

Plan first, then act

Balanced scorecards work best to improve performance and drive strategic change when the strategic plan they support is clear and focused. Gavin Lawrie of **2GC Active Management** tells Jim Banks how to develop robust business plans.

Businesses are engaged in an endless process of embracing corporate transformation as they alter their very structure as they strive to meet the dynamics of increasingly competitive, global markets, for example by becoming more efficient.

Corporate transformation and strategic development are big challenges for any company, made easier by having the right tools to focus management's attention on achieving its strategic vision. Too often, however, companies reach for the tools before developing a clear blueprint for change.

Grasping in the dark

Many companies are familiar with balanced scorecards. Having developed significantly since the 1990s, they help organisations to develop plans that are better aligned with a strategy and manage their implementation more effectively. However, they are a means to an end, not an end in themselves.

Gavin Lawrie, founder and managing director of 2GC Active Management, explains:

'People expect scorecards to be easy to use, often imagining that they can be designed without senior management involvement. balanced scorecards are for designed to give senior managers greater control over the implementation of their strategy. The best way of ensuring the strategy is reflected in a balanced scorecard is to have these same managers directly involved in its design.'

2GC is a consulting company specialising in performance management, including the design and implementation of third generation balanced scorecards.

Lawrie says: 'We work with groups that have collective responsibility – perhaps the board or the IT department – to develop and implement strategy. We help them design balanced scorecards that give them feedback on what the organisation is doing to achieve these goals, and how effective these actions are.'

Planning for success

Lawrie believes there is a clear process behind successful strategic change: articulate what strategic goals are expected of you, identify what you can do to satisfy these expectations, develop a plan and communicate it effectively, then monitor its implementation so you can intervene if things are not going to plan.

He says: 'These elements give you the ability to manage the strategic process. Balanced scorecards help a team to handle the process. They drive tangible, credible intervention in management projects as they develop.'

'The scorecard must reflect strategic alignment, so we get the measures pointing in the same direction. You need to pick measures you can justify and which are useful.'

Finance teams often are the focal point for performance management. To provide the best advice, they need to appreciate how it works in the strategic context.

Lawrie explains: 'Strategically driven change projects are pervasive, but for these to achieve their aims they need to be monitored. Someone has to reassure the board that any management team or project is working well. Typically this falls to the people in control of finance, along with budgeting, planning, reward and remuneration.'



Once clear strategic goals are in place, balanced scorecards can provide a valuable monitoring mechanism, but they are only effective if they are designed well. Lawrie comments: 'Most of our work is done in helping firms with the design process. The balanced scorecard needs to be aligned with the strategy – we are good at helping teams identify the critical elements of the strategy which makes it easier for them to then pick measures they can justify and which are useful.'

'It takes quite a lot of time and resource to design a balanced scorecard. As a result it is important to get it right first time. While this can be done in-house, with our help organisations can design balanced scorecards more quickly and reliably than otherwise.'

'Implementing strategy is recognised as important, but it is hard and often not done well. We put in place mechanisms to help.'

The balanced scorecard is an unusual tool, in that it has evolved and improved since it was first introduced in 1992. It is clear from talking to 2GC that in its most modern form, it has become powerful and effective tool to support the achievement of strategic goals - worth finding out more about. ■

Further information

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