



Avoiding Common Pitfalls: Ten Success Factors For an Effective Scorecard

All of the following must be in place to avoid common pitfalls:

- I. **Executive Champion.** The role of the Champion is to insure that the measurement process receives sufficient and regular visibility, credibility, and priority.
- II. **Celebrate Wins!! Watch Out!** Failure to do this step properly will create disastrous results. Change management fails when the underlying business processes do not support the right metrics. The first step of change management is to create milestones that can be celebrated to gain buy-in from participants. Through proactive communication, consequence management, and employee recognition the measurement initiative will provide a level of importance that all employees can acknowledge.
- III. **Constituency Alignment.** The foundation for a Scorecard is its alignment with the company's overall strategic plan, financial engineering, operations, and workforce. Success is evident and prevalent when convergence of multiple initiatives aimed at improving the Scorecard measures come about together. Each piece of the organizational measurement puzzle is essential to create the picture that each employee must see to insure organizational success.
- IV. **Timely and Accurate Data.** If the credibility of the measures becomes questionable, then the trust in the measurement system is broken. Broken trust results in failure. The most common data pitfalls are faulty data, multiple versions of the truth, or that the data does not link to an impact and is therefore irrelevant. A committee or team should be assigned the accountability of ensuring data quality is ensured.
- V. **Accountability.** *Who is responsible for results?* Accountability must be both visible and auditable. Action requires documentation all too often people plead ignorance when a task is not completed and

Tangible Benefits of Scorecards

In today's economic environment, the struggle of many organizations are similar:

How do I engage the workforce and hold them accountable?

How do I get people to understand the business?

How do I do more with less?

How do I grow my people and my business?

However, the cultural context in which each of these issues exists is unique.





leaders find themselves without a visible and auditable system to remove this excuse. Collective accountability and urgency through linkage to Scorecard performance during the communication process serves as a tool to engage all employees. Performance management depends on employee motivation which depends on accountability. Accountability is improved with transparency, aligned constituents, clear vision, mission, and objectives, and proper motivation.

- VI. Impact Measurable Results.** The Scorecard should produce daily, weekly, monthly results which ensure the business reaches its financial goals and objectives. Measurable results create convergence within your workforce.
- VII. Gaps and Bottleneck Reporting.** Have the team forecast goals, results, and milestones and then monitor and assess over time. Improve the business by identifying gaps and bottlenecks and responding accordingly.
- VIII. Actionable.** To quote Albert Einstein: "Everything counts, but everything doesn't need to be counted." For a Scorecard to be meaningful, it need only contain critical indicators that align and support the financial and operational plans.
- IX. Dynamic.** Things change. Macro and competitive forces outside our control require us to rethink our plans. The Scorecard must contain the flexibility to be dynamic in an ever changing world. The "bend but don't break" defense is an excellent model to deploy to insure the success of your management approach
- X. Distributed.** The Scorecard must be communicated throughout the organization. Many of the initiatives will be carried out and implemented by the line organization. They must know how these initiatives are going to be measured.

In conclusion, a Scorecard will provide focus, accountability and prioritization to all initiatives as well as assessment of individual performance expectations of all staff members from line to management to executives. We invite you to assess your own measurement efforts!





About Ephor Group

Ephor Group makes technology-enabled service businesses investable for private equity. Our approach is proven, pragmatic, and performance oriented. Our proven methodology, the Perform Business Process™ fills in the gaps where expertise and capital are constraining the business. Ephor has a deep track record for creating intense wealth for founders and shareholders.

“Labor-intensive businesses create real results when strategic clarity, operational clarity, and tactical execution are all in alignment.”

- Garry Meier, Strategic Issues Forum May 2005.

