Thriving Scorecard: Applications of a Balanced Scorecard for Colleges and Universities

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(Revised May 6, 2013)
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Why a Balanced Scorecard for a College or University?

In this day and age of the new normal, colleges and universities are under unprecedented stress. The demands to be more affordable, more transparent, more responsive to the marketplace seem to be coming from every direction. As a college president, I have felt these pressures over the last decade. The only difference now is that they seem to be increasing.

About five years ago, I was serving on a large non-profit board and the CFO of that organization was sending board members a monthly financial dashboard. When I asked our CFO about it, he suggested that a balanced scorecard might be more helpful. He was right.

A balanced scorecard, developed by Kaplan and Norton in 1992, “balances” the financial assets/concerns of the organization with the non-financial assets/concerns. Most agree that colleges need to do this balancing act every day. We need to balance the bottom line with concerns around enrollment growth, student learning, fund-raising, and innovative initiatives. The balanced scorecard supports this “balanced” approach.

Some may ask how a balanced scorecard is different from a dashboard? While data dashboards can be helpful, a balanced scorecard has embedded a strategic focus.

From a strategic perspective, the balanced scorecard addresses the following questions:

1. Where do we want to go? **Vision and Mission**
2. What do we care about most? **Values**
3. What are our 3-5 current high-level priorities? **Strategic Themes**
4. What strategic ingredients are needed? **Strategic Objectives**
5. How are we progressing? **Measures, Targets**
6. Are our resources aligned with our strategy? **Initiatives**

Through my research and experience, I see that many colleges and universities struggle with gaining sufficient clarity on some aspects of these five strategic questions. Some struggle at a high level with vision and values. More institutions struggle with clarity on the mid-level strategic objectives. When it comes to measurements, many institutions have annual metrics that demonstrate progress in
key. However, most institutions struggle in taking the important step of shortening the measurement cycle down to a semester or month for the majority of their measures. These issues can be addressed with a balanced scorecard including the development of a one-page strategy map visual along with monthly reporting on key measures related to your strategy. These balanced scorecard features are able to add significant value for divisional leaders, presidents and cabinets, and even boards resulting in greater alignment and clarity of vision and progress.

Credo is working to take their experience, current research, and 4th generation balanced scorecard best practices and help institutions to implement a ThrivingScorecard at the institutional and divisional levels.

**Application Questions:**
- If you surveyed your faculty and staff informally, how knowledgeable would they be on your vision, values, and current strategic themes?
- Do you have measures related to your top dozen identified strategic objectives?
- If you have identified your top 20 strategic measures, what percentage of them are annual?
- Do you have a one-page visual that describes your strategic ingredients?

**References**


Understanding Strategic Altitude

As higher education struggles with the current and new demands of strategic clarity and engagement, the topic of strategic altitude has several important and valuable dimensions. In this posting, we want to begin with framing the general concepts of strategic altitude. In later postings, we will connect strategic altitude with a Thriving Scorecard.

Visionary, Strategic, and Tactical Levels

Vision
The visionary level represents the highest strategic altitude. Some might call this the 30,000ft level. I typically begin with following concepts at the visionary level:
- Vision (Where we are headed as an institution?) and mission (purpose)
- Values (What do we care about most?)
- Value (What is the value proposition we bring to our stakeholders?)
- Voice (What is the look and feel of our institutional ethos?)
- Visuals (What marks, icons, logos, represent our institution?)
- Vector (What is our current location, future direction, and pace of progress?)

These visionary features are not complete, but can help institutional stakeholders understand the overall features of the institution at the highest level (altitude).

Strategic
Once there is visionary clarity at the highest altitude, we can look more specifically at the strategy that will be engaged to accomplish the vision and mission. The visionary altitude focuses on “where we are going” or “what is our purpose?” The strategic level is lower in altitude and answers the question of “How are we going to get there?” Some of the key components of strategy include:
- Strategic Results (outputs, outcomes, etc.)
- Strategic Ingredients (inputs, drivers, etc.)
- Resources (human, financial, and capital)

At the 10,000 to 20,000ft levels, leaders are tasked with determining the dynamics of short-term, mid-term, and long-term performance. The correct strategic choices will create sustainable competitive advantage in the chosen market space. These choices can be informed by SWOT analysis as well as Porter’s Five Forces analysis. Strategic clarity is ideally developed through continual stakeholder input from the exploration to construction to execution.

Tactical
At the end of the day, work has to happen on the ground. The tactical level ingredients include:
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- Time (Where is our time allocated?)
- Task (What work are we accomplishing?)
- Measures (What are our specific outcomes?)
- Target (How are we progressing?)
- Initiatives / Projects (Aligning resources with strategic priorities)

At this level, we have the opportunity to align specific work with specific results. These meaningful measures give strategic clarity to our work.

This approach to strategic altitude allows us to assess our work through a different lens. Generally, I find that institutions have greater strategic clarity at the visionary level than they do at the strategic and tactical levels.

Application Questions:
- Do your leaders and institution have balanced strength at the visionary, strategic, and tactical levels of engagement?
- Can you clearly identify the features of your institution at each level as defined above?
- What levels and areas could use the most work at your institution?

Internet Resources
Good Strategy / Bad Strategy and Higher Education. (Higher Ed Management)
http://higheredmanagement.net/2012/03/04/good-strategybad-strategy/

References


Developing a Balanced Scorecard Collaboratively

A balanced scorecard is an outstanding tool for collaborative leadership. It allows stakeholders to have conversations about vision, values, and priorities. The Strategy Map gives stakeholders a one-page visual that can provide a common language and common direction. These features work best when the development of the balanced scorecard is collaborative. These materials provide some tracks to run on to help with that process.

Strategic Planning Team (SPT)

Every institution is different including its leadership structures. When it comes to forming a strategic planning team for the institution, here are some stakeholders to consider:

- President
- Cabinet Members
- Faculty Members
- Staff Members
- Board Members
- Others
  - Students
  - Alumni
  - Advisory Council Members
  - Subject Matter Experts (SMEs)

Here are some best practices to consider when forming the Strategic Planning Team:

- You need an executive sponsor of the team. The president can serve in this role even if he or she is not a working member of the team. Otherwise, look for a senior leader who is respected on campus and committed to the process.
- Working Chair: This is the person who keeps the process moving. This person needs to work well with others and be reasonably organized or supported by an organized assistant.
- The ideal number for the SPT members should be 10 or less. Having more than ten people can make the process unwieldy.
- Balance the areas represented. You should have representation from:
  - Academics (CAO, Dean(s), and/or faculty members)
  - Student Life (CSDO, Dean, etc.)
  - Finance/Operations/IT/HR (CFO, Directors, etc.)
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- Advancement/Fund-raising
- Enrollment
- Other
  - Board members
  - Students
  - Alums

**Balance in leadership types:** These could include:
- Visionaries
- Strategists
- Activists
- Doers
- Data managers

**Standing Committee/Team or Task Force:** Strategic Planning Teams can be formed in three ways:
- An existing working group that takes on strategic planning
- A new working group that will become a standing committee/team
- An ad hoc task force that will be formed for the strategic planning process and then disbanded when the work is done

### SPT for Divisions/Departments

Some institutions will begin their balanced scorecard work at the divisional or departmental level. There is nothing wrong with this. Many times a successful divisional balanced scorecard in one division can support the later efforts in other divisions or even efforts to move toward an institutional balanced scorecard. When developing a divisional or departmental balanced scorecard and the SPT is put into action, the same principles apply:

- A key leader provides sponsorship
- A team leader keeps the process moving ahead
- A talented, diverse, and engaged team provides collaborative leadership and execution

### Time Frame

For a college and/or university, I suggest that a school year is a reasonable time frame to get up and running. I have seen some institutions that have shortened this time frame to six months. Key to success, however, is 3-5 months of public piloting. Here are some phases that can make up that school year:

- Pre-planning: Summer
- Announcement and Team formation: Early Fall
- Strategy Map Development: Late Fall
- Balanced Scorecard Development: Jan-Feb
- Balanced Scorecard Pilot: Feb-May
- “Go Live” July 1
Collaborative Review Cycles
To maximize communication and collaboration, it is ideal to circulate the documents for input to the stakeholders after each phase. This not only provides meaningful input, it also develops greater buy-in and prepares faculty and staff that the process is moving toward completion and implementation. Here are some examples:

- Draft of Strategy Map to faculty, staff, and board
- Draft of Balanced Scorecard measures to the leaders of the departments that work with those measures
- Draft of targets to those who will be held accountable for targets

Application Questions

- Is your SPT in place? Who is or will be on it?
- Do you have an executive sponsor at the institutional or divisional level?
- Has the team mapped out the timeline?
- Have drafts been circulated for input from stakeholders

Internet Resources

Eight Ways to Build Collaborative Teams (HBR)

References


Developing Your Strategy Map: Basic Concepts

In 1992, the first generation balanced scorecard broke new ground in strategic planning as it sought to “balance” financial and non-financial priorities. Later versions of the balanced scorecard added two components: Strategy Maps and Strategic Themes. This blog explains the classical perspective-based Strategy Map and also outlines the newer theme-based Strategy Map.

Strategy Map with Four Balanced Perspectives

Early Strategy Maps were centered on the four perspectives. Think of these perspectives as four floors in a building. One of these four perspectives is Finance which is balanced by three other non-financial perspectives. These four perspectives are stacked as layers and have a sequential order moving from Learning and Growing on the bottom floor to Finance on the top floor. Therefore, the lower layers (Learning and Growth and Internal Processes) function as strategic ingredients while the upper layers (Customers and Finance) function as strategic results. Here is the classical, for-profit stack of perspectives:

- Finance
- Customer
- Internal Processes
- Learning and Growth

Non-profit organizations (education, healthcare, etc.) have typically adapted this approach to better meet their needs. The key change is to switch customer/stakeholder and finance. The result looks like this:

- Stakeholders
- Financial Resources
- Internal Processes
- Learning and Growth

Strategy Maps with Strategic Themes

Later versions of the Strategy Map added vertical strategic themes to complement the four horizontal perspectives. Strategic themes are the 3-5 areas that are most important in this chapter of the institution in advancing the vision. I have found that a theme-based Strategy Map is the best format for colleges and universities for these reasons:

- Most campus teams more easily identify with strategic themes than with perspectives.
- The vertical nature of strategic themes provides a natural bridge from foundational values to aspirational vision.
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- Strategic themes provide a good vertical and visual framework for objectives that move from the lower strategic ingredients to the upper strategic results.
- Themes typically bring more motivation and energy to campus teams than perspectives.

The following illustration is taken from the Balanced Scorecard Institute website and shows the interplay between perspectives, strategic themes, and supporting objectives.

![Figure 2: Well Executed Strategy Leads to Desired Strategic Results](http://www.balancedscorecard.org/portals/0/pdf/Strategic_Themes_How_Are_They_Used_And_Why.pdf)

An example of a strategic theme for a university could be Growth. This vertical theme could be formatted as follows:

- Stakeholders
  - Grow overall enrollment
  - Grow new students
- Financial Resources
  - Grow net revenue
  - Reduce discount rate
- Internal Processes
  - Reduce response time to inquiries
• Improve inquiry to app percentage
• Learning and Growing
  • Provide training for recruiters

Visually, the strategic theme with objectives would look like this:

**Strategy Map Benefits**

The benefits of a Strategy Map are many:

• A clear plan that includes the most important strategic features of vision, values, strategic priorities, and strategic objectives.
• A one-page visual that can bring strategic clarity to your campus stakeholders.
• A natural strategic flow from foundational values to strategic ingredients to strategic results to strategic priorities to vision.
• It helps your board to be engaged strategically without micromanaging.
**Application Questions:**

- Does your institution have a vision, mission and values statement? How many words do these statements include? To be memorable and thus operational in the life of the institution, less than 20 words for all statements combined is better than 80.
- What are your institution’s 3-5 strategic priority/themes for the next five years?

**Internet Resources**

Strategy Mapping (Excitant, good overview on the process of Strategy Mapping using classical perspectives)

Strategic Themes: How They are Used and Why. (Balanced Scorecard Institute)
http://www.balancedscorecard.org/portals/0/pdf/Strategic_Themes_How_Are_They_Used_and_Why.pdf

Strategy Map Examples (Palladium Group, perspective-based Strategy Maps)

**Strategy Map Examples: Colleges / Universities**

Stockton College (Good example of horizontal perspectives and vertical strategic themes)  http://intraweb.stockton.edu/2020/

Simmons College (An attractive visual with page two detail)

University of Technology / Malaysia (UTM) http://www.utm.my/about/key-amal-indicator/

**References**


Developing Your Strategy Map: Vision, Mission, and Values

The foundational structures of a Balanced Scorecard Strategy Map are vision, mission, and values. In the development of a Strategy Map, these components are the starting point. While this posting is not a complete treatment on the topics of vision, mission, and values, it will provide an opportunity to check-in on these important topics.

Foundational Values and Aspirational Vision
As we approach the strategic framework of any organization, a good place to begin is with values. When it comes to values, I often asked leaders “What does you and your organization care about or value most?” Rarely do I hear answers like revenue or expense. More often, I hear deep-seated concerns about learning, people, faith, service, transformation, value added, etc. On your Strategy Map, you want to look to your values as your bedrock foundation. NOTE: I owe a great deal to Art Hill, PhD, Associate Dean for MBA Programs at the Carlson School of Management at the University of Minnesota for his insights on beginning with values and then moving to the development of mission and vision.

When it comes to vision, we are asking organizations about their aspirational future. What do they see as the preferred picture of the future? The metaphor here is upward in focus, lofty, aspiring, future, and at times visual. We hear phrases like transformation, change, impact, influence, justice, etc.

Meaningful and Memorable
One of the goals for vision and values statements is that they be meaningful and memorable. Meaningful refers to the sense that these statements represent the highest and most important ideals of the organization. The words should be carefully selected and crafted so that they feel in harmony with the ethos and aspirations of the organization. The statements should be memorable in that they can be learned by the members of the institution and integrated into the strategic and tactical nature of the work.

10-20 Words
Many organizations have vision, mission, and value statements. If these statements are extended sentences, very few people will remember them. To remember them, they must be short. Consider putting together a vision and values statements with a total of 10-20 words. At this length, there is a better chance that people will remember them and a better chance that these statements will shape decision-making. If you have established vision and/or mission statements that are longer,
you may want to consider adding a tag line that is shorter and more memorable. At the end of the day, when people asked about your institution, what do you want most people say?

**Mission Statements**
We are often asked about mission statements and how they compare to vision statements. There is no simple answer to this question. Generally, experts in the field describe vision statements as an aspirational picture of a preferred future while a mission statement describes why the institution exists. Some say that vision is what happened when the mission is accomplished. Therefore, most institutions use their vision statement as their upward call while their mission is more foundational. However, some view the mission statement as aspirational. Some institutions have only one statement. Others have both a mission and a vision statement. Here are some different options:

Option A:
- Upward: Vision
- Foundational: Values

Option B:
- Upward: Mission
- Foundational: Values

Option C:
- Upward: Vision, Mission
- Foundational: Values

Option D:
- Upward: Vision
- Foundational: Mission, Values

In summary, while there are no right answers on this, here are a few guiding principles:
- Ideally, you would like to have a mission statement, vision statement, and/or tagline that are upward and aspirational.
- Ideally, you would like to have a small set of institutional values that are foundational.
- To help ensure that the language is central to the life of the institution, it is best if the language is short, clear, and concise. If you have a mission, vision, and values statement that include three sentences, they will likely not be used much.
- The goal is that these statements will be meaningful in the life of the institution and shape the decision-making of the leaders.
Developing and/or Revising Your Statements
If your institution’s language is not where you would like it to be, the leadership can take steps to develop new language or revise existing language. Here are some principles to keep in mind:

• The process is important. Don’t rush through to completion. Most institution need about a year to work through this.
• Collaboration is important. Make sure and involve the board, faculty, and staff with multiple opportunities for stakeholder input.
• The process of development and revision can be done simultaneous with the development of your Strategy Map and Balanced Scorecard.
• A committee of board members, faculty, staff, and other stakeholders can be helpful in processing this work with opportunities for input from the larger community.
• Outside consulting help can be helpful in facilitation and providing an industry voice in the process.

Application Questions:
• Does your institution have a board-approved or affirmed vision, mission, and/or values statements?
• On a scale of 1-5 with 1-2 as poor and 4-5 as good to great, how would you assess the clarity and value of your statements?
  a. Vision
  b. Mission
  c. Values
• Over the next year would you agree that your statements need to be strengthened or revised? (1=Strongly Disagree, 2=Disagree, 3=Neutral, 4=Agree, 5=Strongly Agree)
  d. Vision
  e. Mission
  f. Values

Internet Resources
Mission and Vision Statements (An article in Inc.)
http://www.inc.com/resources/startup/articles/20050201/missionstatement.htm

Developing Mission and Vision Statements (A website by ASCD)

Aligning Vision and Values (Jim Collins)
http://www.jimcollins.com/article_topics/articles/aligning-action.html
Mission, Vision, and Value Statement Examples: Colleges / Universities

Perperdine University (Mission / Vision)
http://www.pepperdine.edu/about/mission-vision/

Mount Mary College (Mission / Vision / Values)
http://www.mtmary.edu/mission.htm

Harvard University (Mission)
http://www.harvard.edu/faqs/mission-statement

Harvard Law School (Mission / Vision / Values)
http://www.law.harvard.edu/about/administration/events/about-us/mvv.html

References


Developing Your Strategy Map: Strategic Themes

In the last posting, we outlined the Strategy Map components of foundational values, aspirational vision, and accompanying mission. This posting continues that process by focusing on the strategic component of strategic themes. Strategic themes are the 3-5 main headings of your strategy that sit under the umbrella of your vision. Examples of these strategic themes could include academic excellence, global reach, and affordability. Below, we will provide some principles in determining these central strategic components.

Determining Your 3-5 Strategic Themes: Two Approaches

There are two ways to determine your strategic themes. The **top-down approach** is to step back and look at the organization from 20,000 feet and draft a list of 4-8 significant priorities for the next 3-10 years. These are the large, high altitude areas of focus that are most strategic to the institution in the coming decades. Examples could be Academic Strength, Global Engagement, Financial Strength, Expand Offerings, etc. This longer list forms the candidates for our final 3-5 choices. In this process, you will want to do a SWOT analysis which is an environmental scan determining institutional strengths and weaknesses as well as external review of opportunities and threats. If possible, you will also want to involve various stakeholders. This process could include board members, faculty and staff members, area experts, students, etc. You don’t have to include all of these groups but there are many insights that can be gained in the process as well as greater understanding that can come to these groups through the process. Once a long list of 4-8 theme candidates are chosen, you can chose the 3-5 that are most strategic in this time period or you can eliminate the ones that are less important. Either way, you ideally want to choose three or four and only five if needed. More than 3-5 will prove to be cumbersome and difficult to remember and focus on.

A second approach is to move from the **bottom up**. This bottom-up process begins with a brainstorming session with stakeholders at the objectives/outcomes level. Ask each person to come up with 4-8 things they would like to change at the institution. One way to do this is to use large sticky notes with one objective on one note. These can then be put on a wall or whiteboard. The first word should be a directional verb. Here is an example list:

- Grow enrollment
- Reduce discount rate
- Increase international students
- Increase compensation for faculty and staff
• Strengthen instructional effectiveness
• Diversify student enrollment
• Raise Composite Final Index (CFI)
• Increase residence hall occupancy rates

If you have a group of 10-20 people, you may have 40-80 objectives. You can also do this with different groups in different sessions if necessary. Once all the objectives have been posted, a facilitator can ask the group to begin to identify overarching themes. Notes can then be rearranged to fit the emerging themes. At the end of the process, you should have 3-5 eligible themes for consideration. They may need to be edited in a final form.

Memorable: Ten Words or Less
Ideally, emerging strategic themes are single words or couplets. Sometimes three words can be used. Try to avoid using phrases or sentences for each theme. Using phrases or sentences for 3-5 themes makes it very difficult for people to remember all that is included in the list of strategic themes. Lastly, we typically refer to these items as strategic themes. However, some institutions prefer the terms strategic priorities or aspirations.

The matrix of Balanced Scorecard Perspectives and Strategy Map Themes
As mentioned in an earlier blog, the four classical perspectives (financial, stakeholder, internal processes, organization capacity) of a Balanced Scorecard can be viewed as four layers or levels. Strategic themes can be viewed as vertical columns. These two features together form a matrix that can be helpful in framing out a Strategy Map as illustrated below:
Finally: Remember Balance

The fundamental strength of a Balanced Scorecard is its balance. The goal is to balance financial and non-financial areas. We also need to balance operational priorities with student learning. In these days of stress on our institutions, it is easy to focus on finances, operational efficiency, and facility improvement and expansion. At the same time, we don’t want to forget the importance of our core mission which includes learning inside and outside the classroom and the transformation that occurs in the lives of our students.

Application Questions:

- Have you done a recent SWOT analysis? Porter's Five Forces can also be helpful in this process. If you don't feel confident leading this process, someone could facilitate this process for your team and/or campus.
- Do your 3-5 strategic themes include the most important areas for your institution to succeed?
- Have you involved campus stakeholders in the process? If so, how? You can do this in the opening brainstorming sessions or later when the drafted words have been framed for consideration.

http://www.balancedscorecard.org/portals/0/pdf/Strategic_Themes_How_Are_They_Used_And_Why.pdf
**Internet Resources**
Strategic Themes: How are they used and why? (PDF from the Balanced Scorecard Institute).
http://www.balancedscorecard.org/portals/0/pdf/Strategic_Themes_How_Are_They_Used_and_Why.pdf

Do Strategic Themes Add Value to a Strategy Map? (A web article by Strategy Focused Organization)

**References**

Developing Your Strategy Map: Strategic Objectives

One of the most powerful features of later generation Balanced Scorecards is the addition of the Strategy Map. The following components are what make up a Strategy Map:

- Vision (Aspirational)
- Values (Foundational)
- Mission (Aspirational or Foundational)
- Balanced Scorecard Perspectives (not always visible in final form)
- Strategic Themes (aka priorities, directions, aspirations)
- Strategic Objectives (aka Outcomes, the strategy)

A building template can be helpful in forming a one-page visual that outlines the institution’s strategy.
In previous postings, we have discussed all these components except strategic objectives. Strategic objectives form the core strategy of the institution. As central as strategic objectives are to strategy, they are often the missing piece.

**The Missing Piece: Strategic Objectives**

Having worked with many colleges and universities, I find that institutions often have mission, vision, and values statements. Some are better than others, but they are usually present in some form. Additionally, many institutions have 3-5 major areas they want to advance. From here, many institutions often move immediately to “measures, targets, and initiatives.” For example, a university may have a major focus (theme) called Enrollment Growth. Under that heading they list that they want prospective student visits (measure) up 10% this year (target) at their Spring Open House (initiative) this year. What is missing is a clear and concise strategy for Increase Enrollment. The use of strategic objectives helps to outline such a strategy. Here are examples of strategic objectives that could support the theme of Enrollment Growth moving from lower level strategic ingredients (leading) to higher level strategic results (lagging).

- Increase New Student Enrollment
- Engage Prospective Students on Campus
- Reduce Communication Cycle Time
- Add New Academic Programs

**The Key Elements of a Strategic Objective**

There are several principles that go into good Strategic Objectives. An example of a Strategic Objective is “Increase Academic Research.” This objective could fall under the Strategic Theme of “Academic Excellence.” It begins with a directional verb such as increase, decrease, improve, expand, etc. It then adds a general area of the strategy. In this case the strategic element is Academic Research. This element is then cross-listed with one of the four classical horizontal Balanced Scorecard perspectives. We could map this objective with Internal Processes. The Strategy Map below depicts this relationship.
Developing Strategic Objectives

As was mentioned in the posting on Strategic Themes, there are two ways to develop Strategic Objectives. First, you can use a top-down approach. You begin with vertical Strategic Themes and the four, classical, horizontal Balanced Scorecard perspectives. Next, come up with 2-3 possible objectives that might fit into a given area. As noted in the example above, the vertical framework of the Strategic Theme of “Academic Excellence.” The horizontal framework is noted below:

**Academic Excellence**
- Student Stakeholders
- Financial Resources
- Internal Processes: Increase Academic Research
- Organizational Capacity

This process can be continued as seen in the following example:
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Academic Excellence
- Student Stakeholders: **Increase undergraduate student research**
- Financial Resources: **Increase research scholarships**
- Internal Processes: **Increase Academic Research**
- Organizational Capacity: **Provide in-service on reframing undergraduate courses with student research**

In the end, choose the best strategic objectives that form an upward moving strategy leading to the completion of the strategic theme.

**Forming a strategic cause-and-effect chain**
The Strategy Map ideally tells the story of a well-crafted strategy that moves from the lower strategic objectives toward the upper level objectives. The lower strategic objectives are leading because they provide the strategic ingredients that lead or drive the upper level results. The upper level strategic objects are referred to as lagging because they demonstrate results at the end of the process. This is often referred to as a cause and effect process as some strategic components cause certain effectives in other lagging strategy components. This causal relationship is somewhat speculative and should not be confused with the probable, causal relationships described in classic social science quantitative research. In some maps, the authors include arrows and lines to depict this cause and effect relationships.
Application Questions:
- Did you form your objectives top-down from the Strategic Themes or from the ground up?
- What is your balance of leading and lagging objectives?
- Do your objectives tell your strategic story?

Internet Resources
Strategy Mapping (Well-developed website by Excitant Consulting in the UK)
http://www.excitant.co.uk/resources/white-papers/strategy-maps-and-strategy-mapping#problems

References


Meaningful Measures

When most people think of scorecards, they tend to think of measures, metrics, and data. We have tried to make the case in earlier material that the starting point of a great balanced scorecard is with the Strategy Map, not measures and metrics. It is at this point where I think that some dashboards go wrong. Some dashboards report data and fail to connect that data with strategy. The balanced scorecard seeks to connect meaningful measures with strategy. For example, California Community Colleges recently launched their “scorecard” website. This website has an amazing system of data collection for an expansive collection of colleges. However, it is somewhat unclear in regards to strategic priorities/themes and strategic objectives. In other words, some questions remain as to what are the priorities and what are the strategies to accomplish those priorities? All that said, in this material we want to outline the key aspects of developing meaningful measures that will operationalize the strategy that has already been set forth in the Strategy Map.

Meaningful is used to keep the focus on valid and reliable measures. The need to connect measures with strategy relates to a quote that is often attributed to Albert Einstein, “Not everything that can be counted counts, and not everything that counts can be counted.”

Connecting Measures with Strategy

Once the Strategy Map has been developed, we have answered the following:

- **Vision/Mission** (Where are we headed? What is our aspirational future?)
- **Values** (What foundational values do we care about most?)
- **Strategic Themes** (What are the 3-5 key areas of our strategy?)
- **Strategic Objectives** (How are we going to accomplish our strategy and vision?)

For example, we could say that we have a vision for an expanded reach of our institution. Related to this vision is the strategy theme/priority of Enrollment Growth. We could then add the strategic objectives of **Growing Application Pool** and **Expanding Market Awareness**. This would bring us to the point of asking these questions:

- **What are the meaningful measures related to Growing Application Pool?**
  - Here are some suggestions:
    - # of applications
    - % of inquiries moving to applications
    - % of applications moving to deposits

- **Measures for Expanding Market Awareness** could be:
  - # of website visits
  - # of campus visits
  - % of called surveys who were aware of the institution
As stated earlier, the goal is to have meaningful measures that are valid and reliable. Here validity refers to the idea that what we are measuring is meaningfully connected and reflective of the strategic objective. For example, if we had Improved Health as an objective, BMI or Cholesterol levels would be valid measures. A person’s height would not be a valid measure. We also want the measures to be reliable. This means that we have sound measurement processes that would yield the same results under the same conditions if repeated. For example, if we wanted to compare enrollment year-over-year, we would want processes that would count the same kinds of the students in the same way at the same time each year.

And what do you mean by that?

When a measure is chosen, it needs to be appropriately operationalized so a reasonable person would understand the process relatively clearly. For example, if you want to measure the faculty student ratio, you would have to address the following:

- **How are we counting faculty?** This could include just full-time, undergraduate faculty members. You also need to consider if this number includes FTE, adjuncts, graduate faculty, online faculty, teaching assistants, etc.
- **How are we counting students?** This could include full-time undergraduate students on-campus. We could also ask about commuters, online undergraduates, part-time students, etc.

Each measure needs to have a complete description. This is usually expressed in 1-3 sentences. Again, a non-expert should be able to read the description and have a reasonably clear idea as to what the measure means. **NOTE:** The scorecard should also have descriptions (1-4 sentences) for the strategic themes and objectives.

**Measure Owners**

Eventually, data will need to be collected for these measures. In the development stage, here are some of the questions that will need to be answered.

- Is our operationalized description present and clear?
- Do we currently have the data?
- How often does that data change? (Monthly, by semester, or annually)
- Who has the data?
- Who oversees the people who have the data?

It is helpful to consider two levels of data owners. The low level owner is the person who actually works with the data on a daily basis. The high level owner is the faculty or staff leader who is responsible for the data. For example, if we were tracking enrollment data, the low level owner could be the director of admissions. The high level owner could be the Chief Enrollment Officer. It is often helpful if both owners are identified. For example, the director of admission may be responsible for monthly data. If the data doesn’t show up on time, the scorecard coordinator would connect the Chief Enrollment Officer to see if the data could be delivered.
Time Cycles (Monthly, Semester, Annual)
Many colleges and universities have annual data cycles. That means that data is collected and reported annually. For most purposes, an exclusive use of annual time cycles should be avoided. Since the purpose of the balanced scorecard is to help drive strategic decision-making and behavior, it is better if the majority of the measure time cycles is shorter than one year. Here are some examples:

- Monthly: Financials, applications, donor visits, etc.
- Semester: Enrollment, class-size, GPA, semester retention, etc.
- Annual: Employee surveys, year-over-year retention, faculty evaluations, etc.

I generally recommend two principles in regards to measure time cycles:

- No more than 1/3 of the measures should be annual
- No less than 1/3 of the measures should be monthly

This is just a general guideline. Some may ask how you can move from annual measures to monthly/semester measures. Here are some examples:

- Moving from annual enrollment measures to semester measures for brick-and-mortar campuses and monthly measures for online cohorts.
- Moving class size measures from annual to semester
- Moving annual gift totals from annual totals to monthly totals

Not all numbers are created equal (raw numbers and percentages)
While it is common to report enrollment numbers as raw numbers, generally it is better to use percentages for most other data. Here are some reasons to use percentages:

- They are scalable. When a campus goes from 600 deposits to 800 deposits, it is hard to know what that means. When the campus goes from 60% of applicants making deposits to 80% making deposits, it is easier to understand. This also works for institutions with 100 applicants as well as those with 10,000 applicants.
- They are easier to understand. Percentages can often provide a picture that is easier to understand than raw numbers. For example, we could report assistant professor salaries as $50,000 and associate professor salaries as $70,000. We could also report salaries as a percentage in comparison to their peers at similar institutions. For example, we could report assistant professor salaries as 93% of their peers and associate professors as 87% of their peers. This latter approach may be more helpful.
- The value of “% to Goal” An easy starting point is to use “% to goal” as the measure. For example, rather than reporting revenue as $1,334,529 for this month and $1,984,332 for next month, we could report revenue as 98% to goal for last month and 101% to goal for next month.

How many measures?
Many leaders will ask how many themes, objectives, and measures should be used on an institutional balanced scorecard. Here are some general guidelines:
Thriving Scorecard

- Strategic Themes/Priorities: 3-5
- Strategic Objectives: 10-20
- Measures: approximately 1.5 per objectives: 20-35

Application Questions:
- Do your measures have clear, operationalized descriptions?
- Are more than a third of your measures annual?
- Are most of your measures percentages rather than raw numbers?

Internet Resources

Juggling Balanced Scorecard Metrics
http://www.schneiderman.com/The_Art_of_PM/juggling_Metrics/juggling_metrics.htm

University of Virginia Library Metrics (Good examples of objectives, measures, and targets) http://www2.lib.virginia.edu-bsc/metrics/all0708.html


References


Measures and Targets

As we have discussed in past material, the topics of mission, vision, and values answer the questions, “Where are we going?” and “What do we care about?” Strategic themes and objectives address, “What are our current strategic priorities?” and “How are we going to accomplish our strategy?” Lastly, we have the question “How are we progressing?” This addresses our progress (measures) toward our targets. For example, we could say that enrollment growth was a strategic priority and that we wanted to increase apps and retention. One could then ask, “How are we doing?” To answer that question, we would need three things. First, we would need a clearly operationalized measure. Second, we would need the data that corresponds with the measure. Third, we would need the target. In most cases, that target would have two thresholds: One for the value that moves the needle from red to yellow and one for the value that moves the needle from yellow to green. Here is a summary:

- **Strategic Theme**: Enrollment Growth
- **Strategic Objectives**: 1) Increased Apps, 2) Increased Retention
- **Measures**: 1) % of YTD apps compared to last year, 2) % of first-time freshmen returning for their sophomore year.
- **Target**: 1) % of Apps: Red/Yellow: 95%, Yellow/Green: 105%
- **Target**: 2) Retention %: Red/Yellow: 72%, Yellow/Green: 78%

Choosing Targets

In the Pilot Phase, targets are estimated. These Pilot targets can then be adjusted as the Balanced Scorecard moves into its operational, “go live”, phase. There are several approaches to choosing the initial target thresholds for each measure. The options for these include:

- **Past data**: You can begin with past data. For example, if last year’s enrollment was 1,000 you could use that figure as the Red/Yellow or Yellow/Green threshold target.
- **Benchmarks**: External benchmarks can be helpful in determining target thresholds. For example, you could benchmark the salaries of your institution compared with a peer group.
- **Group Process**: A simple way to begin this process is to ask the group “What level would we feel good about?” That level could be the starting point for green. The question, “What number would be a significant problem?” could serve as the level for red. The space between these two levels would be yellow. These levels can be adjusted later as needed.
Subject Matter Experts (SME): Reaching out to subject matter experts can be helpful in coming up with appropriate targets especially if these SMEs are able to understand the context.

Color Balance
Once initial target thresholds are determined, the list of measures will “color” in certain proportions of red, yellow, and green. The following distribution forms a good rule of thumb:

- Green: 60-75% of total measures
- Yellow: (25-40%)
- Red: 1-3 measures (Approximately 5-10%)

In summary, the majority of the measures are green with about 1/3rd of the measures as yellow. Lastly, there is a sprinkling of red. This is where the art comes into play for targets. On the one hand, you want to assess the health and strength of each measure independently. On the other hand, you want a reasonable color balance as it will not serve your organizational change efforts to have 2/3rd of your targets red.

Target Time Frames
The question often comes up regarding the target timeframe. If your current endowment is $30MM and you have a five-year goal of increasing your endowment to $40MM, you would set your target for this year incrementally. That means that your targets would be set in keeping with where you are at now and the trajectory with annual milestones for the future.

Application Questions:
- What method(s) did you use in determining your targets?
- Have you involved measure owners in determining of targets?
- What is the color balance of your collection of targets?

Internet Resources

Theory and Practice on Setting Targets (Insights from Balanced Scorecard Forum: Dubai)

Balanced Scorecard Report: Targets (PDF by Robert Kaplan)
https://www.harvardsamsung.net/hbspCourse/hmm10/goal_setting/resources/B0605C.pdf

The Art of Setting Balanced Scorecard Performance Targets (Blog by JETrichardson)
http://sfo-blog.typepad.com/sfo-blog/2011/05/the-art-of-setting-balanced-scorecard-performance-targets.html

**References**


Piloting Your Balanced Scorecard

Once the Strategy Map is completed and the measures and targets are drafted, the pilot phase of the balanced scorecard implementation can begin. In this phase, data is collected and inputted and the organization begins to experience a whole new chapter of its strategic future. While some aspects of this pilot phase may seem tedious and mechanical, it is often the emotional side of the equation that causes the most challenges.

Sample Example
Imagine that an institution wants to grow its enrollment and chooses the following measures:

- # of inquiries (monthly)
- % of inquiries to apps (monthly)
- % of apps to deposits (monthly)
- Overall new enrollment (semester or annual)

This example is typical in that it is a good mix of monthly drivers of the strategy as well as longer term lagging indicators of strategic progress. Here are some of the challenges in getting this up and running:

- **Data Collection:** Arrangements will need to be made to get the right data in the right format at the right time each month. It is actually not that much data, but it may not be currently available in the right form. For some, this is already in place. For others, this may take a month to get these systems in place.
- **Data Audit:** It is not enough to just get the data. A third party, inside or outside the institution/department, needs to confirm that the data lines up with the operationalization as described in the scorecard. We want to make sure that the data is the right data.
- **Uploading into the software:** This allows your data to be visible to chosen stakeholders.
- **Review of Targets:** Once the data is uploaded, the scorecard will “color up” and it can be reviewed from a strategic point of view.
- **Strategic Interpretation:** The strategic questions may include:
  - What is the distribution of color?
  - What is this telling us about our strategy?
  - Is there anything that seems out of line?
  - Will a reasonable person be able to interpret the data and visual reporting?
- **Going Public:** Once the tactical and strategic issues have been reviewed, the appropriate owners will sign off and the data will then and only then go out to the campus stakeholders (e.g. faculty, staff, board)
• **Answering Questions:** Once stakeholders see the reporting, there may be questions that need to be answered by the leader or strategic planning team.

**90 Days Needed**
Before going live with the regular use of the balanced scorecard, you ideally want at least three working months where the monthly cycle is being processed with data reporting going out to the campus stakeholders. This allows people time to get used to this new level of transparency and accountability. Try and make sure that you and the institution don’t spring this on the campus stakeholder as an immediate high stakes process.

**The Emotional Side of the Equation**
Often people think of a balanced scorecard as a mechanical, data reporting use of measures. There is much more to the process than that. Moving ahead in these areas is more emotional than most people realize:

- Strategic planning
- Choosing some priorities and not others
- Deciding which measures will be reported to the campus
- Collecting data that might have been previously unnoticed
- Transparently reporting data to the campus
- Assigning colors that imply good and not good
- Holding people accountable for outcomes

Most colleges and universities have functioned for decades without most of these items listed above. Moving in this direction in a matter of weeks or even months can seem remarkably upsetting to some.

**Easing the Anxiety**
Here are some ways in which institutional leadership and strategic planning teams can make the process less traumatic for some:

- Before the work even begins, talk about the process with multiple groups in multiple settings using multiple modalities (print, web, town hall meetings, departmental meetings, etc.) over multiple months.
- Widely circulate the Strategy Map to campus stakeholder groups before and after approval and adoption.
- Before the pilot phase begins, circulate some screenshots of example measures. Ideally, you could circulate one screenshot per week for four weeks. Screenshots are much easier for end-users to process than actually logging into the website.
- Provide formal channels of communication during the pilot phase (print, web, town hall meetings, focus groups, etc.)
- Emphasize that the pilot phase is a learning time and that the “Go Live” period is in the future.
Even after you “Go Live”, give yourselves several month to adjust to these new processes.

After a year of usage most of the campus stakeholders will be gaining greater comfort with the process.

Even after a year, 10-20% of the faculty and staff may need additional conversations, communications, and explanations.

Application Questions

- How thoroughly have you communicated with the campus throughout the process?
- Do you have too much red in your colors during the pilot phase?
- Have you adequately circulated web screenshots before the pilot phase?

References

Monthly Strategy Meetings

Leading effectively an organization at the strategic level requires several important ingredients. Some of these ingredients include:

- Clarity of mission, vision, and values
- Clarity concerning strategic priorities/themes
- Clarity on strategic drivers and results
- Clarity on measures and targets

Achieving a high level of strategic clarity is an ambitious goal which is not accomplished easily. Additionally, gaining strategic clarity is as much a process as a destination. One tool that can help both in the development and the maintaining of strategic clarity is a monthly strategy meeting.

The well-known organizational consultant, Patrick Lencioni, highlights in his leadership fable *Death by Meeting* and in his summative work *The Advantage*, the value of separating meetings by type. He emphasizes the need to separate tactical meetings from strategic meetings. This insight has been transformational in my leadership and in the work of many organizations.

A monthly strategy meeting has many aspects that bring strength to high-performing teams:

- Helps in raising the strategic altitude of the team
- Provides space to discuss the most strategic aspects of the organization
- Allows for a clear point of monthly accountability through the balanced scorecard
- Reminds the leadership team and campus stakeholders of the current strategic priorities

This monthly strategy meeting can take different forms to best suit the needs of the team and organization. These formats form a continuum from a brief review to a day-long strategy offsite. Here is an example of that continuum:

- **One-hour segment** with a strategic focus embedded in the context of other standing meetings. The agenda usually includes a limited review of the balanced scorecard update.
- **Two-hour segment** with a strategic focus including a review of balanced scorecard measures with some additional attention to strategy effectiveness
- **Half-day, stand-alone meeting** that includes a balanced scorecard review, strategy review, and strategic update
• **Full day, off-site** which can include a balanced scorecard update and strategy update as well as a time for team building and discussion on broader strategic issues.

The longer segments allow for broader strategic discussions and may include a variety of topics including:

- Finding competitive advantage in specific market space
- Identifying key aspects of the institution that can be leveraged for a competitive advantage
- Assessing which aspects of the institution add significant value and which aspects add little value
- Aligning resources with the strategy
- Strategic trajectory over the next 3-5-10 years

**Before You Start**
There should be a date each month when the balanced scorecard is updated. If you are working with an internal team or an external consultant, this update is typically after the 7th day of each month and may be as late as the 15th day of each month. With that pattern in place, plan out a strategy session for the next 3-6 months. When you come to the meeting, the participants should have reviewed the balanced scorecard data and website a day or two ahead to prepare for the meeting.

**Strategy Meeting**
Here are the key components of a monthly strategic review meeting:

**Strategy Map**
- Review of mission, vision, and values:
  - Are these components providing energy and passion to the institutions?
- Strategic Priorities/Themes:
  - Do these statements continue to focus on the most important aspects of the institution’s strategic future?
- Strategic Objectives: Does this causal chain provide the team with confidence that the strategy will be effective in the coming months
  - Is there a need to consider changing any objectives for next year?

**Balanced Scorecard Website**
- Measures:
  - Are the data points accurately updated on the website?
  - Is there any confusion on the operationalization of the data?
- Targets:
  - What do the colors tell us?
Thriving Scorecard

- Is there a reasonable balance of color so that there is not too much green or too much red?

**Readability**
- Can “consumers” of the measures and targets make sense of the visuals?
- Are the colors sending the right messages?

**Communication**
- Are some screenshots being sent out to draw attention to the process?
- Can people log in and navigate with relative ease?
- Are some notes included on the website to explain unique issues (e.g. red, etc.)

**Changes Needed**
- What changes need to be made based on the data, measures, and targets?
- What strategic adjustments are needed in the next week, month, or quarter?
- Who is going to take responsibility for what?

**Punishment or Learning**
When it comes to the topic of performance measurement, many will be concerned about the purpose of the process. While some organizations take a punitive or draconian approach to performance review, most healthy organizations take a more balanced approach which includes these considerations:
- Yellow/Red colors should not automatically mean that something has gone terribly wrong. Instead, it should be a flag that triggers inquiry, learning, and adjustment
- Learning should be the primary mode of investigation when performance comes up short.
- All green is not necessarily a good sign. If all measures color green, it typically means that a recalibration is needed. When all measures are green, a third of them should be reviewed and considered for recalibration which may include raising the bar on some of the target thresholds.

**Five Traps of Performance Management**
In his 2009 HBR article, “Five Traps of Performance Management,” Likierman highlights some common issues that impact leaders and managers:
- **Measuring Against Yourself:** It is preferable to have at least a portion of your measures benchmarked against external sources and/or standards.
- **Looking Backward:** This refers to the important balance of leading and lagging indicators. At least half of your measures should be leading indicators to offset the backward looking lagging indicators.
• **Putting Faith in Your Numbers:** Your measures should focus on the most strategic areas, be meaningful, and include both qualitative and quantitative features.

• **Gaming Your Metrics:** This is one reason to involve an outside consultant to regularly audit your measures and data to make sure that staff members are not cooking the books.

• **Sticking to Your Numbers Too Long:** If your measures are all annual, the time lag is too great to be adequately responsive. This points toward the value of a monthly review.

### Application Questions

• Do you currently have any regular times set aside for the discussion of strategic issues or strategy review?

• What is the color mix of your measures? What should you do if there is too much green or red?

• How many hours each month does your team spend on strategy?

### Internet Resources

Best Practices in Performance Measurement (An extensive study done by the National Performance Review related to governmental agencies).


Guidebook for Performance Management (A thorough guidebook published by University of Washington related to healthcare)

[http://www.turningpointprogram.org/Pages/pdfs/perform_manage/pmc_guide.pdf](http://www.turningpointprogram.org/Pages/pdfs/perform_manage/pmc_guide.pdf)

### References


