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The Balanced Scorecard and Curriculum Integration in an Executive MBA Program

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The Balance Scorecard: A Useful Framework for Achieving Curriculum Integration

Darlene Brannigan Smith and Harold D. Fletcher

Abstract

The Executive MBA Program at Loyola College recently undertook a comprehensive revision of its program. The goal of this revision was to develop a program that provided an integrated and systematic view of the enterprise, along with a basic understanding of all management functions and a cross-functional approach to complex organizational issues. To achieve these goals, the Balanced Scorecard became a key, integrating component in the second year curriculum. This paper presents the development of the EMBA program, in general, and demonstrates the use of the Balanced Scorecard as an integrating framework.

Introduction

Today’s business environment is characterized as highly competitive, global, technologically intense, and fluid. The focus is on being a flexible thinker, a quick problem solver, a team player, an effective communicator, and a cross-functional manager capable of helping the organization adjust to rapidly, ever-changing markets (Verville 1995; Tanyel and Mitchell 1999). Universities, like business firms, need to monitor and adapt to the continuous changes taking place in the global business environment. Graduate business programs, in particular, are struggling to continually revise and update their curriculums to produce graduates with the skills and abilities they will need to contribute effectively and lead their organizations in this dynamic environment. The challenge for business schools is to develop and refine programs and courses that are responsive to the needs of graduate students, to the needs of the business, industries and government agencies that are employing our students, and to the needs of the local and surrounding communities of which the university is a part. Nowhere is this more evident than in the executive education market where companies continue to create their own in-house training or corporate universities rather than sending their managers to business schools (Meister The paper demonstrates the development of an integrating paradigm in an MBA program and why the Balanced Scorecard was chosen as that framework. First, the process used to assess our current EMBA program and develop a more integrated, thematically based program is presented. Second, an overview of the revised EMBA program and its content is provided. The first year curriculum is briefly described as a prelude to the more detailed discussion of the structure and content of the second year curriculum and the use of the Balance Scorecard.

Program Review

The curriculum revision process was undertaken by a multi-disciplinary task force of faculty with extensive experience teaching in our Executive MBA programs, chaired by Darlene...
This taskforce researched emerging trends and identified best practices in graduate management education. It assessed program satisfaction with our EMBA alumni and interviewed members of the business community to identify their needs, perceptions of regional EMBA programs, etc. Each of these activities is briefly profiled below.

Preliminary efforts consisted of conducting a literature review and benchmarking other EMBA programs to identify innovative designs and curricula. The initial literature review yielded a number of studies describing what business needs from higher education (Aiken, Martin and Paolillo 1994; Caruana, Ramaseshan and Ewin 1998; Davison, Brown and Davison 1993; Fabian 2000; Levenburg 1996; Rynes, Bartunek and Daft 2001; Verville 1995; Wilkerson 1999). While most of these studies focused primarily on undergraduate learning outcomes, a few provided insight for Executive curriculum development.

Mintzberg, a well-regarded critic of traditional MBA programs, believes that most MBA programs “train the wrong people in the wrong ways for the wrong reason” (Canadian Business 1996). His belief is that managers cannot be created in a classroom but that people already practicing management can be further developed through classroom education. He contends, however, that there is a need to redefine classroom education. Mintzberg’s non-traditional EMBA program at McGill, named the International Masters Program in Practicing Management, de-emphasizes course silos and the analytic side of business. Instead, significant emphasis is placed on the reflective and active sides of managing (Reingold 2000). A variety of activities that focus on teaching real executives how to deal with real problems are used, including the use of discussion table seating, company groups, open time for participants, international travel, field studies and reflection papers—just to name a few. Incorporating reflective learning into curriculum is also advocated by Daudelin (1996). She notes that while “the designers of (MBA) educational experiences do their best to predict the kinds of knowledge, skills and attitudes that will be most helpful, there is an inherent game of “catch up” within this system” (Daudelin 1996, p. 36). Daudelin suggests MBA programs need a more adaptable, responsive system of helping managers learn and recommends that MBA programs incorporate reflection to help manager’s learn from their experiences both during and after the structured learning in their MBA programs.

The next step in the review process was to understand the strategic and technical needs of the businesses and organizations supporting the Loyola EMBA program. We accomplished this through focused discussion with key stakeholders, including alums, local business leaders and Loyola faculty. An Advisory Board composed of alumni from our 30 year-old program provided feedback on the adequacy of our curriculum and evolving conditions and needs in industry. Business leaders provided advice relative to their industry requirements, performance of our alums, etc. Faculty provided input regarding their perceptions of our program’s strengths, weaknesses and strategic capabilities. Historical data from our annual program assessments (i.e., mid-program feedback, exit surveys, and focus groups) was also analyzed.

Collectively, this investigation identified significant program strengths but it also uncovered some weaknesses. It identified that a major opportunity for improvement was in the area of curriculum integration. Faculty was primarily teaching in course silos while students and business organizations were pressing for...
more cross-functional integration. Table 1 summarizes key strengths and weaknesses.

### Table 1

**Program Strengths and Weaknesses**

<table>
<thead>
<tr>
<th>Strengths</th>
<th>Weaknesses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Excellent reputation / strong brand</td>
<td>Sequencing of courses</td>
</tr>
<tr>
<td>Customer-orientation</td>
<td>Lack of coordination in course deliverables</td>
</tr>
<tr>
<td>Administrative support services</td>
<td>Lack of integration across courses within a module and between modules</td>
</tr>
<tr>
<td>Enthusiastic, knowledgeable faculty</td>
<td>“Silo” orientation of faculty</td>
</tr>
<tr>
<td>Challenging coursework</td>
<td>Relevancy and applicability of curriculum to real word and current events</td>
</tr>
<tr>
<td>Team orientation / cohort learning</td>
<td></td>
</tr>
<tr>
<td>Networking opportunities</td>
<td></td>
</tr>
<tr>
<td>Ethically focused / Jesuit philosophy of education</td>
<td></td>
</tr>
</tbody>
</table>

Based on these findings, the EMBA curriculum was revised to capitalize on our strengths and reduce the gap between stakeholders’ expectations and program delivery by improving cross-functional integration and reducing the silo perspective. Our program’s mission was reworded to better reflect the culture and core capabilities of Loyola College and the needs of our stakeholders: “To develop ethical, reflective and competent leaders for a changing and diverse world.” Our program goals are to develop individuals who possess a rigorous understanding of core business functions, have problem-solving skills reflecting an integration of functional perspectives, and an ability to apply the knowledge and skills learned. To achieve these goals, the EMBA program is structured around six themes / modules:

### Year One: The Tool-Kit
- Business Foundations
- The Firm and its Environment
- The Global Challenge

### Year Two: The Balance Scorecard
- The Process of Value Creation
- The Strategy of Innovation
- The Integrated Challenge

The objective is to engage our executives in a powerful development experience using interactive and innovative learning processes by integrating content within and across these modules. Greater emphasis in placed on reflective learning techniques, including - but not limited to - journal writing, lessons learned, after-action reviews, problem-solving sessions, feedback discussions, and traditional assessment instruments (i.e., exams, case analysis, etc).

The following section briefly outlines the first year curriculum before proceeding to the more in-depth discussion of the Balance Scorecard as the integrating framework for the second year curriculum.

### First Year Curriculum

The first year of the EMBA program provides the fundamental skill sets and building blocks for strategy development. The focus is on the first three themes: Business Foundations, The Firm and its Environment, and The Global Challenge. As these themes suggest, students learn the basics of accounting, economics, and data analysis and garner a broad understanding of the legal, regulatory, technological, and global environments in which the firm operates. The program starts with a five-day on-site Residency

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2 Dr. Tony Mento, Professor of Management at Loyola College and a member of the Executive MBA Design Team, provided significant expertise in bringing reflective learning concepts into the new curriculum.
on Executive Leadership, which focuses on team building, communication, and a cross-functional view of the organization. These skills are reinforced and developed throughout the program.

The first module, Business Foundations, primarily focuses on leadership, social responsibility and the fundamentals of strategic thinking and planning. Managing one’s self, relationships, and the organization are principles themes in this module. Two of the courses, Leadership and Organizational Effectiveness and Ethics in Business, are designed to develop individuals who understand and value individual differences, have collaborative skills for working effectively in functionally and culturally diverse teams, and have the bases for being leaders in their organizations and in the communities in which they live and work. The Strategic Planning and Analysis course serves as the initial integration piece for the first year piece by illustrating the relationship between strategy, structure, process and tools. It is designed to provide the structure for a disciplined critical thinking process and the framework and tools necessary for conducting strategic analysis.

The second module, The Firm and Its Environment, ensures that our participants understand the language of business, realize the potential of new technologies, are technologically literate, and have the capability to organize, describe, and make intelligent inferences from empirical evidence. The courses in Economics, Accounting, and Statistics are application oriented. Students apply statistical techniques, make informed forecasts, understand and evaluate the impact of strategic uncertainties, assess the performance of the organization, and formulate, solve and interpret quantitative business models relevant to their respective business environments.

The third module, The Global Challenge, examines how markets change and how global social, political, legal, and economic forces drive and influence such change. The international field study (IFS) to emerging markets is the final integrating experience in the first year curriculum and also serves as the lynchpin to the second year curriculum. Prior to the international travel, EMBA instructors utilize the forthcoming IFS as a focal point to both internationalize and integrate their courses. For example, students might do an assessment of the economic systems of countries to be visited, conduct an external analysis for a given industry in a foreign market, develop a model of cultural orientation, or identify the international legal and regulatory issues affecting business in a foreign country. Thus, the trip brings together strategic analysis, leadership, analytical tool for decision-making and a global perspective (Kashlak, Jones and Cotner 1999a and 1999b). The second year curriculum then builds on the content, skills and experiences of the first year curriculum.

Second Year Curriculum

Strategic leadership is the focus of the second year curriculum. Its three key themes are Value Creation, The Strategy of Innovation, and The Integrated Challenge. A fundamental message conveyed is that strategy is about developing an integrated, mutually reinforcing set of choices about the firm and its activities—choices that form a coherent whole and that lead to value creation for all stakeholders (Hambrick and Fredrickson 2001). A unifying framework in which these three thematic modules could be integrated was found in the Balanced Scorecard. The rational and pedagogy is described below.

The Balanced Scorecard as a Curriculum Integration Tool

The Balanced Scorecard, developed by Kaplan and Norton, has created great interest recently (Kaplan and Norton 1992). It is based on the concept that managers have to develop and evaluate their business from at least four major perspectives: customers, financial, internal
business process, and innovation and learning. As shown in Exhibit 2, the BSC shows why organizational strategy must be comprehensive and rationally linked.

The organizational objectives identified in the BSC are derived from a top-down process driven by the mission and strategy of the organization. The objectives represent the relationship between the needs of external stakeholders and customers and the critical internal processes of marketing, operations, and innovation and growth. When used properly, the BSC can be a primary, organizing framework for an organization’s management processes as it is used to:

- Clarify and gain consensus about strategy;
- Communicate strategy throughout the organization;
- Align departmental and personal goals to the strategy;
- Link strategic objectives to long-term targets and annual budgets;
- Identify and align strategic initiatives;
- Perform periodic and systematic strategic reviews; and
- Obtain feedback to learn about and improve strategy. (Kaplan and Norton, 1996)

From a curriculum integration perspective, the BSC provides an overarching framework of how a business should achieve its mission. In the second year of the Loyola EMBA program, the Balanced Scorecard was used to:

- Illustrate the integration of finance, marketing and operations (Value Creation);
- Explain the importance of continuous change and the role of new product development and innovation management in the firm; (Strategy of Innovation) and
- Highlight the importance of strategy implementation (The Integrated Challenge).

The next section explains how the Balanced Scorecard was introduced to the students and used in the second year curriculum.

**Residency on Executive Leadership II**

The second year of the EMBA program is initiated with a second residency on Executive Leadership. The first day of the residency is a one-day executive skill-building workshop on negotiation and conflict management. The second day is used to introduce the learning themes of the second year and the BSC framework. This agenda for the BSC orientation, as shown in Exhibit 3, illustrates the program’s focus on developing a Balanced Scorecard and using the scorecard methodology to manage a firm. The three faculty responsible for teaching the finance, marketing and operations courses, team-teach this workshop.

All students are required to read Kaplan and Norton’s book, *The Balanced Scorecard* (1996) prior to attending the residency. An executive overview of the Balanced Scorecard initiates the workshop. This overview develops the key steps in building and implementing a Balanced Scorecard. Topics such as organizational assessment, defining strategy and objectives, developing a strategic map, and defining and developing performance measures and initiatives are reviewed. We have found the use of strategic mapping (an example is presented in Exhibit 4) to be important in developing a holistic view of strategy development and in getting students to fully understand the interrelationship of, and interdependencies among, finance, marketing and operations in value creation. Strategy maps give participants “a clear line of sight into how their jobs are linked to the overall objectives of the organizations, enabling them to work in a coordinated, collaborative fashion toward the
company’s desired goals” (Kaplan and Norton 200, p. 168).

Student teams are given an assignment to develop a strategic map using the Wells Fargo Online Financial Services Case A (Harvard Business #9-198-146). Once this task is completed, they then turn their attention to defining and developing performance measures for each of the strategic objectives identified. The Wells Fargo Online Financial Services Case B (Harvard Business #9-199-019) is used as a follow-up case for this activity. The Wells Fargo cases are sufficiently rich in detail to provide excellent skill building activities that reinforce the link between mission, strategy, objectives and performance and the role of marketing, finance, operations and learning / development in value creation.

Lessons in implementing the Balanced Scorecard and managing an organization based on BSC metrics are delivered through the use of an interactive simulation game, Balancing the Corporate Scorecard (Harvard Business School Publishing, Version 2.0). This simulation requires the students to manage a company over 16 quarters. The focus is on the timing of strategies for different products and selecting and changing key BSC metrics to guide strategic decision making as the simulated marketplace changes.

The Process of Value Creation

The module on value creation has three courses: Financial Management, Marketing Management, and Operations Management. The three courses, independently and jointly, evaluate the five critical questions in strategy development (Hambrick and Fredrickson 2001):

- Where will the organization be active? (Marketing / Operations / Finance)
- How will it get there? (Operations / Finance)
- How will it win in the marketplace? (Marketing / Operations)
- What will be the speed and sequence of moves? (Finance / Operations)
- How will the organization obtain its returns? (Finance / Marketing / Operations)

An integrated syllabus is used to communicate the topics, identify assignments and highlight their interrelationships. All courses are taught using case methodology and application-based projects. Some topics and cases are co-taught; others are taught individually. We strive with each case to identify balanced scorecard applications. While a number of cases used in the three courses have implications across all three disciplines, the following cases are particularly beneficial for team teaching and for developing a scorecard.

- Shouldice Hospital (HBR #9-683-068)
- Taco Bell (HBR #9-694-076)
- Southwest Airlines (HBR #9-602-156)
- Westinghouse ESG: Integrated Product Development (UVA #OM – 0784)
- Optical Distortion Inc. (HBR #9-575-072)
- Pan Europa (UVA-F- #1028)

One of the culminating projects for the module requires each student to develop a scorecard application for his/her organization. An illustrative example is shown in Exhibit 5. This application can be descriptive in nature, based on the current mission and strategies of the organization or one of its divisions. Alternatively, the assignment can be prescriptive based on the student’s sense of the

3 Dr. John Kamauff, Visiting Professor of Operations Management at Loyola College, participated in and made contributions to the integration of the BSC both into the Operations Management course and across the Value Creation Module.
organization’s current position and needed change in strategy.

The Strategy of Innovation

Good strategy is not just about doing the right things or doing things right, but doing things better (Hamel and Prahalad 1993). The logic of innovation and the importance of change, learning and growth are the focal themes in this module. These themes are contained in the following four courses:

- Financial Management II
- Leading Change
- New Product Development
- Technology, Innovation and Entrepreneurship

These courses continue to develop the linkages found in the BSC with an increased focus on human creativity, learning and growth. Financial Management II reinforces the concepts learned in the prior module (e.g., economic value added, capital investment, financial structures, and valuation of mergers and acquisitions) and introduces new topics such as financial strategy, new venture financing, and capital market innovations. Leading Change focuses on the art and skill of leading change in uncertain environments. Underlying premises are that leading change is a key skill every manager needs to know to survive and prosper and that creative thinking will allow continual sustained competitive advantage. New Product Development and Management is designed to help students discover the bases, processes and challenges of corporate practices in product and new venture management. In addition to identifying best practices in the new product development process, other topics include how an organization’s culture influences product innovation, the leadership skills required to stimulate organizational innovation, and how a firm can organize for innovation. Technology and Innovation Management guides managers in business plan development, turnaround, entrepreneurial and business growth activities. This course is a key interface between the BSC concepts and the other courses. In this module, participants are responsible for developing a new product or creating a viable business venture that can be brought to market. This includes the development of a complete business plan, incorporating financial considerations, marketing programs, and operational elements.

The Integrated Challenge

The final module of the Loyola EMBA program focuses exclusively on integration and implementation and the role of leadership in the firm. Here the BSC is reinforced both in the classroom and in a management consulting experience. The Strategy Integration and Implementation course presents strategy integration as a challenging, unconventional and innovative process. It examines valid business constructs and paradigms appropriate for today’s business environment. Quality and soundness of strategy and performance management and assessment are key topics. The linkages between mission, strategy, objectives, measures, targets, and tactical initiatives are dissected.

Putting theory into action is the responsibility of the “management consulting” project. It provides experiential learning through a "hands-on" consulting-like engagement with an organization in the region. Here student teams work with small to mid-cap firms in examining one or more strategic issues. Often in these small firms there is an over-emphasis on tactics and operations and an under-emphasis on strategy. Our student teams try to align tactics to strategy in the context of the BSC framework. It allows them to further incorporate the skills and processes developed in the MBA program, and to develop general management skills that would be useful in an organizational setting.

The final component of the module has students examine profiles of leadership and examine alternative perspectives on the social
responsibility of business. It looks at the responsibility of leaders to set a corporate culture that fosters ethical decision-making and contribution to society.

**Residency: Putting Values into Action**

Balance, reflection and perspective are the focal points of the program's culminating activity. The final residency reinforces the importance of life-long learning and reflection as a tool to continuously learn about one's self, family, work and global experiences. Participants reflect on their values, their ability to meet the professional challenges of the twenty-first century, balancing work and family, and their personal vision for the future.

**Successes And Failures In The 2nd Year Curriculum**

Continuous assessment and improvement is critical to the success of any program. The assessment process in the Loyola EMBA program consists of exit surveys, individual course evaluations, modular feedback sessions, unsolicited complaints and comments, and individual faculty observations. This mix of structured and unstructured methods provides a comprehensive analysis of program learning outcomes and integration issues. While the program has only been in effect for two years (or one complete cycle), the preliminary findings are quite encouraging.

The module on Value Creation receives accolades for being one of the most integrative in the program and in presenting a holistic view of the enterprise. The feedback on the module on The Strategy of Innovation is encouraging. After the first cycle, some content has been restructured to eliminate redundancies. The Leading Change course was originally placed in the third module, with a focus on mobilizing resources to successfully implement strategy. Students and faculty alike saw the need to move this content to the second module as a reinforcement of the logic of innovation and the necessity to lead and manage change in this highly competitive global market place. In addition, there was some redundancy in the content of the new product and entrepreneurship courses requiring both of the faculty members to better coordinate content. Despite this content overlap, students comment that it is readily apparent that the faculty talk to one another, exchange syllabi, and are informed about their respective courses and the potential for integration. More work, however, is needed in the area of shared activities and assignments. A challenge in the Strategy Integration and Implementation module pertains to the Management Consulting project. Finding client firms that are a good fit with the Balanced Scorecard approach and the learning objectives of the program is an on-going challenge.

**Conclusion**

Our purpose in this paper has been to demonstrate the viability of the Balanced Scorecard as an integrating tool in an Executive MBA program. One of the biggest obstacles we face as academicians is to provide a structure where students can mesh a myriad of ideas, theories and applications into an integrated management view. Often, each course is a silo with limited possibilities for sharing cross-functional perspectives. Perhaps the greatest challenge we face is not in the design of the curriculum but overcoming the obstacles inherent in the structure and rewards systems inherent in academia – departmental silos and faculty rewards based on individual performance. We are continuously exploring ways to encourage and motivate faculty to collaborate in and out of the classroom, to act not as “independent agents” but as a team delivering one integrated program to its customers.

Students understand and need holistic solutions to the multi-faceted business problems they face. The balanced scorecard is a strategic
management system for establishing and communicating an organization's vision, mission and strategy and aligning the vision for the future with the work people do today. The scorecard provides a framework for managing and measuring strategy and operations, as viewed by different perspectives of organization performance, such as customer, financial, internal processes, and employees and infrastructure. Because the BSC addresses the foundations of strategy (mission, vision, core values, goals), strategy development (functional strategies and objectives) and measurement (measures, targets and initiatives), it is a valuable resource for use in an MBA program.

References


### Exhibit 1
Loyola College’s Executive MBA Program

#### EMBA FIRST YEAR CURRICULUM

<table>
<thead>
<tr>
<th>Residency I (2.5 credits)</th>
<th>Module I Business Foundations (7.5 credits)</th>
<th>Module II The Firm &amp; Its Environment (7.5 credits)</th>
<th>Module III The Global Challenge (9.5 credits)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Executive Leadership 2.5 cr</td>
<td>Leadership and Organizational Effectiveness 2.5 cr</td>
<td>Foundations of Economic &amp; Business Analysis (Micro-Economics) 2.5 cr</td>
<td>Analysis of Domestic &amp; Global Economic Markets 2.5 cr</td>
</tr>
<tr>
<td>Accounting Information for Executive Decision Making 3.75 cr</td>
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<td>Statistics 1.25 cr</td>
<td>International and Global Business 2.5 cr</td>
</tr>
<tr>
<td>Strategic Planning &amp; Analysis 1.25 cr</td>
<td>Ethics in Business 1.25 cr</td>
<td>Information Technology 2.5 cr</td>
<td>Government &amp; Legal Environment of Business 2.0 cr</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Prep. for Int'l Field Study N/A</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td>Residency II: Global Environments and Strategies (Int'l Field Study) 2.5</td>
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</tbody>
</table>

#### EMBA SECOND YEAR CURRICULUM

<table>
<thead>
<tr>
<th>Residency III (1.75 credits)</th>
<th>Module IV The Process of Value Creation (7.5 credits)</th>
<th>Module V The Strategy of Innovation (7.5 credits)</th>
<th>Module VI The Integrated Challenge (7.25 credits)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Residency in Exec. Leadership II 1.75 cr</td>
<td>Financial Management 2.5 cr</td>
<td>Financial Management II 2.5 cr</td>
<td>Strategy Integration &amp; Implementation 2.5 cr</td>
</tr>
<tr>
<td></td>
<td>Operations Management 2.5 cr</td>
<td>New Product Development &amp; Management 2.5 cr</td>
<td>Management Consulting Application 1.25 cr</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Residency IV: Putting Values into Action 1 ½ days - 1.0 cr</td>
</tr>
</tbody>
</table>
Exhibit 2
The Balanced Scorecard

Mission
Strategy

Customer/Stakeholder Perspective
• To achieve our mission, what customer needs must we serve?
  • Cost
  • Service
  • Quality

Financial Perspective
• If we succeed, how will we look to our budget examiners?
  • Budget
  • Effectiveness

Internal Perspective
• To satisfy our customers and stakeholders, at which business processes must we excel?
  • Cycle Time
  • Productivity
  • Cost

Employee/Infrastructure Perspective
• To excel in our processes, what knowledge, tools, and skills must our organization have?
  • New Skills
  • IT
  • Knowledge library
  • Business Intelligence

"To satisfy our customers, what processes must we excel at?"
"To excel in those processes, what knowledge and skills must our organization have?"
"To excel in those processes, what customer needs must we serve?"
"To achieve our mission, how will we look to our budget examiners?"
Exhibit 3
The Balanced Scorecard -- A Tool for Value Creation

Did you know:
- Only 5% of the workforce understands their company strategy?
- Only 25% of managers have incentives linked to strategy?
- 60% of organizations don’t link budgets to strategy?
- 86% of executives spend less than one hour per month discussing strategy?
- 33% of the companies listed in the 1970 Fortune 500 had vanished by 1983?

With statistics like these, it’s no surprise that nine out of ten companies fail to execute strategy successfully. This one-day seminar examines the concept of a strategy-focused organization.

8:00 Creating Strategy Focused Organizations in the New Business Environment
Strategy should be at the center of the management process. The Balanced Scorecard devolves strategy into a linked set of cause-and-effect relationships across four perspectives: financial, customer, internal/operational, and learning and growth. We will discuss how to translate strategy into a linked set of themes, objectives, and measures.

10:00 Break

10:15 Developing a BSC -- Wells Fargo Online Financial Services (A)
Wells Fargo, one of the industry leaders in electronic banking, implemented a BSC in its online financial services group (OFS) to track and measure performance. Your task is to develop a Balanced Scorecard for OFS and the measurements for each BSC perspective.

11:15 Presentations of the BSCs and Metrics for Wells Fargo

12:15 Break

12:30 Introduction of Simulation: Balancing the Corporate Scorecard
Your team takes over the management of Sentra Software to help navigate the company through its transition to serve a newly emerging, rapidly expanding market segment. The simulation lasts for 16 quarters, or four years—if you can “stay alive” that long! Running Sentra consists of monitoring a set of 20 Balanced Scorecard metrics—spread across the four Scorecard metrics—and then making decisions in six operational areas.

1:00 Working Lunch and Simulation Exercise
As a team, run the simulation through the 16 quarters. Keep a decision log of the key metrics you used for each decision period (print out key decision logs for use in class discussion). The key ingredient in this exercise is to focus on the timing of strategies for different products and selecting and changing key metrics to guide strategic decision-making.

4:00 Simulation Debriefing and Prep for Module One
Exhibit 4
Strategic Map

Exhibit 5
Sample Private Sector Scorecard

<table>
<thead>
<tr>
<th>Perspective</th>
<th>Strategic Map</th>
<th>Objectives</th>
<th>Measures</th>
<th>Targets</th>
<th>Initiatives</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial</td>
<td>Profitability</td>
<td>• Profitable Business Growth</td>
<td>• Operating Income</td>
<td>• 20% Increase</td>
<td>• Likens Program</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Sales vs. Last Yr</td>
<td>• 12% Increase</td>
<td></td>
</tr>
<tr>
<td>Customer</td>
<td>Product Quality</td>
<td>• Quality Product from a Knowledgeable Associate</td>
<td>• Return Rate</td>
<td>• Reduce by 50% each yr</td>
<td>• Quality management program</td>
</tr>
<tr>
<td></td>
<td>Shopping Experience</td>
<td></td>
<td>• Customer Loyalty</td>
<td>• 60%</td>
<td>• Customer loyalty program</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Ever Active %</td>
<td>• 2.4 units</td>
<td></td>
</tr>
<tr>
<td>Internal Process</td>
<td>“A” Class Factories</td>
<td>• Improve factory quality</td>
<td>• % of Merchandis from “A” Factories</td>
<td>• 70% by year 3</td>
<td>• Corporate Factory Development Program</td>
</tr>
<tr>
<td></td>
<td>Line Plan Management</td>
<td></td>
<td>• Items in-Stock vs. Plan</td>
<td>• 85%</td>
<td></td>
</tr>
<tr>
<td>Learning &amp; Growth</td>
<td>Factory Relationship Skills</td>
<td>• Train &amp; equip the workforce</td>
<td>• % of Strategic Skills Available</td>
<td>• yr 1 50% yr 3 75% yr 5 90%</td>
<td>• Strategic Skills Plan</td>
</tr>
<tr>
<td></td>
<td>Merchandise Buying/Planning Skills</td>
<td></td>
<td></td>
<td></td>
<td>• Merchants Desktop</td>
</tr>
</tbody>
</table>