

# ROI Analytical Frameworks: Balanced Scorecard

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ROI: Measuring Value in  
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# Balanced Scorecard Concept

- Comprehensive framework that translates a firm's strategic objectives into a coherent set of performance measures.
- Viewed as an alternative approach to measuring performance from traditional financial metrics:
  - **EBITD, ROA, ROE, ROIC, EVA**



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# Balanced Scorecard Gurus

- Robert Kaplan and David P. Norton
  - “Putting the Balanced Scorecard to Work”, *Harvard Business Review*, Sept/Oct '93
  - “The Balanced Scorecard: Measures That Drive Performance”, *HBR*, Jan/Feb '92



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# Four Block Approach to the Scorecard

- Financial Perspective
- Customer Perspective
- Internal Processes Perspective
- Innovation Perspective



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# Balanced and Clearly Identified Key Performance Measures Create Power

- Selecting a limited number of critical indicators within each perspective helps focus strategic vision
- The four perspectives provide balance between internal and external measures
- Four block defines and communicates priorities to managers, employees, investors and customers



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# Application of Balanced Scorecard to ROI in Executive Development

- What are the four best areas to use for measuring performance in an executive development program?
  - Kirkpatrick levels of program evaluation?
  - Standard balanced scorecard categories?
  - Idiosyncratic to the specific activity?



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# My initial thoughts on the 4 block

Financial	Strategic
Operational	Leadership



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# Key Metrics

<u>Financial</u>	<u>Strategic</u>
Action learning projects Promotion v Recruiting Documented \$\$ benefits	New business/growth Strategic orientation Corp. Transformation
<u>Operational</u>	<u>Leadership</u>
Work unit productivity Process improvements Documented cost saving	Promotion/Retention 360°/Perf. Review Climate, Motivation



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