Performance management in UK universities: implementing the Balanced Scorecard

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In recent years, UK universities have become increasingly concerned with performance management. This trend reflects both growing competition and marketisation within higher education, and the increasing requirements for accountability. In response, institutions have begun to explore the application of formal methodologies for performance management, initially developed in business and industry. One such approach is the Balanced Scorecard. Based on a qualitative study of the application of the Balanced Scorecard in four UK universities and interviews with senior managers, the paper looks at the impact of this technique on the formation, monitoring and evaluation of strategy and policy; issues of motivation, implementation and format are also considered. The paper provides an insight into the application of new management techniques within higher education and identifies key issues to be addressed within the process.

Keywords: balanced scorecard; evaluation; governance; performance management; strategy

Introduction

Higher education in the UK faces massive pressures for change. Student recruitment is driven by the need to fill available places, but is also influenced by issues of quality, income generation and equity in participation. Funding is a constant source of concern, for both teaching and research, with institutions looking to both diversify and maximise income streams, whilst also looking to achieve enhanced efficiency and value for money. Globalisation and internationalisation, and new technology, pose additional challenges to UK universities. However, arguably the greatest pressures arise from increasing competition and marketisation, and from the politicisation of higher education. Universities are now in intense competition to recruit students, prompting further consideration of the entire student experience; international student recruitment is especially intense. Funding for research is possibly even more competitive. Across the whole spectrum of activity, given the massification of student numbers and wider recognition of the economic impact of higher education, higher education now faces unprecedented levels of scrutiny from politicians and policy-makers.

Against this background, universities are increasingly looking to new forms of internal management. In particular, there is an emphasis on performance, sometimes measured in international terms, in national terms and relative to a peer group of institutions. This emphasis on performance is also witnessed within institutions, with a strong focus on the
performance of academic units and professional services, and at the level of the individual member of staff. As a result, there is increasing interest in approaches to performance management. This paper explores the background to performance management and its applications within higher education. It then considers the application of one particular approach: the Balanced Scorecard. Based on four case studies of UK universities that have adopted this methodology, the paper looks at issues of motivation, implementation and format, and offers some reflections on the value of this approach to UK universities and into the link between institutional cultures and traditions, and the application of new management tools.

The evolution of performance management

The business environment has evolved dramatically over the last quarter of a century (Sureshchandar & Leisten, 2005) and, correspondingly, organisation and management practices have been transformed. In parallel with these changes, business performance measurement methods have also evolved and have been refined. Thus, higher education can draw upon many conceptual frameworks or models and a wealth of methodologies. Figure 1 illustrates the paradigm shifts that have been made in the transition from early performance measurement approaches to current practice.

Measurement techniques to establish a more comprehensive view of business performance have also evolved. Early approaches provided a foundation for development of

<table>
<thead>
<tr>
<th>Characteristics of early performance measurement methods</th>
<th>Characteristics of current performance measurement methods</th>
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<tr>
<td>Contained only performance indicators</td>
<td>Integrate the measurement of strategy and allow process benchmarking</td>
</tr>
<tr>
<td>Reported only ‘lag’ indicators, thus presented a short-term view of performance measurement</td>
<td>Best practice recommends that a methodology should utilise ‘lag and lead’ indicators for every metric, thus presenting a long-term view of strategy measurement</td>
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<tr>
<td>Had a strong uni-dimensional focus</td>
<td>Have a multi-dimensional approach and are often presented as matrices</td>
</tr>
<tr>
<td>Had a financial focus</td>
<td>Measure financial, physical, stakeholder and intangible assets, i.e., provide a more diverse statement appropriate for a knowledge economy</td>
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Figure 1. Evolution of performance measurement methods.
Source: the authors.
techniques, but they were seen to lack a strategic focus (Skinner, 1974); provide misleading signals for improvement and innovation (Kaplan & Norton, 1992); encourage short-term assessment (McAdam & Bailie, 2002); and encourage local optimism (Hall, 1983). Additionally, these early techniques failed to provide a focus on stakeholders and competition (the external world) (Kaplan & Norton, 1992) and do not represent the dynamism and complexity needed for today’s business environment (McAdam & Bailie, 2002). More recently, issues such as business responsibility to society and the environment (Sureshchandar & Leisten, 2005), have also needed to be factored into measurement methodologies. However, the most fundamental shift that has taken place is that these systems have moved away from general business performance measurement towards the measurement of achievement of strategy. This shift has coincided with the increasing emphasis within higher education institutions on the development of effective strategic planning.

In the last 10 years, many new approaches have been developed to help measure strategy and have been adopted by business and academia (Marr & Schiuma, 2003). A number of models have achieved a higher prominence in the measurement of performance in public sector organisations and in higher education in particular: (1) the Balanced Scorecard (Kaplan & Norton, 1992, 1996, 2001); (2) the European Quality Framework Model (Committee of University Chairmen, 2006; Department of Trade and Industry, 2006); (3) aggregated Key Performance Indicators (Committee of University Chairmen, 2006); and (4) Dashboards (Committee of University Chairmen, 2006; D. Terkla, H.S. Roscoe, & J. Sharkness, Keep One Eye on the Dashboard, personal communication, 2006). Table 1 provides an analysis (including the merits and constraints) of these methodologies. It can be concluded from this analysis that none of these methods provide an ‘off-the-shelf’ solution for higher education and all require significant intellectual and process development to reflect the unique mission of an individual higher education institution.

The current position in UK higher education

In 1985, the Jarratt Report emphasised the importance of UK governing bodies more fully exercising their responsibilities in the determination and monitoring of policy within their institutions. In the following years, universities have grappled to resolve the tension between this approach, sometimes driven by external lay members of governing bodies, with more collegial traditions of academic self-governance. The emergence of new management tools, often greeted with suspicion or cynicism, has been part of this ongoing debate. Yet, successful implementation of strategy and policy is now key to institutional progress. It is therefore important to understand more about how such techniques, such as the Balanced Scorecard, can contribute to this process. This paper aims to contribute to this deeper understanding.

In 2004, the Committee of University Chairmen, the organisation that represents the Chairs of university governing bodies, surveyed UK higher education institutions in order to gain a better understanding of governance arrangements. Based on these returns, the Committee reported that 56 per cent of Governing Bodies in UK universities explicitly used key performance indicators to measure the performance of their institutions. The survey also reported that only 20 higher education institutions regularly monitored performance against their corporate plan.

Based on this evidence, it can be concluded that the systematic measurement of the achievement of strategy was not practiced at that time by the majority of Governing Bodies...
Table 1. An analysis of the performance measurement approaches used in Higher Education institutions.

<table>
<thead>
<tr>
<th>Performance measurement approach</th>
<th>Format and features</th>
<th>Merits*</th>
<th>Constraints</th>
</tr>
</thead>
</table>
| Balanced Scorecard               | A simple framework which recognises the balance of objectives in four key areas of a business:  
- Customer perspective  
- Internal perspective  
- Financial perspective  
- People perspective | Is tied directly to the corporate goals and plans  
The template can be cascaded to link all levels of an organisation to the corporate strategy  
Clear and simple Balanced approach Contains ‘lead’ and ‘lag’ measures | Requires significant work (and costs) to embed at all levels of an organisation  
Its use of metrics to measure each of the four strategies necessitates a supporting commentary. Hence it cannot ‘stand alone’. |
| European Foundation for Quality Management | Provides a framework for business excellence using nine criteria based on ‘enablers’ (Leadership, People, Policy & Strategy, Partnerships & Resources, Processed) and results (People results, Customer results, Society results and Key Performance results) | Variant of the Balanced Scorecard (although more complex)  
Emphasises people as central to business success  
Ensures that society results are more predominant than in the Balanced Scorecard | Has developed from quality assurance ‘roots’ of the European Quality Award and retains the onerous elements of Quality Assurance mechanisms. |
| Aggregated Key Performance indicators | Composite quantitative indicators are compiled. Often these compilations reflect both volume of business activity and results. | Easily presented and understood in ‘traffic light’ formats (red/amber/green) to indicate differing levels of business performance | May not be readily applicable to whole Higher Education institutions (rather to component services or activities)  
Predominantly presents lag information  
No explicit link to corporate strategy  
No explicit link to corporate strategy  
Dependant on high quality management information systems  
High dependency (and costs) associated with linkages to management information systems |
| Dashboards | Presents a wide variety of data on institutional performance. These are frequently electronic and draw upon institutional management information systems to present trends and direction of travel. | Makes the ‘direction of travel’ of key indicators visible and provides a broader context | |

Source: the authors.

in the UK higher education sector. However, no further insight was provided and no form of explanation was attempted. The UK Funding Councils responsible for allocating core grant to universities each require a Corporate Planning Statement, Annual Monitoring Statement
and annual Financial Forecasts. To a certain extent, these returns may have provided a ‘substitute’ for measuring strategic achievements. However, they also represent externally driven requirements. Internally, Jackson (2001) suggests that benchmarking has, since the 1990s, been the primary methodology for UK higher education institutions in improving management and quality standards.

This situation contrasts sharply with some other countries where general college performance dashboards are widely accepted and published; for example, practice in the US is well documented (D. Terkla, H.S. Roscoe, & J. Sharkness, personal communication, 2006). Balanced scorecards are widely deployed in US universities (Ryan, 2006) and key performance indicators have been used as an internal university measurement of quality in the USA and Canada for many years (Finnie & Usher, 2005).

In 2006, concern about the apparent inactivity by UK governing bodies in monitoring institutional performance prompted the Committee of University Chairmen to develop and publish guidance for university governors that (1) provided a self-assessment tool and indicated possible key performance indicators; and (2) defined the role of the Governing Body in the assessment of institutional academic profile and sustainability. However, the long-term impact of this guidance on the higher education sector remains erratic and uncertain.

The Balanced Scorecard approach
Kaplan and Norton (1992, 1996, 2001) developed the Balanced Scorecard approach from the early 1990s and, although subtle changes to the interpretation and application of the approach have occurred, the fundamental format of a scorecard has remained unchanged. A Balanced Scorecard measures performance in four key perspectives: (a) financial (how an organisation views its stakeholders); (b) customer (how customers view an organisation); (c) internal business environment (what an organisation must excel at); and (d) learning or organisational development (how an organisation continues to improve and create value), and thereby allows a holistic, integrated view of business activity. Kaplan and Norton (1996) themselves have indicated that the Balanced Scorecard should be regarded as a template for organisations, rather than a fixed methodology for measuring strategy. To this end, a wide range of literature exists demonstrating how the methodology has been adapted to reflect unique business environments and strategic challenges, including its adoption in Higher Education (Chen, 2006).

Initially, the Balanced Scorecard approach treated the Learning Perspective as the element in which staff development and organisational growth could be best mapped. However, later Kaplan and Norton publications make a subtle shift from this interpretation (i.e., measurement of tangible outputs) to one in which intangible assets (measurement of the intellectual and knowledge economy of a business) become the focus of measurement. This shift is, arguably, of particular relevance to a higher education institution.

Table 2 summarises some of the key viewpoints on the strengths and weaknesses of the Balanced Scorecard. The broad balance evident in the table is reflective of the balance in the academic literature base between research on: (a) implementation; and (b) critical appraisal of this approach. It may be concluded that, regardless of the evidence base ‘for’ and ‘against’ the Balanced Scorecard approach, it has gained a high profile across business and management.

In theory, the Balanced Scorecard can be applied in many different organisational and business settings, and a higher education institution is no exception. However, it is clear that the application of a technique like the Balanced Scorecard within the higher education
Table 2. An assessment of the strengths and weaknesses of the Balanced Scorecard approach.

<table>
<thead>
<tr>
<th>Strengths of a Balanced Scorecard approach</th>
<th>Weaknesses of a Balanced Scorecard approach</th>
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<tbody>
<tr>
<td>It is an integrated approach to measurement of strategy</td>
<td>Lacks key external and environmental measures - especially the absence of a</td>
</tr>
<tr>
<td></td>
<td>competitive dimension</td>
</tr>
<tr>
<td>It provides a comprehensive view of a business</td>
<td>Encourages excellent scorekeepers, but (a) is no guide to an organisation’s</td>
</tr>
<tr>
<td></td>
<td>ability to score and (b) its implementation does not guarantee improved quality</td>
</tr>
<tr>
<td>It aids an organisation that is attempting to achieve:</td>
<td>Omits to measure customer relationships (and focuses on relationship capital)</td>
</tr>
<tr>
<td>• Increased communication</td>
<td></td>
</tr>
<tr>
<td>• Establishment of common organisational objectives</td>
<td></td>
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<tr>
<td>• Feedback on achievement of its strategy</td>
<td></td>
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<tr>
<td>• Assessment of employee performance towards the corporate strategy</td>
<td></td>
</tr>
<tr>
<td>Multivariate</td>
<td>Can lead to information overload if used injudiciously</td>
</tr>
<tr>
<td>Contains cause and effect linkages</td>
<td>Cause and effect logic achieves higher currency than empirical evidence in</td>
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<td></td>
<td>decision making</td>
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<td></td>
<td>Often exhibit weak linkages to operational strategies</td>
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Source: the authors.

context raises some significant issues. For some staff in universities, there is a resistance to the use of techniques from the business world; equally, for others, including many academic and professional managers, there is a positive attraction, reflecting a desire to enhance corporate quality, efficiency and accountability. Furthermore, there are more practical issues of translating the language and methodology of the business world to the context of public universities, which may recognise the value of some business-like actions and procedures, but where there may be multiple objectives and strategy is not necessarily driven exclusively, or even predominantly, by a profit motive. The Balanced Scorecard is a good example that illustrates these issues. The four perspectives of the Scorecard all raise issues and may be linked with a traditional Strengths, Weaknesses, Opportunities and Threats (SWOT) analysis, as demonstrated in Table 3. In each case, measures or performance indicators, and targets can be applied in order to show progress in the implementation of policy and strategy.

However, the low level of UK higher education institutions developing or using a Balanced Scorecard may reflect the emergent nature of this approach within higher education or a reluctance to adopt this methodology based on the diversity of experiences and variable levels of enthusiasm for the approach within the academic literature base.

Methodology

In order to examine the application of the Balanced Scorecard in UK universities, a qualitative approach based on four detailed case studies was adopted. It was anticipated that, in this way, a depth of understanding would be gained of real experiences and that senior managers (both academic and professional) would be encouraged in discussion to share
Table 3. Using the Balanced Scorecard to assist institutional analysis and evaluation in higher education.

<table>
<thead>
<tr>
<th>Balanced Scorecard Perspectives</th>
<th>Strengths</th>
<th>Weaknesses</th>
<th>Opportunities</th>
<th>Threats</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Financial</strong></td>
<td>What are the current financial strengths and weaknesses of the University?</td>
<td></td>
<td>What opportunities exist to increase income or reduce costs?</td>
<td>What are the main threats to sustaining or improving performance?</td>
</tr>
<tr>
<td><strong>Customer</strong></td>
<td>What are the strengths and weaknesses of present provision (teaching, research and service), as perceived by customers, clients and partners?</td>
<td></td>
<td>What opportunities exist to improve customer experience and perceptions?</td>
<td>What are the threats to maintaining or improving customer perceptions?</td>
</tr>
<tr>
<td><strong>Process</strong></td>
<td>What are the strengths and weaknesses in internal processes?</td>
<td></td>
<td>What opportunities exist to improve internal processes?</td>
<td>What are the threats to maintaining the quality of internal processes.</td>
</tr>
<tr>
<td><strong>Organisational development</strong></td>
<td>What are the key competencies possessed or not possessed by the university that might contribute to or hinder further development and expansion?</td>
<td></td>
<td>What are the key opportunities for development that will contribute to overall strategy?</td>
<td>What are the key threats to reaching overall strategic objectives?</td>
</tr>
</tbody>
</table>

Source: the authors (based on Kaplan & Norton, 2008, p. 51).

insights and understanding. The researchers were especially interested in the perspectives of those involved in the use of the Balanced Scorecard within institutions. To this end, an in-depth case study approach was adopted; four universities were selected to provide case studies. The universities were selected to reflect a range of institutions, from old established universities to former polytechnics that gained university status in 1992; two of these institutions had been operating a Balanced Scorecard for several years whereas the other two had recently adopted the technique.

Semi-structured interviews were used to draw out the qualitative information from the selected universities and to allow an interpretative approach to the findings and their experiences. Interview data was collected and transcribed. Initial questions were used as the basis of a coding structure; this was supplemented as new issues and themes emerged.

**Analysis of the case studies**

**Motivation**

In all of the case studies, the arrival and influence of a champion in the form of a newly appointed Vice-Chancellor, Principal or Vice-Principal was significant in either the ab initio adoption of measurement methodologies (in two cases) or the advancement of scorecards
already in place (in the other two cases). It is striking that leadership and interest at the highest level in the measurement of the achievement of strategy was fundamental to adoption and development of a formal measurement approach. It is equally significant that in none of the cases considered did the initiative to establish a Balanced Scorecard come either explicitly or implicitly from the governing body or from senior lay members of the governing body.

The study identified two main drivers for adoption of a scorecard methodology: (a) a desire to support corporate governance needs more effectively; thus, the Balanced Scorecard was seen as a compliance driver and form of enhanced accountability; and/or (b) a desire to achieve significant ‘step changes’ in business performance. In one case, the new Vice-Chancellor believed the institution was not performing at a level appropriate to its size and status, and wished to facilitate change. Another of the universities was facing significant financial pressures. Hence, these motivators appeared to be performance drivers. In another case, the new Vice-Chancellor wished to elevate the university to a significantly higher position within its peer group of institutions. A major concern in all four cases was getting ‘buy in’ across the institution and the Balanced Scorecard was seen as a helpful tool to this end.

Clearly, therefore, the use of the Balanced Scorecard was seen as a response to important policy imperatives impacting upon higher education in the UK, notably the need for increased accountability, both internally and to external stakeholders, and the pressure for enhanced performance within an increasingly competitive, market-based environment.

**Implementation**

The timescales for adoption of scorecard methodologies in the four universities reflected the slow adoption of these new approaches in UK higher education. One of the universities studied is widely recognised within the higher education sector as an early ‘adopter’ and it was evident that the university had placed significant efforts on measuring the achievement of its strategy, certainly from the late 1980s. This was a time of significant change in management practice in UK universities. Other universities developed scorecards in the late 1990s as issues of accountability and competition grew in force. The two most experienced universities studied have, despite early adoption, focussed their efforts primarily on the use of a scorecard methodology to support corporate governance needs. It is only relatively recently that both of these institutions have turned their attentions to applying this corporate measurement tool across other (college/faculty) levels of strategic management. In contrast, the third institution sought to develop measurement approaches much later, but has also striven to implement both corporate and faculty level scorecards within a relatively short timescale. The last of the universities considered saw the Balanced Scorecard as a means to embed strategic management within the University. Implementation was rapid, moving from initiation to implementation within less than a year. This process was clearly helped by significant and fully acknowledged ‘plagiarism’ from other institutions.

Two of the institutions developed scorecards using only internal expertise and resources, and undertook their implementation without external consultancy input. However, one of the universities worked extensively with the Kaplan and Norton consultancy agency, Palladium Inc, to plan and develop the scorecard approach. This difference may explain how this institution was able quickly to establish University and Faculty scorecards within a two-year timescale. One of the other universities moved even more quickly, but openly acknowledged how much had been learned from other institutions.
Cost was also a factor in the implementation of the Balanced Scorecard. Staff time at all levels within the organisation was a critical factor in both initiating and implementing the project. Similarly, the use of external consultants could be highly expensive. The researchers became aware of discussions between Palladium Inc and other institutions that suggested that an externally facilitated approach would require substantial financial investment, not only for initial development activities, but also to support and sustain Palladium software (or the equivalent), which allows institution-wide access to the various manifestations of the university scorecard and local data management.

In two of the universities, the process of implementation, including discussions on key performance indicators, was initially strongly centrally driven. The universities made efforts to engage key leaders and internal stakeholders in the selection and definition of the scorecard measures. One institution established a project management infrastructure with formal groups, events and a communications strategy to engage and brief individuals throughout the process. This approach was both positive and negative, as it was evident that the measurement methodology was established rapidly within key levels in its organisational hierarchy and with a consistency and clarity of message. However, the interviews undertaken also suggested that this strategy was, on occasions, regarded as an unhelpful ‘military style’ approach. Another university, moved to work with key leaders and to utilise its annual senior management conference to establish an understanding and dialogue over the development and wider application of the performance matrix.

**Presentation and format**

All four universities studied adapted the basic four-perspective scorecard of Kaplan and Norton to satisfy their individual mission and circumstances. This tends to confirm that management techniques cannot be transferred simply from business to higher education. To be effective, they require some degree of refinement and interpretation. This also suggests a need for patience; such techniques and the associated cultural change cannot be applied with undue haste.

In working towards ‘bespoke’ scorecards for each institution, there are notable commonalities and differences as follows:

- **Balance.** All the scorecards considered in these case studies demonstrated a balanced set of measures across the selected perspectives and no single perspective was dominant. However, there were minor differences in the size of the scorecards. One university was continuing to strive for greater focus by an iterative cycle of discussion and refinement. To this end, it had selected nine critical or ‘golden measures’ from over 60 metrics. However, the other universities, probably by virtue of the relative maturity of their scorecards, contained fewer (34 and 32, respectively), but better balanced sets of measures. The fourth institution had 40 measures, spread equally across the four perspectives. This was a deliberate attempt to achieve ‘balance’ in the approach. Whilst balance is a key requisite of the Kaplan and Norton methodology, experience across the case studies also suggests that other end-user values, such as focus and alignment to the mission of an institution, also needed to be carefully considered in order to create an effective tool and to be readily adopted within the organisation.

- **Adapting the template.** It was evident that each institution had given varying degrees of consideration to adapting the four perspective ‘labels’ (Finance, Customer, Internal Business, Learning) to their operating environments and cultures. One
university defined, in descending order, Societal, Corporate Strategy, Internal Business and Learning/Strategic Enablers as its key perspectives. This reflected an advanced interpretation of the Kaplan and Norton template through recognition that a public sector organisation might need to acknowledge the impact and contribution it makes on wider society and communities. Adaptation of the template in the other universities resulted in more traditional scorecard models and simpler labels for each perspective: one university scorecard refers to Organisational Development, Financial Perspective, Stakeholder Perspective and Internal Business Perspective; another refers to Finance, Student, Staff and Other Perspectives; and the last adopted simple labels of Students and Research, Standing and Growth, Staff, and Finance.

- **Language.** The interviews revealed that varying levels of consideration had been given to the language used. One university had not placed any specific emphasis on the need to adapt terminology, but this may have been a consequence of a decision to confine use of the Balanced Scorecard to the corporate level, for more ‘sophisticated’ governance end users. The other three institutions indicated that, in rolling out the scorecards from the corporate level, some consideration was given to terminology. An example from one university was the decision to refer to students as ‘partners’ following an institutional debate (which had included students); this debate concluded that ‘stakeholders’ did not reflect the unique relationship appropriately. In another university, efforts were also focussed on reducing the level of measurement jargon. It was clear that the creation of a common language was central to the success of the Kaplan and Norton methodology.

- **Direction of travel.** All the scorecards sampled in the study attempted to report on direction of travel for each of the key performance indicators in the scorecard. It is interesting to note that, in initiating the scorecard, one university sought to provide previous years’ data on key metrics so that, even from the earliest developmental phase of the scorecard, it could assess direction of travel. The web-based scorecard was accompanied by graphical summaries of progress and change. Another university was able to review and report on both direction of travel, and in some cases ‘velocity’ of change, as it had purchased Kaplan and Norton software that provided a ‘dashboard’ of the metrics. These had become a key tool for the Vice Chancellor’s Executive Group in reviewing the achievement of strategic goals. The other two institutions provided simple and clear statements of the level of achievement between each year of assessment rather than over longer time periods. In each case, the ability to report swiftly and clearly (using visual aids) was seen as vital in the implementation of policy developments and in securing widespread understanding and acceptance (‘buy-in’).

- **Lead/lag measures.** In discussion with the four universities, one university indicated that it had actively sought to balance ‘lag’ and ‘lead’ key performance indicators for each measure; a second university indicated that their intention was to ‘balance’ ‘pluses and minuses’, but that this had revealed that some indicators, especially financial ones, ‘weighed more than others’. The other two institutions reported that they had not focussed consciously on the need to achieve this level of balance. Use of lead and lag measures offers an advanced (and literal) application of the Kaplan and Norton methodology, but it was clear, within the higher education context, that the approach needs to be balanced against fitness-for-purpose and size of the scorecard. The range of measures used varied widely, reflecting the local circumstances and priorities of each institution. The strongest similarities related to financial indicators which normally related to achieving a working annual surplus for reinvestment in
university activities, the size of reserves and total capital assets. Some other measures related to performance in external assessments, such as the Research Assessment Exercise/Research Excellence Framework or the National Student Survey. In other cases, measures were related to internal assessments, including regular staff and student surveys. Most important, the universities were concerned to use indicators that reflected clear priorities and targets expressed within the institutional Strategic Plan, including student numbers, quality and employment; research inputs and outputs; new courses; internationalisation; and infrastructure and estates development.

- **A wider agenda.** Whilst Kaplan and Norton have indicated that the scorecard is a template, it is clear from the whole body of their work that the template format is a tool for the measurement of strategic goals and that linkage to a mission statement is the primary foundation for all measurement activities. To this end, it was surprising to note in one university scorecard a number of measures which may not be described as mission critical (e.g., proportion of central committees with on-line services for members and the proportion of papers available online from these committees). It was recognised that the Head of the institution has chosen to link the strategic goals to some internal service change requirements. Some may argue that this represents a blurring of intention of the scorecard methodology, whilst others may regard such levels of adaptation as a natural extension of the flexibility the template can and should deliver.

**Some reflections on implementing the Balanced Scorecard**

Discussions highlighted the need to achieve the balance required to avoid development of a ‘measurement industry’ in which the data collection and presentation work becomes disproportionate to the task of assessing whether a strategy is being achieved or otherwise. One university used an iterative process to identify a series of key performance indicators and reduced the total number to 35 measures. This appears not only to have served the all-important discursive and inclusive nature of the cascade at this institution, but served to refine the views of those decision makers (including the Vice Chancellor) leading the establishment of a scorecard. Interestingly, this university also selected a sub-set of these (i.e., nine ‘golden key’ performance indicators) which were described as ‘ones which would cause the University the most embarrassment if not achieved’. This could be argued to bring focus to a newly established scorecard, but, equally, questions the value and need for the remaining 26 measures that, by this definition, are not as critical to the mission. One of the other universities undertook a review and revision of key performance indicators and identified those indicators that the University ‘needs to know’ compared with those that are ‘nice to know’. Overall, all four universities expressed a desire to achieve a balance between measures, including visibility and ease of understanding across the institution.

In each case, the university had taken significant steps to define and document the data sources and present assumptions and caveats about use or interpretation, and to provide a clear guide to end users. This appears to be a fundamental factor in the internal presentation of the scorecard (as all are accompanied by supporting information and user guides) and in achieving the internal resonance amongst staff. One university dedicated specific team efforts towards bringing this level of clarity to the scorecard work and achieving a high degree of consensus on fitness-for-purpose of the key performance indicators. The other three universities also prepared well, but with the definition work being led by central support teams and with approval forthcoming within the standard university committee/meeting infrastructure.
Three universities, having established a corporate level scorecard, routinely used the refreshment of the corporate plan as an important stage to review the scorecard. Equally, it was evident from slight annual changes to the metrics that they continually made minor adjustments; for example, they moved from proxy key performance indicators, such as using data from a question in the National Student Survey, to internal evaluations of student satisfaction. These three universities regarded such updating as embedded within the whole process.

**Conclusions**

The four case studies all confirmed that, in the view of the users, the Balanced Scorecard can provide both foresight and assessment of retrospective performance (through the lead and lag measures) (unlike the assessments provided by aggregated key performance indicators). It also suggests that, if its visual presentation is considered carefully, the Balanced Scorecard can provide ‘direction of travel’ for assessing the achievement of strategy. Evidence from the case studies also suggests that the Scorecard need not, if developed and applied with care, bring an additional level of bureaucracy (that is a potential outcome of the complex European Foundation for Quality Management model) or require costly management information platforms and maintenance (required to establish dashboards).

Nevertheless, it was clear that care was needed to ensure that the university maximises the strengths of a Balanced Scorecard approach. The Scorecard offers a straightforward and holistic approach that is widely appreciated and the case studies show this tool can assist in the alignment of communication and strategy in universities. Nonetheless, the weaknesses of the Balanced Scorecard approach also mean that universities need to consider: (a) how environmental scanning and intelligence gathering provides critical steer and context for the Scorecard; (b) who the ‘customers’ really are; and (c) how best to link strategic scorecards with operational ones. All of these present significant challenges for universities looking to use the Balanced Scorecard for the development and evaluation of strategy and policy change.

This research aimed to identify issues regarding the implementation of a measurement methodology. To this end, it is possible to identify a checklist of key issues based on the four case studies analysed:

- Universities must clarify the audience of the scorecard as this will determine the selection of governance or management key performance indicators and the nature of the development process. If a scorecard is required for the purposes of governance, a short process (involving proposal and approval of indicators by the Council) is needed. If the intention is to develop a corporate scorecard and further scorecards for academic units, a different and more complex plan must be developed to provide: (a) education and understanding of the methodology; and (b) opportunities for co-creation and inclusion in assembling the scorecard. The process of assembling a scorecard can be as important as the final product and this must be considered within any implementation plan.
- A champion of the Balanced Scorecard is needed, an important figurehead in leading and promoting the organisational value of such an initiative. It is important to ensure that this person is seen to lead and direct the development and implementation process. This point has significant implications for leadership and organisational structures within the institution.
• The scorecard must reflect the mission statement of the university and the headline ambitions of the strategic plan. Hence, this linkage must be validated throughout the development process to ensure that the scorecard aligns closely with key corporate goals and supports their achievement.

• Care and consideration is needed to define the measures and key performance indicators. The research highlights: (a) the value of a balance of lead and lag measures; and (b) the importance of a focussed set of key performance indicators. It is necessary to ensure that an appropriate number of indicators is drawn together and avoids merely presenting a compendium of management information.

• Care is needed to establish an appropriate language and series of labels for the Balanced Scorecard perspectives. Careful work is needed to develop key performance indicators for some goals that do not easily lend themselves to measurement.

• Mapping should be undertaken to inform where benchmarking can support key performance indicators. All four universities in the survey benchmarked their own performance wherever possible.

• Consideration needs to be given to the visual presentation and format of the scorecard. Further reflection should be given to the added value that the cause-and-effect relationships, expressed by Strategic Enablers, Strategic Themes and Goals within a sophisticated strategy map, can provide.

• Possibly most controversially, based upon the comments of staff interviewed for this study, both academic and senior management, some consideration needs to be given to the relationship between establishing a scorecard and the achievement of team or personal goals, and the university’s pay and reward system. Kaplan and Norton (1992, 1996, 2001) suggest that the final linkage from corporate strategy to local scorecards and goals occurs when personal performance is linked to employees’ scorecards. To date, no UK higher education institution has embedded scorecards to this level. However, a degree of consistency of message with the recognition and rewards systems does need to be considered. Eccles (1991), Neely, Gregory and Platts (1995), and Otley (1999) all recommend consistency, but full scale alignment is likely to be difficult to achieve and implement. Hence, minimally, higher education institutions need to consider how to manage expectations that some link might exist.

The design of this research included provision for considering four very different universities, with different organisational and management cultures and traditions. This was undertaken in the expectation that a wide range of practice and experience would be revealed. This was not the case. On the contrary, all four universities viewed the Balanced Scorecard as a device that helped to communicate the reality of performance management within the institution. All four also saw the Scorecard as a methodology to integrate overall corporate strategy with operational planning across the institution or at the level of individual departments and schools. Finally, all four supported the Balanced Scorecard with the development of central leadership and management of the planning process. Indeed, it is also interesting to note how experience and expertise in the use and applications of the Scorecard had moved both ways across the former binary divide. Here, therefore, is evidence that, in terms of management practice, there is an increasing blurring in practice within the sector. It may be surmised that the use of new management techniques is one of the factors serving to bring about a coalescence of styles of leadership and management across the UK higher education sector.
References


