

The Scorecard: Establishing a Single Version of the Truth

Situation:

Without solid measurements of operational performance, a Board of Directors was skeptical of a new strategy.

When we met our client, a major public broadcasting organization, there was only one thing clear about the future. Technology was rapidly changing how people listened to the radio. Our client was known in the industry as an innovator and had recently invested in an internet strategy for content acquisition and broadcasting. It was early in the data streaming era and our client's strategy was groundbreaking stuff.

The Board of Directors was supportive but also impatient. A new strategy of this magnitude was expensive in terms of time, money and resources. Still, the CEO knew that failing to adapt to the new environmental reality was a death sentence and the team was passionately committed to blazing a new trail in the industry. But as the months clicked along, the discussions about business health and the traction achieved with the new strategy were primarily anecdotal. The Board trusted the management team but wanted data driven evidence that the strategy was working.

Stanton Blackwell's Role:

Create a Scorecard for business performance that was understood and used by multiple constituencies.

Our client had a good set of financial metrics, they had a precise accounting of income and cash flow. But financial measures tell you what happened forty-five days ago. And things were a little murky underneath, what activities were really driving revenue? And how many of those activities were necessary to meet the budget? In partnership with the leadership team, we set about creating the top-level indicators of the organization. There were just a handful of these metrics but they included operational as well as financial metrics. When we had agreement that we were measuring the right things, we created the right communication tools so that the audience could easily see the trend, comparisons the past performance and the target.

Next, we worked with the business to identify the major processes for revenue, content production, listeners, and support. We identified indicators for each process and made certain that we had at least one measure of quality, efficiency and cost. We also focused on leading indicators of performance. Each process owner needed to know if things were going well or if something needed attention well before the financial statements were published.

About the new strategy, it wasn't making money but the audience was growing quickly. The scorecard we created measured the green shoots of activity that told the management team that they were on to something. And more importantly, we clearly showed the targets that needed to be achieved for the strategy to hit breakeven and then profitability.

Finally, we helped the client build a data collection and scorecard publication plan. Most organizations struggle with getting clean data. But you can't wait until the data is perfect before you measure. Sometimes you start with directionally correct. Think about it, when getting dressed in the morning, it is more helpful to know that the temperature is in the 20s than to have no information at all. We encouraged the client to just start measuring and worked with them to create a plan to improve the data over time.

Result:

A scorecard that allowed staff, management team and Board to have a fact-based conversation about the performance of a new strategy.

As the staff moved along the execution path of the new strategy they knew when they were on track with expectations and when they needed to adjust. The Board relaxed a bit and began to participate in the strategic visioning conversation instead of worrying about investing in a dream. The strategy was ultimately successful. Listener created content is sourced and broadcast on the web. The web stream is the popular, hip little sister to the traditional station.



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Anne Gehring is a Founding Partner of Stanton Blackwell. Throughout her career, Anne has led teams to solve complex problems through collaboration and structured execution. She has a passion for people development and has been a strong advocate for talent diversity since her career began over thirty years ago.

SIB About Stanton Blackwell

Stanton Blackwell is an advisory firm dedicated to the middle market and mission-based sectors. Our professionals provide operational and financial consulting, as well as leadership development, to address issues of business planning, capital adequacy, scalability and efficiency. We work closely with our clients to adapt to an increasingly complex operating environment and to enhance impact and business value.

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