McKesson Business Scorecard
Overview

What is the Business Scorecard?
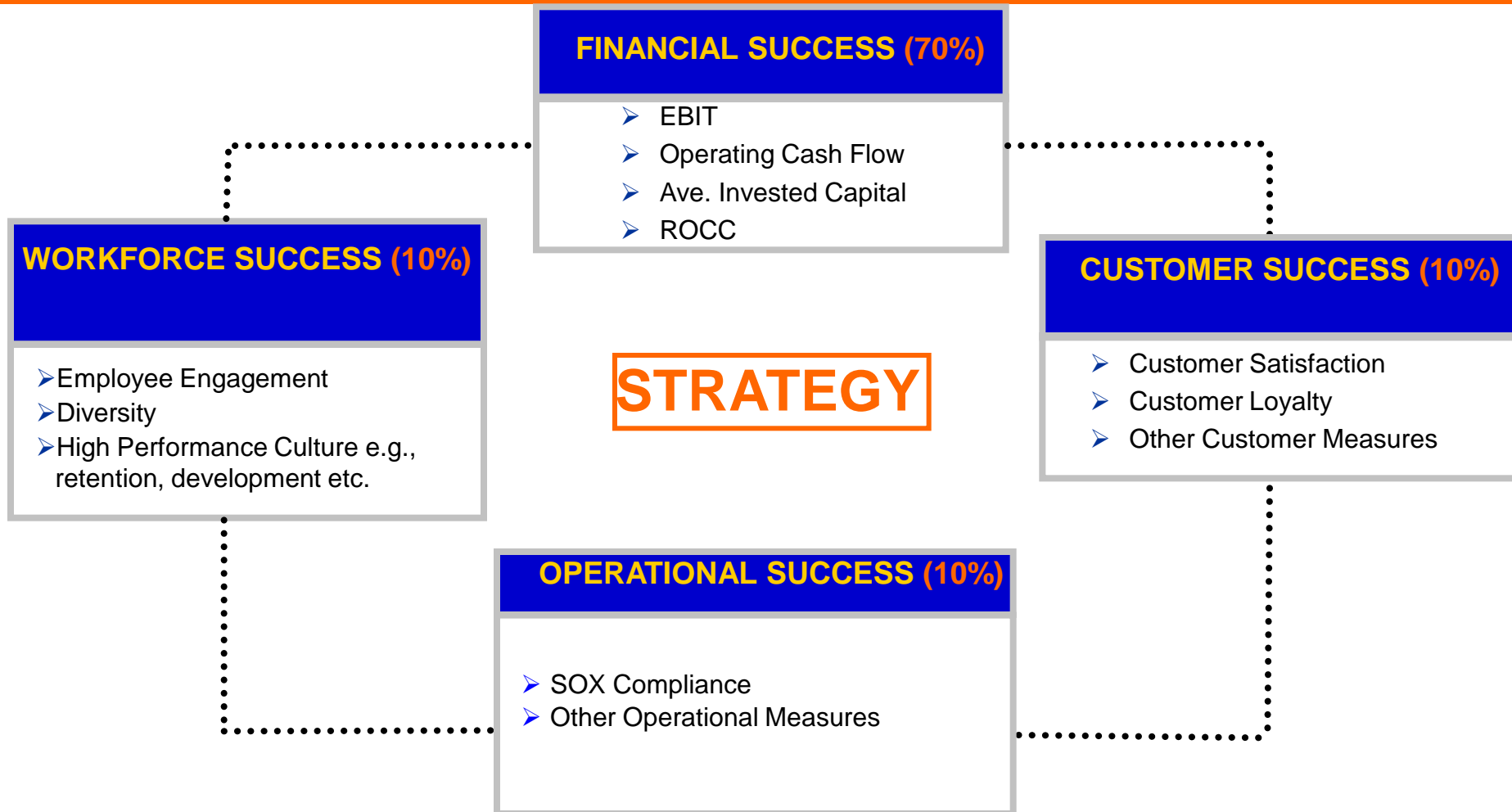## A Management System to Translate Strategy into Action

➤ A framework for a strategic measurement and management system to **translate strategy into operational objectives** that drive behavior and performance

➤ Provides **feedback** around both the internal business processes and external outcomes in order to continuously improve strategic performance and results

➤ Retains traditional financial measures which tell the story of **past events**, and includes measures to help create **future value** through investment in customers, suppliers, employees, processes, technology, and innovation

Four interdependent perspectives used to develop metrics, collect data and analyze results:

	Financial Success	
Workforce Success	STRATEGY	Customer Success
	Operational Success	

Company Business Scorecard
Example

FINANCIAL SUCCESS (70%)

- ➢ EBIT
- ➢ Operating Cash Flow
- ➢ Ave. Invested Capital
- ➢ ROCC

WORKFORCE SUCCESS (10%)

- ➢ Employee Engagement
- ➢ Diversity
- ➢ High Performance Culture e.g., retention, development etc.

STRATEGY

CUSTOMER SUCCESS (10%)

- ➢ Customer Satisfaction
- ➢ Customer Loyalty
- ➢ Other Customer Measures

OPERATIONAL SUCCESS (10%)

- ➢ SOX Compliance
- ➢ Other Operational Measures

Why a Business Scorecard?
Focus on Strategy

The Business Scorecard

➢ Enables the creation of a clear focus on the strategic objectives and priorities of the business

➢ Provides a common framework for communication and reporting of objectives

➢ Helps connect business objectives with employees' successful performance

Principles of a Strategy-Focused Organization	
1. Translate the strategy to operational terms	…To create a "line of sight" across all organizational levels
2. Link and align the organization around its strategy	…So everyone can understand
3. Make strategy everyone's job	…Through individual awareness and contribution to strategic implementation
4. Make strategy a continuous process	…Through continuous improvement and adaptation
5. Provide a change agenda	…For senior management to mobilize change

Scorecard Governance
Partnership between Finance and HR

Corporate Level:

Accountable

Chairman / CEO & Board of Directors

    Approve all Scorecards & Targets

CFO / EVP HR

    Ensure timeliness, quality and consistency of all Scorecards

Responsible

Corp FP&A / Corp OE

    Coordination of the collection & completion of Scorecards

Business Unit Level:

Accountable

Business Unit President

    Ensure alignment of Scorecard to Business unit Strategy

Responsible

Business Unit CFO / SR HR Leader

    Coordinate the input of all Business Unit Scorecard components

Business Scorecard Tool
Technology to Support the Process

Detail ▾

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	Measure	Result	Status	Trend	Status Description
⊟ FINANCIAL SUCCESS			🔺		
⊞ EBIT - 35%	$8,200k ◤	$4,550k	🟢	⬆	Second Quarter is a positive.
⊞ ROIC - 35%	25.00%	22.00%	🔺	⮕	Second quarter entry for ROIC.
⊟ CUSTOMER SUCCESS			🔺		
⊞ Customer satisfaction - 5%	90.00%	85.00%	🔺	⮕	First quarter survey results.
⊞ Customer retention - 5%	87.00% ◤	90.00%	🟢	⮕	Off to a good start for the year.
⊟ OPERATIONAL SUCCESS			🟢		
⊞ Compliance with Sarbanes Oxley (SOX) - 1%	Achieve stated SOX compliance goals	On Target	🟢	⮕	SOX compliance in line with goal.
⊞ Acquisition integration - 5%	Achieve stated business case	Slightly Off Target	🔺	⮕	Challenges to integrate NewCo.
⊞ Six Sigma savings - 4%	$2,500k	$1,900k	🟢	⮕	
⊟ WORKFORCE SUCCESS			🟢		
⊞ Employee Engagement - 4%	80.00%	85.00%	🟢	⬆	
⊞ Workforce Diversity - 2%	See tabs for baseline	On Target	🟢	⮕	
⊞ Controllable retention - 2%	85.00%	83.00%	🔺	⬂	
⊞ Internal placement of key positions in grades 110/508 and above - 2%	80.00%	80.00%	🟢	⬈	

Contact
For Questions on the Scorecard Process or Tool

MCKESSON
Empowering Healthcare

Scorecard Process issues:

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Tool issues:

Contact the HRIS Service Center at hris@mckesson.com