

## THE BALANCED SCORECARD-AN ENDURING MANAGEMENT KEY FOR SUCCESS

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### ABSTRACT

To deal with the complexity in today's dynamic business environment caused by the existence of global players and continuous technology enhancements, the U.S authors Robert S. Kaplan and David Norton have innovated the Performance Management Tool-'The Balanced Scorecard' as a solution for the modern knowledge economy enterprises. The Balanced Scorecard (BSC) has evolved from a simple Performance Measurement System to an advanced level Performance Management System over the decades. It enables effective communication among all the stakeholders of an organization through Strategy Maps. The BSC also provides accurate information of the various activity levels of the organization, enabling the managers to monitor and control them effectively. The innovation hence acts as an effective and efficient tool for the policy makers to focus on various areas of the organization, which needs attention and strike a better balance between them.

*Keywords: Balanced Scorecard, Management System, Performance Improvement, Metrics, Quality, Objectives.*

### INTRODUCTION

Every organization has its vision, mission, and objectives set in place after its thorough SWOT analysis. People at the executive level invest their valuable time in setting up of the strategic plans. The management of companies also spend huge amount of time in inculcating quality into their system. It is a known fact that with the emergence of opportunities, fierce competition follows and hence managers of the enterprises must strategize all the decision-making processes at different levels for the purpose of achieving competitive edge. With the motive of appraising the company's performance from time to time, to realign the strategies with the changing environment and to compete successfully in the future, organizations resort to adoption of various quality improvement measures such as:

- TQM (Total Quality Management), JIT (Just-in-Time), Six Sigma, TOC (Theory of Constraints), TPM (Total Productive Maintenance), RCM (Reliability Centred Maintenance), Value Driven Maintenance, Lean

Manufacturing, Zero Defect, and the like (Hoque & James, 2000).

- The above measures however lack to blend effectively into the existing system of organizations, where the functionaries work in silos. Immaterial of the method applied to an organization, the real challenge posed for executives is not in setting the goal for the organization or in strategic planning, but in execution of the strategies. This statement has been proved according to the recent study of 'Conference Body Study', which is presumed to be giving trusted insights for businesses worldwide. Strategy execution is the hot topic for Chief Executives today. When we tend to focus our attention towards reporting system, the traditional financial system is flawed as it throws light only on a firm's past performance, but fails to provide sufficient information about how it has to perform in the future. This can be proved by quoting an example that, if a company reduces its customer service levels for enhancing current earnings, then future earnings might