What is the Balanced Scorecard?

Worksheet

The balanced scorecard evaluates performance through four linked perspectives — financial, customer, internal business process, and learning & growth — all tied to strategy.

Questions

1. Which perspective is NOT one of the balanced scorecard's four?
A) Financial
B) Customer
C) Competitor
D) Learning & Growth

2. The balanced scorecard was introduced by...
A) Michael Porter
B) Kaplan and Norton
C) Peter Drucker
D) W. Edwards Deming

3. Cycle time and quality metrics belong to which perspective?
A) Financial
B) Customer
C) Internal Business Process
D) Learning & Growth

4. Why is the scorecard called 'balanced'?
A) It only tracks financial data
B) It equally weighs financial and non-financial, lagging and leading measures
C) It balances the accounting books
D) It replaces budgeting entirely

5. A retail chain sets a financial target of 8% revenue growth and achieves 10%. Evaluate the financial perspective.

6. A software company measures customer perspective via Net Promoter Score (NPS), targeting 40 and scoring 35. Evaluate.

7. A manufacturer's internal process goal is to cut average production cycle time from 12 days to 9 days; it achieves 10 days. Evaluate.

8. Define: What are the four balanced scorecard perspectives?

9. Define: Who created the balanced scorecard?

10. Define: Why go 'beyond financial metrics'?

Answer Key

1. C) Competitor — The four are financial, customer, internal process, and learning & growth — not competitor.
2. B) Kaplan and Norton — Robert Kaplan and David Norton developed the framework in the early 1990s.
3. C) Internal Business Process — Internal process metrics track operational excellence like cycle time and quality.
4. B) It equally weighs financial and non-financial, lagging and leading measures — It balances short-term financial results with the non-financial drivers of long-term success.
5. Target = 8% growth Actual = 10% growth Variance = 10% − 8% = +2 percentage points → target exceeded
6. Target NPS = 40 Actual NPS = 35 Gap = 35 − 40 = −5 → below target, customer perspective needs attention
7. Target reduction = 12 → 9 days (25% cut) Actual = 10 days (16.7% cut) Partially met — process still needs improvement to hit the 9-day target
8. Financial, customer, internal business process, and learning & growth.
9. Robert Kaplan and David Norton, introduced in a 1992 Harvard Business Review article.
10. Financial results are lagging indicators; the other three perspectives capture the leading drivers of future performance.