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## **Emma Hunt – DBA – Assignment 1**

### **Weighing it all up. Is the Balanced Scorecard an effective mechanism for achieving strategic change in a New University?**

#### **Introduction:**

My aim is to test the effectiveness of the Balanced Scorecard (BSC) concept in light of the literature around strategic change and implementation, and to analyse a real example in a post 1992 University. The question is deemed important as Universities take on more challenges relating to their purpose, and to maximise resources in an increasingly competitive and challenging environment. The analysis of whether the BSC is effective in the eyes of senior staff responsible for strategy will be of interest to others in HE looking to adopt a similar approach or to define new ways of working. It will also look at the role of the BSC in meeting the needs of a University through the critical measures for success, such as through student attainment, and staff capacity. The analysis will be based on a case study in my own institution developed through a series of semi structured interviews with key staff responsible for implementation. This will add to the stock of knowledge on the use of the BSC in HE as there is a paucity of published research in this area.

Since the removal of the binary divide in Higher Education in 1992, 'New' Universities have been tasked with a range of challenging and often highly competitive and multifaceted areas of work. The concept of a new university will soon to be one of the past as they 'come of age' when those who were granted University status in 1992 will be 21 years old in 2013. During the last 18 years New Universities have adopted many different approaches in defining strategic direction which included investing in specific or niche mission to differentiate themselves from other types of Universities. Still, however the challenges remain to ensure they are 'fleet of foot' in responding to the needs of Government policy and perceived purpose.

The use of a Balanced Scorecard (BSC) approach is relatively new as a strategic management tool, used for both identifying strategic direction and implementation. Early adopters have been private sector, for profit businesses that followed the initial stages of development (Kaplan and Norton: 1993) the changes from a manufacturing economy to a knowledge based economy provided the ideal landscape for new approaches to strategic thinking. Some use of the BSC in the public sector followed (Greatbanks and Tapp: 2007) as a method of providing performance indicators and measurements that were appropriate to organisations that were not for profit. These tended to be those that were driven by a set of circumstances that led to easier calculation of its impact, for example in the healthcare and local governance sectors in the USA (Kaplan and Norton : 1993, 2001, 2005.)

Early adopters in HE tend to be mainly in the USA, India and a few in the UK (namely Leeds University, and Edinburgh University.) My own institution is one such adopter that

developed a new strategic direction when a new Vice Chancellor was appointed in January 2007. Its implementation is still very recent and hence the question has arisen as to its effectiveness in steering the university forward and to meet challenging and often conflicting demands. The lack of literature relating to the use of BSC in HE education may indicate that this is not an appropriate method, or that it is so new, that it has yet to be thoroughly tested as to its usefulness in the sector hence this study is considered to be important. 'Weighing it all up' is an attempt to look at all aspects of balanced scorecards criteria and the appropriateness/effectiveness in the eyes of the senior staff at the university.

### **Balanced Scorecards Concept.**

Kaplan and Norton (1996:8) state that "The BSC emphasises that financial and non-financial measures must be part of the information system for employees at all levels of the organisation. Front line employees must understand financial consequences of their decisions and actions, senior executives must understand the drivers of long term financial success"

The BSC development was seen as a solution to an increasingly complex set of structures operating within the new knowledge based economy. No longer were simple financial measurements useful in determining the success of intangible assets such as skills, competitiveness, and motivation of employees etc. ( Kaplan and Norton:2001) Kaplan and Norton make explicit claims to its success as a critical tool in communicating, determining and implementing strategy through examples of business case studies. Promotion of the BSC from businesses that were able to align a range of activity, business units, teams and individuals was seen as a way of ensuring an organisation met its goals. (Kaplan and Norton :2001) and was a natural successor to performance targets and benchmarking. The link to a complex set of business units ( faculties) to support units ( service departments ) and employees ( academic and non- academic staff) to implement strategy was a persuasive argument for the early adoption by Leeds University ( Donahue: Marshall: 2007). Critically it is appealing as the approach provides links between the drivers for change, the lagging elements of an organisation, financial performance and directions for the future ( Kaplan:2001)

The basic concept of the BSC simplistically derives from five principles ( Kaplan and Norton :2001)

- 1) Mobilise change through executive leadership
- 2) Make strategy a continual process
- 3) Make strategy everyone's day job
- 4) Align the organisation to the strategy
- 5) Translate the strategy to the operational terms.

These are in support of an earlier presentation of four perspectives ( Kaplan and Norton :1996)

- 1) Financial perspective – how do we look to our stakeholders?
- 2) Customer perspective – how do customers see us?
- 3) Internal business processes – what must we excel at?
- 4) Innovation and learning – can we continue to improve and create value?

Kaplan and Norton's argument (1996) was that previous strategic methods such as Business Process Reengineering (BPR) and Total Quality Management (TQM) did not align itself to employees or provided the tools for integration. Kaplan and Norton argue that the value from the BSC comes from the organisation being able to look to the future through its performance measures rather than a review of the past performance. In doing so Kaplan and Norton provided the framework for visualising the BSC by developing the 'strategy map' (Kaplan and Norton: 2001). The evidence provided for the perceived success of the strategy map is a series of large business corporations that demonstrated that in one quick glance every employee in the organisation can view the intended strategy, identify their role in meeting the corporate aims and have the added benefit of the development of a team culture in meeting those aims (Kaplan: 2001) A key question for HE lies in whether it is possible, or desirable for all employees to be part of such a plan. Can change be managed through such a device or does it just become a communication tool that promotes the realisation of a dream without consideration of the multifaceted role of a university? In answer, in part, to this question is Kaplan and Norton's own identification of barriers to success. (Kaplan and Norton: 1996)

Four barriers to success:

- 1) Vision and strategies that are not actionable
- 2) Strategies that are not linked to departmental, team and individual goals
- 3) Strategies that are linked to long and short term resource allocation
- 4) Feedback that is tactical and not strategic.

These barriers highlight the critical complexity of a University structure and organisation, and the potential for the measures of success to become increasingly burdensome and overtly bureaucratic. The range of questions identified and the analysis will test the effectiveness of the BSC and to see if the barriers to success that Kaplan and Norton identified would impact on a University. There are many examples in business literature of successful applications (Kaplan and Norton :2001) where the case studies identify real changes and improvements however it was difficult to find literature where this was contested, however in a web based lecture Manville (2009) suggests that the BSC has a placebo effect and is seen as a panacea because 70% of businesses still fail because of poorly designed and implemented scorecards and do not take into account the behavioural aspects of the workforce. Whilst Manville does not provide any empirical evidence he also suggests that failure to provide substantial performance improvements lies largely because localised improvements mask any major improvements to the company. Manville (2009) sites the recent failure of the banking industry in this regard as bonus schemes based on localised line of businesses were seen to be successful and followed financial motivational schemes but failed to look at overall corporate performance.

## **Contextual background**

Huddersfield University has a similar background to other new universities, with a history charting back to 1825. Its history built on vocational training developed until the 1970s when it became a Polytechnic and then in 1992 when it was created a University. The demise of the binary system led to equal esteem of vocational education and academic education and has seen the rise of new subject groupings, responses to industry needs and developing pockets of research excellence alongside its leadership in teaching excellence. Since January 2007 the new Vice Chancellor has set high ambition for the institution resulting in a clear strategy plan, aims and objectives leading up to 2013. The new VC has resisted any restructuring but instead developed the strategy map as a tool for combining focused ambition for the future with support and maintenance of critical success factors and long term reputations in key curriculum areas.

The University is structured into seven Schools led by Deans who represents the academic leadership and the key accounting officer for the 'business' developed within the Schools. The school structure has a long history of being managed through a devolved revenue system known colloquially as the 'dev rev'. The 'dev rev' allows a School to be accountable for decisions made locally and supports the difference in disciplines and knowledge generation applicable to each School. There are 10 service departments all headed by a Director and form a range of functions in support of finance, registry, student support, estates etc. Two PVCs take a cross institutional roles for teaching and learning, and research and enterprise. The DVC takes responsibility for planning and resources and with the VC has been instrumental in aligning the established dev rev model with the new strategy map. Each school and service and cross cutting themes also develop their own individual set of Key Performance Indicators (KPIs) in contribution to the overarching strategy map.

Consultation around the mission, vision and implementation of the strategy map was thorough but the choice of strategic tool was a given. The strategy map has been in place for just over a year and its use as a communication tool and implementation technique is embedded in the institution. Limited as the literature is on its use in HE there are general guiding principles that suggest refinements, buy – in, and critical reflection of its value generally take 3-5 years to truly embed and see the change in organisations. ( Donoghue: Marshall: 2007) and (Kaplan and Norton: 2001)

## **Literature Review**

The starting point for the literature review was to look at the main exponents of the Balanced Scorecard concept Kaplan and Norton ( 1996, 2001, 2006) and to supplement these texts with journals and articles based on the use to date of BSC in HE contexts. Kaplan and Norton are the only 'voice' of the BSC and as such a weakness is immediately identified because of their monopoly of this literature. However to support the concepts and to show alternatives that could have been adopted is the range of literature on strategic choices and methodologies that have been adopted in recent years for HE. The constantly changing landscape of HE is also referred to, to enable a context

for strategic planning in HE. Whilst there is plenty of literature around the nature and purpose of HE ( Birnbaum:2000, Beecher::2001, Taylor: 2002, Maskell 2002, Barnett: 2005 etc) and plenty to support strategic management theory, there is little to support the use of BSC in HE which clearly becomes largely uncharted territory.

The literature has been useful however, in developing the range of questions that can be used to develop the argument for or against the effectiveness of a BSC in managing HE. An in-depth study of six books supported by chapters and journals elsewhere is within the context of wider reading and this limitation is deemed to be appropriate to support the focus of analysis on the BSC.

HE has in recent years become under more pressure to be more effective and efficient, whether this is described in terms of increasing the number of students ( widening participation), developing and differentiating alternative funding sources beyond the government support ( international recruitment, research contract income, full cost recovery courses), marketisation, external challenge, government policy and state alignment ( Beecher :2001). These pressures led Institutions to define their mission and to align oneself with a particular mission group (e.g. Million +, Russell Group, and Guild HE etc) have all led to increasing pressure to clearly plan and be accountable on a number of fronts. For many post 92 institutions this has meant high levels of competition and scarce resources and new associated costs (Beecher 2001).

As this complex operating environment has developed so have various strategic solutions to cope and explain the success and failures of the HEIs. Also academics needed to find new identities as new disciplines were introduced and the role of an academic altered to suit the new challenges of the institution ( Beecher:2001) . The generalised claims by authors of the purpose of HE only serve in this context to highlight the range of complexities in managing a University. The need to find a strategic tool that would give equal weight to different aspects of University life was becoming clearly needed as Beecher states “an increasing emphasis in government policy and rhetoric on the vocational functions of HE in terms of both of its role in supplying qualified students for the professionals, industry and commerce and in terms of its research function. This has meant a de-emphasising of other roles, those concerned with the general development of an individuals minds and capabilities, contributing culturally to the community of enhancing knowledge and understanding for their own sakes rather than utilitarian ends” ( Beecher: 2001 :5)

Strategic planning and strategic management tools, have been presented as based on extensive research and accompanied by testimonies of success by satisfied users .( Birnbaum :2000) Birnbaum presents these as fads adopted by HE from business models to coincide with the latest perceived crisis and he refers to the legacy of crisis as a perpetual state in HE and one that is no different now than that of the student unrest of the 1960s. Other examples of perceived crisis were simplistically identified giving reason for developing the latest management fad. (Birnbaum: 2000) to be used as a method of surviving in a changing environment.

Whatever strategic management tool may have been used in the past, HE has unique strategic planning problems that are challenged by the perceived purposes of a University and the concept of academic freedom. Planning and implementation can end up being at odds with what really happens, ( Birnbaum : 2000) when the choice bestowed on academics to act independently based on research and scholarly interests ,could impact on the success of the strategy or disappointment at the intended outcomes.

Managerialism, economy, efficiency and effectiveness provided the scope for top down management power to influence corporate change. ( Beecher:2001) Convincingly Beecher argues that this change in management focus increasingly led to departments and academics being expected to meet corporately determined standards rather than those pertinent to their own disciplines. ( Beecher: 2001). By defining parameters and objective setting through performance indicators enabled universities to try and have it all, a tight central control at arms length whilst a loose facilitation of autonomy is promoted ( Beecher:2001) led to the gradual concept of the academic as an 'output' machine( Beecher :2001)

Benchmarking as a tool for strategic implementation became almost universally adopted as a best practice mechanism, and has certainly been an underlying sub text of the development of KPIs for the an institution.. The development of the KPIs, were considered as the deliverables, which were derived from the formulation of benchmarking definitions from like minded peer groups or aspirational groupings. This led to a development of performance indicators as almost mandatory and potentially a precursor to theories behind the BSC. Benchmarking and performance indicators are often used interchangeably and without due consideration, as the true understanding of a benchmarked operation would lead to a full understanding of the processes used in the benchmarked institution to get to that point of comparison. (Birnbaum:2000) Performance Indicators became a major tool for management control and decision making in non – profit organisations, and led to a different style of thinking, one that in Universities was often considered inappropriate use of business models.

Terminology such as Total Quality management ( TQM) and Business Process Reengineering (BPR) entered the lexicon of HE as the challenges in HE became more associated with commodification and the exchange of words such as from 'student' to 'customer'. Business reengineering was a process of fundamental rethinking of how an institution could work. ( Birnbaum: 2000) It could be argued that the development of the BSC is not only a fad waiting to run the test of time, but also a form of business reengineering through stealth as a range of stretching targets are developed from benchmarking and performance indicators that changes the focus of the institution.

### **Perceived problems in strategising HE**

Birnbaum himself argues against what is a largely negative stance in his critique of management fads in ensuring that the latest strategic tool is used as a prism to examine practices from a new perspective and not immediately rejected out of hand.(Birnbaum:2000) Similarly Beecher also indicates that changing managerial and

strategic styles should not be presented as purely negative but that “new situations can present real opportunities to shed oppressive practices as well as to realise new possibilities “ ( Beecher;2001:18) both of these viewpoints indicate a gap in the literature that warrants further investigation into the BSC as a strategic method for developing the future of HE in new universities.

Goal ambiguity and divergent professional interests are typical of a university context and an increasingly complex environment that places greater responsibility on senior managers to make the right and collective strategic choices. The complexity is compounded by a largely autonomous professional workforce, who has sub cultures and territorial tendency even within one organisation. ( Jarzabkowski: 2005, Beecher: 2001) . In the pursuit of multiple strategies in a university ( e.g. research, teaching and learning, commercial income and size and scope)it increases the complexity of the management task ( Jarzabkowski: 2005) and further identifies the need for a ‘magic’ (Birnbaum:2000) formula to reconcile all facets of the complex organisation and its actors. As Beecher points out: “The changes from elite to mass HE and the simultaneously changing role of the state in shaping the services of HE led academics to desperately try and hold onto old values and beliefs. The new governance and divisions of labour that used to stem from the dominance of academic discipline were altered “(Beecher 2001)

### **BSC concepts aligning to problems of strategy in HE**

The literature review clearly shows that HE is multifaceted, complex, and reliant on intangible assets within a knowledge economy. Most institutions have a similar structure based on groupings of cognate disciplines that have their own cultures and language, and are supported by central and overarching strategic themes, and become subject to market forces. With this range of activity it makes sense to use the concept of the BSC to try and facilitate all of areas of work whilst contributing to the well being of the whole institution.

Team efforts are required to support the strategy and cannot support individual functional silos (Kaplan: 2001) but the issue is the appropriateness of ensuring the ‘silos’ in academic terms as this is often the requirement of discipline connectivity and culture that supports the individual success of the department. HE has a tradition of measuring academic excellence, through student/staff ratios, research outputs, student success rates etc, but these can be seen as separate to the function of accountability and regulation that the service departments would measure. Articles that have assessed the use of BSC in HE in USA and India report that the need to review the way in which strategies are developed, implemented and communicated are described as a novel approach that can measure all functions of a University but they fail to develop any real tangible criteria for success within HE. ( Umashankar :2007, Beard: 2009) other than those that could have been identified using alternative methodologies. The issue is summed up by Beecher: “there is a constant struggle over academic terms of employment, so academic capitalism needs to be conceptualised as processual rather than static in nature. The shift of academics as professionals to academics as proletarians led to a power shift between academics and administrators.” ( Beecher 2001)



In an attempt to visualise the literature and complex situation I developed a typology of concepts and issues to enable me to use this as a thinking tool (Wallace and Wray: 2008) in bringing the range of different perspectives together and to then focus the range of questions that emerged from the literature review to be more succinctly formulated so that I could begin to test the effectiveness of the BSC in HE. Kaplan and Norton emphasise that the information age is built on a new set of operating assumptions (Kaplan and Norton: 1996) and this was used for the starting point for the topology.

**Typology Thinking Tool ( fig 1) Complex University landscape.**

<b>Kaplan and Norton operating functions</b>	<b>University structure/internal functions</b>	<b>University purpose/external functions</b>	<b>Balanced Scorecard Strategy- 5 principles</b>
<p><b>Cross Functions:</b>            *integrated business function            *combines specialism with speed and efficiency of integrated business</p>	<p>*different faculties, depts./schools            * support functions for student experience and accountability functions</p>	<p>* range of disciplines            * teaching/research nexus            *vocational/CPD            *public value            *academic freedom            discipline autonomy</p>	<p><i>Align the Organisation to the Strategy</i>            *corporate role            *business unit synergies            Shared service synergies</p>
<p><b>Links to customers and suppliers</b>            * integrate supply, production and delivery processes</p>	<p>*internal stakeholders/trustees            * students/feeder institutions/parents            Businesses/employability            *students/staff</p>	<p>*accountability            *funding and regulation            *marketing            *External stakeholders</p>	<p><i>Mobilise change through executive leadership.</i>            *Mobilisation            *governance processes            *strategic management systems</p>
<p><b>Customer segmentation</b>            *offer customised products and services to its diverse customer segments</p>	<p>*mode and level of study            *variety of awards            *WP            *research            * institutional mission            *diversity</p>	<p>*WP/socio economic groups            *mission groups            *marketing and branding            *price            *market value of e.learning</p>	<p><i>Translate the strategy to operational terms</i>            *strategy maps            *balanced scorecards</p>

### **Global Scale**

*Compete globally	*international	*contribute to wider society
* global opportunies with marketing	recruitment/franchise	*economic impact of HE
sensitivity to local customers	*competition fierce	*social mobility
	* global curriculum	

### **Innovation**

*product life cycles shrink	*autonomy of curriculum development	*industry/social pressures for curriculum	<i>Make strategy a continual process</i>
*competitive advantage by future anticipation of new product	* review and currency of courses	* economic challenge	*link budgets and strategies
	* new disciplines emerging	*role of the state in supporting research	*analytics and information systems
			* strategic learning

### **Knowledge**

#### **Workers**

*all employees contribute by what they know and by information they provide	*knowledge capital of academics freedoms	*control of academic knowledge and exploitation for the state purpose	<i>Make strategy everyone's day job</i>
* investing in managing and exploiting the knowledge of every employee is critical to success	*research profiles/qualification of academic staff	*purchasing of knowledge and transfer of knowledge between academia and industry	*strategic awareness
	*high level of professional administration		*personal scorecards
	*staff development/scholarly activity		*balanced paychecks

### **Research Design**

The typology enabled the range of problems identified through the literature review to form the basis of interview questions to test the effectiveness of the BSC approach. A limitation is that no other alternative strategic tools have been used to make a comparison, so the interview questions relate directly to Kaplan and Norton's five principles. Questions have been devised using two formats, one semi structured questions for use in interview and two, closed questions with a choice of four answers. The balance of approach is to gain an overview of the four facets of the assignment title: 1) The BSC concept, 2) Effectiveness, 3) mechanism for implementation 4) strategic organisational change in a new university.

Using the semi- structured interview approach will allow participants and users of the strategy map to formulate view points from a user's perspective which will be interesting as case study material, and allow personal experiences to be brought to the fore, which should test some of Kaplan and Norton's assumptions about total employee alignment. . Being a Dean I I hope that this will ensure a sense of trust and openness that will allows

for ideas to develop during the discussions which could inform very practical considerations for future use. The intention is for the interviews to be held in good faith and that an objective view will be understood by the scope and purpose of the assignment.

In contrast a very straightforward and short survey will also be conducted with the same sample. This is to give a very quick and ready overview using numerical data as to the impact of the BSC on everyday activity. It by contrast allows me as a Dean to reserve some researcher distance to compare and contrast the findings.

The intended sample is all the Deans, Directors, PVCs, DVC and VC. This is in total the 21 senior staff of the University. Deans hold the responsibility of the most visible KPIs and are held accountable during appraisal and other points of the year for meeting the KPIs and are therefore important to the research. However the strategic responsibility is for everyone in the senior team to meet the corporate aims and the resulting interviews will test as to the alignment of support services as indicated by Kaplan and Norton as being essential. The PVCs have cross cutting themes for teaching and learning, and, research and enterprise and these are met through the demands of each School and are crucial to the success of the critical measures of the University. The DVC is a long serving member of staff who has had responsibility over a number of years for implementing strategic direction and resource management to meet the aims. His view over a period of time will be important as to the balance of success using the BSC or other alternative methods. The VC is the main driver of the BSC and as a new VC will be keen to test the effectiveness in maintaining institutional strengths whilst still delivering on new strategic focus.

The limitations to this sample is the contrast felt by other stakeholders namely academic staff and the student body, this could form the basis of further study, although to some extent the type of KPI around student experience ( The NSS for example as a key KPI for all schools) could be analysed through the sample indicated. Another potential problem and hence the reason for semi structured interviews and the survey is the unbalanced number of Deans – 7 – against the number of Directors – 10- in theory this could skew the data, but during the data gathering it should be clear as to whether the BSC informs and ensures all aspects of the corporate strategy are being met through job type as opposed to number of specific type of post holders.

In the appendix is the guidance material for the interviews intended as an aide memoir to gain exploratory viewpoints and to explain some of the context for the interviews. Interviews will be recorded and transcripts made for data analysis purposes and will be anonymous. Questions were formulated from the five principles and as an example include:

- Would we be in the same position now without the BSC -do you think the use of the BSC means that HU has become a strategy focused organisation?

- The University has identified multiple strategies ( ie research, teaching, commercial income, size and scope) does this compound the problem of distributed activity or help ( ie staff pursuing their own professional interests) and does it therefore highlight /increase/or help the complexity of the management task ?
- Has the BSC led to further stratification of the academic role, through internal hierarchies or led to more flexibility to respond to quick changes?
- Is the BSC for everyone? Does the assumed difference in knowledge formulation and disciplinary groupings affect the approach and understanding and success of the BSC?
- how do the support services help you reach your KPIs
- Do you feel incentivised to make your own (school/service) contributions fully realised through the BSC approach?

### **Data Reporting and Investigations.**

The interviews resulted in the VC, DVC, one PVC, three Deans and three Directors being interviewed to explore the effectiveness of the use of the BSC and has provided some interesting and relevant data that is not out of line with some of the issues identified as barriers to success for implementation. Some curious approaches to the corporate view and its purpose emerged and some very positive reactions to aspects of the BSC. A range of interesting and useful suggestions for practical ways to develop the BSC as a useful tool were identified alongside the identification of risks.. Not unsurprisingly the biggest tension identified was who actually ‘owns’ the KPI and how it fits to the balancing of a scorecard. One respondent believed that what we have is a “set of multiple KPIs that are not balanced at all” (interview transcript), and therefore could never achieve the balanced scorecard and strategic aims, another believed that all schools were essentially the same doing the same thing: “ not stereotypical of a BSC approach because seven identical schools will give the same results” (interview transcript), and therefore were not individual business units at all but essentially one and therefore balance is achieved through the overarching corporate work, rather than individual schools or silos. This apparent mistrust between who owns the KPIs was further exasperated by the distinction of contribution to the overarching KPIs between the schools and the services – again this is not unsurprising in university management but a clear area for development.

The five principles from Kaplan and Norton ( 2001) are used to explore the use and potential effect of a BSC approach at HU from the data collected in the interviews.

1) Mobilise Change through executive leadership.

Whilst there are some tensions it is evident that there is now a clear steer for the university and all agree its direction. “ The HU strategy is led more collectively in its direction, and there is a political will to do this” (interview transcript). The centralised steer is clearer and less ambiguous than in previous versions of the strategic plan and has been an effective leadership action to mobilise change by using the BSC. Whilst the direction is clear the pace has also been accelerated to move quickly to get the desired results and all interviewees were clear that this was due to the leadership behind the BSC.

The BSC had focused attention on areas that needed to catch up such as the Research agenda for the university that had fallen behind that of the teaching and learning and widening participation agendas. There was general agreement that the BSC is useful in providing clear headings and objectives but it was less clear as to how this overview was monitored and its effectiveness between services contributions to the academic KPIs. This clearly an area for development as a greater alignment between the strategy and the organisation is needed. There was general agreement that the BSC was a useful tool and provided a stable environment with enough scope for giving confidence to allow change to take place for example one respondent stated that “expectations have not changed they are just more explicit, and everyone knows there is a centralised steer” (interview transcript). The BSC has clearly provided a collective approach to the strategy. These are positive points as they have the potential to alleviate any pitfalls that might be a barrier to success, as the strategy is seen to be an agreed approach that is actionable, through all schools and services.

## 2) Make Strategy a Continual Process.

Without exception all interviewees were highly motivated to make the university a success and did not feel the need for other financial bonus motivators as often seen in the private sector, for example one interviewee stated that he “ felt personally very motivated to make the University a success because of shared ambitions from the senior team all the way down” (interview transcript), however, it was felt that although there is agreement on the strategy and the overarching KPIs there had been little review of the KPIs after the first year and a general feeling from Deans that these need to be kept under regular review with a focus on change if necessary due to altered circumstances. “What we need is a review of those KPIs that cause real discussion, and those that don’t are not Key PIs, this needs to be done to ensure validity and that we measure only that which is important to us” (interview transcript),

The focus on school KPIs was in danger of becoming an end in themselves and a potential pitfall could be the lack of innovation as a result. KPIs were attributable to individuals and they were accountable for individual KPIs and whilst this was agreed was a suitable methodology for reaching the overarching KPIs there was doubt as to how transparent this really is: - “...the KPIs are distorting the way I think and manage in way that to me doesn’t always make business sense” (interview transcript).

Schools have a simple but effective spreadsheet showing their annual KPIs relating to the University KPI, but this is not the case with services and therefore this was seen as a potential for disconnect, or how fast they may be able to respond to changes on a continual basis. To avoid failure there was a perceived need by the interviewees to ensure that any changes being made are of a strategic nature and not a tactical or penalty driven approach, which was seen as an unfortunate by product of the emphasis just on the strategy map KPIs. “ we have to be careful to not promote the KPIs as a source of threat, and therefore they need real sign up at the beginning, we need to be realistic and we may need to change, but any indication of a change in behaviour in meeting the KPIs – I mean as threatening behaviour – need to ensure that this is not the case” (interview transcript),

### 3) Make Strategy Everyone’s Day Job

Interviewees who had been in post for some time referred regularly to the legacy of the Polytechnic days and therefore the difficulties of making rapid strategic change but this was in contrast to those who had joined the University more recently and favoured the approach that the strategy map had focused the minds of all staff in the university and the clear messages that it provided. A very positive message was how easily and readily staff had accepted the strategic direction and how they felt personally motivated to succeed. A further step down the line to produce individual score cards as seen in the private sector was generally dismissed, but the notion of workload planning that had more connection across the university rather than in individual schools and services would be welcomed, but not at the expense of removing the individual academic freedoms that allow schools and departments to follow the best course of action for their individual subject disciplines. It was felt that the University had been successful in making the strategic plan part of everyone’s day job and attention to the KPIs was foremost in everyone’s eyes: “ the strategy map is guide for all staff” (interview transcript).

There was general agreement that there was a lot to learn collectively and individually since the inception of the use of the BSC, but that innovation and learning had yet to materialise as part of the review and analysis of the KPIs. There was distinct lack of understanding as to who should be responsible for the creation of ways to improve and create value from the BSC from across the university, but recognition that this would be a useful development.

However there was general concern that the job had been made more difficult because of the attention to KPIs, not because of the strategic direction but because of differing time frames for when success could be measured, what constitutes success if it is not quantitative and , mixed messages of who controlled the power to deliver on the KPIs. As one interviewee stated “ its been uncomfortable to those exposed key individuals who have to fulfil the KPIs – the power has moved from the Deans to the PVCs” (interview transcript). A good example of this is the range of KPIs such as the National Student Survey, ( an annual KPI measured through numeric achievement) , the research KPIs broken down in to bi-annual numeric figures that do not account for some of the cultural and qualitative areas of work, ( a KPI measured through external scrutiny every 5 years in

the REF) and teaching and learning KPIs which were deemed extremely important to the success of the University but less easy to measure and as a result seemed to be a bit flaky and difficult to really focus in any one time frame. As a result the attention to the KPIs was seen by individuals as important but difficult to really ascertain the overall balance and performance driven through the use of the BSC and its anticipated success and who the success would actually be attributed to if at all. The initial communication and follow up road shows by the VC had been appreciated as seen as a positive way of cascading information down to staff and this could be built upon and would therefore continue to make sure everyone was aware of the strategic direction.

#### 4) Align the Organisation to the Strategy

There was a perception amongst the interviewees that the KPIs are not weighted evenly, and mixed messages of where power to deliver on the KPIs actually lies. This is an important alignment issue as the BSC relies on ownership of scorecard KPIs to ensure effective and appropriate delivery. Whilst it was felt the university had gone some way to ensuring operational functions, such as the 'dev rev' was reviewed to follow the strategy map, there was clearly tensions as to how money in schools and that allocated to services and central functions would best support overriding KPIs and how these might be best served: "the resources haven't really changed much" (interview transcript), claimed one interviewee who felt that the resources allocation might not always match the KPIs needs.

One key area of concern was the number of KPIs that had grown exponentially from the original targets as everyone tried to align their function to the overarching strategy. As a result a potential barrier to success is anticipated particularly where service KPIs were not explicitly linked or transparent enough to understand their contribution to the whole.

#### 5) Translate the Strategy into Operational Terms.

This was the area that caused the most discussion in the interviews. There was clearly differing views as to what the BSC was and how it was translated in operational terms. Some accepted the terminology of BSC almost interchangeably with KPIs, strategy map and strategic direction others were more critical of the use of the BSC as a focus for the translation into operational functions. This debate went beyond pedantic semantics as some felt the BSC was not a strategy at all but a set of multiple performance indicators that were there for measurement purposes only, and any strategy as long as it written down somewhere will focus the majority of the university on its intended direction. "we do not have a BSC at the moment but a set of multiple performance indicators, we need to adapt these not just adopt them" (interview transcript),

The lack of words behind the strategy was cause for some concern as it focused entirely on output and not input, which meant that translation into operational areas was often lost or misinterpreted as was seen as an inevitable consequence of not having a framework to work to. Whilst this could have been seen as a strength relating to the individual departments as Kaplan and Norton suggest is beneficial, it is in practice meant that some

areas have not been as quick to change as others thus causing an imbalance, or centralised systems being introduced piecemeal which was time consuming and at times confusing. Others saw the KPIs as the absolute literal translation of the strategy map and not to be deviated from. As could be predicted the two camps tended to fall into those managing the services functions and those managing the academic areas. There was no collective view as to the best way forward in ensuring that the strategy could be translated more effectively operationally.

Operationally the services tended to think that they did not have to change much from current practice to achieve the overall aims, and some believed it was merely a method of communication and they were doing it all anyway. “The BSC has not made any difference as we have been doing it all anyway we ensure everything we do is appropriate to the academic need” (interview transcript). This was not the case with the academic areas who felt the translation to operational and day to day management was becoming more burdensome as the recognition of success or failure was very evident compared to the KPIs for the services.

One interviewee commented that: the Services are more than happy with the BSC and they take it very seriously but they do not rely on the success of the KPIs to survive, whereas the academic who do depend on the success of the KPIs to succeed take the whole BSC less seriously as the motivation is triggered only around the success of being an academic however that is measured against teaching and learning or research. This comment gives a resounding view of how the BSC is perceived and how it has been internalised and how time is needed to develop and refine this area.

## **Analysis and Conclusions**

The BSC is accepted as a positive method for introducing change without radical restructure but a focus on clear aims and ambitions. The strategy map is a useful aid in communicating to all staff the strategic direction and the key performance indicators to measure success up until 2013. There is some development work to do on supporting the services KPIs to align with the accountability of the schools KPIs and in reducing the number of KPIs to make them meaningful.

The key area of debate lies in perception of authority and ownership of KPIs and this needs to be resolved so that a true balance across the strategy map can be made so that each service or school can play to its strengths. Generally it was felt that with some suggestions for moving forward the principles behind the BSC would serve the University well and would be an appropriate strategic tool for the HE sector to adopt. The development and refinement process is not out of kilter with companies in the private sector who go through gradual refinements to ensure the BSC is appropriate to their business and is refined to ensure success is measured on all fronts.

The University has responded to the challenge to make the strategy known throughout the institution and is fully supported by senior managers; this however needs constant enthusiasm and translation into operational terms to be successful. Key KPIs need a



senior sponsor for each one so that the perceived importance is correctly attributed and the leader accountable. This is typical of early stages of a BSC in the private sector and clearly reflected in the HU experience so far, as the over emphasis on KPIs demonstrates. The dominance of KPIs to the exclusion of other factors was demonstrated by respondents debating their relevance, meaningfulness, appropriateness, value and that they were becoming an end in themselves which might be appropriate for the quantitative measures but not so for qualitative ones that are not so evident in the strategy map.

For the BSC to be successful at HU and as a model for adoption by other HEIs the following recommendations have been reached.

1. Services to be seen as enablers of schools KPIs and therefore need similar accountability targets and measurements. This would help to create the balance a transparent fairness in meeting overarching objectives.
2. Focus on a workload model that will avoid any disconnect between working to strengths and ensuring balance is met through the explicit contribution made by each school/service to the whole this will ensure more than the sum of its parts is achieved and avoids a typical pitfall through lack of alignment.
3. Recognise the diversity in staff/school/service contribution to the strategy and the BSC should be able to do this through the introduction of a workload allocation model.
4. There is a need to focus on the value given to each KPI, either by the reduction of the number of KPIs to ensure all are meaningful, and that leadership is by a senior person to ensure the right perception is given to every KPI and that one is not perceived as having more importance than another. For example the role in admissions and meeting that KPI is valued as equally as the KPI for research contributions. Staff need to feel their contribution is valued and that they are all treated equally.
5. Consider a serious review of the KPIs after each one has been tested. Introduce learning and innovation from those areas that have successfully achieved or excelled in a certain KPI.
6. Create a sense of value by focusing on the three main values of the university to avoid the trap of KPI only focus. To avoid the KPIs becoming an end in themselves instead of the means to achieve a certain aim and in doing so remember that targets are not an end in themselves, and to use the indicators for monitoring purposes but not to be wedded to them.
7. Ensure unnecessary behaviours are not adopted as a result of targets not being met, but a learning and innovation sharing function put in place to support developments. Behaviours make all the difference to the successful leadership of the BSC according to Kaplan and Norton.
8. Maintain the BSC as a focal point and keep enthusiasm for process through executive leadership and transmit further down through the organisation, involving everyone annually in a consultative process.

9. Demonstrate with practical examples the cause and effect of KPI achievement across the University including the accountability of the services. Validate the importance of the KPIs by describing more accurately what is being measured and why.
10. Consider the student voice as a key stakeholder in deciding on the importance of the KPIs and adapt to the legacy of HU rather than an imposition of another Universities operations.

The potential risks identified include:

1. A reduction in pace – its hard for everyone to keep up
2. Variations in localised high performance, but poor performance overall and how this is then described and accounted for.
3. Over emphasis on the ‘lagging’ measures such as the NSS which identifies past performance as an output measure and not enough emphasis on input measures which secure successful futures
4. Potential for the BSC of Huddersfield University to look exactly the same as any other University were they to adopt this tool and therefore not be able to identify niche and unique reasons for its future marketing and recruitment policies
5. No real evidence that there is improved decision making as a result of the BSC and could be used to mask or hide areas of concern.
6. The time it takes to decide on the measures and their importance could hinder planning and result in some lost of momentum in realising the strategy.
7. Behavioural styles amongst staff might identify a perception that they have underperformed in the past regardless of the new strategic direction of the university
8. Use of the strategy map/KPIs as the panacea for resolving all problems within the University, without other activity and functions being properly considered.

In conclusion the BSC is seen as a useful tool, amongst many that could be used. It takes time to make it relevant to the particular institution and needs serious refinement as it is implemented. Individual contributions can be more readily acknowledged to reach a true balance and then and only then will the BSC be seen to be doing its job for the institution. This has been an interesting introduction to a new strategic implementation

tool and would certainly be very useful repeat the interviews in two – three years time to see how the intended improvements, the intended strategic aims and how the KPIs have actually performed.

8,284 words

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## Appendix 1

<p><b>1. Mobilise change through executive leadership</b> (Orchestrating change through executive leadership – top leadership sponsorship – define long term change agenda – articulated through a vision and a strategy?)</p> <ul style="list-style-type: none"> <li>○ Would we be in the same position now without the BSC -do you think the use of the BSC means that HU has become a strategy focused organisation?</li> <li>○ Has the BSC positively assisted planning – are the targets clearer and more focused?</li> <li>○ The BSC should allow a culture to emerge that is not centered around traditional silos of activity but a team effort required to support the overarching strategy – do you think this is understood and is happening?</li> <li>○ Do the corporately agreed targets ( BSC/KPI) in your view, impact on the distribution of power in the university or does it support individual dept or schools.?</li> </ul>	<p>NOTES</p>
<p><b>2. Translate strategy into operational terms</b> (Defining strategy maps, balanced scorecards, targets and initiatives)</p> <ul style="list-style-type: none"> <li>○ Much of what we do is around managing a set of knowledge based assets does the BSC allow these to be measured effectively or is it a set of bureaucratic descriptors?</li> <li>○ By looking at the set of KPIs across all schools could you describe the strategy of the university (imagine you have not seen the strategy map?)</li> <li>○ Does the BSC allow freedom to make ‘mini strategies’ that can shape and alter the strategy as time goes on – is it a better tool for emergent strategy rather than management intention? ( can you shape strategy in the face of emergence)</li> <li>○ The University has indentified multiple strategies ( ie research, teaching, commercial income, size and scope) does this compound</li> </ul>	

<p>the problem of distributed activity or help ( ie staff pursuing their own professional interests) and does it therefore highlight /increase/or help the complexity of the management task ?</p> <ul style="list-style-type: none"> <li>○ has the BSC led to further stratification of the academic role, through internal hierarchies or led to more flexibility to respond to quick changes?</li> <li>○ do KPIs reinforce academic silos or support the development of interdisciplinary fields. ( does the mechanism of BSC allow for newly defined academic groupings or do the KPIs reinforce that which is already in place)</li> </ul>	
<p><b>3. Align the organisation to the strategy</b> (aligning corporate , business units, support units, external partners, and boards with the strategy.)</p> <ul style="list-style-type: none"> <li>○ Has the BSC allowed an examination of your practices to be viewed from a new perspective at all?</li> <li>○ Does the strengths of the BSC guard against centralism? (is it centralised decentralisation?)</li> <li>○ Is there a shift of power between academics and administrators, has the BSC meant that academics are more of the output machine, or has the BSC enabled a continued sense of academic autonomy?</li> <li>○ is the BSC for everyone? Does the assumed differences in knowledge formulation and disciplinary groupings affect the approach and understanding and success of the BSC?</li> <li>○ how do the support services help you reach your KPIs</li> </ul>	
<p><b>4. Motivate to make strategy everyone’s job</b> (Providing education, communication, goal setting, incentive compensation and training of staff)</p> <ul style="list-style-type: none"> <li>○ Using Research as an example of how it could become an institutional rather than an individual concern – and impacts on institutional practices, values, ambitions and attitudes – therefore the significance of research is raised across the university – does this imply that some KPIs in the BSC may have different weighting than other KPIs? ( do the KPIs carry the same weighting?)</li> <li>○ Does the BSC allow for new opportunities in changing environments to be taken up?</li> <li>○ Are real resources directed to reaching overarching goals?</li> <li>○ Do you feel incentivised to make your own (school/service) contributions fully realised through the BSC approach?</li> </ul>	

<p><b>5. Govern to make strategy a continual process</b> (Integrating strategy into planning, budgeting, reporting, and management reviews)</p> <ul style="list-style-type: none"> <li>○ Is benchmarking useful in explaining/developing KPIs that feed into the BSC?</li> <li>○ Is BSC a form of business reengineering by stealth? ( fundamental rethinking to achieve dramatic improvements)</li> <li>○ Does the BSC rely on a stable environment to be successful?</li> <li>○ Conversely will the BSC be the right tool for planning in turbulent times?</li> <li>○ Do you have suggestions for practical ways to take this forward?</li> </ul>	

**Research Method (2) controlled survey questionnaire**

Survey questions to test and compare with the semi structured interviews and will use the same sample of people. Analysis will be more quantitative and enable a similar survey to be repeated if applicable at a later date or with different stakeholders for a further investigation.

Item	Question	strongly agree	agree	disagree	strongly disagree	Comments
1	HU is a strategy focused organisation					
2	The effect of the BSC on staff been good					
3	The effect of the BSC on students been good					
4	The BSC is a good tool for Universities to use in a recession					
5	The BSC is a good way of communicating the strategy to all staff					
6	The service units contribute to my KPIs					
7	The BSC is the right strategy mechanism for a university such as ours?					
8	There is a clear relationship between the strategy map, KPIs, and the ' traffic lights' progress system					
9	The school/service has improved in the last 12 months					
10	On a scale ( ha!) of balanced or unbalanced would you say the BSC has achieved one of the following( Please tick)					
	o Balance?					
	o Will achieve balance?					
	o Will never balance the scales					

