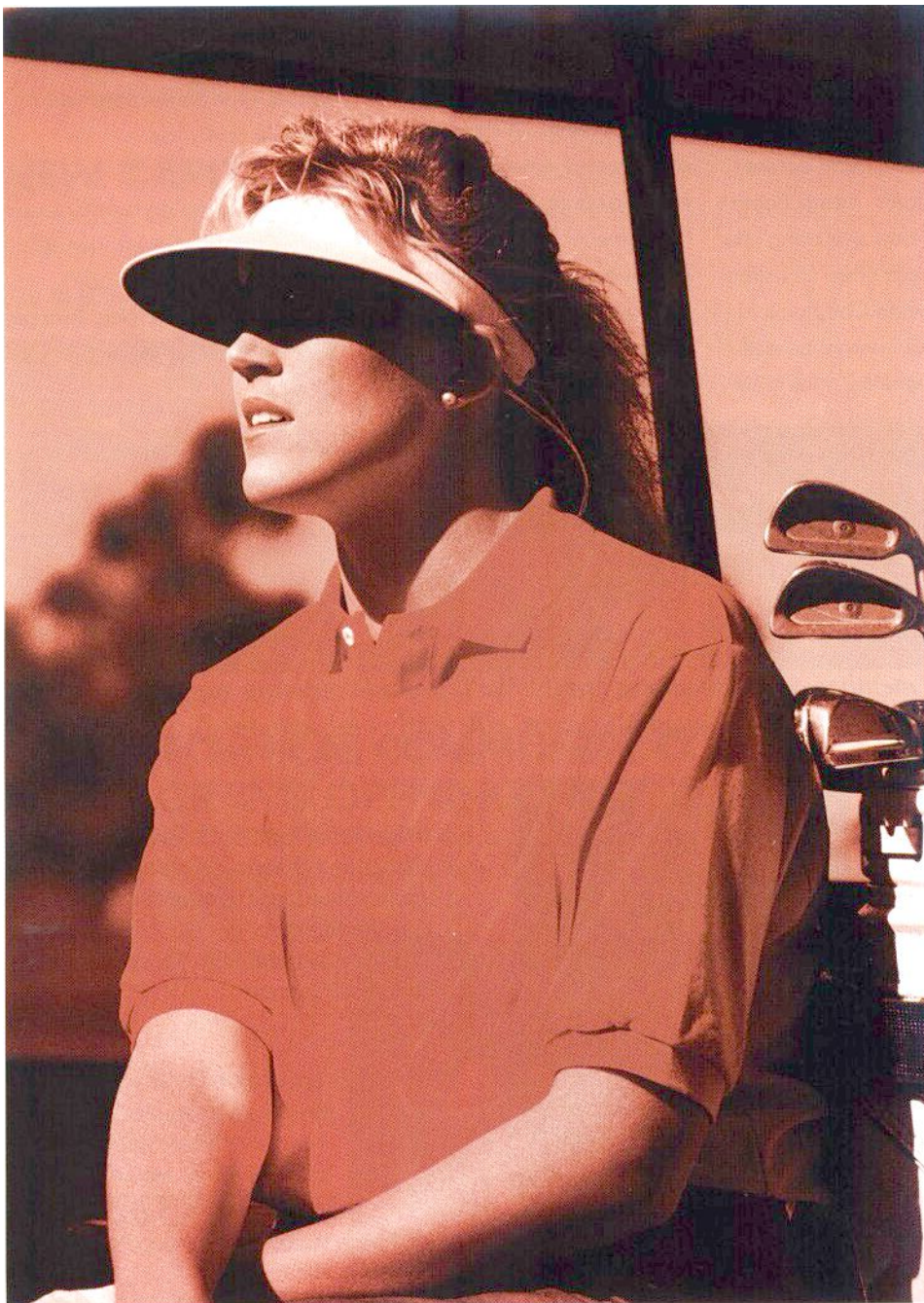


# Could Your Golf Score Help Your Business or Non-Profit Organization?

Marty Martin



## **GOLF AND YOUR ORGANIZATION- "STRATEGIC ENDEAVORS"**

Golf is really a very simple game. It only requires that a small ball be placed into a small hole over varying distances through a variety of clubs. A golfer's overall success is determined by their final score for eighteen holes. Each hole represents a separate measurable effort with a multitude of choices, challenges and decisions toward meeting a golfer's overall score. Each swing provides a golfer with immediate and direct feedback that represents a choice of club and skill honed through practice and instruction. To be successful requires a golfer to focus and align his or her efforts consistently throughout the round. To succeed a golfer must keep his or her eye on the ball. All of these efforts are succinctly summed up in a golfer's scorecard.

An organization is like a golfer.<sup>1</sup> Each organization exists to achieve its mission whether measured by profits or clientele served ("score"). To accomplish its mission requires mastering multiple strategic objectives ("holes") successfully. Separate initiatives ("clubs") are the means by which an organization achieves each objective. Each objective and initiative will have its actual measure of accomplishment ("score") and performance target ("par") to determine its success or failure. **To be successful requires an organization to focus and align their strategy and corresponding efforts consistently throughout the organization.** In short, an organization's leadership must keep its eye on the ball to succeed.. All of these efforts can be succinctly summed up in an organization's **Balanced Scorecard.**

**Strategy consists of what leadership chooses to do and what it decides not to do.** Developing a strategy and managing through a strategic plan is effective only if the organization establishes an appropriate means to translate that plan into action, measures its effectiveness and encourage change as needed. A **Balanced Scorecard** ("BSC") is a strategic model by which an organization focuses and aligns its efforts to strategically achieve its mission. By using a **"Balanced Score Card"** ("BSC") model, leadership can develop a strategic management system that utilizes and encompasses both its key non-financial factors and its financial factors.

This model is set out fully in the **The Balanced Scorecard and The Strategy Focused Organization** by Robert Kaplan and David Norton (Harvard Business Press, 1996 and 2001 respectively). The City of Charlotte and the Duke Children's Hospital are two local organizations whose writings discuss successfully using this model. This article's goal is to introduce the model's concepts and to stimulate your thinking in how senior leadership can use this model to both strategically change and lead their organization.

#### WHAT A BALANCED SCORECARD DOES—"THE GAME"

A golfer's game comes together when his or her game's physical, mental, and emotional components are focused and support one another. For an organization, a BSC similarly seeks to unify and focus its efforts by:

- Clarifying and translating its vision and strategy;
- Communicating and linking all of the strategic objectives and measures;
- Planning, setting targets, and aligning strategic initiatives; and, finally
- Enhancing strategic feedback and learning throughout the organization.

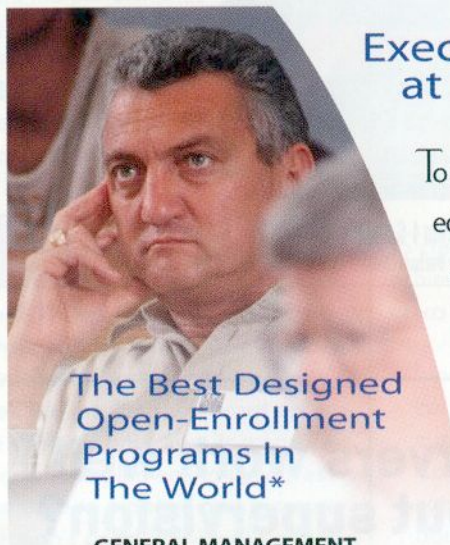
#### Establishing a BSC requires the leadership's full commitment to succeed.

Like the dedicated golfer whose commitment exists before, during and after the game, implementing and honing a BSC requires continuous and rigorous thought and application throughout the organization.

#### HOW A BALANCED SCORECARD WORKS—"ANALYZING YOUR GAME"

**Golf Score** continues on page 30

# GAIN A COMPETITIVE EDGE



## Executive Education at Duke University

To gain and keep a competitive edge, today's business leaders must seek innovative solutions and gain new skills. **Duke's Fuqua School of Business** has broadened its course offerings to help leaders expand skills as they advance in their responsibilities. Taught by the Fuqua faculty who *Business Week* rated #1 in ability to influence business thought, these new courses range in length from 2 days to 1 week. The offerings build upon the innovative and collaborative culture that has enabled Fuqua to be recognized as a top 5 business school.

To learn more about these new programs, visit our website at:

[www.ee.fuqua.duke.edu](http://www.ee.fuqua.duke.edu)

Telephone: 800.372.3932 (within USA)  
919.660.8011 (outside USA)

E-mail: [fuqua-execed@mail.duke.edu](mailto:fuqua-execed@mail.duke.edu)  
Web: [www.ee.fuqua.duke.edu](http://www.ee.fuqua.duke.edu)

#### GENERAL MANAGEMENT

- Advanced Management Program
- Program for Manager Development

#### New Courses:

#### FINANCE AND ACCOUNTING

- Introduction to Financial Reporting for Managers
- Financial Statement Analysis
- Corporate Finance Workshops
- Investment Management Workshops
- Mergers, Acquisitions and Corporate Restructuring Transactions

#### LEADERSHIP, MANAGEMENT AND STRATEGY

- Creative Leadership
- Customer Relationship Management
- E-Management
- Managing E-Commerce Enterprise
- Managerial Improvisation
- Mastering Acquisitions, Mergers and Strategic Alliances
- Modern Negotiation

\*2000 Financial Times Survey



## EXECUTIVE EDUCATION

We Educate Thoughtful Business Leaders Worldwide

To improve, a golfer first breaks his or her game into its component parts and then seeks to harmonize the components while playing. To have a successful organization requires a similar rigorous analysis to determine the key factors which make it successful. **The BSC works first by requiring a thorough analysis of an organization through four separate organizational perspectives.**

These perspectives are a lens through which management views what their organization needs to be successful. These four perspectives are:

- Customers;
- Internal business processes;
- Learning and growth; and
- Financial.

These perspectives are the significant and critical components for determining successful implementation of their strategy and must work together. Like a sweet golf swing that comes together when the stance, hands, swing, body motion, and eye on the ball are in harmony, a BSC analysis links and aligns the relationships between and among these four perspectives to achieve a similar harmony. Linking these perspectives creates a coherent, consistent, and focused strategy that operates dynamically in a cause and effect manner to translate strategy into tangible, measurable, and focused action.

For each perspective, leadership establishes separate specific strategic objective(s). For each strategic objective(s), the BSC typically requires a single key overall measure. From this key measure, specific performance target measure(s) can be established to drive the organization's performance in fulfillment of its strategy. By balancing both relevant objective and subjective measures and targets, a BSC provides a range of performance by which the organization may be managed. Feedback is accomplished through variances from these measures with the organization adopting an acceptable range of operating variance. Measures should consist of a balance of relevant historical (e.g. actual sales revenue or number of clients actually served) and performance driving measures (e.g. targeted sales revenue per business unit or individual or number of potential clients contacted in given period).

For each objective, the BSC process will

define specific initiatives and then assign responsibility for accomplishing each initiative. Appropriate individual measures for each initiative may be developed that complement the performance targets and the strategic objective's overall measure. The analysis also determines the necessary resources and means by which to achieve each strategic objective through accumulating the separate initiative's requirements.

Kaplan and Norton suggest that an organization may have between 15 and 25 key measures spread among the four different perspectives. **These measures become the "scorecard" by which to evaluate the organization's strategy and performance.** The resulting scorecard encompasses the strategic objective, its measure, its target, and its implementing initiatives and can be used to manage and measure an organization's or an individual's efforts directly to the overall strategy.

#### **CUSTOMER PERSPECTIVE – "WHY PLAY"**

A golfer's efforts focus fundamentally on the precise manner his or her club strikes the ball and its result. Organizations exist to serve their customers at a comparable point of impact. The model requires management to answer a fundamental question: **Who are our "customers?"** The term "customer" initially may be used in a generic sense to include all who either effect or are affected by an organization and their relative impact upon the overall success.

After establishing the relevant customers, the BSC suggests management consider:

- What do customer's value about the organization and how will the organization satisfy them?
- How does the organization acquire customers?
- How does the organization keep customers?
- How will the organization generate revenue from and/or through customers?

Answering these questions requires leadership to develop key measures to determine when and how customer needs are or will be met and then defining the specific means to address them.

#### **INTERNAL BUSINESS PROCESS PERSPECTIVE--"THE SWEET SWING"**

Like the golfer with a consistent and effective swing, the BSC process identifies those critical internal business processes necessary to meet or exceed customer and organizational expectations. What are the critical tasks required to generate revenues or to satisfy its customers or which if implemented will lead to the generation of new/increased revenue or client satisfaction? **In short, what work must the organization do to achieve its mission.**

To create value for our customers and achieve the organization's objectives, three areas of efforts to consider are:

- Innovative services—What new services can/should organization provide that our customers will value?
- Current services—How can the organization improve upon what it currently does?
- "Post sale" services—How can the organization improve upon what it does after delivering its primary service/product?

Leadership should address whether the organization has sufficient current resources available to meet these services or must establish new resources and determine the specific measures and target performance measure for each strategic objective(s). **The BSC requires a focus on effective implementation.** When these business processes are executed appropriately, the result approximates the feel and sound of the "sweet swing" for both the golfer and spectator when the right club meets the ball perfectly.

#### **LEARNING AND GROWTH PERSPECTIVE—"EAGLE, PAR, OR BOGEY"**

Hitting a golf ball provides a golfer with immediate and relevant internal and external feedback. The BSC creates similar feedback. A BSC analysis looks at how an organization communicates, works and learns together to achieve its mission. **To be effective requires the organization to learn about and then to communicate its effectiveness throughout the organization.**

The BSC model suggests three areas by which to learn though there may be others. The BSC suggests looking at:

- People [e.g. management, employees, and/or board] How does management

focus their collective efforts to achieve its strategic organizational objectives?

- Information systems and capabilities—What information is currently available? What information is needed to develop to maximize effectiveness?
- Organizational processes—Are the employees and management's motivation, empowerment, and alignment and individual performance driving measures aligned with overall objectives?

### Information and measures should be generated from both internal and external sources.

The information should be in an easily obtainable and understood format which provides on going and timely feedback throughout the organization across the other perspectives. This perspective generates feedback by which needed change can be generated.

### FINANCIAL PERSPECTIVE— "THE SCORE"

Most golf games have something riding on its outcome. So do organizations. If they do not succeed financially, they will not continue to exist. To succeed, how must the organization look to its customers and what are its financial results? **This BSC perspective measures financial support and targets financial growth.**

Traditional, financial measures have been the sole means by which many organizations are managed.

With a BSC, key financial measures and outcomes link across the four perspectives and through the budget to drive the organization's performance and evaluate its effectiveness. The financial

measures are mixture of both historical as provided by traditional accounting measures and performance oriented as determined by management. This linkage can even extend to an individual's performance and contribution to overall strategy. After all, someone has to pick up the tab.

### DIFFERENCE BETWEEN NON PROFIT AND FOR PROFIT ORGANIZATIONS— "DIFFERENT STROKES FOR DIFFERENT FOLKS"

The BSC was developed initially for business organizations. In the FPO, the link between its mission (or reason for being) and the organization's finances is direct and integrated, i.e. the company exists to make a profit for its owners. Financial measures alone typically drive the FPO with the other three perspectives subordinated to these measures and their targets.

**A NPO, however, first exists to meet its mission which may or may not be directly related to its revenue streams.** Indeed, a NPO's fulfillment of its mission may result in revenue loss when providing its core service. Often, there is a disconnect between the NPO's services and its financial support. In the typical case, a donor may contribute to an NPO but never use its services.

The BSC, however, adapts to a NPO's needs because an NPO's nonfinancial perspectives are generally more determinative in measuring whether the NPO is meeting its mission. **Traditional financial measures generally are not the relevant indicator of whether an NPO organization is fulfilling its mission.** Rather, they are a byproduct of the NPO's fulfilling its mission successfully and thereby persuading others to provide continued support for their mission. In that case, financial revenues and their corresponding measures merely determine the level of service and capacity at which the NPO fulfills its mission. **For NPO, financial measures are subordinate first to the organization's mission and then to the other three perspectives.**

The need to establish revenue streams and the use of traditional financial measures are applicable to both types of organizations. In fact, NPOs and FPOs must generate sufficient revenue or "profit", to operate and meet their mission. The key strategic challenge for both types of organizations, however, is to simultaneously align and focus their services, customers, resources, and efforts to meet the organization's objectives.

### CONCLUSION—"THE NINETEENTH HOLE"

The Balanced Scorecard is both a strategic management process and tool that can work for your organization. The process compels senior leadership to analyze closely the organization's what, how and why of its existence to determine those key essential elements which make it successful. This process requires management to distill the organization's essence, to simplify to its key components and to link, align and lead their efforts in a consistent, focused manner. The resulting scorecard allows leadership to manage their organization effectively, simply, and strategically.

### What's your organization's scorecard look like? ◆

*Marty Martin is an attorney who represents and works with non profit and business organizations. He is a graduate of the Harvard Business School's Governing for Non Profit Excellence and Duke University's Non Profit Management Certificate programs and is a Fellow of the North Carolina Institute of Political Leadership. He can be reached at (919) 272-2106 or [martymartin@worldnet.att.net](mailto:martymartin@worldnet.att.net). All rights reserved 2001.*

**"The Balanced Scorecard is both a strategic management process and tool that can work for your organization. The process compels senior leadership to analyze closely the organization's what, how and why of its existence to determine those key essential elements which make it successful."**