

# **The Balanced Scorecard: A Strategic Tool in Implementing Homeland Security Strategies**

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## **INTRODUCTION**

Starting in the early 1990s, Robert S. Kaplan and David P. Norton advocated a “balanced scorecard” as a top-down management system. The system would translate an organization’s mission and existing business strategy into a limited number of specific strategic objectives that could be linked and measured operationally.<sup>1</sup> The balanced scorecard stressed the few critical drivers of future organizational performance – capabilities, resources, and business processes – and the results of those drivers – outcomes for customers and the growth and profitability of the organization. Specific objectives were linked in cause and effect relationships derived from the strategy, measured, and communicated to the organizational members for strategy implementation. Many public, private, and not-for-profit organizations have adopted the scorecard as part of their strategic management approach.<sup>2</sup>

This article describes and illustrates the balanced scorecard as a tool to better implement homeland security strategies. In the following sections, the article (1) introduces the balanced scorecard approach, (2) describes an extended enterprise public sector balanced scorecard that can be used by individual organizations or in partnership with other organizations, (3) advocates and illustrates a homeland security scorecard and homeland security strategy mapping, and (4) concludes with a discussion of basic ingredients for successful scorecard implementation.

## **THE BALANCED SCORECARD APPROACH**

In their many articles and books, Kaplan and Norton advocated the balanced scorecard as a management system designed for organizations to manage their strategy. Specifically, the scorecard was a way to (1) clarify and translate vision and strategy; (2) communicate and link strategic objectives and measures; (3) plan, set targets, and align strategic initiatives; and (4) enhance strategic feedback and learning. The scorecard was primarily intended for a “closed system” – a strategic business unit responsible for an entire value chain in producing and distributing products for defined customers. Departments and functional units within the strategic business unit would produce their own mission and strategy to support that of the strategic business unit. However, the scorecard was also useful for implementing strategy with other organizations, such as suppliers.<sup>3</sup>

The heart of the balanced scorecard is a framework of four major categories or perspectives for strategy implementation – financial, customer, internal business, and innovation and learning:

- The *financial* perspective asks how the organization should appear to shareholders so that the company can succeed financially. This perspective indicates if the business is improving the bottom line, measuring items such as profitability and

shareholder value. Financial objectives reflect economic consequences of actions already taken in the other perspectives.

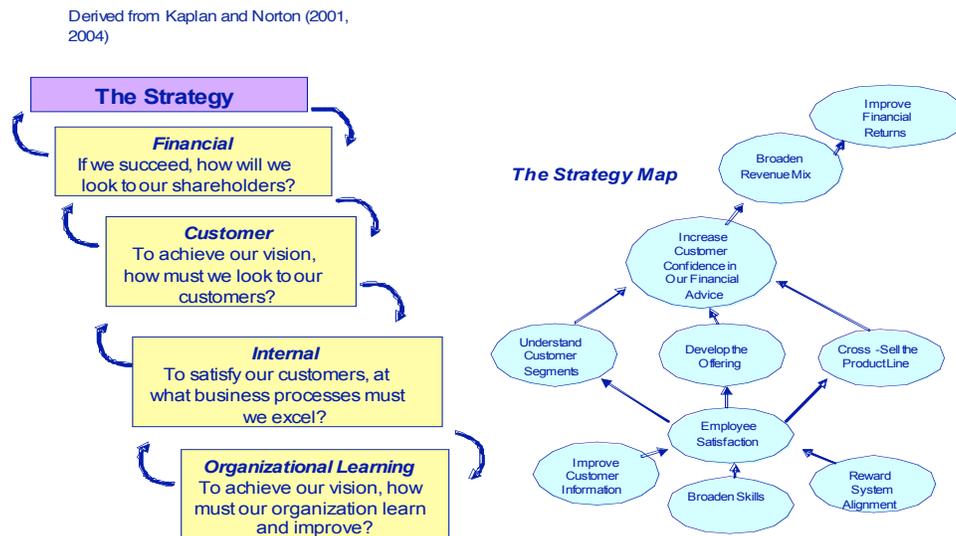
- The *customer* perspective asks how an organization should appear to customers to achieve the organization's vision. Customer objectives identify customer and market segments where the business would compete and what performance would be expected for these targeted segments. The scorecard focuses on customer concerns primarily in four categories: time, quality, performance and service, and cost.
- The *internal business* perspective asks what business processes the organization should excel at to satisfy shareholders and customers. This perspective measures the internal business processes, core competencies, and technologies that would satisfy customer needs.
- Lastly, the *innovation and learning* perspective asks how the organization would sustain its ability to change and improve to achieve the organization's vision. The learning and growth perspective identifies the organization's infrastructure needed to support the other perspectives' objectives. This perspective measures a company's ability to innovate, improve, and learn, such as the ability to launch new products.

Kaplan and Norton's books and articles through 2004 evolved the balanced scorecard from a set of measurement techniques, to a management system, and then to an organization and change framework for what they called a strategy-focused organization. A strategy-focused organization would follow five principles: (1) translate the strategy to operational terms, (2) align the organization to the strategy, (3) make strategy everyone's everyday job, (4) make strategy a continual process, and (5) mobilize change through executive leadership. In subsequent books published in 2006 and 2008, they provided additional guidance on aligning all organizational units to an enterprise's strategy and establishing strong linkages from strategy to operations. They posited that strategy should come from choosing the business's market and customer segments, critical internal business processes that delivered value to the targeted customers, and selecting individual and organizational capabilities in support. Companies could also choose strategy by exploiting their unique capabilities, resources, and core competencies.

According to Kaplan and Norton and others,<sup>4</sup> scorecard success relies on crafting clear cause-and-effect relationships across the four perspectives, creating a balance among the different measures of performance drivers and results, and communicating strategy and the processes and systems necessary to implement that strategy. Strategy mapping makes explicit the cause-and-effect links by which initiatives and resources – tangible and intangible – create outcomes at the top of the scorecard, such as financial and customer expectations for private sector organizations. Kaplan and Norton point out that simply building scorecards and bucketing initiatives and measures into the discrete balanced scorecard perspectives without understanding the linkages is invalid. The power of strategy mapping lies in systematically and logically linking across the perspectives to create value. The initiatives and resources (and related measures) must show how outcomes will be achieved through the initiatives in the individual perspectives.

Constructing strategy maps based on Kaplan and Norton's scorecard perspectives started with a clear hierarchical relationship framework. The hierarchy began with

defining financial objectives, then determining the target customers and their requirements to achieve the financial outcomes. Those determinations were then followed by defining the activities in internal business processes that would create the desired customer outcomes. Then the learning and growth factors were identified to execute the internal business processes. Every measure in the cause-and-effect relationships ultimately ties to outcomes. The hierarchy and a portion of a strategy map derived from Kaplan and Norton's 2001 and 2004 work is shown in Figure 1 to illustrate more robust linkages in the cause and effect relationships.



**Figure 1. Sample Strategy Map Portion**

In this simplified example, organizational learning efforts such as improving customer information efforts serve as inputs to internal business processes such as understanding customer segments, leading to customer value for financial advice and subsequent financial returns. In their 2004 book, Kaplan and Norton expanded on strategy mapping for the learning and growth perspective (also called intangible assets) and internal business processes. Strategy mapping, in their view, should pay particular attention to these two perspectives and the individual categories under each as they were so important to the lagging financial and customer outcome areas. Learning and growth described the organization's intangible assets in terms of human capital such as employee skills, information capital such as information systems, and organization capital such as culture. Internal business processes included operations management, customer management, innovation, and regulatory and social constraints.

## **TAILORING THE PERSPECTIVES TO THE PUBLIC SECTOR**

Kaplan and Norton recognized that balanced scorecards for public sector organizations would not necessarily mirror those of private companies. Government and nonprofit

organizations would rarely place the financial perspective at the top of the hierarchy. For the public sector, the value creation process targeted public sector customers and taxpayers and fiduciary outcomes. They recommended placing financial and customer perspectives at the top in a co-equal status, both dependent on the mission of the organization. This framework is shown in Figure 2.



**Figure 2. Nonprofit/Public Sector Scorecard**

Kaplan and Norton defined mission as a “concise, internally-focused statement of the reason for the organization’s existence, the basic purpose toward which its activities are directed, and the values that guide employees’ activities.”<sup>5</sup> Kaplan, in his 1999 work, noted that for a government agency, financial measures did not indicate if an agency was delivering on its mission. Placing the mission at the top of the scorecard oriented the objectives in the four perspectives toward achieving the mission.<sup>6</sup> He replaced the customer and financial perspectives with three areas at the same level: the direct and indirect cost of providing service, the value and benefit of service to citizens, and the support of legitimizing authorities such as the legislation and ultimately taxpayers. Internal processes and learning and growth would support all three areas and complete the hierarchy.<sup>7</sup>

Other authors have taken a similar tack with public and nonprofit sector scorecards, but with additional variations. For example, Niven placed mission at the top of his scorecard, followed by the customer perspective. Financial and internal processes perspectives supported the customer perspective, but at an equal, horizontal level.

Employee learning and growth was at the bottom of the scorecard, viewed as the central driver in meeting mission goals.<sup>8</sup> Rohm's basic design emphasized mission as the key driver, with a customer and stakeholder (government mandates and limitations) perspective directly under mission and the financial perspective and employees and organizational capacity (employee skills and information technology) perspective at the same level, underneath the customer and stakeholder perspective. Internal business processes were at the bottom.<sup>9</sup>

### **AN EXTENDED ENTERPRISE PUBLIC SECTOR BALANCED SCORECARD**

These public sector scorecards speak to application to a single organization. Kaplan and Norton devoted much of their work to applications within a single company where the scorecard would cascade from the corporate level to strategic business units, then to departments and functional units, and then to employees. However, Kaplan and Norton saw the merits of using the balanced scorecard for joint ventures or strategic alliances. In their view, the scorecard could define the goals for a shared agenda and relationships, make explicit the strategic linkages integrating the performance of multiple organizations, and define how to measure the contribution and performance of each party. An alliance-balanced scorecard was seen as mitigating alliance partner conflict by bringing the partners together to clarify the alliance goals and the strategy for achieving those goals. However, what might be improved perspectives for a public sector scorecard that could, for an individual organization or for strategic alliances or a network of organizations, more fully integrate roles, responsibilities, and contributions for strategy implementation?<sup>10</sup> This is an important question as homeland security strategy implementation requires both individual independent effort as well as the interdependent actions of other "mission delivery" partners.

Drawing on the described private sector and public sector scorecards, an extended enterprise scorecard that considers independent and/or interdependent action might include five perspectives, described in Table 1. These include (1) public stewardship, (2) clientele<sup>11</sup> impact, (3) day-to-day processes, (4) human capital support, and (5) enabling support. For each scorecard perspective, several topics can be considered to determine objectives and then subsequent measures and initiatives for strategy mapping. For example, public stewardship would include understanding and balancing key stakeholder needs and expectations; day-to-day processes would consider the evaluation and enhancement of delivery partner capabilities. Such a scorecard could aid in designing the objectives and measures for implementing independent and shared strategy and clarify and communicate what activities and tasks are jointly linked or individually performed.

**Table 1. Extended Enterprise Balanced Scorecard Perspectives**

<b>Perspective and Question</b>	<b>Topics</b>
<i>Public Stewardship:</i> “To meet the legislative intent, how should we provide effective policy and resource stewardship for our stakeholders and society at large?”	Mission in line with legislative mandates. Key stakeholder needs and expectations understood and balanced. Needs and expectations of the society at large defined and satisfied within funding constraints. Management and program policies translated to implementation goals and actions and results communicated. Financial and investment performance constraints and compliance needs managed. Investment management in line with strong financial integrity needs.
<i>Clientele Impact:</i> “To achieve our mission, how should we serve and impact our clientele—those who receive our products, services, funding, regulatory intervention, or guidance?”	Legal, regulatory, and ethical policy requirements for clientele results. Clientele clearly defined. Clientele responsibilities in achieving results. Clientele satisfaction with program products, services, or regulatory interventions. Clientele involved in defining goals, targets, measures, and strategies within legislative or policy parameters.
<i>Day-to-Day Processes:</i> “To meet our commitments, how should we identify, secure, and sustain employee and delivery partner (strategic alliance) commitment, knowledge, and skills?”	Core processes and their value chains identified, managed, and improved internally and externally. Multiple/duplicate programs integrated for best policy results. Emphasis on comprehensive processes and interrelationships, instead of stove-piped functional tasks. Delivery partner roles and their contributions in processes identified—from alliances to transactional roles.
<i>Human Capital Support:</i> “To meet our commitments, how should we craft the right organizational alignment and technological support?”	Workforce skills and competencies aligned with program goals and human resource systems. Employee skills managed for retention and any necessary development. Delivery partners empowered in program human capital decisionmaking. Delivery partner capabilities evaluated and enhanced, if necessary.
<i>Enabling Support:</i> “To meet our commitments, how should we craft the right organizational alignment and technological support?”	Organizational structure and design effective, including the impact on, and integration with, delivery partners. Organizational roles adequately clear, with a strong commitment to carrying them out. Leadership to develop and sustain an organizational climate centered on results. Access to information resources within the organization and in extended business processes. Capital assets optimized for expectations. Other adequate technological investment to support program mission goals.

The hierarchy for the extended enterprise balanced scorecard, shown in Figure 3, places public stewardship and clientele impact at the top directly under mission, with day-to-day processes in the middle, and the final two – human capital support and enabling support – as the foundation of the scorecard.

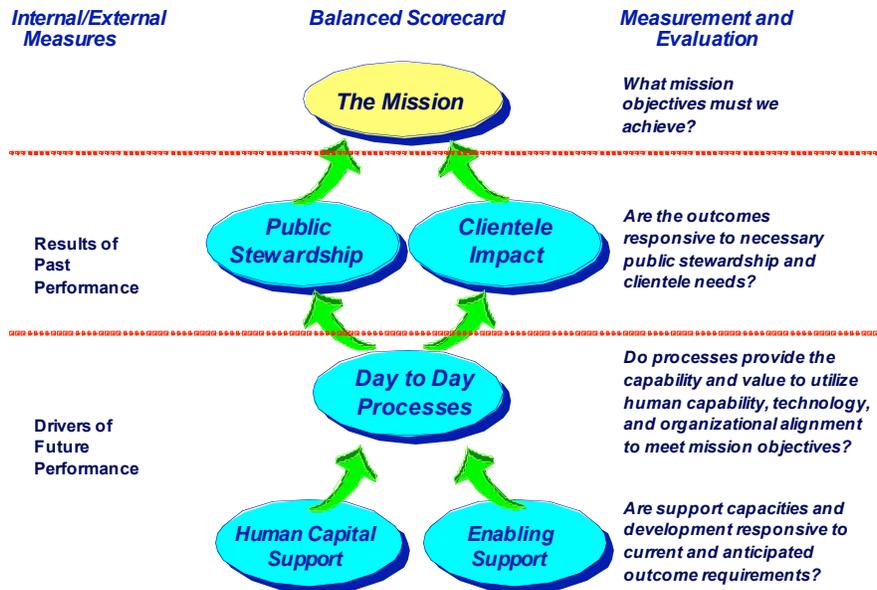


Figure 3. Extended Enterprise Balanced Scorecard Perspective

## DEVELOPING THE HOMELAND SECURITY OBJECTIVES AND STRATEGY MAPPING

However, the next question is how to use these five perspectives for homeland security. What might be homeland security's scorecard objectives, and "cause and effect" relationships to implement the strategy across the five perspectives, whether for a single organization or for several delivery partners? There are several sources of information available to develop the extended enterprise homeland security scorecard, including publicly published national homeland security strategies and preparedness guidelines.

### National Strategies for Homeland Security

The first source of information is the content of the 2002 and 2007 *National Strategy for Homeland Security*.<sup>12</sup> At present, these two national strategies provide the common language and coordinating mechanisms across all parties involved in homeland security – federal (defense and civilian), state, local, public, private, nongovernmental, and international. The 2002 *National Strategy* included the definition of homeland security and its missions, what should be accomplished, and the most important goals, current accomplishments, and recommendations for non-federal governments, the private sector, and citizen action. The 2007 *National Strategy's* stated purpose was to guide, organize, and unify the nation's homeland security efforts, building on the earlier strategy.

Both the 2002 and 2007 national strategies defined homeland security in terms of preventing or mitigating terrorist attacks, minimizing attack damage, and recovering from attacks. The 2002 version further defined these as three overarching goals. For example, prevention included deterring potential terrorists, detecting terrorists, preventing them and their weapons from entry and eliminating the threats they pose. These goal areas were addressed through six mission areas, including domestic counterterrorism, catastrophic threat defense, and emergency preparedness and response. In addition, the 2002 strategy posed initiatives for four foundational areas – law, science and technology, information sharing and systems, and international cooperation – that covered all of the six mission areas. The 2007 *National Strategy* included the same three goals, but formally added a fourth of continuing to strengthen the foundation to ensure long-term success by creating and transforming homeland security principles, systems, structures, and institutions.

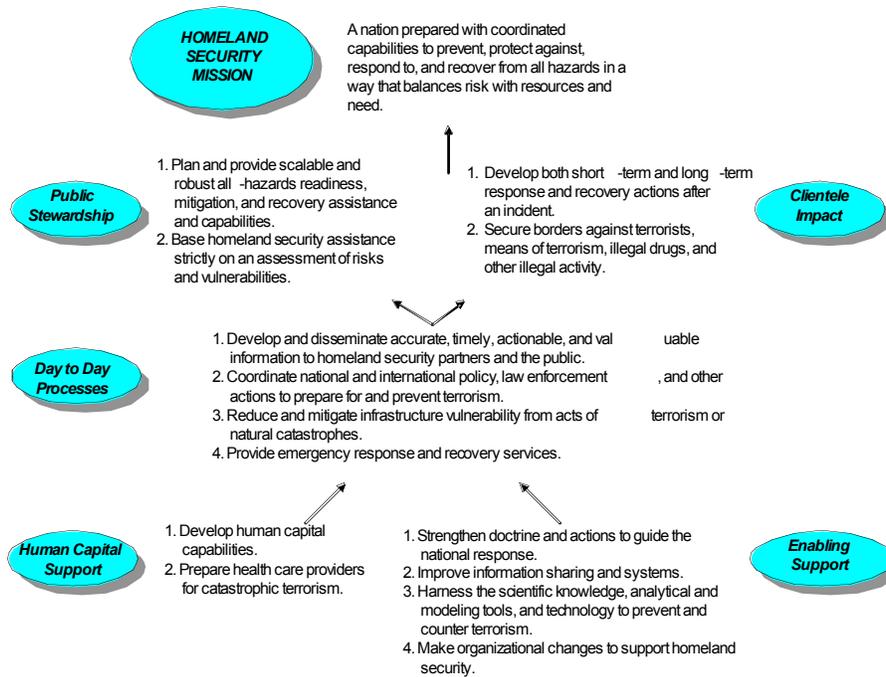
The goal areas in both national strategies included specific initiatives and related activities. For example, one 2002 national strategy major initiative for border and transportation security is to create “smart borders.” Activities to meet this initiative included screening and verifying the security of goods and identities of people, improving the quality of travel documents and their issuance, assisting other countries to improve their border controls, and improving administration of immigration laws. The initiatives and activities in both of the national strategies can be sources of overarching objectives that address the five perspectives and the topics described in Table 1 for an extended enterprise public sector scorecard. Table 2 presents a few examples of possible balanced scorecard national security homeland security objectives and sub-objectives.

**Table 2. Homeland Security Scorecard Objectives and Sub-Objectives Examples**

<b><i>Public Stewardship:</i></b> Effective policy and resource stewardship.
<ul style="list-style-type: none"> <li>• Invest in resources that eliminate, control, or mitigate risks according to a risk-based approach.</li> <li>• Institutionalize a comprehensive homeland security management system.</li> </ul>
<b><i>Clientele Impact:</i></b> Serving and impacting clientele.
<ul style="list-style-type: none"> <li>• Ensure the continuity of government operations and essential functions in the event of crisis or disaster.</li> <li>• Secure borders against terrorists, means of terrorism, illegal drugs, and other illegal activity.</li> </ul>
<b><i>Day to Day Processes:</i></b> Working internally and externally.
<ul style="list-style-type: none"> <li>• Develop and disseminate accurate, timely, actionable, and valuable information to homeland security partners and the public and resolve information gaps.</li> <li>• Periodically assess threats and vulnerabilities to critical infrastructure and key assets.</li> </ul>
<b><i>Human Capital Support:</i></b> Securing employee and delivery partner commitment, knowledge, and skills.
<ul style="list-style-type: none"> <li>• Rebuild analytical, language, surveillance, and other human resource capabilities of those organizations involved in homeland security.</li> <li>• Prepare health care providers and citizens for catastrophic events.</li> </ul>
<b><i>Enabling Support:</i></b> Crafting organizational alignment and technological support.
<ul style="list-style-type: none"> <li>• Harness the scientific knowledge, analytical and modeling tools, and technology to prevent and counter terrorism.</li> <li>• Make organizational changes to support homeland security.</li> </ul>

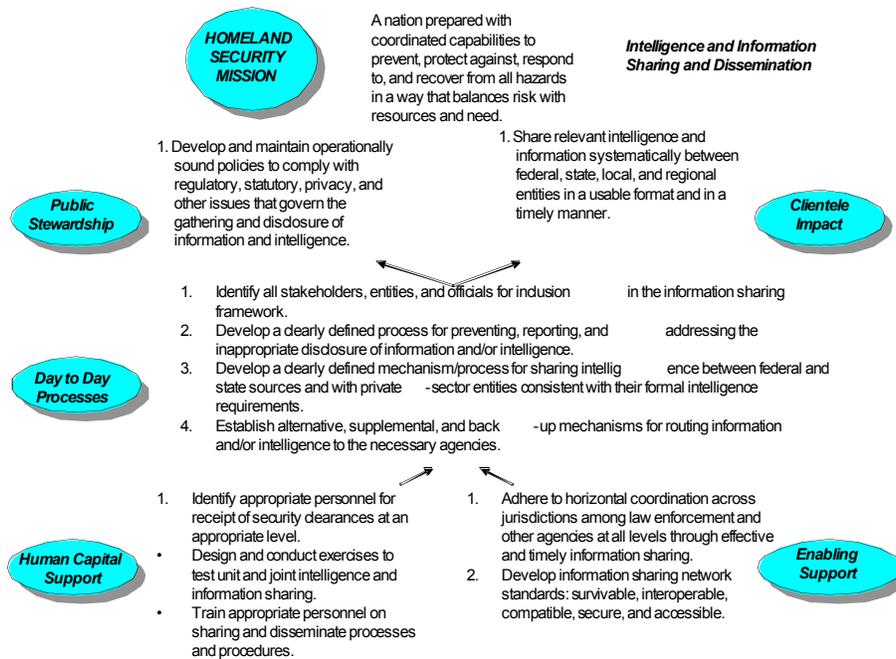
Expanding this table out to define a fuller set of objectives and sub-objectives for each perspective is useful for the scorecard design phase of strategy mapping. As discussed earlier, a strategy map provides clarity regarding the relationships between and among

the perspectives. Figure 4 illustrates a simplified, very high-level national homeland security strategy map.



**Figure 4. Illustrative High-Level National Homeland Security Strategy Map**

Figure 5 shows a more detailed strategy map for the intelligence and information sharing and dissemination component of the 2007 *National Strategy* information. The public stewardship, clientele impact, day-to-day processes, human capital support, and enabling support examples are specific to intelligence and warning. The strategy mapping in the figure draws on objectives and sub-objectives in pertaining to intelligence and warning. For example, day-to-day process objectives target the intelligence and warning process, from identifying data needs to partnerships with other delivery partners.



**Figure 5. Intelligence and Information Sharing and Dissemination High-Level Mapping**

### Homeland Security Presidential Directive 8 Implementation

However, much more strategy map granularity is required to confirm and verify necessary and sufficient relationships in the balanced scorecard hierarchy beyond that provided by the national strategies. For example, a strategy map would describe what is needed to develop necessary and sufficient human capital capabilities in supporting the effective functioning of day-to-day processes. Perhaps more importantly, such a mapping would expose any gaps in objectives and sub-objectives in each perspective that do not have a cause-and-effect relationship from the drivers of future performance – day-to-day processes, human capital support, and enabling support – to the results of past performance – public stewardship and clientele impact. These strategy maps would communicate specific individual or shared tasks to employees of a single organization or delivery partners to determine shared or individual efforts.

Robust tools for building out a homeland security balanced scorecard are the various policy and operational documents developed to implement Homeland Security Presidential Directive (HSPD) 8. Issued by the president in December 2003, HSPD-8 called for the secretary of the Department of Homeland Security (DHS), in coordination with other federal officials and in consultation with state and local governments, to develop a national domestic all-hazards preparedness goal.<sup>13</sup> The directive’s intent was to establish measurable readiness priorities and balance threats and consequences with resources required to prevent, respond to, and recover from them. The goal would include readiness measures, standards for preparedness assessments and strategies, and a system to assess the nation’s overall preparedness to respond to major events, especially terrorist acts. Responding to the HSPD-8 mandates, DHS issued the Interim National Preparedness Goal in March 2005 that established the national vision for

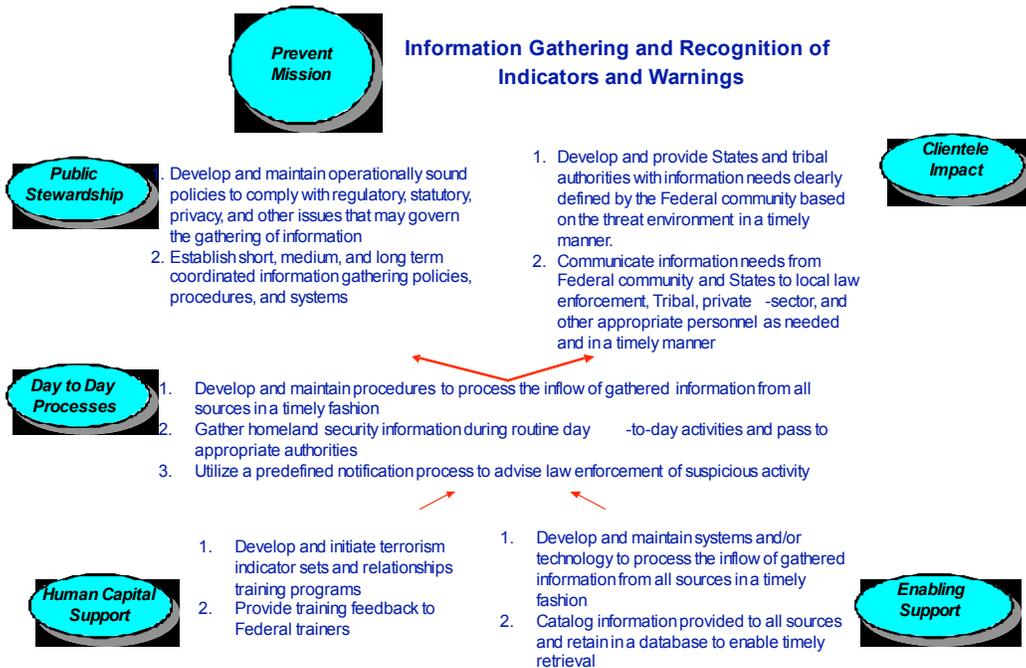
homeland security and priorities. The Goal was to be used in concert with the planning tools of national planning scenarios and a target capabilities list. According to the Goal, capabilities-based planning would provide those capabilities needed to address risk-based target levels of capabilities.<sup>14, 15</sup>

In September 2007, DHS replaced the interim Goal with the National Preparedness Guidelines. The Guidelines explain that capabilities set critical tasks and specific performance standards, depending on conditions, to achieve the mission areas and are derived from all-hazards scenarios mission areas. Mission areas include prevention, protection, response, and recovery, with “common” mission areas of communications, community preparedness and participation, planning, risk management, and intelligence/information sharing and dissemination.<sup>16</sup> Further explained in an updated Target Capabilities List, capability definitions speak to outcomes as well as elements that drive of future performance.<sup>17</sup> For example, the capability definition for on-site incident management is “the capability to effectively direct and control incident activities by using the Incident Command System (ICS) consistent with the National Incident Management System (NIMS).” The outcome is that an “event is managed safely, effectively and efficiently through the common framework of the Incident Command System.”<sup>18</sup> Each capability has related tasks and measures. Capability elements, according to the Guidelines and List, define what resources are needed to perform critical tasks to the specified levels of performance. These elements include the following:<sup>19</sup>

- **Personnel:** Paid and volunteer staff who meet relevant qualification and certification standards necessary to perform assigned missions and tasks.
- **Planning:** Collection and analysis of intelligence and information, and development of policies, plans, procedures, mutual aid agreements, strategies, and other publications that comply with relevant laws, regulations, and guidance necessary to perform assigned missions and tasks.
- **Organization and Leadership:** Individual teams, an overall organizational structure, and leadership at each level in the structure that comply with relevant laws, regulations, and guidance necessary to perform assigned missions and tasks.
- **Equipment and Systems:** Major items of equipment, supplies, facilities, and systems that comply with relevant standards necessary to perform assigned missions and tasks.
- **Training:** Content and methods of delivery that comply with relevant training standards necessary to perform assigned missions and tasks.
- **Exercises, Evaluations, and Corrective Actions:** Exercises, self-assessments, peer-assessments, outside review, compliance monitoring, and actual major events that provide opportunities to demonstrate, evaluate, and improve the combined capability and interoperability of the other elements to perform assigned missions and tasks to standards necessary to achieve successful outcomes.

These capability elements can be seen as the drivers of future performance in the extended enterprise scorecard – day-to-day processes, human capital support, and enabling support. For example, personnel and training elements provide human capital support and equipment and systems provide enabling support. An organization or group

of delivery partners could take each mission area described in the Guidelines and build out a scorecard at the mission or capability level. A simplified example of such a build-out of a scorecard from the target capabilities is shown in Figure 6 for the prevent mission area capability of information gathering and recognition of indicators and warnings.



**Figure 6. A Capability Level Scorecard Example**

Whether national strategies or the guidelines and capabilities are used separately or in conjunction with each other, building the scorecard can quickly highlight gaps and duplication. For example, at the capability level, is the full set of tasks provided for human capital support and enabling support adequate to support the effective and efficient operation of the day-to-day processes for information gathering? By their very nature, developing goals and objectives and capabilities independent of a scorecard framework that makes explicit relationships and linkages are highly likely to have implementation difficulties.

**INGREDIENTS FOR SUCCESSFUL IMPLEMENTATION OF A BALANCED SCORECARD**

The above sections discuss the underlying concepts, frameworks, and other mechanics for developing a scorecard that might be useful for homeland security. These concepts and frameworks are not necessary and sufficient for successful implementation of a scorecard. Success will be dependent on pragmatic organizational factors as well. In their work, Kaplan and Norton have highlighted major organizational ingredients for a

highly successful balanced scorecard program. In his 2000 work, Kaplan defined barriers in the public sector that need to be overcome if stretch performance targets are to be set and sustained through a balanced scorecard. Other authors such as Monahan,<sup>20</sup> Lundlin,<sup>21</sup> and Mathys and Thompson<sup>22</sup> also derived lessons learned germane to any homeland security balanced scorecard program. More recently, the Government Accountability Office described how partnerships might be enhanced in countering transnational terrorism.<sup>23</sup> Drawing on these sources, the organizational ingredients for success include (1) consensus on strategy and key performance expectations and requirements, (2) top leadership direction, (3) integrating the plan and related balanced scorecard into investment decisions, (4) making strategy a component of every day jobs and operations, and (5) ensuring strategy development and implementation is a continuous process.

### **Expectations and Requirements**

The first ingredient is organizational or partner consensus on the strategy and performance expectations to meet the strategy goals. Complicating the homeland security consensus process are delivery partners involving many levels of government, the private sector, nongovernmental organizations, international organizations, and multiple disciplines and functional areas. Many partners have different strategic and tactical agendas, resources, or perceptions of the extent of the problem that should be addressed and by what solutions. There are certainly differing interpretations as to what homeland security is.<sup>24</sup> However, agreement would be needed on the shared value of working together within and across organizations and resulting strategy and performance expectations. Defining common ground is one of the aims of the implementation of the national preparedness goal.

### **Top Leadership**

The second ingredient is leadership from the top, where the senior executive team directs the balanced scorecard effort, not a limited number of middle managers or inexperienced consultants. Senior executive leadership creates the climate for change and a common focus for the change activities. Leadership can align the changes and strategic initiatives with short and long-term resource allocations. For national homeland security, for example, senior executive leadership should come from the Executive Office of the President, the Homeland Security Council, and the Department of Homeland Security, with strong partnerships with state and local government and private sector national associations, as well as international actors. In turn, each organization involved in homeland security will need top leadership support and direction. This is particularly important to ensure consistency in policy and operational objectives.

### **Investment Support**

The third ingredient is integrating the plan and related balanced scorecard into investment decisions through the budgetary process. This is in line with the growing use of performance-based budgeting at federal, state, and local levels.<sup>25</sup> In addition, federal homeland security grant processes and other budgeting decisions can serve to address building capabilities that are directly tied to the five perspectives of the public sector balanced scorecard. Lack of funding is a severe challenge to be overcome if strategy via the balanced scorecard is to be effectively implemented.

### **Everyday Use**

The fourth ingredient is making strategy a component of every day jobs and operations. This is accomplished by making strategy the reference point for all management processes within and across all delivery partners. These processes would include communication channels and modes across and down the organization; the alignment of organizational goals, individual incentives, and investments; work process design; and linkages across program and operational units and those of delivery partners. Public sector organizations will require incentives to take a longer-term view of their role and not take the “lower hanging fruit” of an operational excellence strategy. More and more public sector organizations now can provide incentive pay to employees to provide a lever to align employees to the scorecard’s strategic objectives and measures. Agreements reached for strategic alliances such as for homeland security will need to make strategy a component of the alliances. The balanced scorecard provides an ideal mechanism to set high-level, interagency homeland security objectives that should allow multiple organizations – public and private – to work together.

### **Continuous Process**

The final ingredient is to make strategy development and implementation a continuous process, not a one-time event. There should be a feedback loop that provides performance information across the perspectives for learning and adaptation. This is particularly important in the public sector as performance targets are a matter of public record. Organizations should anticipate that failing to meet the targeted performance will be very visible to the general public. For homeland security, a continual process of assessment and corrective action should be part of needs assessment, program objectives, and oversight.

## **CONCLUDING THOUGHTS**

This article has dealt with the basics of the balanced scorecard and presented an extended enterprise scorecard that can be applied to homeland security. It has also discussed a limited number of the organizational factors important to successful implementation. The article is intended to prompt ongoing dialogues regarding applying the scorecard as a strategy implementation tool useful for a single organization and for shared efforts with homeland security delivery partners. In particular, focusing on the five extended enterprise perspectives and using the national homeland security strategies and national preparedness guidelines components for scorecard build-out should be emphasized. They can clarify independent and interdependent initiatives, relationships, and linkages for homeland security mission areas and capability development. The cause-and-effect relationships make strategy explicit to an organization’s employees and to other delivery partners and provide a readily-understood framework for resource allocation and leveraging resources and capabilities. Lastly, the balanced scorecard makes much more transparent the process of assessing if there are gaps, duplication, or overlaps in initiatives and capabilities to implement strategy.

Future research is required to fully inform application of the balanced scorecard for homeland security strategy implementation. For example, are the five perspectives

presented in the extended enterprise scorecard sufficient or are further enhancements or designs needed? Should homeland security scorecards start with national homeland security strategies or other strategy documents? What expertise and other resources are needed to develop and sustain complex homeland security strategy maps and their ongoing assessment? And, perhaps most importantly, what scorecard design and organizational factors can respond to the complexities of homeland security delivery partner relationships and responsibilities and resulting strategy agreement? These relationships include those across federal agencies, from federal to other levels of government, from state to local, and from local to local. Relationships also must be defined from national to international delivery partners.

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<sup>1</sup> R. S. Kaplan and D. P. Norton, "The Balanced Scorecard – Measures that Drive Performance," *Harvard Business Review* 70, no. 1 (1992): 71-79; R. S. Kaplan and D. P. Norton, "Putting the Balanced Scorecard to Work," *Harvard Business Review* 71, no. 5 (1993): 134-147.

<sup>2</sup> A. Gumbus and R. N. Lussier, "Entrepreneurs Use a Balanced Scorecard to Translate Strategy into Performance Measures," *Journal of Small Business Management* 44, no. 3 (2006): 407-425.

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<sup>4</sup> N. Olve, J. Roy, and M. Wetter, *A Practical Guide to Using the Balanced Scorecard* (Chichester, Sussex: John Wiley & Sons, Inc, 1999).

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- <sup>5</sup> Kaplan and Norton, *Strategy Maps: Converting Intangible Assets into Tangible Outcomes*, 34.
- <sup>6</sup> Kaplan, "Overcoming the Barriers to Balanced Scorecard Use in the Public Sector," *Balanced Scorecard Report*.
- <sup>7</sup> Kaplan, "The Balanced Scorecard for Public-Sector Organizations," *Balanced Scorecard Report*.
- <sup>8</sup> P. R. Niven, *Balanced Scorecard: Step-by-Step for Government and Nonprofit Agencies* (Hoboken, NJ: John Wiley & Sons, Inc., 2003).
- <sup>9</sup> H. Rohm, "A Balancing Act," *Perform* 2, no. 2 (2002): 1-8.
- <sup>10</sup> Strategic alliances typically combine the resources, skills, and knowledge of organizations that are viewed as full partners. A fuller discussion of strategic alliances and partnering can be found in Y. L. Doz and G. Hamel, *Alliance Advantage: The Art of Creating Value Through Partnering* (Boston, Harvard Business School Press, 1998). As Doz and Hamel point out, strategic alliances combine and leverage the resources, skills, core competencies, knowledge, and learning capabilities of organizations that benefit the alliance partners. Networked government is more fully described in S. Goldsmith and W. D. Eggers, *Governing by Network* (Washington, DC: Brookings Institution Press, 2004). Goldsmith and Eggers describe networked government as typically involving coordination between multiple levels of government, nonprofit organizations, and for-profit companies.
- <sup>11</sup> "Clientele" is used instead of "customer" as many recipients or targets of public services do not want the services in the traditional sense of customers. For example, prisoners or regulated industries often do not want government intervention.
- <sup>12</sup> Office of Homeland Security, *National Strategy for Homeland Security* (Washington, DC: Executive Office of the President, July 2002); Homeland Security Council, *National Strategy for Homeland Security* (Washington, DC: Executive Office of the President, October 2007).
- <sup>13</sup> The White House, *Homeland Security Presidential Directive/HSPD-8* (Washington, DC: The White House, December 17, 2003).
- <sup>14</sup> Department of Homeland Security, *Interim National Preparedness Goal* (Washington, DC: Department of Homeland Security, March 31, 2005).
- <sup>15</sup> A discussion of homeland security capabilities-based planning issues can be found in S. L. Caudle, "Homeland Security Capabilities-Based Planning: Lessons from the Defense Community," *Homeland Security Affairs* I, no. 2 (Winter 2005), [www.hsaj.org](http://www.hsaj.org).
- <sup>16</sup> Department of Homeland Security, *National Preparedness Guidelines* (Washington, DC: Department of Homeland Security, September 2007).
- <sup>17</sup> Department of Homeland Security, *Target Capabilities List: A Companion to the National Preparedness Guideline*. (Washington, DC: Department of Homeland Security, September 2007).
- <sup>18</sup> Department of Homeland Security, *National Preparedness Guidelines*, p. 5 and *Target Capabilities List: A Companion to the National Preparedness Guidelines*, p. 197.
- <sup>19</sup> Department of Homeland Security, *Target Capabilities List: A Companion to the National Preparedness Guidelines*, p. 9.
- <sup>20</sup> K. E. Monahan, *Balanced Measures for Strategic Planning* (Vienna, VA: Management Concepts, 2001).
- <sup>21</sup> M. Lundlin, "When Does Cooperation Improve Public Policy Implementation," *The Policy Studies Journal* 35, no. 4 (2007).
- <sup>22</sup> N. J. Mathys and K. R. Thompson, *Using the Balanced Scorecard: Lessons Learned from the U.S. Postal Service and the Defense Finance and Accounting Service* (Washington, DC: IBM Center for The Business of Government, 2006).

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<sup>23</sup> Government Accountability Office, *Highlights of a Forum: Enhancing U.S. Partnerships in Countering Transnational Terrorism*, (Washington, DC: The Government Accountability Office, GAO-08-887SP, July 2008).

<sup>24</sup> An excellent discussion of the various definitions of homeland security can be found in C. Bellavita, "Changing Homeland Security: What Is Homeland Security," *Homeland Security Affairs* IV, no. 3 (June 2008), [www.hsaj.org](http://www.hsaj.org).

<sup>25</sup> There are many excellent literatures sources on the spread of performance-based budgeting nationally and internationally. More comprehensive sources are P. G. Joyce's, *Linking Performance and Budgeting: Opportunities in the Federal Budget Process* (Washington, DC: IBM Center for The Business of Government, 2004) and the Organisation for Economic Co-Operation and Development, *Performance Budgeting in OECD Countries* (Paris: Organisation for Economic Co-Operation and Development, 2007).