
Terminology

Balanced Scorecard & General QI Terms

Align: when all functional parts of the organization are focused on strategic goals and priorities as defined by the Balanced Scorecards for the division and functional units.

Balanced Scorecard: a measurement-based strategic management system, originated by Robert Kaplan and David Norton, which provides a method of aligning business activities to the strategy, and monitoring performance of strategic goals over time using the four standard perspectives of Customer, Financial, Internal Business Process, and Learning and Growth.

Gap Analysis: the practice of identifying and understanding the general expectations of performance in a process, and then comparing that with current performance, thereby identifying gaps in service that become opportunities for improvement.

Goal: a specific, intended result of a strategy. (See **objective**)

Key Success Factors (KSF): the three to five broad areas on which an organization must focus in order to achieve its vision. They may be major weaknesses that must be fixed before other goals can be achieved. They are not as specific as strategies. Sometimes called critical success factors. (2) (Mark Graham Brown, Winning Score)

Opportunities for Improvement (OFI): activities carried out based on strategic goals, such as reduced cycle time, reduced cost, and customer satisfaction. Usually identified by gap analysis, trend data, or some other indicators suggesting necessary improvement. All OFIs should align with the organizational strategy.

Initiatives: key action programs developed to achieve objectives or close gaps between measure performance and targets. Initiatives are often known as projects, actions, or activities. They differ from objectives in that they are more specific, have stated boundaries (beginning and end), have a person/team assigned to accomplish them, and have a budget. Several initiatives taken together may support a specific objective or theme. It is important that Initiatives be strategic in nature, and not “operations as usual” projects. (1)

Lag Indicator: measures to determine the outcome of an objective that indicate company performance at the end of a period. These are results-oriented and do not reflect a process. Examples include Cycle Time, % of Budget Met, Injury Rate, etc. Lag indicators often appear in the BSC’s outcome-oriented Financial and Customer perspectives. (1)

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(1) The Balanced Scorecard Collaborative at https://www.bscol.com/bsc_online/learning/glossary/index

(2) www.balancedscorecard.org

Lead Indicator: measures that indicate progress against a process or behavior. These measures are helpful in predicting the future outcome of an objective. Examples include: Purchase Waiting Time, # of Redo Calls for Service, etc. Lead indicators tend to often appear in the BSC's process-oriented Internal Business and Learning & Growth perspectives. (1)

Measure: statement of how success in achieving an objective will be measured and tracked. Measures are written statements of WHAT we will track and trend over time, NOT the actual targets such as direction and speed. (1)

Measurement: in the balanced scorecard, measurements are collected for feedback. The measurement system gathers information about all the significant activities of a company. Measurements are the data resulting from the measurement effort. Measurement types may be assigned to various types of measures, e.g. days, hours, percent, etc. (2)

Metrics: similar to measurement, metrics are the various parameters or ways of looking at a process that is to be measured. Metrics define *what* is to be measured, e.g. cycle time, customer satisfaction, and response time. (2)

Mission: concise, internally focused statement of the results (usually financial, process, or customer service oriented) sought by an organization over the mid-long term (3-5 years). (1)

Objective (or Goal): concise statement articulating a specific component of what the strategy must achieve. For example, "Provide Cost Effective Services," "Improve Employee Satisfaction."

Strategic goal or general goal: an elaboration of the mission statement, developed with greater specificity how an agency will carry out its mission. The goal may be of a programmatic, policy, or management nature, and is expressed in a manner which allows a future assessment to be made of whether the goal was or is being achieved. (2)

Strategy Map (or Strategic Map): a two-dimensional visual tool (like a flowchart) for designing strategies and identifying strategic goals. It usually shows the four perspectives of the balanced scorecard in four layers, with learning & growth at the bottom, followed by business processes, customer satisfaction, and financial results. Activities to achieve strategic goals are mapped as 'bubbles' linked by cause-effect arrows that are assumed to occur. Sometimes called "strategic map". A strategy map will show employees how their jobs are linked to the organization's overall objectives. (1)(2)

Target: a quantitative measurement of a performance metric that is to be achieved by a given time. Both the metric and the schedule need to be specified for targets, e.g. "Achieve 80% Customer Satisfaction by..." , "Complete Projects Within Two Days".

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Vision: the long-term goal of strategy. Answers the question, 'How would the country be different if your mission were fully successful?' or 'If there were absolutely no barriers to achieving your mission, how would the world describe your company?' (2)

Value Chain: the process steps by which a company moves from the identification of its customer needs to customer fulfillment. (1)



Key Terms for Understanding pbviews Results

Unit: measurement type, e.g. days, hours, percentage, number

Actual: data calculated from data entered by manager and consolidation range

Target: goal set by manager for measure

Index: percent of target, e.g. if actual = target, index is 100% of target; if actuals are short of target by 20%, index is 80% of target

Consolidation range: period of time measure is accumulated or averaged,

- Default (Avg) – measure is not averaged/accumulated across quarters
- This year to date – measure is averaged or accumulated for fiscal year to date
- Moving year – measure is averaged or accumulated for previous 4 quarters

Period Only Data: data entered that period

Polarity: whether high numbers are good or bad

Measure Type: measure category, e.g. data, formula, group

- Data measure – contains no submeasures
- Group measure – is calculated based on submeasure indexes
- Formula measure – is calculated through a preset formula using submeasures

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