

# FAQ Answer: How can HR and other Staff Functions benefit from 3rd Generation Balanced Scorecard?

## Overview

Responsibility and accountability for many of today's corporate initiatives aimed at enhancing organisational competitiveness falls to staff functions; yet staff functions have limited control over the delivery of these strategic objectives. The 'Balanced Scorecard' is often cited as an effective tool to tackle issues associated with strategic management challenges. In this FAQ we look at the extent to which Balanced Scorecard and specifically 3rd Generation Balanced Scorecard (BSC3) can enhance the ability of HR and other staff functions to manage the delivery of key strategic objectives.

## Benefits of 3rd Generation Balanced Scorecard applied elsewhere in the organisation

Effective Balanced Scorecards are designed to help management teams track progress in achieving agreed targets, and reflect the strategic priorities relevant to those teams. Best practice design processes, i.e. 3rd Generation Balanced Scorecard, take their starting point a shared and clearly articulated description of how the organisation to look at some future date (usually two to five years). Priority strategic objectives (and associated measures and targets) are then selected by looking at the key activities that the management team needs to focus on if the future described is to be realised. (For more information, see 2GC FAQ "What is current best practice Balanced Scorecard")

No other management tool is more effective at translating high-level strategic goals into locally relevant activities and priorities as the 3rd Generation Balanced Scorecard methodology. The holistic structure of best-practice design promotes increased focus on the practical interventions required to trigger changes in behaviours and performance within an organisation. Adoption of such thinking can result increased demand for the use of services provided by HR and other staff functions, such as recruiting, performance appraisal, budget allocation and reporting, Quality Management activities, IT initiatives, etc. Increased focus, formed in the context of a clear strategic 'destination' also can result in more clearly defined demands and requirements being presented to staff functions, supported by stronger sponsorship from other parts of the organisation. Overall, 3rd Generation Balanced Scorecard can improve the quality of demands placed on a staff function such as HR by others.

## Benefits of Balanced Scorecard being applied within an HR or other staff function

3rd Generation Balanced Scorecard describes an attainable future that satisfies the interests of the organisation's stakeholders (the 'destination'), and documents their ideas about how this future state will be obtained (through the description of strategic objectives and their causal links). Divisional and functional management teams can use information from a 'corporate' scorecard to create their own 'aligned' scorecards, each containing a description of a locally relevant strategic 'destination'. Using 'destinations' builds a strong platform to support for further 'cascading' into the organisation in a way that highlights the relevant issues for a division or function. This cascade process should (and normally does) include staff functions such as HR, and the managers of these functions can obtain the same benefits as others from the scorecard such as more effective local strategic management.

## Developing a Balanced Scorecard for an HR or other staff function

Staff functions are unusual in that, compared to other more operational units, the bulk of demands for their services come from other parts of the same organisation. As 3rd Generation Balanced Scorecards often include details of future initiatives relating to use of such services, it makes sense for HR and other staff function scorecards to be developed only once those in the rest of the organisation are complete. (For more on this, see the 2GC Conference Paper: "The Balanced Scorecard as a Communication Protocol for Managing Across Intra-Organizational Borders"). Also, the development process used for HR and staff function 3rd Generation Balanced Scorecards needs to include activities to draw in information about goals and priorities from other parts of the organisation. An assessment

of how these will translate into expectations about the nature and amount of services that will be demanded of the function by the organisation becomes a core input to the scorecard design. Ensuring that these expected demands can be satisfied is often a feature of the function strategy going forward.

## More Information

The [Resources](#) section of the 2GC web site contains other 2GC FAQs relating to the Balanced Scorecard and modern 3rd Generation Balanced Scorecard and also recommendations for books and articles on the subject and links to useful web sites. For information on 2GC's services including our consultancy and training programmes, visit our services section of the web site or email [Services@2gc.co.uk](mailto:Services@2gc.co.uk)

## About 2GC

2GC is a research led consultancy expert in addressing the strategic and performance management issues faced by organisations in today's era of rapid change and intense competition. Central to much of 2GC's work is the application of 3rd Generation Balanced Scorecard, an approach to strategic implementation, strategy management and performance measurement.

2GC ● Performance Management Experts

