



Award for Excellence

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Selection Criteria

The Award for Excellence is an award given to organizations that demonstrate significant breakthrough results using the balanced scorecard approach. These organizations use the balanced scorecard to improve organizational performance.

One of the most important factors that influences the successful implementation of a balanced scorecard is executive leadership. A balanced scorecard system implementation is a major change initiative for any organization, and the role of leadership to promote, communicate, and motivate employees is crucial. In excellent organizations, senior leaders and managers have embraced, promoted and stayed engaged throughout the development and implementation of the balanced scorecard system.

The Award for Excellence focuses on improved organization strategic outcomes, including: 1) becoming more strategy focused, and improving internal and external communication around strategy, 2) strategic alignment of people, processes, and strategy, 3) effective use of performance measurement, analysis, and reporting to improve fact-based decision making, and 4) sustainable change in the organization's ability to transform and adapt to changing internal and external circumstances. The criteria for award selection are described below.

Strategy Focused

The organization uses strategy as a bridge to translate mission and vision into action. A strategic operational plan is used to communicate the strategy to the operating units and guide employee action and behavior. The strategy is communicated clearly internally and externally as a result of the balanced scorecard effort. Performance results are reported and communicated effectively, internally and to the organization's external stakeholders. The balanced scorecard process includes several components that work together to develop a more strategy focused organization and improve communication clarity, including:



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- 4) sustainable change in the organization's ability to transform and adapt to changing internal and external circumstances.

- **Clear use of language** –The organization’s vision, mission, core values and strategy are communicated with clarity. The organization uses common definition of terms, two-way dialogue and transparency in reporting results.
- **Clear strategy and expected results** - Leaders establish a clear picture of the future, define expectations, build trust and commitment and rally the organization around that “Vision”. There is a clear and compelling rationale for pursuing the future.
- **Strategic Themes and Results** – Leaders determine the 3-4 areas (strategic themes or focus areas) in which the organization must excel in order to achieve its vision, fulfill its mission, deliver on its differentiated customer value proposition, mitigate against its challenges (weaknesses and threats), and leverage its enablers (strengths and opportunities). Clear results (“how we’ll know we are successful”) are associated with each theme and the themes and results have been clearly and continuously communicated to the organization.
- **Strategy Mapping** - The strategy of the organization is embodied in a strategy map which effectively tells the story of the strategy. The map communicates clearly how the organization creates value for customers, stakeholders, and employees by showing the cause and effect links among the strategic objectives. The strategic objectives are specific continuous improvement activities, balanced across the perspectives that define the value proposition and make it actionable by operationalizing the goals and involving the whole organization.
- **Clear strategic objectives** – The organization has simple action statements, or strategic objectives that describe what must be done to be successful over time. Strategic Objectives are the building blocks of a strategy; they make strategy actionable for the whole organization. They are easy to understand and represent continuous improvement.
- **Communication Plan** – There is a communications plan to support the change management effort. The communication plan focuses on Vision, Mission, Objective and need for change; is interactive; includes two-way communication and multiple channels; is proactive; monitors feedback; uses plain language and publicly reports and recognizes performance progress. The communication plan is effectively executed and people understand why / how to participate in the change.

Organizational Alignment

Logical connections among vision, strategy, operations, budgets, and employee behavior are established and clear. All structures and systems are aligned with strategy, and organizational alignment is continuously improved.

- **Strategic Alignment** –The strategy is cascaded throughout the organization by aligning day-to-day activities with the vision and building individual and collective accountability for results. Visual displays of linkages between higher strategy elements and operational strategic elements are used to articulate strategic alignment throughout the organization. Each level of the organization (business/support units, teams/individuals) have defined and documented how they contribute to the organization’s overall strategy.
- **Employee Accountability** – Personal objectives for individuals/teams that support the business unit strategic objectives build accountability and align employees to strategy.
- **Strategic Resource Allocation** – Strategy is incorporated into the resource allocation process, along with operations and capital investments to get a more complete picture for financial planning.

Fact-Based Decision Making

The organization has demonstrated that it uses valid data, analysis and performance information obtained through good performance measures to better inform decision making surrounding financial management, customer and stakeholder satisfaction, process improvement, and organization capacity planning and utilization. The organization uses performance information to better inform strategic and operational decisions by getting performance information to people who need it anywhere in the organization when they need it.

- **Performance Measures and Targets** – *Measurements are comprehensively used and routinely revised based on continuous improvement. They provide objective evidence of progress on achieving results through strategic, operational, project and personnel measurements. The Key Performance Indicators (KPIs) measure progress of the organization's strategy and operations, and drive improvement to reach established targets.*
- **Performance Management** – *An organizational culture is established that incorporates measurement and accountability into leadership and management, and to all employees.*

Organizational Change and Transformation

The balanced scorecard system incorporates organization change and transformation into the process and acts as an enabler for that change to be successful. Performance information is used to help facilitate transformation programs.

- **Long Term Commitment** - *The system has been integrated into the organization's management processes and has been used for at least two years.*
- **Sustainability** – *Strategic thinking and management are embedded in the culture of the organization. The necessary factors have been identified and acted upon to ensure long term success of the management system such as: engaged leadership, change management, fact-based decision making, motivated behaviors and a strong project management discipline.*
- **Culture & Values** – *The organization has established and defined core values which provide ethical guidelines for decision making and daily conduct and form the basis of the culture. Achievement of the Vision is dependent on people behaving as expected within the culture needed to execute the strategy. The Vision and Values are fully integrated into the organization's culture.*
- **Executive Leadership** – *Leaders demonstrate visible consistent commitment to the process by staying engaged through the development and implementation of the balanced scorecard strategic management system. Leaders and employees fully engage in a continuous dialog based on a team-based culture.*
- **Continuous Process Improvement** – *Employees are empowered and trained, and a formal process exists for improving process management.*

Break-Through Results

A successful BSC implementation leads to the organization executing its strategy and achieving break-through results and measurably making progress toward its goals. This could be in the form of financial results, customer results and/or desired organizational transformation such as changing the culture, improving operational performance, ensuring long-term sustainability, etc.

- **Strategic Objectives** - *the organization has measurably improved performance on strategic objectives by meeting or exceeding target performance on certain objectives and can point to actions such as initiatives or improved performance on driver objectives which resulted in the improvement in performance on the strategic objective(s).*
- **Decision Making** –
 - *The organization has decided to stop doing certain things or said “no” to ideas and opportunities as a direct result of using its balanced scorecard for data-driven decision making (e.g., cancelled a project, eliminated an existing work process, redirected efforts, etc.)*
 - *The organization has chosen to do something (e.g., decisions made, investments, divestments, changes to the organization, etc.) that they might not have recognized or authorized if they weren’t using a balanced scorecard. Furthermore, the organization can show how such decisions clearly benefitted the organization.*
- **Strategic Initiatives** – *the organization has chosen to undertake initiatives that it might not have chosen to fund before using the BSC, and can point to how the execution of these initiatives resulted in quantifiable improvement in strategic performance.*
- **Operational Performance** – *by aligning Tier 2 business units to the organization’s strategy, the organization realizes an improvement in focus, alignment and the execution of operational performance and can provide examples of how improvements in operations has measurably impacted strategic performance.*
- **Individual Performance** – *when individuals are informed, empowered, and accountable they make independent decisions that result in a positive impact on the organization’s strategic performance. Furthermore, individuals understand and can articulate the big picture strategy and understand “how they fit in”; they can effectively contribute.*

About the Balanced Scorecard Institute

The Balanced Scorecard Institute, a Strategy Management Group company, provides training, certification and consulting services to commercial, government, and non-profit organizations in applying best practices in balanced scorecard, strategic performance management and measurement, and transformation and change management. The Institute is unique among providers of balanced scorecard training and consulting services. Facilitated training and scorecard development workshops, led by senior expert facilitators, are the key component of the Institute’s approach. Other differentiators include: a heavy on-site presence; a practical versus academic approach; business, government, and nonprofit sector experience; experienced change management Associates; strong client support for the strategy development, mapping, and performance measures steps; and a systematic, disciplined development framework that is customized for each client.