**Green Balanced Scorecard:**

No single measure can provide a clear performance target or focus attention on the critical areas of a business. A balanced presentation of both financial and operational measures is needed.

Metrics for operational efficiency include: Office work processing times, electronic/paper ratios, staff/employee ratio, standardisation, overhead rate, results of customer satisfaction surveys, output quality, and office productivity. The precise data collection and sampling procedures, scales, intervals and calculations of these metrics should be standardised at as high a level as possible in the organisation in order that individual departments can be compared or benchmarked easily and meaningfully. This evaluation will allow managers to identify best practices to expand, areas of poor efficiency to improve, and how the business compares with benchmark exemplars.

Performance measures must be complete, measurable, and controllable. If any of these criteria are absent, the measures will not link to employee's daily operations.

To be successful, the BSC must be driven from the top of the organisation. Initial mobilisation and momentum is required to launch the effort and sustain it over time. Continual focus is required to track best practices, flex to changing strategies, and continually monitor against targeted outcomes.

The customer-focused metrics, employee/learning and growth metrics, and operational efficiency of internal business processes do not replace the financial metrics. They complement the traditional financial indicators with a long-term approach to managing the business. Each measure is assigned an owner (individual or team) who is responsible for performance, data accuracy, and communication. In some instances, measures are counter-balanced and weighted to reflect the relative importance and priority of the measure. Those using the BSC report that nonfinancial metrics enable problems to be identified earlier and solved while they remain manageable.

Four interrelated areas:

1. Organisational capacity
2. Internal processes
3. Customer perspective
4. Financial perspective

**Perspective 1 - Organisational Capacity:**

Organisational capacity can be further broken down into three sections:

* People: Are we deploying our human resources effectively, including employees, partners and suppliers (**Strategic competencies**)?
* Adaptability: Are we responsive and innovative in our approach to changing requirements both internally and externally (**Climate for change**)?
* Environment: Are we dealing with community, environmental and regulatory forces that define our playing field (**Strategic technologies/climate for change**)?

**Strategic Competencies:**

The scorecard assesses the infrastructure that supports your employees. This stresses investment in developing the skills, capabilities and knowledge of employees for the long-term benefit of the business. Employee training and education are two ways in which this can be achieved.

Questions: Do you have the expertise you need in terms of management/workforce? Do you have the expertise you need in terms of management/workforce to drive a green agenda? Conduct an in-depth staff skills survey

If not, where will you get it?

* Internal – training and upskilling
* External – new experienced staff or short-term consultancy?

**Strategic Technologies:**

Questions: Do you have the technology you need for production excellence? Do you have the technology you need to make effective environmental impact reductions without compromising on production excellence?

Possible solutions:

* Outsourcing operations
* Benchmarking
* Metrics and analysis

**Climate for action:**

Questions: Are we open to progress/change?

* Management
	+ Top level buy-in/will
	+ Training or new staff?
	+ Innovation climate
* Economic considerations
	+ How do we make savings without compromising quality and fast cycle times?
* Capacity for R&D
	+ Internal – economic/human stresses
	+ External expertise – expensive?
	+ Flow of new product ideas
* Workforce
	+ Engagement and empowerment
	+ Employee retention

**Perspective 2 – Internal Processes:**

The scorecard focuses on indicators that drive your business forward, such as the number of new products or services you create and new product development time. These procedures are aimed at maintaining good relationships with your stakeholders, as well as your customers.

You may need to create a processes list to show how your main business processes work.

**Four internal processes:**

1. Processes that produce and deliver products/services
2. Processes that enhance customer value
3. Processes that create new products/services
4. Processes that protect/improve environment and society

**Process 1 (products and services):**

* Efficiency
	+ Streamlined production
	+ Energy
	+ Waste
* Quality
	+ Durability
	+ Function
* Staff satisfaction
	+ Clear operational procedures
	+ Functional bottom-up process improvement

**Process 2 (customer value):**

* Brand
	+ Company/product image
	+ Green image
* Quality
	+ Satisfies customer needs
	+ Improved/just-as-good unit function – reduced obsolescence
* Price
	+ Optimal unit cost
	+ Improved unit cost and/or longer functional cycle

**Process 3 (new products/services):**

* Technology
	+ Capacity – management buy-in/time/financial/technology
* People
	+ INFORMED Customer-driven innovation
	+ Skilled staff – internal/external – time and space available for innovation
* Finance
	+ Clear benefits
	+ Customer led
	+ New product lead time

**Process 4 (environmental/social):**

* Community engagement
	+ Local recruitment
	+ Local subsidiary businesses
	+ Social engagement
	+ Local environmental enhancement schemes
* Waste/resource management
	+ Circular economy approach
	+ Industrial symbiosis approach
	+ Responsible procurement
* Energy management
	+ Effective knowledge of energy balance in company
	+ Monitoring/action plans

**Perspective 3 – Customer Perspective:**

The scorecard considers customer satisfaction with your product or service, eg through the use of surveys, focus groups and hard data. It evaluates a variety of factors such as cost, quality, time management, service and innovation, which can help you to add value and make your business stand out from the competition.

You can develop this approach by focusing on low prices through operational excellence, a strong brand image through product leadership, or personalised service through customer intimacy.

Three aspects to the customer perspective:

1. Product
2. Relationships
3. Image

**1. Product:**

* Price
	+ Low unit cost
	+ Increased ‘value’
* Time
	+ On-time delivery
	+ Reduced cycle times due to improved processes
* Quality
	+ Durable
	+ Fit for purpose
	+ Level of returns
* Function
	+ Fit for purpose
	+ Ease of use
	+ Parts/repair
	+ Maintenance

**2. Relationships:**

* Personal relationships
	+ Loyalty schemes
	+ Continuity – who manages customer (familiarity/history)
	+ Retention – customer voice/CRM
* Service relationships
	+ Friendly/fast accurate
	+ Parts and repair
	+ Service rating
* Community relationships
	+ Engagement with local community/subsidiary businesses
	+ Scholarships/bursaries
	+ Sponsorship etc.

**3. Image:**

* Brand
	+ Consistent quality
	+ Green company image
	+ Sustainable procurement
* Benchmarking
	+ Effective benchmarking
	+ Transparency
* Corporate Social responsibility (CSR)
	+ Take-back schemes
	+ Responsible waste management/ reporting

**Perspective 4 – Financial Perspective:**

Key to the balanced scorecard system is the financial health of your business. This means putting in place measures that support profitability, growth, value creation and risk assessment. It may also mean taking into account the value of intellectual assets, if your business relies heavily on innovation.

Two aspects to consider:

1. Productivity
2. Revenue

**1. Productivity:**

* Cost structure
	+ Cost per unit
	+ Market share
	+ Product life cycle
* Asset Management
	+ Physical - TPM
	+ Shares – market value – return on investment
	+ Material – Pull systems/just-in-time – operating margin
	+ Human – cost of skills

**2. Revenue:**

* Enhanced customer value
	+ Customer satisfaction/product loyalty
	+ Customer retention/repeat business/expansion
* New products and services
	+ New revenue sources
	+ R&D/customer voice
	+ Brand image
	+ Transitions
* Government incentives
	+ Funding opportunities
	+ Skills generation