

Strategy

Consider the questions below as you formulate your business strategy in preparation for doing a Balanced Scorecard.

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| VOICE OF STAKEHOLDER/FINANCIAL (growth, profitability, cash flow, return on investment) | |
| What does our target market want that they are not currently getting? | |
| What innovative products, features, benefits or services could we add? | |
| How do we plan to get more customers? | |
| How do we plan to sell more to each customer? | |
| What new market opportunities can we exploit? | |
| What other strategies would increase growth and profitability? | |
| VOICE OF THE CUSTOMER (high quality, fast or on-time, good value, pleasurable experience) | |
| How can we make better quality products than our competitors? | |
| How can we deliver faster than the competition? | |
| What can we do to reduce cost or give more value to customers than our competitors? | |
| How can we give the customer a more pleasurable buying experience? | |
| How do we plan to retain customers longer—to create loyal customers? | |
| What is our Unique Selling Proposition (USP)? | |
| INTERNAL PROCESSES (effective business systems and operational excellence) | |
| What systems/processes must we excel at? | |
| What new systems or processes would add value to the market and attract new customers? | |
| What new system or process would rock our industry? | |
| What systems would we need to become a “world- class” organization? | |
| LEARNING AND GROWTH/VOICE OF EMPLOYEE (learning, growth and employee retention) | |
| How do we plan to attract the best employees? | |
| How do we plan to retain loyal employees? | |
| How do we provide a great place to work? | |
| How do we foster individual growth and learning? | |
| How do we reward or compensate performance? | |

Strategy

State your specific business strategies within each of the four Balanced Scorecard perspectives.

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| FINANCIAL STRATEGIES (growth, profitability, cash flow, return on investment) |
| We will . . . |
| CUSTOMER STRATEGIES (high quality, fast or on-time, good value, pleasurable experience) |
| We will . . . |
| INTERNAL PROCESSES STRATEGIES (effective business systems and operational excellence) |
| We will . . . |
| LEARNING AND GROWTH STRATEGIES (learning, growth and employee retention) |
| We will . . . |

Indicate the "what" and "why," not the "how."

Balanced Scorecard

Below is an example of a Balanced Scorecard developed by an ambitious home builder.

Financial Perspective (How can we increase growth, profitability, cash flow, and return on investment?)

| Objectives | Measurement | Target | Action Plan |
|------------------------|--|---------------|--|
| Increase sales growth | Number of new starts per month | 10 new starts | Expand geographic market/open new office |
| Improve gross margin | Sales minus cost of goods sold/net sales | 55% | Build homes faster with greater margins |
| Increase profitability | Percent Income from Operations | 10% | Reduce construction cycle time and costs |

Customer Perspective (How can we create product value, market differentiation, "killer customer care," and raving fans?)

| Objectives | Measurement | Target | Action Plan |
|-------------------------------------|---|---|--|
| Customer satisfaction | End of job survey/ number of complaints | 90% satisfaction/2 complaints per home | Create Internet communication system |
| Create "Dream Home" design packages | Percent/frequency package is chosen | 80% of houses sold are "Dream" packages | Create floor plan and interior/exterior packages |
| High quality homes | Points/quality rating of subcontractors | Subcontractor must maintain 90 point avrg. of 100 possible points | Create a "quality" score sheet for each sub and provide job feedback |
| Fast completion of homes | Average days to complete | 30 days from building permit to close | Intense scheduling system/ reduce delay between steps |

Internal Processes Perspective (What systems can we create or elevate to achieve operational excellence?)

| Objectives | Measurement | Target | Action Plan |
|--|---|--|---|
| Fast start—minimum time from contract to building permit | Days in process | Submit app. to city within 5 working days from customer contract | Reduce upfront interface and preparation time with customer |
| Improve sales lead generation system | Number of sales leads | 50 leads per month | Open another sales office in new region |
| Effectively schedule sub-contractors | Percent of work started at scheduled time | 75% of jobs started within 1 day of schedule | Purchase BuildStar management software |

Learning and Growth Perspective (How can we promote learning, innovation, and the personal growth and retention of valued people?)

| Objectives | Measurement | Target | Action Plan |
|---------------------------------------|--|---------------------------|--|
| Subcontractor certification | Number of subs that are certified | 75% of subs are certified | Create subcontractor certification program |
| Improve staff building-process skills | Number of skill sets times number of staff | 80% completed | Create a staff training program |

Balanced Scorecard

Company Name: _____ Date: _____

Financial Perspective (How can we increase growth, profitability, cash flow, and return on investment?)

| OBJECTIVES | MEASUREMENT | TARGET | ACTION PLAN |
|------------|-------------|--------|-------------|
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Customer Perspective (How can we create product value, market differentiation, "killer customer care," and raving fans?)

| OBJECTIVES | MEASUREMENT | TARGET | ACTION PLAN |
|------------|-------------|--------|-------------|
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Internal Processes Perspective (What systems can we create or elevate to achieve operational excellence?)

| OBJECTIVES | MEASUREMENT | TARGET | ACTION PLAN |
|------------|-------------|--------|-------------|
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Learning and Growth Perspective (How can we promote learning, innovation, and the personal growth and retention of valued people?)

| OBJECTIVES | MEASUREMENT | TARGET | ACTION PLAN |
|------------|-------------|--------|-------------|
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