

Contrasting uses of balanced scorecards: case studies at two UK companies

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- *This article considers two contrasting applications of the balanced scorecard, at EDF Energy and Tesco, where the scorecard is called a steering wheel. A distinction is drawn between a strategic scorecard based on vision and a performance management scorecard based on mission and values. This difference makes the associated balanced scorecards useful to management in different ways. Our model demonstrates how different balanced scorecard approaches can complement each other for effective strategic management. This conceptualization is consistent with a perceived general tendency for large multinationals to use values to strategically manage from the center organization-wide core competences.*

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Introduction

This article considers three dimensions of strategic purpose in relation to the use of the balanced scorecard in strategic management: vision, mission, and values. It takes a conceptual approach that identifies two different and contrasting uses for the balanced scorecard based on a planning approach, designed to implement an organization's strategic vision and another, designed as a control approach to manage an organization's core purpose in daily management. We believe that a failure to recognize this difference has caused confusion in practice and also in the balanced scorecard literature.

The article is in five parts. The first draws a distinction in the work of Kaplan and Norton between performance management and

strategic management. They make a distinction between a strategic scorecard based on vision and an operational scorecard based on diagnostic objectives. The second part of our article explains our methodology. The third and fourth parts give two contrasting versions of the balanced scorecard approach. One follows the Kaplan and Norton (1996) approach for scorecard management, while the other follows the Kaplan and Norton (1992) approach based on performance management. The final part of the article considers the two versions as necessary parts of the strategic management process.

Performance and strategic management

The use of the balanced scorecard in the performance management literature is variously explained as a performance management or control approach, while its use as a strategy development and management framework is

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explained as a planning and learning approach. There is a widespread debate about which is more important in practice. For example, while some researchers argue that the scorecard is used for control (e.g. Zingales, 2002), others find it is used primarily for planning

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(e.g. Mooraj *et al.*, 1999). The difference has arisen because Kaplan and Norton had originally understood the scorecard as a performance measurement tool (Kaplan and Norton, 1992, 1993) and only later saw it as an approach for strategic management (see Kaplan and Norton, 2001, where they explain their change of emphasis for the scorecard). The strategic version was introduced in Kaplan and Norton (1996), and centers on the needs of an organization's strategic vision. A strategy map provides management with a methodology to identify systematically and explore the critical success factors (CSFs) that may influence the cause-and-effect relationships of the four perspectives. Kaplan and Norton (1996) point out that basing a scorecard on vision has the advantage of limiting objectives and measures to a manageable number. This helps an executive concentrate his time and effort on those measures that will take the organization forward to its future goals. The idea that top management should focus on a few overall objectives is a long-established one in strategic management (Drucker, 1955; Daniel, 1961; Rockart, 1979). It is this imperative that distinguishes a strategic, from an operational, scorecard.

Kaplan and Norton concede that the small number of objectives and measures on a scorecard do not cover all those that an organization needs to run a business. They point to a difference between strategic and diagnostic objec-

tives: strategic objectives relate to vision while diagnostic objectives relate to the core areas of the business, which must be continually monitored if the business as a whole is to be effectively managed. We define 'core' as a business area or cross-functional process that is key to the effective management of an organization's mission and its business model. A business model refers to those features that describe the fundamentals or theory of the business (Drucker, 1997; Magretta, 2002). It takes into account strategic assumptions (these are often equivalent to risk management statements) and identifies key cross-functional areas that define what the organization does now, especially for its key stakeholders, and how it adds value for its customers. An effective business model focuses attention on how the core elements of the organization fit together strategically as a working whole. This is consistent with complementarity theory, a view of thinking about strategic management as a managed set of activities that reinforce each other as a set of interrelationships. Practices are complementary when doing one increases the value of doing more of another (Milgrom and Roberts, 1995).

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An organization's strategic vision must move it to another state, such as an improved competitive position, beyond what it would otherwise achieve given its present practices. Strategy seeks to change the underlying business model (Yip, 2004). This distinction is important to strategic learning and differences in organizational

learning styles, such as explorative and exploitive strategic learning, when explorative learning may be used for significant strategic change, and exploitive learning used in continuous improvement based on experience (for an exposition, see March, 1991). The use of vision to stimulate organizational learning and new strategy is contrasted with diagnostic control in Simons (1995), and for the regulated sector in Chau and Witcher (2005). An executive becomes involved with diagnostic objectives and continuous improvement only by exception, when it is necessary to take fundamental decisions concerning corrective action, typically to establish changed standards for performance. Diagnostic objectives constitute the key performance indicators (KPIs) for measurement in performance management. These measures should be considered differently from the CSFs that an executive manages directly and continually.

Actions on CSFs translate into KPIs at operational levels, and it is the systematic management of the deployment of CSFs as KPIs that defines strategic performance management. For example, de Waal (2007) defines it as *'the process where steering of the organization takes place through the systematic definition of mission, strategy and objectives of the organization, making these measurable through CSFs and KPIs, in order to be able to take corrective actions to keep the organization on track'* (p. 17). However, it is not always clear in the literature, or in practice, how CSFs and KPIs differ. To Kaplan and Norton, the CSFs are the subject of strategic scorecards and strategy mapping, while KPIs are the proper concern of operational scorecards. Of course, the needs of the CSFs will influence the form and scale of the KPIs as measures of performance in the core areas of the business model, but some KPIs are likely to remain quiet, as dynamic non-events, in the sense that many core business areas, while still requiring continuous attention — such as safety and maintenance — involve little more than quiet monitoring (Weick, 1987; Gauthereau and Hollnagel, 2005).

According to Kaplan and Norton, the purpose of vision-linked objectives and measures is to drive competitive breakthroughs, and diagnos-

tic objectives are primarily concerned with operational effectiveness. This duality in thinking mirrors the thoughts of their Harvard colleague, Michael Porter, who has argued that effective strategy is based on competitive difference rather than operational effectiveness (Porter, 1996). This view is countered by recent developments in the resource-based view of strategy, which suggests that the operational capability of strategic management itself can account for sustainable differences in the competitive effectiveness of rival firms (Teece *et al.*, 1997; Helfat *et al.*, 2007; Teece, 2007).

Methodology

The present paper is conceptual, based on investigations of two companies whose experiences in implementing the balanced scorecard reflect the scorecard principles in practice. The first is EDF Energy, which has largely followed the Kaplan and Norton (1996) version of the balanced scorecard. The second is Tesco, which has implemented a balanced scorecard approach it calls the 'steering wheel', which is much closer to the original Kaplan and Norton (1992) performance management version. In the EDF Energy study, a real-time investigation process was pursued (see Chau, 2006) to monitor what and how decisions were made regarding the scorecard implementation process. In the Tesco study, documentary evidence was first pursued, followed up by consultation with staff regarding their feelings about the company approach to performance management. We use data from these two cases to posit a conceptual framework for the balanced scorecard within the broader framework of the strategic management process. We examine how the two companies use purpose statements — in particular, strategic vision and core values — and outline their importance as part of our model.

EDF Energy

The French-owned EDF Group provides over one-fifth of the European Union's electricity. In 2007 it employed more than 150,000 people and had a turnover of over £50 billion. The

Ambition to:	Measures:	status	forecast
Meet shareholders' expectations	net income	★	◆
	capital expenditure	★	◆
	working capital (free cash flow)	■	◆
Care for our customers	mass market customers	●	◆
	major business customers	●	◆
Be a positive point of reference (corporate image)	corporate responsibility index	●	◆
Be safe and responsible	Health, Safety, & Environment management index	★	◆
Maximise employee satisfaction	employee opinion survey	●	◆

Source: Bromley and Cuthbertson (2006).





Figure 1. Corporate BSC for EDF Energy.

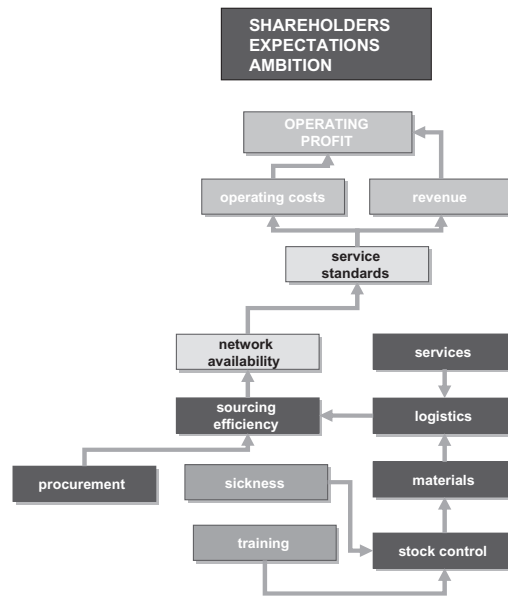
Group's corporate senior managers use a balanced scorecard approach to link overall objectives to continuous improvement to instill a strategy-linked culture throughout all of its divisions (Bromley *et al.*, 2006). The Group's balanced scorecard takes the form shown in **Figure 1**. This scorecard is an expression of the Group's strategic vision in the form of five ambitions, with associated performance measures. The symbols shown in the figure are used to indicate progress on the measures: stars signal when the ambitions are well above expectations, while diamonds indicate if performance is at or near expectations; circles, on the other hand, indicate that performance is running below expectations, and squares that performance is well below expectations.

These ambitions do not in themselves follow the Kaplan and Norton template, partly because the Group translates its vision directly into the form of a scorecard rather than following Kaplan and Norton, who see vision and the objectives as distinct entities. The Group's approach also differs from that of Kaplan and Norton in adding an additional ambition (or perspective) to give prominence to corporate responsibility and safety — concerns that are especially important to energy distribution and its regulation. The ambitions are used across the Group to create a working

knowledge of performance and a cultural alignment around its corporate purpose. They are used in strategy mapping to group the identity of the primary cause-and-effect relationships: for example, the CSFs influencing the shareholder ambition are shown in an order of cause-and-effect.

Workshops are used to explore the relationships. There is no emphasis on finding a right answer, but on generating awareness of the critical relationships within EDF's complex and diverse organization. **Figure 2** depicts how the influences of the four perspectives are worked out in terms of the causal links for how they impact shareholder (financial perspective) ambition. The EDF balanced scorecard is used by the executive level and other senior managers to review the Group's ambitions. It is also the Group's corporate-wide strategic reference framework for decisions at local and operational levels. This helps build up a strategy-centered organizational culture that helps employees understand how daily management links to the overall purpose of the Group. The business divisions have their own scorecards and strategy maps. Examples are given in **Figures 3 and 4** for the UK distribution network division, a unit with responsibilities for the distribution of energy to UK customers.

-  Elements falling within the Finance perspective
-  Customer perspective
-  Process perspective
-  People perspective



Source: Bromley and Cuthbertson (2006).

Figure 2. Strategy map linking cause-and-effect influences for the shareholder ambition.

FINANCIAL		
OBJECTIVE	MEASURE	YEAR TO DATE
Optimise Profit	Profit	
Optimise cash flow	Cash flow	
Optimum capital expenditure	Capital expenditure against budget	
Achieve purchasing savings	Savings against plan	
Optimise return on regulatory assets	Regulatory earnings against regulated assets	
Optimise our income	Income against budget	
Optimise operational expenditure	Operational expenditure against budget	
Improve productivity	Productivity	

PEOPLE		
OBJECTIVE	MEASURE	YEAR TO DATE
Improve personal performance	Complete coaching for Performance	
Minimise loss of key staff	Number of staff who leave	Measure only 2004
Improve communication and ensure staff embrace the new company	Staff responding positively in quarterly company mini surveys	
	Staff understanding key messages from team briefings	
Improve health and welfare	Completing FIT for work programme	
	Days lost due to short-term sickness absence	
Create a culture of safety self-awareness	Number of rectified hazards	
	Total recordable incidents rate	
Create an incident and injury free company	Days lost due to injury per 100 people	
	Attendance of managers on leadership programme	
Strengthen leadership skills	Attendance of managers on leadership programme	
Develop a performance management culture	Percentage of Balanced Scorecard targets met	

CUSTOMER		
OBJECTIVE	MEASURE	YEAR TO DATE
Improve quality of supply	Customer interruptions	
	Customer minutes lost	
Improve customer satisfaction	Quality of telephone response	
	Customer complaints	
	Failures of Electricity Guaranteed Service	
Enhance reputation of the company	Litres of oil pumped	
	Number of staff involved in a community related activity	

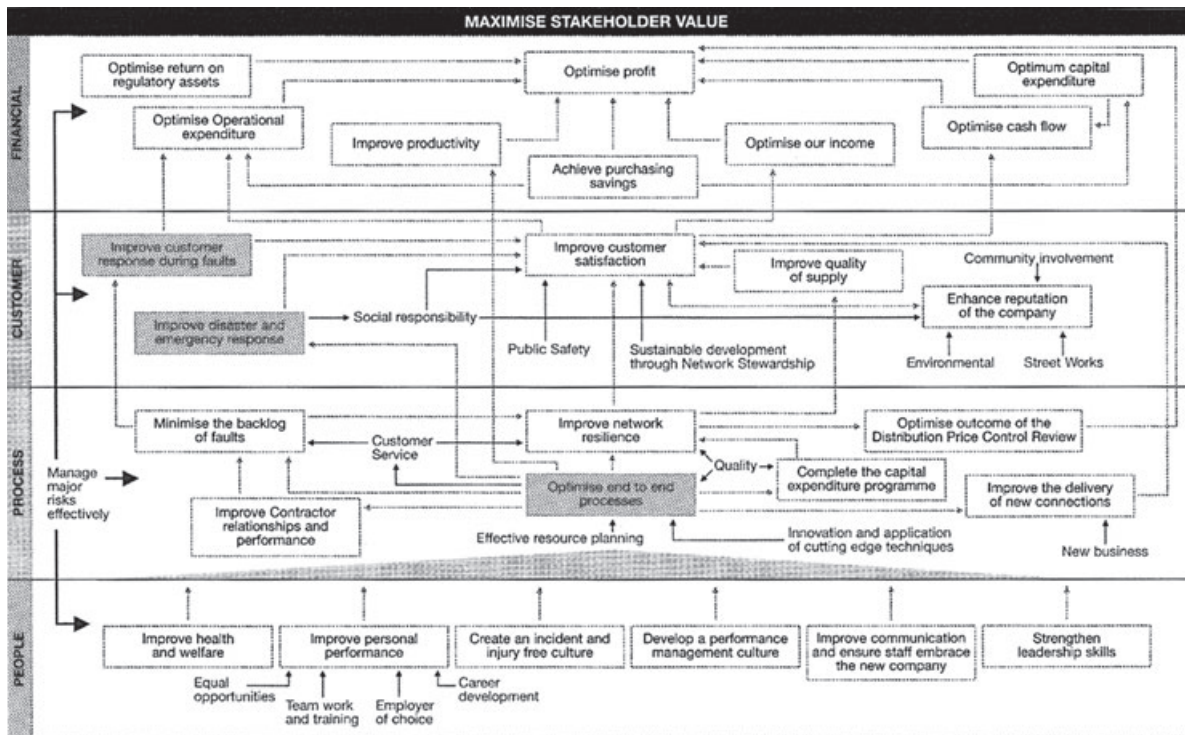
PROCESS		
OBJECTIVE	MEASURE	YEAR TO DATE
Improve network resilience	Maintenance against plan	
Complete the capital expenditure programme	Capital programme against plan	
Improve the delivery of new connections	Work delivered to time	
Optimise outcome of the Distribution Price Control Review	Compliance with plan	
Minimise the backlog of faults	Fault backlog	
	Tree-cutting against plan	
Improve contractor relationships and performance	Meter re-certifications against plan	
	Excavations closed on time	

KEY TO PERFORMANCE	
	STAR is excellent performance
	Green DIAMOND is good performance
	Yellow CIRCLE is under performance
	Red SQUARE is poor performance

FINANCIAL		PEOPLE	
CUSTOMER		PROCESS	

Source: Chau (2006).

Figure 3. BSC for EDF Energy UK distribution networks.



Source: Chau (2006).

Figure 4. Strategy map EDF Energy UK distribution networks.

While these match the conventional Kaplan and Norton templates more closely than the Group's five ambitions, these divisional scorecards involve a larger number of objectives and measures, which are in their nature KPIs and concern operational effectiveness at a daily management level. These are aligned with the Group's ambitions, but the nature of the objectives at this level is in a singular form as measures or operational targets. In contrast with the Group's scorecard objectives, these local measures conform to SMART (specific, measurable, action-oriented, realistic, and time-bound). Thus the divisional scorecards are used primarily as an operational rather than a strategic framework for setting and managing priorities. They are aligned with the strategic ambitions of the Group through the workshops to develop and agree on the priorities used to drive continuous improvement in daily management. In the view of EDF, every unit, team, and individual should be able to identify and deal with strategy-linked per-

In the view of EDF, every unit, team, and individual should be able to identify and deal with strategy-linked performance gaps at a local level

formance gaps at a local level (Bromley and Cuthbertson, 2006). The perspectives reinforce each other, so the clearly articulated priorities will feed off each other to form a virtuous cycle of continuous improvement: for example, customer delight helps generate revenue and satisfactory returns for investors; increased revenue helps fund investment in internal processes and learning; and better processes and learning help EDF's people to delight customers.

To summarize, there are two kinds of scorecard at EDF: strategic at the Group level, and

operational at other levels. The former is concerned with strategic vision while the latter is concerned with aligned performance management at an operational level.

Tesco plc

Tesco is a UK-owned supermarket company with revenue of £47 billion (about £33 billion in the UK) (Tesco, 2008a). There is no strategic scorecard based upon a corporate-level strategic vision. Instead, there is Tesco's 'steering wheel', used by corporate executives to focus the stores on the delivery of Tesco's core purpose (shown in **Table 1**). This purpose is not visionary in that it is designed to take Tesco to a new position or state, but rather it is a statement of the values, which are fundamental to manage purpose in the stores. The primary aim of the steering wheel is to link every employee's personal objectives to corporate values and to help staff balance these values effectively in the daily management of work. The wheel has the four Kaplan and Norton perspectives, but also an additional perspective, added in 2006 as a 'community' perspective (Tesco, 2008b). This is similar to EDF's corporate image ambition and the reason is similar in that large supermarket chains have in recent years fallen under increasing scrutiny from regulators. Each segment of the wheel has its own set of objectives, as can be seen in **Figure 5**.

The remuneration of senior management is shaped by the wheel's objectives, with bonuses varying according to the level of their overall achievement

The operational performances of Tesco stores on the wheel's objectives are reported and reviewed quarterly at board level and afterwards a summary report is sent to the top

Table 1. Tesco's core purpose

Our core purpose is to create value for customers to earn their lifetime loyalty.

Our success depends on people. The people who with us and the people who work with us.

If our customers like what we offer, they are more likely to come back and shop with us again.

If the Tesco team find what we do rewarding, they are more likely to go that extra mile to help our customers.

This is expressed as two key values:

No-one tries harder for customers, and Treat people as we like to be treated.

We regularly ask our customers and our staff what we can do to make shopping with us and working with us that little bit better. This is our Every Little Helps strategy.

- Shopping trip
Customers have told us they want — clear aisles, to be able to get what they want at a good price, no queues and great staff. We call this our Every Little Helps Shopping Trip for customers and use it every day to ensure we are always working hard to make Tesco a better place to shop, at home and abroad.
- A great place to work
Our staff have told us what is important to them — to be treated with respect, having a manager who helps them, having an interesting job and an opportunity to get on. Helps achieve what is important to our staff will help us to deliver an Every Little Helps Shopping Trip for our customers.
- The way we work
The way work is how we deliver Every Little Helps to make Tesco a better place to shop and work in. We use simple processes so that shopping is Better for customers, Simpler for staff and cheaper for Tesco.

Source: Tesco (1997).

2000 managers to cascade to staff in the stores. The remuneration of senior management is shaped by the wheel's objectives, with bonuses varying according to the level of their overall achievement. The Group reviews how the wheel has worked annually and the objectives may be changed and modified, depending on prevailing circumstances, to ensure that they remain consistent with the needs of Tesco's stakeholders. An important consideration is to make sure the objectives remain appropriate and robust measures of performance in the stores.



Source: Tesco (2007).

Figure 5. The 'steering wheel'.

At store level every staff member uses a 'plan and review' document to think about how their work relates to the five perspectives. This involves discussing these with supervisors and other managers in staff appraisals conducted twice a year. Every employee develops his own objectives and how he will carry these out in ways that are consistent with the needs of the steering wheel. Employees are asked to state what their work will look like when it is completed, and to identify the main steps required to achieve their work objectives — such as the key dates, any support materials, and also who can help them achieve their contribution to the wheel's objectives.

The steering wheel is a people-based and performance management approach, not a strategic scorecard in the Kaplan and Norton sense of being based on a strategic vision. Rather, it includes objectives that are essentially diagnostic in nature. However, it is still an important part of Tesco's strategic management in that it links activity in daily management to Tesco's long-term core purpose. It is not designed to bring about the kind of fundamental strategic change associated with a strategic vision. Of course, Tesco takes into consideration vision and related strategy in its review of the wheel's performance, but there is no corporate-level scorecard based on vision alone. In fact, Tesco has what it describes as

four long-term strategies for growth (Tesco, 2008a), which are:

1. *To sustain growth in the core UK market: the UK is Tesco's biggest market and the core of its business. Tesco aims to provide its customers with excellent value and choice.*
2. *To expand by growing internationally: Tesco is an international retailer. Wherever the company operates it focuses on giving local customers what they want.*
3. *To be as strong in non-food as in food: Tesco wants to be as successful at selling non-food products like clothes, books, DVDs, and CDs as it is with food.*
4. *To follow its customers into new retailing services.*

If Tesco were to have a strategic scorecard, we should expect these four strategies to be linked to its objectives and measures to achieve a growth-based vision. This could also involve all five perspectives of the steering wheel, where the objectives and measures could be used to identify those CSFs necessary to the achievement of this vision. The number of objectives and measures on this strategic scorecard would be fewer than the numerous KPIs of the steering wheel, and we should expect Tesco's executive to align the annual objectives of the steering wheel to be consistent with the longer-term needs of the strategic scorecard.

How organizations similar to Tesco and EDF manage strategic vision and core values as an integrated dynamic capability is now one of the most pressing areas for research in strategic management. In our view, the two scorecard approaches are relevant as two different parts of the overall strategic management process. The EDF approach involves, classically, balancing an organization's overall strategic objectives in a way that helps craft and check the progress and assumptions of longer-term strategy; this represents an out-in approach to the determination of strategy. The steering wheel, on the other hand, has more to do with an organization's fitness for

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purpose, and is an in-out approach to controlling strategic performance. Following the resource-based view, the steering wheel is about the management of core competencies — those skills and learning capabilities that give a workforce its ability to sustain an organization's competitive advantage (Prahalad and Hamel, 1990; Teece *et al.*, 1997).

A strategic management model

We define strategic management broadly, as the overall management of an organization's longer-term purpose. This definition includes and goes beyond the management of an overall strategy to include strategic deployment and the management of strategic resources in daily management. We also see it as primarily the responsibility of an executive or senior-level manager to involve everybody to achieve synergy and joined-up management. **Figure 6** shows three shaded boxes. Three interconnected, but conceptually distinct components — purpose, objectives, and strategy — are represented by the left-hand box, which constitutes an organization's rationale, its desired outcomes, and an overall policy that identifies the necessary relationships between those activities that are core to the achievement of these outcomes and purpose. These three provide an organization with its longer-term strategic framework to guide its implementation and execution of its strategically linked policies and objectives in the

Components of Strategic Management: The POSIES model

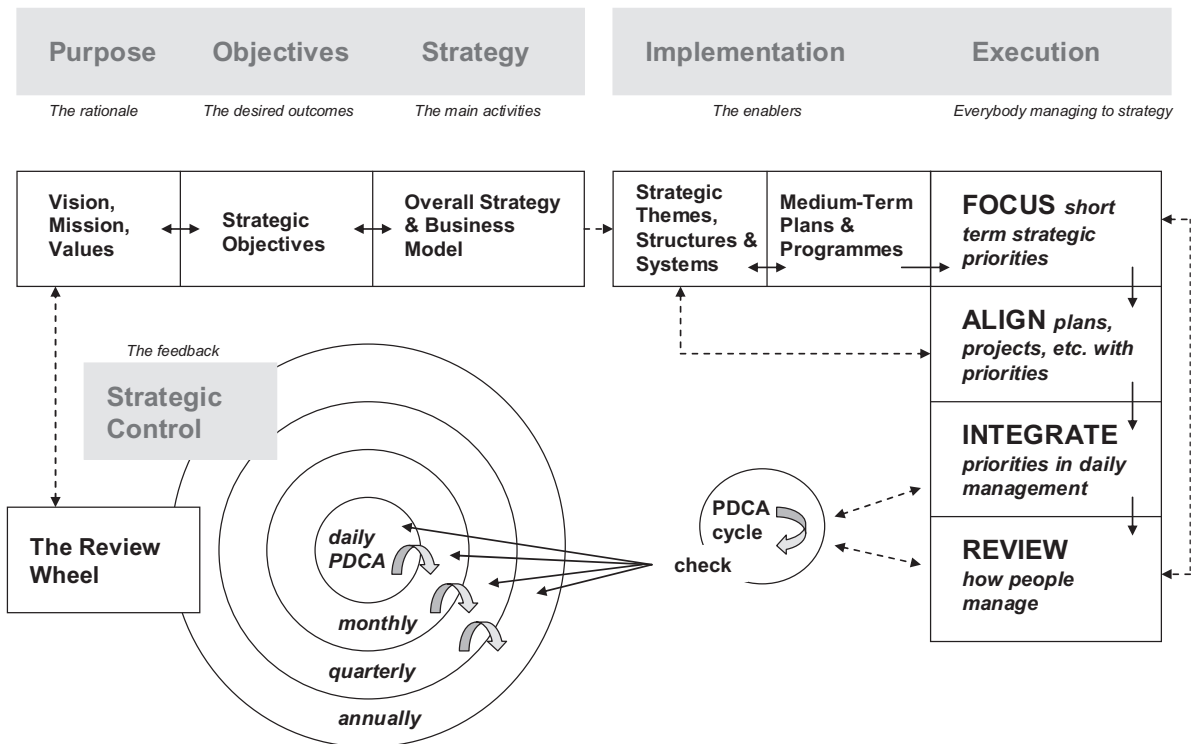


Figure 6. Strategic management.

organization's management of change over the shorter term. The implementation and execution of strategy are indicated in the figure as the shaded box positioned toward the right-hand side of the figure. The third shaded box refers to strategic control, which is the organization's management system for organization-wide review that will provide the feedback and the learning opportunities for the organization as a whole to manage its overall purpose.

There are three dimensions to organizational purpose, involving vision, mission, and value; making this distinction is important for the balanced scorecard, if organizations are to distinguish clearly the differences between strategic and diagnostic objectives. Vision is an organization's purpose expressed as a desired future state; mission is the organization's purpose expressed as its core business areas, and we believe that this should provide the basis for its business model; finally, values

are those management philosophies and business methodologies that constitute core competences. (This is likely to include those necessary codes and standards of behavior.) We believe that strategic objectives should incorporate the balance that takes account of enablers (or drivers) and desired performance outcomes. A strategy map provides a basis for environmental analysis and strategic decision analysis for understanding the links between the scorecard's perspectives, objectives and measures, and vision.

Overall strategy, in so far as it is concerned with achieving a new improved position, is about vision and a strategic balanced scorecard (following Kaplan and Norton). However, visionary strategic change needs an organization to be in control; that is, a senior level should understand the core business areas that deliver the organization's fitness for purpose, not only in terms of its mission and existing business model, but also to enable an

executive to see how visionary change can be implemented and executed effectively. The implementation of strategy as strategic plans and programs, with perhaps changes to organizational structure and systems, is typically a mid-term concern, say 3 to 5 years. Local and operational scorecards are useful at these levels. Execution is the translation of mid-term plans into annual priorities for daily or routine working. There are four important parts to execution, which we call, for convenience, FAIR — focus, alignment, integration, and review — depicted on the right-hand side of our figure as a descending sequence. The FAIR categorization is a characterizing feature of policy management (Witcher, 2003); however, it is also relevant to the balanced scorecard, which was originally developed from ideas used in policy management, or hoshin kanri — its Japanese name (Kaplan and Norton, 1993). Toyota, a hoshin kanri practitioner, has used a very similar scorecard to harmonize objectives since the early 1960s (Koura, 1993), and we believe the balanced scorecard can be used effectively with hoshin kanri ideas (Witcher and Chau, 2007).

Execution is the translation of mid-term plans into annual priorities for daily or routine working

If the strategic balanced scorecard is to work for setting and developing strategically linked priorities for use in daily management, then an executive has to focus the rest of the organization on those very few change objectives that strategically matter most. These vital few can be used to align annual planning at local levels. This phase of execution typically involves the creation or changes to a local balanced scorecard that is primarily operational as in the example of the EDF's Distribution Networks Division. Many organizations see the focus and

alignment parts of scorecard management as a cascading activity. At EDF this activity is based on workshops. However, the nature of annual planning and how this activity transforms into daily management is important. The principle that works best for strategic priorities is to facilitate the management of objectives in work, rather than the more prescriptive forms of management by objectives. In other words, strategically linked objectives should take the form of handed-down targets, but should be developed in the context of the actual work being done in daily management. The Kaplan and Norton scorecard puts a stress on the measurement principle. This works for the strategic scorecard, but at operation level, it is more important to develop measures within the context of the means for the progression of a related objective.

Review of objectives and progress in work should occur in a mature organization at all levels, and in a managed way that ensures the organization concerned learns from its experience and is able to take action in good time before change proves dysfunctional

Tesco's performance management scorecard is relevant to the alignment and integration parts; there is no necessary vision-linked focus. Instead, the purpose of the steering wheel is to condition how people work, rather than directly try to influence what people should achieve. This is particularly important to the review part of FAIR. Review of objectives and progress in work should occur in a mature organization at all levels, and in a

managed way that ensures the organization concerned learns from its experience and is able to take action in good time before change proves dysfunctional. Figure 6 uses, as an example, the Deming (1986) plan-do-check-act (PDCA) principle for managing work, which puts a premium on the importance of review at all levels. The 'review wheel' is a stylized way to represent review as a set of interlinking organizational activities. Kaplan and Norton stress the importance of executive review in the management of the scorecard, and write about the importance of strategic reviews that are insulated from operational review (Kaplan and Norton, 2001). Classically, ongoing review at an operational level is continuous and based in the functional areas of an organization; important and recurring operational issues are normally reviewed at weekly or monthly meetings. Strategic review is more likely to include senior managers and managers from other operational areas, in quarterly meetings, which typically involve operational managers in formal presentations about the progress of strategically linked targets in their part of the organization.

However, the review part of FAIR is an annual activity and resembles more a business audit of the operational effectiveness or health of the organization, especially in the core business areas of the business model. This may use information from review at other levels on the progress of strategically linked objectives, but its real purpose is for an executive to understand how ways of managing in an organization are working and developing. It is in this part of strategic management that a Tesco 'steering wheel' approach is really useful, if it enables an executive to see and understand how everybody works. This is an important part of strategic management, even though it is not, at least directly, linked to a strategic vision and strategic change.

Conclusions

It is conventional wisdom in organizational studies that large and complex organizations must facilitate a devolvement of strategic

decision-making across multidivisional structure (Chandler, 1962). However, there is evidence from research concerning multinational organizations that they are becoming more focused on managing from the center than on local initiatives (HayGroup, 2006; Witcher *et al.*, 2008). It is 'managing' that the center is influencing, not the local decisions themselves. The emphasis is on how an organization as a whole can use, and does use, business methodologies and management philosophies; these may relate to skills and teamwork concerning both the translation and management of objectives, and how to review and plan work. The transfer and management of knowledge is probably a characterizing feature of global management (Nonaka and Takeuchi, 1995). It concerns, of course, corporate and organizational culture — 'the way we do things around here', but we also think it is an executive-based level *managed* response, especially to the longstanding strategic management problem of how to deal with the strategy-implementation gap (Quinn, 1980). The key to this is how an executive can understand the operations of its businesses (de Holan and Mintzberg, 2004). The concern is not to micro-manage, but to know the core areas of the business and the make-up of the business model, to be able to see the relevance of the health of the business, to a vision and its associated strategy for change. The practical concern for proactivity on the part of the executive is not just with the strategic objectives of the scorecard, but also to influence the development of strategic assets such as core competences and the capabilities for managing. In the language of the resource-based view, this ability constitutes a dynamic capability for managing strategic change (Tece *et al.*, 1997).

Biographical notes

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