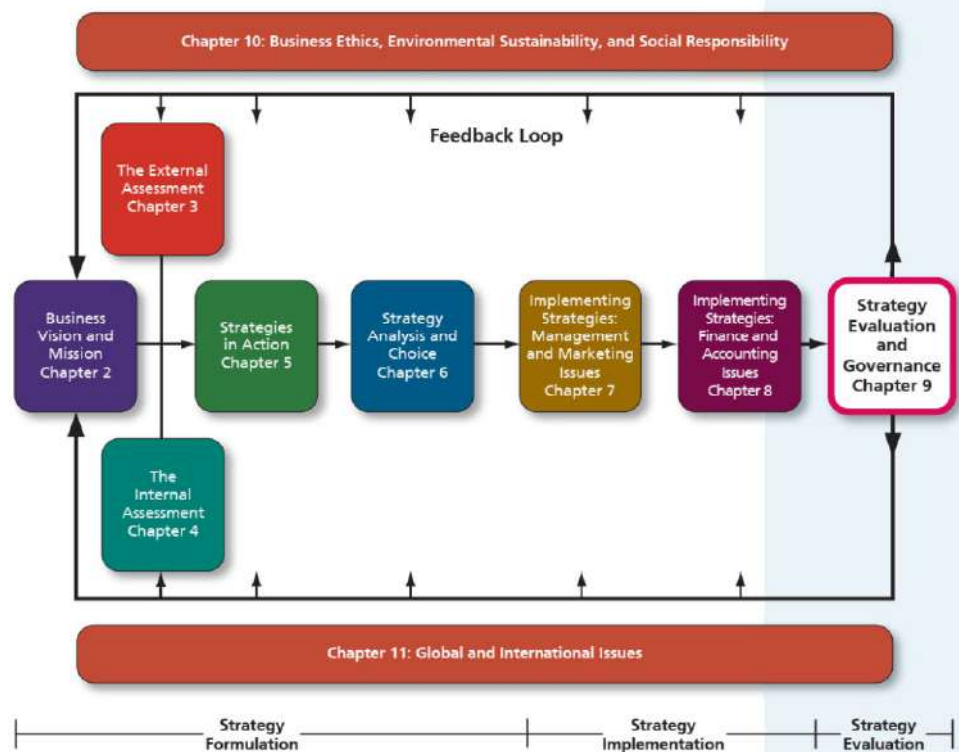


# Chapter 8

## Strategy Evaluation and Governance

### The Comprehensive, Integrative Strategic- Management Model



## *Learning Objectives*

- *After studying this chapter, you should be able to do the following:*
  - *Discuss the strategy-evaluation process.*
  - *Discuss three activities that comprise strategy evaluation.*
  - *Describe and develop a Balanced Scorecard.*
  - *Discuss the role of a board of directors (governance) in strategic planning.*
  - *Identify and discuss four challenges in strategic management.*

## *The Balanced Scorecard*

- *Developed in the early 1990s by Harvard Business School professors Robert Kaplan and David Norton.*
- *A strategy evaluation and control technique.*
- *The overall aim of a balanced scorecard is to “balance” shareholder objectives with customer and operational objectives.*

## *The Balanced Scorecard*

- *The Balanced Scorecard (BSC) is a strategic planning and management tool used by organizations to:*
  - *Align business activities to the vision and strategy of the organization*
  - *Improve internal and external communications*
  - *Monitor organizational performance against strategic goals*
  - *Translate strategy into operational terms*

## *Core Idea*

- *Traditional performance measurement systems focused primarily on financial outcomes.*
- *The Balanced Scorecard expands this by incorporating non-financial perspectives, helping organizations get a more "balanced" view of performance.*

## The BSC Structure

<i>Perspective</i>	<i>Focus Area</i>	<i>Typical Objectives</i>
<b>Financial</b>	<i>Profitability</i>	<i>Revenue growth, cost reduction, ROI</i>
<b>Customer</b>	<i>Market/Customer</i>	<i>Satisfaction, retention, market share</i>
<b>Internal Process</b>	<i>Operational Efficiency</i>	<i>Quality, innovation, process improvement</i>
<b>Learning &amp; Growth</b>	<i>People &amp; Infrastructure</i>	<i>Employee training, IT systems, culture</i>

## Steps to Implement

1. *Translate the Strategy into Objectives*
  - Review the company's vision, mission, and strategic goals.
  - Break these into specific, measurable strategic objectives aligned with each BSC perspective.
2. *Develop Performance Measures (KPIs)*
  - For each objective, define Key Performance Indicators (KPIs) and target values.
3. *Link Strategic Initiatives to Objectives*
  - Map existing or planned initiatives to each objective to show how strategy will be realized.
4. *Implement the BSC System*
  - Choose a tool (Excel, dashboard software like Power BI, or BSC tools like ClearPoint, QuickScore).
  - Assign responsibilities to departments or managers.
  - Communicate the BSC throughout the organization.
5. *Monitor, Evaluate, and Adjust*

## *Strategic Map (or Strategy Map)*

- *A Strategy Map is a visual representation that shows cause-and-effect relationships across the four BSC perspectives. It answers:*
  - *What drives what?*
  - *How does employee training (learning & growth) impact process improvements (internal), which in turn improves customer satisfaction, leading to better financial results?*

## *Common Mistakes to Avoid*

- *Focusing only on financials and ignoring other perspectives.*
- *Using too many metrics (keep it strategic—15–20 KPIs total).*
- *Treating it as a reporting tool, not a management framework.*
- *Lack of commitment from leadership.*
- *Not updating the scorecard regularly*



## Topics for Further Collaboration ...

- *Anthony Wood, Founder and CEO of Roku, Inc. (Page 300 – David Book)*
- *What Country's New Strategy Is Called "Vision 2030"? (Page 302 – David Book)*
- *Achieving Exemplary Business Ethics through Exemplary Transparency (Page 312 – David Book)*

اللَّهُمَّ اسْتَعْمِلْنِي لِمَا خَلَقْتَنِي لَهُ ۝

خدایا مرا در کاری که برای آن آفریدی به کارگیر ...

حضرت زهرا (س)