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Employee Engagement in Balanced Scorecards

by Lynn Hunsaker

Key performance indicators are important gages of progress in customer experience management or any other endeavor. Balanced scorecards encourage 360-degree views of progress for a corporation or initiative.

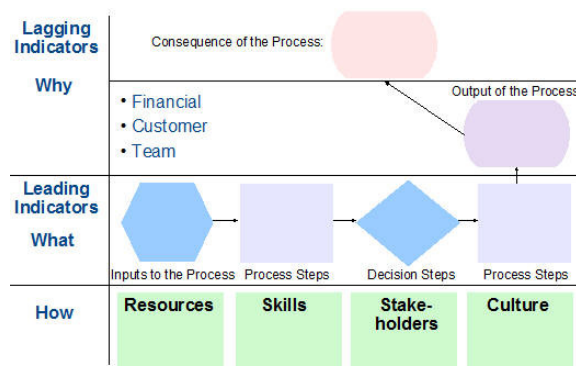
The scorecard typically covers several categories, for example: customer, financial, productivity, and competitive metrics. By linking these categories in a single view, managers may see linkages between these areas and make more holistic, better informed decisions. Of course, the selection of these metrics is quite important, to ensure a truly holistic view with meaningful linkages and subsequent high-quality decision-making.



Finances	Customer	People	Operations	Competitors	Stewardship
<ul style="list-style-type: none"> Revenue Profit Gross Margin EPS Stock Price ROI Payback NPV 	<ul style="list-style-type: none"> Satisfaction Promoters Lifetime Value Turnover Conversions Share of Wallet 	<ul style="list-style-type: none"> Satisfaction Retention Turnover Training Succession 	<ul style="list-style-type: none"> Productivity Efficiency Inventory Delivery Time Cycle Time 	<ul style="list-style-type: none"> Market Share Win-Loss Relative Quality Relative IP 	<ul style="list-style-type: none"> Environmental Safety Philanthropy Association Involvement

For senior executives the traditional balanced scorecard provides insights for steering the corporation or initiative in the right direction. However, these high level metrics may appear out of reach for most employees. The potential impact perceived by most employees in their specific job might be very disconnected from the high-level scorecard

metrics.



You see, the balanced scorecard metrics are likely *process consequences* — things that stakeholders see in the marketplace, such as market share, profit, revenue, earnings per share, net promoter score.

The scorecard metrics also likely include *process outputs*, such as retention, turnover, satisfaction, quality defects, cycle time, productivity, gross margin.

Since all of these metrics are measurable only at the end of the work process, and are already visible at that point to stakeholders, we define these metrics as lagging indicators. *Lagging indicators are extremely important as big-picture views. But because of the timing of their visibility to managers, they are not actionable metrics.*

Leading indicators are lower-level metrics that are actionable by work teams. They include process inputs and in-process control points that provide early warning signals of potential waste, re-work, inefficiency, and ineffectiveness.

Inputs: The old adage ‘garbage-in, garbage-out’ describes why it’s essential to monitor process inputs. These are the materials, information, and other items that go into a process.

In-Process: Process control points refer to the most critical steps and decision points within the process; these points determine whether the output will be acceptable, and whether the process will have re-work, scrap, delays, and associated wasted time and costs.

	Finances	Customer	People	Operations	Competitors	Stewardship
External Metrics						
Process Consequences						
Process Outcomes						
Process Inputs & Control Points						
Process Levers						

Employee engagement in balanced scorecards is enabled by making obvious linkages between high-level and low-level metrics. Consider updating your balanced scorecard with connected levels of metrics: external metrics, process consequences, process outputs, in-process control points, process inputs, metric levers. This visibility builds employee awareness of the role they play in the corporation’s or initiative’s success. It expands morale and passion for continual improvement.

Metric levers are another employee engagement tool in balanced scorecards. Often work teams feel they’re limited by the current definition and makeup of inputs and process steps. Infuse creativity among employees by reminding them of the levers that may be adjusted to enable improvements.

The *how* elements (metric levers) represent capability for the *what* elements (leading indicators). Abundance or lack of *how* factors can spell success or failure of your process. *How* elements are levers you can employ to improve the process inputs and process control points.

- *Resources* include budget, materials, information, space and tools.
- *Skills* include education, expertise and experience.
- *Stakeholders* include anyone affected by the process: workers, management, other functional areas, suppliers, customers, investors, regulators, lawmakers, community, media and so on.
- *Culture* represents attitudes, values, politics, habits and ways of thinking and doing things.

	What Could Improve Inputs?	What Could Improve Control Points?	Ways I Might Influence This Lever?
Resources Budget, materials, information, space, tools			
Skills Education, expertise, experience			
Stakeholders Workers, management, suppliers, customers, investors, community, etc.			
Culture Attitude, values, politics, habits, ways of thinking & doing things			

Self-reporting team recognition and balanced bonus components are also instrumental in catalyzing employee engagement in initiatives. Managers should also place great emphasis on the power of intrinsic motivation factors and building a customer-centric culture in the quest for maximum employee contribution to the organization’s goals.

Note: this article contains excerpts from the ehandbooks *Metrics You Can Manage For Success* and *Customer Experience Improvement Momentum*.

Note: ClearAction has proven templates and business process procedures to help you launch or upgrade your balanced scorecard, employee engagement, and customer experience management.

Find out how to customize these tips to your situation; contact the author lynn.hunsaker@clearaction.biz.