

Balanced Scorecard Usage Survey 2018

Summary of Findings

Why conduct a survey?

Since its introduction in the early 1990s the Balanced Scorecard has been one of the world's top-ten management frameworks and the number one framework for Performance Management.

Despite this popularity, little was known about which organisations use Balanced Scorecard, what they use it for and how useful they find it in practice.

In 2008 2GC began a multi-year research project to find some answers to these questions.

Each year since, 2GC has run a simple survey of Balanced Scorecard usage, and released a summary of its findings via survey reports like this one, on [2GC's website](#).

The results of this continuing research activity have improved the use and understanding of the Balanced Scorecard. 2GC has used the information to focus its own development activities on finding improvements to Balanced Scorecard designs and design methods that users and organisations really need.

Who participated in 2018?

Well informed managers in corporate or staff roles: a profile that helps us have confidence in the quality of responses provided.

- we received questionnaires from respondents in 47 countries, the most since we began the survey in 2008, regional distribution was similar to that in previous surveys
- 71% were from the private sector, 29% from public sector and NGOs
- 48% reported being in an executive management role
- 61% said they were extremely or very knowledgeable concerning the Balanced Scorecard.

How did the survey work?

The 2018 survey data capture method was similar to that used in earlier years: the survey was made available via a web-based tool, and respondents were self selecting.

Our Sponsors

As with previous years, we are grateful to the active support in running this survey from our sponsors: click on the logos to the right to get more information.



Who uses the Balanced Scorecard?

Responses show that Balanced Scorecard is used throughout the organisation. Almost three quarters reported use at the Executive level, and over half in functional management. As in previous years, use of Balanced Scorecard at board level was low (36%).

This year's survey had a greater representation from Africa, and lower representation from the Asia region, outside of India.

49% (2017 - 39%) of responding organisations had more than 500 employees: confirming that Balanced Scorecard usage is strongly biased toward larger organisations. Commercial organisations with over 500 employees are much less common than this (e.g. in 2018 only 0.3% of registered commercial organisations reported having more than 500 employees), which strongly suggests that Balanced Scorecard Usage is proportionately much greater in larger organisations than small ones.

Is this what we would expect?

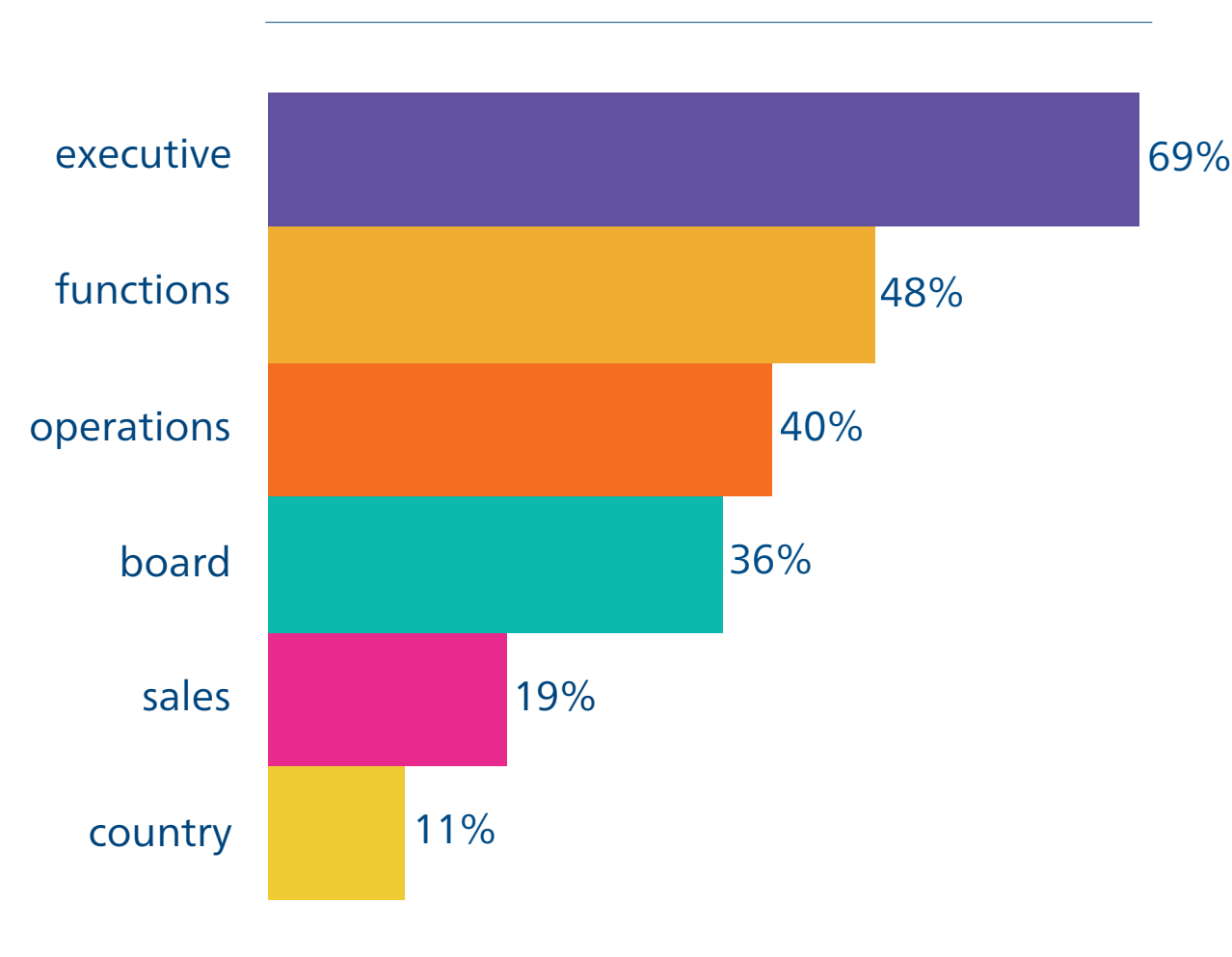
Yes. Balanced Scorecard was originally designed to inform a leadership team of an organisation about the effectiveness of strategy implementation activities. A report of this kind is most useful in organisations where the leadership team is unable to track activities directly (due to number of employees, organisational design etc.) which is confirmed by the survey.

The low numbers for Board level use (36%) are consistent with previous years and so are what we would expect but are disappointing in so far as they indicate that strategy implementation performance is typically not part of Board reporting.

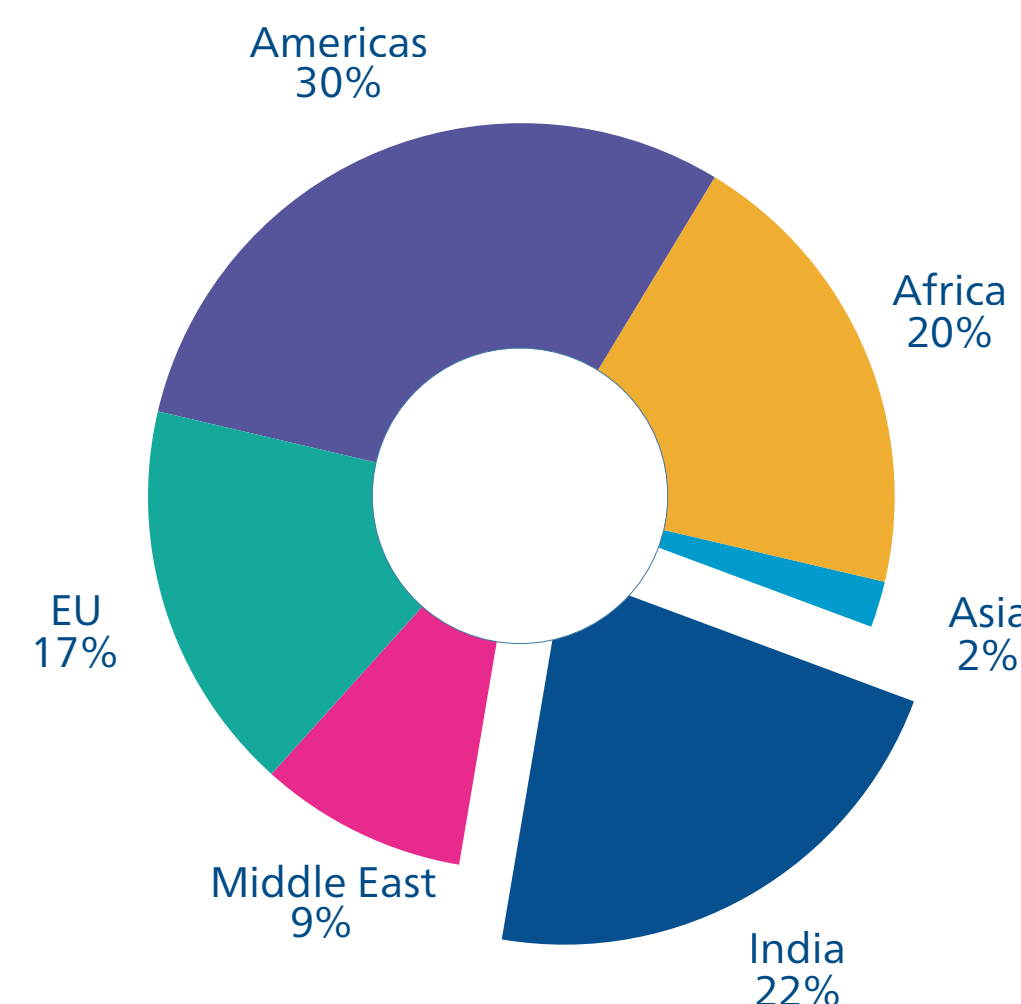
Is this different from the last survey?

No. Balanced Scorecard has become established as the primary tool for reporting on strategy implementation / execution progress to Executive level managers, particularly in larger organisations, and this continues to be so.

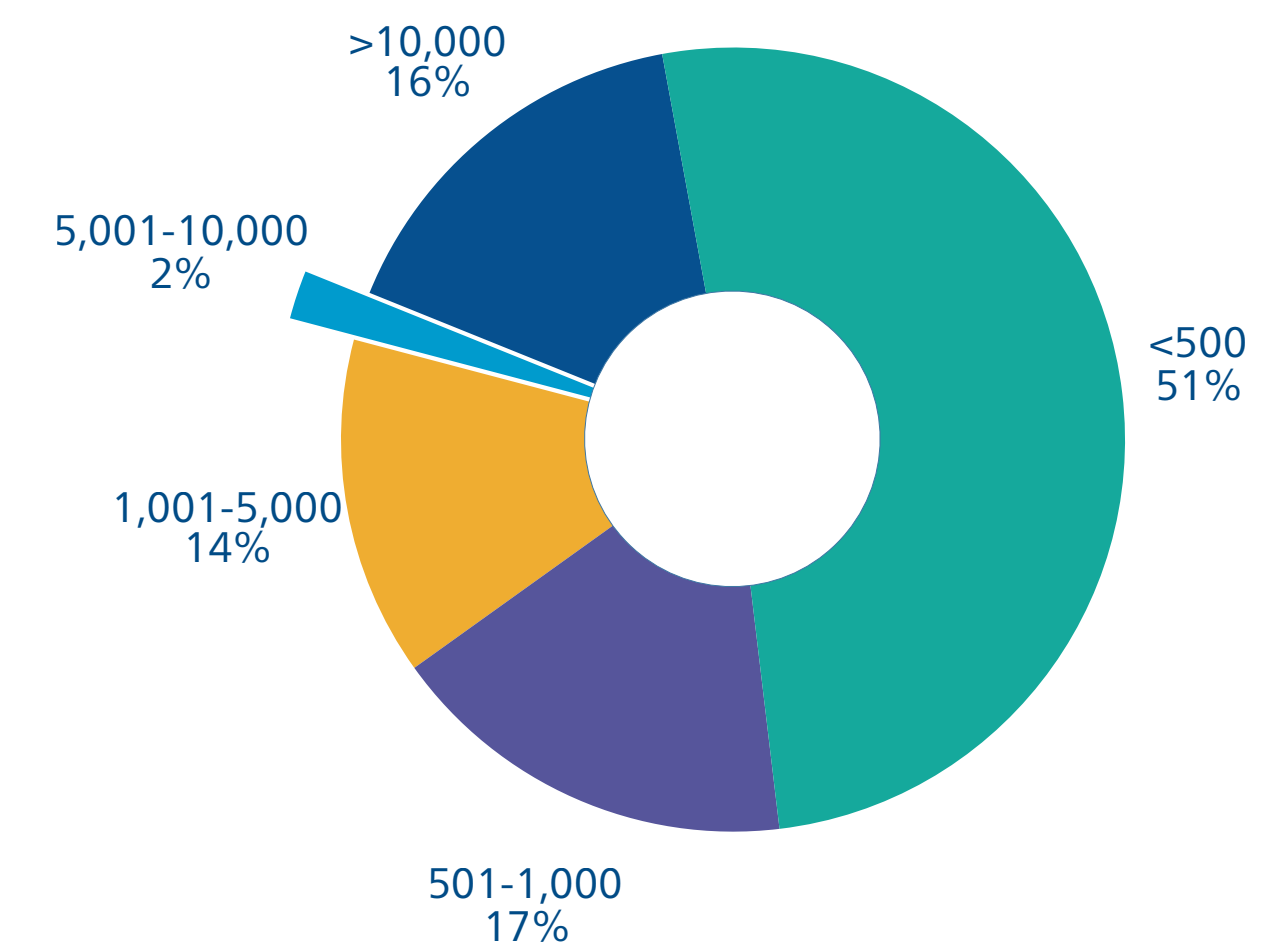
Where is Balanced Scorecard used?



Geographic Distribution



Organisation size (employees)



What are Balanced Scorecards being used for?

Balanced Scorecard's primary reported role continues to be supporting the implementation of strategy. This year we saw an increase across all four of the use areas - driven by greater use of the tool: in 2018 the number of roles Balanced Scorecard is used for in the average organisation increased to 2.2 (from 1.9 in 2017).

The survey shows that Balanced Scorecard continues to work primarily by influencing the actions and behaviours of managers and individuals (79% report this relationship). Balanced Scorecard also has an important secondary role contributing to the assessment of individual and team performance in between one third and one half of organisations.

The number of respondents who thought that their Balanced Scorecard had no influence at all on their organisation was lower than we found last year.

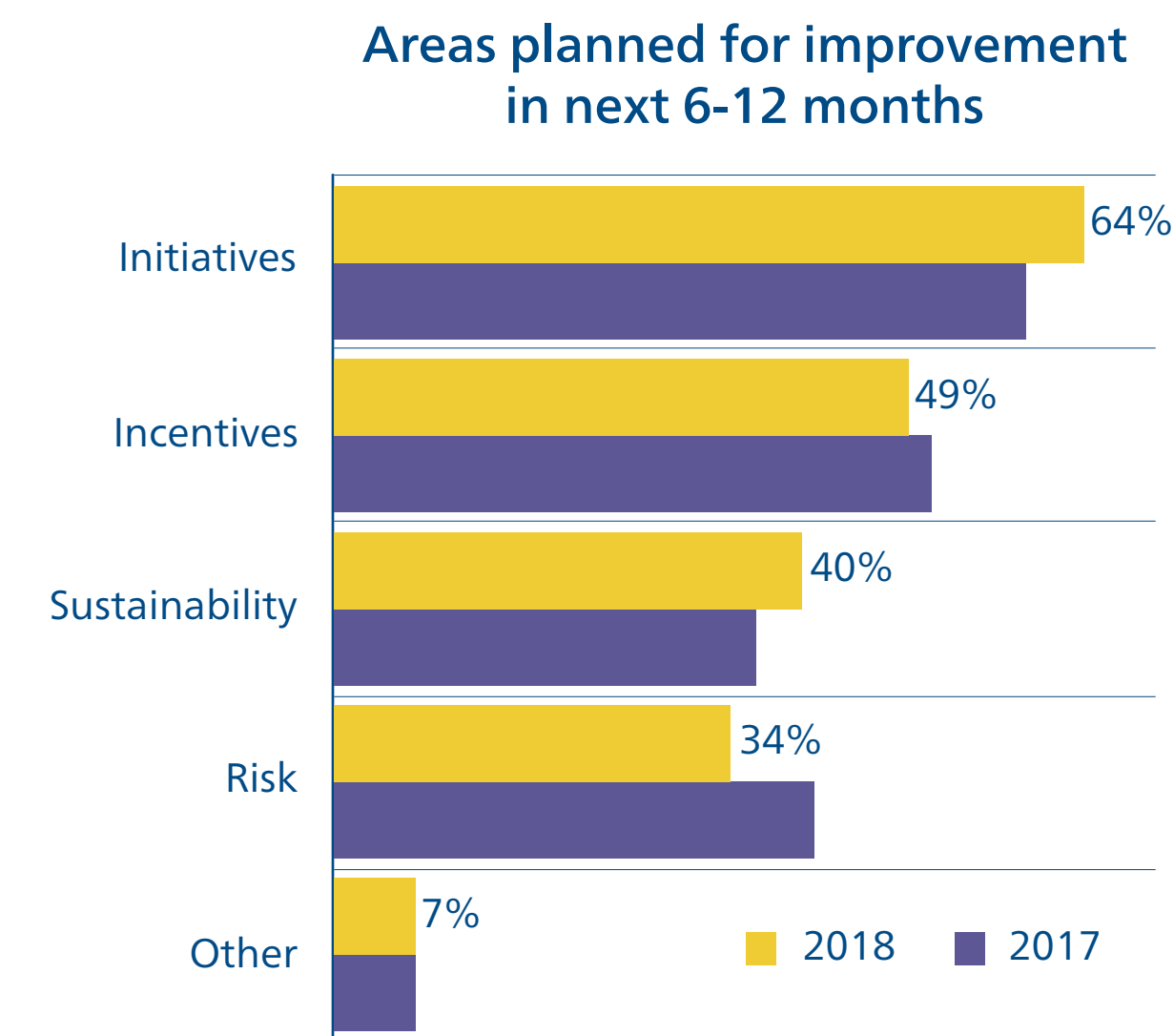
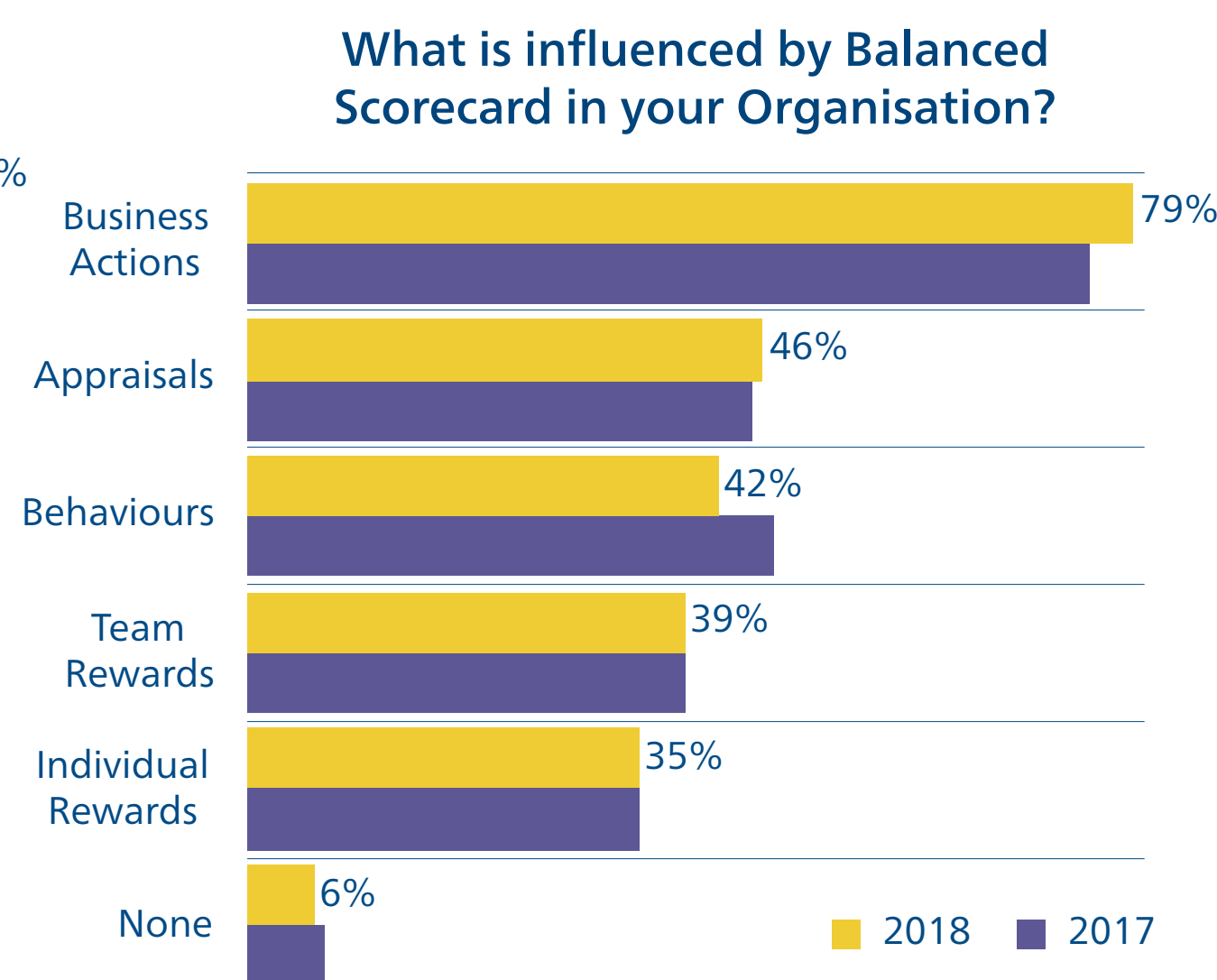
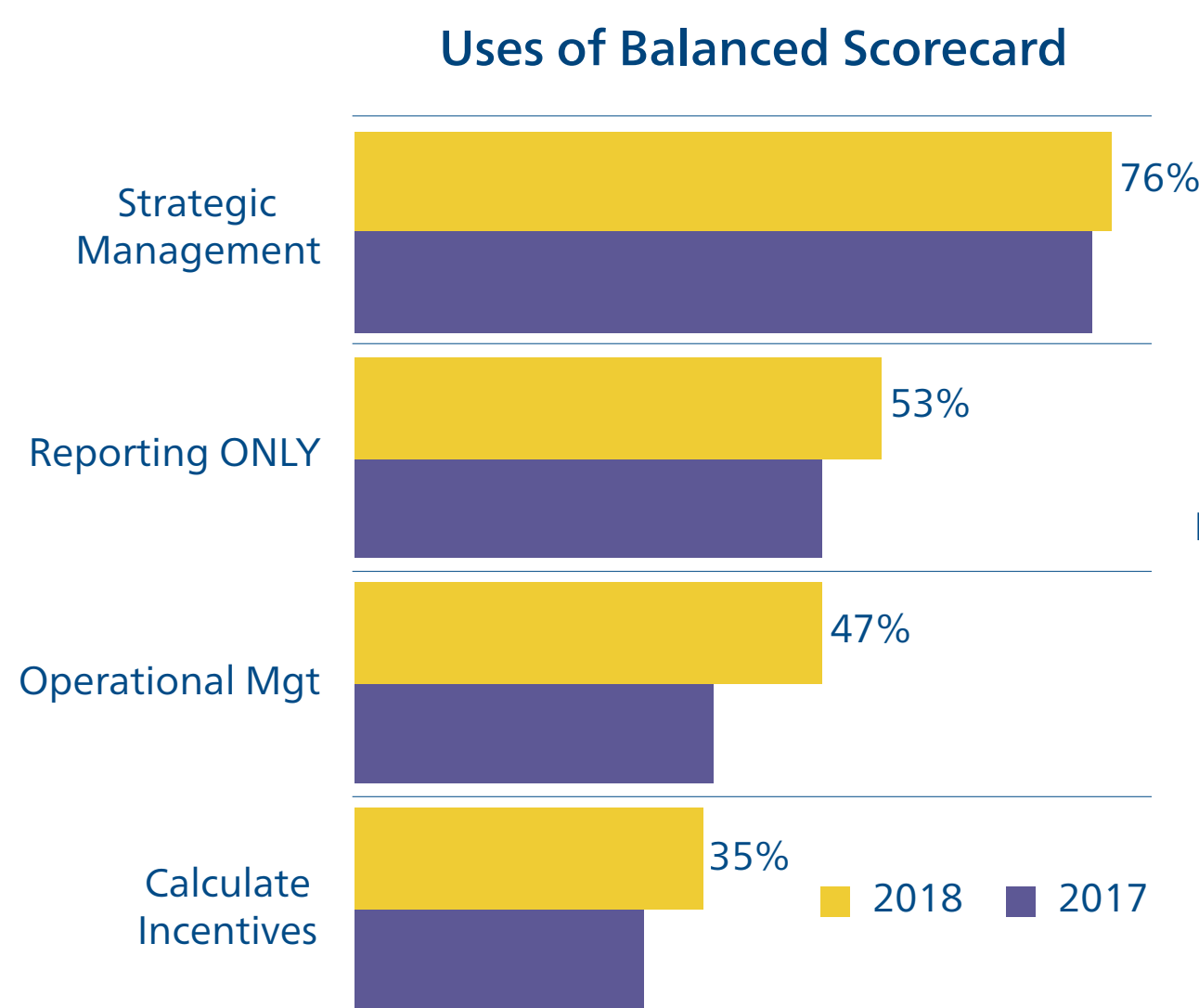
Almost all respondents indicated an intention to develop their Balanced Scorecard further in 2019 (96%): interest was greater this year in improving reporting on **initiatives** and **sustainability** and was less for **risk**.

Is this what we would expect?

Yes. The Balanced Scorecard approach and design methods were intended from the outset to primarily support the management of strategy execution. Consistently these surveys have confirmed that this remains its primary role. Initiatives are a key part of strategy execution, and so the high level of interest in improving the reporting of these is not unexpected.

Is this different from the last survey?

No. The increasing interest in using developments of existing Balanced Scorecards as a mechanism to **monitor and manage sustainability** is an interesting finding from this year's data, but overall the results are similar to last year.



How are Balanced Scorecards reported?

Balanced Scorecards work by informing and improving decision-making: so to be useful they must be **reported** and **reviewed** frequently.

This year we see a fall in quarterly reporting compared to last year (38%, down from 47%). This has been offset somewhat by a big increase in monthly reporting (up from 24% to 32%). Overall the proportion reporting and reviewing at least quarterly (which is best practice) is down slightly to 69% (77% last year).

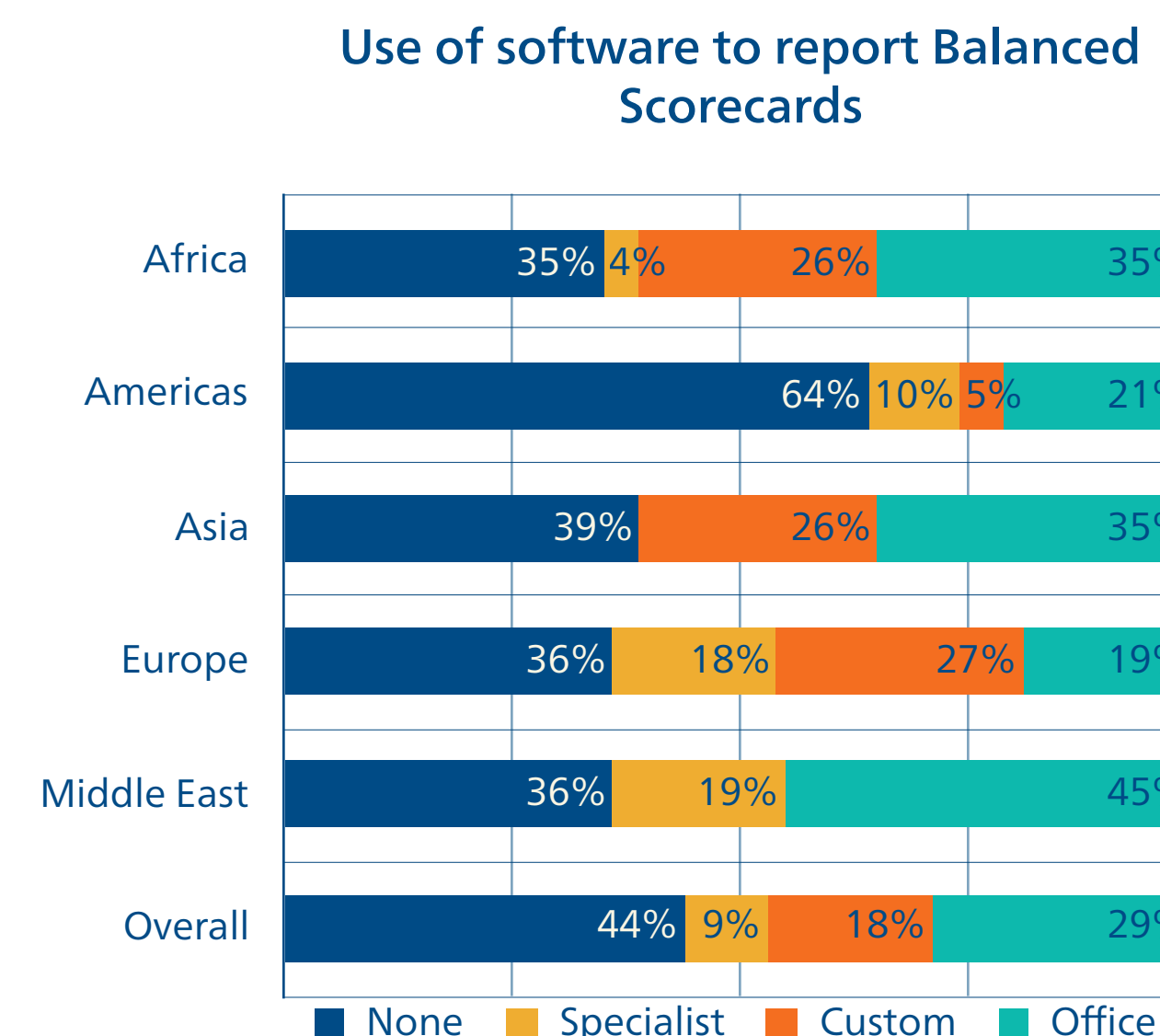
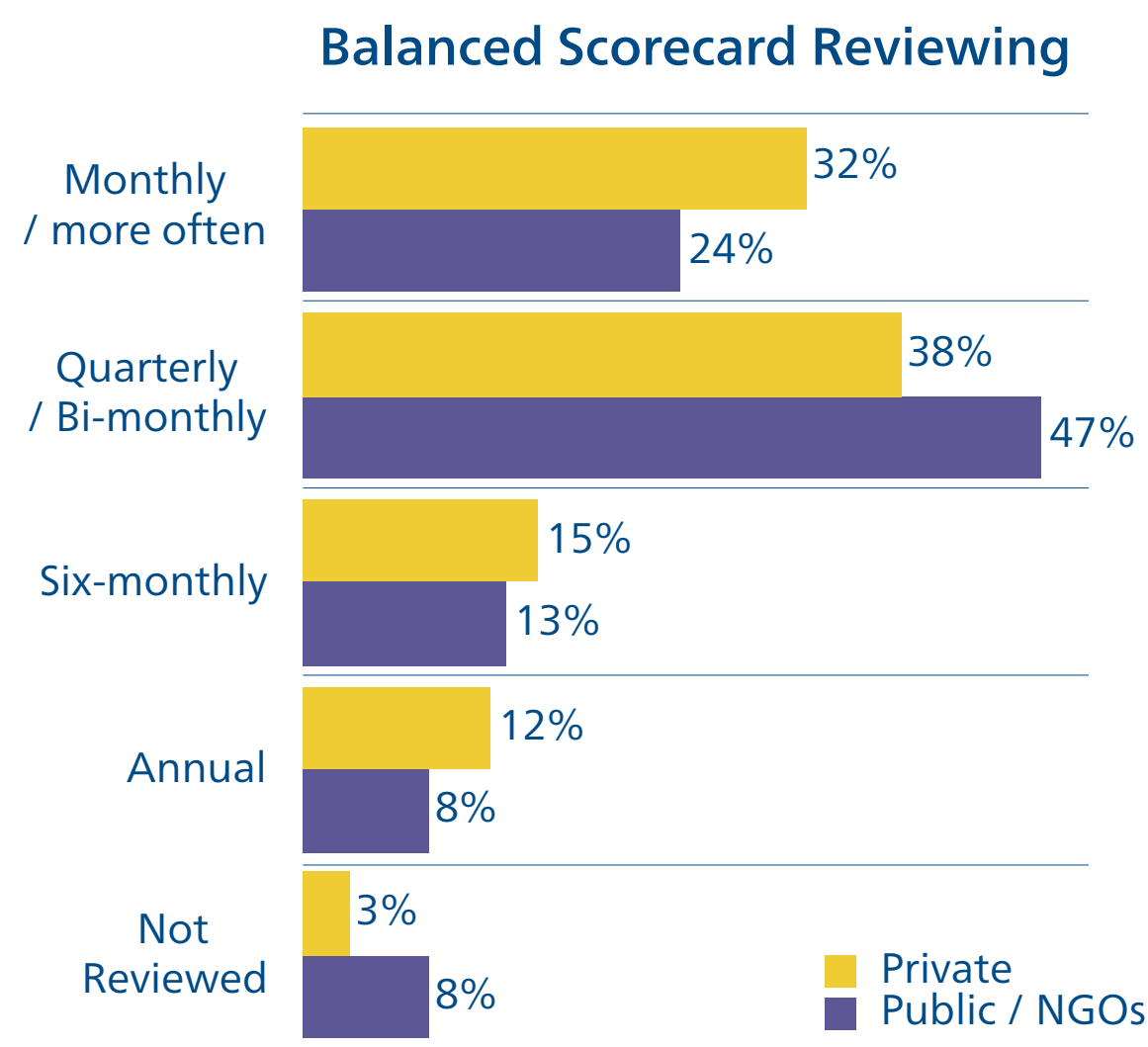
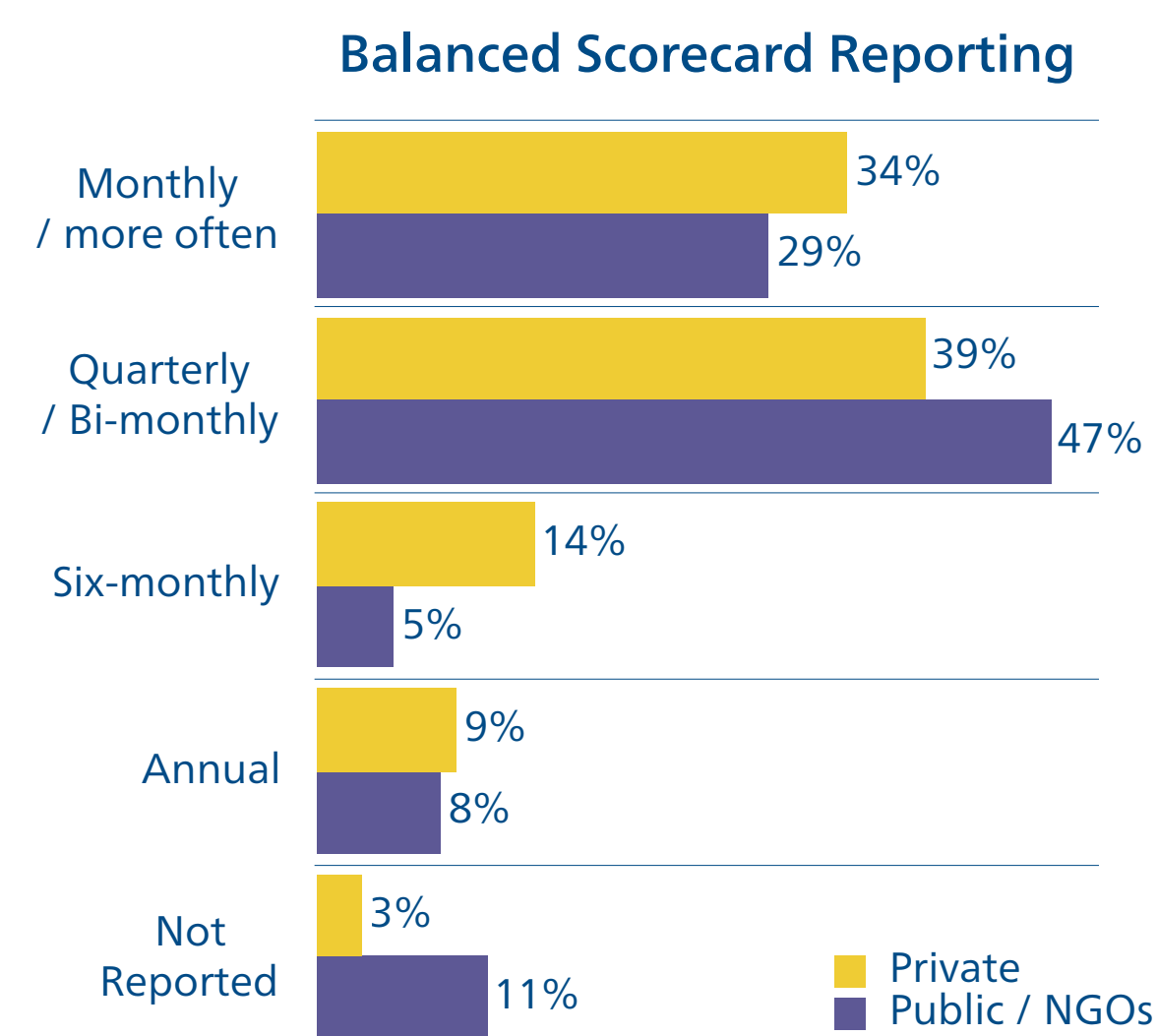
44% of organisations did not report the use of any software to help generate Balanced Scorecard reports (up from 38% in 2017). Use of specialist software increased in Europe and the Middle East, but was greatly reduced elsewhere, resulting in an overall fall in share from 16% last year to just 9% this year.

Is this what we would expect?

No. The trend in recent editions of this survey has been towards more frequent reviews, with greater use of automation generally (and specialist software in particular) to generate these reports. This year's survey goes against these trends - it is not clear what is the cause of these changes.

Is this different from the last survey?

Yes. The frequency of reporting and reviewing Balanced Scorecards at least quarterly is lower than last year, and the proportion not using their Balanced Scorecard at all has increased. Use of software is also lower in this sample, driven by significantly lower use of specialist reporting software.



Which Balanced Scorecard design is in use?

3rd Generation Balanced Scorecard designs once again dominate the responses, and seem to be most effective: they are reported and reviewed more frequently than others and are more than twice as likely to be used in organisations with 10 or more Balanced Scorecards. 73% of organisations that were “Extremely Satisfied” with their Balanced Scorecard use 3rd Generation designs.

The Balanced Scorecard designs shared some common features:

- between 2 and 6 perspectives (average 4)
- an average of 8.8 strategic objectives and 13.1 initiatives (both slightly fewer than last year), and
- an average of 17.4 measures (i.e. 2 per objective) (both slightly fewer than last year).

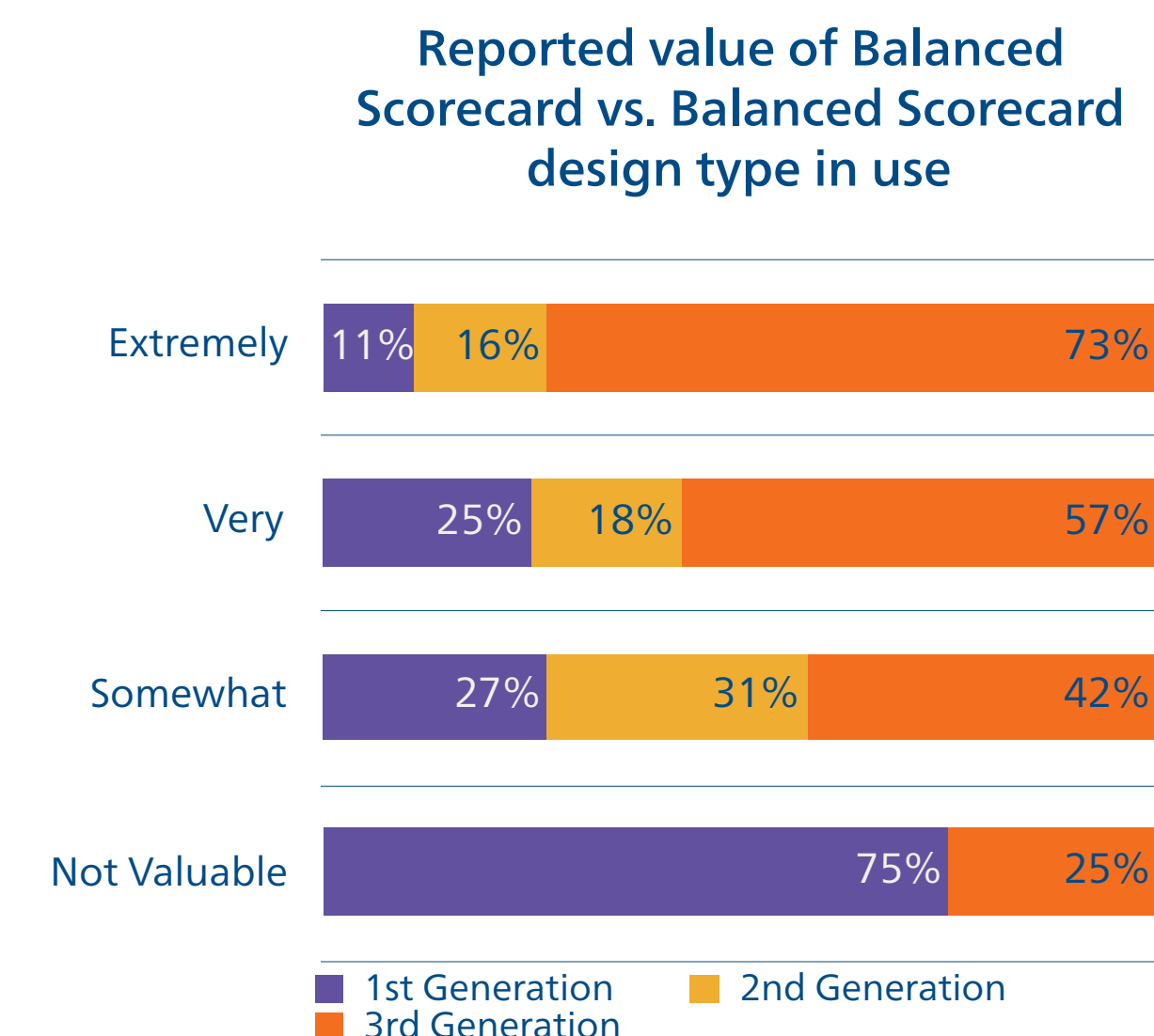
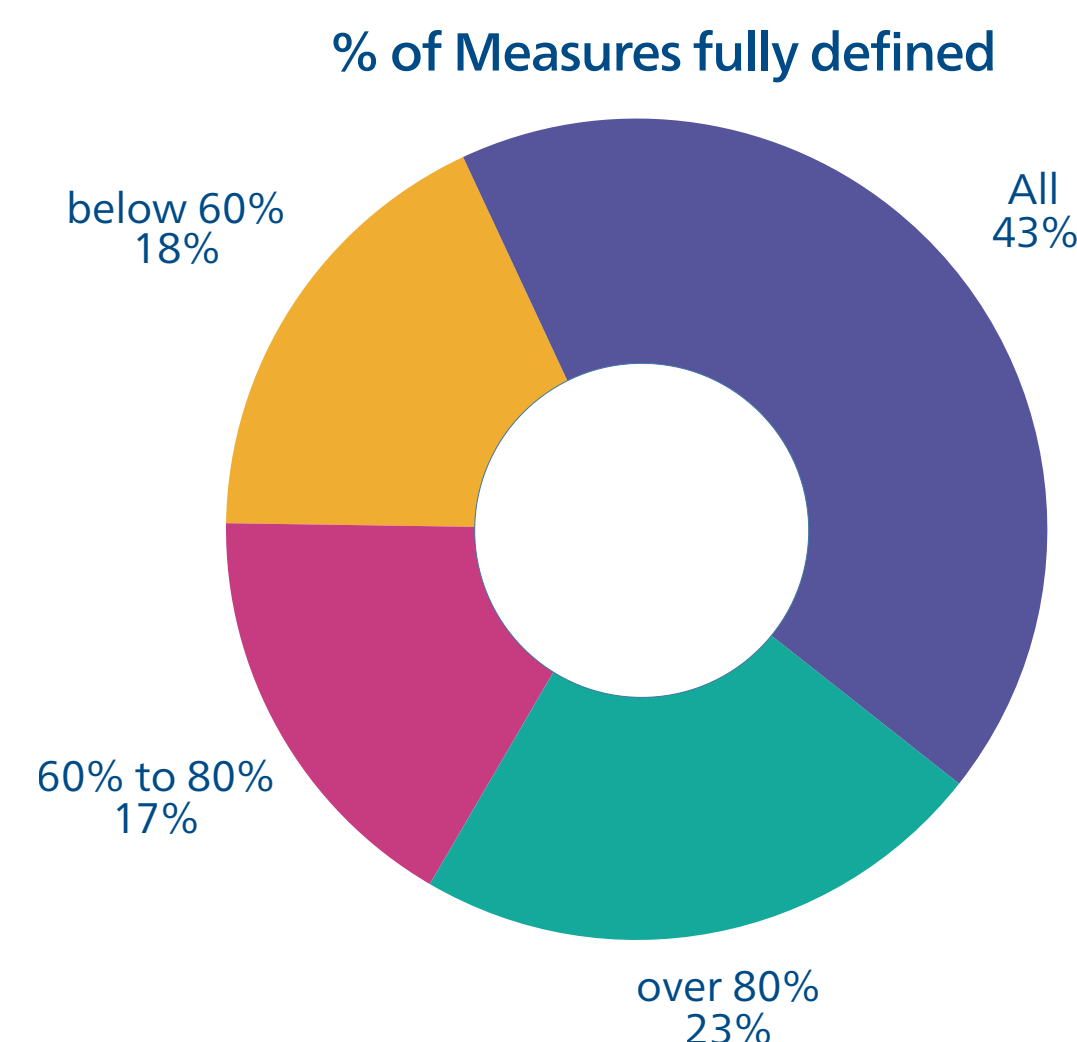
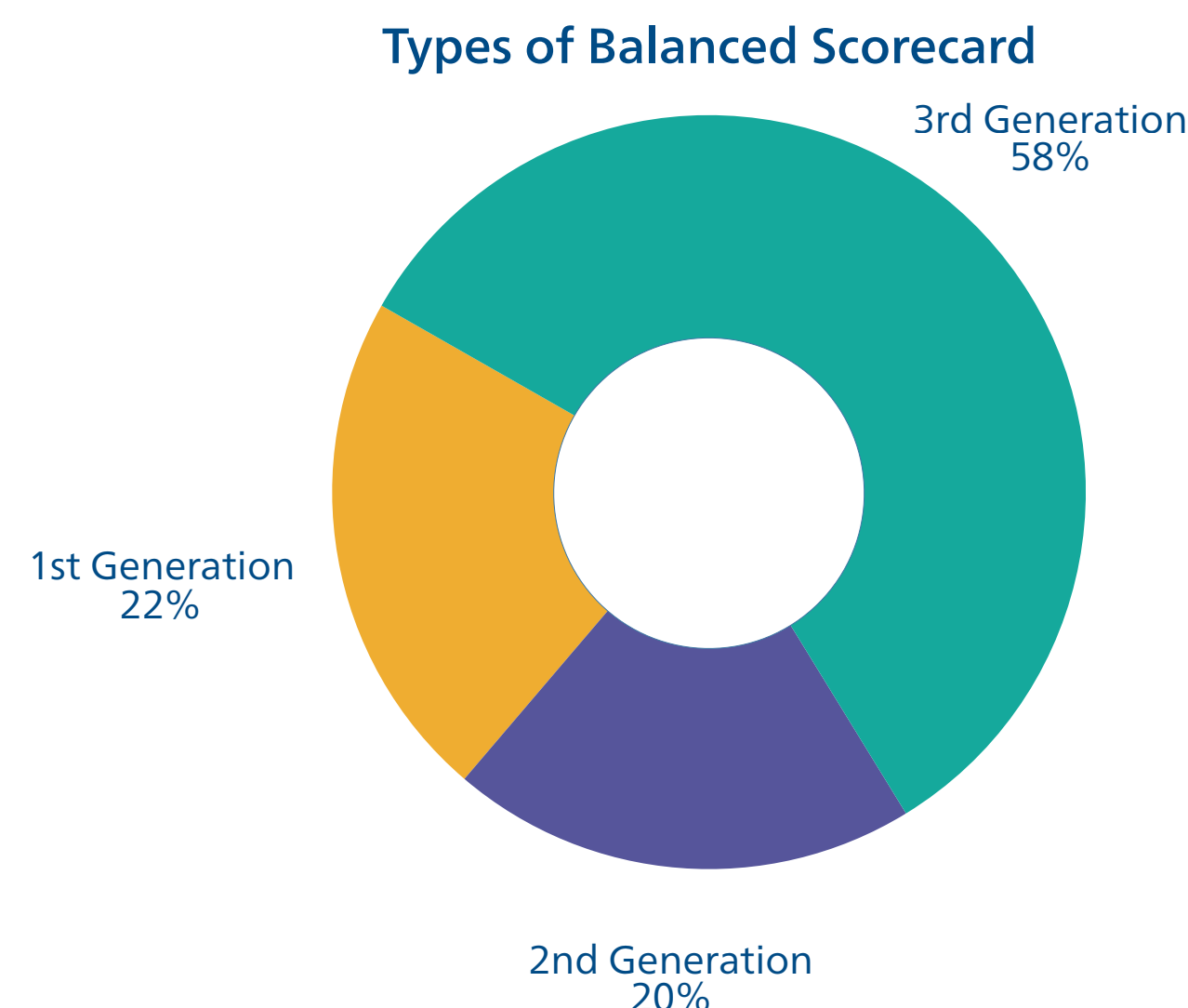
The proportion of organisations reporting that all of the measures on their Balanced Scorecard(s) were fully defined increased to 43%.

The proportion of measures that have no target value set has dropped significantly to 14% this year, down from 31%.

Is this what we would expect?

Yes. 3rd Generation Balanced Scorecard designs are easier to create, better support strategic alignment activity, and provide valuable gains over earlier generations when it comes to measure definition and target setting.

The very strong correlation between Balanced Scorecard design type and user satisfaction is interesting - as is the strong association of dissatisfaction with the original 1st Generation (4 box) designs.

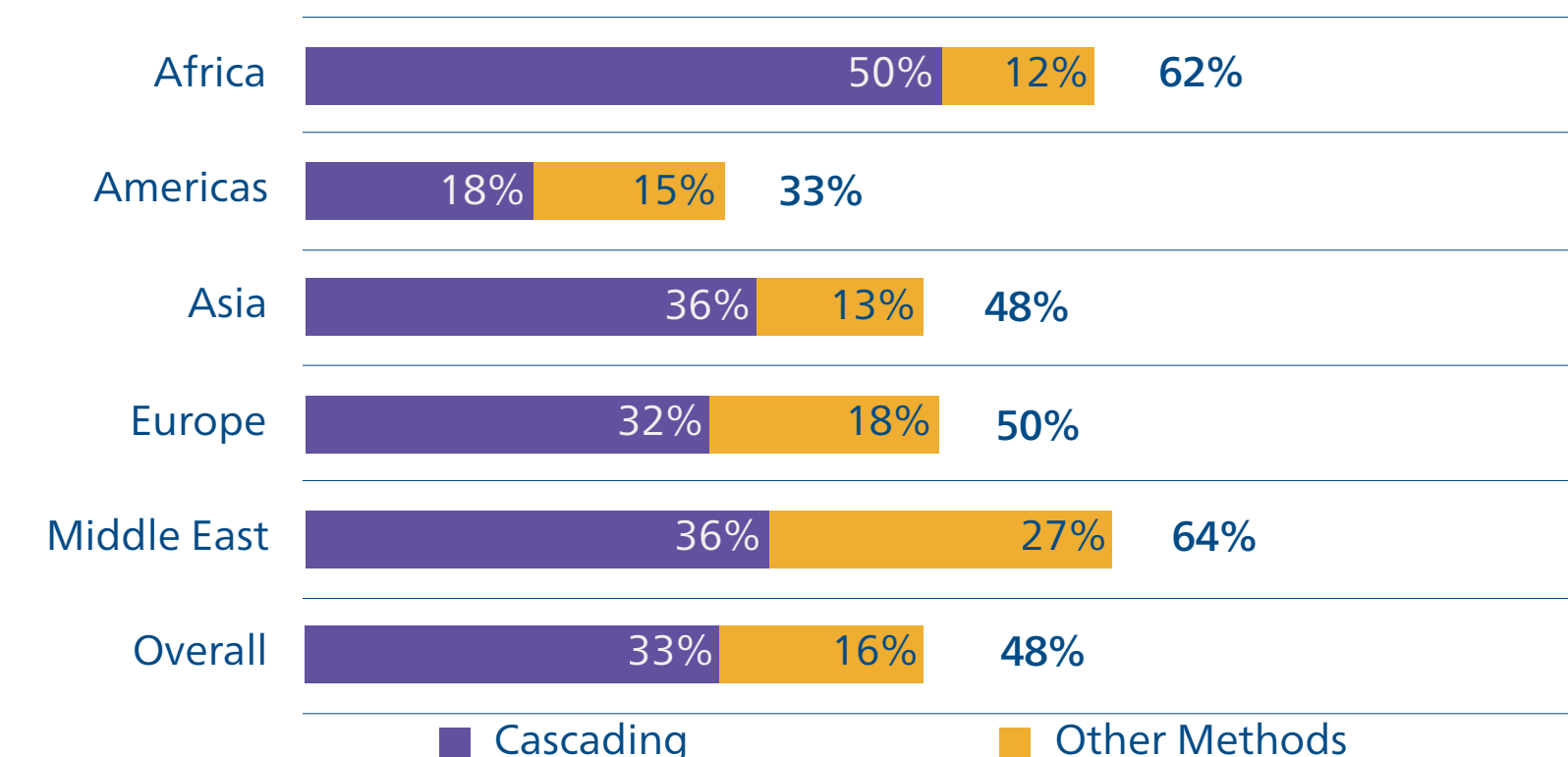


How many and how were they designed?

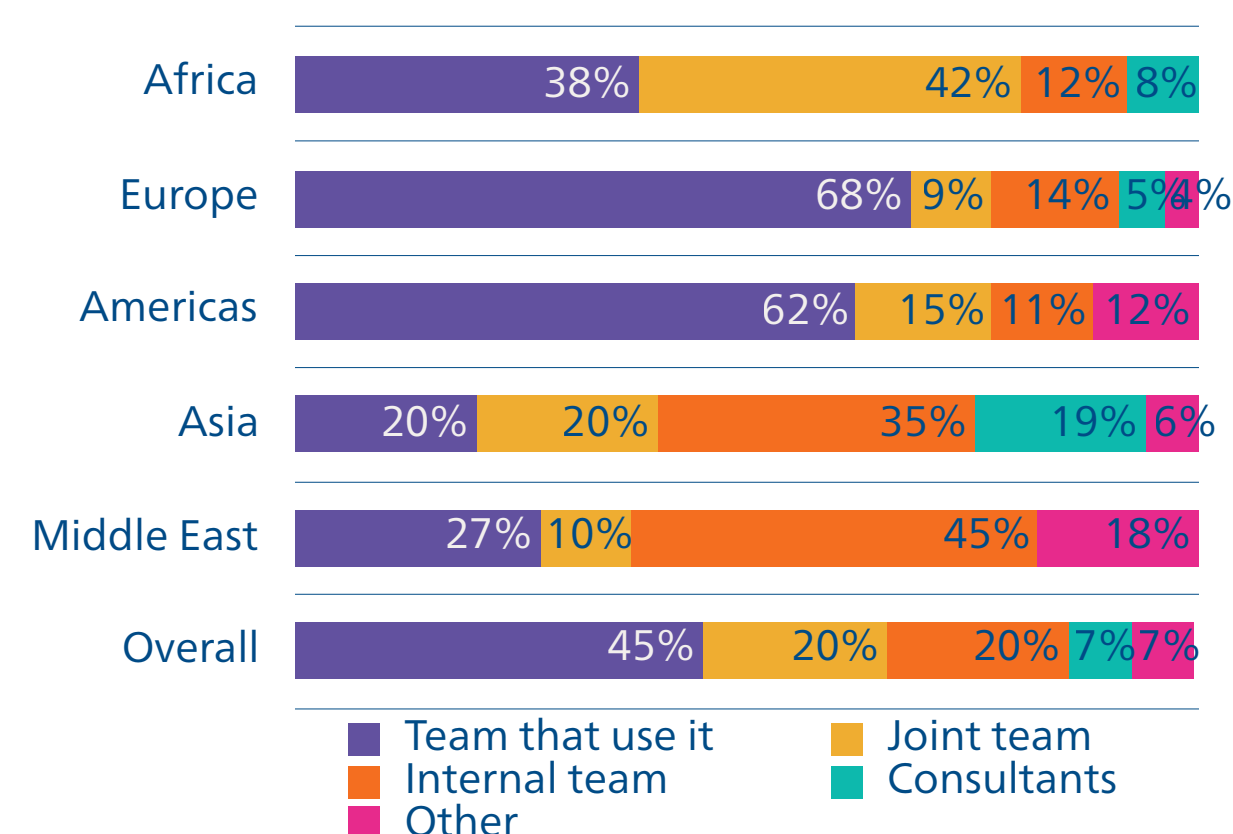
About half of the organisations (48%) in the survey reported having multiple Balanced Scorecards and of these over two-thirds (68%) were created using a sequential approach known as cascading.

- The majority (62%) of balanced scorecards are designed internally (a good thing). Whilst consultants **help** in the design of over a third of these - we are pleased to see that the share designed solely by consultants remains very low at 7%.
- Over half of organisations have refreshed their Balanced Scorecard design: most during the previous 12 months. Half (51%) of the revisions were linked to updated Strategic Plans; 58% of the revisions involved changes to objectives, measures and targets, our favoured approach, a big increase over last year (48%).
- Over one third of the Balanced Scorecards reported on in the survey were used for just one purpose (37%) - of these single used designs 60% were used for strategic management (a similar proportion to last year), except in Asia where reporting was the dominant use.

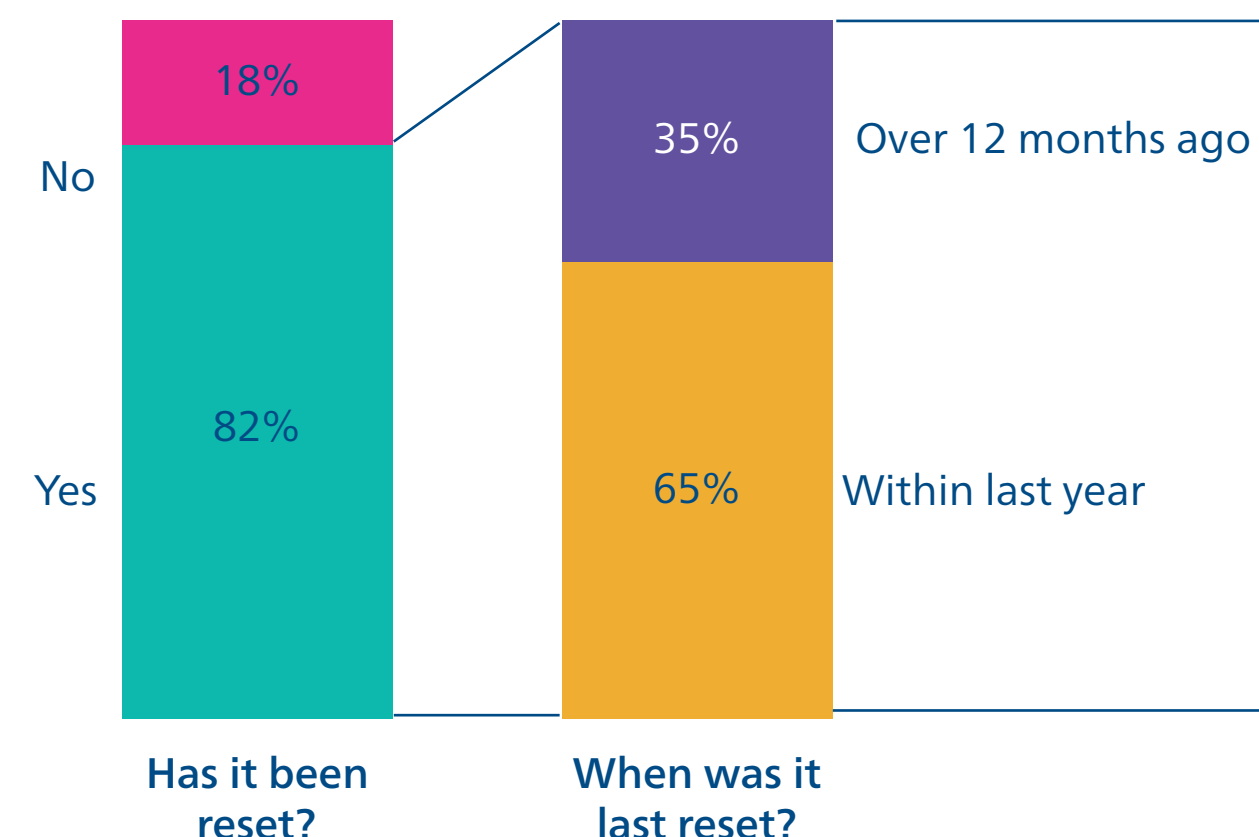
Organisations with multiple Balanced Scorecards, showing use of Cascading design approach



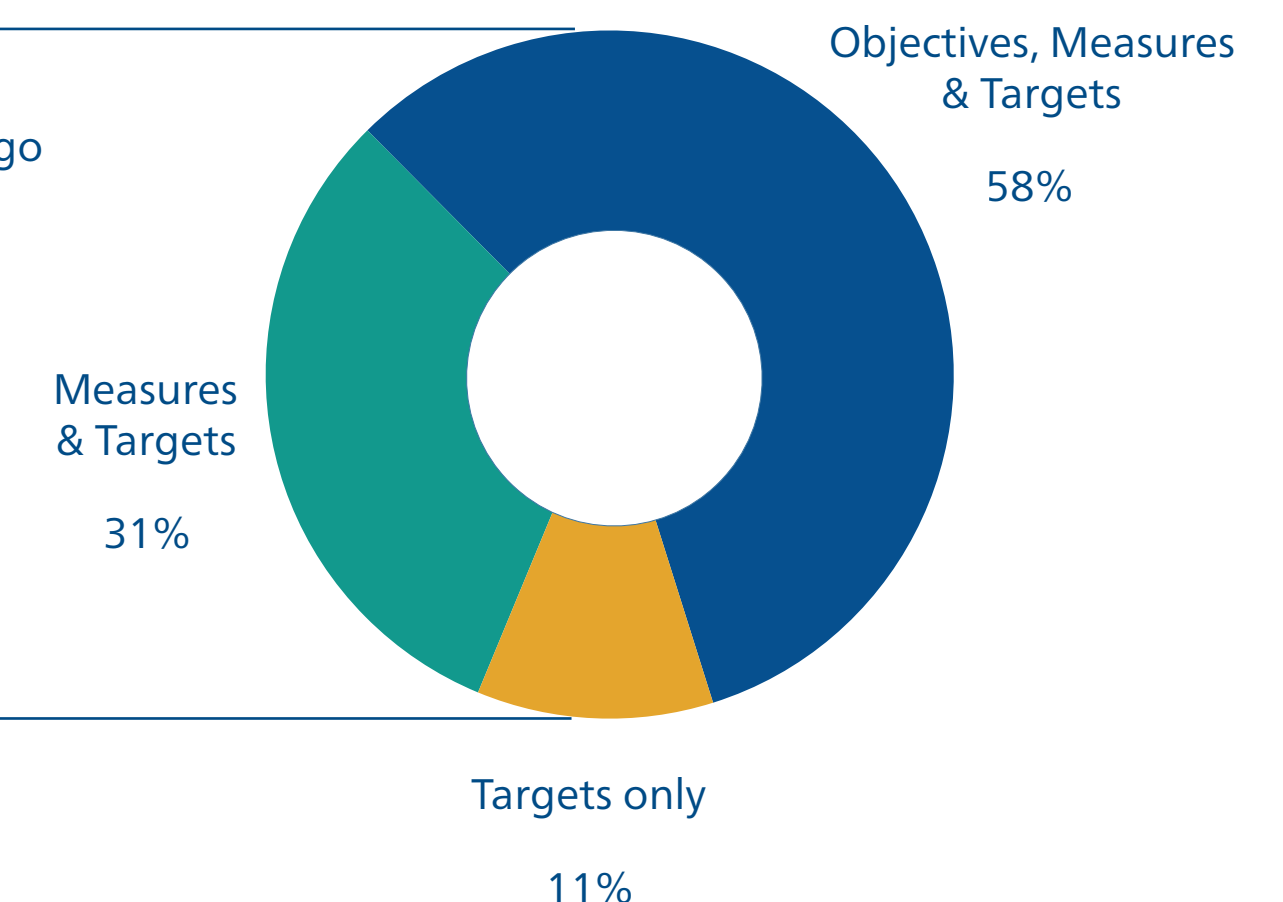
Who designed your Balanced Scorecard?



Has your Balanced Scorecard ever been reset?



Which elements were changed?



Realising the value of Balanced Scorecard

The number of respondents who said that their Balanced Scorecard was extremely or very useful was similar to last year at 75%: an encouraging figure that we found (on Page 6) is at least in part linked to the increasing use of modern 3rd Generation style Balanced Scorecards.

Well over half of units manage and maintain their Balanced Scorecard themselves, continuing a trend toward self-management that we first noticed in 2016. Delegating this maintenance activity to a specific PM Unit is the most common alternative choice, but many other internal departments also have this role - including strategic planning and finance.

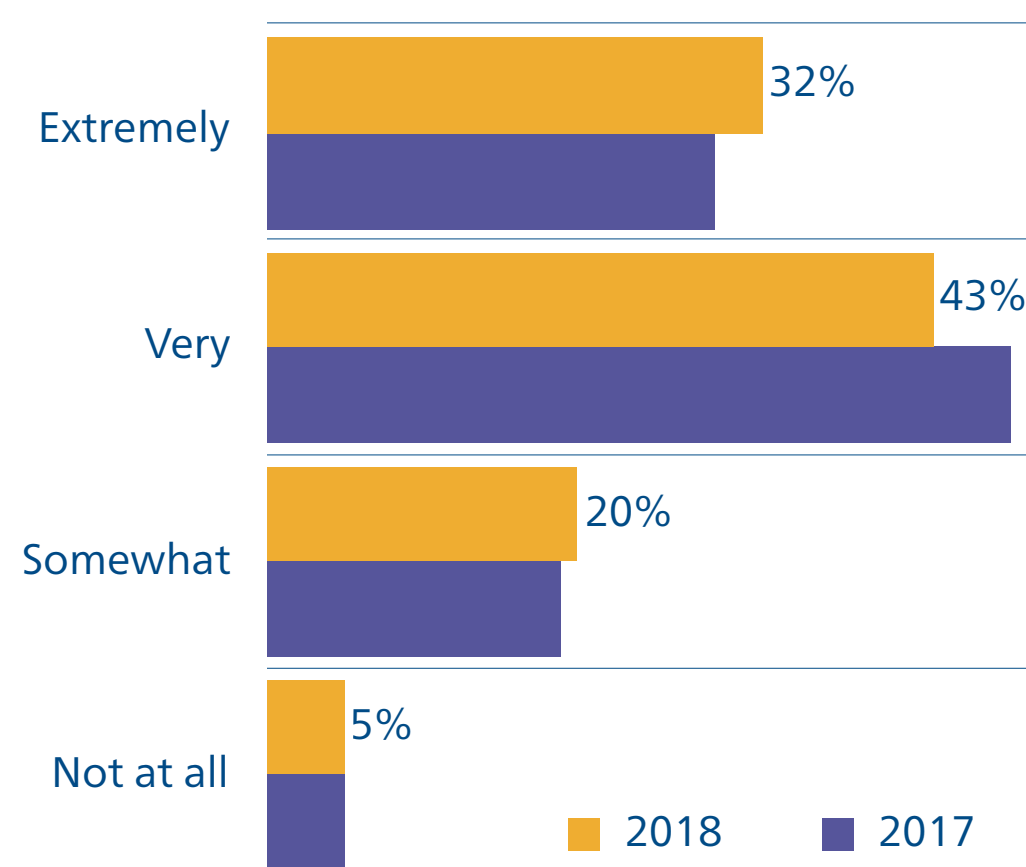
All the organisations reporting this year linked their Balanced Scorecards to other processes: more than half link their Balanced Scorecards to Planning and to Budgeting. Links to Quality Management and to pay and rewards were both more frequent this year than in previous years..

Is this what we would expect?

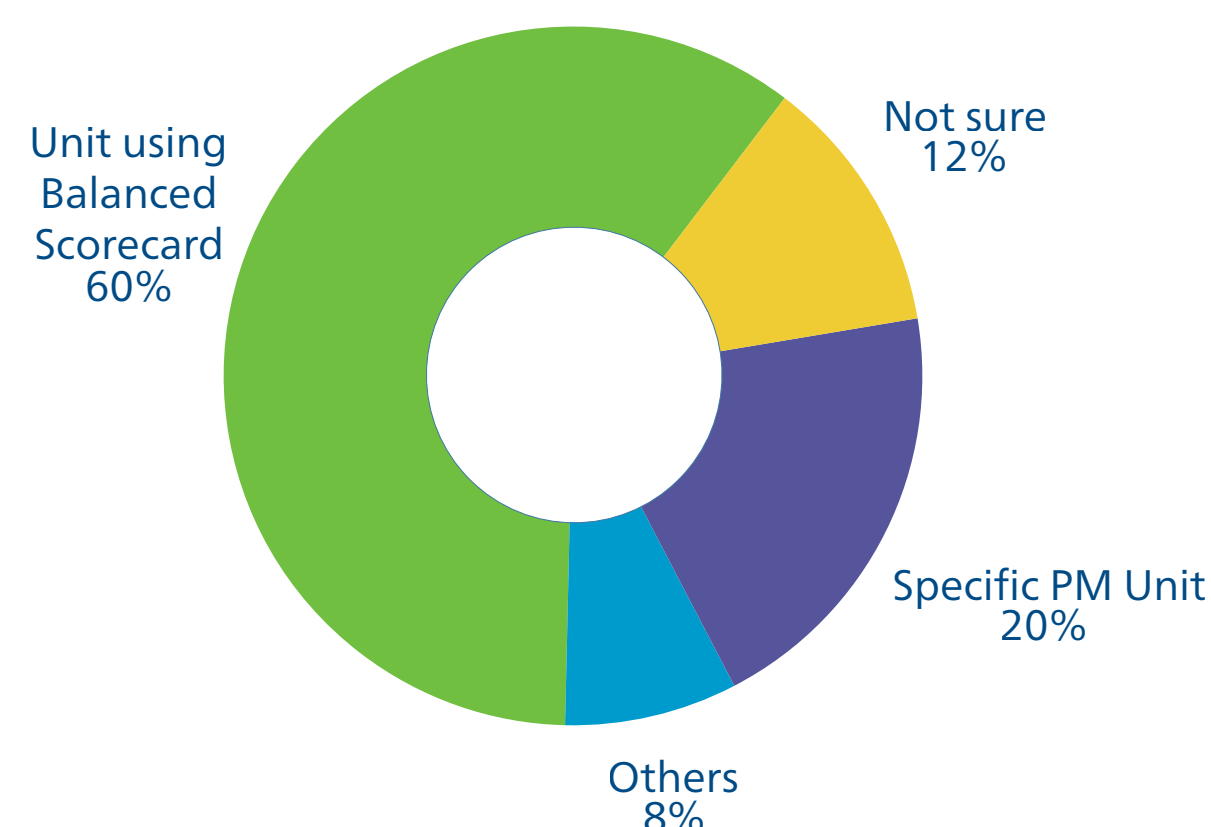
Yes, we know the tool can add value to organisations if well used. The department that manages the tool is less important than the passion and abilities of the individuals who report and run the Balanced Scorecard.

Links from the Balanced Scorecard to other processes are essential for effectiveness: without these links we see conflicts between these management mechanisms emerging and such conflicts make it hard for managers to effectively intervene in response to issues flagged up in their Balanced Scorecard.

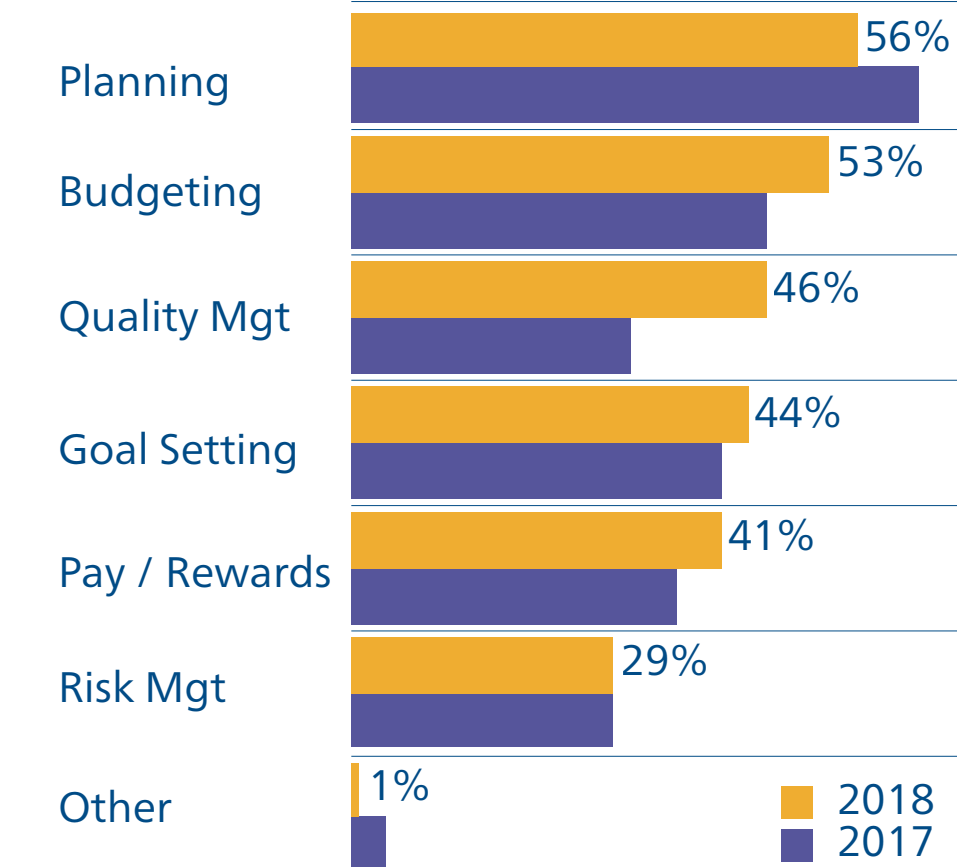
How valuable is your Balanced Scorecard?



Who manages the Balanced Scorecard?



Processes linked to the Balanced Scorecard



About 2GC

2GC is a specialist management consultancy with particular experience and expertise relating to strategy implementation and the design and deployment of modern Balanced Scorecards.

With a global client list, 2GC helps organisations across every sector with Strategy Execution and Strategic Performance Management issues.

Based in the UK the 2GC team works globally with the support of its international partner network to apply its energies in four areas:

- Working closely with senior management teams to articulate strategic priorities and implement reporting tools to help them control the delivery of these strategies;
- Reviewing pre-existing performance management processes and systems to identify required improvements;

- Delivering training on the design and application of Strategic Execution methods including the Balanced Scorecard at introductory and advanced levels;
- Conducting research into Strategic Management topics in order to continually improve the 2GC service offering. 2GC staff regularly publish and present papers based on this research activity.

2GC is recognised as a leading expert on the use of Balanced Scorecard methods for strategic execution purposes, and has a particularly strong reputation concerning the design and implementation of Balanced Scorecard 'cascades'.

2GC's track record includes delivery of all sizes of projects for clients in private, public, Governmental and NGO sectors.

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Conclusions and Observations

2GC's tenth Global Balanced Scorecard Usage Survey has confirmed the position of Balanced Scorecard as the go-to reporting tool for strategy execution.

What is more, this year's survey has confirmed the continued shift towards more modern and advanced Balanced Scorecard designs: once again the majority of reported Balanced Scorecards are based on the **Third Generation** design, a trend observed across the ten years the survey has been running. Third Generation designs bring real benefits to the organisations that use them: the survey shows that Balanced Scorecards based on these designs are much more likely to be complete and be used regularly, and generate very high levels of user satisfaction.

Part of the reason for this is probably linked to the finding that the **most common use** for the tool is to help the executive leadership of an organisation to better **manage the implementation of their organisation's strategy**. Third Generation designs are particularly well suited for this application, particularly in large organisations where multiple linked Balanced Scorecards are required.

Most Balanced Scorecards continue to be **reported and reviewed quarterly**: in our experience this frequency provides effective executive control over the strategy implementation process. **56% of organisations use some kind of software automation** to help build these Balanced Scorecard reports. As we have found previously, about half of the firms who use software tools use standard Office software products to generate their reports (this year 52%) with the rest split between bespoke solutions custom written for the organisation (32%) and specialist software such as that provided by two of the sponsors of this survey, **Corporater** and **ESM Group** (16%).

2GC knows from other work that given a free choice, executives designing strategic Balanced Scorecards would choose an even split between **qualitative** and **quantitative** measures, but this split is rarely achieved in practice because qualitative measures are significantly harder to define, collect and report on. This year for the first time this we asked respondents to estimate this split for their Balanced Scorecard(s): the results were surprisingly consistent across organisation types and geographies - **with about 70% of measures chosen being quantitative**; a figure that is reassuringly consistent with 2GC's knowledge and experiences over the last 20 years.

We are profoundly grateful to all those who participated in the survey this year, without their effort these insights would have remained hidden. We are also exceedingly grateful to MXV Consulting, ESM Group, Corporater and Tenstep for their invaluable support in this research activity.

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2GC runs one and two-day courses, tailored and practitioner courses on Balanced Scorecard design and strategy implementation throughout the year

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