Using A Corporate Scorecard Approach to Developing a Strategic Plan

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The paper will focus on using a corporate scorecard in the development of the strategic plan for a public research/doctoral university. This plan is unique because it: (1) is an academic adaptation and application of Kaplan and Norton's Balanced Scorecard, used in business; (2) has only a few performance indicators; and (3) is a corporate plan for a multi-campus system of four diverse but cooperative campuses plus a statewide outreach and extension organization and the system administration. The plan will guide the institution in accomplishing its vision and working toward becoming a nationally-ranked, learner-centered university.

Background

The University of Missouri's strategic planning process began in 1998 and culminated in a system-wide plan that was approved by the Board of Curators in 1999. The initial plan was updated in 2000 and the revised plan was approved by the Board of Curators in October 2000. The planning cycle for 2001-2001 represents a transition phase in the evolution of system-wide planning. An integrated systems model for planning has replaced the previous linear model.

From the beginning, the planning process has emphasized the importance of aligning the University with its environment; developing visionary thinking; and crafting a flexible, adaptable plan that is responsive to change and improvement.

The University will pursue its vision within an environment that fosters integrity, respect, trust, openness, fairness, quality performance, and accountability. In doing so, the University of Missouri values and is committed to:

People: The University of Missouri recognizes that human talent is its primary resource and principal contribution to society and is committed to creating opportunities for individuals to realize their full potential.

Excellence: The University of Missouri is committed to achieving, through individual and collective effort, the highest levels of performance as measured against regional, national, and global standards.

Synergy: The University of Missouri is committed to partnerships, cooperation, and collaboration to increase the quality and efficiency of, and accessibility to, University programs and services.

The University of Missouri System for which the new strategic plan was developed has four campuses. They are the University of Missouri at Columbia, the University of Missouri at Kansas City, the University of Missouri at Rolla, the University of Missouri at St. Louis. In addition, the University of Missouri's Outreach and Extension is part of the system as well as the University of Missouri System Administration.

Problem

A different result usually requires a different approach. In this case, a strategic plan was developed to guide the university system through some challenging times. Fiscal stress had been predicted to be a major factor affecting planning both near term and in the future. Increased accountability and the call to become more effective were continuing challenges as well. The university was moving toward becoming an eminent learner-centered research university system; a goal attainable through proper guidance and hard work. In order to achieve positive results, a different approach for planning was needed.

Procedures

The tool selected for providing the desired results was Kaplan and Norton's Balanced Scorecard (Kaplan and Norton, 1996). This tool was developed for and has traditionally been used successfully in business. The Balanced Scorecard was originally designed to give top managers a comprehensive measurement tool for assessing organizational performance. It has since evolved into a tool for strategically managing organizations (Kaplan and Norton, 2001). The Balanced Scorecard examines the total organization rather than bits and pieces at a time. It allows for looking at financial measures, customer measures, operational measures, and innovation and improvement activities all in one model.

While there are differences between university systems and businesses, both need to be efficient, effective, and accountable. Educational institutions, like businesses, must be competitive in order to continue to appeal to their target audience. Since the Balanced Scorecard had proven successful in providing business leaders with complex information about the organization's performance in a timely manner, it was determined that it could be used successfully in developing the strategic plan for a multi-

campus university system. This modified Balanced Scorecard system is referred to in this paper as the Corporate Scorecard.

To convert Norton and Kaplan's Business model into one useful for developing a strategic plan for an educational institution, several aspects of the model had to be translated. The Balanced Scorecard consists of four dimensions: (1) Finance, (2) Customer, (3) Internal Business Processes, and (4) Organizational Learning and Growth. For the Corporate (university system) model, those dimensions were translated into the following areas. (1) Resource Management, (2) Constituents, (3) Academic and Administrative Processes, and (4) People and Work Environment.

To be useful in decision making in the university system, it was necessary that scorecard dimensions be closely aligned with the vision of the university. For this reason, the vision of the university system as a nationally recognized eminent learning-centered research university was built into the model as an integral part of the Corporate Scorecard.

Strategic planning facilitates understanding a system's strengths and weaknesses as well as being integral to institutional change (Krotseng and Zaccari, 2001). As planning progressed, strategic themes were developed for each dimension of the Corporate Scorecard. For the dimension dealing with "Resource Management," the strategic theme of *Developing and Managing Resources* was created. For "Constituents," the themes were threefold: *Access to Learning, Academic Achievement and Quality,* and *Community-University Engagement.* The "Academic and Administrative Processes" dimension was translated into an *Improving Core Processes* theme. And the "People and Work Environment" dimension became the theme *Valuing People and Creating a Supportive Work Environment.*

The final step in using the Corporate Scorecard approach in developing a strategic plan was putting methods of evaluation into the model. A successful strategic plan (Rowly, Lujan, Dolence, 1997) builds in accountability for results by measuring performance and achievement. Performance indicators were developed which would assist in continually evaluating how well (and how efficiently) constituents' needs were being met. Because of the many processes that could be measured, it was important, from a performance measurement perspective, to identify the processes critical to determining constituent satisfaction and producing financial resources.

Outcomes, from a constituent perspective, were directly tied to the Corporate Scorecard strategic themes of Access to Learning, Academic Achievement and Quality, and Community-University Engagement. Efficiency was addressed by incorporating Enabling Drivers (i.e. the other dimensions of the scorecard—Improving Core Processes, Valuing People and Creating Supportive Work Environments, and Developing and Managing Resources) to continually examine the perspectives of Internal Process, Organizational Learning and Growth, and Resources.

Building a great university in an environment of rapid change, competition, and resource constraints requires flexibility, adaptability, and responsiveness in addressing future opportunities and challenges. The University's success in achieving its vision partially depends on setting clear strategic goals and objectives. These goals and objectives serve to guide the transition to becoming an eminent learner-centered research University of Missouri. These are:

Access to Learning:

Strategic Goal: Enable students to achieve their full academic potential and to cultivate their personal development.

Objective 1: Attract and retain qualified and capable students who are ethnically, socially, and economically diverse.

Objective 2: Develop a campus environment that directly and intentionally focuses on student learning.

Objective 3: Provide meaningful learning experiences that contribute to the knowledge, skills, and personal development of students.

Objective 4: Ensure that graduates are well prepared for their chosen careers and possess the ability to adapt to a changing work environment.

Objective 5: Improve student satisfaction with their university experience.

Academic Achievement and Quality:

Strategic Goal: Achieve a nationally competitive position in research, scholarship, and academic programs in selected areas consistent with each campus mission.

Objective 1: Enhance the University's research and scholarly capacity and productivity.

Objective 2: Enlarge the University's market share of sponsored research funding.

Objective 3: Attain greater external recognition of faculty contributions in research, scholarship, and creative works.

Objective 4: Increase the national recognition of undergraduate, graduate, and professional programs.

Community-University Engagement:

Strategic Goal: Set new standards of quality for community-university engagement that will constitute a national model of service and outreach to the state, the nation, and the world.

Objective 1: Enhance the University's responsiveness and involvement in solving critical issues facing contemporary society.

Objective 2: Strengthen the integration and coordination of teaching, including service-learning, with research and outreach to ensure that constituent needs are met and exceeded and practical learning opportunities are available to students.

Objective 3: Improve constituent awareness of and access to University programs, services, and resources.

Objective 4: Establish strategic alliances and partnerships that encourage mutual respect, promote reciprocity and collaboration, and leverage resources to solve priority issues at the local, state, national, and international levels.

Valuing People and Creating a Supportive Work Environment

Strategic Goal: Develop an eminent faculty and highly talented staff who are engaged, productive, and committed to achieving the University's vision.

Objective 1: Recruit, develop, reward, and retain diverse, motivated, and capable faculty and staff.

Objective 2: Enable faculty and staff to achieve their full productive potential by creating flexible and responsive work systems and by maintaining a supportive infrastructure of physical and information resources.

Objective 3: Enhance and maintain a work environment and supportive climate that fosters creativity and innovation, encourages personal empowerment, and contributes to the well being, motivation, and satisfaction of faculty and staff.

Objective 4: Align individual and organizational goals, rewards, and recognition with achievement of the University's vision, goals, and objectives.

Improving Core Processes

Strategic Goal: Develop and maintain effective and efficient academic and administrative processes that support the University's vision and create value for constituents.

Objective 1: Maintain a rigorous learner-centered process for designing, developing, delivering, and reviewing curriculum and programs to ensure the highest quality educational offerings.

Objective 2: Improve educational support services and processes (e.g., academic advising, placement and career counseling, libraries and information technology, and co-curricular programs) to ensure a supportive environment for student learning and personal development.

Objective 3: Integrate and improve the enrollment management process to ensure access, diversity, effective transition, and financial support for students qualified to attend the University.

Objective 4: Improve and streamline administrative processes to achieve the highest levels of performance and service in support of research, scholarship, and outreach activities.

Objective 5: Improve and streamline internal business processes to achieve the highest level of performance exhibited by improved cost-effectiveness, productivity, and timeliness in delivery of services.

Objective 6: Maintain and improve processes for assessing student learning and measuring the effectiveness of teaching.

Developing and Managing Resources:

Strategic Goal: Establish and maintain the financial and physical resource (i.e., facilities, equipment and technology) base required to support the University's vision and sustain organizational improvement.

Objective 1: Increase and diversify financial resources.

Objective 2: Effectively utilize financial assets and maintain a strong viable fiscal condition.

Objective 3: Enhance the capacity and utilization of University facilities and preserve their value and physical integrity.

Objective 4: Provide a robust, reliable, and integrated technology environment that consistently delivers high quality services to support teaching and learning, research, service, and administrative processes.

In measurable terms, these objectives are as follows:

For Access to Learning:

- Share of qualified students

- Market quality of learning environment

- Student academic and personal development

- Student career preparation

- Student satisfaction with university experience

For Academic Achievement and Quality:

- Market share of federally sponsored research

- National and international recognition of faculty research, scholarship, and creative work

- Academic programs nationally ranked

For Community-University Engagement:

- Constituent satisfaction

- Students engaged in service-learning

- Number of collaborative academic programs and research projects

For Valuing People and Creating a Supportive Work Environment:

- Faculty and staff retention

- Faculty and staff productivity

- Faculty and staff satisfaction with work environment

- Competitive salaries

- Professional development and training expenditures

- Percentage of top administrators whose individual and organizational goals are aligned with system-wide goals

For Improving Core Processes

- Percentage of degree programs subject to academic audits

- Matriculation ratio

- Graduation rate

- Time-to-degree (PhD)

- Student satisfaction with educational support services and processes

- Research funding ratio

- Academic and administrative support costs per FTE student

For Developing and Managing Resources

- Revenue growth and distribution

- Resource allocation distribution

- Return on resources

- Maintenance and repair expenditures as a percentage of plant replacement value

- IT end-user support cost

Measurement System

Based on these objectives, a measurement system involving performance indicators is being developed to measure performance. Measuring performance means setting expectations, comparing results with benchmarks, and continuously improving processes and outcomes. Establishing a system of performance measurement and actually monitoring results assists faculty and staff in focusing on what is important in realizing the University's vision.

Good performance measurement systems generally have the following characteristics:

- Driven by vision and strategy of the organization
- Balance of external measures related to constituents and internal measures of processes and resources
- Balance of performance drivers with outcomes measures.
- Balance objective outcomes measures with subjective measures that drive performance.
- Balance short and long-term performance measures

Assessing performance in achieving the goals of the strategic plan involves collecting baseline performance data, establishing benchmark performance targets, measuring actual performance and reporting results. Baseline data and performance targets have been identified for many of the strategic plan indicators and others are currently in the process of being developed.

Results

The end result was a strategic plan developed using a Corporate Scorecard approach. The plan consisted of six shared strategic themes for the university system. Each entity of the system (the four campuses and outreach and extension) will develop unique strategies for addressing the goals and objectives within the corporate strategic agenda. The four service functions; Academic Affairs, Finance and Administration, Human Resources, and Information Technology will develop a plan for "best-practices" sharing to create synergies across campuses. Together, the complete plan will advance the system's mission of becoming an eminent learner-centered research university system.

Implications for Institutional Research

The Corporate Scorecard (1) provides a way to develop a strategic plan for a university system that has an overarching mission while recognizing campus-specific needs, (2) allows looking at a total university system instead of fractionalized pieces, (3) addresses the perspectives of those who are served by the system as well as those who deliver the services, (4) provides a comprehensive picture to enable upper level administrators to make decisions regarding the total organization while using few measures, and (5) makes it easier to see where to go and how to get there.

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