

Are You Looking for Balance in Your Business?

Balance is that elusive quality of life that we're always trying to achieve. Whether it's in our personal lives or in our business, balance is a goal worthy of our effort.

The Balanced Scorecard provides a tool or a template that we can use to help us achieve business balance. Robert Kaplan and David Norton first introduced the concept.

Now, before we go into the Balanced Scorecard concept in greater depth, we first need to cover the fundamentals. These fundamentals provide the foundation on which to build the Balanced Scorecard; without them, we won't succeed. They are our:

1. **Mission statement.** This is the reason our business exists. What we're all about.
2. **Vision statement.** Where we see our business, where we want to be in the next five years.
3. **Strategic plan.** Our strategic plan translates our vision into goals, defines objectives for each goal, and develops action items to achieve our goals.

Now that we have the fundamentals in place, it's time for the Scorecard. Kaplan and Norton identify four "perspectives" or areas of focus. These are:

1. **Financial** – This is our traditional way of measuring the success or failure of our business.
2. **Customer** – Without sales to our customers and our customers' input, we would be operating in a vacuum.
3. **Innovation** – With innovation, we create and recreate our business throughout it's lifecycle. How do we innovate? Certainly through our products and services, but more importantly with and through our people.
4. **Internal processes** – It is through our processes that we operate and deliver goods and services to our customers, yet our processes are invisible. So if we can't see them, then how do we identify them, and more importantly, how do we measure them?

So, what's all the fuss about the Balanced Scorecard? The keys here are the performance measures. What gets measured gets done. Sounds simple enough, but let's think about it. Businesses have lived and died by their financial statements. But we can't run a business by the financials alone! We need to identify, measure and balance the other key areas of our business.

How can we take advantage of the Balanced Scorecard?

1. Have a clear mission and vision
2. Filter our strategic plan through the Scorecard template
3. Identify clear goals and objectives for each focus area
4. Identify performance measures in harmony with each other
5. Measure and track progress
6. Review and refine

By spending the critical time to analyze and define our purpose and vision, filter it through the Scorecard focus areas, and measure and refine as we go, we can move towards that all-illusory goal of finding balance in our business.

For further reading: "The Balanced Scorecard – Translating Strategy into Action" by Robert Kaplan and David Norton.