

Execution and the Balanced Scorecard

Article Highlights

- “Execution” is the primary imperative of modern business leadership.
- The Balanced Scorecard requires disciplined execution to produce results.

William A. Foster once noted, *“Quality is never an accident; it is always the result of high intention, sincere effort, intelligent direction and skillful execution; it represents the wise choice of many alternatives.”* There are many powerful words packed in this concise quotation: quality, intention, effort, direction, choice. But the word I’d like to focus on in this article is execution. Indeed, despite its ominous heritage, *execution* is a term very much in vogue on the business landscape these days. Much of the credit for the term and the emotional punch it packs can be credited to Ram Charan and Larry Bossidy who trumpeted the concept in their bestseller, *“Execution: The Discipline of Getting Things Done”* (Crown Business, 2002). I thoroughly enjoyed this simply written and thought provoking text, and believe it has great relevance to those of us involved in the world of strategy implementation, and specifically, the Balanced Scorecard.

Early in the text the authors explain that execution is three things:

1. Execution is a discipline, and integral to strategy
2. Execution is the major job of the business leader
3. Execution must be a core element of an organization’s culture

I believe you could quite easily insert the phrase “of the Balanced Scorecard” after the word execution in each of the three statements above and the result would be an equally compelling organizational imperative. Let’s take a look, and discuss each:

1. Execution of the *Balanced Scorecard* is a discipline, and integral to strategy

If you possess even a passing familiarity with the Balanced Scorecard you’re well aware of its power in helping organizations translate, and implement, their strategy. So, we can say with certainty that the Balanced Scorecard is integral to strategy. But, as the statement above suggests, execution of the Balanced Scorecard is a discipline. In my experience, many organizations lack this essential ingredient in forging a successful Bal-

anced Scorecard program.

Frequently the program is launched with great fanfare and amid high hopes of success. A team is put together and works diligently in developing an implementation plan, and ultimately creates a Strategy Map and performance measures that attempt to tell the story of the organization’s strategy. That’s a great first step, but the key to unlocking the true potential of the Balanced Scorecard to transform your business lies in using the information stored within those maps and measures. It takes significant discipline to critically examine the assumptions inherent in your Strategy Map as performance results are accumulated. Only through robust dialog, motivated by the sheer desire of uncovering the true reality of your business, will the Balanced Scorecard assist you in learning about, and ultimately executing, your strategy. Unfortunately, this is where many organizations falter. The overwhelming pressure of “business as usual,” “management by crisis”, and every other sarcastic yet sadly representative cliché of business life is too much for



About the author

Paul R. Niven is an author, management consultant, and noted speaker on the subject of the Balanced Scorecard. As both a practitioner and Consultant he has developed successful Balanced Scorecard systems for clients large and small in a wide variety of organizations, including Fortune 1000 companies, public sector agencies, and nonprofit organizations. The second edition of his very popular book *“Balanced Scorecard Step by Step: Maximizing Performance and Maintaining Results”* was released in September, 2006. The first edition has been translated into over a dozen languages. His two previous books are: *“Balanced Scorecard Step by Step for Government and Nonprofit Agencies”* released by John Wiley & Sons in June, 2003, and *“Balanced Scorecard Diagnostics”* which was released in April, 2005. He may be reached at 760.789.2449 or through his website at www.paulniven.com, www.roadmapstrategy.com or www.senalosa.com.

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them and they revert back to their pre-Balanced Scorecard way of managing performance. These implementations are often termed at best disappointments and at worst outright failures. Of course it's not the Balanced Scorecard methodology which failed - it's simply a framework after all - what caused the unfortunate demise was the lack of discipline in applying the lessons it provides.

2. Execution of the Balanced Scorecard is the major job of the business leader

What could possibly be more important to any leader than executing the strategy of the organization? The Balanced Scorecard is a proven tool in doing just that. Therefore, this powerful tool must be wielded with skill and attention by a business leader willing to be exposed to the unvarnished reality of the situation as represented by the results portrayed in the Balanced Scorecard.

Executive sponsorship is absolutely critical to the success of any Balanced Scorecard program. Now, more than ever, people watch what the boss watches, and if he or she is paying only shallow and casual support for the Balanced Scorecard that will quickly be translated by employees as a signal that this

is in fact simply a fad that will fade as surely as today's radiant sun will soon give way to the dark of night.

3. Execution of the Balanced Scorecard must be a core element of an organization's culture

Culture is one of those things we experience every day of our working lives, but find very difficult to get our arms around. Just as we don't see the life-affirming air we breathe every minute of every day, we don't see our culture. But believe me, it's there, and it's a powerful force in every single organization. To put it simply, think of culture as *“the way we do things around here.”* If the Balanced Scorecard is to provide the benefits it's most certainly capable of, it must become *“the way we do things around here when it comes to performance management.”*

In their book, *“What's the Big Idea”* (Harvard Business School Press, 2003), authors Davenport, Prusak, and Wilson describe the life cycle of business ideas. All ideas start with a progenitor, the person who brings the idea to the organization. From there they often go through various and sequential stages including: pilot, project, program, perspective, and fi-

nally pervasiveness. Pervasiveness is the ultimate success of any new idea. It suggests that the practice is so ingrained within the organization that it appears to be invisible. Everyone follows without even thinking about it. For the Balanced Scorecard to achieve a level of pervasiveness in your organization it must be embedded into every conceivable management practice, or as Davenport et. al so colloquially put it: *“baked into everything that goes on.”* At a minimum the Scorecard must be cascaded, which means driven to ever-lower levels of the organization. Only then will employees at all levels have the opportunity to demonstrate how their day to day actions contribute to overall success. The Scorecard should also be linked to budgeting, and compensation, and of course management reviews. Step by step, inch by inch, you must turn the Balanced Scorecard into *“the way things get done”* if you expect to achieve success. With determination, enthusiasm, and commitment to its ideals you too can successfully execute the Balanced Scorecard within your organization and reap the vast rewards of focus, alignment, and accountability.

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