



Introduction to The Balanced Scorecard Approach



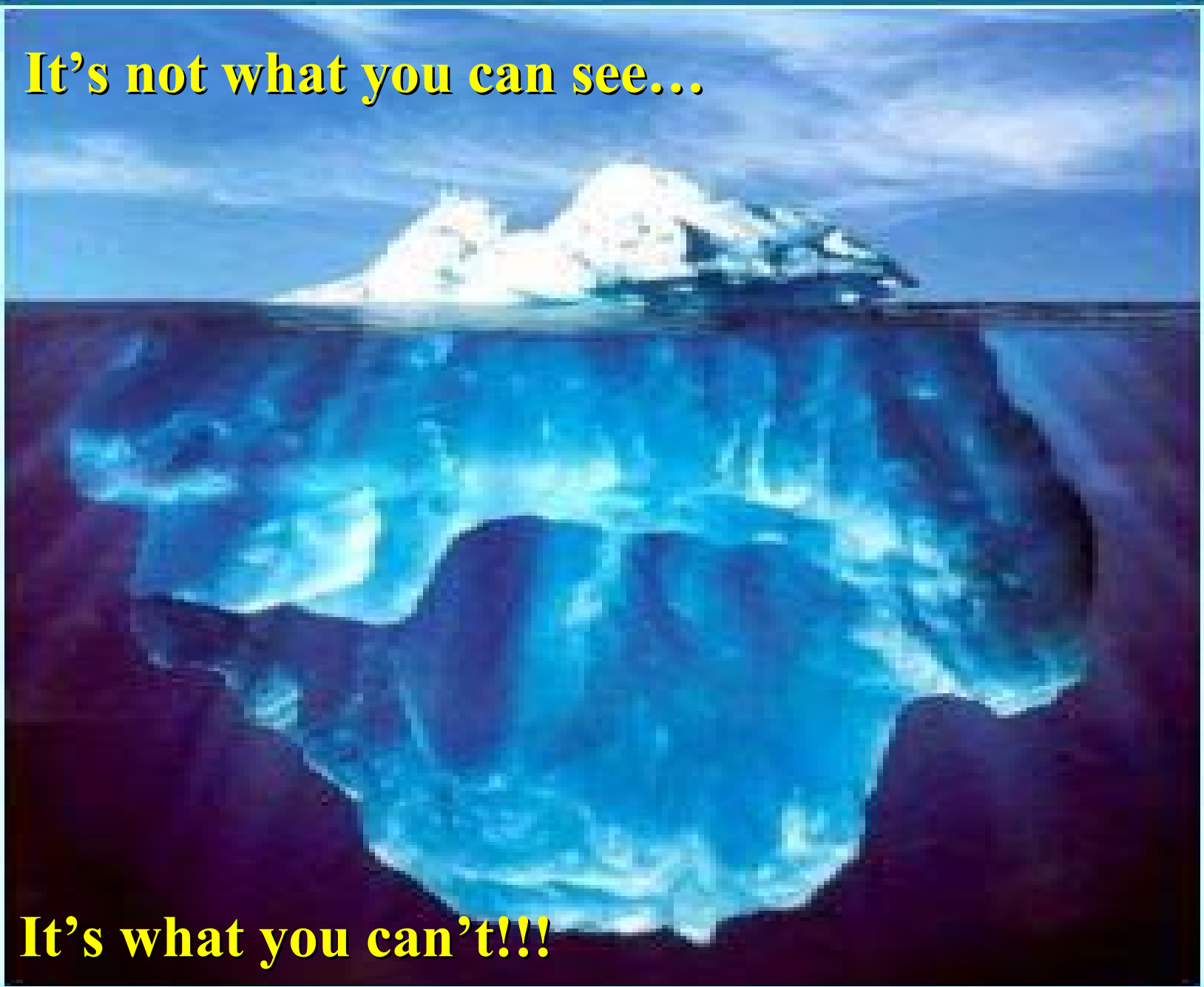
Presented to:
Cornell Advanced EMS Workshop

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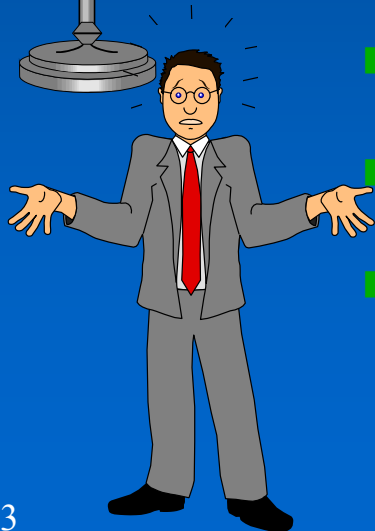
It's not what you can see...



It's what you can't!!!

Performance Measurement: A Balancing Act

Performance measurement systems must achieve a balance which supports progress against pre-determined goals

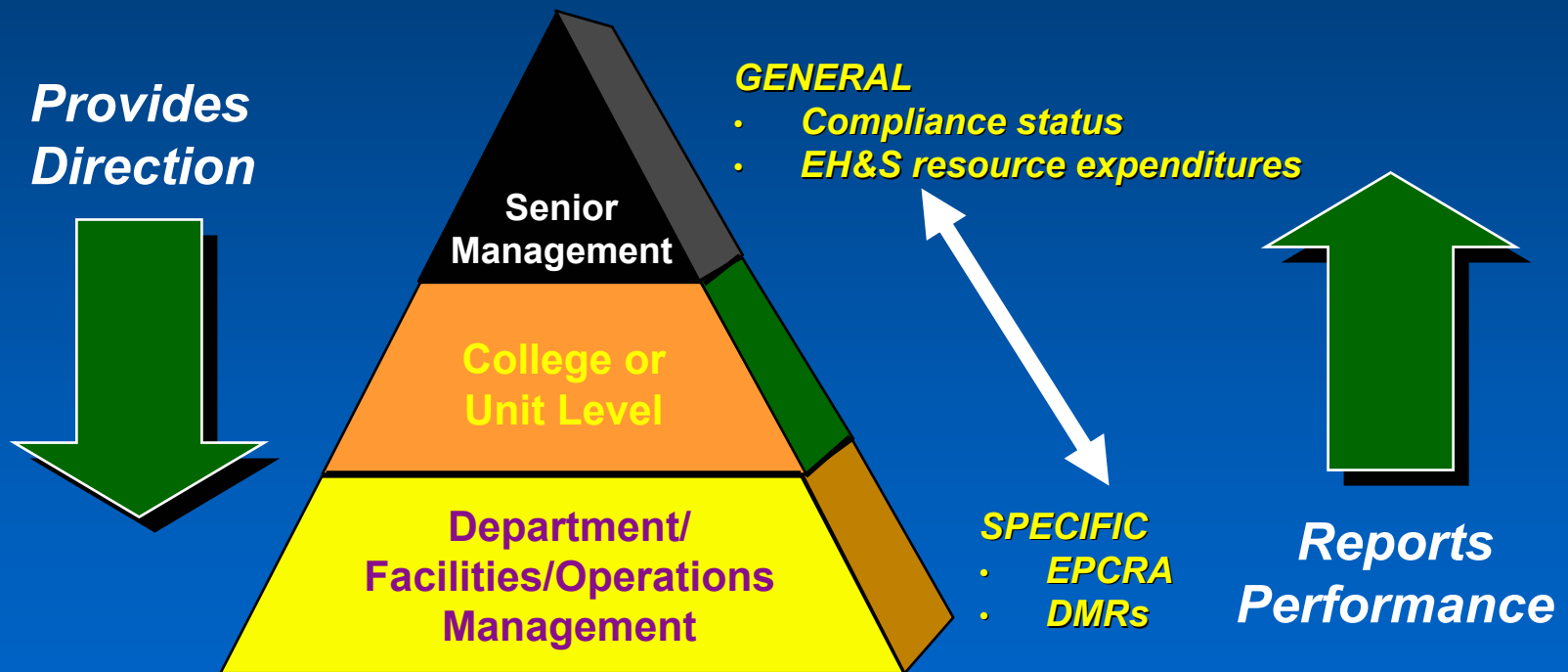


- Is EH&S performance defined correctly and is it consistent with policies/objectives?
- Is EH&S performance improving?
- How do we communicate our progress?
- Are we capturing the right information?
- Does the information we capture relate to key areas like our customers and processes?

Development of Random or Non-Strategic Performance Measures Actually Hurts an Organization!

The Challenge: Operations/EH&S Integration

Management levels within organizations view EH&S management differently



A common language is needed to effectively communicate, evaluate and report EH&S performance

A “Balanced” Approach...

- Developed in early 1990’s by Robert Kaplan and David Norton from Nolan Norton Institute, a research Department of KPMG
- Key publications:
 - “*The Balanced Scorecard – Measures that Drive Performance*” Harvard Business Review, January-February 1992, pp. 71-79.
 - *The Balanced Scorecard*. 1996. Harvard Business Press, Boston. 332 pp.

**“If you can’t measure it .
you can’t manage it...”**

- Kaplan & Norton
The Balanced Scorecard

ExxonMobil

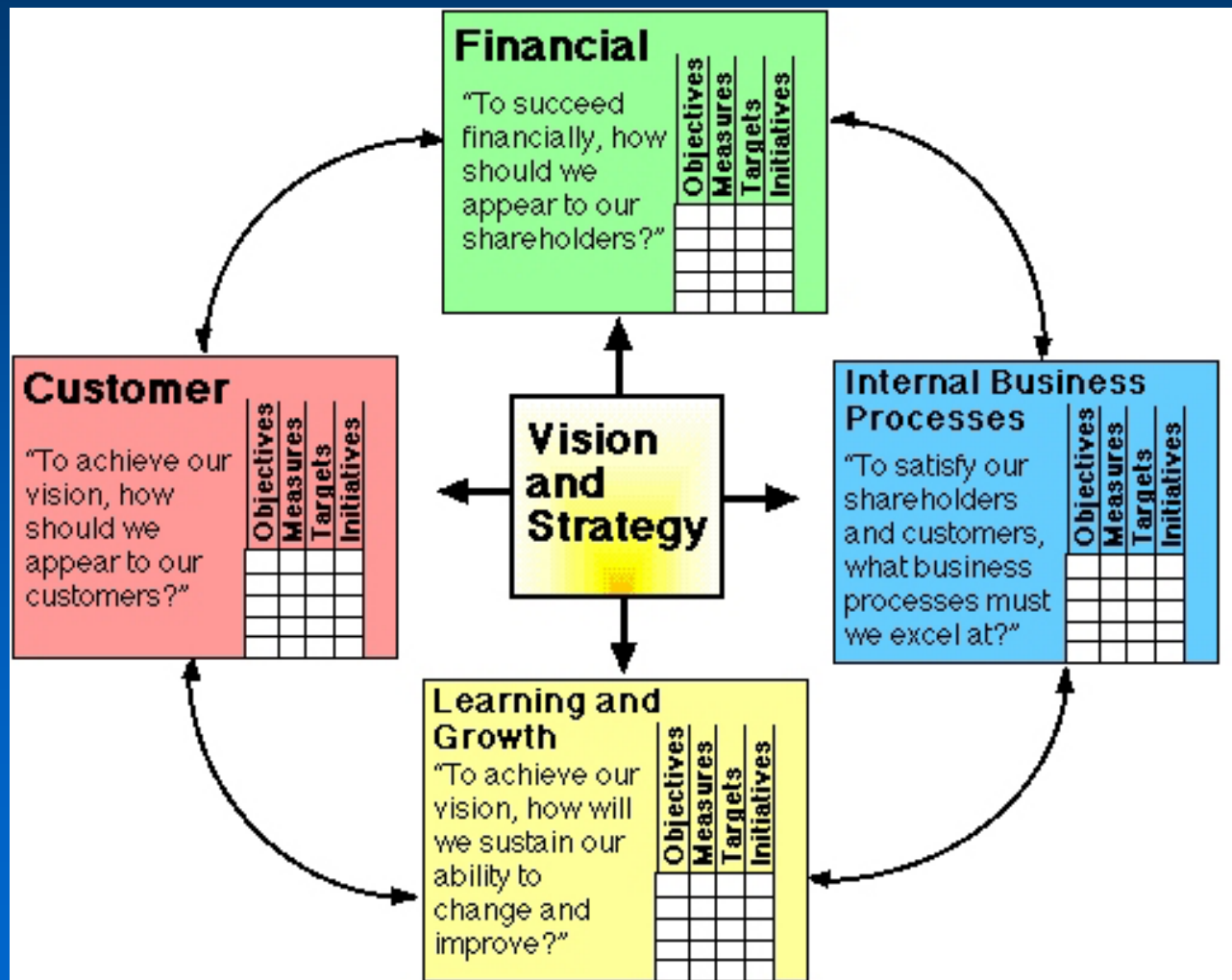
Berkeley
University of California



U.S. Department of Transportation
**Federal Highway
Administration**

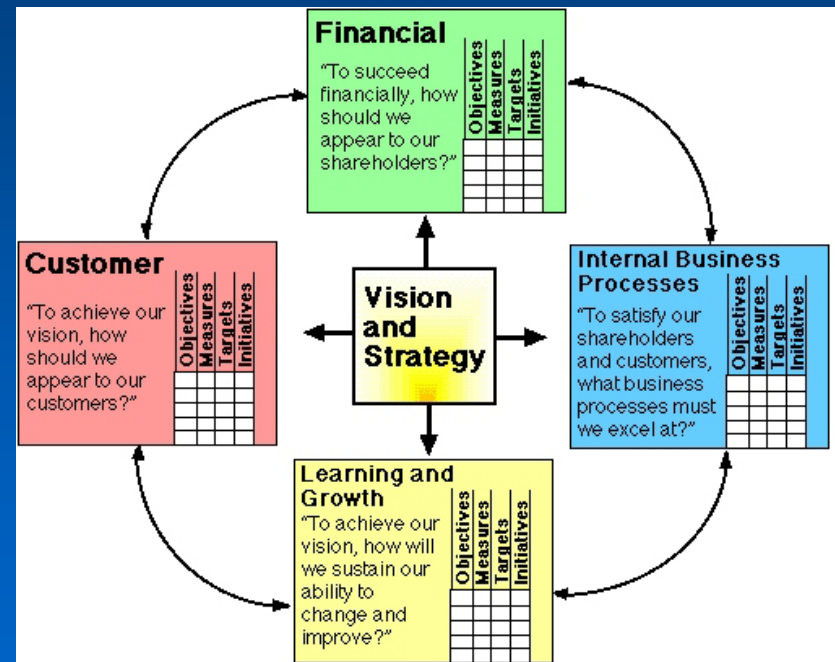
Represents shift from asset-based management to knowledge-based management

The Balanced Scorecard Framework



The Four Perspectives of The Balanced Scorecard

- **Financial** – the ability to provide financial profitability and stability (private) or cost-efficiency/effectiveness (public)
- **Customer** – the ability to provide quality goods and services, delivery effectiveness, and customer satisfaction
- **Internal Business Processes** – internal processes that lead to “financial” goals
- **Learning and Growth** – the ability of employees, technology tools and effects of change to support organizational goals

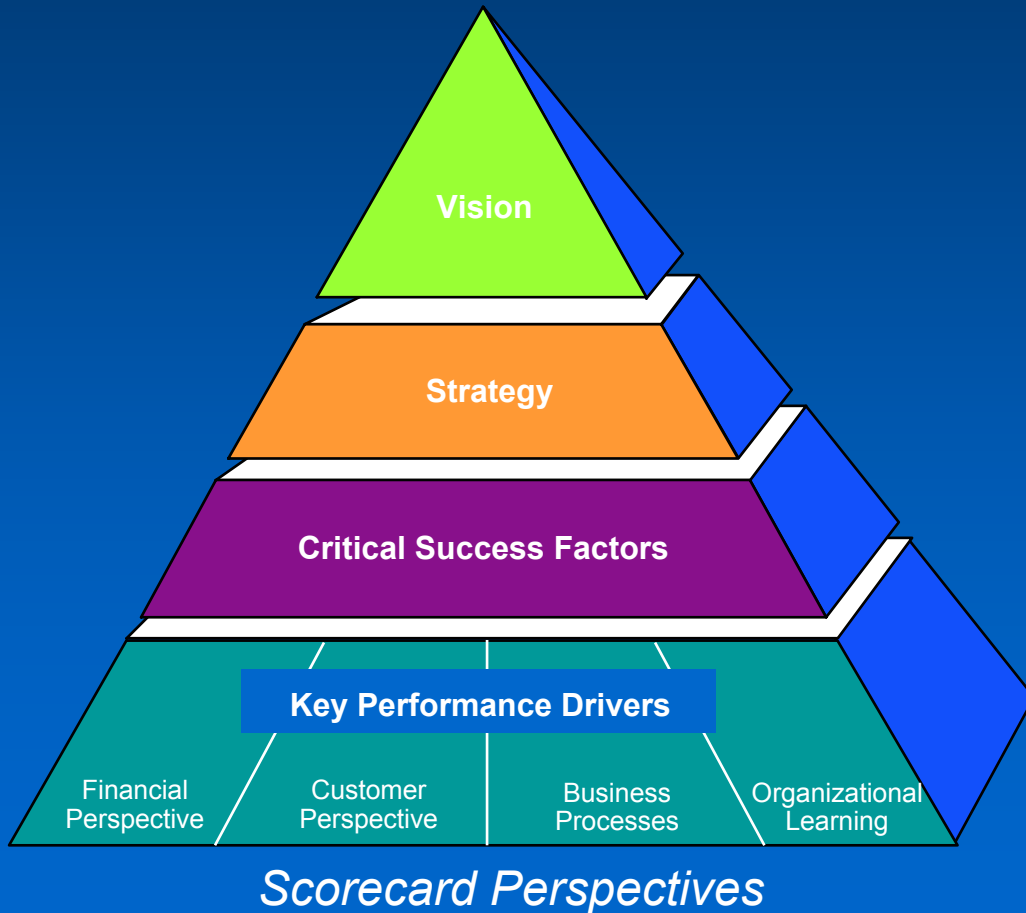


Balanced Scorecard Supports EMS

- **Policy** – Creates a “playbook”
- **Awareness** - Integrates EH&S with operations at multiple levels and locations
- **Objectives & Targets** –
 - **Objective** – *what is to be accomplished*
 - **Target** – *the “value” of improvement to be measured via a measure*
- **EMS Review** - Drives continual improvement throughout organization
- **Communication** – linked scorecards enhance the “who” and the “what”

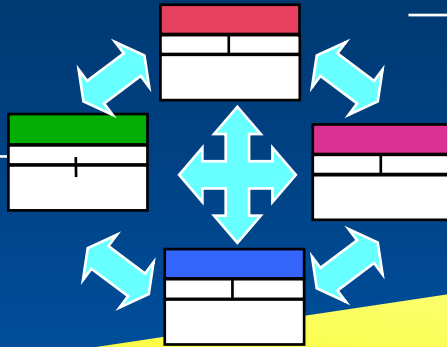


BSC Translates Performance at Multiple Levels

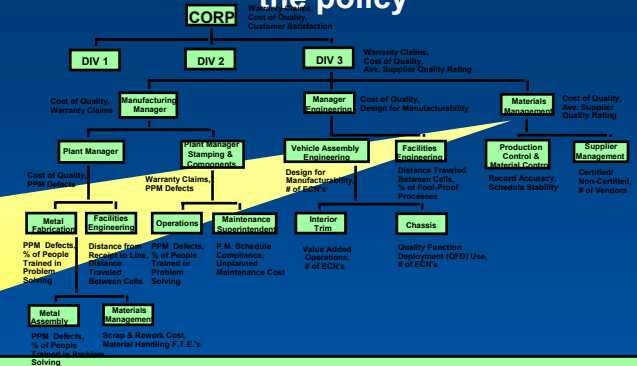


- Use of financial and non-financial measurements
- Performance indicators are linked to business objectives – operational and strategic information
- Leading and lagging measures
- Focuses strategy on overall improvement

The Balanced Scorecard in Action



Measures designed to support the policy



YTD				Current Period			
Actual	Objective	Variance	Rate of Change	Actual	Objective	Variance	Rate of Change
<p>EH&S Manager</p> <p><u>HIGHEST QUALITY</u></p> <p>Regulator Recognition</p> <p>Number of Environmental Incidents</p> <p><u>LOWEST COST</u></p> <p>Waste Minimization</p> <p>Lowered Indirect/Overhead Labor</p> <p><u>Operational Flexibility</u></p> <p>Material Substitution</p> <p>Reduced Permitting Requirements</p> <p>METRICS</p>							

Attributes of a World Class EH&S Manager

- Recognizes opportunity in changing environmental requirements
- Operationalizes EH&S goals
- Uses knowledge of operations to aid pollution prevention and waste minimization efforts.
- Drives EH&S learning throughout the organization.



Where are we Headed????

