

# The Balanced Scorecard: Know Your Strengths, Find Your Weaknesses

# What It Is

The Balanced Scorecard philosophy challenges teams and individuals to improve their performance to contribute to the overall success of the organization.

The Balanced Scorecard philosophy helps organizations measure and grow their teams via 4 perspectives:

- ◆ Financial
- ◆ Business Processes
- ◆ Learning & Growth
- ◆ Customer

# The Financial Perspective

The financial perspective may be the easiest to think about, at least from a 100 foot view: \$\$\$

The financial perspective measures:

- ▶ Operating income
- ▶ Return on capital employed
- ▶ Economic value added
  - Economic value added is where we, IT departments, can most relate.

Another benefit of the Balanced Scorecard program is simplification of your compensation planning.

# The Customer Perspective

Your customers are your single, most valuable commodity.

The Balanced Scorecard philosophy puts an emphasis on measuring your customer satisfaction rate and when applicable, customer retention rate.

Customer satisfaction can be measured in one of two methods:

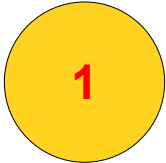
- ◆ Event driven surveys
- ◆ Periodic surveys

# Business Process Perspective

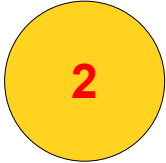
The Business Process perspective is your pulse on your operation – the metrics that are in place to see if you are meeting your objectives and providing the services your customers are looking for.

A key factor is differentiating these goals by functional roles or specialties. Service Desks should have layers of statistical goals:

- ▶ Service analysts should have goals that balance time efficiency and service quality.
- ▶ Teams should have goals that focus on immediacy of service.
- ▶ The organization should have goals that focus on high customer satisfaction while remaining cost competitive.



**Overall Goals:**  
 Customer Sat rate  $\geq$  XX%  
 Employee Sat rate  $\geq$  XX%  
 ASA  $\leq$  XXss  
 Answer Rate  $\geq$  XX%  
 Cost per contact



**Functional Team A Goals:**  
 Customer Sat rate  $\geq$  XX%  
 Number of contacts  
 Cost per contact  
 Staff Utilization Rate  
 ASA  $\leq$  XXss, Answer rate  $\geq$  XX%  
 FCR  $\geq$  XX%

**Functional Team B Goals:**  
 Customer Sat rate  $\geq$  XX%  
 Number of contacts  
 Cost per contact  
 Staff Utilization Rate  
 ASA  $\leq$  XXss, Answer rate  $\geq$  XX%  
 FCR  $\geq$  XX%

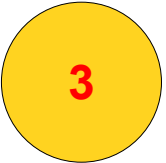
**Training  
 Process/Preparation  
 Quality Control teams**

**Specialized Team A**  
 Number of contacts  
 ASA  $\leq$  XXss  
 Average Handle Time  
 Answer rate  $\geq$  XX%  
 FCR  $\geq$  XX%  
 Service Quality results

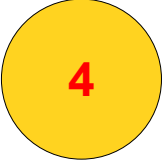
**Specialized Team B**  
 Number of contacts  
 ASA  $\leq$  XXss  
 Average Handle Time  
 Answer rate  $\geq$  XX%  
 FCR  $\geq$  XX%  
 Service Quality results

**Specialized Team C**  
 Number of contacts  
 ASA  $\leq$  XXss  
 Average Handle Time  
 Answer rate  $\geq$  XX%  
 FCR  $\geq$  XX%  
 Service Quality results

**Specialized Team D**  
 Number of contacts  
 ASA  $\leq$  XXss  
 Average Handle Time  
 Answer rate  $\geq$  XX%  
 FCR  $\geq$  XX%  
 Service Quality results



**Individual Analyst Goals:**  
 Average Handle Time  
 ACW  $\leq$  XXss  
 Availability to target  
 FCR  $\geq$  XX%  
 % of tickets reopened  
 Knowledge contributions  
 Service Quality results  
 Customer feedback (none, some, frequent)



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# Overall Goals

- ▶ Customer Satisfaction Rate  $\geq$  XX% - measured via regularly scheduled customer surveys
- ▶ Employee Satisfaction Rate  $\geq$  XX% - measured via employee surveys
- ▶ ASA – average speed to answer goal of  $\leq$  XX seconds
- ▶ First Contact Resolution Rate  $\geq$  XX%
- ▶ Cost per Contact - measured as YTD financials vs volume

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## Functional Team Goals

- ▶ Customer Satisfaction Rate  $\geq$  XX% - measured via regularly scheduled customer surveys
- ▶ Number of contacts - includes all queries through all channels
- ▶ Cost per Contact - measured as YTD financials vs. volume
- ▶ Staff Utilization Rate – amount of time an analyst is talking to a customer or is available to talk to a customer.
- ▶ ASA – average speed to answer  $\leq$  XX seconds
- ▶ Answer Rate  $\geq$  XX%
- ▶ First Contact Resolution



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## Specialized Teams Goals

- ▶ Number of contacts - includes all inbound queries
- ▶ ASA – average speed to answer  $\leq$  XX seconds
- ▶ Average Handle Time
- ▶ Answer Rate  $\geq$  XX%
- ▶ First Contact Resolution
- ▶ Quality Control results – sample employee guidelines are:
  - 91 - 100% = Exceeds
  - 80 - 89.9% = Meets
  - 70 - 79.9% = Needs improvement
  - <69.9% = Does not meet objective

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# Individual Goals

- ▶ Average Handle Time
- ▶ ACW
- ▶ Availability – time working with or ready to speak to the next customer
- ▶ FCR goal varies by team
- ▶ Tickets Reopened – prevents closure of tickets before customer validation/acceptance is done.
- ▶ Knowledge Contributions – frequency of additions or revisions
- ▶ Quality Control results
- ▶ Customer Feedback

	AHT	Avail %	FCR
Team A	9:54	75%	70%
Team B	13:12	75%	65%
Team C	9:30	70%	40%
Team D	9:30	70%	39%

# Learning and Growth Perspective

*Insanity: doing the same thing over and over again and expecting different results. Albert Einstein*

- ◆ Learning is more than providing training to your staff:
  - ◆ A mentoring program improves morale
  - ◆ A partnership with your referral partners provides a career path & more solutions for the first contact point
- ◆ The dreaded exit interview – if the departure is not due to compensation, what could you as a manager have done differently?

# Balanced Scorecard Factors - Samples:

<b>Department</b>	<b>Areas</b>
Finance	Return On Investment Cash Flow Return on Capital Employed Financial Results (Quarterly/Yearly)
Internal Business Processes	Number of activities per function Duplicate activities across functions Process alignment (is the right process in the right department?) Process bottlenecks Process automation
Learning & Growth	Is there the correct level of expertise for the job? Employee turnover Job satisfaction Training/Learning opportunities
Customer	Delivery performance to customer Quality performance for customer Customer satisfaction rate Customer percentage of market Customer retention rate

# “Unintended” Benefits

Predictable customer experience; SLOs are tremendous and if you have them, communicate them. Expectation Management is vital to service desk success/high customer survey scores; they'll ask for the moon if you don't tell them what to expect.

Staff members better relate their goals/metrics to overall objectives.

Identify lower performing teams.

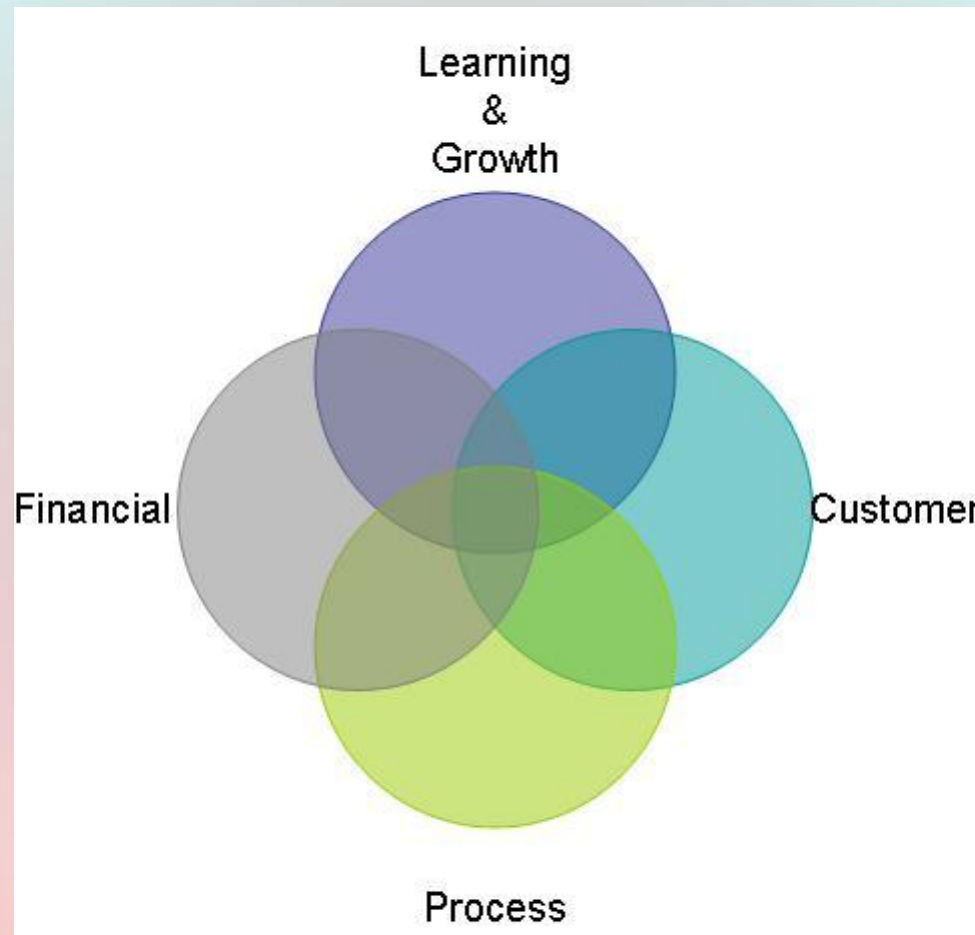
Clearer high/low performers simplify \$\$ distribution.

A necessary evil – with clearer objectives set, some of your staff will no longer measure up. Are you ready for the subsequent necessary actions? Support from HR is key.

With unique objectives by teams, some internal competition brews!

You will be better positioned to document your results to customers.

# The Relationship Between Perspectives



# Getting Started

The process to initiate the Balanced Scorecard management system starts with a leader creating the sense of urgency for change. The urgency can come from reversing recent underperformance, responding to a changing competitive environment, or stretching the organization to be much better than it currently is.

However, I might disagree with Kaplan and Norton's notion – why wait?

The challenges may be less daunting than they sound:

- ◆ More detailed/new reports may be needed.
- ◆ Better job descriptions/expectations are definitely needed.
- ◆ Support from HR and senior management is not optional.

# References/Acknowledgements

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