The Power of 1%

An introduction to the

Recruitment Business
Balanced Scorecard

CONTENTS

INTRODUCTION

If recruitment businesses don't have dynamic and empowering metrics aligned to strategy that will drive their own performance, then trying to realise a high-performance improvement will be like wading through treacle.

There are numerous benefits both personal and business, and we have never met anyone who wants to work longer hours and harder. Most people would love to work smarter and be more efficient, and we owe it to them and ourselves to make that happen. Just imagine a world where your people can improve productivity and increase commissions by 15-45% without putting in more hours, but just by optimising what they do day to day.

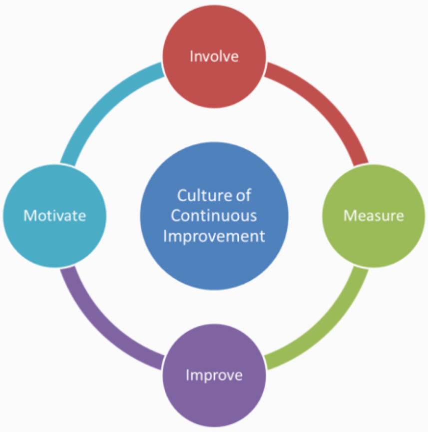
<u>THIS IS ACHIEVABLE AND CLIENTS WE WORK WITH HAVE SEEN THIS HAPPEN!</u>

It does take an investment of time, but once invested the ROI for the business both positive culture/staff engagement and financial ROI both business and personal is considerable.

On the point of investment, you can design and develop and implement a Recruitment Business Balanced Scorecard in many ways, pay someone to do it for you or preferably with you, or maybe a good starting point is to do some or all of it yourself.

Performance measurement and management is all about ensuring that your business does what you planned for it, keeping you agile and ahead of the curve by focussing on the cause of the result and NOT just the actual result itself.

Get this right, using data in the right way to drive behaviours will have a positive effect on driving a continuous improvement performance culture, putting the focus on quality as opposed to quantity. It's as much about reducing waste as much as doing more of the right things



WHY BALANCED SCORECARD

Sound Familiar…

"We've got the right strategy for the business, so how do we get everybody doing the right things to achieve it?"
"We know where we're trying to get to but our progress is slower than it should be."
"We're not getting the reward we deserve for our excellent reputation, products, people, etc."
"Just using financial results doesn't really capture how some parts of our business contribute to our success"
"We need to shine some light in dark corners to see what we can improve."
"We often seem to be reactive to results. We need to be more in control so that we know what's going on inside the business before it causes us a problem."
"We need everybody to understand clearly what they have to do, then do it, and do it better every day."
"Our profits are OK, but they're not exciting. We should be doing better."

…you're not alone

IMPROVING RESULTS WITH SCORECARD

THE KEY TO ACHIEVING YOUR LONG-TERM OBJECTIVES IS EFFECTIVE PERFORMANCE MEASUREMENT AND MANAGEMENT

Although the quotes on the previous page may seem unconnected, in fact they all relate to one issue: **the effective implementation of strategy and business plans**. Performance measurement and management is all about ensuring that your business does what you planned for it. Until modern techniques became available many companies found this difficult, despite much hard work and effort by the directors.

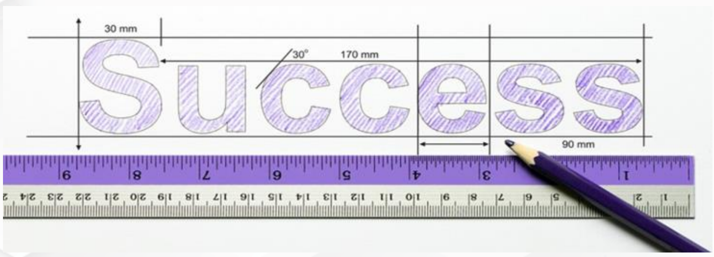
The **balanced scorecard** is a relatively new, but well proven management control process. It unifies in one technique all the key requirements in effective performance management and measurement. **Using a balanced scorecard will release the full potential in your business plan and give you the maximum bottom line benefit from your strategy**. It does this through the **four C's of performance management**;

Causes of success are identified
Deciding where your company needs to go is one thing; getting there is another. If you want to improve results you have to work on the causes of success. Using a balanced scorecard ensures that all the activities in your business that are critical to your success are identified. No longer will progress be *"slow and unpredictable"*. By working on the key causes of success you will *"get the reward we deserve"*.

Communicating your strategy effectively in your business.
The balanced scorecard provides a simple method for communicating your strategy to everybody in your business so that *"the message gets through to our managers and staff"*.

Controlling performance
At the heart of the scorecard lies the philosophy that what gets measured gets done. The balanced scorecard will give your managers and staff clear measures and targets for the things that will give you long term success. They become truly accountable for success. What is more, as the measures are based on the causes of success, you cease to be *"reactive to results"* and instead put yourself *"in control."*

Continuous improvement is targeted effectively
The balanced scorecard provides you with a regular, company wide, progress check on the key causes of success in your business. It enables you to focus continuous improvement on the things that really matter. The result is that *"OK profits"* become *"exciting profits."*



WHAT GETS MEASURED GETS DONE. COMPANIES USING A BALANCED SCORECARD EFFECTIVELY GET THEIR STRATEGY IMPLEMENTED IN FULL

BENEFITS OF SCORECARD

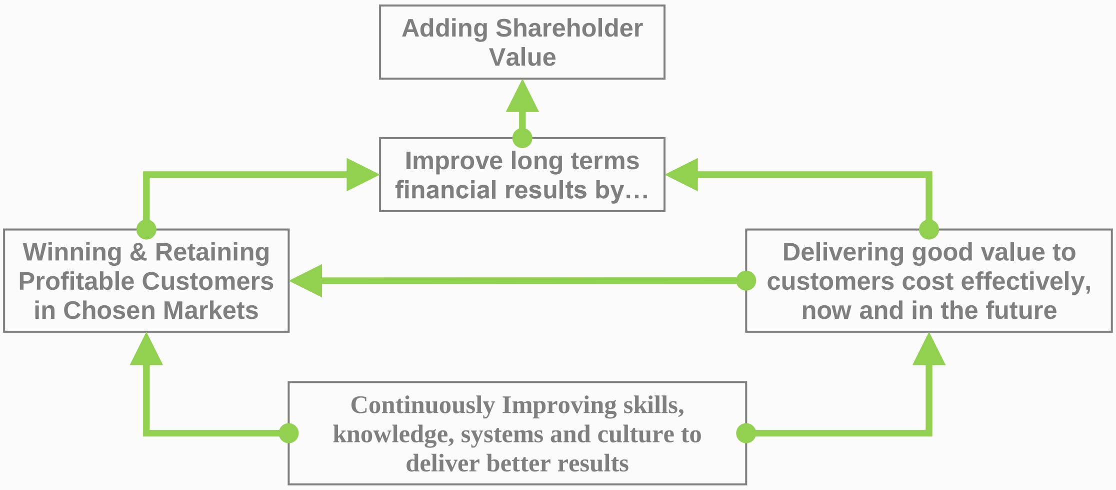
- ✓ The process of building the scorecard clarifies strategy and provides a check on the logic and likely effectiveness of business strategy.
- ✓ Building the scorecard builds the senior management team. By sharing the process, the team gains greater cohesion and a strong, collective understanding of strategy and key operational priorities.
- ✓ Using the balanced scorecard transforms the company into a “learning organisation”, where managers analyse and solve problems quickly and effectively.
- ✓ The translation of strategy into a comprehensive set of key performance measures relating to every aspect of the business strengthens accountabilities. Managers and staff focus on what really matters.
- ✓ The identification of measures across the four perspectives identifies and promotes critical success factors that might otherwise remain hidden.
- ✓ The implementation of the scorecard challenges the effectiveness of existing organisational structures, pointing the way to beneficial changes.
- ✓ Using the scorecard throughout the organisation adds rigour to the management process. Continuous improvement of performance on critical success factors becomes a way of life.
- ✓ The scorecard alerts managers to problems via predictive indicators, enabling early action to be taken to correct performance.

IN OTHER WORDS, THE BALANCED SCORECARD MAKES STRATEGY EVERYBODY’S EVERYDAY JOB

AS A RESULT, USING A BALANCED SCORECARD CORRECTLY WILL IMPROVE YOUR LONG-TERM FINANCIAL RESULTS

STRATEGY TO REALITY

The Balanced Scorecard is an easy-to-use tool that enables organisations to apply the key principles of performance management to the maximum effect. It provides a model of the way in which companies achieve long-term financial success, often shown diagrammatically like this:



This diagram illustrates in simple terms how the delivery of long-term financial success depends on a chain of cause and effect that runs through the entire business. This simplicity also makes the scorecard one of the most powerful ways an organization can communicate its strategy. **Show this picture to most employees and they will say, "That's not jargon, its just common sense!"**

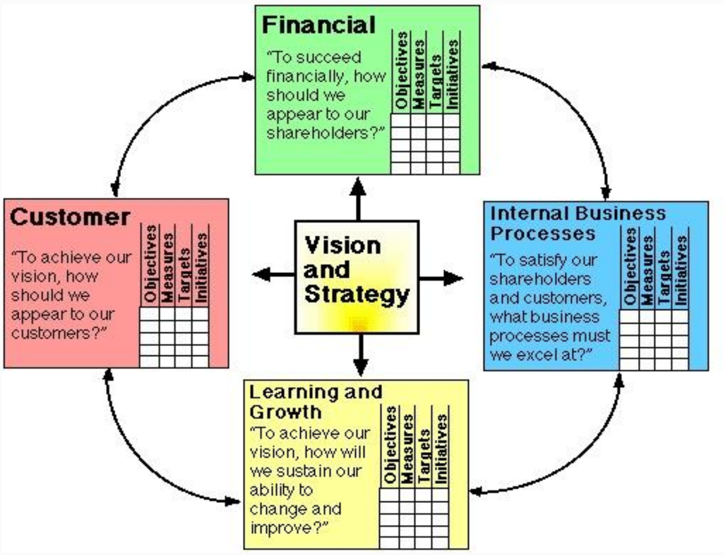
So, to turn strategy into reality, a company must;

- ✓ Analyse the key chains of cause and effect that underpin the strategic plan
- ✓ Communicate these effectively throughout the business
- ✓ Identify key measurement points along the chains
- ✓ Ensure every team, individual and function in the business is accountable for results that impact on the achievement of strategy

WE WILL HELP YOU TO RELEASE THE FULL POTENTIAL OF YOUR COMPANY FOR LONG TERM, EVER INCREASING SHAREHOLDER VALUE.

A completed scorecard will have four "perspectives", representing the four basic propositions for strategic success;

1. The company must improve long term financial results. To do this it is necessary to;
2. Win and retain sufficient numbers of profitable customers in its chosen markets
3. Achieve excellence in key internal business processes to deliver good value to customers and profit to the shareholders, now and in the future
4. Learn, grow and innovate by building the right skills, systems, communications and culture to underpin business processes and the delivery of value to customers



Each perspective will contain performance measures, which derive from the strategy of the company. As a result, the company will rapidly improve;

- ✓ Customer acquisition and retention
- ✓ Customer profitability
- ✓ Asset management
- ✓ Process times and waste levels
- ✓ Profits from new products
- ✓ Employee productivity, teamwork and communication

and as a result of all of this…**profits and cash-flow will improve.**

PRACTICAL EXAMPLE

The Scenario:
Obviously, confidentiality does not allow us to go into specific detail of the assignments that we have and are undertaking on behalf of our clients. However here is an example based on a real case that was undertaken for a client.

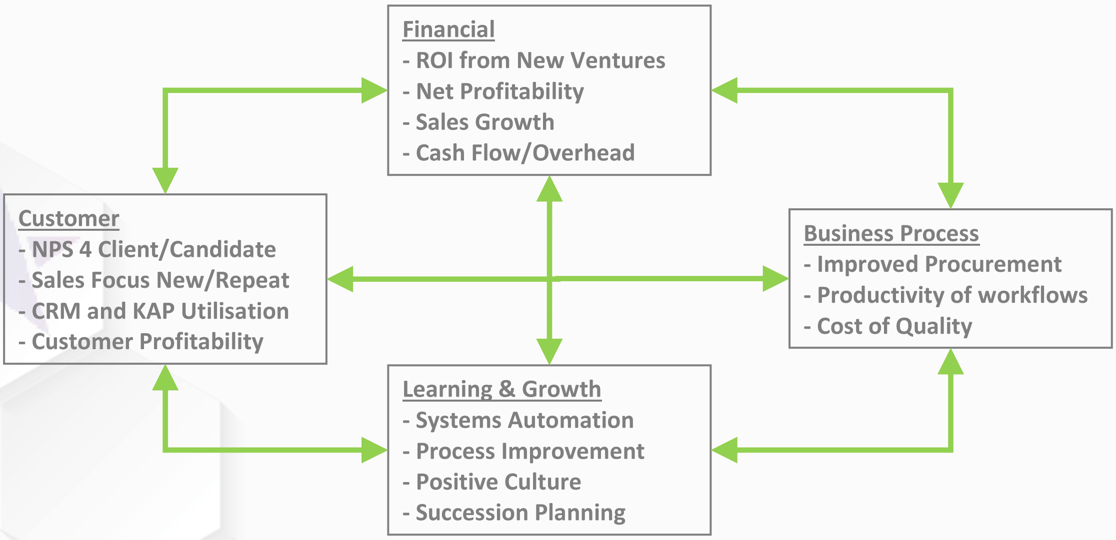
The client is a perm/temp engineering/manufacturing organisation providing predominately contingent recruitment service. The markets that they operate in are becoming increasingly competitive, due to competition on price. With our support the clients' medium-term strategy was to innovate with their product to maximise the potential of existing customers and to grow into new markets.

The companies' senior management team were consistently getting involved in day to day a tactical issue that were restricting the implementation of the strategy and was threatening the long-term future of the organisation.

Their strategy was focussed on three key areas:

1. Focus on adding value to quality conscious customers and strengthen relationships by providing a world-class product
2. Innovation around the product to enhance the proposition to these customers and also focus on R&D to develop products that differentiate the company and enable growth into new markets
3. To ensure that the focus is firmly on 'bottom line profitability' and not just 'top line growth', through a process of checks and balances linked into costs and efficiencies

The Scorecard:



The Results:

- ✓ There was an **improvement to the organisational culture** brought by the focus of scorecard
- ✓ The **senior management team grew stronger** through better strategic understanding and working as team. Everyone was pulling together in the same direction
- ✓ **Costs** were **controlled, processes improved** and **waste cut**
- ✓ **Enterprise Value was increased**. The business saw increase in both top and bottom-line performance

IMPLEMENTATION

An effective balanced scorecard implementation requires 6 distinct phases;

1. Clarification of strategy
2. Identification of critical success factors
3. Development of performance measures
4. Setting targets
5. Using the scorecard as a top-level management tool
6. Cascading the scorecard to lower levels

Each stage brings specific benefits;

The clarification of strategy will often identify important elements of strategy that have previously been overlooked.

The identification and mapping of critical success factors provides an insight into what will be the root causes of the company's long-term success. This is a powerful tool for showing everybody in the business where they fit and how they can contribute to improving results.

Developing performance measures highlights the gaps in the company's performance management information systems. The discussion of what is the right thing to measure also deepens the management team's understanding about the way the company must work to be successful.

Setting targets highlights the potential for improvement. It also provides the basis for creating ownership and accountability for results throughout the organisation.

Using the scorecard as a top-level management tool is the first step towards improving long term results. Regular structured performance reviews focused on the things that really matter (CSFs), coupled with targeted continuous improvement, will deliver better and better results and rapid progress towards the achievement of strategic aims. The cascade process (see below) ensures that this strategic continuous improvement process is replicated throughout the company.

Cascading the scorecard is not only a very effective way of communicating strategy to all functions and employees in the business in a way that is both meaningful and personal to those receiving the message. It also ensures that the company scorecard is translated into action throughout the business; truly making strategy "everyone's everyday job" Of course, the success from the scorecard will be different from company to company, depending on the specific strategic aims.

In general, the scorecard can be relied upon to deliver;

- ✓ **Improved communications and teamwork**
- ✓ **A more skilled, motivated, and productive workforce**
- ✓ **Reduced waste and error and more efficient utilisation of assets**
- ✓ **More effective development of new products and services**
- ✓ **Improved working capital management**
- ✓ **Increased customer acquisition, retention and profitability**
- ✓ **Steadily increasing profits, cash flow, and returns to shareholders**

The SIX STAGES in more detail…

1. Clarifying Strategy

The process of compiling the balanced scorecard often provides a useful check on the logic and completeness of the company strategy. However, the scorecard is primarily a tool for implementing strategy. Therefore, the first step the company should take is to clarify its strategy. Strategies vary from company to company, of course, but before attempting to compile a scorecard the company ought to have dealt with such issues as;

- The objectives of shareholders / owners
- Financial strategy to deliver shareholder value
- Strategies for growth / consolidation or exit from its chosen markets
- Strategies to improve productivity and the identification of the necessary core competences to deliver them

Of course, it is pointless implementing a poor strategy effectively! So, the clarification process should also include some strategy assessment, ideally using the tests set out in "the importance of good strategy", later in this paper.

2. Identifying Critical Success Factors

A critical success factor (CSF) is a specific activity, process, resource or competence, which is essential for the achievement of a strategy. CSFs provide the vital link between strategies and measures on the scorecard. Once the company's strategies are clarified, the best way to identify the CSFs is to use 'what, how?' analysis. For example, in the case of a company providing support services to manufacturers, the strategy (the 'what') was to improve the quality of long-term revenues and secure the company's future in markets that were becoming much more difficult due to regulation. The 'how' was by winning and retaining more profitable and loyal "value added clients" (a CSF). This CSF then became the 'what' in order to generate the next CSFs, which were;

- Convert more prospects by introducing "consultative selling"
- Develop a stream of innovative, value-added services

3. Developing Performance Measures

The result of the critical success factor exercise should be a map of cause-and-effect chains of CSFs culminating in the company's strategic objectives. The scorecard structure can be used as a prompt to ensure that no CSF has been missed. Then the company can move to developing the performance measures. The most helpful way to proceed here is to ask these questions;

- What will success look like?
- How can it be measured?
- What data will be needed and where will it come from?
- Who will be responsible for reporting performance?
- Who will be accountable for performance?

Measures must be chosen because they are the right ones, not because they are easy to calculate. Measures must also be chosen in a 'balanced' fashion to ensure a balance between long and short-term factors, and between leading and lagging indicators. Most important of all, it must always be remembered that people behave the way they are measured. For instance, in a consultancy organisation a particular CSF that was measured was utilisation of staff. But some employees were tempted to try to look good on utilisation by booking lots of non-chargeable time to jobs, so the client also measured project profitability to highlight where this was taking place so that it could be stopped.

4. Setting Targets

Targets, should, of course be realistic but stretching. As the scorecard is a strategic tool they should also be geared to the long term. However, this can make them seem far off and unreal when the scorecard is first developed. Many companies deal with this by putting targets on a dial, with red, amber and green sections. The result needed to get into the green section is a stretching goal, required to keep the company on track to achieve its strategic aims. Red represents the point at which performance becomes unacceptable. So, a green score is a cause for celebration. Amber means that some improvement is still required, and a result in the red section alerts the company to a need for urgent action. But note that if scores are poor, the right question to ask is WHY…

5. Using the Scorecard as a Management Tool

Implementing the balanced scorecard leads managers to become aware of their key strategic targets, represented by the measures for which they are accountable. To capitalise on this there should be a regular review of performance against these key measures. This enables the senior management team to;

- Understand the reasons for good or bad performance, and take appropriate action
- Receive early warning of potential problems through poor scores on predictive indicators
- Direct continuous improvement activity to the areas where the greatest strategic benefit will be obtained

It is critical to the success of the scorecard that this review process is handled in the right manner. The company must institute the right culture alongside the scorecard. This can best be summarised by the key question that must be asked. This is why? As in "why did we get this score", "what can we learn", "how can we improve?" and not who, as in "who is to blame"? This process of analytical review and improvement is multiplied to great effect by cascading the balanced scorecard throughout the rest of the company.

6. Cascading the Scorecard

The production and use of a corporate balanced scorecard provides the top management team with considerable insight concerning progress in the implementation of strategy. However, this has limited usefulness if the scorecard is not cascaded to the lower levels of management, which are, in fact, mostly responsible for the implementation of strategy.

This cascade process is just a continuation of the cause-and-effect type of analysis that underpins the top-level scorecard. The corporate scorecard is used as a tool for communicating strategy to the front-line management teams (usually resulting in comments such as "now I can really see how what the company strategy means and how it affects me").

These teams are facilitated through the process of identifying the key activities for which they are accountable, that impact on the overall company scorecard. Measures and targets are then developed for these lower-level CSFs, which are reviewed and improved in the same manner as the top level scorecard.

OPERATIONAL MANAGEMENT WITH A SCORECARD

It is hard to argue against the sense of running an organisation on the balanced scorecard principles of; determine the right strategy and the critical success factors to deliver it and measure the CSFs and ensure everyone is working to improve the scores.

This may seem a little theoretical, so on the next 3 pages we try to give a feel for how the process works practically. Once the scorecard has been designed, and cascaded throughout the company, the organisation will in effect have created the road map that enables everyone to work every day to deliver the company's strategic objectives. Working to improve the scores for each of the company's critical success factors, whether on the top level or on front line team scorecards, will inevitably deliver strategic success.

But this requires an easy reference tool that anyone can use to remind themselves of what the critical success factors are and how they are doing against the targets that need to be achieved. Many companies spend small fortunes on complex software to do this. In very large organisations this may be sensible, but in most companies, the humble excel spreadsheet can do a similar job very effectively

An imaginary example is given below of how the company's strategic agenda and progress against it could be captured using excel.

Example							
Measures	Green Target	Red Target	April	May	June	July	August
Financial Perspective							
1. Net Profitability	Budget+10%	Budget	£0.1m	£0.6m	£0.5m	£0.9m	£0.8m
2. Sales Revenue	Budget+20%	Plan	£10m	£14m	£15m	£10m	£11m
3. Cost of Sales	Budget-15%	Budget	£8m	£9m	£11m	£9m	£6m
Customer Perspective							
4. Target Account Acquisition	>£1m/mth	<£.5m/mth	1.11	0.91	0.71	0.49	0.65
5. New Product Sales	>20%	<10%	20	21	18	12	9
6. Customer Retention	>80%	<65%	81	83	80	79	64
7. Client Satisfaction	≥Ave 8	≤Ave 6	9	8	7	6	7
Internal Business Processes							
8. Cost per unit Product a	<.15ppu	>.20ppu	.21	.19	.19	.14	.16
9. Cost per unit Product b	<.25ppu	>.30ppu	.24	.24	.29	.31	.29
10. Cost of Quality	<10%	>15%	9	8	10	12	16
11. Delivery Time	<4days	>6days	4	5	7	8	5
Learning & Growth							
12. Training Effectiveness	>75%	<65%	67	77	76	70	64
13. Process Innovations	>5pm	<2pm	5	6	2	0	1
14. Staff Retention	<10%	>20%	15	19	25	21	17

By linking the spreadsheet by hyperlink to other documents (such as strategy maps and measure definitions), it is possible to gain a reminder of why the measures that appear on the spreadsheet are important.

Furthermore, because excel is such a universal tool, managers at all levels can learn quickly how to record and communicate progress against critical success factors. It also makes it very easy for them to communicate and discuss this with their teams.

The Business Balanced Scorecard is a **performance management tool** as well as a performance measurement tool. As noted earlier in this document, the most important use of the scorecard is in asking and answering these questions;

- What is the score?
- Why did we get that score?
- What have we learnt and how can we improve?
- Did we take the actions we said we would, based on what we learnt?
- How did those actions turn out and what more can we do?

This is **"scorecard culture"**. A successful implementation will ensure that everyone in the organisation lives and breathes this philosophy. The success of this culture is demonstrated every month at the scorecard review meeting (held at every level and in every team in the company).

The agenda for the meeting will mainly be provided by the scorecard measures themselves. This will be supplemented with key issues relating to improvement projects that the team is carrying out on particular scorecard measures.

- As each scorecard measure is introduced, the person(s) accountable for reporting will explain the reasons for the score and any trends that are emerging. They should also cover the details of any actions taken since the last meeting and expectations for the way that the score may move in the future

- A discussion by the whole team now follows for each of the measures, with suggestions for further actions to bring about improvement. Whatever is agreed will be recorded by the manager and by those responsible for taking action

- As a result of discussions during the meeting it may be decided to delegate work or further analysis, the results of which will be presented at the next scorecard meeting

Continuous improvement

Between meetings, project teams and individuals will be working to understand performance better and use basic problem-solving tools to make permanent improvements. This why companies that have already done work to establish these types of discipline (e.g. through world class manufacturing, TQM, six sigma, etc) tend to find that the benefits from a balanced scorecard flow more quickly for them than for others.

However, it is not necessary to have carried out initiatives of this type before introducing a balanced scorecard. Any good scorecard implementation should include training in standard problem-solving techniques.

We also recommend that techniques such as visual control systems (an excellent lean management tool) be used. This will help those responsible for reporting at front line level to break monthly scorecard measures down into easy-to-use day to day activity and outcome trackers. We have found that this helps junior staff considerably when they come to analyse and report on scorecard results.

IMPORTANCE OF A GOOD STRATEGY

It must be remembered that the balanced scorecard is above all a tool for strategy implementation. Good implementation of a poor strategy will undoubtedly result in some operational improvements and the company will almost certainly feel that a scorecard project has been worthwhile if only for that. However, to achieve breakthrough results requires the marriage of good strategy and good implementation.

So, any scorecard implementation should include work to test the company's strategy against 6 key criteria suggested by Michael Porter, acknowledged as one of the world's foremost thinkers and leaders on effective business strategy. The 6 criteria are;

First, a company must start with the *right goal:* superior long-term return on investment. Only by grounding strategy in sustained profitability will real economic value be generated. When goals are defined in terms of volume or market share leadership, with profits assumed to follow, poor strategies often result. The same is true when strategies are set to respond to the perceived desires of investors.

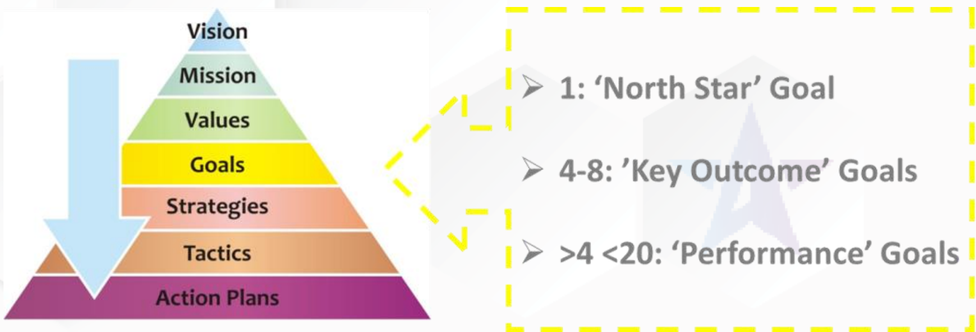
Secondly, a company's strategy must enable it to deliver a *value proposition*, or set of benefits, different from those that competitors offer. Strategy is neither a quest for the universally best way of competing nor an effort to be all things to every customer. It defines a way of competing that delivers unique value in a particular set of uses or for a particular set of customers.

Thirdly, strategy needs to be reflected in a *distinctive value chain.* To establish a sustainable competitive advantage, a company must perform different activities than rivals or perform similar activities in different ways. A company must configure the way it conducts manufacturing, logistics, service delivery, marketing, human resource management, and so on differently from rivals and tailored to its unique value proposition.

Fourthly, robust strategies involve *tradeoffs.* A company must abandon or forgo some product features, services, or activities in order to be unique at others.
Such tradeoffs, in the product and in the value chain, are what make a company truly distinctive. Trying to be all things to all customers almost guarantees that a company will lack any advantage.

Fifthly, strategy defines how all the elements of what a company does *fit* together. A strategy involves making choices throughout the value chain that are interdependent; all a company's activities must be mutually reinforcing. A company's product design, for example, should reinforce its approach to the manufacturing process, and both should leverage the way it conducts after sales service. Fit not only increases competitive advantage but also makes a strategy harder to imitate.

Finally, strategy involves *continuity* of direction. A company must define a distinctive value proposition that it will stand for, even if that means forgoing certain opportunities. Without continuity of direction, it is difficult for companies to develop unique skills and assets or build strong reputations with customers. Fortunately, balanced scorecard companies get a flying start on meeting these criteria as the first, fifth and sixth criteria are naturally inherent in the design and operation of the scorecard.



BALANCED SCORECARD ‘THE EVIDENCE’ AND REAL RESULTS

The balanced scorecard first appeared as a management tool around 1992, so it has now had over 25 years of exposure and use, particularly amongst large companies. So can it be said to be a mainstream, important and effective management tool? Here is some evidence;

- Various research studies suggest that around 90% of FTSE 100 companies use the balanced scorecard or a close derivative of it. Well known UK based users include British Telecom, Halifax Bank, Lloyds TSB, Tesco and Boots the Chemist

- Other well-known names who use the scorecard and have reported achieving
- “Breakthrough results” as a result of its deployment in their businesses are BMW, Canon, DuPont, Hilton, Motorola, Siemens and UPS

- In its 75th anniversary issue, The Harvard Business Review stated that the scorecard is one of the 15 most important management concepts ever launched through its pages

- This is backed up by Bain & Co.’s annual “management tools survey”, which reported that 57% of the global companies they spoke to use the balanced scorecard, which is also listed in their report as one of the top 15 most popular management tools

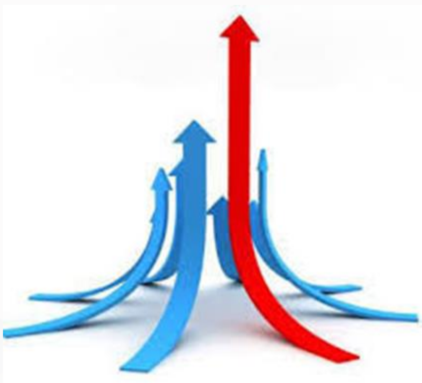
Reported benefits
As the balanced scorecard originated in the USA, much of the research on its effectiveness has been conducted in that country. A study of over 100 companies published by Metrus Group reported that;

- 83% of the “measurement managed companies” in their sample had financial performance in the top third of their industry compared with only 52% of “non-measurement managed companies”
- 97% of the “measurement managed companies” reported success with their last major change management initiative compared with only 55% of the “non-measurement managed companies”

In the UK, research recently published by Cranfield School of Management included results from a number of studies which reported these benefits from the use of balanced performance measurement;

- Reductions in overheads and improvement in sales and profitability
- Improvements in the decision-making performance of managers and employees
- Increased understanding of the business by employees and enhanced acceptance and collaboration in the implementation of business strategy

REAL CLIENT RESULTS… What gets measured gets done:



- ✓ Job board ROI from 5:1 to 28:1 in 1.5yrs
- ✓ Vacancy to placement ratio from 13.8:1 to 2.4:1 in 2yrs
- ✓ Customer retention increase from 21% to 76% in 3yrs
- ✓ Marketing ROI change from -35% to +579% in 2yrs
- ✓ Repeat business and cross sell both up >100% in <12mths
- ✓ Ave Fill time (job on to offer accepted) down from 102 to 41 days
- ✓ Customer advocacy (Net Promoter score) up 351% in 2yrs
- ✓ Employee advocacy up 559% in 3yrs
- ✓ Ave perm fee up from £3.7k to £5.9k in 2yrs
- ✓ Contract margin up from 14.7% to 23.2% in 1.5yrs
- ✓ Net profit % (of t/o) up from 0.61% to 4.23% in 5yrs

A SCORECARD IMPLEMENTATION PLAN – INTRODUCTION

Having read the first part of this document, you may have concluded that implementing a balanced scorecard is actually just a common sense process that any company ought to be able to do for itself. After 5 years of helping a very wide variety of organisations implement and successfully use a balanced scorecard, we would agree with you!!

This part of our guide is dedicated to helping you do as much of the implementation work for yourselves as you possibly can.

The problem for most companies is that the top team often feels that all the raw material to build and use a scorecard is probably already there, it's just how to assemble it in the right way that is the problem. What is needed is an easy to follow, logical, robust and complete process for building and operating a balanced scorecard. This is precisely what we have developed.

As a result, we now have a fully documented process, which is applicable to most companies. We are happy to share our process with you in this document. It may surprise you that we should give away this type of information. However, like other genuine scorecard practitioners, we first and foremost consider ourselves to be educators. All that we ask is that you use the information in this guide just for yourselves and not to copy and pass it on outside your organisation without our permission.

How the implementation plan is set out
A summary flowchart of our implementation process is set out on later.

A suggested timescale plan for introducing a scorecard is set out on page 21.
The flowchart is based on our normal method of implementation, which is to facilitate the senior management team (and later, the departmental teams) through a series of workshop sessions, to ensure the highest quality of output and the maximum buy in to the process.

Therefore, if you intend to implement a balanced scorecard for yourselves without external assistance, then we would strongly recommend that a suitable person from the senior management team should be chosen to lead the rest of the organisation through the process.

What to do next
If this guide meets your needs and you feel that you do not need our help, then we wish you well. However, if you consider that some external expert assistance would be helpful then we can provide a unique style of consultancy support.

These programmes provide you with comprehensive training and guidance for the parts of the design and implementation work that you will be able to handle yourselves and supplement this with direct expert intervention for the technical aspects of the process.

As a result, the investment required to set up a fully functioning balanced scorecard is kept to an absolute minimum. If this low-cost method to implementing a scorecard could be of interest to you then please contact us for further information.

IMPLEMENTATION PROCESS EXAMPLE:

Workshop 1 – TOP LEVEL

- How a balanced scorecard improves long term performance
- Overview of how the scorecard is built
- What business are we in/could we be in?
- Analysing the Value Proposition
- PESTLE Analysis
- Assessing the competitive environment
- Market attractiveness

Workshop 2 – TOP LEVEL

- Completion of market attractiveness
- Identifying the financial and other objectives of shareholders
- Key influences on financial performance
- Developing the revenue growth strategy
- Developing the productivity strategy
- How to choose performance measures

Workshop 3 – TOP LEVEL

- Measures chosen for the financial perspective of the scorecard
- Scorecard target setting Measures chosen for the customer perspective
- Measures chosen for the internal business process perspective
- Accountabilities assigned
- Reporting systems agreed

Workshop 4 – TOP LEVEL

- Application of Porter's six principles of effective strategy
- Actions to improve distinctiveness of value proposition
- Actions to improve distinctiveness of value chain
- Actions to deal with conflicting value propositions
- Prepare for first monthly results review
- Continue with target setting and measure design. Set up excel reporting

Workshop 5 – TOP LEVEL

- First review of monthly scorecard results (FP/IBPP/CP only)
- Measures chosen for the learning and growth perspective
- Accountabilities assigned
- Reporting systems agreed
- Further measure design work

Workshop 6 – TOP LEVEL

- Second review of monthly scorecard results
- Performance map issued
- Actions agreed to finalize any outstanding incomplete measures

Workshop 7 – TOP LEVEL

- Third monthly review of results
- Planning for communicating the scorecard throughout the business
- Cascade process agreed

TOP LEVEL

- Fourth monthly review
- Fifth monthly review
- Sixth monthly review

Cascade Step(s) – DEPT TEAMS

1. General briefings about the purpose of the scorecard to junior managers
2. Departmental team meetings to develop suitable subsidiary scorecards
3. Launch of departmental team scorecards
4. First monthly review of departmental team scorecards

Cascade Step 5 – TOP LEVEL & DEPT TEAMS
Making Strategy an Every Day Job

- Top team training to help them lead cascade teams in the analytical methods necessary to track drivers of CSFs on a daily/weekly basis and thereby improve scorecard results

Seventh Monthly Review of Results - TOP LEVEL

- Top team managers feedback details of their daily/weekly trackers

Cascade Step 6 – DEPT TEAMS

- Second monthly review of departmental team scorecard results
- Cascade teams agree daily/weekly trackers

Eighth Monthly Review of Results - TOP LEVEL

- Consider further steps to establish the scorecard as the key system in the company's performance management

Effectiveness Audit – DEPT TEAMS

- An audit of cascade team scorecard reviews is carried out to ensure that the scorecard is being used effectively and is delivering good results

TIMESCALE FOR IMPLEMENTATION

Naturally, the timescale for implementing the scorecard must suit the business, but it is equally true that a certain momentum must be maintained if the project is to be a success and the changes implemented are to bed in effectively. Here is a rough timescale, based on scorecard implementations that we facilitate. This is advisory only and can, of course, be modified to suit any particular business's specific circumstances.

Month 1
• Initial preparation
• Workshop 1

Month 2
• Workshops 2 and 3

Month 3
• Workshop 4
• Target setting and measure design

Month 4
• Workshop 5 (review of Month 3 results)

Month 5
• Workshop 6 (review of Month 4 results)

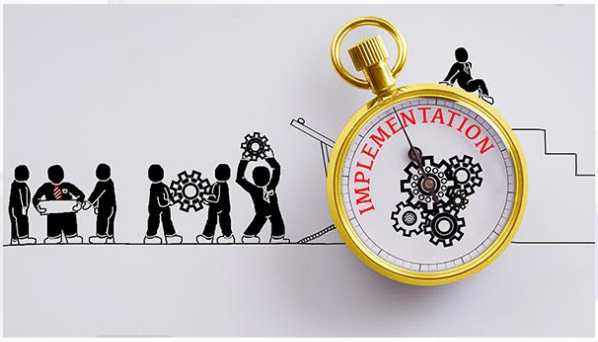
Month 6
• Workshop 7 (review of results and plan cascade)
• Cascade step 1

Month 7
• Fourth monthly review of top-level scorecard results
• Cascade steps 2, 3

Month 8
• Fifth monthly review of top-level scorecard results

Month 9
• Sixth monthly review of top-level scorecard results
• Cascade step 4 (first review of monthly scorecard results at cascade team level)

Month 10
• Cascade step 5 (training – "making strategy an everyday job")
• Seventh monthly review of top-level scorecard results
• Cascade step 6 (second monthly review of cascade team results)



THE NEXT STEP

- Do you have a documented strategy?
- Have you identified your critical success factors -- in all areas and at all levels?
- Have you turned your critical success factors (CSFs) into performance measures?
- Are you carrying out team-based performance reviews each month for all CSFs?
- Is continuous improvement geared to improving CSF performance?
- Is your company earning the maximum profits it can from its resources and its' know how?

IF YOU ANSWERED 'NO' TO ANY OF THESE…

A RECRUITMENT BUSINESS BALANCED SCORECARD WILL IMPROVE YOUR RESULTS

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FOR FURTHER HELP AND ASSISTANCE DON'T HESITATE TO CONTACT US &/OR BOOK A FREE CONSULTATION HERE: **HTTPS://ZCAL.CO/MILESLLOYD/SCORECARD**

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