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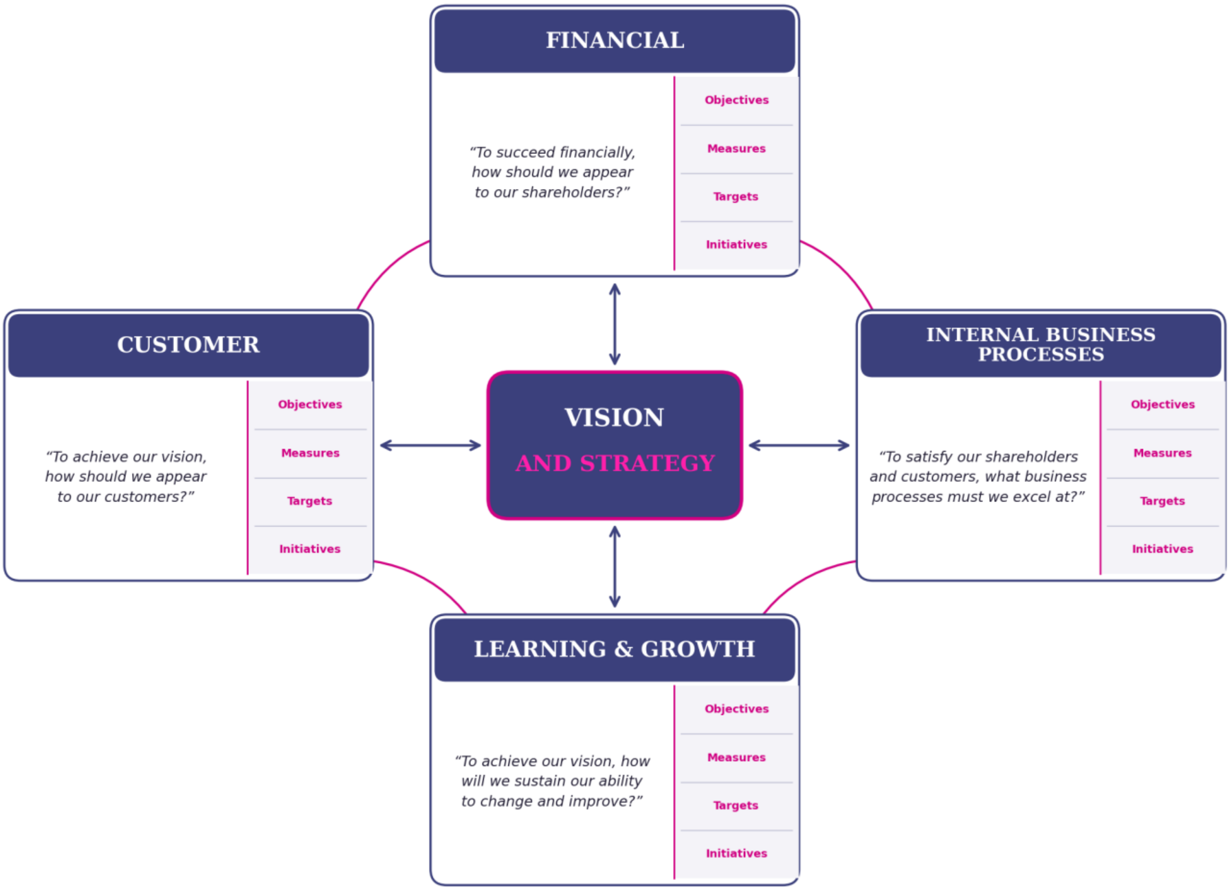
The Balanced Scorecard: A Small Business Guide to Turning Strategy into Everyday Action

*A practical framework for translating your vision into **actions that a small, busy team can actually work on.***

Why this matters

In a small business, strategy often lives in the owner's head rather than on paper and day-to-day pressures have a way of crowding out the bigger picture. The balanced scorecard, developed by Robert Kaplan and David Norton, translates vision and strategy into a small set of objectives, measures, targets and initiatives across four linked perspectives. You don't need a head office, a business intelligence system or a finance team to run one. A single page and a short monthly review is enough for most small businesses and it puts financial results alongside the non-financial factors that produce them so that you end up managing what drives performance, not just reporting the outcome after the fact.

How the four perspectives fit together



Each perspective answers its own guiding question and all four work back to a shared vision and strategy, whatever the size of the team behind it.

The four perspectives, small business style

- Financial: to succeed financially how should we appear to the people relying on our numbers, whether that's a bank, an investor, or just your own reserves?
- Customer: to achieve our vision, how should we appear to our customers, the people who decide whether the business survives?
- Internal business processes: to satisfy our customers and keep the business sound, which few processes must we get right, given that we don't have spare hands to cover for weak ones?
- Learning and growth: to achieve our vision, how will we, and anyone that we employ, keep learning and improving as the business grows?

What a scorecard gives a small business

- A means to turn 'grow the business' into a handful of measures that you and your team can actually see and use day to day
- A shorthand dashboard so that you can check on the business accurately in minutes rather than digging through spreadsheets
- A balance of financial and non-financial factors so that you're not only looking at the bank balance after the fact
- A genuine motivational tool, since even one or two staff can see how their own work connects to where the business is headed

Making it work in practice

- Get buy-in from everyone involved before you start, even if that's only you and two colleagues
- Be honest about whether you're prepared to change course if the results say you should and check that you would actually notice if they did
- Build on what you're already doing well and be equally willing to stop, straight away, anything that you already know isn't working
- Keep the KPI count small. A handful of the right measures beats a long list that nobody has time to look at
- Let the scorecard drive real action plans, rather than sit as a report that nobody revisits
- Use it to make strategy part of everyone's job, not something that only lives with the owner
- Expect some resistance to change, even friendly resistance from a small, close-knit team and plan for it, educate for it, rather than being surprised by it

KEEP IN MIND

Rome wasn't built in a day and neither is a scorecard that a small team actually uses. If a target is missed, reassess the target and the action plan behind it rather than abandoning the approach altogether. Start small, with a handful of measures that matter to your business right now or even just one important measure. A scorecard that survives its first setback is usually the one that sticks.