These slides were provided for the exclusive use of the members of the Center for Effective Organizations (CEO) Consortium on Metrics & Analytics, Phase 2, directed by Professors John W. Boudreau, Edward Lawler III and Dr. Alec Levenson.

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A synopsis of ideas expressed during and immediately after a conference titled “Strategic HR Management: Using the Balanced Scorecard”. Most thoughts comprised of some combination of “BC is a wonderful tool to allow HR to show it’s value to a firm”, “BSCs will only work with senior management buy-in” and “BSCs alone will not bring a firm closer to its goal, contributing to the overall business will”.

Results from a study of how three well-known analytic tools, EVA, Balanced Scorecard, and Benchmarking have been used throughout 2002 and 2003. Report on Scorecards is simply a methodology of usage.
“Companies typically use a balanced scorecard to: clarify or update a business's strategy; link strategic objectives to long-term targets and annual budgets; track the key elements of the business strategy; incorporate strategic objectives into resource allocation processes; facilitate organizational change; compare performance of geographically diverse business units; and increase companywide understanding of the corporate vision and strategy.”

Scorecard usage and satisfaction chart is as follows:

The 2003 Bain report lists Balance Scorecard penetration at 62%, slightly below the mean for overall measurement techniques. Satisfaction with the BC method was slightly above the mean satisfaction rating, with a 65%.

The first part of this article gives numbers on the popularity of BCs throughout industry. From the article: “According to a recent survey by the Balanced Scorecard Collaborative and the Society for Human Resource Management, about one-fourth of HR organizations have adopted the Balanced Scorecard approach. However, virtually all of the 1,300 respondents have explored the possibility.” The rest of the article has no relation to balanced scorecards or the BSCol.


A synopsis of three scholars’ (Jac Fitz-enz, David Norton, and Helen Drinan) work in the field of HR metrics and analysis, by way of selling the author’s upcoming NetConference.

- Fitz-enz evaluates a firm’s HR process by cost, duration, accomplishment, error rate, employee satisfaction, matricing these five over three distinct tasks: acquiring talent, developing talent, and retaining it.
- Norton developed the "Human Capital Readiness Report," which provides a snapshot of an organization's human capital relative to its strategic requirements. It documents the strategic requirements, then shows, through its measures and programs, how human capital is being developed.
- Drinan had been working on a profile of HR leaders
  - “So what is the profile of outstanding HR leaders? Among other things, they derive their agendas from enterprise business objectives; they stay in touch with the workforce; think "customer focus," not "customer service"; and concentrate on a few strategic priorities.”


Reasons for and application of using the BSC as a way to measure HR productivity and effectiveness. Biggest reason: a move to measuring tangible assets, and a need to turn the intangibility of HR into something more measurable. Case: Alterra Health Care in Milwaukee, which used HR as the centerpiece of a larger strategic transformation that targeted the firm’s 145% turnover rate. Following figure is a sample “strategy map” from the article.

Executive Summary available for download on http://www.hr.com.

Summary of a research project undertaken by HR.com’s “Intellectual Capital Group”, about the roles both internal HR and consultants play in designing, implementing, and creating BSCs in firms.

- “Building the Balanced Scorecard should be a team effort at the executive level and functional heads must not create their bits of Scorecard in isolation. Therefore, HR can be “custodians” but not owners of the learning and growth perspective.”
- “Implementation is a bigger issue than scorecard design” . . . “The difficulty of cultural change that accompanies Scorecard implementation is typically underestimated. One of the biggest problems is the (legitimate) fear that the Scorecard will be used to “beat up people.”
- “The HR Scorecard must make visible the link from what staff does to strategic outcomes. Cascading goals, which may be done through the ten-step process, is one element of successfully creating the link.”

ICG then goes on to talk about consultants’ roles in implementing scorecards, and mentions one respondent’s concern that the seeming intuitiveness of points in four measured areas can make a lot of easy “Balanced Scorecard Experts”. The plethora of software packages are also discussed. 18% of firms responding to a 2001 survey that used a balanced scorecard use a pre-packaged software kit to report their findings.

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A retelling of the information in the HBS case on GTE’s BSC implementation. Some salient synopsis at the end of the piece. It was sourced, though, from internal GTE documentation, rather than directly from the HBS case.

Summarizes the “10 Commandments of Performance Management” from a book by William Abernathy: Managing Without Supervising: Creating an Organization-Wide Performance System. Some of these commandments:
• “No one should design his or her own incentive plan”
• “The frequency of measurement feedback is as important as the amount”
• “Measure only controllable job outputs”

Provides a synopsis of a BSCol and HSRM survey: “Aligning HR with Organization Strategy”. Describes BSC and its implementation, and uses the same Alterra case as the Human Resource Department Management Report article referenced above.

Details methods of performance measurement and the traps associated with each. Measurements evaluated include: Traditional accounting methods (ROI, EPS, RONA), Value-Based, such as Economic Value Added, and the Balanced Scorecard. Traps associated with the BSC are as follows:
• Assuming the Balanced Scorecard is a perfect tool for compensation.
• Reduced focus on performance management
• Using measures that are difficult to quantify
• Contradicting goals or benchmarking
• Getting tied-up in implementation

Nine guidelines for effective performance management are outlined:
1. Emphasize a few measures.
2. Focus on measures that participants can control.
3. Avoid “all-or-nothing” programs.
4. Balance accuracy and simplicity.
5. Include an appropriate subjective element.
6. Mind the corporate culture.
7. Communicate up-front, then keep communicating.
8. Revisit the program design often.

As advertised, a review of articles on the BSC from 1992 – 1996. Not specifically HR-centric, but the change-management applications referenced underscore the value of the scorecard: placing metrics around that which could not be measured. The bibliography is the most valuable part of the paper, with roughly 20 pre-1998 articles referenced, including the first four Kaplan-Norton HBR articles.


A review not only of available software packages, but of methods of evaluating HR software packages. The article liberally references a study by SPEX that evaluated six BSC software packages: CorManage, Peoplesoft Balanced Scorecard, QPR Scorecard, Hyperion Performance Scorecard, Cognos Visualizer, and Pbviews were the products reviewed, and were received in that order by SPEX.

SPEX lists six critical decision points in determining the best package for a firm. These are: Drill-down capabilities, reporting capabilities, ASP availability, flexibility, integration with other HR software, and vendor visibility (will the vendor survive long enough to service the product).

Two longer case-studies round out this initial rough survey, both of which require a closer reading:

“Using the Balanced Scorecard to Measure the Performance of Your HR Information System” by Hagood and Friedman looks at how EDS used BSC to revitalize the CIA’s HRIS.

“HCS: Designing a Balanced Scorecard in a Knowledge-Based Firm” by Moore, Rowe, and Widener discusses Holloway Consulting Service’s attempt at rationalizing their performance measurement system with strategic objectives.

In addition -

Websites of interest:

- Balanced Scorecard Collaborative’s “Strategy-Focused Organization” series: [https://www.bscol.com/bsc_online/learning/sfo/](https://www.bscol.com/bsc_online/learning/sfo/)
- [www.HR.com](http://www.HR.com) (has upwards of sixty articles on BSC, including interviews with Kaplan, Norton)

Consultancies and software manufacturers that list BSC consulting among their products tend to be circumspect about what information the post for free on their websites. However, Watson Wyatt, SAS, and Microsoft all had some measure of BSC data.

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