



Strategic Delivery of Service Excellence: The Balanced Scorecard Approach

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Pursuit of Service Excellence: Progression of Thinking and Practices

- Traditional: Service Excellence on the Ground
 - Tactical; Low-Level; Staff-Dependent
- Japanese Approach: CI and TQM
 - Operational/Marginal Improvements; SOPs; Emphasis on Quality Culture; Program
- Process Reengineering: BPR and Breakthroughs
 - Quantum Improvements; Disruptive; Periodical
- Service Excellence As Strategic Thrust
 - Becoming A Service Strategy-Focused Organisation



Strategic Management for Organisations

- Strategic Management: must start with a ***Vision*** (where you want to go)
- Then follow through with a ***Strategy*** (what you must do to get to where you want to go)
- Strategic Management of Service Excellence: Building a ***Service Excellence-Based Vision*** and Executing a ***Service Excellence Strategic Thrust***
- Becoming a ***Service Strategy-Focused Organisation***



Strategic Management for Organisations

- Implementation of Strategy: needs to be managed through *Measures*
- The **Balanced Scorecard**: a powerful and helpful *Strategy Management and Measurement System*
- The BSC: a Strategic Approach Towards Service Excellence; helps to build the Service Strategy-Focused Organisation



BSC As Strategic Management System: The Fundamental Concepts

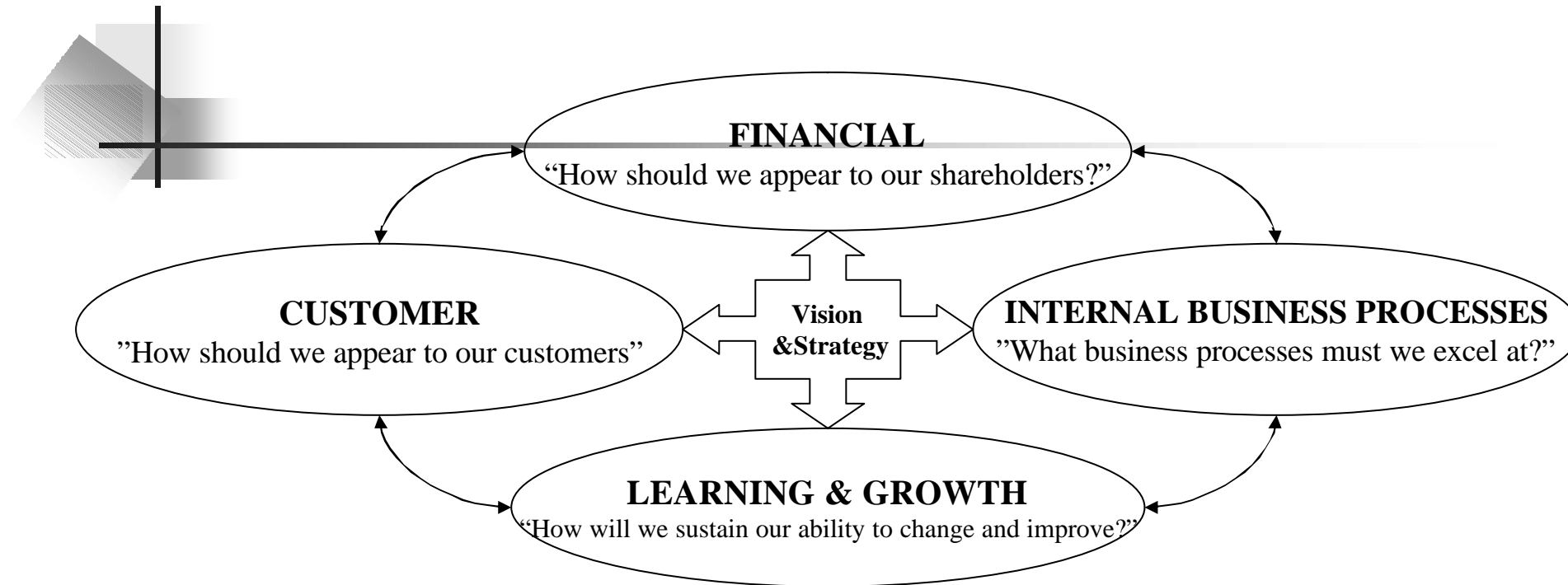
- Four Basic Ideas in a Balanced Scorecard
- BSC as a Measurement System
- BSC as a Strategy Management System



What is a Balanced Scorecard?

- Financials versus Non-financials
- Short term versus Long term
- Outcomes versus Drivers
- Generics versus Strategy-specifics

THE BALANCED SCORECARD



A Balanced Measurement Framework

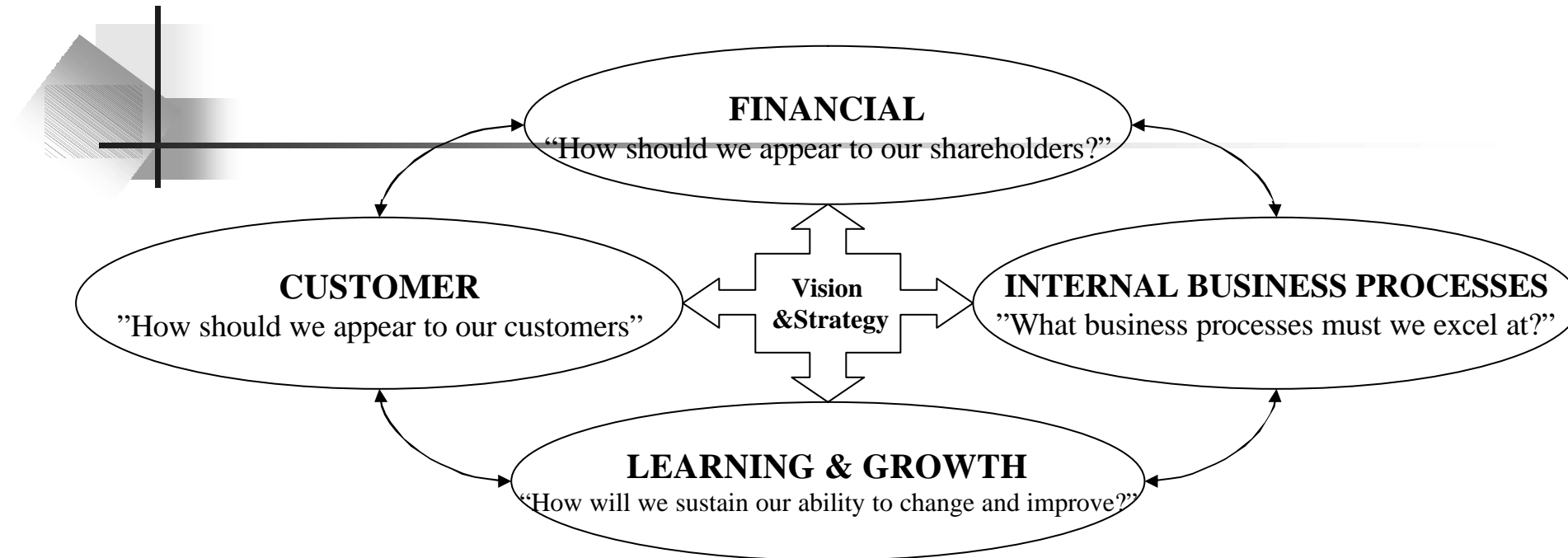
Four Perspectives

Short Term Versus Long Term

Financial Versus Operational

Outcomes/Lags Versus Drivers/Leads

THE BALANCED SCORECARD



A Strategic Management System

Translates Vision and Strategy

Coherent and Linked Set of Measures

Generic and Strategy-specific Measures

Not dealing with control, but Communication, Information and Learning

The BSC As Strategy Management System: The Overall Operational Template



Vision:

Strategy:

Strategic Objectives	Lag		Lead		Programmes
	Measures	Score Target	Measures	Score Target	
Financial Perspective					
Customer Perspective					
Internal Business Processes Perspective					
Learning and Growth Perspective					



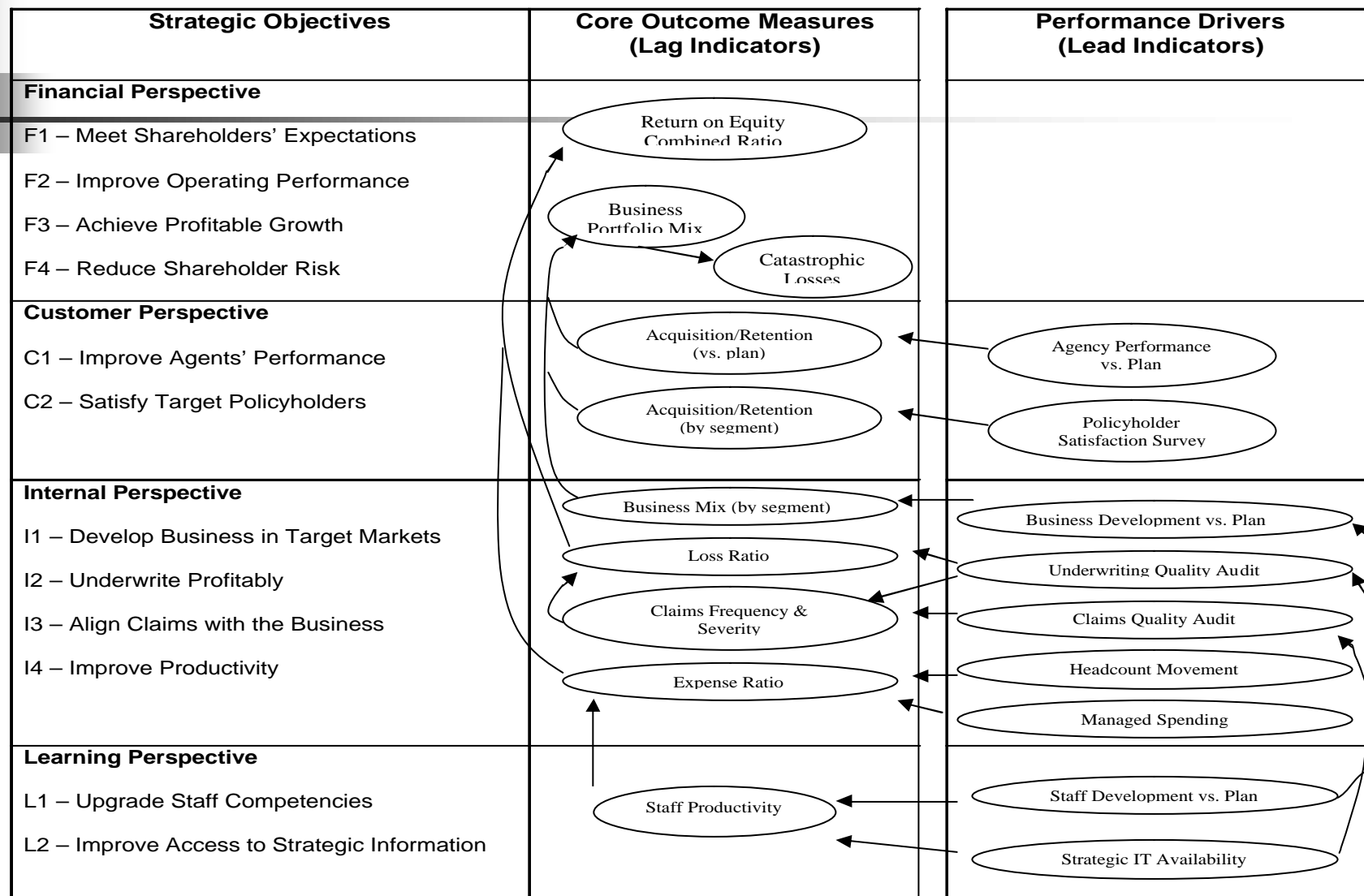
The BSC As Strategy Management System: The Overall Operational Template

Programmes

Annual Work Plan Schedule

Budget

BALANCED SCORECARD EXAMPLE: INSURANCE INDUSTRY



Source: Kaplan and Norton (1996)

BALANCED SCORECARD EXAMPLE: HOSPITALITY EXAMPLE

Strategic Objectives	Strategic Measurements	
	Lag Indicators	Lead Indicators
Financial		
F1 – Improve Revenue	% Growth in Total Revenue	
F2 – Improve Cost Effectiveness	New Product Revenue Operating Costs per room Labour Cost (% GOP)	
Customer		
C1 – Increase Customer Satisfaction	Customer Satisfaction Index	Number of Contacts/Meetings with Guests by GRO
C2 – Increase Satisfaction “After the Sale”	Customer Retention (% of Repeat Customers)	
Internal		
I1 – Create Innovative Products	Number of New Products	Product Development Cycle Time
I2 – Cross-Sell Products	Cross-Sell Ratio	Hours with Account Decision Makers
I3 – Minimize Operational Problems	Number of Complaints	Number of Process Reviews
I4 – Responsive Service	Request Fulfilment Time	New Usage of Guest History System
Learning		
L1 – Encourage Employee Participation	Number of Employee Suggestions	Number of Social Interaction Events
L2 – Enhance Employee Satisfaction	Employee Satisfaction Index	Number of Internal Promotions to Key Positions
L3 – Promote Employee Training & Development	IT Literacy Rate	% of Budget on Training & Development
L4 – New Knowledge Creation	Number of Improvement Ideas Implemented	Number of Ideas under Review



BSC: Key Benefits

- ***Clear Vision & Strategy Statements***

- Description of Keywords

- Allows for Comm throughout Org

- Can be very Powerful & Energizing

- Transforms Top Mgt & Rest of Org

- ***Participation & Ownership By Key People***

- The BSC Building Process Helps

- Chance to Create Common Future

- Especially when Cascaded to next Levels



BSC: Key Benefits

- ***Coherent, Intuitive & Logical Framework***

- Understandable

- Operational

- Comprehensive

- Central in Mgt Planning & Review

- ***Operational Review & Analysis***

- Scores versus Targets

- Relationships amongst Measures/Scores

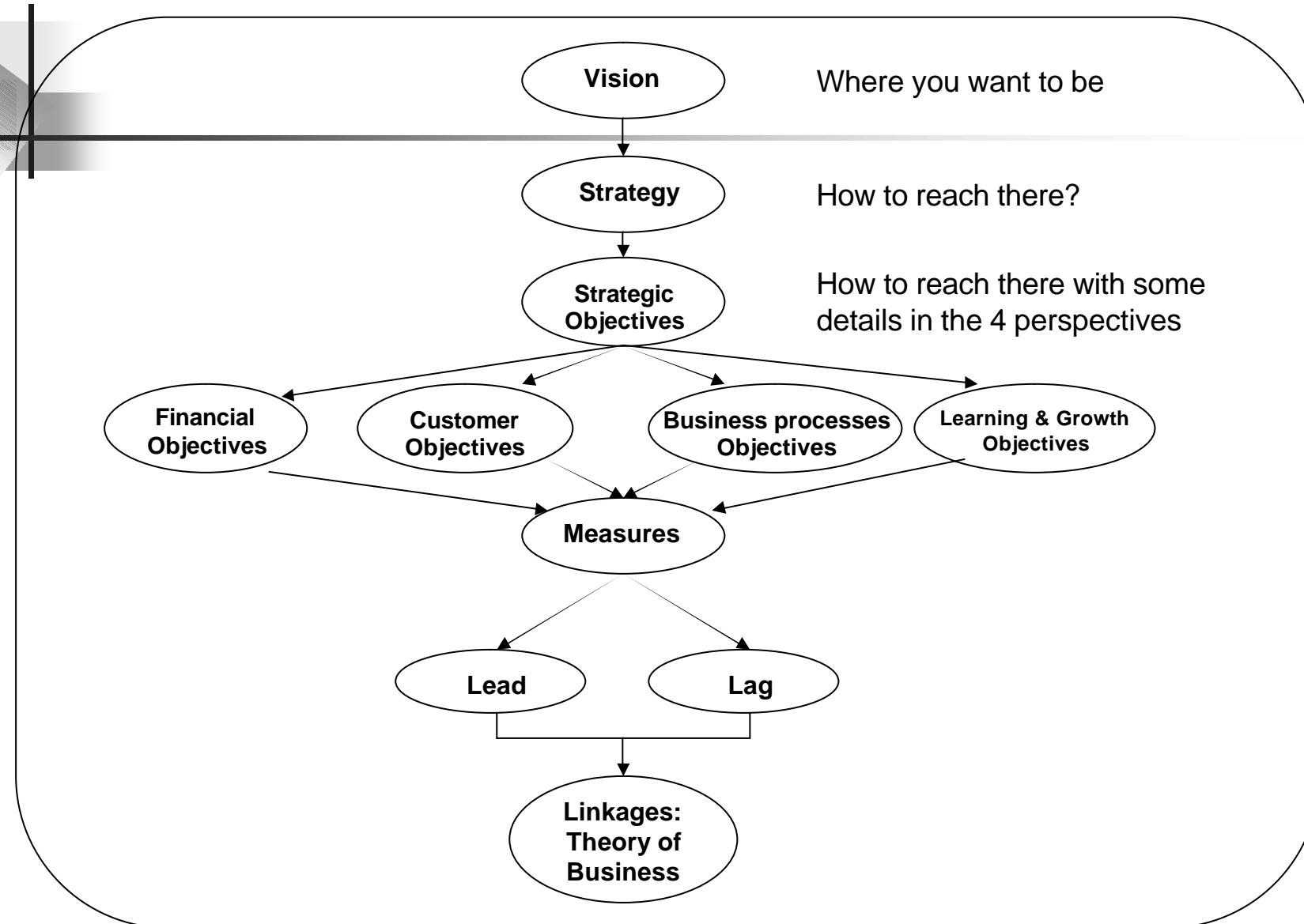
- Insights & Learning



BSC Implementation: Walk your BSC

- ***Make Strategy Everyone's Everyday Job***
Relentlessly using BSC to Communicate Strategy;
Motivate People to Execute Strategy;
Link Rewards/Bonus to BSC
- ***Make Strategy Your Ongoing Management Process***
Use BSC to Drive Programs, Work Plans, Budget/Resource
Allocation, Mgt Reviews
- ***Becoming a Service Strategy-Focused Organisation***
Develop Service Excellence-Based Vision and Strategy;
Build BSC to Translate and Implement Vision & Strategy;
Strategic Management of Service Excellence

THE BALANCED SCORECARD PROCESS





THE BALANCED SCORECARD

The BSC Adoption and Creation Process: A 4-Stage Framework

Stage 1: BSC Teaching Workshop & Vision and Strategy Clarification

Stage 2: Identifying Strategic Objectives and Measures

Stage 3: Fine-tuning Strategic Objectives and Measures & Formulation of Implementation Plan

Stage 4: Finalisation of BSC and Implementation Plan



THE BALANCED SCORECARD

Implementing the BSC

- At the Corporate level (which cascades to SBU level)
- At the SBU level
- At the Industry level