

Is Association Governance and Management Ready for Balanced Scorecards?

Running an association is a lot like juggling. Imagine that each ball represents an essential aspect to the operation of your association. For the act to be successful, you must juggle four balls. One ball represents your finances, another is your investment in organizational learning and innovation, the next represents internal processes, and the last represents your association's members.

Each ball is carefully managed as it is tossed through the air. As long as each ball is thrown and caught properly, the show is a success. Problems begin when one of those balls is ignored and dropped. Drop one ball, and the show starts to fall apart unless the dropped ball is quickly put back in place and improvements in juggling occur. The balanced scorecard (BSC) concept is designed to improve juggling.

Do we really need another tool to join the 15 or so others we have been exposed to in the last decade? Apparently so. You are no doubt wondering what makes this tool special and why it demands your attention. In the first place, this tool will allow various stakeholders to focus on what the association needs to survive and thrive. As well, it will help take strategy and drill it down to specific action, outcomes and accountabilities.

What is a Balanced Scorecard?

In their book, *The Balanced Scorecard – Translating Strategy into Action*, Robert S. Kaplan and David P. Norton outline an approach for a business report card called the balanced scorecard. The premise behind the BSC is that management must have a balanced set of measures that describe the critical aspects of the organization. This balance is achieved by developing measures from four different perspectives linked to strategy and vision:

- Financial perspective
- Customer perspective
- Internal Business process perspective
- Learning and Growth perspective

From the association perspective, the above could be more simply defined as people, processes, re-sources and service. Within these four perspectives, vision and strategy are expressed as a number of more specific objectives. Measures and targets are set and the organization then puts in place action plans or initiatives to meet the set targets.

For Each Perspective

- Vision and Strategy
- Objectives
- Measures
- Targets
- Initiatives

This multidimensional management framework helps organizations link long-term strategy with short-term actions as it deals not only with internal and external factors, but current and future perspectives as well. It is a "continuous cyclical process" which aligns measures or performance indicators with strategies in order to track progress, reinforce accountability, and prioritize improvement opportunities.

Since the introduction of the concept in 1992, the BSC has been introduced in hundreds of private and public sector organizations worldwide. Many Fortune 500 companies have made it their guiding principle. At this point in time, not for profit organizations are becoming curious about the BSC, and some are likely to embrace the approach in the near future. After all, it was selected by the Harvard Business Review as one of the most important management practices of the past 75 years. The concept supports the adage, "If you can't measure it, you can't manage it." So what benefits make this tool different from the rest?

BSC Benefits:

- promotes strategic planning activities;
- provides a common methodology and language for performance measurement;
- integrates all aspects of the organization and eliminates non-value added effort;
- increases benchmarking and cross functional improvement opportunities;
- provides sound information on which to track progress, base decisions and reduce risks; and
- provides enhanced accountability.

Implementation Considerations

The balanced scorecard can be implemented across an organization. Ideally, it should start at the top and cascade down to different levels or individuals so those involved have direction and understanding about the total organization's strategic direction and desired results.

To successfully implement the BSC it is important to obtain a commitment at all levels, but especially at the top level as a perceived lack of commitment will doom the project to fail. Next, update the strategic plan. Selected goals and strategies need to demonstrate a real need for improvement, be measurable, apply to realistic timetables and an evaluation method. Provide adequate training so those involved will understand and carry out their role. Link a reward and recognition system to encourage integrated and cross-functional activity. Involve as many people

as possible in a review of the objectives, setting of measures, and supportive initiatives. It is important to be realistic with implementation. Begin with a pilot approach.

Implementation has proven to be a challenge. Part of this difficulty is the BSC's reliance on having fully articulated strategic objectives, identifying critical success factors, general cultural change resistance, developing appropriate measures/indicators, and uneasiness with increased accountability. Also, human resource development processes are not aligned with the BSC. Most importantly, shortcuts do not work and a proper foundation is necessary. This is critical and a big challenge for those organizations looking for a quick fix.

The BSC needs to be integrated with other tools and activities such as strategic management (strategic plans, business plans, evaluation), performance management, communications, benchmarking and continuous quality improvement. The BSC has caused organizations to totally revise the way they present and use planning and management information.

The BSC is a framework that can be easily explained and understood by association boards, staff and members. Association boards are always looking for increased focus and accountability. Association staff are looking for ways to improve financial performance, member satisfaction, internal business processes and organizational learning and growth. A review of the discussion about the BSC by students in CSAE's Association Management Education program indicates governance and management are ready for the BSC as it will meet organizational needs.

Perhaps it is time to dust off the strategic plan and use the BSC to develop an alignment between your association's strategic vision and its tactical execution. While the BSC is not perfect, it should be explored further. There is no shortage of information. Start your search for some great links at csae.com and search balanced scorecard.

This column features innovation and practical solutions applied to challenges, trends, issue and opportunities for the association community. Column editor Jim Pealow, MBA, CMA, CAE is a consultant and the Association Management Education Program Lead Instructor/Coach for CSAE. He can be reached at jim@amces.com.