Another **exclusive** excerpt from Kaplan and Norton's new book,
Strategy Maps: Translating Intangible Assets to Tangible Outcomes

Strategic Job Families
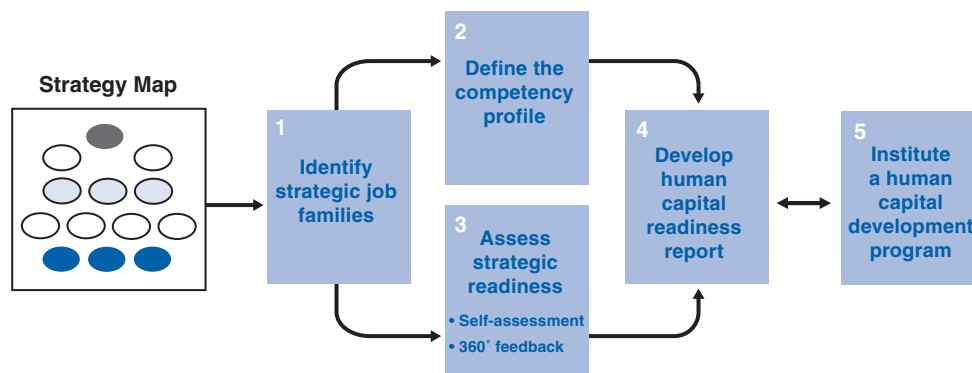
By Robert S. Kaplan and David P. Norton

Without the guidance of a strategy map, most human resources development programs attempt to meet the needs of 100% of a company's employees — thereby underinvesting in the jobs that really make a difference. How can companies pinpoint the strategically significant jobs and ensure they make the most of their *strategic job families?*

ON*Balance*

All jobs in an organization matter — otherwise, companies wouldn't hire and pay people to perform them. Many jobs, however, fulfill only the organization's basic requirements and capabilities, not the ones that differentiate the company in its marketplace. Truck drivers, computer operators, custodians, receptionists, and call center operators are certainly necessary to their organizations, and their contributions affect organizational performance. But while organizations see the importance of developing every employee's potential — and acknowledge that every employee's contribution can indeed improve organizational performance — some jobs have a much greater impact on the organization's strategy than others. It's the role of strategic management to identify and focus on those critical few jobs that have the greatest impact on the strategy. This process, and its output, is what we call Human Capital Readiness.[1]

To measure Human Capital Readiness, the organization must first identify the critical internal processes in the organization's strategy map. Within the human capital requirements in the learning and growth perspective, the organization identifies the set of competencies required to perform each critical internal process. Strategic job families are the categories of jobs in which these competencies can have the biggest impact on enhancing the organization's critical internal processes. (See *Figure 1.*)

Figure 1. The Human Capital Readiness Model

Strategy Map

1 Identify strategic job families

2 Define the competency profile

3 Assess strategic readiness
• Self-assessment
• 360˚ feedback

4 Develop human capital readiness report

5 Institute a human capital development program

Next, the organization crafts competency profiles, detailed descriptions of the requirements of these strategic jobs. An assessment gauges the current capabilities of the organization in each of the job families based on these competency profiles. The difference between the requirements and the current capabilities represents a "competency gap," expressed in terms of the organization's state of Human Capital Readiness. To close the gap, the organization launches Human Capital Development Programs.

Step 1: Identify Strategic Job Families

To understand the importance of strategic job families, consider the example of Williams-Sonoma, the kitchenware retailer. John Bronson, vice president of human resources, estimates that a mere five job families determine 80% of his strategic priorities.[2] The Balanced Scorecard Collaborative's human resources research, conducted through its Human Capital Working Group, corroborates Bronson's observation.

Or take UNICCO (Newton, Mass.), a large integrated facilities service management company that offers services to industrial facilities ranging from simple cleaning to maintaining complex machinery. Its customer solutions strategy strives for growth by customizing and expanding the range of services it offers each account. UNICCO demonstrates outstanding quality, consistency, and reliability in the basic services it initially delivers to the client. This establishes credibility, which the company subsequently leverages to expand service into new areas. Kimberlee Williams, UNICCO's vice president of human resources, notes that three job families provide the key

leverage points for the strategy: *project managers,* who oversee operations in specific accounts; *operations directors,* who broaden the relationships within existing accounts; and *business development executives,* who help acquire new accounts. These three job families employ only 215 of the company's more than 6,000 employees, or less than 4% of its workforce. By focusing its human capital development activities on these individuals, UNICCO achieves both focus and leverage from its human capital investments.[3]

Figure 2 shows the strategic job families for Chemico, a hypothetical manufacturer of leading-edge specialty chemicals. Chemico delivers a customer solutions strategy by having its engineers cultivate personal and echnical relationships with the engineers employed by its key customers. Chemico's engineers generate innovative solutions to customers' problems by tightly linking engineering and new product development.

Chemico's Innovation theme consists of two strategic processes: *Partnering* (joint ventures), to improve the diversity and speed of new product development; and *Applied Research,* to ensure a steady flow of proprietary new products. Chemico's executives identified a strategic job family for each strategic innovation process:

• *Partnering in Product Development: Joint venture program managers* — individuals who effectively manage the complexities of multicompany joint ventures.[4]

• *Applied Research: Senior scientists* — individuals with a mastery of narrow technical domains who develop new product applications.

Chemico's Customer Management theme consists of two strategic processes, each with an associated strategic job family.

• *Customer Partnering (Create Value-Added Partnerships): Solutions engineers* — engineers who work as consultants, applying Chemico's products to solve customer needs.

• *Order Fulfillment: Call center representatives* — specialists who work in partnership with Solutions Engineers to ensure the quality and timeliness of product deliveries.

The Operations Management theme consists of two strategic processes, with a total of three strategic job families.

• *Supply Chain Design: Supply chain Management (SCM) design specialists* — individuals capable of leading a major reengineering of the supply chain process.

Some references in the To Learn More sections may require readers to join *BSC Online.* If you are not yet a member, we invite you to become one — membership is free. For details, visit **http://www.bscol.com.**

Figure 2. Strategic Jobs and Competencies for Chemico

	INNOVATION		CUSTOMER MANAGEMENT		OPERATIONS MANAGEMENT		SOCIAL RESPONSIBILITY
Strategic Processes	Partner in product development	Conduct applied research	Create value-added partnerships	Improve order fulfillment	Improve supply chain design and planning	Improve raw materials sourcing	Improve environmental performance
Strategic Job Families	Joint venture program managers	Senior scientists	Solutions engineers	Call center representatives	SCM design specialists / Expediters	Raw materials traders	Environmental engineers
Competency Profile — Knowledge	• Knows the industry	• Subject matter expert • Knows the customer	• Knows the customer • Knows the product	• Knows the customer	• Acknowledged SCM expert	• Subject matter expert • Knows the company	• Subject matter expert • Knows the company
Skills	• Contracting skills • Negotiation skills • Relationship management	• Business acumen • Project management	• Consulting skills • Relationship management	• CRM system mastery	• Consulting skills • Project management • Change management	• Negotiation skills	• Project management • Change management
Values	• Results-oriented	• Team player	• Customer partnership	• Results-oriented	• Results-oriented	• Results-oriented	• Team player
Number Required	5	25	30	20	1	5	5
Number Qualified	2	15	15	15	0	1	2
Human Capital Readiness	40% (R)	60% (Y)	50% (R)	75% (Y)	0% (R)	20% (R)	40% (R)

Readiness status is coded with the red-yellow-green (R,Y,G) traffic light system.
None of Chemico's strategic job families were "green."

• *Supply Chain Planning: Expediters* — individuals who work the interface between customer requirements and internal supply chain processes to ensure results.

• *Raw Materials Acquisition: Raw materials traders* — specialists who operate in a newly established energy trading office to achieve significant cost reductions by working continually in the spot market to secure necessary raw materials.

The Social Responsibility theme has one strategic process and an associated job family.

• *Environmental Performance Program: Environmental engineers* — a set of specialists who have mastered clean air and clean water requirements, and the procedures required to satisfy these requirements.

Based on Chemico's strategy map, the executive team identified eight strategic job families that together employ 100, or 7%, of the company's total workforce of 1,500. Thus, the success of the organization's strategy would be determined by how well the company developed competencies in less than 10% of its workforce. This is the essence of strategic focus.

Step 2: Define the Competency Profile

After identifying the job families that determine strategic success, the company must next detail the requirements of these jobs, a task often referred to as job profiling or competency profiling. A competency profile describes the knowledge, skills, and values an employee needs to be successful in a given position. Human resources departments have a variety of methodologies for creating such profiles, for example, interviewing an individual who best understands the job requirements. The competency profile provides the reference point that the HR department can use when recruiting, hiring, training, and developing people for that position. A competency profile typically has three components:

• *Knowledge* — the general background knowledge required to perform the job. This would encompass job-specific knowledge (e.g., subject matter expertise), as well as surrounding knowledge (e.g., knowing the customer) that enables an employee to tailor his or her general knowledge to the job context and working environment.

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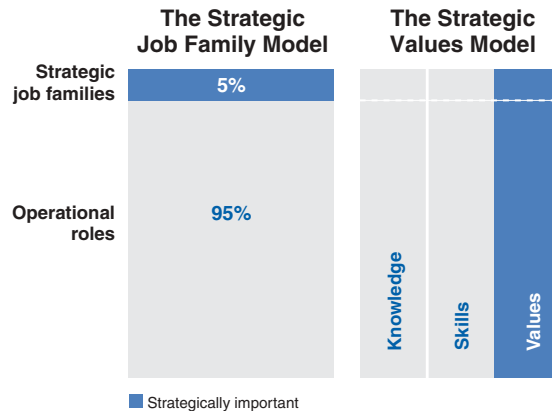
- *Skills* — the skills required to supplement the general knowledge base, such as negotiating skills, consulting skills, or project management skills.

- *Values* — the set of characteristics or behaviors that produce outstanding performance in a given job. Some jobs, for instance, require teamwork, while others are built around a customer focus. Matching values to the job is essential.

Figure 2 shows a simplified competency profile for seven of Chemico's strategic job families. For example, solutions engineers function as consultants in their direct work with customers. They apply their know-how of Chemico's products to solve customers' problems. The general knowledge requirements for their job include a sound understanding of a customer's industry and business model, and a corresponding understanding of Chemico's products and how they could best serve the customer. The solutions engineer position requires consulting skills such as problem solving, project management, and change management, as well as relationship management skills. The solutions engineer's dominant value is to create trusting, enduring customer partnerships.

Step 3: Assess Human Capital (Strategic) Readiness

Next, organizations must assess the current capabilities and competencies of the employees in strategic job families. Assessors can draw from a broad range of approaches to evaluate

> **The programs to develop the competencies of individuals in strategic job families should be segregated and funded separately, just as capital investments are funded and managed separately from annual operational spending programs.**

each individual's performance and potential. For example, an employee might perform a self-assessment against the job requirements, which he or she could then discuss with a

Figure 3. Models for Strategic Human Capital Development

Both models are necessary, though they cannot be integrated.

mentor or career manager. Alternatively, an assessor could solicit 360˚ feedback from several individuals on various aspects of the employee's performance. Again, the feedback would serve as the basis for a career-development dialogue. Both types of assessment give individuals a clear understanding of their objectives, substantive feedback on their current competencies and performance, and a game plan for future professional development. Because of its importance, assessing human capital readiness — the strategic readiness of employees in strategic job families — should be treated differently from the routine performance management used elsewhere in the organization.

For many organizations, articulating their strategy through the structured discipline of a strategy map is a new experience. The organization's strategy, focusing on major areas of internal change and development, often reveals an absence of several essential strategic job families. At Chemico, for example, four of the eight strategic job families were actually new to the organization. The joint venture managers and environmental engineers had been introduced only in the past year, and the company had just begun to

hire individuals for the supply chain and raw materials acquisition processes.[5]

Chemico's HR executive appointed a manager to lead an initiative to fill positions for these two strategic job families. The manager created job profiles based on the competencies the new processes required. The manager, along with the HR executive, assessed the current staff's readiness to fill these newly defined roles. As illustrated in the lower portion of *Figure 2,* strategic readiness in these jobs (senior scientists, solutions engineers, and call center representatives) was between 50% and 75%. (The three key numbers shown — number of individuals required, and the number and percentage currently qualified — are the heart of the Human Capital Readiness Report.) The manager launched a human capital development program to close the gap. She linked this program to the performance management program, making the new competency profiles part of the personal objectives and development plans of the scientists, solution engineers, and call center representatives.

Step 4: Institute a Human Capital Development Program

The strategy map provides focus to an organization's human resources programs — the recruiting, training, and career planning — that develop its human capital. Without the guidance of a strategy map, most HR development programs attempt to meet the

needs of 100% of the workforce, and therefore underinvest in the jobs that really make a difference. By focusing human capital investments and development programs on the relatively small number of employees (often less than 10%) in "strategic" jobs, organizations can achieve breakthrough performance faster and less expensively.

The Strategic Job Family Model allows the organization to do just this. (See *Figure 3*.) Focusing HR programs on the critical few jobs that are pivotal to the organization's strategy helps accelerate action and enhances efficiency in spending. But this approach implies that 95% of a company's employees are "nonstrategic" and that the company could ignore their legitimate development needs. A second development approach, the Strategic Values Model, begins with the premise that strategy is everyone's job — that strategy involves a set of values and priorities that should be incorporated into every employee's objectives and actions.[6] Clearly, both of these models are legitimate. Both fit our definition of focus and have

been used successfully in practice. And both, we believe, are necessary for success. In our experience, they cannot be run as one integrated program. The programs to develop the competencies of individuals in strategic job families should be segregated and funded separately, just as capital investments are funded and managed separately from annual operational spending programs. The progress a company makes in closing the competency gaps in its strategic job families is the basis for reporting on strategic human capital readiness.

Road Map to Strategic Readiness

Human capital must be aligned to strategy if the organization is to gain value from its employee competencies. The strategy map identifies the few internal processes that are critical to the strategy. These critical processes determine the focused set of strategic job families that provide the organization its strategic differentiation. By developing competency profiles for the strategic job families, HR executives can then apply standard assessment approaches to measure human capital

readiness and strategic competency gaps. The gaps, in turn, set the agenda for human capital development programs that will increase the organization's strategic human capital readiness.

[1] *For more on human capital development, including the Human Capital Readiness Report, see "Measuring the Contribution of Human Capital,"* BSR *July–August 2001 (Reprint #B0107A), and "Managing the Development of Human Capital,"* BSR *September–October 2001 (Reprint #B0109A).*

[2] *John Bronson, speaking at the Balanced Scorecard Collaborative Conference on Human Capital, Naples, Fla. (February 27, 2002).*

[3] *Reported by Kimberlee Williams at the Balanced Scorecard Collaborative Human Capital Working Group (September 10, 2002).*

[4] *Several other job families supported this process, but the joint venture program manager had the greatest impact on its success or failure.*

[5] *The remaining three programs (Applied Research, Value-Added Customer Partnerships, and Order Fulfillment) were extensions of mature processes that were being refocused and refined.*

[6] *Another view holds that there is a "core curriculum" that applies to everyone and an advanced course that is assigned only to "graduate-level" candidates.*

Reprint #B0311A

In *the News Briefs*

Northern Exposure: V Division of the **Royal Canadian Mounted Police** is fulfilling its strategy map objective of contributing to the community. The Iqaluit, Nunavut–based unit is supporting a suicide prevention video produced by Iqaluit high school students. The suicide rate for Canada's northern aboriginal peoples is up to six times higher than that of non-aboriginal youth.

New or noteworthy BSC adoptions: Rail transportation giant **CSX** recently announced its adoption of the BSC to create a "process-focused structure" and support an improvement initiative, an antidote to recent service and safety problems.…British-based **Compass,** the world's largest food services company, with annual sales of more than £10 billion, likes the cause-and-effect linkages the BSC demonstrates between employee satisfaction, improved production, and sales increases.…**Hanscom Air**

Force Base's Electronic Systems Center (Mass.) plans to automate its BSC.… The **Texas State Auditor's Office** is the second Lone Star State agency to use the BSC. The **Texas Education Agency** also adopted it in 2000 (see *BSR* May–June 2003).

Hilton Hotels scores again: For the second consecutive year, Hilton Garden Inn won the **J.D. Power** award for highest guest satisfaction among midpriced, full-service hotel chains. Hilton, a longtime BSC user, has enjoyed a 100% boost in share price since implementing the BSC, according to the September 2003 *Financial Analysis, Planning & Reporting.*

Pro-venture: A recent *Journal of Management* article contends that the BSC facilitates **corporate entrepreneurship** by providing a rigorous way to assess the outcome of such initiatives.

—*With reporting by Kent Smack*

Coming Up *in BSR*

• David Norton on Aligning Organizational Capital: The Strategic Change Agenda

• Lessons from Fulton County Schools: How this suburban Atlanta, Ga., school system is sharpening academic and fiscal performance

• Highlights from the sweeping study by the State University of New York (Albany), Hyperion, and Pepperdine University on BSC use in North America

• Stanford University's Jeff Pfeffer on linking corporate philosophy and values with human capital

• Making Strategy Everyone's Job: How to align personal and team goals and compensation to the BSC

• A Balanced Scorecard for the Board of Directors: *BSR* looks at pioneering work

• Timing your BSC software adoption

A Winning Prescription for Breakthrough Sales Performance at AstraZeneca

By Janice Koch, Editor

You've heard of IT scorecards and HR scorecards. But few sales organizations have independently adopted the BSC. What better test of the BSC's effectiveness in aligning people to strategy than its adoption at pharmaceutical giant AstraZeneca (AZ) U.S.'s sales organization? Its thousands of salespeople, alone on the road, see their district managers twice a month at most. So how could the company motivate them all to focus on strategy and achieve breakthrough performance?

"Being the Best" — it's a surprisingly generic mission statement for a company in an industry where generics are a huge challenge. But in just two years, this innocuous phrase transformed pharmaceutical giant AstraZeneca U.S.'s 6,000-strong sales force into a sales powerhouse. The key? Leadership development and the Balanced Scorecard.

Headquartered in the U.K., AstraZeneca was born when British pharmaceutical company Zeneca merged with Swedish Astra in 1999. The company produces a wide range of leading-edge medicines: cardiovascular, gastrointestinal, oncology, infection, central nervous system, pain, and respiratory.

Boasting 10 blockbuster brands (including Nexium and Prilosec), AZ's record of successful product launches counts among the industry's best. Its U.S. operations, based in Wilmington, Del., generated more than $12 billion of the company's $17.8 billion revenues as of July 2003.

A mere two-plus years ago, the sales organization didn't have a widely articulated business strategy. With half of the company's 12,000 U.S. employees working for the sales organization and 50% of its entire budget allocated to sales, personal selling was clearly paramount. But the company had no way to ensure that its legions of salespeople scattered throughout the country implemented this strategy consistently and effectively.

The company's siloed sales-organization structure presented a major impediment — six different businesses, each based on a therapeutic area. It was a prescription for confusion and inefficiency, for two reasons: leading-edge drugs are a highly specialized, sophisticated "sell," and drug-makers' diverse customer base — physicians, insurance companies, and managed-care groups — each have vastly different information needs and cost concerns.

Restructuring was the first step. AZ reorganized sales into eight geographic regions, or business centers. Then it charged each center with ensuring alignment to the overall organization's strategic priorities and tracking

progress at its own level. Key supporting functions, such as training and sales operations, were established as shared services.

But these steps weren't enough. According to Michael Hickey, head of U.S. sales, AZ's sales organization also needed a major cultural change if it was to become the best in its industry. Yet how do you transform the mindset of 6,000 people who are operating out of their cars, far from the corporate culture?

Answer: leadership development on a massive scale — from senior executives down through the sales organization. Hickey and his senior sales team set out to reinvent the sales representative role. "The main thing," Hickey notes, "is that they bring innovative medicines to patients, and knowledge and support to physicians. They advocate for patients, especially those who don't have access the newest medicines."

Senior sales executives understood that lofty memos and posters wouldn't connect people with "a higher sense of purpose." But the Balanced Scorecard would. Not only could it help AZ articulate its strategy, but it could also provide a line of sight to every sales rep by depicting his or her relationship to strategy implementation. (See *Figure 1*.)

Defining What's Possible: AZ's Scorecard Journey

To build a breakthrough sales organization, says Hickey, his senior leaders would have to make reps see that "being the best" was possible. The BSC provided a way to communicate that message.

The Balanced Scorecard at AZ began in 2000, when Hickey was head of the company's Central Nervous System (CNS) business. He piloted the BSC in CNS, cascading it down to sales, and in the following year, when he became head of U.S. sales, brought it to the entire AZ sales organization. His leadership team developed its BSC in 2001; the senior sales team then developed its BSC and strategy map in 2002. In 2003,

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Figure 1. The AZ Strategy Map's Line of Sight
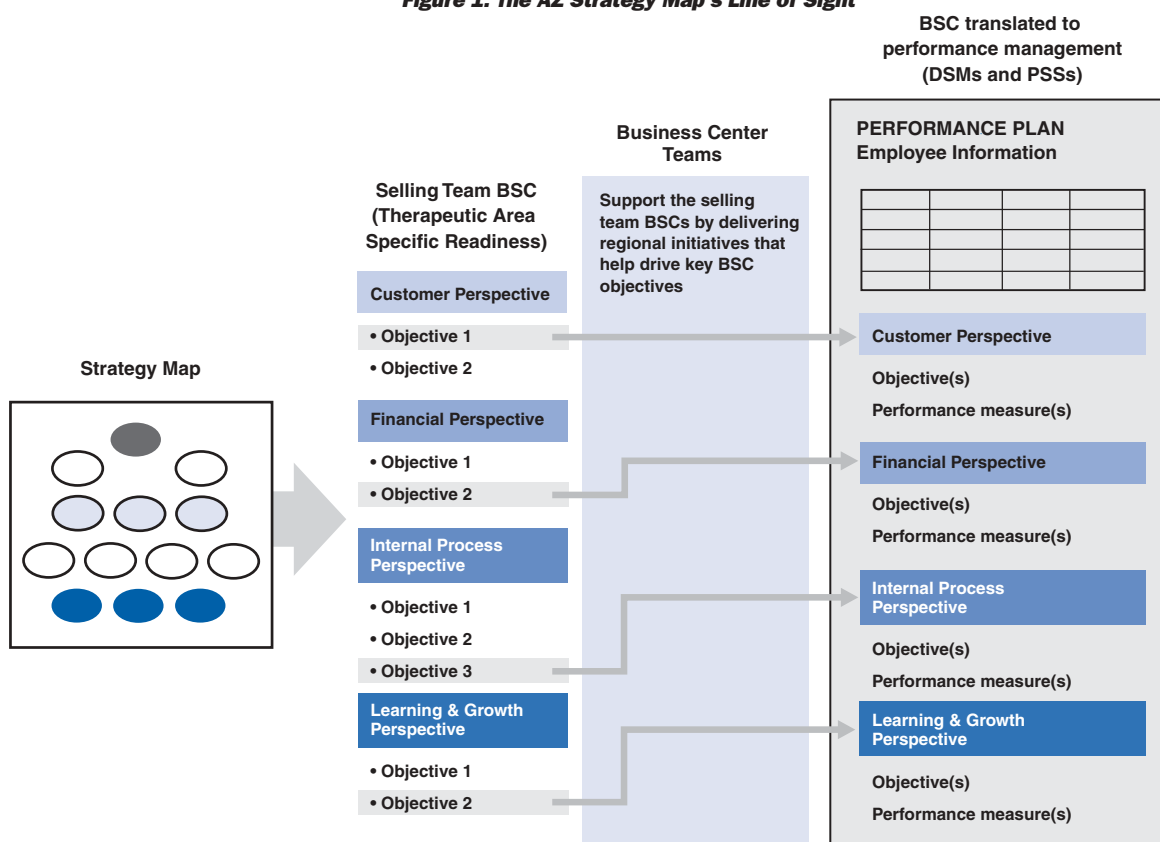
Objectives are translated from the top-level sales map all the way down to the performance plans of district sales managers (DSMs) and pharmaceutical sales specialists (PSSs, or sales reps).

each therapeutic area built a BSC. AZ has also cascaded the BSC down through support functions and the sales organization's regional business centers. All BSCs link to the sales BSC and strategy map — the "enterprise" level.

These rollouts followed a highly structured, aggressive plan. A steering committee, created in August 2002, oversaw the cascading of the BSC from the senior sales team down. The committee also guided a working team, which supervised the development of scorecards for business centers and therapeutic areas. Each sales team underwent intensive BSC training. By late March 2003, AZ had automated its BSC.

Simultaneously, senior leaders developed a full-blown communications program. Besides articulating the strategy throughout the organization, the program provides updates on progress toward strategic goals, BSC-based initiatives, and sales successes. It uses a variety of commu-

nication channels, including multimedia pieces and print materials such as the monthly newsletter *Sales Connection.* To inspire the troops (and gather feedback from the field), executive leaders conduct road shows and town hall meetings throughout the country.

The Heart of AZ's Strategy Map

Focusing on the customer is every sales organization's avowed mission. For AZ, a core customer objective is "creating optimal access" — ensuring that AZ's products show up on every doctor's plan. That's no small feat, given the cost-cutting fervor of insurers and managed-care providers.

Yet it's the internal process and learning and growth perspectives that form the heart of AstraZeneca's sales strategy map. The internal perspective contains the central objectives behind the organization's "Aligned for Greatness" theme — its organizing principle. "Sales force effectiveness" seeks to boost reps'

efficiency and effectiveness by streamlining processes and improving resource deployment. In year one, the role of district sales manager (DSM) was recast to provide coaching for sales reps on growing their business. The company built an intranet-based communication-management tool to facilitate the coordination and timing of communications from headquarters that affect field activities. It also installed a DSL (digital subscriber line, a high-speed Internet connection) and new software applications to improve DSMs' efficiency and defined clearer guidelines for reps about tracking sales calls.

"Seamless cylinder selling," also launched in 2002, refers to AZ's plan to shift focus from products to customers by coordinating sales efforts across therapeutic areas. Cylinder selling teams, comprising members of each primary-care selling team, collaboratively find ways to better serve their common customers.

Figure 2. The Sales Balanced Scorecard: The "Leadership" Perspective
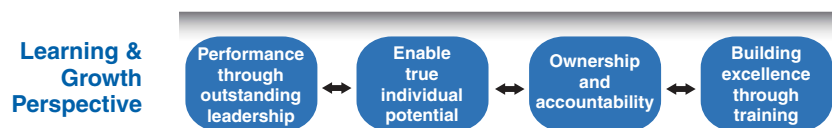
Learning and growth is the locus of AZ's leadership development — instrumental to the sales organization's breakthrough performance.

Within the "centers of business excellence" objective, AZ reorganized responsibilities in the regional business centers to leverage local knowledge, resources, and capabilities. Client-service teams actively recruit, retain, and develop new talent. Monthly strategic-alignment meetings keep everyone focused on strategic priorities.

Making Leadership Everyone's Job: Learning and Growth

At AZ Sales, making strategy everyone's job means making *leadership* everyone's job. (See *Figure 2.*)

Hickey and the senior sales team made a significant dollar investment in leadership training for the entire sales force over the past year — a total of seven weeks' worth of offsites.

These training programs include coaching seminars for sales managers at all levels, as well as breakthrough-thinking programs for all managers. If leadership comes from within, what better measure of it than individuals' own perceptions? In a survey of AZ's DSMs, more than 60% said they now feel more empowered.

To support the "building excellence through training" objective, AZ launched an innovative sales-training curriculum, introduced selling simulations, and developed brand training programs and interactive product workshops.

To "enable true individual potential," the company revamped its rewards and recognition program. A stream-lined, three-tiered approach provides a gamut of options, from rewarding individual performance, exceptional teamwork, and personal improvement to acknowledging individuals who have contributed to AZ's strategic objectives. Career-development days promote internal opportunities for sales reps and DSMs.

Within the "ownership and accounta-bility" objective, all field-sales performance plans were linked to the BSC in early 2003. (See *Figure 1.*) Objectives from the regional sales directors' BSCs were translated to DSMs' performance management objectives; likewise, DSMs' scorecard objectives were cascaded down to sales reps' performance objectives.

Breakthrough Results in Year One

The company has racked up significant "first-in-class" rankings: for the year ending May 2003, AZ's detail minutes per call (amount of time spent talking to a physician about the product) and call quality ranked first among the top 10 pharmaceutical firms in surveys of physicians by leading industry researcher IMS. Across several medical-specialist categories, AZ ranked first in quality rankings and sixth overall — up from 11th the previous year. AZ scored second in oncologists' image rankings, which comprise multiple attributes such as clinical innovation, sales rep responsiveness, and physician assistance program effectiveness. (Through such programs, reps help doctors win insurers' approval to prescribe premium lifesaving drug treatments.)

Despite the loss of approximately 30% of top-line total U.S. sales (owing to patent expirations and the corresponding influx of generics into the market), AZ's global sales for the first half of 2003 remained steady. Overall, performance exceeded expectations during that period, with big increases across the portfolio. Sales for new launches and key growth products rose 48% to $3.7 billion; Toprol-XL skyrocketed by 92%, Rhinocort Aqua by 78%, and Nexium by 74%. When analyzed by dollar growth in drug class, the statistics become even more striking. Nexium, for example, grew 117% against its class over the previous year, which averaged just 15.1% growth. In July, *Med Ad News,* a leading industry trade journal, named AZ "Pharmaceutical Company of the Year" for its stellar performance and strong R&D pipeline.

But success, Hickey acknowledges, is not a static state. Accordingly, AZ's BSC supports continuous improvement. For instance, the objective "Sales force effectiveness" has shifted its emphasis from productivity and efficiency (after a 14% boost in individual productivity in one year) to quality — defined as distinctiveness on the frontlines and operational excellence.

The sales organization's stunning results have prompted a new company-wide streamlining initiative, announced in early 2003. The plan includes restructuring AZ's business model so that it is based on brand leadership rather than on therapeutic area. It also calls for sharper customer focus, a more aggressive identification of emerging products, integration of U.S. Clinical Development into Global Clinical operations, accelerated decision making, and enhanced operational efficiency. Inspired by the U.S. sales organization's BSC experience, AZ U.S. plans to adopt the BSC enterprisewide in 2004.

Aware that nine out of 10 strategies fail because of ineffective execution, Hickey is passionate about keeping AZ sales strategically on track. Hickey, who enjoys sprinkling his presentations with inspirational quotes from the likes of George Bernard Shaw and Nelson Mandela, has a simple view of AZ's success: "The main thing — in our case, personal selling — is to keep the main thing the main thing."

From Operating Action to Strategic Action: MDS's Scorecard Journey

An interview with Robert B. Harris, Senior Vice President of Strategy, MDS

By Katherine Kane, Contributing Writer

Robert B. Harris

Jim Collins, author of *Good to Great,* once quipped that the apparent goal of MDS, the Toronto-based health and life sciences company, was to become the world's least-heard-of $100 billion company. Bob Harris attributes his company's success to its synergy-focused acquisition strategy, thoughtful management, and timely adoption of the BSC to help sustain success as MDS's portfolio of businesses has multiplied. Harris spoke with *BSR* recently about the benefits and challenges of bringing the Balanced Scorecard to MDS — part of the company's effort to go from "good" to "great."

BSR: *Why did you turn to the Balanced Scorecard?*

Bob Harris: There was really no burning platform. We've had exceptional business performance, with 15% annual compound growth. But we knew we had to get better about executing our strategy if we were going to continue that kind of growth. Our objective was threefold: (1) to continue running our businesses effectively; (2) to build new businesses to sustain our rapid growth; and (3) to transform the way we do things, including creating an infrastructure that would streamline our growing glut of legacy systems.

We had already defined our goals; now we needed to get everyone regularly talking about how to achieve our strategic objectives. The BSC allows us to focus on action. With the BSC, we hope to increase the amount of time that senior management spends on strategic decision making. In addition, because we use BSC software, we can electronically connect every employee back to the strategy. Finally, we can focus on investing the appropriate resources into truly strategically significant areas.

BSR: *What unique challenges does MDS, as a multibusiness management corporation — made up of diversified companies containing related, synergistic business units — face in adopting the BSC?*

BH: Part of the problem is articulating corporate's role in value creation — i.e., identifying the difference between "parenting" and creating competitive advantage. We didn't have absolute clarity about our highest-level strategy. We decided to let the major business units take the lead and determine the BSC details for themselves first, since they are the centers of direct value creation.

Multibusiness corporations struggle with defining roles between business units and corporate "parents." At our size, a level or two below corporate is still multibusiness, not customer-facing. The BSC helps clarify what's strategically important at each level and in each role.

At the executive level, the BSC has helped us to understand our mission as a whole enterprise. Instead of making an isolated decision about investing in a company, we decide in the context of our business portfolio: Are we overinvested in this particular area? How could we rebalance within our existing objective? Should we change priorities?

BSR: *Is it difficult to create a strategy mindset among all employees?*

BH: Yes. For example, our senior management has grown up through acquisitions. Almost everyone has come through operations, and they identify with the operations of a particular business unit. And these operations run themselves pretty well. But people still struggle with differentiating between *strategic* action and *operating* action. Strategy is difficult because you are always dealing with the hypothetical, and it can be high risk. Sometimes it takes up to two or three years before you even see the results of a strategic decision. And even then, it's never exactly what you expect. For operations-oriented folks, this is hard.

Another obstacle was the lack of a burning platform. It was hard to create a sense of urgency about our new approach.

BSR: *How does senior leadership cope with managing 14 different strategy maps and 200-plus scorecards?*

BH: The MDS strategy map is the enterprise map; our corporate groups, shared services group, and business units have their own maps. Certain objectives don't belong on the enterprise map; improving efficiency, for instance, should probably just be on specific business unit maps. So it's

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At a Glance

MDS
Toronto, Canada

- Employees: 10,000 in 23 countries

- Revenues as of Q2 2003: $1.4 billion

- Operating areas:

  > MDS Diagnostics: clinical diagnostics and robotics

  > MDS Isotopes: nuclear medicine

  > MDS Pharmaceutical Services: pharmaceutical research

  > MDS Sciex: advanced analytical instruments

- BSC stats (as of Q2 2003): 14 strategy maps, 200-plus scorecards (enterprise, corporates, shared services, business units)

important to let all business units have their own strategic objectives that all link back to the overall corporate strategy. This keeps any one group, including corporate, from getting bogged down. It keeps us delegating.

Senior management should be able to go to the objective owners and ask them to report on the top six actions

> It is important to remind the objective owners to get off the indicators and into the actions.

they're taking to achieve that goal and why they are strategic in nature. It is important to remind the owners to get off the indicators and into the actions.

Incidentally, we still struggle with the role of bubble owner — and what it means to influence performance, rather than directly manage actions.

BSR: *Give us an example of a strategic action for the enterprise.*

BH: One of our strategic "bubbles" is to grow revenues and increase margins. When you are a multi-business organization, there are strategic reasons why you should get rid of some businesses and acquire others. That process can require action steps such as defining the types of businesses we want and selling ones that are not working for us. Coming to these decisions — clearly defining the types of businesses for which we are an effective parent — is strategic. The BSC helps you determine priorities for strategic endeavors and set deadlines for reaching goals.

BSR: *What does the Balanced Scorecard do that other measurement tools do not?*

BH: The Balanced Scorecard provides both the glue and the grease. It's the glue that makes us stick to our objectives and the grease that keeps us moving forward. With so many strategy maps and BSCs, our BSC software forces the discipline of definition. Because the measures are all interconnected, you are able to see how one part of the organization directly affects another. In addition,

the BSC allows you to weigh certain strategic outcomes, or rank them, against others. This is important because it clarifies, objectively for all, which issues should take precedence over others.

It's an action-centered tool, not just a measurement definition tool. The software allows you to determine the outcome of combining two measures together, to see the effect of weighting one or another, and to determine the future state of a measure's importance. So you are forced into very valuable discussions about the state of your business and how you are running your company as you make these decisions. Today, our strategic decisions are a continual process. And the BSC is a facilitation tool for conscious and deliberate decisions.

Recently, the BSC forced a difficult decision. We decided to halt our employee portal initiative. We'd already had some 30 to 40 people on the project full-time and another 200 or so part-time. But it was a question of strategic priorities. The BSC gave us the clarity to recognize them, along with a means to communicate the decision in a way people could accept.

BSR: *What sorts of challenges did you face in building MDS's scorecards?*

BH: First, we needed to be cautious about not overwhelming management teams with new terminologies and the new processes related to this new software system. So we used hard copies and manual processes at first, as we populated the database. Choosing an owner for each objective was also challenging because many strategic issues cross operational boundaries. Many employees were not comfortable with this, particularly because not all objectives had equal priority. Not everyone is part of a revenue-generating group; some are responsible for maintaining cash

flow — not the most glamorous role, but critical nonetheless.

BSR: *How has the Balanced Scorecard changed the way you conduct business?*

BH: We're still years away from being fully implemented. But for now, its value has been in focusing us on strategy systematically and continually. Our employees are more informed about what they are doing and why they are doing it. Our meetings are now about strategy.

Lately, we've been concentrating on two areas. We want to more tightly link the BSC to action (and budgeting) and get consensus on our action priorities. We're also thinking hard about the locus of the customer value proposition in a multibusiness management company — and what that means for strategy map designs at the different business levels, from enterprise to operating unit. The customer-facing units wonder why they need the corporate entity. By definition, "corporate" adds cost and often destroys value. The BSC identifies offsetting benefits for the corporate parent.

Yet it's still a constant challenge to avoid getting overwhelmed by operations. Often, in meetings, we intend to spend two hours discussing strategy and end up only spending a half-hour on it. The BSC helps us define our goals, decide on specific actions for achieving them, and assign an individual to be responsible. It allows people to identify the actions they are taking, why these actions are strategic, and how they are performing. We are beginning to understand that strategy is an action, not a measurement. And we are beginning to make decisions accordingly. If we continue on this path, we may just end up being the least-heard-of $100 billion company.

To Learn More

Visit www.mdsintl.com.

Value Innovation: A Balanced Approach to Strategy

By Lauren Keller Johnson, Contributing Writer

A summary of remarks by Francis Gouillart, CEO of Emergence Consulting and Chief Research Officer for the Value Innovation Network, given at the Balanced Scorecard Collaborative's 2002 North American Summit

Francis Gouillart

If you're struggling to more sharply define the customer perspective of your Balanced Scorecard, you're not alone. A new approach to customer strategy formulation can help you lay out your value proposition in crystal-clear terms — and get even more out of your BSC.

What Are We *Really* Offering?

You've built your Balanced Scorecard and have begun implementing the strategic thinking reflected in its four perspectives: financial, customer, internal business processes, and learning and growth. But you can't shake the feeling that your customer perspective could use a bit more specificity. You find yourself asking, "What do we *really* mean by 'top quality,' 'exceptional service,' and 'unbeatable price'?"

You're not alone. In implementing a Balanced Scorecard, many companies discover that their scorecard's customer perspective relies too heavily on vague concepts about what customers want. Such firms realize that they need to retrace their thinking in order to clarify — in concrete terms — the unique value they believe they can offer customers. That old maxim "If you can't say it, you can't do it" applies just as much to the realm of business strategy as it does to any other endeavor: if you can't *articulate* your customer strategy, you can't *implement* it.

Value Innovation — a relatively new approach to strategy formulation conceptualized by INSEAD professors W. Chan Kim and Renée Mauborgne — enables organizations to articulate their customer strategy in concrete, even graphic terms. With a clear picture of their value proposition in mind, firms can more fully leverage the strategy-execution power of their BSC.

Expand the Market and Lower Costs

Over the years, many approaches to strategy formulation have emphasized either *differentiation* or *cost leadership.* In other words, you carve out a place for yourself in the competitive arena by selling something that no one else sells or by offering your product or service at a price lower than anyone else's. If you're an auto company adhering to the differentiation approach, you might offer a strictly limited edition of a hot new roadster at a price so rarified that it's sure to capture the exact customer segment you have in mind: wealthy men of a certain age and income who have a penchant for speed and glamour. If you're a chemical, steel, or other commodities firm, you may have little choice but to adopt the cost leadership approach.

Many traditional approaches to strategy formulation say you can't excel in both differentiation *and* cost leadership: you must choose and focus on just one. Worse, if you can't skillfully pull off either approach, you'll get mired in a kind of no man's land somewhere between the two extremes.

Value Innovation begs to differ. According to Kim and Mauborgne, differentiation (a.k.a. *market segmen-*

tation) and cost leadership may enable you to score some successes. But those successes won't necessarily translate into large or sustainable businesses. To really hit it big — and then stay on top — you must create a quantum leap in customer value through differentiation while also pushing for a sharp drop in your industry's cost structure. Otherwise, say Kim and Mauborgne, you'll be relegated to the market's margins.

How do you replace either/or with both/and strategy formulation? You march straight into that no man's land — the market's core — and expand it by appealing to a broader range of customers while simultaneously seeking ways to reduce your costs. Value Innovators achieve this delicate balance by first identifying the key elements of value offered by their own and their competitors' product or service, then deciding which of these factors to eliminate, reduce well below the industry standard, or raise well above the industry standard. In addition, they ask themselves what new elements of value they might create that the industry has never offered before. Next they plot the performance of their own offering on each value element relative to their

The Minds Behind Value Innovation

Professors W. Chan Kim and Renée Mauborgne, both based at INSEAD Business School in Fontainebleau, France, began writing about Value Innovation in 1997. They later cofounded the Value Innovation Network — an organization comprising academics, corporate managers, and consulting firms interested in the application of Value Innovation methodologies. (Francis Gouillart is chief research officer.) Kim and Mauborgne's extensive writings on Value Innovation have appeared in *Harvard Business Review* and *Sloan Management Review,* among other publications.

Figure 1. Quicken's Value Curve

Source: Kim and Mauborgne
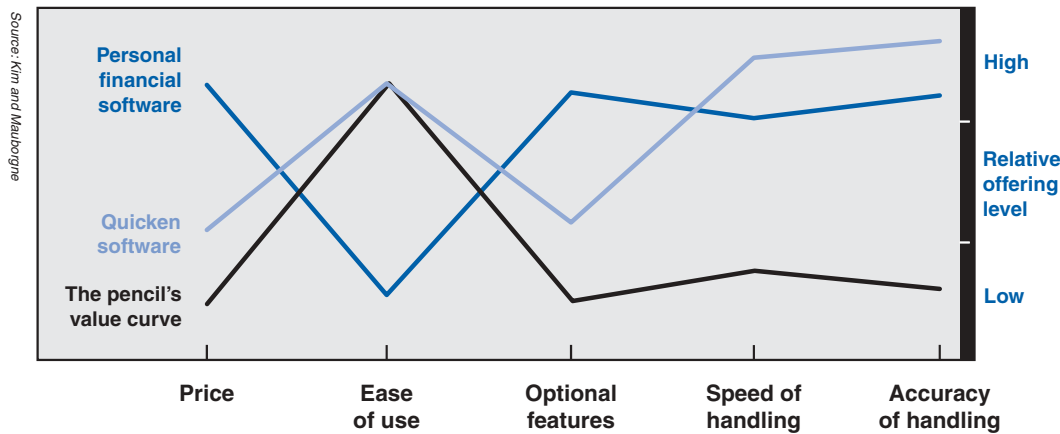
Intuit looked within its own industry — personal finance management software —
and across complementary products, including the pencil, to understand why customers might choose one product over another.

competitors' performance. This graphic depiction becomes what Value Innovators call a *value curve.*

Value Innovation in Action

Consider Intuit's successful launch of Quicken, the software that enables users to manage their personal finances. Intuit looked at the personal finance management software industry and identified five key value elements: price, ease of use, optional features, speed of handling, and accuracy of handling. (See *Figure 1.*) Then, it compared Quicken's performance on these five elements relative to alternative options available to customers, including traditional dual-entry accounting software and even the lowly pencil and calculator.

By analyzing the relative performance of the contenders on the five value elements, Intuit identified potentially fatal weaknesses in traditional personal finance management software (e.g., it was too complicated, expensive, and difficult to use) and in pencils and calculators (e.g., they take too long to use and don't guarantee accurate results). The company decided to define Quicken's unique value proposition to customers by:

• Eliminating many features included in most traditional personal finance management software.

• Reducing the array of optional features offered, as well as lowering Quicken's price.

• Raising the product's ease of use.

By implementing these changes, Intuit created a new, highly successful value curve for Quicken — and went on to capture the personal finance software market.

Pursuing Value Innovation: The Six Paths

To figure out which value elements to eliminate, reduce, raise, or create — in other words, to generate a new value curve — Value Innovators use what's called the Six Paths Framework. (See *Figure 2.*) With this framework, you look across the following factors to identify ways to redefine your value curve:

• Industries

• Strategic groups within the industry (such as one- and two-star hotels in the hospitality industry)

• The array of potential customers

• Complementary offerings

• Competing products' functional or emotional appeal (e.g., Starbucks's hip look and cultural appeal)

• Time (e.g., identifying opportunities offered by impending industry trends)

To see what the Six Paths framework offers, let's take a look at a particularly spectacular Value Innovator: Cirque du Soleil. This Canada-based company, founded by former street performers, created a whole new value proposition and industry cost structure by focusing on two of the six Value Innovation paths: looking across industries and looking across the array of potential customers.

Cirque du Soleil built on classic features of the big-league circus industry (such as acrobatics and clown performances) by adding elements from entirely separate industries (including opera, theater, rock music, and ballet). It also decided to target adult audiences more than children. By selecting these two paths, it realized it could expand its market and lower costs by:

• Eliminating animal acts (which typically account for 45 % of the circus industry's costs) as well as star performers (who often command fees of $5 to $10 million).

• Using those savings to raise the artistic, adult quality of the Cirque du Soleil experience (e.g., original music, a performance theme, elements of ballet, refined concessions such as champagne and chocolate-covered strawberries).

• Creating new value elements by designing an entirely different show every year.

By using Value Innovation, Cirque du Soleil has come to dominate an industry that many analysts had dismissed as a dying breed. The company boasts among the highest repeat-business numbers in the circus industry and rakes in almost $600 million every year. Not bad for a a band of clowns and contortionists!

Southwest Airlines has enjoyed similar success — in this case, by looking across time to see how the impending deregulation of its industry might offer new opportunities. After considering the potential ramifications of deregulation, Southwest cut out stops in pricey airports such as LaGuardia in New York City and avoided routes situated in highly congested air-travel corridors (such as the U.S. Northeast). It also trimmed in-flight food service — providing passengers with small snack packs rather than full meal service. It has used the resulting savings to boost the quality and reliability of luggage handling, offer passengers affordable airfares,

and ensure on-time arrivals — value elements prized by its customers.

Thanks to Southwest's Value Innovation, customers have become so enamored of the company that they go out of their way to fly Southwest. Indeed, entire new "ecosystems" have cropped up around the airline's major hubs — including generous parking and fast-food joints that let passengers pack whatever they want to eat on the plane. Moreover, the company appeals to multiple customer segments — everyone from business travelers to budget-minded families traveling with their kids. In a time of great turmoil for most of the airline industry, Southwest has been able to maintain a dominant position and secure the loyalty of its customers.

The Future of Strategy Formulation

Strategy formulation and implementation continue to be works in progress — constantly evolving as the business world changes form. With its focus on the precise formulation of strategy from the customer's perspective, Value Innovation enables companies to lay a solid foundation for their

strategy implementation — making tools such as the Balanced Scorecard even more powerful.
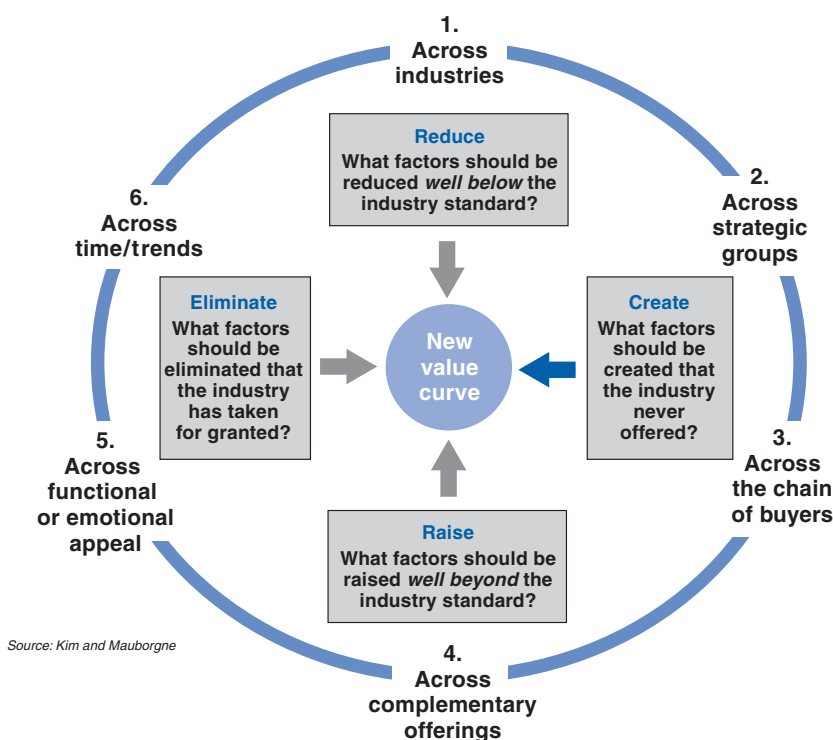
To Learn More

Want to know more about Value Innovation? See the following articles by Kim and Mauborgne, published in Harvard Business Review *(available at www.harvardbusinessonline.org):*

• *"Tipping Point Leadership" (April 2003)*

• *"Charting Your Company's Future" (June 2002)*

• *"Creating New Market Space" (January 1999)*

• *"Knowing a Winning Business Idea When You See One" (September 2000)*

• *"Value Innovation: The Strategic Logic of High Growth" (January 1997)*

• *"Fair Process: Managing in the Knowledge Economy" (July–August 1997), named by* HBR*'s editors in 2003 as one of the five best classic articles on people and organizational motivation*

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Value Innovators

Any company can be a Value Innovator. In addition to Intuit, Cirque du Soleil, and Southwest Airlines, the following firms have used Value Innovation to formulate a potent customer strategy:

Bloomberg Financial News

The Home Depot

Ralph Lauren

Starbucks

Borders

General Electric

Swatch

Formula One hotels

Ryanair

IKEA

Figure 2. The Six Paths Framework

Source: Kim and Mauborgne

The Six Paths framework provides a structured process for finding new value curves.

The How-to's of BSC Reporting:
Part II — The Reporting Meeting

In Part I of "The How-to's of BSC Reporting" (BSR July–August 2003), we discussed the BSC report, the reporting team, and the goals of reporting. With this groundwork in place, you're ready to begin holding BSC reporting meetings — an altogether new type of management meeting.

Central to every Balanced Scorecard program, the reporting meeting is where leaders validate their BSC and strategy map. The core reporting team — senior leaders and the BSC project manager (who acts as meeting facilitator), plus subject matter experts or initiative managers (as appropriate) — review strategic objectives, supporting measures, and initiatives, and discuss progress made in executing strategy. The focus of the reporting meeting? Improving future performance, not dwelling on past performance. Quite simply, the reporting meeting drives a cultural transition in the way strategy is managed. (See *Figure 1.*)

How Many Meetings — and in What Order?

At a minimum, hold meetings every quarter — and make participation mandatory. Reporting meetings generate some of the most important strategic discussions senior leadership will ever hold; in fact, reporting meetings should eventually replace most other routine management meetings.

Some organizations report on a subset of objectives and measures each month, saving the full review for the end of the quarter. Allow three to four hours for monthly meetings and up to a full day for quarterly meetings. The reporting frequency for each measure will dictate the optimal meeting schedule. Measures that can be calculated only semiannually (e.g., a customer measure derived from a survey) might be updated quarterly but reported on in-depth semiannually. Many financial perspective objectives and supporting measures should be reviewed on a monthly basis and then again in more detail each quarter.

Reporting meetings for cascaded (subordinate) BSCs should precede those for higher-level-unit or division BSCs. Schedule meetings in the appropriate order to facilitate the flow of data to higher-level scorecards.

Reporting Meeting Preparation

Your BSC project manager (or an associate) should manage meeting logistics — most importantly, gathering team members' data and analysis for the just-ended period about one week before the meeting (less for organizations using BSC software). The project manager should circulate the report at that time so members can review performance in advance. This will make for a more informed discussion and help free up meeting time to focus on problem areas. It's up to the project manager to facilitate discussion about on-target areas, but objective owners should lead the discussion on areas where performance is faltering.

The First Reporting Meeting

Dedicate most of the first meeting to two tasks: reviewing the strategy map and the BSC, and assigning data gathering and analysis to the appropriate team members. Confirm that objectives, measures, and initiatives are fully documented and make action plans to fill any gaps. If time allows, hold a trial run: have each team member review performance for one of his or her objectives. Allow equal time for each presenter. The facilitator should ensure that everyone sticks to strategy and prevent the discussion from drifting into operational minutiae. Over time, as the team becomes more comfortable with the process, you can customize the meeting structure.

The Standard Meeting

Regular reporting meetings should always begin with an overall performance review, using the BSC and strategy map. Even if data is not available for every supporting measure (often the case early on), the team should still discuss performance in every area. Let each objective owner lead the discussion for his or her area. But remember, objective owners aren't solely responsible for performance; that is the entire organization's responsibility. Senior leaders should encourage honest disclosure so

Reporting Meeting Do's and Don'ts

• Don't try to cover everything in the first reporting meeting; focus on the basics.

• Don't cover operational issues.

• Do stick to the broader strategic context.

• Do be sure to communicate reporting meeting outcomes.

that adequate initiatives and resources can be directed to any ailing areas.

Your team can review strategic objectives in one of three ways:

• *Theme reporting.* Organizations whose strategy is expressed prominently in terms of themes on the strategy map often prefer this approach, since it supports discussion of cause-and-effect relationships among objectives.

• *Perspective reporting.* Here, the focus is on the entire strategy map. Discussion flows from perspective to perspective.

Theme and perspective reporting are most common for quarterly reporting meetings.

• *Exception-based reporting.* Examining performance thresholds (e.g., all red and yellow objectives), the team focuses on areas of poorest performance. This streamlined approach works well for shorter monthly reporting meetings. But users forgo the cause-and-effect analysis of theme reporting and the comprehensiveness of perspective reporting.

These approaches are not mutually exclusive. There may be periods when one approach serves your purpose better, for example, during a time of troubled performance in a few specific areas. You may also want to experiment with a blend of approaches to see what best drives the strategic dialogue.

After reviewing overall performance, members should take turns providing detailed updates on their strategic objectives, measures, and initiatives. Underperforming objectives require more discussion time because initiatives might need to be added or fortified to drive performance back on target. The facilitator should note action items (and persons accountable), reviewing the list at the end of each meeting.

Because the strategy map is a set of hypotheses, your strategy map and BSC will change as strategy gets executed — and evolves. A major restructuring or significant budget changes can also trigger substantial revisions. The reporting meeting, of course, is the appropriate venue for such revisions. Set aside extra discussion time at least once a year for this purpose.

Always remember: you can walk through the mechanics of a reporting meeting, yet still not initiate the strategy discussion that must take place. *Reporting should be regarded as a strategy problem-solving meeting among the leaders.* And everyone — facilitator and objective owners — must drive this strategic dialogue.

Communicating Meeting Outcomes

Strategy decisions made in the reporting meeting must be communicated to the larger organization. Update everyone on performance and strategy changes using

Figure 1. BSC Reporting Meeting Time: A Shift in Emphasis
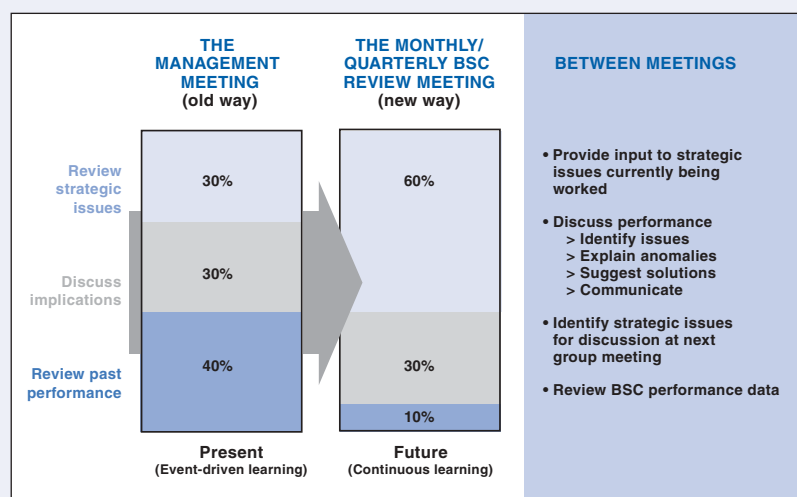
BSC review meetings call for less time reviewing past performance and more time discussing strategic issues. BSC data should be gathered, analyzed, and circulated before the meetings.

the strategy map and BSC, editing information for the appropriate audience. For example, your board of directors would want a higher-level report than a business-unit director would. Similarly, divisions or units with cascaded scorecards would need a more detailed view of all strategy changes to maintain BSC alignment.

Communicating meeting outcomes and strategy feedback reinforces the link between your organization's strategy and your people. Foster a strategic feedback loop between the reporting team and the larger organization. In doing so, you'll make the Balanced Scorecard actionable for everyone.

— Kent Smack, Consultant,
Balanced Scorecard Collaborative

Keeping Focus and Momentum: A Profile of Kathy Lucy, of Anna Jaques Hospital

By Janice Koch, Editor, and
Ann S. Nevius, Vice President, Balanced Scorecard Collaborative

Kathy Lucy, R.N., M.S.N.

Senior Director, Quality, Risk, Strategy, and Clinical Compliance

Anna Jaques Hospital Newburyport, Mass.

A new executive team, a complex strategy map, ballooning objectives, staff skepticism: Kathy Lucy has managed it all, never letting her organization stray off target.

When Kathy Lucy became project manager for Anna Jaques Hospital's Balanced Scorecard initiative in July 2002, the hospital had already completed its strategy map and identified objectives. It was now time to hammer out measures — a laborious, sometimes contentious, stage where momentum often gets lost.

And Anna Jaques Hospital couldn't afford to lose momentum. In a state where 75% of the hospitals are hemorrhaging money and 25% have closed in the last decade, Anna Jaques's $10 million deficit was life-threatening. The 123-bed community hospital, just one hour north of Boston, had to get better at the services community hospitals do best, such as emergency room and primary care. The BSC was part of an aggressive new turnaround plan that included everything from appointing new leadership and renegotiating payer contracts to installing a new IT system.

Lucy's quality and risk management experience prepared her well for her pivotal role. Both areas involve extensive performance monitoring for accreditation agencies, third-party insurers, grant programs, regulators, even malpractice purposes. As a long-term employee (first a nurse, then a quality and risk manager) Lucy was well known to physicians and staff. Though employees accepted the new management team, Lucy already had the trust of employees, who saw she had management's support.

change agent /ˈchānj ā-jənt/

n. 1. Person who has the power or authority to effect transformation. 2. Hero (often unsung) who sets the stage for change, orchestrating events behind the scenes to enable success; recognizes that strategic transformation involves hard process execution as well as cultural change. Often called "missionary."

As execution "driver," Lucy structures and coordinates teams and processes, secures accountability, shapes agendas, and orchestrates information flow between managers and executives. She helps the executive team stay on point strategically. It's all about "keeping teams moving along in their objectives," she says. Maintaining focus is especially important because a previous strategic alignment effort had failed.

With the executive team, Lucy helped create three BSC councils, each responsible for a BSC perspective: Team (learning and growth), Internal Process, and Customer. Each group, a mix of a dozen managers, staff, and outside participants, meets regularly to monitor strategic progress in its area. Lucy, who attends only the weekly cross-council meetings, synthesizes council activities and results for the monthly department director-executive team strategy meetings.

BSC education is another of Lucy's responsibilities. She's co-led employee meetings and created agendas and information packets for executives and directors. And she's relied on the strategy map itself to gain staff buy-in. To explain the customer objective "deliver timely services," Lucy draws a link between housekeeping's efficiency and patient satisfaction. As she tells staff, "Happy patients mean paychecks."

Among her biggest contributions to the BSC effort: helping to simplify Anna Jaques's overly ambitious first-year goals. "The strategy map was too busy; we had to streamline our objectives." She developed a grid to help sort initiatives and objectives, eliminating those initiatives that had no tie to strategy map objectives. "We modified our strategy map from being a three-to-five year plan to being just a first-year priority map to take us through midyear 2004."

After initial apprehensions, Lucy embraced the BSC challenge wholeheartedly. "Once I got into it, I realized the BSC makes sense. For once, we can put everyone on the same page. People can work as a team, not in silos, to really benefit the customer." This change agent has helped Anna Jaques and its BSC effort thrive, though Lucy insists she's just one part of the team. "If one person does it all, there won't be alignment."