products that equal 80% of sales
Time to market	New product introduction versus competition



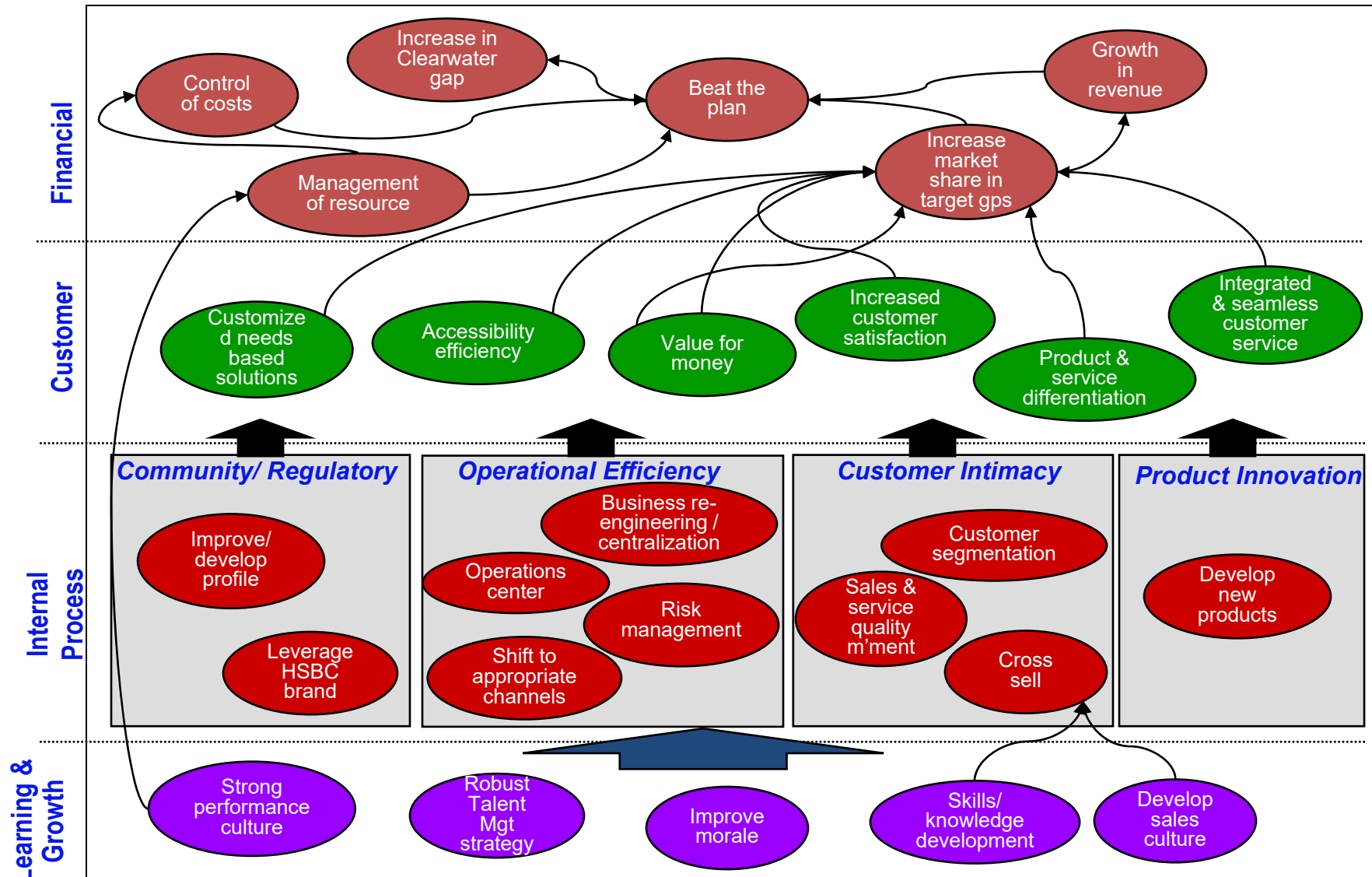
HSBC Balanced Scorecard

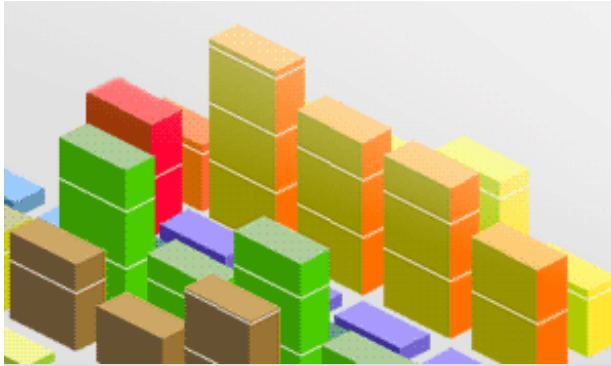
The Balanced Scorecard in HSBC



It is more than just the financial results

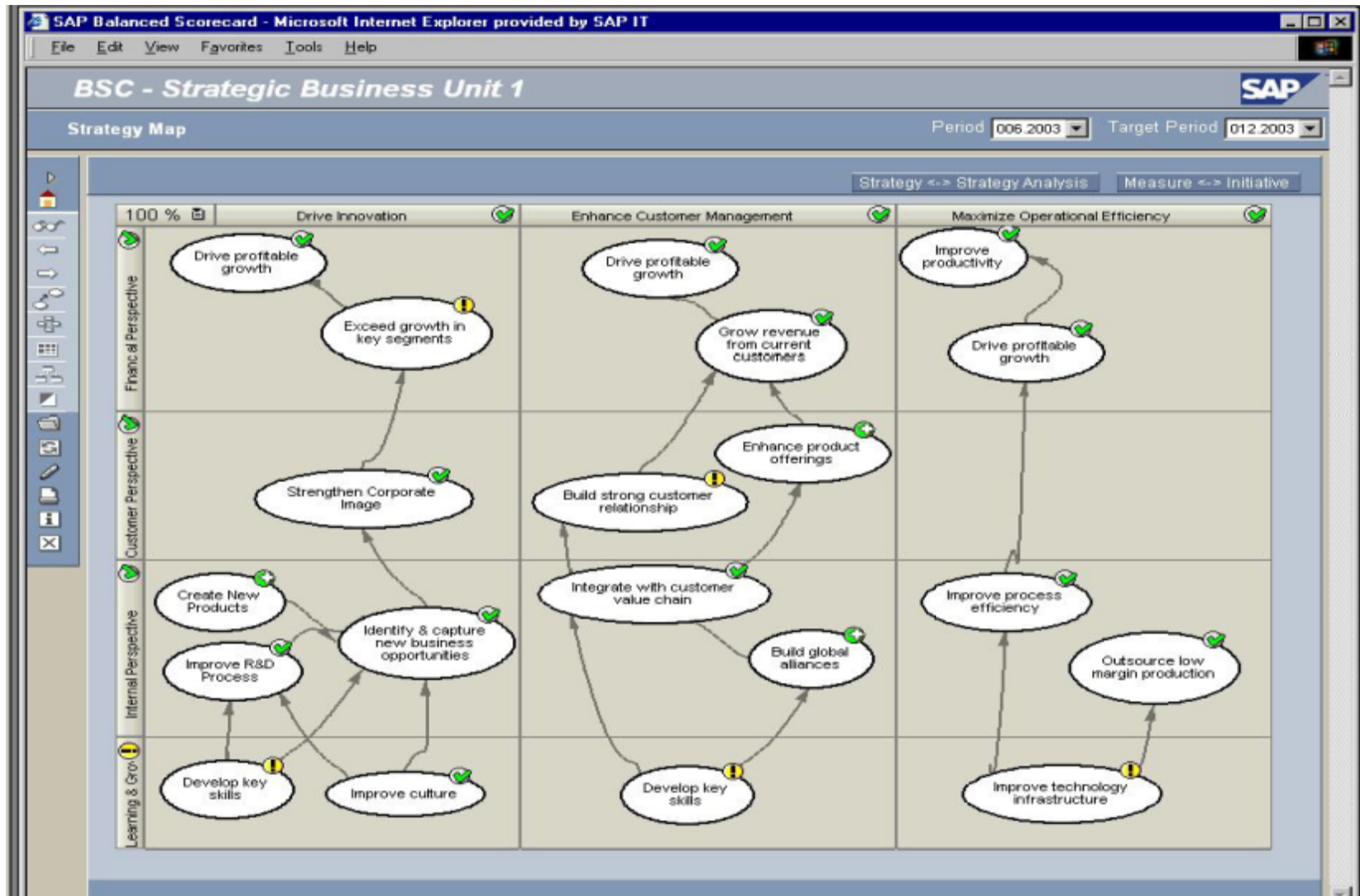
Strategy Map/Objectives - illustrative





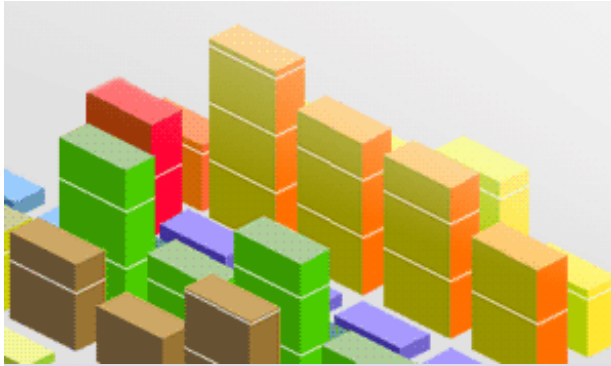
BSC Implementations

Example: SAP Strategy Map



Example: SAP Performance Overview





OKR: Objectives and Key Results

What are OKRs?

OBJECTIVES AND KEY RESULTS

OKRs are a management methodology which helps to ensure that your company focuses efforts on the same important issues throughout the organization.

OBJECTIVES

An Objective is what you want to accomplish.

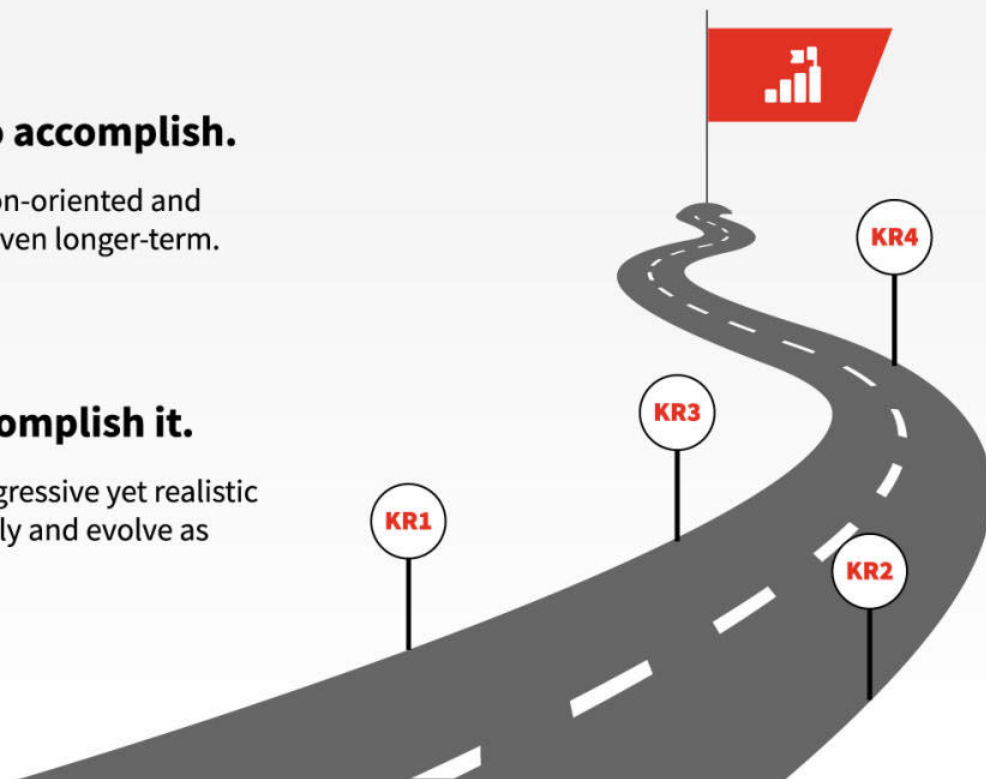
A good Objective is significant, concrete, action-oriented and inspirational. Can be set annually or over an even longer-term.

KEY RESULTS

Key Results are how you will accomplish it.

Good Key Results are specific, timebound, aggressive yet realistic measurable and verifiable. Can be set quarterly and evolve as work progresses.

What Matters



OKR

Objectives and Key Results

Example of a personal OKR: Individual who wants to run a 10K marathon:

- O Run a 10K in under 50 minutes by June.
- KR1 Go for a run 3x/week for at least 30 minutes.
- KR2 Increase distance of run by 1 mile every week.
- KR3 Increase mile speed by 5 seconds every week.

OKR

Objectives and Key Results

Example of OKR for a museum development team to grow its membership base to a new generation of museum-goers:

- O Attract younger, more diverse season ticket holders.
- KR1 Increase out “\$30-under-30” membership enrolment by 100%.
- KR2 Land mentions on the accounts of 5 local Instagram influencers.
- KR3 Get 25% response rate from a direct mail campaign to diverse ZIP (postal) codes.
- KR4 Attract 75 non-members per month to live artist talks.

Reference

- Corporate Information Strategy and Management: Text and Cases (8th edition), Applegate, L.M., R.D. Austin and E.W. McFarlan, 2009, McGraw-Hill. ISBN: 9780073402932. Chapter 4.
- Kaplan, R.S. and Norton, D.P. (2005), “The Balanced Scorecard: Measures that Drive Performance,” Harvard Business Review, 83(7), 172-180.
- More information about Balanced Scorecard, <http://www.balancedscorecard.org/>
- OKR: <https://www.whatmatters.com/faqs/okr-meaning-definition-example>

Class Activity

- For each team
- In the context of a company of your choice, conduct a Balanced Scorecard Analysis
- Explain the rationale for the measures in each of the 4 Perspectives