The Balanced Scorecard in China: Does it Work?

What is the Scorecard?

The Balanced Scorecard is a management system that can measure and improve performance in such critical areas as financial, process, customer, and innovation development.

Main differences of traditional measures from scorecard

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- The Balanced Scorecard, first proposed in the January-February 1992 issue of HBR, provides a framework that translates a company's strategy into a coherent set of performance measures.
- Much more than a measurement exercise, the balanced scorecard is a management system that can monitor breakthrough improvements in such critical areas as finance, process, customer, and innovation development.

Rockwater
Responding to a Changing Industry

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Rockwater, a Hong Kong-registered subsidiary of China's leading water utility, Gammon, is involved in providing engineering and construction services. It is a market leader in undersea engineering and construction.
The Balanced Scorecard in China: Does it Work?

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- **Finance**
  - Past performance
  - Measures of financial performance - Revenue, profit margin, ROI, etc.

- **Customer**
  - Future focus
  - Measures of customer satisfaction - Satisfaction scores, churn rates, etc.

- **Internal process**
  - Future focus
  - Measures of process efficiency and effectiveness - Cycle time, defect rates, etc.

- **Innovation & Learning**
  - Future focus
  - Measures of organizational learning and innovation - Patent filings, training hours, etc.

Rockwater - Responding to a Changing Industry

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Rockwater - a world leader in the design, construction, and operation of innovative energy and infrastructure projects - is leading the development of a new generation of energy solutions in China.

Business development.

Based on the use of the balanced scorecard, Rockwater can continuously improve its business strategy and operations. This approach ensures that the company stays aligned with its strategic objectives and maximizes its potential.

Step 4.

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What it is the Scorecard?

The Balanced Scorecard, first proposed in the January-February 1992 issue of HBR ("The Balanced Scorecard - Measures that Drive Performance"), provides executives with a comprehensive framework that translates a company’s strategic objectives into a coherent set of performance measures.

Much more than a measurement exercise, the balanced scorecard is a management system that can motivate breakthrough improvements in such critical areas as product, process, customer, and market development.
Main differences of traditional measures from scorecard

Companies use measures that are and bottom-up and derived from ad hoc processes. While the scorecard’s measures are grounded in an organization's strategic objectives and competitive demands.

While traditional financial measures report on what happened last period, without indicating how managers can improve performance in the next, the scorecard functions as the cornerstone of a company’s current and future success.

Moreover the information from the four perspectives provides balance between external measures like operating income and internal measures like new product development.

Finally, other local improvement programs lack a sense of integration. The balanced scorecard can serve as the focal point for the organization’s efforts, defining and communicating priorities to managers, employees, investors, even customers.
Rockwater: Responding to a Changing Industry

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*Rockwater*, a wholly owned subsidiary of Brown & Root/Halliburton, a global engineering and construction company, is a worldwide leader in underwater engineering and construction.
Rockwater's Strategic Objectives

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Vision
"As our customers' preferred provider, we shall be the Industry leader. This is our mission."

Strategy

- Services that Surpass Needs
- Customer Satisfaction
- Continuous Improvement
- Quality of Employees
- Shareholder Expectations

Financial
- Return on Capital
- Cash Flow
- Project Profitability
- Reliability of Performance

Customer
- Value for Money Tier I
- Competitive Price Tier II
- Hassle-Free Relationship
- High-Performance Professionals Innovation

Internal
- Shape Customer Requirement
- Tender Effectiveness
- Quality Service
- Safety/Loss Control
- Superior Project Management

Growth
- Continuous Improvement
- Product and Service Innovation
- Empowered Work Force
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