"Few factors are as important to the performance of an organization as measurement, and measurement is among the weakest areas of management today." - Peter Drucker

Introduction

The purpose of this essay is to discuss the leadership skills and strategies needed to successfully integrate human, information and organization capital with corporate strategy. Included will be a review of the goals, resources and barriers for aligning the elements of the Learning and Growth Perspective with a Balanced Scorecard Strategy Map.

Leadership and Strategic Organizational Change

Leadership focuses on influencing human, information and organization capital resources toward accomplishing planned and controlled changes in desired directions. In general, there is no agreement as to the characteristics of leaders. According to Appelbaum (1998), leadership is a process through which a person tries to get others in the organization to do what he or she wants. Sleeth et al. (1996) expand on this by stating the actions that link people and tasks to accomplish work is what leadership is all about. Robbins (1983) presents trait, behavior, contingency and charismatic leadership theories. Regardless of theory, trust is a characteristic of leadership that is presumed to be of significant importance.

Culture, Alignment and Teamwork

Creating trust begins with the clear, constant and unwavering articulation of an organizational vision, which serves as the foundation of an entity's culture. Senior management must present its vision of the future "ideal" organization, and its will to achieve it, in order to successfully guide and influence strategic direction for its members. The motivation to pursue a new organizational vision by top management is closely linked to how managers perceive their ability to influence corporate strategic objectives and goals. The degree of control that managers have over internal corporate factors such as sale, cost, marketing programs objectives will determine how committed they will become to organizational change. (Lawler, 1994).

Once the vision is established, senior management must then align the organization's resources by allocating the necessary material assets, and by creating understanding and commitment among organization members to share the vision of the ideal identity and the actions that are necessary to achieve it. Alignment begins with the leaders themselves, by defining the goals which will separate the organization from the past, creating a sense of urgency, developing enabling structures, communicating, involving people, honestly measuring and evaluating progress, providing incentives, and reporting on how changes are improving the organization's ability to achieve its strategic objectives.

Sharing knowledge of the vision, gaps and planned solutions among everyone involved in the changes is a critical element in leading teams toward desired strategic objectives. It is only by doing so that commitment and understanding can be achieved. A few of the success factors for knowledge sharing include monitoring, managing and reviewing of strategy execution; identifying performance issues and challenges, understanding their causes and impacts, and proactively and collaboratively making decisions to resolve issues. The review process ensures learning, and provides a system of accountability to track performance and commitments.

Motivation, Performance and Organizational Culture

According to Robbins, the level of productivity attained by workers directly influences their level of job satisfaction and the motivation toward achieving the visions of leadership. Resource alignment and the understanding achieved by knowledge sharing are vital toward accomplishing jobs satisfactorily. Too, measuring and recognizing achievement of an individual's productivity goals can have profound impacts on the desire to continue improving. The ability of any organization to motivate individuals, whether they have an external or internal locus of control, to superior levels of performance is closely related to their reward systems. Although it has been suggested that an ideal organizational climate would provide opportunities for independence, recognition, and responsibilities (Vecchio and Appelbaum, 1995), some employees' performance under an organizational change environment might still be motivated by extrinsic job satisfaction factors (e.g. pay, job security, fringe benefits, working conditions, explicit working rules, etc).

Therefore, strategic organizational change efforts must ascertain that different types of rewards are offered to employees who might have quite a different attitude set towards organizational change. Modeling and rewarding the appropriate behaviors in a consistent manner throughout the organization are techniques used by successful leaders.

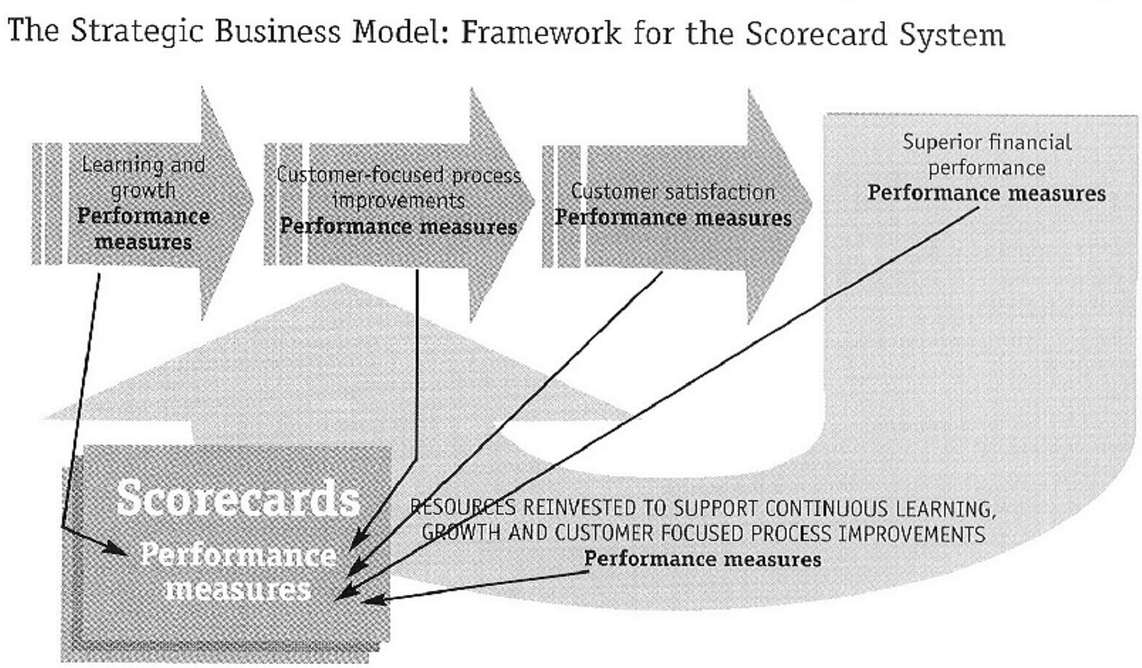
The Process of Change

The basic idea behind strategic organizational change is to provide a clear focus and to help establish the gaps in performance and the areas of greatest concern and opportunity for change management. The success of strategic organizational change will in turn be measured by improving key strategic organizational variables such as market shares, sales volume, earnings per share, stock price, cost reduction and stakeholders' satisfaction.

Once vision, strategic goals, motivation, alignment and teamwork are well-established, the process of change begins with an analysis of the gap between the *status quo* and the ideal situation. If the gaps are sufficiently large, change efforts are likely to be frustrating and potentially devastating, because members will perceive the changes as either too threatening or impossible to achieve (Hitt et al., 1996). Therefore, it is senior management's responsibility to "manage" the effort by ensuring that the gap between the "as is" and the "to be" vision is wide enough to challenge the organization and not too wide to demoralize the change effort.

To address gaps, a plan must be developed which draws together all the necessary resources toward reducing the disparity between the present circumstances and the vision. A graphical model plan which has achieved widespread acceptance is the Balanced Scorecard Strategy Map of Kaplan and Norton (2001) (see Figure 1). The Kaplan and Norton model suggests that the Map will usually address four major perspectives: Financial, Customer, Internal Processes, and Learning and Growth, the latter of which includes the intangible capital resources of humans, information, and organization. According to Kaplan and Norton, the implementation of a scorecard can communicate and clarify to employees key strategic objectives and their critical drivers.

Figure 1



Successfully linking strategy to a scorecard system is most often accomplished by assigning responsibility for implementing strategy actions or initiatives to individuals (or teams, departments, etc.), where the initiatives are supported by measures that appear on the scorecards of the responsible person. Performance expectations would then be placed on the scorecards, along with targets and scores based on actual results. The provision of feedback as to whether the strategic objectives are being accomplished is one of the scorecard's most important benefits, according to Kaplan and Norton. By monitoring whether performance on the critical measures is having the expected consequences on strategy, managers are able to evaluate whether the cause-effect relations are valid and whether or not the strategic objectives are achievable.

Barriers and Solutions

It is precisely the variety of measures in the Strategy Map that may create an element of confusion for managers, in that they may unnecessarily complicate the decision making and performance evaluation process.

Another potential barrier to the successful implementation of Kaplan & Norton's Strategy Map system is that a framework that distills a multitude of measures into four groups may be filtering many measures in an attempt to align metrics within the confines of the map; or, they may assume that all measures should be weighted equally. Without any information to the contrary, managers might likely assume that since the measures are related and have the same primary objective, then they should be equally important.

To overcome those possibilities, the scorecard will need to contain enough information to allow managers to know when to emphasize particular metrics. There may be a need to emphasize certain activities over others and thus focus on a different subset of measures over the life cycle of a company. Or, it may be necessary to reduce a large initial set of measures to a group by a means of prioritization. The use of priorities will enable managers to focus on strategic initiatives that offer the most promising avenues for improving performance.

In terms of prioritizing measures in the Strategy Map, one option is to prioritize measures within each perspective separately. This option ignores the relative importance of the perspectives, yet this might be critical for a firm with a very focused strategy. A more comprehensive process of prioritization considers placing weights on all of the measures to allow comparison. This approach is also more desirable in that if the measures are indeed interrelated through the creation of a balanced mapping process, then prioritizing all of the measures collectively preserves more of this relationship.

Other potential barriers to achieving organizational change are poor coordination, poor vertical communication, unclear strategic priorities and poor teamwork. At the individual level, workers can be motivated to actively communicate horizontally and vertically if the organization teaches how to break down their defenses that block interaction, whereby people are rewarded for increasing their skills while adapting them to change in organizational goals. The organization should create new training and education programs that will be in line with the new strategic vision.

At the organizational level, performance improvement will occur when management provides the entire work force with all the necessary training and technical infrastructure to support the transformational change initiatives. All that is needed for teaching change is to determine the right training program, technology requirements and the appropriate rewards.

Summary

The abstract and complex nature of leading an organization to adopt a framework for accomplishing business strategies can often be difficult to describe and communicate. Strategy mapping is an approach that can help organizations overcome this difficulty by allowing the user to describe and depict the organizational strategy in a picture format. This facilitates better top-down communication, which tends to enhance employees' understanding and awareness of strategy and allows for better execution and measurement of strategy.

Scorecards can clarify business models, heighten awareness of strategy within the organization, make execution more effective and, consequently, improve financial performance. The most important benefit of the scorecard is its use in facilitating communication about strategy, not just at the top level, but throughout the organization. They depict initiatives and performance within organizational units, enabling managers and employees in the unit to discuss direction, degree of success, and trade-offs. While scorecards are about individual performance, they are also about accountability and the need to collaborate in order to achieve joint success.

Leaders who implement a Strategy Map system faces numerous implementation decisions. To maximize the success of an implementation, leaders need to carefully match their vision, mission and strategy with the framework chosen to visualize performance measures. Leaders also need to consider how this affects the levels of the organization in which they plan to implement the system and the method it will take to accomplish such an implementation. Finally, leaders should formally link the scorecard system to its strategic business model. By carefully considering all of these factors, leaders, managers, workers and entire organizations can maximize chances for successfully implementing a strategic vision.

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