# “What to avoid when you are implementing a BSC? From success to failure”


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# SECTION 3. General issues in management

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# What to avoid when you are implementing a BSC? From success to failure


## Abstract

Approximately 20 years after the creation of the Balanced Scorecard (hereinafter BSC), BSC is the sixth most widely used management tool by organizations (Rigby and Biledau, 2011). The aim of this article is to identify the key factors for the implementation of a BSC in organizations. To do so, the authors analyzed two cases BSC implementation: one a success and the other a failure. The findings were classified by the answers to the following questions: What was implemented? Where was it implemented? Who implemented it? How did they implement it? and Why was it implemented? The four key factors for the successful implementation of the BSC identified in this study, which complement the existing literature on this subject, are: previous experience of the people responsible for the project; linking the BSC to available resources; consistency between the organizational structure and the strategy; and finally, carrying out a pilot test.

Purpose: Approximately 20 years after the creation of the Balanced Scorecard (hereinafter BSC), BSC is the sixth most widely used management tool by organizations (Rigby and Biledau, 2011). The aim of this article is to identify the key factors for the implementation of a BSC in organizations.

Design/methodology/approach: The methodology used for this research was the case study, specifically the "two case" study method (Yin, 2003). The cases were selected as being extremes: one organization that had successfully implemented a BSC, and a company whose implementation failed. The findings were classified by the answers to the following questions: What was implemented? Where was it implemented? Who implemented it? How did they implement it? and Why was it implemented?

Findings: The four key factors for the successful implementation of the BSC identified in this study, which complement the existing literature on this subject, are: previous experience of the people responsible for the project; linking the BSC to available resources; consistency between the organizational structure and the strategy; and finally, carrying out a pilot test.

Originality/value: The contribution made by this study consists of identifying additional key factors that may affect the success or failure of implementing BSC in an organization.


**Keywords:** balanced scorecard, strategic management, performance indicators, decision making, case study.
**JEL Classification:** M10.

## Introduction

At the beginning of the 1990s, Kaplan and Norton (1992) designed the Balanced Scorecard (hereinafter the BSC), a strategic management model that integrates the different perspectives of an organization (financial, customers, internal business processes, and innovation and learning). These perspectives were made up of short- and long-term indicators, financial and non-financial aspects, leading indicators and performance indicators, both internal and external. The indicators are linked by cause-and-effect relationships through which the organization's strategy is described. Therefore, the BSC is a tool that "translates an organization's mission and strategy into a comprehensive set of performance measures that provides the framework for a strategic measurement and management system" (Kaplan and Norton, 1996b, p. 2).

The main uses of the BSC are to provide valuable information that gives the management a global vision of the organization's performance and allows integral management of its strategy. The strategic management processes that the BSC facilitates are: clarifying and translating vision and strategy; communicating and linking strategic objectives and measures; planning, setting targets and aligning strategic initiatives, and finally, enhancing strategic feedback and learning (Kaplan and Norton, 1996a).

Later on, Speckbacher et al. (2003) defined three types of BSC based on their different uses:

Type 1: This considers the BSC as a tool for measuring strategic performance, as it combines both financial and non-financial indicators.

Type 2: A Type 1 BSC that additionally describes strategy by using cause-and-effect relationships.

Type 3: Corresponds to an integral strategic management system.


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Banchieri et al. (2011) added a fourth and fifth type to those proposed by Speckbacher et al. (2003). The fourth type would be one that would allow all the organization's resources to be aligned to achieve the execution of the strategy (Kaplan and Norton, 2006) and the fifth type would be to achieve "The Execution Premium" (Kaplan and Norton, 2008). As we can see, every evolution in the BSC provides greater aggregate value to the organization that implements it.

Because of the different types of BSC, Braam et al. (2007) maintained that we need to continue investigating the factors that facilitate or inhibit the implementation of the BSC and, hence, its use as a strategic management system.

In the extensive literature about BSC, several criticisms about the model are identified. On the one hand, some authors consider that there is not a solid theoretical framework to support it (Marr and Schiuma, 2003; Bourguignon et al., 2004; Bessire and Baker, 2005) and, on the other hand, other authors criticize the approach of the BSC considering the companies as a machine (Bessire and Baker, 2005; Voelpel et al., 2006).

In view of the above, the main objective of this study is to identify the key success factors in the implementation of a BSC, 'success' being that the BSC itself serves to manage strategy.

To achieve this, we studied two contrasting cases: on the one hand, the successful implementation of the BSC in an organization, and, on the other hand, an example of a failed implementation, which was subsequently abandoned, as it had not provided enough added value.

This study is structured into five sections. The first sets out the theoretical framework for successful and failed examples of BSC implementations. The second section describes the methodology used to conduct the research. The third details the findings in each case, and the fourth section discusses these findings. The last section sets out the conclusions of the study.

## 1. Theoretical framework

**1.1. Implementation of the BSC.** According to the literature, in most cases where a BSC is implemented, the reason for its implementation coincides with the need for a strategic change (Kaplan and Norton, 2000; Fernandez and Ask, 2001; Malmi, 2001). Wiersma (2009) mentions three additional reasons why it is implemented: for decision-making and decision-rationalizing purpose, to coordinate the organization and, finally, to self-monitor. However, there are other reasons that are unrelated to the usefulness of the BSC, such as: to obtain quality certification, because it is fashionable, or to change the conventional budget model (Malmi, 2001).

**1.2. Successful implementation of the BSC.** Braam and Nijssen (2004) put forward the following four suggestions for the successful implementation of a BSC: creating a multidisciplinary project team, selecting a set of performance indicators that are both multidimensional and balanced, introducing unique measures that reflect the peculiarities of the business, and maintaining a proactive stance in critical.

One of the studies that makes the greatest contribution towards identifying the key factors for successful BSC implementation is that of Assiri et al. (2006) in 25 countries involving 103 organizations. Based on this study, they established 27 critical factors which were classified into the following levels:

- Dominant factors, of which there are three, without which it would be very difficult to apply the BSC at an organization.
- Main factors, of which there are 19. These factors are less critical than the previous ones, but still very necessary at each stage of implementing a BSC. These factors are grouped, in turn, into six categories: learning and innovation, planning, development, implementation, sustainability and benefits realization.
- Supporting factors: there are five factors that support the dominant or main factors.

The four recommendations made by Braam and Nijssen (2004) fall within the 27 success factors proposed by Assiri et al. (2006).

In contrast, De Geuser et al. (2009) maintained that the commitment of senior management and the involvement of all the organization's employees was not a necessary condition for successful BSC implementation. This claim contradicts one of the factors that is taken as a given and highlighted in the rest of the literature in this respect.

**1.3. Failure in the implementation of the BSC.** Kaplan and Norton (2000) do not give any recommendations for successful implementation. However, they do explain that there have been cases of failure in BSC implementation and classify the reasons for this failure into three categories:

- Transitional issues. There are essentially two situations in which failure occurs due to transitional issues. The first is when the organization implementing the BSC is bought or merged and the new management rejects the use of the model. The second situation is a change in the management team.
- Design failure. Kaplan and Norton describe five errors in the design of the BSC that could lead to its failure. The first of these is that the BSC is "lacking", with too few indicators that do not describe the organization's strategy properly.

Similarly, the BSC will not be successful if it is not linked to the strategy of the organization implementing it. The third error is not considering the stakeholders in the model. The whole organization needs to be aligned with the BSC if it is to work. Finally, the BSC cannot be applied in isolation to each business unit.

- ♦ Process failure. There are seven examples of process failure listed by Kaplan and Norton. The first is the lack of commitment by the senior management to the project. The second is too few employees involved in the process of implementing the BSC. Another reason for failure runs counter to the first one, and this would be if only the senior management were committed to it without involving the rest of the organization.

The fourth example is when the implementation process takes too long, as a result of trying to find the perfect BSC for the organization. Treating the BSC as a systems project is the fifth reason for the failure of the process. Also, hiring inexperienced consultants to implement the BSC can lead to its failure. And, finally, organizations need to avoid implementing a BSC in order to link it with economic incentives that only recognize merit associated with objectives that have recently been implemented in the BSC, ignoring the BSC's traditional indicators.

There are also several additional studies that have examined the main difficulties when it comes to implementing a BSC. Escobar (2002) recognized two drawbacks for implementing the model: first, information external to the company is needed in order to calculate certain indicators, and a second problem is the limitations deriving from the company's own internal information system (its structure and content).

Meanwhile, Thompson and Mathys (2008) identified four aspects that can lead to problems when implementing a BSC: there is a gap in the understanding of the centrality and importance of processes; the alignment between the different BSC indicators is not properly understood; appropriate measures are needed; and an understanding of how the organization's strategy influences each of the BSC indicators is needed.

## 2. Methodology

The methodology used for this research was the case study, specifically the "two case" study method (Yin, 2003). The cases were selected as being extremes: one organization that had successfully implemented a BSC, and a company whose implementation failed. Both organizations were chosen following a study that included interviews with various companies using the BSC in Catalonia, which led to the identification of these two organizations.

**2.1. Unit of analysis.** *2.1.1. The success case.* The organization selected as the success case (hereinafter Organization S) is a public organization (a city council) which has had a BSC since 2008 and regards it as a success, as the tools used to manage the organization are linked to the BSC, including strategic planning, budgeting and the costing system.

Looking at it from another perspective, the organization has won several awards for the quality and transparency of its management, which is associated directly with the BSC, as this in itself is public and is used as a means of communication with the taxpayers.

In addition, the Head of the Department of the Economy and Strategic Planning regards the BSC as "the fundamental tool of the organization".

*2.1.2. The failed case.* The company chosen as an example of the failed BSC implementation (hereinafter Company F) is a private industrial enterprise related to the pharmaceutical sector which implemented its BSC in 2004 and used it through to 2007, at which point they decided to abandon it. It is regarded as a failure because of the lack of added value generated and the final decision to dismantle it.

**2.2. Informants.** In the Organization S case, the informant was the Head of the Economic and Strategic Planning department, who was also the Manager of the Institute of Strategic Management, Economic Promotion and the Information Society. He had been working at the institution for more than nine years. He had previously implemented other management tools in the organization, such as the costing system, and was also the person who proposed the implementation of the BSC. He had also been involved in implementing a BSC in another pubic institution and had written academic papers on the subject.

In the case of Company F, there were two informants: the company's Managing Director, who had held that position for more than nine years although previously he had served as an external consultant; and the current General Manager, who at the time of implementing the BSC was the Chief Financial Officer and had been working at the company for more than eight years.

**2.3. Gathering data.** The techniques used for gathering data were interviews with the informants, a questionnaire to complete listing 27 success factors (Assiri et al., 2006), and internal documents from both organizations, such as the design of the BSC, the BSC itself and other documents relating to the strategic objectives of the two organizations.

**2.4. Data analysis.** To analyze the interviews, a content analysis was carried out using the cutting and sorting method (Ryan and Bernard, 2003). An open coding was created which identified 60 codes. These were, then, grouped to form the categories: the design of the BSC, human resources, the implementation itself, the characteristics of the organization and the use of the BSC.

The internal documents of the organizations were also coded, as were the answers to the questionnaire on success factors.

## 3. Findings

**3.1. Organization S.** *3.1.1. What did they implement? Design of the BSC.* The BSC of Organization S was *strategic, simple* and adaptable to *the organization's reality.*

It was *strategic* because it was based on the organization's vision and mission and contained its strategic objectives. The annual operating and financial budgets were drawn up based on the BSC and, hence, were linked to the strategy. This allowed economic resources to be assigned based on strategic priorities.

It was *simple* because it was "easy to read, interpret and execute", because, as mentioned earlier, it formed the basis of the organization's strategy. Another of the concerns of the people who implemented it was that it would not be "misleading", in the sense that it would not allow any double interpretations.

The *adaptation of the model to the organization's reality* can be seen in several of the elements making up the BSC, such as the perspectives or key areas, the indicators and the cause-and-effect relationships.

- With regard to the perspectives, they only used three: resources, structure and beneficiaries. Graph 1 shows the BSC of Organization S.
- The BSC of the city council had 186 indicators divided into three levels. The first level comprised 18 indicators which were known as the "synthetic indicators of perspective", with two indicators for each sub-objective. The second level was made up of 98 indicators, two for each strategic line of the organization (49 lines), known as "synthetic indicators of public policies". The other indicators were known as management indicators.
- The last of the elements of the BSC, cause-and-effect relationships, were not evident in the model, although the informant maintained that they were intuitive. However, the model was planned in the form of a cascade, from the most global indicators (the synthetic perspective indicators) with a greater amount of detail, which, in some cases, allowed the cause of a result to be determined through more specific indicators.


**Fig. 1. BSC of Organization S**

Source: Organization S.

From the above, we can see that Organization S did not follow some of the recommendations of Kaplan and Norton (1992) and did not adhere to some of the success factors identified by Assiri et al. (2006), such as restricting the number of indicators, as they comfortably exceeded the maximum recommended number of 30 indicators, or between three and five indicators for each perspective. In addition, they did not specify the cause-and-effect relationships. However, the BSC was customized to the reality of the organization, so that these preliminary issues did not make the BSC a complicated tool, but allowed the organization's strategy to be clearly transmitted.

With regard to the technology used to implement the BSC, having tested and bought a software package from a consultancy company, they, then, ruled this out as being a platform that placed a greater emphasis on design than on the incorporation of data, as "they put a greater priority on the format and not so much on the processing of data". Following this experience, they developed their own BSC implementation software.

*3.1.2. Who implemented it? People and roles involved in the BSC implementation.* In the case of Organization S, there were various people involved in the implementation process. These individuals or groups of people are described below:

- The Mayor: the senior authority at the City Council who wholeheartedly supported the project from the outset. Due to the fact that the organization is in the public sector, management projects need to have the relevant political support, even though they may subsequently be developed by the technical side. To fully implement the project and turn it into the key instrument of Organization S, the Mayor decided to draw up the following year's budget by linking it to the BSC.
- Governing Board: This is the political wing of the institution and is made up of the Mayor, the deputy mayors, a secretary and a comptroller. They define the overall political strategy of the city council and, hence, the strategic objectives of the BSC. The Deputy Mayor for the Economy had worked in the consultancy sector associated with the BSC before holding public office and was the "alma mater of the project" according to the informant.
- Committee: This body established the competitive strategy of the city council and was committed to the political strategy, reaching a consensus between the political and the technical agents. The executive managers make up the technical side of the municipal council. They put together the map of the city, associating the functional objectives with the budget, and review the indicators corresponding to their department once a month. They have access to the whole BSC, including the internal management indicators.
- The manager of the Department of the Economy and Strategic Planning, who was also the manager of the Institute of Strategic Management, Economic Promotion and the Information Society, was the person who originally proposed the idea of implementing the BSC in the organization.
- Institute of Strategic Management, Economic Promotion and the Information Society: this is the same as the strategic management office proposed by Kaplan and Norton (2008). These were the people responsible for implementing the BSC, headed by the manager of Information Systems and the Planning and Control manager.

*3.1.3. Where was it implemented? Characteristics of the organization.* Another finding worth highlighting in the study is the characteristics of the organization that successfully implemented the BSC. This analysis looks at different perspectives: the characteristics of the organization itself, the corporate culture, and the organizational structure.

Organization S, as we explained earlier, is a public organization; a city council. It is regarded as a multiservice organization, as it offers numerous and very varied services (cultural, social and economic, amongst others). The staff making up the organization included politicians, elected democratically for a four-year period; and technical staff, who were recruited through public examinations and/or management appointments. The workforce comprises more than 500 people, and the annual budget of the organization for 2010 was around 150 million euros.

With regard to the corporate culture, they chose the BSC as an instrument for carrying out the proposed strategic change "*from the culture of spending to the culture of costing*". The main feature of this new culture was the notable implementation of strategic management which was achieved through the availability of the right information for making decisions in both time and form.

Finally, the structure of the organization was attuned to this new culture, as it had a strategic management office (set up in 2006) that formed part of the Institute of Strategic Management, Economic Promotion and the Information Society for planning the city and spearheading the organization's strategic management.

*3.1.4. How was it implemented? The implementation process.* The implementation process of the BSC in Organization S was done over seven stages. The first phase was before the actual implementation of the BSC and consisted of instilling the management culture, which took the form of efficient information systems such as the city council's costing system.

The second stage was to conduct a pilot test, implementing the BSC in the Department of the Economy and Strategic Management. The implementation was successful, as it fulfilled expectations and the Mayor decided to roll out the model in the whole organization.

The next step entailed defining the strategic objectives of the city council, from which the electoral program was derived. The Governing Board took around three to four months to define them.

In the fourth phase, the Management Council created the map of the city which contained all the resources available.

The main disadvantage of implementing the BSC up to this point was the huge amount of indicators that they wanted to include, which they needed to cull. Despite this, the number of indicators still more than exceeded the amount suggested in the literature.

Once the design of the BSC had been completed, the Mayor decided to link the budget to it, which represented the turning point at which the BSC went on to become the key instrument for the organization, as it linked the strategy to the budget and viewed the organization as a whole from every perspective.

The sixth phase entailed holding training courses for all the employees on the BSC in general and the organization's BSC in particular. At this stage, a major drawback was the employees' assimilation of the model, as some of them were unable to grasp it and claimed that it was more like a theoretical exercise proposed by academics than a genuine management tool.

Finally, the individual objectives of each employee were linked to the overall objectives of the BSC, associating the employees' remuneration with achieving the strategic goals of the organization.

*3.1.5. What was it implemented for? Usefulness of the BSC.* In the first instance, the BSC was implemented in Organization S to provide a tool that would associate public management with resource management. When they were asked about the usefulness of the tool, once implemented, its benefits surpassed the objectives that had initially been established and came close to those specified by Kaplan and Norton. On the one hand, the BSC facilitated the strategic management of the organization, as according to the informant it helped them to formulate, implement, clarify, decode and communicate the strategy. And on the other hand, the BSC was used to link the strategy to the resources and objectives of the City Council (relating to management, employee and political objectives). The only exception that the informant specifically mentioned was that the BSC did not foster feedback from employees to their superiors on strategy-related issues, as he explained that it was not discussed at the lower levels of the organization, but followed a top-down communication.

In addition, the BSC provided global information on the organization which facilitated decision-making, allowed changes to plans to be identified, provided an overview of the organization commensurate with its actual situation, and facilitated reasoned discussions with the opposition party based on actual information and not on the way that information was drawn up.

All in all, the informant believed that the BSC helped to efficiently manage the organization.

*"This tool, the BSC, has been useful for making people realize that you can do things with money. But, in politics, which is essentially about ideology, if there is no efficient management behind it and no management of resources, it would be demagogy. So you have to say: I want to do this, plus I have to implement it with very limited resources […] And it also helped to make people realize that you can win elections by trying to manage well".*

**3.2. Company F.** *3.2.1. What did they implement? Design of the BSC.* The BSC of Company F faithfully followed the theoretical model of its creators, according to the informants, including the exact same four perspectives suggested (Financial, Customers, Internal Processes and Learning). Most of the information in the BSC had already been drawn up by the organization before implementing the tool. The perspectives were made up of eleven strategic objectives associated by cause-and-effect relationships. These objectives, in turn, comprised 24 indicators, most of which were monthly ones. However, when the internal documents were analyzed, it was found that there were two strategic objectives without any indicators, noting "to be developed in line with the action plans". These two objectives were "Development of Corporate Image" and "Aligning the Organization with the established Mission, Vision and Values". This latter objective is fundamental for managing the strategy and is one of the main functions of the BSC. It turns out that only two of the 24 indicators were qualitative, and those related to staff training.

With regard to cause-and-effect relationships, the interviewees were asked how they measured them and the explanation was that *"they were just for presentation purposes"*, as they were only included in the design graph, but were not measured in any way.

Also, as we can see in Graph 2, the BSC of Company F could easily belong to *any* company, which indicates that it had not been adapted to the reality of that particular company, but was a generic model. There was no association between the company's vision and strategy and the BSC. Although the BSC was integrated in the company's system, the same could not be said for the corporate culture.

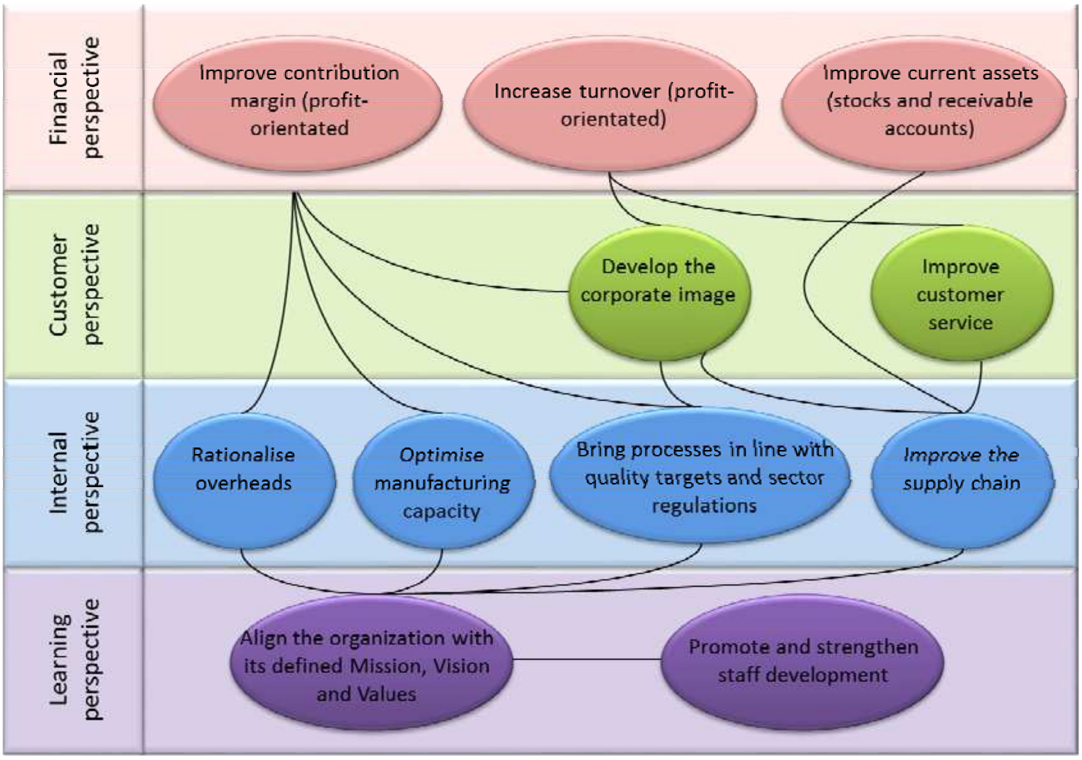


**Fig. 2. BSC of Company F**

Source. Company F.

According to the informants, referring to the software designed to execute the BSC, this had been very well conceived and incorporated into the company's intranet. Indeed, it fulfilled all the criteria proposed by Assiri et al. (2006) with regard to the automation of the BSC. However, the data were not loaded on the system automatically, but manually.

To use the BSC, you had to click on the strategic objectives and a drop-down menu of the indicators that made it up opened, which used a traffic-light system (red, amber, green) to evaluate results.

Several of the criteria of Assiri et al. (2006) with respect to the BSC were not fulfilled in terms of design, the most significant of these being that "*the perspectives did not reflect all the aspects and activities of the organization*".

*3.2.2. Who implemented it? People and roles involved in the BSC implementation*. In contrast to Organization S, there were very few people involved in the implementation of the BSC in Company F. The sponsor, leader and driver of the project was one and the same person (the Systems Manager) who suggested implementing the BSC in order to monitor the strategic objectives that the company had established. The Management Committee agreed with this, and the other departments collaborated by providing the information requested by the Systems Manager. These departments did not see the project as their own.

The interviewees recognized that the work put in by the Systems Department was greater than that of the other departments. The Systems Department interviewed all the other departments to gather the information that would be used to design the indicators of the BSC. The Systems Department, then, presented the model of the BSC to the Management Committee for its approval.

*"A project that is essentially driven by one department, with the others simply monitoring, helping out or collaborating with that project, does not make it theirs"*.

In this case, there was no specifically designated team to implement the BSC, but rather it was left to just one department to take charge of its implementation, which had not been given specific training on the tool. Therefore, according to the General Manager, the company's executives, with the exception of the Systems Manager, did not assign either the resources or the time necessary to implement the BSC properly.

*3.2.3. Where was it implemented? Characteristics of the organization*. In a similar way to the analyses made of Organization S, the characteristics of Company F and its culture and structure are given below to show its unique features.

Company F is a family firm that was founded more than 60 years ago. Its core business is the production and distribution of pharmaceutical products. Its only production plant is in Spain. According to the interviewees, this geographical isolation and the size of the company encourages communication between employees so that very often management information is known about even before the regular formal reports have been read. In 2010, around 270 people were working for the company and its annual turnover was over 53 million euros.

*"… this is a small company, it only has one production plant, and you don't need too many indicators to know if something is going wrong, because just by having a coffee with a plant colleague you know if there's a stock out somewhere or other and that he's worried, because it's a major issue"*.

When the Chief Executive Officer joined Company F, he instigated a change of culture. Up until that time, the company had not done any strategic planning, and the systems available were a long way off from what was needed for efficient management.

Therefore, when he joined the company, he advocated the drawing-up of a strategic plan and implemented an ERP. The first strategic plan had to be revised after a year-and-a-half, because, as there had been no previous experience in this, it was "a letter of good intentions" that was a long way from the reality that the company could reasonably hope to achieve. From that point, every three years a strategic plan was drawn up and revised annually. Managers at the first, second and third levels had a financial incentive at the end of each year linked to the achievement of strategic objectives. The second change he introduced was the implementation of an ERP, which lasted around 18 months and, according to the informants, was both "dramatic and traumatic". Following its implementation, the model was consolidated and became the only information system in the company.

In contrast to Organization S, Company F had no structure in place to implement the BSC, nor did it organize a multidisciplinary team to execute it. As explained in the previous section, it was left to the Systems Department to undertake its design and implementation.

*3.2.4. How was it implemented? Implementation process*. The BSC implementation process in Company F consisted of five phases. The first, as in case S, took place before its implementation and consisted of drawing up a strategic plan and installing the ERP. This gave the organization a long-term plan, and gave the management the information necessary to design and feed the BSC, respectively.

Secondly, the Systems Department designed a model based on interviews held with the other departments and divisions, which required around two months of exhaustive work. In the next phase, the design was discussed and approved with the Management Committee.

The fourth stage was the implementation of the BSC itself, which was done across the whole company at the same time and lasted around 60 days.

Finally, once the model had been implemented, it was modified, given that it contained too many indicators. This reduction in the number of indicators was done by the Management Committee, the body that was monitoring the model.

*3.2.5. What was it implemented for? Usefulness of the BSC*. There were various reasons for Company F to implement a BSC. The main reason was to have an instrument that would allow the company to follow up its strategic plan. Another of the reasons was to provide an overview of the company's situation, associated with the strategic objectives.

It was also implemented, because the company wanted to get ISO certification and one of the requirements for this was to measure certain aspects of the organization.

Finally, the informants also admitted that they had implemented it, because it was a fashionable tool.

However, the BSC was never used to follow up or measure strategic objectives. The things it was used for differed from what had originally been planned. The main benefit that Company F got from implementing the BSC was that the management committee focused its attention on certain aspects it had never looked at before, such as customer service, stock outs, delivery times and cash flow, amongst others. The tool was useful for making them realize that there were deficiencies in these aspects, which were resolved quickly once they had been identified. In 2007, the company stopped using the tool, although many of the indicators are still measured and monitored today, though now each of them is followed up by the department responsible for that aspect.

While the BSC was able to focus the management committee's attention on certain issues, on many occasions the lack of detail in the information meant that discussions reverted to the usual ones.

To sum up, the BSC was not used for the strategic reasons for which it had been implemented in the first place. Its usefulness was as a control for identifying anomalies, but the lack of detail in the information provided did not allow the reason for the deviations to be explored. In short, the BSC worked exclusively as a reporting system.

## 4. Discussion: why were there different outcomes from the BSC implementation?

The results have been organized in two Tables. The first shows the association of each of the implementation processes in the companies analyzed using the criteria of Assiri et al. (2006). The second Table shows a comparison of the main characteristics evaluated in the implementation of the BSC for the two cases analyzed.

As explained above, Table 1 lists the 27 criteria, with the corresponding items necessary to implement a BSC properly, and the percentage to which each of the organizations fulfilled these items (Assiri et al., 2006). As we can see, Organization S fulfilled 91.8% of the criteria established, while Company F only fulfilled 56.3%.

However, although as shown in Table 1, Company S said that the organization met 100% cause-effect relationship, in reality, as could be seen on the strategic map, there is no this linkage, so the percentage application of items would be 89.1%.

Table 1. Percentage of compliance with the criteria of Assiri and others (2006) by organizations S and F

| | Factors | Items | Case S % | Case F % |
|---|---|---|---|---|
| Dominants factors | Identify BSC perspectives | 4 | 100 | 50 |
| | BSC team | 7 | 71.4 | 57.1 |
| | Executive' and senior managers' commitment | 5 | 100 | 60 |
| | Total | 16 | 87.5 | 56.2 |
| Main factors | Mission, values, vision, strategy | 6 | 100 | 66.6 |
| | Training | 5 | 100 | 60 |
| | Automating BSC | 4 | 100 | 100 |
| | Set objectives and measures | 8 | 75 | 50 |
| | KPIs | 3 | 100 | 66.6 |
| | Rolling out implementation plan | 5 | 80 | 80 |
| | Updating BSC measures and linking it with rewards | 4 | 100 | 25 |
| | Regular reporting | 4 | 100 | 75 |
| | Communicate BSC | 5 | 100 | 60 |
| | Cascading BSC | 3 | 100 | 33.3 |
| | Initial plan | 3 | 100 | 66.6 |
| | Corporate alignment | 2 | 100 | 0 |
| | Learning and innovation | 4 | 100 | 75 |
| | Information system design | 3 | 100 | 33.3 |
| | Measurements assessment | 2 | 100 | 50 |
| | Benchmarking | 3 | 0 | 0 |
| | Cause-effect linkage | 3 | 100 | 0 |
| | Stimulate culture | 3 | 100 | 100 |
| | Problem solving and action planning | 7 | 100 | 57.1 |
| | Total | 77 | 93.4 | 55.8 |
| Supporting factors | Integration | 3 | 100 | 33.3 |
| | Self assessment | 3 | 100 | 33.3 |
| | Finalize measures | 3 | 66.6 | 100 |
| | Fine tuning and refining | 3 | 100 | 66.6 |
| | Finalize BSC plan | 5 | 100 | 60 |
| | Total | 17 | 94.1 | 58.8 |
| Total | | 110 | 91.8 | 56.3 |

Source: Organization S.

Table 2 shows the main characteristics of each organization studied according to the categories defined in the analysis. It is important to highlight the fact that both organizations wanted to implement a new strategy and thought the BSC would be a tool that would provide them with information for decision-making and help them to manage the new strategy efficiently. However, the outcome for each organization was different.

As we can see in Table 2, Company F executed what Kaplan and Norton call a "design failure" and a "process failure". Basically, because they did not adapt the model to the company's reality, they did not link it to the company's strategy, they did not involve enough people in the implementation process, and, finally, it was seen by other staff as a Systems Department project. The result was that the BSC fulfilled its function as a reporting system, measuring various aspects of the organization, but it did not allow strategic management. Consequently, the company decided to stop using it three years after its implementation.

In contrast to Company F, Organization S was successful in its implementation of the BSC. According to the study, the keys to this success were:

- A BSC that was adapted to the organization's reality.
- Prior experience in implementing a BSC by the project leaders.
- Wholehearted commitment from the senior person in the organization.
- The whole organization was involved.
- A pilot test of the project was carried out in advance.
- The organizational structure was adapted to the strategy to be implemented.
- The budget (resources) was linked to the BSC, as was performance-related remuneration.

This successful implementation gave the organization a global overview which helped with decision-making and allowed the organization to manage its strategy.

Table 2. Comparison of the main characteristics in the implementation of the BSC

| Subject | Description | |
|---|---|---|
| | Organization S | Company F |
| Design | The BSC was strategic, simple and adapted to the company's reality. | The BSC was a theoretical model which did not reflect the company. |
| Human Resources | Wholehearted support from the senior person in the organization.<br>The people who proposed and promoted its implementation had previous experience in implementing a BSC.<br>A Strategic Management Office was set up to head the implementation. | The sponsor, leader and driver of the project was the Systems Manager.<br>The other departments in the company saw the BSC as a Systems project and not one belonging to the whole organization. |
| Organization | There was the need to implement a new strategy in the organization.<br>The organizational structure was designed in accordance with the new strategy. | A new strategic plan had been drawn up and needed to be implemented.<br>The company is in a single location.<br>There was no specific structure in place for implementing the BSC. |
| Implementation process | Implementation in stages.<br>Pilot test in one department.<br>Association of personal targets and performance-related remuneration with the organization's strategy, which allowed it to be aligned with the organization. | The BSC was designed, approved and implemented at the same time throughout the company.<br>The number of indicators was subsequently reduced as there were too many. |
| Usefulness | It matched the purpose described by the creators of the model: strategic management and providing global information about the organization. | The BSC was not used as a strategic management tool, which was why it had been implemented. It was used as a reporting system. |

Source: Company F.

## Conclusions

The contribution made by this study consists of identifying the key factors that may affect the success or failure of implementing BSC in an organization. According to this study, the key factors are: adapting the BSC to the organization, getting wholehearted and consistent support from the senior person in the organization, involving the organization's personnel in the model, prior experience with the BSC of the people in charge of the project, carrying out a pilot test in one department, an organizational structure that is consistent with the strategy to be implemented, and associating the available resources with the BSC. Of the factors under consideration, the criteria for success proposed by Assiri et al. (2006) did not include prior experience with the BSC of the project leaders, the association of resources with the BSC, the organizational structure of the organization or carrying out a pilot test.

This study opens up the way to two future lines of research. The first proposes to analyze whether the key success factors would be the same in the case of implementations of the BSC in organizations that had tried and failed to implement it in the past. The other line of research would be to analyze, in the case of companies where the BSC had failed, what kind of strategic management tools they are using, if any.

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