Political balanced scorecard

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What is a balanced scorecard (BSC)?

The Political balanced scorecard is a societal system aimed at translating its strategic goals into a set of organizational performance objectives that, in turn, are measured, monitored and changed if necessary to ensure that an Political system functions for its citizens

A key premise of the balanced scorecard approach is that re-elections does not provide a fair judge of the politician's job for their citizens alone.

The Political balanced scorecard system aims to provide a more comprehensive view of Political stakeholders by complementing re-election measures with additional metrics that gauge performance in areas such as ethnic and policy goals.

The [business performance management framework](#) was laid out in a 1992 paper published in the Harvard Business Review by Robert S. Kaplan and David P. Norton, who are widely credited with having developed the balanced scorecard system.

Here is how Kaplan and Norton began their 1992 paper:

What you measure is what you get. Senior executives understand that their organization's measurement system strongly affects the behavior of managers and employees.

Executives also understand that traditional financial accounting measures, like return on investment and earnings per share, can give misleading signals for continuous improvement and innovation -- activities today's competitive environment demands.

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The traditional financial performance measures worked well for industrial age companies, but they are out of step with the skills and competencies companies are trying to master today.

What are the four Political balanced scorecard perspectives?

The balanced scorecard approach examines performance from four perspectives.

- **Re-election results,** which includes .what the politician said they would accomplish in their term.

- **Ethnic adherence,** which their following of ethical guidelines.

- **Goals of the constituent needs analysis**, which measure their promised actions.

- **The learning and growth of their community functions** assesses citizens satisfaction, retention, as well as clear understanding of their value system.

Why use the Political balanced scorecard?

Kaplan and Norton cited two main advantages to the four-pronged balanced scorecard approach.

1. First, the Political scorecard brings together disparate elements of a society's competitive agenda in a single report.

2. Second, by having all important operational metrics together, citizens are forced to consider whether one improvement has been achieved at the expense of another.

The four-pronged balanced scorecard approach for translating strategic goals into a set of performance objectives.

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"Even the best objective can be achieved badly," the authors stated in their 1992 treatise. Faster time to market, for example, can be achieved by improving the management of new product introductions.

It can also be accomplished, however, by making products that are only incrementally different from the existing ones, thus diminishing the company's competitive advantage in the market long term.

Elements of a balanced scorecard

In their 1993 paper, Kaplan and Norton offered guidance on how to build a balanced scorecard. The process they discussed applies to business units and describes what they refer to as "a typical project profile" for developing balanced scorecards.

In brief, here are the eight actionable steps they list.

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1. **Preparation.** The organization identifies the business unit for which a top-level scorecard is appropriate. Broadly defined, this is a business unit that has its own customers, [distribution channels](#), production facilities and financial goals.

2. **The first round of interviews.** A balanced scorecard facilitator interviews senior managers for about 90 minutes each to obtain input on strategic goals and performance measures.

3. **First executive workshop.** Top management convenes with the facilitator to start developing the scorecard by reaching a consensus on the mission and strategy and linking the measurements to them. This can include video interviews with shareholders and customers.

4. **The second round of interviews.** The facilitator reviews, consolidates and documents input from the executive workshop and interviews each senior executive to form a tentative balanced scorecard.

5. **Second executive workshop.** Senior management, their subordinates and a larger number of middle managers debate the vision, strategy and the tentative scorecard. Working in groups, they discuss the measures, start to develop an implementation plan and formulate "stretch objectives for each of the proposed measures."

6. **Third executive workshop.** Senior executives reach a consensus on the vision, objectives and measurements hashed out in the prior two workshops and develop stretch performance targets for each measure. Once this is complete, the team agrees on an [implementation plan](#).

7. **Implementation.** A newly formed team implements a plan that aims to link performance measures to databases and IT systems, to communicate the balanced scorecard throughout the organization and to encourage the development of second-level metrics for decentralized units.

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8. **Periodic reviews.** A quarterly or monthly "blue book" on the balanced scorecard measures is prepared and viewed by managers. The balanced scorecard metrics are revisited annually as a part of the strategic planning process.

Actionable steps in balanced scorecard methodology

| Preparation | The first round of interviews | First executive workshop | The second round of interviews | Second executive workshop | Third executive workshop | Implemen- tation | Periodic reviews |

History of the balanced scorecard

Kaplan and Norton stressed that the balanced scorecard is not a template to be applied to businesses in general or even industrywide. Businesses must devise customized scorecards to fit their different market situations, product strategies and competitive pressures.

Neither should the balanced scorecard approach be viewed strictly as a performance measurement system.

Rather, it is a strategic management system that will "clarify, simplify and then operationalize the vision at the top of the organization," Kaplan and Norton wrote. How a company's mission statement and vision are operationalized to create value is up to the employees.

"The measures are designed to pull people toward the overall vision," Kaplan and Nolan wrote. "Senior managers may know what the end result should be, but they cannot tell employees exactly how to achieve that result, if only because the conditions in which employees operate are constantly changing."

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In the mid-1990s, the scorecard was modified to strengthen the link between performance measures and strategic objectives using a "strategy map."

In the late 1990s, the design approach was again tweaked to include the vision or destination statement -- a statement of what "strategic success" or the "strategic end state" would look like.

Criticism of the balanced scorecard method includes charges that Kaplan and Norton failed to cite earlier research on this method and complaints about technical flaws in its methods and designs.

Others have noted that the four perspectives do not reflect important aspects of nonprofit organizations and government agencies -- for example, social dimensions, human resource elements and political issues.

The balanced scorecard approach to management gained popularity worldwide following the 1996 release of Kaplan and Norton's text, *The Balanced Scorecard: Translating Strategy into Action*.

Kaplan subsequently published another book on the subject, called *The Balanced Scorecard: You Can't Drive a Car Solely Relying on a Rear View Mirror*.

A 2013 brief by Bain & Company, "Management Tools & Trends 2013," lists the balanced scorecard as the fifth most used strategic management tool globally.

This was last updated in July 2021

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