



American Baptist Churches USA

Church Renewal & Organizational Development

A Balanced Scorecard Glossary

Adapted from *Balanced Scorecard: Step by Step for Government and Nonprofit Agencies* by Paul Niven and *The Balanced Scorecard: Translating Strategy into Action* by Robert Kaplan and David Norton

The Balanced Scorecard Approach:

- can help focus the efforts of an organization as well as align its resources to its goals and objectives.
- is ideally created through a shared understanding and translation of the organization's strategy into objectives, measures, targets, and initiatives in each of four Scorecard perspectives.
- is best used as a communication, information, and learning not a controlling tool.
- as with any organizational strategy, is best achieved if implemented at all levels of the organization

For nonprofit organizations, mission moves to the top of the scorecard and influences all four perspectives. The purpose of the balanced scorecard is to demonstrate to the organization's constituents the real difference that the organization is making in the lives of people. The balanced scorecard approach achieves this by balancing four perspectives within the organization...

Customer Perspective: Who are our target customers? What is our value proposition? Most value propositions fall into one of three unique positions (1) operational excellence, (2) product leadership (3) customer intimacy.

Internal Process Perspective: Examples of focus include service development and delivery, partnering, and reporting.

Learning and Growth Perspective: Narrowing the gaps between your current organizational infrastructure of employee skills, information systems, and organizational climate and the levels necessary to achieve your goals in the other three areas.

Financial Perspective: Examples of focus include revenue, profitability, and budget variances.

Lag Indicators: outcomes of actions previously taken – past performance measures. Examples often include financial, membership, and satisfaction measures

Lead Indicators: drivers that lead to the achievement of the lag indicators. What processes and activities will influence future economic and organizational health?