

## The balanced scorecard – why bother?

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### Are you neglecting your strategic planning? It's worth persevering, says Bill Lovett

A balanced scorecard (BSC) is like bathroom scales – worth having, but not used often enough because we are frightened of what we might see.

A balanced scorecard is just that – something that provides a clear picture of a charity's overall progress, and which is more than just a sheet of paper filled with numbers.

#### So what actually goes into a balanced scorecard?

Here's my charity's take on the classic four quadrants:

##### 1. Outputs or services

This allows us to understand how we are doing. This might be things like bed occupancy, meals served, or the number of children who've visited a day centre. These are the easy numbers, and some are likely to be inputs really. It's worth thinking about inspection results, or comments/complaints from service users as well.

##### 2. Market and environment

It's important to identify opportunities and threats, and to gauge things like public awareness of your vision and mission. This could include mentions of your charity in the press, social media statistics, government initiatives or grants that you are investigating, or surveys of your clients or beneficiaries. This can be more subjective but something should be recorded.

For smaller charities, scanning media mentions can be done by a volunteer. Statistics can be easily gathered from your Facebook, Twitter and LinkedIn profiles, as

of numbers and a shortage of understanding, and so tend to seek longer-term trends (over the last 12 months) and comparisons with comparable charities (in our case: <£1m, <20 staff, volunteer driven, UK social welfare charities).

##### 3. Internal processes

How do we know we're working well as an organisation? For us there are two takes on this: it's not just our employees, but also our volunteers who are our service delivery agents. We'd consider things like:

- Employee issues: number of full time equivalent staff, staff turnover, staff sickness, disciplinary issues (if you are large enough to have significant data), staff satisfaction surveys, appraisal scoring data.
- Supporters/volunteers: number of volunteers/members, number of active local groups, number of groups visited or local events, training events held, number of schools/projects visited.

A key part of our balanced scorecard process is that all of our staff fill out a quarterly form reporting on things like the number of prisons visited, the number of local volunteer groups visited, and the number of training/orientation events held.

##### 4. Money

Here we ask if the finances reflect the realities of the three quadrants above. That might include donation income, new contacts, fundraising events, grant applications made, grant response rate (both the number of grants and their amounts), quarterly surplus/

Over the last two years, I've pushed to have targets for each measurable. A lot of these targets should flow naturally from your business plan – this isn't always the case for us yet. Nevertheless, my colleagues have found it useful to have to answer certain questions. For example, asking staff things like 'last year your programme did 210 visits; a 10% growth would put it to 231 by year end – is that reasonable?' Followed up by 'OK, considering the Christmas rush, do you think the quarters might look like this: Q1 211, Q2 215, Q3 226, Q4 231?' In a way I don't mind what figures they choose the first time round, as long as it helps them calibrate their own judgement for next year.

In preparing a version of our balanced scorecard for the board meeting, I colour code the key good news and bad news elements, so at a glance trustees can see what is going well – and what isn't. It's worth remembering that this is not just for the board, it is for management too. It's easy to underuse a balanced scorecard – for example, we could get more value from all of this if we as a senior management team used it more in our regular meetings.

Is all this worth doing? Absolutely. Indeed, it is especially important for charities, who have multiple stakeholders, than it is for private companies that have shareholders and creditors as primary stakeholders. The balanced scorecard can reflect multiple objectives and multiple indicators. As members of CFG (like me) all know, it is not just about the money.

## Your balanced scorecard – keep it simple

- Keep it on a single sheet of paper. In effect it is your organisational dashboard. I confess mine is getting choked with information, but it is still a single sheet of A4.
- You should do it fairly regularly, but it need not be monthly. You might do it quarterly to synchronise with your board meetings. I do mine quarterly, even if the board meetings don't quite match.
- A balance of information is vital – finance, internal (staff) metrics, service user numbers (outputs), markets and environment.
- The content of your business plan or strategy needs to be reflected in your balanced scorecard. For some areas – like impact, public awareness, staff engagement or innovation – that will mean developing metrics in areas where other indicators are crude