

# Beyond Scorecard and Dashboard Reporting

by Robert D. Anderson



**W**hy do organizations fail to implement strategic plans even after investing a vast amount of resources into scorecard and dashboard reporting systems? Was the strategic plan wrong? Was the scorecard or dashboard reporting process inadequate?

In almost every situation, the problem has nothing to do with the quality of the strategic plan or an inadequate metric-reporting system. Many times, management hasn't gone beyond scorecard and dashboard reporting to align corporate strategic plans with division, department, and staff-performance goals. When this alignment is lacking, management time and resources are wasted. Also, staff becomes highly frustrated trying to relate their job responsibilities to the measures they are being asked to achieve.

Even worse, many of these scorecard and dashboard reports are being created by executive assistants without the involvement of or input from the operational management team responsible for achieving the results of the strategic plan. In an effort to eliminate some of the operational management team's frustration over the measurement process, these executive assistants are saying, "Don't worry about these reports, I will develop them for you." This approach will widen the gap between the "numbers" being reported and the reality of what is happening within the

organization in implementing the strategic plan. Unless operational management has an active role in reporting results, the metrics will serve little value as an effective management tool to implement and monitor strategy.

Staff members are highly frustrated when they don't understand how their daily work contributes to the strategic plan outcomes. Thus, it shouldn't surprise us that most employees have little or no idea how they can make a positive contribution to the organization's strategic

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*“Reports should be created with the involvement of those responsible for achieving the results of the strategic plan.”*

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plan, if they don't understand why these scorecard and dashboard reports are being used to measure their results.

As one employee said about the measurement reports he was to provide for his area of responsibility, "I am in a no-win situation. I am being measured against a strategic plan that I don't understand and am reporting a bunch of numbers that have little relationship to what I am doing."

**Looking for Results.** Many organizations strain under mounting pressure from boards to report results that ensure organizational accountability in achieving strategic plan results. In most cases boards are receiving reports that basically consist

of columns of numbers that compare the previous month's results to the same period of time last year. Even if the annual strategic plan hasn't changed from last year, these types of metric comparisons have very limited value in demonstrating the success or failure of the current strategic plan implementation.

A good performance-focused scorecard or dashboard reporting system is essential to monitor the success of any organization's strategy. But you will never know whether or not the right activities of the organization are being measured unless the reporting system is focused on measuring the effectiveness of the strategic plan's actual implementation.

Before a scorecard or dashboard report can truly reflect the organization's results, the activities and processes of each division, department, and employee must be aligned with the strategic plan being implemented throughout the organization. This means employees need to understand, accept, and know how they can contribute to the results of the strategic plan.

The strategic plan needs to be so imbedded in each employee's decision-making process that they are continually asking, often on a daily basis, "How is my work creating value and having a positive impact in reaching the strategic plan operating objectives?" If you really believe that the success of implementing the strategic plan has a direct relationship to your employees' understanding of how their job performance impacts the strategic plan, your reporting process is on the right road to being more than just a "bucket of numbers." It is a combination of effective organizational behavior and relevant performance reporting that leads to operational success in implementing strategic plans.

**The Budget Reporting Trap.** A major misconception about scorecard or dashboard reporting is that the budget process will give management and governing boards the assurance that strategic plans are being achieved and properly monitored. When budgets drive the strategic plans, most strategic plans will be “dead on arrival” before the start of the fiscal year. Worse yet, the typical budget process is often the cause of dysfunctional, misguided, and unethical managerial behavior in achieving the budget numbers.

A few reasons why the typical budget-process approach to measuring an organization’s results will kill a strategic plan:

When management understands that their main priority is to meet short-term financial objectives and eliminate budget variances, this will encourage incremental organizational thinking among staff, which tends to set a ceiling on growth expectations and a floor for cost reductions. Short-term operating decisions will be made when management is always pushing the objective of “meeting the numbers.”

When budget variance reports only measure what *has* happened

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(lag measures), as opposed to what is happening (lead measures) in relationship to accomplishing the strategic plan, budget variance reports are typically extrapolations of existing trends with little attention being paid to anticipatory projections. This in turn is supported by traditional accounting systems that report the cost of everything and the value of nothing.

Unless executives recognize that performance targets need to be relative, not fixed, and based on ever-changing, emerging opportunities, or threats, the organization will be constrained, misuse resources, and achieve sub-optimal performance. Combine this with an aggressive management-by-the-numbers leader, the old adage, “What gets measured is what gets done,” will be replaced by “What gets measured is only what gets reported.”

**Strategy Focused Measures.**

So how does one go beyond scorecard and dashboard reporting, shifting from only a performance emphasis on “meeting the numbers” to a metric reporting process that monitors and encourages employee performance toward alignment with the strategic plan? Following are eight strategic management processes that will achieve these results:

1. Develop and communicate strategic plans in ways that motivate employees to do their best in creating organizational value and alignment. The Balanced Scorecard Strategic Management System—properly implemented—has been proven to be one of the best management tools to achieve this implementation goal.
2. Align the strategic plan objectives and targets with employee performance goals and cross-departmental initiatives. In other words, engage everyone in the long-term success of the organization.
3. Use measures as a tool to communicate how the strategic plan is to be accomplished, not as a way to control people’s behavior and performance.
4. Use a few key performance indicators to bring understanding and focus to strategies’ critical priorities, not a mass of detailed reports that mainly compare

performance to last year and often obscure true assessment of current strategic progress.

5. Align the strategy planning and budgeting efforts into a continuous and inclusive process, rather than a top-down annual event.
6. Report on only those aspects of the ministry that drive the strategic plan and focus on how you want the strategic plan implemented.
7. Balance the reporting process with financial and non-financial key performance indicators to set stretch targets for maximization of long-term value.
8. Establish a quarterly-rolling financial forecast report that looks five quarters ahead and differentiates between spending for strategic and non-strategic expenditures.


Unless measures directly relate to the implementation of a

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strategic plan, employees cannot understand how they can contribute to successfully achieving strategic plan results. The outcome will be an organization that doesn’t go beyond basic scorecard and dashboard reporting.

In the end, it is people and strategy, not numbers, that we want to manage to ensure long-term success. 

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