ClearPoint Strategy
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BALANCED SCORECARD
STRATEGY MAPS
FOR-PROFIT EXAMPLES

Strategy maps are used by many for-profit organizations and corporations to clearly communicate their strategic plan.

A good strategy map should identify key "landmarks" such as financial constraints and customer expectations. Strategy maps can also highlight areas that, if neglected, may hinder mission success.

Using this map, a leadership team can explain how they expect to achieve success. In a Harvard Business Review article titled, "Having Trouble with Your Strategy? Then Map It," Drs. Kaplan and Norton say this about strategy maps:

"The key to executing your strategy is to have people understand it—including the crucial but perplexing processes by which intangible assets will be converted into tangible outcomes. Strategy maps can help chart this difficult terrain."

Strategy maps are first and foremost a communication tool, so they should never be overly complicated or perplexing. While this white paper is not an exhaustive study, it does include a few strategy map best practices, as well as a number of useful examples.

Strategic Perspectives

Typically, a strategy map starts with a few broad perspectives. Using the Balanced Scorecard methodology, broad areas may include the financial perspective, customer perspective (sometimes written in the words of the customer), the internal process perspective, and a final perspective, learning and growth, which describes culture and capacity. Each of these perspectives serves as a frame of reference for tangible goals or objectives.

Perspectives Outline the Major Goals of the Organization

Financial Perspective
"If we succeed, how will we look to our stakeholders?"

Customer Perspective
"What do our customers expect from us?"

Internal Perspective
"To satisfy our customers, at which business processes must we excel?"

Learning and Growth Perspective
"To be successful, how must our organization learn and improve?"

Objective Statements

The next step to building a strategy map is to begin identifying the most critical objectives in each perspective.

Objectives are short statements that define what an organization must continually do to achieve its mission. Objective statements can be phrases or complete sentences.

They can be written as declarative statements ("We must develop new technology") or in the voice of the customer ("I believe they make the most innovative technology").
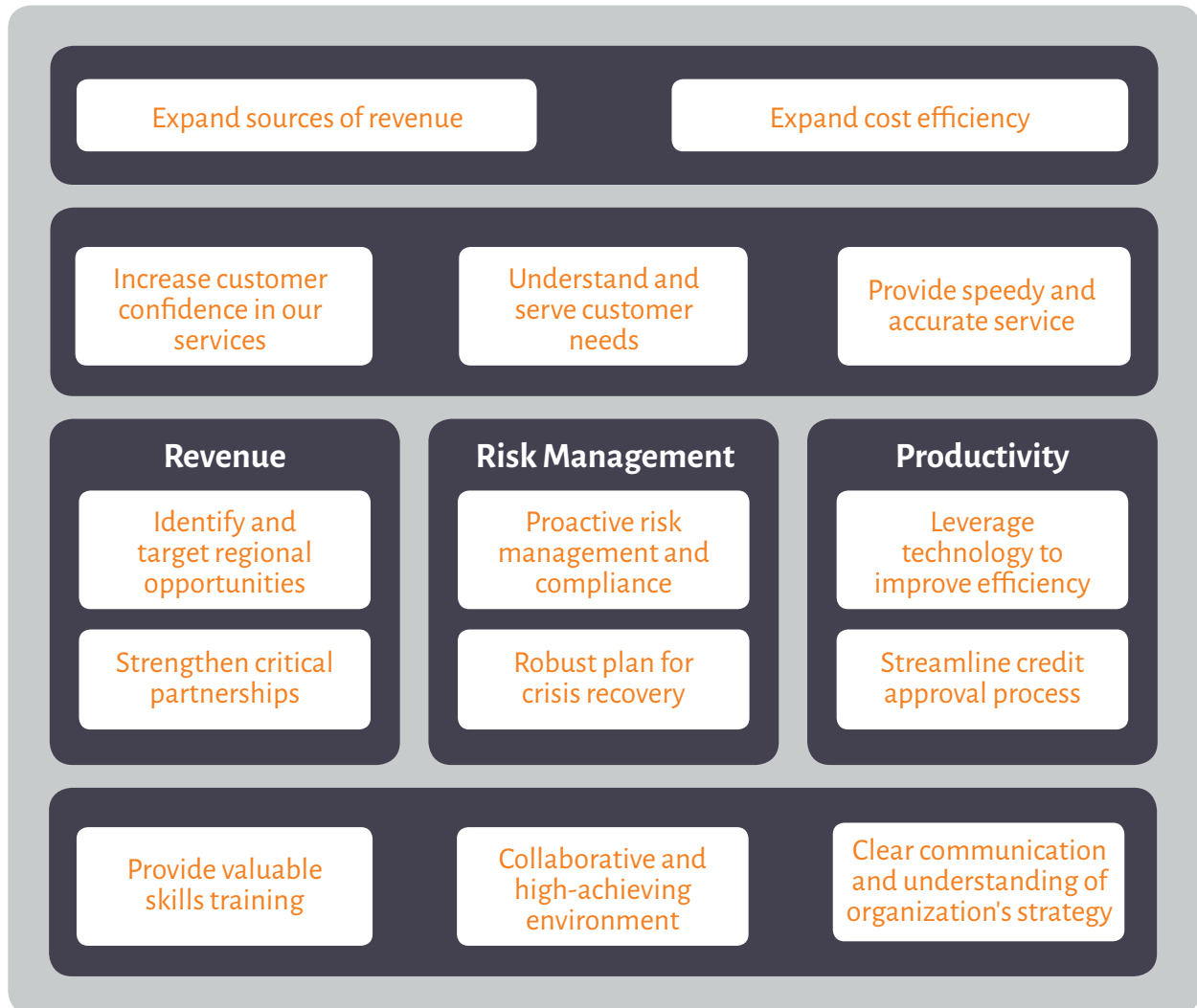
Building Consensus

Building a strategy map is a team effort that requires real time and discussion, especially at the highest levels of leadership.

Each of the example strategy maps below illustrates a strategic plan designed for an organization in a particular situation. Certain maps may have elements that resonate with your team; however, it is recommended that a leadership team only adopt a strategy map after thorough discussion of the situation and selection of the few critical pieces that will contribute to mission success.

Bank Scorecard

Expand sources of revenue	Expand cost efficiency

Increase customer confidence in our services	Understand and serve customer needs	Provide speedy and accurate service

Revenue	**Risk Management**	**Productivity**
Identify and target regional opportunities	Proactive risk management and compliance	Leverage technology to improve efficiency
Strengthen critical partnerships	Robust plan for crisis recovery	Streamline credit approval process

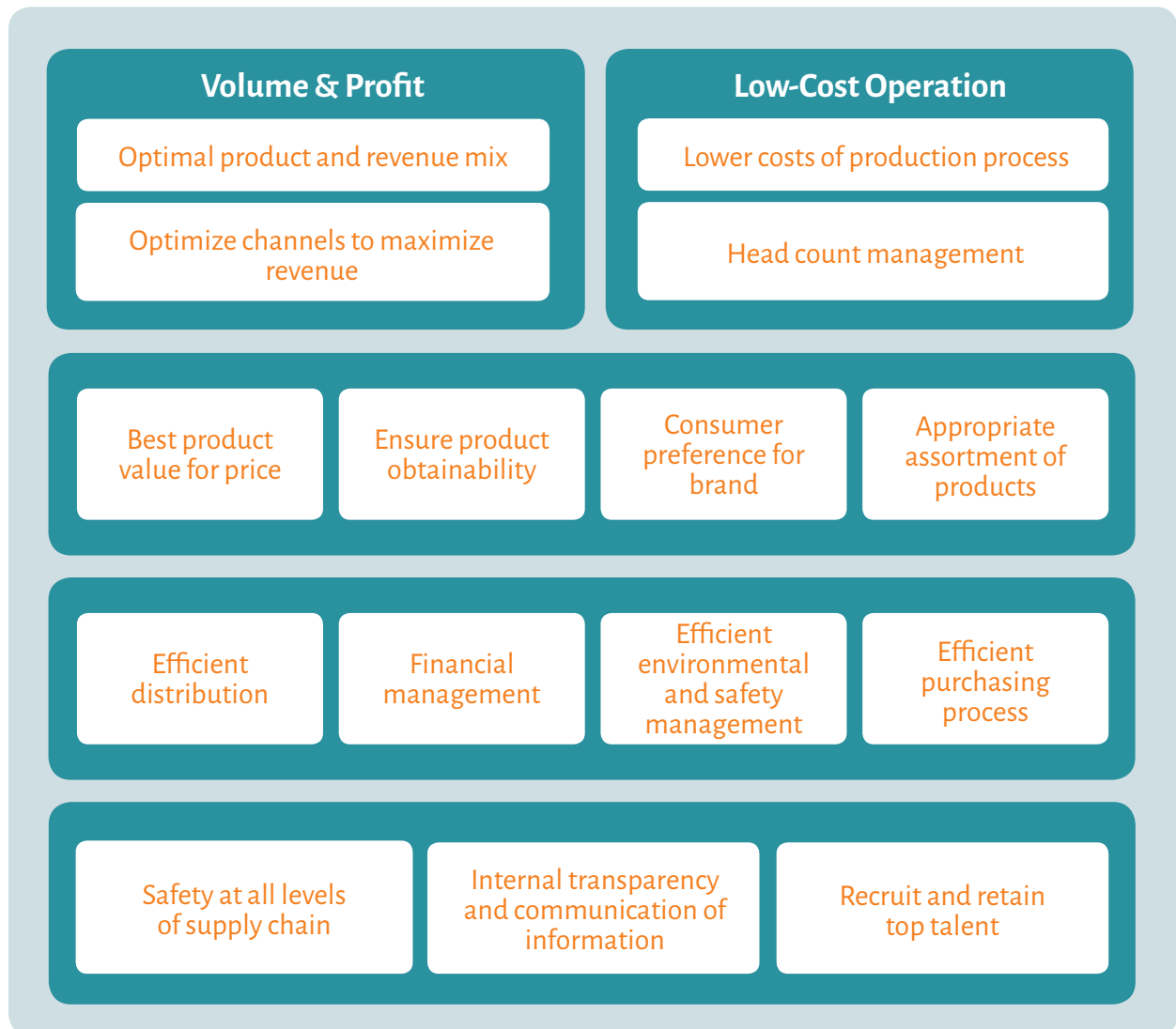| Provide valuable skills training	Collaborative and high-achieving environment	Clear communication and understanding of organization's strategy

In order to be seen as trustworthy by its customers, banks should not only have the internal capacity to carry out all of their services efficiently and effectively, but should also understand the needs of their clients.

By displaying their strategy map in a visually appealing and easily digestible format, this bank is able to increase internal alignment and identify their goals for improvement across the board. This bank puts particular emphasis to ensure that they can continue to support their clients and grow business in a fluctuating modern economy — an effort made easier thanks to the the streamlining effects of strategic planning.
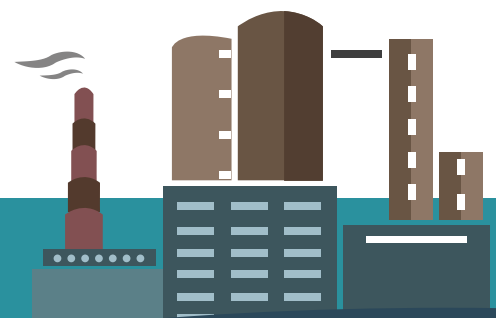
Manufacturing Scorecard

Volume & Profit

Optimal product and revenue mix

Optimize channels to maximize revenue

Low-Cost Operation

Lower costs of production process

Head count management

Best product value for price

Ensure product obtainability

Consumer preference for brand

Appropriate assortment of products

Efficient distribution

Financial management

Efficient environmental and safety management

Efficient purchasing process

Safety at all levels of supply chain

Internal transparency and communication of information

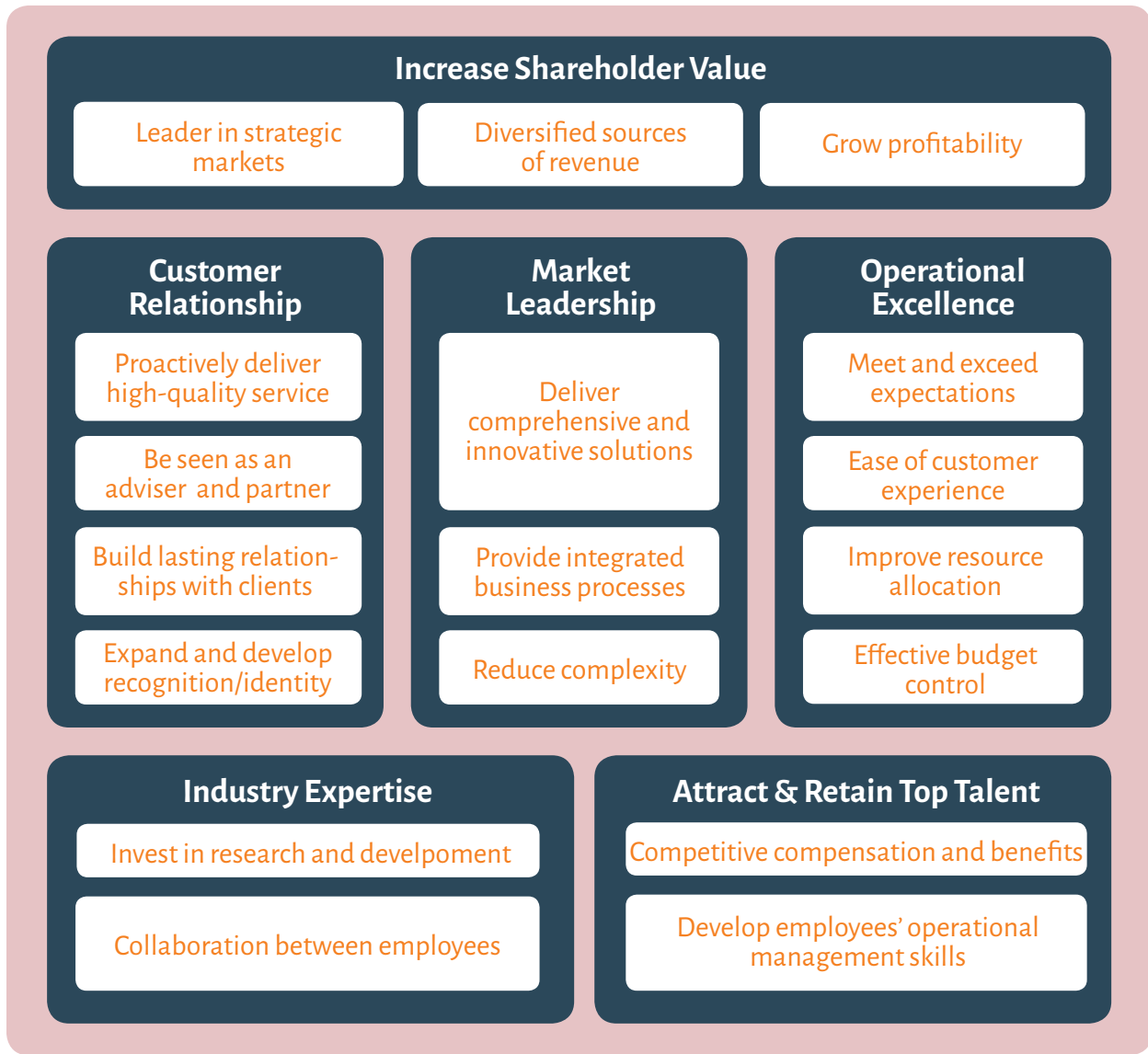Recruit and retain top talent

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Most manufacturing companies are concerned with operational efficiency, as well as the carbon footprint they emit.

With a strategy map driving their goals and a heavy emphasis on efficiency at all levels of the supply chain, this company hopes not only to reduce their emissions, but also cut costs and provide their product at a price consumers will love.

Software Scorecard

Increase Shareholder Value

Leader in strategic markets	Diversified sources of revenue	Grow profitability

Customer Relationship

- Proactively deliver high-quality service
- Be seen as an adviser and partner
- Build lasting relationships with clients
- Expand and develop recognition/identity

Market Leadership

- Deliver comprehensive and innovative solutions
- Provide integrated business processes
- Reduce complexity

Operational Excellence

- Meet and exceed expectations
- Ease of customer experience
- Improve resource allocation
- Effective budget control

Industry Expertise

- Invest in research and develpoment
- Collaboration between employees

Attract & Retain Top Talent

- Competitive compensation and benefits
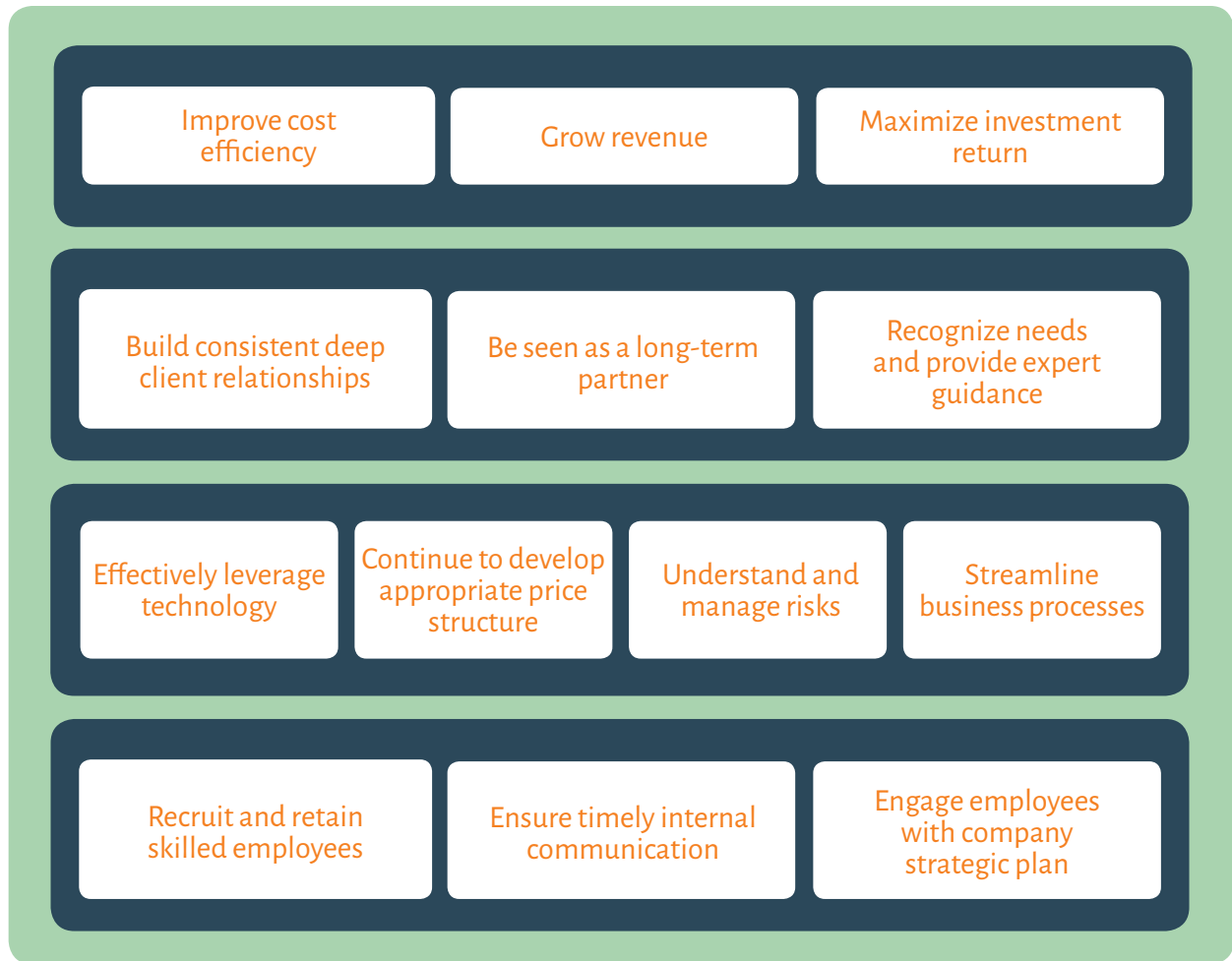- Develop employees' operational management skills

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Through internal efforts to remain at the cusp of market knowledge and external efforts to build and maintain strong client relationships, software companies work toward making their product an inextricable part of modern life.

Software plays a huge role in today's evolving technological landscape — both in driving consumer demand (Did you know you wanted a smartphone 10 years ago? Do you feel like you *need* one now?) and responding to it (That application might be all the rage now, but what do they offer that will stay relevant once the shiny newness wears off?). To succeed in both regards, this software company uses strategic planning to emphasize simple, well-researched market solutions, a productive company culture, and strong customer support.
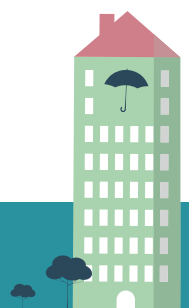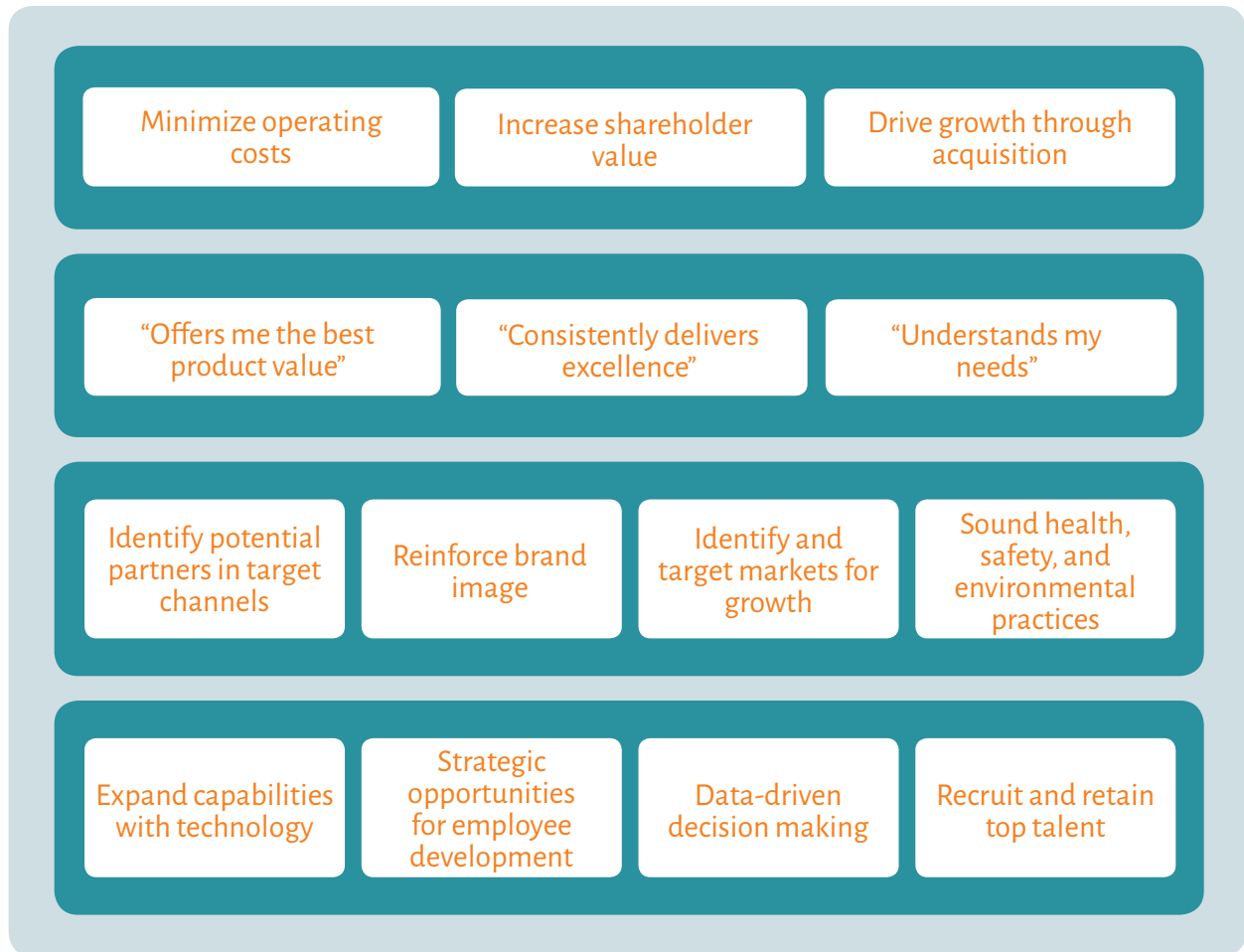
Insurance Scorecard

Improve cost efficiency	Grow revenue	Maximize investment return

Build consistent deep client relationships	Be seen as a long-term partner	Recognize needs and provide expert guidance

Effectively leverage technology	Continue to develop appropriate price structure	Understand and manage risks	Streamline business processes

Recruit and retain skilled employees	Ensure timely internal communication	Engage employees with company strategic plan

Whether they're making a big life change or dealing with the aftermath of an unexpected incident, people want to know they can depend on their insurance company. This organization is using the Balanced Scorecard to help them achieve that relationship with their clients.

While the map doesn't specify any target communities, there is an emphasis on maintaining an efficient and engaging internal environment so that this company's employees are best able to serve their clients. This company is concerned not only with their net profit, but also offering the best price options for their consumers.

Manufacturing Scorecard

Minimize operating costs

Increase shareholder value

Drive growth through acquisition

"Offers me the best product value"

"Consistently delivers excellence"

"Understands my needs"

Identify potential partners in target channels

Reinforce brand image

Identify and target markets for growth

Sound health, safety, and environmental practices

Expand capabilities with technology

Strategic opportunities for employee development

Data-driven decision making

Recruit and retain top talent

Consumers might not be aware of the internal planning that happens at each stage of a supply chain, but they know what they think of the end product.

This manufacturing company focuses on honing its image, and target markets, using data and technology to support its decisions. They know what they want their customers to think of them as a brand, and their strategic planning will help to get them there.
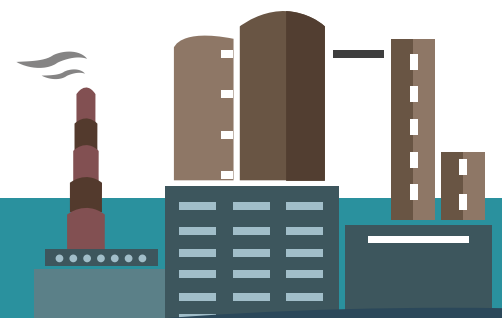
Successful strategy maps come in a number of shapes, styles, structures, and complexities.
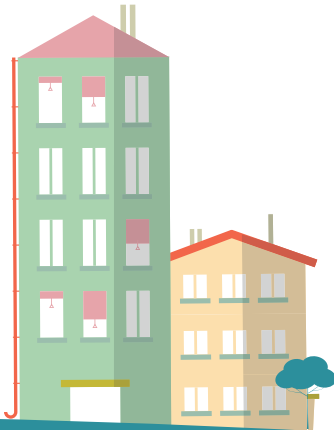
Aside from sector-by-sector differences, varying formats can be found across many languages, cultures, and strategic environments. The one unifying goal is to make a communication tool that engages the entire team behind a shared plan of action to achieve sustainable growth and increase shareholder value.

Ready to start building your own Balanced Scorecard? Check out how ClearPoint can help get your scorecard and reporting all in one place.

TAKE A TOUR