



# **Strategic Delivery of Service Excellence: The Balanced Scorecard Approach**

---

**Hum Sin Hoon**  
**The NUS Business School**



# 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

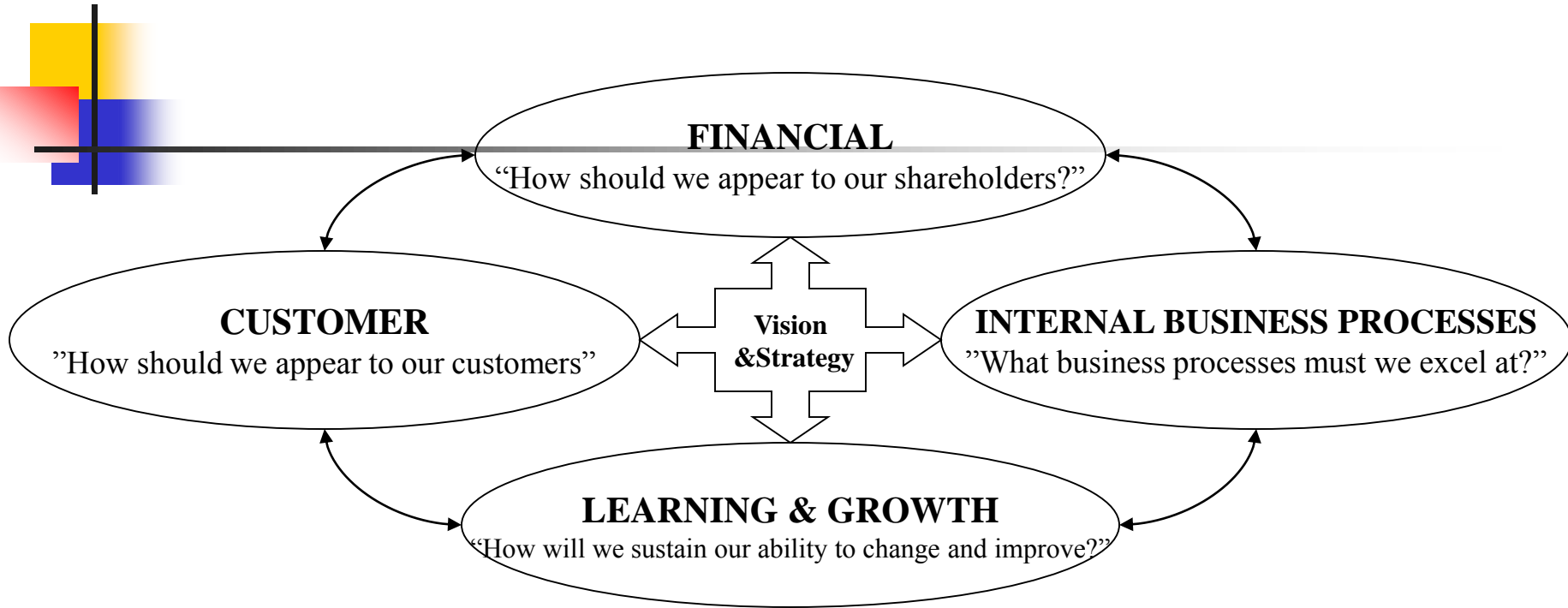


# What is a Balanced Scorecard?

---

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

# THE BALANCED SCORECARD



## A Balanced Measurement Framework

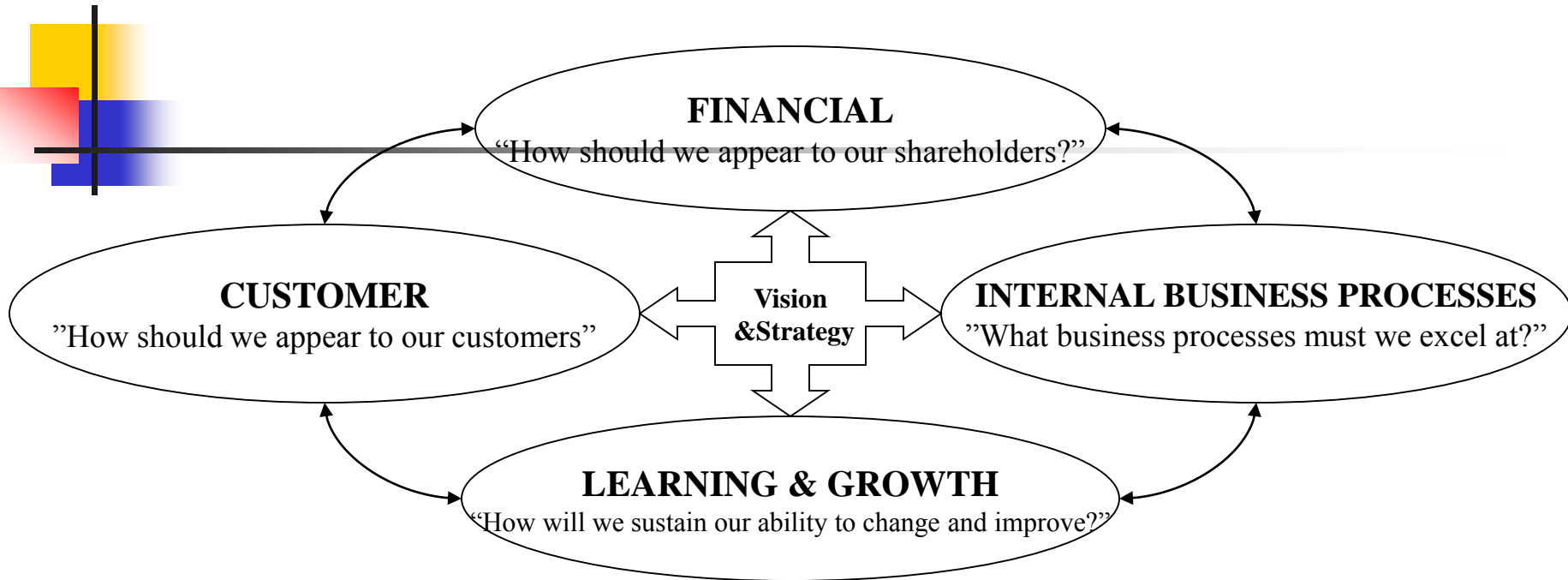
Four Perspectives

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	
<b>Financial Perspective</b>							
<b>Customer Perspective</b>							
<b>Internal Business Processes Perspective</b>							
<b>Learning and Growth Perspective</b>							



# The BSC As Strategy Management System: The Overall Operational Template

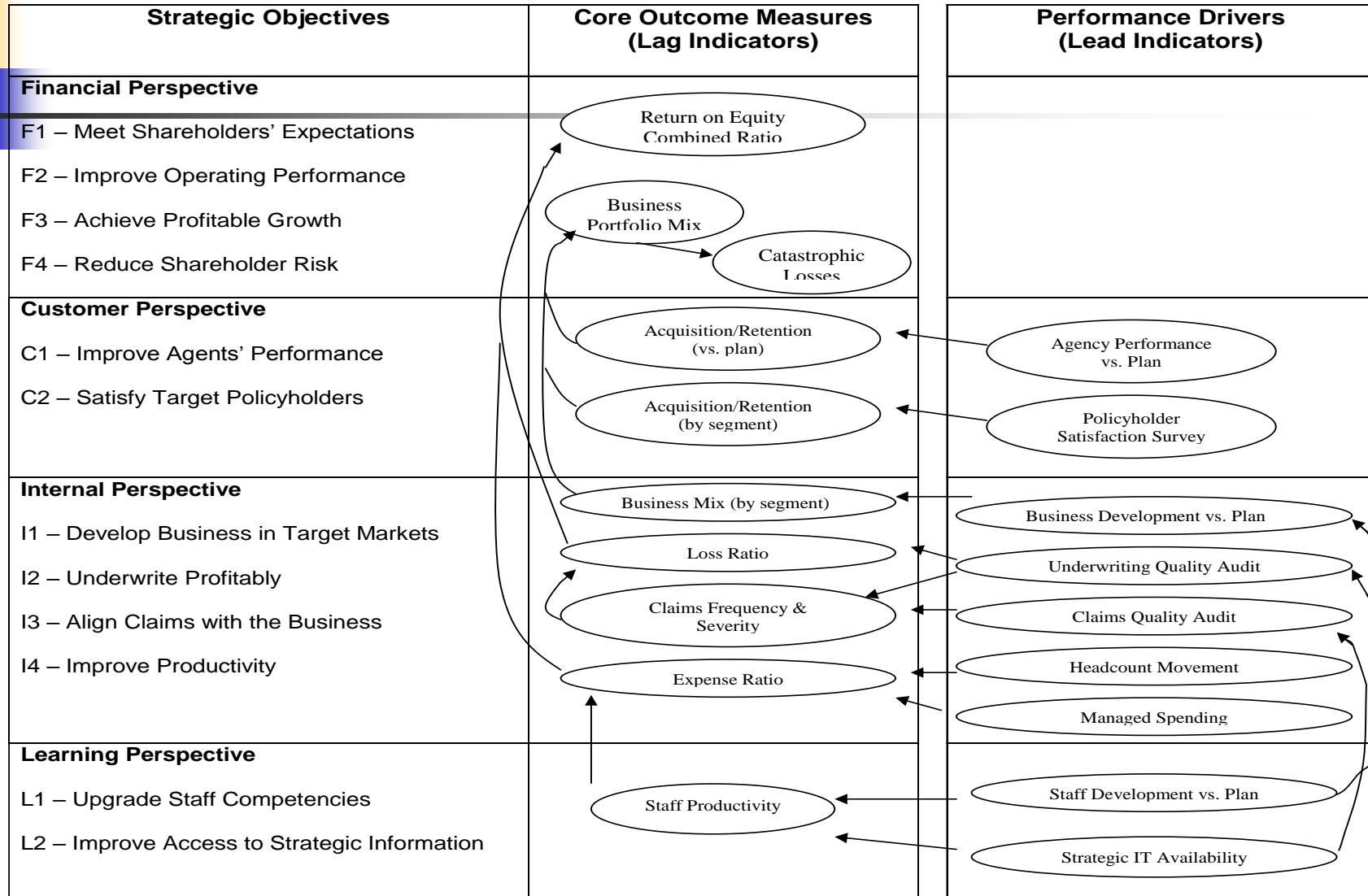
---

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
<b>Financial</b>		
F1 – Improve Revenue	% Growth in Total Revenue New Product Revenue Operating Costs per room Labour Cost (% GOP)	
F2 – Improve Cost Effectiveness		
<b>Customer</b>		
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)	
<b>Internal</b>		
I1 – Create Innovative Products	Number of New Products Cross-Sell Ratio	Product Development Cycle Time Hours with Account Decision Makers Number of Process Reviews
I2 – Cross-Sell Products		
I3 – Minimize Operational Problems	Number of Complaints	New Usage of Guest History System
I4 – Responsive Service	Request Fulfilment Time	
<b>Learning</b>		
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

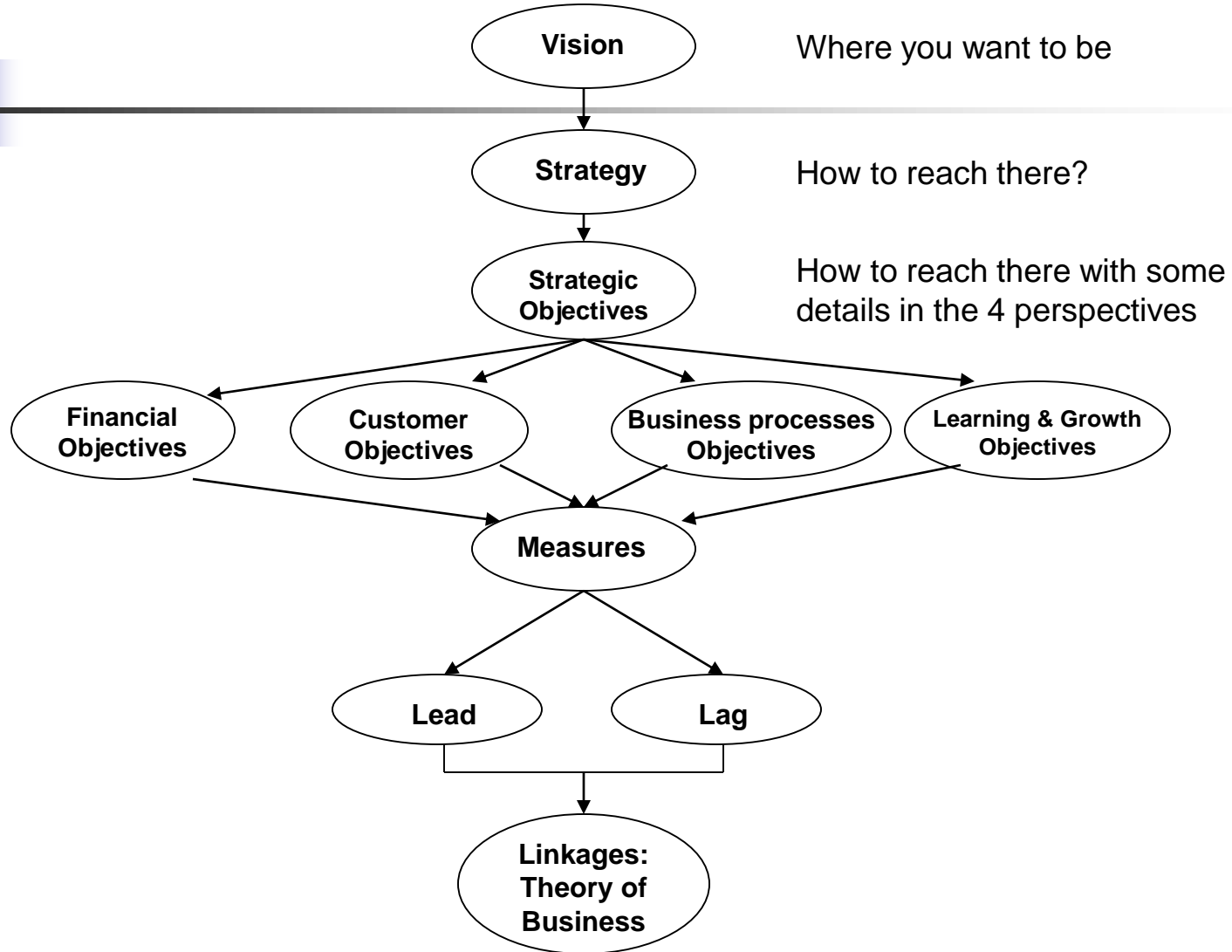


# BSC Implementation: Walk your BSC

---

- ***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