



Book The Trainer's Balanced Scorecard

A Complete Resource for Linking Learning to Organizational Strategy

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Recommendation

Forward-thinking companies want to be learning organizations now that specialized work skills are the new currency and knowledge workers rule. Workplace learning experts Ajay Pangarkar and Teresa Kirkwood teach corporate trainers how to use the balanced scorecard (BSC) approach to develop and measure learning programs that support their companies’ strategic objectives and, thus, win executive support. Despite the book’s occasionally faulty editing, *BooksInShort* recommends this practical manual to learning and HR professionals. It will help them apply BSC metrics to training programs that will help their companies compete.

Take-Aways

- For companies to compete effectively, their learning programs must align with their overall strategy.
- The balanced scorecard (BSC) is a “measurement and management system.”
- It reports on an organization from “four perspectives: financial, learning and growth, customer, and internal business processes.”
- Learning officers can use BSC to manage goals and measure tangible results.
- The BSC helps learning programs quantify their work with customized metrics.
- These metrics can prove a learning program’s worth to top corporate executives who may not understand its value.
- Some executives even think, wrongly, that staffers should handle their own development.
- Learning organizations’ leaders know the value of having knowledgeable employees.
- Learning leaders can use BSC to show top executives that learning is an investment in better performance.
- Learning professionals should see internal units as clients and should interview their leaders to tailor programs to each department’s work in meeting organizational goals.

Summary

The Value of Intellectual Capital

In most organizations, senior managers and learning professionals speak different languages. Many senior executives don’t understand learning. Others merely pay lip service to the importance of workplace learning but seldom support it. Fewer still credit workplace learning for making a genuine substantial contribution to organizational success. Some executives even believe, incorrectly, that employees should be responsible for their own professional development. Such retrograde thinking persists even in today’s knowledge economy.

“The balanced scorecard...clearly demonstrates how intangible efforts such as organizational learning contribute to the organization’s goals.”

However, this is a curable situation. To demonstrate the value of your learning programs in meeting corporate goals, including profitability, implement a balanced scorecard tracking and evaluation system. The balanced scorecard (BSC) is a good tool for gathering, assessing and presenting information that proves how quality staff development programming leads to better products, sales, service and profits.

“Workplace learning is a way to ensure that every employee is capable of working with the organization to achieve its strategic objectives.”

The same executives who don't understand what your learning program is accomplishing probably revere famous corporate learning organizations, such as General Electric, Google and Apple. The leaders of those prominent corporations understand that employee knowledge is a pivotal organizational asset, in fact, a major chunk of their intellectual capital. High-tech companies aren't the only firms that value information. Throughout history, many famous organizations have profitably leveraged their employees' knowledge. For example, Henry Ford drew on his workers' knowledge to develop popular innovations, including Ford Motor Company's famous assembly line. Today, a company's competitive edge and its value often rest on its workforce's skills and knowledge, the modern economy's most essential components.

“One of the most challenging aspects of organizational learning is attempting to measure and value its contribution to the organization.”

Because workplace learning enables outstanding performance, many corporate educators now call their field “workplace learning and performance,” or WLP, and they call themselves WLP professionals.

An Uphill Climb

To earn recognition and validation from the highest levels of their companies, WLP professionals must discover, think through and act on their top executives' goal- and profit-oriented perspectives. This means tying your learning initiatives directly to your firm's strategic objectives, and informing managers about the benefits of this aligned programming. To strengthen upper-management support and middle-management participation, demonstrate the value that learning creates in the following business functions:

- **“Research and development”** – Learning programs foster innovation and teach the latest skills.
- **“Design, production and marketing”** – Training ensures that workers get the knowledge they need to produce high-quality goods and high-quality services and to sell them effectively.
- **“Distribution”** – WLP professionals understand that their company's internal departments are their customers.
- **“Service” and “support”** – Customer service and support employees need to participate in learning initiatives so they have the up-to-date information their customers want.

Proving How Learning Programs Meet “Performance Objectives”

Learning professionals must correlate their programs and demonstrate results according to the key performance indicators (KPIs) that matter most to their firm's senior executives. The managers of learning programs must provide evidence that addresses questions about the value of corporate training and must communicate their successes in ways that are relevant to top executives.

“Most senior managers are unaware of how to actually incorporate learning into their strategic plans.”

The balanced scorecard (BSC) provides an efficient and effective mechanism for compiling, evaluating and sharing this information. A balanced scorecard is both a “management system” and a “measurement system,” and it begins with metrics. Organizations use the BSC to track “four perspectives: financial, learning and growth, customer and internal business processes.” Managers of learning programs can apply the BSC step by step to set goals that are supported with aligned measurement, track those metrics by collecting the right data and use the resulting information to prove the efficacy of learning in meeting corporate objectives.

“The BSC is a strategic business tool helping management to effectively translate their mission into tactical and tangible performance measures and processes.”

To prove that learning is a strategic contributor to organizational goals, set specific objectives and use quantifiable, scorecard metrics to track their outcome. You can use the balanced scorecard to prove the tangible, defined, mathematical results of workplace learning by showing its measurable impact on employee development and corporate outcomes. BSC provides the hard data you need to show top executives that workplace learning is an investment in better productivity and to prove that it supports four performance goals all organizations share:

1. **“Increase organizational value”** – Learning professionals must help senior managers understand that this value depends on both tangible assets, like cash and accounts receivables, and on intangible assets, such as intellectual capital. Learning initiatives are intangible investments with tangible benefits.
2. **“Increase organizational profitability”** – To gain full appreciation from senior executives, learning professionals must show their program's bottom-line impact.
3. **“Increase organizational liquidity”** – Firms need cash to cover their short-term obligations. The way executives estimate future cash needs will determine how much they will allocate for specific budget items – including learning based on prioritization. Use the scorecard to show how your work has earned a high priority for funding.
4. **“Aligning investment with strategic objectives”** – The BSC helps learning leaders prove that they are accomplishing this goal by creating a statistical record of achievement. Only workers with the right “skills, information, experience and knowledge” can achieve organizational goals, and those are the assets that learning programs deliver. With BSC, you can prove this concrete contribution.

“The balanced scorecard environment is driven by strategic linkages and performance outcomes.”

Learning program officers should regard their corporations' various departments as their principal customers. They must help these units achieve their goals by enhancing their workers' capabilities. Learning must be proactive, not reactive. Use the BSC to measure actual employee achievements. When staff members can see in measured terms exactly how far they've come and how much they've learned, they'll have a new attitude about who they are, why their work matters and where they fit within the organization.

The Importance of Strategy

In decades past, the prevailing notion was that a *Fortune* 500 company could prosper by producing the same products and services that had proved popular over the years. Today, even the most successful companies cannot maintain their marketplace position unless they constantly reinvent their work. Modern companies must create strategies to meet ever-new innovation and expansion objectives. Corporate learning can help a company achieve its strategic goals only when WLP professionals understand those strategies and make sure that their learning initiatives directly support and advance them.

Establishing a Strategic Framework

Corporate planners often use a “strategy map,” a graphic display of the “linkages and connections among primary business drivers.” This map translates strategy into specific organizational goals. The BSC extends the map by targeting the steps managers must take to attain these objectives. Envision a process depicted by a layered pyramid – starting from the top – with each of the following elements in its own layer:

- **“Mission”** – The reason the organization exists.
- **“Vision”** – What the organization hopes to become.
- **“Strategy”** – The plan for the future.
- **“Strategy map”** – A depiction or visual presentation of the strategy.
- **“Balanced scorecard”** – Steps the organization will take to execute its strategy and measure its performance.
- **“Targets and initiatives”** – Specific corporate goals.
- **“Personal goals”** – Individual employees’ objectives.
- **“Strategic results”** – The organization’s goals form the base of the pyramid: “satisfied stakeholders, satisfied customers, efficient processes” and “motivated employees.”

“People are essentially the primary resource of knowledge.”

To carry out their strategies effectively, companies must track their progress. BSC functions as a performance measurement tool that enables managers to clarify strategy, communicate strategic goals, plan and create targets, and enhance learning. To this end, the balanced scorecard tracks performance in four areas – objectives, measurements, results and programming – to derive useful information about organizational achievement.

“Four Perspectives”

The *Harvard Business Review* rates the BSC as “one of the most influential management ideas of the past 75 years.” Many global corporations use the scorecard as a construct for setting goals and tracking accomplishments as they execute their strategy. It works differently from conventional management techniques, such as financial reporting, which tend to measure past performance. Such short-term approaches evaluate performance based only on the balance sheet. In contrast, the BSC looks ahead to defined performance and strategic milestones. With BSC, learning professionals can incorporate four crucial facets of a company’s operations:

1. **“Financial”** – What do stakeholders think?
2. **“Internal process”** – What must the organization do well?
3. **“Customer”** – What do consumers want?
4. **“Learning and growth”** – How does the organization build more value?

Six Key Steps

Learning professionals must establish balanced scorecard objectives that align their programs and metrics with each department’s specific goals. Interview senior executives and other stakeholders to develop BSCs based on those unit’s “strategic learning requirements.” Setting learning goals that support each unit’s plans and that help the company requires WLP professionals to know all they can about how each unit’s work fulfills the company’s overall mission. Learning leaders must work hand in hand with these “internal clients” to tailor fully aligned educational options based on each audience’s important needs. Once they establish the right performance metrics for each learning activity, they can execute their firm’s particular learning strategies in six steps:

1. **“Assess and analyze the strategy map”** – The strategy map depicts the organization’s prime strategic objective and the key linkages to attain it.
2. **“Determine the objectives”** – Targeting objectives points to which learning activities are most useful to attaining them.
3. **“Determine the performance measurement tools utilized”** – These metrics demonstrate performance; for example, monthly customer satisfaction reports.
4. **“Determine the performance targets”** – A performance target could be “a 50% increase in prospective sales leads.”
5. **“Determine the initiatives affecting learning”** – For example, such an initiative could be to “increase resources to R&D.”
6. **“Determine the learning initiatives”** – Now, determine exactly what type of learning programming fulfills the established targets.

“Managers will never give learning professionals full credit for resolving a business concern, so stop trying to convince them.”

Learning initiatives matter to senior executives who are trying to align their units with organizational strategic objectives. Learning professionals who can help employees meet corporate performance goals gain credibility and provide senior management with the evidence to view their departments as valuable long-term investments.

About the Authors

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