BALANCED SCORECARD

By: Robert Hauseman, DDC Strategic Plans

Imagine yourself as the Captain of a super-tanker crossing the North Atlantic on a moonless night. Suddenly, the Helmsman spots an iceberg dead ahead. The crew attempts to maneuver, but it's too close for the ship's rudders to respond quickly enough. You stare at the gauges in front of you and realize you don't have one that could have picked up the presence of that iceberg before it was too late. A good Captain goes down with his ship, but in your next life, you'll make sure you have some sort of early warning system that would let you know the iceberg is out there while you still have time to do something about it.

By processing over 20 million requisitions a year at 22 different locations, the DDC is like that super-tanker. It operates with a combination of processes that have been relied on for a long time. And issues such as cultural differences, unique customer bases, unwieldy computer processes, and even far-flung time zones make it extremely difficult to turn. It's hard to know which direction you're heading, especially when you don't have the right gauges. And that's how the Balanced Scorecard will help us.

DDC BSC Architects meet to further the DDC Scorecard. Robert Hauseman chaired this meeting and was joined by (clockwise from center) Thom Bettinger, Ben Danilowicz, Connie Clouser, Kathy Harder-Martin, John Dennis, Sharon Shaffer, Beth Miller, and Jan Swinehart.

For example, we measure on-time performance. There's no question we're good at it, and watching that statistic has helped us become more mobile, flexible and responsive to our customers. But is it the right thing to watch in all cases? If our goal is to process every priority MRO within 24 hours, how can we tell if we're doing the right things for the aircraft mechanic who needs a part within two hours? On the other end, what about the customer who is happy to receive a dedicated truck once a week—are the 6-day-old MROs on that load late? The Balanced Scorecard links performance results with the processes that drive them. It bridges the gap between high-level strategic goals and the people who make it happen. A good Balanced Scorecard can determine if the company is meeting its goals.

The Balanced Scorecard starts with the Commander and his or her staff deciding what direction the organization will take over the next five years. This executive group must decide who our customers are and what they want, consider factors such as trends in the agency and the industry that will affect our mission, and come up with a business strategy. Now deciding on the direction, and even implementing the plan is not the problem—we've always done that. The hard part is to be able to tell if we're moving in the right direction. The plan needs to be clearly communicated to the managers and employees who can, through their day to day actions, make it happen. In other words, explained clearly to you. This is where the Balanced Scorecard is such a powerful approach, and why it is so much more than just a measurement system.

Like a tanker's control panel, a Balanced Scorecard helps managers steer the business by helping to develop measures that are directly tied to the strategic plan. It builds the picture with financial and non-financial measurements, such as customer loyalty, quality and cost of services, and the adequacy of the resources our employees have access to. An accurate view of these factors enables management to measure overall performance rather than just focusing on short-term, bottom-line results. Most importantly, it allows organizations to link long-term strategy with short-term actions.

DDC executives have been working hard on this new approach for some time. We have identified nineteen strategic objectives, some of which are: perfect order fulfillment, reduced operational costs, awareness of customers' needs, and job satisfaction. We will measure our progress towards these goals in some new ways. Some of the measures we currently use will fall to the side as we focus on doing what we say we want to do. Our intention is that everything we do will in some way be tied to the finished Scorecard.

But how is the Balanced Scorecard different from all the other programs we've gone through here in the DDC? You know what they are—TQM, Quality Circles, Management By Objective, etc, etc. We've tried them and many more, to varying degrees of success. The Balanced Scorecard is different because it comes from the very top of the organization. And because it does, it has the support and ownership of management. When you see it, you will know where the Commander and the senior staff want the organization to head in the coming years. It defines our long-range goals, communicates them in a clear way, and gives us a way to tell if we're moving towards them or away from them.

You will hear a lot more about the Balanced Scorecard over the next few months as we finalize it and deploy it to all Distribution Centers. In addition, your distribution center will have the opportunity to develop your own scorecard so that you can focus on your unique processes and customers. Watch this space for updates.

DDC BSC Architects Connie Clouser, Kathy Harder-Martin, John Dennis, Corey Shover, Hong Le (LMI), Kim Nguyen (LMI), and Jackie Noble hard at work on the DDC Scorecard.