

Design

Design of a Balanced Scorecard ultimately is about the identification of a small number of financial and non-financial measures and attaching targets to them, so that when they are reviewed it is possible to determine whether current performance 'meets expectations'. The idea behind this is that by alerting managers to areas where performance deviates from expectations, they can be encouraged to focus their attention on these areas, and hopefully as a result trigger improved performance within the part of the organisation they lead.

The original thinking behind Balanced Scorecard was for it to be focused on information relating to the implementation of a strategy, and perhaps unsurprisingly over time there has been a blurring of the boundaries between conventional strategic planning and control activities and those required to design a Balanced Scorecard. This is illustrated well by the four steps required to design a Balanced Scorecard included in Kaplan & Norton's writing on the subject in the late 1990s, where they assert four steps as being part of the Balanced Scorecard design process:

1. Translating the vision into operational goals;
2. Communicating the vision and link it to individual performance;
3. Business planning; index setting
4. Feedback and learning, and adjusting the strategy accordingly.

These steps go far beyond the simple task of identifying a small number of financial and non-financial measures, but illustrate the requirement for whatever design process is used to fit within broader thinking about how the resulting Balanced Scorecard will integrate with the wider business management process. This is also illustrated by books and articles referring to balanced scorecards confusing the design process elements and the balanced scorecard itself. In particular, it is common for people to refer to a "strategic linkage model" or "[strategy map](#)" as being a balanced scorecard.

Although it helps focus managers' attention on strategic issues and the management of the implementation of strategy, it is important to remember that the balanced scorecard itself has no role in the formation of strategy. In fact, balanced scorecards can comfortably co-exist with strategic planning systems and other tools.

[\[edit\]](#) Original design method

The earliest Balanced Scorecards comprised simple tables broken into four sections - typically these "perspectives" were labeled "Financial", "Customer", "Internal Business Processes", and "Learning and Growth". Designing the Balanced Scorecard required selecting five or six good measures for each perspective.

Many authors have since suggested alternative headings for these perspectives, and also suggested using either additional or fewer perspectives. These suggestions were notably triggered by a recognition that different but equivalent headings would yield alternative sets of measures. The major design challenge faced with this type of Balanced Scorecard is justifying the choice of measures made. "Of all the measures you could have chosen, why did you choose these?" This common question is hard to answer using this type of design process. If users are not confident that the measures within the Balanced Scorecard are well