

# Foreword

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It has been almost 20 years since Bob Kaplan and I published the initial article about the Balanced Scorecard. Since that time, we have published five books that have sold over one million copies in 22 languages. Research shows that companies using the Balanced Scorecard (BSC) achieve 30 percent greater growth in shareholder value than companies using some other approach to performance management. Many organizations are now creating their “Office of Strategy Management” in an attempt to replicate these results.

How does the BSC approach to performance management help leaders achieve such results? I believe there are two essential ingredients:

1. *Focus* – Organizations are made up of thousands of people, each with their own unique set of skills and their own unique view of organization objectives. To succeed, these people must adopt one common view of the organization. That common view of purpose is the organization strategy. The BSC is effective because it helps to clarify and translate the organization strategy into a critical few objectives that can be measured and acted upon.
2. *Alignment* – With the critical few strategic measures as the target, all parts of the organization can become aligned. It begins with the alignment of executive teams and the Board, cascades to business units, support units, external partners and ultimately to every employee of the organization. To be successfully executed, strategy must be everyone’s job.

How does the Balanced Scorecard achieve focus and alignment? Many people know the BSC as a set of methodologies and tools for managers. The approach is known for methodologies such as Strategy Maps, Strategic Themes, Balanced Scorecards, Cascades, Stratex (Strategic Expenditures), Strategic Readiness, Strategic Change Agenda, etc. These tools, and others like them, present a degree of structure that allows organizations to cut through the complexities inherent in their size and structure. The toolkit of the Balanced Scorecard appeals to the engineers among us that look for structure to deal with complexity. The BSC appeals to our “left brain.”

Our experience, however, indicates that effective leaders need more than a toolkit. Successful leaders are *intuitive*; they have a sense of what needs to be done. Successful leaders are *change agents*; they need to create a sense of urgency. Successful leaders are *communicators*; they need to simplify and target complex messages. Successful leaders are *motivators*; they need to show “what’s in it for me.” Successful leaders have a strong “right brain.”

The reality of a performance management system is that it must support both the left brain (structure) and right brain (intuitive) of a user. In fact, the left and right brain activities should be integrated. An executive senses a need to improve the teamwork of his/her management team (a “right brain” need). Jointly building a strategy map (a “left brain” approach) helps create the teamwork. An executive senses a need to break down traditional siloes (a “right brain” need). Cascading the strategy map (a “left brain” solution) helps to cut across siloes and create a holistic view of the organization.

We tend to think of a performance management system as a collection of structured methodologies and tools. By its very nature, it is easier to describe that which is structured than that which is unstructured. I believe the Balanced Scorecard approach has been effective, in part, because the left-brain structured approaches complement the right brain needs of a leader.

But what are these leadership needs that help mobilize, focus and align the organization? This is where the work of Phil Jones makes a unique contribution to the field of performance management. Using the BSC/Strategy Map methodologies as his point of departure, Phil describes their use in practice from the perspective of a facilitator. He asks the simple question, “What happened here?” Why did an executive team come to the conclusion that they did not agree upon the strategy? Why did it happen in this meeting instead of the hundreds of other meetings where these people worked together? They used a Strategy Map. How did this influence the “quality of conversation”?

This book is a “drivers manual” for anyone who is implementing a Balanced Scorecard performance management system. Whether you drive on the left or the right, it is required reading.

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