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Governance tools for board members.  
Adapting strategy maps and balanced scorecards for directorial action

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ABSTRACT

The accountability of members of the board of directors of publicly traded companies has increased over years. Corresponding to these developments, there has been an inadequate advancement of tools and frameworks to help directorial functioning. This paper provides an argument for design of the Balanced Scorecard and Strategy Maps made available to the directors as a means of influencing, monitoring, controlling and assisting managerial action. This paper examines how the Balanced Scorecard and Strategy Maps could be modified and used for this purpose. The paper suggests incorporating Balanced Scorecards in the Internal Process perspective, ‘internal’ implying here not just ‘internal to the firm’, but also ‘internal to the inter-organizational system’. We recommend that other such factors be introduced separately under a new ‘perspective’ depending upon what the board wants to emphasize without creating any unwieldy proliferation of measures.

Tracking the Strategy Map over time by the board of directors is a way for the board to take responsibility for the firm’s performance. The paper makes a distinction between action variables and monitoring variables. Monitoring variables are further divided on the basis of two considerations: a) whether results have been met or not and b) whether causative factors
have met the expected levels of performance or not. Based on directorial responsibilities and accountability, we take another look at how the variables could be specified more completely and accurately with directorial recommendations for executives.

**KEYWORDS:** board of directors, directorial accountability, business judgement rule, strategy maps, balanced scorecards.

### Introduction

Over the past several years, the world over there has seen several bankruptcies and huge investor losses attributed to frauds and misadventures by corporate executives and incompetent boards. The governance failures of companies have resulted in calls to make the boards more accountable. There is also a call for professionalization of the board (Pozen, 2010). Indeed, there may be multiple ways to respond to these challenges. This paper takes the view that board directors (BoD) have to:

**Valdymo įrankiai valdybos nariams:**

strateginių žemėlapų ir subalansuotos apskaitos pritaikymas vadovybės veiklai

**ANOTACIJA**

Įmonių, kurių akcijomis prekiaujama viešai, valdybos narių atskaitomybė laikui bėgant išaugo. Atsižvelgiant į šius pokyčius buvo sukurta daugybė priemonių ir sistemų, skirtų vadovams jų veiksmuose taikinti. Šiame straipsnyje pateikiami argumentuoti siūlymai vadovų veikloje pritaikyti ir panaudoti subalansuotą apskaitą ir strateginius žemėlapius, kurie galėtų tapti įranga ir reikalauti vadovų veiksmus. Autorius siūlo įtraukti subalansuotą apskaitą į *vidinių procesų valdymo sritį* („vidinis“ reiškia ne tik „vykstantis įmonės viduje“, bet ir „vykstantis tarporganizacinės sistemos viduje“). Patariama kitius panašius veiksnius įtraukti atskirai į naujų sričių atsižvelgiant į valdybos prioritetus, net ir nesukuriant daugybės sunkiai valdomų priemonių.

Nuoseklus strateginių žemėlapų pildymas suteikia valdybai galimybę prisiminti atsakomybę už įmonės veiklos rezultatus. Straipsnyje skiriama *veiksmo* ir *stebėjimo kintamieji*. Stebėjimo kintamieji toliau skirstomi atsižvelgiant į šias sąlygas: a) ar buvo pasiekti planuojami rezultatai ir b) priežastiniai veiksniui atitikti planuojamus veiklos rezultatus. Atnaujinimas į vadovų atsakomybę ir atsakomybę autorius iš naujo analizuoj, kokiu būdu galima būtų išsamiau ir tiksliau apibrėžti kintamuosius, kad tai atspindėtų vadovų rekomendacijose dėl vykdant viršuje personalo veiksmai.

**REIKŠMINIAI ŽODžIAI:** valdyba, vadovų atsakomybė, verslo sprendimų priėmimo taisyklė, strateginiai žemėlapiai, subalansuota apskaita.
a) engage the executive from a more informed position and  
b) undertake a better self-management by the board.

In general, the response to governance failures has been one of outrage and  
exasperation at the ‘ethical lows’ the corporate world has sunken into! Our  
purpose of this paper is neither to dwell on them nor to report of such  
commentaries. We want to point out and help those of integrity to be more engaged  
effective while performing the directorial function.

With higher expectations from the board, courts too have been changing  
in their view of directorial responsibilities. Clarke (2007) writes of how things  
have been changing in the US, or more particularly in Delaware, where a large  
number of firms are registered. In respect of what has been happening until  
now, he writes that ‘as long as there is no evidence of fraud, gross negligence or  
other misconduct, directors will not be held responsible for a business judgement...  
In Delaware directors are presumed to have acted on an informed basis, in good faith and with no personal interest in the matter [...]’. However,  
lately things are becoming different. ‘Recently however, Delaware courts have  
focused on instances of violations of directors’ duty of care so egregious  
that they rise to the level of bad faith, a serious matter as directors cannot  
be indemnified from liabilities arising out of breaches of good faith’ (Clarke,  
2007, p. 37).

In the US, the rules themselves come in for a major overhaul through the  
Sarbanes Oxley Act of 2002, more popularly known as the SOX (Congress of the  
United States of America, 2002), which was intended to prevent executives  
from committing fraudulent acts and misleading shareholders and the public  
by manipulating information and by making false public announcements. To  
mitigate or check unethical behavior and increase transparency, the SOX  
subjected listed companies to tightened rules and regulations and to penalties  
for managerial misconduct. The SOX has had some impact on corporate govern- 
ance, even if there have been failure of several SOX-compliant companies  
in the recent past. This is creating further pressure on the BoD and directors  
in terms of a greater accountability (Pozen, 2010) and reinterpretation of the  
business judgement rule more stringently.

Outside the US, this has been the case too. For instance, Riordan (2004) re- 
ports of the High Court in Ireland restricting the activities of four non-execu- 
tive directors of a firm, Tralee Beef & Lamb Ltd., then in liquidation, ‘on the ba- 
sis that they had acted honestly but not responsibly in relation to the conduct  
of the affairs of the company.’ The court found that the directors, one of them  
appointed by one of the firm’s long-term sponsor, had failed to adequately keep
themselves abreast of the company’s affairs through such means as attending the company’s meetings, raising issues with the firm when BoD meetings were not scheduled, making contacts with co-directors in discharging the duties and obligations as non-executive directors and supervising and controlling the executives in managing the affairs of the firm prudently. We see that acts of commission are not necessary conditions for courts to pronounce adversarial judgments on the firm’s directors, whether executive or non-executive. Acts of omission (in this case, acting passively or not acting) too, according to the court, are violations.

The fact that acts of omission and the ‘honest but not responsible’ clause are increasingly often putting pressure even on directors with good intentions is a foregone conclusion. Ironically, even the insurance that directors could possibly take provides an adequate cover only for alleged wilful acts. Covers such as ‘Directors and Officers Insurance’, which are designed to safeguard the interests of directors and managers of the firm against dereliction of duties, do not usually cover honest-but-not-responsible situations (Thrope, 2010). In other words, there is no substitute for directors to actively partake in the activities of the board of the firm and keep themselves fully informed of what the executive side is doing. Otherwise, they expose themselves and their reputations to a risk that did not exist until recently. Under these circumstances, it is noteworthy that there are no tools and techniques available for the directors that would help them deal with the changed reality.

Based on our experience with boards, we suggest that directors should be provided with high-level conceptual information on ‘the logic of the firm’, performance indicators and performance, so that the board is able to understand the workings of the firm and the results generated and, consequently, advise the executive officers in a more effective and timely manner. Currently, there appears to be an emphasis on the executive tabling performance targets, actual performance, trends and key actions anticipated to be taken by the executive. While this is certainly required, this is inadequate. What is important is also for the board to have an occasional peep into the meta-logic of the firm and be informed of performance drivers, where they stand and how they are interlinked to influence the final performance. In this paper we suggest how the Balanced Scorecard (BSC) and Strategy Maps could be tailored to make available to the directors a means of influencing, monitoring, controlling and assisting managerial action. The paper suggests incorporating BSCs in the Internal Process perspective (to use terms used in the Balanced Scorecard literature), ‘internal’ implying here not just ‘internal to the firm’, but also ‘internal to the
inter-organizational system. We recommend that other such factors be intro-
duced separately under a new ‘perspective’ depending upon what the board
wants to emphasize without creating unwieldy proliferation of measures.

Tracking the Strategy Map by directors is a way for the board to take re-
 sponsibility for the firm’s performance. We suggest that performance variables
be divided into action variables and monitoring variables. We also suggest that
the monitoring variables be further divided on the basis of two considerations:
a) whether results have been met or not and b) whether causative factors have
met the expected levels of performance or not. We relook at how the variables
could be specified more completely and accurately with directorial recom-
 mendations for the executive element. We show how adoption of the Balanced
Scorecard and Strategy Maps not only enhances the ability of the board to be
more informed and direct managerial action, but also promote ‘self-manage-
ment’ of the board. This is particularly relevant in the context of a diverse set
of skills and backgrounds that board members are currently expected to have.
This paper is an attempt to live up to the times and provide the directors with a
means to be more effective in a collective manner, while remaining independ-
ent in their individual judgements.

1. Implications of contemporary directors

Implications of contemporary directors:
 a) The role of the director is more than advisory.
 b) The position of the director comes with certain risks that did not exist
 until recently.
 c) Being a friend of the chairperson of co-directors is an insufficient rea-
 son for being on the board.
 d) It is not possible to be a member of too many boards. In fact it would
 be rather against one’s reputation to be in too many boards. There are
 human limitations on what one person can possibly do.
 e) It is important to jell with other members of the board and create a
 professional yet collegial group working together for clarifying, unders-
 tanding and achieving the vision of the company.

What these mean is that the board has to team up with the executive and
create better results for stakeholders. According to Pozen (2010), this would
require a compact board, with directors having the right experience in the
industry that allows them to counsel the executive side, and spending more
time for board affairs. It will also require that the board manages itself in more
thorough ways using appropriate tools.
2. Lack of tools in measuring board performance

Epstein and Roy (2004b), Kiel and Nicholson (2005), Minichilli et al. (2007) through their studies have identified the potential benefits of board evaluations. Internationally, initiatives by security regulators have placed requirements on boards to undertake annual performance evaluation (Long, 2006). Evidence from such countries as the USA suggests the majority of boards fail to undertake any form of regular performance evaluation (Conger et al., 1998; Epstein and Roy, 2004b). Further, where board performance evaluation is carried out, its form and rigour can vary considerably (Leblanc, 2007; Roy, 2008; Spencer, 2009). Consequently, it has been suggested that inadequate board performance evaluation practices present a significant barrier to improving governance and accountability (Collier, 2004; Epstein and Roy, 2004a & 2004b; Minichilli et al., 2007). Internationally, there is a room for improvement in how board performance is evaluated. As a basis for considering potential improvements, we now reflect on the key theoretical perspectives of performance measurement and the argument for considering performance from the stakeholder perspective.

3. Theoretical perspectives on performance measurement: shareholder v. stakeholder

Theoretical perspectives on performance measurement can be broadly categorized into shareholder perspectives and stakeholder perspectives (Fitzgerald, 2007, p. 223). The former view is based on the belief that financial measures provide the most relevant and direct focus for improving performance, since measuring and rewarding activities that improve financial performance is thought to be the best means of enhancing shareholder wealth. This perspective is usually associated with the use of a single financial metric as the focus of performance measurement (Fitzgerald, 2007, p. 229). Typical financial metrics employed within this perspective include Shareholder Value Added (SVA) and Economic Value Added (EVA) (Starovic et al., 2004).

However, an alternative stakeholder perspective has reshaped thinking about performance measurement. The stakeholder perspective ‘argues that companies compete on many dimensions whose evaluation cannot be confined to narrow financial indicators’ (Fitzgerald, 2007, p. 224). Typically, performance measurement frameworks underpinned by the stakeholder theory incorporate multiple measures, both financial and non-financial.
recognizing that financial outcomes are important for shareholders, the non-financial measures are designed to reflect the strategic importance of focusing on other stakeholders, such as suppliers, employees and customers. Well-known examples of stakeholder-based performance measurement frameworks include the SMART pyramid (Lynch and Cross, 1991), the performance prism (Neely and Adams, 2001) and balanced scorecards (Kaplan and Norton, 1992). The most well-known of these – the balanced scorecard – forms the focus of this paper. Its potential application to board performance measurement is discussed below.

4. Strategy maps and BSCs for boards

A potentially fruitful approach to board performance measurement, championed by Epstein and Roy (2004a), is Kaplan and Norton’s (1992) balanced scorecards. This framework provides a means of representing the multiple goals of boards and the multiple drivers of board effectiveness in achieving those goals.

Epstein and Roy (2004a) draw on Kaplan and Norton’s balanced scorecard (BSC) model (Kaplan and Norton, 1992, 1996, 2001, 2008) to propose a framework for measuring and improving board performance. They note that ‘by using a balanced scorecards developed specifically for evaluating and improving their performance, boards should be able to identify and understand the cause-and-effect relationships of their actions on shareholder value, thus focusing attention on the drivers of corporate success and the levers they can pull to improve their performance and the company’s performance’ (Epstein and Roy, 2004a, p. 26).

The cause-and-effect aspect of any BSC design is important in ensuring its potential as a strategic management tool as well as a measurement framework (Kaplan and Norton, 2001), but the challenges of confirming BSC causality are well-noted (Brignall, 2002; Nprreklit, 2000; Nprreklit et al., 2007; Davis and Albright, 2004; Bukh and Malmi, 2005; Malina et al., 2007). Bukh and Malmi (2005) point to Kaplan and Norton’s argument that performance measures should be derived from assumed cause-and-effect relationships, and note that these assumptions may inevitably be wrong. In other words, the BSC can only ever reflect a strategy that is a set of hypotheses about causality, rather than a set of proven relationships. However, Bukh and Malmi (2005) also note that, ideally, organisations should attempt to validate their causality hypotheses when data becomes available (see also: Stemsrudhagen, 2004; Chenhall, 2009).
Building assumed causality relationships into a board BSC requires identifying (i) the ‘leading’ indicators of performance in the areas equivalent to Kaplan and Norton’s learning and growth, internal processes and customer satisfaction dimensions, and (ii) the ‘lagging’ indicators related to financial outcomes. Epstein and Roy (2004a) take this approach. They follow the Kaplan and Norton BSC framework very closely, simply substituting stakeholders’ satisfaction for the customer dimension, since stakeholders can be considered as ‘customers’ for board outcomes. Epstein and Roy’s inclusion of financial measures (Economic Value Added (EVA), Return on Investment (ROI), share price, earnings, cash flow, and profit in excess of plan) as lagging indicators rests on the assumption that good board structure and performance will contribute to a strong financial performance. Although elements of this assumption remain contested (Dalton et al., 1998; Conger et al., 1998; Korac-Kakabadse et al., 2001; Bhagat and Black, 2002; Leblanc, 2007; Roy, 2008), other studies have found evidence to support the assumption that good board performance translates to good corporate performance (e.g., MacAvoy and Millstein, 1999). This assumption is also justifiable on the basis that the boards which fail to lead their organisations towards targeted levels of financial performance are unlikely to be considered effective in the long run. In the following sections, we will be discussing how to a) engage the executive from a more informed position, and b) ensure a better self-management by the board.

5. Engaging the executive from a more informed position

The BoD should look for ways to improve corporate governance by implementing new tools that help companies translate strategic orientations into tangible goals. It has been shown that strategic management systems, such as the Balanced Scorecard, can help managers in articulating what the firm stands for and in developing objectives, goals, systems and metrics with a view to aligning strategy, actions and performance. The same system could be creatively extended to help the board engage the executive.

Let us look at the role of the board. Citing previous research, Mallin (2010) identifies three objectives of the board. We add the fourth one based on Monks and Minow (2004):

a) Provide superior strategic guidance to ensure the company’s growth and prosperity;
b) Ensure accountability of the company to its stakeholders, including shareholders, employees, customers, suppliers, regulators, and the community;
c) Ensure that a highly qualified executive team manages the company;
d) Provide advice and counseling to the CEO.

a) **Provide superior strategic guidance to ensure the company’s growth and prosperity**

While the board does not formulate the strategy of the firm, it needs to approve it and monitor whether the executive side of the firm has been able to meet the stated objectives. This requires more than a cursory understanding of the company (Mallin, 2010). The board needs to understand the product-market niche which the company serves, competitive threats and opportunities, industry trends, the firm’s competencies and whether resource allocation and the processes that go behind it are sound. Nagel and Rigatuso (2003) report of McKinsey’s study that showed that 44% of directors were unclear about the drivers of value for the organizations where they held directorship. This could mean two things, either lack of understanding of the industry and the firm’s dynamics or inadequate time spent for the purpose. While the former is addressable only by a better selection of directors as suggested Pozen (2010), the latter can be addressed, at least partly, by having better tools for assessing the firm and being more engaged in the firm’s affairs. This is where strategy maps could come handy.

A strategy map shows what the objectives of the firm are, how they are to be achieved and the connection between the objectives of various sub-units (departments) and how these act together to produce overall results. For directors, the strategy map becomes a template not only to assess past successes and failures, but also to understand the ‘organizational logic’ that is employed for the future. The directors will be able to examine strategy maps and scorecards and understand the strategy-making process of the executive. The collective experience of the directors could be marshalled to creatively challenge the assumptions inherent in the strategic maps that the executive has used. This will, if properly employed, be of great help for the firm.

b) **Ensure accountability of the company to its stakeholders, including shareholders, employees, customers, suppliers, regulators, and the community**

It is the responsibility of directors to ensure that the interests of shareholders are taken into account. This is indeed a tricky issue. For the most part, the executive side is generally found to be singularly focused on a day-to-day management of the company and stakeholder management is considered to be
luxury. Short-term maximization of shareholder returns takes priority. If the members of the board could act as champions of different stakeholders while not losing sight of the realistic side of businesses, it would greatly help in building a long-term value for the firm. It will be possible for the board to help shape scorecards in terms of representing stakeholder interest and representing these as specific goals, followed by tracking and monitoring of the indicators.

c) Ensure that a highly qualified executive team manages the company
The board can make a huge difference in the placement of the right persons in the right places. Even in the CEO’s selection, the boards may not be doing a proper job (Khurana, 2001). The board could have a say in overall talent management if only directors are knowledgeable and willing to make efforts. Surely, once the Chief Executive is selected it is important for him or her to have the freedom to place members of the team as he or she thinks fit. After all, the Chief Executive has to function on a day-to-day basis. However, there is a role for the board to suggest changes in recruitment processes for senior executives, retention strategies, placement of advisors, succession planning etc.; in short, talent management. Strategy maps and scorecards can help the board to understand existing talent management policies and processes and the need for changes there.

d) Provide advice and counseling to the CEO
Finally, there is the need to provide advice and counseling to the CEO. The Western style of leadership in the professional corporate realm, especially in the US, has been very individualistic. This has created a larger-than-life image of the infallible Chief Executive Officer, which will have to change if the board has to function effectively. There is the need to marshal the collective wisdom of the board to benefit the company. This requires a rethinking of the leadership style professed until now in textbooks of management. A recent article in the Guardian sums up the prevailing leadership view in the West (which is also that of the corporate world elsewhere); provocative and self-explanatory, the article is entitled “Superheroes and super villains – why the cult of the CEO blinds us to reality” and claims that ‘the urge to identify company leaders personally with every corporate high and low is absurdly simplistic.’

6. Better self-management by the board
By self-management, we mean the management exercised by board members of themselves in a collective sense. This is indeed not easy. The board members
are successful individuals who have a perspective of their own, and to have anything that ‘smells’ of harmony is not easy. And yet the strongly autonomous impulses of the members have to be matched with the need for collective thinking and action. Most research into the factors that contribute to board effectiveness has focused on structural aspects of boards using mainly quantitative research methods. Over the past decade, however, there has been a move towards examining behaviour inside the boardroom using qualitative approaches (e.g., Higgs, 2003; Edlin, 2007; Parker, 2007). In particular, researchers are increasingly concerned about explaining the functioning of boards and building a theory based on the experiences of those who sit around the boardroom table (Corley, 2005; Roberts et al., 2005; Pye and Pettigrew, 2005; Edlin, 2007). This paper sits within this genre of research by examining the important issue of how board performance might be measured from the perspective of board members themselves.

Multiple factors have been identified in relevant literature as contributing to board effectiveness. Several aspects of board structure and process are important. For example, diversity of gender, age and race; percentage of executive v. non-executive members; chair/CEO duality; board size; number of meetings; information availability; and board member equity ownership (e.g., Jensen, 1993; Milliken and Martins, 1996). Furthermore, research in the UK and the Commonwealth countries – where the roles of the chair and the CEO are usually separated – has revealed more about the individual impact of the chair and the CEO on board effectiveness (Cadbury, 1992; Pettigrew and McNulty, 1998; Leblanc, 2004; Dahl, 2005; Kakabadse and Kakabadse, 2007).

The ‘softer’ aspects of board practice are being increasingly often identified as perhaps more significant than structural elements (Van den Berghe and Levrau, 2004). In particular, the importance of the relationship between the chair and the CEO has been noted (e.g. Leblanc, 2004; Kakabadse et al., 2006), along with the influences that the leadership skills of the chair, the effectiveness of individual directors, and effective working relationships between management and the board have on overall board effectiveness (Leblanc, 2004). The importance of board ‘culture’ is also recognized (Van den Berghe and Levrau, 2004; Leblanc, 2007; Parker, 2007), though it is acknowledged to be one of the more subjective and challenging factors while measuring performance. A modified Strategy Map (see Fig. 1) and BSC (see Table 1), based on Epstein and Roy’s study (2004a) for board evaluation, are presented below.
Fig. 1. Modified strategy map for board of directors
(source: prepared by the authors on the basis of Epstein and Roy, 2004a)
Table 1. Proposed balanced scorecards for measuring board conduct  
(source: prepared by the authors on the basis of Epstein and Roy, 2004a)

<table>
<thead>
<tr>
<th>Board’s objectives</th>
<th>Key performance measures</th>
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<tr>
<td><strong>Financial Perspective</strong></td>
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| Company financial performance | • Economic Value Added  
• Return on Investment  
• Share price |
| **Strategic outcomes** |                           |
| Strong relationships | • Rating of board-management relationships  
• Rating of internal board relationships  
• Rating of stakeholder relationships |
| Strategic clarity | • Rating of the board’s understanding of strategic aims and directions  
• Rating of directors’ involvement in strategy % of accepted projects that meet/exceed expectations |
| **Stakeholders** |                           |
| High level of ethical behavior and legal compliance | • Number of ethical/legal violations  
• Level of compliance with governance guidelines |
| High level of corporate governance and accountability | • Number of voluntary disclosures  
• Evaluation of quality of external disclosures by stakeholders or by experts |
| Successful identification and management of various stakeholders’ needs | • Number of meetings with stakeholders  
• Number of complaints (employees, community, customer)  
• Existence of communication channels with board |
| **Internal Processes** |                           |
| Successful risk and crisis identification and management | • Number of risk audits performed and their results  
• Number of crises and evaluation of response |
| Effective chair leadership | • Rating of Board-CEO relationships  
• Rating of chair’s ability to steer the board towards a strategic focus and away from day-to-day management |
| Good boardroom practice | • Ratings of quality of debate  
• Rating of the quality of questions asked of the CEO  
• Ratings of inter-board relationships (positive and constructive v. negative and/or constraining)  
• Rating of directors’ conduct (positive and constructive v. negative or undermining) |
| **Learning and Growth** |                           |
| Strong succession for CEO and senior management | • Existence of a position description for CEO  
• Interim CEO identified |
| Improving board structure | • Diversity of the board (backgrounds, experience and skills)  
• Number and quality of skills-development opportunities available to board members  
• Board selection processes regularly reviewed |
Conclusions

In this paper, we have argued that, on account of the recent governance breakdown in several companies, there is a significant trend towards directors of firms being asked to oversee firms more closely than ever before. The directors’ fiduciary responsibilities are being extended to newer areas. Accordingly, the risks they are exposed to are also on the rise. Courts have recently started to interpret corporate laws more stringently. Until recently, the business judgement rule ensured that board directors were not considered to be in violation with respect to acts of omission. For instance, they were subject to punishment for not attending meetings regularly or not being sufficiently informed of what is happening in their companies. This may be changing. Acts of omission or the ‘honest but not-responsible’ clause can no longer be ignored by directors. Such covers as ‘Directors and Officers Insurance’ usually provide protection only against alleged wilful acts. They do not cover ‘honest but not responsible’ situations. The implications are serious, and directors are increasingly vulnerable. To handle this, the directors require new tools for supervision of executive performance and self-management of boards.

Balanced scorecards and strategy maps have gained enormous popularity in the last several years. Traditionally they have been used for ensuring proper fit between the firm’s strategy and the environment of the company, stakeholder orientation, aligning executive action in functional areas with the firm’s strategy, balancing short-term actions with the long-term aspirations of the firm, creating a measurement system that provides for overall superior performance. We have shown in this paper that the same tools could be appropriately modified and used by the board. On the one hand, the board members will benefit by having a holistic picture of how the performance measures and the firm’s scores on these measures are related to each other in terms of cause-effect (or leading and lagging) relationships. Having a better understanding of the logic of the firm better through strategy maps, the board will be able to advise the executive in a better and timely manner. Furthermore, by incorporating the board’s performance itself into the BSC scheme, it will be able to self-monitor its performance better. We have also pointed out some directions towards such modification. Certainly, further work is required to make effective implementation, which will require academicians, consultants and enlightened corporate boards to come together and show the way.
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K. Sankaran, S. Iyer

Governance tools for board members. Adapting strategy maps and ...


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