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CULTURE MANAGEMENT THROUGH THE BALANCED SCORECARD: A CASE STUDY

DEFENCE COLLEGE OF MANAGEMENT AND TECHNOLOGY

PhD THESIS

CRANFIELD UNIVERSITY

DEFENCE COLLEGE OF MANAGEMENT AND TECHNOLOGY

DEPARTMENT OF DEFENCE MANAGEMENT

PhD Thesis

Academic year 2005-2006

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Culture management through the Balanced Scorecard: A case study.

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February, 2006

ABSTRACT

Neuro Linguistic Programming argues that repeating previous behaviour will only succeed in delivering previous outcomes. Kaplan and Norton's Balanced Scorecard is about getting different results. For successful change, managing complex and higher functions such as managing motivation and the beliefs of staff members must take their place alongside environmental and capability issues such as physical equipments. Mechanistic processes such as the Balanced Scorecard can nevertheless be used to manage softer aspects of change such as culture, as part of an integrated holistic management system. This needs to be done through adoption of key Balanced Scorecard processes. A principal feature of the Balanced Scorecard which can be applied here is the development of a cause-and-effect model of cultural issues with clear and measurable linkages to organisational performance. The degree to which national or organisation culture supports or conflicts with these processes needs to be considered. However, the Balanced Scorecard must be implemented properly in order to be effective in managing the organisation.

This research examines the Balanced Scorecard implementation in one organisation and examines the inter-relationship with associated cultural issues. Criteria are defined for managing and assessing Balanced Scorecard implementations. From the main case study a model for understanding the importance of organisational culture is developed. A cultural measurement tool is then developed and tested within this organisation to show how the cultural measurement can be integrated into the Balanced Scorecard regime. Effective measurement is an essential precursor to effective culture management. The results of cultural measurement are used to explore potential management issues. The strands of work are merged in a final set of case studies that use the developed models to assess Balanced Scorecard implementations in other organisations. These case studies illustrate how cultural issues have affected Balanced Scorecard development.

ACKNOWLEDGEMENTS

The contribution of the following, who provided assistance or input to this research study, is acknowledged. Ranks, titles and appointments are those recorded at the time of their contribution, or subsequently where these are known, and may not necessarily reflect appointments to which their comments relate, or subsequent Ranks, titles, appointments, etc.

ACKNOWLEDGEMENTS

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GLOSSARY

Abbreviation:	Explanation:
1*	Commodore, Brigadier, Grade 5 or Management Level 3 Civil Servant.
1SL	First Sea Lord - also Chief of Naval Staff.
2*	Rear Admiral, Major General, Grade 3 or Management Level 2 Civil Servant.
2SL	Second Sea Lord - a TLB within MOD, responsible for the recruitment, training and management of Naval Personnel - part of the Navy Sector.
2nd PUS	Second Permanent Under Secretary.
3*	Vice Admiral, Lt General, Air Marshal.
4*	Admiral, General, Permanent Under Secretary.
9F	Cartwright's Nine Factors model of organisational assessment.
A400M	The Airbus military transport programme.[1]
ABC	Activity Based Costing.
Access	Microsoft Access - a database program.
ACDS(RP)	Assistant Chief of Defence Staff (Resources and Programmes).
ACNS	Assistant Chief of Naval Staff.
ACOS (eg ACOS(T))	Assistant Chief of Staff (eg Assistant Chief of Staff(Training)).
Adm	Admiral (although this is a formal rank, the term is also a courtesy title for Rear Admirals and Vice Admirals).
AG	Adjutant General – Principal Personnel Officer for the Army.
AMS	Army Medical Services.
Annuality	Funds granted by Parliament under the old Parliamentary Voting procedure, ie prior to RAB, had to be consumed within the financial year or surrendered. Consequently, it was typical that organisations would try to spend any remaining resources near the end of the financial year, often on lower priority items whose purchase could be completed quickly. This had the impact of diverting resources away from higher priority tasks that had a much longer-term funding profile.
AOC 3 Group, HQSTC	Air Officer Commanding 3 Group, HQ Strike Command - head of naval aviation.
ASI	Accounting systems integrator. (This title was used for the contractor providing leadership in the implementation of the RAB accounting systems in MOD.) The contract was awarded to Coopers and Lybrand, but subsequently the organisation merged to become PriceWaterhouseCoopers.
ASW	Anti-submarine warfare.
AUS(NS)	Assistant Under Secretary (Naval Support).

GLOSSARY

Abbreviation:	Explanation:
BAe	British Aerospace.
Benchmarking	The use of performance indicators to drive improvement through intra or inter-firm comparisons.
BPR	Business Process Re-engineering.
BSC	An informal abbreviation used frequently to refer to the Balanced Scorecard.
Bubblehead	Royal Navy slang for a diver.
Buggins' turn	Promotion based on seniority rather than competence or development potential.
Business Excellence Model	The model used by EFQM as its guide to excellence. Subsequently this terminology was changed to become the EFQM Model or the EFQM Excellence Model.
C4ISR	Command, Control, Communications and Computing, Intelligence, Surveillance and Reconnaissance. [2]
C130J	A version of the Lockheed Hercules transport aircraft.
Capital	The MOD's programme to introduce RAB.
CAS	Chief of the Air Staff – Head of the RAF
CAS	Continuous Attitude Survey.
Cdr	Commander.
Cdre	Commodore.
CDS	Chief of Defence Staff.
CE	Chief Executive.
CED	Chief Executive Dockyards - an organisation that formerly existed within MOD that was responsible for the Royal Naval Dockyards.
Central Sector	A grouping of TLBs within MOD reporting to VCDS and 2nd PUS.
CEO	Chief Executive Officer.
CFS	Chief of Fleet Support - Head of the NSC, and formerly a TLB within MOD and part of the Navy Sector, responsible for Naval Logistics support issues - now part of the DLO.
CGRM	Commandant General Royal Marines.
Chots	Corporate Headquarters Office-automation Technology System - the IT system used in Headquarters and other locations for administrative support.
CIA	Central Intelligence Agency.
CIMA	Chartered Institute of Management Accountants.
CINCFLEET	Commander in Chief Fleet - a TLB within MOD, responsible for the operational Naval Fleet - part of the Navy Sector.
CINCNAVHOME	Commander in Chief Naval Home Command - a TLB that formerly existed within MOD that was responsible for Naval Shore Establishments - subsequently the organisation was split between 2SL and the DLO.

GLOSSARY

Abbreviation:	Explanation:
CMG	A major international consultancy firm used by CINCFLEET in the balanced scorecard development work.
CMMI	Capability Maturity Models Integrated.
CNS	Chief of the Naval Staff.
COM(Ops)	Commander (Operations) - responsible for directing the operational units within CINCFLEET.
Command Secretary	Responsible for civilian personnel and the financial management of the organisation. After the Fleet First Headquarters Reorganisation Command Secretary CINCFLEET also became responsible for planning.
COMNA	Commodore Naval Air - an HLB in CINCFLEET responsible for the management and direction of naval anti-submarine helicopters.
COMRFA	Commodore Royal Fleet Auxiliaries - an HLB in CINCFLEET responsible for the management and direction of supply ships and other auxiliary vessels.
COMUKAMPHIBFOR	Commander United Kingdom Amphibious Forces - the UK's 2* operational commander for amphibious forces.
COMUKMARFOR	Commander United Kingdom Maritime Forces - the UK's 2* operational commander afloat for the maritime environment.
COMUKTG	Commander United Kingdom Task Group - the UK's 2* operational commander afloat.
COO	Cost of Ownership - an annualisation of the WLC.
COS	Chief of Staff.
COS(Spt)	Chief of Staff (Support) - responsible for equipment availability and sustainability and for personnel.
COS(W)	Chief of Staff (Warfare) - responsible for warfare capability and the operational force elements.
CPO	Chief Petty Officer.
CS&S and Land Systems	Customer Solutions and Support and Land Systems – a division of BAE Systems.
CSAs	Customer Supplier Agreements - annual agreements between different budgetary areas within MOD for the delivery of service from one area to another.
CSO	Chief Staff Officer.
CSO(P)	Chief Staff Officer (Plans).
CTC	Commando Training Centre.
Culture	The culture metaphor points towards another means of creating organised activity: by influencing the language, norms, folklore, ceremonies, and other social practices that communicate the key ideologies, values and beliefs guiding action. [3]

GLOSSARY

Abbreviation:	Explanation:
CVF	The Royal Navy's Future Carrier programme; replacements for the Invincible class.
DBSA	Data base systems administrator - although the term is misused in some places to effectively refer to the Database and the collection of data.
DCE	Deputy Chief Executive.
DCF or DCINC	Deputy Commander in Chief Fleet.
DCSA	Defence Communication Services Agency.
DCS(RF)	Deputy Command Secretary (Resources and Finance).
DGA(N)	Director General Aircraft (Navy) - responsible for the 3rd and 4th Line maintenance of naval aircraft.
DGFM	Director General Financial Management - responsible for management and development of the financial processes in MOD.
DGST(N)	Director General Supplies and Transport (Navy) - responsible for the purchase and supply of materiel support to the Navy.
DLO	Defence Logistics Organisation - a TLB within MOD, responsible for Tri-Service logistics issues having been formed from CFS, QMG and RAF Logs Command - part of the Central Sector.
DMB	Defence Management Board.
DNRP	Directory of Naval Resources and Plans.
DNRP BD	Directory of Naval Resources and Plans Business Development.
DPA	Defence Procurement Agency.
DP+A	Director of Plans and Analysis - responsible for managing and maintaining the MOD's Balanced Scorecard.
Drill-down	Within Balanced Scorecard reports this allows high-level PIs to be interpreted in relation to accumulated lower level PIs. Where reports are presented in soft-copy the drill-down linkages may be automated.
DTI	Department of Trade and Industry.
EFQM	European Foundation for Quality Management - owners of the (Business) Excellence Model usually referred to by the same initials.
EG	Executive Group - group of 1* officers in CINCFLEET.
EOY	End of Year.
EP2M	Effective progress and performance measurement. [4]
Ethics	Moral philosophy. [5]
Ethos	The characteristic spirit and beliefs of a community, person, or literary work. [6]
EVA	Economic Value Added.

GLOSSARY

Abbreviation:	Explanation:
FEB	Fleet Executive Board - the most senior management board of CINCFLEET post the Fleet First reorganisation.
Fleet First	Fleet Future Integrated and Rationalised Study Team. [7] The Change Programme within CINCFLEET between 1999 and 2002 that was responsible, among other things, for the reorganisation of the CINCFLEET HQ. Originally the title only applied to the HQ Restructuring workstream within the Fleet First programme.
FMB	Fleet Management Board - the main management committee of CINCFLEET prior to the Fleet First Reorganisation in April, 2002. Subsequently the senior management board was reduced in size and consisted of the CINC, DCINC, Comd Sec and the non-executive directors.
FMG	Fleet Management Group - the main management committee of CINCFLEET post the Fleet First Reorganisation in April, 2002.
FONA	Flag Officer Naval Air - an HLB in CINCFLEET responsible for the management and direction of naval aircraft.
FOSF	Flag Officer Surface Flotilla - an HLB in CINCFLEET responsible for the management and direction of surface warships.
FOSM	Flag Officer Submarines - an HLB in CINCFLEET responsible for the management and direction of submarines.
FOST	Flag Officer Sea Training - responsible for sea training of naval vessels and auxiliaries.
FPMG	Financial Planning and Management Group - fore-runner of the DMB.
HLB	Higher Level Budget - the budgetary formation below TLB, normally at about 2* level.
HO	Home Office.
HQ	Headquarters.
HQRM	Head Quarters Royal Marines.
HR	Human Resources.
IAW	In accordance with.
IiP	Investors In People (also sometimes referred to as Investors in Paperwork in recognition of the systems invented to achieve accreditation in the early days of the scheme in MOD).
ILS	Integrated Logistics Support.
IND	Immigration and Nationality Directorate, within the Home Office.

GLOSSARY

Abbreviation:	Explanation:
IPT	Integrated Project Team - the multidisciplinary teams used in procurement and logistics support areas.
ISO	International Standards Organisation.
JIT	Just in time.
JSF	Joint Strike Fighter – the Jaguar/Harrier and Sea Harrier replacement. Also known as the F-35, this programme is led by Lockheed Martin in the USA.
KPI	Key Performance Indicator.
KSA	Knowledge, Skill and Ability.
Lagging indicators	Also known as "outcome measures", these report on past performance.
Leading indicators	Also known as "performance drivers", these help to predict future outcomes.
LSD(A)	Landing Ship Dock (Auxiliary) – a replacement for the Sir Lancelot class of Landing Ship Logistics.
Lt	Lieutenant.
Lt Cdr	Lieutenant Commander.
Lynx	Anti-submarine helicopter used by the Navy and also used by the Royal Marines and Army as utility transport and anti-tank helicopter.
M777	A lightweight 155mm howitzer for the US Marines and US Army.
MBA	Master of Business Administration.
MBDA	A company specialising in the development and manufacture of guided missiles, incorporated in France and partly owned by BAE Systems.[8]
MBO	Management by Objectives.
MBTI	Myers-Briggs Type Indicator.
MCMV	Mine Counter Measures Vessel.
MDA	Master of Defence Administration.
Merlin	Merlin helicopter - developed to meet ASW and Transport requirements.
METS	The four pillars (sub-measures) of operational readiness: * Manpower. * Equipment. * Training. * Sustainability.
MM	Managed Migration – a Directorate with the Home Office Immigration and Nationality Directorate.
MOD	Ministry of Defence.

GLOSSARY

Abbreviation:	Explanation:
Moral component	The moral base underpins the motivation of the armed forces. It is founded on public support and on the political will of the government to maintain and, when necessary, use effective armed forces. It also encompasses the concept of propriety, which seeks to ensure that the activities of the armed forces are viewed universally as being justified, fair, and apolitical. Effective leadership at a national level is essential to provide clarity of direction and to inspire the effort and self-sacrifice demanded in conflict. National history, tradition and ethics are the sources from which the standards of armed forces have been developed. The moral base also embraces the national will to ensure the welfare of military personnel and the efficient management to provide it. [9]
Morale	The psychological state of an individual, or group of individuals, arising from their relationship with an organisation and its external environment and giving rise to discernable attitudes, intentions and actions. The psychological state may be that which is perceived or measured.
N5	The planning branch within CINCFLEET HQ prior to Fleet First.
N8	The finance branch within CINCFLEET HQ prior to Fleet First.
NAVB	Navy Board - Excluding the political representation, the key members are CNS, CINCFLEET, 2SL, 2nd PUS, CFS (subsequently a senior representative from the DLO), Controller of the Navy (subsequently a senior Naval representative from the DPA).
Navy Sector	A grouping of the Navy TLBs within the MOD reporting to CNS.
NBSA	Naval Base and Supplies Agency - an HLB of CFS dealing with the provision of naval bases and the delivery of supplies ashore. It was subsequently absorbed into the DLO and then amalgamated with the SSA to form the WSA.
NLP	Neuro Linguistic Programming.
NSC	Naval Support Command - formerly a TLB within MOD and part of the Navy Sector, responsible for Naval Logistics support issues - now part of the DLO.
NVA	North Vietnamese Army.
OC	Operational Capability.
OCAI	Organisational Culture Assessment Instrument.

GLOSSARY

Abbreviation:	Explanation:
OD	Organisation Development – the application of behavioural science knowledge in a long-range effort to improve an organisation's ability to cope with change in its external environment and increase its problem-solving abilities. [10]
Op Fresco	Operation Fresco - Military Aid to the Civilian Community - provision of service personnel and facilities to overcome the effects of a Fire-fighters' strike.
Op Telic	Operation Telic - British military action in support of the American led Operation Iraqi Freedom, to overthrow the regime of Sadam Hussain in Iraq in early/mid 2003.
OPV	Offshore Patrol Vessel.
Outcome measures	See "Lagging indicators".
Paradigm	The core assumptions at the heart of the organisational culture.
Performance drivers	See "Leading indicators".
PFI	Private Finance Initiative – private financing and ownership of assets rented to Government organisations, usually in conjunction with a contractor servicing or support arrangement.
PIs	Performance Indicators.
Performance Management	A workstream within the Fleet First programme aimed at consolidating and developing on the Balanced Scorecard work.
PM	Performance Measurement.
PMQ	Performance Measurement Questionnaire.
PMS	Performance Measurement System.
PO	Petty Officer.
PriceWaterhouseCoopers (PWC)	A major international (accountancy and) consultancy firm used by CINCFLEET in the balanced scorecard development work. (The consultancy arm was subsequently devolved and became part of IBM.)
Project Capital	The MOD's programme to introduce RAB.
Proxy indicator	Also referred to as a "surrogate measure", this is a PI that, whilst not meeting the precise business need, is an adequate representation of the issue. A proxy indicator might be used because it would be too expensive to collect the required data.
PSA	Public Sector Agreement.
Psychological Contract	The unwritten contract that binds individuals to an organisation or group, which regulates conduct and action and evaluates exchanges between the parties.

GLOSSARY

Abbreviation:	Explanation:
Purple organisation	A tri-service organisation. The Royal Navy is symbolised by Navy Blue, the Army by Red and the Royal Air Force by the light Air Force Blue. Mixing the blues and reds produces a purple colour that therefore symbolises a tri-service organisation.
PWC	PriceWaterhouseCoopers.
QA	Quality Assurance.
QMG	Quarter Master General - formerly a TLB within MOD, responsible for Army Logistics support issues - now part of the DLO.
Qtrly	Quarterly.
RAB	Resource Accounting and Budgeting.
RAF Logs Command	Royal Air Force Logistics Command - formerly a TLB within MOD, responsible for RAF Logistics support issues - now part of the DLO.
RALEIGH	HMS RALIGH, the initial training establishment for all junior entry into the Royal Navy.
RAPC	Royal Army Pay Corps – now absorbed in the AG Corps.
RCE	Rexam Custom Enterprises.
RFA	Royal Fleet Auxiliary.
RM	Royal Marines.
RMC	Royal Marine Command.
RMCS	Royal Military College of Science.
ROV	Remotely Operated Vehicle.
RUSI	Royal United Services Institute.
Savings wedge	An initially unattributable saving in the budget of an organisation that represents the difference between the cost of running the existing programme and the funding that is available.
SBS	Small Business Service (Note: Normally in MOD this would refer to the Special Boat Squadron, the Special Forces arm of the Royal Marines. Here the term is from the DTI.)
SBU	Strategic Business Unit - distinct businesses within a corporate organisation.
SCDC	Suffolk Coastal District Council.
Scimitar	A British tracked armoured reconnaissance vehicle.
SHAR	Sea Harrier - A naval version of the Harrier aircraft.
Silos	See "stovepipes".
SKF	The world's largest manufacturer of roller bearings. [11]
SLAM	Single Living Accommodation Modernisation.
SO1	Staff Officer (level) 1 - headquarters staff at Cdr, Lt Col and equivalent levels.

GLOSSARY

Abbreviation:	Explanation:
SSA	Ships Support Agency - an HLB of CFS dealing with the maintenance of naval vessels. It was subsequently absorbed into the DLO and then amalgamated with the NBSA to form the WSA.
Stovepipes (or silos)	Management thinking that restricts views and actions to narrow hierarchical responsibilities and ignores impact on work elsewhere in the organisation. Actions and attitudes tend to be very parochial and organisationally suboptimal.
Sub FMB	A management committee within CINCFLEET prior to the Fleet First Reorganisation in April, 2002. Chaired by DCF/D CINC and consisting of HQ and Type Command representatives. Its aim was to filter out issues that need not then be presented to the full FMB.
Surgeon General (Surg Gen)	The professional head of Defence Medical services.
Surrogate measure	See "proxy indicator".
SWOT	Strengths, Weaknesses, Opportunities, Threats - a 2x2 matrix to evaluate organisation fit to the external environment. [12]
Tableau de Bord (TdB)	A French pre-cursor to the Balanced Scorecard using a broad range of financial and non-financial performance measures to guide organisational performance management.
TLB	Top Level Budget - a system of articulating organisations and responsibilities, derived from the budgetary regime.
Topmast	A programme to improve the management of manning within the Royal Navy. A key element was to allocate staff to "squads" controlled by CINCFLEET that would improve the flexibility of deployment and ability to meet "Harmony" rules regarding limiting separation time from family.
Tornado GR4	Tornado is the name of the principle strike and fighter aircraft of the RAF. The GR4 version is a rework of previous airframes that are used for "Ground Attack" and "Reconnaissance". Fighter aircraft have a slightly different airframe and carry an "F" designation.
TQM	Total Quality Management.
TWIST	Tesco Week in Store Together.
Type 45	The Royal Navy's Daring Class destroyer replacements for the Type 42 Sheffield Class destroyers.
UAVs	Unmanned Aerial Vehicles.
USMC	United States Marine Corps.
USVs	Unmanned Surface Vehicles.
UUVs	Unmanned Underwater Vehicles.

GLOSSARY

Abbreviation:	Explanation:
Values	Standards or principles considered valuable or important in life. [13]
VCDS	Vice Chief of the Defence Staff.
VFM	Value for money.
Wedge	See "Savings wedge".
Westland	Company producing helicopters for British forces.
WLC	Whole Life Costing.
WO	Warrant Officer.
WRNS	Women's Royal Naval Service - the separate female branch of the Royal Navy in the days before they were combined. Even subsequently the term was retained for a time to distinguish female naval personnel.
WSA	Warship Support Agency - and HLB in the DLO formed by the amalgamation of the NBSA and SSA.
XB	Executive Board.

GLOSSARY

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[1] BAE Systems. (2004). Annual Report 2003. BAE Systems. Page 96.

[2] Ibid.

[3] Morgan, G. (1986). Images of Organisation. Sage. Page 135.

[4] (1993). You are what you measure. Manufacturing Europe. Page 505. In: Olve, N-G. Roy, J. and Wetter, W. Published in Swedish in 1997; English translation published by Wiley; 1999. Performance Drivers - A practical guide to using the Balanced Scorecard. Pages 22 and 23.

[5] Hawkins, J. M. (Compiler). (1988)The Oxford Paperback Dictionary (3rd Edition). Oxford University Press.

[6] Ibid.

[7] Mansergh, R. J. (2001). Broadsheet 2000/2001. Ministry of Defence. Page 16.

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[10] Schermerhorn, J. R. Hunt, J. G. and Osborn, R. N. (1997). Organisational Behaviour (6th Edition). John Wiley and Sons. Page 279.

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[12] ten Have, S. ten Have, W. Stevens, F. van der Elst, M. Pol-Coyne, F. (2003). Key Management Models. Financial Times/Prentice Hall. Pages 185 to 188.

[13] Hawkins, J. M. (Compiler). (1988)The Oxford Paperback Dictionary (3rd Edition). Oxford University Press.

Chapter 1: Outlining an issue.

1.   The Balanced Scorecard.

The Balanced Scorecard was a management tool introduced by Kaplan and Norton in 1992. [1] Their aim in introducing this tool was to improve organisational performance by encouraging management to use a broader view of the business than is available through the sole use of traditional financial measures. The Balanced Scorecard did this by providing four different perspectives of the business (see Figure 1.1). Each perspective should contain a range of measures that indicate aspects of organisational performance.

Financial Perspective

Customer Perspective

Internal Perspective

Innovation and Learning Perspective

Figure 1.1: The original four Balanced Scorecard perspectives.
(From: Kaplan and Norton (1992). The Balanced Scorecard - Measures that drive performance. Harvard Business Review. Jan/Feb.)
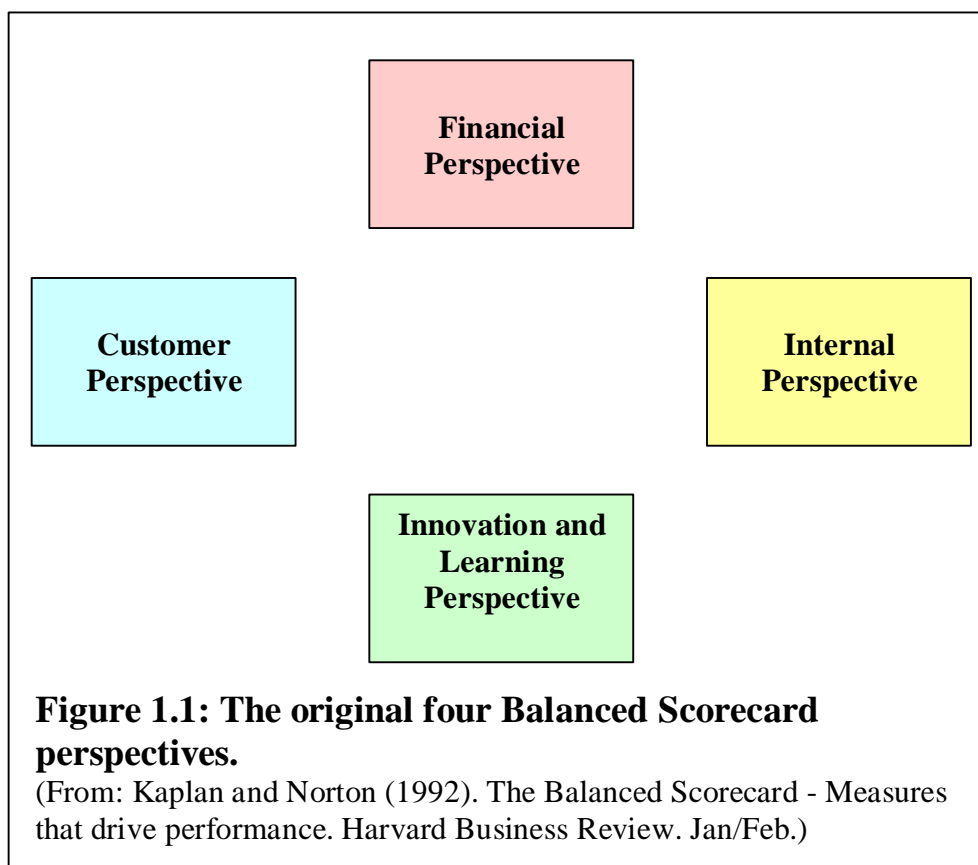
Some see the Balanced Scorecard concept as of great importance. It has been described as, *"...one of the most influential new business concepts developed in the modern age"*. [2]   Another writer says, *"It is almost common sense that all*

organisations need a balanced scorecard ...". [3] And, Boyes notes that, *"The Harvard Business review in its 75th Anniversary issue, cites the BSC as being one of the most important concepts introduced via articles in the magazine."* [4] These are bold claims. A more substantive recommendation is reported by Niven,

> *"Bain and Company recently released the findings of their eighth annual management tools survey. The survey examines the usage, satisfaction, and effectiveness of 25 widely used management tools among senior executives across more than 30 industries. The Balanced Scorecard was cited as a leading instrument of success for these executives."* [5]

Thus the Balanced Scorecard is something worthy of detailed consideration.

Lingle and Schiemann claim that organisations that use Balanced Scorecard concepts successfully reap rich reward. [6] Yet not all organisations achieve success with the Balanced Scorecard. One researcher highlights a failure rate of 70%. [7] This raises the issue of why the Balanced Scorecard is apparently so successful in some organisations, whilst being seen as a failure in others. It also begs the question of whether there is a "recipe for success". Lewy and du Mee, [8] supplemented by Mc Cunn, [9] present "11 Commandments" for the successful implementation of the Balanced Scorecard. Mc Cunn also suggests that people's motivations for employing the Balanced Scorecard may be wrong and that this will contribute to ultimate failure:

> *"It looked good on my CV ..."*
> *"My friend at the golf club has one ..."* [10]

Thus, for some the Balanced Scorecard is just the latest "Management Fad". Holtham [11] proposes a five-phase life cycle for management fads that might indicate that the Balanced Scorecard is living on borrowed time (see Table 1.1).

Table 1.1: The five phases of Management Fads applied to the Balanced Scorecard. (After Jackson and Holtam)		
Phase:	**Description:**	**Length of Phase:**
1	**Initial research and conception.**	**No set number of years.** *(For Balanced Scorecard – to 1992)*
2	**Conversion of academic concepts into consulting orientated products for enthusiastic mass-market promotion and consumption.**	**3 years.** *(For Balanced Scorecard – 1992 to 1995)*
3	**Idea gains corporate momentum; negative experiences and conceptual problems begin to emerge.**	**2 years.** *(For Balanced Scorecard – 1995 to 1997)*
4	**Enthusiasts begin to run out of steam. Dramatic benefits fail to emerge consistently. New competitors emerge.**	**1 to 2 years.** *(For Balanced Scorecard – 1997 to 1999)*
5	**Falls into disrepute and disuse.**	**2 years.** *(For Balanced Scorecard – 1999 to 2001)*

Continued interest in the Balanced Scorecard suggests that it is not yet ready to die. The attributed success highlighted above may have something to do with the continued interest, or that the commercialisation of the concept, discussed later, may be the means by which interest is being sustained. Alternatively one could argue that the concept was effectively relaunched in 1996 with the publication of Kaplan and Norton's first major work on the topic, when a linkage to strategy implementation was explained in detail. [12] Re-baselining the Balanced Scorecard to 1996 would suggest that it is now heading into its declining years.

## 2.	Purpose of the Research.

If the Balanced Scorecard is in terminal decline, does it have real flaws or is it simply changing fashion? Conversely, if it really is the success that has been claimed then we should continue to learn lessons from the experience of those who have implemented the system, and these will aid its introduction and retention in organisations.

This research therefore sets out to study in detail the experience of one organisation that has used the Balanced Scorecard. Are there any new insights that would be of value to other organisations? A further study of six additional organisations looks to establish commonality or new identify new issues.

3. The starting point.

The researcher's first involvement with a live Balanced Scorecard, in 1998, highlighted some contradictions. Although the scorecard was only in the early stages of development and use, it was already being proclaimed as successful. Yet it was also obvious that there were flaws in the performance indicators being used to provide the broad view of the business that Kaplan and Norton said was necessary for the organisation to be successful. For example, the scorecard substantially lacked the "Financial" and the "Innovation and Learning" perspectives.

This contradictory situation led to curiosity [13] as to what was meant by "success", and began to raise a number of questions in the mind of the researcher:

- Why has the Balanced Scorecard been constructed with seemingly little or no underpinning reference to, or understanding of, the basic concepts?
- Is there a set format, process and content for a Balanced Scorecard that will create success, or are there key features, or issues, that have been addressed that are creating success?
- Why is the organisation committed to the Balanced Scorecard, particularly when there are so many problems associated with the measures being used, and the outputs that are identified?
- Why is the Balanced Scorecard perceived as so successful?
- Has the Balanced Scorecard had, and if so how and why, a big impact on organisational culture?

Some of these issues even start to point to a core question of, "What is a Balanced Scorecard?" Early reading confirmed that this was a legitimate question, since, as

will be highlighted in Chapter 2, some organisations have departed from the archetypal model.

4.   The Hypothesis and aim.

All the above questions will be addressed in this research, but the core issue that remained unanswered by early reading was the relationship between the Balanced Scorecard and organisational culture. Yet the key benefit being articulated in the early stages of the implementation of the Balanced Scorecard in the researcher's own organisation was that it was improving the way that the Management Board was identifying and dealing with its business.

This change in the business culture, *"…how things are done around here…"* [14], gives rise to the question:

> **Should the organisational culture be managed through the Balanced Scorecard, and if so how?**

Srinivasan [15] asks the question as to why the Balanced Scorecard has taken so long to emerge, and suggests that it is an issue of culture. Only when the culture is ready will the organisation be ready to learn and use the Balanced Scorecard effectively. Clearly organisations will not wish to sit passively until they are culturally ready for both the Balanced Scorecard and the organisational performance improvement that it aims to deliver. This therefore suggests that organisational culture may have to develop in order to accept and utilise the Balanced Scorecard, if it is not ready. However, since the Balanced Scorecard is designed to initiate change, in the form of improved organisational performance, it is argued that cultural suitability is an issue that should be managed by the Balanced Scorecard in order to improve the chances, or the degree, of success of implementing the Balanced Scorecard.

This leads to the hypothesis that will be tested in this research:

Implementing the Balanced Scorecard impacts the culture of the organisation.

This will open the way to deciding whether the Balanced Scorecard is a potential mechanism to manage organisational culture and thus examine how this might be achieved.

Thus the aim, the deliverable, from the research is:

To demonstrate a mechanism for managing organisational culture through the Balanced Scorecard in order to improve culture and thus the potential for the Balanced Scorecard to deliver benefit.

This research is conducted in the context of one particular organisation. To understand the applicability of the lessons learned it is necessary to provide both the broad and specific contextual information about that organisation. Thus the mechanism developed for cultural management within the organisation can be expected to have a varying degree of applicability to other organisations. By providing the contextual information, readers should be able to determine the type and extent of any adaptation to the measurement tool that would be required for other organisations. For the supporting case studies presented later there is inevitably less contextual support but the aim is to provide enough to create a clear picture, and some of the context provided initially will read across to other organisations.

5.   **Structure of the Research Project.**

From the above it will be seen that there are three objectives. These will be tackled as follows:

Table 1.2: Research objective summary.	
Objective:	**Proposed methodology:**
Demonstrate that implementing the Balanced Scorecard impacts the culture of the organisation.	*Case studies and literature review.*
Identify the issues relating to the management of culture through the Balanced Scorecard.	*Literature review.*
Demonstrate a mechanism for managing organisational culture through the Balanced Scorecard.	*Develop and test an appropriate cultural measurement tool.*

This research is a phenomenological study since it involves understanding human and organisational behaviour, and thus the cause of any action or outcome is uncertain. [16] However, since this research aims to both address a business issue and make a contribution to knowledge it falls into the category of Action Research. [17] In addition, the core of this work represents a case study of one organisation, which should thus provide a resource for future researchers. [18]

6.   Structure of thesis.

This chapter outlines the purpose, direction and structure of the research. To facilitate this, and support this through the rest of the thesis, the structure is presented below in the form of a road map. This will be used at the start and end of each chapter to provide respectively the aims of the chapter and a summary. At the end of Chapter 10 there is a comprehensive summary of the thesis. Figure 1.3 introduces the road map and summaries Chapter 1.

Road Map

Chapter 1	**Outline of the research project.** Chapter 1 highlights a perceived status of the Balanced Scorecard that suggests it is a key management system. Yet many implementations fail. Is it just another management fad? This and other questions demonstrate the issues that underpin this research. The Chapter goes on to set out the hypothesis for the research that, • Implementing the Balanced Scorecard impacts the culture of the organisation. It then goes on to state the aim of the research, which is, • To demonstrate a mechanism for managing organisational culture through the Balanced Scorecard in order to improve culture and thus the potential for the Balanced Scorecard to deliver benefit.
Chapter 2	**Balanced Scorecard literature review.**
Chapter 3	**Culture literature review.**
Chapter 4	**Research methodology.**
Chapter 5	**Review of organisational issues.**
Chapter 6	**Case study on the impact of implementing the Balanced Scorecard.**
Chapter 7	**Cultural survey results.**
Chapter 8	**Developing and testing a cultural measurement tool for use with the Balanced Scorecard.**
Chapter 9	**Supporting case studies.**
Chapter 10	**Summary of conclusions.**

Figure 1.2

The roadmap represents a linear guide through the research. Figure 1.3 maps the journey in a different manner in order to demonstrate the prime linkages between chapters. The content could be rearranged but the combination of two topics and multiple case studies means that it would be unlikely to improve the logical flow.

Figure 1.3: Logical flow of research.
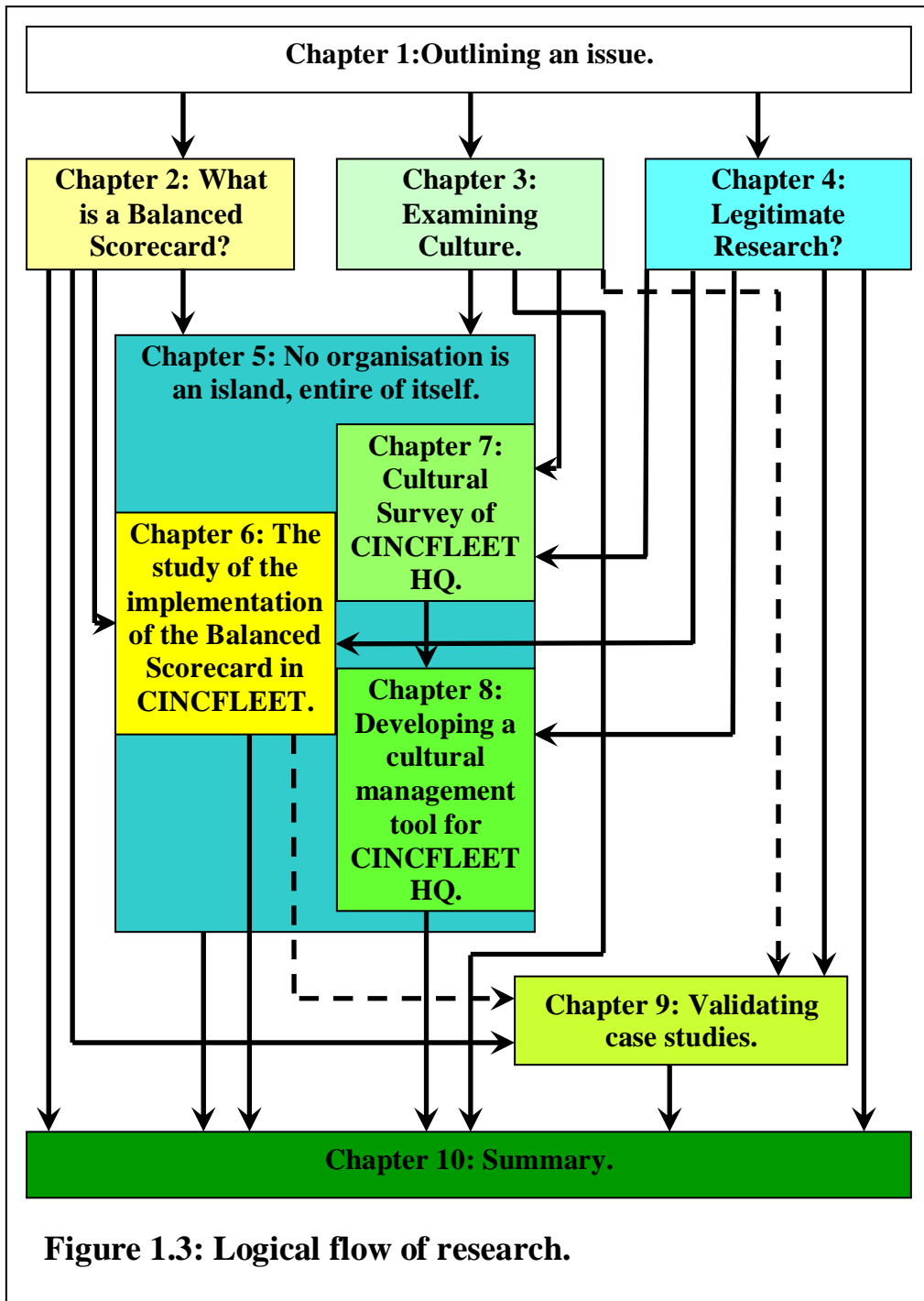
In particular, note that Chapter 5 and its appendices provide the background to Chapters 6 to 8. The linkages from Chapters 3 and 6 to Chapter 9 are not particularly strong, for reasons that will become obvious later.

7. Study value.

This study examines two issues: the Balanced Scorecard and organisational culture. Underpinning this study is a perceived relationship, which is demonstrated in Figure 1.4:

Organisational objectives
- set through the Balanced Scorecard

People
- hold the organisational culture and operate the processes to deliver objectives

Processes
- used to deliver the organisational objectives

Figure 1.4: Relationship of cultural elements to Balanced Scorecard.
(Source: Author.)
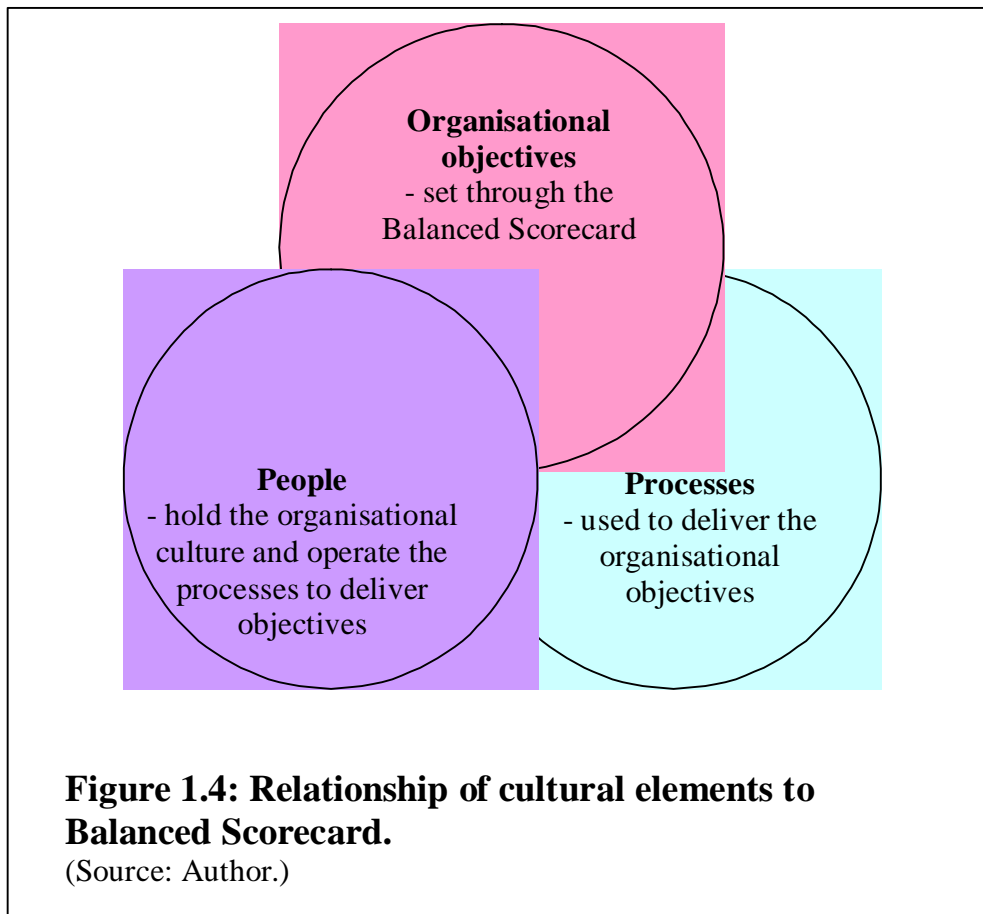
Figure 1.4 highlights the fact that it is "people" who maintain the culture and who operate the processes in order to deliver organisational objectives. Achievement of organisational objectives helps set the organisational culture from both internal and external perspectives, ie by developing a reputation for delivering certain products or services to a certain standard. Processes, "the way we do things round here", are a fundamental part of organisational culture. Nevertheless, fundamentally, it is the "people" who hold maintain, sustain and communicate the culture. Therefore each element of the above is integral to both the Balanced Scorecard and organisational

culture. This research therefore seeks to explore this relationship in order to enable organisations to gain a new perspective on Balanced Scorecard implementation.

Action research aims to provide benefits to the organisation being studied and to make a new contribution to knowledge. The expected value is therefore categorised as shown in Table 1.3:

Table 1.3: Categorisation of study value.	
Organisational benefits:	**Contribution to knowledge:**
Greater understanding of the issues affecting or driving the introduction of new management systems within the Ministry of Defence (MOD).	*Provision of a new case study on the introduction of the Balanced Scorecard.*
Provision of a cultural measurement tool for use in association with the Balanced Scorecard.	*Examination of the relationship between Balanced Scorecard and cultural issues.*
Greater understanding of cultural issues affecting MOD.	*Provision of a new case study on culture and culture change in MOD.*

From greater understanding of the introduction of the Balanced Scorecard organisations will be better placed to select and implement future management processes. The provision of the related case study will also enable organisations to implement the Balanced Scorecard more successfully by identifying issues addressed, or missed, by another organisation.

The development of the understanding of relationships between the Balanced Scorecard and cultural issues will enable all organisations to improve the implementation of the Balanced Scorecard. The provision of a cultural measurement tool for use within a particular area of MOD will facilitate the wider development of such models and thus improve the management of culture in organisations committed to the Balanced Scorecard.

Examination of the cultural issues, and culture change, in MOD will facilitate greater understanding of such issues and thus improve management of these issues and future changes.

End notes:

[1] Kaplan, R. and Norton, D. (1992). The Balanced Scorecard – Measures that drive performance. Harvard Business Review. Jan/Feb.

[2] La Franchi, P. (2002). Balanced Scorecard drives overall mission. Asia-Pacific Defence Reporter. June. Page 40.

[3] Brown, M. G. (1996). Keeping Score. Quality Resources. Page 6.

[4] Boyes, N. (2002). Implementation of the Commandant General Royal Marines Balanced Scorecard. Dept of Defence Management & Security Analysis, No 7 Executive MDA Course. Page 2-1.

[5] Niven, P. R. (2002). Balanced Scorecard, Step-by-Step. Wiley & Sons. Page 97.

[6] Lingle, J. H. and Schiemann, W. A. (1996). From Balanced Scorecard to strategic gauges: Is measurement worth it? Management Review. Vol 85 Issue 3. March. Pages 56 to 62.

[7] McCunn, P. (1998). The Balanced Scorecard: The Eleventh Commandment. Management Accounting. December. Referring to the work of Lewy.

[8] Lewy, C. P. and du Mee, A. F. (1998). Balanced Scorecard – Implementing the Ten Commandments. Originally published in Dutch in Management Control and Accounting. April.

[9] McCunn, P. (1998). The Balanced Scorecard: The Eleventh Commandment. Management Accounting. December.

[10] Ibid. Pages 35 and 36.

[11] Holtam. (1994). Business Process Re-engineering – Contrasting what it is with what it is not. Coulson-Thomas. Business Process Re-engineering. London: Kogan Page. Page 61. Quoted in, Jackson, S. (1997). Development of a self-assessment model of organisation readiness for Business Process Re-engineering. PhD thesis, Cranfield University. Pages 16 and 17.

[12] Kaplan, R. and Norton, D. (1996). The Balanced Scorecard: Translating Strategy into action. Harvard Business School Press.

[13] NLP argues that curiosity is an important state to be in to facilitate learning. McDermott, I. & Jago, W. (2001). The NLP Coach. London: Piatkus. Page 19.

[14] Drennan. (1992). Transforming company culture. London: McGraw-Hill. Page 3. Quoted in, Brown, A. (1998). Organisational Culture. Financial Times/ Prentice Hall. Page 8.

[15] Srinivasan, C. (1999). From "vicious" to "virtuous" scorecards. Australian CPA. Volume 69 Issue 9. October. Pages 48 to 50.

[16] Hussey, J. and Hussey, R. (1997). Business Research. Macmillan Press. Page 52.

[17] Ibid. Page 64.

[18] Ibid. Page 65.

Chapter 2: What is a Balanced Scorecard?

1.   Outline.

Road Map

Chapter 1	**Outline of the research project.** The aim of the research is, • To demonstrate a mechanism for managing organisational culture through the Balanced Scorecard in order to improve culture and thus the potential for the Balanced Scorecard to deliver benefit.
Chapter 2	**Balanced Scorecard literature review.** Kaplan and Norton set out to discover how some organisations succeed, whilst companies, which have succeeded in building quality into their products and processes, fail. Their answer is based on the need to take a wide and balanced view of the organisation. This they built into their Balanced Scorecard management tool. This Chapter seeks to answer the question, "What is a Balanced Scorecard"? It goes on to look at how it produces success. The Chapter highlights tools seen as alternatives or competitors, and particularly highlights the French Tableau de Bord.
Chapter 3	**Culture literature review.**
Chapter 4	**Research methodology.**
Chapter 5	**Review of organisational issues.**
Chapter 6	**Case study on the impact of implementing the Balanced Scorecard.**
Chapter 7	**Cultural survey results.**
Chapter 8	**Developing and testing a cultural measurement tool for use with the Balanced Scorecard.**
Chapter 9	**Supporting case studies.**
Chapter 10	**Summary of conclusions.**

Figure 2.1

Figure 2.1 is the road map of the thesis which sets out the aims for this Chapter. Whilst Chapter 1 gave a very brief outline of the Balanced Scorecard, this chapter seeks to provide a much more detailed answer to the question, "What is a Balanced Scorecard?" Couwenberg, Dallas, Hardjono, Koster and Meines have compared the Balanced Scorecard with another currently widely used management tool, the EFQM Quality Model (see below). [1, 2] They assess the Balanced Scorecard as being, *"… somewhat narrow but open to tailoring, while the quality model is broader but more prescriptive."* [3] Whilst to describe the Balanced Scorecard as "narrow" may seem extreme, the comparison highlights the contrast between the EFQM model, which is strictly controlled, and the Balanced Scorecard that is tailored for each implementation. That is, a spectrum of management tools exists where on the one hand tools are tautly prescribed and controlled, and at the other end are open to adaptation and tailoring to meet individual situations or local need. So, for the Balanced Scorecard, how much tailoring is permissible? When have the fundamental principles ceased to apply? Indeed, what are the fundamental principles? As will be shown, Kaplan and Norton's own ideas developed over the years. They also highlight "versions" of their concept that they do not believe are true Balanced Scorecards. This suggests that there may not be a single answer to this question, but that not everything that rejoices in the name of "Balanced Scorecard" does so legitimately.

This chapter therefore looks at the origins of the Balanced Scorecard; how Kaplan and Norton originally defined it; and the subsequent development of thinking. This will draw on those who have contributed to the debate by providing additional comment; information on users; and those who challenge the ideas. The aim is thus to enable the reader to gain sufficient information to determine whether something is a true "Balanced Scorecard" or simply something that masquerades under the name.

However, one of the key claims that Kaplan and Norton make is that the Balanced Scorecard will help transform organisational performance. Since this seems to be a key objective, it will be necessary to explore this and look at how the success of the Balanced Scorecard is defined. One aspect of this is the degree to which the Balanced Scorecard is truly successful or whether it has merely been given "hype" for

commercial reasons. The danger is that quasi-Balanced Scorecards, either because they are successful or because they are failures, might lure people away from a true and, potentially, successful concept.

2.   The starting point.

Inevitably the origins of the Balanced Scorecard lie in the perceived failures of other models and tools. If something else were successful then there would be no reason to change: no reason to develop new ideas. "Build a better mousetrap and the world will beat a path to your door", is still true today. [4] This section therefore looks at the pressures for change and the problems arising from previous management tools.

Pressure for change arises from the dynamics of the surrounding environment. Political, social, economic, technological, environmental and legal changes have been enormous in the last 50 years of the 20th Century. Some, such as A Brown, see these changes as likely not only to continue, but for the pace of change to increase. [5] Kotter too talks of, *"... significant, often traumatic, change in organisations ..."* [6] over the last two decades. He suggests that, *"Powerful macroeconomic forces are at work here, and these forces may grow even stronger over the next few decades."* [7] Senge, Kleiner, Roberts, Ross, Roth, and Smith, point to the enormous changes in, *"... technology, biology, medicine, social values, demography, the environment, and international relations ..."*. [8] They then go on to argue,

> *"... but one thing is reasonably certain: Continuing challenges will tax our collective abilities to deal with them. Failure to rethink our enterprises will leave us little relief from our current predicaments: rising turbulence causing rising stress; increasing disconnection and internal competitiveness; people working harder, rather than learning how to work smarter; and increasingly intractable problems beyond the reach of any individual or organisation."* [9]

Senge, et al, are not alone in calling for change. Referring to the Security First Bank of Anaheim, California and the need for organisations to adopt the Balanced Scorecard, Chow, Haddad and Williamson comment,

> *"The restructuring at Security First is only one example of how American companies are making major changes in responding to an increasing global economy. Indeed, the need for fundamental change is so strong that some leading authorities from academia and industry have called for a complete rethinking and reengineering of Corporate America."* [10]

Yet this is despite the radical change that had taken place in many organisations over preceding decades. Just-in-time, [11] Business Process Re-engineering (BPR), [12] systems thinking, [13] Economic Value Added, [14] Value Chain Analysis, [15] and many more, are all techniques that were developed to help improve business performance. These are essentially process level tools to drive efficiency and effectiveness rather than strategic management tools like the Balanced Scorecard, which aims to set and drive organisational direction. Of considerable influence during this period was the rise of Japanese industry as it was reconstructed following World War II. [16, 17] In particular, and largely attributable to Deming, was the rise of the quality philosophy, aimed at delighting customers. This has spawned a number of management tools and techniques: Total Quality Management (TQM), Quality Circles, The Deming Model, The Baldrige Awards, [18] and the European Foundation for Quality Management (EFQM) Excellence Model. These latter three tools, based on "quality models" promoted quality through inter-organisational competition. [19] Meanwhile, Wills, quoting Sovie, highlights that the search for quality and the introduction of new management tools also affected government organisations such as the NHS,

> *"Quality Management as part of the New Culture. Hospital leaders are responding to the external forces and demands by adopting approaches that industrial leaders have used with great success. New partnerships, continuous quality improvement,*

bench-marking, outcome management, employee participation, project and work teams and system staff and management development are important components of the cultural change that leaders are working to integrate into organisational norms." [20]

Thus the search for organisational excellence was widespread. Nevertheless, in the late 1980s poor economic conditions contributed to the business failure of a number of Baldrige Award winners. [21] This has cast some doubt on the validity of their business excellence model, and the quality philosophy, as an indicator of good organisational performance. M G Brown commenting on the pursuit of quality in American industry during the 1990s says, *"The price of quality, however, often was lower financial results. Some companies with the best quality in their industries went out of business."* [22] Kaplan and Norton also illustrate the point with the example of an American electronics company that made dramatic improvements in quality, productivity and customer service without improving overall financial performance. [23] But, M G Brown also highlights the demise of the quality movement, *"Since 1995, quality has had a bad reputation. Even the Malcolm Baldrige National Quality Award has removed most of the reference to quality from its 1995 criteria."* [24]

Kaplan and Norton's work was thus directed at seeking to establish an alternative regime to improve the chances of organisational survival and success. The work done was partly an analysis of successful organisations and partly an application and assessment of lessons learned. Twelve large US organisations were involved in this assessment phase. [25] A key conclusion of the research undertaken by Kaplan and Norton was that, in order to be successful, a company had to address long-term issues and not just simply rely on producing good short-term results.

Typically pressures for success are expressed and monitored in relation to financial performance. Huang supports the deficiency of financial accounting performance measures in manufacturing businesses; but from Kaplan and Norton's work these deficiencies would seem to have wider applicability in terms of businesses suffering this problem. [26] Financial markets convert information about a company into an

assessment of the impact on profits, which in turn will impact the share price. Other factors will also affect share price, such as liquidity, the balance of equity and debt, asset holdings and wider market and industry pressures; these will need to be taken into account. Nevertheless, since shareholdings may be very short-term, and much of the trade in shares is based on price movement rather than true worth, share prices may not substantially reflect long-term profitability. Consequently financial data is seen much more as a short-term issue rather than having substantial long-term impact. However, since the financial aspects of performance exert such a strong influence, management is typically seen as concentrating its efforts on managing these issues. This means that management has a short-term focus. Kaplan and Norton thus believed that the focus of management needed to change in response to the dynamic pressures of the external environment.

### 3.	The Balanced Scorecard as a Management Tool.

In Chapter 1 a basic description of Kaplan and Norton's Balanced Scorecard is given. However, even the early writings of Kaplan and Norton suggest that there is much more to the Balanced Scorecard than might be immediately apparent. Indeed, M G Brown comments, *"I've seen a few organisations that claim to now have a balanced scorecard because they have begun measuring nonfinancial areas of performance. If it were only that simple."* [27] Brown is only one of a number of people writing at length on the Balanced Scorecard, whilst there are many others making shorter contributions on some aspect or other. This section therefore seeks to develop the basic description of the Balanced Scorecard and its associated processes as outlined by Kaplan and Norton. Chow, Haddad & Williamson make a somewhat curious comment that, *"More than others, Kaplan and Norton probably deserve much of the credit for elucidating and increasing awareness of this* [the Balanced Scorecard] *concept."* [28] Curious, since inevitably Kaplan and Norton articulated their concepts in order to demonstrate it and gain acceptance of their ideas. Therefore it is inevitable that this section will draw heavily, although not exclusively, on Kaplan and Norton's writings.

The original structure of the Balanced Scorecard, as shown in Kaplan and Norton's 1992 article, [29] had four perspectives as shown in Figure 2.2:

Figure 2.2: The original four Balanced Scorecard perspectives.
(From: Kaplan and Norton (1992). The Balanced Scorecard - Measures that drive performance. Harvard Business Review. Jan/Feb.)
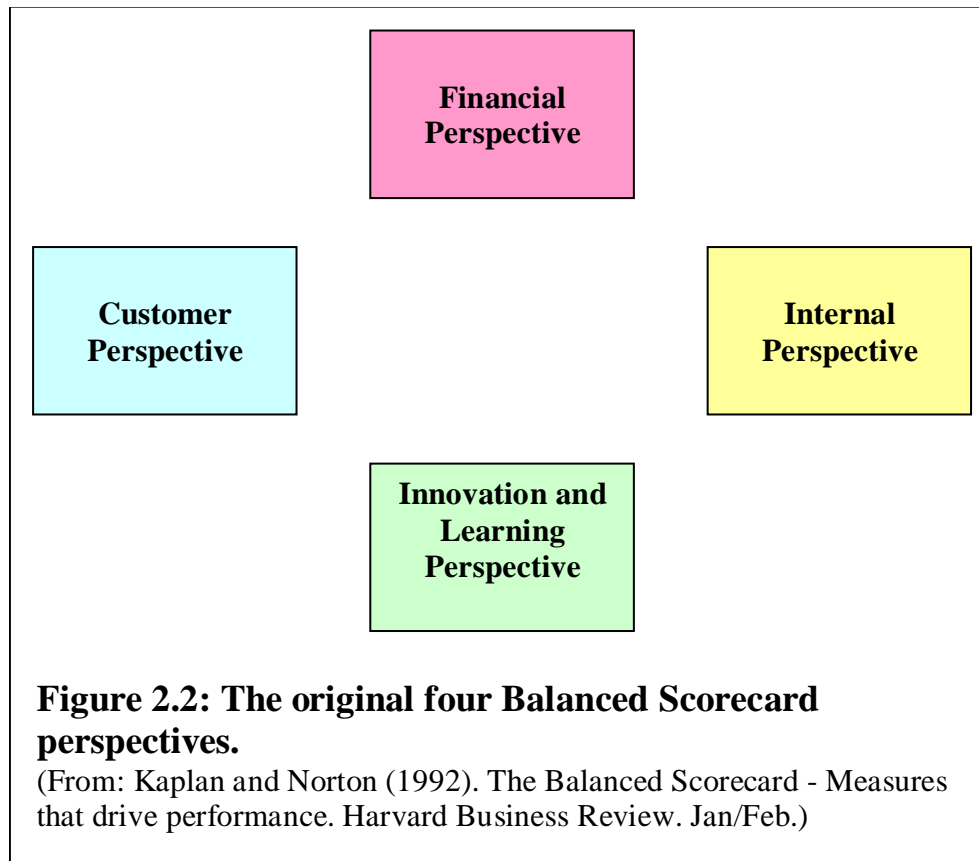
These four perspectives were to drive the short and long-term actions of the organisation through the use of a balance between leading and lagging indicators. [30] The financial perspective would concentrate on historical issues in terms of financial results and would examine how the key financial stakeholders view the organisation. The innovation and learning perspective would concentrate on the ability of the organisation to sustain itself into the future by developing future capability. This leaves the customer and internal business perspectives to concentrate on issues that are fairly current. Thus the customer perspective examines meeting and exceeding customer expectations. The internal business perspective looks at current processes to ensure these are efficient and effective, eg in relation to producing output. This can be represented as shown in Figure 2.3:

Figure 2.3: Time perspectives of the four Balanced Scorecard perspectives.
(Adapted from: Olve, N-G. Roy, J. and Wetter, W. (1999). Performance Drivers - A practical guide to using the Balanced Scorecard. Published in Swedish in 1997, English translation published by Wiley. Page 6.)
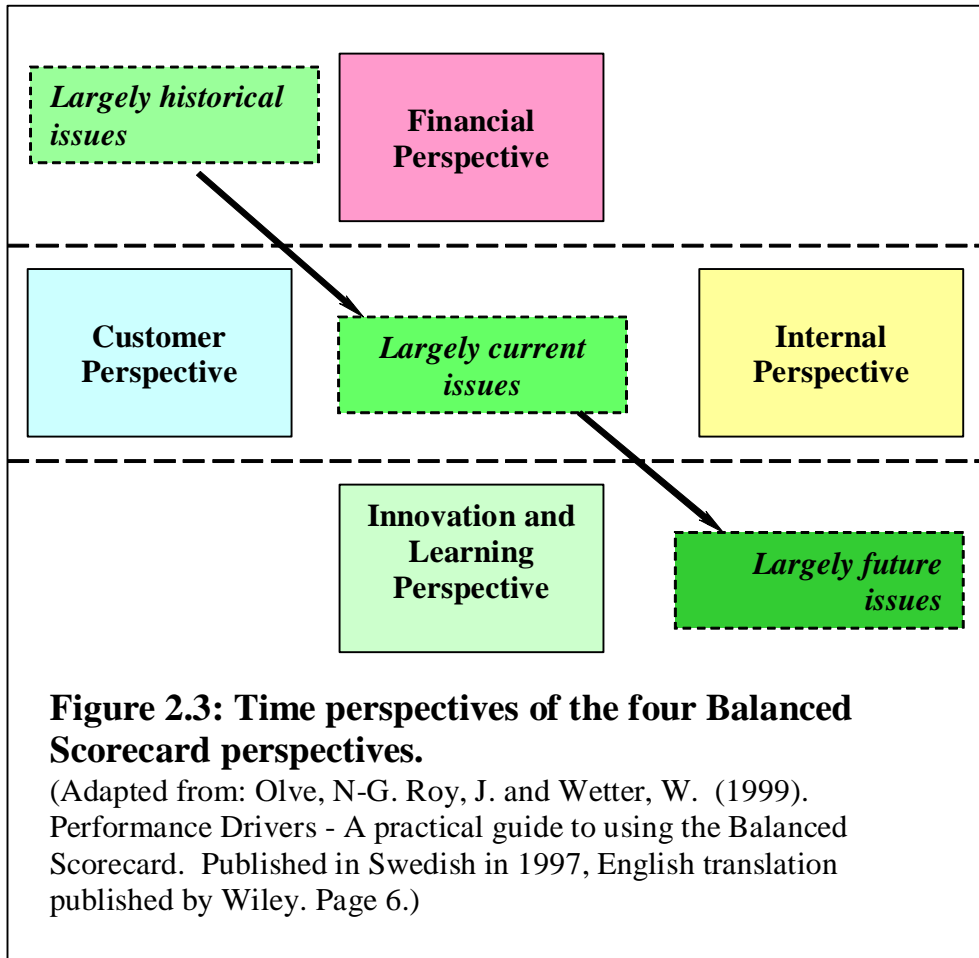
Early on in the development and implementation of the Balanced Scorecard, companies argued that the Innovation and Learning perspective did not reflect the way that their companies operated. Change was seen as an integral part of the business process, as the organisation searched for improvements. Change was therefore integrated into internal business process rather than a distinct and separate activity. A separate innovation and learning perspective was seen by some to be inappropriate. Kaplan and Norton responded to this by adapting their original proposals. The innovation and learning perspective therefore became the Learning and Growth perspective. So, whilst product or process development could be covered by the internal process perspective, it did not fully embrace the "learning" issues for organisations or individuals. [31] Niven refers to this as the "Employee Learning and Growth" perspective. [32] This too may be rather narrow.

As already indicated, it is important to recognise that the Balanced Scorecard represents a framework and it is not a prescriptive tool of the manner of the EFQM Excellence Model. The EFQM Excellence Model measures organisations against an assessed common standard that aims to articulate good practice in business. [33] The Balanced Scorecard must reflect the individual needs of each different organisation that uses it. Consequently there is a need for tailoring. Indeed Kaplan and Norton acknowledged the requirement to adapt the Balanced Scorecard to meet local needs and aspirations. Therefore, if a scorecard is to be successful, key concepts highlighted by Kaplan and Norton do need to be addressed. In particular, the scorecard must be "balanced" to reflect long and short-term issues as well as ensuring that the full breadth of business activity is properly reflected. For example M G Brown comments,

> *"What I like about the Kaplan and Norton model is that it asks for measures of innovation, learning, and growth; company scorecards often neglect measures in these areas. Furthermore, all of their measures focus on past and present time periods."* [34]

Failure to adopt the key principles could well lead to a set of measures being arranged in, say, the four usual perspectives and thus purport to be a Balanced Scorecard without providing any of the benefits claimed for the Balanced Scorecard.

The fact that the Balanced Scorecard is so flexible adds to the complexity of the implementation. Whilst there are fairly standardised methodologies and processes for implementing the Balanced Scorecard, the individuality of requirements and outcomes means that each implementation is unique. Consequently the degree of learning about the implementation of Balanced Scorecard from individual implementation processes for a Balanced Scorecard will be limited compared to implementing a standardised rigid model. But in contrast, the potential to learn about the Balanced Scorecard from each implementation is much greater, because different issues may need to be addressed. This is illustrated in Figure 2.4 below.

Figure 2.4: Learning from implementation of different types of management tool.
(Source: Author.)
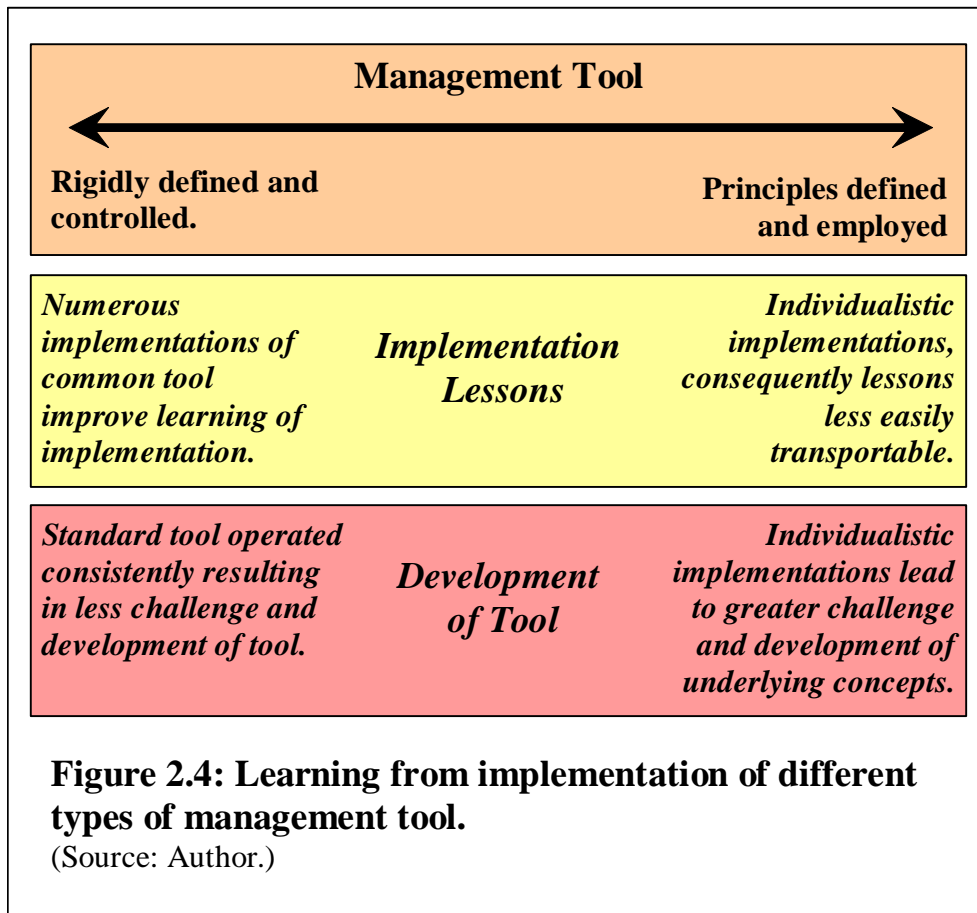
Thus the Balanced Scorecard is a flexible management tool that is complex to implement, because each implementation is different. As will be seen, in due course, the format of the Balanced Scorecard may even change provided basic principles are adopted. In the following sections the key issues of:

- Strategy and internal communication,
- Performance Indicators,
- Reward,
- External communication,
- Business plan,
- Breakthrough performance,
- Linking to resourcing and management processes,

will be discussed and developed.

4.   The importance of strategy and internal communication in Balanced Scorecard concepts.

A key issue in the development of a Balanced Scorecard for an organisation is that of the vision and strategy, which Kaplan and Norton saw as being at the heart of the Balanced Scorecard. [35] *"A mission statement defines an organisation's purpose. It is not the same as a vision statement, which focuses on the future and defines what a company wants to become."* [36] The Balanced Scorecard is a tool for monitoring achievement against targets and aims. Consequently these targets and aims must be agreed before the scorecard is constructed. Without agreement and consistent focus the Balanced Scorecard will only serve to destroy the organisation as individuals drive it towards conflicting aims.

However, it has to be said that the true strategic nature of the Balanced Scorecard really only emerged later in Kaplan and Norton's writings. For example in early 1996 they wrote, *"Recently we have seen some companies move beyond our early vision for the scorecard to discover its value as the cornerstone of a new strategic management system."* [37] Thus having established the concept in their earlier works, the strategic perspective becomes the focus of their message in later works. [38] They also start their second major work outlining the need for effective strategy implementation rather than good strategy. [39] The importance of strategy implementation is highlighted by research reported by Becker, Huselid and Ulrich,

> *"Strategy implementation is more important than strategy content. A 35 percent improvement in the quality of strategy implementation, for the average firm, was associated with a 30 percent improvement in shareholder value. A similar improvement in the suitability of the strategy itself had no effect on firm performance."* [40]

Kaplan and Norton attribute the problem of poor strategy implementation to the lack of strategy measurement tools in the modern knowledge based business environment. [41]

Argyris and Schon articulated the concept of double loop learning in 1991, as illustrated below in Figure 2.5. [42] Essentially they have defined the traditional feedback loop as the first loop, where plans are implemented, monitored and adjusted in order to ensure that action achieves the original intention. Double loop learning takes the process of learning from the outcome of actions a stage further. It seeks to understand why the actions planned and implemented did not achieve the original aims, and therefore whether the original aims are achievable by the planned route, or whether the aims themselves should be adjusted. Thus it is not simply the tactics employed that are challenged but the strategy itself. Clearly this strategic learning is essential if organisations are to be successful. Employment of a strategy that fails to achieve its overall objectives is flawed. The danger is that if the strategy itself is not reviewed, resources required to achieve the aim will be adjusted, when an alternative strategy may more easily achieve the aim. Kaplan and Norton capitalise on Argyris and Schon's ideas as supporting their concepts for use of the Balanced Scorecard stating,

> *"Improving existing operations to achieve pre-specified strategic goals is a good example of single-loop learning. But companies are starting to use the Balanced Scorecard to extend their operational and management review processes into a strategic learning process, which extends single-loop operational learning to double-loop strategic learning at the management team and SBU level."* [43]
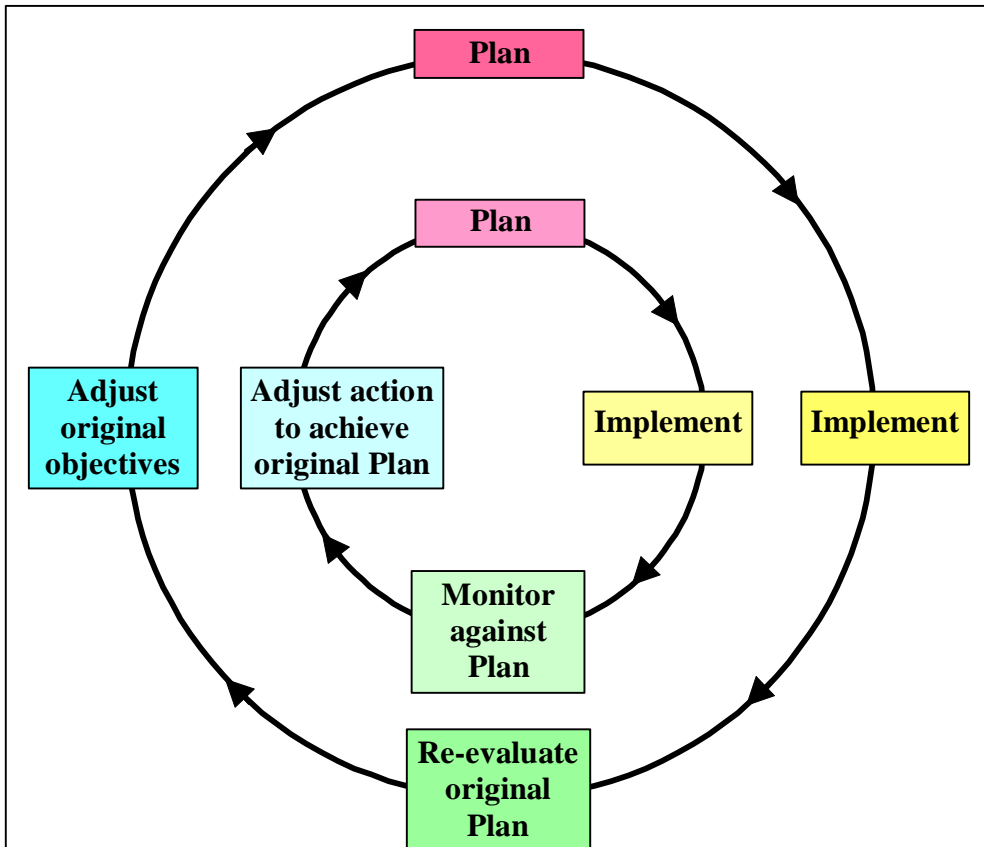
Figure 2.5: Double loop learning.
(Developed from the ideas of Argyris and Schon as articulated by
Kaplan, R. and Norton, D. (1996). The Balanced Scorecard:
Translating Strategy into action. Harvard Business School Press.
Page 20.)

A Brown articulates single and double loop learning at a much more simplistic level.
Brown sees single loop learning as incremental improvement, and double loop
learning as innovation. [44] There is probably a degree to which this does apply but this
does appear to miss the fundamental principles referred to by Kaplan and Norton.

Kaplan and Norton highlighted the Double Loop Learning concept in order to stress
the need for strategic learning. Their clear aim was to encourage learning about
strategy development not simply strategy delivery. Delivery of the wrong strategy
may be damaging to an organisation in the same way as is failure to deliver the
articulated strategy. Thus strategy development is an ongoing process driven from
achievement of current business activities. However, whilst Becker, et al, highlight

the benefits of delivering a poorer strategy over failure to deliver a strategy at all, double loop learning will aid the improvement of strategy as it is implemented. Within this there is inevitably a need to understand the external environment to ensure that the organisation adapts its actions and strategy to change needs and circumstances. The Balanced Scorecard, if used according to Kaplan and Norton's developed thinking, will articulate the internal issues and thus prompt examination of the external environment.

The Balanced Scorecard is also seen as a key communication tool of the organisation's strategy. This is because the Balanced Scorecard should reflect the key actions required in pursuit of the strategic plan. The one page representation of strategy and performance must provide clarity of objectives for the organisation. In so doing it helps to orientate the activities of all employees towards these commonly stated objectives. However, for many staff, particularly in large organisations, the overall objectives of the organisation may be too remote. This would be particularly so in conglomerate organisations where overall objectives may have no focus into the lower levels of any subsidiary organisation. Consequently it is beneficial for the scorecard to be broken down at lower levels to provide clear articulation of the contribution each lower level makes to the overall objective. Clearly the linkages between the scorecards at different levels need to be understood. If these relationships are not articulated individuals may become isolated from the wider organisation and its objectives.

5.   The importance of the Performance Indicators in Balanced Scorecard concepts.

The development or selection of the Performance Indicators (PIs) is important because these are the substance of the Balanced Scorecard. Kaplan and Norton argue that the number of PIs used should be kept to about 15 to 20 linked measures, in order to keep the focus on key issues. [45] Because the aim is to keep the number of PIs to a minimum it is essential that they are carefully designed.

An early issue underlying the development of the Balanced Scorecard was the desire to overcome the domination of standard financial measures used as business measures and drivers. [46] These standard PIs allow comparisons to be made with other organisations externally, and internally between departments or business proposals. This will be important for investment decisions. However, the Balanced Scorecard is meant to serve a different purpose: a monitor of achievement against a strategic agenda. [47] Therefore, since all organisations are unique, each scorecard should be unique too. This might imply that all the measures used in the scorecard or, at the very least, the combination of measures in the scorecard would be unique. However, in their book *"The Balanced Scorecard: Translating Strategy into Action"* Kaplan and Norton spend some considerable space discussing the typical type of performance measure that might be included in a scorecard. M G Brown [48] and Olve, Roy and Wetter[49] also employ this tactic. The implication is that there is a core set of performance measures that organisations can draw on to change and adapt for their own particular circumstances. Indeed, although the Balanced Scorecard concept seeks to move organisations away from an over-domination of traditional financial measures, it is likely that at least some such measures will appear in the financial perspective of many organisations. This is because these traditional measures will continue to have some importance and relevance outside of the organisation, ie they will continue to be business drivers. Thus, in reality, whilst organisational scorecards will probably be unique, some of the individual measures may occur in other scorecards.

A key example of such repetition of performance measures will be where an organisation breaks its scorecard down to lower level business units that perform similar functions. In such instances the measures may be the same but the targets and achievement will vary. For example, a large retailer that breaks its Balanced Scorecard down to store level may have many of the same performance measures in the parent and subsidiary level scorecards.

One of the temptations perceived by Kaplan and Norton for those developing a Balanced Scorecard is the potential for people to take the easy option and merely

specify performance measures for which data can be easily collected. This has the advantage that the system is cheaper to run. Niven highlights a related issue, *"Taking an existing group of measures and placing them into conveniently predefined perspectives does not a Balanced Scorecard make."* [50] He goes on to highlight that it is essential to have measures that specifically relate to, and assist in the delivery of, the strategy. However, the danger is that reliance on past PIs will fail to highlight what it is important for managers to focus on in future decisions and management actions. Also obsolete measures will engender the wrong behaviour in employees, who will concentrate on delivering more of the output being measured by management. The result is that such indicators will show improvement whilst overall the organisation performance may be declining.

Thus whilst the use of surrogate measures should not be ruled out, they should be used with caution. In some instances it may be impossible to obtain the required data, particularly in respect of leading indicators. In such instances everyone must understand why a particular measure is being used. Clearly there is a balance to be struck between the cost of collection and the utility of the data used for a balanced scorecard measure.

Similarly there is discussion about the use of complex measures that combine a number of components to help reflect a broader range of issues than would be reflected by a single source data set. Here the danger is that combining different data streams could:

- Hide what is actually happening in some key area, ie one improvement may more than offset a decline in performance in another data set.
- Produce a performance measure that is not properly understood and which consequently promotes wrong behaviour that is detrimental to organisational interests.

Nevertheless, performance measures that are combined to produce a complex composite indicator should not be ruled out since this may be an effective way to

highlight trends. It must be remembered in this context that the users of the Balanced Scorecard may not all be management who will be used to dealing with complex data. The cascade of scorecards down to individuals and working groups is advocated; therefore it is essential that all staff can readily appreciate even the complex performance measures. Without positive understanding it will be impossible to engender, or maintain, appropriate behaviour based on feedback of achieved performance.

However, the selection of an appropriate performance measure may not be a simple task. This may be particularly true in the early stages of development and use of the Balanced Scorecard. In such instances Kaplan and Norton advocate the used of narrative as a substitute. The expectation is that over time the narrative will start to highlight what are perceived to be the key issues in relation to the performance against the relevant strategic issue. The narrative would thus harden into measurable data over a period of time.

Several adages have been used in the literature to emphasise the importance of selecting and reporting the right issues. *"What gets measured gets done"* [51], "You are what you measure" or *"What you measure is what you get"* [52], these emphasise the important relationship between measurement, reporting and the subsequent action. This clearly links with the issues on reinforcing desired behaviour through the reward system. "Measure what is important not what is easy to measure" emphasises the cost of producing a worthwhile reporting system, and thus implicitly the dangers of having a low cost system that does not add value to management process. Nevertheless, Brown raises an interesting issue. He argues that you should not measure what you already know. [53] Doing so is a waste of resource. However, this raises the question that if something is very important, and you are not measuring it because it is already known (in general terms), do you end up distorting the picture and misleading people by presenting an unbalanced picture? In such circumstances the overall needs of the business must take priority, but perhaps there is no need to measure in great detail in such circumstances, ie just present aggregate data. However, measurement is not the total solution,

"If measurement alone changed behaviour, there would be no fat people, no one would smoke, and everyone would exercise, because all of these behaviours and their results can be easily measured." [54]

Another issue to consider when building the Balanced Scorecard is that of the frequency of reports. This is an issue for any management reporting system, but because of the wider issues involved here it may be more important for the management information systems developed to support the Balanced Scorecard. It is also an issue that will vary with the nature of the business. The expectation might be that in a volatile business environment reporting periods would be shorter in order to increase the frequency of reports.

However, again it is necessary to emphasise that the purpose of the Balanced Scorecard may be different from the management reporting systems used historically. Such systems tend to have reported short-run, historic information (ie lagging indicators) and thus management have responded reactively. The Balanced Scorecard aims to address long-term strategic issues, and should contain a reasonable proportion of leading indicators. This more forward-looking approach suggests a less reactionary approach to management issues is appropriate. Proactive management will probably be less interventionist because the cause-and-effect model underpinning the Balanced Scorecard will provide better guidance of what action is required and when.

Srinivasan [55] emphasises the need for the Balanced Scorecard to be balanced. He sees this as a key issue in the approach to the organisation's strategy. Whilst mentioning particularly the "financial" versus "non-financial", and "outcome" or "results" versus "performance drivers" or "process" dimensions, it is also clear that he believes that all aspects of the organisation's strategy need to be balanced if a successful scorecard is to be constructed. Nair provides a simple mechanism to help ensure that scorecards are properly balanced; using graphical presentational techniques on four different competing perspectives. [56] Failure to build balance into the scorecard would lead to a

vicious circle of decline due to a lack of investment in process and customer perspectives failing to produce adequate short-term financial returns, leading to a demoralised workforce who are unable to effectively utilise the declining discretionary investment in the future organisation. Thus Srinivasan might be seen to be supporting Kaplan and Norton's arguments that it is not the structure of the scorecard that is important, but that it is balanced. He argues that a "balanced" scorecard will support a virtuous circle of investment in the future of the organisation, which results in better services and relations with the customer, which in turn produce better financial results resulting in improved internal stakeholder morale resulting from increased internal investment that will facilitate capitalisation on investment in research and development.

6.   The importance of reward in Balanced Scorecard concepts.

In their second major work on the Balanced Scorecard, Kaplan and Norton introduce the concept of Strategic Maps. These are designed to help build and communicate the organisation's strategy. They then plot the translation of organisational mission into a hierarchy of desired outcomes. [57] This hierarchy moves from the low level, "What I need to do", to the high level concept of, "Why we exist". Neuro-Linguistic Programming embodies a comparative hierarchy of communication, starting at the low level of environmental interaction through to the high level of spiritual issues about fundamental questions of purpose and existence. [58] This is illustrated at Figure 2.6 below.

Figure 2.6: NLP Logical levels.
(From: O'Connor, J. and Seymour, J. (1995). Introducing NLP. Thorsons.)
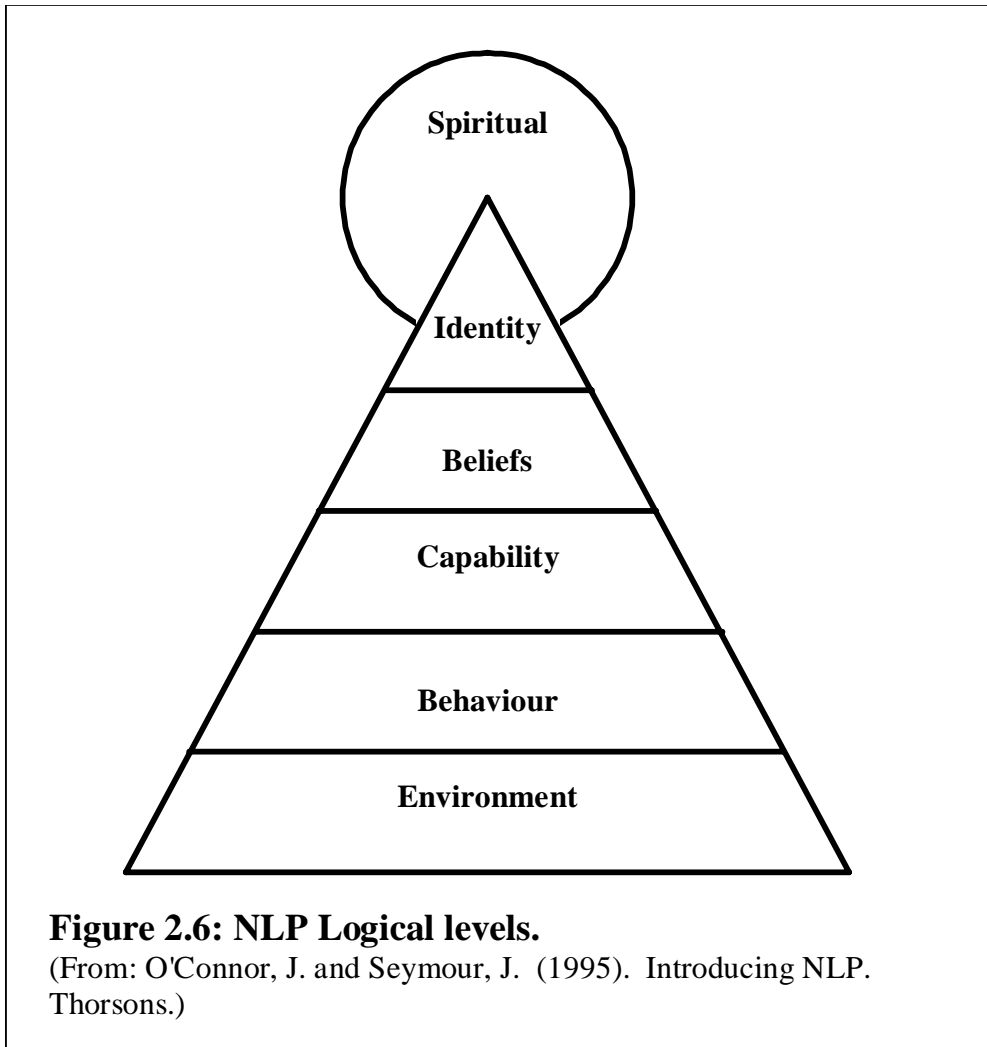
Referring to this model developed by Dilts, Seymour and O'Connor argue that if an individual is to change their actions and beliefs at one level there must be effective communication at a higher level.

> *"Change on a lower level will not necessarily cause any change on higher levels. A change in environment is unlikely to change my beliefs. How I behave may change some beliefs about myself. Change at a higher level will always affect the lower levels. It will be more pervasive and lasting. So if you want to change behaviour, work with capability or belief. If there is a lack of capability, work with beliefs. Beliefs select capabilities which select behaviours, which in turn directly build our environment. A*

supportive environment is important, a hostile environment can make any change difficult." [59]

This suggests that in order for organisations to get employee buy-in to their strategy there needs to be clear communication at a deeper, ie higher, level than simply telling them what to do. A Brown also highlights the need for cognitive and behavioural changes if individuals are to be actively involved in supporting cultural changes. [60] Using the Balanced Scorecard to communicate must therefore be viewed in-terms of improving the psychological buy-in from the employee to the organisational activities and processes. The question is whether such commitment can be obtained from careful communication, or whether it has to be reinforced by financial reward: a topic discussed below.

In some organisations the cascade of the scorecard is taken to the ultimate level with small groups of workers or even individuals having their own scorecard. This provides even greater clarity and direct linkage between action and contribution to the overall outcomes. Individuals can thus be set personal objectives inline with organisational needs and objectives.

Reporting against the Balanced Scorecard objectives enables individuals to understand what progress is being made towards strategic aims. By monitoring and reporting against lower level and personal scorecards contribution to strategic aims is articulated for the staff in a much clearer way. Indeed, the strategic aims should also be more clearly visible and understood. This in turn will promote consistency of action and direction across the organisation. Thus the Balanced Scorecard can play a significant role in the overall internal corporate communication strategy.

A key principle articulated by Kaplan and Norton is that, if individuals are to work towards organisational goals, they must not only understand what is required they must also be given financial incentives. *"Alignment of the organisation towards the strategy must ultimately be motivated through the incentive and reward systems."* [61] The issue of reward linked to the Balanced Scorecard is a complex and difficult topic,

and the somewhat categorical position adopted by Kaplan and Norton cannot therefore be supported. Some would argue that man is an economic animal and will respond best to reward, particularly financial reward, positive KITA. [62] Kaplan and Norton would probably fall into this camp, since they make a number of references to the work of Kerr, which advocates aligning reward systems with organisational goals. [63] Others argue that intrinsic reward is more important than extrinsic reward. [64] Herzberg argues for job enrichment through addressing positive motivational factors such as responsibility, recognition, personal achievement, growth and learning. [65] Niven argues the case for and against intrinsic reward, [66] before going on to demonstrate how the Balanced Scorecard can be used effectively to support a financial reward structure.

> *"The debate over intrinsic versus extrinsic rewards and motivation has been raging for decades. Intrinsic rewards may produce fulfilment and a sense of price, while extrinsic rewards hold the possibility of sharpening our focus on what must be done in order to succeed."* [67]

Kaplan and Norton themselves highlight one public sector organisation where significant improvements were made using the Balanced Scorecard without any linkage to compensation. [68] However, the underpinning principle here is that the Balanced Scorecard has to become an all pervasive management tool and philosophy. There is a strong belief underpinning the Balance Scorecard philosophy that, *"What you measure is what you get"*. [69] The fact that an aspect of performance is constantly measured should send signals to the workers that this is what management deems to be important, and staff will thus concentrate on producing what is required. Thus the necessity for reward systems to reinforce what individuals already know is unclear. The suggestion, from the Department of Energy Procurement case cited by Kaplan and Norton, and implicit in the title of Kerr's work, is that, provided the people are not rewarded in a manner too inconsistent from organisational goals, specific incentives to achieve organisational goals are not required provided people are

correctly motivated and orientated. This reinforces the NLP concept that people will act in accordance with their identity and beliefs.

In many instances the measures included in the Balanced Scorecard will be different from those traditionally used. This goes back to the underlying principle that a key aim is to promote longer-term views of the organisation based on a broad perspective of activities and actions, rather the short-term focus on the financial indicators. This is why a degree of internal conflict may arise if the reward structure for employees continues to be linked to the long-standing financial objectives. In such circumstances individuals will continue to pursue objectives that increase personal reward rather than the corporate good. Previous financial objectives may actually be counter to the new organisational objectives. Consequently management may find their strategic objectives, as articulated through the Balanced Scorecard, are frustrated.

Reorientation of staff effort is theoretically achieved easily by building a reward structure linked to the Balanced Scorecard. However, in practice, this may not be easy. Financial objectives are usually fairly easy to measure and relate to a financial reward structure. Balanced Scorecard objectives represent a wider range of issues that may or may not be easily linked to financial outcomes. Because some objectives, particularly those in the learning and growth perspective of the scorecard, are longer-term measures, the short-term impact may be detrimental to the short-term financial position. That is, effectively the organisation will be starting to reward individuals for taking action that reduces short-term profitability, such as rewarding investment in training that will not benefit the organisation until it is completed.

Another aspect of this problem is that staff will contribute to more than one perspective of the scorecard. Therefore reward structures then start to become multi-dimensional. It is inevitable that some aspects of performance will be easier to achieve than others. Where there are trade-offs between various scorecard measures there may be a temptation for individuals to try to manipulate the reward system for their own personal advantage, with suboptimal results on overall organisational

performance. For example, if the reward structure does not properly balance reward between short and long-term issues, managers might deliberately choose to invest effort in improving short-term financial performance to gain greater bonuses, but at the expense of long-term prospects.

The reward system will thus be complex if it has to reflect achievement against a wide range of measures, reflect the relationships between these measures, and perhaps even place bounds on the required performance. Kaplan and Norton thus found a degree of reluctance among organisations to replacement of existing reward systems that were fairly simple and easy to operate, as well as being well understood by employees. [70] Introducing a new reward system linked to the Balanced Scorecard will be difficult because:

- It will be complex and thus difficult and expensive to administer.
- Uncertainty on the part of the company on the benefits and impact, including cost of bonuses, resulting from the new system.
- There is likely to be resistance from employees because of a dislike of change, uncertainty over the likely rewards, uncertainty of the linkage between action and reward, perceptions of reduction in the ability to manipulate the system in order to gain reward.

There will also be concerns about the developmental nature of an early Balanced Scorecard. Even though the Balanced Scorecard may take two years to develop, there is a significant prospect that there will be subsequent changes. These may result, for example, from changes to objectives resulting from strategic learning. The probability of these changes may make management reluctant to build a new reward system that is likely to change within a short space of time. Because there is likely to be a degree of scepticism about the Balanced Scorecard, and there is a recognition that the scorecard will change over time, management may be reluctant to make an early change in the reward system; preferring to wait until they have experience and confidence in the future of the scorecard. Olve, Roy and Wetter highlight issues in this area because, whilst management must seek to reward behaviours, the outcome of

the required action may not materialise due, for example, to external environmental change. [71] It might be anticipated that this will happen more with an immature cause-and-effect model, but it still represents an additional cost with no benefit. In such circumstances management must not be seen to renege on its commitment to the new reward system or it will lose the commitment of the employees.

Conversely management can demonstrate strong commitment to their Balanced Scorecard by making a firm commitment to a new reward system based on the scorecard. Otherwise there may initially be a feeling among many workers that the Balanced Scorecard is just another management fad.

7.   The issue of external communication in Balanced Scorecard concepts.

The previous sections have already talked much about the importance of communication in relationship to the Balanced Scorecard. This section goes on to explore this issue in more detail in relation to its potential for use in external communication.

Internally the Balanced Scorecard is used to direct action and communicate with employees. Required action may need to be reinforced through the use of reward systems. However, the question is raised that if the Balanced Scorecard is so fundamental to internal management process, does it also have a role externally? Clearly in the past the use of financial ratios were used both internally and externally to assess achievement. If an organisation using the Balanced Scorecard internally to direct management activity were to continue to be monitored externally using traditional financial ratios there is considerable risk of mismatch of expected outcomes. Two issues are raised in relation to using the Balanced Scorecard externally to manage expectations of desired or anticipated outcomes:

- **Comparability –** One of the main reasons financial ratios are used in assessing organisational performance is that they provide standard means of comparing one organisation with another. This is particularly important for

investors in a company who will be deciding between the performances of various companies in order to find the organisation with the best return, compared to their needs: eg capital growth or income. Clearly such comparability is best achieved in the same business sectors where risk is consistent. But financial ratios can also be used to compare different business sectors. On the other hand, Balanced Scorecards will be specific to individual companies since, even within the same business sector, they can be expected to have different objectives and different strategies for achieving them. This means that Balanced Scorecards cannot be used in an objective manner for comparison purposes between different organisations. The likelihood is therefore that markets and investors will continue to assess organisations using traditional financial measures. Visibility of the Balanced Scorecard externally will merely provide information for subjective analysis. However, it is also argued that financial and accounting data is of diminishing value in assessing organisational performance and prospects. Therefore, particularly for investment purposes, Balanced Scorecard information represents a much better basis for assessing likely performance, even if it has to be done on the basis of subjective comparison. [72] As Olve, Roy and Wetter go on to point out, there must be debate about who can actually usefully use the data presented. [73]

- **Visibility** – Whilst exposure of the Balanced Scorecard externally will enable (potential) investors and markets to assess the organisation's potential future performance, the same is true for competitors. The Balanced Scorecard, in order to be truly effective, should make the organisation's strategy transparent. [74] The reason for this is that it has to provide employees with clear guidance on requirements. However, once the Balanced Scorecard is available outside the organisation it will only be a matter of time before competitors see it. They will then have a clear picture of their competitor's strategy and can adapt their own strategy to undermine that of the opposition. The original strategy will therefore fail to deliver the anticipated results and will need to be changed.

Thus these two issues suggest that there is no great value in revealing the Balanced Scorecard externally. Nevertheless, it is argued that external visibility of the scorecard may have benefits:

- **Controlled release** – External visibility of the Balanced Scorecard as part of a business case in support of, for example, a loan application should help give visibility of intended action and thus help build confidence. In such circumstances the information remains subject of customer/client confidentiality and should not get into the hands of potential competitors. Release may therefore be beneficial in such circumstances.

- **Open access** – Similarly, in order to attract investors and ensure that they have confidence in the long-term performance of the company, information on business plans must also be revealed. Since the Balanced Scorecard best represents that information it is a logical medium to be used to provide visibility. Revealing such information would enable investors to make informed decisions about the long-term security of their investment and on the likely returns to be made. However, as already discussed above, such open access, including almost certainly to competitors, is likely to be counter-productive. It would be necessary to tailor or limit the information released such that it gives broad indications without giving too much specific detail. This might be done by summarising or generalising information, or by leaving out key components of the Balanced Scorecard. Clearly in such circumstances the information revealed reduces in value to investors as well as competitors. A balance needs to be struck between the level of information released and its value to the company and its value to the different stakeholder and competitor groups.

- **Lack of competition** – Where there is no competition, for example in public service monopoly, the release of the Balanced Scorecard may be an effective way of helping to articulate organisational direction or achievement. This could facilitate public debate and thus empower the population, giving them greater ownership or involvement of the strategic direction of the organisation.

In summary, whilst some would advocate the release of the Balanced Scorecard to external bodies, care must be exercised over the value of the information and the potential losses or gains that might result. This perception that the Balanced Scorecard has internal value that might be destroyed by external release is one possible reason why it can be difficult to obtain details about an organisation's Balanced Scorecard. In particular, few commercial organisations openly publicise their Balanced Scorecard or allow its contents to be revealed even in academic publications. Indeed, Olve, Petri, Roy and Roy highlight that they have uncovered a new issue; the need to limit the availability of Balanced Scorecard information within commercial organisations to avoid staff being accused of "insider trading" if they buy or sell shares in their own company. [75] In contrast, the benefits of public release may be greater for public or not-for-profit organisations.

8.   The importance of the business plan and model in Balanced Scorecard concepts.

Once the overall objectives are agreed and it is clear what these are, they will need to be expressed in individual measurable goals. Plans will need to be developed that aim to achieve these goals, and interim targets will need to be set to ensure that progress is according to expectations. [76] It is during this phase that work will certainly need to begin to involve middle and lower level management. This is because at this stage issues begin to move from the strategic to the tactical. Consequently there is a need for an education programme. Here the issues will be aimed at ensuring that the Balanced Scorecard concepts are accepted and not treated as just another management fad. Potentially too the changes will challenge existing processes, authorities and comfort zones of familiarity. For example, in order to monitor the achievement of the tactical plans proposed, new measurements may be required involving new data sets. This would require additional work to set up new data flows and processing capabilities. However, this is essential if the true measures of achievement are to be used.   Therefore performance measures will not only need to measure the achievement of the long-term strategic goals, but measures will also need to determine the degree of progress against the plans being used to achieve those goals.

"An effective scorecard or set of metrics includes a few strategic measures that link back to the plan, but most of them tell the executives and managers how the organisation is performing on a daily or monthly basis" [77]

Kaplan and Norton argue strongly that the measures and plans need to be built into a business model. This enables management to determine the "cause-and-effect" relationships between various issues. [78] Thus there should be greater understanding of the business operations and the environment in which the organisation operates. The model is key to assessing the interaction between the tactical plans designed to achieve the individual goals, and also to assessing the effectiveness of the proposed strategy. This is likely to be a complex task. Relationships between different actions will neither all be linear or positive. Once the model has been produced it can be used to help test the whole vision on an ongoing basis to aid understanding of internal and external pressures and changes in relationships over time that might indicate the necessity for a change of plans or strategy. Olve, Roy and Wetter support the idea of creating a cause-and-effect model, *"... it is a natural idea to try to create a model showing how the different measures in our scorecard are interrelated"*. [79] They also highlight that the cause-and-effect model is a key tool for learning about the strategy, but they also report that they had not found examples of the model being used in any rigorous way for scenario testing. [80] This suggests that the cause-and-effect model is not being used significantly as a learning tool. At the Halifax Bank the tendency to perceive the different perspectives as independent was overcome with "Theory Z" (see Figure 2.7 below), which is effectively a high-level cause-and-effect map. [81]

Figure 2.7: Halifax's "Theory Z".
(Olve, N-G. Roy, J. and Wetter, W. (1999). Performance Drivers - A practical guide to using the Balanced Scorecard. Published in Swedish in 1997, English translation published by Wiley.
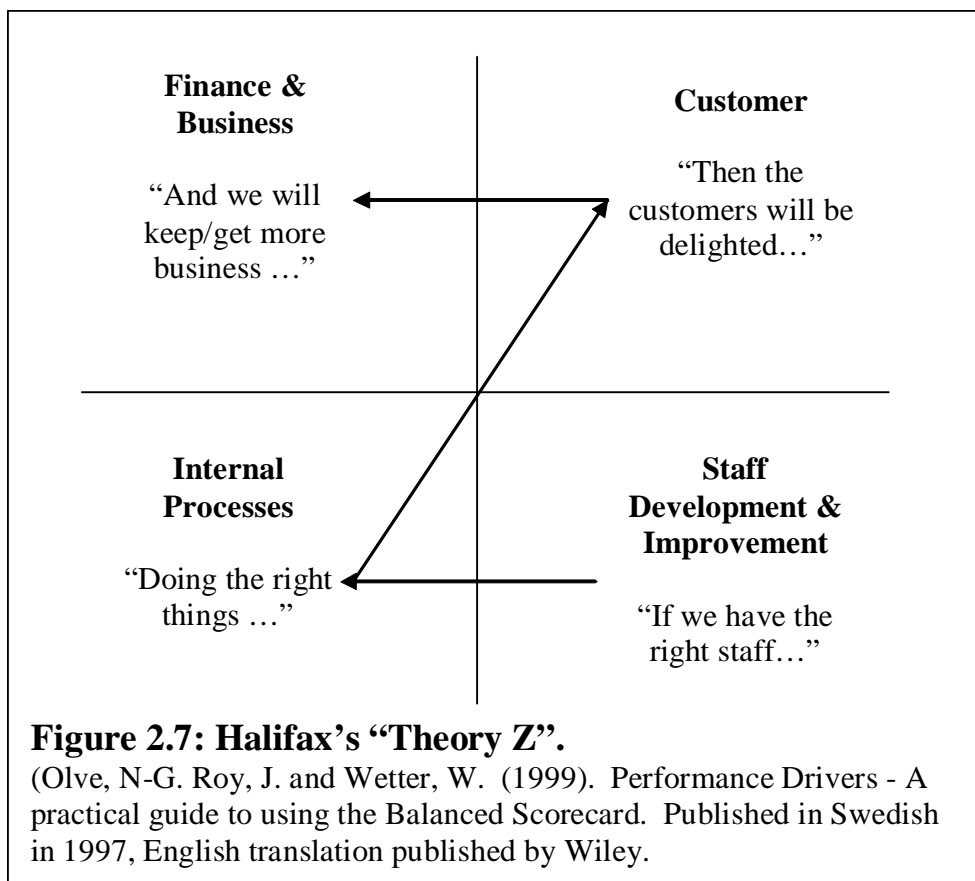
Selection of candidate measures to be used will also enable work to start on building the Balanced Scorecard. The arrangement of the measures can be customised to the individual organisation but the scorecard should conform to the original concepts and ensure that the four perspectives are properly addressed. Consideration will need to be given as to what measures most adequately reflect the requirements. This may necessitate the construction of new measures rather than using existing data. Clearly such changes will need to recognise not only the cost but also the practicality of obtaining the required information. It may therefore be more cost effective to use a proxy or surrogate measure. Some measures may be compound indicators combining several data streams. In such instances it must be clear to users what is meant, where the data comes from and how it is combined. The difference between leading and lagging indicators will also need to be recognised. Lagging indicators will indicate historic trends. Leading indicators will provide information about future trends. In some instances objective measures will not be available. In these instances a subjective narrative record might be included until such time as it has been possible to

determine an appropriate objective measure. The aim will be to select 15 to 20 key indicators that best reflect and measure the strategic objectives and the progress towards achieving them. Once constructed the scorecard will need to be approved by the management board/directors.   Interestingly, while some see the financial dimension as historic, the learning and growth as future orientated and the other perspectives as focussed into the present, there is an alternative view. M G Brown suggests that future perspectives should be included throughout the scorecard and that all but the learning and growth perspective should include current and past perspectives also. This is to enable the organisation to determine its effectiveness at achieving its current mission, as opposed to future vision. [82]

9.   The importance of Breakthrough Performance in Balanced Scorecard concepts.

In recent years there has been some advocacy of the benchmarking concept, which aims to drive improvement programmes through a process of matching process and results of higher performing organisations as measured by standardised performance measures.   The quality programmes, including the EFQM Excellence Model, emphasise this as a means of helping to gain improvements.

When developing a Balanced Scorecard, organisations will need to consider how they intend to use the scorecard to drive change. Benchmarking is one process that can be considered. In such an instance there may be a need to select performance measures that facilitate inter or intra-organisational comparisons.   Alternatively, the organisational uniqueness may be recognised by the development of the most appropriate performance measure for the organisation, in isolation from other internal or external performance comparison issues. The arguments for using benchmarking are that if other organisations can perform the same functions more efficiently and effectively then copying the way that they undertake these functions should result in performance improvements.

In contrast it is argued that this means the benchmarking organisation will never outperform other organisations in individual business processes. Using this strategy therefore will not enable organisations to create the defining differential performance that enables the organisation to be distinctly different and thus excel. Kaplan and Norton refer to this as the "breakthrough performance": later defined by Norton as where, *"... somebody moves on* [a] *quartile in terms of competitive performance within two years"*. [83] Kaplan and Norton acknowledge the potential benefits of benchmarking, whilst also highlighting some of the problems. On the one hand they acknowledge that it can be a useful means of driving performance improvement. [84] However, they are also quite critical of benchmarking,

> *"Unfortunately, benchmarking is one of those initially good ideas that has turned into a fad. About 95% of those companies that have tried benchmarking have spent a lot of money and have gotten very little in return. And the difference between benchmarking and the scorecard helps reinforce the difference between process measures and output measures. It's a lot easier to benchmark a process than to benchmark an output."* [85]

Essentially the issue is that benchmarking will perhaps highlight that breakthrough from existing poor performance is possible by copying other more effective organisations. Nevertheless, this may not give competitive advantage, and indeed copying other organisations may help drive towards outcomes that are not compatible with the organisation's strategy. The emphasis must therefore be on new ideas. M G Brown also cautions against the benchmarking process because to use it effectively requires careful research and appropriate matching of process, and perhaps even of industry. For example, service standards in a private sector business may be expensive but essential to remain competitive. Such cost structures may be inappropriate in a public sector monopoly. [86] Brown highlights how some organisations are able to adopt strategies of monitoring competitor activity in order to create "me-too products", or capitalising on the intellectual capital tied up in competitors' products, by purchase and careful analysis of the products. This may

save enormous research or development costs and thereby enable the organisation to create a distinct niche for itself through cost leadership. [87] In this sense therefore copying may enable breakthrough performance. In contrast Cartwright argues that business transformation comes from creativity and innovation. [88] This seems to conform much more to Kaplan and Norton's thinking.

10. The issue of linking to resourcing and management processes in Balanced Scorecard concepts.

There is an almost indisputable logic that if the scorecard forms the basis of the planning function then it should also be a key part of the Budgeting process. For example Kaplan and Norton argue,

> *"Once a scorecard has been designed and introduced, concerns soon arise if the scorecard is not tied into other management programmes, such as budgeting, alignment of strategic initiatives, and setting personal targets. Without such connections, the effort devoted to developing a Balanced Scorecard may not deliver tangible benefits."* [89]

They also state,

> *"Strategic planning and operational budgeting processes are too important to be treated as independent processes. ... You must expand your traditional budgeting process beyond financial targeting to encompass short-term targets for all balanced-scorecard measures. The budgeting process should translate the first year of a five year plan into operational budgets for strategic objectives and measures in all four balanced-scorecard perspectives."* [90]

It has already been stated that a key factor in the development of Balanced Scorecard was the perceived over-reliance on financial performance measures. Partly this stems from the key role that the budgeting process has always had in the planning process. However, it is sometimes, perhaps cynically, argued that budgeting and planning are frequently divorced, but only the budget is used as a regular monitoring mechanism.

Consequently if there is to be any attempt to move away from the dominance of financial reporting tools the budget must be subsumed into the Balance Scorecard process. Niven provides a comprehensive discussion of the issues and articulates a process for achieving this. [91] If the objectives characterised by the Balanced Scorecard are to be achieved, not only must staff be motivated to achieve those through the reward system, but also the objectives must be properly resourced. Thus as tactical action plans are built to achieve the strategic objectives it should be possible to build budgets directly linked to those plans. This will increase the importance and relevance of the "cause and effect" model underpinning the Balanced Scorecard since it should help to show how varying the resources allocated to each tactical plan will vary the achievement of the objectives.

It can therefore be seen that if the Balanced Scorecard is to be a major management tool in the organisation is should not compete with or duplicate other processes. Olve, Roy and Wetter argue that the financial controller could be a key player in the development of the Balanced Scorecard. [92] However, they suggest that there is not a great deal of evidence of the Balanced Scorecard being developed widely in a large number of companies [93] and they go on to suggest that the scorecard might have limited application in some areas of the organisation. [94] This would seem to cast doubt, or at least uncertainty, over the role of the Balanced Scorecard as a budgetary mechanism. Indeed Olve, Roy and Wetter also cite evidence that accountants are sometimes specifically excluded from management of the scorecard because of fears that they might be too financially focussed in their perspectives. [95] Similarly Kaplan and Norton argue that no functional specialism should have overall control of the balanced scorecard for fear that it might be seen as being owned by that specialism. [96]

11.   Summary of key principles underpinning the Balanced Scorecard.

The Balanced Scorecard is a key mechanism for guiding the implementation of strategy. This is achieved by developing plans against specific targets that will achieve the strategic goals. These plans and the achievement of the strategic goals are monitored using a range of performance indicators that are both predictive and historic in their focus. A key issue is that these PIs should cover a broad range of the important business processes and perspectives, both internal and external. However, the number of PIs used should be limited to aid understanding and retain organisational focus on key issues.

It is the PIs that articulate the business strategy and objectives. The Balanced Scorecard is therefore a key means of articulating the organisation's strategy to all staff. Kaplan and Norton argue that the Balanced Scorecard is so effective at communicating the strategy that its general release could damage the competitive situation of commercial organisations. [97] However, in limited circumstances, release outside of the organisation may be of benefit, eg in gaining financial support for business development, or for creating greater public awareness of activities in public sector organisations.

The PIs should link to a reward structure for people within the organisation. Kaplan and Norton argue that this reward system motivates staff and supports the achievement of organisational goals. [98] These organisational goals should aim to achieve "breakthrough performance"; a significant increase in overall organisational achievement. [99] This is not simply the result of setting stretch targets but through the construction and implementation of a sound, integrated, transformational plan, linked to learning about the organisational achievement, the external environment, and the interaction between the two.

For the Balanced Scorecard to be successful it needs to be embedded into the organisational process. It must not be an adjunct but must become the core of the management process; indeed it can be a core process for resource allocation. Failure

to achieve this could cause other processes to detract, and lead to the Balanced Scorecard being seen simply as another management fad.

12. Recipe for success, management fad or commercial hype?

Kaplan and Norton seem to have set out to develop an improved performance management system. As the system developed and usage increased, the perception was that the Balanced Scorecard was a strategic management tool. Implicit in both concepts is that improving the management process will bring organisational success. Much of what is written is aimed at improving the effectiveness of individual developments and implementations of the Balanced Scorecards. Theoretically this would therefore lead to improved organisational performance. The question is, "Does implementing the Balanced Scorecard actually produce real benefits?"

Most of the claims for the benefits of the Balanced Scorecard derive from the individual case studies that litter the literature. It is almost inevitable that those organisations that are prepared to share, or publicise their experience will claim benefits from the system. Unless organisations, or authors, are attempting to "rubbish" the system, failures in the use of the Balanced Scorecard are unlikely to be publicised. For example, although McCunn states that, *"Professor Claude Lewy of the Free University of Amsterdam, claims that 70% of scorecard implementations fail"* there is no attempt to highlight name or publicise individual failures. [100]

However, Kaplan and Norton, referring to case studies, report that the *"evidence of success is larger than these individual stories"*. [101] They go on to report a study by the Metrus Group Inc that compares companies using measurement with those that do not. Organisations with "Balanced Measurement" were perceived as performing better:

- 83% *"had financial performance in the top third of their industry"*, [102]
- 74% *"were perceived as industry leaders by their peers"*, [103]

- 97% *"were perceived as pioneers or leaders on changing the nature of their industry".* [104]

Kaplan and Norton then go on to report three other studies that also seem to demonstrate that companies using Balanced Scorecard, or performance management systems linked to strategy, on average, had higher performance. [105] These surveys are important, since although quoted by Kaplan and Norton, these form an independent view of the effectiveness of Balanced Scorecard.

Nevertheless there is a huge contrast between the results reported by Kaplan and Norton and those reported by Lewy. Why should 70% of firms fail with their Balanced Scorecard implementations, yet some of the top performing companies apparently benefit so much from using the system? One issue might be the degree of commercial promotion of the Balanced Scorecard.

In recent years the commercial exploitation of academic research has become much more important. The rewards of successful business activity have grown relative to historic recognition and reward arising from academic work. Consequently, coupled with reduced income from Governments, and greater demands being placed on academic institutions for mass education, Universities, and the like, have had to become more commercially orientated in order to generate income to maintain, not only traditional status, but the quality of the service provided. Universities have thus developed a "commercial arm" through such methods as establishing "business parks" where research output is exploited in conjunction with commercial organisations.

Some individuals and organisations have sought to exploit their management processes through controlled use, eg the EFQM model and "Economic Value Added" have both become registered trademarks. Harvard Business School has exploited its position through the quality of its published articles. The Harvard Business Review is a bi-monthly journal addressing business issues, and the Harvard Business Press publishes books on business topics. Thus Harvard have promoted and capitalised on the Balanced Scorecard concepts, while Kaplan and Norton have capitalised on their

ideas through lectures, published articles and the software produced by Renaissance Solutions Inc. For example, following publication of Kaplan and Norton's second book, Kaplan took part in a one-day seminar in Britain at which the concepts contained in the new book were promoted. This seminar cost approximately £1200 to attend, although this included a free, signed copy of the book. Good quality seminars of a similar duration would normally be expected to cost something around £500 to £750. The Balanced Scorecard Collaborative Inc, another venture involving Kaplan and Norton, has also established a "Hall of Fame" as a means of promoting awareness and use of the Balanced Scorecard. [106, 107] A Brown makes similar comments about the financial interests of those who advocate culture change, but who have vested interest in the process they promote. [108]

Any perceived success of the Balanced Scorecard may thus owe something to commercial pressures and the position and authority of Harvard Business School, as well as to the influence and actions of Kaplan and Norton themselves. It is somewhat inevitable therefore that other commercial enterprises would also seek to exploit the concept. There are numerous commercial courses available and most management consultancies will undoubtedly claim some expertise in the field. Thus for example the work undertaken by Lewy and du Mee seems to be linked to promoting the knowledge and expertise of KPMG Consulting. The Balanced Scorecard has thus become something of a "commercial" product to be exploited, [109] until the next management philosophy arrives.

All this seems to deny what Brown writes in *"Winning Score"*,

> *"Another common output metric used in R&D and academic institutions is publication. Publish or perish is still the law in academia, and you get what you measure. In the field of business alone there are over 1,000 new books published each year, and the vast majority sell less than 500 copies during their entire print cycle. Writing a book that sells is often not part of the criteria, because academic institutions don't want to encourage*

commercialism from their professors. In fact, scientists like Carl
Sagan, who have written bestsellers, have often been scorned by
their colleagues for chasing royalties." [110]

Anthony similarly refers to this problem in the measurement of Universities' performance. [111] It is not clear how commercial pressures influence the perception of success of the Balanced Scorecard, but clearly there are strong commercial pressures promoting the system. Such commercial pressure does not necessarily create the success reported by Kaplan and Norton. Therefore, it is necessary to look further at the factors that might create success or failure.

The eleven commandments for implementing the Balanced Scorecard, see Table 2.1, originate from two works. Lewy and du Mee wrote the original 10 Commandments [112], and Mc Cunn, who translated the original from the Dutch, added an eleventh [113]; although it was directly referred to in the original article. All three were associated with the management consultancy firm KPMG, and the articles seem to be, at least in part, an attempt to highlight company knowledge and expertise of implementing the Balanced Scorecard. Lewy and du Mee's work is based largely on seven case studies. Using the 10 Commandments they had derived, they assess the likelihood of success. However, they avoid defining too closely what they mean by "success", but it appears to be limited to *"…have successfully rooted their balanced scorecard in their planning and control processes …"*. [114] This raises the question, "What is the purpose of embedding the Balanced Scorecard into the planning and control processes?" This is related to such activities as strategy implementation, resource allocation and learning, but this needs to be clarified, which links back to the 11th Commandment, *"…do not start unless you know what you are trying to achieve…"*. [115] Clearly there is little benefit in building a costly Balanced Scorecard system simply to create greater awareness of the benefits of non-financial indicators; although this appears to have been the objective of two of the organisations studied. In that sense therefore there is a difference of opinion between the researchers and the subject organisations as to whether their projects were successful. It would seem unlikely that Kaplan and Norton would have sided with the organisations either. But organisations are

theoretically better placed to know their own culture and climate, and thus hopefully be in the best position to decide how they spend their own money. Nevertheless Mc Cunn highlights some seemingly bizarre reasons that have been given for implementing a Balanced Scorecard,

- *"It looked good on my CV ..."* [116]
- *"My friend at the golf club has one ..."* [117]

Nevertheless there is nothing to suggest that the organisations did not ultimately obtain benefit from the process.

	Issue:	Lewy & Du Mee, plus McCunn [118, 119]	Kaplan & Norton [120]	Olve, Roy and Wetter [121]	M G Brown [122]	Niven [123]
Table 2.1: Factors likely to impact Balanced Scorecard implementation.						
1.	**Top Level Commitment**	Ensure top level and relevant line management ownership is achieved	Lack of senior management commitment	Top management support and participation in the process by a large proportion of the organisation.		No executive sponsorship
2.	**Involving more than Top Management**		Keeping the scorecard at the top			Lack of cascading
3.	**Ensuring a broad spectrum represented in development**		Too few individuals involved	Wide range of disciplines involved in the project group.		
4.	**Agreeing strategy before developing the scorecard**	Identify strategic goals before implementing the scorecard				No strategy

5.	**Focusing the scorecard on strategic objectives**	Use the scorecard for implementing strategic goals		The BSC must be based on the organisation's vision and strategy.	Measures are not linked to the strategic plan	Premature links to management processes
					Measures that drive the wrong performance	
6.	**Avoid focussing on worthless measures**				Tracking Output/ Outcome metrics that cannot be influenced or controlled	
					Gathering data that tells you what you already know	
					Gathering data for its own sake	
					Superstitious process metrics	
					Relying heavily on customer satisfaction surveys	

7.	**Adapt the scorecard to meet local requirements**	Tailor the scorecard, don't standardise				No new measures
		Conduct entry review in all business units before implementing the scorecard				
8.	**Executives use the Balanced Scorecard strategically**				Executives focusing on detailed metrics	Consistent management practices
9.	**Using terms consistently**			Performance measures must be clearly and consistently defined and used.		Terminology
10.	**Utilise pilot projects**	Implement pilot before main scorecard		Avoid too wide a scope for the project, eg consider a pilot project first.		
11.	**Use experienced consultants to support implementation process**		Hiring inexperienced consultants			

12.	**Avoid misusing the Balanced Scorecard**	Do not use the scorecard for additional top-down control				
13.	**Construct and understand the cause-and-effect map**			There should be a balance of measures in the scorecard and the cause-and-effect relationships must be understood.	Failing to define practical correlation between key metrics	
14.	**Use the Balanced Scorecard to drive the compensation process**		Introducing the balanced scorecard only for compensation	The BSC must be integrated into the whole management and reward systems.		
15.	**Use the Balanced Scorecard to support organisational learning**			Realistic short- and long-term goals need to be set and reviewed regularly.		
				Develop a Learning organisation.		
				The BSC must be regularly reviewed.		

16.	**Balanced Scorecard must be properly resourced**	Do not under-estimate the additional effort required for the system		There is a need to develop and maintain appropriate PIs, and ensure that adequate data sources exist to populate the requirements.		Timing
17.	**Properly balance the IT issues**		Treating the balanced scorecard as a systems project	The data collection and presentation system must be appropriate, almost certainly an IT system.		
18.	**Ensuring a proper understanding of Balanced Scorecard issues**	Provide adequate training and communication		Recognise the need to provide adequate publicity and training.		Lack of Balanced Scorecard Education and Training
				Explain the role and position of the BSC in the management process and avoid it just being seen as flavour of the month.		

19.	**Avoid over-complex and lengthy development**	Avoid complexity and the search for perfection	Too long a development process; the balanced scorecard as a one-time measurement project		Reporting data that is difficult to read and analyse	
20.	**Clear objectives for Balanced Scorecard programme**	Be clear about the objectives				No objectives for the balanced scorecard programme

Whilst some of these rules for good practice in Table 2.1 are specifically associated with implementation, some echo the key concepts of the Balanced Scorecard highlighted above. There is some commonality between the rules provided by the different sources indicating that there are key issues that ensure success in implementing and running the Balanced Scorecard. Looked at from the opposite perspective, there are rules that, if ignored, mean that Balanced Scorecard implementation is unlikely to be successful. If 70% of implementations are unsuccessful then it suggests that the majority of these fail to adopt sound principles, eg due to a lack of understanding of the requirements or concepts. If people are implementing "Balanced Scorecards" without understanding the basic concepts, there is perhaps a linkage between the use of the Balanced Scorecard as the latest "fad" and unsuccessful scorecards. Thus potentially the Balanced Scorecard may either be successful, where implemented properly, or just a management fad, where the rules are not properly followed. Arguably the "hype" may be seen either as helping to cause the problem, by encouraging people to adopt the concept, or as attempting to resolve the problem, by promoting good practice.

13. Following the rules or making your own.

Whilst Kaplan and Norton articulate a structure and process for the Balanced Scorecard, one of the rules in the Table above is that the concept should be tailored for each individual implementation. This raises the question of when tailoring follows the rules or when it breaks them. This section therefore examines some of the writers who disagree with Kaplan and Norton. Some of the competing ideas that will be examined here are:

- The need for a fifth perspective.
- EVA dispenses with the need for a scorecard.
- "Customer" or "Customers'" perspective.
- Stakeholder and KPI scorecards.
- Centralised control.

- Importance of financial performance measures.
- Measuring knowledge.
- Driving goal congruence down the organisation.

Firstly, there have been arguments about the need for a fifth scorecard perspective to cover the human resource issues, eg at Skandia [124], whereas SKF chose to have an employee perspective in place of the Learning and Growth perspective. [125] Kaplan and Norton record a debate they had with a company about an "environmental perspective". [126] It is argued that the customer perspective and the financial perspective cover the key external stakeholder interests. The internal process and innovation and learning perspectives address the remaining organisational interests. However, employees represent a very significant stakeholder community, and a key internal resource, whose issues are best highlighted separately in a fifth perspective. Kaplan and Norton have adopted a somewhat detached ambivalence to these arguments. Their position is that what is important is the selection and inclusion of appropriate indicators into the scorecard. Such indicators can be adequately accommodated within their original concepts without the need for a separate, additional human resources perspective. [127] Nevertheless they also maintain that the original four-perspective scorecard does not represent a *"straight jacket"* [128] that must be imposed. Consequently, therefore organisations are at liberty to structure their scorecard how they wish. Such action does raise additional questions about the best number of perspectives and an appropriate number of measures to be included. Kaplan and Norton's position is that measures need to be grouped into an appropriate number of perspectives, but that about four or five represents the optimum. Similarly, in order for individuals to retain a clear understanding of the overall position, there is an optimal number, of about 15 to 20 measures, that can be included in the scorecard. Beyond this, managers will start to lose the ability to manage the relationships between the various measures and will therefore start to lose focus. Therefore the inclusion of additional perspectives must not lead to any substantial increase in the number of measures used. Thus a fifth, or even a sixth, perspective therefore seems to be within the rules. However, in a tenth anniversary review, of the Balanced Scorecard, Olve, Petri, Roy and Roy suggest that those who have moved away from

the four original perspectives, *"...may have harmed the basic* [Balanced Scorecard] *concept."* [129]

Learning may be considered to be an investment rather than a process. Olve, Roy and Wetter refer to this as an investment in *"good costs"* [130], ie those costs which represent an investment in the future of the organisation, but which for accounting purposes are normally treated as expenses and not capitalised. Olve, Roy and Wetter go on to say that financial measure may thus need to be built on internal management accounts that reflect a different treatment of these costs, rather than relying on published accounts. One method of doing this is to use Economic Value Added (EVA). But the proponents of this methodology then argue that using accounts adjusted for investments in intellectual capital suggests that the Balanced Scorecard is unnecessary as the revised accounting system provides an adequately adjusted perspective. [131] Chow, Haddad & Williamson highlight the importance of the Learning and Growth perspective, *"The objectives in the learning and growth perspective should be the drivers of successful outcomes in the other three perspectives."* [132] Without this long-term focus the more short-term and historical measures in the other dimensions have no value to the ongoing management of the business. A Brown argues that the ability of the organisation to learn is dependent on the organisational culture, but there is a need to resolve three fundamental issues:

- How the organisation learns,
- The identification of barriers to learning, and
- Determining how organisations store and retrieve the lessons identified. [133]

Thus learning, both individual and organisational, is of key importance to the Balanced Scorecard. It is unlikely that single performance measures, even substantial ones such as EVA, would be able to drive organisational learning as effectively as specifically tailored and strategic measures.

There has been another debate about a subtle wording change in some scorecards. The original scorecard promoted the idea of looking at the organisation from the

"customers' perspective", ie "How the customer sees us". In contrast others have merely looked at the "customer perspective", ie issues related to customers. This change is much more significant than might initially be apparent. There is a question as to which is more important, "The way we see our customers" or "The way our customers see us". Clearly both aspects are important and need to be included in the scorecard in some form or another. However, Kaplan and Norton's perception was that, as a key external stakeholder group, the perception of customers was of vital importance to the organisation. They argue that the development of this part of the Balanced Scorecard is one of the most valuable parts of the process. [134] This is because a good external perception is more likely to generate sales than a good internal perception of customers.

However, external perception may be wider than simply the existing customer base. Other key stakeholder groups may influence the purchasers. Some argue that it is legitimate to broaden the "Customers' Perspective" to include all other external stakeholder groups other than those represented by the financial stakeholders whose interests are covered by the "Financial Perspective". Alternatively the "Financial perspective" might be enlarged to become an "Owners' Perspective". [135] Arguably issues related to these wider groups might alternatively be included in one of the other dimensions, because just as the financial stakeholders represent a particularly important group deserving of their own dimension so also do the customers who make the purchases. Kaplan and Norton discuss the development of "Stakeholder Scorecards", and whilst they do not condemn them conceptually, they suggest they often fail to reflect the strategic agenda. [136]

Kaplan and Norton then go on to discuss KPI scorecards. These are simply aggregations of previously conceived measures into four dimensions. However, again they generally do not articulate a clear strategy, although if this has been built at a higher level in the organisation, Kaplan and Norton suggest that in these circumstances a KPI scorecard might be used at lower levels. They go on to warn, *"Unless the link to strategy had been thought through, however, the KPI scorecard can be a dangerous illusion."* [137]

Gering and Rosmarin argue that the Balanced Scorecard is often used to impose centralised control.

> *"Once the scorecard becomes viewed as a central planning tool, it rapidly becomes part of the corporate politics. Central office uses it to look over managers' shoulders while promising openness and disclosure. For their turn, the managers use the scorecard to cover themselves while claiming to follow strategy."* [138]

They advocate that managers should be allowed a greater degree of local autonomy in the development of their scorecards. The impression thus created is that these two aims are mutually exclusive: central planning and local scorecards. Clearly central management will be keen to see that their strategy is being implemented at a local level. However, instead of "management by interference" from above there should be proper delegation and a degree of local autonomy. Thus essentially what Gering and Rosmarin are criticising is, either poor management practice or, poor understanding and incorrect implementation of Kaplan and Norton's Balanced Scorecard concepts. For example, one of Lewy and Du Mee's "10 Commandments" [139] also emphases the need to avoid using the Balanced Scorecard as an additional means of imposing centralised control, because of the risk of alienating staff.

Another article that seems to unfairly represent Kaplan and Norton's position, leading to criticism, is that of Butler, Letza and Neale. They state,

> *"However, the RCE template represents a radical departure from Kaplan and Norton's quadripartite representation which they regard as generic and to be used in all cases."* [140]

Whilst the RCE scorecard is a radical departure from Kaplan and Norton's basic concepts, Kaplan and Norton do not see their model as generic. Similarly where Butler et al state,

> *"In our view, very few UK firms will accept (for whatever reasons) that financial results are of secondary or even equal importance to the drivers of strategy. To UK managers the danger with the Kaplan and Norton representation is that it may downplay the importance of financial results".* [141]

This seems to conflict with Kaplan and Norton's statement,

> *"The Balanced Scorecard must retain a strong emphasis on financial outcomes. Ultimately, causal paths from all the measures on a scorecard should be linked to financial objectives. The scorecard obtains the benefits from keeping financial measurements as ultimate outcomes, without the myopia and distortions that come from an exclusive focus on improving short-term measures."* [142]

So it seems the argument here is about emphasis. However, as the Butler et al article continues by saying, *"Kaplan and Norton have devised an approach which seems to have overlooked the importance of the corporate mission"* [143], this conflicts with Kaplan and Norton who state that individual businesses must develop their own Balanced Scorecard to fit their own *"...mission, strategy, technology, and culture ..."* [144], and *"Formulating a Balanced Scorecard that links a business unit's mission and strategy to explicit objectives and measures is only the start of using the scorecard as a management system."* [145] Independent support comes from Chow, Haddad & Williamson who state, *"The specific objectives and measures of an organisation's Balanced Scorecard are derived from the firm's vision and strategy."* [146] Thus taken together these conflicts tend to cast doubt on the understanding of Kaplan and Norton's work by Butler et al.

Some articles that refer to the Balanced Scorecard seem to add little, except perhaps confusion, to the overall debate. Typical of these is an article by Skryme and Amidon who when promoting their own topic of "Knowledge Management" claim,

> *"One method for measuring knowledge that is growing in popularity is that of the balanced scorecard, devised by Robert S. Kaplan and David P. Norton and first described in a seminal Harvard Business Review article in 1992."* [147]

It is true that Kaplan and Norton highlight the emergence of the "information age" as a fundamental argument for moving from existing performance management systems to the Balanced Scorecard. [148] However, it is difficult to see anywhere in Kaplan and Norton's work evidence that supports a contention that the Balanced Scorecard is primarily about knowledge management. Kaplan and Norton's work is about driving long-term performance through effective use of information. Nowhere is there a description of the measurement of, presumably the value of, knowledge. It is expected that the outcomes of using the Balanced Scorecard is improved long-term financial performance. The cause-and-effect model should link measures to this objective and thus it might theoretically be possible to value knowledge through some form of discounting methodology. Skryme and Amidon go on to refer to the work of Skandia, whose "Navigator" management tool is often quoted as an example of a Balanced Scorecard,

> *"The Navigator provides what Skandia describes as a "taxonomy of intellectual capital reporting," where intellectual capital is "hidden values of an organisation." It is a management and reporting model that helps managers visualise and develop measures that reflect the intangible assets."* [149]

Whilst this is true, it is different to saying that the Balanced Scorecard is a means of measuring knowledge.

Few articles have been found that attempt a real critical analysis of the Balanced Scorecard. For example, Smith asserts, without presenting supporting evidence, *"It* [the Balanced Scorecard] *has rightly been criticised for being weak in the following areas: ..."*. [150] He then lists a number of issues including:

- Bias towards shareholders.
- Failure to adequately acknowledge the contribution of employees and suppliers.
- *"Silence"* on PI selection and the role of targets.
- Failure to address strategic uncertainty.

The article also goes on to criticise assumed causal links between financial and non-financial issues; in particular that, effective organisational learning, process management and good customer relations have any effect. This seems to ignore Kaplan and Norton's instruction that organisations: must determine what is important to themselves and must ensure; that their scorecard only includes what is relevant; and that organisational learning takes place as the relationships between issues are determined.

However, one article that does attempt such an appraisal is "Management by Objectives and the Balanced Scorecard: Will Rome fall again?" [151] This compares the demise of Management by Objectives (MBO) with the problems of implementing the Balanced Scorecard. Dinesh and Palmer's conclusion is that the time and cost of implementing the Balanced Scorecard may produce lack of goal congruence at the lower levels and inflexibility of action. There is also a perceived need to be sympathetic to the needs of individuals rather than imposing management's agenda. This article therefore supports contentions within the rules for the implementation of the Balanced Scorecard. Dinesh and Palmer quote Newing in support of their argument. [152] Newing suggests that the cost of implementation may outweigh the benefits of the Balanced Scorecard and it is this that Dinesh and Palmer argue could cause organisations to limit the implementation of the Balanced Scorecard to the higher levels. This might be seen as supporting the argument of Ganapathy and Goh

that, *"... the balanced scorecard is mainly designed for high level management to provide them with an overall view of organisational performance. It is not designed for the shop-floor level."* [153] This denies Kaplan and Norton's ideas of a Balanced Scorecard cascade that would ensure relevance at the lower levels. Hacker and Brotherton also compare the Balanced Scorecard with MBO. [154] They conclude that MBO is more concerned with outcomes rather than process. Conversely the Balanced Scorecard has a perspective devoted to process, and the cause-and-effect model is also concerned with process. However, Hacker and Brotherton go on to suggest that the Balanced Scorecard is an, *" ...extension of MBO, which also provides individuals with tools and techniques to achieve performance objectives, thus enabling individuals to be successful."* [155]

14.   The Balanced Scorecard in the Public Sector.

Reference has already been made to the use of the Balanced Scorecard in the Public Sector. However, this is an important issue because the issues and drivers in the public sector are often substantially different to the private sector with its profit motive. Kaplan and Norton demonstrated early on that the Balanced Scorecard would operate effectively in the not-for-profit sector. [156] This section explores these issues further.

Harold Wilson made a famous statement that *"a week is a long time in politics"*. [157] Underlying this is the thought that, for example, a new crisis or issue will quickly bury older newsworthy items; a minor domestic problem tends to take precedence over a more significant foreign issue; the tax-reducing budget shortly before an election is widely recognised as dulling the memory of the electorate. Thus too Public Sector management may be perceived as having a short-term perspective. This applies even though management may be permanent whilst it is the political masters who drive the short-term action agenda. Olve, Roy and Wetter also seem to support this political short-termism in their examination of the use of the Balanced Scorecard in public sector organisations. [158] Thus one of the key reasons for developing the

Balanced Scorecard also applies to the public sector. Tonge and Callaghan emphasise the growing similarities between the pressures of the public and private sectors. [159]

Nevertheless, Kaplan and Norton themselves unwittingly also emphasise the Balanced Scorecard's strong private sector origins when they argue,

> *"But one of the principal contributions of the Balanced Scorecard is to highlight the opportunities for enhancing financial performance through revenue growth, not just by cost reduction and asset utilisation."* [160]

Since generally the public sector will not be looking for organic "revenue growth", due to its impact on taxes or borrowing, this would suggest that one fundamental principal of the Balanced Scorecard is flawed, when applied to the public sector. Indeed, Kaplan and Norton go on to say that companies who only use the Balanced Scorecard to look at productivity issues will gain less benefit. This could therefore throw into question the cost benefit of investment in the Balanced Scorecard as a management system, unless its perspectives are radically refocused to recognise the substantially different issues reflected in the public sector. In their defence it is accepted that Kaplan and Norton did recognise that the financial dimension of the Balanced Scorecard might not be the top priority for non-profit and government organisations. Unfortunately they immediately go on to suggest that the customer dimension should be placed at the top of the BSC hierarchy for such organisations. [161] Again this would create some confusion for organisations that do not have a well-defined customer base.

Not only do Kaplan and Norton, and Olve, Roy and Wetter support the use of the Balanced Scorecard in the public and not-for-profit sectors, but so do two other major writers on the Balanced Scorecard: M G Brown, who reports on its use in the US military environment; [162] Niven discusses the specific issues for public and not-for-profit organisations. [163] He also lists what he sees as the critical differences for the Balanced Scorecard in this environment:

- *"What I do is not measurable..."* – because such organisations are concerned more with "outcomes" rather than "output".

- *"Results will be used to punish..."* – the public sector frequently suffers from a blame culture.

- *"What is Mission? ..."* – public sector organisations often face multiple and conflicting objectives.

- *"The public won't understand negative results..."* – because any underachievement, even against stretch targets, is likely to be attributed to inefficiency or ineffectiveness without recognising real achievement.

- *"Why invest in something that will only last with the current administration? ..."* – changes in government frequently lead to wholesale changes objectives or even administrative process.

- *"Culture of not trusting business solutions..."* – public sector distrust business management "fads".

- *"No burning platform for change..."* – long-run continuity of objectives not affected by profitability issues.

- *"Technical constraints..."* – cost pressures result in public sector organisations rarely keeping up-to-date with technology.

- *"Staff skills..."* – personal skills tend to be focussed on organisational skills and staff tend not to have supplementary business skills.

- *"Developing innovative measures..."* – organisations and staff tend to be conservative in their perception of the need for change and innovation in the area of performance measurement.

- *"Can't show the money! ..."* – the reward structure rarely incorporates any substantial motivational element.

Thus Niven supports the conclusion that the Balanced Scorecard adapts well to the public and non-profit sectors, but that the focus is on customer perspectives rather than financial objectives. This could have a profound affect on the perceived timeframe for the Balanced Scorecard. This means that Figure 2.3 can be developed further.

Figure 2.8: Customer focussed mission for Public and Not-for-profit organisations.
(Source: Author, developed from Kaplan and Norton and Niven.)
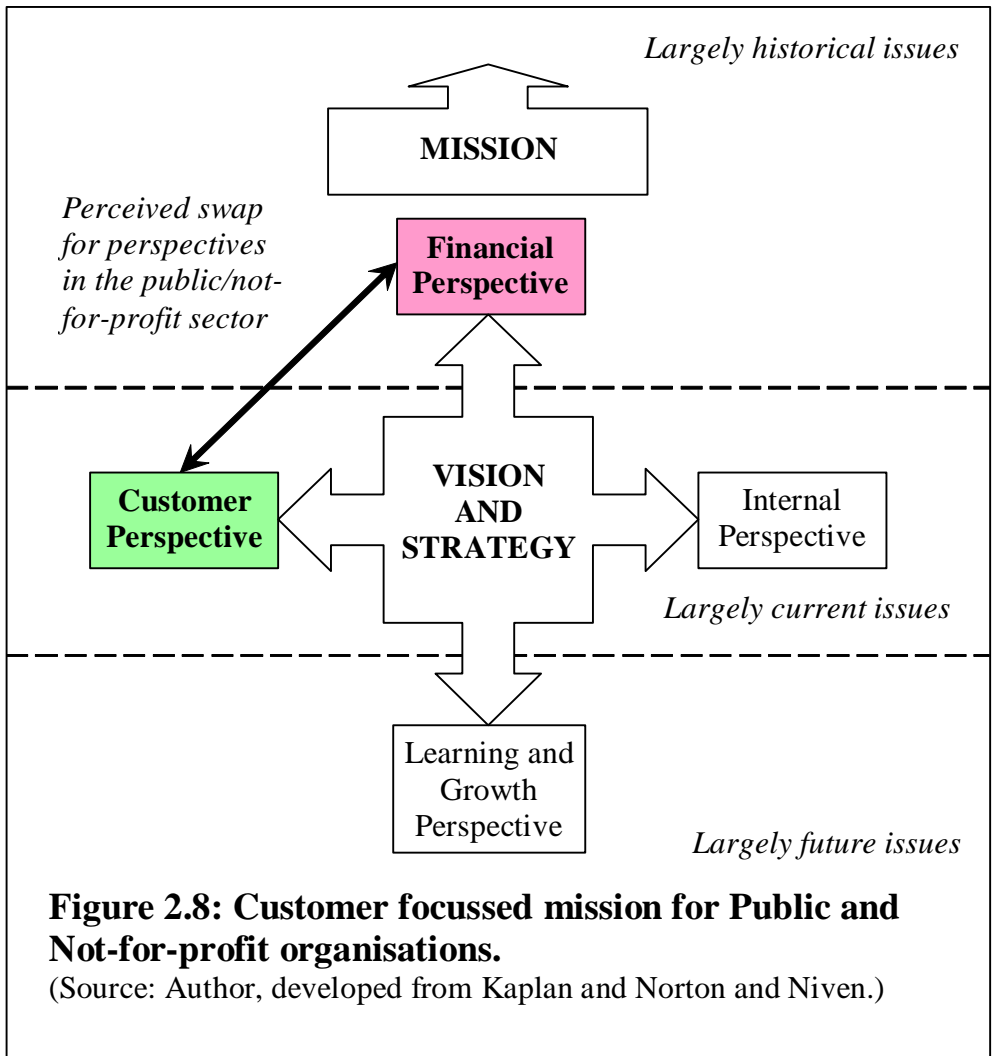
Figure 2.8 then suggests that, if these perspectives are swapped then the short-term drivers in the public and not-for-profit sectors are the delivery of service to customers, and that this is measured in "historic" terms. Financial issues move to become "current" issues. Even if the "Financial perspective" were to remain a largely historic issue, the addition of the "Customer perspective" to the historic issues will still result in a very different view of the organisation. What this does suggest is that in the Public Sector "Mission" is more related to service delivery than to financial objectives. [164]

15.   From cause-and-effect maps to strategy maps.

In 2004 Kaplan and Norton published their third book on the topic of the Balanced Scorecard, "Strategy Maps: Converting intangible assets into tangible outcomes". This starts with an overview of the developments and key issues related to the Balanced Scorecard. They state,

> *"The focus on objectives led to a breakthrough: Objectives should be linked in cause-and-effect relationships. Executives, as they listed objectives in the four perspectives, instinctively started to draw arrows to link the objectives. …Soon we were coaching all the executive teams to describe their strategy by explicit cause-and-effect relationships among the objectives in the four BSC perspectives. We name this diagram a strategy map."* [165]

Thus there is now even more emphasis on, and development of the cause-and-effect map, which Kaplan and Norton had emphasised earlier. However, Kaplan and Norton have now presented their basic four perspective model in two new formats to represent the differences between private and public sector. This accords with the discussion above (see Figure 2.8). The two new models, in Figure 2.9, particularly the private sector model, form a key component of the strategy map concept. [166]

Figure 2.9: Changes in the presentation of the Balanced Scorecard Perspectives.
(Kaplan, R. and Norton, D. (2004). Strategy Maps: Converting intangible assets into tangible outcomes. Harvard Business School Press.)
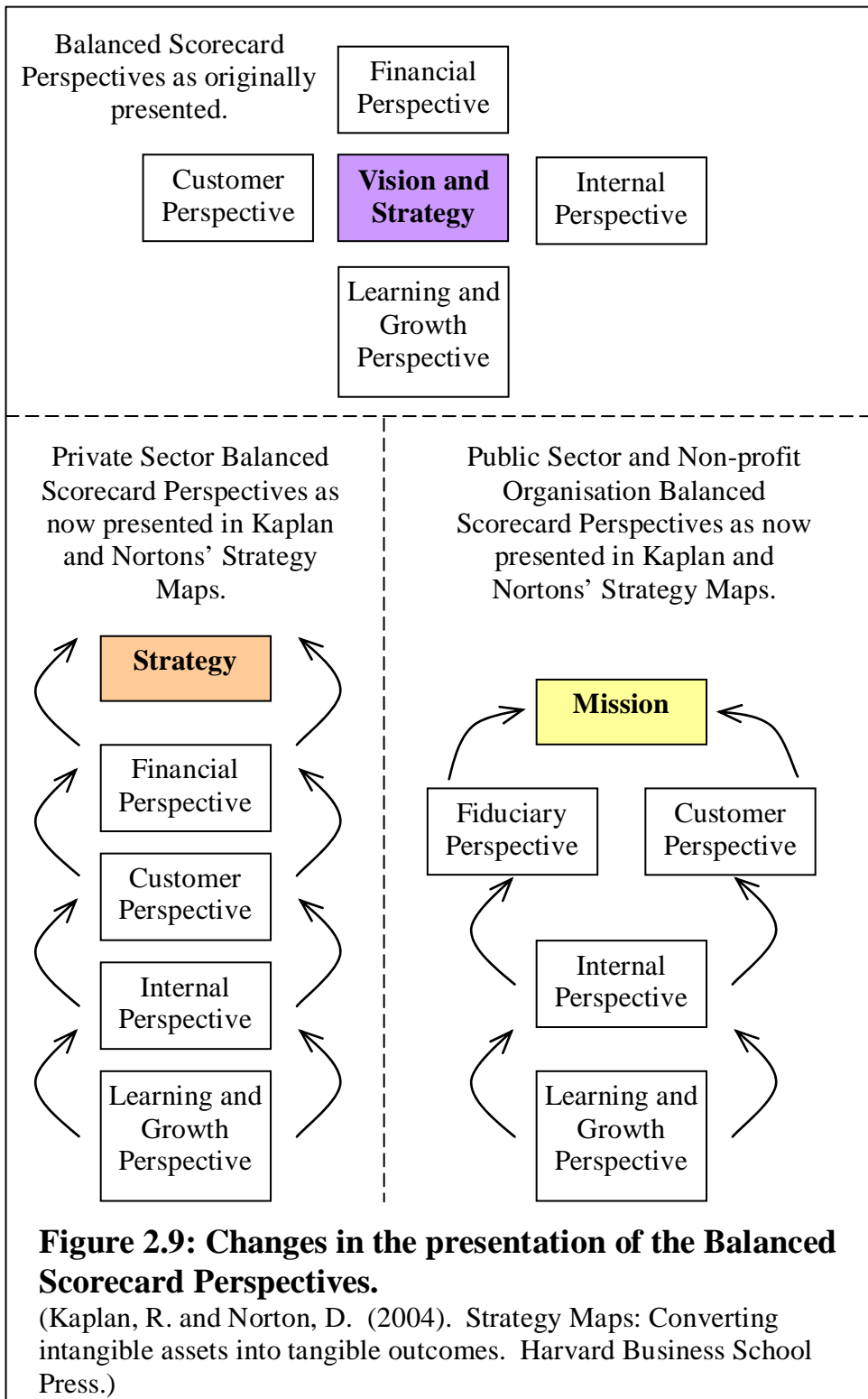
The earlier Kaplan and Norton works, through to The Balanced Scorecard: Translating Strategy into Action, concentrated on helping organisations to develop

measurement, and highlighted the sort of measures that might be used widely by different organisations. Strategy Maps effectively does the same but with strategic concepts. Most of the strategic maps presented are based on the hierarchy offered for Private Sector organisations. Kaplan and Norton go on to argue that,

> *"The strategy map template … provides a normative checklist for a strategy's components and interrelationships. If a strategy is missing an element on the strategy map template, the strategy is likely flawed."* [167]

Within the Learning and Growth Perspective of the strategy map are three key elements:

- Human Capital,
- Information Capital and
- Organisational Capital, which is sub-divided into five elements:
    - Culture,
    - Leadership,
    - Employee alignment
    - Teamwork and
    - Knowledge Management. [168]

This is seen as being the means by which the organisation's intangible assets are managed. However, within this group it is argued,

> *"None of these intangible assets has value that can be measured separately or independently. The value of these intangible assets derives from their ability to help the organisation implement its strategy."* [169]

The necessity is to align the components of the Learning and Growth Perspective with the strategy to create organisational readiness for change and sustained development.

In particular there is perceived to be the need for, *"Culture, leadership, alignment, and teamwork* [to] *reinforce the changes to organisational climate required to execute strategy."* [170]

Thus cultural concepts start to play an important part in Kaplan and Norton's thinking about what should appear in the Balanced Scorecard. Indeed they go on to say,

> *""Shaping the culture" is the most often-cited priority in the learning and growth section of our Balanced Scorecard database. Executives generally believe that (1) strategy requires basic changes in the way of conducting business, (2) strategy must be executed through individuals at all levels of the organisation and, hence, (3) new attitudes and behaviours – culture – will be required throughout the workforce as prerequisites for these changes."* [171]

Strategy Maps includes a number of examples of organisational strategies which feature aspects of culture management, and Kaplan and Norton emphasise a number of issues:

- Continuous process improvement. [172]
- A customer centric culture. [173]
- Creativity and innovation. [174]
- Acquisition of knowledge. [175]
- Social awareness and responsibility. [176]
- Core value development and reinforcement. [177]
- Awareness and internalisation of shared mission, vision and values. [178]
- Product strategy: better, faster, cheaper. [179]

However, these are only seen as particular aspects that an organisation may select from according to the specific culture that the organisation wishes to develop.

Whilst highlighting that culture can be either an enabler or an inhibitor of change they go on to argue that they believe strategy dictates culture rather than the other way round. [180] However, particularly in a more closed culture like the military, where it is less easy to bring in new senior managers from a completely different background, it is suggested that culture is more likely to shape strategy. An issue, which will be addressed in Chapter 3, is that organisational commitment to long-term capital investments, for example major investments in infrastructure or military equipment programmes that cannot be quickly replaced, will tend to be the cornerstones of strategy that will only evolve slowly. Thus "maritime air components" and nuclear submarine based strategic deterrence are key issues for many large navies and provide, and are protected by, successive senior officers who owe their position to serving in these major force components. Similarly organisations such as the Royal Navy can only be sustained by retaining key elements of their culture that have existed for centuries. *"It takes the Navy three years to build a ship. It would take three hundred to rebuild a tradition."* [181] (Of course it all depends on who wins the war and writes the history. The historian Edwyn Gray accuses Cunningham of "war crimes" over the treatment of Italian frogmen in Alexandria in December, 1941. [182] Yet Cunningham is often regarded by the Royal Navy as a "Nelsonian" character; for the raid on Toranto.)

Kaplan and Norton go on to discuss the measurement of culture and the distinction between culture and climate. They also highlight the problem of subcultures created by internal organisational boundaries and different activities, and thus the potential problems that this creates in the development of an holistic agreement on organisational values. [183] They conclude,

> *"The existence of an instrument like the* [Organisational Culture Profile] *OCP indicates that culture has now become a measurable construct. But instruments like the OCP have been influenced by a psychological literature that stresses constructs such as motivation and climate. Since the strategy literature has not perceived culture as essential for effective implementation, existing instruments to*

measure culture do not capture individuals' beliefs and understanding of the strategy." [184]

Whilst the Cartwright Nine Factors Model, which will be covered in Chapter 3, is heavily linked to the perceived values required to deliver a "quality focussed culture" and assessed motivation, Denison's model, also discussed in Chapter 3, includes strategy as one of the issues measured. However, Denison does not seek to elicit a description of the strategy, merely to identify whether it is clearly understood, accepted and the basis for corporate organisational and individual employee activity: similar to the way strategy is treated by the EFQM. Thus Denison would seem to meet Kaplan and Norton's requirements. Their final statement on this issue supports the aims of this research,

> *"Developing improved instruments for measuring culture along dimensions relevant to the strategy is clearly an opportunity for further work. Alternatively organisations will have to develop and rely on ad hoc questionnaires of their own to measure this important dimension."* [185]

This acknowledgement of the need to incorporate the measurement, and management, of culture is a new emphasis in Kaplan and Norton's work and is missing from earlier work. This suggests that development of the concepts and the understanding of the mechanisms for effective use of the Balanced Scorecard are still continuing some 10 or 12 years after the initial concepts were publicised. This suggests that the Balanced Scorecard concepts are progressing well beyond the timescales outlined in Table 1.1 in Chapter 1. "Strategic Maps" thus suggests that the Balanced Scorecard has progressed beyond the "management fad". This is notable during a period where the pace of change is increasing.

Nevertheless, despite its new insights to the Balanced Scorecard concepts, "Strategy Maps" is not without its critics. Marr and Adams object to the new articulation of intangible assets as not being consistent with any existing classification; although they

are forced to admit that there is no overall agreement yet on any classification. But they do highlight the continuing problems in developing measures for the Learning and Growth perspective, and the way that the term "balanced scorecard" is becoming misapplied to many performance management systems. [186] However, in so doing they refer to the "hostility" of Neely, et al who promote the Performance Pyramid as alternative, based on perception that the Balanced Scorecard does not address a full range of stakeholder interests. [187] It is this researcher's perception that any such failure is attributed to implementers rather than Kaplan and Norton's concepts.

16. Alternatives to the Balanced Scorecard.

So far we have seen little in terms of substantial criticism of the Balanced Scorecard. Most "criticism" has tended to focus around the issues of content of individual perspectives. As has been shown, Kaplan and Norton have tended to back away from such issues, emphasising the "framework" nature of the concept. Indeed many of the case studies quoted in their work tend not to have used a "purist" approach to presenting their scorecards. The emphasis has been on using a thorough methodology, and tailoring the scorecard to the individual organisational needs, strategy, perceptions and culture. Thus whilst substantial harm may be done to the Balanced Scorecard by those who adopt it but fail to implement it properly, perhaps the biggest criticism comes from those who fail to adopt the system, opting for an alternative.

But what are the alternatives? Kaplan and Norton have for some time argued that the Balanced Scorecard is a strategic management tool, yet ten Have, et al classify it as an "Organisation" management tool (see Table 2.2 below). [188] This may seem to place it in competition with some strange bedfellows:

Table 2.2: Selection of key strategy and organisational models.		
Models:	**Strategy**	**Organisation**
Adizes PAEI management roles – looking at the characteristics of the management team.		**X**

Ansoff's product/market grid – looking at the strategic direction of the organisation in terms of product and market development.	**x**	
Balanced Scorecard – *"integral performance measurement to track and adjust business strategy".* [189]		**x**
BCG Matrix – balanced portfolio of products across the product development cycle.	**x**	
Business process redesign – creating customer value through internal business process improvement.		**x**
Change quadrants – perceptual model of organisational preparedness for change.		**x**
Chaos model – conceptual model of desirability for organisational change.		**x**
Competing values of organisational effectiveness – model to develop organisational understanding of internal tensions for improving effectiveness.	**x**	**x**
Porter's five forces – assessment tool for pressures affecting the organisation's industry.	**x**	
Core competencies – assessment tool to identify existing organisational strengths and organisational development needs.	**x**	
Deming cycle – continuous improvement through a process of "Plan, Do, Check, Act".		**x**
The Baldrige and EFQM models – organisational assessment tool used to drive improvements to organisational effectiveness/quality.		**x**

However, this table highlights the difference between "strategy development" and "strategy implementation". Thus whilst ten Have, et al may have defined strategy development models, thus relegating the Balanced Scorecard to an organisational management tool, it is questioned whether the Balanced Scorecard should not be seen in a category of its own. Here the Balanced Scorecard needs to be seen as a strategic management as opposed to development tool. Arguably none of the other tools listed drive strategy in quite the same way. Instead they are process assessment and development tools. Yet some are seen as direct competitors of the Balanced Scorecard. Principal among the "competitors" are the Baldrige and EFQM models. Nevertheless, many people do not see these tools as competitors but rather as complementary management systems. Indeed, in the "Keeping Score" M G Brown substantially aligns his chapter headings to the Baldrige model rather than the

Balanced Scorecard perspectives. [190] Couwenberg, et al classify the Balanced Scorecard as an organisational assessment tool along with SWOT analysis and EFQM. [191] Bourne and Bourne when looking at *"...other balanced performance measurement frameworks..."* cover the SMART Performance Pyramid, the Results/Determinants Matrix and the EFQM model, plus several derivations of the Balanced Scorecard. [192] Olve, Roy and Wetter in addition to looking at the Performance Pyramid also discuss Maisel's Balanced Scorecard Model, [193] and Adam and Robert's "Effective progress and performance measurement" (EP^{2}M) tool. [194] Huang, again in addition to the Performance Pyramid, provides an assessment of the Performance Measurement Questionnaire (PMQ). [195] However, as already shown Olve, Roy and Wetter also highlight the argument in favour of using EVA in place of the Balanced Scorecard. [196]

Maisel's Balanced Scorecard Model is merely a local variation of Kaplan and Norton's Model replacing the Learning and Growth perspective with Human Resource Measures, whilst the EP^{2}M tool has four dimensions where there are slight changes from Kaplan and Norton's perspectives, the major one being that there is no specifically "financial" perspective and instead there is one looking at Managing Strategy and Change. As already discussed, EVA is too narrow a process to drive strategy on its own, and similarly SWOT and EFQM are only assessment tools that are used in association with other methodologies to effect change. The Results/Determinants Matrix, like the EFQM model that is divided into Enablers and Results, is divided into Results and Determinants, again is only an assessment tool. The SMART Performance Pyramid is a measurement tool that cascades measures down the organisation to drive performance. Each level in the business has its own layer within the pyramid. However, because it offers a more specific framework of measures at each level, it may been seen as being more rigid and inflexible than the Balanced Scorecard and may present too complex a picture for ease of interpretation at the lower levels. Perhaps its strength is its emphasis on cascade and thus the consistency of use across the organisation. In contrast, the Balanced Scorecard may require to be reworked at each level in order that it can be cascaded down the organisation. PMQ is described as an assessment tool for determining the degree of

congruence of performance measures between desired and actual organisational strategy and actions. PMQ is seen as failing to provide assistance in developing an appropriate measurement system.

One further alternative measurement system deserves examination: The Tableau de Bord. Epstein and Manzoni in their Insead Working Paper [197] describe the Balanced Scorecard as a *"...welcome addition..."* to the management tools on offer in monitoring company performance. They also describe the Tableau de Bord as a *"...dashboard..."*, which is imagery that is often used to describe the Balanced Scorecard. However the Tableau de Bord is somewhat older, dating from around 1900, but it is less widely used. The underlying principles are the same in terms of the search for a strategic set of indicators to guide organisational performance through a cause-and-effect model. However, it seems that the origins are different, and the model seems to have derived much more from the process side of business rather than the management and financial performance dimensions. This may simply reflect the age of "Scientific Management" [198] with its internal focus, as opposed to looking at current financial drivers and the external focus arising from customer and global competition factors.

Clearly Kaplan and Norton were aware of the Tableau de Bord, but dispute that their Balanced Scorecard is similar. For example, whilst acknowledging the "dashboard" analogy for the Tableau de Bord, they liken the Balanced Scorecard much more to a *"...flight simulator..."* because of the multiplicity of inter-related effects that one change will have on overall outcomes reported by the measures. [199] It is suggested that Tableau de Bord should be *"...integrated in a nested structure, like the one illustrated by a set of Russian dolls..."*. [200] Actually what is being described is in principle essentially the same as Kaplan and Norton proposed as a hierarchy. The illustration is thus weak or misleading. At the lower levels of the organisation there will be many scorecards, particularly if the idea of individual employee scorecards is adopted. However, with Russian dolls there is only one doll at each successive level. Thus whilst Epstein and Manzoni attempt to use different images and illustrations in their article it is quite clear that in a great many respects the Tableau de Bord is

essentially the same as the Balanced Scorecard. However, Epstein and Manzoni go on to say, *"In practice, however, French Tableau de Bord tend to fall significantly short of Kaplan and Norton's Balanced Scorecard."* [201]

However the failures seem to relate much more to failure to implement the Tableau de Bord properly than any failure of the concept. The perceived failures are:

- Over use of financial indicators.
- Targets and goals being set against internal historic trends rather than against an external demand.
- Too internally focused and at too low a level in terms of the strategy, ie it focuses more on tactical objectives.
- Insufficient regard for the Tableau de Bord as routine management tool rather than as a long-term monitoring and warning system.

In a later article [202], which clearly owes much to the earlier paper, a fifth difference is also highlighted:

- Tableaux de Bord tend to be larger than Balanced Scorecards and contain performance measures used historically within the organisation rather than developing new and more appropriate measures. [203]

These criticisms could no doubt be targeted at many Balanced Scorecards. But the key difference between the Tableau de Bord and the Balanced Scorecard seems to be that the former does not provide for a specific structure to help ensure that a proper balance is maintained between the measures. Thus Kaplan and Norton's four perspectives add significantly to the concept. And it is because of this that Epstein and Manzoni claim that some recent French authors regard the Balanced Scorecard as a *"...special case..."* of the Tableau de Bord. However, Epstein and Manzoni do suggest that the Balanced Scorecard may be having a positive influence on individual Tableau de Bord. This suggests that the French are continuing to use the Tableau de Bord rather than move to the Balanced Scorecard. This may say more about the

degree of self-imposed French cultural isolation, which is sometimes recognised, than the relative merits of the two systems, and this may also help explain why the Tableau de Bord was not more widely used previously.

Mendoza and Zrihen seem keen to highlight the growing importance and use of the Tableau de Bord. They highlight similarities between the Balanced Scorecard and Tableau de Bord (which they translate as meaning *"...performance scorecard..."*).[204] Mendoza and Zrihen describe some perceived weaknesses of the Balanced Scorecard, these seem to be related to the way the implementation process is structured. They also highlight the growing role for the Tableau de Bord in guiding the implementation of strategy, using a process similar to that advocated by Kaplan and Norton. Regrettably, despite some comparison between the two models, Mendoza and Zrihen do not come up with any substantial differences and make no strong case for one process or the other. Neither do they explain why the Tableau de Bord is apparently preferred in France, despite the success of the Balanced Scorecard elsewhere. Interestingly Mendoza and Zrihen talk specifically about the Balanced Scorecard's success in *"the US"* [205] and do not comment on its wider use despite using examples of its use in France. Thus again one is led to the conclusion that there are cultural influences at play rather than substantive criticisms of the Balanced Scorecard itself. This is borne out by the English translation of a French article that appeared in an Australian magazine. [206] Although principally about Activity Based Costing (ABC) accounting issues it does seek to suggest that differences in accounting, industrial contexts, and in the way management concepts are disseminated mean that this *"Anglo-Saxon"* concept does not readily translate to the French culture and management tradition. However, this article is interesting in that it seems to suggest that:

- Tableau de Bord has been reinvigorated by the development, at lower organisational levels, of performance measures arising out of Japanese style quality programmes.
- There are clear linkages between Tableau de Bord, and in particular its use of non-financial indicators, and the costing systems.

Kaplan and Norton also highlighted a linkage between ABC and the Balance Scorecard. For example,

> *"In general, ABC analysis will enable organisations to obtain process cost measures that, along with quality and cycle time measurement, will provide three important parameters to characterise internal business processes."* [207]

Thus the French article agrees with the concept but not the actual use of management philosophies and tools originating elsewhere, indeed they almost claim the process as originating in France,

> *"Therefore, when reading certain US publications, we can justifiably feel that the Americans are merely reinventing, 60 years later, the costing method developed in France by Colonel Rimailho and the Commission generale d'organisation scientifique (CEGOS) in the late 1920s and 1930s! Apart from boosting French national pride, this reflection does not lead us very far, however."* [208]

Therefore if there is any real criticism of the Balanced Scorecard it is that it not new and not sufficiently distinctive from other similar concepts. Also because it is only a framework concept it lacks an obvious defining characteristic. Many organisations use the Balanced Scorecard alongside other management tools and therefore its contribution lacks distinction.

17. Analysis of literature reviewed.

Inevitably there is the question as to whether the literature reviewed reflects all the key issues and opinions. A review of published material conducted in October, 2003

revealed that there were 478 articles listed from Management Journals by ABI/Inform. The distribution of these, by publication date, is shown below.

Figure 2.10: Balanced Scorecard articles listed by ABI/Inform
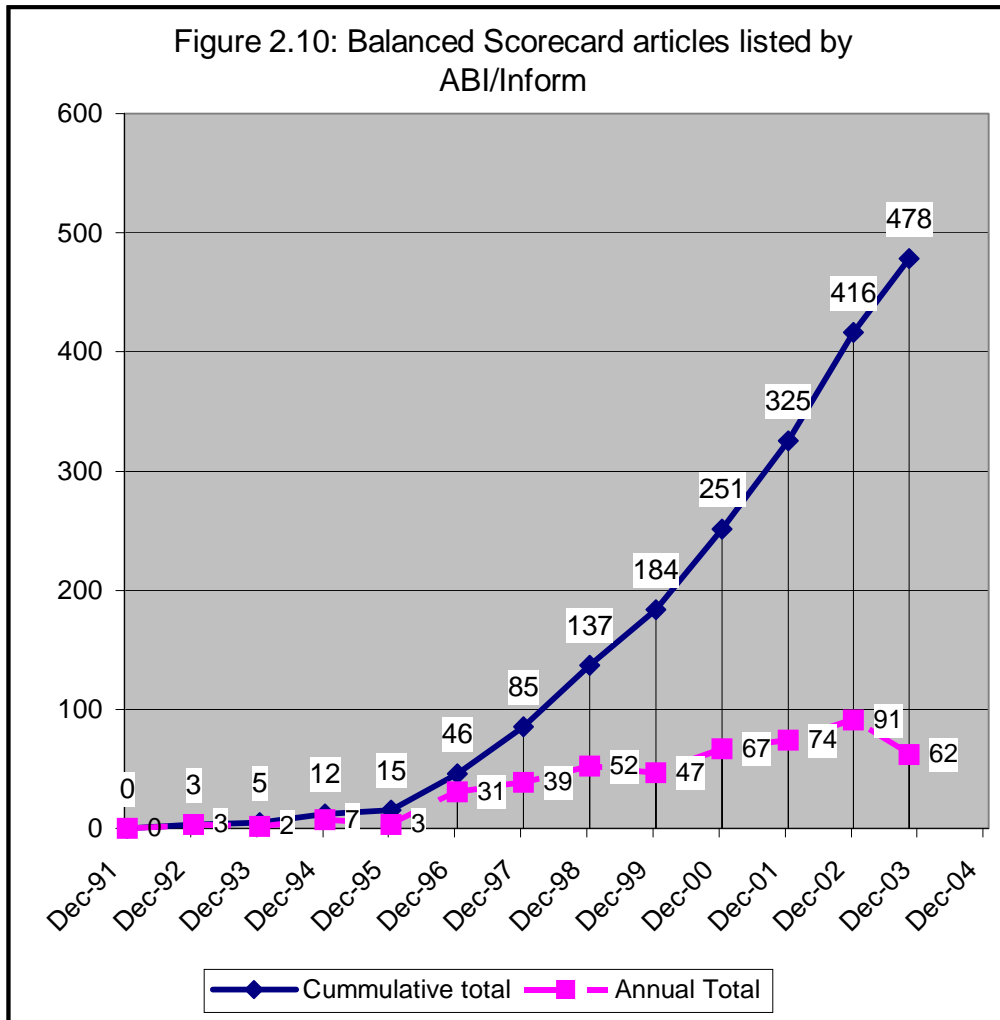
This shows that the volume of information is still increasing at a significant rate and thus the concept is far from being a fading "management fad". However, this forms only a small proportion of the published material since it fails to include:

- Major published works.
- Articles published in non-Management periodicals.
- Academic work.
- Material published by organisations using, or promoting the use of, the Balanced Scorecard.

- Unpublished material, eg seminar or conference material.
- References to the Balanced Scorecard in published material that is subsidiary to the main topic.
- Material available on the Internet.

It is assumed that by including a wide range of material in the review, particularly from the first three categories, that a substantial proportion of the key issues and opinions will have been captured. Authors, particularly the originators of the Balanced Scorecard, will wish to address any substantive issues or challenges to their concepts. It must also be recognised that many of the smaller works will add little to the debate, falling into one or other of the following categories:

- Book reviews of the major published works, which will generally only summarise the key messages of the publication.
- Interviews with major authors, which will only repeat the key issues or add additional anecdotal evidence that was not deemed worthy of inclusion in their publication.
- Publications "piggy-backing" on the success of the Balanced Scorecard by linking their ideas to the concept. ("The HR Scorecard" [209] might be seen as a prime example of this, because its main thrust is to promote effective HR policies and adds little or nothing to the overall concept of the Balanced Scorecard.)
- Publications "piggy-backing" on the success of the Balanced Scorecard by criticism of the concept.

These latter two categories make reference to the Balanced Scorecard primarily to gain wider exposure to their own ideas, through reference in their abstract or list of key words. However, in neither case do they add substantially to the debate.

Appendix A to this Chapter lists a sample of the material reviewed in this research. It is noted that the majority of the material from management journals represents short articles relating to the basic concepts or particular implementations of the Balanced

Scorecard. Few of the journals from which material was taken are thought to be "peer review journals", most seeming to be the journals of professional associations. Thus the few substantial books and academic works assume a significant importance.

18.   An assessment of the Balanced Scorecard.

The Balanced Scorecard was born out of perceived failures of the quality movement to deliver long-term sustainable growth. Environmental factors such as increasing pace of technological change and the globalisation of competition represented new dynamics that undermined previous business philosophies that tended to be dominated by short-term profitability measures. The Balanced Scorecard sought to broaden the range of issues considered by management, both in terms of:

- Covering a broader range of organisational performance measures away from the financial, and
- Increasing the time-horizon of the measures by expanding into leading indicators, away from the historic, lagging indicators normally used.

At the same time the aim was to focus more closely on the key issues, by limiting the range of measures used to drive organisational performance. This narrowing of focus:

- Enables greater clarity of objectives.
- Improves the potential for agreement and communication of objectives.
- Facilitates the understanding of the relationships between competing objectives, for example through the cause-and-effect model, or strategic map.

However, to achieve these aims requires considerable investment in:

- Time – commitment of staff effort, particularly at senior management levels to resolve strategic issues.
- Money – the development of new measurement and reporting systems, and the infrastructure to support them.

- Commitment – particularly the sacrificing of personal objectives or "sacred cows" on the altar of better corporate goals.

The strategic nature of the Balanced Scorecard only emerged over time, as more organisations began to use the system effectively and take it to the heart of their management process. Not all organisations that have started out to use the Balanced Scorecard have been successful. Success seems to be based on following, reasonably closely, a set of rules. This Chapter has consolidated these rules, from various sources, into one list. Some organisations seem to derive enormous benefit from the Balanced Scorecard, and thus Kaplan and Norton seem justified in claiming some success for their developing concepts. The issue here seems to be about the degree to which the impact of the Balanced Scorecard can be isolated or specifically articulated as a (major) contributor to success.

An underpinning concept of the Balanced Scorecard is the need to develop and utilise individual and organisational capability. This is where the long-term profits come from. Since each implementation must be tailored to the individual organisation the difference between learning about the implementation of the process and learning from the process must be recognised. Whilst the implementation rules guide the use of the Balanced Scorecard, the organisation must continually learn from the process in order to develop and refine organisational direction and capability. Thus implementing the Balanced Scorecard as a "management process" could be, theoretically, undertaken successfully, according to the rules, but still lead to failure because the missing "organisational learning" could completely undermine everything. The Balanced Scorecard must not therefore be regarded simply as a performance measurement process, but as a strategic management tool. The "double-loop" learning concept is important here (see Figure 2.5).

Consequently, the concept that you "get what you measure" only applies if proper and effective management action is planned and put in place to achieve the required results. This is a continual process not a "one-off" initial process. The matrix below attempts to explain this issue:

Figure 2.11: Measurement/Planning matrix.
(Source: Author.)
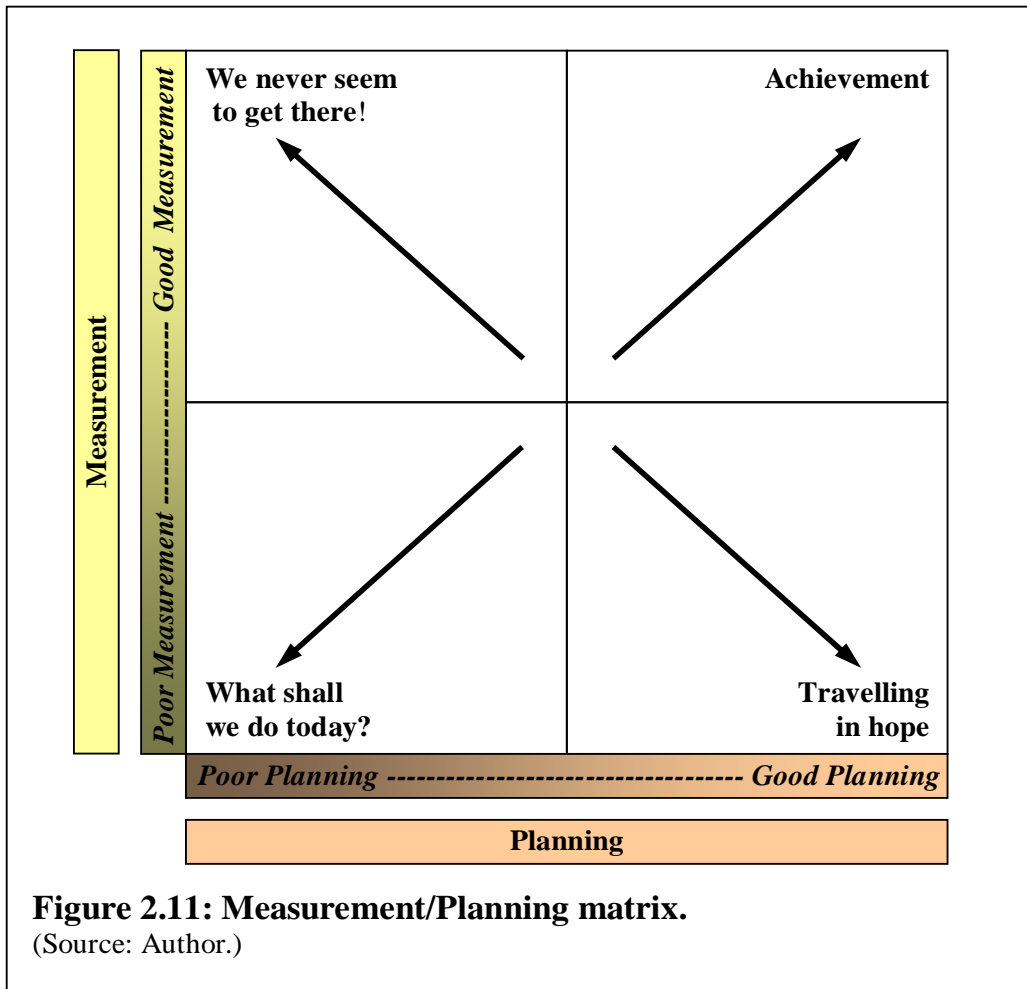
Unlike many such simple grids, the bottom right and top left quadrants are no substantial improvement on bottom right quadrant. This is because the classic feedback loop only operates in the top left quadrant. Double-loop learning is a step beyond simple feedback loops and thus represents the extreme top right of the diagram. Good planning is a waste of resources if there is no feedback to indicate achievement or the need for adjustment. Measurement costs money. However, available resource must be split between planning and measurement. The top left quadrant probably equates to the KPI Scorecard, whilst the bottom right would equate to a scorecard where the measures do not represent strategic issues, but simply "what is easy to measure". Those in the bottom left quadrant probably would not know what a Balanced Scorecard is.

Similarly, whilst there has to be an effective mix of planning and performance measurement, there must also be implementation brought about by clear communication of organisational objectives. This must be a corporate approach; corporate in the sense that all staff within the organisation must be orientated towards the objectives and motivated to achieve them, not that it is driven by Head Office. The NLP logical levels will assist in understanding what must be communicated to produce that orientation and motivation.

Although considerable support has been included in Kaplan and Norton's work for the idea of motivation through financial reward, this is not seen as essential. Effective communication of aims and objectives; a sense of equity and equality within the organisation; shared beliefs concerning future goals and the means of achieving them; these are seen as more important than financial reward, although a reward system that is not geared to supporting these will undermine the situation. An organisation based solely on the concept of financial reward to drive achieve might be seen by many, particularly in the government and non-profit sectors, as being naïve or culturally poor.

The model at Figure 2.11 above attempts to link the issues of planning and performance measurement in an explanation of where organisational deficiency may lie in the development of Balanced Scorecard process. However, a deeper understanding is necessary in terms of the organisational commitment. Figure 2.12 therefore attempts to develop a model of Balanced Scorecard success based on organisational commitment to the tool and organisational success relative to the external environment.

Problems likely to be attributed to something other than the implementation of the Balanced Scorecard

Balanced Scorecard likely to be retained for reasons not associated with perceived benefits

Balanced Scorecard likely to be retained for reasons not associated with perceived benefits

Success likely to be attributed to implementation of Balanced Scorecard

Successful organisation prior to implementing the Balanced Scorecard

Balanced Scorecard likely to be seen as contributing to failure

Balanced Scorecard likely to be seen as irrelevant

Balanced Scorecard retained following implementation

Unsuccessful organisation prior to implementing the Balanced Scorecard

Balanced Scorecard likely to be seen as irrelevant

Success likely to be attributed to something other than the implementation of the Balanced Scorecard

Balanced Scorecard dropped following implementation

Unsuccessful organisation after implementing the Balanced Scorecard

Successful organisation after implementing the Balanced Scorecard

Figure 2.12: Attitudes towards impact of the Balanced Scorecard.
(Source: Author.)

Under pinning this model is the idea that many organisations will not make the commitments necessary to ensure success. As has been highlighted previously in this Chapter, not all organisations retain the Balanced Scorecard. It is logical that not all those that retain the Balanced Scorecard will do so for the right reasons. Organisations that make that initial commitment for the wrong reasons, and fail to implement successfully, may retain the tool for the wrong reasons, eg dropping the tool may appear to show management failure or incompetence. Similarly, it seems

logical that some organisations will drop the tool even though it has been successful, for example because the organisation may be concerned about the investment of time and money in a system without recognising the true benefits of the process. The issue here then is about ensuring that employees at all levels have a positive understanding of and attitude towards the Balanced Scorecard process as well as towards the organisational objectives. Learning about the benefits and achievement of the process must also be part of the objectives if the value and investment in the tool is to be recouped.

So what is the Balanced Scorecard? It was introduced as a management tool to improve organisational performance by encouraging management to use a broader view of the business than is available through the sole use of traditional financial measures. However, Kaplan and Norton subsequently redefined the Balanced Scorecard as a tool to manage the implementation of strategy. Niven suggests that, *"… what sets the Balanced Scorecard apart is the concept of cause and effect linkages."* [210] Certainly, although Kaplan and Norton defined a clear framework, the freedom provided means that there is no one set model and this can make it hard to truly determine and assess whether what is presented is a sound Balanced Scorecard.

Part of the problem of understanding the Balanced Scorecard process is the volume of literature available. However, analysis of the literature suggests that the majority of the literature adds little value to the concepts; being case-studies of individual organisations that apply only to the relevant sector. The core material is available from a few substantial books. Nevertheless, it might be possible to be easily put off when researching the literature to find that much of the literature provides little or no help in developing concepts and processes, or is confusing because of its complexity. Thus clear implementation rules probably have a significant benefit in providing a high-level guidance on requirements, whilst also provides implementers with a guide for further research.

The production of an effective Balanced Scorecard is a difficult, costly and complex task. Whilst the Balanced Scorecard should represent a product that can easily be

digested by staff at all levels, there is room for an underpinning degree of complexity that is transparent for the majority of users. The issues are about understanding the broad picture rather than the detail. Consequently there is a place for complex PIs and a need for the management team to be able to drill down through the data to an appropriate level. Indeed it is unlikely that all the issues that contribute to the organisational success, or the success of the Balanced Scorecard, will be able to be represented by simple statistics.

One of the key factors here is about ensuring a performance management culture exists, as opposed to a performance measurement culture; particularly one that seeks to apportion blame. But neither should complex PIs be used as a means of hiding problems and issues or avoiding responsibility. Responsible and accountable management is a clear requirement to support the Balanced Scorecard concepts. Proper delegation is a key issue here: too much interference will undermine the process. Nevertheless, complex PIs can be used to communicate a broad situation and thus strengthen the Balanced Scorecard measures. In contrast, the use of simple traffic-lights or dials can be used to simplify the presentation to allow broader, more rapid communication of issues and performance. Similarly, whilst the four original Kaplan and Norton perspectives may be effective in terms of developing and presenting issues, there is scope, even the necessity, to tailor the Balanced Scorecard, and the terminology, to the individual organisation in order to improve organisation coherence with the concepts.

In implementing the Balanced Scorecard the following are the key issues:

- Incorporating strategy into the scorecard and using it as a means of internal communication,
- Defining a balanced set of specific Performance Indicators, both leading and lagging, that guide and drive the organisation to achieve the strategy,
- Ensuring that the system of reward is clearly linked to strategy in order to drive behaviour that will help achieve the strategic aims,

- Using the scorecard for external communication only where this provides advantage, and avoid revealing strategy outside the organisation when disclosure would enable competitors to undermine or frustrate the objectives,

- Build business plans unpinning the scorecard to manage the implementation of the strategy,

- Aim for Breakthrough Performance to transform the business rather than seeking incremental improvement rather than copying other organisations' processes, eg through benchmarking, and

- Linking the Balanced Scorecard to the resourcing and management processes to ensure that there are no other processes that will detract or undermine the Balanced Scorecard process.

These key features and issues of the Balanced Scorecard are supported by the lessons learned from implementation:

- Gaining and maintaining Top Level commitment,
- Involving more than Top Management in the development process,
- Ensuring a broad spectrum of the organisations is represented in development of the Balanced Scorecard,
- Agreeing strategy before developing the scorecard,
- Focusing the scorecard on strategic objectives,
- Avoid focussing on worthless measures,
- Failure to adapt the scorecard to meet local requirements,
- Ensuring that Executives use the Balanced Scorecard strategically,
- Using terms consistently,
- Utilise pilot projects in the implementation process,
- Use experienced consultants to support implementation process,
- Avoid misusing the Balanced Scorecard as a means of imposing unnecessary control,
- Construct and understand the cause-and-effect map,
- Use the Balanced Scorecard to drive the compensation process,

- Use the Balanced Scorecard to support organisational learning,

- Balanced Scorecard must be properly resourced,

- Properly balance the IT issues to support and not take-over the process,

- Ensuring a proper understanding of Balanced Scorecard issues within the organisation,

- Avoid over-complex and lengthy development, and

- Establish clear objectives for Balanced Scorecard programme.

Understanding these key issues and following these rules for implementation is likely to increase the chance of success for the Balanced Scorecard in an organisation. Failure to apply these lessons could result in a product that has a superficial "look and feel" of a Balanced Scorecard, but which fails to meet the requirements and consequently fails to deliver the desired strategy and business improvement.

The expectation is that successful use of the Balanced Scorecard will result in significantly enhanced organisational performance. However, whilst the Balanced Scorecard may become a key part, or even a core part, of the management process, it is not likely to be the sole mechanism to drive business success. Thus reported business improvements are not seen as exclusively derived from the Balanced Scorecard, even if it is a major contributing factor.

This chapter represents a thorough, but inevitably incomplete, description and appraisal of the Balanced Scorecard. Nevertheless it should suffice for the purposes of examining the relationship with cultural issues. The adequacy of the literature survey is considered further in Chapter 4.

Road Map

Chapter 1	**Outline of the research project.** The aim of the research is, • To demonstrate a mechanism for managing organisational culture through the Balanced Scorecard in order to improve culture and thus the potential for the Balanced Scorecard to deliver benefit.
Chapter 2	**Balanced Scorecard literature review.** The Chapter has shown that a core of literature can be used to build a good understanding of the concepts of the Balanced Scorecard. This core literature has enable 20 rules for implementing the Balanced Scorecard to be produced. Use of the scorecard itself, and its associated "cause-and-effect" model, drives the strategic agenda of the organisation, through the concept of "double loop learning". Because of its comprehensive nature, the other tools available either do not cover the same scope or are merely similar sorts of concepts. French preference for the Tableau de Bord appears to be a culturally based "not invented here" syndrome.
Chapter 3	**Culture literature review.**
Chapter 4	**Research methodology.**
Chapter 5	**Review of organisational issues.**
Chapter 6	**Case study on the impact of implementing the Balanced Scorecard.**
Chapter 7	**Cultural survey results.**
Chapter 8	**Developing and testing a cultural measurement tool for use with the Balanced Scorecard.**
Chapter 9	**Supporting case studies.**
Chapter 10	**Summary of conclusions.**

Figure 2.13

End notes:

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Chapter 3: Examining culture.

Road Map

Chapter 1	**Outline of the research project.** The aim of the research is, • To demonstrate a mechanism for managing organisational culture through the Balanced Scorecard in order to improve culture and thus the potential for the Balanced Scorecard to deliver benefit.
Chapter 2	**Balanced Scorecard literature review.**
Chapter 3	**Culture literature review.** Does creating a successful organisation, and making all the associated changes involved, change the culture of that organisation? This Chapter sets out to define culture and look at the inter-relationship between culture and the Balanced Scorecard. But is it only organisational culture that is important, or does national culture also have an impact on use of the Balanced Scorecard? The Chapter goes on to look at whether organisational culture is important to success, and whether it is possible to measure culture, and to look at culture management issues.
Chapter 4	**Research methodology.**
Chapter 5	**Review of organisational issues.**
Chapter 6	**Case study on the impact of implementing the Balanced Scorecard.**
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Figure 3.1

1.   Why look at culture?

The Balanced Scorecard is designed to improve organisational performance. It does this by providing data on the achievement of strategic goals through a mix of leading and lagging performance indicators. These should focus the attention of staff at all levels on what are perceived to be the key success factors for the business. However, through a process of learning, the understanding of the issues facing the organisation, and thus of the actions required, should develop over time.

Even within this summary it will be evident that there are issues that lie deeper than simple business process and outcomes. As Figure 3.1 illustrates, this Chapter therefore examines further the issues of the relationship between the Balanced Scorecard and culture. This will be done by looking at how the Balanced Scorecard derives from the culture of the organisation and links to the motivational processes, building on the earlier references to NLP. The Chapter will then look at the way that the Balanced Scorecard links to wider aspects of organisational culture. In looking at the Tableau de Bord, in Chapter 2, it was shown that cultural variations will create different attitudes towards the Balanced Scorecard. This Chapter will examine the issue of national culture further.

The Balanced Scorecard is essentially a management tool, which relies on measurement to guide management. Thus a key aim of this chapter is to examine, conceptually, whether the linkage between culture and the Balanced Scorecard is sufficiently strong to make it worthwhile, or necessary, to link the two through hard measurement. There is also a consideration of culture management issues.

Culture is one of four key metaphors for organisations described by Morgan. [1, 2] These are shown in Table 3.1 below:

Table 3.1: Organisational Metaphors.				
	Machine Metaphor	**Biological or Organism Metaphor**	**System Metaphor**	**Culture Metaphor**
Description:	**Organisation analogous to a machine designed for a specific purpose.**	**Organisation analogous to biological organisms.**	**Organisation consists of diverse groups, each with their own objectives.**	**Organisation has common beliefs, values and shared assumptions.**
Characteristics:	**Purpose or goals to achieve.**	**Organisation interacts and is affected by its environment.**	**Individual sub-systems have their own aims and objectives.**	**Individual share values and beliefs and use these to make sense of the world.**
	Organisation disaggregates tasks in a structured and coordinated manner.	**Organisation is a system of sub-systems.**	**Potential of competition or conflict between sub-systems is acknow-ledged.**	**Shared values and beliefs have pervasive influence on behaviour in the organisation.**
	Methods, rules and procedures regulate what is permitted or prohibited.	**All parts of the organisation are inter-connected, directly or indirectly.**		
	Resources used in an efficient and effective way to achieve goals.	**The Human Element is a key organisational component.**		
Main focus:	**Technical efficiency or fitness for purpose.**	**Relationship with environment. Interrelation with environment and impact of environment on organisation.**	**Conflict and competition between sub-systems.**	**Beliefs, values and shared meanings and resultant behaviour patterns of organisational members.**

Strengths:	Focus on the organisation and its efficiency.	Acknow-ledgement of wide range of sub-systems and their individual contribution to overall outcomes.	Acknow-ledgement of competing perspectives and thus recognition of potential conflict.	Penetrates deep into the organisation to the less tangible aspects of the organisation and their impact on individuals.
Weaknesses:	Neglects human elements.	Supposed unity of aim of component sub-systems.	Focus on conflict to the exclusion of adequate recognition of cooperation.	Tends to regard human behaviour as rational according to the mores of the organisation, thus underplaying the impact of factors external to the individual.

The Balanced Scorecard is seen as focusing on organisational purpose and goals, in the manner of a machine metaphor organisation. But it also relies heavily on a Biological or Organism metaphor in that it recognises the sub-elements of the organisation and seeks to orientate them towards a common objective. It does not thus totally ignore the human element in the way that machine metaphor management system might; indeed there is a strong emphasis on the human component. However, that emphasis is strongly organisationally directed and goal orientated. Thus looking at issues from a cultural perspective would broaden out the horizon of the Balanced Scorecard as a management tool.

Like Chapter 2, this Chapter is based on a review of some of the available literature. Culture is a large subject in its own right and it is therefore essential to limit the scope of our examination. [3] It cannot, and will not, therefore be an exhaustive review but will aim to build a credible and robust summary of the issues.

There are numerous effective definitions of culture, which are useful in helping to understand this phenomenon. [4] Here we will use one provided by Morgan,

> *"The culture metaphor points towards another means of creating organised activity: by influencing the language, norms, folklore, ceremonies, and other social practices that communicate the key ideologies, values and beliefs guiding action."* [5]

This definition has been chosen because it seems to emphasise the individual's absorption into the culture through a subtle learning process. However, it must also be remembered that, as Anthony points out, organisations are not simply like cultures, they are cultures. [6]

2.   Linking the Balanced Scorecard to the core values of the organisation.

Whilst Kaplan and Norton articulate the view that the Balanced Scorecard is based on the Mission Statement and the organisational Strategy, which derives from the Vision, M G Brown and Niven also place a great deal of emphasis on Values. Hacker and Brotherton highlight the importance of Values in delivering the organisation's mission. [7] Indeed they go on to say that an, *" …effective measurement system has the power to change culture, making it more performance orientated."* The Balanced Scorecard is more than a measurement system, but the description is apt.

In Chapter 2 we looked at the issue of how the NLP Logical Levels demonstrate the need to work at the levels of beliefs and values in order to change behaviours.

Figure 3.2: NLP Logical levels.
(From: O'Connor, J. and Seymour, J. (1995). Introducing NLP.
Thorsons.)
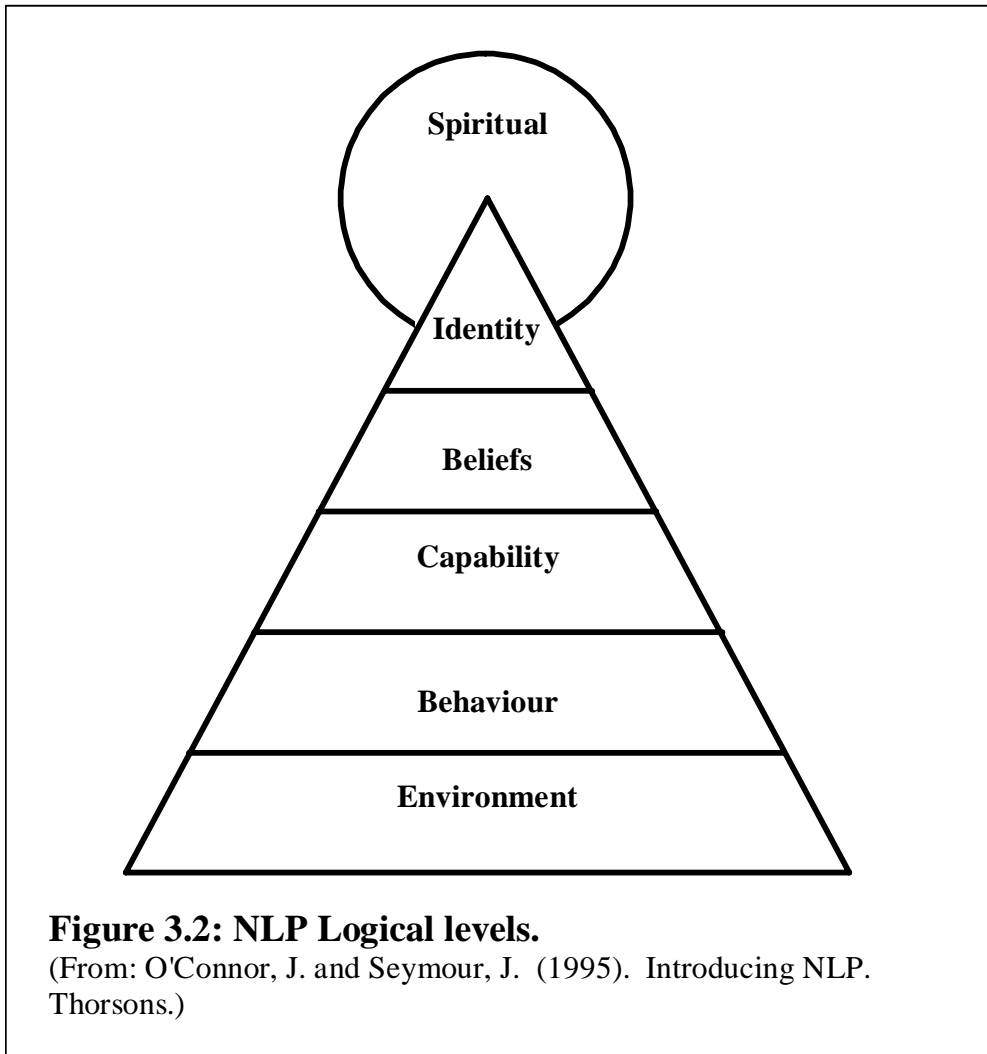
Mission, Strategy, Vision and Values link to the NLP Logical Levels shown in Figure 3.2.

- **Mission** – delivering products and services to customers – impacting the environment through actions/behaviours, based on belief about purpose.

- **Strategy** – creating and delivering changes – developing capability to impact the environment through change.

- **Vision** – a future picture of the organisation – embedding beliefs in the organisation to change the internal and external environment of the organisation through changed capabilities and behaviours.

- **Values** – the underlying beliefs of the organisation – beliefs that create corporate identify and that impact on behaviour.

Thus the NLP Logical Levels show:

- **Who we are** – the corporate identity.
- **What we believe** – about others and ourselves.
- **What our capabilities are** – what assets and resources we possess.
- **How we behave** – how we use the assets and resources to demonstrate our beliefs.
- **Where we operate or have impact** – the way we interact with the environment.

Many of these issues surface again as we start to look at culture because as Cartwright, the founder of the Culture Management Research Association, at the start of his book *"Cultural Transformation"* states, *"...cultural values are the key to the effective management of organisations for their continuous business improvement."* [8] M Smith argues that organisational culture will impact the ability to conduct change. He states, *"Culture at a number of levels, notably group, corporate and societal, will impact the change process"*. [9] He highlights Schein's threefold classification of culture of:

- **Assumptions** – that represent the invisible core elements, such as a shared vision or established social attitudes.
- **Values** – that represent the preferences that guide behaviour, such as attitudes within an organisation or ethics within a society.
- **Artefacts** – that represent the tangible material elements of culture, such as the language used to articulate the policies and procedures of the organisation, the use of acronyms, and the spoken word and dialects of the society.

Thus change, which is what the Balanced Scorecard aims to achieve by making organisations more successful, is also about culture. Schein's definition incorporates

issues such as, "shared vision"; "values"; "behaviour"; "artefacts" and other elements of the environment such as "procedures" and "language". All these combine to create the sense of identity that unites or divides individuals into or from a society or organisation.

Neuro Linguistic Programming is essentially the study of excellence at individual level. It aims to help individuals improve their performance through the systemisation and articulation of the methods people employ to achieve success.

> *"NLP is generative psychology. It is also 'the psychology of excellence'. It has a vision of a world in which there is no shortage of excellence and where education is about helping everyone to be outstanding."* [10]

The Balanced Scorecard aims to articulate a system by which organisations can achieve success. Thus the two are linked conceptually in that both seek to enable improvement; one at an individual level and the other at organisational level. Indeed, it could be argued that the Balanced Scorecard is thus a subsystem within NLP.

> *"The starting point of NLP is curiosity and fascination about people. It is the study of the structure of subjective experience. How do we do what we do? How do we think? How do we learn? … And how do outstanding people in any field get their results? To answer these questions NLP explores how we think and feel and studies or 'models' excellence in every walk of life. The answers can then be taught to others. The goal is excellence for all."* [11]

The Balanced Scorecard aims to systematise a process by which organisations can improve. This can then be copied by others in order to improve their own performance. Learning is a key feature of both systems: NLP emphasises learning from others and from personal experience, the Balanced Scorecard emphasises

organisational learning about strategic success utilising the cause-and-effect model and the double-loop learning concepts, as outlined in Chapter 2.

Here the logical levels of understanding articulated by NLP help understanding of the motivational factors that drive individual performance. It can also be seen that failure to address the higher levels will obstruct progress since they fail to affect the attitudes and address the value system of the individual, whilst at the lowest level culture is an environmental factor that will also need to be addressed. Some writers see these value systems as a core part of the Balanced Scorecard.

3.   The Balanced Scorecard and organisational culture.

M Smith argues that in attempting to promote new management practices the organisational culture will be impacted, particularly when attempting to translate systems across national and organisational divides. Denison too argues,

> *"The values and beliefs of an organisation give rise to a set of management practices - concrete activities that are usually rooted in the values of the organisation."* [12]

He goes on to say,

> *"Concrete policies and practices are often difficult to separate from the core values and beliefs and the system of shared meaning that supports them"*, [13]

and

> *"Effectiveness (or lack of it) is a function of the values and beliefs held by the members of an organisation"*. [14]

This would support the contention that any attempt to change the practices and procedures of the organisation in order to improve effectiveness would result in a change in the organisational culture. Introduction of the Balanced Scorecard thus falls into this category.

Although it is often argued that culture impacts organisational effectiveness, A Brown commends Denison's work as being one of the few that have proved a direct linkage between culture and effectiveness. [15] Kaplan and Norton argue that the businesses have changed to become more knowledge based. [16] It would be valid to argue that if the nature of the organisation has changed then its culture has changed too. Kaplan and Norton also argue that the Balanced Scorecard enables tangible and intangible assets to be linked through the cause and effect model, to enhance organisational value. [17] This raises the question of the degree to which the Balanced Scorecard should incorporate culture as a key intangible asset for value creation. But not everyone sees culture as an asset. A Brown, reports that Kan sees culture as exploitative in that it freezes inequalities and existing power domination structures. [18] This view would suggest that culture is a liability.

M G Brown argues that to build a Balanced Scorecard it is also necessary to embed in it the organisational values. He attributes the identification of organisational values to the TQM movement and articulates a link to the Baldrige Award. [19] This suggests that the Balanced Scorecard should articulate the culture of the organisation, because the values are part of culture. Cartwright sees culture as being unique to an organisation. [20] Similarly, M G Brown sees culture as something that cannot be copied from one organisation to another, and quotes the example of Southwest Airlines, which has been able to create a unique opportunity for itself through its culture. [21] Southwest Airlines is so concerned about its culture that it selects employees on the basis of personality rather than skills and ability, because these latter issues can be "trained" whilst personality cannot. [22] Bowen, et al, echo these sentiments. [23] However, M G Brown sees the role of the CEO as of crucial importance and highlights organisational vulnerability to changes at the senior level where culture is driven. [24] M G Brown also admits that he rarely sees Balanced

Scorecards that attempt to monitor the degree to which the desired culture has been adopted. But then he also suggests that once the desired culture has been adopted the relevant metrics might be dropped. [25] This raises the issue of whether measurement promotes change whilst lack of measurement creates stability, is discussed below. Cartwright argues that senior managers drive culture. Looking at the work of Kotter and Heskett, and also that of Dyer, it might be suggested that in strong cultures the leadership only has an impact when changed as a result of a crisis. [26, 27] Dyer's model might be seen as implying that existing management will have no impact in the crisis and will need to be replaced. [28] This may be because existing management and the culture they have created (or vice versa) are part of the problem that has created the crisis. Kotter and Heskett go on to argue that cultural issues are of increasing importance. [29] The danger is that, unless management and the organisation recognise culture as an issue, the cultural development process is likely to be haphazard.

This highlights something of a conflict. If organisational culture can be changed, eg through plans derived from appropriate scorecard measures, once change has occurred what is to prevent further, undesirable change if appropriate measures do not reinforce the required culture? That is, you get the culture you desire through its measurement. If you don't measure it, you don't get it. Although written specifically in the context of "process metrics", M G Brown's comment that, *"When it comes to human behaviour, you get what you measure, most of the time"* [30] is probably still valid in cultural terms. Against this is the question of the degree to which culture reaches some form of stable equilibrium based on internal action, or whether external influences can upset the equilibrium.

A Brown points out that some writers distinguish between the organisational culture and its identity. The issue of what an organisational identity is, and how it differs from the organisational culture, is somewhat unclear. He argues that "identity" may be synonymous with the espoused culture, ie how those external to the organisation perceive the internal culture. This may be different from the real culture. [31] Adapting the Johari window concepts helps explain the issue of different perceptions of the cultural identity. [32] For many organisations the collective understanding of the culture

(A and C in Figure 3.3 below) will be quite high. There is, however, an issue about how this information is collected and utilised. In contrast for many individuals external to the organisation the understanding of the culture will be limited. Indeed some of the individual perceptions and beliefs may be false, but these too can be important to the organisation because they will represent a view of the organisation which has to be overcome. There are always likely to be things that an organisation does not know about itself; eg the roots of traditions lost in time, government or competitors plans that will have a detrimental impact on performance. Note that the boundaries between the perspectives are not necessarily central, and will move over time. This is indicated by the arrows. The model highlights how the perceived identity of the organisation will be different internally to that held externally.

Organisational Perspective		
	What the organisation knows about its own culture.	**What the organisation doesn't know about its own culture.**
What those outside the organisation know about its culture.	**A – Common understanding.**	**B – Additional external perspectives.**
What those outside the organisation don't know about its culture.	**C – Additional internal perspectives.**	**D – The hidden organisation.**

External perspective

External identity. (A+B)

Internal identity. (A+C)

True identity. (A+B+C+D)

Figure 3.3: Cultural Window.
Source: Author, adapted from the concepts of the Johari Window.

Anthony supports these ideas of multiple perspectives,

> *"But organisations are also prone to take a particular view of themselves, for purposes of advertising or public relations or, sometimes, to motivate their employees to greater loyalty and effort. This inspirational view of what the culture of the organisation is may differ from the way it seems to its inhabitants or to an observer. It may not even be meant to be accurate because it is intended to influence rather than describe ...".* [33]

Anthony thus distinguishes between the *"espoused" "corporate culture"* and the *"real" "organisational culture"*, although he suggests that it may be difficult to separate the two. [34] Note too that different collectives of individuals within the organisation may have different views. Thus blocks A and C in the above can be seen to have meaning at individual, team or group level, and corporate level.

M G Brown, when looking at the US retailer Sears reports a perceived link between employee morale, customer satisfaction and then to profit. A study was undertaken that proved that this relationship existed, but the relationship was minimal. Pursuit of this as a viable route to improved business performance was thus not worthwhile. [35, 36] But the general contention cannot be dismissed on the basis of one particular example. Instead it is necessary to consider Denison's general thrust that organisational success is based on a balanced culture. One issue is the degree to which that culture must connect with its customer or stakeholder base. Consideration must also be given as to how significant morale, or culture, is to an organisation. However, since culture reflects so much of the organisation it is logical that it will have a major impact. This issue is, "How can culture be influenced in a way that adds greatest benefit to business objectives for a given input of resource?" Ainslie, in his work, [37] does not examine this issue in a numerical manner, but merely quotes widely on the recognised importance of this relationship. His overall aim is to produce a mechanism to facilitate more systematic measurement of organisational ethos, because this is seen as important to achieving organisational objectives. A Brown highlights the general perception that a "strong culture equals a successful organisation". However, he goes on to suggest that there is not a great deal of evidence to support this, and some evidence to contradict it, a position supported by Bowen, et al. [38] But Brown also suggests that a dysfunctional culture may lead, or contribute to organisational failure. [39]

Commenting on the growth of the study of organisational culture, A Brown says,

"It was the apparent failure of traditional approaches, which stressed the importance of formal organisational structure and environment relations, to offer convincing explanations that persuades many commentators to consider organisational culture seriously." [40]

Thus he can be seen to be somewhat in contrast with Kaplan and Norton who argue that it is the successful implementation of strategy and effective understanding of, and interaction with, the environment, through the Balanced Scorecard, that will produce success. In that sense Kaplan and Norton might be seen as "traditionalists", whilst M G Brown, who argues more for the management of the culture through the Balanced Scorecard, might be seen to stand between these two viewpoints. Similarly it is important to recognise that only if one adopts the perspective that a culture is, *"A set of behavioural and or cognitive characteristics"* [41] can one contemplate measuring aspects of culture and set about determining its relationship to organisation activity and outcomes. If Kaplan and Norton are right when they argue that the Balanced Scorecard is about implementing strategic plans and vision, is this not directly addressing cultural issues? Strategic plans and the vision need to be made explicit, in the same way that cultural issues need to be made explicit. Implementing strategy will impact culture. For example, putting new emphasis on particular products and changing cost structures, as in the case of Mobil [42], can also be seen as having created a new cultural regime that changed what the organisation valued previously, including changing employee behaviours. The question is whether the Balanced Scorecard can be used to reconcile staff to changes in their organisational importance in the same way that it can be used to reconcile competing strategic objectives. [43] Certainly Cartwright is convinced that in order to manage culture it must be defined and measured. [44] Cartwright goes on to remind his readers that organisations with deeply entrenched traditional management styles must be more flexible if they are to survive the challenge of external environmental change. [45] This raises the issue of the degree of change that is acceptable without the effective destruction of the organisation. That is, if an organisation abandons many of its traditional values, is it truly the same organisation?

A Brown highlights the problem that national cultures that emphasise individualism as opposed to collectivism will tend to result in the creation of multiple organisational subcultures. [46] As we shall see when we look at Hofstede's work, Great Britain's national culture would therefore tend to promote organisational subcultures. This raises the issue of whether subcultures are detrimental or supportive to the overall organisational culture, and whether attempting to promote a single culture is therefore beneficial or detrimental to the achievement of overall organisational goals. Interestingly, Cartwright implies that if the organisational culture is too powerful then it will mask the individual subcultures making it difficult to identify and manage issues at the lower level. However, this seems to deny the way he advocates that his Nine Factors measurement instrument should be used. Nevertheless, he does go on to make the point that,

> *" … by the identification and measurement of individual sectors or departmental cultures, it will be possible to link business performance indicators directly to the motivating factors in each individual culture."* [47]

This tends to suggest that whilst it is important to consider and manage culture, the impact and relationship with subcultures could be extremely important. Thus Cartwright goes on to emphasise the need to measure cultural issues at a sub-organisational level in order to distinguish the different issues in different parts of the organisation.

Kaplan and Norton describe the Learning and Growth dimension of the Balanced Scorecard as addressing the cultural shifts required to deliver strategic objectives. [48] They then go on to say that, *"The learning and growth perspective defines the competencies, know-how, technology, and climate needed to support these high priority processes and activities."* [49] Some would argue that culture and climate are the same, but as has been argued above, competencies, know-how, and technology are an integral part of culture. There is thus perhaps a question, not so much as whether it

is legitimate to include cultural issues in this dimension of the Balanced Scorecard, as to degree to which the Learning and Growth dimension, in particular, already reflects cultural issues. Thus driving technology change would be tantamount to driving cultural change, and the inter-relationships need to be clearly understood. But then this again raises the comment made by Kaplan and Norton that executives fail to fully understand the issues in the learning and growth dimension. [50] Nevertheless, Kaplan and Norton do argue that one of the roles of a corporate Balanced Scorecard is to articulate the, *"... values, beliefs, and ideas that reflect the corporate identity and must be shared by all SBUs ..."*. [51] This would suggest that they perceive a role for a "culture measure" in corporate level scorecards, although they do not emphasise this in their earlier works.

Do executives really understand cultural issues? Some argue that these are implicit rather than explicit, and consequently many fail to understand them. Even though the culture is not explicitly recognised, people will conform to it. A Brown argues that, *"A common culture promotes consistency of perception, problem definition, evaluation of issues and options, and preferences for action."* [52] Cartwright similarly states that,

> *"The cultural identity will be institutionalised in the organisation's code of ethics or mission statement, its code of conduct, personnel policies and quality standards. It will be externalised in its symbols, house-style, ceremonies and style of dress of its members."* [53]

Cartwright goes on to suggest that one of the key functions of a culture is its ability to instruct its members and the group as a whole. [54] This perhaps puts the issue of culture more at the heart of the Balanced Scorecard: in the same category of the strategy and mission statements, which express the culture of the organisation. But one of the biggest problems that seems to emerge from reading these various authors is that an organisation faces considerable difficulties in:

- Developing consensus on its mission, strategy, goals;
- Developing means of achieving goals;
- Identifying the criteria to measure achievement of goals;
- Identifying alternative strategies for correcting variation from goals;
- Understanding how to communicate internally;
- Distributing reward.

These are all issues articulated by Kaplan and Norton as needing to be resolved in developing the Balanced Scorecard. This therefore suggests that the issues of the Balanced Scorecard and Culture are similar if not inextricably bound. For example, *"The cultural assessment ... becomes part of the overall organisational culture that can be effectively managed for its continuous improvement."* [55] This is not dissimilar to the objective of implementing the Balanced Scorecard. It is also argued that Continuous Improvement, TQM, EFQM, etc are not tools that can simply be picked up, used for a while and then thrown away. A real, and long-term, commitment has to be made to them. There is a danger in any of these issues being seen as a "management fad", or even as an experiment by those advocating them.

What needs to be determined is what the relationship is between these management tools or processes and the organisational culture. It is also necessary to consider how that relationship is managed. Interestingly both Cartwright and Denison see the need for a balanced management of cultural issues. In his cultural measurement tool developed from his earlier work Denison balances "involvement" with "mission" and "consistency" with "adaptability". Cartwright argues, *"The organisation needs to strike a balance between continuity and change, between stability and flexibility, between long-termism and short-term considerations..."*. [56] It is therefore questioned whether a good Balanced Scorecard can also be judged by these cultural criteria in terms of the performance measures it contains. Cartwright also highlights Goodwin's ideas that "internal adaptation" and "consistent management behaviour" are both required. [57] Thus Goodwin aligns to some degree with Denison.

One of Srinivasan's main arguments also picks up on issues relating to culture. He argues,

> *"We may well ask why so elegant an idea as the balanced scorecard has taken so long to germinate in the corporate world. The reason perhaps lies in our culture - the way we do things."*

He concludes,

> *"The extent to which organisations can reconcile these tensions depends on their culture. It is only at our own peril that we ignore culture's consequences in dealing with contrasting issues in the strategy process and the balanced scorecard."* [58]

The way that we do things is based on our understanding of the different options. But A Brown reports that Weick suggests that many researchers see no distinction between culture and strategy. [59]   However, whilst A Brown then comments that *"...most commentators..."* see a distinction between culture and strategy, he does suggest that strategic planning documents can be regarded as *"...cultural artefacts..."*. [60] If this is so, and the Balanced Scorecard articulates the strategy, then the Balanced Scorecard articulates culture. Green suggests that strategy also modifies culture. [61]

Throughout the writings on the Balanced Scorecard there are implicit references to the impact on organisation culture and the way that it changes as the scorecard takes effect. The relationship between the two is complex. But then anything that happens within, or even outside, an organisation has impact on the culture. The issue is thus the degree to which there is a need to take a specifically "cultural" perspective of the organisation and its activities, rather than the more "business objective" focus of the traditional Balanced Scorecard perspectives. That does not mean that there has to be a separate "fifth" "Cultural Perspective" embodied in the scorecard model, since such issues could be incorporated in the other perspectives, particularly the "Learning and

Growth" perspective. If Kotter and Heskett are to be believed, failure to manage change effectively will undermine Balanced Scorecard objectives. Change will be resisted by culture, and thus culture must be managed effectively.

4. The Balanced Scorecard and national culture.

In Chapter 2 reference was made to the Tableau de Bord as a competitive management tool to the Balanced Scorecard. Few see the Tableau de Bord as having advantage over the Balanced Scorecard, yet there is a French commitment to the system that is seen nowhere else. Thus there is a need to consider whether this arises from cultural differences. As is shown below, the French culture is different to that of the United States. It may thus be that the Balanced Scorecard is using a management language that is alien to French culture. Brooks highlights this issue,

> *"It is also interesting to note that many of the early problems faced by Eurodisney near Paris were cultural in origin and were partly the result of American management coming into contact with French culture."* [62]

This issue about potential conflict with national culture is highlighted in an article by Smith,

> *" … we must beware of attempting to transfer management practices based on US theory to hosts with different cultural value systems; if we do so without taking these differences into account, then transfers will be doomed to failure."* [63]

Smith highlights that differences in national cultures will have particular importance for multinationals. This suggests therefore, that multinationals operating in France are much more likely to encounter problems in introducing the Balanced Scorecard to their French speaking areas than they are likely to experience in areas that are better disposed towards the US culture.

Hofstede, when working on culture in IBM noted that, whilst there appeared to be a common organisational culture, nationality distinguished the individuals within IBM to a significant degree. [64] He measured the differences on four dimensions, which are set out in the Table 3.2 below. (Consideration of the fifth dimension, of "long-term orientation", does not extend to providing a complete set of data for all the countries in the sample and therefore this dimension is not considered.) Taking the origins of some of the major works on the Balanced Scorecard, and comparing them to France, it is notable that the French culture shows considerable variation from the English speaking countries. Statistics for Japan are also included below, as this is the origin of many new management practices in recent years.

Table 3.2: National culture measures for selected countries. (Taken from: Hofstede, G. (1991). Culture and Organisations. Harper Collins.)				
	Power distance index (PDI)[65]	**Individualism index (IDV)**[66]	**Masculinity index (MAS)**[67]	**Uncertainty avoidance index (UAI)**[68]
	A measure for the degree of power distance in a country's culture.	*The measure of the degree of individualism in a country's culture.*	*A measure of the degree of masculinity in a country's culture.*	*A measure for the degree of uncertainty in a country's culture.*
	The higher the score the greater the differentiation between authority and subordinate.	The higher the score the greater the emphasis on the individual as opposed to the organisation.	High scores reflect a strongly masculine country, and low scores a strong feminine orientation.	High scores represent a requirement for certainty and to conform.
USA	40	91	62	46
Great Britain	35	89	66	35
Australia	36	90	61	51
Sweden	31	71	5	29
France	68	71	43	86
Japan	54	46	95	92
Taiwan	58	17	45	69

This is also presented graphically in Figure 3.4.

Figure 3.4: National culture measures for selected countries.
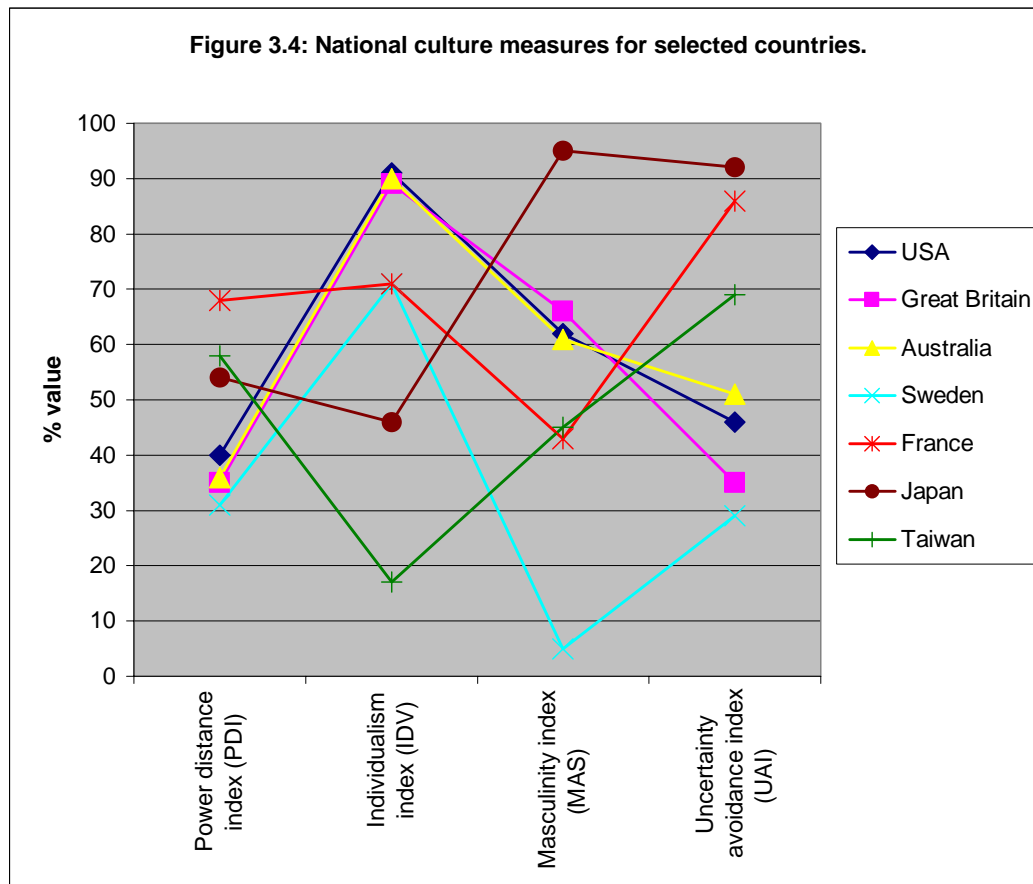
National cultures have been categorised into eight clusters using these characteristics. France falls into the "More developed Latin" cluster, Japan into the "More developed Asian", Taiwan into the "Less developed Asian", Sweden into the "Nordic" cluster, and Australia, Great Britain and the USA into an "Anglo" cluster. [69]

This suggests that the French culture is significantly different from that of the USA, Australia and Great Britain, with the result that cultural issues, eg related to management, might not translate easily on the basis of nationality, although the unifying influence of corporate culture might help overcome this in a multinational organisation. However, the same might be said also for Sweden, although the difference is not so great, particularly if the "masculinity" index is discounted as having less impact on the use of a management tool. The Japanese culture also seems

to differ significantly. Thus Hofstede's work can be seen as supporting the argument that cultural differences might prevent adoption of the Balanced Scorecard in France, but equally raises the issue about why Japanese Quality Management processes might have been so readily adopted by the West. Indeed, Cartwright, in proposing cultural management as a key method for successful quality management, states that male-orientated macho values are counterproductive in a quality culture: perhaps thereby undermining the case for their success in Japan. [70] This suggests that the issues driving effective management cannot be looked at simply in terms of a stylised national or management culture.

In a rather acrimonious exchange, Hofstede challenges the work of Gooderham and Nordhaug who suggest that in Europe the international differences in culture may be on the decline. [71] If there is a decline in international cultural distinctions then theoretically the way might be more or less open to the acceptance of a particular management tool, as part of the process, value system and therefore the culture of organisations. However, it is also necessary to determine how the Balanced Scorecard as a process maps against culture if one is to determine whether it will become more or less acceptable. It is also necessary to understand the relationship between national culture and individual organisational culture within the national context, and to see if the organisational culture transcends national culture, eg because the organisation is international. However, it must be recognised that Hofstede's original work identified national cultures within an international organisation, ie IBM.

The weakness of Hofstede's work is that it is based on one organisation with its own strong culture. Although Hofstede's work is regarded highly, Brooks notes that,

> *"One of the biggest problems faced when looking at national culture is to find an acceptable definition. Kroeber and Kluckholm (1985) found over 160 definitions of culture in their research. This may be because culture can be viewed from an anthropological or sociological perspective as opposed to an organisational one ..."* [72]

He goes on to point out that Hofstede's work results in people viewing culture in "national" terms rather than on more regional ethnic groupings. However, *"In some countries subcultural differences may follow social class, gender, age, ethnic origin, religion or occupational group ..."* [73] and Brooks highlights six areas of commonly held values:

- Language,
- Legal system,
- Values,
- Education,
- Political system, and
- Religion. [74]

Kluckholm and Strodtbeck provided one of the earliest classifications of culture, but Adler, Laurent, Mead and Campbell took this work further variously. [75] From these various works is derived an alternative classification of national culture as perceived in management:

- *"managers' attitudes towards hierarchy;*
- *the willingness to bypass lines of hierarchy in the organisation;*
- *managers' relationships with subordinates;*
- *the importance of managers in society."* [76]

Based on this Laurent measured the culture of managers in various countries. Again this demonstrates a difference between the cultures of US, UK, Sweden and France, as shown in Table 3.3 and Figure 3.5. [77]

Table 3.3: Analysis of managers' roles.				
Country:	Agreement that role of hierarchy is articulate authority structures.	Disagreement that efficient work relationships necessitate bypassing the hierarchy.	Agreement that superiors must have precise answers for any questions raised by subordinates.	Agreement that managers play an important role in society through their professional activity:
France	43%	43%	53%	76%
Sweden	30%	26%	10%	54%
UK	34%	35%	27%	40%
USA	17%	32%	18%	52%

Figure 3.5: Lauren's analysis of management roles.
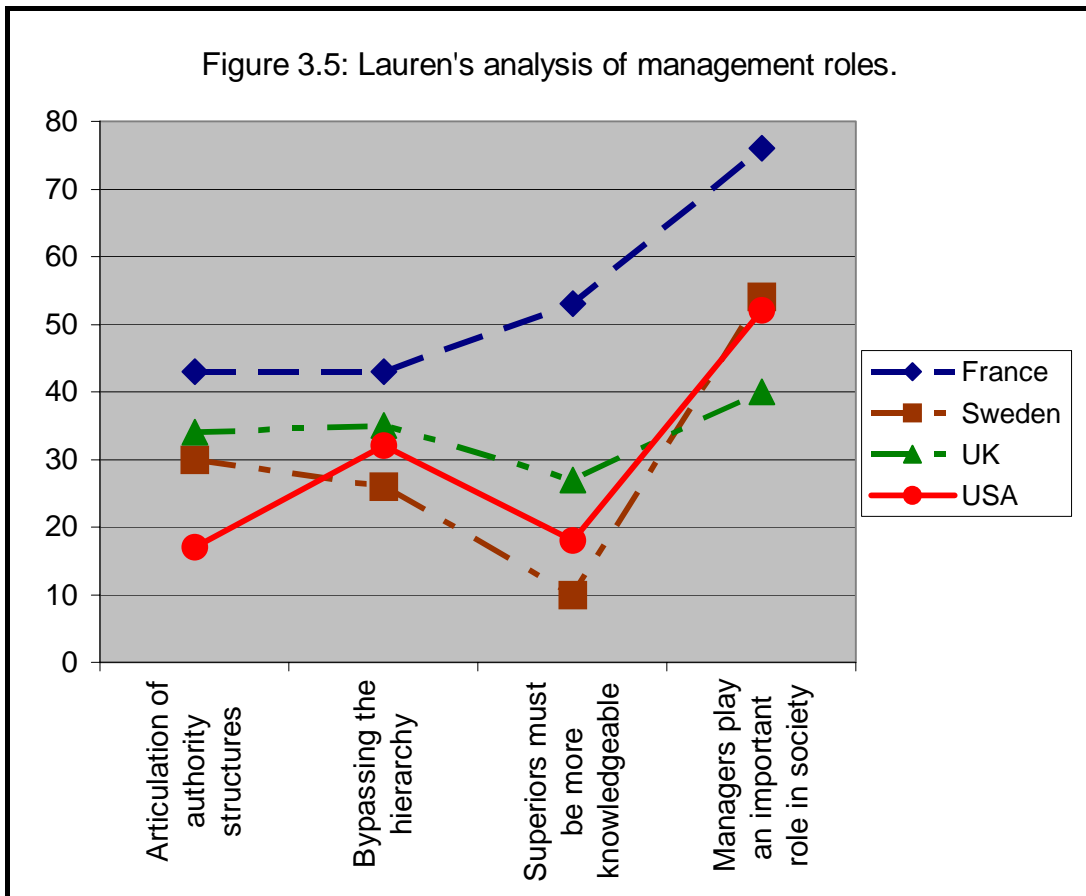
This suggests that whilst French culture is distinctly different from the other three. Lauren's analysis perhaps suggests that managers are expected to be "superior", with a consequent disenfranchisement of employees who merely obey orders without

understanding the vision. This chimes with the findings of Hofstede where there is distance between power figures and subordinates and a requirement for low uncertainty in France. However, it is noted that there is less commonality between any of the other three cultures than there is under Hofstede's categorisation. (Tropenaars and Hampden-Turner provide an alternative assessment of national cultures and similarly identify substantial difference between France and the Scandinavian and Anglo-American cultures, although the Antipodean cultures are seen as closer to the French under their classification, whilst the South Korean culture is even further from the Anglo-American cultures than the French. [78])

Huang, in his research into a Balanced Scorecard based performance measurement framework, largely ignores the issues of culture, despite the fact that his work is aimed at organisations undergoing considerable change. He even concludes that his performance measurement system could be used across cultural boundaries, but since this is assessed on the basis of interviews with six organisations – three Taiwanese military organisations moving to the private sector, and three UK companies (one of which appears might be a Taiwanese subsidiary) – the findings cannot be considered robust. [79] However, as can be seen from Hofstede's work, the Taiwanese culture is substantially different from that of the other nations shown above. It is nearest to that of France, except in the individuality dimension, and thus transporting the Balanced Scorecard to Taiwanese culture may not be a simple matter.

This therefore suggests that organisational culture will be impacted by the national culture in which the organisation operates. There may therefore be difficulties in adopting management systems across national boundaries where characteristics of the national culture mitigate against adoption of such a management tool. Trompenaars comments,

> *"The Dutch author became interested in this subject before it grew*
> *popular because his father is Dutch and his mother is French. It*
> *gave him an understanding of the fact that if something works in*
> *one culture, there is little chance that it will work in another. No*

Dutch "management" technique his father tried to use ever worked effectively in his French family." [80]

Antipathy towards the origins of a management tool may also be an important factor. However, since multinationals operate their management systems on an international basis, national cultural issues may not be insurmountable, particularly if national cultures differences are being eroded, eg by the strong influence of the American culture. What is needed is clear understanding and management of such issues, but it may be that a standardised "American" management process will need to be modified to fit easily into another culture.

5.   Culture and organisational success.

Deal and Kennedy in the introduction to their book "The new corporate culture" highlight Schein's view that the really important role of the leader in an organisation is to manage the organisational culture. They then go on to say that,

"Other books, most notably, John Kotter and James Heskett's Corporate Culture and Performance and James Collins and Jerry Porras's Built to Last, offered solid quantitative evidence to demonstrate that companies with strong cultures outperform run-of-the-mill companies by a massive margin." [81]

Their view is very much that it is organisations with strong cultures that are successful and that downsizing, outsourcing and mergers play havoc with the internal culture that is the instrument of success. Such tactics are the result of short-term management obsessions. In that sense they agree with Kaplan and Norton whose work was based on the need to instil a longer-term perspective into managers. However, Deal and Kennedy also believe that these tactics fail to recognise where the organisation has come from and where it is now. Essentially this is a plea to take a cultural perspective of the organisation to the heart of the management process. In their analysis of events

since their original book, [82] they admit that some of the companies that they had highlighted as having strong effective culture no longer exist. However, they argue,

> *"Nevertheless, had we put out 1982 money where our mouths were and purchased one share of stock in each of the companies we so admired (which were then listed on the stock market) our initial stake would have increased by 987% through midyear 1998. In contrast, had we invested our money in the Standard & Poor's average, the most broadly based stock market performance, our stake would have increased by only 538% ..."* [83]

Kotter and Heskett argue that,

- *"Corporate culture can have a significant impact on a firm's long-term economic performance ...*
- *Corporate culture will probably be an even more important factor in determining the success or failure of firms in the next decade ...*
- *Corporate cultures that inhibit strong long-term financial performance are not rare; they develop easily, even in firms that are full of reasonable and intelligent people ...*
- *Although tough to change, corporate cultures can be made more performance enhancing."* [84]

The summary of their findings is in Table 3.4 below:

Table 3.4: Kotter and Heskett's findings on longer-term performance for organisations based on perception of culture. (Kotter, J.P. and Heskett, J.L. (1992). Corporate Culture and Performance. Free Press. Page 11.)		
Performance improvements over an 11-year period.	**Firms whose cultures emphasise the key stakeholder groups (customers, stockholders and employees) and whose managers provide leadership at all levels in the organisation:**	**Firms that do not exhibit such cultural traits:**
Average increase in revenue:	682%	166%
Average expansion of workforce:	282%	36%
Average growth in stock price:	901%	74%
Average increase in net income:	756%	1%

Collins and Porras identified ten cultural characteristics of strong companies and showed that over the period 1926 to 1990 one dollar invested in each of their "visionary companies" would have produced $6,356 compared to $415 for an investment in the general stock market average over the same period. [85]

Cameron and Quinn referring to Porter's "Five Forces model":

• High entry barriers,

• Threat of substitution,

• Buyer bargaining power,

• Supplier bargaining power, and

• Industry competition, [86]

suggest that a favourable representation of these issues does not necessarily produce success, but that organisations can thrive in adverse conditions through the presence of an appropriate culture.

"The top five performers in the last two decades – those who have literally blown away the competition in financial returns – have not been the recipients of any of the so-called prerequisites for success. These highly successful firms are Southwest Airlines (21,775% return), Wal-Mart (19,807% return), Tyson Foods (18,118% return), Circuit City (16,410% return) and Plenum Publishing (15,689% return) …The major distinguishing feature in these companies, their most important competitive advantage, the most powerful factor they all highlight as a key ingredient in their success, is their organisational culture." [87]

Peters and Waterman's "In search of Excellence", and Goldsmith and Clutterbuck's "The Winning Streak" are seen as prime movers in the belief that a strong culture is important to organisational success. [88, 89] A strong culture is defined by Luthans as one where there is a high degree of homogeneity in relation to the core values, and one where there is a high degree of commitment to these shared values. [90] A Brown criticises this supposed link between strong culture and enhanced organisational performance. He cites five issues:

- Strong cultures may align goals across the organisation, but the goals themselves may not be ethical or may not encourage good performance.
- Strong cultures and high levels of staff motivation may not be synonymous.
- Organisations may become too wrapped up in their past to focus effectively on the present situation or the future.
- There may be no causal link between strong cultures and strong economic performance in the organisations being used as examples. Strong performance may lead to strong culture rather than the reverse.
- Even in companies with a strong culture, it is unlikely that the organisation has a single unitary culture. [91]

Thus whilst simply arguing that the "strong culture" produces strong performance, it may be that other factors are also involved. For example, Rollinson and Broadfield go on to highlight that a strong culture may be successful if it is, *"... suitable for coping with the conditions faced by an organisation ..."* [92] For example, in identifying four organisational types, Handy lists the advantages of each culture and the circumstances in which they will be most successful. [93] Kotter and Heskett argue that the strong culture must also be adaptive. [94]

J Martin argues that systematic studies of the relationship between organisational profits and culture are rare for good reasons. [95] She argues that this is because profitability is caused by many factors, including those outside the control of the organisation. A large sample needs to be studied, making it difficult to examine the culture of each individual organisation. Martin goes on to highlight the article she wrote with Siehl that suggests that the difficulties in undertaking such research are so large that, *"... it would probably not be a practical dissertation topic."* [96] If this view is accepted then it leaves us in something of a quandary. How does one determine any potential linkage between culture and organisational success? Siehl and Martin go on to argue that attempting to study the relationship between culture and organisational performance is limiting because it narrows our perspectives on culture. Studying culture also produces a bias towards management perspectives rather than studying individual and societal impacts.

> *"We would conclude by asserting that, rather than continuing in this quest,* [for a positive relationship between culture management and organisational performance] *as culture researchers we should instead seriously consider the issues raised above. The concept of culture holds too much promise to be sold short as just another intervening variable in existing models of the determinants of organisational performance."* [97]

Such a view seems naïve, even bearing in mind the difficulties. The growth in the number of cultural measurement tools might be seen as a means of improving cultural

description as opposed to the descriptive systems used by many of the studies examined by Siehl and Martin.

This chapter has attempted to show that culture is an integral part of the organisation process, in particular in relationship to the Balanced Scorecard. Even the common definition of, "the way we do things round here" means that culture must have a bearing on performance. The very fact that organisations seek to change the way they do things in order to succeed suggests that culture and organisational success are linked. That is, only those that succeed in improving the way they do things reap the success. The real issue is thus not that an individual organisation may improve its performance at a specific point, relative to other organisations, but that it can do so consistently over time. However, unless one adopts the perspective that there is an "adaptive culture" which enables the organisation to metamorphose according to internal and external pressures then it would seem unlikely that an organisation could consistently outperform others. Theoretically this adaptive organisation style must also enable an organisation to remain static when conditions demand as well as to adapt and change when required. Monitoring organisations' culture over a protracted period would undoubtedly be difficult since Deal and Kennedy recognise the changes and even the demise of organisations over a period of ten years.

6. Measuring culture.

Clearly if the culture is important enough to be included in the Balanced Scorecard, then there must be an appropriate measurement system. This has to be linked to a clear definition of what is to be measured. Thus the organisation will need to agree how culture is to be described in order to build organisational coherence and consistency in communicating and tackling cultural issues. Cartwright defines his own cultural model (see Figure 3.6), [98] and argues that measurement is the key to culture change. [99] He may be partly arguing this through a desire to sell his "Nine Factors" products, but a more altruistic outlook might counter such a cynical view. Cartwright's believes his model measures employee motivation resulting from quality and effectiveness of the organisational culture.

Figure 3.6: Cartwright's Nine Factors (9F) model of culture.
(Cartwright, J. (1999). Cultural Transformation - Nine factors for continuous business improvement. Financial Times/Prentice Hall.)
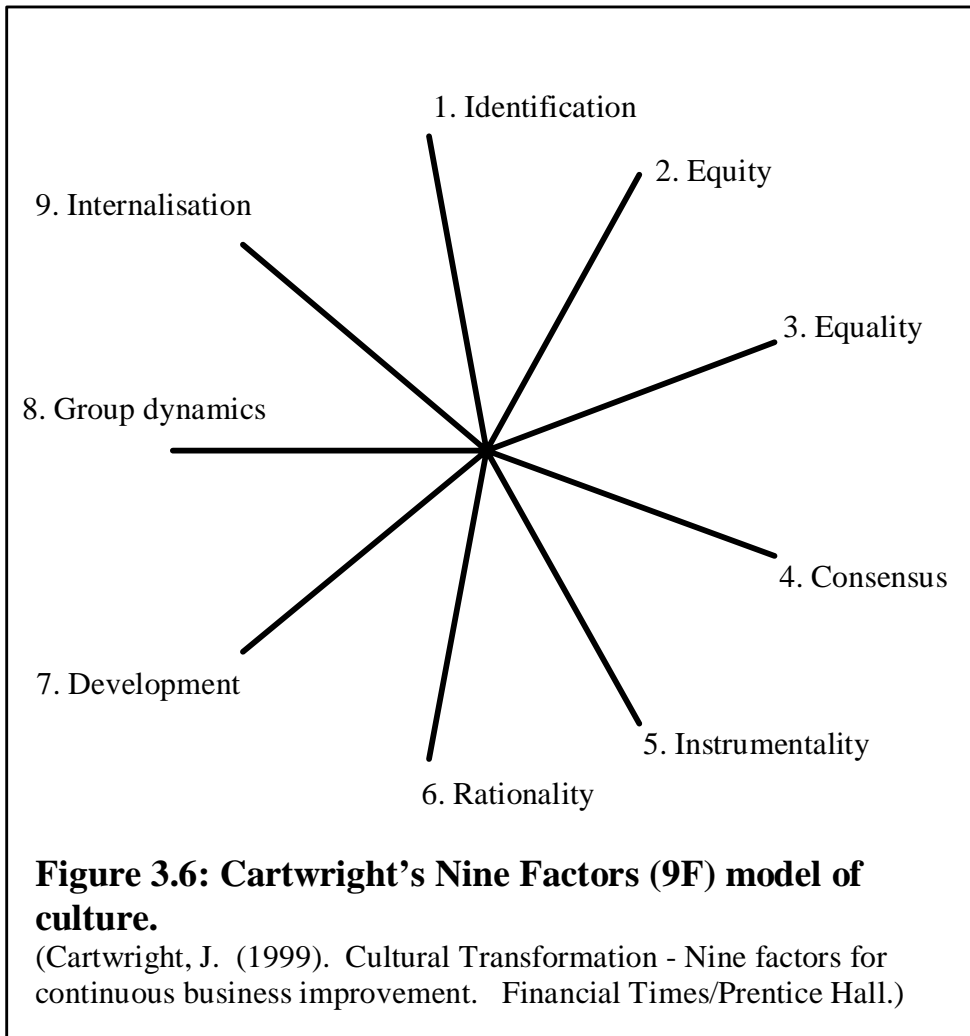
There are other similar models, eg the Innovation Climate Questionnaire (ICQ), run by the Innovation Centre Europe. [100] This uses 13 different features of the organisation to assess organisational climate (see Figure 3.7). Climate is seen by some as closely linked to culture; as being the attitudes and beliefs that individuals hold about the organisation, but perhaps as a more short-term view rather than the longer term attitudes and beliefs that individuals hold as part of the organisation. [101] (See also Chapter 4, Section 7.) Specifically this questionnaire, based on the work of Ekvall, assess the degree to which the organisation is "Innovative" or "Stagnated". However, the use of 13 dimensions may seem to make this a rather complex model.

Figure 3.7: Innovation Climate Questionnaire (ICQ) model of climate.
(See www.innovationclimatequestionnaire.com (Accessed 4th November, 2003.))
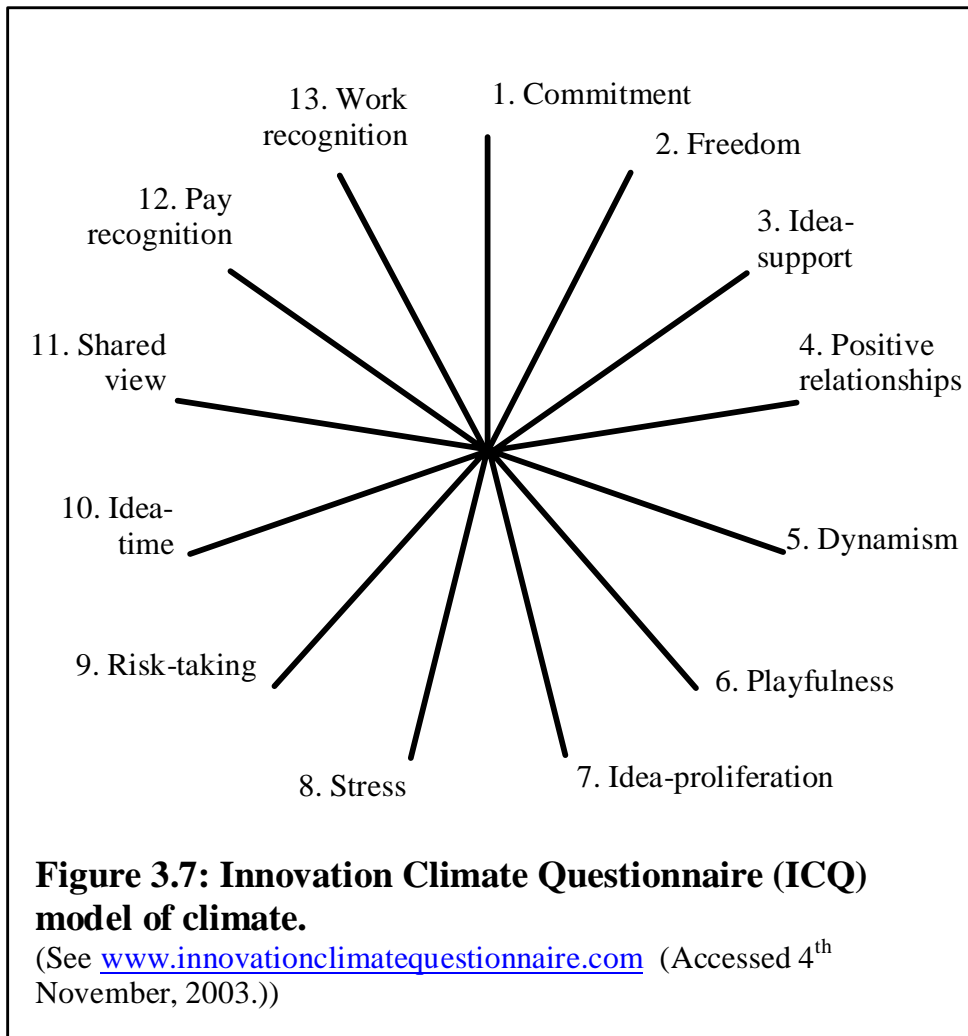
Cameron and Quinn in presenting their "Organisational Culture Assessment Instrument" (OCAI), summarised in Figure 3.8, claim, *"It has been used in more than a thousand organisations that we know of, and it has been found to predict organisational performance."* [102] This is a much simpler model at a highest level, although Cameron and Quinn go on to demonstrate that it has sophistication and broad functionality. [103]

FLEXIBILITY AND DISCRETION

INTERNAL CONTROL AND INTEGRATION

EXTERNAL POSITIONING AND DIFFERENTIATION

Culture Type:	CLAN
Leader Type:	Facilitator Mentor Parent
Effectiveness Criteria:	Cohesion Morale Development of Human Resources
Management Theory:	Participation fosters commitment

Culture Type:	ADHOCRACY
Leader Type:	Innovator Entrepreneur Visionary
Effectiveness Criteria:	Cutting-edge output Creativity Growth
Management Theory:	Innovativeness fosters new resources

Culture Type:	HIERARCHY
Leader Type:	Coordinator Monitor Organiser
Effectiveness Criteria:	Efficiency Timeliness Smooth functioning
Management Theory:	Control fosters efficiency

Culture Type:	MARKET
Leader Type:	Hard-driver Competitor Producer
Effectiveness Criteria:	Market share Goal achievement Beating competitors
Management Theory:	Competition fosters productivity

CONTROL AND STABILITY

Figure 3.8: Organisational Culture Assessment Instrument.
(Cameron, K. S. and Quinn, R. E. (1999). Diagnosing and changing organisational culture. Addison-Wesley.)

OCAI is based on a "Competing Values Framework". The competing values framework is derived from the work of Campbell, et al [104] who identified 39 indicators that were analysed by Quinn and Rohrbaugh [105] into the two dimensions

shown in Figure 3.8 above. This leads to organisations being classified into four types, and shows some similarity to the work of Harrison/Handy and their organisational culture types, but also to the work of Dension and his competing tensions that require to be balanced. This simple and easy to use model is designed to measure the perception of the organisational culture as it is currently, and match this against a perception of where the organisation needs to be in the future. These two perceptions are represented graphically and thus so the degree to which organisational change may be necessary. Using descriptions of the different organisational cultures given in Figure 3.8 above it is potentially possible to determine whether the organisational culture is appropriate to the pressures of the operating environment.

There are a number of other culture questionnaires available. [106] Indeed, an Internet search in November, 2003 identified over 3.3 million such references. It was immediately obvious that this included much duplication (multiple pages on the same web site) and surveys related to the broadest aspects of culture. Consequently it would be a major research project in its own right to identify and categorise the available cultural surveys. This section will therefore concentrate on the need for cultural measurement and examine the potential of a limited number of surveys. Not all cultural surveys are linked to clear cultural models in the way that Cartwright has developed his model, see for example R W Bauer and S S Bauer. [107] In contrast other models may help describe culture but do not readily lend themselves to measurement. Thus Johnson's Culture Web merely aids description of the culture through the provision of a wider framework than that provided by Schein's tripartite classification. [108] Whilst the culture web analysis tool assists in surfacing the culture it does not itself aid the measurement of the culture or even to determine whether the culture is effective. [109]

Key to the measurement and management of the culture of the organisation is the principle of setting targets and objectives. Failure to be clear about the objectives of cultural management is tantamount to saying, "We are going on a journey, but we don't know where to". The required culture must therefore be specified. This philosophy underpins the Balanced Scorecard, because it is from such targets that

plans are derived to achieve the desired outcomes. Cartwright makes this point in relation to organisational culture,

> *"To gain the maximum benefit from culture measurement it is necessary to be able to predict future performance against a known measure that will be periodically checked to monitor progress."* [110]

Without some underlying meaning or definition of the measurements, issues cannot be managed effectively. That is, defining what is measured is one thing, being clear about why that issue is being measured is another. Thus there is a need for some form of cause-and-effect model for culture management, just as there is for any other element included in the Balanced Scorecard. This is certainly what Cartwright's 9F model provides. Shiron and Harrison advocate the use of multiple diagnostic models for assisting in organisational change. They argue that no single model can fit all organisations. They go on to argue that the advantages in using explicit models are,

- Practitioners will probably obtain a better understanding of organisational issues when using explicit models rather than relying on intuitive examination, because this is more likely to drive them into using the biases of their own *"...personal mental maps...".*
- It improves the quality of diagnosis because it is easier to validate the results in terms of coverage of issues.
- It results in more orderly diagnostic work and in a more sound and systematic change process.
- They are powerful tools for management development by providing holistic and logically structured ways of looking at an organisation that contribute to organisational learning. [111]

The issue is whether culture requires its own model or is merely integrated into the overall Balanced Scorecard cause-and-effect model. It is suggested that complexity

of cultural issues is such that like any complex PI it would require its own model to understand in detail what the issues are and what the PI means.

Cartwright believes that employees will effectively only demonstrate real commitment to the organisation when they have internalised the organisational beliefs. Indeed he suggests that this concept is the summation of his other eight factors, and results in a matching between the behaviours of the individual and the organisation. The individual will then have pride and commitment in the organisation. [112] A Brown refers to the work of Golden that suggests people have a hierarchy of strategies for dealing with the dominant culture of their organisations:

- **Unequivocal adherence** – people conform to the culture because they fully accept the efficacy of the organisation culture in framing their actions and decisions.
- **Strained adherence** – people conform to the culture but experience some tension because they do not fully accept that it correctly frames their actions and decisions. This may result in the individual voicing some concerns, eg in an oblique way such as through jokes.
- **Secret non-adherence** – people overtly conform, particularly in the presence of senior managers, but may rebel against the culture in a covert manner when they judge it is safe to do so.
- **Open non-adherence** – people who are personally secure or uncaring about what the organisation thinks may openly rebel against the organisational culture. [113]

Similarly Handy identifies three types of psychological contract to describe the nature of relationship between individual and group or organisation: Coercive, Calculative and Cooperative. [114] This highest level of "Unequivocal adherence" would appear to be the same as Cartwright's "Internalisation". This arises in his model of "enculturation":

- **Identification** – with the cultural influences.

- **Motivation** – resulting from expected outcomes arising from adherence to the culture.
- **Internalisation** – the individual adopts the values and beliefs for himself. [115]

From Handy's work there is also the concept of the "psychological contract", which is the degree to which the individual has psychologically, as well as physically, bought-into the organisation, its aims, objectives activities and its culture. [116] Whilst not perhaps exactly the same, internalisation and the psychological contract represent similar issues. Handy attempts to measure the psychological contract through his cultural measurement tool on the basis that the closer the fit between the individual and the organisation the stronger the bond. Similarly, internalisation of organisational beliefs by the employee will illustrate a strong bond. Cartwright in contrast attempts to measure motivational levels as an illustration of cultural commitment. Denison attempts to measure the culture in order to determine its effectiveness. But it is argued that this is only a perceived culture: as it is with the other measurement systems. Consequently all these are measuring are the relationship between the individual and the organisation as they perceive it. Thus this illustrates something about the individual(s) and about the organisation. Whilst perception measures do not have the rigor of objective measures, Balanced Scorecard theory argues that perception measures can be used as a reasonable surrogate. This is a particular instance where a surrogate is appropriate since it is attempting to measure both sides of an entity that is rarely properly articulated and will be constantly evolving.

One of the other reasons that the psychological contract and internalised beliefs are important is because they relate to the stress that the individual will experience. McDermott and O'Connor argue,

> *"You may not be used to thinking of beliefs and values as capable*
> *of causing stress or as resources against it, but this is the area*
> *where change can have the greatest effect. We carry our beliefs*
> *with us so they will cause stress wherever we are. The more rigid*

our beliefs and expectations, the more stress we will experience, as the world is not going to go out of its way to meet our needs." [117]

This stress will be dysfunctional as far as the organisation and the individual are concerned and could be considered as directly related to morale and staff attitude, but must also therefore be recognised as affecting organisational performance.

Thus with Harrison/Handy's measurement tool [118] the emphasis is about measuring the distance between the individual and the organisation. The work is based on a classic categorisation of organisations:

- Power or web culture,
- Role or temple culture,
- Task or net culture, and
- Person or cluster culture.

A summary of the Harrison and Handy's classification is at Appendix B to this chapter. The questionnaire is also included as Appendix A (as used in Chapter 6 with minor formatting changes). These four cultural types seem to equate, at least superficially to Trompenaars and Hampden-Turner's Family, Eiffel Tower, Guided Missile and Incubator cultures, respectively. [119]

By looking at the acceptability to the individual of 15 characteristics of each cultural style, it is possible to determine how acceptable each organisational style is to the individual. Each organisational style is scored between 15 and 60. Using the same ranking system the individual is also able to describe their perception of the organisation in which they work. Deducting one score from the other for each organisational style will demonstrate the psychological distance between the individual and the organisation. Whilst this articulates potential mismatches at the individual level, this may not truly reflect what the organisation is like, ie the individual's perception may be erroneous. Arguably this does not matter since it could be said that it is the individual's view of what (s)he gets from working in the

organisation that will signify contentment. Nevertheless, both have invested something in the contract and should thus seek to maximise their return by seeking to move closer together.

An aggregate view of the organisation may be obtained by taking views of the organisation from many different employees. Similarly the organisation may wish to build up a picture of its employees by aggregating the perceptions of employee desires. This richer picture may assist in the management of psychological distances between employee and employer. However, what this model does not show is, "What is the best organisational style to deliver organisational objectives in the current, and future, operating environment?" This can only be assessed crudely on the basis of what organisational structure seems to best fit the need. Within this context it must also be recognised that the organisation will be a conglomeration of subcultures. These might appear to conflict, whilst perhaps individually they are effective due to their being populated by people who desire and operate effectively within, a particular culture. Thus whilst the model and associated questionnaire may be effective in a descriptive sense, it is by no means clear that it helps determine and drive organisational effectiveness, although improving the psychological distance between organisation and individual should help improve performance.

Dension's model (Figure 3.9) in contrast was designed around organisational effectiveness.

Figure 3.9: Denison's cultural survey model.
(Denison, D. R. (1990). Corporate Culture and Organisational
Effectiveness. Wiley & Sons.)
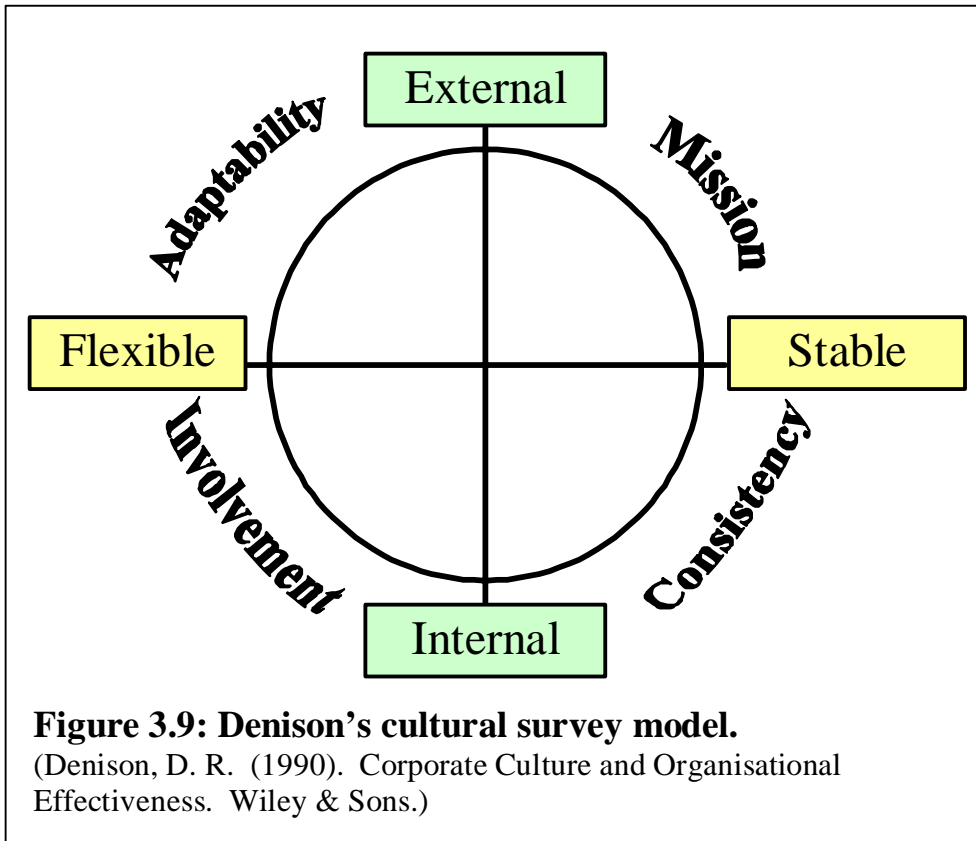
Denison argues that for an organisation to be effective it needs to have a balanced approach towards managing internal and external issues. Focusing on the internal issues will mean that the external issues, eg customer issues, will receive insufficient attention. Similar there is a need for the organisation to be both flexible enough to adapt to changing circumstances and stable enough to enable employees to know what is required. By keeping a balance between these competing perspectives the organisation can respond to pressures from where ever they come. Denison demonstrated that organisations that performed well against all four dimensions were more effective.

Having developed and proved this basic model, Denison developed the model into a questionnaire that measures how well the organisation performs against these different dimensions. In the questionnaire the four quadrants are each represented by 3 sectors, tested by five statements. The statements are assessed on a Likert scale by organisational members. The average scores are deemed to represent organisational performance. [120] Organisations are measured against each other rather than against a

set standard. Thus for each of the twelve sectors, and sixty statements, there is a representation of how the organisation is performing compared to the highest scoring organisations. This highlights perceived weaknesses in the organisational performance that can be addressed in order to improve organisational effectiveness.

Cartwright's 9F model measures employee morale based on the effectiveness of the culture. Harrison/Handy's model measures the psychological distance of employees from the organisation. Denison takes an aggregated view of organisational culture as a means of determining likely organisational effectiveness. It is not clear how much difference there is between these different perceptions of what is being measured. None is using totally objective measures. In each case the questionnaire relies on the individual's perception of issues. If Cartwright's concept is correct, then this suggests that people's attitudes will affect their perceptions of the issues being measured. Thus people may distance themselves from factors seeming to cause problems within the organisation and opt for what they see as the "greener pastures" of different managerial or organisational behaviour, even if they have no experience of such behaviour. Consequently Harrison and Handy's work may not truly reflect organisational perceptions of issues, merely personal prejudices. This will distort the outcomes.

Similarly, perceptions of cultural dimensions listed by Denison's questionnaire may reflect personal desire rather than performance. This may under or overstate organisational performance, leading to a misinterpretation of true organisational performance. Such perceptions will be affected by the morale of the individual. By taking a large sample of staff these issues may be averaged out.

Denison's questionnaire is seen as defining and measuring an effective culture. In contrast Cartwright defines the means by which an organisational culture might be effective; he suggests that measurement only determines motivation. However, both systems might be regarded as measuring the effect of the organisational culture, either on the individual or on organisational outcomes. In either case it is argued that cultural impact is being measured. Thus either would provide a prospective measure

of culture, and the underpinning model provides a management tool for defining and improving organisational culture. If Denison is right, that improving organisational culture improves effectiveness, then theoretically even using Cartwright's model will help improve organisational effectiveness. Other clear cultural models might similarly be expected to help if they provide a management regime.

In contrast it is suggested that cultural questionnaires, or cultural definition frameworks (such as Johnson's culture web), will provide little or no benefit. This is because they do not describe any relationship between organisational culture and a desirable outcome, be it desired cultural style (eg OCAI) or organisational performance (Denison). Arguably, using a defining cultural model, eg for training and helping people integrate into the culture may have a negative impact by helping to create an organisation that is "stuck" in a particular culture. Kaplan and Norton, and Denison, argue that organisations need to be flexible and changing in order to meet the changes in the external environment. Only if the existing culture incorporates that flexibility and development potential will further emphasis on that culture be effective.

The question remains however as to whether it is truly possible to measure culture, and whether it is right to do so. Cameron and Quinn argue that it is right to do so in order to present it in a form that can more easily recognised and understood by people. [121] Rousseau highlights that, *"Quantitative assessment of culture is controversial."* [122] She concludes that, *"Culture research remains an unpaid promissory note in the field of organisational behaviour."* [123] It remains to be seen whether this promissory note has been bought out. J Martin examines the issue of whether, "To count or not to count?" Essentially she is arguing that quantitative and qualitative, or indeed hybrid methodologies, have their place in cultural assessment. Her conclusion is not that one or other of these methodologies is better or worse but that each should be valued for the contribution they make, recognising also their limitations. [124] A key point to be recognised though is that the description of the culture by one individual is not the culture, but neither is the aggregated views of

many individuals, whether taken from quantitative or qualitative assessments. Trompenaars and Hampden-Turner describe it thus,

> *"People within a culture do not all have identical sets of artefacts, norms, values and assumptions. Within each culture there is a wide spread of these. This spread does have a pattern around an average. So, in a sense the variation around the norm can be seen as a normal distribution."* [125]

They go on to argue that, whilst the true culture is probably around the norm of the cultural values, the culture will probably be perceived as the extreme elements of the culture that are not shared by the observer. This suggests that measurement is likely to be more objective than observation. [126] But, even if hard measurement techniques are used to measure culture for inclusion in the Balanced Scorecard, and where these are set against "targets", this will be an oversimplification, and one which is certainly no worse than a "descriptive" assessment that is recognised or admitted particularly for embryonic scorecards.

7.   Managing culture.

This section will not deal with managing change, although this may demand the management of culture, but aims to deal with more substantial interventions. Stewart talks of organisational change, because she sees changing the culture as only a small part of this process. The difference in emphasis perhaps reflects differences in perceptions about where that emphasis must lie to achieve successful change; although Stewart does go on to highlight the need to change attitudes in order to achieve effective organisational change. [127]

Lessen suggests that there are four reasons for the rise of organisational culture management:

- **Management has become more rational and "human"** – overturning the more traditional economic and scientific management philosophies in favour of more social, behavioural and humanistic approaches.

- **A return to the basics of management** – the acceptance of the anthropological view of management that seeks to understand the values that unite and motivate organisational communities.

- **Managers have become** *"cultivators of meaning"* – managers have to create meaning within the organisation and its products so that people can relate to one another and to the activities they undertake.

- **Recognition of the role of myth and ritual** – understanding, development and linking to synergistic benefits of the "spiritual" aspects of an organisation and its people, through the creation of visions, heroes and legends. [128]

Anthony points out that culture and the environment are mutually linked and therefore the issue of managing culture could become *"... the management of everything ..."*. [129] The issue that is addressed here is the direct and ongoing management of the organisational culture in order to achieve a performance culture. This might require a substantial one-off effort in order to reshape the culture (a shift of the organisational paradigm), and this may be associated with other changes, such as organisational or process changes, for example as will be described in Chapter 5 and its Appendices. Here we are considering changes to the culture in response to ongoing pressure.

This presents something of a problem because a significant change programme will likely result from substantial pressures and result from the use of structural power. It then remains for the cultural issues to be manipulated in accordance with the other changes taking place. Pfeffer points out that, *"A well-developed paradigm, or a strong culture, is overturned only with great difficulty, even if it fails to account for data or to lead to new discoveries ..."*. [130] Essentially, he is arguing that small shifts will be resisted by a strong culture, even if it is failing, because if will reject the evidence as not conforming to the underlying paradigm or culture. [131] Significant change is overt, but there are ethical issues as well as managerial issues in any more-subtle or covert cultural change work, particularly where consultants are used in some

form of "Organisation Development" (OD). [132] The issues are fundamentally about how individuals change their beliefs sufficiently to change their actions or accept changes imposed upon them. This relates back to the earlier discussion of NLP Logical Levels; but also raises the question of how individuals come to accept evidence which undermines current beliefs. There are thus issues about confidence in information, management, and any process consultants used. Ward argues that a proper OD is essential for effective culture change, facilitated by experienced professionals. [133]

Schermerhorn et al describe OD as an approach to planned change to improve organisational effectiveness. [134] This is much closer to what is implied here by culture management. However, in applying "double loop learning" principles, described in Chapter 2, it may be impossible to know at the outset what an OD must change in order to achieve improved outcomes. Thus the culture measurement models described in Section 6 are not seen as setting absolute standards against which an organisation measures itself. Rather they are seen as frameworks of issues to measure performance and drive improvement. These frameworks could define the initial agenda for an OD; the "diagnosis phase". Stewart similarly emphasises the requirement to define what needs to be changed and why. The need to involve staff is also recognised, *"A general guide is that people will support what they help to create".* [135] Schermerhorn et al go on to describe the "active intervention" and "reinforcement" phases of OD. [136] But, the reinforcement phase described includes a process of "refreezing". [137] Such refreezing would inhibit further change. Arguably there is the need for a "slushier" existence that enables the organisation, group and individual to change on a more frequent basis. This suggests a continuum of culture management concepts, as shown in Figure 3.10. The main proponents listed in the Figure are given in Johnson and Gill, [138] and Rollinson and Broadfield.[139] However, Cartwright and Denison have been added by the researcher to represent a more enduring approach to culture management, based on their work reported earlier.

Figure 3.10: Spectrum of organisational cultural dynamics.
Source: Author.
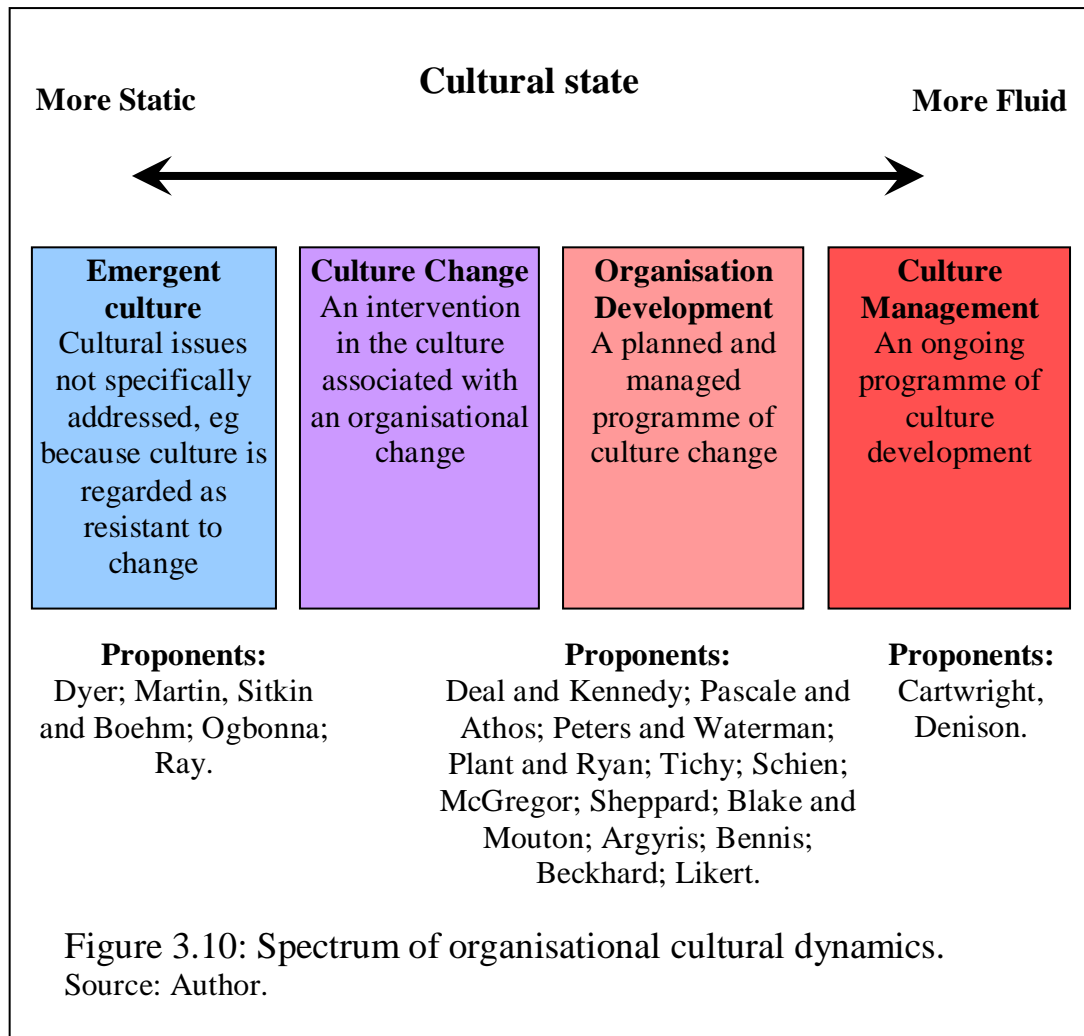
For example, Deal and Kennedy argue,

> "Cultures change only when they need and are ... ready to change. They change when their collective intelligence recognises that the world has changed and that the culture better adapt in order for the business to survive. ... What role can a consultant play in easing the process? Not much of one. A consultant can facilitate meetings to help members of the culture think through what is going on." [140]

Deal and Kennedy go on to argue that it is the role of management to facilitate consideration of cultural issues, otherwise they will be pursuing a different agenda.

However, managers are not experts in everything, and whilst they should be involved in cultural management processes, it is argued that there must be a role for experts to contribute to the process, as in other business processes. Thus Ward argues, *"So, if you want people who really understand what change is about, search in the OD field."* [141]

A Brown, whilst recognising that many commentators tend towards regarding organisational culture as *"... fundamentally static..."*, is convinced that it is more dynamic. He goes on to suggest that, to argue effectively that culture can be managed, it must be demonstrated that managers must have the capability to prevent change as well as to direct change. [142] This would imply mastery of all influences of culture, in order to be able to counter external pressures. This extreme position is not accepted. It is suggested that management need only to be able to control sufficient of the influences to be able to direct culture appropriately. For example, no organisation would wish to counter Health and Safety and Environmental issues in opposition to legislation and public opinion simply to maintain 19th Century values. Anthony argues,

> *"Cultures change; indeed a persistent culture must demonstrate adaptive capabilities to significant changes in the environment and to newcomers who, although having to learn the cultural rules may also, particularly in the case of leaders, influence those rules."* [143]

Schein argues that leadership is uniquely associated with the creation and management of culture. [144] Anthony suggests that leaders are at the boundary of the organisation representing and negotiating the culture with the external environment. [145] Whilst the "heroic" leader may achieve change through internal championing and external negotiated victories, most leaders probably win no lasting changes, partly because they do not have internal consensus support among the mishmash of internal subcultures, and thus have no strength for external battles. This may be because some leaders concentrate too much on process and outcomes rather than strategy and

culture. Schein states that he found *"... leaders struggling with the concept of culture."* [146] Figure 3.11 attempts to articulate this problem.

Figure 3.11: View of management action in relation to the organisation and the external environment.
Source: Author.
Key: *NLP Logical levels*
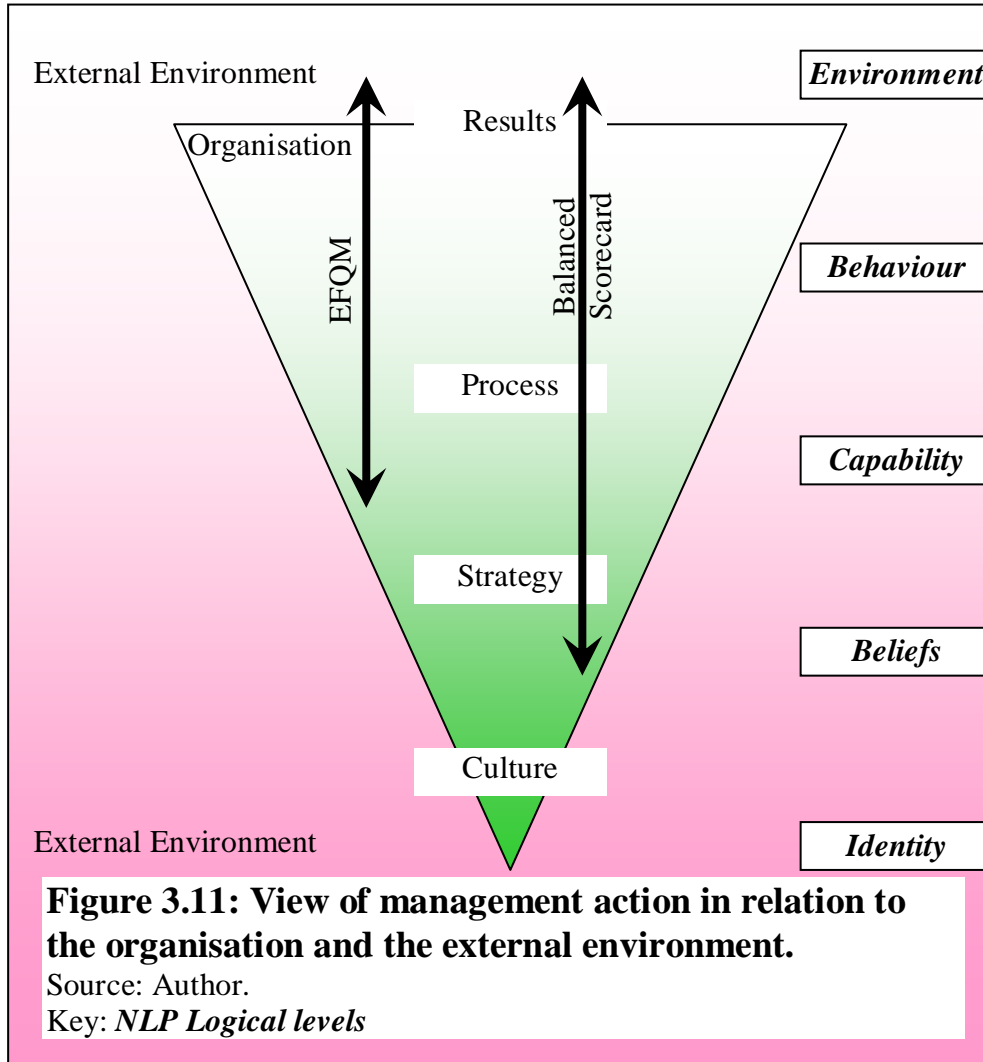
This highlights the issue that if managers rely on mechanisms such as EFQM to manage the organisation, they do not penetrate deep enough into organisational culture for the managers to perform the task articulated by Schein. Kotter also argues that too many managers rely on *"Authoritarian Decree"* and *"Micromanagement"* to try and change the status quo. He argues that only *"Vision"* potentially breaks through the barriers to change. [147] Similarly, the Balanced Scorecard directs insufficient management attention to cultural issues by focussing on results and process. This leaves insufficient resource for the deeply rooted issues of culture and

negotiation across the boundary at this level. Kotter goes on to suggest that only about ½% of management communication is about the vision, [148] and Stewart emphasises the need for managements' personal involvement, particularly when there is bad news. [149] She also sees a common failing in organisational change as a failure by management to recognise the need to change the deep rooted aspects of culture to fit more with the desired new organisation. [150] Kanter too states,

> *"But the most powerful way to encourage people to embrace change is to develop a shared vision of an even more positive future, a vision created jointly by all of a corporation's stakeholders – its customers, suppliers, employees – and its potential industry and government partners."* [151]

This emphasises an important point. A vision developed and even well articulated by management does not necessarily engage staff at lower levels. The various cultural mechanisms need to be harnessed to effect real commitment.

When the organisational function hierarchy is mapped against NLP Logical Levels (Figure 3.11) it suggests that any failure to engage with the organisational vision means that insufficient attention is given to the higher functions of Belief and Identity that shape Capability and Behaviour. Consequently organisations will not perform effectively if, *"... to a CEO riveted on costs and short-term results, stories* [a core feature of culture] *don't seem to make much sense".* [152]

The challenge is thus to identify the controllable or manageable factors that management can influence to negotiate and facilitate improvements. Section 6 above illustrates a number of proposed mechanisms for measurement that highlight forms of deficiency, although Schein sees these as representing,

> *"... a superficial and incorrect view of culture, ...* [with] *a dangerous tendency to evaluate particular cultures in an absolute*

> *way and to suggest that there are 'right' cultures for organisations".* [153]

Schein goes on to emphasise that the relationship between the culture and its environment is as important as the culture itself. [154] The researcher accepts this to some degree, recognising that there is not a single effective culture, but that cultural features can be improved by appropriate and sensitive management. What is seen as particularly important is how to manage the peripheral issues in such a way as to affect the deep rooted aspects of culture; of peoples' beliefs and values.

> *"... vision and mission statements ...statements of purpose ... tend to hang on the wall rather than being lodged in the minds and hearts of employees."* [155]

Rituals and ceremonials, the identification of heroic figures, periodic celebrations and bonding events, reinforce what is important to the organisation. These are the more tangible elements and are thus easier to change, but the linkages to deeper cultural features need to be understood or changes may encounter resistance. If these more tangible cultural features are ignored, eg because of cost cutting measures, then key organisational messages will not be reinforced. [156] Deal and Kennedy suggest that an informal network of people when used to promote these myths and legends can be constructive. In toxic cultures where these people work independently of the organisation they represent a barrier to change; presumably because they are creating and promoting myths and legends that do not conform to organisational objectives. [157] Thus the management of informal networks and subcultures is important in the avoidance of cultural subversion. This is not to say that everyone has to conform to a single culture, but merely that differences need to be recognised and managed coherently with the whole, which makes the task more wide-ranging and complex. [158] Therefore, to manage the more peripheral issues it is necessary to have a deep understanding of the culture in which they exist. [159]

Kanter highlights,

"The traditional corporation is in such turmoil that it can no longer carry the weight of people's hopes and dreams, or society's expectation of permanence, to which a variety of welfare benefits and pensions are tied." [160]

This recognises the pressures on people, within and external to the organisation, created by organisational change. Whilst some people appear to do well out of change (*"... joyously leap*[ing] *off the corporate ladder into post-entrepreneurial careers ..."*), [161] others do not survive the massive changes taking place (*"... shoved off callously, without a safety net or help in getting back on their feet ..."*). [162] Consequently change is likely to promote conflict between individuals, and between individuals and the organisation.

"The first major problem that must be addressed in the post-entrepreneurial world is the tension between corporate flexibility and individual security." [163]

Kanter goes on to highlight *"Workplace overload"* as a second major factor. [164] So it is unsurprising that organisational change leads to the "What's in it for me?" factor. Such lower-deck rumblings may seem antagonistic to senior management, whose perspectives are different. But management must connect effectively with staff if they are to address their real concerns. Kanter goes on to promote the *"Business Athlete"* as the new corporate hero, able to manage corporate and personal ambitions whilst building trust with stakeholders and cooperating with those externally; who might become corporate partners or future employers. [165] This then may be the new hero who addresses the cultural layer issues in Figure 3.11.

Some authors seem to talk of culture very much in terms of the structure, eg Handy and to a large extent Burnes. Whilst structure will have an important part to play, people's feelings, identity and beliefs, may not simply and easily link to structural issues, such as organisational form and process. Culture is not simply a mechanistic

framework, since if one adopts the NLP Logical Levels model to help understand culture; there is also a spiritual dimension. Nevertheless, it may be necessary to reduce culture to a mechanistic view in order to seek to develop a model by which to manage it.

> *"Schein seeks to understand the mechanisms used to propagate*
> *culture, and how new values and behaviours are learned. Once*
> *this mechanism is uncovered, he argues, it can then form the*
> *basis of a strategy to change the organisation's culture."* [166]

This essentially returns to the organisational metaphor conflicts highlighted in Table 3.1. Is it possible to combine mechanistic and non-mechanistic metaphors? Even organisms might be seen as following a set of natural laws, but it is questionable whether this is ultimately true of cultures. Thus the expectation is that a cultural model will have its limitations, but can (and perhaps should) be used to facilitate improved outcomes whilst recognising its limitations.

The issue is not whether management can manage culture, but whether it can manage culture on an ongoing basis; whether it can be continually manoeuvred to best effect without breaking loyalty with subordinates. This means: engaging staff in the development of an emerging and evolving vision; identification of cultural levers; and management of these in respect to internal and external pressures. Like the supertanker, it may be hard to get the culture moving, and moving in the right direction, particularly as the winds and tides may exert deleterious influences.

8.   The importance of culture to the Balanced Scorecard process.

As the Balanced Scorecard has developed, more emphasis had been placed on cultural issues. However, even in the early days there were cultural issues that need to be considered, such as reward and the need to engage all staff in a corporate approach to the organisational objectives. Nevertheless there are aspects to culture that have not been given considerable attention in the literature. Chief among these is the issue of

national culture. Arguments in favour of the Tableau de Bord, as opposed to the Balanced Scorecard may be based on national cultural style or simply on prejudices; although these too might be considered as having their roots in national culture. It is unclear whether the Balanced Scorecard can or should be adapted to operate in other cultures. To do so might undermine key principles. Alternatively, if the power distance in the national culture suggests that people would be more comfortable with a more directive style of management, rather than a consultative style based on involvement, in such circumstances it might be possible to use the Balanced Scorecard at senior management levels. Such managers would then be free to use a more directive style knowing how their actions interface with other parts of the organisation. This might be seen as the way in which the Balanced Scorecard is used in MOD, but that is not to say that it is the most appropriate style.

Organisational culture will also need to be considered. For example, an organisation dominated by a strong entrepreneur who disdains management processes and systems is unlikely to be convinced of the need to invest considerable time and money in the Balanced Scorecard, particularly if he sees it as potentially weakening his/her central control. It is therefore suggested that there are aspects of organisational culture which may help to determine the likely success of the Balanced Scorecard.

Some organisations feel that culture is vitally important and this plays a strong role in matters such as recruitment or more generally in the specific management of culture within the organisation. For example consider Southwest Airlines or some of the organisations studied by Kotter and Heskett such as Nissan, ICI or British Airways. Such organisations have developed their own perception of the culture that they wish to maintain. In contrast some academic writers, such as Denison or Cartwright, whilst arguing that culture needs careful management, have provided specific models against which they believe culture can, or should be managed. It is unlikely that, at the small business end of the organisational spectrum, "culture management" would feature very highly on a list of business objectives; although the issues that did feature would probably embody the relevant cultural issues to some extent. Similarly, the "gut feel" of the small business man, when taking on new staff, probably has something to do

with values that he espouses but does not articulate. Schein is seen as arguing that it is better to understand culture than to try to introduce, *"more culture or stronger culture"*. [167] Figure 3.12 sets out a model that may assist understanding in this area.

Figure 3.12: Model of importance of culture.
(Source: Author.)
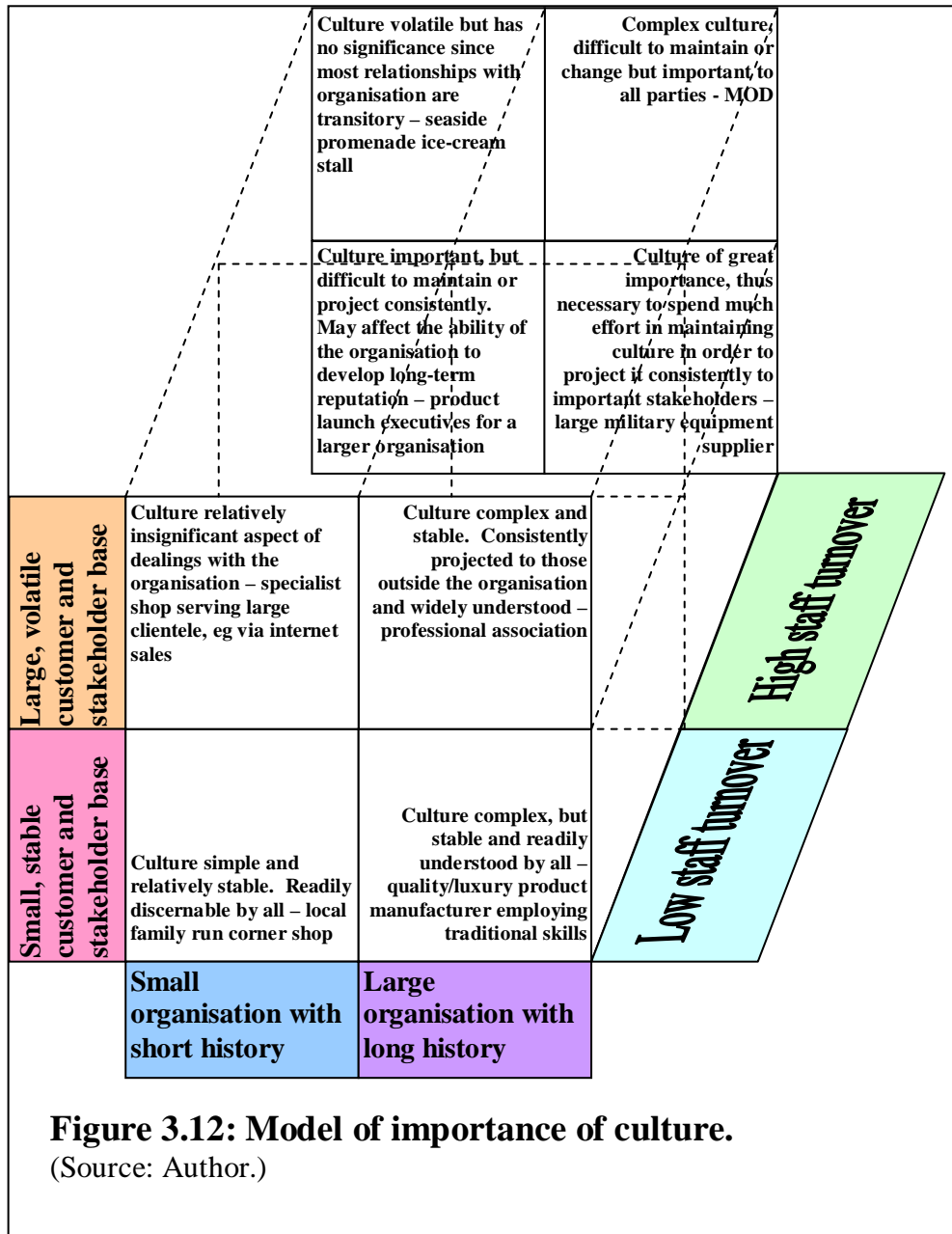
This model suggests that culture will have a varying impact according to the degree to which there is a large customer/stakeholder interest and the degree to which there is a high staff turnover. Thus the seaside promenade salesperson, working for a small company will have a large clientele that changes week-by-week, if not daily. Staff

will turnover at a relatively high-rate: a summer holiday job, perhaps only for a few weeks. For such organisations culture is of little importance and little training is required, consequently service is often casual or poor, as is employee commitment to the company. But in the model, this sits surprising close to an organisation such as MOD. In MOD there is considerable stakeholder interest, and the organisation suffers a relatively high staff turnover with a high proportion of service personnel (not even) completing short engagements of only a few years. [168] Whilst this has some organisational benefits, in that it helps to maintain a large core of fit, healthy young people for the very active lifestyle imposed, it does mean that there are problems. Building organisational understanding and commitment is harder, eg controlling the behaviour of "Jack" or "Squaddies" "on the town", who might thus bring the organisation into disrepute. [169] Schein highlights that,

> *"… any group with a stable membership and a history of shared learning will have developed some level of culture, but a group that has had either considerable turnover of members and leaders or a history lacking in any kind of challenging events may well lack any shared assumptions."* [170]

One dimension of this model also refers to the length of history of the organisation. Culture will be affected by this. For example, the history of the organisation may be embedded into the assets of the organisation. Alternatively it may be embedded in traditions, or secrets, handed down through the organisation. The more enduring the traditions or the more dominant are physical or other structural features of the organisation, the harder it will be to implement change.

Thus the model helps to identify the importance of cultural considerations relative to the overall activities. The relationship is not simple, but the model suggests that not every organisation will need to spend the same amount of time thinking about the issues.

9.   Summary.

Whilst Kaplan and Norton, and their supporters, argue that the Balanced Scorecard is the means of transforming an organisation, there is another group of authors who argue that the way to transform organisations is through the management of culture and culture change. These different groups rely on substantially different metaphors of the organisation.   By broadening the perspectives of the organisation through consideration of the cultural aspects it should be possible to increase the effectiveness of the tool. Typical of the sentiments of those who promote a more cultural metaphor as leading to organisational success are those expressed by Cameron and Quinn,

> *"Simply stated, successful companies have developed something special that supersedes corporate strategy, market presence, or technological advantages. Although strategy, market presence, and technology are clearly important, highly successful firms have capitalised on the power that resides in developing and managing a unique corporate culture."* [171]

It is difficult to see how organisational transformation would not affect organisational culture. Indeed, the Balanced Scorecard, as a tangible and management process must be seen as part of the organisational culture. Chapter 2 looked at arguments as to whether the Balanced Scorecard produced organisation success or whether it is just a management fad. This Chapter has similarly shown that some people believe that management of culture produces above average performance, whilst others say that this remains to be proven.

It is argued that organisational culture will help shape the implementation of the Balanced Scorecard. Bititci, Mendibil, Nudurupati, Turner and Garengo, after 10 years of work installing performance measurement systems in industrial organisations, observed:

- *"… organisational culture and management styles have an impact on how performance measurement systems are implemented and used, thus affecting it success or failure; and*
- *performance measurement systems can affect management styles and, to a certain extend (sic) organisational culture."* [172]

Nevertheless culture, organisational or national, may aid or detract from, or even prevent, the implementation of the Balanced Scorecard. If culture is such an important factor in the implementation and shape of the Balanced Scorecard, and if culture management is so important to organisational success, then there needs to be a means of combining the two. Various writers demonstrate means of measuring some aspect of culture, and there are also clear models of culture that can be used as a basis for managing culture.

By combining management of the culture with implementation of strategy organisational outcomes should be improved. Failure to integrate these issues could bring them into conflict due to incompatible objectives.

However, it must also be acknowledged that there are difficulties in measuring and representing culture in a quantitative manner. Referring to the large number of number of dimensions and aspects that make up culture, Cameron and Quinn state,

> *"One reason so many dimensions have been proposed is the organisational culture is extremely broad and inclusive in scope. It comprises a complex, interrelated, comprehensive, and ambiguous set of factors. Consequently, it is impossible to ever include every relevant factor in diagnosing and assessing organisational culture."* [173]

Thus measurement will only look at a partial representation of culture. For example, how does one measure symbols and artefacts? Or are we measuring peoples' attitudes to these things, and if so are we looking at climate or culture? The issue of cultural measurement will therefore arise again in Chapter 4 where we will look at some of the ethical issues.

As argued in Chapter 2 in the context of the Balanced Scorecard, whilst the number of articles reviewed in relation to this topic is small in relation to the total volume of literature, a small core of literature can provide a robust foundation of the topic. In this context works such as A Brown's "Organisational Culture" provides substantial value since it identifies and evaluates a wide range of competing concepts. Again it is emphasised that the aim of this chapter has been to provide a sufficient grounding in the topic of culture rather than a comprehensive and rigorous exploration. However, this topic is developed further in Chapter 5 where cultural issues are explored further in the context of the target organisation, and the adequacy of the literature survey is considered further in Chapter 4. Chapter 3 is summarised in Figure 3.13.

Road Map

Chapter 1	**Outline of the research project.** The aim of the research is, • To demonstrate a mechanism for managing organisational culture through the Balanced Scorecard in order to improve culture and thus the potential for the Balanced Scorecard to deliver benefit.
Chapter 2	**Balanced Scorecard literature review.**
Chapter 3	**Culture literature review.** Organisational culture is effectively a different way of looking at and managing the organisation. There appears to be a relationship between the culture and the success of the organisation. However, national characteristics also need to be borne in mind as these will affect the way individuals interact within the organisation. NLP Logical Levels can also be used to help understand the relationship between the organisation, its strategy and the values and beliefs of the individuals in the organisation. Measurement of organisational culture is possible and a number of tools for measuring and managing culture were considered. To manage culture successfully in an on-going manner will mean that the culture must not be frozen. Consideration needs to be given to the linkages between cultural characteristics and organisational success.
Chapter 4	**Research methodology.**
Chapter 5	**Review of organisational issues.**
Chapter 6	**Case study on the impact of implementing the Balanced Scorecard.**
Chapter 7	**Cultural survey results.**
Chapter 8	**Developing and testing a cultural measurement tool for use with the Balanced Scorecard.**
Chapter 9	**Supporting case studies.**
Chapter 10	**Summary of conclusions.**

Figure 3.13

End notes:

[1] Morgan, G. (1986). Images of Organisation. Sage. Referred to in: Rollinson, D. and Broadfield, A. (2002). Organisational Behaviour and Analysis (2nd Edition). Financial Times/Prentice Hall. Pages 22 to 26 and 27.

[2] Morgan, G. (1986). Images of Organisation. Sage Publications Inc. Pages 13 to 15. Morgan actually uses the terms, "Machine", "Brain", "Organism", and "Culture". He also looks at a "political" metaphor where organisations can be seen as "systems of government", and separately he looks at organisations as "Psychic Prisons", "Flux and transformation", and "Instruments of domination".

[3] In October, 2003 ABI/Inform listed 58,142 articles on "culture", although these were clearly not all related to culture in the sense that it is discussed here. There were only 76 items listed on "organisational culture".

[4] Brown, A. (1998). Organisational Culture. Financial Times/ Prentice Hall. Pages 7 and 8.

[5] Morgan, G. (1986). Images of Organisation. Sage. Page 135.

[6] Anthony, P. (1994). Managing Culture. Open University Press. Page 96.

[7] Hacker, M.E. and Brotherton, P.A. (1998). Designing and Installing Effective Performance Measurement Systems. IIE Solutions. August.

[8] Cartwright, J. (1999). Cultural Transformation - Nine factors for continuous business improvement. Financial Times/Prentice Hall. Page 2.

[9] Smith, M. (1998). Culture and organisational change. London: Management Accounting. Volume 76, Issue 7. Jul/Aug. Pages 60 to 62.

[10] O'Connor, J. and McDermott, I. (2001). Way of NLP. Thorsons. Page xiii.

[11] Ibid. Page xii.

[12] Denison, D.R. (1990). Corporate Culture and Organisational Effectiveness. Wiley & Sons. Page 4.

[13] Ibid. Pages 4 and 5.

[14] Ibid. Page 5.

[15] Brown, A. (1998). Organisational Culture. Financial Times/ Prentice Hall. Page 226.

[16] Kaplan, R. and Norton, D. (2001). The Strategy-focused Organisation. Harvard Business School Press. Page 2.

[17] Ibid. Pages 67 and 68.

[18] Brown, A. (1998). Organisational Culture. Financial Times/ Prentice Hall. Page 105.

[19] Brown, M.G. (2000). Winning Score. Productivity Press. Page 17.

[20] Cartwright, J. (1999). Cultural Transformation - Nine factors for continuous business improvement. Financial Times/Prentice Hall. Page 19.

[21] Brown, M.G. (2000). Winning Score. Productivity Press. Pages 117 and 118.

[22] Ibid. Pages 21 and 22.

[23] Bowen, Ledford and Nathan. (1996). Hiring for the organisation, not the job. In: Paton, Clark, Jones, Lewis and Quintas (Editors). The new management reader. The Open University. Page 98.

[24] Brown, M. G. (2000). Winning Score. Productivity Press. Page 22.

[25] Ibid. Pages 27 and 28.

[26] Brown, A. (1998). Organisational Culture. Financial Times/ Prentice Hall. Page 125.

[27] Kotter, J. P. and Heskett, J. L. (1992). Corporate Culture and Performance. Free Press. Pages 15 and 16.

[28] Brown, A. (1998). Organisational Culture. Financial Times/ Prentice Hall. Page 127.

[29] Kotter, J. P. and Heskett, J. L. (1992). Corporate Culture and Performance. Free Press. Page 11.

[30] Brown, M. G. (2000). Winning Score. Productivity Press. Page 182.

[31] Brown, A. (1998). Organisational Culture. Financial Times/ Prentice Hall. Pages 91 and 92.

[32] The Johari Window was developed by Joseph Luft and Harry Ingham as a model to explain human interaction and awareness. See for example: The Johari Window: a graphic model of awareness in interpersonal relationships. http://www.augsberg.edu/education/edc210/johari.html accessed 28th June, 2005. Refers to Luft, J. (1970). Group processes; and introduction to group dynamics (2nd Edition). Palo Alto, CA: National Press Books.

[33] Anthony, P. (1994). Managing Culture. Open University Press. Page 3.

[34] Ibid.

[35] Brown, M. G. (2000). Winning Score. Productivity Press. Pages 224 to 226.

[36] Brown, A. (1998). Organisational Culture. Financial Times/ Prentice Hall. Page 20. Quotes the ideas of Boje, et al on organisational myths being used to sustain false notions of cause and effect.

[37] Ainslie, R. L. (2001). Quantifying Military Ethos in the Field Army: A case study of the Royal Engineers. Dept of Defence Management & Security Analysis, No 15 MDA Course. July.

[38] Bowen, Ledford and Nathan. (1996). Hiring for the organisation, not the job. In: Paton, Clark, Jones, Lewis and Quintas (Editors). The new management reader. The Open University. Page 102.

[39] Brown, A. (1998). Organisational Culture. Financial Times/ Prentice Hall. Page 91.

[40] Ibid. Page 4,

[41] Ibid. Page 9.

[42] Kaplan, R. and Norton, D. (2001). The Strategy-focused Organisation. Harvard Business School Press. Page 30.

[43] Ibid. Page 32.

[44] Cartwright, J. (1999). Cultural Transformation - Nine factors for continuous business improvement. Financial Times/Prentice Hall. Page 10.

[45] Ibid. Page 18.

[46] Brown, A. (1998). Organisational Culture. Financial Times/ Prentice Hall. Page 84.

[47] Cartwright, J. (1999). Cultural Transformation - Nine factors for continuous business improvement. Financial Times/Prentice Hall. Page 84.

[48] Kaplan, R. and Norton, D. (2001). The Strategy-focused Organisation. Harvard Business School Press. Page 93.

[49] Ibid. Page 97.

[50] Ibid. Page 94.

[51] Ibid. Page 169.

[52] Brown, A. (1998). Organisational Culture. Financial Times/ Prentice Hall. Page 89.

[53] Cartwright, J. (1999). Cultural Transformation - Nine factors for continuous business improvement. Financial Times/Prentice Hall. Page 19.

[54] Ibid. Page 21.

[55] Ibid. Page 84.

[56] Ibid. Pages 19 and 20.

[57] Ibid. Page 114. Refers to: How the leopard changed its spots; London: Weidenfeld & Nicholson. 1994

[58] Srinivasan, C. (1999). From "vicious" to "virtuous" scorecards. Australian CPA. Volume 69, Issue 9. October. Pages 48 to 50.

[59] Brown, A. (1998). Organisational Culture. Financial Times/ Prentice Hall. Page 209. Refers to: Weick. (1985). The significance of corporate culture. In: Frost, Moore, Louis, Lundberg and Martin (Editors). Organisational culture. Sage.

[60] Brown, A. (1998). Organisational Culture. Financial Times/ Prentice Hall. Page 209.

[61] Ibid. Page 225. Refers to: Understanding corporate culture and its relation to strategy. International Studies of Management and Organisation. Volume 18, Issue 2.

[62] Brooks, I. (2003). Organisational Behaviour (2nd Edition). Financial Times/Prentice Hall. Page 278.

[63] Smith, M. (1998). Culture and organisational change. London: Management Accounting. Volume 76, Issue 7. Jul/Aug. Pages 60 to 62.

[64] Hofstede, G. (1991). Culture and Organisations. Harper Collins. Page 13.

[65] Ibid. Page 26.

[66] Ibid. Page 53.

[67] Ibid. Page 84.

[68] Ibid. Page 113.

[69] Rollinson, R. and Broadfield, A. (2002). Organisational Behaviour and Analysis (2nd Edition). Financial Times/Prentice Hall. Page 727.

[70] Cartwright, J. (1999). Cultural Transformation - Nine factors for continuous business improvement. Financial Times/Prentice Hall. Page 16.

[71] Gooderham, P. and Nordhaug, O. (With a response by Hofstede, G.) (2001/02). Are cultural differences in Europe on the decline? European Business Forum. Issue 8. Winter.

[72] Brooks, I. (2003). Organisational Behaviour (2nd Edition). Financial Times/Prentice Hall. Page 265.

[73] Ibid. Page 266.

[74] Ibid.

[75] Brooks, I. (2003). Organisational Behaviour (2nd Edition). Financial Times/Prentice Hall. Brooks lists various works, including: Adler. (1997). Organisational Behaviour (3rd Edition). South-Western College Publishing. Kluckholm and Strodtbeck. (1961). Variations in Value Organisations. Peterson. Laurent, Adler and Campbell. (1989). In search of appropriate methodology: From outside the People's Republic of China looking in. Journal of International Business Studies. Spring. Mead. (1998). International Management (2nd Edition). Blackwell Business.

[76] Brooks, I. (2003). Organisational Behaviour (2nd Edition). Financial Times/Prentice Hall. Page 269.

[77] Ibid. Page 270

[78] Trompenaars and Hampden-Turner. (1997). Riding the waves of culture. Nicholas Brealey Publishing Ltd. Pages 157 to 179.

[79] Huang, K-C. (2000). The development of an integrated manufacturing performance measurement and evaluation framework. PhD thesis, Cranfield University.

[80] Trompenaars, F. and Hampden-Turner, C. (1997). Riding the waves of culture. Nicholas Brealey Publishing Ltd. Page 1.

[81] Deal, T and Kennedy, A. (1999). The new corporate cultures. Texere. Pages 1 and 2.

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[149] Stewart, R. (1985). The reality of organisations. The MacMillan Press Ltd. Pages 179 and 180.

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Chapter 4: Legitimate Research?

1.   Pursuing the objectives.

Road Map	
Chapter 1	**Outline of the research project.** The aim of the research is, • To demonstrate a mechanism for managing organisational culture through the Balanced Scorecard in order to improve culture and thus the potential for the Balanced Scorecard to deliver benefit.
Chapter 2	**Balanced Scorecard literature review.**
Chapter 3	**Culture literature review.**
Chapter 4	**Research methodology.** The Balanced Scorecard can be seen as lying at the Positivistic end of the research spectrum, whilst Culture is usually seen as lying at the Phenomenological end of that spectrum. This Chapter therefore explores the issues of this research project in relation to that spectrum; how it developed; where it lies; the appropriateness of the tools used. Particular attention is paid to the literature surveys and to the survey tool developed for examining the implementation of the Balanced Scorecard. The Chapter also looks briefly at the appropriateness of measuring cultural issues.
Chapter 5	**Review of organisational issues.**
Chapter 6	**Case study on the impact of implementing the Balanced Scorecard.**
Chapter 7	**Cultural survey results.**
Chapter 8	**Developing and testing a cultural measurement tool for use with the Balanced Scorecard.**
Chapter 9	**Supporting case studies.**
Chapter 10	**Summary of conclusions.**
Figure 4.1	

In Chapter 1 the choice of the research topic was noted to have been selected partly because of apparent contradictions in the development of the Balanced Scorecard within the researcher's own organisation. Choosing to study a topic within the researcher's own organisation raises a number of issues. These will be discussed here, as will the methods chosen to gather data.

Chapter 2 provided details of the Balanced Scorecard strategic management tool. Chapter 3 similarly looks at the issues of organisational culture. Management, using either of these concepts, is advocated as a means of improving corporate outcomes. Potentially the use of culture measurement tools within the Balanced Scorecard could be a way to combine the two concepts. Therefore this Chapter looks at how these concepts might be examined to provide a case study in a common context. This Chapter will therefore look at the role of the researcher. This will prepare the way for Chapter 5 that looks at how these concepts were applied to one organisation and articulates their outcomes. The organisation researched is highlighted in order to discuss methodological issues of significance, although the organisation and its issues are not discussed until Chapter 5.

The aim of this chapter is therefore to validate the research methodology used in this study.

2. Phenomenological or Positivistic research.

The initial problem was to establish the perceived reasons for the apparent success of the Balanced Scorecard in the organisation. This immediately highlights key aspects of the problem: words such as "perceived", "reasons", "apparent" and "success" represent evaluations or selections by the researcher. This would tend to suggest that the research lies in the phenomenological paradigm. Hussey and Hussey distinguish between the phenomenological paradigm and a positivistic paradigm as shown in Table 4.1: [1, 2]

Table 4.1: Alternative terms for main Research Paradigms.	
Phenomenological:	**Positivistic:**
Qualitative Subjectivist Humanistic Interpretivist	Quantitative Objectivist Scientific Experimentalist Traditionalist

However, this might seem in some respects to be odd given that the Balanced Scorecard concepts are more firmly rooted in the positivistic paradigm, because they are about hard measurement of business outcomes. Nevertheless it could be argued that even here there are very subjective judgements to be made:

- Strategy is initially a subjective judgement, even if based on some forward prediction of likely outcomes such as a Delphi technique since the future is always unknown.

- How much short-term profit should be traded off for long-term gain?

- Cause-and-effect relationships are effectively hypotheses that must be tested and proved, and their selection is a subjective judgement.

Conversely as we have seen the study of culture is more firmly rooted in the Humanistic, Interpretivist, Subjectivist paradigm, although as we have noted in Chapter 3 there is a debate about the place of hard measurement. However, as Hussey and Hussey point out,

> *"Although we have identified two main paradigms, it is best to regard them as the two extremes of a continuum. As you move along the continuum, the features and assumptions of one paradigm are gradually relaxed and replaced by those of the other."* [3]

Thus whilst the two issues being studied may start near opposite ends of the spectrum there is probably some overlap and techniques from either end of the continuum should be appropriate.

Table 4.2: Evaluation of how the Phenomenological and Positivistic paradigms and their relationship to the research.		
Assumption/ Question:	Phenomenological, qualitative paradigm:	Positivistic, quantitative paradigm:
Ontological – The nature of reality:	Reality is subjective and multiple as seen by participants in a study – *Research covers two topics and is based in a specific organisation and involves attitudes and evaluations by organisational members.*	Reality is objective and singular; apart from the researcher – *Does not apply.*
Epistemological – Relationship of researcher to the research subject:	Researcher interacts with research topic – *Research part of the organisation and involved in evaluating and interpreting input supplied through surveys.*	Researcher is independent of the research topic – *Surveys provide input that is independent of the researcher.*
Axiological – The role of values:	Value laden and biased – *Research involves values and biases of individuals responding to the survey and of the researcher.*	Value free and unbiased – *Does not apply.*
Rhetorical – The language of the research:	Informal; evaluative and personal – *Meanings open to interpretation and are highly personal.*	Formal; well defined meanings; impersonal – *Does not apply.*
Methodological – The research process:	Inductive process; mutual simultaneous shaping of factors; emerging design/ categories identified during process; context bound; patterns and theories developed for understanding; accurate and reliable through verification – *Study of one prime context but with wider application; use of defined categories for research; research results not repeatable due to constantly changing factors.*	Deductive; cause and effect; predetermined categories; context free; generalisation leading to prediction, explanation, understanding; accurate and reliable – *Surveys used to substantiate perceptions and to used but also a basis for explaining organisational issues; set, proven models used to evaluate organisation; comparison to outcomes reported from other organisations.*

Table 4.2, based on Hussey and Hussey, and in turn adapted from the work of Creswell [4], suggests that the research is more at the Phenomenological end of the spectrum.

3. Research process outlined.

Figure 4.2 provides an outline of the research project as a whole:

Figure 4.2: Structure of activity to meet research objectives.

Initial literature search and review - Balanced Scorecard.

1999

Balanced Scorecard survey.

2000

Literature review - Balanced Scorecard.

Methodology literature review and methodology development.

2001

Literature review - Culture.

Culture survey.

Article on results of survey.

2002

Development of Culture model.

2003

Test of culture model.

Validating case studies

2004

Final write up.

2005

This highlights the fact that two distinct topics are being brought together by this research. Work on the Balanced Scorecard survey started early on in the study, before detailed work on cultural issues was initiated. This is because initial work on the impact of the Balanced Scorecard highlighted cultural issues, but literature failed to highlight any substantial discussion on this topic.

An early consideration also had to be where any detailed research would be undertaken. Initial discussions with the research supervisor considered undertaking a number of comparative case studies in a range of organisations. However, this research was being undertaken by part-time study and there were a number of work pressures that on occasions reduced or prevented study. Consequently it became apparent that effort on study would not be consistent or predictable. This was seen as a potential limiting factor on what might be achieved in terms of investigation into other organisations. The precise objectives of the study were also unclear in the early stages. This is not inconsistent with the approach to phenomenological research,

> *"With a phenomenological approach, there may be no relevant existing theory or you may not to be restricted by existing theories. Therefore you may carry out your investigation in order to construct new theory to explain the phenomena or to describe different patterns which emerge in the data. Alternatively, you may use the early part of the research study to develop hypotheses which are tested in subsequent stages of the research."* [5]

Blaxter, Hughes and Tight [6] refer to the research spiral, which,

- Is cyclical,
- Allows entry at any point,
- Is a never-ending process,
- Promotes reconsideration of practice, and
- Returns the researcher to a different starting point.

Figure 4.3: The research spiral, adapted from Blaxter, Hughes and Tight.
(Blaxter, L. Hughes, C. and Tight, M. (2001). How to research. Open University Press.)
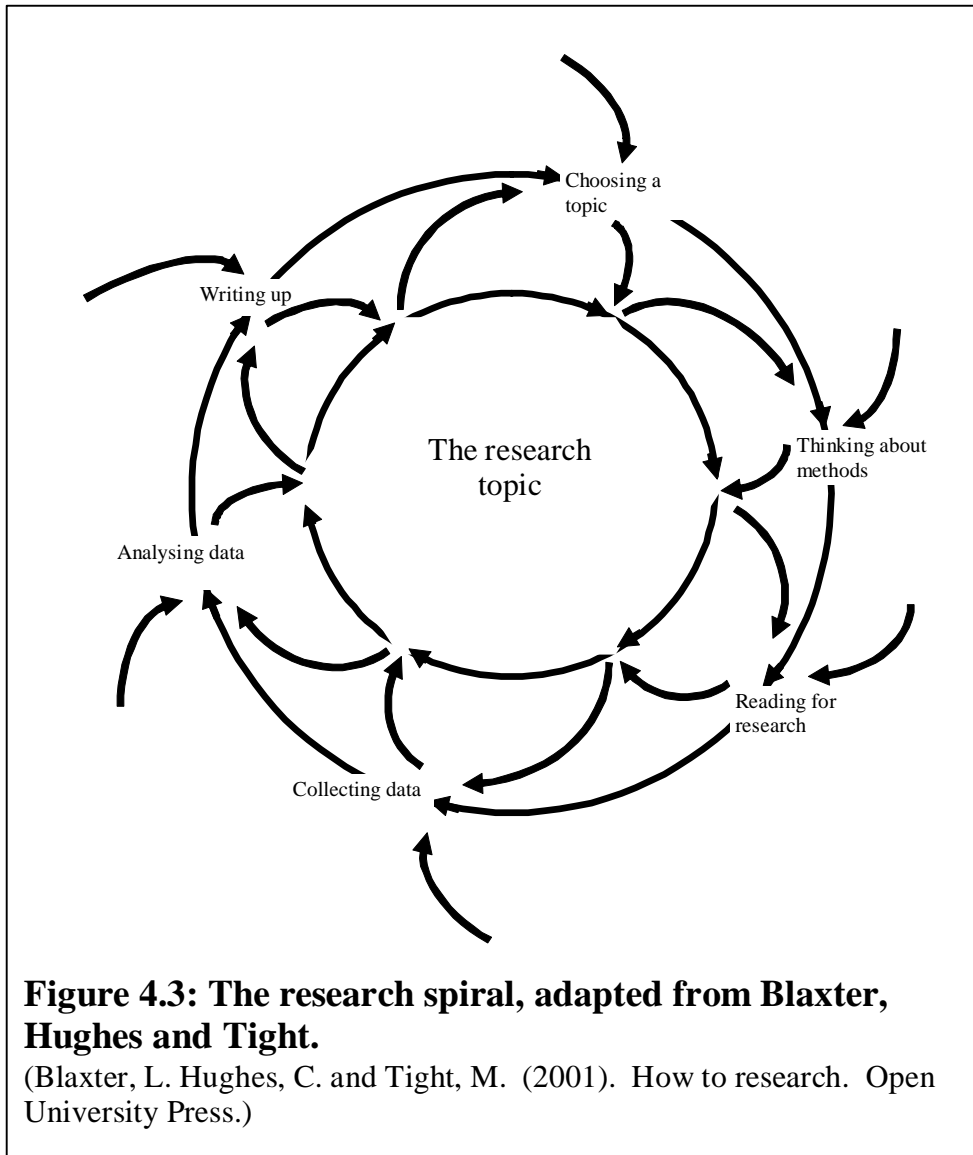
This spiral diagram, at Figure 4.3, is useful since it helps to understand the way in which a project may develop. Circling ever more tightly round the central core will throw the researcher out to one or other of the activities shown helps to increase definition and refine the central core, which is the topic itself. The diagram helps identify the various activities required to complete the project. However, two issues stand out as key:

- Defining the scope – which may not ultimately happen until late on in the research.
- Resources available – which will include "time".

The ability to select candidate organisations and undertake detailed, comparative case studies was perceived by the researcher to be limited, because expanding the scope is related to the resources available, which ultimately impacts on the quality of the research.

> *"One of the key skills involved in choosing a topic is to be able to pick one of the right size: not too big, not too small, but do-able within the time, space and resources available."* [7]

This was particularly so in view of the large amounts of time being absorbed in researching the issues related to the researcher's own organisation. The views of Phillips and Pugh are also relevant,

> *"How then to undertake work towards a PhD on a part-time basis with no more than the necessary amount of stress? … If at all possible, choose a research problem that is related to your work."* [8]

Thus, ultimately, it was decided to limit the research to presenting a single in-depth case study on the researcher's parent organisation. This was seen as likely to lead to continued support and access to the organisation, whereas delving into other organisations might lead to superficiality and/or increased cost: eg at one time contemplation was given to looking at USMC in the USA who were known to have a well developed Balanced Scorecard. Similarly, delving into external organisations might lead to challenge as to the usefulness of the research to the parent organisation. Thus key considerations for the selection of the research topic were:

- **Organisation** – knowledge of the organisation and ability to show relevance to the parent organisation.
- **Time** – need to be flexible in terms of effort available to undertake the research project due to the need to respond to the peaks and troughs of full-

time work requirements. Thus for example, work crises might have lead to a delay or abandonment of case studies in external organisations, to the detriment of both the research and the parent organisation (or even the RMCS).

- **Cost** – the cost of study was relatively high and to add to that substantial travel and other costs to investigate external organisations would not have been sustainable.

Sekaran discusses the advantages and disadvantages of undertaking research within one's own organisation [9]; albeit in the more specific context of using an internal team to study and implement solutions to a particular problem, rather than looking at a more philosophical issue and contributing the benefit of any outcome derived. The issues raised are discussed in Table 4.3 in relation to this research.

Table 4.3: Advantages and disadvantages of conducting research within the parent organisation.	
Advantages:	**Disadvantages:**
Researcher more likely to be accepted by colleagues – *Not always the case for academic study since it does not have the specific mandate from Senior Managers to ensure universal support, but generally most colleagues are cooperative.*	Internal consultants/researchers may have so absorbed the organisational mores and processes that they are unable to work outside of them within the organisational context – *External supervisor/mentor, and the more challenging nature of academic study should help the researcher break the paradigm.*
Require much less time to understand organisation – *Clear benefits here, but can be counterbalanced by researcher's own preconceived ideas.*	Organisational coalitions may frustrate the purpose through concealment or misrepresentation of issues – *True, but for academic study that will not necessarily challenge individuals or their power bases there is less likely to be deliberate deception, although any withholding of information, eg by non-contribution to a survey, will distort results.*

Available for implementation of results – ***True, but this is less likely to apply where the topic is selected by the researcher and studied as part of an academic course rather than under specific management mandate, and perhaps consequently viewed as interference or sniping at the work of others.***	Internal consultants not perceived as experts and thus recommendations may not be accepted – ***A clear problem if the aim is to implement a solution, but if the aim is merely to research and contribute to knowledge then internal perceptions will count for little, and indeed internally rejected recommendations might "come back to haunt" the organisation if they gain wider credibility externally.***
Internal consultancy costs are lower – ***True, but again if management does not specifically mandate the study then costs might be regarded as additional/avoidable.***	Researcher's organisational biases may distort perceptions, findings or recommendations – ***True (see earlier comment on advantages), but the external challenge of supervisor/mentor should help to overcome such bias.***

However, Schein argues that, *"The contextual meaning of cultural assumptions can only be fully understood by members of the culture ..."* [10] This emphasises the need for someone inside the organisation to be directly involved. But, as suggested in the table above, the researcher, undertaking cultural research in their own organisation, may have distorted or biased views, particularly if he/she is a member of a particular subculture. Nonetheless, with a sound recognition of the issues of researching in one's own organisation it is reasonable to proceed. For example, process or methodological issues will be more or less appropriate according to the individual undertaking the research and the organisation in which they are being used.

Hussey and Hussey highlight the various methodologies that might be used for research across the Phenomenological/Positivistic continuum. [11] These are shown in Table 4.4 and evaluated in relation to this research.

Table 4.4: Research methodologies and their relationship to the research paradigms.		
Research Paradigm:	**Related Research methodology:**	**Evaluation for this research project:**
Phenomenological	**Action research** – Organisational study aimed at determining the effect of changing one variable in a constantly changing environment of which the researcher is a part with aim of solving a problem for the organisation and making a contribution to knowledge.	*This research fits into this category to a limited extent, because the researcher was not in a position to take the proposed solution beyond testing stage. Thus the only problem addressed was that of measurement of culture, although this does allow a view of how culture management within the target organisation might be addressed.*
	Case study – Extensive examination of a single instance of an issue.	*Research mainly fits into this category, providing elements of: Descriptive; Illustrative; Experimental and Explanatory case studies.*
	Ethnography – Socially acquired and shared knowledge used to explain patterns of activity.	*Research relies heavily on this methodology as the researcher was studying and interpreting his own organisation.*
	Feminist perspective – Study of changing role, impact, experiences of women in society, relative to their male counterparts.	*Not considered at all. Too few females provided input to the study to draw worthwhile conclusions.*
	Grounded theory – Systematic procedures used to induce a theory.	*Not used. Theories developed initially from observation and substantiated from survey and supporting case studies.*
	Hermeneutics – Consideration of the historical and social contexts of textual material.	*Not used. Textual material used to support observation or determine business and cultural issues.*
	Participative enquiry – Research relying on active contribution of participants in collecting and interpreting data.	*Not used. Insufficient knowledge and experience of these issues and with high staff turnover this would not have been a practical proposition, particularly for part-time study.*

	Surveys – (Sample of) population studied to collect data about particular issues/variables.	*Appropriate and used to gain source data for research.*
	Longitudinal studies – Study of a particular issue over a lengthy period with a view to determining the impact of different variables as they change independently of one another.	*Not used due to the limited time and resource available to study the different issues. However, this methodology and/or cross-sectional studies would be beneficial for any follow-up research undertaken.*
	Experimental studies – Study of cause-and-effect relationships in laboratory or natural setting where variables can be controlled.	*Not appropriate – too many variables impacting organisations with little control possible.*
Positivistic	**Cross-sectional studies** – Aims to obtain information on variables in different contexts.	*Used to the extent that published case study material provides data on the implementation of the Balanced Scorecard, and culture management in other organisations. In this context application is limited since this is reliance on secondary or tertiary data, but in the context of the supporting case studies this applied much more.*

Again this emphasises the combination of Phenomenological and Positivistic approaches to this research. However, these are not seen as necessarily distinct methodologies, because for example, action research aimed at producing a workable solution to a business problem can also be seen as a case study. In this instance it also involved producing a survey. Thus in this research there are a variety of techniques interwoven to pursue the objectives. These techniques are identified in relation to the range of activities shown in Table 4.4 above.

- **Literature review** – links particularly with Case study, and Cross-sectional studies methodologies.

- **Balanced Scorecard Survey** – links particularly with Action research, Case study, Ethnography and Surveys methodologies.

- **Cultural surveys** – links particularly with Case study, Ethnography and Surveys methodologies.
- **Development of cultural assessment tool** – links particularly with Action research, Case study, Ethnography and Surveys methodologies.
- **Supporting case studies** – links particularly with Case study, Grounded theory and Cross-sectional studies. [12]
- **Write-up** – an integral part of all of these methodologies.

In classifying this research within the Action Research category, it is recognised that this may be stretching the point somewhat, as highlighted in Table 4.4. Kaplan argues that Action Research,

> *"... engages the researcher in an explicit programme to develop new solutions that alter existing practice and then test the feasibility and properties of the innovation."* [13]

However, he goes on to provide a definition based on French and Bell that emphasises the collection and evaluation of data to assess the impact of change. [14] This would exclude this research from the category because it never progressed beyond the development and testing of the proposed measurement tool; the original, albeit limited, aim. Nevertheless, Kaplan goes on to propose a new category of "Innovation Action Research", which helps categorise this research more effectively. This proposes four cycles of activity:

- The Base Case,
- Initial Implementation,
- An Intermediate stage, and
- Advanced Implementations.

Each cycle goes through a number of stages:

- Observation and documentation of new practices.

- Teaching and speaking about the innovation.

- From the feedback, writing articles and books.

- This will hopefully illicit invitations to implement the concepts in new organisations, enabling further development of the process and further data to be obtained concerning the new ideas.

Broadly, but with some limitations, this cycle has been completed up to the point of initial implementation; testing the new measurement tool. The researcher has developed his ideas particularly from the work of Anslie [15]; has made presentations to MDA students at RMCS and to members of the Chartered Institute of Management Accountants; has written an article [16]; and has implemented the tool in a test within his own organisation and evaluated the results. Thus Kaplan's concepts of Innovation Action research have been followed.

Although this research is partly a case study Blaikie highlights three criticisms of case studies [17] that may apply in this instance:

- **Sloppy research and biased findings** (based on prejudices of quantitative versus qualitative research methodologies and the potential for the researcher to influence the results) – the use of quantitative methodologies may help overcome this in part, but there is an acknowledged danger that the researcher may have interpreted issues based on personal perceptions.

- **Generalisation is not useful** – the unique nature of every organisational culture is acknowledged, but articulation of that culture should assist in interpreting the results. In particular, it is noted that the wealth of case studies in the Balanced Scorecard literature provide little directly relevant information because they relate to fundamentally different organisations or industries with little direct relevance to this case study.

- **They are more practical than methodological producing too much data, and take too long** – the aim here is to solve a practical problem and the large amount of data presented should enable the reader to substantiate the findings for themselves thus overturning the first bullet above.

Caution is therefore urged on the reader. By acknowledging these weaknesses it is hoped that the case study will provide greater value.

4.   Introduction to the organisation.

In order to provide adequate explanations of the issues involved in the research methodology it is necessary to identify the organisation in which the research was undertaken. This was primarily the Headquarters of Commander-in-Chief Fleet, the Navy's operational Commander in the Royal Navy. This is more fully explained in Chapter 5 and its Appendices. However, Figures 4.4 and 4.5 show organisational charts to illustrate the context and structure of CINCFLEET.

Figure 4.4: Navy Grouping or Sector at the start of the research project.

Figure 4.5: CINCFLEET at the start of the research project, showing Fleet Management Board members. (Immediate CINCFLEET HQ elements shown in italics. HQ ACOSs reported to DCINC.)
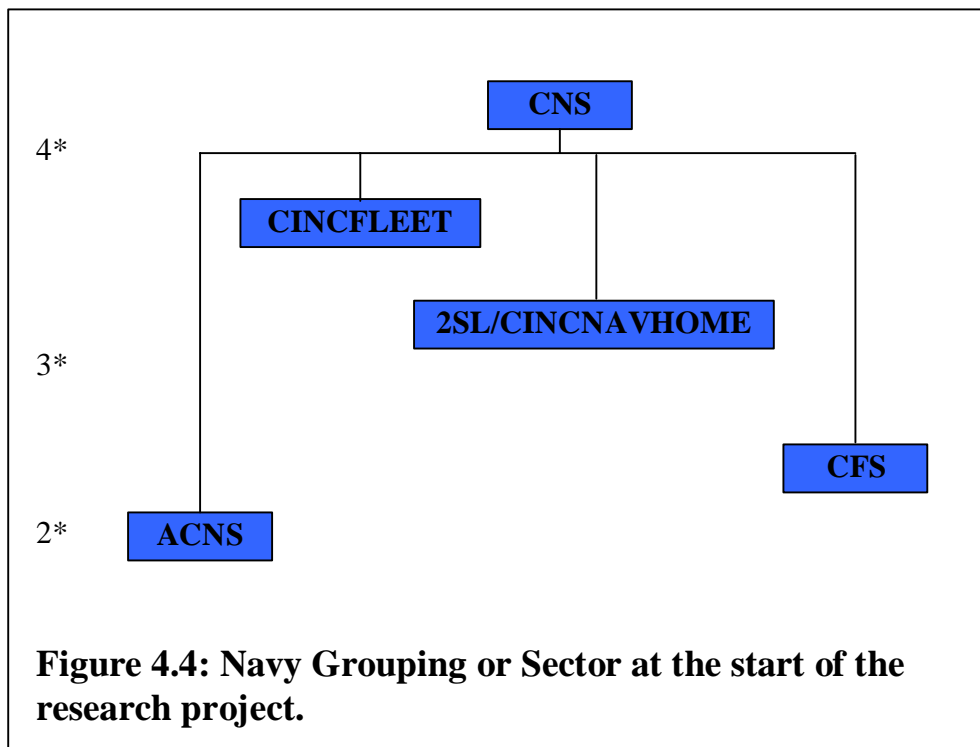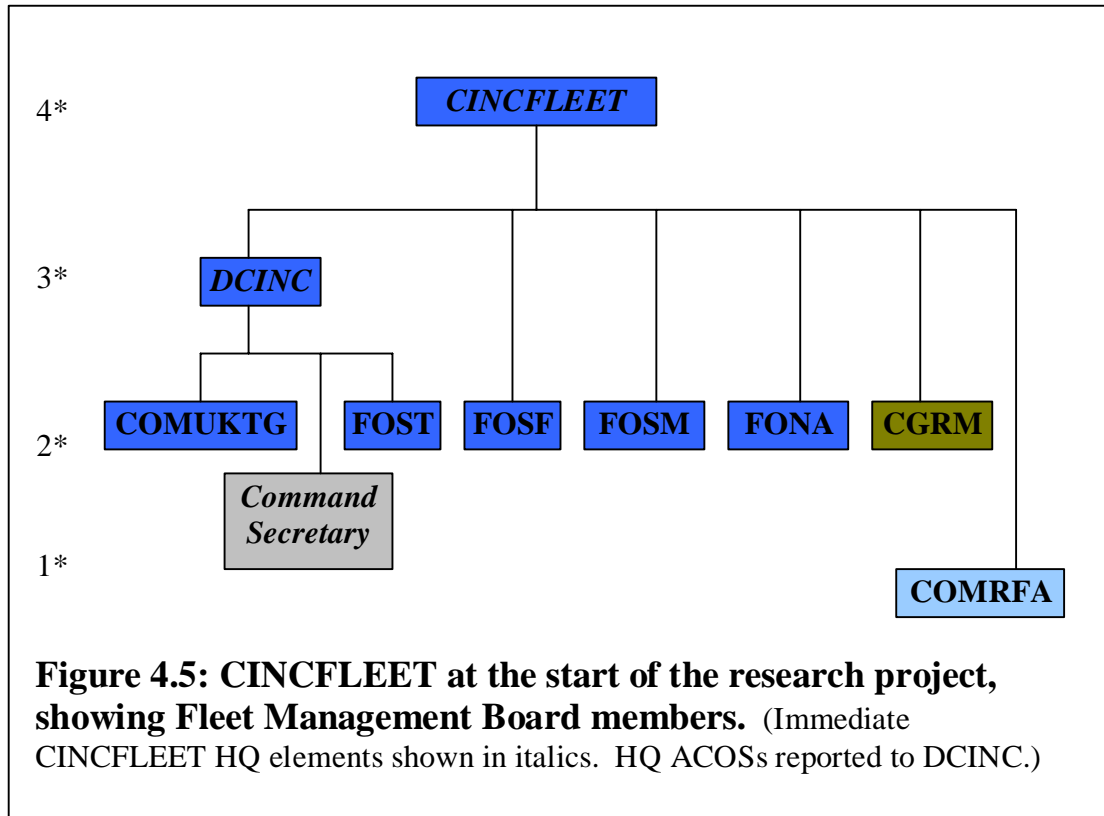
5.   **Development of the research questions.**

Figure 4.6 below demonstrates how the research programme was developed. This links to Chapter 1 and the development of the research questions used in Section 4 of Chapter 10. This section explains further how these questions were developed. However, it must be recognised that these are only the key questions, or summary questions that arose during the early stages of the programme. A fuller list of the questions developed during the early stages of the research, from which this shorter list is compiled, is shown at Appendix A to this Chapter. Only the shorter list of questions is explicitly addressed in Chapter 10.

The initial contact with the CINCFLEET Balanced Scorecard is described at Chapter 1, Section 3. This has been summarised in the question,

- What is the local experience of implementing and using the Balanced Scorecard?

This begs two further basic questions,

- What is a Balanced Scorecard?
- How does one define a successful Balanced Scorecard?

These arose out of the issue of whether what CINCFLEET was using was really a Balanced Scorecard, since the combination of PIs used did not seem to conform to basic practice, and perhaps what was being used was not a genuine Balanced Scorecard. Was the form of the Balanced Scorecard closely prescribed or are there different forms? This is explored in Chapter 2. Similarly, if the implementation of the Balanced Scorecard in CINCFLEET was to be assessed then it would be necessary to define what was successful, or what constitutes failure. Having established the basic concepts it was necessary to consider the process and results of the local implementation, such as:

- How and why did the organisation commit to the Balanced Scorecard?
- What are the perceived benefits?
- How much knowledge of the process and tool did the organisation have?

Such questions also led on to question,

- Does the Balanced Scorecard constitute a valid management system, or is it just a passing management fad?

These issues are explored in Chapter 6 through the questionnaire used. Whilst a process or tool may be effective and provide benefits it is no guarantee that it will continue to be used. This is because other cultural factors impact, such as the desire of any new management regime to be seen to being proactive by creating change. This issue also applied as the majority of the advocates covered in the literature survey during the early stages of this research seemed to have some sort of vested interest in the concepts. The danger is therefore that organisations are talked into

taking on a management process by advocates who oversell the product and that when the implementation fails the tool is dumped. This too starts to highlight cultural issues, which were also evident in early descriptions of changes resulting from CINCFLEET's implementation, and in literature referring to French attitudes towards the Balanced Scorecard. It was these issues that started to trigger questions about cultural issues, to which there seemed to be little or no reference in the literature. At the time the researcher was also involved in separate work looking at measuring the four pillars of British military Operational Capability. [18] Involvement in this work highlighted the lack of hard measurement of morale in the armed forces [19] and the question of whether there was any relationship between morale and cultural issues. This issue is explored in Chapter 5, building on Chapter 3. This area is summarised in the question,

- Can the management of culture be integrated into the Balanced Scorecard process?

This topic was also reversed to gain a fuller understanding of the issues, thus:

- How are the Balanced Scorecard and culture inter-related?
- Does implementing the Balanced Scorecard impact organisational culture?

Figure 4.6 therefore highlights lower level block of work than Figure 4.2, and demonstrates outcomes from each stage.

Evolution	Initiation	Study of Research Methods	Developing themes	Testing theories	Research evaluation
Process	Exploratory research and selection of a topic.	Research paradigm and methodology conflict.	Expanded review of BSC Literature.	CINCFLEET HQ cultural measurement tool developed and tested.	Contribution to knowledge.
	Initial review of Balanced Scorecard Literature.	Validity of cultural measurement and assessment.	Literature review of culture and culture change.	Presentations and workshop.	Contribution to practice.
	Literature review of questionnaire methodology, development of BSC questionnaire.	Researcher's role and ethical considerations.	Literature review of military culture.	Supporting case studies.	Limitations of research.
		Parameters of literature review.	Cultural surveys.		
	Initial Synthesis.		Drawing on wider experience.		
			Evaluation of BSC questionnaire.		
Outcome	Perceived disparity of theory and practice.	Research strategy.	21 rules for BSC implementation and use.	Model refinement.	Research hypothesis proved.
	Lack of coverage of cultural issues.		Assessment of CINCFLEET's BSC programme.	Planning/Measurement model.	Areas for further work.
	Model of perception of success.		Contribution of NLP.		
	Trial and distribution of questionnaire, collation of data.		Model of importance of culture.		
	Initial research objective and research questions.		Culture gap model.		
			Articulation of CINCFLEET culture.		
			Refinement of the research objective.		

Figure 4.6: Research Map

6.   Literature Review.

Of particular importance in this research is the Literature Review. This has been noted in both Chapters 2 and 3, because the Balanced Scorecard and Organisational Culture both represent enormous topics and it has only been possible to give a flavour of these issues rather than an exhaustive analysis. Sakaran describes the attributes of a good literature survey [20]:

- Identifies variables likely to be influential to the study.
- Emergence of important variables for consideration and how they contribute to the investigation and resolution of the problem, through the development of a theoretical framework.
- Facilitates testability and replicability of research findings.
- Enables the problem statement to be defined with precision and clarity.
- Helps to avoid re-invention of the "wheel".
- Enables the *"scientific community"* to see the problem as relevant and significant.

These seem to be written for the more *"scientific community"* operating more at the Positivistic end of the research paradigm continuum. Thus for example, repeating the surveys undertaken in this research is almost certain never to produce the same findings precisely because they involved perceptions, evaluations, made at a particular time and in particular circumstances that cannot be repeated. Nevertheless, these aims are all believed to have been met, within the limits described here. Blaxter et al list ten reasons for the literature survey that help support the above [21]:

- *"Because it will give you ideas.*
- *Because you need to understand what other researchers have done in your area.*
- *To broaden your perspectives and set your work in context.*
- *Because direct personal experience can never be enough.*

- *To legitimate your arguments.*
- *Because it may cause you to change your mind.*
- *Because writers (and you will be one) need readers.*
- *So that you can effectively criticize what others have done.*
- *To learn more about research methods and their application in practice.*
- *In order to spot areas which have not been researched."*

Stevens et al highlight four main functions for the literature review [22]:

- *"To give reasons why the topic is of sufficient importance for it to be researched ...*
- *To provide the reader with a brief up-to-date account and discussion of the literature on the issues relevant to the topic ...*
- *To provide a conceptual and theoretical context in which the topic can be situated ...*
- *To discuss relevant research carried out on the same topic or similar topics."*

It is believed that the literature surveys provided in Chapters 2 and 3 meet these four criteria. In particular,

- Both the Balanced Scorecard and culture management have been shown to be methods of improving organisational output.
- The issues of importance for implementing and running the Balanced Scorecard have been highlighted, as have the means of managing culture through a culture model have been covered alongside means of measuring culture to aid achievement of desired aim.
- In so doing the conceptual and theoretical framework for this research is provided.

- The crossover between these two topics has been highlighted from the work of M G Brown, however, no research in this area has been observed beyond Brown's comments. Nevertheless research in both areas has been highlighted that demonstrate that both these mechanisms can produce improved organisational performance.

Blaxter et al, quoting the work of Bruce, also highlight the different purposes that a literature survey might seek to fulfil. [23] This is shown in Table 4.5 and evaluated in relation to this research.

Table 4.5: Different typologies of literature surveys.	
A list of available literature.	*Not considered worthwhile because search engines provide more than adequate listings of available literature.*
A search – an intermediary source to create awareness of the available literature.	*This partly applies; particularly Ainslie's work relating to military culture and ethos provided a strong lead on key issues and writers.*
A survey of literature where the literature is the focus of attention for understanding the discipline.	*This applies particularly. Chapters 2 and 3, although not exhaustive, aim to form a platform on the topics of the Balanced Scorecard and Culture.*
A vehicle for learning and personal development.	*An important issue; literature has formed a key part of the process and personal learning, which was the underlying intention of research in the first instance.*
A research facilitator that impacts the development of the research.	*Another important issue; lack of comment on cultural development in Balanced Scorecard literature prompted a wider search on cultural material and directly contributed to the selection and use of cultural surveys.*
A report – not only a synthesis but also a *"final representation of interaction with literature"*.	*This also partly applies. Although the literature survey forms a substantial part of the overall project the main focus of the research lies elsewhere in the surveys undertaken.*

Thus the literature serves three key roles: to create a foundation of understanding of the discipline, as a vehicle for personal learning, and as an aid to developing the research project. Denscombe makes an additional point: that literature can be a source of data in its own right. [24] This highlights the point made previously that the case studies on the Balanced Scorecard and organisational culture presented in the

literature can be considered as "data", bearing in mind that not all cultural assessments are made in a quantitative manner, and no-one is offering a means of measuring the quality of a Balanced Scorecard, other than by perceived overall organisational performance compared to other organisations.

7.   The Balanced Scorecard survey.

The major component of this research was, in volume terms, the literature survey, and this is largely what initiated and directed the project. However, a second and early component of great importance was the survey into the early development and use of the Balanced Scorecard within the researcher's own organisation.

Since the majority of those involved in the use of the Balanced Scorecard were senior managers it was felt that arranging interviews would be difficult because senior managers were known to be very busy and the process of interviewing might take substantial time. Similarly, although this was substantially a phenomenological study a focus group was not used, albeit that this methodology is, *"normally associated with a phenomenological methodology"*. [25] This could be taken one of two ways:

- Focus groups are associated with phenomenological studies rather than positivistic studies.
- Focus groups are regarded as a fundamental part of phenomenological studies.

This latter interpretation is perceived as the intention, because Zikmund comments that, *"The focus group interview is so popular today that many research agencies consider it to be the "only" exploratory research tool."* [26] The researcher's experience was that there were considerable difficulties in maintaining scheduled meetings for senior staff, eg the Management Board meetings, let alone arranging additional meetings. It was therefore felt that using a questionnaire would be the most effective and acceptable means of gathering data, because it would allow participants to respond at their own convenience.

Being directly involved in the management of the organisation at a senior (but not Board) level, and being (at one time) involved in the development work on the Balanced Scorecard it was recognised that it would be impossible to take a detached view. Similarly, the process of investigating the topic would draw even more attention to the issues and change people's perspectives. Because the Balanced Scorecard process involved relatively few staff it would not be possible to undertake a large-scale study. Indeed because of the close knowledge and involvement of the researcher in the society being studied the research methodology might be considered to be "ethnography". Hussey and Hussey, referring to the work of Werner and Schoepfle (1987), suggest that ethnography is, *" …where the researcher becomes a full working member of the group being studied."* [27] Clearly this was the case as the researcher was part of the management team. However, there are arguments that can be advanced to indicate that the researcher might be regarded as an "outsider". The researcher being a civil servant, and tackling this research from an academic perspective could be seen as distant from the Naval staff and the Fleet Management Board and its immediate support team. This would apply to an even greater extent to those involved in running the Balanced Scorecards elsewhere, eg in the 2* Type Commands [28] and in the other Naval TLBs. However, having worked for over 25 years in the MOD, including many years in Naval functional areas, the researcher would have a detailed understanding of the social context of this study; a factor that would be recognised by many people providing input to the research. But it is also recognised that this close involvement may introduce a bias on the perspectives represented and in the interpretation of information provided.

At the stage that this survey was being formulated the final research question was still unclear. This is consistent with what Hussey and Hussey describe as the process of developing the research question in a phenomenological study,

> *"In a phenomenological study, you are more likely to determine the purpose of your research and construct only one or two questions which you will refine and modify, and set within a theoretical context during the course of the research itself. The*

final stages of your research design will be defining terms,
establishing methodology and giving an indication of the expected
outcome." [29]

It was recognised that the Balanced Scorecard was perceived as being "successful". However at this stage it was unclear what this meant precisely, or what might have contributed to this perception. The questionnaire designed thus sought to capture views on the whole process of introducing the Balanced Scorecard, and on the perceived benefits. Indeed at this early stage of the potential avenues for research was, "How to define and measure success". This would have led much more to a case study approach, comparing a number of different organisations. Again it was felt that this would have involved considerable blocks of time, which were unavailable whilst undertaking part-time study. Early reading also highlighted two other issues that would make this line of study difficult:

- There were no recognised methods of determining success for the Balanced Scorecard, nor for isolating the impact of the Balanced Scorecard compared to other management processes being used concurrently. For example, through anecdotal evidence it was understood that both BP and TNT were using both the Balanced Scorecard and the EFQM Business Excellence Model. Both tools were recognised as contributing to organisational success. However, it was unclear how the contribution of each could be isolated in order to determine the benefits of the Balanced Scorecard. Chow, Haddad & Williamson argue that the Balanced Scorecard would be beneficial for small companies based on a study of what performance measures four small companies would put into a Balanced Scorecard if they used this tool. [30] Whilst Lewy and Du Mee seem to regard the Balanced Scorecard as successful merely if the process continues in use. [31] Neither of these measures seemed worthwhile. Kaplan and Norton describe successful companies in terms of a range of organisational achievement; for commercial enterprises generally in terms of market performance, eg on the stock exchange value, or

by general comparison with other businesses in the sector. Neither of these methodologies would apply to CINCFLEET.

- Details of Balanced Scorecards are rarely published by organisations due to the amount of detail that would be disclosed about strategic intentions. [32] And there was little if anything published in the UK on use of the Balanced Scorecard in the Public Sector, indeed Kaplan and Norton suggest that by 1996 the use of the Balanced Scorecard in non-profit and government organisations was still only embryonic. [33] It was felt that it would be difficult to find organisations with which to conduct studies that would provide meaningful comparison of what contributed to success; Hussey and Hussey describe this as one of the key difficulties of the case study methodology. [34] It was also unclear as to how many other organisations would need to be studied in order to gain a clear picture on what constituted success and how the Balanced Scorecard had contributed to their success. Thus the scope of the issue of meaningful comparative case studies and how to gain access to such organisations suggested that this would be a difficult course to pursue.

This survey was undertaken between May and October, 2001. The survey was conducted over such a relatively lengthy period due to the impact of the summer break and the low priority that was given to this task by many of the senior officers. A copy of the final survey used is at Appendix B to this Chapter, and was distributed with an accompanying letter seeking support (Appendix A), as recommended by Zikmund. [35]

Although at this stage thoughts on the area of examination for later work, ie organisational culture, were already beginning to emerge, the questionnaire was made fairly broad. This was done in order to gain a broad understanding of issues and perceptions and to help disguise the intended thrust of the research to prevent responses being tailored to a perceived need. The questionnaire thus looked at the different implementation stages of the Balanced Scorecard and sought to record people's perceptions and understanding of issues and outcomes.

This survey was inevitably a qualitative survey since the population available to survey was small and it was recognised that some would not respond. Consequently, even though the questionnaire attempted to standardise many of the answers, the evaluation of the responses is evaluative rather than quantitative.

A "postal" survey was used to overcome the perceived difficulty of arranging meetings with a large number of senior staff, particularly as many of these staff were dispersed and this would avoid the researcher wasting a lot of time travelling. (As this research was undertaken on a part time basis this was an important constraint.) This would also give respondents greater flexibility to complete the survey at their own convenience, whilst also giving the opportunity to collect data in a more standardised format for ease of collation and evaluation.

The questionnaire was designed to be capable both of eliciting core information in a short timescale, but also provide a framework for prompting wider views. [36] Thus for example questions provided some possible answers but invited free comment, eg:

Section 2: Selection and introduction of the Balanced Scorecard. This section aims to understand why the Balanced Scorecard was introduced, what knowledge there was in the organisation of the Balanced Scorecard process before it was introduced and what the aims of introduction were at this early stage.		
1 What was the purpose of introducing the Balanced Scorecard?	Focus attention on key issues facing the organisation:	
	Replace or improve existing performance monitoring:	
	Focus on strategic organisational objectives:	
	Improve internal processes:	
	Other (please state):	

By including the "Other (please state):" option this gives the option of adding additional thoughts whilst the previous options provide the opportunity to respond to a few standard options for building Balanced Scorecards. This methodology was felt likely to increase the rate of response by enabling at least a "tick the options" solution, as well as easing the classification of many responses. The clear danger of this approach is that it prompts respondents to offer answers that were not valid or not recognised as underlying issues by the respondents. However, it has to be recognised

that if an underlying assumption made at this time, that many of the respondents would not be totally clear about some of the issues, there would be considerable variability in the responses and the "Other" box would not result in additional comment. It was also felt that face-to-face interviews would fare no better in terms of the quality of response and might lead to awkwardness and difficulty in the interviews, eg because Senior Officers might be embarrassed by an apparent lack of knowledge, whereas they could probably leave off replying to any questions of which they were uncertain if a postal survey was used.

Questions were also designed to subtly test responses to other questions. For example:

<table>
<tr><td colspan="3">Section 2: Selection and introduction of the Balanced Scorecard. This section aims to understand why the Balanced Scorecard was introduced, what knowledge there was in the organisation of the Balanced Scorecard process before it was introduced and what the aims of introduction were at this early stage.</td></tr>
<tr><td rowspan="4">6 What level of knowledge did the Board have of the Balanced Scorecard at this time?</td><td>Substantial (ie they were fully aware of the concept and the issues involved)</td><td></td></tr>
<tr><td>Good (ie they had a broad understanding of the issues but required further training):</td><td></td></tr>
<tr><td>Moderate (ie they were aware of the concept but needed substantial training):</td><td></td></tr>
<tr><td>Poor (ie they had little or no prior understanding of the concept when it was proposed):</td><td></td></tr>
</table>

<table>
<tr><td colspan="5">Section 3: The Implementation phase. This section aims to gain an understanding of the implementation process for the Balanced Scorecard in this organisation and assess its initial impact.</td></tr>
<tr><td rowspan="4">3 How was the initial Balanced Scorecard built in terms of its general framework?</td><td colspan="3">Using the standard Kaplan and Norton template:</td><td></td></tr>
<tr><td colspan="3">Using a modified Kaplan and Norton template:</td><td></td></tr>
<tr><td colspan="3">From first principles or existing management information processes to arrive at a bespoke system:</td><td></td></tr>
<tr><td colspan="2">Other (Please state):</td><td colspan="2"></td></tr>
<tr><td>4 Please state the number of dimensions and number of measures used in the initial Balanced Scorecard:</td><td>Number of Scorecard Dimensions:</td><td></td><td>Number of Scorecard Measures:</td><td></td></tr>
</table>

Here Section 2, Question 6 seeks to establish the level of understanding people had of the Balanced Scorecard principles during the business tool selection phase. But Section 2 Questions 3 and 4 also seek to understand the level of knowledge during the Implementation Phase by asking specific questions about the format of the model. And indeed there is the potential for a mismatch between the answers to these two questions. For example, anyone suggesting that the Standard Kaplan and Norton template had been used, but then indicating that there were other than four scorecard dimensions would indicate a low level of understanding of the basic principles.

The questionnaires were mainly sent out in soft copy on the internal MOD intranet. This provided the option for respondents to provide as much detail as they wished. They were also advised that trial respondents had indicated that it took approximately 20 minutes to complete the questionnaire. Respondents replied using a mix of hard and soft copy, and one or two had clearly taken considerably more than 20 minutes in replying (and in some cases said so). This option to respond in hard or soft copy is therefore perceived as having had some benefit.

Most, if not all the people invited to take part in the survey were known "casually" to the researcher through the conduct of the business. Indeed, it was through business contact that the researcher was able to readily identify who could be invited to take part. The population was comparatively small and thus there was no real possibility of selecting a sample since this would have seriously limited the breadth of response and thus missed potentially valuable insights into the issues. The researcher did not know who would have the best understanding of the issues, or who would be most likely to respond.

Results from the questionnaire were collated on a spreadsheet, since this provided a quick and easy way of viewing the combination of "tick" responses and narrative comment.

The response rate was generally good but the pattern of responses did not reveal clear-cut answers even to factual questions. This had been anticipated because it was

perceived that senior managers' understanding of the technical aspects of management process were limited. Also attitudes to the Balanced Scorecard were expected to vary. In general, it was expected that most of those who were not in favour of the Balanced Scorecard would fail to respond. Anecdotal evidence from staff officers to such senior managers suggests that this was the case, even where reminders were sent. This will clearly bias the survey results in terms of any perceived benefits. However, the adoption of the Balanced Scorecard by the remainder of the MOD, and the subsequent award of a place in the Balanced Scorecard "Hall of Fame" [37] might, arguably, suggest that negative comments represent a slightly jaundiced view of reality. Similarly others who saw no value in a study of the benefits of the Balanced Scorecard were expected to fail to respond.

Full details of the response to the questionnaire are given in Chapter 5.

8. Culture surveys.

The outcome of the initial survey provided useful information and suggested that there had been considerable impact on organisational culture. This survey confirmed that one major impact on the organisation of the Balanced Scorecard was the impact on the ways of working at Board level. Managers perceived a change in management's agenda and methods of dealing with issues. In essence this was perceived as a "culture change"; a change in "the way we do things here".

Also, the issue about the use of the Balanced Scorecard in France had also been mentioned in a number of documents seen by the researcher. The French preference seemed to be to reinvigorate a previously introduced process called Tableau de Bord. However, elsewhere, eg Scandinavia and Australia there seemed to be a much more ready acceptance of the Balanced Scorecard. Could these differences of preference be attributed to cultural differences? Examination of Hofstede's work, discussed in Chapter 3, tends to indicate that there were sufficient cultural differences in France to make its acceptance less likely, although the issue of its use in multinationals might ultimately subvert any national tendency to reject a new foreign, indeed American,

management system. Also there was a suggestion that Hofstede's work might need to be revisited to see if there was any significant decline in national cultural identities that might enable new management systems to be more portable across national boundaries. Thus there seemed to be a range of cultural issues from the macro, national cultural issues down to the purely parochial micro, organisational cultural issues. This seemed too great a range to be covered. There was perceived to be more benefit to the organisation in looking at the micro issues and consequently it was decided to concentrate more at this level.

It was therefore decided to undertake a survey of organisational culture to test cultural survey instruments and to gain an understanding of cultural issues within the organisation. However, it was recognised that standard cultural survey instruments were not totally ideal for this purpose because of the unusual nature of the organisation. Conversely the use of standard cultural survey tools would enable comparison with standard organisational models. Similarly, such tools could also be used for benchmarking against other organisations.

Cost was clearly an issue in the choice of surveys. Whilst a bespoke development would considerably reduce cost (because it would not require a "licence fee" to be paid on each questionnaire) it would provide no external reference to other organisations or a recognised model. Consequently two surveys were selected:

- The Handy/Harrison organisational style survey – since this could be reproduced locally at minimal cost whilst being backed by a clear model of organisational styles. This survey attempts to determine the psychological contract between the individual and the organisation based on the four classic models of organisational type. [38]
- The Denison Culture Survey – whilst comparatively expensive it was backed by a clear cultural model for improving organisational performance, and allowed benchmarking against external organisations. This survey compares employees' perceptions of the cultural features of their organisation with those of successful organisations as determined independently by Denison.

The high level of response to the earlier more detailed questionnaire suggested that the response rate might be high. Similarly, advice obtained from readings on conducting surveys indicated that response might be good if inducements or follow-up mailings are used. [39] Consequently, in order to keep costs down, it is common for the size of surveys to be limited to the minimum necessary for the desired level of accuracy. [40]

This survey was undertaken between September and November, 2002. Again the speed of response to this survey was impacted by the low priority that was given to this task by many officers. During November and December, 2002 responses were sent to staff who returned the Harrison/Handy survey. Respondents were asked to encourage colleagues to complete the questionnaire, and it was hoped that the feedback provided might create a curiosity among those who had not had completed their own forms. The survey was also advertised on the internal "intranet", "Fleetweb".

Work was therefore undertaken to look at cultural issues of the military environment. These issues are discussed in detail in Chapter 5, including a look at the attitude to "business management" philosophy in MOD. Considerable amounts of material were available that dealt with issues relating to military culture but there was no British material on the measurement of culture, indeed the researcher's experience, including in relation to the BSC, was that the key component of culture in which the Services were interested, morale, was not measured but routinely subjectively assessed by Commanding Officers. The researchers perception was that the pressures relating to the subjective assessment were such the results were always likely to be biased. However, the relationship of morale to culture was also unclear and appeared to be mixed with other features such as:

- The moral component,
- Ethos, and
- Fighting spirit.

None of these seemed to address the breadth of issues dealt with by writers on culture in the business environment. Nevertheless, these issues are so fundamental to the military culture that to ignore them would be to deny the true nature of the military culture. It was thus perceived that there was a need to try and build these into any measurement and management of the culture within CINCFLEET. Ainslie's work demonstrates the potential to measure the Moral Component, and various cultural measurement tools were known to exist.

It was therefore perceived that if culture was to be measured and managed there needed to be an explicit model against which to measure and a clear measurement tool. Whilst the researcher came across several cultural models and several measurement tools two models stood out as having clear measurement tools associated with them. These were:

- Handy's work, based around the Harrison measurement tool for organisational style, which in addition to identifying organisational style, attempted to measure the psychological contract that individuals develop with the organisation based on that organisational style.
- Denison's organisational cultural measurement tool, which seeks to identify a relationship between organisational culture and organisational effectiveness.

The Handy/Harrison model seemed particularly relevant at the time, late 2002, because the CINCFLEET HQ had recently undergone a reorganisation, part of the aim of which was to move from a role culture to a task or matrix culture. This is discussed further in Chapter 5. It was thought that the Denison survey might not only throw light on the organisational culture but on whether it was perceived to be effective. Thus it was perceived that these two surveys together might provide significant insight to the culture and also provide some guidance on the running of organisational cultural surveys in a military environment.

The use of these surveys constitutes a move more to the positivistic approach to research: using specific, proven research tools to determine qualitative information albeit in quantitative manner. This also helps to strengthen the research by introducing a form of triangulation. Hussey and Hussey comment that,

> *"The use of different research approaches, methods and techniques in the same study is know as triangulation and can overcome the potential bias and sterility of a single-method approach."* [41]

They then go on to look at the work of Easterby-Smith, Thorpe and Lowe who proposed four methods of triangulation including Methodological triangulation, where quantitative and qualitative data is collected on the phenomenon. [42] In this context the initial survey coupled with personal knowledge, experience and anecdotal evidence form the qualitative side of the triangle. The Handy/Harrison and Denison surveys form a quantitative dimension and the literature search forms the third dimension.

In order to limit the cost of the surveys and to more easily manage the response it was recognised that the surveys would need to be limited in number. This raises the question of an appropriate sample size and a sampling technique. Hussey and Hussey highlight the following sampling techniques:

- Systematic sampling divides the population by the sample size and selects every n'th subject.
- Stratified sampling divides the population into predetermined groups and attempts to ensure that each group is representatively sampled according to the proportion that group is to the whole population.
- Quota sampling ensures a particular count of particular categories of the population.
- Cluster sampling involves selecting a group from a population divided into groups (because the groups are deemed to be representative of the whole population).

- Multistage sampling takes cluster sampling further and samples from a group within the whole population, because the groups themselves are still too large.

- Snowballing or network sampling (derived from a phenomenological study), where respondents identify other sample members because they have experienced the phenomena.

- Judgemental sampling is a further stage on from snowball sampling, where the researcher selects the sample based on their likely contribution to the study based on the value of their experience of the phenomena.

- Natural sampling is where the researcher has no control over the sample selected, ie because there are other factors that determine its selection, eg those present on a particular day. [43]

It was felt that of these the most appropriate was a cross between stratified sampling and quota sampling. It was recognised that there were distinct groups within the organisation, primarily Service and Civilian, which formed major groups with potentially very different perspectives, eg borne of different employment conditions and experiences. Similarly within these groups it was felt likely that there would be different perspectives between junior and senior staff, that the Royal Marines and the Royal Fleet Auxiliary personnel represented distinct subcategories with Marines having different perspectives from Naval staff and RFA personnel having different perspectives from non-uniform civilians. Consequently there were a large number of groups that might exist. However, some sub-groups would form small numbers within the HQ, and these would either have to be amalgamated or discounted. Fink, in her guidance on sampling, recommends a general "rule of thumb" that the sample size should be a minimum of 30. [44] Verbal advice from Dr T Ringrose, RMCS Shrivenham, was that for an organisation of the size of CINCFLEET HQ, about 1200 personnel, a minimum sample of 50 was necessary. The difficulty with such a sample would be the issue of subgroups within that location, based on specialism etc. Dr Ringrose therefore supported the argument for a larger, properly stratified sample, but also highlighted the issue of non-response. Bauer and Bauer suggest that the response rate for sponsored company surveys might be around 80%. [45] This was supported by verbal advice obtained from DASA on anticipated results to in house surveys, and on

the general rate of response to the earlier survey. Fink suggests that over-sampling might be used to overcome potential non-response [46], but highlights the cost as a disadvantage of over-sampling. [47] Rounded up this suggests a sample size of approximately 40 for each of the groups because it was also recognised that response rates from some groups might be lower. This is because over-sampling in a closed environment will create a wider awareness that other people have been sent the survey and there is consequent greater likelihood that, rather than replying themselves, people will rely on others' attitudes and response to the questionnaire.

Examination of CINCFLEET HQ staff directory indicated that the following groups might be appropriate:

- **Senior Naval Officers (Captain and above)** – almost a 100% sample, but deemed necessary in order to gain a key perspective on the organisation as these staff play the most important part in the management of the HQ.
- **Two groups of middle ranking Naval Officers (Cdrs and Lt Cdrs)** – representing the largest group within the HQ. The sample was split on organisational lines with the aim of checking responses against each other on the basis that there should be no great dissimilarity.
- **Junior Naval staff (Lt, WO and CPO)** – representing the opinions of junior naval staff, recognising that the experience of Lts would either be minimal if they were direct entry officers or substantial if they were promotees from ratings, in which case their opinions might also reflect their time as ratings. However, these staff form a significant group in terms of numbers in the HQ.
- **Senior Civilian staff (Grade C and above, but excluding RFA personnel)** – representing mainstream, or "career" civil servants, who tend to work in personnel, finance or IT functions but does include some technical staff working in areas dominated by Service staff.
- **Junior Civilian staff (Grade E1 and Grade D)** – junior civilian staff spread more widely through the organisation and who, due to function of lack of exposure are unlikely to have a broad perspective on management issues.

However, again, these staff form a significant group in terms of numbers in the HQ.

- **Others (RM, RFA and known Retired Officer grades)** – who are likely to be more Service orientated having spent most of their time outside the HQ, but who might be expected to have a different perspective to Naval staff due to a different range of experiences. For example, RMs undertake more military rather than naval activities; RFA contracts and operating regimes; Retired Officers are employed on Civil Service contracts and may therefore have a mix of Service and Civil Service perspectives. However, none of these groups is large enough on its own to in the HQ to easily make a sample group. Nor are they likely to be sufficiently influential to have a radical impact on the culture.

Recognising that Junior staff might be less likely to respond to an academic survey the sample size for these groups was enlarged to 50 rather than the standard size of 40.

It was deemed too difficult to try and identify staff by specialism rather than functional area. And it was not clear that all specialisms would show any significant differentiation resulting from that specialism rather than from the groupings shown above. That is, whilst the Warfare Branch is sometimes referred to as the "Master race" of the Navy, and might therefore have a different perspective from say engineering, it is unclear whether the perspectives of Naval marine engineers would differ from aviation engineers or RFA Engineers. Similarly it is doubtful that the differences between Naval engineers and Naval Supply staff would be as great as between Naval Officers and RFA Officers. In a larger survey these issues might be tested, although some of these groups might prove to be rather small with no clear view emerging from such small groups.

The groups identified above were deemed to be a reasonable representation of the HQ. Using printouts of the staff directory a semi-systematic system of selecting the n'th member of staff was employed. Minor adjustments were made, eg to avoid some of smaller outstations where the relevance of belonging to the HQ and understanding

its culture might be unclear. Similarly, in selecting the first 30 Junior Naval Staff only six Lts had been included. This meant that this group was underrepresented, and so the group was rebalanced by the inclusion of additional officers.

The Handy/Harrison survey was reproduced locally, with minor amendments to simplify some of the language. As recommended by Bauer and Bauer, particularly for mailed surveys, the questionnaire was then tested on a couple of "Junior Civilian" staff (including one who was an ex-naval rating and thus potential also represented Junior Service staff) working for the researcher, in order to ensure that the instructions were clear. [48] It was felt that if junior staff had no difficulty with the questionnaire then more senior staff should not have any difficulty. This trial was successful with both staff understanding the instructions. The Denison survey was not tested due to the cost and the recognition that this was a professionally produced survey that was already widely, and commercially, used.

The one change made to the Handy/Harrison survey as a result of the trial was to specify that Section 15 referred to MOD's external environment. This was a choice made by the researcher for two reasons:

- Some staff might perceive the culture of the Fleet HQ as being synonymous with the Navy or part of MOD and thus to include such areas in the immediate external environment might lead to a conclusion that this section could not be applied.
- Not all staff would have any real knowledge or understanding of the culture of other parts of MOD and would thus be unable to comment effectively if the boundary were purely set at Fleet HQ. However, all staff could be expected to have some view of MOD's external environment through their non-work experiences.

Nevertheless this section was perceived to have caused some problems, as evidenced by phone or verbal queries and failure to complete this section in at least one response.

However, it was recognised that this would be an "unsolicited survey" and it may therefore be preferable to offer some inducement, even though it was hoped that staff might feel some form of moral obligation to respond to a colleague's plea for help in his academic studies. A direct personal response was therefore offered, plus the promise that published aggregate results would be anonymised, and the promise of a prize draw (three copies of a Scott Adam's book). Nevertheless the response rate to the survey was disappointing and the reasons for this are discussed in Chapter 5.

The low response rate led to amalgamation of groups. The poor quality of the responses to the Harrison/Handy survey meant that special measures had to be adopted to improve the viability of the results. The results of the survey are covered in Chapter 5. Appendix C to this chapter outlines the process used in an attempt to improve the quality of responses to the Harrison/Handy survey.

9.   Validity of cultural measurement.

As highlighted in Chapter 2, Kaplan and Norton's argument is that in order to change the business effectively there needs to be clear targets and measurement of the aspects of the business that are required to be changed. M G Brown suggests that culture might be managed through the Balanced Scorecard, but there were no clear recommendations of how to do this. Indeed whilst recommending the use of the Balanced Scorecard to monitor culture and values, particularly during a period of organisational change, Brown actually states,

> *"When it comes to measuring culture change or the extent to which values are communicated and followed, it is difficult to come up with meaningful measures."* [49]

Chapter 3 covered some of the issues concerning the measurement of culture. This chapter looks further at that topic and touches on the ethical issues.

As Chapter 3 demonstrated, culture is a multifaceted concept. It cannot be easily defined for a single organisation because the perceptions of the individual observers, both internal and external, will vary. A culture will be made up of subcultures, and thus whilst there may be a cultural core on which there is wide spread agreement, its meaning and importance will vary from individual to individual. Thus any attempt to describe or measure the culture will, at best be a constructed consensus, based on a sample view. Since culture is also largely a set of unconscious values and attitudes, albeit with tangible products and by-products, to articulate the culture could impact the culture, eg through hardening support or opposition to the manifestations of culture.

Clearly therefore the measurement and articulation of culture has implications for an organisation. Whilst Harrison/Handy's model articulates four competing cultural styles, each of which will be present to a lesser or greater extent, Denison's model can be construed as effectively suggesting that there is "one way" to become effective. Nevertheless, both these models would permit a multitude of cultures since there is a vast range of cultural features that are not assessed. Hence it must be recognised that the usage of any cultural assessment tool will only partially explore and measure the culture, and thus could arguably be "mis-representing" the culture because it is incomplete. Thus Oppenhiem suggests that in order to measure an individual's attitude towards an issue it is necessary to use sets of questions to examine the same issue. [50] Harrison/Handy effectively uses 15 different tests for their four cultural types. Each of these is effectively divided into four, but it could be argued that, since these four statements represent four different cultures, each of the 15 cultural features of an organisation is only represented by one statement. This may suggest a low validity, and indeed the complexity of some of the wording (noted earlier) may contribute to a poor understanding of issues being examined.

In contrast, Denison's survey is testing 12 different characteristics of an organisation's culture, each of which is tested by five questions. Nevertheless, these 12 concepts are quite broad, eg Vision, Coordination and integration, Creating change, Team orientation. It could therefore be questioned how well five statements

adequately cover these issues, and how well 60 questions adequately cover the key aspects of effective organisational culture.

Even where adequate questions exist, and they are well worded, the individual's attitude to the organisational culture is not entirely determined by the organisation but can be impacted by external features. Thus for example, high exit barriers, including those erected externally, by circumstances such as poor economic conditions, may prevent individuals leaving an organisation or appreciating the organisation's values. Thus such views, where included, would help to distort the perceptions of the organisation. This is an important issue in the context of Chapter 5. As Oppenhiem points out,

> *"We cannot necessarily predict behaviour from attitudes … The links between attitudes and behaviour are complex, and group membership may or may not be a valid criterion of a particular attitude."* [51]

Ward develops a hierarchy of:

- **Expectation** – develops over hours and days as a result of behaviour and its results. People are highly aware of expectations.
- **Attitude** – which again develop from behaviour and results, but over months and years. People are only dimly aware of attitudes.
- **Culture** – is the result of behaviour and its results, expectations and attitudes. People are unaware of culture, which develops over many years. [52]

The issue here is also about the difference between "culture" and "climate". Attitude may reflect "climate" more than "culture". Shared attitudes may reflect a consensus on the climate rather than reflecting the outcome of culture, but conversely disagreement over specific cultural features does not imply that these are interpretations of the climate. Rousseau therefore argues that measures of culture must be normative rather than descriptive. [53] The relationship between the culture and

climate and the shared consensus on these issues is thus somewhat complex, because ultimately the aim is to describe the culture, which is a set of norms to which individuals subscribe to a lesser or greater extent, and perceptions of the culture will differ based on the expressed description as well as their attitude towards that feature.

Schein also suggests that the results of cultural surveys are merely articulating the climate of the organisation. He concludes,

> *"… questionnaires can be a very useful tool for getting at norms of behaviour and at organisational climate, but as such data should not be confused with cultural assumptions … At best the survey results are an artefact of the culture, subject to the same interpretation problems as other artefacts."* [54]

Thus even if culture surveys are not truly cultural, but climatic, instruments, it is argued that sensible interpretation of the results by someone with knowledge of the culture can help to render them as cultural data.

In order to understand the relationship between organisational climate and organisational culture the following comparison is proposed (Figure 4.7).

Figure 4.7: Organisational culture and climate – an analogy.
Source: Author.
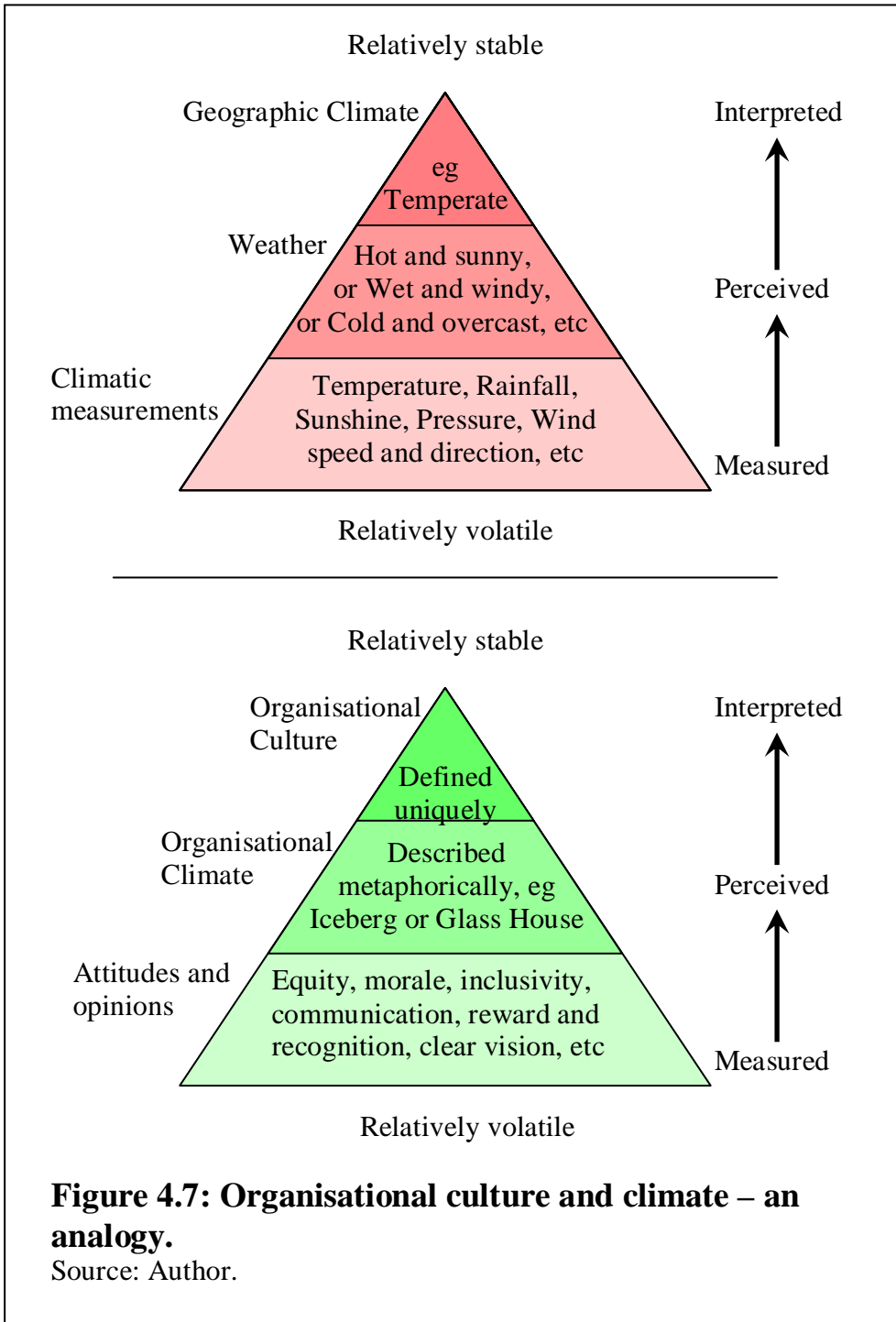
Figure 4.7 can be seen as building on the work of a number of authors:

- **Moran and Volkwein** – *"... since climate operates at a more accessible level than culture ..."* [55]

- **Mullins** – *"Organisational climate ... can be likened to our description of the weather ..."* [56]

- **Salancik and Pfeffer** – who *"... define climate in terms of the shared perceptions of what attitudes and needs are appropriate, the shared definitions of jobs and work environments, and the definitions of how people should relate to the environment."* [57]

- **Field and Abelson** – suggest climate can exist at three interdependent levels of individual, group and organisation, and reflects perceptions of *"...autonomy, structure, rewards and warmth".* [58]

- **Reichers and Schneider** – *"... we stop short of asserting that climate and culture are identical or almost identical. We agree with Schein (1985) that climate can most accurately be understood as a manifestation of culture."* [59]

The difficulty in describing the culture is thus that of whether what is described is really the culture of the organisation at all.

> *"Finally, and perhaps most controversially, is the assertion by Schein (1984) that accessibility of information on culture raises certain ethical concerns. Researchers employing a survey or questionnaire to study organisations behave unethically, Schein argues, by purporting to speak for respondents through aggregated survey data rather than using the informants' own words. He argues that summary categories and aggregations of information misrepresent the respondents' view. Externally derived categories need not conform to the organisation members' worldview ..."* [60]

It is accepted that any view of the organisation based on a defined model must be limited in its articulation of the culture, because by definition it will focus on particular aspects to the exclusion of others. Equally, a description of the culture of an organisation based on direct quotation is similarly limited to the features highlighted by the individual and individuals interviewed by the researcher. Thus no

representation of an organisation's culture is complete. The very act of encouraging an individual to think about cultural phenomena will harden their attitudes and perceptions causing the culture to change. Thus the researcher becomes an agent for change in the organisation, even if the outcome of the research is never read within the organisation. Clearly the less publicity the outcomes of the research gets the less impact the researcher will have. Consequently, taking Schein's argument to its logical conclusion, it could be argued that any cultural research is unethical in that it will influence the organisation rather than letting it develop in its own way.

Nevertheless, it is argued that cultural research is legitimate since organisations and societies are accountable. Recognition of the limitations of the description are essential, but this is where broad models such as Johnson's culture web are important since they encourage the articulation of a broad range of issues. [61] However, in that this is only a framework, a researcher could still distort the readers' perceptions by failing to present a balanced or comprehensive view of the key issues.

It is therefore concluded that no cultural description can be complete and unbiased, particularly one based on a defined model. The representation by internal members, or the researcher, will be tainted by the climate experienced or perceived.

10.   Mini Case-Studies

As the work on this research was concluding a number of brief case-studies were undertaken to look as the Balanced Scorecard implementation in other organisations. The aim was to validate the tools and models developed during this research and to see what, if anything, other organisations had done about measurement and management of culture. These essentially took the form of interviews with a key member of staff involved with the Balanced Scorecard coupled with background research on the organisation. Clearly there was not the potential to undertake the detailed research into organisational cultural issues that had been undertaken in the context of the studies on CINCFLEET. This was because there was neither the time (interviewer and interviewee) nor the available literature. Nevertheless, it is believed

that there is good, but not complete, coverage of the issues suggested by Deal and Kennedy:

- Analysis of the physical setting of the organisation.
- Examination of what the organisation writes.
- Scrutiny of how the organisation greets outsiders.
- Discover how employees feel about the organisation.
- Identification of what people do in the organisation in order to identify organisational priorities. [62]

Organisations were identified by a variety of means and contacts with the purpose being explained in outline before they agreed to cooperate. All the interviewees were thus keen to show their organisation in a reasonably good light. The case studies were constructed using face-to-face interviews, based loosely around the original survey instrument developed and used within the Royal Navy, and the models subsequently developed. Supporting data was also obtained from the internet. Following the interview the case study was written up and presented to the interviewee for checking of factual data, and, in some cases to avoid presenting anything that might be of sensitive nature to the individual or organisation. The aim was not to present a biased picture but to recognise the ethical issues. No significant changes were made by any respondent.

11. Summary

This chapter has attempted to show that the research was undertaken from a broad perspective using a range of phenomenological and positivistic methodologies. Using a broad range of methodologies aims to improve the robustness of the results, although the impact of the research being undertaken by someone who is part of the organisation must be recognised. Robust results are important because of the transitory nature of culture, which means that repeating the processes can never duplicate the results.

The processes are described in detail in order to enable readers to determine their benefits and any limitations. This will enable them to be repeated, where appropriate, and therefore enable any follow-on work to be more robust. Finally, the ethical issues of culture measurement are discussed because of the risk that narrow use of methodologies may misrepresent the organisational culture. It also recognises that any articulation of organisational culture will impact on the organisation, thereby recognising that this research is "not done in a vacuum".

With this understanding of the process and issues of undertaking cultural research, it is now possible to move on to examine the organisation and the research results in depth.

Road Map

Chapter 1	**Outline of the research project.** The aim of the research is, • To demonstrate a mechanism for managing organisational culture through the Balanced Scorecard in order to improve culture and thus the potential for the Balanced Scorecard to deliver benefit.
Chapter 2	**Balanced Scorecard literature review.**
Chapter 3	**Culture literature review.**
Chapter 4	**Research methodology.** This Chapter demonstrates how the researcher has attempted to balance the positivistic and phenomenological elements of the research. Thus, for example, quantifying cultural issues enables them to be measured, but constrains them to the terms and issues presented. Thus the presentation of the culture can be distorted. Similarly, the researcher's role in the organisation, whilst having the benefit of helping to understand and articulate the issues, presents a problem in that it is his interpretation that is presented not a true representation. But culture is a transitory phenomenon and will always therefore be difficult to capture and represent. Such problems do not make attempts invalid.
Chapter 5	**Review of organisational issues.**
Chapter 6	**Case study on the impact of implementing the Balanced Scorecard.**
Chapter 7	**Cultural survey results.**
Chapter 8	**Developing and testing a cultural measurement tool for use with the Balanced Scorecard.**
Chapter 9	**Supporting case studies.**
Chapter 10	**Summary of conclusions.**

Figure 4.8

End notes:

[1] Hussey, J. and Hussey, R. (1997). Business Research. Macmillan Press. Page 47.

[2] Blaikie, N. (2000). Designing social research. Polity Press. Page 244. This provides a substantial list of contrasting labels for these competing perspectives, based on the work of: Halfpenny. (1979). The analysis of qualitative data. Sociological Review. Volume 27, Issue 4. Pages 799 to 825.

[3] Hussey, J. and Hussey, R. (1997). Business Research. Macmillan Press. Page 48.

[4] Ibid. Adapted from: Creswell. (1994). Research design: Qualitative and quantitative approaches. Sage.

[5] Ibid. Page 55.

[6] Blaxter, L. Hughes, C. and Tight, M. (2001). How to research. Open University Press. Pages 9 and 10.

[7] Ibid. Page 25.

[8] Phillips, E. and Pugh, D. (2000). How to get a PhD (3rd Edition). Open University Press. Pages 122 and 123.

[9] Sekaran, U. (2000). Research Methods for Business (3rd Edition). Wiley & Sons. Pages 14 and 15.

[10] Schein, E.H. (1992). Organisational culture and leadership (2nd Edition). Jossey-Bass Publishers. Page 148.

[11] Hussey, J. and Hussey, R. (1997). Business Research. Macmillan Press. Pages 59 to 72.

[12] Note that Collis, J. and Hussey, R (2003). Business Research (2nd Edition). Palgrave Macmillan. Page 61., refer to Cross-sectional studies as *"… designed to obtain information on variables in different contexts, but at the same time … different organisations or groups of people are selected and a study is conducted to ascertain how factors differ."* But these brief case studies may fall more into the category of "Cross-sectional Ethnography", described by Boyle, J.S. (1994). Styles of Ethnography. In: Morse, J. M. Qualitative Research Methods. Sage Publications. Pages 159 to 183. However, if this classification is accepted then it is recognised that it applies only in a limited sense. The studies undertaken were done at the same time, but not at the same stage of development in each organisation. Creswell, J. W. (1998). Qualitative Inquiry and Research Design. Sage Publications. Page 58., suggests that Ethnography is a substantial piece of work where the researcher is deeply involved or engaged with the organisation.

[13] Kaplan, R. S. (1998). Innovation Action Research: Creating new management theory and practice. Journal of Management Accounting Research, Volume 10. Page 89.

[14] Ibid. Page 90. Refers to: French, W. L. and Bell, C. H. (1984). Organisation Development: Behavioural science interventions for organisation improvement (3rd Edition). Prentice Hall. Pages 107 and 108.

[15] Ainslie, R. L. (2001). Quantifying Military Ethos in the Field Army: A case study of the Royal Engineers. Cranfield University [RMCS], Dept of Defence Management & Security Analysis, No 15 MDA Course. July.

[16] Woodley, P. M. (2002). Ship Shape. London: Financial Management. June. Pages 30 and 31.

[17] Blaikie, N. (2000). Designing social research. Polity Press. Page 218.

[18] For a definition see METS in the glossary.

[19] Morale is generally assessed by unit commanders who have a vested interest in articulating good morale. For comment on a similar system used in France see: Vennesson, P. (2003). Civil-Military relations in France: is there a gap? The Journal of Strategic Studies. Volume 26 No 2. Frank Cass. June. Page 32.

[20] Sekaran, U. (2000). Research Methods for Business (3rd Edition). Wiley & Sons. Page 62.

[21] Blaxter, L. Hughes, C. and Tight, M. (2001). How to research. Open University Press. Page 98.

[22] Stevens, Schade, Chalk and Slevin. (1993). Understanding research: A scientific approach for health care professionals. Campion Press. Page 67. Quoted in: Ibid. Page 123.

[23] Bruce. (1994). Research students' early experiences of the dissertations literature review. Studies in higher education. Volume 19, Issue 2. Pages 224 and 225. Quoted in: Ibid.

[24] Denscombe, M. (1998). The good research guide. Open University Press. Page 159.

[25] Hussey, J. and Hussey, R. (1997). Business Research. Macmillan Press. Page 155.

[26] Zikmund, W. G. (2000). Business Research Methods (6th Edition). Dryden Press. Page 108.

[27] Hussey, J. and Hussey, R. (1997). Business Research. Macmillan Press. Page 68.

[28] Senior officers are designated by a star system to represent rank: 4* = Admiral, 3* = Vice Admiral, 2* = Rear Admiral, Major General and Grade 3 Civil Servant, 1* = Commodore and Grade 5 Civil Servant.

[29] Hussey, J. and Hussey, R. (1997). Business Research. Macmillan Press. Page 116.

[30] Chow, C.W. Haddad, K.M. and Williamson, J.E. (1997). Applying the balanced scorecard to small companies. Management Accounting. Volume 79, Issue 2. August. Pages 21 to 27.

[31] Lewy, C. P. and du Mee, A. F. (1998). Balanced Scorecard – Implementing the Ten Commandments. Management Control and Accounting. April. Originally published in Dutch. English version published by KPMG.

[32] There is a degree to which this is less so now, with books such as Kaplan and Norton's Strategy Focused Organisation, and Olve, Roy and Wetter's Performance Drivers providing detailed examples of how organisations have historically used the balanced scorecard to transform their performance. But still current data is rare.

[33] Kaplan, R. and Norton, D. (2001). The Strategy-focused Organisation. Harvard Business School Press. Page 133.

[34] Hussey, J. and Hussey, R. (1997). Business Research. Macmillan Press. Page 67.

[35] Zikmund, W.G. (2000). Business Research Methods (6th Edition). Dryden Press. Page 204.

[36] See Sekaran, U. (2000). Research Methods for Business (3rd Edition). Wiley & Sons. Page 237. This contains a discussion on the use of open and closed questions.

[37] MOD. (2002). Top award for MOD management. Focus. Issue 157. July. London: MOD.

[38] For a comparison between the work of Handy, Pugh et al and Quinn and McGrath, see: Pheysey. (1996). Cultures and organisational design. In: Paton, Clark, Jones, Lewis and Quintas (Editors). The new management reader. The Open University. Page 200.

[39] Fink, A. (1995). How to Sample in Surveys. Sage Publications. Page 54 and 55.

[40] Denscombe, M. (1998). The good research guide. Open University Press. Page 24.

[41] Hussey, J. and Hussey, R. (1997). Business Research. Macmillan Press. Page 74.

[42] Easterby-Smith, Thorpe and Lowe. (1991). Management Research: An introduction. Sage. Reported in: Ibid. Page 74.

[43] Ibid. Pages 146 and 147.

[44] Fink, A. (1995). How to Sample in Surveys. Sage Publications. Pages 35 to 43.

[45] Bauer, R. W. and Bauer, S. S. (2002). The Question Book goes interactive. HRD Press. Page 2.

[46] Fink, A. (1995). How to Sample in Surveys. Sage Publications. Page 54.

[47] Ibid.

[48] Bauer, R. W. and Bauer, S. S. (2002). The Question Book goes interactive. HRD Press. Page 331.

[49] Brown, M. G. (2000). Winning Score. Productivity Press. Page 27.

[50] Oppenhiem, A. N. (1992). Questionnaire design, interviewing and attitude measurement. Pinter Publishers Ltd. Page 147.

[51] Ibid. Page 148.

[52] Ward, M. (1994). Why your corporate culture change isn't working … and what to do about it. Gower Publishing Company Ltd. Pages 4 to 8.

[53] Rousseau. (1990). Assessing organisational culture: The case for multiple methods. In: Schneider, B. (Editor). Organizational climate and culture. Jossey-Bass. Page 159 and 160.

[54] Schein, E. H. (1992). Organisational culture and leadership (2nd Edition). Jossey-Bass Publishers. Page 186.

[55] Moran, E. T. and Volkwein, J. F. (1992). The cultural approach to the formation of organisational climate. Human Relations, Volume 45, Number 1. Page 43. Referred to in: Mullins, L. J. (2002). Management and organisational behaviour (6th Edition). Prentice Hall. Page 809.

[56] Mullins, L. J. (2002). Management and organisational behaviour (6th Edition). Prentice Hall. Page 809.

[57] Salancik, G. R. and Pfeffer, J. (1978). A social information processing approach to job attitudes and task design. Administrative Science Quarterly, Volume 23. Pages 224 to 253. Referred to in: Gerloff, E. A. (1985). Organisational theory and design: A strategic approach for management. McGraw-Hill Book Company. Pages 206 and 207.

[58] Field, R. H. G. and Abelson, M. A. (1982). Climate: A reconceptualisation and proposed model. Human Relations, Volume 35. Pages 181 to 201. Referred to in: Ibid.

[59]Reichers, A. E. and Schneider, B. (1990). Climate and Culture: An evolution of concepts. In: Schneider, B. (Editor). Organizational climate and culture. Jossey-Bass. Page 24. Refers to: Schien, E. (1985). Organisational culture and leadership: A dynamic view. Jossey-Bass.

[60] Rousseau. (1990). Assessing organisational culture: The case for multiple methods. In: Schneider, B. (Editor). Organizational climate and culture. Jossey-Bass. Page 165.

[61] Johnson, G. (1987). Strategic Change and the Management Process. New York: Basil Blackwell. Page 223.

[62] Deal, T. and Kennedy, A. (1982). Corporate Cultures. Addison-Wesley Publishing Company. Pages 129 to 133. Referred to in: Gerloff, E. A. (1985). Organisational theory and design: A strategic approach for management. McGraw-Hill Book Company. Pages 211 and 212.

Chapter 5: No organisation is an island, entire of itself. [1]

Road Map

Chapter 1	**Outline of the research project.**
	The aim of the research is,
	• To demonstrate a mechanism for managing organisational culture through the Balanced Scorecard in order to improve culture and thus the potential for the Balanced Scorecard to deliver benefit.
Chapter 2	**Balanced Scorecard literature review.**
Chapter 3	**Culture literature review.**
Chapter 4	**Research methodology.**
Chapter 5	**Review of organisational issues.**
	This Chapter and its appendices set out the organisational and environmental context of the research undertaken. They describe the organisational structure and highlight the major change programme that existed at the time of the research using a number of models of organisational change. They thus contextualise Chapter 4, building on the work undertaken in the literature review at Chapter 3. The aim is to prepare the way for subsequent Chapters by building a specific picture of the organisation. This will enable the reader to develop a view of the cultural phenomena, in order to help overcome any subsequent problems of the transitory nature of the organisational culture, and the problems of representing culture through quantitative methods.
Chapter 6	**Case study on the impact of implementing the Balanced Scorecard.**
Chapter 7	**Cultural survey results.**
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Figure 5.1

1.   Introduction.

Commander-in-Chief Fleet (CINCFLEET) was introduced briefly in Chapter 4 in order to "contextualise" some of the issues about how this research was undertaken. The aim of this Chapter and its accompanying appendices is to provide further details of the organisation and the issues it faced during the period of change that are analysed in later Chapters. Some of the broader or more detailed issues are contained in appendices to keep this Chapter focussed on the central theme of the specific organisational culture issues of the military. The appendices will be of interest to future researchers looking at the changes during the period covered by this research. Consequently Sections 2 and 3 are merely summaries.

Section 4 looks in more detail at the distance between the military culture and the culture of society. But Section 5 looks more at some of the current internal tensions in military culture. In the analysis and conclusion a model is developed to provide understanding of the meaning of the "Gap", which should therefore facilitate its management. The tensions between civil and military culture have real impacts and these are acknowledged through the contrast of extreme examples from the Iraq conflict in 2002.

In addition to describing the culture and cultural events, this Chapter is important in three ways:

- It demonstrates why the culture of military organisations is an important topic for study.
- It highlights the tensions that exist over changes that bring perceived "business" approaches to the military environment.
- Presents the environmental background for the case study work in Chapters 6 to 8.

In the context of the latter point, Yin states,

"...you would use the case study method because you deliberately wanted to cover contextual conditions – believing that they might be highly pertinent to your phenomenon of study." [2]

2. CINCFLEET.

CINCFLEET is the Front Line Command of the Royal Navy. The Fleet First reorganisation, which took place in the early 21st Century, aimed at restructuring the Headquarters to improve management and reduce the management overheads. The prime changes were: [3]

- Creation of a strategic level of management.
- Separation of the "Tribal Commander" responsibilities from their structural responsibilities.
- Improved focus for the generation of operational capability.
- Creation of Deployable 2* Operational Commanders.
- Single point of focus for the delivery of training.
- Reduction in the overall size of the Headquarters.
- Location of the majority of the Headquarters at the waterfront.

The Fleet First Change Programme is described in greater detail in Appendix A to this Chapter. The researcher, as Assistant Director Business Development, and a member of the Change Programme Steering Group, was familiar with these changes.

This radical change programme proved to be highly effective and regarded, generating considerable savings through manpower cuts. The Researcher's observation and perception was that the hierarchical power, coupled with the budgetary pressures and the levels of "secrecy" surrounding the original development of Fleet First proposals enabled the achieved success. This was because those losing power were somewhat isolated and had no alternative proposals. This smacks somewhat of the Power culture defined by Harrison/Handy.

These Fleet First changes also directly affect the culture of the organisation:

• The built infrastructure: a move away from the Cold War nuclear bunker at Northwood: linked to a change in perception of the military threat.

• Changes in power relationships: eg the reorganisation of the management boards.

• Change in the messages of what is important in the organisation, eg changes in financial responsibilities.

• Change in who was employed in the organisation: relocation meant many civilian staff transferred to other organisations and new staff were brought in, and the opportunity was also taken to reschedule the routine roulement of many service staff working in the HQ.

• Changes felt at all levels: CINC now had to split time between his two HQs; junior civilians had to move out of the Command; induction programme meant that Junior Seamen attended the same course as 2* Officers.

This reorganisation was thus very significant for CINCFLEET, but has also become a "model" for change elsewhere. The researcher's recollection is also that there was a "hidden agenda" that was spoken of at the time of Fleet First, which was the expectation of an eventual merger with 2SL's TLB. 2SL had been based in Portsmouth since the mid 1990s, and work on merger was well underway by late 2004. Fleet First may thus be seen as a stepping stone to further organisational change; arguably an essential stepping stone to these further changes.

3. Why change?

Appendix B to this Chapter sets out some of the environmental pressures that contributed to the Fleet First reorganisation. The changes, together with the pressures detailed later, can be summarised as follows:

• **Political** – The end of the Cold War mentality and the pressures for government to adopt more business-like approaches to management issues; the

expectation of greater dependence on international alliances to tackle operational situations.

- **Economic** – Adoption of commercial accounting and the strict budgetary limits imposed resulting from different Government economic priorities and perceptions.

- **Social** – Changes in make-up of the population and their expectations; greater ethnic, religious and cultural diversity, wider use of women in military roles, improvements in educational standards and the emphasis on "life-long learning", greater emphasis on individual rights and expectations.

- **Technical** – Increasing cost of technology and the increased pace of technological advance in an organisation relying on technical leadership for supremacy over potential adversaries.

- **Legal** – Greater international accountability through wider scrutiny and challenge and (as will be seen later) legal action against those perceived to be breaking national and international law even during military operations.

- **Military** – Changing nature of military activities from set piece confrontations against well defined military opponents to peacekeeping, humanitarian and anti-terrorist operations.

- **Industry** – Increasing global perspectives with organisations competing more widely for a diminishing military market, which was more widely distributed and across the boundaries of formerly adversarial blocs; failure to achieve radical benefits of organisational success and cost reduction through quality programmes.

This brief list highlights what amounts to a revolution on all fronts and creates enormous pressures for organisations. Key to being able to respond effectively is to become more flexible. As a large established organisation, the Royal Navy can be expected to exhibit inertia and a bureaucratic (role culture) style. The attempt to introduce matrix management (task culture) into CINCFLEET highlights that one of the responses to the pressure for change was recognition of the need for a different organisational culture.

4.   The Gap.

This section builds on the change theme by looking in more detail at what has been described as the "Gap"; the different social structures of the military and civilian communities and the resulting tensions between the two groups. In particular, these issues are even more cultural than the more environmental issues described in the previous section; although the issues described previously can be seen to have cultural dimensions, and the issues described below have their roots in political, economic, technological, social and other changes. The distinction between these two sections may thus seem arbitrary.

Key to this concept of the Gap is the work of Feaver and Kohn, highlighted in The Journal of Strategic Studies. [4] This is backed up by a useful article that attempts to look at aspects of the phenomenon in Britain. [5] However, this latter article seems to represent something of a personalised view and might not fully accord with views held elsewhere in either the civilian or military communities. Nevertheless Strachan's article highlights many of the key issues affecting the Gap in Britain, not all of which are covered here. A similar, more factual, presentation of the issues is provided by Dandeker. [6] Looking back even further, the issues are described in a matrix. This is shown here in Table 5.1, developed from Huntingdon, which was in turn based on Segal et al. [7] This table should be useful in the consideration of the "Gap", which is seen as an issue lying more along the low-low/high-high axis.

Table: 5.1: Matrix of relationships describing degree of coherence between civil and military communities.		
	Level of congruence – extent of similarities between the characteristics of the different groups.	
Level of interaction – extent of multiplicity of contacts between the different groups.	**Low**	**High**
Low	**Isolation** – highly specialised military forces that are divorced from the society that hosts them, eg forces of occupation or research/military establishments that are opposed/(barely) tolerated by host communities.	**Self-sufficient** – armed forces that undertake both the military tasks and provide the social infrastructure to remain independent of the social infrastructure, eg British Forces in Germany.
High	**Professionalism** – highly specialised military forces enjoying strong support from society, eg consider the SAS relationship with Hereford.	**Identification** – citizens closely involved in the delivery of military capability, eg citizen armies of Israel or Switzerland.

Wills, in reporting on changes to the structure of Army Medical Services (AMS) in the early 1990s, highlights that among the problems perceived early on were concerns about "ethos and culture". In the process of integration with public NHS services it was,

> " ... apparent that the old equilibrium has been unsettled by the process of the move ... Conclusions indicate a large change to the cultural practice of the AMS, which will have to filter through to the ethos of the organisation for a new equilibrium to be reached. Whether a successful ethos and culture can be nurtured will only be apparent in a time of operational activity. In the meantime, a delicate balance between accepting and promoting beneficial change where possible, while safeguarding traditional values of importance, has to be negotiated." [8]

Arguably, merging any two organisations will present cultural problems, but the difference in nature between the Service and Civilian communities will represent an extreme example. Ainslie's work hints at problems in this area when he seeks to build a model of the "ethos" of the British Army's Royal Engineers. [9, 10] Among his concerns are those highlighted by Rose of the relationship between the culture of the armed forces and national culture. [11] Essentially the argument is that the culture of the armed forces must be different from the culture of society in general. This implies that the gap needs to be managed, and people crossing the gap will need assistance. [12] An interview with a relatively senior naval officer highlighted the issues,

> *"The problems are exacerbated by the regime in 2SL training, eg at RALEIGH, where cost savings measures result in the school being run to commercial working hour standards. Thus recruits face a culture shock when they join ships that run 24hrs/day. Similarly, the work onboard ship can include very mundane activities, eg cleaning, that recruits have neither been properly exposed to previously, nor feel at all comfortable about undertaking. The culture gap between civilian and service life is now quite significant."* [13]

Subsequently the Navy introduced a three-day acclimatisation course for people thinking of joining the Service. [14] Wills also states,

> *"...the Armed Forces are accommodating changes in society which effect its global ethos. A typical example being a new generation of recruits who are better educated, physically weaker, with higher expectations and a greater propensity to legal redress."* [15]

For example, the researcher was, while undertaking this research, required to undertake an investigation into the accounting arrangements for clothing stocks held

by CGRM. Whilst visiting CTC Lympstone, the researcher was told of the difficulty that many recruits experienced in dressing themselves and in maintaining and wearing uniforms (particularly the boots, since they were accustomed to only wearing light trainer style footwear). But in contrast, whilst Wills' comments may reflect the pool from which recruits are drawn, by early in the 21st Century there was considerable concern about the educational standards of British Army recruits. Whilst the number of people entering tertiary education was growing, it is reported that something like 48% of recruits at best have the literacy and numeracy skills expected for 11 year olds. [16]

Cartwright's evaluation of the moral and ethical darkness of our modern society, equating its counter-cultures with those of late 20th Century Balkan society, highlights the gap that recruits must cross when joining the armed forces to restore some form of law and order to such socially and culturally bankrupt societies. [17] Critically in modern warfare it is junior ranks whose decisions often come under close scrutiny. One Commandant of the USMC refers to the "strategic corporal" making potentially life and death decisions at the vehicle checkpoint. [18, 19] This highlights the extreme pressure junior staff experience and the need for substantial development to re-orientate individuals to perform such roles. A recent legal case where ex-service personnel were seeking compensation for Post Traumatic Stress Disorder, following operations in Northern Ireland, Bosnia and the Falklands, [20] highlights the need for sympathetic treatment for problems that were once ignored or dealt with unsympathetically and even harshly; consider the executions during World War I of servicemen who were sometimes apparently suffering from "shell shock". [21] Beaumont goes even further arguing that the Services need the committed understanding of its servicemen and women,

> *"We no longer adhere to a regime where unquestioning obedience*
> *is the rule: 'Theirs not to reason why, Theirs but to do or die…'*
> *We want our soldiers to be aware of the raison d'etre of the Armed*
> *Forces, and publish pamphlets such as The British Military*
> *Doctrine to facilitate this."* [22]

Tangredi accepts the idea of a gap but believes that it does not represent a real problem. [23] He quotes Huntingdon, arguing that there are such differences in the civilian culture that it is not possible to talk of a general gap, but only of a gap between a particular civilian subculture and the military culture. [24] In contrast Henderson, writing in 1985 has to set out to refute the suggestion that unit cohesion is not important. He reports the perception, held in the US, that modern technology produces weapons of such lethality that large armies are no longer necessary and unacceptable to the civilian community. His purpose in writing is partly to refute the suggestions that:

- Small unit cohesion is unimportant in modern armed forces.
- Organisational cohesion can only be maintained in large force structures.
- The advent of modern technology in weaponry makes the issue of cohesion irrelevant. [25]

Cartwright argues that the individual is highly important to group cohesion in small groups, whilst leadership is of greater significance to group cohesion in a larger group. [26] Note that whilst these other writers are writing from a military background, Cartwright is looking much more at a general business environment.

Whilst disagreement among the military, or between them and academics, is nothing new, it does suggest that this is an issue of concern and thus worthy of study. However, Henderson does go on to illustrate the importance of the "human element" in relation to the Falklands War. He concludes that the British superiority, enabling them to win, was *"…that the Argentineans lacked the will to prevail"* [27]. It is thus perhaps somewhat surprising that this issue is not examined further in his book despite it having been a recent war involving a major world power and apparently supporting his key contentions. Part of this answer may be found in the immediate subsequent contention that,

> *"The failure to consider the human elements in war adequately and an overemphasis on weapon capabilities, number of troops, and other concrete factors are caused by the difficulty in quantifying the human element, whereas the more tangible factors are easily counted, totalled, and compared."* [28]

It may thus be that further detailed examination of the human factors in the Falklands war is inhibited by a lack of any detailed work on the organisational culture by either side. This would clearly impact the potential to study the issue of any culture gap between the military and the society from which they were drawn.

However, Rose goes further than addressing the general need to look at the cultural gap by suggesting that within the armed forces the rights of the individual must be subordinated to the organisation's needs. [29] Henderson, drawing on the work of Moskos, describes how the American military have made service life "just another job", and consequently people are not prepared to risk their lives for their job. [30] This is an example of an organisation attempting to close the gap with society to its own detriment. This is supported by Hillen who states,

> *"The real danger is that the gulf between civilian and military society has narrowed …The real danger is not that America and its military will grow too far apart – it is that they will grow too close together."* [31]

Coker also highlights:

- There has been a decline in the perception of the armed forces as a vocation, particularly through the adoption of commercial ethos and practices. Consequently there is less acceptance of the heroism and sacrifice required and an expectation of immediate reward.
- There is a loss of perception of war as a moral activity, consequently troops fail to deal with ethically with indigenous populations in combat areas.

- *"Civilianising the armed forces destroys its allure"*. He highlights the way that African-Americans exceed their national proportion in the US Army, and are also disproportionately represented in the non-combat specialisms. [32]

It is therefore important to look at the relationship between the individual and the organisation. The reason for this is that the culture and ethos of the armed forces is peculiar and yet vital to organisational success. Whilst the armed forces of a country may represent an extreme example, the same is probably true to a more limited extent for any organisation and its relationship with the social culture, or cultures, in which it operates, ie the culture of the organisation needs to be different from that of society. This difference will create the organisational loyalty that will enable it to succeed in a competitive environment. Henderson goes on to suggest that to build cohesive units, the individual soldier must rely on the unit to satisfy physical, security and social needs. This is a clear example of where the military may come into conflict with normal social trends, since these basic needs are usually supplied through the family. Although Henderson suggests that the bond to the unit is recognised by individuals as not being permanent, it is suggested that there are aspects to the relationship and experience that ensure that this is a permanent bond that transcends other relationships. [33]

Interestingly, however, Byron [34] takes an opposite position to Tangredi by arguing that the American military have become so divorced from its parent society that it is in danger of becoming completely self-serving, to the detriment of itself and America. Consequently he argues that the American military needs to break down the cultural barriers and re-connect with American society. An example of this problem is highlighted by Cartwright who sees "Equality" and "Equity" as being key drivers in organisational success. He argues that employees will wish to see that differences in status and reward for different groups of employees are justified. Whilst there may be no direct, overt challenge on these issues, in a more open society that is able to openly deliver greater equality and equity, the continuation of the "Officer" and "Other Rank" division may seem to be arcane. [35] Thus Cartwright comments, *"Personal contacts and relationships that differentiate between social groups serve to perpetuate*

stereotypes and prejudice." [36] He goes on to refer to organisations as being akin to an extended family where everyone feels they belong. These sentiments are reflected elsewhere, for example Henderson. [37] But it may seem to many that "families" where the managers live and eat separately from the rest represent the socially elite of a bygone age. Strachan points to the rise of the middle class, with its natural aspiration to officer leadership status, and the shrinking working class from which the rank and file are traditionally drawn. [38] This social shift means that aspirations are not matched to organisational requirements and results in recruitment difficulties.

Another view of the changes taking place is provided by Moskos, Williams and Segal, who refer to the emergence of the "Postmodern Military". They identify five key changes:

- Increased structural and cultural interpenetration of the civil and military spheres.
- Reduced distinctions between military ranks, services and the fighting and support arms.
- Increased use of the military in non-warfighting roles.
- Increased use of the military in international missions; often authorised from beyond the parent state.
- Increasingly international nature of force structures.

Essentially, this view is just an alternative view of many of the problems being experienced by the military community and its host culture. It results from moving from the "modern military organisation" which was typified by the professional officer class, supported by conscripted masses, pursuing war-orientated missions on behalf of the nation-state. These modern military structures differed substantially from the culture and structure of their parent society. [39]

One of the most significant examples of cultural tensions arising from social developments in the British Army is that of the Gurkha Regiments. Whilst their integration has in many respects been successful, with the regiments being highly

respected and effective units, the cultural differences represented in different pay and social arrangements embodied in the Tripartite Agreement have increasingly caused tensions, even resulting in legal action. [40] However, in this context the cultural divides may be within a single society or national culture. Henderson quotes examples from the North Vietnamese Army (NVA) of strong social bonds between troops sharing personal resources across rank boundaries. [41] He even quotes an NVA soldier who describes the way that troops regarded their political officer as a mother figure. [42] In the Soviet army small unit cohesion is achieved through imposed isolation from other influences. [43] He contrasts this with the US Army, which he sees as having failed to build cohesive small units that compete successfully with the wider circles of friends and family. [44] Similarly, Cartwright's suggestion that the organisation's social activities provide an opportunity for developing relationships has to been seen in a very different context in the Services. [45] Often segregation is according to rank, and, even where the different ranks do meet, events are informally or formally regulated according to strict service protocols. Consequently the relationships established may provide a degree of "family bonding", but only in a particular "Service" form. This is not to say that there are not good, sound reasons for separation and maintaining a distance between the various ranks, although that too might be challenged. The question is whether, and how, the services openly justify such behaviour so that it is accepted by all, rather than being an unspoken issue that creates division. And whether, in modern society it is appropriate or helpful in developing the bonds between comrades that are so essential to the ethos of the armed forces.

The issue of family bonding is enormously important. Not only are the internal bonding processes important, such as of resocialisation, discussed below, but the entry and exit barriers are also important. Henderson again contrasts the strong exit barriers of the NVA, Soviet and Israeli Armies, albeit they take different forms, with the ease of exit from the US Army. [46] However, in order to bring the services closer to society and thus bring down the entry barriers, it is arguable that the US Army has not only lowered the entry barriers but the exit barriers also. Henderson highlights the limited amount of enforced contact time with the unit and its leaders, and the reduced

financial dependence on military service resulting from "moon-lighting". [47] Other factors that might be considered here are the financial independence of wives, brought about by increased employment opportunities, and/or, in the UK social security payments for less well off troops.

Similar sentiments to those of Byron are expressed by "WMD",

> *"Furthermore, the prominence of service, nationhood, selflessness and faith and respect in nationals institutions is being rapidly replaced by individual rights, scepticism of public services and the acceptance of ever[more]-liberal attitudes; "me" rather than "we" predominates. These trends are in many ways in conflict with what can be regarded as traditional military ethos and culture."* [48]

Yet WMD goes on to assert that the members of the armed forces are part of society and are affected by these trends. It is therefore unclear as to what WMD sees as the relationship between the military "society" and society in general, although (s)he does go on to talk about the *"...fallacy..."* that the armed forces should reflect modern society. Giles puts it somewhat more crudely, but perhaps slightly amusingly,

> *"It is a constant of civilised society that it requires an uncivilised armed force to protect it. It is the old adage that good men sleep whilst rough men stand and guard the door."* [49]

Thus this would seem not to be purely a US problem, although WMD actually perceives the US to be better off in this context. [50] Interestingly, in the same way that Byron and Tangredi disagreed over whether the gap was important, Le Pecheur in responding to WMD disagrees by suggesting that the Royal Navy should sort itself out without worrying about any gap between society and the Navy. Where he does concur is that there are too many "me" orientated officers who take a wider view of morale than that focussed on *"...the selection and maintenance of the aim..."* in the

principles of war. [51]   Beaumont recognises the increased emphasis of the personal agenda, but believes that the Services should reflect its society, but believes that an *"...ethos of community and service..."* is just as essential for the community as a whole. [52]   This highlights potential tensions in society, and thus also in the Services.

Chapter 3, Section 3 highlights the difference between the organisation as it exists and the way that the organisation is perceived internally and externally. Conceivably this may be part of the explanation for the "gap" perceived to exist between society and the military, particularly when the general reference to military culture is to that which existed in a previous age. There may be a degree to which such views may have been, for many years, the dominant view in society of the military, based on their first and second hand experiences during the years of conscription and National Service.   These tend to be reflected, or parodied in historical films, drama and comedies in books, films and TV. Coker also highlights that the Thatcher government was the last one to include cabinet members *"...who had actually heard a gunshot in anger ...".* [53]

Byron also challenges the perceived wisdom of the Military in continually proposing solutions that persistently build on the past. *"What we call naval strategy reflects the entrenched power of the Navy's three dominant communities."* [54]   This leads to a failure to invest in new types of equipment that might better meet the changing needs of military scenarios and the external environment. However, there is a degree to which these equipments are important symbols of the military culture and the success they have delivered in the past. Organisational conservatism, coupled with an inability to challenge the paradigm that utilises these assets, will thus tend to reinforce continued reliance on such equipments. Only explicit failure will thus lead to a rejection of such cultural symbols in favour of new symbols, and thus a new culture. Consider for example: the "wooden walls" of the 19th Century Navy; the "damned Un-English" submarine that was so successful in World War I; the demise of the battleship in favour of the aircraft carrier. Thus the culture is embedded not only in the assets of the organisation but also in the associated intangible asset of knowledge of how to operate and use the assets. Consequently, if, as promoted by Balanced

Scorecard concepts, the organisational knowledge is to be given greater prominence, it is questioned whether this reinforces corporate culture and thus resistance to change. There is also a relationship between the paradigm and the power base in the organisation. Since power will derive to some extent from the ownership of the key cultural assets and process they will tend to be reinforcing of the culture. [55] Henderson also argues that the design and construction key facilities will have an impact on culture. He counterbalances the *"…cost-effectiveness…"* culture with need to reinforce socialisation processes through the design of barrack facilities that improve unit cohesion. [56] In the UK the SLAM project has similarly given emphasis to the "single" in Single Living Accommodation Modernisation, rather than cohesion. [57] The fact that the cost-effectiveness culture wins says something about the organisation, ie perhaps it has failed to understand the cost and the benefits of cohesion in its investment appraisal of new facilities. The Soviet Army facilities are assessed as supporting cohesion. [58]

A Brown highlights the problem that national cultures that emphasise individualism as opposed to collectivism will tend to result in the creation of multiple organisational subcultures. [59] The earlier notes on Hofstede's work highlight that Great Britain's national culture would tend to promote organisational subcultures. This raises the issue of whether subcultures are detrimental or supportive to the overall organisational culture, and whether attempting to promote a single culture is therefore beneficial or detrimental to the achievement of overall organisational goals. The British Army's regimental system might be seen as organisationally promoted subcultures, but since they are officially sponsored and therefore structurally orientated to overall organisational aims this may be less of a problem. However, the relationship between the Royal Navy and Royal Marines, whilst falling into the same category, may present significantly different issues and thus cause greater problems in terms of trying to promote organisational cohesion and corporate culture. Interestingly, Cartwright implies that if the organisational culture is too powerful then it will mask the individual subcultures making it difficult to identify and manage issues at the lower level. However, this seems to deny the way he advocates that his Nine Factors

measurement instrument should be used. Nevertheless, he does go on to make the point that,

> " ... by the identification and measurement of individual sectors or departmental cultures, it will be possible to link business performance indicators directly to the motivating factors in each individual culture." [60]

This tends to suggest that whilst it is important to consider and manage culture, the impact and relationship with subcultures could be extremely important. Thus Cartwright goes on to emphasise the need to measure cultural issues at a sub-organisational level in order to distinguish the different issues in different parts of the organisation.

One of the key issues is the degree to which organisations can or should teach the organisational culture rather than allow it to be absorbed. Ainslie's work was directed at measuring the moral component in the Field Army, based on earlier work directed at ensuring sufficient aspects of the military culture were absorbed during training following extensive civilianisation/contractorisation of the Royal Engineers Training School. Failure to teach the culture will mean that people absorb the culture. Since part of the culture is based on "myths and legends", [61] which may not be reality, there must be some concern as to whether people are absorbing the right beliefs. This may affect their behaviour; consider the practice of bullying recruits that appears to have been rife in the past. Ainslie would clearly therefore support a proactive approach. This line is supported by Cartwright, who states,

> "Whereas behaviour can be externally controlled, cultural beliefs and values need to be taught and then internalised before they become effective motivators." [62]

Indeed Cartwright goes on to suggest that management control the culture and thus determine the behaviour of employees. [63] This contention is not fully accepted.

Individuals will respond to management's attempts to impact culture in either a positive of negative manner. If management action is to be positive then changes must be accepted and internalised by employees, otherwise the espoused culture and the perceived culture will be different. Bowen, et al, argue that part of the enculturation process is the selection procedure. An extended and rigorous process becomes part of the "rites of passage" that help the prospective employee understand the organisation as well as showing the potential employer whether the individual is suitable. [64] Indeed their model for recruitment recommends that not only should the prospective employee be required to they demonstrate that they have the required "Knowledge, Skill and Ability" (KSA), but also to show that they have a personality that will fit with the organisational climate or culture. [65] They add,

> *"Researchers have long proposed that a fit between individual needs and organisational climates and cultures would result in greater job satisfaction and organisational commitment."* [66]

This of course demands that the organisation understand its own culture first. For the Services, recruitment processes can be extensive, eg Officer Selection procedures are rigorous and demanding, and take place over a couple of days in special facilities. The danger here, and in the subsequent training processes, is that the organisation ends up "cloning" employees leading to a less than effective culture. [67] Thus for example Magerison and McCann's Team Management System work and research reveal that 56% of respondents to their questionnaire, from the "Military/Defence" category, fall into just two of their eight major job role preference types. [68] A similar analysis of students at the RMCS, using the Myers-Briggs Type Indicator (MBTI), suggests that the military do not reflect the make-up of wider society, and may not have the most appropriate personality types for senior management roles. Indeed, there is a suggestion that the training and promotion system at the lower levels may be counter productive in developing senior officers. [69] This leaves a substantial debate about the benefits of recruiting suitable employees who are predisposed towards the organisational culture, or training those who might fit and have the necessary "KSA".

However, teaching the organisational culture will make it much more overt, and could thereby even change its nature. But in making these aspects of culture more overt there may be a better chance that they will be internalised and thus affect the behaviour of the individual. In a similar context, Henderson argues that small group cohesion is best created by,

"...an intensive resocialisation process. The determinants of the new recruit's day-to-day behaviour must be replaced by a new set of rules based on his perceptions of what his new fellow soldiers and his leaders expect. This type of resocialisation is best created through a rites-of-passage process that totally consumes the soldier's attention and efforts for an extended period and from which he emerges with a new or adapted set of operating rule for his daily life." [70]

He goes on to argue that this resocialisation is as important as teaching a soldier new skills, but tends to be at the mercy of "cost effectiveness managers" who fail to appreciate its importance. Henderson further comments,

"...unit history, ceremonies, distinctive insignia, and other items representative of unit and national history should be taught to members and should be periodically reinforced for older members." [71]

This highlights the value of such ceremonies as Trooping the Colour, and of Remembrance Parades with the potential for contact with past organisational members. These are not peculiar to the British Army. Henderson describes the Soviet Army practice whereby recruits "attested" before their units, where possible at a *"historical site of combat glory"*, [72] and Shaw highlights the significance of the US flag to their military, although many of his comments would equally apply to other nations and their flag. [73] Henderson argues that basic training in the US Army achieves the required resocialisation, but its effects are overturned by the rapid break-

up of small units due to personnel reassignment. [74]   Arguably putting the cultural issues in the Balanced Scorecard will result in positive action planning, eg training, as advocated by Ainslie. And WMD support this approach too,

> *"As a minimum, this subject should become part of our training and education at all levels; it is an area that few in the service ever consider, let alone discuss".* [75]

In contrast A Brown highlights that some see culture as perhaps having a rather insidious "third order" control over individuals, [76] and elsewhere he also refers to perception that such teaching might be seen as indoctrination. [77]   Teaching the culture may counter such objections by making the culture more overt.

Chapter 3 referred to Cartwright's model of "enculturation".

- **Identification** – with the cultural influences.
- **Motivation** – resulting from expected outcomes arising from adherence to the culture.
- **Internalisation** – the individual adopts the values and beliefs for himself. [78]

Henderson uses the same term, internalisation of norms and values, to describe the way NVA soldiers were bound to the organisation and its objectives. He contrasts these with *"tangible rewards and 'economic man' assumptions"* that are typically thought of as motivators producing organisational commitment. Henderson goes on to point out that this internalisation bound soldiers to their objectives despite severe hardships, [79] and to emphasise the necessity for internalisation brought by the style of modern warfare. [80]   Tweedie reports on the changing culture in the services that leads to a requirement for internalisation of values rather than having them imposed,

> *'Air Chief Marshal Sir Anthony Bagnall, Vice-Chief of the Defence Staff, said he and his colleagues had no intention of presiding over deterioration in military discipline and operational effectiveness,*

but times had moved on. ... Sir Anthony acknowledged discipline
was essential in military life, but added: "In my view 'punishment'
is not a word that is appropriate in today's Armed Forces." ' [81]

The production of the report, examining the issue of a "contract" between the Services and recruits, which resulted in Sir Anthony's statement, prompted a number of letters to The Times. Inevitably a balanced selection of letters was presented including some that recognise the need and benefits of a form of rigorous discipline. [82]

The internalisation of beliefs comes not purely from a social culture but from religious ethics too. Thus Henderson writes, *"The population that supplies soldiers to an army also provides at the same time their beliefs and values."* [83] And he highlights this as one of the characteristics of nationalism. [84] As an example he quotes the Israeli army, which is strongly nationalistic, but where tensions are more related to difference between Jewish sects than they are between different religions. [85] However, for some their particular religious beliefs would tend to dominate and seemingly transcend national allegiances,

"For many Muslims, it seems there is an obligation to try to
change Dar ul-Harb [the House of War] into Dar ul-Islam [the
House of Islam], and they may use many methods to achieve this.
Mohammed's way appears to have been by military conquest,
Jihad, hence there is theological justification for the use of
violence against the non-Muslim world." [86]

It is thus easy to see why some argue that an attack on one Muslim country is an attack on all Muslims, whilst others, highlighted in this same article, seek to distance themselves from terrorist activities. However, the following article, *"Thou shall not kill?"* [87] seeks to establish the Christian basis for the use of lethal force. This article was written by Major General (Retired) The Reverend Ian Durie, a British military commander during the 1991 Gulf War who subsequently became a Church of England minister. Even though many see the influence of religion as waning in

western society, the symbols and influences remain, eg White Ensign, built from a series of "religious" emblems, and the services of thanksgiving, involving military personnel, to commemorate major national events. [88] Thus the influence of religion can be unifying or sectionalising, particularly in the increasingly multi-ethnic western societies. For an organisation that is specifically trying to diversify its ethnic mix, there may be deep-seated religious differences that need to be addressed. For example, the MOD has now appointed Khushid Drabu, a barrister and founding member of the Muslim Council of Great Britain as a Muslim spiritual adviser to the Armed Forces. In an interview with the MOD's in-house magazine "Focus" he highlights some of the religious cultural issues that affect recruitment to the services. One of the issues highlighted is the perception that future operational activity will be against Muslims, thus pitting religious brothers against each other. [89] In a following article Khushid Drabu suggests that the British are ignorant of Islam and that it is misrepresented by the press. [90] Strachan highlights MOD's tensions in its "ethnic minority" recruitment, on the one hand reducing the number of Gurkha regiments whilst on the other hand filling up the ranks with Fijians and Irish. [91]

In Appendix B reference is made to the increasing use of "business" methods to manage within Government. When applied to the military, this closing of the gap is not seen with universal favour. Strachan highlights Admiral Essenhigh's defence of his budgetary management tactics as being part of a "politicisation" of the military hierarchy and its necessity to operate alongside the "Whitehall Warriors". Strachan states that Admiral Essenhigh, in writing a letter to The Times,

> *"... was evidence of a determination by senior officers to close the civil-military gap both by saying for ministers what they might have been expected to say for themselves and by directly 'informing' the greater public."* [92]

Strachan suggests that this is not in the best interests of the military because:

- It will alienate senior officers from middle-ranking officers, and

- It will be seen as definitive and will thus stifle public debate.

His argument is that in implying he was running a "big business",

> *"... Essenhigh's analogy was wrong: he is not a businessman and his fleet was not a corporation. The fact that he could claim he was and that it was suggested a profound cultural shift within the higher command of the British armed forces."* [93]

This same debate is covered by Beaumont who reports some as seeing the business culture as undermining traditional values. He goes on,

> *"The conclusions of some of those who take this line is that the Army needs to be different from society at large and should not be afraid to say so."* [94]

Thus not all in MOD agree with Essenhigh anyway. Specifically, in the MOD, the "We are not running a business" syndrome is highlighted as a reason for changing the content, focus and titles of the scorecard dimensions;

> *"In developing the defence balanced scorecard, we faced some interesting issues. Defence is not a business, and we do not have customers or shareholders in the traditional sense. Making a profit is not our reason for existing. As a result, the traditional reasons for introducing a balanced scorecard do not apply to defence."* [95]

But this "paranoia" against "business" management philosophy and tools is also often backed by a lack of understanding, which also seems to be illustrated here: although elsewhere the article does seem to articulate the more widely recognised origins and purposes of the Balanced Scorecard. The dislike of business management is echoed

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by Boyes in his paper on the introduction of the Balanced Scorecard into Commandant General Royal Marines (CGRM),

> *"The scale, rapidity and complexity of change initiatives has been met with a range of reactions. The lexicon of the changes is couched in "business speak" not "military speak" and the drive to introduce practices that make the MOD more "business like" are interpreted by some as making the MOD more "like a business" - which is a clash of ethos and has creased some hostility and scepticism."* [96]

Kaplan and Norton do themselves no favours with the public sector community with such statements as, *"Creating shareholder value is the outcome that every strategy seeks to accomplish."* [97] Clearly, MOD does not have "shareholders" in the generally accepted sense, and the substitution of "stakeholder" would go a long way to rectify the position for the public sector but undermine the issue in terms of the private sector. The clear distinctions between public and private sectors therefore need to be recognised, particularly in terms of the way that balanced scorecards are ultimately shaped. Nevertheless, MOD was inducted into the Balanced Scorecard Collaborative's "Hall of Fame" in 2002,

> *"As an exemplar of making strategy a continual process, the Ministry has used the scorecard to help make transparent the internal linkages that drive performance, giving increased confidence to the Defence Management Board that its decisions are based on a truly comprehensive view of performance. The results have been clear and visible: simplified strategic objectives, better communication of strategic intent, improved resource allocation, greater accountability, better decision making and improved overall results."* [98]

And this despite the relative immaturity of the process.

Thus there is tension between the civil and military communities, and attempts to bridge the gap are not always appreciated. Nevertheless, Strachan does not seem to see the British civil-military gap as a problem, suggesting that it is historic, and Kummel [99] and Vennesson [100], respectively looking at the situations in Germany and France, see the gap between civil and military communities as currently being smaller than for many years. The suggestion is that it is in the USA that the problem is greatest. Even if recruitment to the British Armed Forces has been traditionally difficult, and the gap between civil and military communities is no greater than has historically been so, this still highlights an issue that requires effective management for those crossing the boundary in either direction.

5.   The study of Service culture.

"It is only comparatively recently that the RAF has begun to seriously examine and seek a better understanding of its own particular ethos and culture." [101] So states Seabright in the opening paragraph of an article examining the future issues for the RAF culture. This suggests that consideration of cultural issues is only just beginning to be seen as relevant for senior management, it previously having being regarded as, *"... an area of academic study, particularly for historians and sociologists."* [102] Similarly, in relation to the US military, Hillen states, *"...there are precious few tasked to care for the institutional soul – the culture, the values, the ethos. In times past this was the task of the military academics."* [103] Seabright's article might thus be seen as an important "think piece" from someone in the Joint Services Command and Staff College, particularly when published in Air Power Review (a more learned journal than The Naval Review and The British Army Review, which are more informal publications with a mix of articles including informal anecdotes or unattributable challenges to official policy). Seabright goes on to explore some important issues for the development of the RAF culture, but also recognises the separate history and traditions of each of the Service, and thus presents a useful article to prompt further consideration of some of the current cultural issues for MOD.

Whilst Seabright highlights that,

> *"The RAF, like its sister Services, has always accepted that its ethos and culture needs to be different from the society its personnel are drawn from if it is to sustain the moral component of air power, because of the "unlimited liability" that its personnel accept."* [104]

he goes on to highlight,

> *"… the RAF has long recognised that its ethos and culture is different in many respects from those of its sister Services."* [105]

The key issues he highlights in this context are:

- It is only a small proportion of the Service, and that now mainly taken from the officer corps, that engages in combat.
- The RAF is dominated by well educated technical specialists.
- It is the Officer Aircrew ethos and culture that dominates the Service because this is where the Senior Management is drawn from.
- Continuing profound technological change throughout the history of the Service. [106]

The tension between society and the Services is well covered,

> *"Military ethos and culture is based, in part, on the wider social ethos and culture of the society from which soldiers are drawn. However, this is then developed by military organisations through the process of both formal and informal socialisation in which recruits are dispossessed of large parts of their previous civilian, (sic) ethos and culture and assimilate a distinctive military ethos and culture. … Physically separated from the rest of society the*

distinctive ethos and culture of this profession flourished, as Howard states: "They were a self contained universe, with their own routine, their own ceremonies, their own music and dress and habits; that whole tedious but obsessive way of life known as 'soldiering" (sic) The armed forces have thus evolved into separate and distinctive institutions within British society. [They have created structures that support both their function and their ethos and culture.] These structures reinforce the subjective 'psychological contract' that is often said to exist between the Services and each individual Serviceman and which commits the individual to risk his life in return for suitable rewards and support. [107]

Drawing on a warning from CDS (Chief of Defence Staff) in 2000, Seabright highlights three issues that could potentially undermine this traditional service ethos and culture: [108]

- Significant changes in the underlying social culture that are affecting the composition of the Armed Forces, particularly the roles females, acceptance of homosexuals [109] and impact of human rights legislation.
- Civilianisation, privatisation and contractorisation of functions previously undertaken by service personnel, primarily because of economic pressures. [110]
- Changes in the nature of the tasks being undertaken, particularly the non-war fighting roles.

Seabright highlights that changes, such as accepting homosexuals, have been *"...forced onto a reluctant military...".* [111] Frost also highlights these issues,

> *" ...with a few notable exceptions senior officers have effectively exchanged the identity of their service in return for short-term accommodation with anti-military elites. Having ceded the terms of the debate to their enemies they are now prepared to sacrifice*

> *its ethics and culture, and if necessary to conceal the*
> *consequences. In short, they have failed to resist the imposition of*
> *a modern liberal vision upon a culture which is necessarily*
> *illiberal, and which is now disintegrating under the impact."* [112]

Although these comments were made partly in the context of the US, Frost goes on to suggest that there is resentment against the senior British military staff for their failure to oppose such issues. He also suggests that Adm Jock Slater probably disqualified himself from appointment to CDS by publicly opposing government policy in such areas, [113] and in so doing isolated himself from others who may be seen as having profited by their silence.

Whatever ones' view of these changes, the issue is that they are "changes", and as such will have consequences. Complin, in his article on the career management of Royal Signals Young Officers, drawing on the work of Senge and Bell, argues that change of policy will have second and third order changes that:

- Are difficult to predict.
- Can interact in unforeseen ways.
- May have a slowly accumulating affect.
- Are in danger, when detected, of misinterpretation or dismissal. [114]

Nevertheless, almost in contrast, Seabright highlights the work of Dandeker and Massey and says both argue, *"… the Services have often resisted change in the past, but once forced to accept it have found that their operational effectiveness has not yet been compromised."* [115] However, it could equally be argued that this merely proves Bell was right and the impact has not been recognised.

Another issue highlighted by Seabright is the sectional sub-cultures. This is a broader issue than simply that related to the dominant officer aircrew culture. It is also suggested that whilst occupational sub-cultures exist in the other services the divisions are sharper in air forces. Consequently air forces are less cohesive. However, during

the Cold War era a culture based on Main Operating Bases developed, but this has been broken somewhat by the style of operations in recent years. Instead the RAF has had to operate from Deployed Operating Bases with an ad hoc mixture of air and ground crews, including reservists. Changes in management structure, particularly the creation of "purple organisations" may also have started to weaken individual service cultures. This is particularly important in relation to the training process.

A major thrust of the article is the impact of the UAVs (Unmanned Aerial Vehicles). These are already having a significant impact on operations: in the British Armed Forces UAVs are only operated by the Army. Erosion of the use of manned combat aircraft, and erosion of the RAF's predominance in piloting (even remotely) would have a significant impact on the culture of the Service. Remote operation could also lead to a change in the nature of warfare and it is not too far a conceptual move to see tasks being contractorised. Consider for example the provision of Army heavy transport provided by contractors whose personnel are Reservists who would continue to operate the equipment in operational areas, albeit under different management. [116, 117] Seabright also says,

> *"… the precedent has already been set, as the CIA has already used air power, in the guise of a Predator UAV, armed with Hellfire missiles to kill terrorists in Yemen during November, 2002."* [118]

Similarly, whilst the Royal Navy regularly operates ROVs (Remotely Operated Vehicles) for underwater mine disposal, [119] there are also many commercial firms with considerable expertise in using underwater ROVs, eg for exploration and archaeology recovery work. Indeed, other navies use remotely piloted boats for minesweeping tasks, and consideration is being given to using similar vessels to provide close escort for larger vessels against terrorist attacks. [120] There are also commercial and charity organisations operating in land-mine clearance in various parts of the world. [121] Thus there is good reason to treat Seabright's concerns seriously.

Thus Seabright's work is timely, not only in highlighting the increasing interest in the cultural dimensions of the Armed Forces, but in highlighting some of the emerging trends that will seriously impact the Services, that is:

- Service culture is under considerable pressure for change from external factors.
- Senior management in the Services are becoming increasingly aware of the cultural issues and of the need for them to manage these issues.

In February, 2004 a conference was held at the QEII Conference Centre in London to look at the moral component of military capability. Cdre Mike Potter, formerly of DP&A, and a highly respected advocate of MOD's Balanced Scorecard having been involved with it during its substantive development, spoke at the Conference where it was argued that,

> "Understanding what constitutes the moral component and how it applies to modern military doctrine is of major importance. However, it is an issue that has been under-represented in much of the discussion of reshaping the armed forces. Emphasis has been placed on the technological development of the armed forces and on physical reorganisation of the armed forces to produce the desired military effect. However, this is having a huge impact on the moral component of the equation and only recently has this issue begun to be addressed in a consistent form. This was highlighted by Commodore M Potter who pointed out that understanding of what made-up the moral component and how it can be measured was limited, and that only now were the three services coming to grips with developing the right kind of metrics to understand the issue." [122]

The concept of "measure what matters" underpins the scorecard. Adm Sir Jonathon Band, now CINCFLEET, but who as ACNS was so instrumental in introducing the Balanced Scorecard into MOD, addressed a Royal United Services Institute (RUSI) conference in October, 2003. He continues to be a strong advocate of the Balanced Scorecard, which supplemented by Customer Supplier Agreements, Cascaded Objectives and Risk Management, is known in CINCFLEET as the "Performance Management" system.

> *"Although I have set out a positive story about how my command measures and forecasts performance, one should not be under any illusion that the process is young, but maturing. The key ingredients in making this work are acceptance of the culture and senior management engagement and leadership. ... I have good reason to be confident about my Performance Management System. It has helped me when my command was tested in anger during Operation Telic, which involved warfighting in Iraq and in Operation Fresco, which related to provision of firefighters. Both operations were conducted successfully and recuperation is now underway. In summary, effective and modern planning, performance management and financial management tools are fundamental to me as the Commander-in-Chief."* [123]

Thus there is continued support for both the development of metrics related to cultural issues and the development and use of Balanced Scorecard. Therefore the aims of this research continue to be valid for the foreseeable future.

Another important issue is whether individuals can be expected to absorb the culture or whether they need to be taught the culture, in order for it to be maintained. Clearly the Services are very traditional. Daily routines acknowledge this, eg through morning and evening "Colours" ceremony, albeit that these are often much more muted than in the past. Some aspects of tradition are thus maintained and indeed are taught. However, there are some aspects that are merely absorbed, eg the traditions of

individual messes in the Army. Similarly, a core part of culture is the process of passing on myths and legends. By definition, almost, this implies some informality rather than documented evidence. Whilst, there may be no great harm in some of these myths and stories there is always the potential that they may be misused or that, because they are part of the informal process of socialisation, that they can be or are used to embed the wrong attitudes or actions. Consequently, mess traditions, aimed at "bonding", or establishing status, may, in a more culturally diverse society, and in an organisation where women have a more equal status, be seen as offensive or demeaning. Some initiation ceremonies, or more informal "rites of passage", might thus be considered to be "bullying", although less so by those imposing the process who would probably consider it "character building".

If culture is to be managed effectively, in order to create change, greater efforts are probably needed to ensure that what is taught is soundly based and supports the organisational need. For example, it is often said that, *"...who controls the past controls the future,* [and] *who controls the present controls the past...".* [124] Control of the past enables the motivational and inspirational stories of the past to be used to engender appropriate future activity. However, unless the stories used are soundly based there is always the potential that they might subsequently be undermined, thereby creating organisational confusion. The emphasis in the British Military of maintaining, and researching, their history is thus sound from a cultural perspective, but also from a learning perspective since it can lead to reappraisal and learning from past mistakes, or the ability to extract the positive lessons. Thus history and traditions need to be researched and taught formally in order to ensure that stories appropriate to organisational need are soundly based and utilised effectively. Informal use of cultural tools can lead to actions and events that run counter to the organisational needs or aims.

Kaplan and Norton have argued that you only get what you measure. But measurement alone will be pointless if there is no understanding of why something is being measured. The basis of the Balanced Scorecard is thus to build a strategic model of the business that guides activity through the construction of plans that lead

to target setting. This links back to the basic "feedback" model. McCunn similarly argued that, when developing and implementing the Balanced Scorecard, one of the key criteria for success was, "knowing what you want". It is argued that the same is true of culture. Whether one employs a generic model like Denison's culture model or Ainslie's "Military Ethos Measurement Tool", both are based on an articulation of clear goals or acceptable performance levels. Denison does this in two ways, first by articulating the individual features of a high performing culture, and secondly by measuring reported performance against the standards of other organisations. Ainslie's merely does the first.

It is therefore argued that, if culture is to be measured, there is a need for the organisation to define and own the cultural model that will be used. It is recognised that when organisations set out on such a path they are unlikely to have a clear view of their culture, let alone how they might want culture to develop in order to improve its contribution to organisational outcomes. Existing models, such as those offered by Cartwright or Denison may thus be effective. Without such models it will be unclear what the organisation hopes to achieve by setting any cultural targets and how they contribute towards strategic aims, or alternatively whether individual aims are culturally coherent. Whilst Kotter, Senge, and many others, suggest there is a need to be clear about managing cultural features they are not seen as advocating measurement in order to determine progress. Whilst cultural measurement is difficult, particularly if you cannot define precisely what it is that you want, this should not be an excuse for ignoring the issue. This is similar to Kaplan and Norton's argument that you should measure what is important rather than what is easily measurable.

An alternative argument is that the strategic objectives in the scorecard articulate the required culture. This would seem to be true to a large extent. Consequently, mapping the strategic objectives against the existing culture to identify the change required, and use of a cultural change model, to guide management as to some of the issues and pressures that will be faced can only be of assistance to the process.

The issue here is that whilst most organisations have hard measures, eg financial measures that articulate current performance, cultural issues are argued to be implicit rather than explicit. The inter-relationship between cultural features may therefore not be readily understood, and attempting to change one aspect of the organisation may thus result in unexpected resistance or undesirable change elsewhere. [125] Thus the advantage of models such as those proposed by Ainslie, Cartwright and Denison is that they provide an audit tool, or at least a basis for the discussion of cultural issues. [126] Therefore in the same way that Kaplan and Norton argue for "double loop" learning about the strategic aims, leading to change of both the strategy and the methods of achieving strategic aims, the initial cultural model used might be expected to develop to meet the specific cultural aims and objectives of the organisation. Similarly, where the Balanced Scorecard is to be used to allocate resources to the strategic objectives, development of the culture will require funding and must be included in the Balanced Scorecard in order to attract funding. The cultural model will therefore represent the plan for achievement, with the potential to set clear targets against the individual aspects, and the overall cultural measure, reported by that particular cultural model.

6.   Analysis and Summary.

The Services have their own particular culture. However, if Services are to be truly effective they must enjoy the support of the society from which they are drawn. However, not all aspects of society are appropriate for a service organisation. The Services thus represent a sub-culture within society. Trompennaars and Hampden-Turner propose that culture can be seen as a normal distribution of values. [127] Where the values are present in different cultures there will be some degree of acceptance. Where the values of one culture are not present in the other cultures these values will be seen as the defining characteristics of that culture. Adapting this concept to this situation could help to explain the perceived gap between the military and civilian population. Also any attempt to move the core values of the military to be closer to norm of society could account for the resistance encountered, if one argues that cultures are fairly static.

Thus, adapting the concepts of Trompenaars and Hampden-Turner, in Figure 5.2 below, Sub-culture A, within the overall National culture, has little in common with either Sub-cultures Y or Z. However, Sub-cultures Y and Z have a substantial degree of commonality. Any movement of sub-culture Y would be likely to cause a reaction in either sub-culture A or Z.

Figure 5.2: Cultural norms. Distribution of cultural values for sub-cultures within an overall culture.
Adapted from the concepts of Trompenaars and Hampden-Turner.
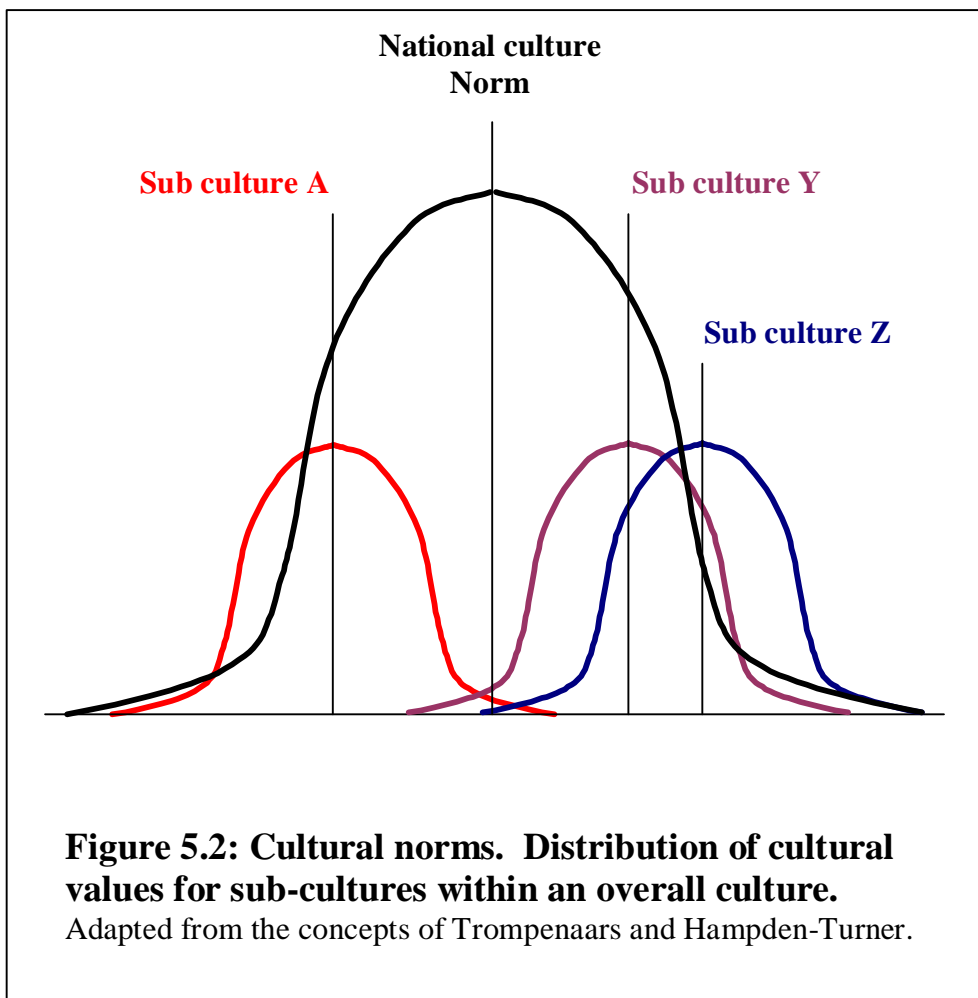
Rose, Henderson, Strachan, Ainslie and others identify a "gap" between the civilian and military cultures. What is disputed is the degree to which this gap matters and whether it is truly a gap. Yet few would disagree that training is required to turn individuals into a disciplined fighting force that clearly understands the bounds of its power and legitimacy. Therefore they must be different from the society they represent. Similarly few would argue against the concept that a nation's military

forces should reflect the society they represent, otherwise they have no moral or social base in the community which they represent and which provides the resources needed. Therefore there is an issue about whether the military are merely a group of individuals with common beliefs drawn from the milieu of attitudes represented in the amorphous mass of subcultures in modern pluralistic and multicultural societies. Or, do the military represent a legitimate subculture of their own. Certainly everything about the military way of life tends to suggest that they have their own deeply rooted culture either directly or indirectly taught, even in the recruitment process.

The issue might thus be the degree to which there is a real gap between the military and society, or whether it merely represents one extreme on a multidimensional matrix. Seen in this way then the gap only exists if the balance of power and thought moves substantially against the military on the militaristic/pacifistic dimension, and similarly against the other groups that support and surround the military, eg government institutions that deal regularly with the military; Veterans' groups; suppliers of materiel and other goods and services consumed by the military; other institutions that have similar value structures such as the police. If this shift away from the military were to occur, to such an extent that they became isolated, then their position would become untenable, particularly as resources would almost certainly decline. A military isolated from the wider community is difficult to envisage, unless one considers some form of totalitarian state where the military are deliberately positioned in opposition to the core of society.

Developing these issues from the concepts of Trompenaars and Hampden-Turner (see Figure 5.2), the existence of a gap would have to be based on cultural values of a "sub-culture" lying outside those of the core culture, as illustrated in Figure 5.3 below. This is the definition of a "gap" that will be considered here; otherwise the definition of a gap would have to be where the norm of the sub-group is different from the norm of the culture. The likelihood of the norms being the same is remote, thus there would always be a gap.

Figure 5.3: Existence of a cultural gap between society and the military.
Adapted from the concepts of Trompenaars and Hampden-Turner.
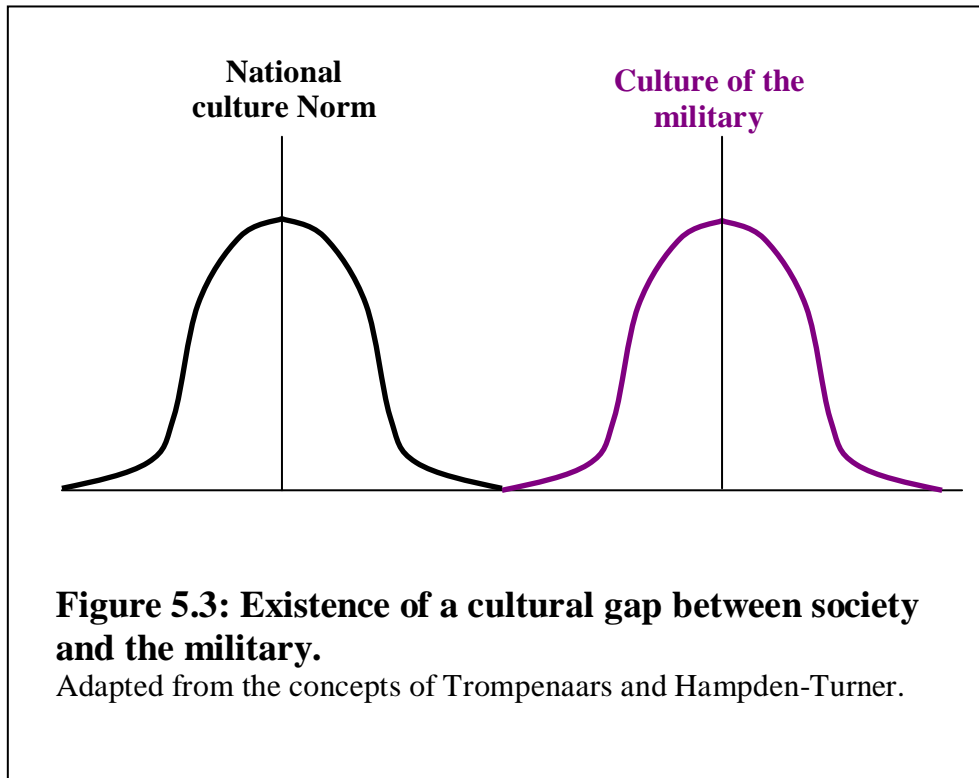
This would have to be an extreme situation where none of the characteristics of one group are readily accepted in the other. If the groups overlapped then there would just be perceived differences between the groups. This is the same as the way Trompenaars and Hampden-Turner described the perceived characteristics of a nation as being the national characteristics that are not common characteristics of the two nations.

Whilst Hofstede argues that national cultures are stable in the long-term, this does not recognise that the membership of nations is changing due to large-scale migrations, such as have occurred in recent decades. The migrants bring with them characteristics that are not necessarily lost as the individuals become part of a new society, without being fully absorbed. The addition of such foreign sub-cultures into a more amorphous national culture will tend to move it, perhaps away from the military if these new sections of society are inadequately represented in the military. This is shown in Figure 5.4 below.

Figure 5.4: Impact of merging cultures.
Adapted from the concepts of Trompenaars and Hampden-Turner.
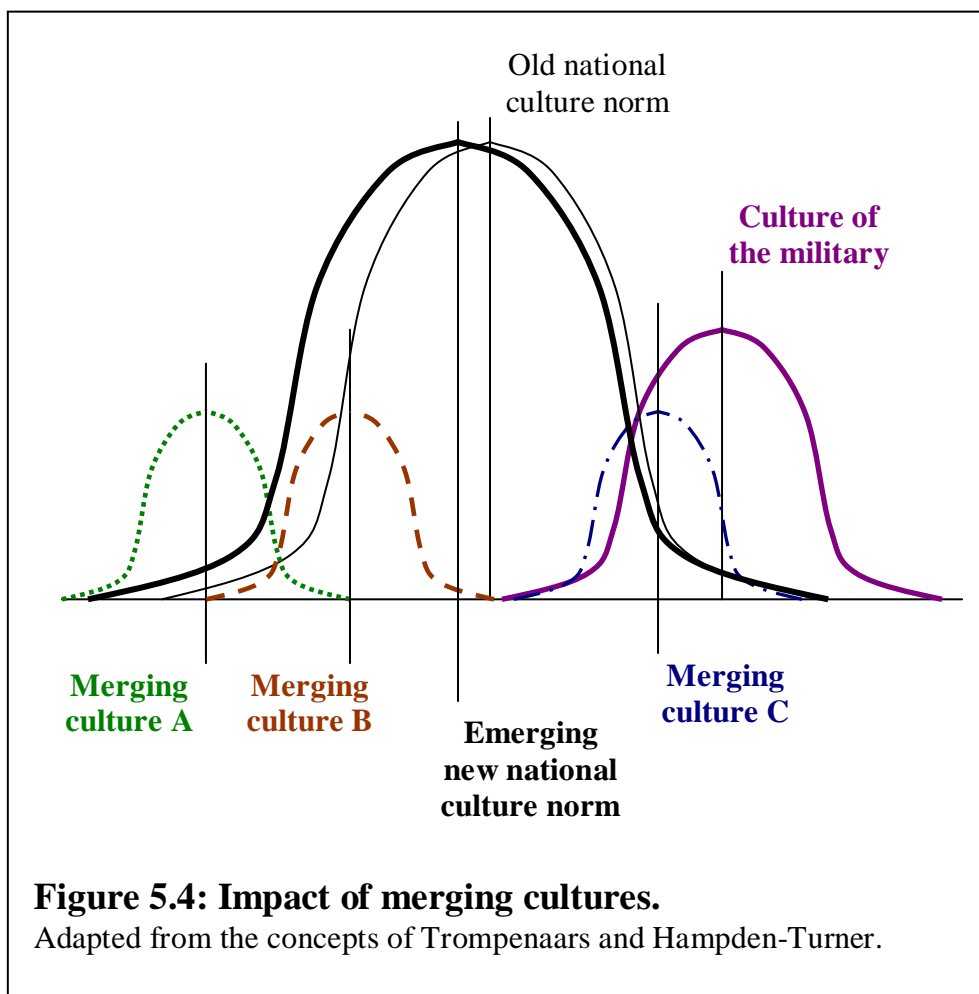
What is postulated here is that the absorption of people from cultures A, B and C into the national culture, will have the effect of broadening the culture, but also of moving it slightly away from that of the military. In this diagram Culture B is more easily absorbed into the national culture, perhaps because ethnic origins are similar, there is a common language, common religion, close historic ties. Also in this diagram an overlap with the military culture is shown to represent the fact that the military are drawn from the members of the national culture (ie no true "gap"). Of the new national members, entry into the military, and adoption by them, is more likely from Culture C, than from Cultures A or B. This could increase the tensions between A and B on the one hand and C on the other. Thus the culture of the military might shift even further away from the national culture, because particular groups are under-represented.

A significant issue here, which perhaps highlights Hofstede's thinking, is the degree to which these other groups really are absorbed into the national culture, and the degree to which national culture changes. Difficulties during 2004 in France, where religious symbols and clothing have been banned from schools in order to maintain the French culture, are an example of issues and pressures of this nature. This contrasts strongly with the example in the United Kingdom where great efforts are made to promote tolerance, which enables immigrants, and often subsequent generations, to maintain separate cultures within a wider society. In these instances, attempts by members of these communities to change and adopt the ways and practices of the host nation have, in the very extreme, led to "honour killings" to prevent transfers into the host culture.

> *"Police are to review more than 100 murders in an attempt to understand and prevent "honour killings", it was announced yesterday. ... Scotland Yard announced the initiative amid growing evidence that women in the Asian community are being subjected to violence and sometimes murdered for defying cultural traditions. Their perceived crimes can include wanting to go to university, refusing an arranged marriage, having a boyfriend or dressing in Western-style clothing."* [128]

Whilst these issues may not seem to specifically affect the military, the existence of "cultural ghettos" will affect any state sponsored group. This is because they are on the one hand trying to attract people into their membership in order to maintain contact with the whole cross-section of society, and on the other hand rejecting such people because they cannot, or will not, change their values to exclude those aspects that are unacceptable to the military culture, or even to the national culture.

The "distance", perhaps the "psychological distance", between the military and the people it seeks to recruit can probably widen, eg consider the prevalence of the use of recreational drugs in modern society and their necessary rejection by the military. Such factors reduce the capacity of the military to attract otherwise suitable recruits.

The alternative is to conduct programmes to rehabilitate recruits. In one sense this already happens in the context of personal fitness, but is not a legitimate role or use of resources by the military in the context of criminal or anti-social activities or attitudes that might otherwise prevent individuals from becoming suitable recruits.

Nevertheless, in terms of the military being a legitimate tool and resource of government, the military could be, indeed are being, used in such a manner to a limited extent, eg consider the Skill Force Development initiative. This organisation, which seeks to re-establish a learning culture among (potentially) disaffected school children through a programme of personal development activities led mainly by ex-Service personnel, is sponsored and partly funded by MOD. Although this, and other types of youth activity, may enhance recruitment to the military, that is not its primary aim. Nor does it meet needs in terms of providing sufficient recruits of the right calibre for modern technologically based military forces.

Thus there is a need to recognise a tension between core values that maintain and sustain the military capability, and the need to draw from a sufficiently large range of the population so as to allow sustainable recruitment to meet requirements. If the military are to represent society they must be drawn from as wide a range as possible, bearing in mind that some sections of the society cannot or should not be represented, eg the handicapped or the criminal subculture. Nevertheless even these sections of the community should have sufficient positive contact with the military in order gain a positive image.

This highlights the issue of creating an image of the military that is both generally supportive, and sufficiently appealing, so as to attract, in adequate numbers, the right type of employees to meet the range of staffing needs. Not everyone can be a fighter pilot; not everyone can be an infantry soldier. However, these and many other tasks within the military have few or no counterparts in civilian life. Other tasks, such as administration or catering, do have civilian counterparts, but may sometimes be conducted in such a manner or context as to reduce or eliminate comparability. Consequently recruits have to be trained to be able to conduct tasks in a different

context to that which they will normally have experienced. Since these contexts, eg military operations against an enemy, are generally difficult, or unpalatable, training is essential to ensure success and to ensure that employees do not leave when faced with these difficulties. High levels of staff turnover are likely to destroy the effectiveness of any organisation. Therefore the demanding realism of some training can itself be expected to alienate recruits.

Consequently, it is essential that the right culture is established early in training in order to build strong commitment through difficult training later in the acclimatisation process. If it is too weak the wrong people may be retained whose mental and physical capabilities are not sufficiently robust to withstand later difficulties. This would involve a waste of resources, and possible risk such bad publicity that other potentially worthwhile recruits are alienated. It is therefore argued that the development of the individual's psychological contract with the organisation needs to be handled carefully. In circumstances where conscription pertained this was much less of an issue, and consequently the regime was less benign.

The argument of this section so far has been that culture is a significant issue for the military. Also, there is a perceived significant "gap", perhaps better described as a "distance", between the cultural norms of the military and the cultural norms of the society to which the military need to appeal for recruitment purposes. But perhaps this distance affects the delivery of wider support needed by the military, particularly during periods when there are no tensions or military operations. For those recruited the training they undertake will potentially assist in the cultural shift. Building support in the general population is more difficult to achieve. Relatively limited, but none the less vital, resources will need to be applied to the management of public perception. Failure to do so will result in the distance between military and civilian culture being maintained or growing. If resources are to be used effectively there needs to be a clear understanding of what the organisation is trying to achieve and whether the measures employed are being effective. This goes back to one of Kaplan and Norton's basic arguments that you get what you measure and thus also the corollary that you don't get what you don't measure. Thus the proposition here is that

the military must set clear targets for what they wish to achieve in terms of cultural acceptance both externally and internally. Without clear targets and plans, backed by a system of measurement and appropriate resources, it is unlikely that the desired results will be achieved.

As alluded to earlier in this Chapter, Kaplan and Norton also argue that achievement of strategic aims will normally only be driven through effectively by linking reward to aims. Conceptually this is difficult to argue against if one accepts a "self-satisfaction model", where personal aims can be achieved through financial exchange. However, many of the writers engaged in the argument both for and against acceptance of the cultural distance between the military and society recognise that the self-seeking philosophy present in society is damaging to the interests of the military. This would seem to argue against the use of financial reward in the military because it is not linked to "team spirit". Kaplan and Norton would probably argue that provided the reward is linked to the strategic objectives of the organisation then individual reward should not be divisive. Similarly, rewards might be team based. There are some who would argue for an intrinsic motivational model, where organisational success and the construction of strong internal relationships can itself be sufficient reward to make explicit financial reward unnecessary. Thus, consider McGregor's "Theory Y", which assumes amongst other things that,

> *"The most significant reward that can be offered in order to obtain commitment is the satisfaction of the individual's 'self-actualising needs' … This can be a direct product of effort directed towards organisational objectives."* [129]

This opens up a different topic, but it is the researcher's contention that financial reward, even linked to the achievement of Balanced Scorecard objectives and targets, may not be in the interests of the military. The aim must surely be to achieve some higher, inspirational form of motivation, rather than financial gain, which would direct interest outside of the organisation for its realisation. Managing the differences between the military and civilian sectors within the defence community also needs to

be considered. Efforts should be made to increase unity rather than promote differences.

In this chapter it has been proposed that the National culture is changing, as is the culture of the Military. Only if the relative movements are the same will there be no change in the Gap between the civilian and military culture. Strachan argues that whilst the military are changing the gap is not opening within the British culture. Kummell and Vennesson argue that in Germany and France the gap has closed in recent years. But Strachan and Beaumont, and others, highlight the reaction against the movement of the British military culture towards a more business management culture. Rose sees the need for the British military to maintain its standing in order to be effective in operational situations in the future, while Wills highlights the problems of people moving between the civilian sub culture and the military sub culture. Thus there is a clear need to help people with the transition, in either direction.

This chapter has therefore looked at some of the pressures on the military to change and adapt to the modern world. It has also looked at a specific, major, change in CINCFLEET in order to explain more of the culture of that organisation and to set the context for some of the work in Chapters 6 to 8. Clearly a complete picture of the culture of the organisation would be impossible to paint. One issue is the degree to which the culture is changing, or the change is being resisted. It will be remembered from Chapter 3 that Hofstede argued that culture is fairly static. Nevertheless, whilst the military, particularly in Britain, maintain strong links with the past, there have undoubtedly been substantial changes compared to the culture of a century or more ago. These changes will be in part due to changes in national culture. But this may be more evident in the more superficial and visible elements of culture than in the more deep-seated ideas such as "Queen and Country".

Road Map

Chapter 1	**Outline of the research project.** The aim of the research is, • To demonstrate a mechanism for managing organisational culture through the Balanced Scorecard in order to improve culture and thus the potential for the Balanced Scorecard to deliver benefit.
Chapter 2	**Balanced Scorecard literature review.**
Chapter 3	**Culture literature review.**
Chapter 4	**Research methodology.**
Chapter 5	**Review of organisational issues.** This Chapter has highlighted the environmental pressures for change that MOD and CINCFLEET have faced. It has also examined the tensions between social and the military cultural issues. In particular the Chapter touches on disagreements over the adoption of "business management" techniques for an organisation that is not a "business" in the traditional sense. The need for training to help individuals cross over between the two cultures has been highlighted. A final model was presented for helping to understand the relationship between sub-groups within a culture, and the impact of movements of one sub-group relative to another.
Chapter 6	**Case study on the impact of implementing the Balanced Scorecard.**
Chapter 7	**Cultural survey results.**
Chapter 8	**Developing and testing a cultural measurement tool for use with the Balanced Scorecard.**
Chapter 9	**Supporting case studies.**
Chapter 10	**Summary of conclusions.**

Figure 5.5

To conclude this Chapter we examine high profile issues that arose in Spring 2004 that relate to these pressures as an illustration of how this issues interact internally and externally to the military, and thus as to their relevance for debate.

During the early part of 2004, both the British and American people were disturbed by the allegations and revelations of brutality against Iraqi prisoners, following the conflict of 2003. [130] Phrases that have been used to condemn the actions include, *"... do not reflect the true nature of the American people ..."* [131] and, *"If proven, the perpetrators are not fit to wear the Queen's uniform. They have besmirched the good name of the Army and its honour."* [132] Whatever the facts of the case, there is little doubt that the issues have created enormous problems for the British Army and the Army of the United States of America. Even though neither of these organisations would ever wish to condone what has happened, the incidents, which give rise to the allegations and revelations, result from the culture that exists in the organisation. [133] This is an unpalatable fact, even though it may represent the culture of elements at the extremities of the organisations.

> *"Frederick claims ... that the chain of military command above was aware of what was going on. He was, in the time-honoured phrase, just acting under orders. There is evidence to support his claim: Major General Antonio Taguba, the American officer responsible for investigating the Abu Ghraib abuses, has recommended that more senior military figures, including a former director of the Joint Interrogation and Debriefing Centre ... should also be held accountable. ... In reality, the military policemen and women of the 372nd Military Police Company who did the torturing took their cue from the rest of the US military command structure."* [134]

This highlights the tensions between the ideas, on the one hand, that senior management set the culture and the strategic agenda and the mass just follow, and on the other hand, that individuals within the organisation at all levels will have an influence on the culture and activities of the organisation. Thus whilst the official processes and programmes of the organisation may seek to establish the desired culture, unofficial subcultures will exist and promote their own agendas and values.

The organisation, being driven from the senior levels, must therefore redouble their efforts to establish the desired culture through organisational process.

This means that:

- Organisational culture must be clearly defined.
- Activities must be defined that build and maintain the required culture.
- Attempts must be made to measure this consistently to ensure that the activities undertaken are delivering the required culture.
- Failure to achieve the desired results must initiate changes in the activities until methods are found that deliver the required results.
- Deviant subcultures must be rooted out.

These are effectively the core concepts that echo the principles of the Balanced Scorecard. It is therefore argued that it is entirely valid to include culture as a topic within the Balanced Scorecard. Indeed, "Reputation" is one of the issues highlighted in the MOD Balanced Scorecard. [135] The reputation of the British Army will undoubtedly be affected by the allegations of abuse of Iraqis. Yet this damage to its reputation will take many years to overcome. Thus the risks are not simply ones of "likelihood" but also of "impact".

Failure of the MOD to adequately communicate behaviour requirements, and to reinforce these so that they become part of the culture throughout the entire organisation, lies at the heart of the Iraqi abuse problem. Yet this is exactly the same lesson that will be shown to have emerged from the implementation of the Balanced Scorecard. There has been too little communication of the aims and objectives of the organisation, and too little reporting of achievement against objectives, because the Balanced Scorecard has become a tool only for senior management.

Motivational issues are crucial to this debate. What motivates an individual to behave in a particular way? This is rooted deeply in the values and beliefs of the individual. The degree to which an individual's values and beliefs match those espoused by the

organisation will show up in the degree to which there is a strong psychological contract between the individual and the organisation. [136] Training is an essential part of helping the individual to gain the right values and beliefs, particularly if the individual is joining the organisation from a broader culture that places a different emphasis on such issues.

Thus one of the interesting features of the Iraqi abuse revelations is that:

- America has roundly condemned the actions.
- The media have also presented reports of the "home town" support for one of the individuals at the centre of the revelations.

These contradictions are exactly the sort of dilemma that the armed forces face. On the one hand they go to war to protect their nation against a covert terrorist threat; on the other hand they are expected to win hearts and minds by open friendly activity. These tensions that place service personnel on the frontline in imminent danger of death; with sometimes the necessity to kill the enemy (whoever (s)he is), which is not something that the general population understand since they have never shared these experiences.

> *"The same qualities of aggression, submission to authority and group solidarity that make good military material also make soldiers easy to manipulate into fighting a "dirty war". A good intelligence officer and a good torturer can wear the same uniform. Or, as we have just shockingly learned from Abu Ghraib, our governments can, in the new era of privatisation, just hire in the torturing talent from the vast array of private defence firms that offer to service every need of the Pentagon."* [137]

This issue highlights the need to educate the public and thus help create the right values there that are needed to support the military culture among the military. This is particularly true at a time when the proportion of the community, and leadership of

the country, have any experience of serving with the military, albeit that the military itself has change radically over the last half-century as a result of technological change. Failure to address the culture and attitudes of the host national culture could mean that the military find themselves fighting an uphill battle to recruit suitable personnel with the right attitudes. Failure to achieve the desired recruitment levels could well result in yet more of the core military task being devolved into the Private Sector. Thus, the MOD, and the government, must learn to address the changing national culture, as well as the dynamic of other environmental changes.

The conviction and imprisonment of three junior NCOs in early 2005 [138] has subsequently proved to be the tip of an unpleasant iceberg, with perhaps some 50 British service personnel being investigated, or charged with crimes as serious as murder. [139] Indeed, there is also one instance of a US Marine apparently shooting a prisoner, whilst being filmed by a TV camera crew. Such instances have a detrimental affect on everyone. There are reports that the charging of an SAS trooper with the murder of a civilian in Iraq has led to a crisis in the regiment with many threatening to return to their parent units if the charges are not withdrawn. [140] The crisis caused by this situation led to a revolt by their "Nobel and Gallant Lordships" in July, 2005, in the House of Lords. Lord Boyce spoke of the armed forces being, *"... under legal siege and ... being pushed in the direction in which an order could be seen as improper or legally unsound ...".* [141] His predecessor as CDS, Lord Guthrie, said,

> *"We are asking a very great deal of young soldiers who are put under huge pressure of a kind which very few people outside the services have experienced, and which has rarely been experienced by those who craft our laws and are responsible for our legal system. Undeniable damage to the army's trust in the chain of command has occurred, and it could have been minimised. The risk of morale suffering further is real. Many people, rightly or wrongly, think the system is unjust."* [142]

Despite this robust plea, further soldiers were subsequently charged, including a decorated officer who ordered an inquiry into the actions of his own men. [143] Swabey points out that these legal actions could be seen as a Government smokescreen to avoid any challenge to its own actions. [144]

In contrast to the actions of members of the Lancashire Regiment, the Iraq war also produced a rare George Cross. Yet it is the same Army and the same training, broadly, that has produced these contrasting events. It is also interesting to reflect on the relative media exposure of the actions of Trooper Finney and the alleged torture by the Lancashire Regiment.

> *"Trooper Finney, a young armoured vehicle driver with less than a year's service, was driving the leading Scimitar vehicle [145] of his troop ... Without warning they were then engaged by a pair of A10 ground attack aircraft. Both vehicles were hit and caught fire and ammunition began exploding inside the turrets. Finney managed to get out of his driving position and was on the way towards cover when he noticed that this vehicle's gunner was trapped in the turret. He then climbed on to the fiercely burning vehicle, at the same time placing himself at risk from enemy fire, as well as fire from the A10 aircraft, should they return. ... he managed to haul out the injured gunner, get him off the vehicle, and move him to a safer position not far away, where he bandaged his wounds. The troop officer, in the other Scimitar, had been wounded and there were no senior ranks to take control. Despite his relative inexperience, the shock of the attack and the all-too-obvious risk to himself, Finney recognised the need to inform his headquarters of the situation. He therefore broke cover, returned to his vehicle, which was still burning, and calmly and concisely sent a lucid situation report by radio. ... At this point Finney noticed that both the A10 aircraft were lining up for a second attack. Notwithstanding the impending danger he continued to help his*

injured comrade ... Both aircraft fired their cannon and Finney was wounded in the lower back and legs ... Despite his wounds, Finney succeeded in getting the gunner to the waiting Spartan. Then, seeing that the driver of the second Scimitar was still in the burning vehicle, Finney determined to rescue him as well. Despite his wounds and the continuing danger from exploding ammunition he valiantly attempted to climb up on the vehicle but was driven back by the combination of heat, smoke and exploding ammunition. He collapsed exhausted a short distance from the vehicle ... During these attacks and their horrifying aftermath, Finney displayed clear-headed courage and devotion to his comrades which was out of all proportion to his age and experience. Acting with complete disregard for his own safety even when wounded, his bravery was of the highest order throughout.” [146]

End notes:

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Pages 39 to 46. This presents arguments against allowing openly gay people into the British Armed Forces.

[110] See for example: Higginson, A. (2003). Contractors on deployed operations. Defence Director. Manchester: Partnership Media Group. September. Pages 30 to 33.

[111] Seabright, A. J. (2004). RAF Ethos and Culture in the 21st Century - Aircrew or Air Power? Air Power Review. London: MOD. Volume 7 Issue 1. Spring. Page 94.

[112] Frost, G. (2002). How to destroy an Army; The cultural subversion of Britain's Armed Forces. In: Alexandrou, Bartle and Holmes (Editors). New people strategies for the British Armed Forces. Frank Cass Publishers. Page 46. See also: Hillen, J. (1998). The rise of the political general and the loss of military identity. In: Frost (Editor). Not fit to fight - The cultural subversion of the Armed Forces in Britain and America. The Social Affairs Unit. Pages 49. Hillen, referring the relationship between the military and politicians in Washington in the 1990s, states, *The military was developing a generation of leaders prepared to compromise (and therefore surrender) its culture, ethos, and institutional identity to the new class."*

[113] Ibid.

[114] Complin. (2001). A Wasted Investment? The career management of Royal Signals Young Officers. In: Alexandrou, Bartle and Holmes (Editors). Human Resource Management in the British Armed Forces – Investing in the future. Frank Cass Publishers. Page 35. This refers to: Senge. (1990). The fifth discipline: The art and practice of the Learning Organisation. London: Random House. And: Bell W. (1999). The impact of policies on organisational values and culture. http://www.usaf.af.mil/jscope/JSCOPE99/bell99.html

[115] Seabright, A. J. (2004). RAF Ethos and Culture in the 21st Century - Aircrew or Air Power? Air Power Review. London: MOD. Volume 7 Issue 1. Spring. Page 95. This refers to: Dandeker. (2001). On the need to be different: Military uniqueness and civil-military relations in modern society. RUSI Journal. Volume 146 No 3. June. And: Massey, A. (2000). Ethos, consensus and UK Defence in the 21st Century. The Naval Review. Volume 88 No 1. January.

[116] Defence Management Journal. (2004). Heavy equipment transporter. Newcastle-under-Lyme: PSCA International Ltd. Issue 24. March. Pages 134 and 136.

[117] Allen, T. (2003). Smart acquisition and the sponsored reserves. Defence Management Journal. Issue 23. Newcastle-under-Lyme: PSCA International Ltd. November. Pages 40 to42.

[118] Seabright, A. J. (2004). RAF Ethos and Culture in the 21st Century - Aircrew or Air Power? Air Power Review. London: MOD. Volume 7 Issue 1. Spring. Page 105.

[119] Also known as UUVs (Unmanned Underwater Vehicles), but use is also made of unmanned surface vehicles, see: Brown, N. (2004). Not just a remote possibility: USVs enter the fray. Jane's Navy International. Jan/Feb. Pages 14 to 19.

[120] For an overview of developments in the "field" of Unmanned Surface Vehicles (USVs) see for example: Brown, N. (2004). Not just a remote possibility: USVs enter the fray. Jane's Navy International. Jan/Feb. Pages 14 to 19.

[121] See for example: Craib. (2003). Landmine and unexploded ordnance disposal. Defence Management Journal. Issue 23. Newcastle-under-Lyme: PSCA International Ltd. November. Page 109. See also: The Royal Military College of Science Journal Clearing the way. (2000). London: Highbury House Communications PLC. Issue 1999/2000. Page 36

[122] Lake. (2004). The Moral Component. Defence Director. Issue Mar/Apr. GovNet Communications. Page 9.

[123] Band, J. (2004). Performance Management in a volatile environment. The RUSI Journal. Volume 149, No 1. February. Page 51.

[124] Orwell, G. (1949). 1984. Page 32. In: Brown, A. (1998). Organisational Culture. Financial Times/ Prentice Hall. Page 125.

[125] See again the arguments of: Bell, W. (1999). The impact of policies on organisational values and culture. http://www.usaf.af.mil/jscope/JSCOPE99/bell99.html Discussed by: Complin. (2001) A Wasted Investment? The career management of Royal Signals Young Officers. In: Alexandrou, Bartle and Holmes (Editors). Human Resource Management in the British Armed Forces – Investing in the future. Frank Cass Publishers. Page 35.

[126] Brown, A. (1998). Organisational Culture. Financial Times/ Prentice Hall. Page 164. Brown quotes: Wilkins and Patterson. You can't get there from here: what will make culture-change projects fail. In: Kilmann, Saxton, Serpa and associates (Editors); Gaining control of the corporate culture;

Jossey Bass. Pages 262 to 291. This proposes a simple gap analysis as a management tool for culture change.

[127] Trompenaars, F. and Hampden-Turner, C. (1997). Riding the waves of culture. Nicholas Brealey Publishing Ltd. Pages 24 and 25.

[128] Martin, N. (2004). Police Chiefs try to end "honour killings" with review of 100 murders. London: The Daily Telegraph. 23rd June.

[129] Pugh, D. S. and Hickson, D. J. (1996). Writers on Organisations (5th Edition). Penguin. Page 165.

[130] See for example: Toolis. (2004). Torture – Simply the spoils of victory? New Statesman. 10th May. Pages 8 and 9.

[131] President George Bush quoted in: Cornwell. (2004). US military Iraq torture pictures. London: The Independent. 1st May.

[132] Fenton. (2004). 'Not fit to wear the Queen's uniform'. London: The Daily Telegraph. 1st May.

[133] … *"typically staff do not behave shabbily unless the corporate culture encourages them"*, Gay, J. (1993). City and Business. Sunday Telegraph. Quoted in: Anthony, P. (1994). Managing Culture. Open University Press. Page 14.

[134] Toolis, K. (2004). Torture – Simply the spoils of victory? New Statesman. 10th May. Page 9.

[135] Kaplan, R. and Norton, D. (2004). Strategy Maps: Converting intangible assets into tangible outcomes. Harvard Business School Press. Page 422.

[136] See for example: Toolis, K. (2004). Torture – Simply the spoils of victory? New Statesman. 10th May. Page 9. This article recounts a story of the torture of Gerry Adams, who in 1973 was the IRA's most senior officer in Belfast. Toolis goes on to recount how following the torture soldiers made Adams pose with them for photographs, and that the events are recorded in the regimental history of the Light Infantry.

[137] Ibid. Page 8.

[138] MOD. (2005). CGS: "I apologise on behalf of the Army" Focus, Issue No 186. March. Page 1.

[139] Rayment, S. (2005). Soldiers will quit SAS over trooper on murder charge. London: Sunday Telegraph. 6th March, Early edition. Page 2.

[140] Ibid.

[141] Norton-Taylor, R. (2005). Military chiefs attack Iraq lawsuits. The Guardian. 15th July. Page 13.

[142] Ibid.

[143] Charter, D. (2005). British troops face war crime charges over Iraq prisoners. London: The Times. 20th July. Page 1.

[144] Swabey, J. C. M. (2005). Letters to the editor. London: The Daily Telegraph. 14th July. Page 29.

[145] A Scimitar is a tracked armoured reconnaissance vehicle.

[146] Extract from the George Cross citation published in: The Daily Telegraph. (2004). 'Finney displayed courage and devotion to comrades' London: The Daily Telegraph. 26th February. Page 8.

Chapter 6: The study of the implementation of the Balanced Scorecard in CINCFLEET.

1. Introduction.

The introduction of the Balanced Scorecard was seen by the researcher to be having a distinct impact on CINCFLEET in 1998 and early 1999. It was this impact that substantially led to the choice of the Balanced Scorecard as the research topic. In an attempt to capture the issues, before corporate memory faded too much, a survey was planned in late 2000 and conducted around mid 2001. Initial contact with CINCFLEET's Balanced Scorecard suggested to the researcher that comparison with scorecards elsewhere would not be particularly profitable: the issues covered were narrow and specific to CINCFLEET, concentrating mainly on Readiness of Force Elements (vessels, aircraft and Royal Marine Units). The aim was thus to identify the issues arising from the process of implementation and the impact of the Balanced Scorecard. This Chapter therefore fits with the description of the Balanced Scorecard in Chapter 2. Indeed, the information gained from this survey will be used at the end of this Chapter to analyse the Royal Navy's development and implementation of the Balanced Scorecard against the issues highlighted in Chapter 2. Chapter 1 highlights some of the key questions underpinning the research topic. Essentially, one of the issues being tested here is, "Does following a set of implementation guidance rules produce an effective Balanced Scorecard?" Another key issue being tested is the impact the Balanced Scorecard has on culture. This Chapter will add further to the understanding of the culture and issues of the organisation that were highlighted in Chapters 3 and 5.

Road Map

Chapter 1	**Outline of the research project.** The aim of the research is, • To demonstrate a mechanism for managing organisational culture through the Balanced Scorecard in order to improve culture and thus the potential for the Balanced Scorecard to deliver benefit.
Chapter 2	**Balanced Scorecard literature review.**
Chapter 3	**Culture literature review.**
Chapter 4	**Research methodology.**
Chapter 5	**Review of organisational issues.**
Chapter 6	**Case study on the impact of implementing the Balanced Scorecard.** This Chapter will seek to examine the introduction of the Balanced Scorecard in the Royal Navy. It will present in detail the results of the survey outlined in Chapter 4. The aim is to assess the impact that introducing the Balanced Scorecard had on the organisation.
Chapter 7	**Cultural survey results.**
Chapter 8	**Developing and testing a cultural measurement tool for use with the Balanced Scorecard.**
Chapter 9	**Supporting case studies.**
Chapter 10	**Summary of conclusions.**

Figure 6.1

To enable readers to gain an overview of the responses to the survey, Appendix A to Chapter 6 summarises all the results obtained from the questionnaires. Because it provides only a summary it may not be totally reflect the true situation in any area, eg because some issues are about perceptions or answers were provided by individuals with incomplete knowledge. Appendix B provides a full listing of the narrative comments provided in responses. This will enable readers to gain a fuller picture of

the perceptions of respondents. Only a selection of the key comments provided is included in the main body of the text here.

In this Chapter, and the associated Appendices, acronyms are not always explained. Reference should be made to the Glossary in such cases. In some cases, when quoting from individuals' responses, non-standard acronyms have been standardised or replaced for the ease of the reader. Readers will by now be familiar with most of the key ones used, and many of the remainder can be glossed over without losing the meaning. The extensive use of acronyms is often regarded by people external to MOD as a distinct cultural feature of MOD, and even moving between organisational areas may require staff to learn a new "language". Amendments or explanations to comments provided by questionnaire respondents are provided in normal type and enclosed in square brackets. In general the aim has been to use the words provided by organisational members, because this is their interpretation of the culture. Trice and Beyer state,

> *"Language structures experience and gives* [organisational culture] *meaning by providing systems of categories for things. The representations provided by language come to represent people's worlds to them. All organisations have characteristic languages that are used to express meanings specific to their cultures. They include jargon, slang, gestures, signals, signs, songs, humour, jokes, gossip, rumours, metaphors, proverbs, and slogans. Narratives are used to convey relatively subtle and intricate sets of cultural meanings."* [1]

To change the language too much could "sterilise" the culture being represented.

It will be remembered from Chapter 4 that originally consideration was given to undertaking comparative case studies on the introduction of the Balanced Scorecard. The questionnaire, on which this chapter was based, was originally developed with that in mind. Consequently the wording of some questions, and the inclusion of some

questions, may seem to be slightly curious in relation to the organisation culture or its processes.

2. The Balanced Scorecard survey in the Royal Navy.

This section outlines and analyses the results of the initial survey undertaken early on in this research. Its main aim is to demonstrate how this early work influenced the later work and thinking. An initial summary of these results was made and published as a short article. [2] This survey represents a more detailed examination of the responses received. Chapter 4 gives details of the compilation of the questionnaire and the rationale for the questions. The next section will therefore concentrate on the replies received and their interpretation.

2.1. Organisations covered by the survey.

In the preliminary questions, eg name, appointment, address, respondents were invited to state which organisation their responses relate to. The organisations covered were:

- CNS/ACNS (Chief of Naval Staff/Assistant Chief of Naval Staff)
- CINCFLEET
- FOSF (Flag Officer Surface Flotilla)
- 2SL (Second Sea Lord)
- CNS (Chief of Naval Support)

Most of the responses (13 out of 23) relate to CINCFLEET and FOSF (sometimes amalgamated with the CINCFLEET data for ease). This survey was conducted between May and October, 2001. In addition there are also the results from the work undertaken by Boyes to consider, which covers CGRM. [3] This is covered separately later in the Chapter.

2.2. Organisational climate before the Balanced Scorecard was introduced.

In response to the first question about the climate within CINCFLEET prior to the introduction of the Balanced Scorecard, the following comments were received:

- *Lacking corporate focus. Reactive. Stovepiped.*
- *The TLB Management Plan consisted of a "traditional" collection of PIs, primarily measuring output in terms of ship ready days at Readiness.*
- *Hierarchical in Fleet at FMB.*
- *It was input rather than output based.*
- *Operated on a day-to-day basis tackling problems as they arose. Little business/finance linkage, and limited consideration of strategic issues.*

The comments provided are not seen as particularly incisive in terms of analysing the climate. But can perhaps be summarised as follows:

- **Stovepiped – ie functional isolationism or insularity.**
- **Traditional hierarchy.**
- **Narrow, short-term focus on local input and output issues.**

This rather shallow perception may suggest two things:

- A lack of understanding of the concept of organisational climate and how to describe it, ie if this had been an issue for management there would have been a clearer understanding of what was meant, leading to better definition.
- A lack of understanding or attention to the local climate, eg the comments on the Management Planning issues miss the mark completely.

These two issues are clearly linked. But note too the highlighting of the short-term focus, which was typical of the problems that Kaplan and Norton encountered that led to the development of the Balanced Scorecard.

The comments received from elsewhere in the Naval Sector were:

- *The management board tended to focus on issues closest to their hearts or that were politically sensitive. There was only token attention paid to finances.*
- *Recently formed from separate organisations (CINCNAVHOME, CED, CFS) adversarial.*
- *Management desperate to establish overall health of Navy. RAB about to be introduced. Focus on outputs growing.*
- *Conservative - action avoidant - continually searching more information - producing reports on past activity, and amending reports on past activity. Long Hours culture to justify importance of the directorate - brief compiling.*
- *Well intentioned but lacking objective measurable data on which to make management decisions.*
- *Good. The management board had identified key performance indicators and monitored them through an MIS.*
- *Hierarchy of budgets with limited output focus, management reports provided periodically against objectives in Annual Management Plan.*

These comments are slightly more incisive and suggest:

- **Conservatism.**
- **Parochialism leading to adversarial attitudes.**
- **Reporting culture.**
- **Non-strategic in outlook.**
- **Becoming aware of the need for a more strategic approach.**

This mainly supports the conclusions drawn from the responses within CINCFLEET, and might be seen as typical of the culture of a large bureaucratic hierarchy. However, there is the emerging flavour that external threats, in the form of organisational pressures and process changes were beginning to demand better performance.

This suggests that the Navy was a traditional hierarchy, very conservative and functionally based and focused, with only a growing awareness of the business environmental pressures that threatened the organisational stability.

2.3. Management processes being used before the Balanced Scorecard was introduced.

The aim of the next question was to help build up a picture of managements' understanding of the management processes. The purpose was to present a picture of managements' theoretical background in management, ie can they effectively describe the processes they use to manage. This would help validate the quality of managements' response to other questions.

The phrasing used for this question was, *"What were the key management processes/concepts/tools used in the management and running of the organisation? (For example, Management by Objectives, Total Quality Management, Investors in People.)"* There are two issues in the phrasing of this question:

- The terms "management processes", "concepts" and "tools" are all used to give respondents a broad enough scope or understanding of the requirements of the question. That is, to avoid limiting people to set MOD terminology, and to encourage them to look widely. Hence also the use of the examples that are essentially very different in nature.

- It was recognised that giving specific examples might result in these examples being fed back as answers. Therefore for clarification:
  - o Investors in People was a mandated process at the time, and therefore should be included;
  - o Total Quality Management was in use in some small measure in areas of MOD, but it certainly was not a key management tool, and certainly not in MOD Headquarters and was not expected to be included;
  - o Management by Objectives is loosely the model for the key management philosophy used in MOD, but this term was dated, and not used in MOD. Management by Objectives was by this time seen as a flawed system in management philosophy, and therefore to include this answer might suggest some naivety or ignorance. [4]

The IiP bait has been clearly taken.

- *IiP present. Standardisation of skills, norms and work processes. Financial control based on historical information. Direct supervision through the hierarchy.*
- *At FMB. Series of briefs, and reviews by CINCFLEET, followed by verbal direction. IiP introduced.*

But there is also the suggestion that the Management by Objectives (MBO) bait has provided certain appeal.

- *Management by objectives drawn from the Fleet Plan, which cascades to the FOSF Plan. Focus was on issues raised at the Sub FMB, EG or Morning Briefs - usually initiated from sea.*
- *Management by Objectives. Regular reporting on Fleet activities, unit availability, performance against in year cash management control totals.*

However, the issues that do start to emerge are:

- **Management by exception.**
- **Reporting and briefing regime.**
- **Key influence of cash limits.**
- **Backward looking regime dwelling on past performance against objectives.**

Since management, particularly Naval Officers will tend to move around the Navy Sector quite a lot, the expectation is that similar views would be expressed from the other Naval areas. The replies received include:

- *Key Performance Indicators relating to an output based management plan reviewed on a Personnel Management Information System (PERMIS) and IiP.*
- *Management by objectives and priorities. Non-strategic planning. Focus on financial inputs.*
- *Supposedly MBO and IiP, but tended towards a very traditional military approach.*

Again note that MBO and IiP reoccur. Similarly supported is the backward looking perspectives and the pervasive influence of financial input. However, the additional key fact that emerges from these answers is that of the use of rudimentary and subjective performance indicators.

If, as has already been suggested, the Navy was run largely on a MBO basis, this would suggest a largely stagnant or moribund management process. It would also help explain the historic perspective and the reporting culture. However, the comments on subjective and rudimentary PIs do also suggest that management of tasks was not particularly taut, and therefore accountability was loose. In contrast, the management of finances is typically

to the last penny, but at this stage there is still no emphasis on forward planning or the linkage of finance to outputs. Thus the Navy Sector appears to be open to the criticisms of the Thatcher era that management processes were not effective and in need of modernisation.

2.4.   Purpose of introducing the Balanced Scorecard was introduced.

In order to speed the completion of the questionnaire, and in order to improve the analysis, this question contained some set options as well as the opportunity to add additional reasons.

What was the purpose of introducing the Balanced Scorecard?	Focus attention on key issues facing the organisation:	
	Replace or improve existing performance monitoring:	
	Focus on strategic organisational objectives:	
	Improve internal processes:	
	Other (please state):	

The four options were based on findings from research reading giving typical reasons for introducing the Balanced Scorecard, eg as in McCunn [5] and Kaplan and Norton. [6] The expectation was that among many managers there would be no clear reason given for introducing the Balanced Scorecard, particularly since the author's perception was that the TLBs were largely following the ACNS lead.

The table below represent the number of responses received against the four main options offered.

Table 6.1: Purpose of introducing the Balanced Scorecard.				
	ACNS	**CINCFLEET**	**2SL**	**NSC**
Focus attention on key issues facing the organisation:	3 of 4	10 of 13	2 of 2	4 of 4
Replace or improve existing performance monitoring:	2 of 4	8 of 13	2 of 2	4 of 4
Focus on strategic organisational objectives:	2 of 4	7 of 13	1 of 2	2 of 4
Improve internal processes:	2 of 4	6 of 13	1 of 2	2 of 4

With 19 responses out of 23 (82%), the most popular answer was "Focus attention on key issues facing the organisation". However, only the "Improve internal processes" scored marginally less than a 50% response rate. And thus with such a blanket response to these options it is by no means certain that people were clear on the reasons for introducing the Balanced Scorecard. However, some of the additional comments supplied are a little more revealing and probably of more value.

- *Pressure/direction from TLB to use the BSC.*
- *To turn strategy into action - and improve the availability of management information to the Board.*
- *Understand causal relationships within the organisation and identify real cost drivers.*
- *Dock with NAVB processes.*
- *Improve identification and achievement of actions.*
- *Link outputs to finance.*
- *Single page top level report to Navy Board.*
- *Identify levers to improve performance.*
- *Encourage corporate as opposed to divisionalised behaviour.*
- *Introduce cohesion among the previously separate parties.*
- *Apply coherent reporting throughout TLB and HLBs.*

The key issues that emerge from this are:

- **Provide common process.**
- **Improve and provide common understanding of key issues.**
- **Improve management control of key issues.**

Thus there is a degree to which these answers repeat the first option provided, but the answers expand that option by highlighting the fact that previously there was no common understanding of key issues or of requisite actions. This thus reinforces the Stovepipe mentality that was highlighted earlier.

2.5. Consideration of alternatives to the Balanced Scorecard.

The next question posed was: *"What other management processes/ concepts/tools were considered as supplements or alternatives to the Balanced Scorecard?"* The purpose of this question was to determine whether the Balanced Scorecard had been selected as a result of a survey of tools to meet a specifically identified need, or, at the other extreme, whether it was merely introduced on the basis of, "This is what I know about, let's have one, now why would we need it?" Apart from the odd suggestions that IiP and Corporate Governance might meet the requirements, the choice largely appears to have been (with supporting examples of answers received):

- **EFQM.**
  - *Initially EFQM was assumed to offer an additional organisational tune up tool in order to assess the validity of current strategic direction. Balanced Scorecard viewed as the dials on the organisation, rather than the road map.*
  - *There was substantial debate about EFQM, which at the time was seen as a rival to the balanced scorecard rather than as a complement to it.*
- **TQM.**
  - *TQM.*

o *EFQM and TQS [ie TQM ?] considered as complementary in that they offered measurement tools over time and benchmarking.*

- **Nothing.**
  - o *None at the time (although the relationship with EFQM was documented).*
  - o *None in particular. However, the methodology of Performance Management (PM) at the time was recognised as inadequate and the BSC forced "ownership" of the objectives in the plan.*

The TQM option is interesting in that this is a radically different approach to the issues. EFQM was known by the author to be favoured as a new management approach, due to its promotion by the Cabinet Office. [7] Indeed efforts were made to dissuade the author from studying the Balanced Scorecard as it was supposedly overtaken by EFQM; but this was before MOD Centre committed to the Balanced Scorecard. Of these options, including IiP, none directly drives the organisation to identify and manage the Key Issues for the business in quite the way that the Balanced Scorecard does. EFQM is an organisational assessment tool and does not itself identify and drive the strategic agenda. TQM may help address, particularly at the lower levels, an improvement in processes and outcomes, but again it does not help develop the strategic agenda. However, there is a degree to which there was a "Balanced Scorecard or nothing" perception, built largely from the perceived need to follow a corporate initiative.

2.6.   Originator of the idea of introducing the Balanced Scorecard.

The purpose of this question was to determine who originated the idea in order to give perspectives on the answers supplied by the different respondents. The author believed at this stage that overall the originator was Commander Simon Lister, who is believed to have undertaken an MBA and might therefore be expected to have been aware of the concept, although the implementation

within the ACNS area did not appear to have followed the concepts closely. An important issue, both here and in relation to the issue of Champions (see below) is about the ability of individuals to have a key influence. The answers given include:

- *Cdr* [now Cdre] *Simon Lister.* [Reply from Adm Dunt, COS 2SL.]
- *CINCFLEET Adm Essenhigh.*
- *Me* [Admiral Band] *and the then Cdr Simon Lister.*
- *No one person - it was a Board decision but work was led by the then ACNS.* [Reply from Admiral Essenhigh.]
- *Brian Brader, Deputy Command Secretary.*
- *Not known.*
- *D Gould - AUS(FS), A Cumming - NED (BA Engineering).* [Reply from David Gould.]
- *Price Waterhouse consultants.* [Reply from Brian Brader.]
- *CINCFLEET personally - first under Adm Boyce, then continued more forcefully under Adm Essenhigh.*

Exceptionally here the origins of some comments have been highlighted because the origin is almost as important as the comment itself. The answers here, however, were slightly unexpected. It is unfortunate that Cdr (now Cdre) Lister, did not respond to the questionnaire. However, it appears that the following were major influences:

- **Cdr Simon Lister** as DNRP/BS.
- **Admiral Jonathon Band** as ACNS.
- **Admiral Essenhigh** as CINCFLEET, but see below regarding role as champion.
- **Admiral Boyce**, both as CINCFLEET and CNS, but again this may be more as a champion.
- **Brian Brader** as DCS(RF), but only in the context of CINCFLEET.
- **David Gould** as AUS(NS), but only in the context of the NSC.

- **PriceWaterhouseCoopers consultants**, who were providing assistance in the implementation of the RAB accounting systems.

Within this list there is again reference to the local implementation and the hierarchical drive, or following. Thus David Gould and Brian Brader, along with others, many have been influential in their own TLBs, in driving the "followers" before they were pushed. What is unclear are the precise roles played by Cdr Lister and Rear Admiral Band (as they were). Again this might be "originator" and "Champion", although it is probable that Admiral Band played a much greater role. What is apparent is that the genesis of this major initiative is by no means clear to those who were involved, even a short time after the work was started. This may, in part, be due to a keenness to "jump on the band-wagon" and claim some credit for what was emerging as a successful programme. This may seem a somewhat cynical view, but it reflects the culture of the organisation. However, the process of implementation was substantial and therefore there is plenty of scope for individuals to claim some credit for involvement. The only real issue is the degree of involvement as opposed to the degree to which people can justifiably claim credit as the "originator" of the idea.

2.7. The Champions.

Nadler [8] articulates the concept of *"... champions of change..."* referring to the leaders who:

- Leaders who were outstanding leaders in periods of change, and/or
- Leaders who foster, guide, support and resource change programmes.

These are not necessarily the leaders of the changes themselves, what others might refer to as the "change agents", but key senior level advocates. Turner defines the Champion as *"... a senior user representative, who convinces the sponsor that this project should have priority for their support ahead of*

others." [9]   A change agent will be the Champion's actor within the organisation to articulate the requirements, demonstrate managements' commitment and implement the change, identifying and overcoming any resistance. [10]   Change agents can be external to the organisation, but the Champion must be internal and at a senior level.   They are the leading advocate of a particular change, and if not the CEO, they must be able to convince the CEO and demonstrate that they have the CEO's support.

The next question attempts to identify the senior individual within each organisation who promoted the concept of the Balanced Scorecard, and who had the structural position to drive the process into the organisation.   Those who were nominated were:

- *Cdre David Smith RN, Director Naval Personnel Corporate Planning.*
- *Rear Adm Jonathan Band – ACNS.*
- *Within FOSF - Plans division.*
- *Initially at Board level ACNS - Adm Jonathon Band prompted by Simon Lister, then SO1.*
- *DCF Adm Malbon (for CINCFLEET).*
- *[Brian Brader] plus successive Commanders-in-Chief and Command Secretaries.*
- *Admiral Sir Nigel Essenhigh.*
- *CINCFLEET personally - first under Adm Boyce, then continued more forcefully under Adm Essenhigh.*
- *David Gould, Command Secretary for the NSC.*
- *CFS - Vice Admiral John Dunt.*

This highlights that Adm Band was the initial Champion Navy Board level; Cdr Lister would have been too low a level to act effectively as a Champion. What is less clear is who acted as the Champion in CINCFLEET.   Although Adm Essenhigh was almost certainly the principal Champion, but there is the suggestion that prior to Adm Essenhigh, Adm Boyce was the initial

Champion. Brian Brader is highlighted as having a key role, probably as a lower level champion or project sponsor. It is unlikely that someone at this level (Deputy Command Secretary) would be able to really act as a sponsor on their own without strong support from above. As already indicated, lower level organisations such as FOSF were following the TLB lead, but Cdre Smith and David Gould clearly paid key roles in 2SL and NSC respectively. What is not clear from this is whether all respondents truly understand the concept of a "Champion" in view of the fact that people like Cdr Lister were nominated.

2.8. Senior management expectations from introducing the Balanced Scorecard.

McCunn in articulating the 11th Commandment for implementing the Balanced Scorecard is clear,

> *"The key thing to remember is this: when you are wondering*
> *about whether a balanced scorecard is what you need, think*
> *about the Eleventh Commandment: do not start unless you*
> *know what you are hoping to achieve."* [11]

The next question in the survey therefore seeks to establish whether management had a clear view of what they wanted to achieve by implementing the scorecard, in order match this in subsequent questions against the actual outcome. The question is also aimed at finding supporting evidence for the earlier question of, *"What was the purpose of introducing the Balanced Scorecard?"*

The wording of the question seems to have elicited information about attitude or emotion rather than the more tangible or practical outcomes. Thus the summary demonstrates these two categories of response, which are illustrated with examples:

- **Emotional:**
  - **Keen.**
    - *Keen to utilise.*
  - **Cautious.**
    - *Cautious: uncertainty about its applicability and relevance to an operational naval command.*
  - **Sceptical.**
    - *Mixed, with much scepticism, apart from Adm Essenhigh and ACNS.*
  - **Reticence.**
    - *Not too clear. Certainly some reticence to embrace yet another initiative. Some concern over additional work-load.*
  - **Concern.**
    - *Some considered it another management fad, others recognised it gave them the opportunity to manage their business differently.*
  - **Optimism.**
    - *"Wait and see" but generally optimistic.*
- **Practical:**
  - **Improvement in corporate performance.**
    - *Better performance management; more cooperative behaviour.*
  - **Move towards output management and focus on output.**
    - *Move towards output based management. Set achievement of Operational Capability (OC) as prime mover.*
  - **Improved cooperation and more cohesive management.**
    - *Engagement by Board members collectively in key performance issues.*
  - **Improved management and reporting focus.**

- - *More focussed board meetings considering performance and management priorities for now and future.*
  - **Improved management process.**
    - *Rationalised material covered at SFMB. Focus on key issues and thorough review of PIs. Highlight areas that SFMB should work on, chart progress and target management action. Improve trend analysis.*

Thus there is a demonstration of sceptical attitude towards changes in management process, but nevertheless there was an expectation (or hope!) that there would be an improvement in management process leading to improvement in output. This tends to confirm, the earlier comments on the purpose of the changes.

2.9. Level of understanding when the Balanced Scorecard was selected for introduction.

The question, "What level of knowledge did the Board have of the Balanced Scorecard at this time?" was simply aimed at trying to determine whether those involved in accepting and agreeing to the introduction of the Balanced Scorecard understood what they were agreeing to. It is accepted that this is entirely a subjective perception, and in many cases will involve self-perception. There was thus a suspicion that this would be over marked. However, in that this questionnaire was being run some time after the event, the hope was that people might be prepared to be reasonably honest and admit that, with further knowledge and experience, their initial understanding was somewhat lacking.

Table 6.2: Level of Board knowledge of the Balanced Scorecard at time of selection and introduction.								
	ACNS		CINCFLEET		2SL		NSC	
(Responses split according to whether they were a member of the Member of Management Board (Yes), or not No):	YES	NO	YES	NO	YES	NO	YES	NO
Substantial (ie they were fully aware of the concept and the issues involved):								
Good (ie they had a broad understanding of the issues but required further training):							1	
Moderate (ie they were aware of the concept but needed substantial training):			1	3	1	1		1
Poor (ie they had little or no prior understanding of the concept when it was proposed):	2	2	6	2			1	1
TOTALS	2	2	7	5	1	1	2	2
	4		12		2		4	

One CINCFLEET respondent was unable to answer this question and the CINCFLEET Board Member who scored the level of knowledge as "Moderate" also ticked "Poor", on the basis that levels of understanding varied. Therefore on the whole there appears to have been a remarkable degree of honesty. So much so that one might question why the management board were signing up to a system they did not understand. When counterbalanced by the optimistic expectations highlighted in the previous question, this may suggest an almost desperate "we'll try anything to get us out of this mess". Conversely, what may be reflected is a positive drive provided by the Champion and the sceptical view that "it has worked for others, perhaps it will work here".

2.10.   Building commitment during the implementation phase.

The next question looks at how the level of commitment was built at Management Board level to gain their support for the proposal and also to ensure that implementation action was undertaken at the lower level. It also aims at starting to identify where the expertise came from to develop the concept, particularly given that the Management Boards did not contain the required expertise. Thus the best sources are likely to be from training providers and management consultants.

Table 6.3: Source of Board knowledge to increase understanding of, and commitment to, the Balanced Scorecard.				
Number of relpies indicating sources of knowledge.	ACNS	CINCFLEET	2SL	NSC
Management already understood concept well and needed no further training:				
Training for the Board was provided by internal staff:	3	4	2	3
Training for the Board was provided by external training providers:		3		1
External management consultants were used to provide training:		11		
The Board did its own research:	1	1		
Other (please state):	* One individual did research and provided advice	* Training provided to the Board to increase		* Joint work with external consultants.

In Table 6.3 the number of replies represents strength of perception of how training was provided not the amount. This data suggests that CINCFLEET were probably the most thorough in their learning process, relying heavily on consultants who knew about the concepts but also using a variety of methods. However, 2SL and NSC who implemented slightly later than CINCFLEET did have the benefit of CINCFLEET experience. And, indeed, CINCFLEET had

the benefit of Navy Board experience to draw upon. Those implementing later thus potentially had better experience and knowledge within the organisation to draw upon, but only if the quality of that experience was good. Thus 2SL's Balanced Scorecard should have been the best, but as will be seen, this was far from the case.

2.11. Organisational level of the initial Balanced Scorecard.

Balanced Scorecards can be built initially at any level of the organisation, although, generally it is suggested that they will be best constructed in a downward cascade. The exception to this is in a conglomerate, which does not apply to the Royal Navy. The aim of the next question was thus to confirm that this cascade process had been applied. The danger of not operating in this pattern is that business units may set objectives that are not consistent with those of the higher level.

Table 6.4: Development level for initial Balanced Scorecard within the organisation.				
Number of relpies indicating organisational level for initial scorecards.	**ACNS**	**CINCFLEET**	**2SL**	**NSC**
Corporate level:	4	11	1	3
Major strategic entity or divisional level:	1	4		2
Lower business unit, profit or cost centre level:		2	1 - Staff officer level.	
At a mix of levels according to local management initiative:				
Using specific pilot implementations in targeted business areas:				
Other (please state):		The first BSC took the FOSF Management plan, which operated across the entire HLB.		

Here there is some indication that simultaneous development may have occurred. The reply from the 2SL organisation in Table 6.3 suggests that they were built at Staff Officer level is taken as meaning that this is the level of the organisation at which the work was done rather that it being the level of the organisation to which the scorecard related. (The other response was from the named staff officer who supposedly constructed the scorecard. The researcher knows of no scorecards at SO1 level.) The researcher's recollection is that whilst the Navy Balanced Scorecard was initiated first, work on CINCFLEET's scorecard followed on quite closely behind. Work on the 2* HLB level scorecards within CINCFLEET was only started once the initial work on the TLB level scorecard was complete, although it underwent very early redevelopment, perhaps thereby creating the impression that developments were simultaneous. Thus, there is some evidence to suggest

good practice in cascade development, or at least simultaneous development to ensure consistency.

2.12.   Format of the Balanced Scorecard at introduction.

There was no financial dimension to the original "balanced scorecards" used by the Navy Board and CINCFLEET. This was added subsequently as a fifth dimension or perspective. The question of what format was used was thus designed to check whether respondents really understood whether Balanced Scorecard concepts had been closely followed or not. Results are set out in Table 6.5. The question was supplemented by direct questions on the number of perspectives/dimensions and the number of performance measures used.

Table 6.5: Structure of the initial Balanced Scorecard within the organisation.				
Number of responses indicating the perception of how the scorecard was constructed.	ACNS	CINCFLEET	2SL	NSC
Using the standard Kaplan and Norton template:				
Using a modified Kaplan and Norton template:	3	8	2	3
From first principles or existing management information processes to arrive at a bespoke system:		5 (Two replies indicate that the existing PIs were mapped onto the scorecard structure.)		1
Other (Please state):				

This tends to suggest that Kaplan and Norton's model was not closely followed. But it is unclear the degree to which it was understood that the model was not being followed, and the degree to which this might impact the outcomes. Whilst the indications are that the 2SL and NSC scorecards were

both built to 4 dimensions/perspectives and around high teens or low twenties in terms of the number of performance measures, the picture is less clear for the Navy Board and CINCFLEET scorecards. The changes in number of perspectives in these scorecards are widely, but not universally acknowledged. However, there is no strong consensus on the number of performance measures used. Some indicate low figures, mainly falling in the region of around 16 to 30. However, some indicate that there were, *"Many"* and one suggestion that there were *"Hundreds!"* This is supported by the view from FOSF, within CINCFLEET, where they used between 200 and 250. Kaplan and Norton's arguments are for around 20, as these would be memorable if properly constructed, because each would have a clearly understood rationale. Thus there is some indication that basic balanced scorecard concepts were not being followed. Thus perhaps for some people there was no clear picture of what the organisation was trying to achieve with the balanced scorecard. The early changes in structure and content may not have helped. The next question was aimed at digging deeper into whether people understood what was being done, and what the scorecard meant.

2.13.   Rationale for the structure of the Balanced Scorecard.

Not everyone answered the question asking about the rationale adopted for the format of balanced scorecard. The answers given are also quite revealing:

- **ACNS area.**
  - *It met our needs.*
  - *4 subordinate users and one summarising their performance measures*
- **NSC**
  - *It was a fairly purist approach to the K&N theory.*
  - *Measuring performance, and the enablers influencing performance.*
- **2SL**

- o *Common approach to other TLBs in Naval Sector and NAVB.*
- **CINCFLEET**
  - o *I believe it was aimed at providing a non-profit making/output focused organisation and that 4 enabling axes were seen to culminate in the output of capable/ready forces.*
  - o *Adapted to fit the already existing reporting formats.*
  - o *Reflected key output measures and monitored input.*
  - o *Followed standard format and identified major areas of business.*
  - o *Combination of simplicity and useful information.*
  - o *Coherent with the higher level BSC used by FMB.*

Thus these answers reflect a high degree of "follow the leader". But other than in NSC there is no indication that basic Balanced Scorecard concepts had been followed. Indeed, the suggestion that the organisation was simply measuring and monitoring inputs and outputs, or that it followed organisational structure, whilst perhaps fairly near the truth denies the basic concepts of the Balanced Scorecard. This aligns with the earlier indications that people were perhaps merely arranging existing performance measures into four or five groups.

2.14. Involvement in the construction of the Balanced Scorecard.

The researcher's perception of working practices in MOD at this time, and these were seen to apply in the case of the construction of the CINCFLEET Balanced Scorecard were, work was largely conducted at SO1 level or below, with each successive layer being involved in developing the final "paper". Rarely were tasks completely initiated at higher levels, nor were management layers consistently ignored. Yet Kaplan and Norton are keen that the whole board should be directly involved in the development of the scorecard, because of the crucial links, and the need for agreement and commitment, to the strategy that underpins the scorecard. The next question was therefore

designed to see who was most involved in the development of the Balanced Scorecard and whether it followed Kaplan and Norton's advice or the usual desk-level work with senior management endorsement.

Table 6.6: Who was involved in building the Balanced Scorecard and how significant was their involvement in the initial scorecard?

	Very High:	High:	Moderate:	Low:	None:
The CEO or equivalent:	ACNS - 1 CINCFLEET - 2	ACNS - 2 CINCFLEET - 8 NSC - 2	NSC - 1	ACNS - 1 2SL - 1 FOSF - 2	2SL - 1
The Board (collectively):		ACNS - 1 CINCFLEET - 3	ACNS - 2 CINCFLEET - 4 NSC - 4 2SL - 1	CINCFLEET - 3 FOSF - 2	ACNS - 1 2SL - 1
A sub-set of the Board:	CINCFLEET - 1	CINCFLEET - 1 NSC - 1	CINCFLEET - 3 FOSF - 2		ACNS - 2 NSC - 1 2SL - 1
A particular Board Member:	ACNS - 3 CINCFLEET - 3 NSC - 2	CINCFLEET - 2 NSC - 2 2SL - 1 FOSF - 1	ACNS - 1 2SL - 1 FOSF - 1	CINCFLEET - 1	CINCFLEET - 1
The acknowledged Champion:	ACNS - 2 CINCFLEET - 5 NSC - 1	CINCFLEET - 3 NSC - 1 FOSF - 2	2SL - 1	ACNS - 1	
The originator of the idea:	ACNS - 2 CINCFLEET - 5 NSC - 1 2SL - 1	CINCFLEET - 3 NSC - 1 FOSF - 1	NSC - 1 FOSF - 1		2SL - 1
An internal project manager:	CINCFLEET - 2 NSC - 2 2SL - 1	ACNS - 1 CINCFLEET - 6 NSC - 1 FOSF - 1	CINCFLEET - 1		ACNS - 2 FOSF - 1
External consultants:	CINCFLEET - 5 NSC - 2	CINCFLEET - 4 NSC - 1 FOSF - 1	CINCFLEET - 1		ACNS - 2
Others (please state):	CINCFLEET - 1			FOSF - 1	ACNS - 1

There are a number of issues that need to be considered here in assessing the replies set out in Table 6.6:

- The low number of replies overall means that the results are not very robust.

- The low response rate can be taken as meaning that individuals had insufficient knowledge to answer each sub-item.

- Effectively five different implementations are covered that were almost certainly handled in different ways.

- Although a five-point Likert scale has been used, the interpretation of individual scale-points will vary between individuals.

- The knowledge of what went on will vary between individuals; indeed some individuals were not involved in the implementation process throughout the period.

- In virtually every case there was no attempt to name any individual involved in the process, eg where respondents were asked if, *"A particular Board Member"* was involved. This response may duplicate other answers to other questions.

Nevertheless, some general conclusions may be possible:

- **The level of involvement in the process is seen as quite high within CINCFLEET.**

- **This involvement seems to have been more an involvement of "individuals" rather than a collective Board involvement.**

- **The relatively high involvement of consultants in the Fleet and NSC implementations, as opposed to no perceived consultancy involvement in the original ACNS implementation.**

When this latter point is combined with the perceived low levels of knowledge of Board members, and their low collective involvement, the results must be of questionable quality. It might be assumed that the consultants had a reasonable level of knowledge, (*"In the country of the blind the one-eyed man is king"* [12]) but this would not be entirely supported by the researcher's own

experience. (Consultants working on the software for the balanced scorecard gave a presentation on their work at one of the monthly N8 branch staff meetings. At the conclusion of the presentation on member of staff had the temerity to ask, *"... but what is a Balanced Scorecard?"* The reply given was along the lines of, *"I don't know. It's something to do with Kaplan and Norton. You will have to read the book."*)

2.15. Building commitment and involvement to the Balanced Scorecard.

Having established who was involved it is necessary to look at the stages at which the various people became involved. A four point scale is used.

Table 6.7: Stages at which people became involved in the Balanced Scorecard development.				
	Involved from the very outset:	**Involved during development, but not at outset:**	**Involved only once scorecard developed:**	**Not involved at all:**
The CEO or equivalent:	ACNS - 4 CINCFLEET - 9 FOSF - 1 NSC - 3	FOSF - 1 NSC - 1	2SL - 2	
The Board:	ACNS - 2 CINCFLEET - 5 FOSF - 1 NSC - 2	ACNS - 1 CINCFLEET - 5 FOSF - 1 2SL - 1	ACNS - 1 2SL - 1 NSC - 2	
Senior Managers below Board level:	CINCFLEET - 3 NSC - 2	ACNS - 2 CINCFLEET - 4 FOSF - 2 2SL - 2 NSC - 2	ACNS - 2 CINCFLEET - 1	CINCFLEET - 1
The Planning Department:	ACNS - 2 CINCFLEET - 7 FOSF - 2 2SL - 2 NSC - 3	ACNS - 2 CINCFLEET - 3 NSC - 1		
Middle Managers:	CINCFLEET - 1 NSC - 1	CINCFLEET - 3 FOSF - 1 2SL - 2 NSC - 3	ACNS - 2 CINCFLEET - 5 FOSF - 1	ACNS - 2
Junior Managers:		CINCFLEET - 2 2SL - 1 NSC - 1	ACNS - 2 CINCFLEET - 3 FOSF - 1 NSC - 2	ACNS - 2 CINCFLEET - 4 FOSF - 1 2SL - 1
The workforce:		CINCFLEET - 1 2SL - 1 NSC - 1	ACNS - 1 CINCFLEET - 2 FOSF - 1	ACNS - 3 CINCFLEET - 7 FOSF - 1 2SL - 1 NSC - 2
Consultants:	CINCFLEET - 7 FOSF - 2 NSC - 3	CINCFLEET - 2 NSC - 1		ACNS - 3 CINCFLEET - 1 2SL - 1
Other particular individuals or groups (please state):	CINCFLEET - Project team			ACNS - 1

Again in Table 6.7 the issue is that whilst there is some difference between the various implementations, there also appears a divergence of views on individual implementations. A slight difference might easily be expected, but in other instances the views provided are not reconcilable. For example, and depending on interpretation of the categories designated, the involvement of the workforce does not seem consistent with their level of publicity that the concept received subsequently. Similarly, the suggestion that no consultants were involved in developing CINCFLEET's Balanced Scorecard is not realistic, in view of its contradiction of the other respondents, and the researcher's own knowledge. In general the key people involved at the early stages are:

- **The CEO,**
- **The Planning Department, and**
- **Consultants, in CINCFLEET, FOSF and NSC.**

Subsequently Board Members and Senior Managers became involved before Middle Managers became involved. Junior Managers and the Workforce had little or no involvement.

2.16. When was the Balanced Scorecard introduced?

The next short section aimed to determine when the work on the Balanced Scorecard was started and how long it took to introduce the initial scorecards. A short time would suggest a superficial approach, or a lack of involvement or awareness. A longer period might be interpreted either as it took a long time to get the work done, either because a thorough job was done or because mistakes were made and had to be corrected. Alternatively it might again reflect a lack of interest and thus a perception that the task was dragging on and preventing people from getting on with other issues. Only if responses are consistent can there be real confidence that people were fully aware.

Table 6.8: Summary of responses on implementation dates of the initial Balanced Scorecards and time taken.

		ACNS	CINCFLEET	FOSF	2SL	NSC
Start dates:	Mid 1997	1				
	Late 1997					
	1997	1				1
	Early 1998	1	1			1
	Mid 1998				1?	
	Late 1998		1			
	1998		1			
	Early 1999					
	Mid 1999		1			
	Late 1999		2			
	1999			2		
Implementation date:	Early 1998	1				
	Mid 1998					
	Late 1998	1	1			
	1998	1				1
	Early 1999		1			
	Mid 1999					
	Late 1999		1			1
	1999		1			
	Early 2000					
	Mid 2000		1			
	Late 2000					
	2000			2		
	Same time		1			
	3 months				1	
	6 months					1
	12 months					
	>12 months		1			

Again the small number of replies and the inconsistent form of reply makes detailed analysis impossible. However, the lack of consistency shown in Table 6.8 does suggest that the level of involvement was probably low and results in a lack of awareness. In particular the start of development work in CINCFLEET is described variously as starting between early 1998 and late 1999; a period of almost two years. Similarly, implementation is described as taking place between "late 1998" and "2000". Bizarrely, one respondent

thought that implementation took place at the same time as the development started, whilst another respondent thought that the implementation was well over a year after development started. Bearing in mind that this survey took place between May and October 2001, this may be sufficient time to lead to some differences, but the error rate does seem high.

2.17. Structural levels at which the Balanced Scorecard was introduced.

Kaplan and Norton argue that Balanced Scorecards should be introduced in a cascade from the corporate level. The next question therefore aimed to see if this process was followed. Similarly the structural level to which Balanced Scorecards are cascaded can be important. Scorecards can be cascaded down to individual or work group level. Failure to push the cascade down to lower levels limits the impact that the Balanced Scorecard has because the further the cascade reaches the more relevant the scorecard becomes to the individuals. In the following table the columns are effectively independent, although comparison between columns will demonstrate the degree of consistency of approach. Results are displayed in Table 6.9, below.

Table 6.9: Summary of responses on roll-out of Balanced Scorecards to different structural levels and the time taken.					
(Data in brakets and italics represents disputed or isolated responses not consistent with other data)	**ACNS**	**CINCFLEET**	**FOSF**	**2SL**	**NSC**
Corporate level:	**1st - 7 to 8 months**	**1st**	*(2nd)*	**1st - 6 months**	**1st** *(3 months)*
Major strategic entity or divisional level:	**2nd - 18 to 24 months**	**2nd - 6 to 12 months** *(implement-ation subsequently suspended due to resource restrictions)*			**2nd**
Lower business unit, profit or cost centre level:	*(3rd - Ongoing)*	*(3rd - 6 months)*			*(3rd - concurrently with other levels in some areas)*
Personal level:					
Introduced at a mix of levels:			**1st**		
Not rolled out further:	*(3rd)*			*(2nd)*	

The oddity here is the data from FOSF that suggests that the Balanced Scorecard was introduced at the corporate level after it was introduced at other levels. However, if the MOD perspective is taken then the FOSF data may be regarded as the most accurate, because the Navy Sector introduced the Balanced Scorecards, with developments taking place at a number of levels simultaneously in various organisations, followed by development of the MOD's Balanced Scorecard. Elsewhere in the data "Corporate level" is seen as identifying the level at which the replies are given, ie ACNS would describe the TLBs as "Major strategic entity or divisional level", in other instances this would be regarded as the "Corporate level".

Clearly there is a difference of opinion in the ACNS area as to the extent of rollout. One respondent saw the Balanced Scorecard being rolled out to lower levels (HLB level or below) whilst another thought that rollout stopped at TLB level. Similarly, one respondent in 2SL only saw the Balanced Scorecard being rolled out at TLB level and no lower. The evidence of one respondent in CINCFLEET also suggests that work at HLB level ceased due to resource restrictions. The researcher's recollection is that there was some truth in this. Limited consultancy support delayed the work in some areas. The drive to complete the rollout and maintenance of the process at HLB level was eventually overturned by the Fleet First reorganisation that proposed the abolition of the HLBs as organisational entities.

Responses on the time taken at the various levels are so diffuse that there is nothing useful that can reasonably be concluded from this data.

Thus in summary, the Navy appears to have been successful in cascading the process down to an intermediate organisational level, although not all respondents recognised this. This suggests that there was only limited awareness of the overall process and what was happening in other areas.

(During the Fleet First process attempts were made in CINCFLEET HQ to develop SO1 level objectives that related to an objective cascade derived from 2* level Balanced Scorecards. This was the only attempt to specifically link objectives at a team and individual level, and was not expected to be in Balanced Scorecard format. As a formal process this was abandoned after about a year on the basis that it duplicated the normal objective setting regimes, particularly for civilian staff who are required to agree objectives annually as part of their performance reporting and "bonus" arrangements.)

2.18.   Impact of introducing the Balanced Scorecard.

Section 1 of the questionnaire sought to establish what the organisation was like before the Balanced Scorecard was implemented.   The next question therefore asks the respondents to compare what the organisation is like after the introduction of the Balanced Scorecard, and to identify any specific benefits during this period.   The aim is to see whether the process of implementation has affected the organisation. The question is asked again in relation to the post implementation phase to see which is seen as having the greatest impact.   The underlying issue here is whether the process of developing a Balanced Scorecard, with its potential for conflict resolution, increased clarity of objectives and improved working relations between managers, will have a positive impact on the organisation. Mayo discovered that positive and negative interventions with production workers improved output due to improved social cohesion between the workers. [13] Potentially this could happen with the introduction of the Balanced Scorecard, since although it was a new "management tool" it would aid clarity of objectives and cohesion between previously competitive resource managers.

Table 6.10: Level of impact from the implementation phase for the Balanced Scorecard.					
What impact did this phase have on the organisational performance, culture and climate?	Significantly detrimental:	Detrimental:	No discernable impact:	Positive:	Significantly positive:
Management process:		FOSF - 1	CINCFLEET - 1 2 SL - 1 NSC - 1	ACNS - 2 CINCFLEET - 6 2 SL - 1 NSC - 2	ACNS - 1 CINCFLEET - 3 NSC - 1
Strategic learning:			ACNS - 1 CINCFLEET - 1 FOSF - 2	ACNS - 1 CINCFLEET - 7 2 SL - 2 NSC - 2	ACNS - 1 CINCFLEET - 1 NSC - 2
Culture:		FOSF - 2	ACNS - 1 CINCFLEET - 5 2 SL - 1 NSC - 1	ACNS - 1 CINCFLEET - 4 2 SL - 1 NSC - 2	ACNS - 1 CINCFLEET - 1 NSC - 1
Climate:		CINCFLEET - 1 FOSF - 2	CINCFLEET - 7 2 SL - 1 NSC - 2	ACNS - 3 CINCFLEET - 1 2 SL - 1 NSC - 1	CINCFLEET - 1 NSC - 1
Other (please state):			CINCFLEET - 1		Sense of significant change. Focus.

Thus the impression of the respondents, shown in Table 6.10, is that there was a positive improvement in the management process and in the strategic learning. There is little overall agreement on any improvement in the culture or the climate. But then it will be recalled that respondents had some difficulty articulating these issues in Section 1, referring mainly to organisational structure. Note that the ACNS Balanced Scorecard is also seen as having had a positive impact on Culture and Climate. In contrast the impact on the FOSF HLB seems to have been generally detrimental. Although there is very little data, this may suggest that the impact of implementing the Balanced Scorecard was more positive at the higher levels than at the lower levels. Certainly at this stage there was no change in organisational structure. Other issues (eg reporting culture) might be seen as being reinforced, whilst the other issues about strategic perspectives are those that have been identified here as being overturned.

With regard to specific benefits attributable to the Balanced Scorecard, the key issues are (with examples of responses):

- **Improvement in management process** (recognised in, or prompted by, the previous question) **and recognition of the need for better management tools.**
  - *A more holistic approach to management of the NSC. But a need to manage by exception.*
  - *In terms of the FMB scorecard the benefits were that they were presented with information that really counted and which they could control, thus reducing the amount of information they were presented with and so leading to better decision-making. However, the tool is still being used to report progress rather than manage the business so further work is required before the full benefits of the scorecard will be derived.*
  - *Began to change attitudes (for the better) about the need for useful management tools.*
- **Shorter more focussed management board meetings.**
  - *Yes, board meetings more focussed and became shorter.*
- **A more strategic or holistic view.**
  - *Concentrated on what was important and what they could control or have significant influence over.*
  - *Corporate behaviour.*
- **Better focus or targeting of the issues requiring management.**
  - *It brought a welcome focus to discussion at Board Level and forced agreement on actions required.*
  - *Promoted greater understanding between customer and supplier.*
- **Improvements in PIs.**
  - *Performance metrics established.*
  - *Clear focus on PM (Both PIs, their targets and scores).*

Thus there are three specific things that emerge here that were not covered by the table above:

- **Recognition of the need for better management tools.**
- **Shorter more focused management board meetings.**
- **Improvements in PIs.**

These changes might be seen as operating at three different conceptual levels. Thus, the recognition of the need for better management tools is a strategic perspective since it applies much wider than the use of the Balanced Scorecard and the Management Board operation. Improved Management Board meetings represent an operational level improvement, which is supported by the collection of improved data at the tactical level in order to create the operational picture. It is therefore questionable why there was a stronger perception of an improvement in culture and climate within the organisation. This could be explained by:

- If the perception was that the impact was mainly at Management Board level, and its immediate supporting staff and processes, it might be that this was not seen as impacting the much wider organisation.
- The highlighting of significant issues, and a developed perspective of past poor performance in addressing these issues, might have a negative impact on perceptions.

2.19. Lessons learned from the Balanced Scorecard introduction phase.

A key issue highlighted by the Balanced Scorecard and other management tools and philosophies is the need to learn from experience. The next question thus sought to identify whether respondents had learnt from their experience in introducing the Balanced Scorecard, and if so, what.

Some of the issues highlighted here simply reinforce, or articulate, the lessons articulated in Balanced Scorecard literature. For example:

- **The importance of top-level commitment and the need to demonstrate commitment.**
  - *It is difficult to do but the commitment of the top man is vital.*
- **The need to restrict the number of measures used on the Balanced Scorecard.**
  - *Needed to think through axis. Initial PIs too numerous, too input focussed.*
  - *Too many performance measures cloud the issue?*

Thus the issue here is, whether, had the consultancy support been better and used more widely, and had there been a better (self-)education programme, some of these lessons would have been embedded in the process rather than emerging as learning points. However, important themes that emerge are:

- **Produce something relatively quickly and develop it rather than expect to get it right first time.**
  - *Start quickly and allow the scorecard to improve with use.*
  - *Using existing management plans/information is a good place to start building a scorecard in order to start the process and get the board used to using a scorecard, rather than embarking on detailed business analysis.*
  - *Don't expect to get it right first time. Ensure format dovetails with other BSC within organisation.*
- **Establishing the relationships between scorecards at different levels.**
  - *Need for consistency with level above.*
- **The need for predictive measures.**
  - *Relationship between top-level BSC and underlying data is crucial but difficult. Predicting future is difficult but valuable.*

- **Need for education, which will also help build commitment,** and
- **It takes time and effort to effect the cultural change needed.**
  - *Keep the top pages visually engaging, always be ready for drill down for more detail, keep it to bulleted text, graphics and coloured boxes. Must always show past and forecast trend. Must keep visibility of absolute requirement, in year target and current performance always, never separate. Only 50% senior managers confident to use Chots displayed information. Need to push then to explore this medium by CEO. 1SL example.*
  - *Buy-in to the process takes time – systems-thinking is a difficult concept for some people.*
  - *It's a slow process to enable/facilitate a profound culture change in a large organisation. More investment in people aspects is needed.*
- **Balanced Scorecard will change as the organisation develops.**
  - *That the balanced scorecard is dynamic - and must change with the business as it develops.*

Nevertheless some of the themes that emerge might be disputed:

- **Starting with existing measures** – This can lead to a waste of resources since existing measures may not be related to strategic direction. Certainly it was the researcher's perception that the early emphasis in CINCFLEET on the measurement of Force Element Readiness, which predominated in their initial Balanced Scorecard, did not pass the "So what?" test and merely precipitated the re-engineering of the Balanced Scorecard. This re-engineering took place within about a year of the initial Balanced Scorecard being developed, and consumed considerable resource, particularly consultancy support. Culturally perhaps this was an essential stage to go through in organisational evolution, but this predomination of existing measures rather than "measuring what is important" could have lead to the

Balanced Scorecard process being abandoned because it added nothing new.

- **Keep the development team small** – The failure to fully involve staff at all levels in the process may account in part for the Balanced Scorecard not becoming as key a management process as Kaplan and Norton believe it should do. In particular, the failure to deeply engage all the Board Members in the process, and to surface and resolve internal conflict, might be seen as another reason for not having got it "right first time". Taking more time and involving more people may mean you do get it "right first time", but the implicit distaste for such a methodology may reflect organisational culture and the "Let's crack-on" that is typical of the "Thruster-organiser" of Magerison and McCann's Team Management System, which is so prevalent in the management levels of the Defence Sector. [14]

Thus in summary, there have been many learning points that emerge from the implementation process. Some reinforce, or are merely consistent, with previous learning. Other issues highlight these specific implementations, and may thus be derived from cultural or process, and might not thus be consistent with other implementations.

2.20. Development of the Balanced Scorecard since it was introduced.

The next question moves into the post-implementation period and seeks to establish perceptions of how much the scorecard has changed. Kaplan and Norton's concepts would expect to see some change over time as strategy is implemented or as the strategy itself changes. This goes back to the double-loop learning issues covered in Chapter 2. However, with good management commitment, a poorly implemented Balanced Scorecard, or one that is developed in a fast changing environment might also be expected to change; respectively to improve its drive of management process, or to better reflect

the emerging environmental forces. Therefore the question is posed as to what is perceived to have driven those changes that have taken place.

Table 6.11: Perceived level of change to the Balanced Scorecard since its initial introduction.				
	There has been significant change:	There has been moderate change:	There has been little change:	There has been no change:
To the structure of the scorecard:	ACNS - 2 CINCFLEET - 4 NSC - 2	ACNS - 2 CINCFLEET - 6 FOSF - 2 2SL - 2	CINCFLEET - 1 NSC - 2	
To the content of the scorecard:	ACNS - 1 CINCFLEET - 5 FOSF - 1 NSC - 3	ACNS - 3 CINCFLEET - 5 FOSF - 1 2SL - 2 NSC - 1	CINCFLEET - 1	

Although only a four-point scale has been used in this instance, there is quite a strong overall perception that Balanced Scorecards changed significantly after initial implementation. The greatest change appears to have been in the content of the scorecards, although a number of respondents, as will be seen below, highlight the move from 5 to 4 perspectives. (And the researcher's recollection is that the original ACNS Balanced Scorecard was four perspectives, with a fifth being added before being re-brigaded back down to four.) This change might be seen as significant rather than moderate. Whilst all the respondents recognise that change had occurred, perceptions of the degree of change might be tempered by the degree of involvement and thus creating the perception that the first attempts were not very good. Thus under assessment of the degree of change is probably more likely in this instance.

Reasons given for the changes shown at Table 6.11 included:

- *Mainly changes at Fleet or above, and the transition to an Access based BSC.*

- *Axis change driven by TLB/Centre and content (PIs) changed as organisation learnt about BSC.*

- *Changes in the strategic plan - fresh issues requiring Board visibility - new hierarchical structure enabled less crucial information, in more detail to still be available but* [without] *clutter*[ing] *senior managers view of overall business performance.*

- *Refinement of what we wanted and aligned with the Departmental BSC.*

- *Organisational change; better understanding of performance etc issues.*

- *Refinements to performance measures are better [management information].*

- *Organisational restructuring. New objectives, programmes, drivers etc.*

- *Implementation of a 4-axis scorecard based on the results of Fleet Business Modelling, in order to capture business critical success factors - those parameters important to Fleet and over which Fleet has a high degree of influence.*

- *Continued development - primarily by consultants.*

- *Detailed business analysis conducted and alignment of structure with Kaplan and Norton.*

- *The need to better measure output.*

- *Redesign of the BSC iaw competing requirements to match card to the business or conform to that of higher organisation.*

- *MOD used different format.*

- *Need to be more relevant to Fleet's activities and management requirements.*

Two issues emerge here:

- **Changes in the structure and content were driven by the need for greater consistency across the organisation.** It is unclear from these

responses, precisely who drove the structural change back to four perspectives. Different candidates emerge and it may have been a combination of these since developments were going on across a broad front.

- o   MOD HQ.
- o   CINCFLEET/FMB.
- o   Consultants.
- o   The influence of Kaplan and Norton's concepts.

- **Changes to PIs resulted from a number of different issues:**
    - o   Better understanding of the business and management requirements to manage performance.
    - o   Changes in strategy.
    - o   Improvement in the structuring of information.

Thus changes seem to have emerged largely from a "back to basics" move in order to improve and extend the process. This highlights the problems of lower level organisations developing their own ideas in isolation from a strategic initiative driven from the very top of the organisation.

2.21. Impact and benefits of the Balanced Scorecard following introduction.

This section seeks to establish the perceived benefits of using the Balanced Scorecard. The questions change here because the use of the scorecard should address different issues to the development and introduction. Here the emphasis will be much more on the on-going management than developing greater understanding of the process, issues and consensus within the organisation. The issues, concerning attitude towards these questions, will continue to be relevant. Thus the advocates of the process are likely to continue to identify the positive aspects of the system, and the sceptics will be less enthusiastic or more critical. However, it is recognised that the poorest

opinions may not correspond to sceptics and the best opinions to supporters. The results are shown at Table 6.12.

Table 6.12: Level of impact during the post-implementation phase for the Balanced Scorecard.					
What impact did this phase have on the organisational performance, culture and climate?	Significantly detrimental:	Detrimental:	No discernable impact:	Positive:	Significantly positive:
Strategy:			ACNS - 1 CINCFLEET - 1	ACNS - 1 CINCFLEET - 8 FOSF - 2 2SL - 1 NSC - 1	ACNS - 2 CINCFLEET - 2 NSC - 2
Financial performance:			ACNS - 1 CINCFLEET - 7 NSC - 2	ACNS - 2 CINCFLEET - 3 FOSF - 2 2SL - 1 NSC - 1	CINCFLEET - 1
Output:		CINCFLEET - 1	CINCFLEET - 2 FOSF - 1	ACNS - 2 CINCFLEET - 7 FOSF - 1 2SL - 1 NSC - 3	ACNS - 1 CINCFLEET - 1
Organisational Learning:			CINCFLEET - 1 NSC - 1	ACNS - 2 CINCFLEET - 10 FOSF - 2 2SL - 1 NSC - 1	NSC - 1
Culture:		CINCFLEET - 1	ACNS - 1 CINCFLEET - 2	ACNS - 2 CINCFLEET - 5 FOSF - 2 2SL - 1 NSC - 2	CINCFLEET - 2 NSC - 1
Climate:		CINCFLEET - 1	ACNS - 1 CINCFLEET - 3 NSC - 1	ACNS - 1 CINCFLEET - 6 FOSF - 2 2SL - 1 NSC - 1	ACNS - 1 CINCFLEET - 1 NSC - 1
Other (please state):				NSC - The NSC was soon after subsumed within the DLO, which also took on the BSC.	ACNS - It has rebutted the mess deck criticism that the board have no idea what is going on, or going wrong. It is a highly effective problem delivery system, that causes the board to have to manage, be aware of problems and try to react or anticipate problems.

The following comment was also added:

- *These changes were as much about learning how to use the BS as they were about changing the format.*

Attitudes here, with the exception of those related to Financial Performance, seem to represent a much closer consensus on the Balanced Scorecard providing a "Positive" impact. However, there is one respondent from CINCFLEET who has generally little or positive disbenefit from the process.

The perceived specific benefits attributable to the Balanced Scorecard during this phase fall into two main categories:

- **Process benefits,** such as:
    - **Better management board functioning.**
        - *Senior management more focused; improved strategic outlook; improved management boards.*
    - **Better output focus.**
        - *Focus on underlying causes of performance shortfalls; better resource allocation.*
        - *Infinitely better management of the Navy both as a customer and as a supplier.*
    - **Better decision-making.**
        - *More informed decision making from increasingly timely and relevant information. Reduction in the exhaustive staffing process that delivered carefully crafted words to the board(s) that were then just noted.*
        - *Better approach to STP review of enhancements/ savings. Promotes/facilitates output focused management perspective. Better decisions.*
    - **Better focus on key issues.**

- ▪ *Identification of potential issues and ability to better prioritise.*

- **Outcome benefits,** such as:
  - o **Sea Harrier problems,**
  - o **Lynx problems, and**
  - o **Medical issues.**
    - ▪ *Isolation of problem output areas, eg Lynx rotor head, SHAR recovery programme; and kept at Board level on a monthly basis.*
    - ▪ *Ability to show non-performing suppliers, both public and private sector eg DLO, Surgeon General, Westlands, that their performance is being monitored, and its clear, auditable relationship with RN outputs. Raised performance has followed all briefs (except Surg Gen as yet - although we now have ministerial interest in the issue again through the balanced scorecard briefing at Admiralty Boards.)*
  - o **Fleet First.**
    - ▪ *The Fleet First management process has developed directly from the lessons learnt from BSC.*

Most of these issues had started to emerge in the implementation phase, so there is "nothing new", particularly, here. The issues are thus the degree to which these emerged, or continued to emerge, during the overall process.

2.22. Changes to the management process following the introduction of the Balanced Scorecard.

Since it could not be certain what respondents would reply in terms of the specific benefits obtained from introducing the Balanced Scorecard, the next question seeks to establish what changes have taken place to the management process. Potentially some respondents might see changes to the management

process as being beneficial. Specifically, respondents are asked to consider additions or deletions to the business process, although it is recognised that these might not derive directly from the Balanced Scorecard.

- *Greater focus on strategic leadership and change management at higher levels. BSC evolving.*
- *BSC takes some management action to prepare. This has undoubtedly increased workload on a quarterly cycle. New database system administrator will, however, spread this load.*
- *A monthly/quarterly process has been put into place to deliver the BSC for each Management Board. For some staff this has been redirection of their efforts, but for other has meant new (extra) work.*
- *None that I would attribute to the BSC, since most changes have been dictated by the personal management style of the TLB Holder.*
- *Planning process modified to reflect scorecard focus.*
- *It stimulated new performance management processes, but had less influence over other business processes.*
- *Enormous and profound - ie break-up of NSC and formation of WSA.*
- *Business processes radically restructured with the advent of the DLO.*
- *There should have been a smarter information collection process - enter once use many times.*
- *Complete restructuring.*
- *Financial process markedly improved. BSC has significantly improved ability to brief facts to CINC.*

Again there is a broad spectrum of responses; some arguing that no change has taken place whilst others argue substantial change is taking place. Few, if any of the issues are totally new. However, the substantial organisational change must be acknowledged. The role of the Balanced Scorecard in initiating some of that change, in providing continuity through it, or emerging as a key management tool beyond change must be acknowledged. This later point was highlighted previously in respect of the establishment of the DLO. Certainly

the NSC took the Balanced Scorecard into the organisational change and its relationship to the Navy Balanced Scorecard, its championing by key members of the new DLO Management Board, and the gradual adoption by MOD meant that it remained a key management tool.

Thus if there is any conclusion to be drawn from these answers it is that, some managers show a propensity to be led down a narrow path, whilst others are still able to think more broadly and recognised the importance of issues.

2.23. Extent to which the aims of introducing the Balanced Scorecard were met.

In Section 1 of the questionnaire respondents were asked what the purpose was of introducing the Balanced Scorecard. It will be recalled that the answers were summarised as:

- Focus attention on key issues facing the organisation.
- Improve and provide common understanding of key issues.
- Improve management control of key issues.
- Provide common process.

The next questions seek to understand how well these objectives have been achieved, and what are the key features that contribute to that success or failure. A four point scale is provided, together with the potential to dismiss the original objectives.

Table 6.13: Degree of achievement of original aims of introducing the Balanced Scorecard into the organisation.					
	ACNS	CINCFLEET	FOSF	2SL	NSC
Original aims fully met and exceeded:	3	4			1
Original aims fully met:	1	3	2		1 (although this respondent also felt that they were no longer relevant)
Original aims only partially met:		3		1	2
Significant shortfall against original aims:					
Original aims no longer considered relevant:					

The results at Table 6.13 suggest that there is some degree of conflict over the level of success that the Balanced Scorecard has achieved. Although the highest proportion sees the Balanced Scorecard as having exceeded expectations, there was a significant proportion that saw it as not having met those objectives. This may be related to expectations rather than extent to which the Balanced Scorecard has been successful.

A number of key themes emerge, illustrated by examples of responses:

- **Lack of initial understanding of the tool and its benefits.**
  - *Limited expectations of BSC. Its potential has surprised many managers.*
  - *Because we initially didn't realise what a useful tool it was.*
- **The benefit of having a strong champion or a Corporate drive to introduce the tool.**
  - *Strong leadership, availability of management trained desk officers, and timing.*

- Commitment of the Board supported by good staff work in the HQ to develop options between Board Meetings.

- **The strength of the tool itself.**
  - *Dedication of individuals and the flexibility of the BSC.*
  - *The strength of the tool. The enthusiasm of the champion and the project team.*
  - *It is easy to understand.*

- **The problems and cost of introducing the tool.**
  - *High-level commitment and quality (ie expensive) consultants.*
  - *The failure is due to insufficient knowledge of the CEO who was unable to fully understand the implications of the information being presented on the BSC.*
  - *Inability to measure or agree input PIs.*
  - *Not as successful as could be due to inadequate supporting MIS and management resistance to a paradigm shift.*

The most worrying comment, and hence the anonymity used in providing answers, is the inability of one CEO to understand the implications of the data provided. However, this may also highlight a failure in process, because, had the CEO been directly involved in developing the Balanced Scorecard and an underpinning cause-and-effect model, he would have immediately appreciated the implications of what was being presented. Thus this, and others of these comments, do suggest that there was limited understanding of the Balanced Scorecard process. Again this reinforces the findings at Table 6.1, which shows limited understanding of the tool.

These issues follow into the next question.

2.24. Understanding of the Balanced Scorecard now that it has been introduced.

As indicated immediately above, there is some suspicion still that the

Balanced Scorecard is not fully understood, even after it has been implemented. Respondents might be expected to show that there was greater understanding of the concepts, although some might realised the full potential of the tool now that it is beginning to be implemented and thus admit to a lower level of understanding. Indeed, Kaplan and Norton argue that they only began to appreciate the full potential of the system as they saw it being developed and used in the years following the initial development. Nevertheless, as has been shown in Chapter 2, if the organisation is to develop the use of the Balanced Scorecard as a key management tool or process, staff at all levels should be aware of the concept and should be briefed on the basis of performance against Balanced Scorecard objectives. Consequently, once the tool is in use, staff at all levels would show at least some awareness, even if the process has not be fully cascaded down via the use of personal or team Balanced Scorecards. The next question thus seeks to see the levels of understanding after implementation. A four point scale is used, as shown in Table 6.14.

	Not understood at all:	Fair understanding:	Good understanding:	Very good understanding:
Table 6.14: Level of understanding of the Balanced Scorecard post implementation.				
At Board level:		ACNS - 1 CINCFLEET - 1	ACNS - 1 CINCFLEET - 5 FOSF - 2 NSC - 2	ACNS - 2 CINCFLEET - 4 NSC - 2
At senior management level:		ACNS - 1 CINCFLEET - 1 2SL - 1 NSC - 1	ACNS - 2 CINCFLEET - 7 FOSF - 2 NSC - 1	ACNS - 1 CINCFLEET - 3 NSC - 2
At middle management level:	ACNS - 2	ACNS - 1 CINCFLEET - 5 FOSF - 2 2SL - 1 NSC - 1	ACNS - 1 CINCFLEET - 6 NSC - 3	
At junior management level:	ACNS - 2 CINCFLEET - 3	ACNS - 1 CINCFLEET - 5 FOSF - 2 2SL - 1 NSC - 4	ACNS - 1 CINCFLEET - 2	
At workforce level:	ACNS - 4 CINCFLEET - 7	CINCFLEET - 2 FOSF - 2 NSC - 4	CINCFLEET - 1	

Table 6.14 suggests that the perception is that understanding is good at board level, degrading to a limited or no understanding at working level. Since as has already been argued, the Balanced Scorecard must be understood at working level if action is to be orientated towards the desired goals, failure to educate staff at the lower levels might be seen as reflection of poor understanding at the higher levels. This is because it is essentially a departure from key Balanced Scorecard concepts. Alternatively, it could be argued that this is a cultural issue where staff are simply expected to obey orders, without knowledge of the wider strategy and the processes by which management is conducted.

2.25. Commitment to the Balanced Scorecard.

This question was originally designed to determine whether different organisations had a continuing commitment to the Balanced Scorecard once

implemented. It will already be evident that the mandating of the process in MOD renders this question superfluous. Consequently it will be no surprise to find that all who answered this question answered positively. However, some supplemented their answer giving a hint of an underlying motivation:

- **External policy driven requirement:**
  - *Yes (MOD Policy).*
  - *Organisation no longer exists - amalgamated into a larger organisation where BSC was mandated from more senior levels.*

- **A personal interest in the process:**
  - *I believe they are, but there is much work to be done to (a) educate all staff, and (b) derive the full benefits from the scorecard.*

2.26. Linking objectives to the Balanced Scorecard.

Earlier the need to drive staff in the required direction, through the articulation of the Balanced Scorecard objectives, was highlighted. The next question builds on that by seeking to determine the level to which organisational objectives are articulated and thus whether staff might be expected to understand how they contribute to the strategic aims of the organisation. The achievement of organisational aims may also be derived from motivational factors such as reward. The subsequent question that will also be covered in this section thus seeks to determine the extent to which reward is also linked to the Balanced Scorecard.

Table 6.15: Degree to which individual's personal objectives are linked to the Balanced Scorecard objectives.			
	Not linked at all:	**Partially linked:**	**Fully linked:**
At Board level:	CINCFLEET - 3 FOSF - 1	ACNS - 3 CINCFLEET - 4 FOSF - 1 2SL - 1 NSC - 1	ACNS - 1 CINCFLEET - 3 NSC - 3
At senior management level:	CINCFLEET - 3 FOSF - 2	ACNS - 3 CINCFLEET - 6 2SL - 1 NSC - 3	NSC - 1
At middle management level:	ACNS - 2 CINCFLEET - 4 FOSF - 2 2SL - 1	ACNS - 1 CINCFLEET - 5 NSC - 3	
At junior management level:	ACNS - 3 CINCFLEET - 7 FOSF - 2 2SL - 1	CINCFLEET - 2 NSC - 3	
At workforce level:	ACNS - 3 CINCFLEET - 8 FOSF - 2 2SL - 1 NSC - 1	CINCFLEET - 1 NSC - 1	

The data in Table 6.15 suggests that there is more likely to be a linkage between Balanced Scorecard objectives and individual objectives at the higher levels of the organisation. The question asks for an "explicit" linkage. Thus the inconsistency of answers and the fact that previously it has been determined that staff at the lower levels almost certainly have not been made aware of the Balanced Scorecard process, it is difficult to see how an explicit linkage could have been made. Some of these answers must therefore be viewed as being optimistic in respect of the lower levels of the organisation.

Table 6.16: Degree to which reward structure is linked to the Balanced Scorecard objectives.			
	Not linked at all:	Partially linked:	Fully linked:
At Board level:	ACNS - 2 CINCFLEET - 10 FOSF - 2 2SL - 1	ACNS - 2 CINCFLEET - 1 NSC - 3	NSC - 1
At senior management level:	ACNS - 2 CINCFLEET - 11 FOSF - 2 2SL - 1	ACNS - 1 NSC - 4	
At middle management level:	ACNS - 3 CINCFLEET - 11 FOSF - 2 2SL - 1 NSC - 1	NSC - 2	
At junior management level:	ACNS - 3 CINCFLEET - 11 FOSF - 2 2SL - 1 NSC - 1	NSC - 2	
At workforce level:	ACNS - 3 CINCFLEET - 11 FOSF - 2 2SL - 1 NSC - 1		

With such substantial agreement, demonstrated in Table 6.16, that there is no linkage between the reward structure and Balanced Scorecard objectives, the suggestions, mainly from NSC, that there is a linkage seems odd. Some of the additional comments may help explain this:

- *Partially linked (civilians only).*
- *Not linked at all, although for civilians the reward system does have a performance link.*
- *Not linked at all (although the board have agreed to specific objectives that will be linked to performance related pay).*

Essentially what is being referred to here is the increasing tendency to have a performance element of pay for civilians and senior military officers.

However, the researcher is not aware of any explicit linkage. There are two aspects to this:

- The Balanced Scorecard has not been cascaded down the organisation and therefore the ability to link performance, measured on a Balanced Scorecard, to civilian staff's individual objectives and achievement is a remote possibility. Indeed, since individuals are measured against personal objectives, any attempt to link performance to a corporate Balanced Scorecard, over which the individual has no say, and little ability to influence individual measure performance, would almost certainly be very strongly resisted. In that sense there is no concept of team or corporate performance. However, a "Minor Awards Scheme" has been introduced in recent years, whereby individual or team achievement can be recognised by line managers with the award of a gift of up to £50. Provision exists for such awards to include a minority of service or consultancy personnel within such teams.

- For the more senior staff who have a performance related element to their pay, demonstrable achievements highlighted by the Balanced Scorecard might be one way of seeking evidence in support of pay awards. However, the integrated nature of responsibilities within MOD means that scorecards often include critical issues over which the relevant senior manager has only partial influence. Thus for example, CINCFLEET's Balanced Scorecard has always included measurement of the availability of operationally capable forces. This is measured in terms of the four (METS) pillars of capability:

  o **M – Manpower** (is the vessel fully manned to the required standard),
  o **E – Equipment availability** (is all the required equipment ready and is everything work to the required standard),

- o **T – Training** (has the vessel undertaken the required training routines and performed satisfactorily within the laid down timescales),
- o **S – Sustainability** (is all the equipment and support required to sustain operational activity available and, where required, deployed).

Of these four pillars only "T" is under the direct control or management of CINCFLEET: M is primarily the responsibility of 2SL, E and S falls to NSC/DLO. Even then, Training can only be completed satisfactorily if the required manpower is available and the material condition (E) allows the training to be undertaken. Thus readiness failures, even in training standards, may not be under the direct influence of CINCFLEET, although he will be responsible for putting appropriate pressure on suppliers and assisting them in juggling priorities. It could therefore be reasonably argued that it would be unrealistic or unfair to directly link performance pay to Balanced Scorecards even for such senior officers.

It is therefore concluded that Balanced Scorecards do not directly influence reward, although they may be a contributing factor considered at the highest levels.

2.27. Future developments to extend implementation of the Balanced Scorecard.

This next section of the questions seeks to determine what further plans exist to extend the use and the functionality of the Balanced Scorecard. The expectation would be that this would indicate whether the development programme is considered to have matured and thus little further develop will take place, or whether lessons learned about the process will facilitate further development. The first question relates to the degree to which plans exist to

roll-out the Balanced Scorecard further within the organisation, and over what timescales. Input received included:

- *Some new scorecards will be developed for the new HQ. It is likely that FMB and FMG will use the same (current) scorecard (although we have recommended that each have their own to reflect the nature of the business). FOST and COS(Support) will have their own scorecards. Fleet has yet to decide whether other functional groups will have their own scorecards. FOST and COS(Support) scorecards will be developed by 1/4/02.*
- *Continuous development and improvement.*
- *Yes - 1 to 2 years.*
- *Intention is for BSC to be implemented only at senior levels of management.*
- *It will change with Fleet First, although Type Commanders already have their own and these will essentially just be "cut" in a different way post Fleet First.*
- *Linkage to individual objectives is planned.*
- *New DBSA will involve most of the organisation. This is being implemented now.*
- *2 to 3 years.*
- *No - not needed as such at the lowest levels.*
- *Yes mandated at HLB level, being implemented at BLB level and below. Full implementation within 2 years.*

These answers reflect a number of issues:

- **A degree of uncertainty that may arise from:**
  - **Staff moving on to other jobs and therefore being unaware of the specific plans in the area in which they were previously involved.**
  - **The impact of organisational changes.**

o **Uncertainty arising from the influence MOD Centre taking over the sponsorship of the Balanced Scorecard.**

- **The impact of organisational changes that require existing Balanced Scorecards to be scrapped in favour of new ones, reflecting changed responsibilities of senior managers.**

- **A perspective that the Balanced Scorecard is only required at the more senior levels; although there is at least some suggestion that in some areas the concept may be rolled out to lower levels.**

This suggests that there is only limited commitment to the Balanced Scorecard process. A stronger commitment might have resulted in clearer ownership and drive to implement the process, and a commitment to seeing the process implemented at lower levels.

2.28. Planned changes to the Balanced Scorecard and the Balanced Scorecard processes.

The aim of the next two questions was to determine, not whether the process was to be extended, but whether the Scorecards themselves, or the processes that support them, were going to be developed further. Here again this would demonstrate commitment to the process if further investment is to be undertaken. Firstly, the development of the Balanced Scorecard itself:

- *Alignment (vertical).*
- *Vision for horizontal alignment.*
- *Ongoing refinement in the light of experience.*
- *More strategy focused, linked to objectives and target setting to measure success of strategy and instil correct corporate behaviour. Databased version to reduce staff workload. Ownership of KPIs/PIs and more explicit description of algorithmic aggregation for top level colours.*
- *Continued developmental changes.*

- *Changes to reflect major reorganisation and ongoing internal and external business change.*
- *Only changes to reflect organisational changes.*
- *Incremental improvement of PIs.*
- *Web browser, underpinned by an access database, to dock completely into MOD centre and D P+A requirements.*
- *None at present.*
- *Presently introducing the Access based BSC, that will involve even more staff.*
- *Moving to the DBSA to keep in step with Fleet, and others.*

Again the issue of uncertainty emerges. However, some of the replies have clearly confused the Balanced Scorecard with the process, and thus process changes will be taken with replies to the next question. But essentially, it seems that only incremental improvements to the PIs are planned. This suggests that people are now generally content with the overall structure and content of the Balanced Scorecard, or that interest is declining.

Looking at the process issues in the last two questions, whilst there is a degree of uncertainty, there is also a degree of commitment shown to developing and improving the process. Planned process improvements highlighted, in addition to the "Don't knows":

- **Improvements to the IS support of the process,** and
- **Risk management.**
  - *Now delivered electronically. Development of PIs, including risk.*
- **Improved alignment of Balanced Scorecards, both vertically and horizontally.**
  - *All new scorecards will be developed using the systems thinking approach to ensure consistency and coherency with the FEB scorecard.*

- **Wider involvement in the process.**
  - *More staff will be involved in the performance assessment as the access based BSC is rolled out.*
  - *Involve more staff at a junior level. A requirement of the DBSA and to spread the workload. Also supports the new HQ organisation.*
- **Better trend analysis and forecasting leading to more proactive management.**
  - *Greater use for forward looking and risk management; less use as a reporting tool.*
- **Improved decision management.**
  - *Greater emphasis on trend analysis to encourage proactive rather than reactive management.*
- **Need to learn from experience.**
  - *Recognition of need to learn and develop.*

Thus there are some mixed messages emerging from these answers. Some people seem very unclear about how the Balanced Scorecard and its processes will develop, whilst other have a clear vision of how processes can be taken forward to extract even greater value from the Balanced Scorecard. This would suggest that there is still a degree of commitment to, and enthusiasm for, the process.

2.29. Future expectations of the Balanced Scorecard.

The next question thus tests the commitment directly by asking about organisational expectations of the Balanced Scorecard.

Again the number of people responding with uncertainty is perhaps surprising and stands in contrast to some very positive responses. Indeed the responses almost seem at the extremes. In addition to the almost inevitable "Don't knows" the responses can be summarised as:

- **Strong commitment to embedding the concept at the heart of the management process.**
  - *It is the principal XB agenda item and is the preferred management medium.*
  - *Develops into major day to day management tool.*
  - *That it will continue to be at the heart of business.*
- **It will provide a strategic management tool.**
  - *To enable the Board to give and monitor implementation of strategic directions.*
  - *It will continue to provide a strategic overview of business processes and performance.*
- **It will drive organisational learning and improvement.**
  - *Improved output management.*
  - *Continued improvement.*
- **It will drive communication and objective cascade.**
  - *All down to middle management to have personal objectives tied to scorecard. Fundamental part of performance management.*
  - *A fully populated, database driven version that permits transfer of data up to NAVB/DMB and even across to DLO etc. A Balanced Scorecard that may be examined and provide the examiner with a clear view of what Fleet strategy is. A way of measuring the success or otherwise of in year achievement or corporate objectives, as distilled down to SO1 level throughout the new HQ.*

Despite a strong, "Don't know" lobby, most people see the tool as having an important role in the management and development of the Royal Navy.

2.30. Future developments to extend implementation of the Balanced Scorecard.

Another test of commitment to the Balanced Scorecard is to look at any plans to introduce other management tools or processes that might conflict or detract. Of course some may complement the Balanced Scorecard, or may even have be planned as a result of problems highlighted through using the Balanced Scorecard. There are three main answers in the responses provided:

- **Don't know:**
  - *Not known.*
  - *Continuing readiness to introduce useful tools and techniques.*
  - *Very much dictated by the TLB/Centre.*

  These comments, in the main, reflect people who have left the organisation and are therefore unaware of current plans. But this group can also include those who see the introduction of new business tools and processes as something that is imposed on them.

- **Many:**
  - *Too many!*
  - *Performance Management in its totality.*
  - *Many! Eg EFQM.*
  - *Many - ISO 9000/2000, IiP, ROSPA, etc etc.*

  These may represent the "We must have a new initiative" brigade of those who see change as a mark of achievement. This community is viewed with derision by others who believe that there are too many initiatives and these initiatives never produce anything worthwhile. However, there may also be an undertone here of people who now recognised that business tools can aid management and see the potential to increase the use of such tools. Alternatively, such responses may be a reflection of a "performance measurement" culture. (The Performance Management mentioned here was a work stream within the Fleet First programme aimed at completing the

development of the Balanced Scorecard process for the new structure, and to facilitate the connection with SO1 level objectives.)

- **EFQM:**
  - o *Business development process instituted - EFQM next - greater focus on learning in the workplace - new organisational structure under Fleet First at Fleet.*
  - o *EFQM may be introduced in the next five years.*
  - o *Potential for benchmarking and EFQM.*
  - o *EFQM considered, but all initiatives on hold due to HQ reorganisation.*

  Originally seen as a competitor, EFQM became increasing represented as a complementary process.

Thus there is nothing here to suggest that there was any real threat to the Balanced Scorecard as a key management process.

2.31. Other comments.

Finally participants were invited to make any additional comments about issues that they thought had not addressed, or to add additional specific evidence that contributed or supported their views. (Because some of the comments are quite extensive, they have been interspersed with summary to aid the identification of lessons.)

- *The Balanced Scorecard concept has now been developed with the Defence environment and has become a mandated system for reporting. This development was not due to work undertaken in ..., but ... has been well positioned to meet emergent requirements from the wider implementation.*
- *I left ... over a year ago, so my recollection of events has been clouded by a busy past year at ... - where I have incidentally influenced a BSC for our newly formed Management Board!*

These comments highlight the issue raised above that, having been instrumental in introducing the Balanced Scorecard in one organisation; individuals have moved on and thus become unaware of the development in the organisation which they left. However, two issues emerge:

- **The Balanced Scorecard became mandated as a corporate management system.**
- **Those people who did move on to other organisations were well placed to help in develop of the concept in new areas.**

- *Within …, the BSC has been introduced, primarily, due to direction from Fleet. Though there was some resistance at the outset, the BSC has focused Management Board business, resulting in streamlined meetings. Board Members are aware of their responsibilities and know where to focus their attention.*
- *But the BSC is only as good as the effort put into its construction and subsequent updating. Areas or issues not identified (and given PIs) are not included and can then risk exclusion from SFMB business. … operates an annual review and the new DBSA can accept updates at any time.*
- *Though the BSC has simplified some of senior management's work, there is a considerable chain of work below and this has been an area of some growth. (The DBSA may reduce and spread this work.)*
- *As is common with IT systems, rubbish in at the lower levels will deliver rubbish to the SFMB. Extra effort is expended to check most inputs; future developments must rely on a central pool of data that is collected once, checked once and used many times. Finally, in using the tool, it is absolutely crucial that a constant review of management actions is in place. Capturing and presenting so much fine grained information can easily seduce Board Members into thinking effective action is in hand, when it is plainly not.*

- *The BSC has proved to be a very good learning tool that has focused attention on the more important aspects of the HLB's business. It has also improved consideration of strategic issues and helped to link finance to all other business.*

- *The downsides are two-fold. Firstly the BSC relies on a significant input from many members of staff. Counter to this is the (probable) reduced workload for senior management. Secondly the BSC uses the PIs in the Management Plan and is therefore only as good as the PIs (rubbish in, rubbish out). However, over time this, both these problems, should become less of a problem.*

Key issues added here are:

- **Improvement of management process.**

- **Improvement in management focus.**

- **Improvement in the understanding of important and strategic issues.**

- **Danger of not including all the important issues in the Balanced Scorecard.**

- **Increased work at the lower levels to support the Balanced Scorecard.**

- **Proper use of IS to support Balanced Scorecard.**

- **Need for accurate information.**

- **Measurement is not management.**

- *But has scorecard approach been of any practical value? A few examples:*
  - *£48M additional for SHAR from DMB.*
  - *SHAR pilot FRI.* [Programme to improve retention.]
  - *Transfers within DLO to improve Lynx availability.*
  - *DLO internal funding of submarine repair programme.*
  - *Enhancements to* [HMS] *Ocean - no cost to naval TLBs.*

- *Speeding up strategic manpower review (Topmast).*
- *Pressure to explore short-term palliatives to front line manning problems such as understanding of extent of medical downgrading and allied DCSA under performance.*
- *This is NAVB taking a strategic view of business performance - analogy is to shining a torchlight rather than using a screwdriver.*

- *Other benefits:*
  - *Empowerment of board through information.*
  - *Navy at a glance.*
  - *Dealing with matters outside direct control (DLO, DPA) ie enabling the intelligent customer function and ...*
  - *Dealing with other suppliers eg ... - Westland*

- *One of my specific objectives (self set) when I became ... was to modernise the Navy Board's management tools. I therefore instituted a programme to develop:*
  - *Output based performance plan.*
  - *Balanced scorecard.*
  - *Strategic plan.*

  All in place within 2 years. Original versions held in DNRP.

- *We do need to align the DLO BSC with other TLBs - eg Fleet, DPA etc.*

Here the new issues are:

- **A number of specific improvements resulted directly from the use of the Balanced Scorecard.**
- **Improved management of the relationship with other MOD and external bodies.**
- **Important role of Champion.**

- *...As far as I know, the Naval Support Command was the first part of the MOD to use the balanced scorecard, at least at TLB level. There were a number of stimuli, but two I think were particularly significant. When I arrived in 1994, the NSC had only just been set up, with the constituents coming from previously independent baronies including CINCNAVHOME, Chief Executive Dockyards, DGST(N), and CFS himself. Most of these had not taken kindly to coming under a single command. I felt strongly that there was both a need to find a consistent method of measuring and then managing performance across these different areas, and that focussing on collective performance would be a good way of stimulating corporate as opposed to adversarial behaviour. It was originally at the suggestion of Mr Alistair Cumming, then Managing Director of British Airways Engineering and our non-Executive Director, that we started trying to develop a balanced scorecard - which he had introduced into BA Engineering.*

  The second stimulus was the Capital/RAB programme. You will recall the original capital vision of "a department managing by outputs at all levels". This required us to develop metrics for measuring output performance in CSAs with our main customers. It also required us to understand the lower level outputs (for example in the NBSA, DGA(N), and Ship Support Agency) which contributed to the intermediate ones in our CSAs with Fleet. These then needed to be brigaded together to the level of the TLB in order to monitor our performance internally, and adjust effort and resource allocations to areas requiring remediation.

  Although we had a rudimentary scorecard up and running within six months, it really took about two years before the scorecard was making a real difference to behaviour at Board Level, and the performance of the Command. About that time we started forming up the Defence Logistics Organisation, and we were able therefore to take the Naval Support Command Model and adapt it to the new

circumstances. In this respect the scorecard proved particularly powerful in providing a corporate overview of what had previously been three entirely separate TLBs.

Just before I left the DLO I recall a particularly strong example of the power of the scorecard in focussing in Board level attention to analyse particularly persistent problems, which was poor availability of the Lynx helicopter, in both its Army and Navy versions. Usually poor performance is summarily attributed to lack of resource, and poor performance in the supply chain. It is certainly true that the supply chain was put under great strain by the failure of the mono-block rotor head, but on further analysis it was discovered that there was also poor practice in not dis-engaging the auto stabilisation system when the helicopter was firmly tied to the deck with engines running: this meant that the aircraft was effectively trying to stabilise the ship, which was putting appalling strain on the rotor-heads!

Similarly, poor availability of the Army Lynx was often attributable to lack of second line maintenance manpower as to lack of the correct spares supplier. What this shows is that the scorecard is not only a powerful way of providing strategic management, but it is also a good way of forcing managers to look underneath the obvious when persistent problems arise.

Issues highlighted include:

- **Management's adversarial behaviour prior to the implementation of the Balanced Scorecard, due to individuals promoting their own organisational issues and agenda.**
- **Benefit of having an external manager as a Non-Executive Director to provide high level advice on management issues.**
- **Influence NSC brought to the development of management processes in DLO.**

- **Balanced Scorecard drives managers to examine underlying problems.**

- *The [BSC] is a fine tool and a very poor master. Its main use is to act as template for describing the business, reporting and, most of all, for looking ahead at what must be done to move forward.*

- *I would feel that the introduction of a BSC approach in any area where I was involved in the future would be a very high priority.*

- *The IT systems are inadequate for everyone to embrace the culture. Therefore the process is time consuming.*

- *A crucial stage in developing a scorecard is to undertake a thorough business analysis, this does not have to be an early stage as use of the scorecard as a process and tool ought to be embedded early on.*

- *As I remember, the BSC was originally proposed by the ASI who were implementing Project Capital within Fleet TLB at the time. CINC became engaged with this as a modern management method which he could use effectively. I believe this was one of the first BSCs to be delivered in Defence, and was produced with the heavy backing of the N8 leadership and costly consultants. The Fleet BSC preceded the founding of the Directorate of Performance and Analysis (DP&A) in Main Building which was responsible for the FPMG (now DMB) BSC, thus starting a "BSC fever" across the defence organisation.*

Additional issues highlighted are:

- **The requirement for effective management is not overturned by the use of the Balanced Scorecard.**

- **The Balanced Scorecard is more than an IS reporting tool.**

- **Seen as possible to implement early version of the Balanced Scorecard before fully understanding the business processes and issues.**

- **Benefits of having consultants (business process experts) albeit that they are extremely costly.**

- **Introduction of the Balanced Scorecard may have started in different places at about the same time. However, the Royal Navy's use of the Balanced Scorecard was influential in driving its use across the remainder of MOD.**

2.32. Overall analysis and summary on the questionnaire on the introduction of the Balanced Scorecard into the Royal Navy.

Although the questionnaire was tested and comment was invited, the experience of using the questionnaire with the target audience has highlighted some problems and the need to improve the wording in some areas. For example, having ultimately used the questionnaire in the MOD it is clear that wording could have been made more specific to the culture. Nevertheless there do not appear to be any major problems arising from the wording, and a substantial quantity of good quality data was provided. Probably more effort should have been made to track down and utilise information from sources close to the implementation, although the problems of rapid memory fade seem to present some problems for some who did respond to the questionnaire. Similarly, the early development work appears to have been conducted by a comparatively small group in many areas, consequently some replies from those on the fringes seem to views at odds with those more closely involved.

The quality of the responses provided varied somewhat. Some were clearly sceptical. Others seemed to have a shallow appreciation of the issues providing very brief input that did not always conform to the consensus views. The researcher has deliberately avoided identifying such views separately since such views nevertheless represent views held within the organisation. In contrast other views were rich in detail and may thus dominate views obtained

from the survey. Every effort has been made to be inclusive in terms of the input provided.

Considerable changes in attitudes have been articulated by some respondents, and there is evidence of concern about management process in order to achieve improvements in outputs. Thus before the Balanced Scorecard was introduced the organisation is assessed as:

- **Conservative.**
- **Parochial**
- **Adversarial.**
- **Stovepiped.**
- **A traditional hierarchy.**
- **Having a narrow, short-term focus on local input and output issues.**
- **Having a reporting culture.**
- **Non-strategic in outlook.**
- **Becoming aware of the need for a more strategic approach.**

Following implementation the following had occurred:

- **The Navy had provided the impetus for the introduction of the Balanced Scorecard across the whole of MOD.**
- **Managers from the Navy Sector were influential in Balanced Scorecard developments elsewhere within MOD.**
- **There was a more strategic outlook.**
- **Management was more focussed on key issues.**
- **Management processes were more effective.**
- **Strategic changes had been implemented as a result of the introduction and use of the Balanced Scorecard.**
- **Business process failures had been identified and corrected through the use of the Balanced Scorecard.**

- **Internal and external relationships were being managed in a more effective manner due to better focus and less adversarial approach on key issues.**
- **Benefits of modern management processes were recognised thereby making it easier to improve processes, eg by the introduction of new management tools.**

Ultimately the work done in MOD was recognised by Kaplan and Norton themselves, [15] and MOD was also being held up in Whitehall as an example of a Department using modern management tools. [16] But despite this, there were those for whom the experience was by no means memorable. Some people were unable to fully articulate the issues within about a year of moving away from an organisation in which they were heavily involved in developing the process.

This suggests that for some senior managers there has been a significant shift in the business management issues, processes and outcomes. However, the rotation of staff away from such posts does mean that the changes will not necessarily be evident to all new comers; it will depend on how closely they were involved in previous tours of duty in related posts. Similarly, some of those directly affected by the changes will have reached the end of their careers and will therefore not be in a position to sustain the developments, eg by promoting the "myths and legends" to other staff. For others it would appear that this was probably just another "initiative", or management fad, in which they were involved and it will not have a lasting impact on them.

3.   **Balanced Scorecard implementation in CGRM.**

In the introduction to this Chapter, and as noted previously, Lt Cdr N Boyes has undertaken an analysis of the implementation of the Balanced Scorecard in CGRM's area. [17] Extracts from that work are provided here in order to add an additional dimension to the work undertaken in CINCFLEET. Again the quotations are

substantial to give the reader an opportunity to evaluate, for themselves, the cultural issues.

In relation to why the work was undertaken, and the attitude of CGRM [18], Boyes comments about the driving forces behind implementation,

> *"Within the Royal Navy* [CINCFLEET] *was personally seized by the need to improve decisions, particularly resource allocations and the need to align with the DMB's process. ... The* [CGRM] *also wanted to be involved early with the development of the BSC for similar reasons and acted as the lead* [HLB] *within CINCFLEET, for the development of the HLB scorecards."* [19]

This supports the issues about the attempts to align with the hierarchy of Balanced Scorecards, but may seem to suggest that work at the DMB started much earlier. Responses to a questionnaire sent to the DP+A area, but not included so far in this Chapter, suggest that initial work on the DMB Balanced Scorecard started in September, 1999, and the initial scorecard was introduced in April, 2000. This is about 18 months to two years before Boyes undertook his study and may help explain why the issues are presented in this manner.

Another reason for early adoption of the Balanced Scorecard by CGRM was the perceived differences in issues and culture that are highlighted by Boyes.

> *"One aspect of the cultural and organisational difference between the Royal Marine Command (RMC), commanded by CGRM,* [20] *and CINCFLEET is worth exploring at this point. In the main, the other Type Commands, and to a large extent the CINCFLEET HQ, are 'platform focussed', whereas the RMC is essentially focussed on the trained Marine. This platform focus goes together with an equipment centric view and managing resources for the procurement*

> *and support. Essentially the 'Navy man the equipment – the Marines equip the man'.* [21, 22, 23]

Boyes goes on to explain that, whereas Naval recruitment and training is undertaken by 2SL, RM recruitment and training is undertaken entirely by the RMC. Thus the business issues in CGRM's area are different to those of CINCFLEET.

> *"Performance Measurement is not new to the Armed Forces, it has been a feature of Defence Management for many years, not least to inform the report made to Parliament annually by the MOD. However, the scale and pervasiveness of performance measurement has increased over time, with the MOD seeming to have an inexhaustible appetite for data."* [24]

This supports the "measurement culture" referred to by earlier questionnaire respondents. Boyes also highlights CGRM's hope that the development of the DMB scorecard would rationalise measurement requirements and thus reduce the administrative burden. [25]

The development of CGRM Balanced Scorecard was led by the CGRM COS, at the direction of CGRM. Thus there was both senior management commitment and a senior level "Champion". An implementation team of the Management Planning department was created to develop and implement the Balanced Scorecard. Both of the Management Planners had undertaken MDA training, but were also in contact with CINCFLEET, DP+A staff and CINCFLEET's supporting consultants. This provided the implementation team with the training in support of the process. [26]

Reference is made to the selection of an "off the shelf" software solution provided by the consultants. It was the researcher's recollection that this "off the shelf" solution was actually the continued development of the Access development initiated by CINCFLEET following the failure of the PowerPoint development. CGRM were influential in helping to develop the further development of Access database. [27]

Development of the CGRM Balanced Scorecard used the frameworks that by that stage were common to both DP+A and CINCFLEET. However, an iterative process was used to define the KPIs, which involved staff from 1* COS down to and including SO1s. [28]

Boyes explains that the early development of PIs was passed to the consultants for incorporation into the database for demonstration purposes.

> *"During this initial design phase the author observed a fairly mixed reaction from the CSOs' and SO1s'* (sic). *These reactions ranged from, 'I hope this will go away –I'm too busy', 'This is really Blue Peter Management', 'What is the minimum I need to do to met the requirement?', to 'My area of business is not correctly represented here – I should have more KPIs'. It was clear that despite the strong and clear leadership given by both CGRM and COS that the 'buy-in' by the senior management team was rather less than 100 per cent …"* [29]

The early lessons learned in this development and implementation phase were:

- **An underestimation of the work required.**
- **Insufficient work on educating people on the concept.**
- **Insufficient involvement of wider work community leading to a perception that the Balanced Scorecard was simply a planning tool.** [30]

The implementation team therefore sought to address the issue of gaining wider ownership, but were not entirely successful.

> *"Sufficient progress had been made in the initial design phase to enable an outline performance plan for the forthcoming plan year* [2001/02] *to be produced and CGRM was in a position to articulate*

his strategy in a document called 'The Commandant Generals (sic) Intent' for inclusion in the plan. This document provided the strategy steer for the remaining development. It is considered to be a good example of translating the vision into tangible terms, the lack of commercial business language should be noted and the style is well suited to the intended audience. In general the reverse was true of the process and with the term BSC in particular which was distasteful to many. One SO1 had even set an auto filter on his e-mail application to delete messages on receipt that contained the term or its abbreviation." [31]

The next stage of the process was quite rigorous and involved the COS, as Champion, holding one or more two to three hour discussions with the CSOs. This agreed the PIs in principle and was followed by detailed development between the individual CSOs and the project team leader. This effectively engaged the top management team more fully and thus increased the degree of organisational commitment; although Boyes suggests that pockets of scepticism remained, with SO1s tending to reflect the views of CSOs. The total KPIs at this stage was 18, but there were over 600 supporting PIs. [32]

At that stage, full implementation, a series of briefings was programmed to highlight the finalised Balanced Scorecard and how it would be used. A representative of DP+A was invited to speak to CGRM's Management Board.

"As an illustrative example he recounted a recent DMB decision to allocate additional resources to rectify a deficiency with ammunition for the Royal Marines. This was in response to a regular periodic report that had been submitted by HQRM which had quantified the problem and the operational impact. The punch line to this example was that the resources were transferred from the Army because they were unable at that time to report their readiness objectively so could not articulate the impact of the resource given up. The

audience was suitably impressed, but the author was left wondering about the subliminal message being transmitted and where the internecine behaviour would impact next." [33]

This comment, together with the one that followed immediately does suggest that Boyes may have shared the scepticism of the Balanced Scorecard that others in the HQRM held.

"However inspiring and educational the messages and briefings were, that this was a fundamentally new management concept for changing the way business was to be conducted; it was not easy to reconcile with the activity it had generated thus far – which was devising a performance measurement system." [34]

The development process, although not fully complete (only about 40% of PIs were completely finalised) had taken about 18 weeks. Also at this stage work was being disrupted by Fleet First activity. [35]

Boyes goes on to describe the process and issues post implementation. Despite strong support at senior levels, middle management continued to show a pockets of scepticism although there were *"... islands of enlightenment where staff were quietly enthusiastic ...".* [36] Review of supporting PIs led to a reduction to about 450. [37]

The record of events presented by Boyes supports the conclusions gained from the earlier questionnaires. Boyes does refer extensively to the use of CMG as the consultants in this work. CMG were indeed involved, particularly in the development and implementation of the software. However, PriceWaterhouseCoopers were also known to be involved for a major part of the redevelopment in CINCFLEET and in the subsequent deployment to HLB level.

The issue highlighted by Boyes, which was not evident from the survey undertaken, is the ability and willingness of middle management to frustrate the intentions of senior

management. This should not overstated in terms of as a willingness to disobey direct orders, but is important in the context of the results of the cultural survey of CINCFLEET HQ that are described in Chapter 7.

4.   How successful was the implementation of the Balanced Scorecard in the Navy Sector.

Section 2 of this chapter has sought to answer this question from the responses provided by those involved in the process against criteria set by the researcher. This section seeks to re-present the material against a different set of measures. It will be recalled that in Chapter 2, the lessons learned by various authors in their implementation of the Balanced Scorecard were aggregated into a set of 20 guidelines. This framework will therefore be applied to assess the implementation in the Navy Sector. (See Table 2.1.)

	Table 6.17: Factors likely to impact Balanced Scorecard implementation.		
	Guideline for implementation:	**Assessment of CINCFLEET implementation:**	**Guideline followed:**
1.	**Top Level Commitment.**	Strong top level commitment, except in 2SL. This is different from Top Level involvement. Much of the development work done at SO1 level.	**Yes**
2.	**Involving more than Top Management.**	Other than work done by project officers, other levels of management not generally involved.	**No**
3.	**Ensuring a broad spectrum represented in development.**	Development restricted to senior managers and planning organisations.	**No**
4.	**Agreeing strategy before developing the scorecard.**	Initial developments were based on existing performance measures.	**No**
5.	**Focusing the scorecard on strategic objectives.**	Increasing understanding and focus on strategic issues as Balanced Scorecards developed.	**Yes – partly.**
6.	**Avoid focussing on worthless measures.**	Initial developments were based on existing performance measures, but increasing sifting of existing measures and development of new measures.	**Yes – partly.**

7.	**Adapt the scorecard to meet local requirements.**	All scorecards developed locally to meet local issues. Some constraints about need to consistent use of PIs at all levels.	**Yes**
8.	**Executives use the Balanced Scorecard strategically.**	Increasing focus on strategic issues.	**Yes**
9.	**Using terms consistently.**	Clear articulation of PIs.	**Yes**
10.	**Utilise pilot projects.**	Development of scorecards staged as understanding developed.	**Yes**
11.	**Use experienced consultants to support implementation process.**	Initially no, but the major developments in CINCFLEET and CFS used consultants.	**Yes – partly.**
12.	**Avoid misusing the Balanced Scorecard.**	Scorecards used strategically with no interference from higher levels.	**Yes**
13.	**Construct and understand the cause-and-effect map.**	Extensive and complex cause-and-effect map developed in CINCFLEET, but not known to exist elsewhere.	**Yes – partly.**
14.	**Use the Balanced Scorecard to drive the compensation process.**	No direct linkages to the Balanced Scorecard.	**No**
15.	**Use the Balanced Scorecard to support organisational learning.**	Initial scorecards in ACNS, CINCFLEET and CFS developed as a result of increased understanding of issues. 2SL's implementation more cosmetic and thus less influential.	**Yes – partly.**
16.	**Balanced Scorecard must be properly resourced.**	CINCFLEET and CFS developments were thoroughly resourced, but ACNS and 2SL developments were developed locally. CINCFLEET software development eventually used throughout MOD.	**Yes**
17.	**Properly balance the IT issues.**	Although creation of new database within CINCFLEET developed into a major issue, it did not dominate the development of the Balanced Scorecard itself. IS developments elsewhere were minimal.	**Yes**

18.	**Ensuring a proper understanding of Balanced Scorecard issues.**	Full explanation of Balanced Scorecard provided within CINCFLEET and CFS areas at most levels in the HQ. Not explained to all staff, and 2SL undertook little education beyond those directly involved. Other areas relied mainly on self-help, although the Navy Board is known to have received presentation from major UK company.	**Yes – partly.**
19.	**Avoid over-complex and lengthy development.**	Again, in the CINCFLEET area the development did eventually become complex and lengthy, due to the creation of an extensive cause-and-effect map and IS development. Elsewhere implementations were much less complex and lengthy.	**Yes**
20.	**Clear objectives for Balanced Scorecard programme.**	Although purposes were not universally recognised, originators and champions seem very clear on objectives.	**Yes**

At a superficial level these developments score 16 out of 20 items fully or partly adopted: perhaps somewhat generously since the four implementations did vary significantly. Nevertheless, this would seem to suggest a very well executed programme. However, it must be recognised that this activity has largely been constrained to Headquarters and Shore Establishments, and the Balanced Scorecard has not been rolled out across the full extent of the organisation. Staff at the lower levels have no routine visibility of what are still generally regarded as "strategic" tools, and little effort is made to use the Balanced Scorecard as a basis for communication, and certainly not on a regular basis. (In the context of the Defence Balanced Scorecard, the researcher was present at a Central TLB Finance Conference in September, 2003. Consecutive presentations by 2nd PUS, DGFM and ACDS(RP), on the issues affecting the finance community, failed to make any reference to the Balanced Scorecard.) Thus, whilst the Balanced Scorecard may drive the agenda at the higher levels, the majority of staff are unaware of the issues being addressed, of the strategic intent and the progress being made. It could thus be argued that the full resources of the Department are imperfectly harnessed.

Boyes conducts a similar analysis based on 16 criteria developed from the Critical Success Factors listed by Kaplan and Norton and Olve, et al. [38] Of the 16 criteria, one was dismissed as irrelevant (use of a pilot implementation – on the basis that the CGRM implementation could be considered a pilot HLB implementation). Five were assessed as have been fully applied in the CGRM implementation, six had been partially applied and four had not been applied. He assesses,

> *"Therefore there are ten factors that indicate a weakness in this programme and warrant special and particular attention in future BSC development within the Royal Navy. That is not to say that the other factors are irrelevant, but only that this programme has satisfied them. An underlying cause for some of those graded 'Partial' or 'No' … is the relative immaturity of the programme …"* [39]

The failures highlighted by Boyes [40] were:

- **Failure to gain consensus that this is a fundamentally new management system rather than improvement to the measurement system.**
- **Failure to conduct fundamental reviews of Balanced Scorecard measures from tactical and strategic perspectives.**
- **Failure to review the project against Kaplan and Norton's five principles of a strategy focussed organisation. [41]**
- **Failure to set achievable but stretch goals.**

Boyes assessment of the impact the implementation of the Balanced Scorecard in CGRM is that it is difficult to isolate the specific impact that it had.

> *"As far as the* [CGRM Management Board] *is concerned, then objectively the BSC had very little effect, primarily because their behaviour did not change fundamental way and because board decisions were not based on BSC information. … A process of*

change had commenced with the involvement of key personnel that was observable. The process of constructing the measures to support CGRM's strategy created a focus on process analysis, improvement and linkage that was new to many. The opportunity to consider how functional silos contributed to the overall strategy of the organisation, in a facilitated manner with the [implementation] *team and the ensuing dialogue, even with the sceptics, at least provided those people with the potential of developing new perspectives."* [42]

Overall the conclusion is that the rules developed are an effective measure and guide for implementation. Boyes also developed rules and used these effectively for an assessment; although his assessment only took place some nine months or so into the implementation process. However, some five to six years after work started it is clear that the Balanced Scorecard is well embedded in MOD, with no sign of early abandonment. Consequently, against Holtham's Management Fad Model [43] described in Chapter 1, the Balanced Scorecard would now be starting its decline as a management tool. Even accepting that change in large organisations tends to be slow, the Balanced Scorecard may thus have escaped being seen as just another management fad, as there are no competitive management tools currently on the horizon.

The evaluation of the introduction of the Balanced Scorecard suffered from a number of issues:

- **Post event evaluation.** It was purely a post-event evaluation with no pre-analysis of the organisation and the issues it faced. Consequently the assessment of the organisation at a preceding date is tainted by subsequent events, including the introduction of the Balanced Scorecard.
- **Low level of interest in management process among many staff.** Few staff at senior management levels have any substantial training in management, and

their focus thus tends to be on issues that are addressed upwards or outside of the organisation rather than on detailed internal process change.

- **Short term perspectives of management.** The short-termism produced by relatively "short tour" lengths, for both military and senior civilian staff, means that there is little emphasis on long-term gains. Emphasis tends to be on achieving short-term change rather than on sustained improvement. Consequently, the interest is in introducing the Balanced Scorecard process rather than ensuring that it is introduced properly with a thorough analysis and the setting of long-term plans and objectives. This was most evident in 2SL where both written input and more informal verbal input suggested that the process and level of involvement were both strictly limited.

- **Limited numbers of people contributing to the survey.** Some of those involved in the introduction of the Balanced Scorecard were at a senior level and left the organisation shortly afterwards, leading to (perceived) difficulties in tracking them down and gaining information from as wide a spectrum as possible. Similarly, not all those invited to participate in the survey responded, for example due to a lack of interest in the Balanced Scorecard process, or in the analysis of its introduction. Time pressures for senior managers was also a consideration, both in the selection of those invited to contribute and the responses received (or not received) from some contributors.

- **Potential domination of the views of a few advocates.** The most substantial views were provided by a few real advocates of the system. These views may tend to distort the picture overall, although they may also be the most reliable. It is not necessarily clear which is the case.

- **Domination of hard issues.** Even in the responses of the advocates the emphasis tends to be on the "hard issues", things that can easily be measured. These also tend to be the things that dominate in the measures used in the Balanced Scorecard. Thus in the early scorecards the measures were dominated by units of output produced.

Although these issues may limit the value of the survey, it is believed that there is still sufficient data to make the evaluation worthwhile. However this evaluation is backed up by cross reference to external factors:

- The achievements recognised by Kaplan and Norton, both in terms of the award given to the MOD by the Balanced Scorecard Collaborative, and by the inclusion of the MOD as a case study in their recent book.

  "The ministry's use of its strategy map and Scorecard has improved communication and teamwork within the organisation, enhancing decision making. Equally vital, communication with other government offices has also improved. For instance, the MoD now uses its map and Scorecard during funding negotiations with the Treasury …" [44]

It is acknowledged that these comments relate more to the implementation at Departmental level rather than that in the Royal Navy. Nevertheless the Royal Navy was the driving force behind the wider MOD adoption of the process.

- The evaluation of the implementation against the consolidated rules for implementation developed in Chapter 2.

Consequently it is concluded that whilst there has been considerable success with the Balanced Scorecard in the Royal Navy, there are indications that there is scope for improvement. In no way is this meant as a derogatory comment; since many believe that implementation is a long-term development process. This research can effectively therefore provide a vital link in terms of developing an understanding, in terms of "double loop learning", about how well the organisation is progressing with implementation and development. In particular, whilst the organisation, and the individuals involved, can justifiably be proud of achievements, there are key issues that need to be addressed to improve the overall process.

In particular, the key failure of the Royal Navy process, and subsequently the MOD process, seems to be the lack of involvement of the lower levels. Lower levels were never engaged in the development of the Balanced Scorecard, and particularly not across a broad spectrum of the organisation. Consequently the Balanced Scorecard has become a Senior Management tool. In these circumstances the MOD Balanced Scorecards can hardly be considered tools that orientate activity at all levels. Therefore, if anything were to be added to the 20 rules of implementation as a result of this study, it would have to be:

> **"Managers, at all levels, must use the Balanced Scorecard frequently to communicate and reinforce organisational direction and achievement."**

Only when used in this way will the Balanced Scorecard genuinely start to become a means by which feedback is created, with the potential for the organisation to learn.

However, one other major learning point emerges. There is evidence to suggest that no significant efforts were made by senior managers to corporately develop and agree a strategy before the Balanced Scorecard was implemented. This is particularly evident from the substantial rework of the Balanced Scorecard in CINCFLEET and the apparent superficial way the Balanced Scorecard was constructed in 2SL. Nevertheless, and in support of the successful development of the Balanced Scorecard concept for the development of a strategic agenda, the early development of the Balanced Scorecard does seem to have helped inspire the FLEET First and TOPMAST programmes. This may suggest that, provided double-loop learning is a key part of the Balanced Scorecard process, strategy may be emergent rather than a prerequisite for a Balanced Scorecard. In the case of the Royal Navy this may either be because of the influence of strong leaders or because early use of a deficient embryonic scorecard highlighted issues and helped build the consensus for a strategy, which Kaplan and Norton argue is essential for an effective Balanced Scorecard process.

5.   Impact on Culture.

A key question that this research, and specifically this survey, sought to address is whether the introduction of the Balanced Scorecard has changed the culture. As discussed in Chapter 3, Schein's definition of culture was:

- **Assumptions** – these represent the invisible core elements, such as a shared vision or established social attitudes.
- **Values** – that represent the preferences that guide behaviour, such as attitudes within an organisation or ethics within a society.
- **Artefacts** – that represent the tangible material elements of culture, such as the language used to articulate the policies and procedures of the organisation, the use of acronyms, and the spoken word and dialects of the society. [45]

In Chapter 5 it was shown that there was disagreement about the "business management" influence within the Royal Navy, and the wider MOD. Clearly therefore the introduction of the Balanced Scorecard has not impacted the culture at the deeper levels of "Assumptions".

Nonetheless the use of the Balanced Scorecard is embedded, at least in the present, in the Artefacts of the organisation, as it represents the process by which senior managers operate and guide the organisation. It is fairly clear that it will remain for the foreseeable future, having been mandated by the DMB as the main planning tool for the Department. This is not to say that it is enduring, and can be treated in the same way as other artefacts, eg the White Ensign, Regimental Colours. Such artefacts are more firmly embedded, and through characteristics such as loyalty have associated elements in the Values and Assumptions of the organisation. However, the Balanced Scorecard is one of the key issues explained as part of the development for senior managers, and thus forms part of their "socialisation" process at that level. Arguably therefore it becomes a key artefact for senior managers, who form a sub-culture within the overall Service community.

In Chapters 2 and 3 it was shown that various writers argue that senior management are key to setting policy, direction and the organisational culture. It is therefore suggested that one of the key tools that such an influential group use to manage the organisation must, consequently, be a key artefact, in its broadest sense. This means that the Balanced Scorecard has affected the culture of the organisation. However, the size and history of the organisation suggest that there is a need for a sense of proportion in such a statement. Artefacts come and go, and the increasing pace of change means that durability needs to be viewed in terms of the level of change taking place at the time. Thus the "cat-o-nine-tails" which was used to govern the Navy for many years has little relevance in the 21st Century, but is still a key feature of naval history. Indeed again it is an artefact that is linked to deeper values and assumptions, eg discipline. Hopefully the Balanced Scorecard will be remembered as a more benevolent means of managing, even if it proves to be a little less enduring. Arguably the Balanced Scorecard links into efficiency and effectiveness, which have a now enduring place in organisational values.

Road Map

Chapter 1	**Outline of the research project.**

The aim of the research is,

- To demonstrate a mechanism for managing organisational culture through the Balanced Scorecard in order to improve culture and thus the potential for the Balanced Scorecard to deliver benefit.

Chapter 2	**Balanced Scorecard literature review.**

Chapter 3	**Culture literature review.**

Chapter 4	**Research methodology.**

Chapter 5	**Review of organisational issues.**

Chapter 6	**Case study on the impact of implementing the Balanced Scorecard.**

This Chapter demonstrates that the Royal Navy implemented the Balanced Scorecard effectively, and that there was a consequent change of organisational culture precipitating changes in working practices across the MOD. Specifically, the introduction of the Balanced Scorecard is credited with precipitating major changes within the Royal Navy; Fleet First and TOPMAST.

Extensive use of questionnaire respondent input was used to overcome any researcher bias in articulating the culture. However, it was notable that there was disagreement among respondents on a whole range of issues, suggesting that involvement and perceptions varied significantly.

Chapter 7	**Cultural survey results.**

Chapter 8	**Developing and testing a cultural measurement tool for use with the Balanced Scorecard.**

Chapter 9	**Supporting case studies.**

Chapter 10	**Summary of conclusions.**

Figure 6.2

End notes:

[1] Trice, H. M. and Beyer, J. M. (1993). The cultures of work organisations. Prentice Hall. Page 128.

[2] Woodley, P. M. (2002). Ship Shape. London: Financial Management. June. Pages 30 and 31.

[3] Boyes, N. (2002). Implementation of the Commandant General Royal Marines Balanced Scorecard. Dept of Defence Management & Security Analysis. No 7 Executive MDA Course. April.

[4] Dinesh, D. and Palmer, E. (1998). Management by Objectives and the Balanced Scorecard: Will Rome fall again? Management Decision. Issue 36, Number 6. Pages 363 to 368.

[5] Mc Cunn, P. (1998). The Balanced Scorecard: The Eleventh Commandment. Management Accounting. December.

[6] Kaplan, R. and Norton, D. (1996). The Balanced Scorecard: Translating Strategy into action. Harvard Business School Press. Page 273.

[7] Cabinet Office. (1999). Assessing Excellence. London: Cabinet Office. March.

[8] Nadler, D. A. with Nadler, M. B. (1997). Champions of Change: How CEOs and their companies are mastering the skills of radical change. Jossey-Bass. Page 7.

[9] Turner, J. R. (1999). The Handbook of Project-based Management (2nd Edition). McGraw-Hill. Pages 50 and 51.

[10] For a full description of the Change Agent role, see: Spencer, J. and Pruss, A. (1993). How to implement change in your company – so everyone is happy with the results! London: Judy Piatkus (Publishers) Ltd. Pages 164 to 167.

[11] Mc Cunn, P. (1998). The Balanced Scorecard: The Eleventh Commandment. Management Accounting. December.Page 36.

[12] Attributed to Michael Apostolius, see: Stevenson, B. (1967). The Home Book of Quotations: Classical and Modern (10th Edition). New York: Dodd, Mead & Co. Page 169.

[13] Pugh, D.S. and Hickson, D.J. (1996). Writers on Organisations (5th Edition). Penguin. Pages 157 to 160.

[14] Team Management System. (1998). Accreditation Programme Handbook (Research Manual). Team Management System. Page 98.

[15] MOD. (2002). Top award for MOD management. Focus. Issue 157. July. London: MOD. Page 4.

[16] Sir Andrew Likierman praised MOD for its development and use of the Balanced Scorecard, in his closing speech at the Government Accountancy Conference at York in November, 2003.

[17] Boyes, N. (2002). Implementation of the Commandant General Royal Marines Balanced Scorecard. Dept of Defence Management & Security Analysis. No 7 Executive MDA Course. April.

[18] Maj General Fry at the time that Boyes study was undertaken.

[19] Boyes, N. (2002). Implementation of the Commandant General Royal Marines Balanced Scorecard. Dept of Defence Management & Security Analysis. No 7 Executive MDA Course. April. Page 1-4.

[20] This is written pre-Fleet First. Subsequently COMAMPHIBFOR was the RM 'Tribal Chief' (see Chapter 4). Note also that CGRM is not necessarily the most senior officer in the Royal Marines. Indeed, in early 2004 there were something like 4 more senior RM Officers, including three Lt Generals holding appointments elsewhere in MOD.

[21] Boyes, N. (2002). Implementation of the Commandant General Royal Marines Balanced Scorecard. Dept of Defence Management & Security Analysis. No 7 Executive MDA Course. April. Page 3-2.

[22] This difference of "manning the equipment or equipping the man" is very significant, and was a major problem in the Whole Life Costing work. The RAF is similar to bulk of the Navy in this respect, while the RM are similar to the Army. Thus attributing manpower cost to equipments in the RN and RAF environments is much easier than in the context of Army equipment, which is generally common with RM equipment, if not much wider, eg the SA80 rifle which is used throughout the Services.

[23] Platform focus means that issues were centred around the major equipment "platforms", ie the vessels or aircraft used to carry and deliver weapons.

[24] Boyes, N. (2002). Implementation of the Commandant General Royal Marines Balanced Scorecard. Dept of Defence Management & Security Analysis. No 7 Executive MDA Course. April. Page 3-3.

[25] Ibid.

[26] Ibid. Page 3-6.

[27] Ibid. Page 3-7.

[28] Ibid. Page 3-8.

[29] Ibid. Page 3-9.

[30] Ibid. Page 3-10.

[31] Ibid. Page 3-11.

[32] Ibid. Pages 3-11 to 3-13.

[33] Ibid. Page 3-14.

[34] Ibid.

[35] Ibid. Page 3-15.

[36] Ibid. Page 4-10.

[37] Ibid. Pages 4-1 to 4-10.

[38] Ibid. Pages 2-24 and 2-25. No direct reference is provided to the source material, although it seems to be the same as is used in Table 2.1 in Chapter 2 of this work.

[39] Ibid. Page 5-11

[40] Ibid. Pages 5-2 to 5-6.

[41] These are given as:
- Mobilise change through executive leadership.
- Make strategy a continual process.
- Translate the strategy to operational terms.
- Align the organisation to the strategy.
- Make strategy everyone's everyday job.

Quoted from: Kaplan, R. and Norton, D. (2001). The Strategy-focused Organisation. Harvard Business School Press. In: Boyes, N. (2002). Implementation of the Commandant General Royal Marines Balanced Scorecard.   Dept of Defence Management & Security Analysis. No 7 Executive MDA Course. April. Page 2-15.

[42] Boyes, N. (2002). Implementation of the Commandant General Royal Marines Balanced Scorecard. Dept of Defence Management & Security Analysis. No 7 Executive MDA Course. April. Page 5-15.

[43] Holtam. (1994). Business Process Re-engineering – Contrasting what it is with what it is not. In: Coulson-Thomas. Business Process Re-engineering. Kogan Page. Page 61. Quoted in: Jackson, S. (1997). Development of a self-assessment model of organisation readiness for Business Process Re-engineering. PhD thesis, Cranfield University. Pages 16 and 17.

[44] Johnson, L. K. (2004). A case study. In: Kaplan, R. and Norton, D. Strategy Maps: Converting intangible assets into tangible outcomes. Harvard Business School Press. Page 423.

[45] Smith, M. (1998). Culture and organisational change. Management Accounting. Volume 76, Issue 7. Jul/Aug. Pages 60 to 62.

Chapter 7: Cultural survey of CINCFLEET HQ.

1.   Introduction.

	Road Map
Chapter 1	**Outline of the research project.** The aim of the research is, • To demonstrate a mechanism for managing organisational culture through the Balanced Scorecard in order to improve culture and thus the potential for the Balanced Scorecard to deliver benefit.
Chapter 2	**Balanced Scorecard literature review.**
Chapter 3	**Culture literature review.**
Chapter 4	**Research methodology.**
Chapter 5	**Review of organisational issues.**
Chapter 6	**Case study on the impact of implementing the Balanced Scorecard.**
Chapter 7	**Cultural survey results.** Chapter 5 highlighted significant issues about the cultural tension between the civilian and military cultures. It also highlighted the changes taking place as part of the Fleet First Change Programme. Chapter 6 suggested that cultural change had taken place as a result of the implementation of the Balanced Scorecard, so what is the culture like in the organisation? Is it good or bad, and what does this imply for organisational effectiveness? Has change had a positive impact? This Chapter sets out to quantify the organisational culture of CINCFLEET HQ, using the methodology described in Chapter 4.
Chapter 8	**Developing and testing a cultural measurement tool for use with the Balanced Scorecard.**
Chapter 9	**Supporting case studies.**
Chapter 10	**Summary of conclusions.**

Figure 7.1

Chapter 6 provided a view of the process and impact of the introduction of the Balanced Scorecard in the Royal Navy. It demonstrated that it had an impact on the culture of the organisation, in terms of the processes, activities and attitudes of management. It would be wrong to overstate these issues. The culture of the organisation is much more substantial, in terms of the Values, Assumptions and Artefacts. Yet as the work of Strachan and Buckingham showed in Chapter 5, the adoption of business management tools and business language raises passions among the military. Boyes' comments were also noted in Chapter 5, together with more specific evidence in Chapter 6. This could be regarded as a form of cultural pressure for stability. Yet a change has taken place. It could be argued that such changes are merely climatic issues, rather than cultural. However, even global warming will eventually affect national cultures, eg through changes in agriculture. Thus any enduring climate change within an organisation eventually becomes a cultural change. It is sometimes postulated that within Church communities a tradition is created in two weeks, and it is a brave man who attempts to change things.

In Chapter 3 it was argued that expanding the role of the Balanced Scorecard, to measure and manage cultural issues, enhances the role of the Balanced Scorecard by developing it from a mechanistic tool into a softer organic management process. This is consistent with the concepts outlined in Chapter 2, where Kaplan and Norton are shown to argue that any issue of importance to the organisation should be included in the measurement and management processes. In particular, the inclusion of cultural management model and measurement is seen as enhancing the often weak Learning and Innovation perspective of the Balanced Scorecard.

Nevertheless, as was shown in Chapter 6, the Royal Navy failed to rollout the Balanced Scorecard fully to all levels. Essentially it remained at senior management levels. Organisational change – the creation of the DLO – meant that the concept of the "Royal Navy" within MOD was changing. A significant part, both in size, role and importance, was suddenly absorbed into a "purple", ie Tri-service organisation, where influences and management were no longer mainly naval. Therefore, in deciding to take the work forward and examine organisational culture, the researcher

recognised that there was benefit in limiting the coverage of any survey. The researcher's experience gained from conducting the initial survey also indicated that a more tightly bounded survey would be easier to conduct and thus probably lead to greater success. Similarly, the cultural influences in a wider organisation would be difficult to ascertain and highlight. It was therefore concluded that the cultural surveys would be conducted within the Fleet HQ.

Chapter 4 describes the process and the selection of the surveys to be used. This Chapter will describe the results of the survey. Chapter 8 will describe how the results of this cultural survey were developed further. Chapter 9 provides supporting cost studies before the final overall evaluation and summary in Chapter 10.

In reading this Chapter caution should be exercised. Where data is interpreted in relation to the culture of the organisation it must be recognised that this is the researcher's own interpretation or suggestions of the cause and effect. Other individuals might provide alternative or additional interpretations.

2.   The results of the Harrison/Handy survey.

This section outlines the results obtained from the Handy/Harrison Survey run in CINCFLEET HQ in September to December, 2002. (A copy of the survey used is at Appendix A to Chapter 3.) This was six to nine months after the main Fleet First reorganisation referred to in Chapter 5. The process used in this survey is described in Chapter 4, and builds on exploration of cultural issues in Chapter 3. Excluding one totally invalid response (only the personal preference was provided) the number of responses was as follows:

Table 7.1: Handy/Harrison survey response rate.		
	Number	**%**
Service - correctly marked	44	35.2
Service - containing errors or omissions and requiring remarking	30	24.0
Civilian - correctly marked	26	20.8
Civilian - containing errors or omissions and requiring remarking	25	20.0
Total:	125	

This represents a total response rate of 41.6%. Table 7.1 highlights that 44% of usable responses contained errors. The 44 correctly marked Service responses represent a small but useable sample. Using the 26 correctly marked civilian staff responses represents something of a risk, because it falls below the desirable 30 responses, as discussed in Chapter 4. Care will need to be taken when interpreting these results in isolation, but careful cross-referencing with other groups will indicate the usefulness of the incorrectly marked results.

Table 7.2 below sets out the personal preference for the four types of organisational style highlighted by Handy. Where the scores indicated that two organisational cultures were equally ranked first this is indicated.

Table 7.2: Personal preferences for organisational style.

	Power	Role	Task	Person	Role/ Task	Power/ Task	Totals:
Service - correct	4	7	30	0	2	1	**44**
Service - incorrect	9	4	12	5	0	0	**30**
Civilian - correct	1	2	19	4	0	0	**26**
Civilian - incorrect	5	4	14	1	1	0	**25**
Totals:	**19**	**17**	**75**	**10**	**3**	**1**	**125**

Expressed as percentages this gives:

Table 7.3: Percentage preferences for organisational style.

'a' = % of line total 'b' = % of overall total	Power		Role		Task		Person		Role/ Task		Power/ Task		Totals:
	a	b	a	b	a	b	a	b	a	b	a	b	
Service - correct	9.1	3.2	15.9	5.6	68.2	24.0	0.0	0.0	4.5	1.6	2.3	0.8	**35.2**
Service - incorrect	30.0	7.2	13.3	3.2	40.0	9.6	16.7	4.0	0.0	0.0	0.0	0.0	**24.0**
Civilian - correct	3.8	0.8	7.7	1.6	73.1	15.2	15.4	3.2	0.0	0.0	0.0	0.0	**20.8**
Civilian - incorrect	20.0	4.0	16.0	3.2	56.0	11.2	4.0	0.8	4.0	0.8	0.0	0.0	**20.0**
Totals:		**15.2**		**13.6**		**60.0**		**8.0**		**2.4**		**0.8**	**100.0**

This demonstrates the strong preference for a Task culture. Note too that Table 7.3 demonstrates a lack of personal preference for a Person centred culture among the Service Personnel who marked the survey correctly. Service organisations might be expected to run as a power structure, because of the clear authority structures. Civilian staff might be expected to prefer a rules-based role culture, or bureaucracy. Surprisingly, among those marking the questionnaire correctly, service personnel are much more strongly in favour of the role culture than a power culture. Civilian staff, who marked the questionnaire correctly, are much more likely to prefer a person centred culture than a role culture, although the small sample makes a definite conclusion here somewhat suspect.

However, the differences between the questionnaires marked correctly and those marked incorrectly is highlighted here. Whilst in both cases the Task culture still remains the strongest preference, the overall profile is different, with a pronounced shift towards favouring a Power culture among those where the questionnaire had to be remarked. It is unclear from this evidence alone whether this is a genuine bias on the part of these individuals or whether this bias was introduced by the remarking process. In favour of arguing that the remarking has not introduced bias is the fact that all respondents who provided their name and address received feedback, and only two people challenged this feedback.   However, whilst one challenged the interpretation of the results the other indicated that the score did not represent their true feelings. This individual provided a new survey that moved their personal preference from "Power" to "Task". Comparison of the two profiles suggests that they were not merely the reverse of each other. It is unclear whether only one individual was brave or interested enough to challenge the result and provide a new response. If this were true then there is an argument that the incorrectly scored questionnaires should be excluded. But to exclude all of these on the basis of one instance would be wrong, particularly since a large proportion of the questionnaires containing minor errors or omissions, which only required limited amendment that would not have substantially affected the results. Similarly, it has been conjectured that those who marked the questionnaire incorrectly may have reversed the marking scheme indicating the reverse of their real preference. Again there was no one who

indicated that the response provided did not reflect their true feelings about the organisation, although again this may have been due to apathy or work overload.

Table 7.4 below, structured in the same way as above, illustrates the numbers of respondents seeing the organisation as being of a particular type.

Table 7.4: Perception of organisational style.							
	Power	**Role**	**Task**	**Person**	**Power/ Task**	**Power/ Role**	**Totals:**
Service - correct	11	13	15	4	0	1	**44**
Service - incorrect	4	6	7	12	0	1	**30**
Civilian - correct	5	10	9	0	1	1	**26**
Civilian - incorrect	7	9	8	1	0	0	**25**
Totals:	**27**	**38**	**39**	**17**	**1**	**3**	**125**

Here the situation is much more even. Although most see the organisation as having either a Role or Task culture (with the numbers more or less evenly split), there are also significant numbers seeing the organisation as a Power culture and a significant minority of service personnel seeing it as having a Person culture. The percentage figures are as follows:

Table 7.5: Percentage perception of organisational style.													
'a' = % of line total 'b' = % of overall total	**Power**		**Role**		**Task**		**Person**		**Role/ Task**		**Power/ Task**		**Totals:**
	a	b	a	b	a	b	a	b	a	b	a	b	
Service - correct	25.0	8.8	29.5	10.4	34.1	12.0	9.1	3.2	0.0	0.0	2.3	0.8	**35.2**
Service - incorrect	13.3	3.2	20.0	4.8	23.3	5.6	40.0	9.6	0.0	0.0	3.3	0.8	**24.0**
Civilian - correct	19.2	4.0	38.5	8.0	34.6	7.2	0.0	0.0	3.8	0.8	3.8	0.8	**20.8**
Civilian - incorrect	28.0	5.6	36.0	7.2	32.0	6.4	4.0	0.8	0.0	0.0	0.0	0.0	**20.0**
Totals:		**21.6**		**30.4**		**31.2**		**13.6**		**0.8**		**2.4**	**100.0**

It will again be noted from Table 7.5 that there are differences between the perceptions of Civilian and Service personnel and between the responses that were marked correctly and incorrectly. Here, among those marking the questionnaire correctly, Service personnel are much more likely to see the organisation as a power

culture or a person culture. Civilians are most likely to see the organisation as a role culture, whilst none of them see it as a person culture.

It will already be evident that there is a considerable mismatch between an individual's desire for and organisational style and their perception of the organisational style in CINCFLEET HQ. Table 7.6 below sets out the degree to which the organisational style is perceived as meeting the individual's needs, ie the extent of the psychological contract. Partial matches represent situations where either the personal preference or the perceived organisational style was split and this was matched by the other preference/perception.

Table 7.6: Extent of psychological contract.				
	Complete Match	Partial Match	Unmatched	Totals:
Service - correct	14	3	27	44
Service - incorrect	14	0	16	30
Civilian - correct	6	1	19	26
Civilian - incorrect	12	1	12	25
Totals:	46	5	74	125

This immediately highlights the fact that the remarked questionnaires show a greater tendency to indicate a strong psychological contract, see Table 7.7 below.

Table 7.7: Extent of psychological contract as a percentage of total.						
'a' = % of line total 'b' = % of overall total	Complete Match		Partial Match		Unmatched	Totals:
	a	b	a	b	a	b	
Service - correct	31.8	11.2	6.8	2.4	61.4	21.6	35.2
Service - incorrect	46.7	11.2	0.0	0.0	53.3	12.8	24.0
Civilian - correct	23.1	4.8	3.8	0.8	73.1	15.2	20.8
Civilian - incorrect	48.0	9.6	4.0	0.8	48.0	9.6	20.0
Totals:		36.8		4.0		59.2	100.0

Thus the percentages of unmatched perceptions show a greater difference where the questionnaire was marked correctly by the respondent: approximate ratios of 1:2 and 1:3 compared to 1:1 and 1:1. This again highlights problems with the remarked

questionnaires. Nevertheless, even taking this data at face value, it does tend to indicate a relatively low level of concurrence with perceived organisational style. Thus in the best cases only about 50% of staff have a strong bond with the organisation, and in the worst case only about 25% have that strong bond. For an organisation that demands a high commitment this is not very impressive.

Although the personal preference may match the organisational perception this does not indicate the strength of the contract. By looking at the strength of the psychological contract it is possible that some errors in the marking procedures might be eliminated. That is, if any respondent used "4" as their strongest preference rather than "1", netting off one score against the other merely presents the difference not a priority. However, if the remarking process did create a tendency to overemphasise the scores at the extremes of preference, this may not be a valid assumption for the remarked questionnaires; although again the degree of remarking is an issue. The table below therefore sets out the strength of the relationship by taking the average values for the differences between the scores allocated to personal preference and organisational perception. These are then compared with the average scores for the strength of relationship for a role culture and a task culture. Effectively the difference here for an individual score will lie between 0 and 45. However, scores at the top end of the scale will be extreme and are therefore likely to be rare: the exit barriers would have to be extremely high to keep anyone in the organisation that was so alienated from it. Extreme alienation would produce an average of 30 for the four scores, consequently anything over half of that might be considered quite high. [1] On this basis average scores of 10+ would suggest that there is some psychological distance and that the organisation ought to be looking to build a score of around 5.

Table 7.8: Strength of psychological contract for personal preference cultural style, organisational perception, role culture and task cultural types.				
	Average score - Personal preference	Average score - Organisational perception	Average score - Role culture	Average score - Task culture
Service - correct	10.0	11.6	6.4	10.2
Service - incorrect	10.8	10.8	8.5	9.0
Civilian - correct	11.6	11.7	9.8	9.4
Civilian - incorrect	8.5	9.6	7.0	7.5
Average:	**10.2**	**11.0**	**7.7**	**9.2**

Here in Table 7.8 it can be seen that the strongest average psychological contract is generally with a Role culture, the exception is for the civilian group who correctly marked their surveys who marginally prefer a task culture. It is surprising that in all cases this contract is even stronger than that for the personal preference. But note too that the average scores for a Task culture are also generally lower than for the personal preference. The worst score in terms of strength of psychological contract (ie the highest score) is generally in relation to how the organisation is perceived.

This shows that because the majority of the staff do not see the organisation as meeting their psychological needs, the average score for the psychological contract is higher than if they perceived the organisation to be a role culture. This is perhaps surprising in view of the fact that more people would prefer a task culture and more perceive the organisation to be a task culture. Therefore to determine the overall strength of the psychological contract, Table 7.9 below sets out the average scores for each of the culture types and the overall average.

Table 7.9: Strength of psychological contract for each culture type and overall average strength of psychological contract.	Average score - Power culture	Average score - Role culture	Average score - Task culture	Average score - Person culture	**Average score**
Service - correct	14.1	6.4	10.2	10.6	**10.3**
Service - incorrect	12.3	8.5	9.0	10.1	**10.0**
Civilian - correct	13.9	9.8	9.4	13.7	**11.7**
Civilian - incorrect	12.5	7.0	7.5	10.8	**9.4**
Average:	**13.3**	**7.7**	**9.2**	**11.2**	10.4

This demonstrates that the relative preference for the role culture is quite strong, as is the reaction against the power culture and that despite it featuring quite highly as a preferred style. But this does show that the average score for the psychological contract (ie the score for the personal preference, as shown in Table 7.8) is only at about same the average level of the scores for all types of organisation.

Thus, generally, there would be significant improvement in people's psychological contracts if the organisation consistently behaved like a Role culture. A clear intention of the Fleet First HQ Reorganisation was to create a matrix organisation, ie to become a more of a "Task" culture. However, although this was management's intention and considerable effort was expended to sell this to the staff through the "Breakthrough" programme, and Handy suggests that this is the type of culture in which middle and junior managers prefer to work [2], staff do not appear to have "bought-in" to this culture. This may simply be an issue about the time it takes to reorient staff. There is therefore a degree to which a "Coercive Psychological Contract" is operating rather than a "Cooperative Psychological Contract". [3] If such scores continued, management would need to consider whether they wish to revert to a Role Culture or whether they need to do further work on cultural issues to improve the strength of the psychological contract.

The poor standard of marking, and the necessity to remark questionnaires to gain reasonable value from the exercise, does limit the value obtained from this

questionnaire. It is unclear precisely to what extent the remarking has impacted the results. However, the correctly marked questionnaires do demonstrate a poor level of psychological contract in the organization, and the remarked questionnaires tend to support that conclusion. There is also a perceived difference between civilian and service personnel in their cultural preferences. This will add to organizational tensions.

3.   The results of the Denison survey.

As highlighted in Chapter 4, the other survey used was the Denison Survey, which provides a completely different type of organisational audit based on culture producing organisational excellence. The expectation at this stage was that data would provide further confirmation and understanding of the poor culture. Data provided by the Harrison/Handy survey could be analysed immediately on receipt, whilst data on the Denison survey was required to be sent to the USA for processing. Consequently the Denison results were received several months after the Harrison/Handy survey results, a delay caused in part by a change in the bureau processing the data, and the need to collect all the results before the data could be compiled. Fortunately, as described in Chapter 4 the Denison survey was marked more effectively by respondents than was the Harrison/Handy survey.

This section outlines the results obtained from the Denison Survey run in CINCFLEET HQ in September to December, 2002. The process used is outlined in Chapter 4 and the questions used in the questionnaire are listed in Appendix A to this Chapter. Full details of the survey, including an electronic version of the survey can be seen on the internet. [4] 124 surveys were received and processed by the scoring centre. Because of the low response rate for this survey it was necessary to amalgamate groupings compared to the original intention. Two logical groups were immediately evident:

- Civilian staff.
- Middle ranking service officers.

However, this left three groups that whilst not ideally suited for combination, were even less suited to being amalgamated with the other groups above; unless they were to be combined with the second one listed to make a very large "Uniformed" group. It was therefore decided to create a third group:

- Senior and Junior Naval staff, RM and RFA.

It is difficult to know precisely what impact amalgamating these disparate groups had on the results, eg did the Senior Officer scores dominate the overall results.

Standard reports were produced by the Aviat Scoring Centre for each of the three groups, plus an overall report for the organisation as a whole. Each report contained:

- An introduction.
- A summary of the Denison culture survey concept.
- A graphic summary of survey results.
- A detailed question-by-question analysis of results.
- Suggestions of actions required to improve organisational culture and performance. (Some of which have less specific relevance to CINCFLEET as the wording of the questionnaire and the report are more geared to commercial organisations.)

The results are presented relative to other organisations responding to the survey. Consequently, the scores reported represent the percentage performance relative to other organisations. The scores were graphically represented by the quartile in which the percentage score occurs, eg 51 means that score is one percent above the average score and is graphically represented in the third quartile. The Summary section that introduces the survey highlights that the database against which measurement occurs is 1,000 organisations and 40,000 individual responses. The survey consists of 60 statements divided into 12 sections, which are themselves divided into four groupings.

The researcher had no clear expectations of where the results would lie overall, or for the individual groups. However, it was nevertheless surprising to find some remarkably low scores. Overall the scores were quite low, with only the score for "Strategic Direction and Intent" just scraping into the third quartile, and four scores being in the bottom quartile. It was quickly evident that there was considerable disparity between the scores of the different groups with the "Senior and Junior Naval Staff, RM and RFA" group at the top, followed by the "Civilian Staff" and with "Middle ranking Naval Officers" lagging some considerable way behind. Whilst not an entirely legitimate measure, the following table (Table 7.10), which turns percentage scores into points, gives a broad indication of the performance. [5] However, there was no other method of providing a quick overall comparison between the three different groups, because otherwise the scores are only provided at 12 section and 60 statement levels.

Table 7.10: Rough order indication of relative scores between different groups.				
	CINCFLEET HQ	Senior and Junior Naval Staff, RM and RFA	Middle Ranking Naval Officers	Civilian Staff
12 Section percentages expressed as points.	359	515	201	356
12 Section percentages converted to points and expressed as percentage of 1200.	29.92%	42.92%	16.75%	29.67%
60 Question percentages expressed as points.	1975	2599	1388	2050
60 Question percentages converted to points and expressed as percentage of 6000.	32.92%	43.32%	23.13%	34.17%

The difference in percentages here highlights the problem of this crude (illegitimate) method of converting and amalgamating percentages of different issues. Nevertheless, it makes the point adequately about the disparity between the different

groups. This does also show that overall the organisational culture is not very good, but further analysis at the level of individual questions reveals even greater disparities.

The results of this survey are presented graphically and in tabular form at Appendix B to this Chapter. They are also presented graphically in Appendices C to F. Using "traffic light" colours to represent the four quartiles of score level, this highlights the overall poor level of the scores. Looking at the extent to which performance is balanced across the different axis, this suggests that there may be some problem on the stability/flexibility dimension. The indications are that the organisation is not flexible, primarily because of low adaptability scores.

Against only three statements were Middle Ranking Naval Officers showing a strong lead over one or more of the other two groups. These are shown in Table 7.11 below.

Table 7.11: Middle Ranking Naval Officers lead over other groups.			
(Percentile scores against specific questions.)	Senior and Junior Naval Staff, RM and RFA	Middle Ranking Naval Officers	Civilian Staff
There is a strong culture.	55	**71**	24
There is an ethical code that guides our behaviour and tells us right from wrong.	59	**85**	65
Most employees are highly involved in their work.	42	**51**	19

In two instances the lead is strongest against the civilian staff. This is perhaps unsurprising in the context of a strong culture since Naval Staff are Uniformed and go through a training and socialisation process that creates strong bonds to other members of the Naval Service, and to the organisation. Senior civilian officers are unlikely to develop a career structure in a single Command, and thus there will be much less of a bond between the senior civilian staff and those that they lead at the lower levels. This might help to explain also the stronger perception of involvement, ie employment in the services has a long-term impact on external family and social

arrangements. However, in the case of the ethical code, the score for the civilian staff is not particularly weak. This may be because many staff work in areas such as finance and personnel, both of which also have strong ethical codes. RM and RFA staff may perceive themselves much more as "outsiders" in the HQ, because of they are few in number and more isolated from each other.

In Table 7.12 below the Civilian staff show a strong lead (or joint lead) over one or more of the other two groups against 12 questions.

Table 7.12: Civilian staff lead over other groups.			
(Percentile scores against specific questions.)	**Senior and Junior Naval Staff, RM and RFA**	**Middle Ranking Naval Officers**	**Civilian Staff**
Leaders have a long-term viewpoint.	63	11	**70**
We are able to meet short-term demands without compromising our long-term vision.	28	1	**31**
Our approach to doing business is very consistent and predictable.	58	13	**64**
There is a clear agreement about the right way and the wrong way to do things.	70	14	**60**
There is continuous investment in the skills of employees.	36	4	**68**
Teams are our primary building blocks.	52	30	**64**
Work is organised so that each person can see the relationship between his or her job and the goals of the organisation.	48	6	**45**
Decisions are usually made at the level where the best information is available.	49	19	**45**
New and improved ways to do work are continually adopted.	25	11	**47**
The interests of our customers seldom get ignored in our decisions.	41	3	**44**
Learning is an important objective in our day-to-day work.	23	6	**62**
We make certain that the "right hand knows what the left hand is doing".	66	18	**65**

In those cases where the lead is jointly shared, ie the scores are within a few points, (8 of the above 12) with the Senior and Junior Naval staff, RM and RFA, comment will

be made here rather than in the following section that looks at the issues where that group leads.

One cultural factor that might affect a number of these issues is that many middle ranking naval officers may be on their first or only tour in an HQ. They may therefore be much less clear about the long-term perspectives that operate in the HQ, and may be much less clear about the structure, processes and culture, which is substantially different from life afloat. For example, Service staff are expected to undertake any required training prior to taking up appointment, whereas there is no effective manning and training margin [6] for civilian staff who are expected to make time during their day or take time away from their regular work in order to undertake training.

Similarly, change will be more evident to civilians who may spend their careers in the organisation rather than to those who merely spend a couple of years in the Headquarters. But there may also be an issue about the degree to which change is perceived as important. Again Senior Naval staff will be much more involved in authorising change, and they will have spent much more of their time in HQ appointments (although not just CINCFLEET HQ). It is also true that many middle ranking service officers do not seem to adjust well to working in HQ roles. The researcher has frequently been told, *"This isn't what I joined the Navy for"*, by staff working in Headquarters roles. Consequently such people may feel less empowered and less useful than where they had a much clearer and distinct role to fulfil, eg in charge of a department on board ship. Often too Lt Cdrs will be the main working level within a headquarters with little in the way of junior staff to support them, and then when there are support staff they are often civilian. Consequently there is likely to be a different perception of leadership and team working compared to working elsewhere in the Navy. Similarly, where such staff move from being the Command structure aboard ship to being support structure in a large Headquarters, they may not easily gain the wider perspective or feel that they have the same degree influence that they had previously in their immediate working environment. The researcher recalls that during the Fleet First "Breakthrough" assessments, and during the concurrent

EFQM assessment, there was a strong feeling among SO1s and SO2s that ACOSs and DACOSs were not effectively communicating the wider picture of events. [7] This similarly supports the failure of the Command to use the Balanced Scorecard effectively at all levels to articulate the strategic intent and the progress being made.

Civilian staff work predominately in the Finance, Personnel, IS areas, and in general administrative support. It will be recalled that Fleet First produced a massive change in the financial structure of the Command. Similarly too Civilian Personnel management was centralised and combined with 2SL's Civilian Personnel team. IS was also a major facilitator of the new working arrangements. Thus many civilian staff will have perceived that improvements in the ways of working were impacting the HQ at the time this survey was undertaken. In contrast, in order to improve the transition to the new HQ structure, there were considerable staff changes among the Service personnel during the three to six months either side of the change, but mainly post implementation. Thus the service middle management would probably have experienced less change and they would have had less understanding of what went on previously.

Another aim of Fleet First, which would have been emphasised to all staff as they joined the new HQ, was a desire to better meet the customer need, ie the needs of the Front Line units. Again from work on the EFQM survey undertaken in mid to late 2002, the researcher was aware that Service middle managers did not feel that there was a strong focus on meeting customer demands. This is understandable, and could even be partly attributed to the Balanced Scorecard. Customer needs are often short-term issues, whereas the Balanced Scorecard was creating much more of a long-term perspective at senior management levels. Thus there may have been a perception that Senior Management was not giving adequate attention to short-term issues.

Senior and Junior Naval staff, RM and RFA showed a strong lead (or joint lead) over one or more of the other two groups against 27 questions. Eight of these instances are noted above where the lead was jointly shared. Those listed here in Table 7.13 are where this group showed a distinct lead over both other groups.

Table 7.13: Senior and Junior Naval staff, RM and RFA lead over other groups.			
(Percentile scores against specific questions.)	**Senior and Junior Naval Staff, RM and RFA**	**Middle Ranking Naval Officers**	**Civilian Staff**
There is a long-term purpose and direction.	**72**	22	41
There is a clear mission that gives meaning and direction to our work.	**75**	57	43
Leaders set goals that are ambitious, but realistic.	**52**	18	17
We continuously track our progress against our stated goals.	**66**	29	50
People understand what needs to be done for us to succeed in the long run.	**56**	13	36
We have a shared vision of what the organisation will be like in the future.	**48**	22	31
There is good alignment of goals across levels.	**45**	15	20
It is easy to reach consensus, even on difficult issues.	**45**	14	17
We seldom have trouble reaching agreement on key issues.	**56**	23	32
Leaders and managers "practice what they preach."	**41**	5	15
Authority is delegated so that people can act on their own.	**81**	17	15
Cooperation across different parts of the organisation is actively encouraged.	**78**	68	48
Teamwork is used to get work done, rather than hierarchy.	**62**	26	46
Everyone believes that he or she can have a positive impact.	**40**	15	5
Business planning is ongoing and involves everyone in the process to some degree.	**57**	15	45
The way things are done is very flexible and easy to change.	**39**	5	10
Different parts of the organisation often cooperate to create change.	**41**	14	23
We encourage direct contact with customers by our people.	**57**	31	36
We view failure as an opportunity for learning and improvement.	**44**	4	22

If the earlier assumption that the results for the Senior and Junior Naval Staff, RM and RFA are skewed by the views of Senior Naval Staff, then this may help to explain why so many of these statements are related to the more strategic and higher management functions. For example, eight of the statements (including one covered in the previous section) relate to the Mission quadrant, and clearly this is an area where senior management will be most involved. But note also the disparity of views on whether leaders and managers practice what they preach. Similarly if one asks the questions:

- Who delegates authority so that people can act on their own?
- Who encourages direct contact with customers by our people?

Then the answers are likely to be "Senior Managers". Thus the significant disparities between the rankings on these statements would seem to confirm that the marks for this group are distorted by senior management and do not reflect this community as a single entity. In some instances this potential "Senior Managers" distortion can be seen to have some bias, but with its impact limited by the remained of the group, eg in respect of *"The way things are done is very flexible and easy to change"*. In other circumstances it seems to not be the full explanation for the high score, eg as in the case of, *"Authority is delegated so that people can act on their own"*. One reason for this is that although the lower service ranks may have comparatively little authority and responsibility in overall terms, because they will tend to be "senior" in terms of their overall length of service and experience within the Navy, they are likely to be given much more responsibility and authority in relation to their specific job. Thus these will often be considered "high status" jobs. Similarly, Junior Naval Officers may either be relatively junior, and thus recognise the importance of the role given to them in an HQ, or they will be Senior Ratings promoted to Officer status, and thus enjoying similarly high levels of "autonomy" based on extensive service.

The statement, *"We continuously track our progress against our stated goals"* might be construed in two ways:

- For senior managers it could recognise the monitoring of effective goal achievement, as through the Balanced Scorecard.
- For civilian staff it may relate to the way that specific objectives are used in the annual staff appraisal process, and these are monitored regularly.

In both these instances the score is likely to be higher than for middle ranking service officers, for whom neither of these issues is likely to be particularly important. The same may also be true in relationship to the statement, *"People understand what needs to be done for us to succeed in the long run"*, although the lower agreement to "long-term" perspectives may help explain the lower scores.

In relation to the statement, *"Cooperation across different parts of the organisation is actively encouraged"*, there is closer agreement between the uniformed groups than there is with the civilian group and the uniformed groups. This may be partly explained by the stronger social connections in the service community leading to a greater ease in working across organisational boundaries. In contrast, civilians see team-working as more important than hierarchy for achieving outcomes, when compared to middle ranking service officers. Again the group containing senior officers may be reflecting desire rather than the true situation.

The existence of a "fear culture" was often referred to during this period of change. This could be an interpretation of the results against the statement, *"We view failure as an opportunity for learning and improvement"*. Middle ranking officers will be more likely to see themselves as being "in the goldfish bowl". In an HQ they will be in more regular contact with senior naval officers more than at any other time in their career. Failure in an HQ will be more obvious for such staff. For civilians the issue is that this is a constant feature, and for senior officers and ratings there is likely to be less concern about future promotion prospects, because career aspirations have already been more fully met. (When the "Launch events" for the Fleet First HQ were run, one senior officer made a comment in his presentation to the effect that, *"If an SO1 'cock's up' they will not be an SO1 for long"*. When it was tactfully pointed out

that this was not the sort of culture that we were aiming to create for the new HQ, he rephrased it for the second presentation. He started, *"Last time I said … but I've been told I can't say that any more. We have to be 'pink and fluffy…'"*, thereby giving the same message whilst playing lip service to the new culture.)

This simple analysis does suggest that the original groups defined for this survey were probably reasonable. Clearly there is a difference between the civilian and military in their perception of the organisational culture. And if the results of the Senior and Junior Naval Staff, RM and RFA are skewed by the views of Senior Naval Staff, then this means that this creates another distinct group. What is unclear, as a result of the amalgamations is the degree to which senior and junior staff disagree. But if the Middle Naval management group is anything to go by, not only will Senior and Junior Naval staff disagree, but it is probable that senior and junior civilian staff will disagree. Thus an important issue is the degree to which there is disagreement. That is not suggesting that one group is right and the other is wrong, just that there is a lack of shared culture. What is a serious issue is the poor scores form the Middle Ranking Naval Officers, who form the core of the Headquarters.

The following statements produced a high score:

Table 7.14: Areas of high score overall.				
(Percentile scores against specific questions.)	CINC FLEET HQ	Senior and Junior Naval Staff, RM and RFA	Middle Ranking Naval Officers	Civilian Staff
There is a clear mission that gives meaning and direction to our work.	59	75	57	43
There is a clear strategy for the future.	57	60	55	55
Our strategic direction is clear to me.	53	59	49	48
The leadership has "gone on record" about the objectives we are trying to meet.	59	65	55	56
Leaders have a long-term viewpoint.	51	63	11	70
Ther is a clear agreement about the right way and the wrong way to do things.	51	70	14	60
There is an ethical code that guides our behaviour and tells us right from wrong.	67	59	85	65
Cooperation across different parts of the organisation is actively encouraged.	67	78	68	48
People work like they are part of a team.	51	56	39	58
We make certain that the "right hand knows what the left is doing."	53	66	18	65

In only three cases shown in Table 7.14 is the high score not reasonably uniform. In each case it is the middle ranking naval officers who score lowest. However, in a number of instances one score, although not particularly poor, is significantly lower than the top score, eg the first statement shows this pattern. Thus against only 10 statements (10.67%) is there a good overall score, with the highest score being 67 (in two instances). This tends to confirm a rather poor culture with a low level of agreement even in the positive areas. The common theme that emerges from these is to do with the long-term perspectives of objectives and culture. The common themes here are:

- Strategic direction.

- Agreement about working practices and cooperation.

The following statements, Table 7.15, produced a poor score:

Table 7.15: Areas of poor score overall.				
(Percentile scores against specific questions.)	CINC FLEET HQ	Senior and Junior Naval Staff, RM and RFA	Middle Ranking Naval Officers	Civilian Staff
Our vision excites and motivates our staff.	12	29	5	10
We are able to meet short-term demands without compromising our long-term vision.	16	28	1	31
It is easy to coordinate projects across different parts of the organisation.	14	23	6	15
The leaders and managers "practice what they preach."	18	41	5	15
Ignoring core values will get you into trouble.	16	9	15	25
The "bench strength" (capability of people) is constantly improving.	19	26	7	25
Problems seldom arise because we have the skills necessary to do the job.	9	15	7	6
Everyone believes that he or she can have a positive impact.	17	40	15	5
The way things are done is very flexible and easy to change.	15	39	5	10
We respond well to competitors and other changes in the business environment.	9	13	3	16
Customer comments and recommendations often lead to changes.	8	14	3	8
Customer input directly influences our decisions.	10	13	5	13
Innovation and risk taking are encouraged and rewarded.	15	20	6	19

These 13 statements all score below 20 percentile points against the overall CINCFLEET perspective. Yet even here there are a number of statements that were

included in those where one group had a significantly higher score than another group. Thus again the disparity between the groups is emphasised. Here the common themes seem to be about short-term abilities and activities, although there are strongly negative cultural issues emerging too, eg skill development, adoption of core values, customer focus, flexibility, trust in the leadership, adaptability, blame-culture. Of particular interest is the conflict between the high scoring statements on strategic direction and the lack of motivation by the vision and conflict with short-term issues. This might be taken as suggesting that there is a mismatch between strategic aims and people's belief and commitment to them.

The generally low scores achieved in this survey support the suggestion from the Harrison/Handy survey that CINCFLEET HQ has a poor culture. There are indications too that senior management has a different view from that lower down. There would thus be an expectation that this conclusion would be refuted by management, or at least they would attempt to provide explanations why "things are different now". But the exceptionally low scores against some of the statements, particularly by the Middle Ranking Naval Officers cannot be easily explained away. Indeed, one of the most worrying features of the culture is probably the disparity of view.

The following table lists the statements where there was a substantial disagreement between different groups. Table 7.16 below highlights statements where there is a difference of 30% or more between scores for different adjacent sub-groups, when the individual scores are ranked in order, ie between highest and middle score or middle and lowest score, but not between highest and lowest scores.

Table 7.16: Areas of substantial difference of view.			
(Percentile scores against specific questions.)	**Senior and Junior Naval Staff, RM and RFA**	**Middle Ranking Naval Officers**	**Civilian Staff**
There is a long-term purpose and direction.	72	22	41
Leaders set goals that are ambitious, but realistic.	52	18	17
Leaders have a long-term viewpoint.	63	11	70
Our approach to doing business is very consistent and predictable.	58	13	64
There is a strong culture.	55	71	24
There is a clear agreement about the right way and the wrong way to do things.	70	14	60
Authority is delegated so that people can act on their own.	81	17	15
There is continuous investment in the skills of employees.	36	4	68
Work is organised so that each person can see the relationship between his or her job and the goals of the organisation.	48	6	45
Business planning is ongoing and involves everyone in the process to some degree.	57	15	45
Learning is an important objective in our day-to-day work.	23	6	62
We make certain that the "right hand knows what the left hand is doing".	66	18	65

Table 7.16 lists twelve statements. This is 20% of the statements in the questionnaire.
Here issues that emerge are:

- Leadership.

- Management and planning of work.

- Staff development.

However, it will be recalled that the Denison model purports to use culture as a predictor of organisational effectiveness. Against this criterion the CINCFLEET HQ organisation might therefore be expected to be particularly ineffective. There is no way of independently verifying this, particularly for the period under consideration. Had this been a commercial company the financial results might have provided some a measure of comparison. Although an EFQM assessment of the HQ was carried out shortly before this survey was undertaken it was not externally validated, and being the first such assessment the scoring, although facilitated by an experienced EFQM assessor, cannot be considered "robust", nor was the score widely disclosed. Nevertheless, it is a matter of record that the Royal Navy was, at this time, undoubtedly, one of the best Navies in the world, however defined. In that sense therefore, the HQ running the Royal Navy must play a significant role. It is therefore questioned whether,

- The low level response,
- The questionnaire or the model it is built on, or
- The timing of the survey,

produced a distortion in the results that unfairly reflects the organisational culture.

Although the level of response to this survey was low, resulting in an amalgamation of the anticipated groups, the overall sample size was good enough to reflect the culture of the HQ. At the time the size of the HQ was around 800. The sample thus represents about 17%. The distribution was also such that there was representation from all key segments of the population. Indeed the main population, the SO1 and SO2 Naval Officers, were preserved as a discrete group. Thus it is felt that the low response rate is unlikely to have produced a significant distortion in the results. The other work that the researcher was involved in at this time, the EFQM and Breakthrough assessments, also support the evidence provided by this survey.

Following on from Chapters 3 and 5, and as highlighted in the introduction to this Chapter, there is a strong reaction against business tools and methodologies among

the military. The culture of the military is somewhat removed from that of business and thus it is fair to conclude that the Denison model does not fully represent the military culture. Nevertheless, many of the statements being marked in the Denison survey can be see as equally applicable in a military culture. Thus, as highlighted previously, it is not simply the fact that some dimensions of the model achieved very low scores, but that there were disturbing contrasts between different groups. For example the group that contained the organisations leaders scored publicisation of the vision highly, whilst the middle ranking naval offices gave this statement a low score. It is therefore believed that although the Denison model does not fully reflect the military culture it is not sufficiently flawed in this context to invalidate suggestions that the culture of the CINCFLEET HQ was poor.

The timing of the survey was possibly not ideal. But then what time for an initial survey is good; there will always be issues that make a particular time unrepresentative. Arguably with an influx of new staff, who were properly inducted into the new Headquarters, or who had chosen to work there, should mean that staff would be highly committed. Nevertheless, there were a lot of teething problems in the new HQ, and the split of staff across many interim sites throughout the Portsmouth Naval Base, did complicate matters. This was also a period impacted by Op Fresco; support to the Civilian authorities during a Firefighters' strike. Had the survey been run previously it would have taken place against a background of turmoil and uncertainty as reorganisation would have been in the planning, development or implementation stages. Had the survey been delayed it would have been conducted during the run up to Op Telic, and would probably have attracted much less of a response due to other priorities. Thus whilst the timing of this survey may have detracted from the results by producing a somewhat false picture, it is argued that any alternative timing would probably also be argued by some constituency or other to be an inappropriate time that led to false results.

On balance therefore it is argued that the results probably represent a poor organisational culture as measured at that point in time. That is, it represents a poor

business culture in a Headquarters that is also dominated by a military culture that embodies other issues that are not measured.

4. From Measurement to Management.

4.1. Outline of the basis for management.

The scope of this research does not allow for full consideration of culture management for two fundamental reasons:

- The management process is yet a third large topic that would take an enormous amount of time to do complete justice and, since the culture of organisations is so diverse, the issues that would need to be covered are numerous and would necessitate substantial generalisation.
- Culture is a relatively enduring phenomenon and therefore most appropriate to a longitudinal study, because any action taken would take some time to mature and show tangible and measurable results. This would not fit within the timeframe for an already lengthy research project. Neither does the researcher have the sponsorship to undertake such a lengthy management intervention.

However, culture measurement cannot realistically be seen as an end goal in itself; it does not pass the "so what" test. Neither does the researcher subscribe to the notion that simply by measuring something like culture that management would achieve the desired goal. Culture would undoubtedly have to be the subject of a complex PI, but not one that would simply demonstrate a "more" or "better" goal. For example, using one of the standard models highlighted in Chapter 3, improvements in the overall score might still ignore an aspect of culture that was fundamentally and dangerously flawed if it were not contextualised for a particular culture.

Therefore, to demonstrate the importance of turning culture measurement into culture management, it is proposed to build on the results of the surveys in this Chapter by examining the type of action that management might have taken to improve the culture of CINCFLEET HQ. This is done using the contextual information provided in Chapter 5. This section is thus tailored to one specific organisation. General advice on cultural management related to a particular model seems to often be offered by those providing models.

4.2. Issues for cultural management arising from the Harrison/Handy survey.

It will be recalled that only limited, sound information was obtained from the results of the Harrison/Handy survey. This can be summarised and addressed as follows:

- **Substantial support for Role Culture** – This was in an organisation that was converting from a Role Culture to a Task Culture and this may reflect an allegiance to the past which should not be ignored.

- **Strong preference for Task culture** – The fact that there is a preference for a Task culture is encouraging. The fact that there is a strong perception of the organisation as a Role Culture is understandable but worrying. Management need to build on the desire of staff for a Task Culture by advertising the results of the survey and articulating the benefits of a Task Culture.

- **Strong perceptions of the organisation as either Role or Task cultures, and strongest psychological contract for Role Culture** – The leanings towards a Role Culture need to be countered by reinforcing the mechanisms of a Task Culture, for example, by expert facilitation, ensure that the change takes place at a working level, and that successes are highlighted. This is probably the most significant aspect to be addressed. The penalties of the Role Culture also need to be highlighted.

- **Elements of support for Power and Person cultures** – The presence of a potential significant minority who prefer Power or Person Cultures needs to be managed carefully. The "Command" culture of the military environment must not be ignored, since this may rightly push people, particularly in certain circumstances, toward a Power Culture. However, management should monitor behaviour carefully to ensure that individuals do not overuse or abuse power. There should be an emphasis on delegation, empowerment and knowledge sharing. Emphasis should be on placed on Teams and Team working. Reward should be orientated towards teams rather than individuals. Training should emphasise flexibility and broad perspectives not simply narrow disciplines and role focus.

4.3. The Denison Survey.

The Denison survey provided more information than the Harrison/Handy survey, and it was more specific about key cultural issues. The full details of the results can be found above, and reference can also be made to the Denison Organisational Culture website. [8] A summary of some of the key issues is:

- Overall the scoring was low, suggesting a poor (or weak) culture.
- Different groups within the HQ had significantly different opinions.
- The Middle Ranking Naval Officers in particular seem to have a poor opinion of the culture.
- The highest scoring section was the Senior Officers and Junior Naval Staff, RMs and RFA. (There may be some distortion here reflecting a rosy view of life from Senior Naval Officers and the more Senior Ratings.)
- Overall the strongest issue, common to all groups, was the Strategic Vision and Intent.
- The next strongest was Team Orientation, but opinions on this differed much more.

- Capability Development, Creating Change and Customer Focus were the weakest areas. The scores were dragged down particularly by the Middle Ranking Naval Officers.

- The Senior Officers and Junior Naval Staff, RMs and RFA also rated the Goals and Objectives and Agreement segments highly.

- Middle Ranking Naval Officers rated the Vision and Organisational Learning sectors very low.

Management must take the poor culture seriously and invest time and effort, and perhaps additional financial resources, into addressing this generally and the key weaknesses specifically. Note that even the "strong" elements of the culture are only strong relative to the other scores, not in relation to high performing organisations. Thus there is no scope for any real confidence. It is recommended that a long-term programme of culture management should be established to address problems. This will start with period of further assessment of the culture to identify the specific impacts and penalties of the poor culture, and a programme of education of cultural leaders, particularly senior managers. The future role of these cultural leaders in improving culture needs to be identified to ensure that there are individuals with specific responsibility for targets and improvement programmes.

Differentiation of groups represents problem. Increased effort needs to be made to build relationships across boundaries; not simply organisational boundaries, but social and status boundaries. The "big team" needs to be emphasised. The HQ represents a different environment for Naval Staff to the environment of operational units or training establishments. Real efforts need to be made to identify and reinforce benefits that can make working in the HQ a worthwhile experience for service and civilian staff. Failure to address this issue could result in a decline in perceptions as staff move to other posts and articulate poor views of their experience.

The Middle Ranking Naval Officers have a generally poor perception of the HQ and their role. Their contribution needs to be explained and their importance emphasised. External facilitation would probably be beneficial in order to gain greater clarity of the issues of this key group. This would enable staff to express issues without fear of retribution. The importance of their jobs in the HQ, in relation to their career development, also needs to be emphasised to enable staff to understand the potential personal benefits.

The comparatively more positive views of the Senior and Junior Naval Staff, RMs and RFA personnel needs to be understood. This could be the basis of spreading a more positive story through the wider organisation; spreading the "myths and legends" of those who have had a positive experience. Care will need to be taken that messages are not simply refuted on the basis that the experiences are not widely shared.

The comparatively strong opinion of the Strategic Direction and Intent is only strong compared to the other scores indicated. Overall these factors still only score about 50%. The disparity of the scores between the different groups (20 point spread) does suggest that the Strategic Direction and Intent is not consistently understood or shared. The aim must be to share this on a more regular basis and ensure that it is relevant to the organisational members. There are two issues that are relevant here:

- The failure, demonstrated in Chapter 6, to use the Balanced Scorecard effectively to communicate strategic issues to all staff. The Balanced Scorecard should therefore be used more proactively.
- A long-term vision (15 years) may have little relevance to many staff (particularly naval staff) in the HQ who will already likely be in their mid to late career. Inevitably the Strategic Direction for an organisation like the Navy must be set for such timescales, because of the long gestation period for equipment programmes that may also be

seen as a threat to the structure and shape of the Navy and its culture, see Chapter 5.

In respect of Team Orientation there is a 27 point gap between the top and bottom groups. Again it is the Middle Ranking Naval Officers who share least in this perspective. This may be because they see themselves has having less of a stake in the orientation and running of HQ than they would like; perhaps because they had a stronger team development role in their previous roles outside the HQ. Efforts might therefore be made to use such staff more proactively in team and group activity, both in work and social contexts. This is not simply creating a role but working to build across the whole of the "Involvement" Sector (See Figure 3.9) in order to engage staff in the organisation and its culture. (Remember that for service personnel the Service culture can be a 24 hour a day experience for long periods.)

With a comparatively high score on Strategic Direction and Intent, and during a period of change, the low scores for Capability Development, Creating Change and Customer Focus might seem surprising, particularly as the Fleet First changes were aimed at improving the focus on the Fleet. However, all three groups show a low score, albeit that the Middle Ranking Naval Officers are again over 20 points lower than the top group. This may reflect:

- A generally negative attitude towards change.
- A failure of senior management to motivate and engage staff in the change process or to articulate the benefits effectively.
- A general distaste among Middle Ranking Naval Officers for working in the HQ.
- A failure to demonstrate how the HQ adds real value to the overall process of preparing the Fleet for Operations.
- A failure to address what Operational units see as the real needs.

Further research into the issues underlying the poor scores is essential if management is to tackle these issues. In particular there is a need to address the perceived poor focus on customers. If Middle Ranking Naval Officers are arriving in the HQ with this perception, and the HQ is not dispelling this fear, or is perhaps reinforcing it, then when they return to other duties they are likely to communicate this to others thereby perpetuating the perception. This is an instance where the sub-culture is not following the lead of Senior Management.

Senior Officers and Junior Naval Staff, RMs and RFA rated the Goals and Objectives and Agreement segments highly compared to other issues. This may be because the senior officers where particularly involved in the development, and agreement, of the objectives, whilst junior staff have no expectation of involvement in these activities in a "Command" structure. This may therefore be a function of how the measure was taken. Thus the difference with the Middle Ranking Naval Officers is important (over 30 points in both cases) since it may suggest an unfulfilled expectation of involvement on the part of the latter group.

Whilst they understand the Strategic Direction and Intent, the fact that the Middle Ranking Naval Officers do not share the Vision is particularly worrying. This group potential are the future owners of that Vision. This may reflect an organisation in constant retrenchment whilst struggling to meets its apparently expanding commitments. This may come from the narrower perspectives of middle management compared to senior management. Similarly, the poor perception of Organisational Learning among this group may reflect a perception that the realities of need are not being met. This may link not only to their perception that the organisation is failing to meet customer need but also that it is not developing the individuals within the organisation.

4.4.   Developing a Culture Management Plan.

The actions outlined in Sections 4.2 and 4.3 represent a significant body of work. Developing a plan that addressed all these issues would potentially create confusion, although the concept of following a clear cultural model may assist in gaining acceptance of a wider action plan than simply articulating a list of actions. The following are therefore offered as the initial core actions to embark on a programme of culture improvement:

- Embark on a facilitated programme of education for the leadership to improve their understanding of the culture and their role in managing it.
- Senior management must be more proactive in communication across all levels of the HQ, particularly in terms of the vision and strategic objectives, but also in terms of identifying, rewarding and highlighting good practice and outcomes.
- Engage Middle Ranking Naval Officers more effectively in the decision making and in creating effective team building.
- Ensure the vision, goals and objectives are more effectively linked to the needs of customers, and demonstrate that customer needs are being met.

5.   Summary.

Chapter 6 concluded that the implementation of the Balanced Scorecard in CINCFLEET had been reasonably successful and had had a positive impact, but limited in the respect that it impacted the business processes, particularly at the more strategic levels. This Chapter concludes that the organisational culture of the CINCFLEET HQ was quite poor, with relatively low levels of psychological commitment, and a poor business culture that might therefore be having a negative impact on organisational effectiveness. The results of the two surveys thus seem to support each other. The Denison survey result suggests a major problem existed with

middle management, and this is supported by a very limited amount of evidence from Boyes that was presented in Chapter 6 that related to the pre-Fleet First organisation. The failure to fully implement the Balanced Scorecard concepts may be seen as an impediment to overturning organisational problems in respect of the contribution that culture management makes to successful management and outcomes. Nevertheless, despite the problems articulated below, the outcomes of the surveys can be shown to produce an action plan to address identified problems. This underpins the concept that measurement is a key to effective management. However, measurement on its own is not seen as worthwhile. Proactive management of the culture is essential.

It is argued therefore that two issues need to be addressed:

- Proper and fuller implementation of the Balanced Scorecard in terms of the lessons identified from other implementations, as highlighted in Chapter 2.
- More effective management of the cultural issues, by:
    o Better recognition and management of the benefits to be obtained from improved management processes.
    o Effective and on-going management of the organisational culture, particularly through a period of substantial, indeed on-going change.

This second point has been highlighted previously in Chapter 3, and is supported by the Balanced Scorecard concepts of management through effective planning, management, measurement and adjustment of plans: the Double Loop Learning cycle highlighted in Chapter 2. Chapter 3 also highlighted the need for a model to underpin such management, in the same way that the cause-and-effect model underpins and defines the Balanced Scorecard processes. This Chapter, coupled with some of the issues raised in Chapter 4, suggests that neither the Harrison/Handy nor Denison surveys are ideal for this role: Harrison/Handy is too complex and merely audits the organisational style and individual commitment to it; Denison provides a much more detailed examination of cultural issues, but is not tailored to the military culture, and is quite expensive. It is therefore concluded that a new cultural model is required to

facilitate effective management of the organisational culture in CINCFLEET HQ. This is the subject of Chapter 8.

Road Map

Chapter 1	**Outline of the research project.** The aim of the research is, • To demonstrate a mechanism for managing organisational culture through the Balanced Scorecard in order to improve culture and thus the potential for the Balanced Scorecard to deliver benefit.
Chapter 2	**Balanced Scorecard literature review.**
Chapter 3	**Culture literature review.**
Chapter 4	**Research methodology.**
Chapter 5	**Review of organisational issues.**
Chapter 6	**Case study on the impact of implementing the Balanced Scorecard.**
Chapter 7	**Cultural survey results.** Serious weaknesses in the methodology used to quantify the organisational culture of CINCFLEET HQ limited the value of the survey undertaken. However, there was sufficient evidence to suggest that not only was the overall culture poor but that there was considerable disagreement in the organisation. This suggests that the organisational effectiveness might be low, yet at the time this research was being undertaken, CINCFLEET was effectively managing and preparing for Operations. Culture measurement is a precursor to effective management, because it facilitates the development of a targeted management action plan.
Chapter 8	**Developing and testing a cultural measurement tool for use with the Balanced Scorecard.**
Chapter 9	**Supporting case studies.**
Chapter 10	**Summary of conclusions.**

Figure 7.2

End notes:

[1] The average score across all four organisation types is arrived at by taking the worst match represented by scores of: 60, 45, 30, 15, matched against: 15, 30, 45 and 60. This produces the psychological contract profile of 45, 15, 15 and 45. This totals 120, which when divided by 4 gives an average score of 30. The strongest psychological contract would be a complete match that would total, and average 0. It is therefore suggested that anything over the difference between these two scores probably represents quite a strong psychological distance between the individual and the organisation. (The order of organisational preference is irrelevant here.)

[2] Handy, C. (1985). Understanding Organisations (3rd Edition). Penguin. Pages 194 and 195.

[3] Ibid. Pages 43 and 44.

[4] See http://www.denisonculture.com/culture and http://www.denisonculture.com/samplesurveys/culture accessed on 16th January, 2002 and 11th January, 2002 respectively.

[5] Percentage scores are relative scores to the whole database, whilst converting these into straightforward scores might suggest a more direct measurement system.

[6] Manning and training margin is a mechanism used particularly in the Services to ensure that front-line units can have a full complement, whilst still allowing for rotation etc through career courses, or to cope with injuries that put staff into "non-effective" categories.

[7] The eight key principles articulated by the "Fleet First" programme had sought to address this issue. These were termed "Ways of working" and were:
- Consider the "big picture".
- Focus on service and outcomes for Fleet.
- Think and operate as a Fleet HQ team player.
- Take ownership and responsibility.
- Build relationships and communicate effectively.
- Develop people and their capability.
- Challenge and improve Fleet HQ working practices.
- Share your knowledge and make use of corporate knowledge.

These were published in many ways, including on credit card sized plastic cards issued to all staff.

[8] Denison, D. R. (2000). The Denison organisational culture survey. http://www.denisonculture.com/culture accessed January, 2002

Chapter 8: Developing a cultural measurement and management tool for CINCFLEET HQ.

<table>
<tr><td colspan="2" align="center">**Road Map**</td></tr>
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<tr><td>**Chapter 7**</td><td>**Cultural survey results.**</td></tr>
<tr><td>**Chapter 8**</td><td>**Developing and testing a cultural measurement tool for use with the Balanced Scorecard.**
Chapter 7 appeared to show that the culture of CINCFLEET HQ was poor. However, deficiencies in the surveys used and in the methodology used to collect the data meant that more research was required. Certainly neither of the cultural surveys used had been seen as being suitable for regular use for measuring cultural development; a simple and cheap tool was required.
The aim of this Chapter is therefore to develop and test a cultural measurement tool specifically for the CINCFLEET HQ.</td></tr>
<tr><td>**Chapter 9**</td><td>**Supporting case studies.**</td></tr>
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<tr><td colspan="2">**Figure 8.1**</td></tr>
</table>

1.   The Balanced Scorecard.

In Chapter 2 the Balanced Scorecard was examined. The need to have PIs that helped management to deliver strategic objectives was noted. Such PIs, and the underlying cause-and-effect model, should enable the corporate objectives to be articulated and understood at all levels of the organisation. Yet to contain the necessary issues within about 20 PIs, as recommended by Kaplan and Norton, is demanding. Consequently complex PIs have been advocated, eg by M G Brown, Becker et al, as a means of consolidating issues into something understandable but significant and relevant.

The use of the Balanced Scorecard is aimed at delivering significant performance improvement. Such improvements both necessitate and demand changes in attitude and action from people at both an individual and collective level. This can be articulated as a change in climate and culture for the organisation. Such change needs to be positively managed but should contribute to the success of the organisation. Failure to embed changes into the organisation will lead to behaviours and attitudes reverting to those prevailing before the changes were attempted. This is because the prevailing culture of the organisation will normally resist change. These issues were discussed in Chapter 3, which also examined ways of measuring culture. Chapter 4 looked briefly at the issues of the legitimacy of measuring culture, and also considered briefly the issues of the difference between culture and climate.

Chapter 5 introduced CINCFLEET as the organisation that would be used in this research. It described some of the issues driving organisational change, the changes, and impact of those changes. This followed through into Chapter 6, which examined the process and impact of implementing the Balanced Scorecard in the Royal Navy. It concluded that there was some impact on organisational culture, albeit probably at the more superficial levels of "artefacts", and even then mainly within the "senior management" sub-culture. It was also concluded that whilst the implementation of the Balanced Scorecard in the Royal Navy was largely successful it had failed to penetrate deeply into the organisation.

This failure to penetrate the lower levels of the organisation will limit the contribution that all individuals are able to make, because activities will not be linked and orientated towards commonly held goals. Chapter 7 looked at the degree to which there is a shared culture within CINCFLEET HQ. It was clearly shown that there were substantial differences of culture within different sub-groups. In particular, the middle ranking Naval Officers seemed to have a poor culture, which was not shared by other members of the organisation. However, it was recognised that the cultural instruments used to measure the culture were not wholly appropriate for the task of regular measurement: the Handy/Harrison survey was complex and really only suitable for a managed intervention; the Denison survey was expensive and not entirely geared to the military environment.

However, it is has been argued that if management are to manage an issue then a measurement process is required that consistently measures that issue and enables management to take appropriate action. The impact of that action should be determinable. In other words, there needs to be an underpinning model, similar in concept to the cause-and-effect model, which enables a complex issue to be managed. In Chapter 2 one of the identified criteria for the success of the Balanced Scorecard was taut definition and consistent use of terminology in the use of PIs. This Chapter will therefore show how an appropriate model was developed to measure culture within CINCFLEET HQ.

2.   Criteria for the development of a cultural measurement tool.

Balanced Scorecard data will have an associated periodicity for measurement. Data might, for some PIs, be measured daily, but strategic management is unlikely to involve frequent use of such data. Only if there were a very significant change in the trend of such data would senior management collectively be involved. By definition "strategic issues" are unlikely to need corporate review of decision at a frequency of less than a month, unless the business as whole was highly volatile. Thus, for example, Balanced Scorecards in MOD are mainly quarterly. That is not to suggest

that decisions are required on a quarterly basis on all measures merely that these are the strategic issues that need to be considered in concert.

- Therefore the first criterion that needs to be applied is that data can be collected quarterly. This will enable trends to be established, rather than necessarily resulting in specific actions.

Chapter 4 highlighted the issues about sample size required for a valid sample, whilst Chapter 7 highlighted the poor response rate. The researcher's own experience managing the annual internal "Staff Attitude Survey" within CINCFLEET HQ was that a 40% response rate would be a good outcome. Thus the survey must cover sufficient staff to ensure adequate response, but repeatedly surveying the same staff is likely to lead to "survey fatigue" with a consequent reduction in the response rate. Therefore there is a need to recognise that a survey of this nature will need to be based on a sample rather than the total population.

- There is a need to ensure that the number of responses received is sufficient for good statistical analysis.

However, there is also a need to consider whether the group surveyed would be treated as a whole or whether it would be stratified in any way. Trice and Beyer highlight the differences of opinion as to whether organisations are an amalgam of sub-cultures or whether there is a single or overarching organisational culture. [1] This supports the concepts outlined in Chapter 5 (see Figure 5.5) of an overall culture containing or built up from subcultures. Experience with the Denison survey reported in Chapter 7 suggests that there might be significant differences between different groups within the CINCFLEET HQ.

- Although the survey responses in total may represent the overall organisational culture, there may be a need to recognise different subcultures within that in order to address particular constituencies or sectional interests.

Consequently there is a tension between keeping the survey small and recognising the overall culture, and expanding the size of the survey to recognise different constituencies. Expansion of the measurement beyond the boundaries of the CINCFLEET HQ might add to the complexity. This is because the issues of importance may vary according to where the boundary is drawn. For example, whilst attempting to measure the culture of the Royal Navy could be entirely legitimate, the activities undertaken in such a widespread organisation would raise different issues. Attempting to address this diversity adequately would increase the number of issues that would need to be covered by the survey.

- There is a need to establish a manageable organisational size and boundary in order to limit the range of issues to be considered.

The survey will need to be based on a clear model in order to be able to effectively interpret the results and to facilitate management action. Results that are not linked to clear concepts could result in management taking suboptimal action that addresses sectional interest rather than dealing with overall organisational aims and objectives.

- There is a need for a clear model that facilitates overall understanding of cultural issues but which also facilitates measurement of cultural elements.
- A model should be linked to organisational objectives and achievements and not simply be an isolated measurement of culture.

Chapters 5 and 7, in particular, highlighted that the military have specific cultural features that are not necessarily common elsewhere. Chapter 3 highlighted the issues of national culture in the context of acceptance of management tools and models. This too suggests that culture must be taken into account when implementing a management tool, such as a cultural measurement tool.

- Any model should be appropriate to the organisation in which it is to be used.

In order to encourage staff to respond, in addition to all the management issues (eg management support, and perceived management action on the results), the survey will itself need to encourage completion by being quick and easy to complete.

- The survey will need to be well designed and presented.
- The survey should be relative short and simple to complete.

Chapter 7 highlight issues of poor culture within CINCFLEET HQ. If this diagnosis is accepted then it is likely to mean that a "fear culture" exists. This will militate against an adequate response level and against accurate response to the questionnaire.

- The survey will need to be anonymous in order to overcome any fear of retribution.

Working in a Service environment there are constant pressures to reduce administrative cost in order to ensure resources are directed to Front Line activity. Repeating the survey on a quarterly basis will add to cost, and thus is likely to attract criticism.

- The cash and economic cost of the survey needs to be minimised. That is, not only must the use of external resources be kept to a minimum, internal costs must also be minimised.

In summary, the survey will need to be:

- Conducted quarterly,
- Based on a sample size that addresses the level of response required,
- Based on a sample size that addresses major sub-cultures within the organisation,
- Addressed to a clearly bounded organisation,
- Based on a model that addresses clearly articulates cultural features,
- Based on a model that addresses specific management objectives,

- Based on a model that addresses the specific cultural features of the target organisation,
- Well designed,
- Short,
- Anonymous,
- Cheap.

Some of these features are in direct conflict and thus the construction of the survey presents a distinct challenge, eg recognising subcultures and having a sufficient quarterly sample to adequately represent these groups. To this challenge is added the desire of developing a repeatable process to enable other organisations to meet similar requirements. If this objective can be met within an organisation in the Royal Navy, and is successful, then other Service organisations may wish to follow suite.

3.   Development of the tool.

The process of developing the final version of the measurement tool, described here, was inevitably somewhat convoluted, iterative, evolutionary, elusive, and in part even ethereal, as might be expected in phenomenological research. The description of the development here is therefore an attempt to describe the development in a more coherent and understandable manner.

Firstly, a table was compiled of various models that might be relevant to the measurement of the organisational culture in a military environment. These were:

- Denison's Organisational effectiveness tool. [2]
- Ainslie's six measures of Military Ethos. [3]
- Stouffer's Cohesion and combat effectiveness. [4]
- Shils and Janowitz's Cohesion in the Wehrmacht. [5]
- Moskos' Cohesion and battle-survival. [6]
- Shamir's Leadership influence on cohesion. [7]
- Gal's Unit morale or climate. [8]

- Henderson's Human element in combat. [9]
- Price's Factors influencing psychiatric casualties. [10]
- Grossman's Learning to kill in war. [11]
- CSIS Report Measuring US Military culture. [12]
- Johnson's culture web. [13]
- Cartwright's Nine Factors. [14]
- EFQM. [15]
- Hofstede's key elements of culture. [16]
- Schein's key elements of culture. [17]
- A Brown's Sources of organisational culture. [18]
- Drennan's Additional sources of organisational culture. [19]
- Cameron & Quinn's Organisational Culture Assessment Instrument. [20]

These items were selected for inclusion because they represented a wide range of military, cultural and management models. There was no particular reason to select these other than that they were readily available from existing reading, and represent distinctly different types of relevant model. The table is shown at Appendix A to this Chapter. Some of the individual elements from the different models, particularly the military ones, were recognised as being highly specific in the way they were specified and would need to be interpreted in a much broader manner.

These individual elements were then iteratively grouped into categories until a few key themes emerged. The aim was to see if a new model could be developed. The categories, as shown in Appendix B and Appendix C to this Chapter, were:

- Teams and Groups,
- Leaders,
- Training, learning and development,
- Individual,
- Beliefs,
- Task, and

- Organisation.

It was recognised that different aspects of the same element would be appropriate under different headings. Thus, whilst "Policy and Strategy" are the responsibility of "Leaders", they are the basis of "Beliefs", if shared within a "Team", but should also be "Task" related and are owned by the "Organisation". It was also recognised that there were relationships between these various elements, for example "individuals" are formed into "teams", that are bound together by "beliefs" and have "leaders", which implies some level of "organisation". However, the researcher was unable to identify a clear structure or relationships that linked these separate elements in a logical manner around a core element or in some progression or hierarchy.

Failure to readily identify a clear model encouraged the researcher to reconsider this strategy. The idea of simply using a heptagon, in the same mode as Cartwright's 9F model and the Innovation Climate Questionnaire (see Figures 3.4 and 3.5), seemed crude. It was therefore decided to experiment with the adaptation of an existing model. This raises the issue of whether the result could be said to be original, and the degree to which the researcher might infringe copyright or intellectual property rights. However, it is argued that development of an existing model constitutes new work, and provided the development is sufficiently different and the underlying source is acknowledged, then the work should not be discounted as a result of either of these two issues. This issue was discussed with Carl Edwards of Cranfield University, who is an expert in intellectual property and related issues. He considered that the adaptation of the basic model, and the more substantial changes arising from redevelopment of the questionnaire, should not cause infringement of intellectual property or copyright. Phillips and Pugh highlight 15 criteria that can be applied to determine whether work constitutes a new contribution to knowledge. The list includes, *"New interpretation of established work"*. [21] It is argued that development of an existing model falls under this heading. Thus none of the military models listed above incorporates the wider business management issues, and the business models are not generic and not tailored to the military context.

The researcher was immediately attracted to the Denison Model. This model addresses 12 dimensions that are linked to two cross-cutting axes, and is linked to organisational effectiveness. A Brown highlights that Denison's model is one of the few models that links culture and performance. [22] He goes on to describe the model as having *"great intuitive appeal"*, but warns that it should not be accepted *"uncritically"* due to the wide range of factors affecting culture and organisational performance. [23]

Any adaptation of the Denison questionnaire would immediately break the linkage with Denison's database that assesses organisational effectiveness against other organisations, as described in Section 3 of Chapter 7. This would immediately reduce the value of the process. The process of marking the Denison survey is commercially contracted and it was not anticipated therefore that there would be any potential to develop linkages to the database, or to establish where scores from a future questionnaire might align to the performance of other organisations. However, whilst the link to other organisations would be broken it was thought that it should nevertheless be possible to develop a measurement of organisational effectiveness based on the underlying model.

As a first step the 12 elements of the Denison cultural assessment instrument were used as a basis for mapping the other military, cultural and business models. This is set out in Appendix D. For ease these were then consolidated against the 60 statements used in the questionnaire: Appendix E.

The next stage was to design the statements for the assessment process. There were two immediate considerations:

- How many statements should be used?
- How to maximise the issues covered.

Denison's cultural measurement tool uses 60 statements; five for each of the twelve dimensions. This was perceived as too many for a quarterly survey, which was perceived to need to be brief, and might include other questions.

> *"Since attitudinal questions are more sensitive than factual questions to changes in wording, context, emphasis and so on, it becomes impossible to assess reliability by 'asking the same question in another form'. It will no longer be the same question. For this reason, we should not rely on single questions when we come to measure those attitudes that are most important to our study ..."* [24]

Therefore 12 questions are insufficient. 24 questions were perceived to be too few to adequately assess 12 elements. The choice was therefore between 36 and 48 questions. However, it was thought that by combining two issues in each statement, 72 issues could be covered in 36 statements. This immediately raises the issue of double-barrelled questions. Zikmund states, *"A question covering several issues at once is referred to as double-barrelled and should always be avoided."* [25] This is because it becomes complex, causing confusion, and increases the number of possible answers. Many authors subscribe to this view, eg Buckingham and Saunders [26], Czaja and Blair [27], de Vaus [28], and Dillman [29], but these comments are always made in the context of obtaining specific information from individual questions. This survey is not seeking to do this. Instead it is seeking to gain an impression about a multi-facetted issue. Consequently this needs broader coverage to arrive at a view than would be obtained from a single question. Thus Henerson, Morris and Fitz-Gibbon [30], and Moser and Kalton [31] suggest that multiple questions should be used to gain a clearer impression of attitudes to such complex issues. This is what Denison does. He uses five statements to measure each aspect by asking respondents the degree to which they agree with the statements. If this methodology were employed then issues could be combined in statements. Therefore it is not necessarily the response to one particular statement that was important, but the aggregate response to each group of statements that provides the perception of attitude on the twelve elements of the

model. Denison does provide markings for individual statements in the feedback to his questionnaire. This approach may be considered slightly inappropriate and would not be recommended where statements combined different topics. Thus whilst combining aspects of a common theme in a statement is somewhat dubious practice, even if an individual feels differently about the two issues combined in the statement, it is the overall opinion that is important not, in this instance, their feelings about a specific issue. In such circumstances the statements would need to be carefully worded, combining related issues, whilst keeping the statements relatively short and simple. The aim was therefore decided to try to keep statements below 20 words in length, although it is also argued,

> *"Paradoxically, however, it does not always pay to make the statements too clear and unambiguous, not to ask the respondent to think very hard. Often, a statement that is, strictly speaking, almost meaningless, works very well because pilot work has shown that respondents invest it, in their own way, with the meaning that our context requires."* [32]

Further work would need to be done to determine the overall acceptability of this approach, eg by conducting comparative studies into the double-barrelled statements or larger numbers of statements addressing individual themes. However, as highlighted below, the methodology seems to have been generally accepted, with only one respondent out of 50 actually marking one of the questions twice to differentiate the different aspects, although questionably this may also have been a factor in some of the other questionnaires that were rejected because some statements were unmarked. It may also have been a feature of this one statement, ie that the double-barrelled nature was more obvious than in some of the other statements.

It was also decided at this stage that the assessment tool would be developed in relation to the CINCFLEET HQ. There were two reasons for this:

- There was an immediate requirement for a measurement tool to assess the morale of staff in the HQ for the new CINCFLEET HQ Balanced Scorecard.

- Discussions with Lt Col Ainslie revealed that he had experienced resistance to the adoption of his Military Ethos Measurement Tool. Military commanders were perceived as nervous about adopting a new tool that might be seen as exposing their weakness in managing the ethos within their units. It was therefore unlikely that measurement tool that measured culture in a wider, more front-line, situation would be readily accepted.

This would mean that statements would need to reflect the military, government, environment, without needing to reflect the more "extreme" elements of military culture. Thus, *"Willingness to risk death for others"*, *"Ability to cope with battle conditions"* and *"Realistic training for combat"* generally, fortunately, have little relevance in CINCFLEET HQ work. Clearly not all the issues listed would be incorporated in the statements, and the main intention was to ensure statements remained related to the core 12 dimensions of the Denison model. The statements are shown in Appendix F.

Chapters 2 and 3 demonstrated the relevance of the NLP Logical Levels. It was emphasised that the Balanced Scorecard needs to motivate staff by addressing issues at all levels in order to ensure corporate coherence. In particular there was a need to ensure that the higher levels were addressed, because these would impact on people's attitudes to issues at the lower levels. It was therefore decided that the statements would be tested against the different logical levels.

- **Identity** – *"Who? Identity is to do with sense of self."*
- **Beliefs** – *"Why? Our beliefs and values shape our understanding of why things are possible or impossible for us."*
- **Capability** – *"How? Capability is about the how-tos of life – the knowledge, skills and processes that make it possible or impossible for one person who has them to find doing something easy ..."*
- **Behaviour** – *"What? Behaviour is what you actually do – or don't do."*

- **Environment** – *"Where? and When? This level involves issues or details of context."* [33]

Because each statement contained two elements it was recognised that statements might relate to more than one logical level. The assessment of the statements is at Appendix G.

This demonstrates that the statements provide substantial cover across all the base levels of the NLP Logical Levels. (No attempt was made to link to the "Spiritual" level as this was seen as inappropriate.)

It was also recognised in order to encourage respondents to avoid consistently marking the questionnaire in the same way that it was necessary to encourage careful reading. This can be done by the use of negative statements. Sekaran states,

> *"Instead of phrasing all questions positively, it is advisable to include some negatively worded questions as well, so the tendency of respondents to mechanically circle the points towards one end of the scale is minimised."* [34]

This was discovered to be difficult because the statements contained two issues. Few statements could be turned round without becoming lengthy or even more complex. Ultimately six statements were selected for reversal, which represents about 16%. This was perceived to be adequate. The reversal of statements is shown in Appendix H to this chapter.

The next issue that had to be tackled was the measurement scale. Both Denison and Ainslie used 5-point Likert scales. Zikmund states,

> *"Business researchers' adaptation of the summated ratings method, developed by Rensis Likert, is extremely popular for measuring attitudes because the method is simple to administer.*

With the Likert scale, respondents indicate their attitudes by checking how strongly they agree or disagree with carefully constructed statements that range from very positive to very negative toward the attitudinal object. Individuals generally choose from five alternatives …but the alternatives may number from 3 to 9." [35]

Related to the size of the scale is the issue of whether to use a balanced or unbalanced scale. A balanced scale has a neutral or indifference point at the centre. [36] Lack of a neutral or indifference point forces respondents to make a decision. A neutral or indifference point could mean respondents either have no preference or insufficient knowledge to make their decision. Since the aim of the questionnaire was to identify people's attitudes or opinions, it was believed that a respondent would, in other circumstances, make a decision on these issues even if they felt they had insufficient information. Oppenheim argues,

"Most of an individual's attitudes are usually dormant and are expressed in speech or behaviour only when the object of the attitude is perceived." [37]

Consequently, indifference was perceived as invalid. Sekaran, quoting from Elmore and Beggs, states,

"Research indicates that a 5-point scale is just as good as any, and that an increase from 5 to 7 or 9 points on a rating scale does not improve the reliability of the ratings." [38]

It was therefore decided to use a six-point itemised scale, not to increase the reliability but simply give greater differentiation than a four-point scale. A six-point scale was thought to be easier for people to use rather than an eight-point scale, which seemed excessive. The statements were then smartened for presentation; shown at Appendix I.

4.   Testing.

Two stages of testing were carried out. The first, with a couple of the researcher's own staff, will not be considered further as it identified nothing of significance. This section will therefore only consider the substantial benchmarking exercise conducted within CINCFLEET HQ in March, 2003.

For the purposes of this trial the ACOSs in the HQ were asked to nominate staff who from the top 25% of their staff for morale and achievement. Although this attracted some question and comment, there were clear reasons for this course of action:

- Testing was essential in order to benchmark the model for actual use, that is, in order to interpret results, the results from a defined sample were necessary.
- A random sample would not adequately define the limits of scoring likely to be derived in regular use unless a large sample was used.
- The previous use of cultural surveys in the HQ indicated that there was a poor culture and that the results of a random sample would probably be skewed to the lower end of the scale.
- Use of a sample from the lower end of the scale would automatically tend towards a low score, but it was not known where the higher scores were likely to be.
- A group of staff with high morale and achievement were thought more likely to respond to respond to the request for completion of the survey.
- Results from this initial test could be validated against a real sample when used.

The initial test would also enable a reasonable attempt to be made at setting the traffic-lights for the Balanced Scorecard. MOD generally uses a four traffic-light system. This enables data to be readily understood. The four categories used within MOD are:

- **Green** – Satisfactory.

- **Yellow** – Minor weakness.

- **Orange** – Serious weakness.

- **Red** – Very serious weakness. [39]

The following schematic was proposed to meet this.

- **Green** – *Very High* – 100% of measured components rated 75% or higher.

- **Green** – *High* – More than 50%, but less than 100%, of measured components rated 75% or higher.

- **Yellow** – *Good* – 50% or more of measured components rated between 50% and 75%.

- **Orange** – *Satisfactory* – 50% or more of measured components rated between 25% and 50%.

- **Red** – *Poor* – More than 50%, but less than 100%, of measured components rated 25% or lower.

- **Red** – *Very poor* – 100% of measured components rated 25% or lower.

This provides a slightly greater granularity than the four traffic light system, but scoring in both the top and bottom categories is likely to be rare. The additional categories have been created because it is common practice in CINCFLEET to tag the overall traffic light colour with a quadrant indicating the lowest score of subsidiary elements within a complex PI. This mechanism defines the "Green with green tag". (In this context the "components" refer to the twelve elements of the model, not to individual questions. Thus each of the twelve components is rated simply on the four "traffic light" colours with red being equal to the bottom quartile scores, and so on to green equalling top quartile scores.)

Using this system it would be necessary to adjust the scores from each quarterly assessment, based initially on the test sample. Therefore the test sample score would demonstrate what adjustment was necessary to bring their score into the top 25%. This necessitated consideration of what adjustment would be applied to the results.

Before the test sample was taken it was not clear whether there be a propensity to avoid marking at the extremes. This would have distorted the overall picture. Theoretically, taking a sample of the top 25% of staff the average score would be 87.5%, that is, halfway through the top quartile. However, the sample might also be biased towards the top performing staff, and thus be positively skewed. It was also recognised that, with the earlier cultural surveys having demonstrated that the HQ had a poor culture, the results might be lower than 87.5%. Thus although the idea of the benchmarking or calibration exercise was to standardise the scores at a particular level, it was unclear what that level should be. The main contenders were thought to be:

- **Above 87.5%** - as the sample might be skewed towards the top of the top quartile. It is totally unclear what point might be represented.
- **87.5%** - as the mid point of the top quartile. This would be almost an arbitrary, but perhaps logic choice.
- **Above 75% and below 87.5%** - representing the top quartile, but recognising that the overall culture is poor and therefore a score below 87.5% would be appropriate.
- **At or below 75%** - again recognising that the culture is poor and therefore a low score would be appropriate. However, it would make it difficult to achieve a high morale score in the full population.

The initial thought was that the most pragmatic approach is to use the 87.5% score. Further evidence from the use of the survey on a routine basis would provide better evidence of an appropriate score, although the changing culture would always lead to doubts about the best score to use.

In order to meet these requirements the following marking system would be used, as set out in Table 8.1:

Table 8.1: Marking regime for the CINCFLEET HQ cultural measurement tool benchmarking exercise.						
	Options provided for marking statements in the Continuous Attitude Survey.					
	Strongly agree	Agree	Tend to agree	Tend to disagree	Disagree	Strongly disagree
Scores allocated where statement was phrased positively:	5	4	3	2	1	0
Scores allocated where statement was phrased negatively:	0	1	2	3	4	5

Seventy staff were nominated for inclusion in the test. The survey was distributed under Appendix J. Analysis of the test sample is at Table 8.2. It is not known who responded as the test survey was made anonymous.

Table 8.2: Analysis of staff to whom the test survey was sent.							
Service/ Rank	Ratings:	Junior Officers:	SO2:	SO1:	Senior Officer:	Not known:	Totals:
Naval staff*:	14	4	23	11	4		56
RFA staff:			1	2	1		4
Civilian staff:						10	10
Totals:	14	4	24	13	5	10	70
* Naval ratings may include RFA ratings who have similar rank structure.							

This shows that over 50% of those invited to respond were in the middle ranking categories that appeared to represent a significant problem in the earlier survey.

Fifty responses were received, although 10 responses contained errors. This represents a response rate of 71%, with an accurate response rate of 80%, giving an effective response rate of 57%. This was an adequate response rate, without using the incorrectly marked surveys. The errors and omissions were generally minor:

- One respondent did not mark back of sheet - 14 questions unmarked.

- One respondent marked 5 questions on the line between two scores.

- Two respondents did not mark 2 questions.

- Three respondents did not mark 1 question.

- One respondent gave 2 marks for 1 question.

- One respondent returned questionnaire unmarked.

- One respondent did not mark 1 question and marked 1 question on the line.

It was assessed that in the majority of cases these were minor errors that:

- Could have been ignored (using the remaining valid data);

- Corrected using some form or averaging method to replace missing scores;

- Were probably preventable using improved instructions.

The Average (Mean) score was 3.12 for the correctly marked responses. This equates to 62.3%. The top individual score had an average of 4.22, and the lowest was 1.69. These scores still represents quite a poor result for top 25% staff. Thus this suggests that poor organisational culture has been reflected again in this survey, although this score does represent a substantial improvement on the Denison survey, and is directly tied to a combination of factors, principally:

- The deliberate selection of top 25% staff.
- Tailoring the model to more specifically meet the organisation culture.

This latter point can be illustrated by looking at the rankings of the 12 sectors as scored using the Denison survey compared to the CINCFLEET cultural measurement tool, as shown in Table 8.3.

Table 8.3: Comparison of ranking of Denison Cultural Survey and the CINCFLEET Cultural Survey.					
Dimensions of the models:	**Results of Denison Cultural Survey**				**CINCFLEET Cultural Survey**
	Overall HQ results:	**Senior, Junior Naval staff, Royal Marines and RFA Personnel:**	**Middle ranking Naval Officers:**	**Civilian staff:**	
Strategic direction and intent	1	2	1	2	**2**
Goals and objectives	3	3	4	4=	**5**
Vision	9	7=	10	6	**11**
Coordination and integration	7	6	7	7	**7**
Agreement	5	4	5	8	**8=**
Core values	4	9	2	3	**10**
Capability development	10	10	12	10	**8=**
Team orientation	2	1	3	1	**1**
Empowerment	6	5	6	9	**12**
Creating change	12	12	8=	11	**3**
Customer focus	11	11	11	12	**4**
Organisational learning	8	7=	8=	4=	**6**

This shows that whilst some dimensions or sectors of the two models show reasonably consistent scores, eg Strategic direction and intent, and Team orientation, others show a distinct change, eg Creating change and Customer focus. In the case of Customer focus, in the CINCFLEET model this aspect was broadened out to include stakeholders and partners, based on such influences as the Balanced Scorecard concepts for the non-profit sector and the EFQM model. (See Appendix F for comparison of the wording of the statements between the Denison Model and the CINCFLEET Cultural Model.)

It will be recalled from Chapter 7 that the response rate to the earlier culture surveys, taking a sample representative of the whole organisation rather than the top 25%, was

only about 42%. The substantially higher response rate here, whilst predicted, may also reflect back on these earlier surveys. If those with a more positive attitude are more likely to respond, this may suggest that the responses received in earlier surveys were not a truly unbiased sample. If this is so then the results effectively overstate the quality of the organisational culture and the culture is thus even worse than initially stated.

Taking the scores for all 36 statements in the CINCFLEET Cultural Survey model separately, the median and modal scores for the data are 3. This suggests a fairly normally distributed set of data. The standard deviation is 0.58. This suggests that around 90% of the scores for this group will lie between 2 and 4.

On the basis of this data, to adjust scores to 87.5% (ie half-way through the top quartile) might be slightly excessive since it would give a normal range for the top quartile of about 2.75 to 4.75. If the organisation were suffering from poor culture, which were then subsequently improved, this group might become "top limited" in the achievable scores. It was therefore thought that a more conservative adjustment might be appropriate: to 76%. This would put average scores in the top quartile, but at an adjustment of only 13.7% this would provide more room for manoeuvre at the top end of the scale, whilst the bottom end scores would in any event be "bottom limited" by the zero score, and so would always be within the range 0 to 100%, which might not be the case with top end scores. Similarly to adjust from 62.3% to 87.5% is an adjustment of 25.2%, which would involve moving all scores more than a quartile. This was not deemed reasonable without further substantive evidence that such a level of adjustment was wholly appropriate. Indeed it was also recognised that a 25% adjustment would automatically prevent a score in the bottom quartile. This would undermine the model. This adjustment is therefore what is reflected in Appendix K. Appendix L illustrates the data but aggregated to the level of the 12 segments of the model rather than at "36 statement" level. The advantage that this more aggregated level confers is that the adjustments are slightly less extreme: adjustment range reduced to 7.2% to 20% from -0.5% to 27.5%.

5.   Measuring the culture in CINCFLEET HQ.

Ainslie, in his work, provides a model of military culture based on Johnson's Culture Web. This was used in the development of the Military Ethos Measurement Tool, which itself may also be regarded as a cultural model. Wildman has produced a view of military culture based on Schein's model of culture. [40] Other works, eg Henderson or the British Military Doctrine help to articulate military culture, but without providing an explicit model. It is argued that development of a cultural model from these sources is not necessary in order to obtain a model against which military culture can be measured. Provided the model used is shown to be appropriate, for example because it contains appropriate issues and language, any model should suffice.

The question is thus about the degree to which a model can be shown to be appropriate. Henderson's argument is that cohesion is a critical feature of a successful military culture. Such cohesion comes from:

- The internalisation of beliefs;
- Loyalty to immediate colleagues;
- Effective delegation of leadership, including the ability to reward or sanction deviant behaviour without creating real fear; and
- The appropriate provision of physical and environment infrastructure that both provides the resources necessary for success and removes concerns about the supporting environment. This includes managing the boundary between the military and society, and issues beyond the boundary such as societal support for the military.

Stated in this way such issues might be seen as relevant to any culture. To the military they will have a particular meaning. Therefore they probably need to be adequately represented in any model that seeks to represent the military culture. In contrast, Denison's model was primarily designed for the commercial environment and thus some of the wording used is less appropriate for the military environment.

Nevertheless it provides a well-tested model of organisational culture that can be used for measurement purposes.

Adapting a proven model therefore should provide a sound basis for measurement of organisational culture in the military environment. Ainslie's model is little tested, although it does provide an explicitly military view of one dimension of military culture. Conversely, the EFQM model is increasingly widely used in both the public and private sector to help drive organisational success. However, since it is an open framework, available as an audit tool rather than providing specific guidance, it may be seen as giving pointers to cultural features at the more superficial level of process rather than as an in-depth cultural model.

The distillation of the essence of these, and other, military and civilian cultural models should therefore provide a reasonable basis for measurement of culture. Indeed, recognition of the relative importance of these features for a particular culture should enable any organisation to produce its own cultural model. This is what has been done to produce the cultural survey model for a continuous attitude survey in CINCFLEET HQ. Recognising that the aims of this work are limited by resource, particularly time, the objective could not be to produce the "perfect solution", but merely to produce something "fit for purpose" that could probably be developed overtime, indeed could be the subject of further research and development.

Nevertheless it is suggested that there is sufficient evidence from the work undertaken using the Harrison/Handy, Denison and Continuous Attitude Survey questionnaires to determine something about the culture of the CINCFLEET HQ during the period September, 2002 to May, 2003. The general conclusion that can be drawn is that at the time there was a relatively poor culture, although the culture varied across different sub-groups within the overall organisation. Specific issues can be identified:

- The disagreement over organisational style.
- The poor buy-in to the changing style.
- Low understanding of organisational vision.

- The existence of a power and blame culture.
- Disagreement over the level of empowerment.
- Perceived poor skill utilisation and development.
- Low levels of agreement across the organisation.
- Poor focus on customers.

Such issues suggest the likelihood of continued problems in managing the organisation, and in terms of efficient and effective delivery of organisational objectives.

Gathering this data was not overly difficult and if conducted on a regular basis, with demonstrable management commitment to a remedial action plan, then data could be gather systematically and thus more easily. Similarly development of a tailored cultural model was not difficult. Thus there is little excuse for not giving greater attention to culture management. However, one of the issues that would need to be addressed in achieving such an objective is that of acknowledgement and ownership of the problem.

The existence of some of the problems highlighted by the survey, and the general attitude towards "business management" techniques within the military would probably lead to:

- **Dismissal of the survey results** – All sorts of arguments would probably be submitted, including highlighting organisational success, and the fact that these surveys were conducted during a period of change.
- **Dismissal of the technique** – Such surveys have not been conducted previously and managers generally argue that they have a good understanding of their staff.

These arguments are not seen as valid.

- The three survey results consistently highlighted problems, and in particular the Denison Survey is a professionally produced and managed survey. However, even that is recognised as having its limitations, such as the use of commercial language. Management could also seek to validate or disprove the results by conducting a similar survey, although undoubtedly things will have changed in the meantime because no organisational culture is truly static. The survey results are also seen by the researcher as being reasonably consistent with the EFQM work conducted at the same time, the results of which were accepted by management.

- The use of such techniques is becoming more widely advocated, eg by Kaplan and Norton, and adopted. Measurable results are to be preferred to the variability of perception, particularly when tainted by self interest.

Nevertheless, it would undoubtedly be better to use one instrument consistently over time. This would enable managers to identify the changes in cultural issues, which can perhaps be more important than a set of values. This returns the issue to that of having a clear model of requirements.

6. Cultural Management Issues.

It must be remembered that the survey above was only used to set a top boundary for the proposed measurement tool; it is not a complete examination of the culture. Consequently it can only be used as a guide to the sort of issues that might emerge from a wider survey, and thus of the actions that might be most appropriate. Chapter 7 demonstrated more fully how the results of the earlier surveys might be turned into an action plan. The action plan developed here to manage cultural issues will also be examined for congruence with that in Chapter 7.

Variance across the issues, as shown in Appendix L, is low, and as shown in Table 8.3 there is not a strong coherence with the earlier Denison Survey. The strongest features of this group are:

- Team Orientation.
- Strategic Direction and Intent.
- Creating Change.

The lowest scoring areas are:

- Empowerment.
- Vision.
- Core Values.

Here the key issues are the lack of empowerment to fulfil tasks that the individuals are capable of undertaking. This may suggest to a lack of engagement, perhaps linked to not accepting or agreeing with the Vision and a lack of clarity about values which undermines confidence, for example as a result of inconsistency by management. This suggests a level of alienation from the organisation, which was noted in the Harrison/Handy survey, and in the Middle Ranking Naval Officers' responses to the Denison Survey. However, these issues are less strongly represented than under the Denison Survey, probably mainly because this was the top quartile of staff.

In contrast the top scoring items do not show significant improvement for being scored by this upper quartile cohort. This may suggest that the scores are subject to a limiting factor, or that the organisation has a relatively poor culture. The suggestion is that people are engaging with the team and committed to the work. It also suggests that the respondents are flexible and adaptable committed to the organisational change.

This does represent a significant contrast to the earlier Denison Survey. It suggests that provided this top quartile can be engaged by the Vision and are Empowered they will push the organisation forward. This quartile could therefore have a positive impact on the management of culture in the remainder of the organisation. Management should therefore:

- Work to articulate the organisational vision, linking it to the Strategic Direction and Intent, and ensure that staff engage with it.

- Empower leaders within the organisation to improve their stake in the organisation.

- Build and strengthen Team Orientation to engage people more widely and strengthen the Core Values so that they are more readily recognised and adopted.

The differences between this action plan and that proposed in Chapter 7 are seen as being related to the limited coverage of the community.

7.   Analysis, Conclusions and Summary.

The aim of this Chapter was to show how it would be possible to develop a cultural measurement tool for collecting quarterly data for the Balanced Scorecard to enable managers manage organisational culture. This is seen as important because it will facilitate correct orientation and alignment of attitudes, and enable managers to overcome the tendency for behaviours and actions to revert to what they were previously, ie to overcome culture's tendency for stability. Correct use of the Balanced Scorecard should facilitate plans for change, and conceptually it does demand and underpin the required attitudinal changes. However, use of an explicit culture measure will facilitate and reinforce such changes.

In this instance the Denison cultural measurement model was used as the base, but was changed substantially to fit more closely with the specific culture of the organisation being surveyed, that is CINCFLEET. In the early part of the chapter criteria were set for the development. These are used to assess the outcomes in Table 8.4 below.

Table 8.4: Assessment of the CINCFLEET Cultural Measurement Tool against requirement criteria.	
Conducted quarterly.	This has not been demonstrated, but there is no reason why this tool could not be used quarterly, particularly since it meets the criteria on cost discussed below.
Based on a sample size that addresses the level of response required.	The testing process was based on a small sample of 70 staff and was used to derive a reasonably robust result. In practice for regular surveying a larger sample would probably be taken (around 25% of the total population) to give confidence that everyone's views were being sought and reflected on a regular basis.
Based on a sample size that addresses major sub-cultures within the organisation.	Not tested here, although it was demonstrated by requiring the sample to be drawn from the "top 25% of staff", that a taut response could be obtained from a relatively small sample. Defining sample criteria would need to be done through "biographical details".
Addressed to a clearly bounded organisation.	This was demonstrated by defining CINCFLEET HQ and reflecting appropriate military, cultural and business models in the statements derived. Appropriate language used resulting in the substantial improvement of the scores against some sectors of the model.
Based on a model that addresses clearly articulates cultural features.	Clearly demonstrated, because the derived model was based on an existing and respected cultural model.
Based on a model that addresses specific management objectives.	Clearly demonstrated, because the underlying model has these features.
Based on a model that addresses the specific cultural features of the target organisation.	Clearly demonstrated through the use of military models and appropriate language.
Well designed.	The trial demonstrated that a satisfactory survey could be reasonably well presented without too much effort. The testing process highlighted one or two flaws with the initial design, mainly the need for improved instructions.
Short.	Demonstrated. Although the statements used were long and combined two concepts, only one respondent gave two marks for one question. This suggests that broadening the coverage of a smaller number of statements may not undermine the concepts of the design.
Anonymous.	This test survey was run totally anonymously, but potentially additional biographical detail questions might be added that would help define the sub-groups within the HQ, without undermining anonymity.

Cheap.	The test questionnaire was very cheap to develop and produce, with no external costs, and only the researcher's time and a small material cost.

The additional issue of being able to repeat the process for other organisations is also believed to have been demonstrated. Here the issue is about the selection of appropriate cultural and business models that would be used to compile the model. Thus, for a non-military organisation the military models would be excluded, but other appropriate business models could be included.

Further reflection on the model and associated issues indicated further potential for developing and utilising the model.

Clearly effective use of the model as developed would require additional use or testing and analysis of results. However, it was recognised that over time the model would need to change to reflect different issues. Potentially therefore different versions of the model might exist at any one time, in order to validate the results of one version against another. Variations might be associated with changing just a few statements rather than a complete new version. This would enable management to gather views on a wider range of issues. For example, analysis of the CINCFLEET model shows that there are a number of statements that include reference to Leadership, or Teams, or Reward and Recognition. These were all issues that were important to CINCFLEET HQ at the time the model was being developed. This is demonstrated at Appendix M. This enables a deeper understanding of issues to be derived through the aggregation of results across the Denison model dimensions or sectors. Appendix N to this Chapter demonstrates the aggregation of scores in this manner for these three examples. The score for Leadership is 62.6% and the score for Reward and Recognition is 59.9%, suggesting a slightly more problematic issue. However, the score derived for Team working is 62%. This includes the three specific questions against that dimension in the Culture Model, for which the score was 68.8%. This suggests that a deeper analysis of Team working might highlight some problems, because the additional statements from the other dimensions of the model have, on average, scored 10% (ie 6 percentage points) lower. However, as a

diagnostic tool that links different issues in a single statement, this difference may not be significant and requires further investigation.

Similarly, tailoring questions with greater emphasis to the EFQM model would help derive information is support of assessment using that model. Conversely too much instability in the model would lead to a decline in the understanding of the core culture model. But, due to the restriction in the number of statements used in the model, even recognising that there would probably be a few additional biographical questions, there would still be scope for the inclusion of additional questions to address specific issues identified by management. Such enhancement of the questionnaire could be advantageous since it could:

- Enable issues to be explored in greater depth.
- Provide respondents with the opportunity to provide their own thoughts and ideas.
- Add variety to the questionnaire thus giving it broader appeal.

Thus for example, the test of the CINCFLEET model identified empowerment as a problem issue (see Appendix K). Early running of the questionnaire for measurement purposes might thus have included additional specific questions on this topic.

It was also recognised that there was the potential for this questionnaire to be automatically using intranet facilities, whilst still retaining anonymity. CINCFLEET had previously experimented with this process.

Thus the model developed for CINCFLEET would appear to be flexible and have development potential. However, the loss of the potential for benchmarking against the culture of effective organisations must be recognised. This would not be a permanent loss, since there would always be the potential to run the Denison Survey in addition. This could help provide an independent validation of locally assessed performance, but the impact of running a generic rather than a tailored model has already been highlighted.

In conclusion it is assessed that the development has been successful that further validation work is required. However, it is emphasised that this must be recognised as a diagnostic tool rather than a detailed analytical tool in the same manner as Denison's Cultural Survey model. The combination of issues related to the same topic means that the response to any one statement will not provide a clear view on a single issue. But, it is argued, the same would be true of the Denison Cultural Survey. There five statements are used to assess a single dimension in order to ensure that issues are represented in a variety of ways, and that different aspects of the issue are covered. One simple statement could not be expected, for example, to encapsulate the issues of "Strategy".

Road Map

Chapter 1	**Outline of the research project.** The aim of the research is, • To demonstrate a mechanism for managing organisational culture through the Balanced Scorecard in order to improve culture and thus the potential for the Balanced Scorecard to deliver benefit.
Chapter 2	**Balanced Scorecard literature review.**
Chapter 3	**Culture literature review.**
Chapter 4	**Research methodology.**
Chapter 5	**Review of organisational issues.**
Chapter 6	**Case study on the impact of implementing the Balanced Scorecard.**
Chapter 7	**Cultural survey results.**
Chapter 8	**Developing and testing a cultural measurement tool for use with the Balanced Scorecard.** Using the Denison cultural questionnaire as a basis, because this has demonstrated a clear linkage to organisational performance, a cultural assessment tool was developed. This was done using a wide range of cultural and business models, including those relating to the military environment. Consolidating these issues into 36 diagnostic statements produced a questionnaire tailored specifically to the CINCFLEET HQ. Using this on a carefully selected group of highly motivated and high performing staff enabled a benchmark score to be set for any future use of the tool. Similarities and differences with the use of the Denison model were detected, which may be due either to the changes in the questionnaire itself or to the group used to test the questionnaire. Further work on this is required.
Chapter 9	**Supporting case studies.**
Chapter 10	**Summary of conclusions.**

Figure 8.2

End notes:

[1] Trice, H. M. and Beyer, J. M. (1993). The cultures of work organisations. Prentice Hall. Page 13.

[2] See www.denisonculture.com (Accessed 16th January, 2001.)

[3] Ainslie, R. L. (2001). Quantifying Military Ethos in the Field Army: A case study of the Royal Engineers. Cranfield University [RMCS], Dept of Defence Management & Security Analysis, No 15 MDA Course. July. Annex A to Chapter 6.

[4] Stouffer et al. (1949). The American Soldier, Vol II. John Wiley & Sons. Quoted in: Ibid. Table 6.1.

[5] Shils and Janowitz. (1948). Cohesion and Disintegration in the Wehrmacht in World War II. Public Opinion Quarterly. Volume 12. Pages 280 to 315. Quoted in: Ibid. Table 6.1.

[6] Moskos. (1975). The American Combat Soldier in Vietnam. Journal of Social Issues. Pages 25 to 37. Quoted in: Ibid. Table 6.1.

[7] Shamir, Zakay, Brainin, and Popper. (2000). Leadership and Social Identification in Military Units: Direct and Indirect Relationships. Journal of Applied Social Psychology. Volume 30, Number 3. Pages 612-640. Quoted in: Ibid. Table 6.1.

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[9] Henderson, W. D. (1985). Cohesion: the Human Element in Combat. Leadership and Societal Influence in the Armies of the Soviet Union, North Vietnam and Israel. Washington DC: National Defence University Press. Quoted in: Ibid. Table 6.1.

[10] Price. (1984). The Falklands: Rate of British Psychiatric Combat Casualties compared to Recent American Wars. Journal of the Royal Army Medical Corps. Volume 130. Pages 109 to 113. Quoted in: Ibid. Table 6.1.

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[25] Zikmund, W. G. (2000). Business Research Methods. Dryden Press. Page 319.

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[39] The researcher recalls that at one time a fifth colour, blue, was also used. This was used where PIs indicated a result well ahead of the target, potentially requiring adjustment action to reduce performance.

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Chapter 9: Validating case studies.

1.   Outline.

Road Map

Chapter 1	**Outline of the research project.** The aim of the research is, • To demonstrate a mechanism for managing organisational culture through the Balanced Scorecard in order to improve culture and thus the potential for the Balanced Scorecard to deliver benefit.
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Chapter 7	**Cultural survey results.**
Chapter 8	**Developing and testing a cultural measurement tool for use with the Balanced Scorecard.**
Chapter 9	**Supporting case studies.** The aim of this Chapter is to look at a selection of other organisations using the Balanced Scorecard to assess their implementations of the Balanced Scorecard using the models developed in this research.
Chapter 10	**Summary of conclusions.**

Figure 9.1

This research has demonstrated that there is a strong and valid link between culture and the Balanced Scorecard as an effective management system. Examination of the culture of one particular organisation, CINCFLEET, has shown the issues and

pressures that need to be managed. A survey of the organisational culture demonstrated problems, and differences between different sectors of the organisation. A survey instrument was designed that could be used in CINCFLEET to manage and measure the organisational culture in order to improve the effectiveness of the organisation.

The aim of this chapter is present a number of supplementary case studies that look at the implementation and use of Balanced Scorecards. In so doing it will evaluate the models developed in this research for effectiveness in analysing the developments, and thus potentially in managing and shaping other implementations. The case studies presented here are brief summaries as it is impossible within a relatively short timescale to attempt to define the culture of any one organisation, or develop specific cultural measurement and management tools for any one organisation.

The organisations selected were gained via contacts made while working within MOD, including with its contractors, RMCS Shrivenham, or from an internet search. This tended to produce a bias towards Central Government, which is still evident, but the researcher did ensure that commercial organisations were included to redress the balance somewhat. Inevitably the selection involves organisations that have undergone largely successful implementations, as discussed in Chapter 2. The six organisations finally selected were:

- Home Office, Immigration and Nationality Directorate.
- Department of Trade and Industry, Business Link website.
- Department of Constitutional Affairs.
- Tesco.
- Suffolk Coastal District Council.
- BAE Systems, Customer Solutions and Support and Land Systems.

The differing nature of the organisations, its stage of development of the Balanced Scorecard, and cultural issues, made a wholly standardised approach to writing up the case studies inappropriate. Consequently the studies are included in the order in

which they were undertaken to enable the reader identify any emergent issues in the researcher's methodology.

2. Home Office, Immigration and Nationality Directorate.

2.1. Outline of organisation and aims.

The Home Office (HO) gives its purpose as:

- *"To work with individuals and communities to build a safe, just and tolerant society ...*
- *To support and mobilise communities...* [and encourage] *active citizenship ...*
- *To deliver the Department's policies and responsibilities fairly, effectively and efficiently ..."* [1]

To achieve this purpose, the Department lists seven aims:

- *"To reduce crime and the fear of crime ...*
- *To reduce organised and international crime ...and to combat terrorism and other threats to national security ...*
- *To ensure the effective delivery of justice ...*
- *To deliver effective custodial and community sentences to reduce reoffending and protect the public ...*
- *To reduce the availability and abuse of dangerous drugs ...*
- *To regulate entry to and settlement in the United Kingdom effectively in the interests of sustainable growth and social inclusion ...*

- *To support strong and active communities in which people of all races and backgrounds are valued and participate on equal terms ..." 2*

The organisation of the Department is shown in Figure 9.2 below. (The breakdown of the main Directorates is not given, except for the Immigration and Nationality Directorate, where this case study was undertaken.) [3]
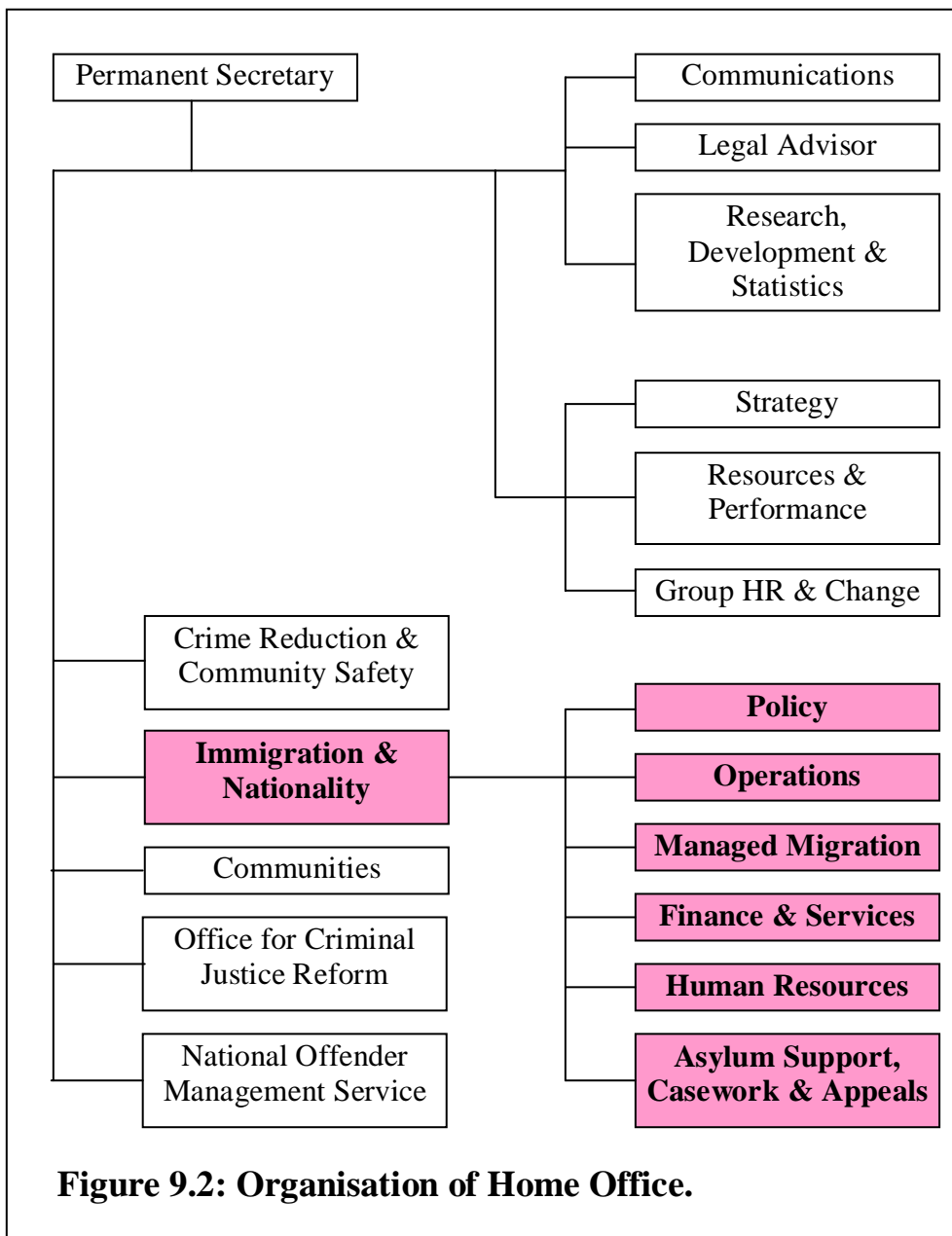
Figure 9.2: Organisation of Home Office.

Within the Department, the Immigration and Nationality Directorate (IND) is responsible for:

- *"...for Immigration control...*
- [considering] *applications for permission to stay, citizenship and asylum."* [4]

In recent years the HO has been faced by many challenges. Key among these are the problems of:

- Tackling crime, which is often perceived as rising (the fear of crime), and the consequences of crime, such as the high prison population.
- Immigration, particularly the rise of illegal immigration, the numbers of people seeking asylum, and the difficulties of controlling the immigration problems, particularly the removal of illegal immigrants.
- Failure of a major IT development in the immigration department that necessitated the reversion to manual processes and procedures.

This study deals primarily with the Immigration and Nationality Directorate. This organisation is headed by a Director General (a 3* equivalent). The information used in constructing this case study was mainly supplied by Mr Tony Arber who is the Director of Finance and Planning. Mr Arber also checked the draft of this case study and made a few recommendations for changes. Mr Arber has been in post for about 18 months and works for Mr David Stephens who is the Senior Director responsible for the Finance and Services Directorate. [5, 6]

2.2. Before the Balanced Scorecard was introduced.

Prior to implementation of the Balanced Scorecard in the Immigration and Nationality Directorate the organisation had gone through a period of rapid expansion. Consequently within the Directorate:

- There had been highly centralised command and control with the emphasis on delivery of targets.
- The organisation had become highly dependent on its Operations Director; a strong and capable individual. [7]
- There was an unclear governance structure, which was less than fully effective.
- Governance procedures were in their infancy.

There was also a noted lack of cost-consciousness within the Department, with little budgetary control and consequently little attempt to ensure VFM. This was driven partly by the responsive nature of the business and by Ministerial initiatives, but was particularly striking to someone on loan from MOD where budgetary constraints were more rigorous. As the budgetary regime had tightened over the last couple of years this had placed pressure on Finance and Planning staff and resulted in the need for a change of culture in the rest of the previously free-spending organisation.

EFQM was used in some areas of the HO, particularly within IND, where emphasis is on managing the relationship with the public. EFQM was not perceived as competing with the Balanced Scorecard.

2.3. Selection and introduction of the Balanced Scorecard.

Prior to being rolled out in the IND, the Balanced Scorecard was already being developed and used at Departmental level for the Ministerial Board, and for the Group Executive Board (the main management board for the HO). Within IND, the Balanced Scorecard had been used within the HR and F&S Directorates, for some time, and more recently implementation work had started in the Managed Migration (MM) Directorate and the Immigration Service. The aim of introducing the Balanced Scorecard was thus to improve measurement and management of outputs and for more collegiate decision

making by the directors. A key driver for IND was the use of the Balanced Scorecard at higher levels. However, there was a degree of personal influence also. This derived in part from the MOD personnel on loan to the HO who had a good understanding of MOD's Balanced Scorecard programme. Also influential were the number of professionally and academically qualified administrators in the Directorate who consequently had a basic understanding of the Balanced Scorecard.

2.4.   Implementation phase.

Use of the Balanced Scorecard at Departmental level meant that there was already some awareness of the concepts. However, some presentations had been provided by external consultants and by current MOD personnel. Thus there was a broad base of managers with a basic understanding of the concepts. It was not felt that there had not been a particularly strong advocate or champion of the process at the higher levels, more a caucus of influence at middle management level. Consequently implementation was not thought likely to be vulnerable to personality changes at this, or any immediate future stage, unless the Director General were replaced by someone who was strongly opposed to the tool.

The Scorecards had been or will be implemented using the classic Kaplan and Norton template, but were essentially KPI scorecards. The KPIs were the "Golden Threads" that described the key performance issues at Departmental level and cascade to the relevant Directorates. They derived in part from Public Sector Agreements, and partly from other pressures such as Political initiatives. These KPIs are managed at "Joint Programme Board" level, ie at a Director General's own Board level and at Sub Programme Board level below that. Because of the downward cascade, there are problems of aggregating scorecards as the information rises through the organisation, and there are also problems linking to external organisations with which the HO is linked, and with which they receive joint funding for cross-Departmental initiatives, eg the

Department of Constitutional Affairs, or the Foreign and Commonwealth Office.

PIs are underpinned by plans to achieve the required results. Reporting is monthly. Examples of the issues covered by the "Golden Threads" are:

- Illegal immigration.
- Eliminating backlogs of asylum claims.
- Removing illegal immigrants.
- Resource consumption.
- Staff wastage.
- Organisational reputation, covering such issues as stakeholder perceptions and clearance of correspondence.

The measures are reported by "BRAG" status: Black for critical or risks realised, followed by the normal Red, Amber, Green. Collection of data goes deep into the organisation and although staff at the lower levels will not be familiar with the Balanced Scorecard, all staff will be aware of the emphasis on correctly recording and reporting issues. Management strongly emphasise the impact of incorrect reporting of data on management action, eg the incorrect recording of the nationality of asylum seekers could impact on international relations.

The immediate benefits of Balanced Scorecard implementation was that both the HR Directorate and the MM Directorate had better understanding of how their actions affected other parts of the organisation, with some consequent adjustment to management behaviour. Also there was growing perception of the need to roll out the Balanced Scorecard process wider within IND to gain greater benefit on cross-directorate initiatives and delivery.

2.5.   Post implementation.

Development of the Balanced Scorecard concepts within IND continues. In particular the aim is to rebuild the scorecards based on a shared strategic perspective among Directors, rather than being based simply on cascaded KPIs. This will hopefully have an impact on the IND's "measurement culture", where measurement arising from issues and initiatives continues long after interest has diminished. The IND was assessed as lying in the "We never seem to get there" quadrant of the grid at Figure 2.11. There was an assessed need for greater emphasis on more structured planning, and better balanced assessments of options given the increased constraints on resources. Active consideration is being given to producing the next version of the IND Delivery Plan on a Balanced Scorecard basis. These issues were seen as putting pressure on finance and planning staff for changes in attitude; to become colleagues assisting in business change rather than as impediments and blocks to activity. This represented something of a challenge due to the high level of staff with basic finance skills and insufficient management skills and perspectives. Also there were few people in the finance function with operational experience of the IND frontline business, and a notable reliance on agency staff in some parts of the business.

2.6.   Assessment of the Home Office, Immigration and Nationality Directorate Balanced Scorecard.

Brief discussion of Figure 3.12 suggests that the IND fitted into the same category as MOD. Although staff turnover is not excessive it is quite high. The stakeholder base is large and complex and quite volatile, whilst the organisation, as part of the HO, is long and relatively stable. Management of the organisational culture would therefore seem to be something that needs careful management attention.   The IND implementation of the Balanced Scorecard has also been assessed against the 21 rules for implementation for

implementing and running the Balanced Scorecard in Chapters 2 and 6. This is given below in Table 9.1.

Table 9.1: 21 Factors that impact Balanced Scorecard implementation and running –Home Office, Immigration and Nationality Directorate.		
1.	**Top Level Commitment.**	**Yes – partly.** There is a top level scorecard and senior managers are involved in developments at a lower level. However, there was no evidence that the senior managers themselves are promoting the concept in any visible way to the rest of the organisation.
2.	**Involving more than Top Management.**	**Yes – partly.** The Balanced Scorecard concepts do cascade down the organisation, but only to middle management levels. Being largely driven by senior management's KPI, it is unlikely that all employees will see the specific relevance to their own activities.
3.	**Ensuring a broad spectrum represented in development.**	**Yes.** Use of the Balanced Scorecard extends beyond the finance and planning functions. For example, the HR department has its own Balanced Scorecard, and the Management Migration Directorate are also conscious of the impact their actions have on others.
4.	**Agreeing strategy before developing the scorecard.**	**No.** The Balanced Scorecards were based on existing KPIs, which, while they may reflect organisational strategy, were produced before any organisational strategy at the lower levels. (See below.)
5.	**Focusing the scorecard on strategic objectives.**	**Yes – partly.** In that the prime content of the scorecards are the senior management's KPIs, this should broadly reflect on the strategic issues of the organisation rather than lower level issues.
6.	**Avoid focussing on worthless measures.**	**Yes – partly.** KPIs generally reflect strategic issues that the HO must control, although not all the factors affecting these issues are directly under the organisation's control. However, the organisation does tend to continue to gather data even after the initial importance of the issue has waned.
7.	**Adapt the scorecard to meet local requirements.**	**Yes – partly.** The scorecards are specific to the Department. However, there is a degree to which KPIs are cascaded without thinking further about local appropriateness. Thus there is only limited development of specific new PIs to address local issues.
8.	**Executives use the Balanced Scorecard strategically.**	**Yes – partly.** The use of cascaded KPIs ensures that issues are strategic, but means that they are directly dependent on management processes at the lower levels.

9.	**Using terms consistently.**	**Yes.** Cascading the KPIs means that the data has the same meaning at different levels.
10.	**Utilise pilot projects.**	**Yes.** An incremental approach is effectively being used in the Department. Early scorecards thus constitute the pilots for later work.
11.	**Use experienced consultants to support implementation process.**	**Yes.** Advice sought from external consultants and from others using the Balanced Scorecard, eg MOD.
12.	**Avoid misusing the Balanced Scorecard.**	**Yes.** Although the cascading of Departmental KPIs might permit senior management to impose direct control, there was no evidence that this has taken place.
13.	**Construct and understand the cause-and-effect map.**	**No.** No evidence of a cause-and-effect map was found, but will be pursued in the development of the next phase activity.
14.	**Use the Balanced Scorecard to drive the compensation process.**	**No.** Standard civil service payment regimes adopted which do not facilitate bonus arrangements linked to scorecards.
15.	**Use the Balanced Scorecard to support organisational learning.**	**Yes – partly.** The lack of a cause-and-effect map will seriously limit organisational learning, but there was some evidence of greater awareness of the broader implications of management action. Initial scorecards are also being reviewed with the aim of developing and reflecting the strategic issues.
16.	**Balanced Scorecard must be properly resourced.**	**Yes.** Some evidence of a measurement culture and the planned review and development of the scorecards reflects a proper resourcing strategy.
17.	**Properly balance the IT issues.**	**Yes.** There was no evidence that the scorecards had become dominated by IT issues, or that they were not playing a full part in the collection, maintenance and presentation of data.
18.	**Ensuring a proper understanding of Balanced Scorecard issues.**	**Yes – partly.** Training/education had been provided, but only to the extent that the scorecard was immediately visible. Failure to explain the issues fully to all levels will limit the effective use of scorecards and the contribution individuals make to achieving strategic goals.
19.	**Avoid over-complex and lengthy development.**	**Yes.** The reliance on cascaded KPIs means that the system could be implemented fairly quickly and developed once in use.

20.	**Clear objectives for Balanced Scorecard programme.**	**Yes.** Stated as to produce more collegiate behaviour and address some of the issuing arising from previous organisational growth.
21.	**Managers, at all levels, must use the Balanced Scorecard frequently to communicate and reinforce organisational direction and achievement.**	**No.** Not seen as relevant to staff at the lower levels. The only emphasis is on accuracy of data. Thus it is unlikely that the vision and strategy will be truly shared by all employees.

This suggests that 17 of the 21 rules are being followed to a greater or lesser degree. As this development is still in the early stages then there are good prospects for this Balanced Scorecard implementation. The key issues that will need to be addressed are:

- The simple cascade of high level organisational KPIs rather than the development of tailored performance measures from examination of the local strategy and its implementation.
- The need to develop and utilise effectively the cause-and-effect model, which is a defining characteristic of the Balanced Scorecard process and which underpins the local double-loop organisational learning.
- Effective and consistent communication of the scorecard, the strategic direction, and current performance, to staff at all levels in order to create consistent and coherent action.

3. Department of Trade and Industry, Business Link website.

3.1. Outline of organisation and aims.

The Department of Trade and Industry (DTI) gives its mission statement and strategic objectives as:

"The DTI drives our ambition of 'prosperity for all' by working to create the best environment for business success in the UK. We help people and companies become more productive by promoting enterprise, innovation and creativity. We champion UK business at home and abroad. We invest in world-class science and technology. We protect the rights of working people and consumers. And we stand up for fair and open markets in the UK, Europe and the world." [8]

Within the overall context of these strategic objectives, DTI aims to:

"Through the Small Business Service, deliver our ambition to make the UK the best place in the world to start and grow a business... The SBS will help to do this by improving the quality and market penetration of the Business Link contractors and other delivery partners who provide support and advice to small businesses." [9]

One of the issues highlighted within the agenda to reform and improve the business support activities is to:

"Simplify Government's electronic interface with business. We will do this through the launch of business.gov, a major cross-Government initiative designed to bring together all e-government services for business, by March 2004..." [10]

In the following year's Business Plan, the Department states:

"We launched the businesslink.gov.uk website in November 2003, to make it easier for smaller businesses and those thinking of starting a business to find and understand the

government support and services available to them and the rues and regulation they need to comply with. We have built the site in collaboration with a number of Government Departments and Agencies, including Inland Revenue, HM Customs & Excise, Companies House and the Small Business Service. We will further improve this in 2004/05 to enhance the customer experience, including integrated, user-friendly government transactions." [11]

This case study deals with the Balanced Scorecard developed to manage this project. The organisation of the Department is shown in Figure 9.3 below. (The breakdown of the main Directorates is not given, except for the Business Group, in which this case study was undertaken.) [12]

Figure 9.3: Organisation of Department of Trade and Industry.
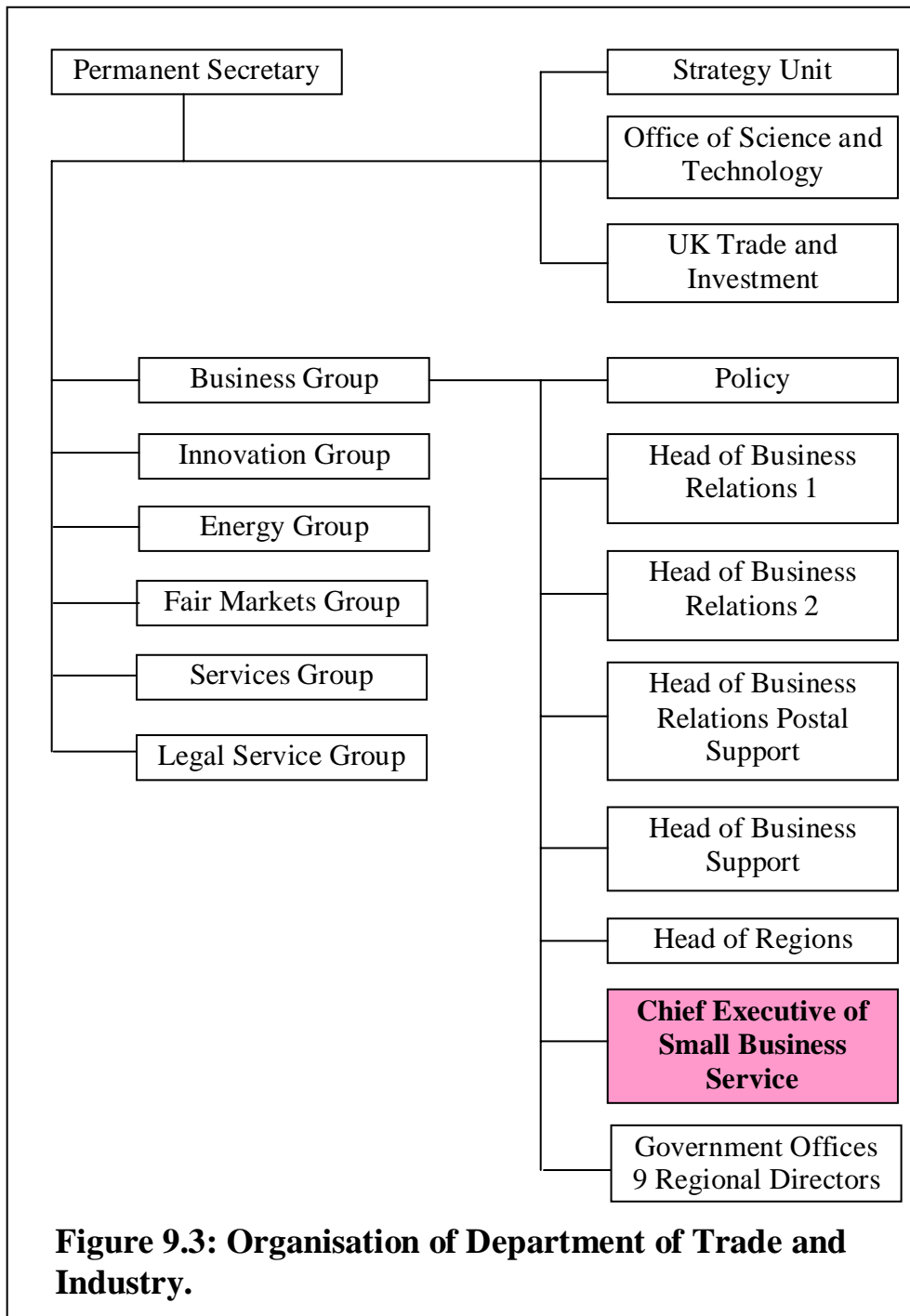
The information for this case study was largely provided by Andrew Sheffield who works in the Small Business Service and was responsible for developing the Business Link web site.

3.2.   Introduction of the Balanced Scorecard.

The group responsible for the development of the Business Link was newly created and operates on a matrix style. However the programme had wide visibility within the Department at Director General and Ministerial levels, and in other Government Departments. The Project Director required a project management tool that would enable the project to be managed effectively between the initial "initiative launch" and the "product launch". This is represented in Figure 9.4.

Figure 9.4: Level of interest in early stages of project life style.
(After A Sheffield)
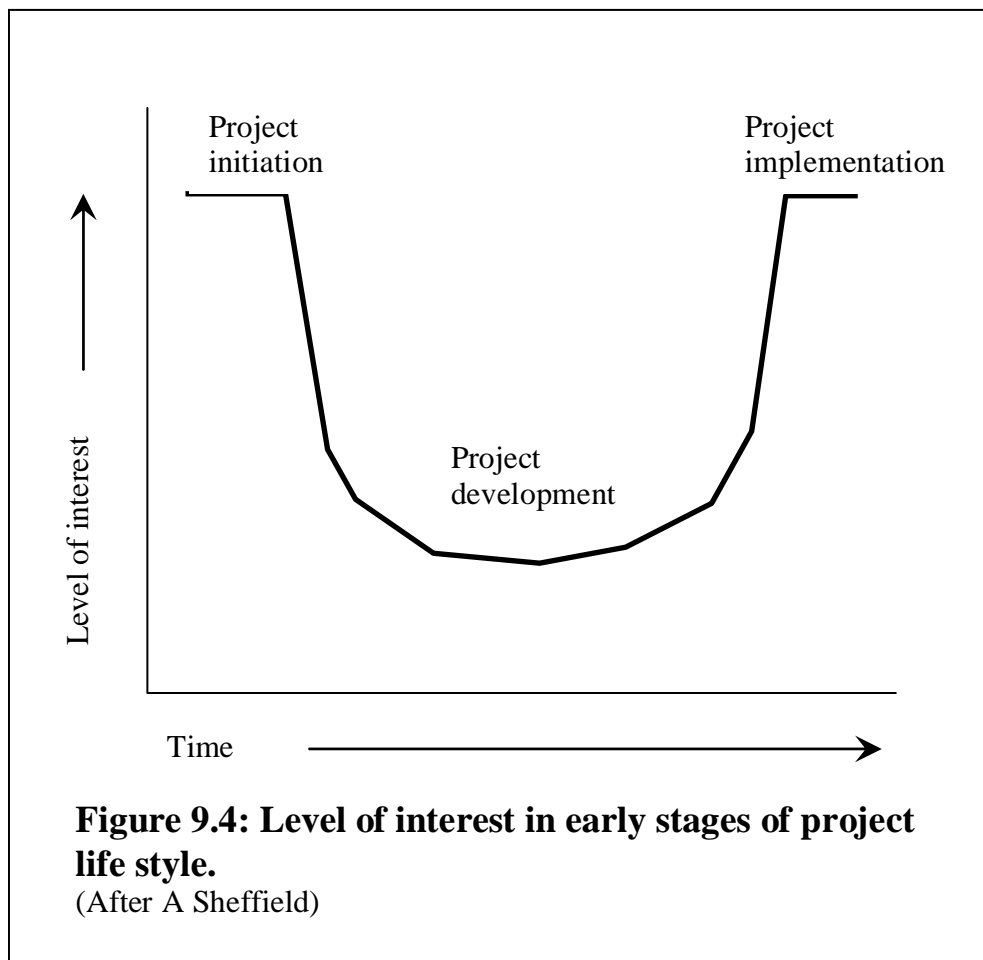
Figure 9.4 suggests that after initial high levels of interest in a project, as the concepts and benefits are explored and articulated, the level of interest rapidly declines. This is the stage during which the product is developed. Loss of

interest, particularly among senior officials and Ministers, will result from the amount of detailed work required, to which they are unable to contribute effectively. It may also result from a desire to distance themselves from the project, in case it fails. As the project nears completion levels of interest will increase again. This may result from the desire for the publicity associated with the launch of a desired, or potentially successful, product.

The danger associated with such a profile is that the level of interest will decline to the extent that there is an inability to gain the necessary resources. This will frustrate the project aim and lead to failure. The Business Link website project therefore recognised that there was a need to manage expectations and contributions during this dip in the level of interest by maintaining clear focus on the expected outcomes and the progress towards achievement. The programme explored a number of tools and models, including a number developed in-house. However, none was seen to articulate the issues as clearly and effectively as the Balanced Scorecard.

The Business Link website project is a cross-Departmental initiative, with cross-Department funding. That is, it derived its funding from "new money" from the Treasury rather than from the existing funding of any one Government Department. Similarly the project group itself was a new group and took some time to find a parent Department that would own the project. Eventually it became lodged in the DTI, but took some time to fully integrate itself due to the novel nature of the matrix working, and the mix of Civil Servants (from various Departments) and consultants and the culture that this discrete group quickly developed for themselves. This seems to be largely a matrix structure of groups working together in free-forming cells, within an overall structure of responsibilities and accountabilities, to deliver elements of the project. However, there may also be some element of the stellar culture, where people have formed their association with the project because of personal commitment to the objectives or activity, and because of the personal benefits that they derive from this project. [13] Also the website being

developed became a replacement for and existing DTI product, and this resulted in some tensions with established members of the DTI.

Although the idea was initiated largely by a consultant employed to assist in the development of project management, the idea was quickly taken up and Championed by the Project Director. It was "sold" to senior management in a series of brief presentations, as it was not felt that an hour long detailed presentation would be beneficial in gaining support. These were joint presentations between the Champion and the consultant. However, there was a degree to which the concept was already becoming recognised and accepted at senior management levels within Whitehall. Indeed, the DTI was already developing a Departmental level Balanced Scorecard. [14]

The project Balanced Scorecard was developed from first principles by the consultant using software to develop and articulate a cause and effect model. All but one of the PIs were developed locally, based on the need to ensure the delivery of benefits. Partly because this is a project based Balanced Scorecard, the quadrants derived do not readily link to Kaplan and Norton's archetypal scorecard. Much work was done at "desk level" with the project team members to articulate the issues involved in delivering the project outcome. Key to this was an attempt to quantify the required outcomes, which had previously only been expressed in general terms. Another specific aim was to monitor the delivery of milestones and provide assurance to Programme Board members that development and benefit delivery were still on track compared to the plan.

3.3. Post implementation.

The Project Director assessed this Balanced Scorecard implementation as being very successful, and a number of benefits or issues were identified.

- The use of the Balanced Scorecard proved useful in securing the buy-in of Other Government Departments. Failures to provide the necessary information or support became readily evident through the scorecard reports. This helped to ensure that each Department contributed well, rather than being shown to be causing any delay and thus facing pressure from other Departments.

- Low levels of IT skills at senior levels of Departments meant that the Balanced Scorecard reports, which were largely automated presentations, were not being used effectively. This led to:
    - The need to answer many questions from senior management that could have been answered using the "drill-down" facility in the Balanced Scorecard reports. [15]
    - Use of black and white hardcopy printouts for Balanced Scorecard reports not only negated the drill-down linkages provided in the soft-copy reports but also rendered the traffic light reporting mechanism ineffective. Consequently reports had to be redesigned to incorporate letters to supplement the traffic light colours; "R" for red, etc.

- Development time for some PIs was quite long.

- Variation from the plan was not always due to failure, but was sometimes due to the plan only being an initial estimate that subsequent experience showed to be invalid. Reporting against the plan therefore showed shortfalls in performance until the Programme Board could be persuaded to agree to an amendment of the plan. This was seen by some as a good discipline since it enabled the Programme Board to retain control and build understanding of the project. However, at a lower level this was sometimes seen as a bureaucratic impediment that resulted in good performance being shown as failing to meet targets.

Once the project had implemented its initial website the project has continued to develop the website.

3.4.   Assessment of the DTI Small Business, Business Link Balanced Scorecard.

The Business Link website project Balanced Scorecard was assessed against the 21 rules for implementation and running the Balanced Scorecard developed in Chapters 2 and 6.

Table 9.2: 21 Factors that impact Balanced Scorecard implementation and running – DTI Business Link.		
1.	**Top Level Commitment.**	**Yes.** The senior managers of the Project were fully and openly involved in promoting the Balanced Scorecard. At Departmental level managers and politicians accepted and use the concept.
2.	**Involving more than Top Management.**	**Yes.** Within the project, staff at all levels were involved in developing the performance indicators and the cause-and-effect model.
3.	**Ensuring a broad spectrum represented in development.**	**Yes.** Similarly the Balanced Scorecard was developed by a broad spectrum of staff.
4.	**Agreeing strategy before developing the scorecard.**	**No.** The Balanced Scorecard was based on the project's vision and emerging strategy, which are linked to or directed by Departmental vision and strategy. However, there was no specific derivation from Departmental requirements. The project was the result of a cross-departmental initiative and was only allocated to the DTI after work started.
5.	**Focusing the scorecard on strategic objectives.**	**Yes – partly.** See above. Only broadly derived from Departmental objectives, not from Departmentally set KPIs.
6.	**Avoid focussing on worthless measures.**	**Yes – mostly.** All but one performance indicator were derived from within the project. See below.
7.	**Adapt the scorecard to meet local requirements.**	**Yes.** The scorecard totally tailored to local requirements, to the point where it is not explicitly recognisable as a Balanced Scorecard.

8.	**Executives use the Balanced Scorecard strategically.**	**Yes – mostly.** One PI, used at the insistence of senior management, provides broad indication of overall success, but is crude and susceptible to easy manipulation.
9.	**Using terms consistently.**	**No.** There is no data dictionary, although attempts have been made to express terms clearly and consistently. However, there has been some dispute over the tolerances between traffic light measures due to lack of specific definition.
10.	**Utilise pilot projects.**	**Yes.** Although a form of Balanced Scorecard exists at Departmental level, this project scorecard is effectively a pilot project at this level.
11.	**Use experienced consultants to support implementation process.**	**Yes.** Project Balanced Scorecard initiated by Project Director and an experienced consultant.
12.	**Avoid misusing the Balanced Scorecard.**	**Yes.** Deviations from plan result in managers at the lower level being required to generate recovery plans that are then monitored at higher levels.
13.	**Construct and understand the cause-and-effect map.**	**Yes.** Developed during the initial stages of the Balanced Scorecard programme.
14.	**Use the Balanced Scorecard to drive the compensation process.**	**No.** Recommended by the consultant but not consistent with Civil Service pay arrangements and culture.
15.	**Use the Balanced Scorecard to support organisational learning.**	**Yes.** Monitoring of performance initiates debate over the validity of original plans as well as ensuring that activity is adjusted to meet requirements.
16.	**Balanced Scorecard must be properly resourced.**	**Yes – partly.** Initially the development of the Balanced Scorecard was properly resourced, but since the delivery of the initial product insufficient effort has been put into developing new plans and measures.
17.	**Properly balance the IT issues.**	**Yes.** Good use of IT, but does not dominate the process.
18.	**Ensuring a proper understanding of Balanced Scorecard issues.**	**Yes – partly.** Training and education provided by the consultant as part of the development process, but only for those directly involved in developing and using the Balanced Scorecard.

19.	**Avoid over-complex and lengthy development.**	**Yes.** Developed rapidly as this was a fast moving project.
20.	**Clear objectives for Balanced Scorecard programme.**	**Yes.** Project management tool for monitoring progress and delivery of benefits.
21.	**Managers, at all levels, must use the Balanced Scorecard frequently to communicate and reinforce organisational direction and achievement.**	**No.** Individuals with specific packages for delivery are involved, but the Balanced Scorecard is not used as a more general management or communication tool. Many staff are specialist who strongly focussed on their own activity and are not seen as concerned about wider objective that are managed by team leaders.

17 issues score "Yes", at least in part. And this suggests that the Balanced Scorecard should be effective, which seems to be the case. The issue here is that this scorecard is highly localised and substantially divorced from any mainstream developments. Thus whilst this development is extremely useful in demonstrating the use of the Balanced Scorecard for project management, it may have limited ability to influence the wider adoption of strategic management through the use of scorecards.

The Balanced Scorecard was also assessed against the grid at Figure 2.11. The initial development was assessed as having both good planning and good measurement. However, following the initial implementation less attention has been paid to the planning and measurement and thus objectives and achievement is less clear.

Similarly the implementation was assessed using the block diagram at Figure 2.12. The project team itself was new and was newly associated with the DTI. However, it contained a substantial number of established civil servants and was clearly linked to a well established management regime. Nevertheless, it was recognised that the public sector has a poor record on the management of

IT projects. It is therefore not clear whether the organisation should be considered successful or unsuccessful before implementation of the Balanced Scorecard. The project was assessed as successful and it was recognised that the Balanced Scorecard would be retained. This means that the implementation could be assessed in either the "Balanced Scorecard likely to be retained for reasons not associated with perceived benefits" or the "Success likely to be attributed to implementation of Balanced Scorecard" segments. This fits with the perceived outcome of the initial project, ie that the Balanced Scorecard provided an extremely helpful management tool, but other factors also contributed to the successful outcome, for example avoiding getting involved in debate on policy issues, the quality and dedication of staff.

No attempt is made to utilise this Balanced Scorecard to manage cultural issues. When assessed against the model at Figure 3.12, it is easy to see that cultural issues are less likely to be significant. As a group, the project team had existed for a short time. Because it was highly focussed and not readily accepted by the parent Department, the organisation can be considered to have existed for a short time. The team have a large number of stakeholders across the DTI and in other government Departments, as well as stakeholders across industry. High staff commitment to the project has meant that staff turnover is low. Thus the model label appropriately shows that, "Culture relatively insignificant aspect of dealings with the organisation – specialist shop serving large clientele, eg via internet sales".

4. Department of Constitutional Affairs.

4.1. Outline of organisation and aims.

The Department of Constitutional Affairs (DCA) was created in June 2003. [16] This study was undertaken in November and December, 2004. The aim of the organisation is: *"Upholding justice, rights and democracy."* [17] To achieve this purpose, the Department lists four Objectives:

- *"To provide criminal, civil, family and administrative justice systems that command public respect and confidence. ...*
- *To ensure that the public, especially the socially excluded and vulnerable, have access to excellent services, which enable them to exercise their rights in law and understand, exercise and fulfil their responsibilities. ...*
- *To enable the development of democratic institutions of government that command public confidence. ...*
- *To create a modern, efficient and effective department that has the capacity and capability to deliver excellent public services."* [18]

This is somewhat confusing since the Departmental Report 2003/4 lists six objectives:

- *"To ensure the effective delivery of justice ...*
- *To ensure a fair and effective system of civil and administrative law ...*
- *To reduce social exclusion and protect the vulnerable ...*
- *To modernise the constitution and ensure proper access to information by citizens*
- *To increase consumer choice in legal services by improving information and by promoting competition ...*
- *To deliver justice in partnership with the independent judiciary ..."* [19]

This difference may be associated with the development, pressures and priorities emerging over the year and a half since the organisation was formed. This may be understandable in terms of bringing together so many different organisations. Listed in the Departmental Report are the *"Sister departments, agencies and other offices"* [20] that combine to make up the department:

- Northern Ireland Court Service
- HM Land Registry
- The National Archives
- Court Service
- Public Guardianship Office
- Legal Services Commission
- Commission for Judicial Appointments
- HM Magistrates' Court Service Inspectorate
- Judicial Studies Board
- Council on Tribunals
- Official Solicitor and Public Trustee
- Office of the Judge Advocate General
- Law Commission
- Office of the Legal Services Ombudsman
- Information Commissioner

This highlights the complexity of managing a Department with so many semi-autonomous organisations. An organisational diagram is at Figure 9.5 below. The Permanent Secretary's statement highlights the many new senior managers joining the Department, a factor which will add to the issues for the new Department. [21]

This study deals with the development of the Balanced Scorecard within the whole department. The information used in constructing this case study was mainly supplied by Nikki Hunt, Head of Strategic Management.

Figure 9.5: Department of Constitutional Affairs.
Adapted from DCA Departmental Report 2003/04. Pages 158 and 159.
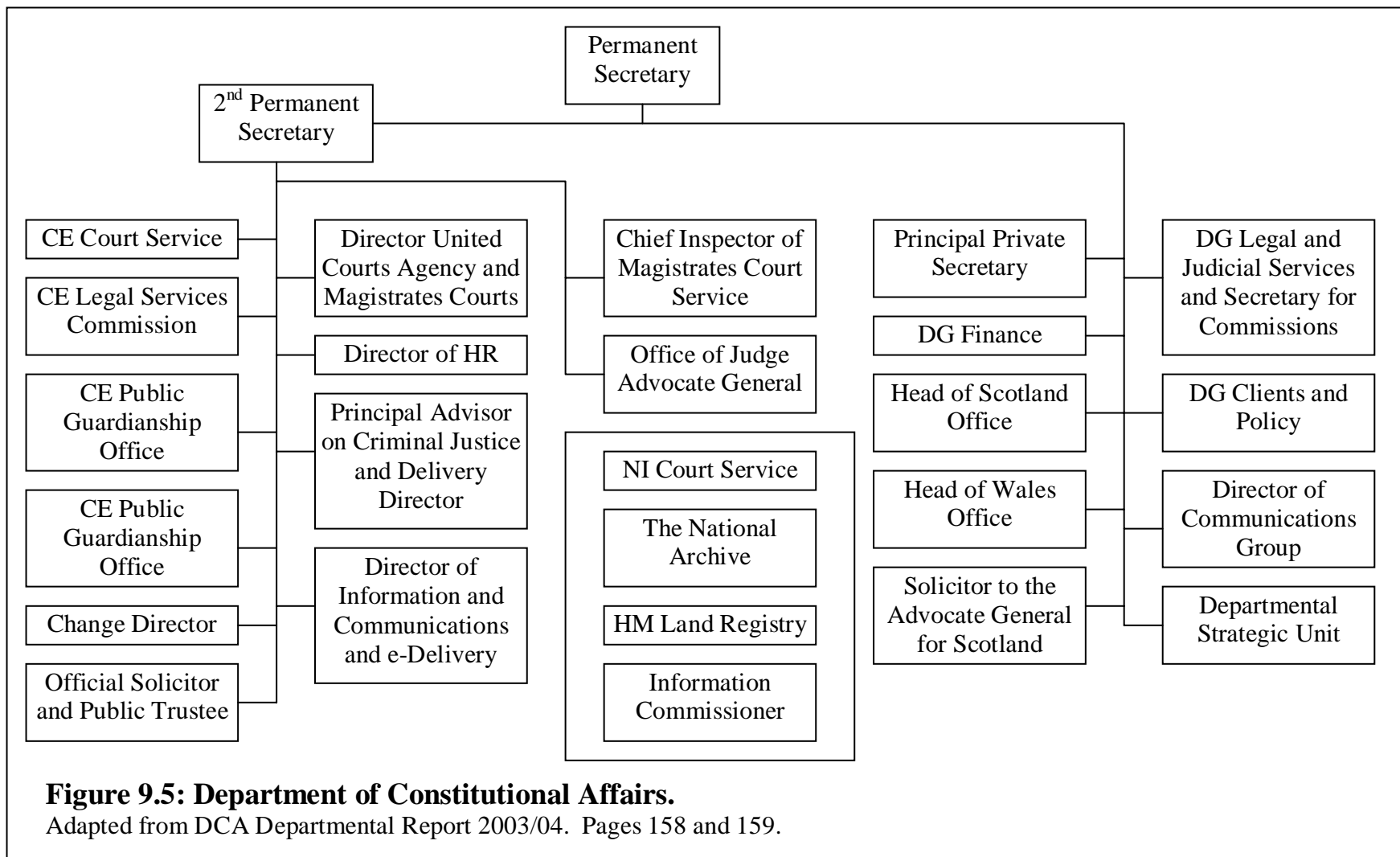
4.2.   Development and Introduction of the Balanced Scorecard.

Chapter 6 highlighted that, in MOD, staff moving out of the Naval areas were influential in the development of Balanced Scorecards in other parts of the MOD. A similar sort of issue appears to have occurred within DCA. Work had been undertaken to implement the Balanced Scorecard in the Court Service prior to its absorption into the newly formed DCA. Influential in these developments, both in the Court Service and subsequently in DCA, was the previous Court Service Chief Executive, who is now 2nd Permanent Secretary of the DCA. However, the general familiarity with the term "Balanced Scorecard" at senior levels of Whitehall Departments meant that top managers were receptive to the idea when it was proposed for the new Department. Whilst Court Service CE/2nd PUS acted as a senior champion, the work to produce and develop the Balanced Scorecard was undertaken by Nikki Hunt, first in the Court Service and subsequently in DCA. There was limited, but important, consultancy support during the development. The Court Service effectively acted as a pilot project for work in DCA. Indeed, the Court Service continues to be in the lead in the development of the concept within DCA.

Initial implementation within the DCA was quite rapid, as part of the ongoing iterative development. However, a healthy scepticism was evident from the start of this study, which is seen as having a beneficial effect on maintaining the progress on development of the scorecard. This scepticism recognises that there is a balanced set of measures but that further work needs to be done on ensuring that they are the right measures and that the relationships between them are increasingly understood and articulated. As with DTI, HO and MOD implementations discussed in this research, support for the Balanced Scorecard, both as a concept and for the particular implementation, have been built up gradually. Indeed, this development, like that in the DTI, has not used set piece presentations to build commitment among top management, partly,

as already noted, because the broad concepts are already becoming recognised and accepted by top managers.

Being a new Department has presented some difficulties in terms of creating clarity of the key issues to be managed in the Balanced Scorecard. In this context, Departmental Targets and lessons learned from EFQM evaluation have proved valuable pointers. Added to this, some senior managers have pressed for "hot topics" to be included. This is similar in concept to what M G Brown calls "idiot lights"; those indicators that flag up issues that would not readily be identified within the main management activity and PIs, but yet which might represent issues that have a disproportional effect. The concept here is that, such measures only need to be noted when they deviate beyond key parameters. Using the dashboard analogy often associated with the Balanced Scorecard, the oil pressure warning light would be considered an "idiot light", because you only take action when the light comes on. [22] This represents quite an intelligent and sophisticated use of the scorecard, provided the issues are not paid undue attention in routine reports.

Originally the DCA Balanced Scorecard was developed using Kaplan and Norton's key concepts and archetypal layout. Subsequent senior management request's resulted in the scorecard being rearranged to highlight the key aspects of Departmental output. Supporting activities and issues are grouped together in a separate quadrant. Such tailored scorecards are by no means unusual and do not necessarily cause problems provided subsequent development does not:

- Result in changes to the overall balance of indicators.
- Ignore the potential of composite PIs to provide broad coverage of key issues whilst using a limited number of PIs thereby preventing growth in the overall number of PIs.

The development of the Balanced Scorecard provided the DCA with clear, consolidated view of Departmental performance. This was a significant benefit early in the development of the organisation.

4.3. Post implementation development.

Whilst the initial Departmental Balanced Scorecard was introduced in about three to four months, and has been gradually developed subsequently, this is not the extent of the Balanced Scorecard developments in the DCA. Interest in the Balanced Scorecard was noted to increase as the PIs were developed and populated with data, but two other issues are worthy of consideration:

- **Lower level development** – Developments at the Departmental level have triggered developments at lower levels in parts of the Department. Debate is ongoing about the degree to which some PIs in the Departmental Balanced Scorecard need to be replicated in lower level scorecards. Clearly there cannot be a single, simple answer to this. Nevertheless as areas are developing their understanding of how they contribute to Departmental performance, through the development of lower level cause-and-effect maps, they should determine what PIs are appropriate. This seems to be happening in some areas, although not all areas are making the same progress.

- **Permanent Secretary's personal scorecard** – Scorecards are not used to determine performance pay within the Department, except in relation to the Permanent Secretary. Here the Cabinet Secretary is imposing a Balanced Scorecard format on Personal Performance agreements with Departmental heads. Work is currently ongoing to determine the whether the Departmental Balanced Scorecard can be used as the basis for the relationship between the Cabinet Secretary and the Permanent Secretary. This would then be used to determine the Permanent Secretary's performance pay. Consequently:

o   The relationship with the Cabinet Office could have a strong influence on the content of the Departmental Scorecards as the Permanent Secretary is likely to want to ensure that his personal scorecard is correctly orientated towards the same measures that the Department is striving to achieve.

o   In turn this puts a significant emphasis on the Cabinet Office use of the Balanced Scorecard, and gives them a key role in determining that the concepts are implemented and used properly. Failure to do so, for example by simply accepting the PIs offered by any Permanent Secretary, could lead to the relationship being manipulated by the Department to the advantage of the Permanent Secretary. Key to understanding the content and aims of the Balanced Scorecard is the cause-and-effect map. This should thus assume a high importance in the relationship between Permanent Secretaries and the Cabinet Secretary.

4.4.   Assessment of the Department for Constitutional Affairs Balanced Scorecard.

The assessment of this implementation is difficult due to the nature of the organisation; a Department newly formed from the amalgamation of a number of existing organisations. Nevertheless, on initial assessment, using the 21 factors, the development appears to be quite effective, scoring a very creditable 18.

Table 9.3: 21 Factors that impact Balanced Scorecard implementation and running - DCA.		
1.	**Top Level Commitment.**	**Yes – partly.** Top management committed to the idea of a Balanced Scorecard, and there are board level champions. However, no formal education programme has been undertaken. Therefore there is no guarantee that all senior managers fully understand Balanced Scorecard concepts nor that they are thus committed to the true concepts.
2.	**Involving more than Top Management.**	**Yes.** Work gradually penetrating to lower levels of the organisation.
3.	**Ensuring a broad spectrum represented in development.**	**Yes.** The work is gradually broadening out across the Department as the initial Departmental Balanced Scorecard work is being broken down to lower levels.
4.	**Agreeing strategy before developing the scorecard.**	**No.** Strategy is now being developed after the initial hiatus caused by forming the new Department. Initial scorecards based on existing objectives transferred into the Department on formation.
5.	**Focusing the scorecard on strategic objectives.**	**Yes – partly.** See above. The scorecard focuses on the objectives even though a coherent strategy for achieving organisational objectives has yet to be fully determined.
6.	**Avoid focussing on worthless measures.**	**Yes – partly.** Many of the PIs were developed from key objectives, EFQM assessment and cause-and-effect mapping. But some PIs have been implemented as a result of senior management direction. Value of additional measures needs to be assessed against the emerging strategy to ensure that additional measures are not worthless.
7.	**Adapt the scorecard to meet local requirements.**	**Yes.** Scorecards developed from first principles and therefore entirely geared to local requirements. The danger is that by departing from the standardised format, influence from those who have not been fully educated in the concept may ultimately subvert the scorecard by undermining the key concepts.
8.	**Executives use the Balanced Scorecard strategically.**	**Yes.** The scorecard used primarily at Departmental level. Drill-down is not used to initiate senior management involvement at a lower level activity.
9.	**Using terms consistently.**	**Yes.** Although no data dictionary was developed, PIs were tightly defined as they were developed.
10.	**Utilise pilot projects.**	**Yes.** The Court Service work has effectively represented a pilot project for subsequent developments in the Department.

11.	**Use experienced consultants to support implementation process.**	**Yes – partly.** Very limited consultancy support, but this has added valuable knowledge and skills, particularly in the area of IT.
12.	**Avoid misusing the Balanced Scorecard.**	**Yes.** Issues identified are delegated to individuals at a lower level rather than as a means to impose top-level control.
13.	**Construct and understand the cause-and-effect map.**	**Yes.** Cause and effect maps used to validate and support developments at different levels.
14.	**Use the Balanced Scorecard to drive the compensation process.**	**No.** Only in the context of the Permanent Secretary is the Balanced Scorecard considered in relation to bonus payments.
15.	**Use the Balanced Scorecard to support organisational learning.**	**Yes.** Where the cause-and-effect maps are used to examine the relationships between activities and outputs there is effective organisational learning.
16.	**Balanced Scorecard must be properly resourced.**	**Yes – partly.** Although not directly and specifically resourced, there are adequate resources within the Strategic Management area to support the development.
17.	**Properly balance the IT issues.**	**Yes – partly.** This is not a fully automated system, but IT support is effectively used to support cause-and-effect mapping.
18.	**Ensuring a proper understanding of Balanced Scorecard issues.**	**No.** No education programme to support implementation.
19.	**Avoid over-complex and lengthy development.**	**Yes.** Initial scorecard introduced within three to four months, with subsequent iterative development as learning took place.
20.	**Clear objectives for Balanced Scorecard programme.**	**Yes.** Understanding organisational objectives and performance.

21.	**Managers, at all levels, must use the Balanced Scorecard frequently to communicate and reinforce organisational direction and achievement.**	**Yes.** Balanced Scorecard used as a key document to build organisational understanding at all levels in a newly formed organisation. Particularly effective in Court Service.

Much of the credit for this successful implementation must go to the Champion and the programme manager. Nevertheless there is thus a real risk to this programme, particularly since no substantial education programme has been undertaken at the higher levels. The risk is thus that replacement of these individuals could leave the systems vulnerable to:

- The process and concepts being overturned by those in the organisation who are less well versed in the Balanced Scorecard.
- New initiatives that force abandonment of the Balanced Scorecard in favour of a new "flavour of the month".

It must be recognised that this Balanced Scorecard is only about 18 months old, but many people are coming to believe that it takes years to really gain the real benefits of the Balanced Scorecard; indeed arguably the concept is still developing. It would indeed be unfortunate if DCA did not therefore build on the solid foundation that they have.

It is also clear where these challenges would come from:

- Senior managers, and
- Legal/Judicial professions.

Like MOD, DCA is managed by Senior Civil Servants who rarely have business qualifications and are thus unlikely to have detailed knowledge of the

benefits of alternative management systems, and the conditions that create success. The Cabinet Office is moving to change this by placing increased emphasis on professionalism and professional qualifications. Again like the MOD, DCA also has a professional "stream" alongside the management stream. The legal profession are, rightly, primarily concerned with the free and fair execution of justice, and are less likely to want to be concerned with management process. They are torn by the same dichotomy that the military in MOD face, and which is discussed in detail in Chapter 5. DCA thus faces the same sort of cultural diversity that MOD experiences, and DCA may thus well benefit from specifically addressing these issues through the Balanced Scorecard, in order to create awareness and improve organisational cohesion. No attempts are made at present to define, monitor and manage the culture of DCA through a specific model, or in the Balanced Scorecard. Nevertheless there is a perception that the arrival of the new CE of the Court Service did precipitate some cultural change. It was at this point that there was a greater emphasis on people, both as deliverers of a service and as customers, rather than the previous emphasis on process. But, staff attitude surveys are also an important feed to the Balanced Scorecard in the DCA and may help to manage the culture, albeit against a less clearly defined, and potential changing, model.

Recognising that the DCA is only the amalgamation of previously existing organisations, and not an entirely new organisation, it is reasonable to classify it as a large organisation with a long history. Consequently in assessing DCA against the model of cultural importance at Figure 3.12, and recognising that DCA has a large volatile customer and stakeholder base, it shows that the culture is likely to be complex. The issue is about the degree of staff turnover. Within the legal and judicial activity stream the turnover is likely to be very low. Within other parts of the organisation the turnover will be higher, but not unduly so. It is thus likely that the culture will be consistently projected outside the organisation, and that the culture will be widely understood. The strongest impression will probably be the enduring nature and professionalism of the Legal and Judicial elements. This emphasis again highlights the issues

about the difficulty of managing culture in a changing environment, for example in one where there are strong pressures for improved efficiency.

This leads on to looking at the Measurement/Planning Matrix at Figure 2.11. The use of the cause-and-effects model, alongside such things as EFQM and staff surveys, suggests that measurement is likely to be quite effective. Similarly there are clearly defined Public Sector Agreement (PSA) targets set by Government, which underpin the Balanced Scorecard. However, the late development of strategy suggests that planning is not quite as effective, although again the use of the cause-and-effect model, EFQM and staff surveys not only suggests that there will be intelligent selection of PIs, the organisation learning derived from them will promote effective planning. The issue is thus about the coherence of plans without an effective overarching strategy. Without this development, which is understood to be taking place, the DCA would be likely to face the classic organisational problem recognised by Kaplan and Norton; individuals interpreting the strategy in accordance with their own understanding, values and objectives, with the consequence that there is no agreement. [23]

The evaluation of the DCA scorecard above highlighted the vulnerability of this scorecard due to limited education, and thus there is no widespread commitment through deep understanding of the concepts. These issues are well illustrated by the analysis of attitudes towards the impact of the Balanced Scorecard using the model at Figure 2.12. The organisation currently lies somewhere near the centre of the model, because:

- It would be unreasonable to condemn the organisation as previously unsuccessful, although the creation of the DCA resulted from a perception that the previous constituent parts were not enormously successful. There was at least a desire and expectation of improved efficiency from the reorganisation.

- The organisation has been reasonably successful following its creation, but it is too early to claim any enormous success.
- For the immediate future the Balanced Scorecard is likely to remain, but could be potentially vulnerable. The use of a Balanced Scorecard concept for the Permanent Secretary's Performance Partnership with the Cabinet Office could ultimately be one of the key influences that keeps it alive in DCA since this is an external influence.

There would therefore be some expectation that organisational success would be attributed to the Balanced Scorecard. However, re-examination of Figure 2.12 demonstrates that this represents only one of eight potential outcomes, thus the weak indeterminateness in the three classifications above would suggest that there is unlikely to be a strong sense that the Balanced Scorecard has produced the success achieved. The other seven categories in the model thus exert a stronger negative influence. This was borne out in discussions where it was suggested that it is the initiatives that have resulted from the Balanced Scorecard analysis that are currently more likely seen to be the causes of success, rather than the Balanced Scorecard itself. This fits well with most of the other seven boxes where the Balanced Scorecard is largely seen as irrelevant or not specifically contributing to success. Only greater success, and a greater understanding and commitment to the Balanced Scorecard, is likely to change perceptions.

In summary, because this Balanced Scorecard is at such an early stage of development, but can be shown to be an effective implementation of a management concept that is not widely and fully understood within the DCA, it would be worthy of continued monitoring. The tools developed in this research have been particularly useful in analysing the implementation. In particular the cultural issues are significant in this Department and are likely to have an impact on the development of the Balanced Scorecard, and on organisational success. Modelling of the culture, and direct attempts to manage it, are therefore likely to worthwhile.

5. Tesco.

5.1. Outline of organisational aims and achievement.

Tesco's Corporate Social Responsibility Review 2001/02 states,

> *"The principle activity of Tesco is the operation of food stores and associated activities in the UK, Republic of Ireland, France, Hungary, Poland, Czech Republic, Slovak Republic, Thailand, South Korea and Taiwan."* [24]

This report goes on to state,

> *"Business Strategy*
>
> *Tesco has a rolling 5 year business plan. Our long-term growth strategy has four elements:*
>
> - ***Strong UK core business***
>
> *Our UK business is based on our obsession of getting it right for our customers. We continue to offer great value, bring new innovations and grow market share.*
>
> - ***Non-food***
>
> *We are extending our brand into non-food. We now have over 4% market share and are developing a good one stop shop for customers.*
>
> - ***Retailing services***
>
> *Retailing services are a great opportunity for us to bring new services to the customer. We have developed the best grocery home shopping system for the customer and Tesco Personal Finance offers great products at good prices.*

- *International*

Our strategy of building an international business of scale continues to gain momentum. We have made good progress in all markets and now operate 102 overseas hypermarkets. We are on track to have the same overseas as in the UK in 2003." [25]

This report also states,

"Our Core Purpose and Values define the way we do business. This creates the culture and environment in which all four parts of our strategy continue to deliver strong results, and define our responsibilities to our customers and employees, and to the communities where we operate... Corporate social responsibility reflects our Values – 'treating people how we like to be treated' ... Our philosophy of 'Every Little Helps' underpins these wide-ranging responsibilities – we recognise that we cannot change the world, but we can do our bit and so play our part... We strive to attract and retain the best people to work for us by offering support and development, reflecting another one of our Values, 'look after our people so they can look after our customers'. This lies at the heart of our business strategy." [26]

This opening statement by the Chief Executive also makes explicit linkage to the "Steering Wheel", the name Tesco gives to its Balanced Scorecard. The report goes on to articulate the,

"...Core Purpose: "To create value for customers to earn their lifetime loyalty" The way we do things at Tesco is defined by our Values: No one tries harder for

It also highlights its commitment to developing its own people, to treating them honestly and fairly, responsibility towards the employees of suppliers, responsibility towards the community and its organisation, as well as to a healthy lifestyle of customers. It recognises environmental responsibilities in terms of the direct impact of their operations, recycling issues, the promotion of biodiversity and the promotion of animal welfare. [28]

Comparison of the 2001/02 Review with its follow on reports for 02/03 and 03/04 demonstrate the continued growth of Tesco (see Table 9.4). In 2004 the size of the company ruled it out of contention in the take-over battle for its competitor Safeway, which was ultimately won by Morrisons. However, it must be recognised that Tesco does not simply run large supermarkets or hypermarkets. In recent years they have made substantial inroads into the neighbourhood convenience stores and by early 2005 they had reached 4th place in this sector. [29]

Table 9.4: Growth of Tesco.			
Corporate (Social) Responsibility report for year:	**01/02** [30]	**02/03** [31]	**03/04** [32]
UK Sales:	£21.7Bn	£23.4Bn	£26.9Bn
UK Sales Growth:	9.1%	7.9%	14.9%
UK pre-tax Operating profit:	£1.23Bn	£1.297Bn	£1.526Bn [33]
Non-foods:	4% market share	5% market share	6% market share [34]
UK stores:	729	1982 [35]	1878
UK employees:	195,000	221,000	237,000
Overseas Sales:	£3.9Bn [36]	£4.7Bn [37]	£6.6Bn
Overseas Profit:	£119M [38]	£212M [39]	£306M [40]
Overseas stores:	250	309 [41]	440

Overseas employees:	65,000	[75,000] [42]	89,000
New countries of operation:	N/A	(France no longer listed) Malaysia	Turkey and Japan

These reports concentrate mainly on the discharge of corporate responsibility rather than financial results. However these figures do illustrate the successful expansion of the company.

The information provided for this case was substantially derived from an interview with Leonie Morris, Head of People Planning at Tesco PLC, who has been with the organisation for some three years. Unlike the scorecards used in the Home Office and DTI, covered by the other case studies, the Tesco Balanced Scorecard is a mature implementation.

5.2. Introduction and running of the Balanced Scorecard in Tesco.

The Balanced Scorecard was introduced around 1998 after a relatively short development facilitated or assisted by a major consultancy firm. Like many organisations, there had previously been a strong financial performance focus, and this had resulted in an archetypal "short-termism". The aims for the Balanced Scorecard were to:

- Provide a mechanism for coordination of change management activity.
- Improve the long-term perspectives in the organisation.
- Reduce the emphasis on financial indicators.
- Improve the focus on staff issues.

The scorecard, known in Tesco as the Steering Wheel, is the main management tool for driving the business. It is seen as highly successful and there are strong links all the way from Board level to shop-floor. The Chief Executive is a strong champion for the concept.

Tesco's Steering Wheel has four segments, which correspond largely to the Kaplan and Norton model: "People" replaces a wider "Learning and Growth" perspective. However, the make up of the scorecard is reviewed annually to ensure that it continues to meet the demands of the organisational strategy.

Although not immediately visible to shoppers, the Steering Wheel will feature strongly in staff areas giving details of local performance. Data is collected weekly and monitored using a simple traffic light system for ease of reference. The Tesco system utilises "Blue" for performance above target, in addition to the normal Red-Amber-Green. Staff at a low level will be involved in collection, reporting and monitoring data, particularly in the stores. This builds engagement with the process.

Store-level Steering Wheels are tailored to meet local issues. Store managers receive a hard-copy version of the quarterly corporate scorecard, and this may be used to brief other managers in the stores. Generally lower grades within the store will not be expected know about corporate performance, although they will have an interest if they invest in the company (see below). At the lower levels of the organisation performance issues will primarily be geared to local Steering Wheel PIs. However, there is strong linkage between Store Steering Wheels and the Corporate Steering wheel; not least through the cascade of PI groupings, even if PIs are locally derived. This facilitates the aggregation of data, which is collected by a variety of systems and mechanisms. Senior management will monitor performance and drill down to identify problem areas. Once problems or issues have been identified it is for local management to resolve and seek improvement. Senior management will intervene only if problems persist.

Although there are no other major business tools in use, there is a strong emphasis on customer and staff surveys. These surveys are a strong influence on development of strategic and tactical measures. There is deliberately no focus on performance of competitors. The main external performance

measure used to track business performance is an overall index of retail grocery business performance. Tesco always aim to exceed this measure. Although there was some evidence of "management by initiative", initiatives are clearly related to Steering Wheel performance issues. The strong focus of, and on, the Steering Wheel makes the determination of tactical measures easier. But again, the emphasis is on what is good for Tesco, rather than copying ideas from other retailers.

At Management Level 3 and above bonuses are linked to performance. This will not only include Store Managers but Head Office staff, and those working in "Distribution". Bonuses will include an element of personal performance and performance assessed by local or corporate Steering Wheels. Personal performance assessments will include an element of 360° reporting. In the same way that failure to achieve required standards against Steering Wheel PIs will result in senior management attention, failure to reach required standards of personal performance will, not only lead to loss of bonuses, but will also lead to management intervention on personal development. Thus managers are directly accountable for personal and organisational performance.

5.3. Tesco's culture.

There is a strong emphasis in Tesco on people, both the customers and the staff. There is a strong corporate identity, both through staff uniforms and branding. Although Tesco is now the leading UK retailer and has a growing overseas business, this emphasis on people means that resources are directed towards the "front-line". Consequently the registered offices of the company are a large concrete office block on a post-war industrial estate. This contrasts strongly with the heavy investment in refitting and building new stores. This emphasis is also evident in the annual report and accounts and in the corporate social responsibility reports. Staff attitudes and perceptions are recognised not only from the perspective of "employees" but also from their role as "customers". Staff are encouraged to invest in the business, but are also

recognised as assets and the company is strongly interested in the welfare of staff. The emphasis on core business, and to enable senior staff to get close to customers and staff, has resulted in the "TWIST" (Tesco Week in Store Together) programme which involves head office staff working in stores for a week at a time. [43]

Consequently, although staff turnover is considered to be quite high, retention is now over 80%. Turnover is highest among those with less than a year's service, and particularly among the part-time general assistants. But there are incentives for staff who continue their service beyond a year, eg 10% discount on purchases. After this initial period staff loss rates drop off rapidly. However, it is inevitable that in an organisation that is expanding at the rate at which Tesco is, that length of service will appear low. [44, 45] All staff undertake an induction programme, during which they will be introduced to the Steering Wheel. Organisational language is kept simple in order to communicate effectively with the largest number of staff, and there is an emphasis on pragmatism and empowerment of junior staff, in order to facilitate delivery of customer satisfaction.

5.4.   Assessment of the Tesco Balanced Scorecard.

Table 9.5 demonstrates that the Tesco implementation of the Balanced Scorecard deals effectively with all the issues identified as having a beneficial effect on the implementation and running of the scorecard. The only area where the implementation might not be regarded as fully compliant (IT usage), the Balanced Scorecard is compliant with wider IT/IS practice in the organisation. Arguably a more extensive automation of the Balanced Scorecard might necessitate a new IS strategy.

Table 9.5: 21 Factors that impact Balanced Scorecard implementation and running - Tesco.		
1.	**Top Level Commitment.**	**Yes.** The Chief Executive is directly involved and uses the Balanced Scorecard as the key management tool.

2.	**Involving more than Top Management.**	**Yes.** Staff at all levels involved.
3.	**Ensuring a broad spectrum represented in development.**	**Yes.** Different sectors of the scorecard allocated across different management areas, with centralised coordination rather than centralised control.
4.	**Agreeing strategy before developing the scorecard.**	**Yes.** However, strategy, tactics and operational issues heavily influenced by key stakeholder groups (customers and staff) and consequently there is a tendency towards "emergent strategy" within a clear framework.
5.	**Focusing the scorecard on strategic objectives.**	**Yes.** But see above.
6.	**Avoid focussing on worthless measures.**	**Yes.** PIs closely focussed on defined issues and scorecard reviewed annually to ensure it remains focussed on key issues.
7.	**Adapt the scorecard to meet local requirements.**	**Yes.** Within overall corporate framework, scorecards adapted at store level to closely reflect local issues.
8.	**Executives use the Balanced Scorecard strategically.**	**Yes.** Senior management monitor performance and only become involved when lower levels are unable to resolve issues without assistance.
9.	**Using terms consistently.**	**Yes.** Care taken to ensure terms are clearly understood and used consistently.
10.	**Utilise pilot projects.**	**Yes.** Understood that pilot projects were used as part of the development phase.
11.	**Use experienced consultants to support implementation process.**	**Yes.** Understood to have used a major consultancy firm to assist in the development.
12.	**Avoid misusing the Balanced Scorecard.**	**Yes.** Management avoid involvement in operational level changes. Consistent difficulty in achieving requirements may result a new tactical or strategic level initiative to introduce step change.
13.	**Construct and understand the cause-and-effect map.**	**Yes.**

14.	**Use the Balanced Scorecard to drive the compensation process.**	**Yes.** At Grade 3 level and above. There are other reward and recognitions systems in existence that are used to reinforce objectives at a lower level.
15.	**Use the Balanced Scorecard to support organisational learning.**	**Yes.** Examination of issues in the cause-and-effect map identified important new relationships between customer satisfaction and staff attendance.
16.	**Balanced Scorecard must be properly resourced.**	**Yes.** Key management process properly resourced to provide sound quarterly reports to Board.
17.	**Properly balance the IT issues.**	**Yes – partly.** Reporting structure and dissemination of information only partly computerised in accordance with overall company IS/IT strategy.
18.	**Ensuring a proper understanding of Balanced Scorecard issues.**	**Yes.** Steering Wheel issues introduced to all staff in induction training.
19.	**Avoid over-complex and lengthy development.**	**Yes.** Company has history of using Rapid Implement Teams for new projects. Balanced Scorecard implemented quickly and subjected to annual review.
20.	**Clear objectives for Balanced Scorecard programme.**	**Yes.** Aims to give clear direction for longer-term issues.
21.	**Managers, at all levels, must use the Balanced Scorecard frequently to communicate and reinforce organisational direction and achievement.**	**Yes.** Used extensively and consistently throughout the organisation at corporate and local levels to articulate objectives and achievement.

This highly successful Balanced Scorecard implementation is arguably a key underlying cause of organisational growth and success demonstrated in Table

9.5. Nevertheless, discussion of the planning measurement grid at Figure 2.11 highlighted another feature of the Tesco culture linked to organisational learning. This was the idea that employees should not be complacent. Consequently, Tesco is reluctant to see themselves as having a complete plan of activity, preferring to highlight a partially emergent strategy based on reactivity to changing customer needs. Tesco is thus assessed as lying somewhere on the boundary between "Achievement" and "We never seem to get there!" This recognises that measurement is effective.

Whilst it is clear that Tesco is currently very successful and intends to retain the Balanced Scorecard as a mechanism for managing the company, consideration of past levels of success, in order to plot the organisation against Figure 2.12, presents a problem. Even prior to implementing the Balanced Scorecard Tesco was a leading grocery retailer in the UK. It would therefore be unfair to therefore suggest that it was previously unsuccessful. However, the use of the Balanced Scorecard seems to have brought increased success, and thus, relatively one might argue that it was previously "less successful". Therefore if the organisation is plotted on the boundary between being "Successful" and "Unsuccessful" prior to implementing the Balanced Scorecard this gives an interesting and arguably valid interpretation. It suggests that on the one hand that success has been attributed to the Balanced Scorecard. This would certainly seem to be the case. But it also suggests that retention might be for reasons disassociated from the success achieved. The researcher's assessment is that this is probably true. The Steering Wheel forms such a key management tool within Tesco that its replacement within the foreseeable future is neither likely nor possible. Such a replacement of the key management tool would have profound effects on the organisation and its culture, which could potentially undermine the success currently being achieved. There is thus no crisis to precipitate change, in terms of the change models examined in Chapter 5. Thus retention of the Balanced Scorecard is partly due to the process being so completely embedded into management system. This in-turn demonstrates something of the culture change that has

taken place over the past six years that has resulted in Tesco becoming so dependent on this management system.

The figures at Table 9.4 show that staff levels in the UK have increased by more than 20% in three years. It is inevitable therefore that length of service with the company will be distorted by this trend. Thus again, in terms of analysing Tesco against Figure 3.12, it is necessary to evaluate Tesco as being somewhere between having a high and low staff turnover. Other dimensions are easier to assess. Tesco is a well established organisation with a long history. It is also an organisation with very large customer and stakeholder base. This implies that Tesco will have quite a complex culture which is difficult to maintain, but which is important to both those inside and those outside the organisation. This is born out by Tesco's need to retain staff in order to maintain the standards of service required to maintain customer loyalty. Induction and regular communication with staff are a part of the process of building staff loyalty. However, the size of the organisation and the staff turnover make this difficult. Nevertheless, projecting the image of Tesco to those outside the customer base is important if they are to win new customers. A strong and visible culture is thus essential.

6. Suffolk Coastal District Council.

6.1. Outline of organisation and aims.

Suffolk Coastal District covers an area of 88,938 hectares and is located on the east coast to the north and east of Ipswich, the county town of Suffolk. The District has a population of 115,000 and a generally buoyant and growing economy, with a workforce of around 60,000. Unemployment is low (1.4% at October 2003).

The growth of the District has resulted in increasing demands for public services, and community facilities, and changes in the make up of local

communities, with town and parish councils seeking the support and assistance of the District Council in tackling local issues and priorities.

The Suffolk Coastal environment is one of the district's unique attractions. No less than 37% of the district is designated as an area of outstanding natural beauty; there are 71 Sites of Special Scientific Interest, 33 conservation areas, and over 2,500 listed buildings.

Suffolk Coastal District Council (SCDC) has developed its vision:

> *"…building upon the best of the present, it should be a District where people:*
> - *Want to live and to invest*
> - *Care for others and the environment"* [46]

Their stated goal is:

> *"…to help, with other relevant bodies, to realise this vision by ensuring that Suffolk Coastal is a place where the community continues <u>to enjoy the highest Quality of Life</u> and <u>receive top quality efficient services</u> from the Council."* [47]

The Council aims to focus on:

> - *"Strengthening the Economy*
> - *Tackling rural issues*
> - *Protecting and enhancing the Environment*
> - *Meeting housing needs*
> - *Developing a safe and healthy community with access to leisure opportunities*
> - *Fulfilling its obligations by the quality delivery of all its essential services"* [48]

The core values of the Council are:

- *"Responding to community and customer needs*
- *Valuing all people*
- *Ensuring wise use of resources*
- *Acting with integrity at all times*
- *Being Accountable"* [49]

This case study was prepared primarily on the basis of information supplied by Steve Whelan, Performance and Risk Officer at SCDC. Mr Whelan had only been with the organisation about three months at the point that this case study was undertaken in December, 2004. However, he had done his own research within the organisation as part of his work to familiarise himself with the requirements of the post. This case study was reviewed by Mr Whelan and Tony Osmanski, SCDC Strategic Director.

6.2. Origins of the Balanced Scorecard programme within Suffolk Coastal.

The Balanced Scorecard programme was initiated in 2003 as part of a wider programme called "Moving Forward Together", following the election of a new council. The aim was to review the organisational vision and values and realign the culture and structure in order to deliver improvements to, and increase efficiency in the delivery of services. The programme originated from recognition of increasing challenges in terms of financial pressures and increasing public expectation. At the time the SCDC was also the beneficiary of investment income from previous sales of council houses. Consequently financial pressures were increasing as was public expectation.

Organisational restructuring has already had an impact at the higher levels, but planned reorganisation at the lower levels has yet to be implemented.

Consultants working on these change programmes have advocated the use of the Balanced Scorecard, but the concept is already established in some other local authorities. Barking and Dagenham are well known for their work in this area, and SCDC, along with many others, have sought advice from their staff. The SCDC Interim Chief Executive became the Champion of the Balanced Scorecard. However, the consultants, although instrumental in the adoption of the Balanced Scorecard have had little involvement in the detailed implementation. Instead the Council's Performance Team became the in-house experts in this area whilst some of the consultants have been instrumental in other changes taking place, such as Business Process Improvement, and partnership working.

The consultation with Barking and Dagenham has had a strong influence on the development of the Balanced Scorecard within SCDC. Another key influence has been the purchase of QPR as a software engine for the Balanced Scorecard. This, whilst having been given proper Council approval, was purchased on the basis of strong advice from the consultants advocating the implementation of the Balanced Scorecard. However, SCDC had insufficient knowledge and expertise to use the software to best effect in the early stages of the programme. A software purchase of this nature is also an unusual approach, as research by Granland and Malmi in 2002 suggests that the majority of Balanced Scorecard users maintain their scorecard on spreadsheets or Lotus Notes. [50] As highlighted by this research, this is also true for the limited sample of organisations covered.

Clear objectives are set out for the SCDC Balanced Scorecard project:

> *"**Why do we need it?** To give us:*
> - *Focus*
> - *Clarity*
> - *A sense of priorities*

- *Simple and consistent presentation of key information on how we are performing*

- *A clear sense of direction that our staff and partners can understand*

How are we going to use it? To enable us to:

- *Manage and monitor our performance*

- *Focus our efforts on the things that most need improving*

- *Help us match our resources to our priorities*

- *Assess whether we are succeeding in achieving our aim of securing the highest quality of life for our community"* [51]

6.3.   Implementation of the Balanced Scorecard programme within Suffolk Coastal.

The initial scorecard took about a year to develop and implement. The SCDC Balanced Scorecard is based on six priority themes:

- Community well-being,
- Environment,
- Fiscal and Democratic Services,
- Housing,
- Rural issues, and
- Economy. [52]

These are presented in a honeycomb formation around the SCDC's vision. The Balanced Scorecard also has six cross-cutting perspectives:

- Serving our community,
- Developing our people,
- Funding for future success,

- Optimising organisational performance,
- Effective leadership, and
- Improving customer satisfaction. [53]

Even early on in the development of the scorecard there was a perception that the scorecard should be cascaded down the organisation to help manage individual performance. This has involved the HR department, which demonstrates a strong commitment to the process. The Balanced Scorecard process is thus very comprehensive, as shown in Figure 9.6. Central support is being used to help develop the Balanced Scorecards at Service and Team level, but the ultimate intention is that these areas will own and run their own scorecards. Thus, although the programme is centrally driven, the emphasis is on delegated responsibility and involvement.

Figure 9.6: SCDC Balanced Scorecard cascade.
(Adapted from SCDC.)

Key: New issues

Corporate Priorities

Performance Indicators

Corporate Scorecard and risks

Head of Services scorecards and risks

Local issues

Team scorecards and risks

Local issues

Individual performance measures

Local issues

Corporate Priorities

Additional Service area Priorities

Additional Team Priorities

Individual Priorities
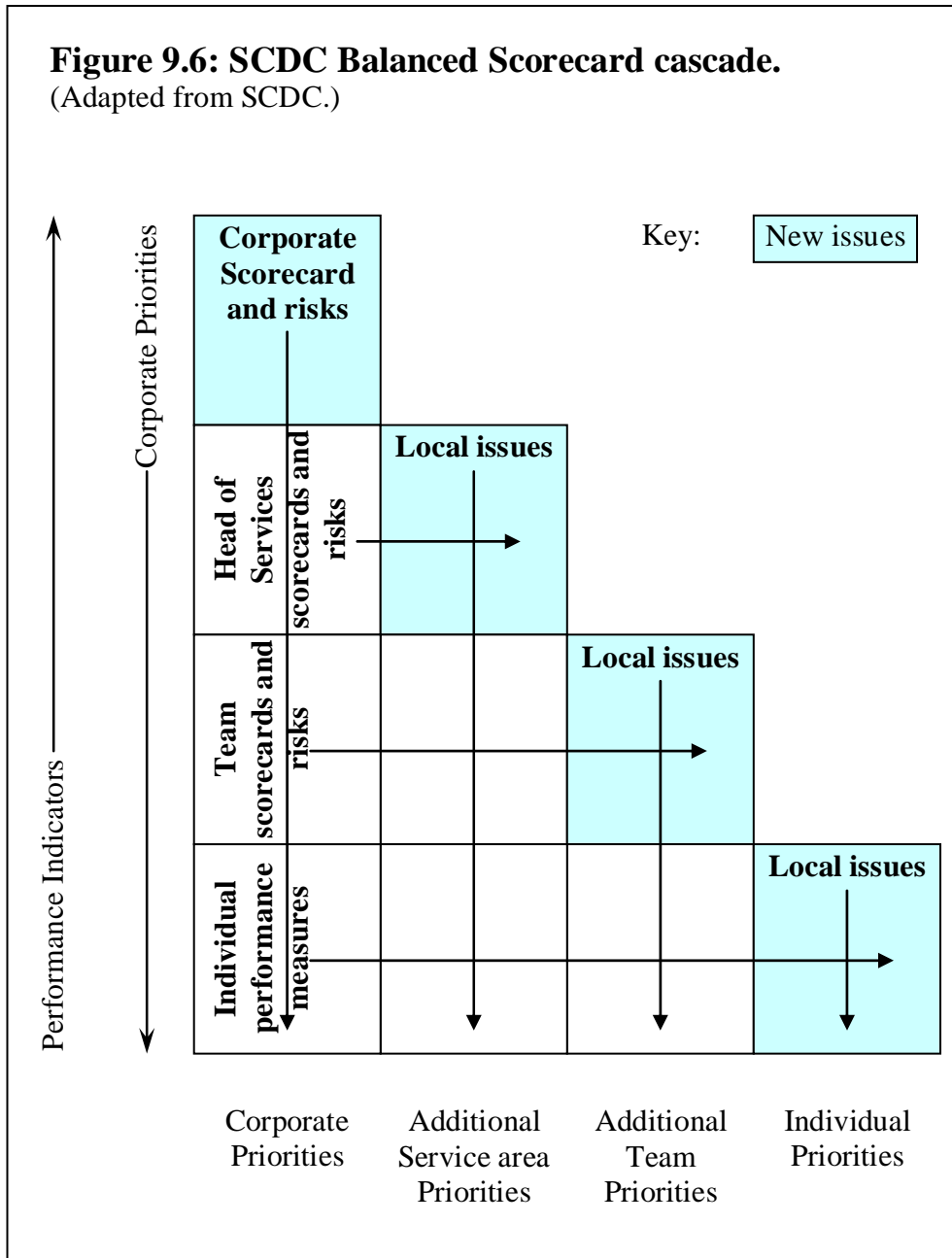
This scorecard format was then well publicised. However, initially there does not appear to have been much work underpinning it to ensure that performance measures were balanced. Nor was there any real strategy developed to articulate how these strategic priorities were to be achieved. Thus publicising has, to some extent, been a constraint on development. For example, mouse mats have been provided that display the scorecard format. Any changes to

the format or high-level content would thus be highly visible and might seem to undermine managements' previous promotion of objectives.

6.4.   Post implementation developments.

Failure to fully understand all the issues when an organisation commits to implementing the Balanced Scorecard seems fairly typical; not least because the Balanced Scorecard is a complex process that is still developing. This is true for SCDC.   However, SCDC is an organisation that, having made a substantial commitment to the Balanced Scorecard, including a significant financial commitment, is determinedly developing and improving the process to derive benefit. There are perceived soft benefits.

- There is now much clearer focus on strategic priorities and people are developing strategies for their own areas that more clearly recognise wider priorities and processes. Previously people worked in "silos". [54]
- Clearly defined priorities are starting to have an impact on resource management. Coupled with the financial pressures noted earlier, this has promoted clearer decision making at the senior levels. The need to link resources to priorities is recognised, as is the need to think longer-term, ie beyond the current three year horizon.

Nevertheless, because the development started with perceived existing priorities, rather than agreement on high-level strategy, development has initially been more "bottom-up" than "top-down". Efforts are now being made to develop the top level strategy and an associated strategy map. This should improve understanding and agreement on overall priorities and strategy.   It should also facilitate the development of leading indicators, since performance measures are currently lagging indicators.

SCDC is also developing an award scheme for staff, which places emphasis on:

- Improved cost efficiency,

- Improved performance.

There is thus likely to be linkages to the Balanced Scorecard at Team or Individual level.

6.5.   Assessment of the SCDC Balanced Scorecard.

The SCDC Balanced Scorecard has been running live for less than a year. It is thus too early to be categorical about its quality.   However, the overall impression was that this is a scorecard that is being gradually developed in accordance with sound principals. This is demonstrated by a high score (17 out of 21) on the list of Factors that impact Balanced Scorecard implementation and running (see Table 9.6).

Table 9.6: 21 Factors that impact Balanced Scorecard implementation and running - SCDC.		
1.	**Top Level Commitment.**	**Yes.** The Chief Executive is the Champion and a programme manager, the Performance and Risk Officer, has been appointed.
2.	**Involving more than Top Management.**	**Yes - partly.** The Balanced Scorecard concept has been extended down individual level through linkage to individual's performance reports. However, see below, the organisational strategy is not yet fully developed and is not developed from individual contributions.
3.	**Ensuring a broad spectrum represented in development.**	**Yes.** All parts of the organisation are involved in developing local scorecards, eg at team level.
4.	**Agreeing strategy before developing the scorecard.**	**No.** The strategic priorities within each service area were recognised (see below) but the overall strategy was not agreed in advance.
5.	**Focusing the scorecard on strategic objectives.**	**Yes – partly.** Individual service area priorities recognised at the highest level and only lower level scorecards recognise the lower level objectives.

6.	**Avoid focussing on worthless measures.**	**Yes – partly.** Some areas at the lower levels are prone to over-report the breadth of performance issues. This measurement culture is being managed to reduce this tendency.
7.	**Adapt the scorecard to meet local requirements.**	**Yes.** Scorecard totally tailored to local requirements.
8.	**Executives use the Balanced Scorecard strategically.**	**Yes.** Quarterly reporting means that managers at the lower level are able to monitor performance on a monthly basis and take appropriate action. Consequently senior managers do not get involved in detailed issues of routine management.
9.	**Using terms consistently.**	**Yes – partly.** No data dictionary, but PIs tautly defined and well understood.
10.	**Utilise pilot projects.**	**Yes – partly.** Barking and Dagenham Council provided considerable advice prior to SCDC developing their own scorecard. Some areas of SCDC are progressing faster than others and thus acting informally as pilots.
11.	**Use experienced consultants to support implementation process.**	**Yes – partly.** Both Barking and Dagenham Council and external consultants had strong influences on the establishment and initial development of the Balanced Scorecard. However, the developments have not involved experienced Balanced Scorecard consultants to any significant degree.
12.	**Avoid misusing the Balanced Scorecard.**	**Yes.** Clear delegation of authority and responsibility.
13.	**Construct and understand the cause-and-effect map.**	**No.**
14.	**Use the Balanced Scorecard to drive the compensation process.**	**No.**
15.	**Use the Balanced Scorecard to support organisational learning.**	**Yes – partly.** At the same time as the Balanced Scorecard was introduced, SCDC have also undertaken a Business Process Improvement programme. This links to work with the Balanced Scorecard, but the links are not explicit and intentional. However, increasing understanding of the Balanced Scorecard is leading to development too.

16.	**Balanced Scorecard must be properly resourced.**	**Yes.** Dedicated project staff and IT system purchased.
17.	**Properly balance the IT issues.**	**Yes – partly.** The purchase of QPR has dominated and perhaps even constrained development, but this has not been a project owned and driven by the IT in any other respect.
18.	**Ensuring a proper understanding of Balanced Scorecard issues.**	**Yes.** Linkage to individuals' PDRs (Personal Development Review – annual personal performance and development report) has ensured that all staff have had to be educated. Considerable other publicity and education activities have been undertaken.
19.	**Avoid over-complex and lengthy development.**	**Yes.** Initial development took a year, but the scorecard concepts have been incrementally developed subsequently.
20.	**Clear objectives for Balanced Scorecard programme.**	**Yes.** Clearly stated objectives (detailed above).
21.	**Managers, at all levels, must use the Balanced Scorecard frequently to communicate and reinforce organisational direction and achievement.**	**No.** Quarterly reports to Council Members are available on the web, but are not specifically used as part of a cascade briefing.

The key issue, which is now beginning to be addressed, is the need for the overall strategy to be developed and articulated. This will enable people at the lower level to understand their own contribution to the wider context beyond their team and service delivery area. This wider view, and regular reporting of overall performance, will create something more of a team atmosphere. This appears to be a key issue for the organisation: high levels of sickness, suggestions that morale is low, key people have left the organisation, uncertainty about future organisational change. However, staff turnover is low; partly because local employment prospects are relatively poor. There is no attempt within the Balanced Scorecard to manage culture, but there is an

Induction Programme run within the overall HR strategy, and recognition that relationships within the workplace are increasingly important. This leads to an interesting assessment of the overall importance of culture to the organisation using the model at Figure 3.12. Clearly the customer and stakeholder base is large but relatively stable. SCDC, with a staff of only 350 is only a medium size organisation, albeit with a relatively long history. Thus SCDC lies somewhere in the bottom left corner of the top right box at the front. The influences of the adjacent boxes to the left and below are thus interesting:

- The culture will be complex internally as the service areas are dealing with radically different deliverables, which have historically been delivered in silos. Emphasis tends to be on professionalism, equity and entitlement. Change is likely to be resented; staff will look for security, "Buggins' turn" [55] promotion because skills and knowledge will not be readily transportable other than to another council, which would involve moving or commuting.
- Viewed externally the Council is more likely to be viewed holistically, and delivery is more likely to be viewed as important rather than the process by which services are delivered. This is because services are "single sourced" (ie specialised) and are funded irrespective of perceived value for money.

Examining the Balanced Scorecard implementation using the model at Figure 2.12 is somewhat problematic as the scorecard has been running for less than a year. Past success was at the expense of capital resources, and there is a degree of ambivalence towards Council Tax in the area, although there is also a reasonable level of satisfaction with services. Thus the SCDC can only be scored somewhere near the middle of the matrix at the back of the model. Heavy investment in the Balanced Scorecard is likely to lead to continuing commitment, but the wider change programme is currently seen as delivering any improved performance rather than the Balanced Scorecard itself. This could change subsequently if the developments lead to the Balanced Scorecard

taking a stronger role in the developments, ie currently it is competing with organisational change and Business Process Improvement programmes. This is emphasised by examining the situation in relation to the Measurement and planning matrix at Figure 2.11. Currently the SCDC lies somewhere around the top-right of the bottom-left quadrant, but with movement up the axis that this represents. Measurement is improving as the organisation understands better what it needs to measure. Planning is improving as the Balanced Scorecard starts initiate the challenge of where the Council is heading. That is there is an increased understanding that measurement of the past doesn't guide to future performance, and there is increasing challenge as to whether the right things are really being measured.

7. BAE Systems.

7.1. Outline of organisation and aims.

BAE Systems is a large corporate which describes itself as *"...an international company engaged in the development, delivery and support of advanced defence and aerospace systems in the air, on land, at sea and in space"*. [56] The company has an annual turnover that currently exceeds £12Bn, customers in 130 countries, [57] and has an order book of £45Bn. [58] Profits before interest are running at about £500M per half year, but these are considerably affected by exceptional items and the amortisation of goodwill and impairments. [59] The company consists of its main divisions, plus a number of subsidiary companies and joint ventures. Its structure is thus somewhat complex and this is highlighted on its website where there is a description of the evolution of the organisation. The current organisation derives from BAe (British Aerospace), which was formed when a number of companies were nationalised in 1977 and evolved through acquisition, sales, joint ventures, and partnerships, until it merged with Marconi Electronic Systems in 1999. [60] The company states, *"Our vision is to be the leading systems company, innovating for a safer world."* [61] It gives its values as:

- *"Customers – Our top priority*

- *People – Our greatest strength*

- *Performance – Our key to winning*

- *Partnering – Our future*

- *Innovation and Technology – Our competitive edge"* [62]

This case study deals with the CS&S and Land Systems division (Customer Solutions and Support and Land Systems). This division derives its current form from the acquisition of the Alvis company in 2004. [63] Alvis is a manufacturer of armoured vehicles. This company was added to CS&S along with the remnants of the former Royal Ordnance, which was purchased by British Aerospace in 1987 as part of the privatisation of the public sector. Much of the information for this case study was supplied by Jeff Smith, Business Improvement Manager for CS&S and Land Systems. The Balanced Scorecard is not used throughout BAE Systems. (The preliminary announcement of 2004 results, posted on BAE Systems website supports the trends highlighted above:

- Order Book value - £50Bn

- 2004 Sales - £13.4Bn

- Profit before interest - £1Bn

- Goodwill amortisation and impairment - £1Bn

- 6 acquisitions in addition to Alvis, and this was followed a week or so later by notification of the purchase of United Defence Industries in the USA, who, among other things, produce the Bradley fighting vehicle.) [64, 65]

A simplified organisational chart for BAE Systems and the CS&S and Land Systems Group is at Figure 9.7. (This chart is developed from the BAE Systems Annual Report 2003 and from the company's websites. [66] Acronyms are covered in the Glossary to avoid overcomplicating the chart, but, for

further understanding of named programmes, reference to the company website or the defence press will be necessary.)

BAE Systems	
Programmes – Hawk, JSF, Typhoon, Type 45, Astute, LSD(A), Sting Ray, Tornado GR4, C4ISR.	**Operational Services** – eg Material supply chain support for aircraft, ships and submarines.
CS&S and Land Systems	**BAE Systems Australia** – eg Airborne Early Warning systems, air defence systems, training.
International Partnerships – MBDA, Saab, Gripen International, Atlas Elektronik.	**International Programmes** – Al Yamamah, Royal Saudi Naval Forces MCMVs, Qatari Piranha fighting vehicles.
Avionics – integrated communications, Captor multi-mode radar, Electro-Optical Targeting System.	**Military Air Solutions and Support** – Tornado upgrade, aircraft ILS, 3rd Line Maintenance.
North America – electronic combat and electronic warfare systems, infra-red countermeasures.	**Naval** – eg Canadian Upholder submarine reactivation, Brunei OPV, ILS.
Commercial Aircraft – Airbus, A400M, customer support and servicing.	**Training Solutions** – eg Hawk Synthetic Training, Naval Firefighting, C130J simulator.
Other businesses – CVF.	**Land Systems** – eg M777 howitzer, Tracked and wheeled armoured vehicles and tactical bridging system.

Figure 9.7: BAE Systems organisational chart, showing breakdown of the CS&S and Land Systems Group.

The CS&S Group, without the addition of the Land Systems component, produced sales of £2.166Bn in financial year 2003, had an order book of £2.6Bn, produced a profit of £411M, and had 10,800 staff. [67, 68]

7.2.   Origins of the Balanced Scorecard programme within CS&S and Land Systems.

The origins of the Balanced Scorecard within CS&S and Land Systems are not entirely clear. The intention to implement the tool was stated as an objective for Jeff Smith when he took up post in 2001. The idea of introducing the Balanced Scorecard is thought to have derived from either Ian King (Group Managing Director of CS&S and Land Systems) or Peter Fielder (Business Development Director of CS&S and Land Systems). As such the implementation of the Balanced Scorecard can be seen to have senior level sponsorship and commitment. Ian King had only recently been appointed as Group Managing Director. As an accountant there was a perceived change in emphasis from the previous Group Managing Director whose background had been in Marketing. This case study was compiled in early 2005 using information supplied largely by Jeff Smith, Business Improvement Manager, CS&S and Land Systems, BAE Systems, who kindly reviewed the draft and provided further advice.

The aim for implementation was to improve the management of change within the organisation. The assessment was that the organisation was not very effective at implementing change and needed a mechanism to create coherence and direction for the various change activities. In particular there were still continuing issues from the merger, in particular the need to create a common culture and a common management regime. Change activities at this time were important to the business but measurement concentrated on the "hard" aspects of financial performance, and the softer issues were being ignored. An aim was to communicate the broader perspectives of the business, ie business

change programme issues. At merger the organisation effectively ran as a collection of independently run and managed business outputs. Thus there was a need for a clear, uncomplicated message of how the organisation would be run in the future, both for customers and staff. The organisation was perceived as being "data rich – information poor": *"…a data-swamp"*. It is not known whether alternative management tools were considered, but certainly the current perception is that there is no clear alternative that would deliver the same effect. However, other management tools are used separately or in conjunction with the Balanced Scorecard. For example, EFQM is used and a programme is underway to introduce CMMI (Capability Maturity Models Integrated).

In the context of these pressures for change it is useful to refer to the Change Models discussed at Section 6 in Chapter 5.

7.3. Development and Implementation of the Balanced Scorecard within CS&S and Land Systems.

As with the developments in DCA, this Balanced Scorecard was implemented more by stealth than as an overt project. This was partly to avoid the problems of it being seen as yet another initiative or the latest management fad. As the project manager, Jeff Smith is largely self-taught, through attendance at courses and reading available literature. No consultants were used.

Change programmes to be included were selected by the management board. Although this exercise was treated as a Balanced Scorecard development, it did not delve into the details of Kaplan and Norton's perspectives, or identify explicit relationships between change programmes and strategy. Each candidate project was allocated to a board-level owner who subsequently assisted in the development and selection of appropriate measures. These measures were largely measures of achievement rather than descriptive of the desired outcomes. The measures were arranged in the four traditional Kaplan

and Norton perspectives, although these were renamed: Performance, Capability, Leadership, and Customer. Although this primarily identified the Group objectives, Business Units within the Group were asked what else needed to be included.

At this stage the Board did develop and agree a clear strategy for the organisation, but it was linked to the Balanced Scorecard. Thus no attempt was made at this stage to build a cause-and-effect or strategy map. A sub-agendum existed for the programme at this stage; to get people used to being measured, and to make their data available to a wider audience.

The original Balanced Scorecard consisted of just 12 measures, with supporting data. The PIs were almost entirely "lagging" indicators at this early stage. Software support is in the form of Microsoft Excel and Powerpoint. The initial development, from idea to implementation, took about 12 months.

Balanced Scorecard reports are produced monthly and distributed in advance of Board Meetings. In the early stages of development reported performance would often come as a surprise to responsible Board Members. However, as the process developed, Board Members became increasing involved and aware of developments on their projects. Nevertheless, even at this stage, with the elementary development undertaken, there were other perceived benefits. ISO9001 accreditation was obtained to meet contractual commitments. Previously insufficient progress on implementation suggested that this would not be achieved. Nevertheless, the focus created by the Balanced Scorecard resulted in a change of attitude and perceptions that led to a successful drive towards implementation. (Arguably this was a desired outcome since it was a specific contractual commitment.) Similarly timeliness of "Phase Reviews" [69] of projects has also featured as a PI. Approximately 95% of Phase Reviews are now completed on time, against an original performance level of 50%, and a target of 85%.

7.4.   Subsequent developments and issues.

The initial developments were "top down". Gradually as the concept became recognised business units have developed their own Balanced Scorecards. Acceptance and the pace of development have varied between business units, but some have now progressed beyond the sophistication of the Group Balanced Scorecard. Thus whilst the Group Balanced Scorecard effectively acted as the initial pilot, other areas are now the developmental pilots for improvements. Such lower level scorecards tend to focus on largely on local issues, in the same way that SCDC Balanced Scorecards have developed at the lower levels. Thus the Balanced Scorecards in CS&S and Land Systems are increasingly built "bottom-up". It is thus, for example, in the business units that work is starting on building cause-and-effect maps. But the overall lack of connectivity between the agreed strategy and the Balanced Scorecard is recognised and work is likely to start on developing this in the coming years. Gradually individual business units are becoming independent of Group support in the development and use of their Balanced Scorecard. One business unit is now effectively independent.   All Business Units now present a complete report that is then integrated into the Group report.

No attempt has been made to impose the Balanced Scorecard on individual business units within the group, hence the different rates of progress reflecting local attitudes. However, there is still, after 2½ years some residual reluctance for local information to be widely publicised without it being reviewed and agreed first by senior management. This is despite attempts to demonstrate that open honesty does not lead to a "blame culture". Indeed, in one particular instance, a specific individual was named in a report to the board as having caused a particular high profile failure. (The Balanced Scorecard reports are included on the company intranet once approved by the Group Board. Thus the decision to publicise meant that the information would be available to all employees across the Group.)   The organisation agonised over this before

making the decision to publicise, but it was recognised that the failure was so acute that failure to publicise could be more detrimental, eg by creating rumours and innuendos. In this instance the individual concerned acknowledged his specific failure, but has retained his job. Thus the Group has been successful in using the Balanced Scorecard to manage a difficult situation. The result of these policies is that there is increasingly now much more honest reporting of performance. Previously the some data supplied for the reports was adjusted to improve presentation. This suggests that the Group is becoming relaxed and confident with the Balanced Scorecard process, and it is becoming embedded into the culture, that is, it is not seen as a threat. Note that Bititci, Mendibil, Nudurupati, Turner and Garengo state that,

> *"… empirical studies provide evidence that a paternalistic culture, that does not punish people's errors and encourages discussion and analysis, can lead to a successful PMS* [Performance Measurement System] *implementation …"* [70]

One unusual feature of the CS&S and Land Systems Balanced Scorecard is that some PIs are based on data agreed with the DLO (Defence Logistics Organisation). Shared objectives, known as "Strategic Milestones", being undertaken jointly by DLO and CS&S and Land System staff are reviewed by both the CS&S and Land Systems Board, and in joint Board to Board meetings. In addition the Group Balanced Scorecard has a "Customer Voice" measure that reflects their performance as perceived by customers. This acts as a trigger to generate actions to improve customer perception. The first recent biennial review confirms improving performance in relationships with customers.

7.5. Future developments.

The Balanced Scorecard is reviewed at least annually to ensure that issues are current. [71] This will gradually become linked to strategy and a strategy map as

these are developed. It is recognised that, although there is some linkage between objectives and PIs and resource allocation, there is currently insufficient linkage to the "bottom line" profit.

Individual Group Board members have responsibility for programmes within the Balanced Scorecard. These are reflected in personal objectives and thus in performance bonuses. However, the Balanced Scorecard is not yet the basis for reward. This is a possible future aspiration. Discussion with Jeff Smith suggests that this is much more likely in CS&S and Land Systems than in any of the Government Departments reviewed, simply because performance bonuses are a much more significant feature of the remuneration package.

Another anticipate development, for which there are no definitive plans yet, is improved automation of the Balanced Scorecard through the purchase of a COTS package. This approach is dictated by the company's IT policy. This stands in contrast to the MOD, who overtly have a similar policy but ultimately developed their own package and sought to market this to other potential users, particularly other Whitehall Departments.

Development to date is seen has having helped to *"stabilised the ship"* following the formation of the Group after the BAe merger with Marconi. These future developments are expected to help get the ship *"moving in the right direction"*.

7.6. Culture.

BAE Systems Head Office is a modern office block in Carlton Garden in London; between The Mall and Pall Mall. CS&S and Land Systems have their Group Offices in a modern, leafy business park on the edge of Farnborough Airfield. In both cases there would appear to be an intention to present a strong image to customers and clients. However, the set of national and international relationships that forms BAE Systems means that the culture is

complex. Consequently, the BAE Systems web site details how the organisation should project its image. [72] This is in order to produce some consistency. However, it also illustrates the fact that the organisation pays great attention to its image and seeks to project this consistently.

Within the CS&S and Land Systems Group there was evidence that there were still some "allegiances" to the pre-1999 organisations; BAe or Marconi. Such allegiances emerge in the differences in the way things are done. Gradually operating practices are being adapted to ensure more common processes. The tensions here are probably significant, although with an operating division in Australia, and a major project running in Saudi Arabia there are clearly other issues to be addressed also. For example, cultural differences with Middle Eastern countries have to be recognised in terms of working patterns and conditions. Nevertheless, BAE Systems must also recognise that as a UK company it is subject to UK law, even for its overseas operations, for example in the area of Health and Safety at work. The addition of Land Systems to CS&S will increase annual revenues of the Group by about £700M, [73] but the addition could add considerably to the cultural tensions. For example:

- Adding vehicles to the range of products and services offered may enhance the organisation and its product range, but the technology and issues are different from those of the aerospace, shipbuilding and electronics industries. The purchase of Alvis made BAE Systems *"... the largest land systems maker in Europe ..."* [74] so this is not an insignificant business.
- Alvis owned Alvis Hägglunds in Sweden and Alvis OMC in South Africa, thereby adding to the number of national cultures represented in the Group. In addition, RO Defence has a joint venture with GIAT in France. [75]

However, customers are looking for more "joined-up" solutions, eg in the supply chain, and BAE Systems recognise this. Thus, although there may be

difficulties in integrating disparate technologies in different environments, achieving such integration potential offers significant advantages.

A further cultural issue that is gradually being addressed is the changing nature of the business. Previously the constituent parts of the businesses, throughout BAE Systems, were largely "manufacturing" in nature. Increasingly, with the impact of Private Finance Initiative (PFI) and contractorised support arrangements, BAE Systems has to reorientate its thinking towards providing through-life support, which would dominate the business, compared to the manufacturing phase.

Despite this, CS&S and Land Systems have not adopted an existing cultural model for the organisation. Consequently these issues are not explicit in the current Balanced Scorecard. Instead, rather than engineering a particular culture, the cultural implications of changes are recognised and considered.

7.7. Assessment of the CS&S and Land Systems Balanced Scorecard.

This implementation of the Balanced Scorecard is similar to that found in most of the other situations encountered. The company recognises that, after 2½ years using the Balanced Scorecard, it is relatively early on in its development. An incremental approach is being applied, as knowledge and commitment are built up. Assessment of the implementation using the various models applied elsewhere promoted some interesting discussions.

Table 9.7: 21 Factors that impact Balanced Scorecard implementation and running – BAE Systems.		
1.	**Top Level Commitment.**	**Yes.** The programme was initiated or supported by the Group Managing Director from the outset.
2.	**Involving more than Top Management.**	**Yes – partly.** Initial developments were largely directly with Board Members, but subsequent developments have increasing gone down, even been initiated by, lower levels of the Group structure.

3.	**Ensuring a broad spectrum represented in development.**	**Yes – partly.** Again as development has progressed it has embraced more of the functional areas and business units.
4.	**Agreeing strategy before developing the scorecard.**	**No.** As with many of the Government Departments, the initial scorecard was only built on existing perceptions of priorities rather than a fundamental review of strategy. Thus the initial Balanced Scorecard was largely about Change Objectives rather than overall business objectives. Recognised objective for development of the Balanced Scorecard.
5.	**Focusing the scorecard on strategic objectives.**	**Yes – partly.** Although there was no initial agreement or review of strategy there was a review and selection of the strategic changes from the existing change agenda. This formed the basis of the initial Balanced Scorecard. Similarly, changes to the Balanced Scorecard were agreed against a strategic perspective.
6.	**Avoid focussing on worthless measures.**	**Yes – partly.** Programmed change objectives are marked "blue" once implementation has been achieved. These are then subsequently eliminated. CS&S and Land Systems has a good record of eliminating redundant PIs. However, some more "open ended" objectives may tend to remain in the scorecard even after a satisfactory performance has been fully established, simply to avoid sending the wrong message by eliminating them. Again M G Brown's "idiot light" concept could be usefully applied here. [76]
7.	**Adapt the scorecard to meet local requirements.**	**Yes.** All scorecards developed locally to the basic Kaplan and Norton framework.
8.	**Executives use the Balanced Scorecard strategically.**	**No.** There is some tendency for Board Members to delve into the weeds, and the scorecard does not yet drive overall strategy.
9.	**Using terms consistently.**	**Yes.** All PIs well defined and there is clear articulation of the issues.
10.	**Utilise pilot projects.**	**Yes.** Initially the Group Balanced Scorecard was the pilot, but this role has migrated to other areas where expertise is building.
11.	**Use experienced consultants to support implementation process.**	**No.** No consultants used at all.

12.	**Avoid misusing the Balanced Scorecard.**	**Yes – partly.** Generally measures are included by agreement or consensus. However, occasionally measures are implemented in the Balanced Scorecard in order to impose Group requirements on laggards that are seen as out-of-step.
13.	**Construct and understand the cause-and-effect map.**	**Yes – partly.** This is an emerging development in some business units and it is intended to pursue this at Group level in the future.
14.	**Use the Balanced Scorecard to drive the compensation process.**	**No.** Although linkage of individual measures to particular manager's objectives will occur. This is a potential future aspiration.
15.	**Use the Balanced Scorecard to support organisational learning.**	**No.** No cause-and-effect map and no linkage to strategic agenda. But the Balanced Scorecard is beginning to influence activity and the need to develop the Balanced Scorecard process, including organisational learning, is recognised.
16.	**Balanced Scorecard must be properly resourced.**	**Yes.** Future developments may demand more, but current resources are adequate.
17.	**Properly balance the IT issues.**	**Yes.** Basic office automation tools used currently as the system is being developed and understanding is gained. Planned development includes the purchase of a COTS package now that the organisation has a better understanding of the issues and requirements.
18.	**Ensuring a proper understanding of Balanced Scorecard issues.**	**Yes – partly.** Those involved in are gradually educated in the Balanced Scorecard concepts, but there has been no widespread education programme.
19.	**Avoid over-complex and lengthy development.**	**Yes.** Pragmatic incremental development as commitment is gained.
20.	**Clear objectives for Balanced Scorecard programme.**	**Yes.** The aim was to improve the delivery of change agenda issues.

21.	Managers, at all levels, must use the Balanced Scorecard frequently to communicate and reinforce organisational direction and achievement.	Yes. Monthly reports used in Team Briefings.

Thus Table 9.6 demonstrates that 15 of the 21 factors are employed at least in part. However, the impression gained was that this development is maturing as understanding and support grows. It was assessed that had key individuals left 12 to 18 months ago then there was a risk that the process might have collapsed. Now the system is more established as a core management process and is consequently less vulnerable to personality changes.

Examination of the Measurement/Planning matrix at Figure 2.11 suggests that CS&S and Land Systems Group are near the middle and moving in the direction of achievement. Measurement is good and planning is effective in as far as the planned objectives are concerned, that is, objectives are underpinned by good, detailed plans and clearly articulated responsibilities. The perception is that overall performance is improving, but, until plans are better geared to strategic objectives, the effective measurement processes is unlikely to result in the dramatic improvements to overall performance claimed for the Balanced Scorecard in some literature. However, the name tags applied to the different quadrants were an issue. The annual selection of programmes for the scorecard might smack somewhat of, "What shall we do today?" Scoring the organisation in this quadrant would be a little "too condemning" as the measurement processes are good and the selection and planning of individual change programmes is good too. This might suggest that the organisation is more in the area of "We never seem to get there!" Nevertheless, since the organisation does seem to achieve the things it wants to achieve through its Balanced Scorecard, this tag seems inappropriate. In a strategic sense a

description of "Travelling in hope" might seem inappropriate because of the lack of explicit, quantified linkages between the strategic planning and performance measures. However, the organisation does have effective measurement processes. Thus in this instance the quadrant tags seem inappropriate, but suggest that CS&S and Land Systems is probably in the "Achievement" quadrant, but with some weaknesses.

Similarly, discussion of the model of attitudes towards the impact of the Balanced Scorecard at Figure 2.12 raised a number of issues that might be seen as challenging the model. The organisation is seen as successful both before and following implementation. The current assessment is that the Balanced Scorecard is likely to be retained. This would suggest that CS&S and Land Systems would lie in the box labelled, "Balanced Scorecard likely to be retained for reasons not associated with perceived benefits". In fact, the Board has recently assessed that there is a direct improvement arising from Balanced Scorecard implementation and thus the box labelled, "Success likely to be attributed to implementation of the Balanced Scorecard" would seem more appropriate. A number of issues need to be considered:

- The term "successful" probably needs to be considered more in relative terms rather than absolute. If significant improvement in overall organisational performance has been identified and attributed directly to the Balanced Scorecard, then comparatively the organisation was performing less well previously. Thus positioning the organisation on the Successful-Unsuccessful scale pre-implementation is somewhat problematic. Also, since this project is still relatively immature, to be able to attribute a performance improvement to the Balanced Scorecard in just 2½ years suggests that significant improvements are likely to arise as the programme develops further.
- Although the Group has fully adopted the Balanced Scorecard (even in Alvis there are plans to roll-out the process) it has not yet fully embraced all of Kaplan and Norton's concepts. There are also other

management tools and systems in operation. This makes clear attribution of success of Balanced Scorecard somewhat problematic, as discussed in Chapter 2.

- Conversely, and perhaps most importantly, it must be remembered that the specific aims of this project, and largely still the current extent of use, is to embed change activity. The reason given is that the Group acknowledged that this was a failure at the time when the Balanced Scorecard was adopted. Thus in the context of the specific aims of this project, the Group was "unsuccessful", but has become "successful". This would put it in the category of, "Success likely to be attributed to implementation of the Balanced Scorecard", and this is much more acknowledged across the Group.

Thus the model does still seem to have validity.

Finally, the model on the importance of culture was examined (see Figure 3.12). Again there was useful challenge to the model. CS&S and Land Systems has a small stable customer and stakeholder base. It is a large organisation with a long history; even though the formation of the organisation is constantly evolving through acquisitions, sales, mergers and joint ventures. Staff turnover is assessed as low. This puts the organisation in the box labelled, "Culture complex, but stable and readily understood by all – quality/luxury product manufacturer employing traditional skills". Clearly the Researcher's expectation was that the organisation would lie in the box labelled, "Culture of great importance, thus necessary to spend much effort in maintaining culture in order to project it consistently to important stakeholders – large military equipment supplier". Consideration of the issues highlights the following:

- The Researcher's assumption when selecting the "large military equipment supplier" was that a significant number of ex-Service personnel might be expected to migrate into such organisations after

serving, because they would have the knowledge and skill appropriate to the task. Since such individuals would already be a substantial way through their working lives, they would not have a full career in industry, and thus the turnover would be higher than average. This was based on experience gained in contact with Service personnel. Arguably the proportion of people to whom this applies is not sufficient within the industry to have a marked impact on staff turnover. Jeff Smith's assessment was that if anything tended to drive high staff turnover it was likely to be disillusionment with not constantly working with leading-edge technology. However, this was only likely to impact the early working lives of employees. That is, as someone became established in the organisation they would recognise that constant skill change due to emerging technology would not be an issue, because of the need to support equipments that had been produced previously. Therefore people would be likely to recognise this early in their career and thus would either change early on or stay with the company. Thus the issue here is merely in the selection of the example. For CS&S and Land Systems the move to supply chain management, leading edge process and management technologies, mean that any staff-turnover problems are seen as likely to decline as the opportunities for skill refreshment will increase.

- However, examination of the example relating to "quality/luxury product manufacturer employing traditional skills" also needs to be re-examined relative to CS&S and Land Systems.

  o Firstly, as demonstrated above, the large size of the organisation does produce a complex culture, by virtue of the range of products/support provided, and the technologies on which they are based, and the range of ways and sites at which products and services are delivered.

  o However, the organisation, and thus its culture, is not stable; there is seemingly constant evolution. For example, as highlighted above, the integration of the Land Systems business

to the Group is likely to have a significant effect. In contrast, BAE Systems is endeavouring to establish a corporate identity for the whole organisation that can be readily understood by all. Nevertheless, BAE Systems is allowing each group to develop its own identity, and for CS&S and Land Systems this will revolve around "Service Delivery". Thus in the model, "product" should perhaps read "product or service". The low staff turnover should mean that much less resource needs to be expended on developing the right attitudes than it would in an organisation with a high staff turnover.

o The "product" produced by CS&S and Land Systems must be a "quality" product, but often it employs leading-edge skills rather than traditional skills. However, although traditional skills are important, as highlighted previously, large numbers of individuals are unlikely to be constantly retrained on new skills. For example, bringing together product manufacture, or maintenance, for new and existing equipments does not always make sense within CS&S and Land Systems; as classic rationalisation theories might suggest. Product life cycles are so long that aspects of support may last beyond the currency of technologies that replace them. Thus those knowledgeable and skilled in "valve" technology may still have useful skills to deploy despite the fact that the subsequent "transistor" technology has been replaced by printed circuit boards and now "chip" technology. For example, Typhoon, currently entering RAF service, is likely to have a life cycle of 80 years, even though there are those who argue, correctly, that it is already technologically obsolescent; major equipment gestation periods prevent early adoption of leading-edge thinking. Being a large organisation CS&S and Land Systems can afford to maintain a broad skill base, which would not be possible in a smaller organisation. The issue is thus about deploying standardised

skills rather than individuals needing to constantly refresh skills thereby creating a drain on resources and changing individuals' attitudes and perceptions.

The issue of the model is thus more about the selection of examples to illustrate the points rather than any fundamental flaw. On reflection "large military equipment supplier" might not have been the best example, and perhaps "large computer/software supplier" might have been a better example. What is highlighted by this discussion is the nature of CS&S and Land Systems and the way that the individual sub-groups of technology workers, locations, etc, represent sub-cultures within the organisation (see discussion of Trompennaars and Hampden-Turner's concepts discussed in Chapter 5, Section 7.)

This case study has thus been extremely useful in challenging and debating the issues of the various models developed in the research. The implementation itself is very similar in maturity, implementation process and concepts to the Government Departments looked at. This may suggest that there is a degree of similarity of issues in terms of organisational culture; perhaps springing from strong links with the Government sector.

8.   Assessment of the supporting case studies.

The case studies presented here are of organisations that have been largely successful in their adoption and implementation of the Balanced Scorecard concepts. However, even within this small number of examples there are considerable differences in effectiveness of the implementation, and in the degree to which the concepts have been adopted. On initial examination of the Royal Navy implementation the assessment was made using a simple "Yes-No" scoring model. This proved inadequate here because there was too little differentiation between the case study assessments and perceived results; Tesco's implementation appears substantially better than that of the other organisations yet scored little more. Under a two-point

measurement system used above, failure to adopt a key concept derived no score; whilst partial adoption received effectively the same score as full adoption. Consequently it was felt that the 21 factors model used to measure the implementations needed to be refined further to more accurately reflect achievement of concepts. Whilst a five-point scale of assessment for each rule would produce greater accuracy, it would be harder to differentiate the levels of such a scale. A three-point scale was therefore assessed to be easy to use but would have some difficulties. Using 1, 2, and 3 points for the levels of achievement would reward failure to implement a rule. Using 0, 1 and 2 would not adequately reward those fully implementing a rule compared to those partially implementing it. And, since failure to adopt a key concept is probably detrimental it was felt that this should be reflected in the marking system. Consequently a -1, 1 and 3 scale was selected, and all the case studies reassessed as to the degree of implementation of the 21 rules. The table below thus reflects this improved marking system to increase differentiation between full adoption, partial adoption and ignoring key concepts.

		Royal Navy		HO		DTI		DCA		Tesco		SCDC		BAE Systems	
1.	**Top Level Commitment.**	Yes	3	Partly	1	Yes	3	Partly	1	Yes	3	Yes	3	Yes	3
2.	**Involving more than Top Management.**	No	-1	Partly	1	Yes	3	Yes	3	Yes	3	Partly	1	Partly	1
3.	**Ensuring a broad spectrum represented in development.**	No	-1	Yes	3	Yes	3	Yes	3	Yes	3	Yes	3	Partly	1
4.	**Agreeing strategy before developing the scorecard.**	No	-1	No	-1	No	-1	No	-1	Yes	3	No	-1	No	-1
5.	**Focusing the scorecard on strategic objectives.**	Partly	1	Partly	1	Partly	1	Partly	1	Yes	3	Partly	1	Partly	1
6.	**Avoid focussing on worthless measures.**	Partly	1	Partly	1	Partly	1	Partly	1	Yes	3	Partly	1	Partly	1
7.	**Adapt the scorecard to meet local requirements.**	Yes	3	Partly	1	Yes	3	Yes	3	Yes	3	Yes	3	Yes	3
8.	**Executives use the Balanced Scorecard strategically.**	Yes	3	Partly	1	Partly	1	Yes	3	Yes	3	Yes	3	No	-1
9.	**Using terms consistently.**	Yes	3	Yes	3	No	-1	Yes	3	Yes	3	Partly	1	Yes	3
10.	**Utilise pilot projects.**	Yes	3	Yes	3	Yes	3	Yes	3	Yes	3	Partly	1	Yes	3

Table 9.8: Comparative assessment against the key factors for implementing and running the Balanced Scorecard.

#															
11.	**Use experienced consultants to support implementation process.**	Partly	1	Yes	3	Yes	3	Partly	1	Yes	3	Partly	1	No	-1
12.	**Avoid misusing the Balanced Scorecard.**	Yes	3	Yes	3	Yes	3	Yes	3	Yes	3	Yes	3	Partly	1
13.	**Construct and understand the cause-and-effect map.**	Partly	1	No	-1	Yes	3	Yes	3	Yes	3	No	-1	Partly	1
14.	**Use the Balanced Scorecard to drive the compensation process.**	No	-1	No	-1	No	-1	No	-1	Yes	3	No	-1	No	-1
15.	**Use the Balanced Scorecard to support organisational learning.**	Partly	1	Partly	1	Yes	3	Yes	3	Yes	3	Partly	1	No	-1
16.	**Balanced Scorecard must be properly resourced.**	Yes	3	Yes	3	Partly	1	Partly	1	Yes	3	Yes	3	Yes	3
17.	**Properly balance the IT issues.**	Yes	3	Yes	3	Yes	3	Partly	1	Partly	1	Partly	1	Yes	3
18.	**Ensuring a proper understanding of Balanced Scorecard issues.**	Partly.	1	Partly	1	Partly	1	No	-1	Yes	3	Yes	3	Partly	1
19.	**Avoid over-complex and lengthy development.**	Yes	3	Yes	3	Yes	3	Yes	3	Yes	3	Yes	3	Yes	3

20.	**Clear objectives for Balanced Scorecard programme.**	Yes	3	Yes	3	Yes	3	Yes	3	Yes	3	Yes	3	Yes	3
21.	**Managers, at all levels, must use the Balanced Scorecard frequently to communicate and reinforce organisational direction and achievement.**	No	-1	No	-1	No	-1	Yes	3	Yes	3	No	-1	Yes	3
	Totals: Range: -21 to 63	Royal Navy	31	HO	31	DTI	37	DCA	39	Tesco	61	SCDC	31	BAE Syst'ms	29
	% of range (ie -21=0 and 63=100):		62		62		69		71		98		62		60

In examining the conclusions of this revised scoring system, it must be recognised that, with the exception of the Royal Navy's score, the scores were derived from a fairly cursory examination. Note too that the implementations at the DTI and SCDC were relatively very recent, and thus the scores are not totally reliable. However, the most striking score is that of Tesco. This is considered realistic when recognising the quality of the implementation, senior management commitment, embedded use at a local level, and overall organisational success.

The award of "Hall of Fame" status to MOD's Balanced Scorecard thus needs some explanation (albeit that this scorecard is not actually considered here, but by implication will score lower than that of Tesco, because even within MOD it has much less a high profile than Tesco's Steering Wheel). What this additional work has confirmed is the influence that MOD has had on raising the profile of the whole Balanced Scorecard concept. Evidence from a number of sources, not all reported here, confirms that MOD staff continue to advise other Government Departments in implementation and running issues.

This table also helps highlight common issues:

- Balanced Scorecard reflects existing expressions of strategy rather than shared and coherent versions, although these may gradually emerge later.
- Consequently PIs are not always focused on strategic issues, and some worthless PIs may result.
- Balanced Scorecard well adapted for local use.
- Senior managers tend to use the Balanced Scorecard strategically rather than themselves getting involved in detailed issues.
- PIs well defined.
- Use of Pilot areas for development of concepts.
- Little use made of the Balanced Scorecard in compensation process.
- Good clear objectives of the programme and avoidance of lengthy developments.

- Failure to use the Balanced Scorecard to communicate regularly with staff at all levels.

The issue of using the Balanced Scorecard for compensation was discussed in Chapter 2. Five of the scorecards examined here are from the public sector, where the profit motive has no influence and perhaps consequently there is less emphasis on bonuses for achievement. These issues were evident in the two private sector Balanced Scorecards, and there was even some evidence of linkage in the public sector areas. But in no organisation was this a very strong theme; with personal development and personal objectives having as strong if not a stronger influence. It is not clear if this is a cultural issue affecting the US more than the UK.

Note too the subtle, in some cases, almost covert implementations of the Balanced Scorecard. This was most at evidence in the Government Departments, where there was a fear of senior management "meddling" in the details. In particular, a fairly common theme was the danger, and reality, of inappropriate PIs being forced onto the scorecard. Issues of political interplay were very evident, which highlights the poor organisational culture that is used to stereotype Whitehall Departments: the "Yes Minister" culture. [77] For a Balanced Scorecard to work effectively an improved culture would be necessary. Yet, in this survey, it was effectively only Tesco that measured real cultural issues, and then not against any defined model that articulates a relationship between culture and performance.

The most worrying aspect, yet consistent with Kaplan and Norton's findings, is the lack of development and buy-in to an overall organisational strategy. This is generally replaced by lists of strategic objectives. The need for cause-and-effect maps, or strategy maps, is obvious if these strategic objectives are to have any coherence. Similarly, there is also a need to communicate more effectively with staff at the lower levels to ensure that employees are also correctly orientated in attitudes and actions. The implication is that there is little understanding of the changing relationship between activities and individuals at the different levels.

Chapter 6 highlighted that strategy may have emerged from the double-loop learning process associated with an embryonic Balanced Scorecard. There is evidence in some of these case studies to support this, particularly the HO IND where the embryonic scorecard helped develop thinking about the relationship with other organisations. Similarly the DTI case study and BAE Systems show improved understanding of strategic planning importance as a result of using early scorecards. In contrast the danger of failure to gain strategic agreement at the highest levels can be seen to be subverting the development of an effective Balanced Scorecard in DCA. This is because of lack of understanding among senior staff of the detailed issues of the Balanced Scorecard process: an intellectual arrogance that says the broad concepts are good enough, but possessing the power to misdirect and thus frustrate the concept. This can arise where there are stovepipe fiefdoms that ignore or deny interaction or corporate responsibility in favour of parochial achievement; indeed where internal competition for perceived success may exist. Note that HO IND and DTI case studies do not suffer from this problem to anything like the same degree because they are conducted at a lower level with more direct support, where inevitably there is less arrogance and conflict and people are more likely to be concerned with process. It must also be remembered that the Balanced Scorecard developments in MOD originated with naval staff rather than senior civilian staff who might in theory be expected to drive business process change. (The researcher has been told that David Norton has provided support to MOD over a long period, at the most senior levels, to help ensure that the Balanced Scorecard concepts are embodied in the MOD's programme.) Thus again there are cultural issues, arising from the management style, that directly affect the development of the Balanced Scorecard within an organisation.

The other models developed in this research were useful in helping to analyse the organisations. Tables 9.9 to 9.11 set out the results for the organisations in the case studies. The arrows in Table 9.9 illustrate the direction of movement. The DTI movement reflects the fact that the Balanced Scorecard has not been kept fully up to date with developments. Tesco's changes reflect the need to constantly determine new and emerging requirements. SCDC and BAE Systems movements reflect improvement.

Table 9.9: Measurement/Planning matrix.							
	Royal Navy	**HO**	**DTI**	**DCA**	**Tesco**	**SCDC**	**BAE Systems**
Achievement.	X		X ↓		X ↓	x ↑	X ↑
We never seem to get there!		X		X	x		
Travelling in hope.							
What shall we do today?			↓ x			X	x
X = Strongest position. x = Some tendency towards this position. Arrows indicate the direction of movement.							

There is some tendency towards the "Achievement" quadrant, but this might be expected because this would be seen as the desirable outcome. However, overall there is no clearly discernable pattern here, partly because of the immaturity of many of the implementations. The major issue to emerge from many of these implementations was the lack of development of a clear strategy to underpin planning. Measurement was generally good.

Table 9.10: Success of the Balanced Scorecard.							
	Royal Navy	HO	DTI	DCA	Tesco	SCDC	BAE Systems
Success likely to be attributed to implementation of Balanced Scorecard.	**X**		**X**		**X**		x
Balanced Scorecard likely to be retained for reasons not associated with perceived benefits.	x	**X**	x	**X**		**X**	x
Problems likely to be attributed to something other than the implementation of the Balanced Scorecard.							
Balanced Scorecard likely to be seen as contributing to failure.							
Balanced Scorecard likely to be seen as irrelevant.							
Success likely to be attributed to something other than the implementation of the Balanced Scorecard.		x		x		x	x
X = Strongest position. x = Some tendency towards this position.							

Although in all cases there appears to be a continuing commitment to the Balanced Scorecard there were few organisations where there was unequivocal recognition of the benefits of the system. Most organisations had invested so much into developing and committing to the system that they were unlikely, in the short-term, to replace the

system with anything else. However, most of the implementations were too immature to identify any significant benefits, indeed the lack of clear strategic plans militates against early recognition of progress.

Table 9.11: Cultural importance for organisations.	Royal Navy	HO	DTI	DCA	Tesco	SCDC	BAE Systems
Complex culture, difficult to maintain or change but important to all parties – MOD.	X	X		x	X		
Culture of great importance, thus necessary to spend much effort in maintaining culture in order to project it consistently to important stakeholders – large military equipment supplier.							
Culture complex and stable. Consistently projected to those outside the organisation and widely understood – professional association.				x	x	X	
Culture complex, but stable and readily understood by all – quality/luxury product manufacturer employing traditional skills.							X
Culture volatile but has no significance since most relationships with organisation are transitory – seaside promenade ice-cream stall.							
Culture important, but difficult to maintain or project consistently. May affect the ability of the organisation to develop long-term reputation – product launch executives for a larger organisation.							
Culture relatively insignificant aspect of dealings with the organisation – specialist shop serving large clientele, eg via internet sales.			X				
Culture simple and relatively stable. Readily discernable by all – local family run corner shop.							
X = Strongest position. x = Some tendency towards this position.							

Precise categorisation of the organisations studied was not always possible due to the range of issues affecting the organisation. In most instances the culture is quite complex due to organisational size and staff turnover. Only one organisation was relatively small, and that because it is only a team within a larger organisation. Two organisations were also coming to terms with significant change, making management of the organisation that much more complex. Both the Royal Navy and Tesco have significant induction processes and these have the clearest views of their organisational culture. However, neither has overt cultural models linked to performance that are used for management; although Tesco does employ explicit short-term cultural issues within their Balanced Scorecard, ie relating to "the way we work here". No conclusions can be drawn from this small sample, and cross reference to other issues would also be necessary to validate the model further. Nevertheless, the model proved to be a useful tool for analysing the organisations studied; highlighting issues about organisational stability and development. Even in organisations where the culture was relatively manageable, or stable, there were still significant issues for debate.

The issue that most seems to complicate this matrix is that of organisational change. This is effectively mimicking the impact of staff turnover. That is, high staff turnover means that more staff have to be inducted into the culture and will not be fully effective until they exhibit the desired behaviours. Similarly, organisational change will result in a clash of cultures and a new culture will need to be established before effective cooperation is assured.

A revised version of the cultural assessment tool might thus look like Figure 9.8

	Culture volatile but has no significance since most relationships with organisation are transitory – seaside promenade ice-cream stall	Complex culture, difficult to maintain or change but important to all parties - MOD
	Culture important, but difficult to maintain or project consistently. May affect the ability of the organisation to develop long-term reputation – product launch executives for a larger organisation	Culture of great importance, thus necessary to spend much effort in maintaining culture in order to project it consistently to important stakeholders – IT equipment or software supplier

Large, volatile customer and stakeholder base	Culture relatively insignificant aspect of dealings with the organisation – specialist shop serving large clientele, eg via internet sales	Culture complex and stable. Consistently projected to those outside the organisation and widely understood – professional association	High staff turnover and high organisational turbulence.
Small, stable customer and stakeholder base	Culture simple and relatively stable. Readily discernable by all – local family run corner shop	Culture complex, but stable and readily understood by all – quality/luxury product manufacturer, or service provider, employing standardised skills	Low staff turnover and organisational turbulence
	Small organisation with short history	Large organisation with long history	

Figure 9.8: Model of importance of culture.
(Source: Author.)

9.   Conclusion.

The organisations using Balanced Scorecards examined in this study are different and consequently the scorecards are very different. Even with strong senior level support, implementation is often by stealth due to a lack of corporate strategy development and agreement and a lack of understanding of the key Balanced Scorecard concepts. This often stems from the politics within the organisation, and the failure to run formal educational processes; often because of a fear of introducing something that will be

seen as the latest management fad into what is likely to be a "power" or "stellar" culture at board level. Nevertheless organisational commitment and investment in the process gradually builds acceptance of the concept. The danger is that the Balanced Scorecard becomes subverted by a lack of understanding at these most senior levels due to an intellectual arrogance that ignores process issues in favour of short-term performance measures that arise from competition or conflict at these levels.

The models developed in this research were effective in helping to assess the organisations and the Balanced Scorecards they use. Although the models developed categorised issues on axes with two categories (2x2 and 2x2x2 matrices), this testing has demonstrated that these categorisations should better be regarded as opposite ends of different spectra. Recognising this would produce more effective models, but they would be more difficult to construct and categorise. However, recognition of intermediate positions on the different dimensions does help to interpret the issues affecting organisations. The models are therefore deemed to be effective despite the limited categorisation of issues.

All the organisations looked at were relatively large, or part of a much larger organisation. All demonstrated complex cultural issues, such as:

- The integration of new units;
- Organisational crises of varying degrees and natures;
- Multiple, diverse, difficult and complex objectives;
- Competitive and/or dynamic environment;
- Internal politics.

This suggests that culture management might be a reasonable activity to address organisational and staff needs. The original contention is thus supported that inclusion of cultural measures within the Balanced Scorecard would be worthwhile. Despite this, only Tesco directly address cultural issues in their Balanced Scorecard, but not in the form of a direct cultural model.

Road Map

Chapter 1	**Outline of the research project.** The aim of the research is, • To demonstrate a mechanism for managing organisational culture through the Balanced Scorecard in order to improve culture and thus the potential for the Balanced Scorecard to deliver benefit.
Chapter 2	**Balanced Scorecard literature review.**
Chapter 3	**Culture literature review.**
Chapter 4	**Research methodology.**
Chapter 5	**Review of organisational issues.**
Chapter 6	**Case study on the impact of implementing the Balanced Scorecard.**
Chapter 7	**Cultural survey results.**
Chapter 8	**Developing and testing a cultural measurement tool for use with the Balanced Scorecard.**
Chapter 9	**Supporting case studies.** This Chapter has: • Examined a number of organisations using the Balanced Scorecard. • Shown that the models are effective in helping to assess organisations and their implementations of the Balanced Scorecard. • Proposed improvement to the models based on experience.
Chapter 10	**Summary of conclusions.**

Figure 9.9

End notes:

[1] Home Office. (2001). Statement of Purpose and Aims. From: www.homeoffice.gov.uk/inside/aims/index.html accessed on 15th October, 2004.

[2] Ibid.

[3] Home Office. From: www.homeoffice.gov.uk/inside/org/index.html accessed on 15th October, 2004.

[4] Home Office. From: www.homeoffice.gov.uk/content/ind/en/home.html accessed on 15th October, 2004.

[5] In the Home Office a Director General equates to an MOD 3* Officer, a Senior Director to an MOD 2*, and a Director to an MOD 1*. However, all three levels can be referred to simply as "Director".

[6] Both Mr David Stevens and Mr Tony Arber are former MOD staff on loan to the Home Office. The loan of senior officials between Government Departments is not unusual and is part of the development process used to broaden experience for working at the higher levels within a Department. In 2004 the Senior Director in charge of the central Home Office Resources and Performance Directorate was Mrs Margaret Aldred, another former MOD official. Mr Tony Arber also commented that there were a number of other former MOD Civil Servants working in the Immigration and Nationality Directorate.

[7] Again this was an MOD Civil Servant on loan, who returned to MOD.

[8] Department of Trade and Industry. (2003). DTI Business Plan 2003-2006. Mapping a route to prosperity for all. Department of Trade and Industry. Page 3.

[9] Ibid. Pages 11 and 12.

[10] Ibid. Page 12.

[11] Department of Trade and Industry. (2004). DTI Business Plan 2004-2007. Our route to prosperity for all. Department of Trade and Industry. Page 3.

[12] Department of Trade and Industry. From: www.dti.gov.uk/organogram/ and www.dti.gov.uk/organogram/bus_group.htm accessed 5th November, 2004

[13] Handy, C. B. (1985). Understanding Organisations (3rd Edition). Penguin Business. Pages 192 to 196.

[14] Department of Trade and Industry. (2003). DTI Business Plan 2003-2006. Mapping a route to prosperity for all. Department of Trade and Industry. Page 50. It is noted that this has undergone significant development, as demonstrated when compared to the Balanced Scorecard shown in: Department of Trade and Industry. (2004). DTI Business Plan 2004-2007. Our route to prosperity for all. Department of Trade and Industry. Page 39.

[15] Within Balanced Scorecard reports this allows high-level PIs to be interpreted in relation to accumulated lower level PIs. Where reports are presented in soft-copy the drill-down linkages may be automated.

[16] Department of Constitutional Affairs. (2004). Departmental Report 2003/04. Department of Constitutional Affairs. Page 4.

[17] Department of Constitutional Affairs. From: http://www.dca.gov.uk/dept/sr2004.htm accessed on 24th November, 2004

[18] Ibid.

[19] Department of Constitutional Affairs. (2004). Departmental Report 2003/04. Department of Constitutional Affairs. Page 12.

[20] Ibid. Page 3.

[21] Ibid. Page 5.

[22] Brown, M. G. (2000). Winning score. Productivity Press. Page 75.

[23] Kaplan, R. and Norton, D. (1996). The Balanced Scorecard: Translating Strategy into action. Harvard Business School Press. Page 162.

[24] Tesco. (2002). Every little helps: Corporate Social Responsibility Review 2001/02. From: www.tesco.com/everylittlehelps/ accessed 10th November, 2004. Page 5.

[25] Ibid.

[26] Ibid. Page 3.

[27] Ibid. Pages 8 and 9.

[28] Ibid. Pages 10 to 16.

[29] Rankine, K. (2005). Tesco is poised to take over the neighbourhood. The Daily Telegraph. 16th February. Page 38.

[30] Tesco. (2002). Every little helps: Corporate Social Responsibility Review 2001/02. From: www.tesco.com/everylittlehelps/ accessed 10th November, 2004. Pages 10 to 16.

[31] Tesco. (2003). Every little helps: Corporate Social Responsibility Review 2002/03. From: www.tesco.com/everylittlehelps/ accessed 10th November, 2004.

[32] Tesco. (2004). Every little helps: Corporate Responsibility Review 2003/04. From: www.tesco.com/everylittlehelps/ accessed 10th November, 2004.

[33] Tesco. (2004). Tesco PLC Annual Review and Summary Financial Statements 2004. From: www.tesco.com/ accessed 15th November, 2004. Page 34.

[34] Ibid. Page 19.

[35] A large number of stores were purchased from T&S during the year. The reduction in the following year is assumed to be due to rationalisation of stores resulting from this purchase. See: Tesco. (2004). Tesco PLC Annual Review and Summary Financial Statements 2004. From: www.tesco.com/ accessed 15th November, 2004. Page 17.

[36] Tesco. (2002). Tesco PLC Annual Review and Summary Financial Statements 2002. From: www.tesco.com/ accessed 15th November, 2004. Page2.

[37] Tesco. (2003). Tesco PLC Annual Review and Summary Financial Statements 2003. From: www.tesco.com/ accessed 15th November, 2004. Pages 16 and 22.

[38] Tesco. (2002). Tesco PLC Annual Review and Summary Financial Statements 2002. From: www.tesco.com/ accessed 15th November, 2004. Page 40.

[39] Tesco. (2003). Tesco PLC Annual Review and Summary Financial Statements 2003. From: www.tesco.com/ accessed 15th November, 2004. Page 36.

[40] Tesco. (2004). Tesco PLC Annual Review and Summary Financial Statements 2004. From: www.tesco.com/ accessed 15th November, 2004. Page 36.

[41] Tesco. (2003). Tesco PLC Annual Review and Summary Financial Statements 2003. From: www.tesco.com/ accessed 15th November, 2004.

[42] Calculated from 03/04 report.

[43] Tesco. (2003). Every little helps: Corporate Social Responsibility Review 2002/03. From: www.tesco.com/everylittlehelps/ accessed 10th November, 2004. Page 17.

[44] Ibid.

[45] Tesco. (2004). Every little helps: Corporate Responsibility Review 2003/04. From: www.tesco.com/everylittlehelps/ accessed 10th November, 2004. Page 22.

[46] Suffolk Coastal District Council. (2004). Suffolk Coastal's Balanced Scorecard and Best Value Performance Plan 2004/05. Page 1. From: http://www.suffolkcoastal.gov.uk accessed on 24th November, 2004

[47] Ibid.

[48] Ibid.

[49] Ibid.

[50] Gould, S. (2003). Improving decision making in your organisation – The CIMA Strategic Enterprise Management (SEM) initiative. CIMA. Page12. Refers to: Granland, M. and Malmi, T. (2002). Moderate impact of ERPS on management accounting: a lag or permanent outcome? Management Accounting Research. Volume 13. Pages 299 to 321.

[51] Suffolk Coastal District Council. (2004 ?). Suffolk Coastal's Balanced Scorecard. From: http://www.suffolkcoastal.gov.uk/info/balancedscorecard.html accessed on 23rd November, 2004

[52] Suffolk Coastal District Council. (2004). Suffolk Coastal's Balanced Scorecard and Best Value Performance Plan 2004/05. Page 1. From: http://www.suffolkcoastal.gov.uk accessed on 24th November, 2004 Page 2.

[53] Ibid.

[54] Management thinking that restricts views and actions to narrow hierarchical responsibilities and ignores impact on work elsewhere in the organisation. Actions and attitudes tend to be very parochial and organisationally suboptimal.

[55] Promotion based on seniority rather than competence or development potential.

[56] BAE Systems. (2005 ?). About us – Introduction. From: http://www.baesystems.com/aboutus/index.htm accessed 7th January, 2005.

[57] Ibid.

[58] BAE Systems. (2004). Interim Report 2004. BAE Systems. Page 1.

[59] See: Ibid and BAE Systems. (2004). Annual Report 2003. BAE Systems. Page 20.

[60] BAE Systems. (2005 ?). About us – Our Evolution. From: http://www.baesystems.com/aboutus/index.htm accessed 7th January, 2005.

[61] BAE Systems. (2005 ?). We're a company with Vision and Values. From: http://www.baesystems.com/vision/index.htm accessed 7th January, 2005.

[62] Ibid.

[63] Alvis Plc. (2004). BAE Systems creates a Land Systems Business. From: http://www.alvis.plc.uk/news/NewsItem.cfm accessed 17th January, 2005.

[64] BAE Systems. (2005). BAE Systems plc Preliminary Announcement 2004. BAE Systems: http://www.baesystems.com/ accessed 7th March, 2005

[65] Lea, R. (2005). BAE builds US armoury with a £2.2Bn takeover. Evening Standard (West End Final), 7th March. Page 31.

[66] BAE Systems. (2004). Annual Report 2003. BAE Systems: http://www.baesystems.com/ And: http://www.alvis.co.uk/

[67] BAE Systems. (2004). Annual Report 2003. BAE Systems. Page 7.

[68] These figures include a proportion of joint venture statistics and are stated before the elimination of inter-group transactions.

[69] A Phase Review is a project management process used to ensure that project progress and eventual delivery are managed properly against the original project plan. Each project, or stage of a project, will represent one or more phases, depending on the overall size of the project.

[70] Bititci, U. S. Mendibil, K. Nudurupati, S. Turner, T. and Garengo, P. (2004). The interplay between performance measurement and organisational culture and management styles. In: Measuring Business Excellence. Volume 8, No 3. Emerald Group Publishing Ltd. Page 30. Refers to: Bourne, M. Neely, A. Platts, K. and Mills, J. (2002). The success and failure of performance management initiatives. In: International journal of operations and production management. Volume 22, No 11. Pages 1288 to 1310. and Franco, M. and Bourne, M. (2003). Factors that play a role in managing through measures. Management decision. Volume 41, No 8. Pages 698 to 710.

[71] Because the issues reported in the CS&S and Land Systems Balanced Scorecard report on projects, completion of a programme may occur at which point further reports are rendered redundant. At that stage the PI is coloured blue until it is removed in the annual review. This represents a variation of the normal "BRAG" regime where blue represents substantial over performance.

[72] BAE Systems. (2005 ?). Identity Guidelines. From: http://www.baesystems.com/identityguidelines/index.htm accessed 7th January, 2005.

[73] Mulholland, D. (2004). BAE details plans for new land business. Coulsdon, Surrey: Jane's Defence Weekly. Volume 41, Issue 36. 8th September. Jane's Information Group Ltd. Page 21.

[74] Ibid.

[75] Alvis Plc. (2004). BAE Systems creates a Land Systems Business. From: http://www.alvis.plc.uk/news/NewsItem.cfm accessed 17th January, 2005.

[76] Brown, M. G. (2000). Winning score. Productivity Press. Page 75.

[77] "Yes Minister" was a BBC Television comedy series that based round a "well intentioned" Government Minister, whose ideas were always frustrated by the manipulation and intrigue of the experience Whitehall "Mandarins".

Chapter 10: Summary.

1.   Outline.

Road Map

Chapter 1	**Outline of the research project.** The aim of the research is, • To demonstrate a mechanism for managing organisational culture through the Balanced Scorecard in order to improve culture and thus the potential for the Balanced Scorecard to deliver benefit.
Chapter 2	**Balanced Scorecard literature review.**
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Chapter 8	**Developing and testing a cultural measurement tool for use with the Balanced Scorecard.**
Chapter 9	**Supporting case studies.**
Chapter 10	**Summary of conclusions.** This Chapter summarises the outcomes of the research and identifies lessons learned about the process and areas for future research. The Chapter also assess the outcomes of the research to identify the benefits and contribution derived.

Figure 10.1

Having restated the objectives of the research, this Chapter will present:

• A summary of the methodology;

- A summary of the findings, conclusions and recommendations;
- Examination of the limitations of the research and areas for future research;
- Lessons learned about the research process;
- An assessment of the value of the research; and
- A final summary.

The aims of this chapter are therefore to demonstrate the contribution to knowledge provided by this research project, and to provide a stepping stone to assist others in moving forward.

2.   Aim and objectives.

Consideration of the Balanced Scorecard as a research topic gave rise to many questions in the mind of the researcher. Initial study of the topic gave rise to further questions, and the key issues were highlighted in Chapter 1.

Is the Balanced Scorecard just another management fad? If this were the case then the likelihood is that it is entering its declining phase because it has now been around as a management tool or system since 1992. If it were in decline, is it because there is some real flaw in the process or content, or is it simply changing fashions? Thus there was an issue about whether this really is a worthwhile system; whether its use results from an attitude of, "We'll try anything once"; or whether the Balanced Scorecard does not really work. The Balance Scorecard had to be validated as a tool or process in order to determine the course of future research.

The researcher's own personal experience of the topic was contradictory. What was being used in his own organisation did not seem to follow Kaplan and Norton's concepts, yet was being hailed as enormously successful. Was this a true Balanced Scorecard, a legitimate or deviant variant? Would analysis of its implementation or use provide any new insights that would be worth sharing? Thus there seemed to be the potential for a case study of the use of the Balanced Scorecard in CINCFLEET, indeed in the wider Royal Navy, which would provide value to others.

Indeed this situation begged the question, "What is a Balanced Scorecard?" Was there a rigid framework and process that allowed no variation; or is it whatever you wanted it to be? Thus there was a need for definition in order to determine whether some of the alleged Balanced Scorecards that had been implemented really did not justify the name and had merely brought the concept a bad press.

At the other end of the spectrum, rather than examining what constituted failure, what constituted success? The researcher was brought up under the maxim, "Self praise is no recommendation". Yet those proclaiming success were those with a vested interest in the topic: the originators; those making money out of the process; those who had invested heavily in it (consider "the Emperor's new clothes"). The area of defining success is important because simply looking for a defined or specific set of outcomes may mean that users miss the real benefits that are delivered because they were not what were expected. Conversely, were the attributed benefits real, such that they could be anticipated?

Finally there was the area of cultural impact. Becoming successful would seem likely to change the culture: if the culture previously accepted failure it would be like "rewriting history". Thus if improvement through Balanced Scorecard usage affects the culture, is the reverse true? What precisely is the interaction between the Balanced Scorecard and culture?

It was this last area of interest that eventually shaped the final direction of this research. The following objectives were set:

- Demonstrate that implementing the Balanced Scorecard impacts the culture of the organisation.
- Identify the issues relating to the management of culture through the Balanced Scorecard.
- Demonstrate a mechanism for managing organisational culture through the Balanced Scorecard.

In summary the areas for consideration were:

- Does the Balanced Scorecard constitute a valid management system, or is it just a passing management fad?
- What is the local experience of implementing and using the Balanced Scorecard?
- What is a Balanced Scorecard?
- How does one define a successful Balanced Scorecard?
- How are the Balanced Scorecard and culture inter-related?
- Does implementing the Balanced Scorecard impact organisational culture?
- Can the management of culture be integrated into the Balanced Scorecard process?

This Chapter seeks to summarises the conclusions against these issues, looking at the way the Balanced Scorecard was implemented in the Royal Navy and in particular looking at cultural issues within CINCFLEET.

3.   Summary of methodology.

Figure 1.2 sets out the broad framework and timescales for the activity. Essentially activity can be divided into two parts, with the associated core tasks of reflection and writing up the results of the activity:

- Literature review.
- Surveys.

Each of these activities sub-divides into three as shown in Table 10.1:

Table 10.1: Sub-division of main research activities.	
Literature review:	**Surveys:**
Balanced Scorecard and Research Methodology.	Implementation of the Balanced Scorecard in the Royal Navy and in other organisations.
Culture.	Determining the culture of the CINCFLEET HQ
Research Methodology.	Trial of a cultural measurement tool.

Of these activities, the Literature review of research methodology is an underpinning activity. Thus Figure 10.2 represents the research activity in a diagrammatic form to show the relationship between the elements.

Figure 10.2: Diagrammatic representation of the structure of activity in research programme.
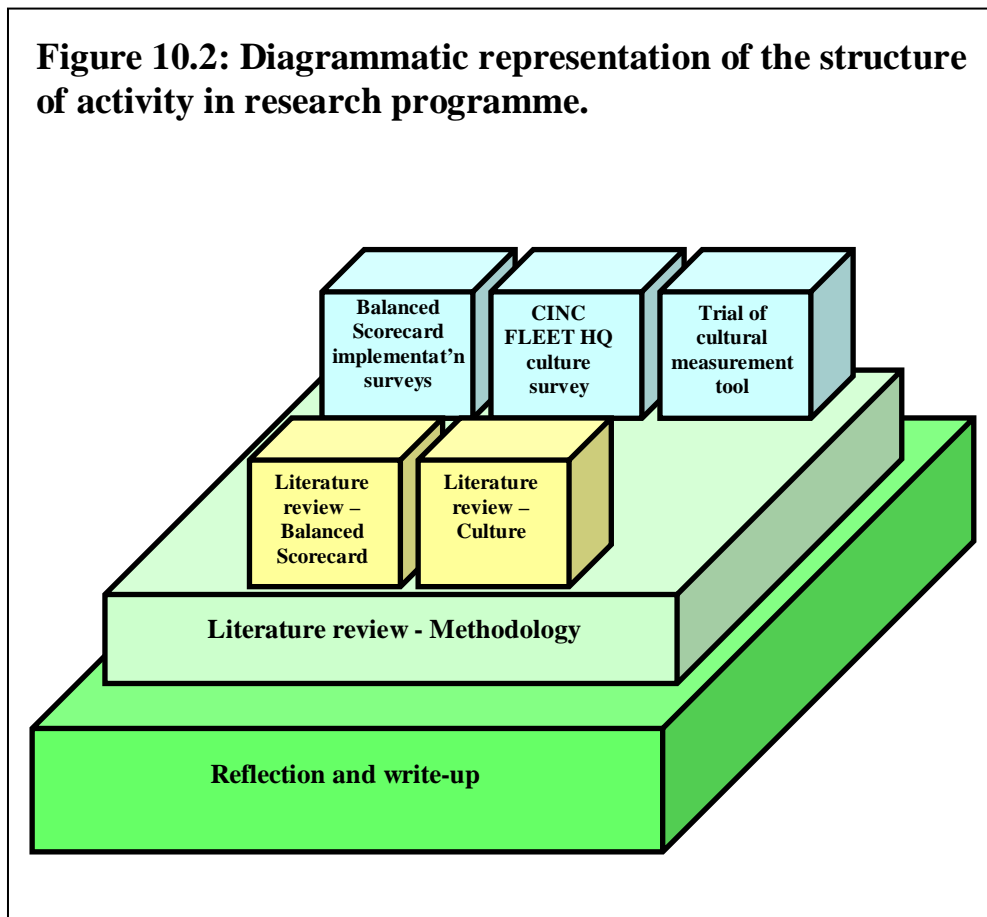
Chapter 4 highlights that this is primarily phenomenological research, and thus subjective in its nature; although this is balanced to a limited degree by using more positivistic measures in the surveys; particularly the culture surveys. The primary

study topic was selected from the researcher's work area in order to ease the problems of part-time study. However, the development and final selection of the research topic, and the form of the study only emerged gradually; but this is understood to be typical of phenomenological research. The researcher's involvement in the main organisation considered represents an issue that readers must recognise in interpreting the results presented, however, the researcher was not involved in any of the ancillary organisations considered in Chapter 9. In order to help overcome this issue, the researcher has extensively quoted the contributors to the Royal Navy Balanced Scorecard survey. The importance of the literature survey is also emphasised as a key building block of the research process. Nevertheless, both the Balanced Scorecard and culture represent very significant topics for study. However, as demonstrated in Chapter 2 in relation to the Balanced Scorecard, a core of literature provides a good foundation in the issues. In contrast, large volumes of the literature provide little additional value since they tend to be too environment or issue specific, repetitive or superficial. Nevertheless, Chapter 4 highlights the fact that the literature survey provided substantial benefit in developing an understanding of, and direction in, the topics under consideration.

Early on in the study it was decided to undertake a survey of staff involved in the development and use of the Balanced Scorecard within CINCFLEET and the Royal Navy. This was the basis for the main case study. In the event this survey and development of specific interests in the cultural aspects of the Balanced Scorecard prompted a narrowing of focus and the research ultimately took a different tack. Nevertheless this early survey did form a key building block in the research project. It was constructed on the basis of the researcher's personal observation and experience in the organisation, and on the basis of the early reading about the Balanced Scorecard; much of which emphasised issues about the construction process, content, purpose and early achievement.

Towards the end of the research, additional comparative case studies were undertaken to "prove" the tools developed in the context of the work on the Royal Navy. Unlike the postal survey used in the Royal Navy, these case studies were compiled from

interviews and literature review. The question remains about whether these comparative surveys were really beneficial. It is considered that they were effective in proving the tools, although each study provided only a limited perspective of the organisation and its issues. Three points are relevant here:

- **Entrance to other organisations:** The researcher had no substantial access to other organisations that were building or using Balanced Scorecards. The access granted, alongside publicly available information, whilst enormously appreciated and beneficial, only provides a brief insight into the culture and issues of these organisations. It would have been difficult to build a more substantial picture. Gaining access to all the right people would have been problematic, particularly at the senior levels and to staff who have since moved on having been involved in key aspects of Balanced Scorecard development.

- **Time taken to gain data:** Gathering the data from the survey undertaken in the Royal Navy took a long time. Many of the participants were either known to the researcher or were thought to be sympathetic to the "personal development" objective that underlay the research: many organisations in MOD at the time were involved in the process of IIP accreditation. Capturing data on such a scale in other organisations would not necessarily have been as easy. For example, in the other organisations accessed, contact was generally limited to one individual. Focus Groups might have been beneficial as these would have provided a wider range of input, but it is unlikely that sufficient access, particularly to senior staff, would have been granted and such requests could have jeopardised access. However, from the researcher's own experience on other issues, in MOD organisations, there is considerable scope for meetings to follow the lead of senior officers, and this may have invalidated any findings from such events.

- **Time available:** Allied to this was the issue that, because this was only a part-time research project, the time available for comparative studies was extremely limited. Indeed the research project would have probably had to take a completely different direction as compiling and comparing a substantial

volume of data from a range of organisations would have dominated the project.

Thus it is considered that the in-depth survey on the introduction of the Balanced Scorecard into the Royal Navy, backed up by the six limited case studies, was probably the most effective solution for the available resource. Consequently, although there is only limited comparative data from other organisations, particularly on their organisational culture, the case study of the Royal Navy stands on its own and potentially provides a substantial resource for comparative work for other researchers in this area.

In contrast to the work on Balanced Scorecard implementation, the initial cultural surveys utilised existing surveys, one of which was a commercial product. The aim was to understand more about the organisational culture of CINCFLEET HQ and learn more about measuring the culture of an organisation. Again a postal survey was used. Although the survey used a stratified sample the poor response meant that the survey results were of limited value. Nevertheless, there was sufficient response to provide a reasonable understanding of the culture. The complexity of the Harrison/Handy survey was perceived to be a prime cause of the low rate of return. The problems encountered with the responses to this survey suggest that it would be better used in a managed intervention. The Denison survey was seen as too expensive for routine measurement of organisational culture and did not fully reflect issues of the military organisational culture.

The value of the literature survey, coupled with the researcher's own experience of the Royal Navy, also became important in shaping the research project: the development of a measurement tool for CINCFLEET HQ, and its trial usage. Important cultural features were identified from both management and military literature, and although these features could be grouped under clear and appropriate headings these did not immediately suggest a clear model. It was therefore decided to use the Denison model as the basis for the development of an appropriate measurement tool. This had the added advantage that Denison had demonstrated that

balanced delivery of the identified cultural features would improve organisational effectiveness. Adapting the model proved relatively simple, and was then successfully tested using personnel in the top 25% of performers within CINCFLEET HQ. This enabled the establishment of a clear upper boundary for future marking: the lower limit being more likely to be automatically determined. Some similarity with existing cultural perceptions was identified, but also differences. These differences could be due to the changes in the content and wording of the questionnaire, or because the sample used for testing was (deliberately) biased towards the high achievers.

4. Findings, Conclusion and Recommendations.

4.1. Aims.

The aim of this research, as stated in Chapter 1 and above, was:

> **To demonstrate a mechanism for managing organisational culture through the Balanced Scorecard in order to improve culture and thus the potential for the Balanced Scorecard to deliver benefit.**

In order to achieve that aim it was necessary to address some key questions, which were set out in Chapter 1 and again highlighted above. The aim of this section is to draw the threads of the argument together from the intervening Chapters to address those questions specifically.

4.2. Does the Balanced Scorecard constitute a valid management system, or is it just a passing management fad?

Chapter 2 highlighted the role of vested interests in promoting the role of the Balanced Scorecard. It also highlighted the arguments by various supporters that suggest the Balanced Scorecard is more likely to be found in high-

performing organisations. In contrast, it was noted that a large proportion of organisations abandon the tool subsequently. This was thought to be due to the difficulty of introducing what is a complex and costly management tool. This was highlighted by the development of the rules for implementation produced by consolidating the work of a number of authors. Chapter 2 introduced a new model for looking at why such a management tool might be seen either as successful or unsuccessful. Chapter 9 highlighted that this model is useful in analysing organisations provided the axis are recognised as continuums rather than specific categories. Success prior to implementation, and post implementation, must also be viewed comparatively. The model is reproduced here as Figure 10.3.

Figure 10.3: Attitudes towards impact of the Balanced Scorecard.
(Source: Author.)
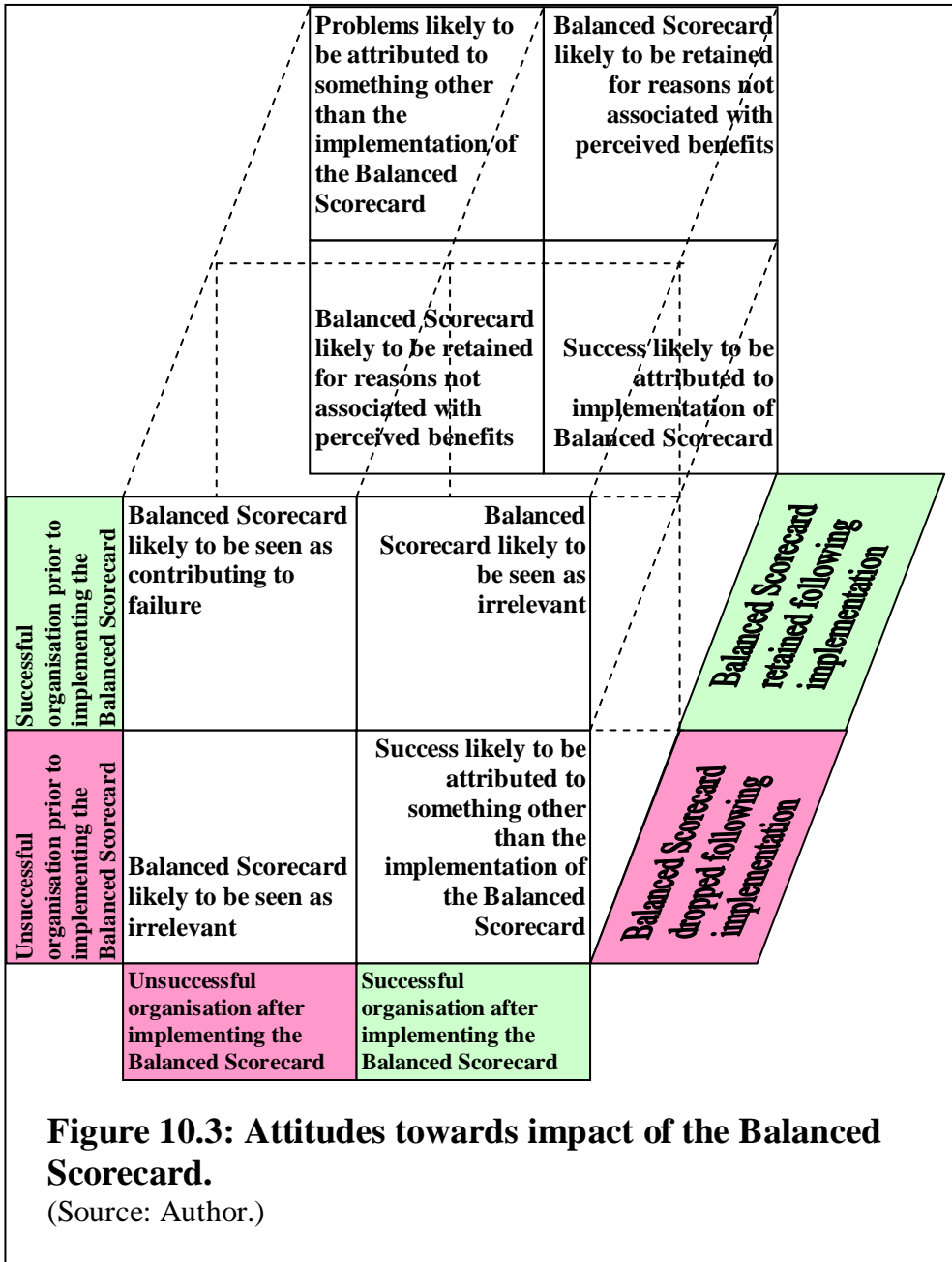
This suggests that, only in a small proportion of cases will the Balanced Scorecard correctly be seen as generating the benefits that are claimed by its advocates. In most other instances the organisation's success or failure will be assessed as independent of the implementation of the Balanced Scorecard. There will also be a relatively small proportion that will actually see the Balanced Scorecard as detrimental to the organisation.

Further validation of this model is required, but this is linked to the issue of what constitutes success, which is discussed below. However, failure to implement the Balanced Scorecard properly, for example by not following the rules for implementation and making the investments required, are also likely to be a contributing factor. The implementation rules should provide a basis for the measurement of effectiveness of the Balanced Scorecard within an organisation. However, there is also the need for an agreed measure of overall organisational effectiveness against which implementation success can be plotted. This is made difficult by the different methods of assessing organisational effectiveness between private sector ("for-profit") and the public and not-for-profit organisations; although, potentially, these two sectors could be plotted separately if each sector could be measured against its own common success criteria.

In summary, it is likely that advocates will see the Balanced Scorecard as an effective management tool, and will continue to promote its adoption. Such organisations will point to the enduring nature of the tool, and of its continuing evolution. In contrast others who see little or no benefit as having derived from the Balanced Scorecard will argue that it is just another management fad. Such organisations are likely to argue that the value of the tool cannot be directly proven, and that advocates are merely trying to justify the investment or commitment to the tool.

The researcher's view is that Balanced Scorecard represents a rigorous tool for developing longer-term organisational success. The investment in time and resources to undertake the implementation successfully means that this is not a tool for the "faint-hearted". Even in a small organisation the rigorous implementation process, and a proportionate investment of time and resources, represents a good discipline in clarifying objectives, monitoring achievement and refinement of process and objectives. That is, performance monitoring coupled with the impact of the cause-and-effect map (strategic map) and effective double loop learning will enable an organisation to develop realistic

expectations and methods of achieving them. Used properly the Balanced Scorecard is an effective strategic management tool. Implemented, or used, badly it has the potential to be a resource "sink" and a system for divisiveness and disagreement.

4.3.   What is the local experience of implementing and using the Balanced Scorecard?

Local experience within the Royal Navy, and particularly within CINCFLEET, was that the Balanced Scorecard was enormously important. It changed the ways of working at Management Board level, bringing clarity to important business issues that the Board had not enjoyed before. Consequently, significant issues were highlighted and resolved in a way that enabled the tool to be strongly advocated to other areas of the MOD. This led to a change in the planning processes for one of the largest departments of state in the UK; and improved its external perception through strengthened advocacy on key issues. Ultimately this impacted across Whitehall with many Departments committing to the idea of a Balanced Scorecard.

Nevertheless there were those who failed to grasp the issues fully, or who saw the tool as detrimental. In part this is due to the fact that they were not properly involved in development (in some cases because they arrived in relevant posts after initial development), or because there were limitations in the rigor with which the Balanced Scorecard was implemented. Thus for example, where high-level scorecards contained many, or merely summarised, existing Performance Indicators, the full benefits of the archetypal implementation process were not realised.

The "let's do something quickly" philosophy may be acceptable, particularly in organisations such as the military, where there is an emphasis on "action". However, aggressive implementation should not be

allowed to overturn the need for rigour in the longer-term. It was noted that in the majority of the case studies the aim was for quick implementation followed by refinement of objectives and process. Such an approach, coupled with the double-loop learning process, may overturn the need for senior management pre-agreement on strategy. In this instance it will be essential for senior managers to understand the Balanced Scorecard concepts and processes so that they are not subverted. Strong leadership of the board may be essential, but board agreement to strategy must be an ultimate goal.

It is the researcher's view that whilst the strong advocates, who prompted or supported the initial implementation, remain in strategic positions, use of the Balanced Scorecard will continue. However, once these individuals have gone, any failures of Balanced Scorecard process might be used as an excuse for a change of management tool; because this would represent a clearer signal of management authority than would simple process improvement or incremental change. Against this potential loss of the Balanced Scorecard in MOD is the fact that it is assuming growing importance in other government departments, and MOD is still regarded as a key advocate and exponent of the process. As highlighted in Chapters 6 and 9, the failure to properly cascade the MOD Balanced Scorecard down the entire organisation, and the failure to use it regularly and consistently as the communication agenda means that it is in danger of being a marginalised process. This is despite the clear success that MOD has had with the Balanced Scorecard, and the way that their work has been praised by Kaplan and Norton.

This effectively reiterates the previous point; if there is no enduring commitment to the process it becomes a management fad. MOD's implementation of the Balanced Scorecard thus has some way to go before it can be regarded as fully effective; as demonstrated in the scoring mechanism developed in Chapter 9. In contrast, Tesco has been much more rigorous in adopting the concepts and processes. Arguably the relationship between

adoption of the Balanced Scorecard and organisational success has yet to be undeniably proved, but there is strong circumstantial evidence in the case of Tesco, which is undoubtedly one of the most influential retailers in the United Kingdom at present, and which claims not to have any alternative or supporting management tools in use.

4.4.   What is a Balanced Scorecard?

Arguably this might be the first question answered; indeed that is why the Balanced Scorecard is described in outline at the start of Chapter 1, and why it was then fully addressed in Chapter 2 after the initial overview. However, it is also legitimate to argue that this question need only be addressed if the Balanced Scorecard is a worthwhile system from which organisational benefit is achieved.

As outlined in Chapter 2, the Balanced Scorecard is a management tool used to drive organisational strategy and organisational achievement. As a tool it is underpinned by a substantial process of:

- **Agreement and common orientation of objectives and strategy.**
- **Planning and target setting.**
- **Responsibility and resource allocation.**
- **Performance monitoring and reporting.**
- **Personal and organisational learning and development.**
- **Balancing objectives.**

As such it must be an all-pervasive system, in terms of the people and processes within the organisation. Two issues have been raised:

- **It is a motivational tool.**
- **Its use must be balanced (planning and measuring – central direction and local freedom).**

Chapter 2 highlighted the NLP Logical Levels model (see Figure 10.4 below) as a means of understanding the role of the Balanced Scorecard in shaping behaviour. Essentially the argument is that, if the Balanced Scorecard is linked to an individual's Identity and Belief structure then this will help shape Behaviours and Capability. Failure to link to these higher levels will mean that the organisation struggles to change the individual's, and thus the organisation's, capability and behaviour because there will be a disconnect between the different logical levels. The alternative is to rely on extrinsic motivation, particularly financial reward, as the incentive through which corporate alignment and motivation is achieved. (Although it could be argued that extrinsic motivation may also change values at the higher levels.) Further research is required into the benefit of extrinsic reward as opposed to intrinsic reward as this may represent a cultural view of motivation.
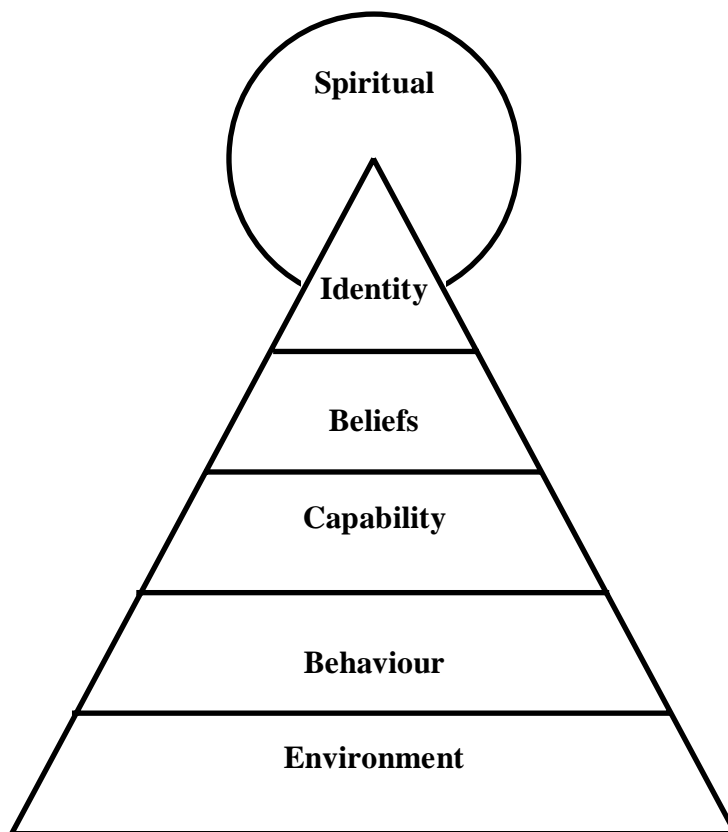
Figure 10.4: NLP Logical levels.
(From: O'Connor, J. and Seymour, J. (1995). Introducing NLP. Thorsons.)

The issue of communication is important to motivation, and the failure to use the Balanced Scorecard effectively in this role will limit its impact. The NLP logical levels are thus a clear guide to the need to change behaviours and capabilities by linking people together, and to the organisation, at the higher levels of beliefs and identity. Such linkages may also breakdown the subcultures within the organisation and encourage the development of a more unified culture. (Total elimination of subcultures may be unnecessary and even undesirable.) Unless employees feel they have a stake in the organisation there is no reason for them to work towards corporate goals. Thus the emphasis placed on the Balanced Scorecard is that it should be its own motivational tool rather than requiring extrinsic reward. The Balanced

Scorecard would achieve this, as Kaplan and Norton themselves say, by encouraging corporate unity through involvement in organisational planning and in demonstrating organisational achievement. Work becomes more fulfilling when the effective results against goals are demonstrated.

NLP Logical Levels thus make a considerable contribution to:

- **Understanding the structure of organisational objectives.**
- **The relationship between strategy and organisational culture.**
- **Understanding of communication, motivation and achievement.**

Consequently it is the researcher's view that, reference to this model is an effective means of proving products and plans associated with the Balanced Scorecard; ensuring that adequate attention is given to the issues at the higher levels to facilitate issues at the lower levels. See for example the way that the Logical Levels were used in Chapter 8 to prove the culture survey. Successful use of the Logical Levels will help reduce individual stress through improvements to the psychological contract between the individual and the organisation (See Chapter 3). Effective attention to intrinsic motivational issues in this manner may render the use of extrinsic reward unnecessary.

Also important to effective use of the Balanced Scorecard is the model produced in Chapter 9 that highlights the need for a balance between planning and measurement. Unless resources are correctly attributed to both, the Balanced Scorecard will fail to develop as an effective tool.

Figure 10.5: Measurement/Planning matrix.
(Source: Author.)
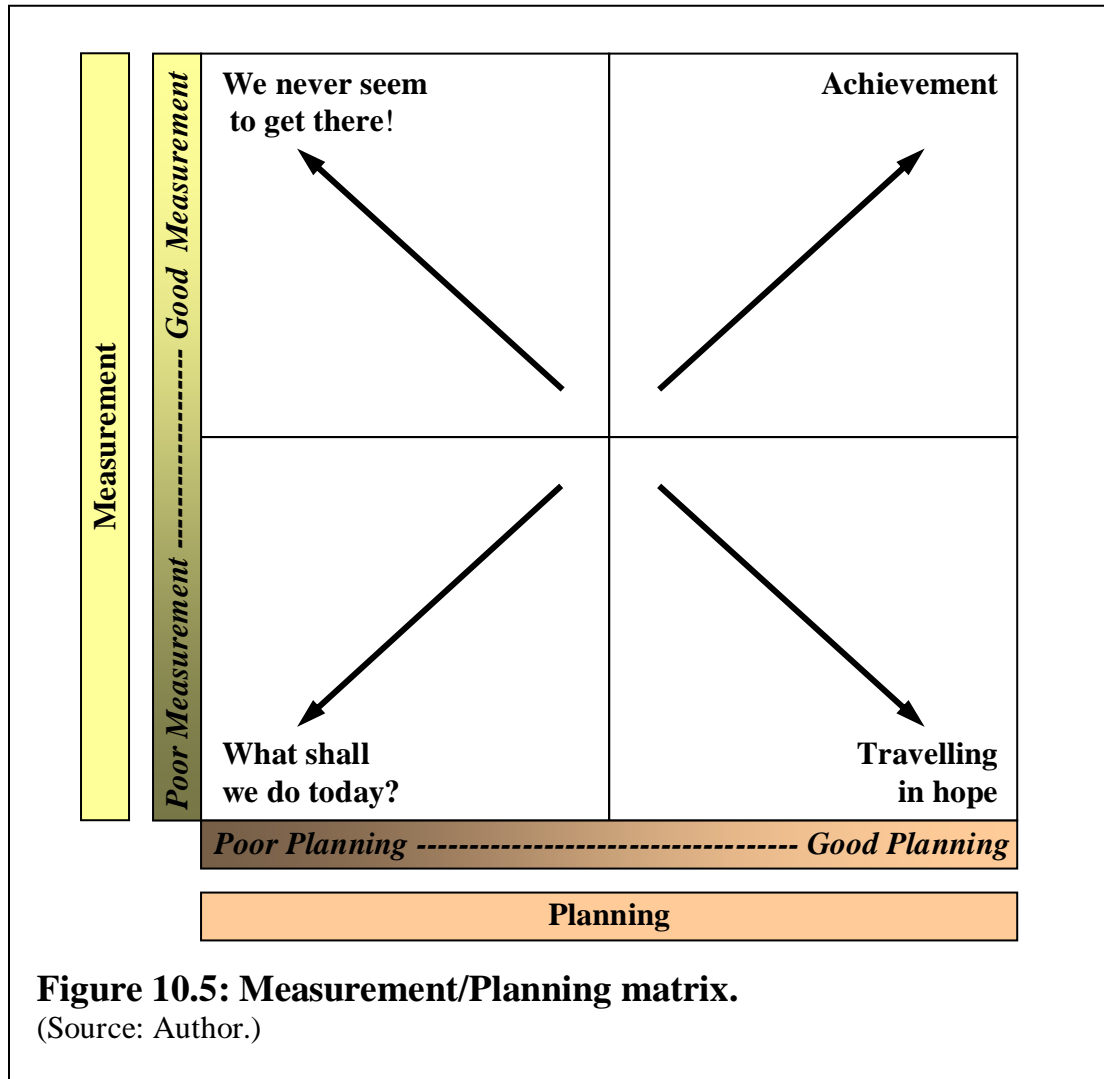
Caution must be exercised in using the model at Figure 10.5 as there is likely to be prejudice towards the top left quadrant. The characteristics of good planning and measurement need further exploration and definition in order to improve assessment against the model. Effective planning and measurement are both necessary for the Balanced Scorecard to be effective. Both are also ongoing processes. Kaplan and Norton emphasise the role of "double-loop" learning to ensure that results obtained from measurement are not just used to adjust plans, but also to ensure that the strategies that underpin plans are reviewed and adjusted to meet the overall strategic objectives. The DTI case study highlights that good plans need to be updated in line with achievement if

they are to be effective: and if the effectiveness of a good measurement system is not to be undermined.

The selection and development of measures is also important, because they must represent what is most important to the organisation. That is, they must reflect the current position as well as the strategic direction and objectives; by having a balance of leading and lagging indicators. A scorecard comprised simply of historic measures will be insufficient to drive forward action because the organisation will always be reactive. It is from this feature, and the requirement to reflect the whole range of business issues, that the tool gets its name. Failure to correctly "balance" the scorecard across the different business issues and across time will leave management with an ineffective viewpoint from which to drive plans and performance.

It is the researcher's view that the basic Kaplan and Norton perspectives, coupled with the cause-and-effect map (strategy map) should be the starting point. Following the basic processes, using the basic tools, is more likely to give new starters the solid foundation necessary for development and refinement. Most of the criticism seen of the Kaplan and Norton's concepts seem to be mainly derived from the perceptions and interpretations of their authors, despite Kaplan and Norton having continually highlighted the flexibility of the model (see Figure 2.4 and the supporting debate).

Most people learn to drive in a basic car. Attempting to learn to drive in a Formula 1 car will not give people the knowledge and skills they need for every day motoring. Therefore, attempting to build an initial scorecard that is specially adapted to corporate circumstances is likely to be fraught with danger; leading people away from basic steps and concepts resulting in a scorecard and cause-and-effect map that are flawed. Similarly too much attention being paid to critics and detractors of the concept is likely to lead to a Balanced Scorecard that misses key processes or content.

4.5. How do you define a successful Balanced Scorecard?

This issue has already been partly answered above when looking at the issue of whether the Balanced Scorecard represents a worthwhile management tool. Unless the scorecard enables the organisation using it to be successful there is little point in investing time and resources into the process.

All the evidence provided in support of the Balance Scorecard being a successful management tool is at best described as "circumstantial". No-one has demonstrated a fool-proof method of articulating the precise impact that the Balanced Scorecard has. That is not to say that there is no impact, or that it is not a positive impact. Indeed advocates of the process point to significant improvements for those organisations using effective performance management systems, particularly the Balanced Scorecard.

The key issue that prevents definitive proof of the benefits is the inability to isolate the impact of the process from other factors. It is difficult to see how this could be achieved: although there are organisations, like Tesco, where the Balanced Scorecard is regarded as the only main management tool. Even so this does not isolate it from external factors that may also be relevant. Consequently the inter-organisational comparison between those using the process and those not using it is likely to be the only effective way of making any assessment. However, assessing disparate organisations in different industries on a common basis is problematic. Similarly, there is also the need to assess the degree of effectiveness of the implementation and running of the Balanced Scorecard. Since many implementations are abandoned as failures, the Balanced Scorecard is clearly not universally perceived as successful. Therefore in order to make the inter-organisational comparison fair, it would also be necessary to assess the effectiveness of the implementation.

Table 10.2: 21 Factors likely to impact Balanced Scorecard implementation.	
1.	Gaining and maintaining Top Level commitment.
2.	Involving more than Top Management in the development process.
3.	Ensuring a broad spectrum of the organisations is represented in development of the Balanced Scorecard.
4.	Agreeing strategy before developing the scorecard.
5.	Focusing the scorecard on strategic objectives.
6.	Avoid focussing on worthless measures.
7.	Failure to adapt the scorecard to meet local requirements.
8.	Ensuring that Executives use the Balanced Scorecard strategically.
9.	Using terms consistently.
10.	Utilise pilot projects in the implementation process.
11.	Use experienced consultants to support implementation process.
12.	Avoid misusing the Balanced Scorecard as a means of imposing unnecessary control.
13.	Construct and understand the cause-and-effect map.
14.	Use the Balanced Scorecard to drive the compensation process.
15.	Use the Balanced Scorecard to support organisational learning.
16.	Balanced Scorecard must be properly resourced.
17.	Properly balance the IT issues to support and not take-over the process.
18.	Ensuring a proper understanding of Balanced Scorecard issues within the organisation.
19.	Avoid over-complex and lengthy development.
20.	Clear objectives for Balanced Scorecard programme.
21.	Use the Balanced Scorecard to communicate and reinforce organisational direction and achievement.

It is the researcher's view that the 21 rules of implementation, and running, for the Balanced Scorecard (20 derived from the Literature Review and the one subsequently added as a result of the research in the Royal Navy) represent a good basis for assessing the quality of a Balanced Scorecard, see Table 10.2. The scoring mechanism developed in Chapter 9 adds further rigor to assessment of effective adoption. Chapter 9 thus provides a mechanism to measure and manage the implementation of a Balanced Scorecard.

Only those organisations triggering a set threshold should then be admitted into any comparative appraisal of organisations using the Balanced Scorecard. Ideally the comparison would most fairly be made between those who have:

- Fully adopted the Balanced Scorecard,

- "Dabbled" with the Balanced Scorecard – have implemented and abandoned or not fully implemented the process, and

- Not adopted the Balanced Scorecard.

This represents a topic for future research.

4.6.   How are the Balanced Scorecard and culture inter-related?

The Balanced Scorecard as a process represents a part of the organisational process since it defines, "the way we do things here". However, this does not define the full relationship. As an organisation ages, strategy will increasingly relate to the historical strengths and capabilities of the organisation. Consequently the capabilities, built on the existing infrastructure of the organisation, represent both the culture and the future organisational direction. Few organisations will completely change direction, because an organisation will only exceptionally have a previously untapped capability that would confer substantial advantage, and to invest in a completely new infrastructure and asset base may require resources that are not immediately available. New organisations with little history are perhaps more likely to change direction in this way, and as such they are likely to have little in the way of an established culture.

Strategy is an articulation of cultural issues and therefore, in converting this into the Balanced Scorecard, the scorecard articulates organisational culture. Even attempts by an organisation to revise established infrastructure, such as moving headquarters, will be seen as a move away from cultural roots, and thus says something about the organisation. Change, could arguably be good, bad or neutral, but it sends out messages about the organisation and its culture. Nevertheless, hopefully, well thought-out change should be beneficial. Thus the quality of change will also say something about the organisational culture. The model

introduced in Chapter 3, modified in Chapter 9, and shown here as Figure 10.6, attempts to demonstrate the importance of culture.
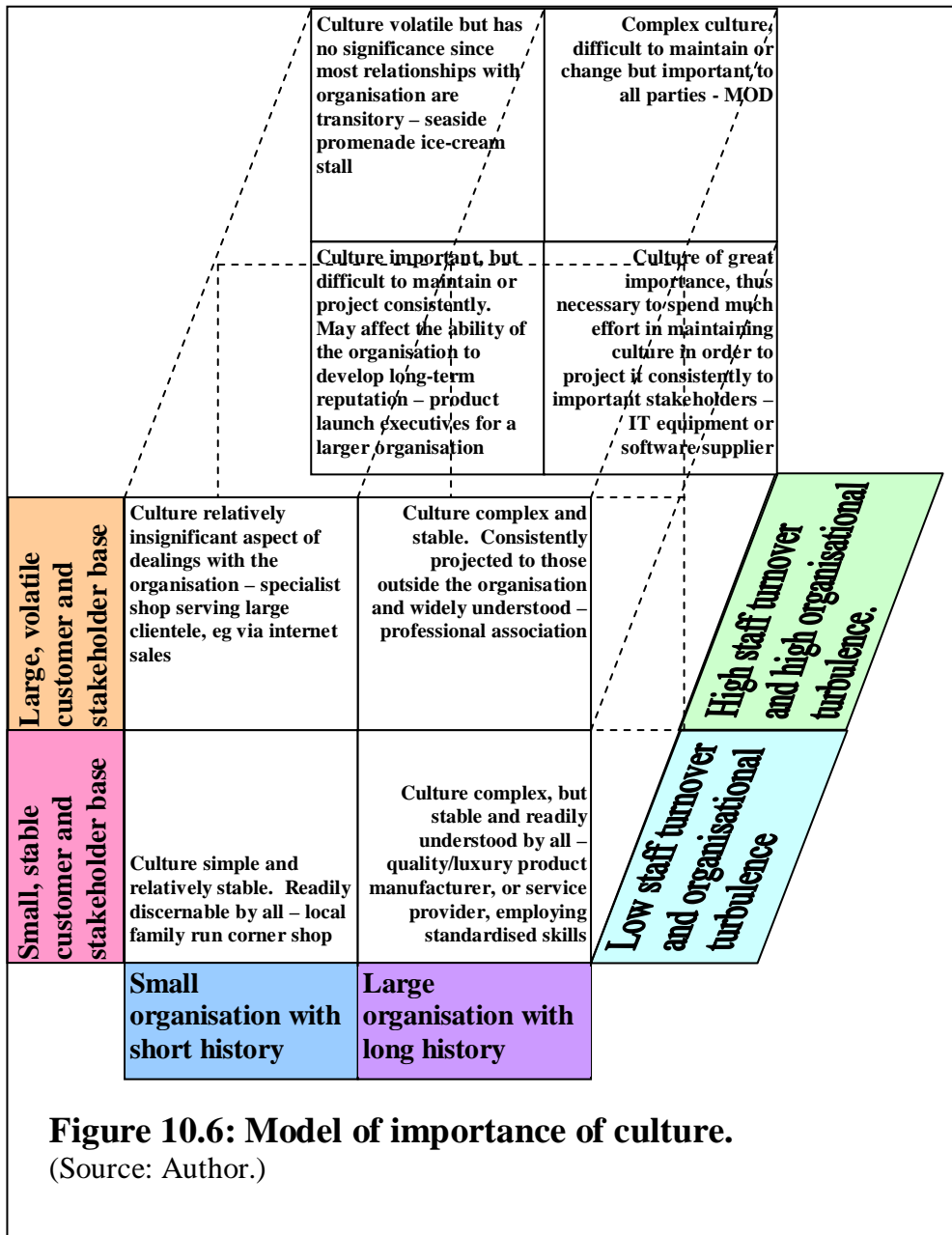
Figure 10.6: Model of importance of culture.
(Source: Author.)

It is the researcher's view that there is interdependence between organisational culture and the Balanced Scorecard because they are linked by the strategy. The more important or complex that culture is, as articulated by the above model, the more important it will be to make cultural issues explicit in the Balanced Scorecard.

Failure to recognise organisational culture when developing a Balanced Scorecard could lead organisations to develop new strategies that are inconsistent with existing culture. This is seen as potentially arising in three ways:

- Organisational crises give rise to changes of senior management who fail to recognise the old cultural norms and generate new strategies that are inconsistent with the core of the organisation. Such changes may result from company take-overs. (Note the way that BAE System, CS&S and Land Services had to ensure that they recognised both the old BAe and Marconi cultures in developing their new processes. Note too that the DTI and DCA case studies also highlighted the way that cultural tensions were recognised and addressed.)

- There is no real corporate culture merely a collection of strong subcultures, one or more of which may feel threatened by change and may seek to undermine or frustrate change. (This may be what is highlighted in the CINCFLEET case study.)

- Senior management style may result in the detailed conceptual and process issues ignored and they may impose format and content that are contrary to the rules for implementation and use of the Balanced Scorecard. Instead senior management must be fully educated or rely on knowledgeable experts. In particular, senior management subcultures in competition or conflict may ignore the need for agreement on strategy. (The DCA case study highlights these issues particularly well.)

It is thus the researcher's view that management must understand organisational change, must have a clear model of the desired culture, and must seek to manage relevant issues in order to deliver the required cultural features. Managers may have the ability to provide a strong lead in this context, but they do not have the ability to dictate culture: you cannot dictate

what people believe. Again the NLP logical levels have an important role to play in helping management understand how to manage organisational culture. There is a need to promote corporate identity in such a way that all individuals associate themselves with the organisation. The beliefs of the organisation must be clearly taught so that they are owned by all the organisational members. The cultural model developed should have a clear linkage to organisational efficiency and must be agreed by, and have the commitment of, top management.

Mechanisms such as EFQM provide an audit tool for organisational process but not for the development of a unique strategy or culture. Therefore a model such as Denison's cultural model is required, but even this will not itself identify an appropriate strategy. Adoption of a cultural model might enable management to produce a defined culture, but unless the cultural factors and their linkage to organisational performance are understood, it might not necessarily improve efficiency. Further research is required to examine the issue of the linkage between organisational culture and organisational effectiveness. In particular the linkages between organisational culture and other factors within the cause-and-effect model may enable organisations to define their own cultural model of organisational effectiveness and success.

National culture may also play an important part in the acceptance of the Balanced Scorecard. Apparent French opposition to the Balanced Scorecard and a supposed preference for the Tableau de Bord needs to be understood.

It is the researcher's view that National Culture, and probably organisational culture, may well be issues in the acceptability and use of the Balanced Scorecard. For example, only in the commercial companies studied was remuneration tied to Balanced Scorecard an important issue. In the Government/Local Government organisations there was much less emphasis on this issue. Further research is needed into the cultural issues that shape whether an organisation is likely to find the Balanced Scorecard an acceptable

management tool.   This potentially represents a further variable in the examination of the success of the Balanced Scorecard, covered above.

4.7.   Does implementing the Balanced Scorecard impact organisational culture?

There are two issues here:

- Process, and
- Achievement.

The process of introducing a new management tool, and the rigor with which it requires re-examination of, and demands corporate agreement to, strategic objectives, dictates the extent to which there will be new levels of understanding within the organisation. Rigorous examination is likely to be coupled with new or deeper relationships formed between colleagues; resulting from exposure of personal and hidden agendas through attempts to surface and agree departmental objectives in a more cohesive manner. For the Balanced Scorecard these changes will only apply if it is implemented effectively; a superficial "bolt-on" approach will fail to "test" either the organisation or its leaders. In most of the case studies this agreement to strategic objectives seems to be emerging over time rather than as a result of initial recognition of the requirement.

Secondly, the aim, indeed arguably the expectation, for the Balanced Scorecard is to produce substantially improved organisational performance. Kaplan and Norton have defined this as "break-through" performance; where the organisation moves up a quartile within its industry within a couple of years. Such change both demands and will produce changes within the organisation in terms of staff attitude. NLP argues that "if you do what you have always done, you will get the same results".

Essentially what this is saying is that repeating behaviours produces traditional results, but changing behaviours and actions will produce a different outcome. People will only change their behaviour if there is a belief that something more desirable will result. This requires new beliefs that are a core part of the organisational culture, as well as new actions that represent the more superficial levels of culture. New "myths and legends" will be required to support the desired outcomes in preference to the old, established performance. The aim is to establish organisational success as a norm in the organisation, where previously it had only been an occasional event: a truly legendary event!

It is the researcher's view that to effect a substantial change of process, and make success a routine issue, will change the culture. The degree to which Balanced Scorecard embeds change through the whole organisation will affect the degree to which culture change takes place. The degree to which the 21 rules for Balanced Scorecard implementation are followed will probably help determine the degree to which there is culture change; although a lot will depend on the culture in the organisation at the start. This represents another topic for further research.

Thus, in the Royal Navy the degree of culture change was not as significant as it might have been because the Balanced Scorecard only became a senior management tool. Nevertheless, attitudes and behaviours at that level were changed. Witness for example the comments by CINCFLEET reported in Chapter 5 that illustrate a greater willingness to use business management techniques, even in a military environment. In contrast Tesco use their Balanced Scorecard in an overt way throughout the organisation so that everyone is clear how they contribute to organisational success.

The originally stated hypothesis was:

Implementing the Balanced Scorecard impacts the culture of the organisation.

It is asserted that this hypothesis has been upheld.

It is also the view of the researcher that culture is not static. Core features of national culture may be relatively enduring, due to the long-term nature of national definition. However, the changing structure of national definition, and the wider pervasive influence of major cultures in the modern world, will erode traditional views of national culture. Similarly, the changes in national culture, and the external environment, will impact organisational culture. Thus organisational culture cannot be seen as static. These background changes will need to be recognised when seeking to determine the impact of the Balanced Scorecard on organisational culture.

4.8. Can the management of culture be integrated into the Balanced Scorecard process?

Kaplan and Norton's book "Strategy Maps" clearly indicates that many organisations are increasingly embodying cultural issues into their Balanced Scorecard. Chapter 6 illustrated the fact that the Balanced Scorecard affects organisational culture, and Chapter 7 illustrated that there were significant cultural issues that needed to be addressed in CINCFLEET HQ. Chapter 8 demonstrated an appropriate model based on Denison's culture management questionnaire, but adapted for the specific environment of a military headquarters, that forms a basis for the management of that culture.

It is the researcher's view that, where culture is a significant issue for the organisation, culture should be positively managed and is likely to feature in the Balanced Scorecard. Development of a measurement tool is not a difficult process, but good cultural measurement tools do exist and might be used in place of a local development. Integrating culture into the Balanced Scorecard

will ensure that it is linked correctly to all the other features of strategic performance, and thus ensure that culture is developed coherently with organisational needs, and contributes to positive outcomes.

Table 10.3: Summary of recommendations.	
1.	Users must be clear about how to assess the impact of the Balanced Scorecard, but must ensure that implementation and use is conducted with rigor if the relationship between these factors is to be assessed effectively.
2.	Not only must the rules for implementing and running the Balanced Scorecard be adopted with strong commitment, but there must be a recognition that this system is for the whole organisation and for a substantial period. Partial implementation is unlikely to have significant benefit.
3.	There must be recognition of the role of the Balanced Scorecard as a motivational and instructional tool. Consideration must be given to the intrinsic and extrinsic motivational methods appropriate to the organisation and its aims.
4.	Organisations must ensure that there is an appropriate balance and commitment to both planning and measurement systems in support of the Balanced Scorecard processes.
5.	Build from the basic Balanced Scorecard model and process to ensure that the fundamental concepts are thoroughly embedded before any tailoring of the Balanced Scorecard to suit organisational desires.
6.	Organisations should measure the implementation and running of the Balanced Scorecard to ensure that their implementation is effective.
7.	Organisations must have a clear understanding of their culture and must ensure that this is properly reflected in their Balanced Scorecard development.
8.	The impact of organisational culture change resulting from implementing the Balanced Scorecard must be understood and managed effectively.
9.	The potential conflict between different management systems must be recognised and avoided by integration into an overall framework.

5. Research limitations and areas of future research.

Key limitations to this research are:

- Work on examining organisational change was only initiated after that change had started, and consequently there is no independent or robust assessment of the organisation prior to the initiation of change.

- Scrutiny of the organisational culture was undertaken over a short period. Because the research was aimed at demonstrating a measurement tool, the

ability of management to produce changes in culture over a longer period, and the ability of the measurement tool to assist in that management process, have not been tested. A longitudinal study is required.

- The poor quality of results obtained from the Harrison/Handy measurement tool has affected the ability to fully define the issues of the culture within CINCFLEET HQ.

- Further work needs to be done to determine whether the cultural issues detected in the CINCFLEET HQ are represented more widely within CINCLEET or the MOD, or whether they represent specific issues for a specific group of people at a specific time in the evolution of the organisation.

- The brief studies of the other six organisations covered in Chapter 9 prevented any detailed analysis or measurement of organisational culture.

Thus in general, the research is limited in time and scope and needs to be undertaken over a much longer period. This was highlighted in Chapter 8, where a measurement tool was developed and tested. To achieve effective use of such a tool, it is believed further research must be specifically sponsored by senior management within the organisation, eg MOD. However, all the other organisations studied would also represent in-depth studies in their own right. Such studies would enable a more dedicated resource to be committed to the research and should improve the access and facilitation of the research. For example, the Harrison/Handy survey would probably be better handled through focus groups/workshops rather than as a postal survey. This requires management support to release staff, even briefly, from routine work. Similarly, if the benefits of the cultural measurement tool are to be realised there must be both regular measurement and resultant management action. Again this demands specific management commitment.

The previous section has also highlighted some key areas for further research. These were:

- Validation of the model of organisational attitude towards the Balanced Scorecard, leading to acceptance or rejection, and the perceived contribution of the Balanced Scorecard to organisational success. (See Figure 10.3.)

- Development of a mechanism to accurately assess the effectiveness of organisational planning and performance measurement in order to score organisations against Figure 10.5.

- Intrinsic reward resulting from increased motivation relative to organisational objectives, compared to the increased motivation derived from extrinsic reward.

- Further validation of Balanced Scorecard effectiveness compared to the 21 rules for the implementation and use of the Balanced Scorecard.

- Development of a model to assess the true impact of introducing the Balanced Scorecard on organisational performance and achievement. This is coupled with the need to identify a mechanism to compare organisational success across industry/sector boundaries, which effectively incorporates both long and short-term issues.

- Further research to demonstrate the linkage between cultural features and organisational effectiveness. (Chapter 3 also highlighted the need to identify various cultural assessment tools that are available, to determine how effective they in assessing and managing organisational performance.)

- Research into the way that the different dimensions of national or organisational culture may impact the suitability of a management tool for particular nations or organisations.

- Degree of correlation between adherence to the 21 rules for Balanced Scorecard implementation and organisation culture change.

- Further research into the degree to which national cultures are changing and the impact of such change on organisational culture.

These individually represent fairly substantial research topics. However, they are seen as falling into three interactive groups, as shown in Figure 10.7 below.

Figure 10.7: Potential areas for future research.
(Source: Author.)
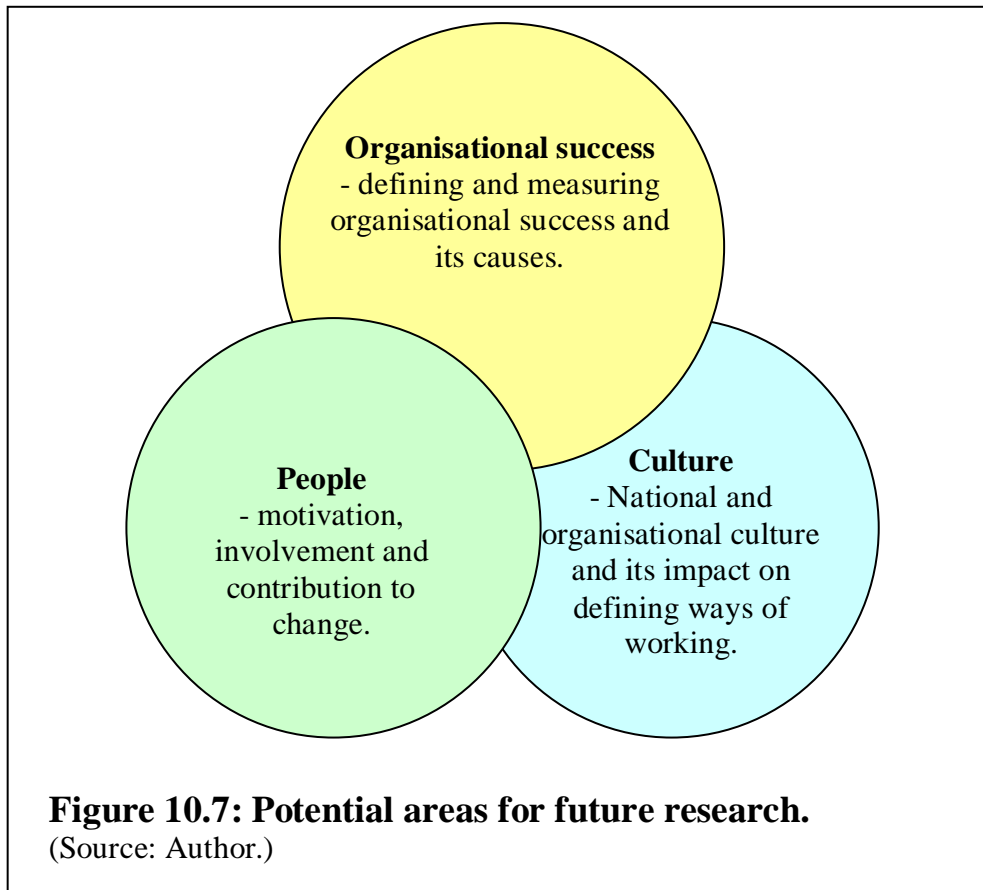
Whilst each circle contains important topics for research, the interactions between them represent demanding issues. Because the intersections represent areas of multiple variables, it will be essential to understand more about the individual elements before attempting to look at the intersections; which effectively form a hierarchy of issues. Thus for example:

- What motivates individuals? (The people circle.)
- What changes are taking place in national or organisational cultures? (The culture circle.)

Leads to:

- How are changes in national or organisational cultures affecting what motivates individuals?

- How can individuals become more involved in achieving organisational objectives? (The people circle.)
- How do you measure organisational success against a background of multiple measures of short and long-term objectives?   (The organisational success circle.)

Leads to:

- How does the organisation recognise the contribution that different individuals make to the different short and long-term objectives?

Combining these two higher level issues:

- How do changes in national or organisational culture affect the way that different people are motivated and recognised for the contribution they make to different short and long-term objectives?

Such issues lie at the heart of industrial disputes where individuals feel that their contribution is not properly recognised and rewarded. Against a changing industrial base, the value that society places on any one occupational group changes over time, leading to changes in social standing for those groups, who may thus feel disadvantaged, or whose value may be overstated in a wider context. Key workers may thus have power, or conversely reward, that is not truly proportionate to their contribution to achievement of organisational objectives. So, replacing a senior officer/official at short notice may not present an organisation with a problem; whilst in contrast, a low ranking individual with specialist skills developed over many years may be less easy to replace.

6.   Value of this research.

The previous section has highlighted substantial further research that is required to enable organisations to operate effectively with the Balanced Scorecard in the dynamic environment of the 21st Century. The fact that there is substantial further work to do should not be seen as negating the benefits of this research.

Chapter 1 set out the Organisational benefits. This is expanded here as Table 10.4 to demonstrate achievement.

Table 10.4: Organisational benefits.	
Greater understanding of the issues affecting or driving the introduction of new management systems within the Ministry of Defence (MOD).	*The study has highlighted the pressures for improved management systems to manage the "business issues" of MOD. However, the study has also highlighted the conflicts in this area where some individuals see attempts to run MOD as a "business" as running counter to organisational objectives and culture. Thus whilst arguably these are not new issues, what is new is the real championship of business tools by senior Naval Officers highlighted by this study. This demonstrates the importance of good quality business training for such individuals, to enable them to identify what tools and processes would benefit the management task. Arguably it is the role of the civilian staff to advise on such issues, and this more traditional relationship was highlighted in the CFS. Nevertheless, the research does support the contention that it was the strong advocacy of the Royal Navy that extended the use of the Balanced Scorecard across the rest of MOD.*
Provision of a cultural measurement tool for use in association with the Balanced Scorecard.	*The development and testing of a tool that could be used for cultural measurement, as highlighted in Chapter 8, meets this requirement. There is no knowledge of any other such model in use within MOD.*
Greater understanding of cultural issues affecting MOD.	*As highlighted in Chapter 5, there is increasing examination of the cultural issues of MOD. However, this research, in Chapters 7 and 8, highlights specific issues about the organisational culture of CINCFLEET HQ. It demonstrates that these cultural issues can easily be surfaced by either established or specially developed tools.*

Table 10.5 sets out a model to demonstrate the relationship between data and knowledge. This is used as the basis for the assessment of the outcomes of this research to classify the contribution to knowledge. The contribution to knowledge is set out below in Table 10.6. These two tables use a common colour coding system, therefore the key to the colour in Table 10.6 can be found in Table 10.5.

Table 10.5: Model showing relationship between data – information – knowledge – contribution.

Contribution

New knowledge.

Knowledge

Application/evaluation of information – use of tools and models to extract understanding from situations.

Knowledge has value, eg by application in multiple scenarios.

Information

Aggregation/synthesis of data into coherent whole –development of tools and models.

Information has meaning but has not been evaluated.

Data

Responses to surveys/questionnaires – extracts from literature surveys.

Raw data with no meaning on its own.

Table 10.6: Contribution to knowledge.		
Provision of new case studies on the introduction of the Balanced Scorecard.	▪ *The origins, implementation process and value obtained from the introduction of the Balanced Scorecard into the Royal Navy have been highlighted.*	▪ **Historical record of the Royal Navy's implementation of the Balanced Scorecard. This work was to have a profound effect on MOD resulting in the Balanced Scorecard being adopted as the MOD's management planning process. MOD also had a significant impact on the adoption of the Balanced Scorecard elsewhere in central Government. (Note 1.)** ▪ **Indication that prior agreement to strategy may not be essential provided double-loop learning allows corporate development and agreement to strategy subsequently.**
	▪ *This case study has been evaluated against rules developed from a literature survey, and those rules have been enhanced by the additional lesson learned from the Royal Navy case study.*	▪ **The rules were consolidated from existing guidance on implementation to evaluating effectiveness of implementation and thus the likelihood of success of the tool. (Note 1.)** ▪ **The rules were enhanced from the assessment of the Royal Navy's implementation by an additional rule illustrating a perceived failing of that implementation.**
	▪ *Chapter 9 also provides an overview and assessment of the development in six other organisations. These case studies would form the basis for more extensive examination of developments.*	▪ **Rules for implementation are developed further into an evaluation tool to improve appreciation of individual implementations. This tool is then successfully applied/tested in relation to the supporting case studies to demonstrate differences in the implementations.** ▪ **As a contribution to practice, it is proposed that this tool could be used to monitor and manage the implementation of the Balanced Scorecard.** ▪ **A model has also been developed and demonstrated in relation to the case studies that highlights the relationship between organisational success and perceptions of the Balanced Scorecard.**

Examination of the relationship between Balanced Scorecard and cultural issues.	▪ This research proposes that the Balanced Scorecard is both a cultural feature at the more superficial levels of culture, and also an articulation of the strategy, which similarly articulates organisational culture. In particular, organisational values underpin the strategy and are also feature of culture.	▪ **The case study demonstrated that business processes are changed, which are issues at the artefacts level of Schein's definition. The use of modern business tools is an issue affecting the values of the organisation, as highlighted by the debate in Chapter 5.** ▪ **The supporting case studies illustrate the potential for top management to subvert the Balanced Scorecard concepts, through arrogance, internal conflict or competition, resulting in the basic rules of construction being ignored.**
	▪ Kaplan and Norton have demonstrated that organisations are increasingly embodying culture as an issue to be managed in the Balanced Scorecard. This research, that has paralleled their work, supports that conclusion and has demonstrated, as they have proposed, that a local cultural model can/should be developed to assist in the measurement and management of organisational culture. The contribution made by the organisational culture, and its interaction with other strategic objectives needs to be recognised.	▪ **Development and demonstration of a model to evaluate the importance of cultural issues in management of the organisation.** ▪ **Demonstration of a mechanism for developing a cultural assessment tool tailored to local issues. This facilitates cultural measurement on regular basis to identify issues and trends.**
	▪ Articulation of cultural issues for the Balanced Scorecard using the NLP logical levels helps articulate the relationship between individual motivation and organisational achievement.	▪ **Exploration of the NLP logical levels and their relationship to motivation. This is demonstrated in the development of the cultural measurement tool where the tool is tested to ensure that all the logical levels are adequately addressed.**

Provision of a new case study on culture and culture change in MOD.	▪ *Chapters 5 to 8 have highlighted the change brought about by the introduction of the Balanced Scorecard into the Royal Navy. In particular, Chapter 5 articulated the Fleet First change programme in terms of different culture change models.*	▪ **Examination of organisational change using established models assists in developing an understanding of the change taking place. (Note 1.)**
	▪ *Chapter 6 demonstrates how the organisation has changed through the introduction of the Balanced Scorecard, and also argues that the Fleet First changes were themselves a specific result of the introduction of the Balanced Scorecard. (Similarly, the TOPMAST programme is also seen as having been precipitated by the introduction of the Balanced Scorecard, and this has been another significant change programme within the Royal Navy during this period, although it has not been covered here in any depth.)*	▪ **The relationship between the introduction of the Balanced Scorecard and the organisational change is highlighted. Again, organisational change impacts culture more at the level of artefacts, although potentially more enduring due to factors such as the move of location and the construction of new HQ building.**
	▪ *Chapters 7 and 8 illustrate the culture of the CINCFLEET HQ in the period shortly after the Fleet First changes. The issues highlighted may well be directly impacted by the Fleet First programme, even if they were not a direct result of those changes.*	▪ **The assessment of the organisational style and culture during a period of change using established cultural models demonstrates cultural problems existing difficulties. (Note 1.)**

	▪ *Chapter 5 has also looked further at the issue of the distance, often referred to as "the gap" between the military culture and the host culture.*	▪ **Presentation of a model for interpreting "the gap" explains the issue and thus provides for its management.**

Note 1: These items represent new information and knowledge to the extent that they represent new collections, compilations or arrangements of information or knowledge, eg unique assessments of organisational culture using existing models, new collections of information from which later knowledge was obtained through assessment or evaluation.

It is therefore argued that this research provides a resource for future work on the Balanced Scorecard and culture in any organisation, but will specifically assist the MOD in considering cultural issues.

7. Lessons learned from the research process.

Some of the issues that would improve the research have already been highlighted:

- Undertaking research throughout a development period where culture is concerned, because the culture can only be effectively determined at the time rather than in retrospect when it has already changed.
- Using the Harrison/Handy survey in a focus group/workshop rather than as postal survey.

However, there are other lessons to be learned:

- The researcher had no experience of research projects and would have benefited by an earlier grounding in the issues and processes of research. This was particularly so as the researcher's first and second degrees were both "taught", by correspondence. Similarly the part-time nature of this study created difficulties, with lack of contact with other researchers, and difficulties attending the training programme provided. Better understanding of the issues and the process should have enabled a clearer plan for the research to be developed at an earlier stage.
- Being a phenomenological study, where the research topic was finalised fairly later on in the study period meant that the focus shifted somewhat. Consequently the initial survey on the implementation of the Balanced Scorecard was less focussed and clear than it might have been. This was because it was designed for wider use than finally transpired.

**8.	Summary.**

This research has highlighted that, in order to increase the effectiveness of the Balanced Scorecard, one of the issues that needs to be given careful consideration is culture. This is not a simple issue and there is unlikely to be a simple measure; a complex PI will be essential. The reasons this topic needs consideration is that the culture:

- Underlies, even defines, the strategy.
- Provides understanding of the management and motivation of people and enables them to be linked into achievement of objectives, rather than potentially undermining the strategy.
- Helps convert the Balanced Scorecard from a more mechanistic process to one that recognises the more "organic" aspects of organisations.
- Strengthens the role of the learning and growth sector of the Balanced Scorecard, which in the past has frequently been weak.
- Need to be understood in order to manage the implementation of the Balanced Scorecard.

The research has also looked at the culture of the MOD:

- Looked further at "the gap" between national and military culture, and provided a model that helps to explain the meaning of the gap.
- Examined the impact of introducing the Balanced Scorecard on the Royal Navy, and shown how it created new agendas from a new perspective on business issues.
- Examined the cultural issues within CINCFLEET HQ during a period of change, and identified the poor culture resulting from lack of shared vision.

The research has also recognised that further study in a number of areas is required:

- Determining means of measuring the effectiveness of individual changes in a complex environment.
- Understanding more about the motivational aspects affecting individuals.
- Improving understanding of the changing cultures, its measurement and management of culture and its relationship with organisational performance.
- Improving understanding of the relationships between these issues.

The research project has thus achieved its aims to examine the relationship between culture and the Balanced Scorecard and to demonstrate a means of managing culture through the Balanced Scorecard.

Road Map

Chapter 1

Outline of the research project.
Chapter 1 highlights a perceived status of the Balanced Scorecard that suggests it is a key management system. Yet many implementations fail. Is it just another management fad? This and other questions demonstrate the issues that underpin this research. The Chapter goes on to set out the hypothesis for the research that,
- Implementing the Balanced Scorecard impacts the culture of the organisation.
It then goes on to state the aim of the research, which is,
- To demonstrate a mechanism for managing organisational culture through the Balanced Scorecard in order to improve culture and thus the potential for the Balanced Scorecard to deliver benefit.

Chapter 2

Balanced Scorecard literature review.
The Chapter has shown that a core of literature can be used to build a good understanding of the concepts of the Balanced Scorecard. This core literature has enable 20 rules for implementing the Balanced Scorecard to be produced. Use of the scorecard itself, and its associated "cause-and-effect" model, drives the strategic agenda of the organisation, through the concept of "double loop learning". Because of its comprehensive nature, the other tools available either do not cover the same scope or are merely similar sorts of concepts. French preference for the Tableau de Bord appears to be a culturally based "not invented here" syndrome.

Chapter 3

Culture literature review.
Organisational culture is effectively a different way of looking at and managing the organisation. There appears to be a relationship between the culture and the success of the organisation. However, national characteristics also need to be borne in mind as these will affect the way individuals interact within the organisation. NLP Logical Levels can also be used to help understand the relationship between the organisation, its strategy and the values and beliefs of the individuals in the organisation. Measurement of organisational culture is possible and a number of tools for measuring and managing culture were considered. To manage culture successfully in an on-going manner will mean that the culture must not be frozen. Consideration needs to be given to the linkages between cultural characteristics and organisational success.

Chapter 4	**Research methodology.**
	This Chapter demonstrates how the researcher has attempted to balance the positivistic and phenomenological elements of the research. Thus, for example, quantifying cultural issues enables them to be measured, but constrains them to the terms and issues presented. Thus the presentation of the culture can be distorted. Similarly, the researcher's role in the organisation, whilst having the benefit of helping to understand and articulate the issues, presents a problem in that it is his interpretation that is presented not a true representation. But culture is a transitory phenomenon and will always therefore be difficult to capture and represent. Such problems do not make attempts invalid.
Chapter 5	**Review of organisational issues.**
	This Chapter has highlighted the environmental pressures for change that MOD and CINCFLEET have faced. It has also examined the tensions between social and the military cultural issues. In particular the Chapter touches on disagreements over the adoption of "business management" techniques for an organisation that is not a "business" in the traditional sense. The need for training to help individuals cross over between the two cultures has been highlighted. A final model was presented for helping to understand the relationship between sub-groups within a culture, and the impact of movements of one sub-group relative to another.
Chapter 6	**Case study on the impact of implementing the Balanced Scorecard.**
	This Chapter demonstrates that the Royal Navy implemented the Balanced Scorecard effectively, and that there was a consequent change of organisational culture precipitating changes in working practices across the MOD. Specifically, the introduction of the Balanced Scorecard is credited with precipitating major changes within the Royal Navy; Fleet First and TOPMAST.
	Extensive use of questionnaire respondent input was used to overcome any researcher bias in articulating the culture. However, it was notable that there was disagreement among respondents on a whole range of issues, suggesting that involvement and perceptions varied significantly.
Chapter 7	**Cultural survey results.**
	Serious weaknesses in the methodology used to quantify the organisational culture of CINCFLEET HQ limited the value of the survey undertaken. However, there was sufficient evidence to suggest that not only was the overall culture poor but that there was considerable disagreement in the organisation. This suggests that the organisational effectiveness might be low, yet at the time this research was being undertaken, CINCFLEET was effectively managing and preparing for Operations. Culture measurement is a precursor to effective management, because it facilitates the development of a targeted management action plan.

Chapter 8

Developing and testing a cultural measurement tool for use with the Balanced Scorecard.
Using the Denison cultural questionnaire as a basis, because this has demonstrated a clear linkage to organisational performance, a cultural assessment tool was developed. This was done using a wide range of cultural and business models, including those relating to the military environment. Consolidating these issues into 36 diagnostic statements produced a questionnaire tailored specifically to the CINCFLEET HQ. Using this on a carefully selected group of highly motivated and high performing staff enabled a benchmark score to be set for any future use of the tool. Similarities and differences with the use of the Denison model were detected, which may be due either to the changes in the questionnaire itself or to the group used to test the questionnaire. Further work on this is required.

Chapter 9

Supporting case studies.
This Chapter has:
- Examined a number of organisations using the Balanced Scorecard.
- Shown that the models are effective in helping to assess organisations and their implementations of the Balanced Scorecard.
- Proposed improvement to the models based on experience.

Chapter 10

Summary of conclusions.
The Chapter provides an overview of the conclusions of previous Chapters, but specifically highlights:
- Some of the difficulties experienced in undertaking the research: particularly the need to improve the process and coverage of the data collected.
- The potential for further research:
  - Specifically extending the work within CINCFLEET HQ to measure organisational culture on a quarterly basis.
  - The need to look at the impact of national and organisational culture on ways of working.
  - The issues of motivating individuals to engage in the change activities.
  - Identifying the causes of organisational success.
  - The inter-relationships between people, culture and organisational success.

The Chapter also concludes that the research has demonstrated the importance of the relationship between the Balanced Scorecard and organisational culture, and has demonstrated through a case-study how culture management would add a new dimension to Balanced Scorecard use.

Figure 10.8

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Kaplan, R. and Norton, D.	1996	The Balanced Scorecard: Translating Strategy into action	Harvard Business School Press	ISBN 0-87584-651-3
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Kaplan, R. and Norton, D.	2004	Strategy Maps: Converting intangible assets into tangible outcomes	Harvard Business School Press	ISBN 1-59139-134-2
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Kotter, J. P. and Heskett, J. L.	1992	Corporate Culture and Performance	Free Press	ISBN 0-02-918467-3
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Lewy, C. P. and du Mee, A. F.	Apr, 1998	Balanced Scorecard - Implementing the Ten Commandments	Originally published in Dutch in Management Control and Accounting, April, 1998 (Translation by: Paul Mc Cunn - Principal Consultant, KPMG Consulting, London. English version produced by KPMG.)	
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Lingle, J. H. and Schiemann, W. A.	Mar, 1996	From balanced scorecard to strategic gauges: Is measurement worth it?	Management Review, Volume 85, Issue 3, New York	ISSN 0025 1895
Mabey, C. and Mayon-White, B. (Editors)	1993	Managing Change (2nd Edition)	Paul Chapman Publishing Ltd	ISBN 1-85396-226-0
Mansergh, R. J.	2001	Broadsheet 2000/2001	Ministry of Defence	
Marr, B. and Adams, C.	2004	The balanced scorecard and the intangible assets: similar ideas, unaligned concepts	Measuring Business Excellence, Volume 8, No 3, Emerald Group Publishing Ltd	ISSN 1368-3047
Martin, J.	2002	Organizational Culture	Sage Publications	ISBN 0-8039-7294-6

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Matthews, R.	May, 2003	Costing a bomb	Financial Management, London	ISSN 1471-9185
McBride, L.	Mar, 2003	You have got to have faith	Focus, Issue 164, MOD, London	
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Nair, M.	2004	Essentials of the Balanced Scorecard	John Wiley and Sons, Inc.	ISBN 0-471-56973-9
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Olve, N-G. Roy, J. and Wetter, W.	1997	Performance Drivers - A practical guide to using the Balanced Scorecard	Published in Swedish in 1997. English translation published by Wiley, 1999	ISBN 0-471-98623-2

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Shaw	May, 2003	Our flag has meaning	Proceedings, US Naval Institute	
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Stephenson, M.	Aug, 2001	Quality in MOD Acquisition	Quality World	ISSN 13528769
Stevenson, B.	1967	The Home Book of Quotations: Classical and Modern (10th Edition)	Dodd, Mead & Co, New York	Library of Congress Catalog Card No: 67-13583
Stewart, R.	1985	The reality of organisations	The MacMillan Press Ltd	ISBN 0-333-39462-3
Suffolk Coastal District Council	2004 (?)	Suffolk Coastal's Balanced Scorecard	http://www.suffolkcoastal.gov.uk/info/balancedscorecard.html accessed 23rd November, 2004	
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Tesco	2002	Tesco PLC Annual Review and Summary Financial Statements 2002	www.tesco.com/ accessed 15th November, 2004	
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Zahra, S. A.	Feb, 1999	The changing rules of global competitiveness in the 21st Century	The Academy of Management Executive, Volume 13, Issue 1	ISSN 1079 5545
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	May, 1998	Automated Scorecard Tracks West Mercia Constabulary	Management Accounting, Volume 79, Issue 11, Montvale	ISSN 0025 1690
	2000	Clearing the way	The Royal Military College of Science Journal, Issue 1999/2000; Highbury House Communications PLC, London	
	6th March, 2003	Columns 1041 to 1048, House of Commons, Hansard	Reproduced on http://centre.chots.mod.uk/DGCC_NewsPortal/stories/march03/06mhhc.htm on10th March, 2003	
	Mar, 2004	Heavy equipment transporter	Defence Management Journal, Issue 24, PSCA International Ltd, Newcastle under-Lyme	ISSN 1464-2646

Appendix A to Chapter 2.

Table A2.1: Categorisation of a sample of Balanced Scorecard literature reviewed in this research.

	Title:	Author(s):	Major published works examining wide range of Balanced Scorecard issues.	Articles published in Management periodicals.	Articles published in non-Management periodicals.	Academic work.	Material published by organisations using, or promoting the use of, the Balanced Scorecard.	Material not (initially) publish as written article, eg seminar or conference material.	References to the Balanced Scorecard in published material that is subsidiary to the main topic.
1.	**Integrating the management system and balanced scorecard**	Barr						**X** (Case study)	
2.	**Profile: Beyond performance**	Barrett and Greene		**X** (Personality profile)					
3.	**Creating the strategy focused organisation with the balanced scorecard: A conference report**	Basnett		**X** (Conference report)					

	Title:	Author(s):	Major published works examining wide range of Balanced Scorecard issues.	Articles published in Management periodicals.	Articles published in non-Management periodicals.	Academic work.	Material published by organisations using, or promoting the use of, the Balanced Scorecard.	Material not (initially) publish as written article, eg seminar or conference material.	References to the Balanced Scorecard in published material that is subsidiary to the main topic.
4.	**The HR Scorecard - Linking People, Strategy, and Performance.**	Becker, Huselid and Ulrich							**X** (HR PIs)
5.	**Balanced Scorecard points to wins for small firms**	Birch		**X** (BSC in small firms)					
6.	**Understanding the Balanced Scorecard.**	Bourne M and Bourne P	**X**						
7.	**Implementation of the Commandant General Royal Marines Balanced Scorecard.**	Boyes				**X**			

	Title:	Author(s):	Major published works examining wide range of Balanced Scorecard issues.	Articles published in Management periodicals.	Articles published in non-Management periodicals.	Academic work.	Material published by organisations using, or promoting the use of, the Balanced Scorecard.	Material not (initially) publish as written article, eg seminar or conference material.	References to the Balanced Scorecard in published material that is subsidiary to the main topic.
8.	**Is your measurement system well balanced?**	Brown, M G			**X** (Assessing PIs)				
9.	**Keeping Score.**	Brown, M G	**X**						
10.	**Winning Score.**	Brown, M G	**X**						
11.	**Linking the Balanced Scorecard to Strategy.**	Butler, Letza and Neale		**X** (Case Study)					
12.	**Keeping the engine humming**	Campbell						**X**	

	Title:	Author(s):	Major published works examining wide range of Balanced Scorecard issues.	Articles published in Management periodicals.	Articles published in non-Management periodicals.	Academic work.	Material published by organisations using, or promoting the use of, the Balanced Scorecard.	Material not (initially) publish as written article, eg seminar or conference material.	References to the Balanced Scorecard in published material that is subsidiary to the main topic.
13.	**The balanced scorecard: A potent tool for energizing and focusing healthcare organisation management**	Chow, Ganulin, Haddad and Williamson		**X** (Case Study)					
14.	**Applying the balanced scorecard to small companies**	Chow, Haddad & Williamson		**X** (Case Study)					
15.	**Assessing an organisation with the quality model**	Couwenberg, Dallas, Hardjono and Koster							**X** (EFQM)

	Title:	Author(s):	Major published works examining wide range of Balanced Scorecard issues.	Articles published in Management periodicals.	Articles published in non-Management periodicals.	Academic work.	Material published by organisations using, or promoting the use of, the Balanced Scorecard.	Material not (initially) publish as written article, eg seminar or conference material.	References to the Balanced Scorecard in published material that is subsidiary to the main topic.
16.	**Management by Objectives and the Balanced Scorecard: Will Rome fall again?**	Dinesh and Palmer		**X** (Critical comparison with MBO)					
17.	**Implementing Corporate Strategy: From Tableaux de Bord to Balanced Scorecards**	Epstein and Manzoni		**X** (Critical comparison with TdB)					
18.	**Aiming resources at success**	Fielden			**X** (Origins of the BSC)				
19.	**Thou shalt not fail**	Fisher		**X** (Repeat of Lewy, Du Mee and McCunn)					

	Title:	Author(s):	Major published works examining wide range of Balanced Scorecard issues.	Articles published in Management periodicals.	Articles published in non-Management periodicals.	Academic work.	Material published by organisations using, or promoting the use of, the Balanced Scorecard.	Material not (initially) publish as written article, eg seminar or conference material.	References to the Balanced Scorecard in published material that is subsidiary to the main topic.
20.	**Central Beating**	Gering and Rosmarin		**X** (Critical of central control)					
21.	**Power Tool**	Gooderham G						**X**	
22.	**Designing and Installing Effective Performance Measurement Systems**	Hacker and Brotherton			**X** (BSC concepts)				
23.	**The balanced scorecard: Not just another fad**	Hanson and Towle			**X** (Case Study)				

	Title:	Author(s):	Major published works examining wide range of Balanced Scorecard issues.	Articles published in Management periodicals.	Articles published in non-Management periodicals.	Academic work.	Material published by organisations using, or promoting the use of, the Balanced Scorecard.	Material not (initially) publish as written article, eg seminar or conference material.	References to the Balanced Scorecard in published material that is subsidiary to the main topic.
24.	**The development of an integrated manufacturing performance measurement and evaluation framework**	Huang				**X**			
25.	**Balancing the scorecard: Beyond the bottom line**	James and Hoque			**X** (Summary of concepts)				
26.	**Exploring Corporate Strategy**	Johnson and Scholes							**X** (Strategy)
27.	**Strategic learning and the balanced scorecard**	Kaplan and Norton		**X** (Book promotion)					

	Title:	Author(s):	Major published works examining wide range of Balanced Scorecard issues.	Articles published in Management periodicals.	Articles published in non-Management periodicals.	Academic work.	Material published by organisations using, or promoting the use of, the Balanced Scorecard.	Material not (initially) publish as written article, eg seminar or conference material.	References to the Balanced Scorecard in published material that is subsidiary to the main topic.
28.	**Balanced Scorecard drives overall mission**	La Franchi			**X** (Interview with David Norton)				
29.	**Balanced Scorecard - Implementing the Ten Commandments**	Lewy and du Mee						**X**	
30.	**From balanced scorecard to strategic gauges: Is measurement worth it?**	Lingle and Schiemann		**X** (Strategic measurem't)					
31.	**Measuring Up**	Mendoza and Zrihen		**X** (Critical comparison with TdB)					

	Title:	Author(s):	Major published works examining wide range of Balanced Scorecard issues.	Articles published in Management periodicals.	Articles published in non-Management periodicals.	Academic work.	Material published by organisations using, or promoting the use of, the Balanced Scorecard.	Material not (initially) publish as written article, eg seminar or conference material.	References to the Balanced Scorecard in published material that is subsidiary to the main topic.
32.	**Balanced Scorecard. Step-by-Step:**	Niven	**X**						
33.	**Performance Drivers - A practical guide to using the Balanced Scorecard**	Olve, Roy and Wetter	**X**						
34.	**Winning ways with a balanced scorecard**	Partridge and Perren		**X** (Case study)					
35.	**New Measures of Success**	Skyrme and Amidon							**X** (Knowledge Managem't)
36.	**Measuring organisational effectiveness**	Smith M							**X** (Measuring organisat'nal effectiven's)

	Title:	Author(s):	Major published works examining wide range of Balanced Scorecard issues.	Articles published in Management periodicals.	Articles published in non-Management periodicals.	Academic work.	Material published by organisations using, or promoting the use of, the Balanced Scorecard.	Material not (initially) publish as written article, eg seminar or conference material.	References to the Balanced Scorecard in published material that is subsidiary to the main topic.
37.	**From "vicious" to "virtuous" scorecards**	Srinivasan		**X** (Building successful scorecards)					
38.	**Dashboards, Smashboards**	Strenger		**X** (BSC introduction)					
39.	**Charlotte adapts the "Balanced Scorecard"**	Syfert, Elliot and Schumacher			**X** (Case Study)				
40.	**Key Management Models**	ten Have, ten Have, Stevens, van der Elst, Pol-Coyne							**X** (Managem't Models)
41.	**Using the Balanced Scorecard in the public sector**	Tonge and Callaghan		**X** (Public sector scorecards)					

	Title:	Author(s):	Major published works examining wide range of Balanced Scorecard issues.	Articles published in Management periodicals.	Articles published in non-Management periodicals.	Academic work.	Material published by organisations using, or promoting the use of, the Balanced Scorecard.	Material not (initially) publish as written article, eg seminar or conference material.	References to the Balanced Scorecard in published material that is subsidiary to the main topic.
42.	**Studying the balanced scorecard**	Wallace		**X** (Interview of Fellowship scholar)					
43.	**The changing rules of global competitiveness in the 21st Century**	Zahra							**X** (Competit'n in 21st Century)
44.	**Automated Scorecard Tracks West Mercia Constabulary**			**X** (Automating scorecards)					
45.	**Public Service Productivity: Meeting the challenge**								**X** (Public sector performance managem't)

	Title:	Author(s):	Major published works examining wide range of Balanced Scorecard issues.	Articles published in Management periodicals.	Articles published in non-Management periodicals.	Academic work.	Material published by organisations using, or promoting the use of, the Balanced Scorecard.	Material not (initially) publish as written article, eg seminar or conference material.	References to the Balanced Scorecard in published material that is subsidiary to the main topic.
46.	**Report on the evaluation of the Public Sector Excellence Programme**								**X** (Public sector performance improvem't)

<u>Organisational Style Questionnaire.</u>

This questionnaire looks at two things:

1) At your personal preferences for an organisational style.
2) At what you believe are CINCFLEET's organisational values.

The questionnaire is divided into 15 sections and requires you to rank each of the four statements in each section.

Taking each section in order, read the four statements and then rank them in order of personal preference on the left hand side of the sheet by circling one number for each statement (1 = First Preference, or your strongest perception of CINCFLEET organisational values). Then rank the same set of four statements on the right hand side to indicate your view of how CINCFLEET, as an organisation, would value these statements.

Please ensure that for each section, on both the left and right hand side of the sheet, each number is only circled once.

Section 1				**What makes a good boss?**				
Your personal view:					CINCFLEET organisational view:			
1	2	3	4	A good boss is strong, decisive and firm but fair. He/She is protective, generous and understanding of, and tolerant towards loyal subordinates.	1	2	3	4
1	2	3	4	A good boss is impersonal and correct, avoiding the exercise of their authority for their own advantage. He/She demands from subordinates only that which is required by the formal system.	1	2	3	4
1	2	3	4	A good boss is democratic and can be influence in matters concerning the task. He/She uses their authority to obtain the resources needed to get on with the job.	1	2	3	4
1	2	3	4	A good boss is concerned and responsive to the needs and values of others. He/She uses their position to provide satisfying and stimulating work opportunities for subordinates.	1	2	3	4

Section 2				What makes a good subordinate?	CINCFLEET organisational view:			
Your personal view:								
1	2	3	4	A good subordinate is compliant, hard working and loyal to the interests of their superiors.	1	2	3	4
1	2	3	4	A good subordinate is responsible and reliable, meeting the duties and responsibilities of their job and avoiding actions that will surprise or embarrass their superior.	1	2	3	4
1	2	3	4	A good subordinate is self-motivated to contribute his/her best to the task and is open with his ideas and suggestions. He/She is nevertheless willing to take the lead when they can show they have greater expertise or ability.	1	2	3	4
1	2	3	4	A good subordinate is vitally interested in the development of his or her own potential and is open to learning and receiving help. He/She also respects the needs and values of others and is willing to help and contribute to their development.	1	2	3	4
Section 3				**What does a good member of the organisation give priority to?**				
1	2	3	4	A good member of the organisation gives priority to the personal demands of the boss.	1	2	3	4
1	2	3	4	A good member of the organisation gives priority to the duties, responsibilities and requirements of his own role, and the customary standards of personal behaviour.	1	2	3	4
1	2	3	4	A good member of the organisation gives priority to the requirements of the task for skill, ability, energy and material resources.	1	2	3	4
1	2	3	4	A good member of the organisation gives priority to the personal needs of the individual involved in each task.	1	2	3	4

Section 4				What characteristics are required to do well in the organisation?	CINCFLEET organisational view:			
Your personal view:								
1	2	3	4	People who do well in the organisation are shrewd and competitive with a strong drive for power.	1	2	3	4
1	2	3	4	People who do well in the organisation are conscientious and responsible with a strong sense of loyalty to the organisation.	1	2	3	4
1	2	3	4	People who do well in the organisation are technically competent and effective, with a strong commitment to getting the job done.	1	2	3	4
1	2	3	4	People who do well in the organisation are effective and competent in personal relationships, with a strong commitment to the growth and development of people.	1	2	3	4
Section 5				How does the organisation treat the individual?				
1	2	3	4	The organisation treats the individual as though his time and energy were at the disposal of the person higher in the hierarchy.	1	2	3	4
1	2	3	4	The organisation treats the individual as though his time and energy were available through a contract having rights and responsibilities on both sides.	1	2	3	4
1	2	3	4	The organisation treats the individual as a co-worker who has committed his skills and abilities to the common cause.	1	2	3	4
1	2	3	4	The organisation treats the individual as an interesting and worthwhile person in his or her own right.	1	2	3	4

Section 6				How are people controlled and influenced?	CINCFLEET organisational view:			
1	2	3	4	People are controlled and influenced by the personal exercise of economic and political power (rewards and punishments).	1	2	3	4
1	2	3	4	People are controlled and influenced by impersonal, systematic exercise of economic and political power to enforce procedures and standards of performance.	1	2	3	4
1	2	3	4	People are controlled and influenced by communication and discussion of task requirements leading to appropriate action motivated by personal commitment to goal achievement.	1	2	3	4
1	2	3	4	People are controlled and influenced by intrinsic interest and enjoyment in the activities to be done; and/or concern and caring for the needs of the other individuals involved.	1	2	3	4
Section 7				**How are people's activities controlled?**				
1	2	3	4	It is legitimate for one person to control another's activities if they have more authority and power in the organisation.	1	2	3	4
1	2	3	4	It is legitimate for one person to control another's activities if their role prescribes that they are responsible for directing the other.	1	2	3	4
1	2	3	4	It is legitimate for one person to control another's activities if they have more knowledge relevant to the task in hand.	1	2	3	4
1	2	3	4	It is legitimate for one person to control another's activities if the other accepts that the first person's help or instruction can contribute to the their own learning and growth.	1	2	3	4

Section 8				How are tasks assigned?	CINCFLEET organisational view:			
Your personal view:								
1	2	3	4	The basis of task assignment is the personal needs and judgement of those in authority.	1	2	3	4
1	2	3	4	The basis of task assignment is the formal divisions of functions and responsibility in the system.	1	2	3	4
1	2	3	4	The basis of task assignment is the resource and expertise requirements of the job to be done.	1	2	3	4
1	2	3	4	The basis of task assignment is the personal wishes and needs for learning and growth of the individual organisation members.	1	2	3	4
Section 9				**Why is work performed?**				
1	2	3	4	Work is performed out of hope of reward, fear of punishment or personal loyalty towards a powerful individual.	1	2	3	4
1	2	3	4	Work is performed out of a respect for contractual obligations backed up by sanctions and personal loyalty towards the organisation or system.	1	2	3	4
1	2	3	4	Work is performed out of satisfaction in excellence of work and achievement and/or personal commitment to the task or goal.	1	2	3	4
1	2	3	4	Work is performed out of enjoyment of the activity for its own sake and concern and respect for the needs and values of the other individuals involved.	1	2	3	4

Section 10				What makes people work together?	CINCFLEET organisational view:			
Your personal view:								
1	2	3	4	People work together when they are required to by higher authority or believe they can use each other for personal advantage.	1	2	3	4
1	2	3	4	People work together when co-ordination and cooperation are specified by the formal system.	1	2	3	4
1	2	3	4	People work together when their joint contribution is needed to progress the task.	1	2	3	4
1	2	3	4	People work together when the collaboration is personally satisfying, stimulating or challenging.	1	2	3	4
Section 11				**For what do people compete?**				
1	2	3	4	Competition is for personal power and advantages.	1	2	3	4
1	2	3	4	Competition is for high status position in the formal system.	1	2	3	4
1	2	3	4	Competition is for excellence of contribution to the task.	1	2	3	4
1	2	3	4	Competition is for the attention to one's own personal needs.	1	2	3	4
Section 12				**How is conflict managed?**				
1	2	3	4	Conflict is controlled by the intervention of higher authority and often fostered by them to maintain their own power.	1	2	3	4
1	2	3	4	Conflict is suppressed by reference to rules, procedures and definitions of responsibility.	1	2	3	4
1	2	3	4	Conflict is resolved through full discussion of the merits of the work issues involved.	1	2	3	4
1	2	3	4	Conflict is resolved by open and deep discussion of personal needs and values involved.	1	2	3	4

Section 13				How are decisions made?	CINCFLEET organisational view:			
1	2	3	4	Decisions are made by the person with the higher power and authority.	1	2	3	4
1	2	3	4	Decisions are made by the person whose job description carries the responsibility.	1	2	3	4
1	2	3	4	Decisions are made by the individuals with most knowledge and expertise about the problem.	1	2	3	4
1	2	3	4	Decisions are made by the individuals most personally involved and affected by the outcome.	1	2	3	4
Section 14				**What is the command and control structure?**				
1	2	3	4	Command flows from the top down in a simple pyramid so that anyone who is higher in the pyramid has authority over anyone who is lower. Information flows up through the chain of command.	1	2	3	4
1	2	3	4	Directives flow from the top down and information flows upwards within functional pyramids, which meet at the top. The authority and responsibility of a role is limited to the roles beneath it in its own pyramid. Cross-functional exchange is constricted.	1	2	3	4
1	2	3	4	Information about task requirements and problems flows from the centre of task activity upwards and outwards, with those closest to the task determining resources and support needed from the rest of the organisation. A co-ordinating function sets priorities and overall resource levels based on information from all task centres. The structure shifts with the nature and location of the task.	1	2	3	4
1	2	3	4	Information and influence flow from person to person, based on relationships that are voluntarily entered into for purposes of work, learning, mutual support and enjoyment, and shared values. A co-ordinating function establishes overall levels of contribution needed for the maintenance of the organisation. Tasks are assigned by mutual agreement.	1	2	3	4

Section 15				How do people and the organisation regard MOD's external environment?	CINCFLEET organisational view:			
1	2	3	4	The external environment is regarded as a competitive jungle in which everyone is against everyone else and those who do not exploit others are themselves exploited.	1	2	3	4
1	2	3	4	The external environment is regarded as an orderly and rational system in which competition is limited by law and conflicts yield to negotiation and compromise.	1	2	3	4
1	2	3	4	The external environment is regarded as a complex of imperfect forms and systems that are to be re-shaped and improved by the achievements of the organisation.	1	2	3	4
1	2	3	4	The external environment is regarded as a complex system of potential threats and support. It is to be manipulated by the organisation to extract benefit from it, overturn its power and reuse it as a source of enjoyment and growth of members.	1	2	3	4
Thank you for your help. Please check that each section has been completed correctly with an order uniquely assigned to each statement on both the left hand and right hand sides. Please also complete the accompanying personal data sheet. You will receive your personal results together with an explanatory sheet detailing the different organisational structures.								

The power culture.	Advantages of power cultures.	Disadvantages of power cultures.
Frequently found in small entrepreneurial organisations, but can also be found at the centre of much larger organisations that control subordinate divisions. It can best be pictured as a web where the power flows out from the centre. Functional responsibilities link the lines of power. Such organisations rely heavily on personal trust and good interpersonal communication. There are few rules and little bureaucracy because control is exercised by selecting key individuals. Consequently it is a highly political organisation where decisions are based on power and influence rather than rationality. A power culture is aggressive and strong rather than being flexible or adaptive. They will result in a proud and dynamic organisation. This is likely to be the original form of most organisations, but can also be typical of military organisations – particularly in times of conflict. However, many will migrate (probably to a role culture) over time as the organisation grows and develops functional specialisms (or to a task culture if it is operating in a dynamic environment).	In a power culture the end justifies the means. Consequently they breed tough, risk taking managers. Consequently, a power culture may find it easier to survive or thrive in difficult circumstances.	Because they rely on personal power and influence from the centre, they cannot grow to any great size. Consequently, growth has to be managed through spawning subordinate organisations, with the head of the subdivision personally reporting and accountable to the power culture. Decisions made on the basis of power may not always be rational. Consequently, poor decisions may be made leading to failure. Staff selection must be undertaken with great care. Because they breed tough managers, working at middle or lower management levels can be demoralising and power cultures may result in a high staff turnover at these levels, where there is a greater requirement for security. Succession planning can be difficult leading to internal struggles. Over-dependence on one powerful individual can result in organisational collapse when they leave. Because ends justify means, a power culture may not be well regulated and controlled.

The role culture.

This is the typical bureaucracy in its true sense, ie an organisation based on rules. It can be pictured as a Greek temple, where the pillars are the functional specialisms that are coordinated by the "pediment".

Such organisations select workers for their ability to fulfil a particular role specified in fundamental terms. Advancement is up the functional pillars.

Personal power is unacceptable and disruptive. Instead the organisation is based on rational decision-making and will thus be conservative.

Employees contract with the organisation and keep their personal life separate.

Tends to be a characteristic of large or mature organisations that have routine and programmable tasks. Similarly, high capital investment, eg in modern technology, will tend to lead to a role culture, in order to create the functional specialisms and economies of scale necessary to exploit the investment. Interdependency of tasks will also drive towards role cultures in order to create the systems for coordination.

Advantages of role cultures.

A role culture will be very efficient and effective in dealing with routine or repetitive tasks. This stems partly from the efficiency of the functional specialisms. These provide predictability and stable employment. They thus attract the "satisficer", someone who will do enough to get by and no more, by providing them with security. Reward and promotion is based on a rational and impersonal system.

There is a clear hierarchy and set of procedures for dealing with all issues.

Disadvantages of role cultures.

Being conservative, shifts in the external environment will be a considerable threat, creating the potential for take-over or large-scale top-management reorganisation/replacement. These changes in the external environment may be difficult for the role culture to detect, and it will be slow to respond. This is partly because the organisation does not develop individual's capabilities sufficiently.

Will tend to attract people of low calibre.

The task culture.	**Advantages of task cultures.**	**Disadvantages of task cultures.**
The task culture is represented by a net. Power lies at the intersections of the various strands and is based on expertise rather than organisational or personal power. Consequently there is no centre of power, although each individual may perceive they have more than they actually have. Activity is centred on tasks that are allocated by senior management.	Task cultures are very flexible and respond well to dynamic situations, reforming continually to meet new challenges. Power is delegated to work groups. This leads to the involvement of team members who thus gain great satisfaction from the task, and build a much broader range of knowledge and skill than role culture employees. Task cultures tend to be the ones regarded as the best places to work.	Task cultures tend to be unstable. Because task cultures are geared to dealing with dynamic or one-off projects, they will not be geared to long-term efficiency and effectiveness. Consequently where efficiency and effectiveness are required, eg in running a large factory, task cultures tend to evolve into role cultures. Control of task cultures is difficult since any senior management involvement interferes with the running of the task group. Where resources are limited and need to be rationed groups may begin to compete for resources through the exercise of power. Personal agendas and influence will also develop and management may seek to regulate the situation to compensate. Consequently, the task culture may evolve into a power or role culture. Staff selection must be undertaken with great care, particularly because of the need to obtain well qualified/skilled staff. Employees are unlikely to gain the same depth of technical expertise as employees in role cultures.

The person culture.	Advantages of person cultures.	Disadvantages of person cultures.
The person culture is rare, if it exists at all. It is represented by galaxy or star cluster, where the individual is the centre of activity. It is best seen in the small professional office, eg barristers' chambers. Conceptually the organisation is subordinate to the individual needs. Individuals contract with the organisation/other individuals solely on basis of mutual benefit. Individuals can leave the organisation, but the organisation would find it difficult or impossible to evict one of its members. There is no management hierarchy except by mutual consent. Influence and power is shared, usually on the basis of expert power.	Can be of great benefit to the individual in helping them to achieve their personal objectives.	Highly unstable, person cultures will tend to evolve into one of the other forms, although normally to a power or role culture. This is because the organisation will eventually take on its own characteristics and will want individuals to conform to organisational objectives or procedures. Individuals may be difficult to control, since there are no sanctions that the organisation has that the individual will respect. Conversely the individual will have little allegiance to the organisation and can damage it by leaving.

An organisation may contain a mix of cultures. This is because work type, pressures from the external environment, the requirements of individuals, etc, will all impact differently at different points in the organisation. Thus for example, despite organisational change and the challenge of the external environment, routine functions may continue unchanged resulting in no change in culture, eg the accounting process may retain a role culture whilst the rest of the organisation is developing a task culture. Conversely, an R&D department in a large role culture organisation may still be able to develop something of a task culture in order to better meet the task and organisational objectives. This latter example highlights research results that indicate that there is no one culture that is always the most suitable or appropriate. Successful organisations operating in the same sector may have different cultures. Individuals may also influence the organisational culture, eg by using their power to establish something of a power or person culture in their area, in order that the organisation better meets their personal needs. Each organisation must develop their own culture to meet their own needs, recognising their own circumstances. Individual needs are best met by belonging to organisations that have cultures similar to those required by the individual.

Appendix A to Chapter 4: Development of research questions.

Table 4A.1: List of questions arising during the initial development of the research project.

- Why has the CINCFLEET Balanced Scorecard been constructed with little or no underpinning understanding of the concept?

- Why is the organisation committed to the Balanced Scorecard, particularly when there are so many problems associated with the measures being used, and the outputs that are identified?

- What are the perceived benefits of the Balanced Scorecard?

- Why is the Balanced Scorecard perceived as so successful?

- Has the Balanced Scorecard, and if so how and why, had such a big impact on organisational culture?

- Why is the Balanced Scorecard not accepted by the French?

- Does culture matter in terms of the Balanced Scorecard?

- Why, if culture is impacted by the Balanced Scorecard, do people not seek to manage organisation culture through the scorecard?

- Why, if organisational culture is so important to organisational success, is there not more reference to culture management in Balanced Scorecard literature?

- Can organisational culture be managed through the Balanced Scorecard?

- What sort of performance measures could be developed and used to manage a large concept such as organisational culture?

- How do morale and the moral component relate to service culture?

- What do we really mean by organisational culture?

- What is the culture of the Royal Navy?

- What is the link between culture and strategy?

- What is the link between intangible assets such as culture and organisational success?

- What is the link between the Balanced Scorecard and culture?

- Does the Balanced Scorecard describe the culture that the organisation is trying to achieve?

- Does an organisation really survive if it changes its culture, and if so to what extent can it change its culture before it becomes unrecognisable?

- Can the reward system be linked to cultural measure?

- Should the culture be communicated externally through the scorecard?

- Do cultures have entry and exit barriers that can be used overtly?

- Is it legitimate to develop an individual cultural model for an organisation rather than use generic products?

- Is the culture of the Royal Navy a strategic issue for the Balanced Scorecard?
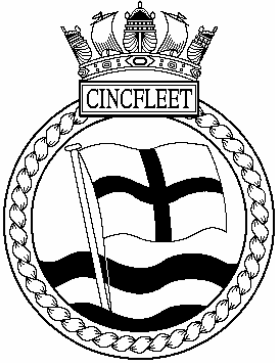
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Reference:

Date: 7th June, 2001

Dear

DEVELOPMENT OF THE BALANCED SCORECARD IN MOD

In addition to the "day job" I am currently also a part time student at the Royal Military College of Science at Shrivenham. Thus as part of my training sponsored by CINCFLEET I am undertaking research into the introduction and use of the Balanced Scorecard within MOD.

I appreciate that you are very busy, but I would be grateful if you could spare a short time to answer a number of questions about the implementation and impact of the Balanced Scorecard on CINCFLEET. Your input would be particularly valuable, as you will be aware of much of the history of the development in CINCFLEET. The aim is to gain a robust picture of the Balanced Scorecard in CINCFLEET by taking a number of independently provided perspectives. The results can then be compared with those gained by surveying a number of other organisations, including some outside MOD which will be used for comparative purposes. The attached questionnaire has been trialled on a number of people who indicated that it took only 15 to 20 minutes to complete.

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Clearly at this stage it is not possible to say what the outcome of this research will be. However, the results will be available to future students at the College and thus provide them with a resource for understanding more about the management process of MOD. This is valuable for the future development of management and processes within MOD.

With thanks in anticipation for your assistance.

Yours sincerely,

Philip Woodley
<Signed on Chots>

INVESTOR IN PEOPLE

The Balanced Scorecard

Research into the introduction and impact of the Balanced Scorecard

Name (Please enter your name and title as it should appear in the acknowledgements when the research is published)**:**		**Position** (to set your context in the organisation)**:**	
Organisation (Please enter the name and address of the organisation to which your comments refer)**:**		**Telephone Number:**	
		e-mail address:	

Some organisations will have Balanced Scorecards at more than one level. If you are commenting on separate developments in two or more levels of the organisation, please copy these sheets and provide separate responses.

Section 1: Before the Balanced Scorecard was introduced. This section aims to try to find out what the organisation was like before the Balanced Scorecard was introduced in order to form a baseline for comparison purposes.

1 Describe briefly the organisational climate in the period prior to the introduction of the Balanced Scorecard:	
2 What were the key management processes/concepts/tools used in the management and running of the organisation? (For example, Management by Objectives, Total Quality Management, Investors in People.)	

Section 2: Selection and introduction of the Balanced Scorecard. This section aims to understand why the Balanced Scorecard was introduced, what knowledge there was in the organisation of the Balanced Scorecard process before it was introduced and what the aims of introduction were at this early stage.

1 What was the purpose of introducing the Balanced Scorecard?	Focus attention on key issues facing the organisation:	
	Replace or improve existing performance monitoring:	
	Focus on strategic organisational objectives:	
	Improve internal processes:	
	Other (please state):	
2 What other management processes/concepts/tools were considered as supplements or alternatives to the Balanced Scorecard?		
3 Who (name and position) is recognised as the key individual that identified the Balanced Scorecard as an appropriate management tool for this organisation?		
4 Who (name and position) championed the introduction of the Balanced Scorecard?		
5 What were senior management's expectations of implementing the Balanced Scorecard at this time?		

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6 What level of knowledge did the Board have of the Balanced Scorecard at this time?	Substantial (ie they were fully aware of the concept and the issues involved):	
	Good (ie they had a broad understanding of the issues but required further training):	
	Moderate (ie they were aware of the concept but needed substantial training):	
	Poor (ie they had little or no prior understanding of the concept when it was proposed):	

Section 3: The Implementation phase. This section aims to gain an understanding of the implementation process for the Balanced Scorecard in this organisation and assess its initial impact.		
1 How was commitment to the Balanced Scorecard obtained and built at Board level?	Management already understood concept well and needed no further training:	
	Training for the Board was provided by internal staff:	
	Training for the Board was provided by external training providers:	
	External management consultants were used to provide training:	
	The Board did its own research:	
	Other (please state):	
2 At what level of the organisation was/were the initial scorecards built?	Corporate level:	
	Major strategic entity or divisional level:	
	Lower business unit, profit or cost centre level:	
	At a mix of levels according to local management initiative:	
	Using specific pilot implementations in targeted business areas:	
	Other (please state):	
3 How was the initial Balanced Scorecard built in terms of its general framework?	Using the standard Kaplan and Norton template:	
	Using a modified Kaplan and Norton template:	
	From first principles or existing management information processes to arrive at a bespoke system:	
	Other (Please state):	

4 Please state the number of dimensions and number of measures used in the initial Balanced Scorecard:		Number of Scorecard Dimensions:		Number of Scorecard Measures:	
5 What was the rationale behind this scorecard format?					

6 Who was involved in building the Balanced Scorecard and how significant was their involvement in the initial scorecard?	Level of Involvement	None:	Low:	Moderate:	High:	Very High:
	The CEO or equivalent:					
	The Board (collectively):					
	A sub-set of the Board:					
	A particular Board Member:					
	The acknowledged Champion:					
	The originator of the idea:					
	An internal project manager:					
	External consultants:					
	Others (please state):					

7 How, and at what stages, was commitment to the Balanced Scorecard		Involved from the very outset:	Involved during development, but not at outset:	Involved only once scorecard developed:	Not involved at all:
	The CEO or equivalent:				

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built in other parts of the organisation?	The Board:				
	Senior Managers below Board level:				
	The Planning Department:				
	Middle Managers:				
	Junior Managers:				
	The workforce:				
	Consultants:				
	Other particular individuals or groups (please state):				

| **8 When did the initial development phase of the Balanced Scorecard start and how long did the process take?** | Start Date: | |
| | Date initial Balanced Scorecard introduced: | |

9 Following the initial development of the Balanced Scorecard, including any pilot implementations, was the Balanced Scorecard extended to the remainder of the organisation, and if so how long did this take?		Balanced Scorecard extended to (please give order of roll-out):	Time taken to extend to this level (in months from start date given in question 8 above):
	Corporate level:		
	Major strategic entity or divisional level:		
	Lower business unit, profit or cost centre level:		
	Personal level:		
	Introduced at a mix of levels:		
	Not rolled out further:		

10 What impact did this phase have on the organisational performance, culture and climate?	Level of impact:	Significantly detrimental:	Detrimental:	No discernable impact:	Positive:	Significantly positive:
	Management process:					
	Strategic learning:					
	Culture:					
	Climate:					
	Other (please state):					

| **11 Are you able to identify any specific benefits that were directly attributable to the Balanced Scorecard during this phase?** | |
| **12 What were the key lessons learned during the development and implementation phase?** | |

Section 4: Post implementation. This section seeks to understand what changes have occurred and what impact the Balanced Scorecard has had on the organisation since implementation.

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1 Has the Balanced Scorecard changed since it was initially introduced?		To the structure of the scorecard:		To the content of the scorecard:	
	There has been significant change:				
	There has been moderate change:				
	There has been little change:				
	There has been no change:				

2 Where the Balanced Scorecard has changed what caused those changes to be made?	

3 What changes has the Balanced Scorecard had on the organisational performance, culture and climate since it was implemented?	Level of impact:	Significantly detrimental:	Detrimental:	No discernable impact:	Positive:	Significantly positive:
	Strategy:					
	Financial performance:					
	Output:					
	Organisational Learning:					
	Culture:					
	Climate:					
	Other (please state):					

4 Are you able to identify any specific benefits that were directly attributable to the Balanced Scorecard?	

5 What changes have taken place to the business processes used within the organisation since the Balanced Scorecard was implemented, eg have new processes been added or deleted?	

6 To what extent were the original aims of introducing the Balanced Scorecard met or exceeded?	Original aims fully met and exceeded:	
	Original aims fully met:	
	Original aims only partially met:	
	Significant shortfall against original aims:	
	Original aims no longer considered relevant:	

7 To what do you attribute this success or failure?	

8 What is the level of understanding of the Balanced Scorecard now?		Not understood at all:	Fair understanding:	Good understanding:	Very good understanding:
	At Board level:				
	At senior management level:				
	At middle management level:				
	At junior management level:				
	At workforce level:				

9 Is the organisation committed to continued use of the Balanced Scorecard?	

10 Are individual's		Not linked at all:	Partially linked:	Fully linked:

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personal objectives explicitly linked to the organisation's Balanced Scorecard and if so how and at what levels of the organisation?	At Board level:			
	At senior management level:			
	At middle management level:			
	At junior management level:			
	At workforce level:			
11 Is the reward structure of the organisation linked to the Balanced Scorecard and if so how?		Not linked at all:	Partially linked:	Fully linked:
	At Board level:			
	At senior management level:			
	At middle management level:			
	At junior management level:			
	At workforce level:			

Section 5: The future. This section aims to look at what further development or implementation of the Balanced Scorecard is planned within this organisation.	
1 If the Balanced Scorecard is not fully implemented at all levels within the organisation, is this planned and if so over what timescales?	
2 What changes are planned to the Balanced Scorecard and why?	
3 What changes are planned to the Balanced Scorecard process and why?	
4 What are the organisation's future expectations of the Balanced Scorecard?	
5 What plans are there to introduce other business processes into the organisation?	

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Section 6: General comments.	
Please add any additional comments that you feel are relevant at this stage and are not specifically covered above. In particular if you are able to supply supporting evidence this would be most helpful:	

Thank you for your help.	
Please indicate whether you would be willing to allow me to contact further concerning the development of the Balanced Scorecard in this organisation:	

Appendix D to Chapter 4: Improving the quality of survey responses.

1.   The requirement.

Despite efforts to encourage response to the culture surveys the response was disappointingly low. This meant that maximum value needed to be extracted from the responses received. This annex outlines the measures employed to improve the value of responses.

The Denison survey merely required individuals to read a short statement and then mark it between 1 and 5 according to whether the respondent agreed or disagreed. In contrast, the Handy/Harrison survey required respondents to read four longer statements and then rank them in order twice, once for personal preference and secondly for perceived organisational preference. This is a much more complex process and requires more care and consideration. The error rate perceived, and low response rate, may be attributed to this greater complexity. It is thus perceived that this method of questionnaire is inappropriate for this type of "mailed" survey. This type of survey may be more appropriate for a managed intervention, eg a workshop exercise, or one-to-one intervention.

2.   Denison survey responses.

It was noted, before they were dispatched to the US for processing, that, despite clear instructions on how to complete the Denison survey, quite a few staff had not followed the instructions. The Denison survey used an "optical mark read" format, with instructions to mark the form by blacking-out the appropriate circle representing the preferred score. However, some staff used ticks, crosses or circles to indicate their preferred score, thereby almost certainly making manual entry necessary. This merely illustrates the casual manner in which this survey was treated. No remarking was necessary except in the odd instance where a light pencil mark had been used. In these instances the original mark was overwritten in the prescribed manner.

3.   Handy/Harrison survey responses.

Similarly, the error rate on the Handy/Harrison survey appeared to be due to failure to read the instructions provided. Perhaps the instructions could have been clearer, but it may be that because the requirements of the two surveys were different that people merely followed the general pattern that was clearly expected in the Denison survey. A number of phone calls and internal e-mails were received querying whether the Handy/Harrison survey required the preference to be ranked as "1" equalling first preference or "4" equalling highest preference. However, the researcher's own staff were highly dismissive of this being clear that "1" equalled first preference. Only one survey came back annotating this as a query, and when being marked the scores were reversed accordingly. Clearly it is impossible to say at this stage whether any other of the surveys received were marked on the basis of "4" equalling highest preference. Certainly the perception when marking was that if this was a problem it was more likely to be a problem where the survey had been marked incorrectly. The reason for this perception was that the overwhelming proportion of correctly marked surveys indicated personal preference and organisational style in the Role and Task areas, which is what the researcher anticipated. However, the initial perception of the researcher on remarking was that there was a higher proportion of returns containing errors that suggested that personal preference was for Power or Person cultures.

Some respondents also failed to complete, or to fully complete, the biographical details. This made control of the survey more difficult and meant that some staff did not receive a response to their survey. Thus it is impossible to confirm that these respondents were content with the outcome of their contribution to the survey, particularly in the cases where remarking was required. See below.

The process by which the survey was marked was to use a spreadsheet template divided into two similar sections, one for personal preference and the other for perceived organisational preference. Each section had four lines, one for each of the four different organisational types, and 15 columns, one for each of the 15 sections in the questionnaire. In addition there were rows and columns for headings and totals.

The response to each statement was then entered into the spreadsheet and the totals, representing the survey outcome, were then copied to a separate sheet. The totals in each column were a ready reference to ensure that each section had been marked correctly. That is the sum of each question column had to add up to 10 (1+2+3+4=10) and the result column to 150. The table would also be scanned to check that other combinations of 10 had not been entered inadvertently (eg 2+2+3+3=10).

Table 4D. 1: Example of the table used to mark the Handy/ Harrison questionnaire.																
Personal:	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**	**12**	**13**	**14**	**15**	**Sum**
power	1	4	4	4	4	3	4	4	4	4	4	4	4	3	4	**55**
hierarchy	4	2	2	1	1	4	3	3	2	3	3	2	3	4	3	**40**
matrix	3	1	1	2	2	1	1	1	1	1	2	1	1	1	1	**20**
stellar	2	3	3	3	3	2	2	2	3	2	1	3	2	2	2	**35**
	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	150
Organisational:	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**	**12**	**13**	**14**	**15**	**Sum**
power	2	1	3	3	3	4	1	3	3	3	2	3	1	1	3	**36**
hierarchy	1	2	1	1	2	1	2	1	1	1	1	1	2	2	4	**23**
matrix	3	4	2	2	1	3	3	2	2	2	3	2	3	4	2	**38**
stellar	4	3	4	4	4	2	4	4	4	4	4	4	4	3	1	**53**
	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	150

Where the survey had not been fully completed, or where it was marked correctly, the marks provided were recorded as reported above. This generated an initial score indicating a form of preference and a form of perceived organisational preference. If it was simply the case that a couple of sections had not been marked the ranked order of personal preference, perceived organisational preference was used to provide scores in the areas missing. Thus for example, if one section had been omitted giving a score of 140, the additional 10 marks were added in accordance with the preference indicated by the 140 score allocated by the respondent. Fink indicates that this type of adjustment is legitimate, although it does have certain problems with this type of survey that are discussed below. [1] However, there were on occasions simple errors that were amended by the most expedient means, eg a single score in a group of omitted, ie only three of the four statements being marked.

Where the scores attributed to the statements were not unique, ie they represented some form of agreement or acceptance level a different approach was used. Thus for example a score of 2, 3, 3 and 4 might be allocated. Here a two-stage process was developed:

- First, single scores were maximised or minimised were this did not conflict with other scores. Thus for example in the above example a score of 2, 3, 3, 4 would be re-scored as 1, 3, 3, 4 on the basis that the "2" represents the highest preference. This change was made without reference to the initial total scores. That is, the section scores were remarked keeping them in the same order, ignoring any impact on the total score.
- In the second stage the remaining equal scores were adjusted according to the relativities of the total scores for those organisational types. Thus, continuing the example above, if the Role culture had been marked the highest preference, and Task culture had been ranked second, then the score 1, 3, 3, 4 was adjusted to 1, 2, 3, 4. If the Task culture had been ranked above the Role culture then the score would be 1, 3, 2, 4. That is, the scores in the section were adjusted relative to the total scores. Except where the total scores were already showing a difference of more than a couple of marks, or where all four scores were involved in the process, this could lead to a change in the order of the total scores, ie where one score was unaffected by the changes but was within the range of movement resulting from the adjustment.

This process could be used in the majority of instances without any difficulty. But there were a few instances where difficulties or variations occurred:

- Where all four scores in a section were the same, ie no preference was shown, the first stage had to be omitted.
- Where initial reference to the ranking of the four organisational culture types gave no clear guidance about the potential ranking for a particular score no amendment was made until preference was clear.

- Where double scores at the top or bottom of the scale were allocated, eg 1, 1, 2, 2 or 3, 3, 4, 4, then stage one might be adjusted to clearly differentiate between the scores during second stage adjustment. Thus 1, 1, 2, 2 would be adjusted to 1, 1, 3, 3.

- Where no ranking between two alternatives was evident, eg both Power culture and Role culture total scores before the final adjustment is made both have the same score, say, 30, then the standard deviation is used to determine which should be allocated the lowest score.

- Where scores were missing from a section the section was left until the end and interpreted in accordance with the general trend revealed.

- One survey was incompletely marked and the level of omission of scoring was too high to use the methods described above. However, the questionnaire was annotated with comments that indicated that those items left blank were seen as unworkable within the organisation. Therefore in order to rank these in accordance with the perceived perceptions of the respondent, those items where there was no score were initially allocated a score of "5". The two-stage methodology for remarking was then applied. This appeared to produce a result consistent with the annotated comments in ranking terms, although comments below on the impact of the remarking process may apply, particularly in relationship to the perceived organisational culture.

- A second questionnaire that only contained one mark per section was remarked similarly using "5". But since in the personal preference section there were two options that received no marks at all, this remarking process could not be used entirely satisfactorily. These two sections were alternately marked "3" and "4", with the balance being aligned to that of the organisational preference, ie there were 105 marks to be attribute and therefore it was not possible to distribute these entirely evenly and there was no other method of choosing between the options but to make an arbitrary choice.

These techniques were developed over time and then re-applied after all the initial scores had been produced and reported. Some changes were noted and the issues arising are discussed below.

4.   Assessment of the remarking of the Handy/Harrison survey.

The marks allocated to the questionnaires that were marked incorrectly did not reflect the available scores and thus the raw data was invalid. However, it is argued that this raw data does represent the balance of the perception of the respondent. Therefore it is valid to use that information as a basis to interpret the result and allocate the marks available. Nevertheless it was noted that the process of remarking described above could have an impact on the outcome. The main issues were:

- The remarking could alter the ranking of the preference for the different types of culture. For example if remarking affected one culture type more than others, or if additional scores equalised or tipped the balance between closely marked culture types.
- Where a significant amount of remarking was required, because the same score was entered for multiple culture types frequently, in these circumstances remarking tended to exaggerate the differences between scores.

Tests were undertaken to determine whether the order in which the sections were remarked made an impact on the outcome. In some instances the result was the same or so close that the difference was minimal. However, there were some instances where the result was notably different.

Insufficient information is available to conclusively prove the validity of the remarking process. However, in providing the promised feedback to respondents, those whose survey was remarked were offered the opportunity to complete the survey again. To date only two respondents replied to this offer. One provided a new survey, and this produced a radically different result. The other respondent merely stated that she did not feel the revised score reflected her views. However, she went on to indicate that she felt that she was highly committed to the organisation despite what the survey had said. But this was somewhat contradictory since the remarking process had suggested that she had an extremely strong psychological contract with

the organisation. Thus the problems highlighted above do not conclusively indicate whether or not these remarked surveys can legitimately be included in the overall results. Thus there are three possible approaches:

- Inclusion of all the remarked surveys.
- Inclusion of some of the surveys based on the degree of remarking and the perceived reliability of the outcome.
- Exclusion of all the remarked surveys.

All but the last of these could distort the outcomes of the survey. But it is recognised that non-response distorts the results of a survey, and the exclusion of some responses provided increases that distortion. [2]

Where the original marking was in error, the gradual development of the remarking methodology outlined above meant that a consistent process was not applied when the questionnaires were first marked. This is regrettable but inevitable. The second remarking process, or checking, of the original scores provided an opportunity to apply the developed remarking process more consistently and assess its impact. This second remarking process also highlighted that a number of simple errors had occurred. Thus there were a number of surveys where the results supplied to the respondent were either incorrect or, perhaps, not the most robust interpretation of the survey response. No significant movements of scores were detected. Since the ranking process was in any event somewhat subjective it is considered that these minor adjustments are legitimate, even without referring the new score back to the respondent. This is true even where the changes involve a different ranking of the culture types, ie because the scores were already close together. This would be particularly true where the culture styles were not ranked at the extremes, ie strongest or least preference.

End notes:

[1] Fink, A. (1995). How to Sample in Surveys. Sage Publications. Page 55 and 56.
[2] Ibid. Page 54.

Appendix E to Chapter 4: What is a case study?

1.   The requirement.

This research claims to present a case study. The main case study is supported by a number of subsidiary case studies. In order to support this claim it is also necessary to examine what is meant by a case study. As such this is an ancillary argument to the main body of Chapter 4, but needs to be covered in sufficient depth because case studies represent a somewhat controversial issue. To embed this argument in the main body of the Chapter might be seen as something of a distraction; thus it is kept separate.

2.   Definition.

Yin defines a case study defines it thus:

> *"A case study is an empirical inquiry that*
>
> - *investigates a contemporary phenomenon within its real-life context, especially when*
> - *the boundaries between phenomenon and context are not clearly evident."* [1]

However, Yin is also concerned with the design of the case study and provides a second part to his definition covering the technical characteristics:

> *"The case study enquiry*
>
> - *copes with the technically distinctive situation in which there will be many more variables of interest than data points, and as one result*

- *relies on multiple sources of evidence, with data needing to converge in a triangulation fashion, and as another result*
- *benefits from the prior development of theoretical propositions to guide data collection and analysis."* [2]

This concern for the design process stems from concerns that,

> *"The case study has long been (and continues to be) stereotyped as a weak sibling among social science methods. Investigators who do case studies are regarded as having downgraded their academic disciplines. Case studies have similarly been denigrated as having insufficient precision (ie quantification), objectivity, or rigor. ...I wish I could paint a different picture. However, the stereotype does exist, and the warning is therefore quite simple: Do cases studies, but do them with understanding that your methods will be challenged from rational (and irrational) perspectives and that the insights resulting from your case studies may be unappreciated."* [3]

This concern for methodology and preplanning of the research activity might be seen as stifling for a phenomenological study. So much so that almost in contrast Stake in the introduction to his book states,

> *"A case study is expected to catch the complexity of a single case. ... Case study is the study of the particularity and complexity of a single case, coming to understand its activity within important circumstances. In this book, I develop a view of case studies that draws from naturalistic, holistic, ethnographic, phenomenological, and biographic research methods. I do not pay as much attention to quantitative case studies that emphasise a battery of measurements of the case, a collection of descriptive variables, common in medicine and special education."* [4]

In an associated footnote, he refers specifically to Yin and his *"excellent guide for a more quantitative approach"*. Zikmund [5] talks of the *"case study method"* and talks of the study of *"one or a few situations that are similar to the researcher's problem situation."* As such he sees it as exploratory research. Collis and Hussey [6] (drawing on the work of Scapens, and Otley and Berry) identify six categories:

- **Exploratory** – used where the body of knowledge is deficient or there are few theories.
- **Descriptive** – case studies that are purely describing current practice.
- **Illustrative** – research that seeks to illustrate new and innovative ideas in organisations.
- **Experimental** – describing and evaluating innovations, and the problems encountered.
- **Explanatory** – where existing theories are used to explain what is happening in a particular organisation.
- **Serendipity** – the chance opportunity to study and record the aspects of life of a particular organisation.

This breakdown looks at investigation purely in the context of existing business organisations, and the definitions need to be adapted to consider wider applications; although that is not necessary in the context of this research. (The term "case study" is also used in teaching, where a real, or tailored/constructed, case may be presented as a means of enabling students to learn about particular issues. This situation is not considered further.)

However, Collis and Hussey define, *"A case study is an extensive examination of a single instance of a phenomenon of interest ..."* [7] Similarly Stake states,

> *"A case may be simple or complex. It may be a child or a classroom of children or a mobilisation of professionals to study a*

childhood condition. It is one among others. In any given study, we will concentrate on the one." [8]

These suggest that a case study is an individual instance of a phenomenon, albeit that this may be a single collective instance. Blakie, noting that there are various definitions of case study, quotes from the work of Goode and Hatt, emphasising the unitary nature of the study; *"The case study … is a way of organising social data so as to preserve the unitary character of the social object being studied."* [9] Yin on the other hand suggests that case studies range from single cases in a single context to multiple cases in multiple contexts. Similarly, Blakie also quotes from the work of Eckstein who criticises the concept of even the individual as a single entity because of the complex milieu of issues affecting the individual. Thus Eckstein talks of "comparative research", defined as,

"…the study of numerous cases along the same lines, with a view to reporting and interpreting numerous measures of the same variables of different 'individuals.' The individuals … can be persons or collectivities, or the same person or collectivity at different points in time, in different contexts, or under different treatments." [10]

Thus a key issue in the debate about case studies is the use of singular or multiple cases. But what is clear from all this, irrespective of where the case study boundary is drawn, is that the issue or phenomenon being studied takes place in an environmental context that must be understood because it will directly affect the observations being made. It is therefore important to study that context. This will be addressed in the next section.

In summary, it is concluded that a case study is the study of a phenomenon in a particular context. This study may be used independently, or in conjunction with other case studies,

- to compare and contrast outcomes with other similar events elsewhere, or different events in the same environment,

- in order to develop new theories,

- refine, adapt or challenge existing theories, and/or

- provide reference for further work.

In the context of the research into the implementation of the Balanced Scorecard within the Royal Navy, the case study can be seen either as a single case study (the Royal Navy) or multiple case studies (ACNS, CINCFLEET, FOSF, 2SL, CFS and CGRM). Either of these views is sustainable given the views highlighted above. However, it does again emphasise the need to examine the context.

3. Case study context.

A key idea in NLP is that, *"The map is not the territory".* [11] In other words, a picture, a map, model, or case study is only an attempt to illustrate to the receiver what the object is like. It cannot completely replicate the original. Even were it possible to produce an exact replica, it would not occupy the same space in time or place and would thus be subject to different influences. Stake puts it thus,

> *"Many a researcher would like to tell the whole story but of course cannot; the whole story exceeds anyone's knowing, anyone's telling. Even those inclined to tell all find strong the obligation to winnow and consolidate. A continuum runs from telling lots to telling nothing."* [12]

Thus, since everything is truly unique, two issues arise:

- The picture, map, or model will only give an impression of the original, which will be subject to the selectivity of the producer and the way that they have represented those issues, and will be subject to the interpretation of the receiver and the way they interpret what is represented.

- Deletion, Distortion and Generalisation are essential for representation as the original cannot be replicated. But, in this way the original is destroyed; by false representation. [13]

In a similar vein, Stake refers to

- *"petite generalisations"* – small generalisations about a case or a few cases that are made throughout the representation of the case and are not immediately recognised as generalisations.
- *"grand generalisations"* – generalisations that are used to specifically articulate the issues, and which may be challenged by the case study. [14]

Thus the views of Eckstein (multiple instances) and Yin (single instance), reported above, are, at the extreme, incompatible. However, both scenarios still rely on some form of generalisation. In order to make sense of the world, deletion, distortion and generalisation are essential, but it may be necessary to understand what has been deleted, distorted and/or generalised. This is because the resultant image projected is not the reality; it is only an attempt to convey the original and will be subject to interpretation according to the "map" of the receiver. The issues are thus about how much information can be or is shared in order to convey the image.

As an example this section attempts to convey something of the environmental influences impacting the implementation of the Balanced Scorecard in MOD. Figure 4E.1 below thus tries to represent the development of the Balanced Scorecard in the MOD over time (it pre-empts the evidence presented in Chapter 6, which needs to be read to determine its validity). It is based on evidence gathered and the researcher's own understanding and recollection of events.

Figure 4E.1: Representation of Balanced Scorecard implementation over time within MOD.
(Source: Author.)
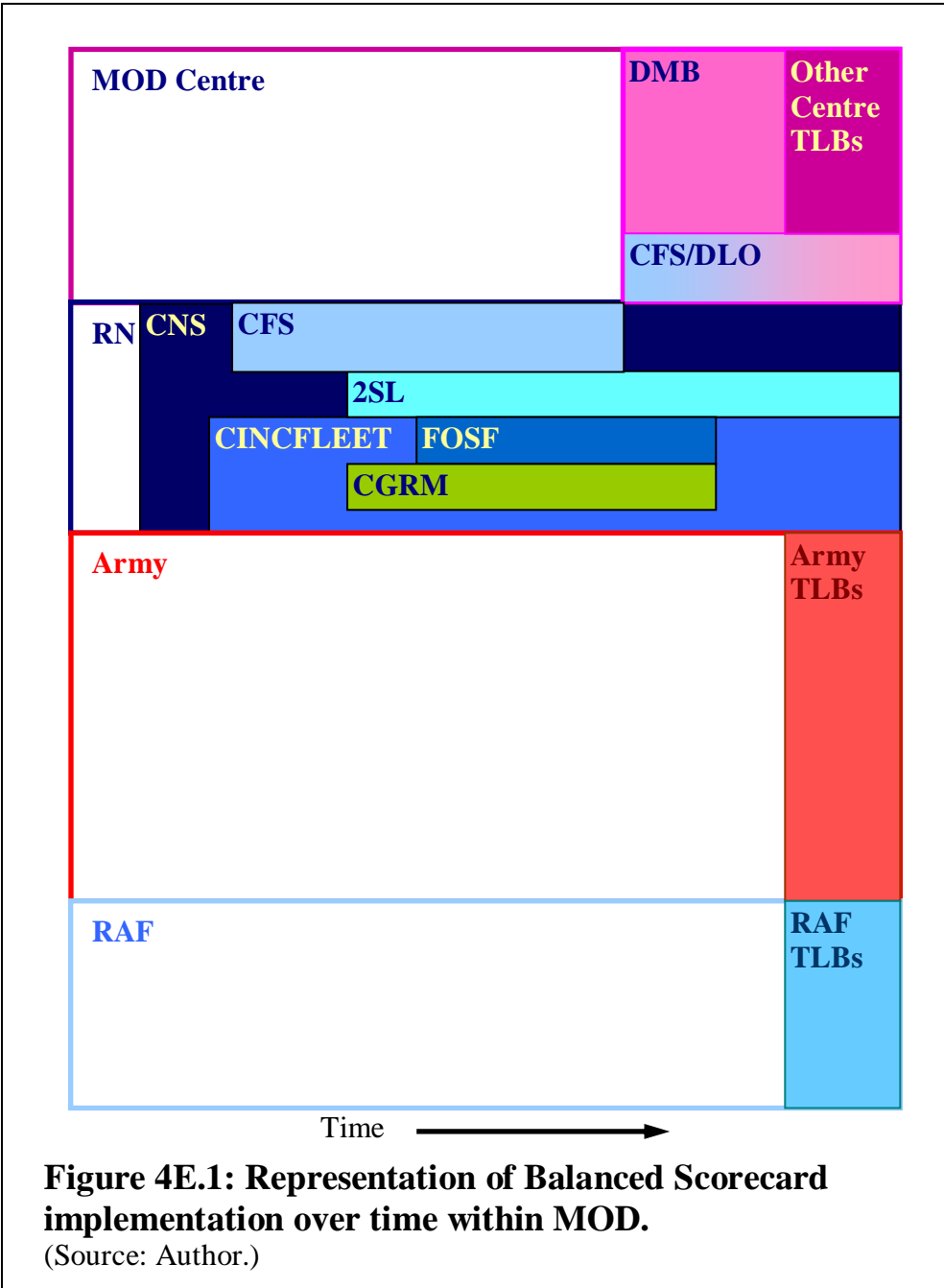
This illustrates that the work in the various parts of the Royal Navy preceded the work elsewhere in MOD. The implication (asserted as correct) is that the Navy work was instrumental in the roll out to the remainder of the MOD. However, the diagram above does not illustrate either the wider (external) influences, nor the lower level personal influences, issues or pressures. Stake states,

"Uniqueness is likely to be pervasive, extending to

1. *the nature of the case*
2. *its historical background*
3. *the physical setting*
4. *other contexts, including economic, political, legal, and aesthetic*
5. *other cases through which this case is recognised*
6. *those informants through whom the case can be known*

To study the case, many researchers will gather data on all the above." [15]

Thus, in this research, Chapter 6 represents the implementation of the Balanced Scorecard in the Royal Navy, Chapter 5 some of the wider contextual setting (including political, economic, social and technological), and Chapter 3 highlights some of the internal cultural issues (which are explored and measured in Chapters 7 and 8). This thus attempts to address the issues highlighted by Stake. Consequently, Figure 4E.1 only represents one slice through a multi-dimensional model that is more fully, but not completely, represented elsewhere in this research.

Key to the transmission of this overall model is the ability of the reader to reconstruct sufficient of the other aspects of the environment in order to understand and utilise the data successfully. What is not clear is whether the model presented will be interpreted successful, or the volume of data needed to construct the model successfully. This will depend largely on the "map" that the individual has initially, and the degree to which they hold this rigidly and inflexibly. Rigidity will cause the individual to either reject or wrongly interpret what is presented; although they may also do this because of the way that it is presented by the researcher.

Another key issue is that of when something is purely "environmental", or whether or "specific" to the case study. This would seem to be best articulated in the form of a continuum, as shown in Figure 4E.2.

Environmental   **Specific**

Issues that describe the immediate context but which do not directly and discernibly impact the issue.

Issues that relate directly to the issue and can be seen to have a direct impact on it.

Figure 4E.2: Continuum of issues relating to the topic of a case study.
(Source: Author.)
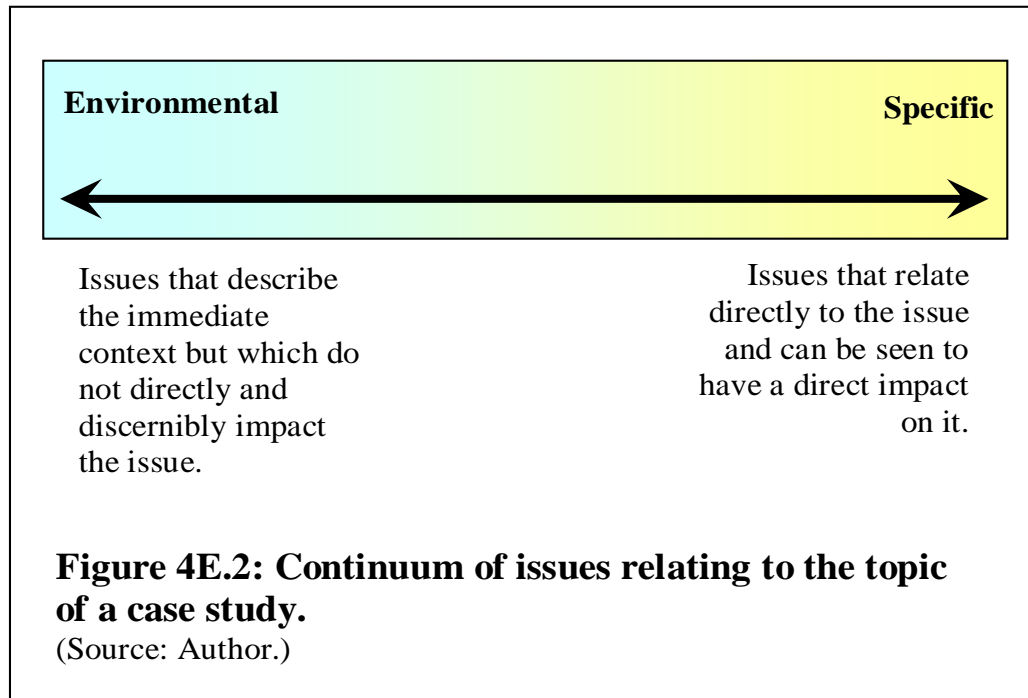
Those issues that are truly "environmental" issues, using the definition of above, could arguably be dismissed as irrelevant. Thus for example, the weather during the period of this research is not seen as irrelevant and has not been described. Conversely, issues such as the economic and political climate have been mentioned, because they are seen as having a bearing on the issues, albeit indirect and unquantifiable. Such issues would lie more towards the centre of the continuum. Issues of personalities, and personality type, are referred to, because these are seen as having a direct and specific impact on the topic. In a different case study the positions of these issues could be reversed, eg sales of ice-cream between 1998 and 2004. Thus although the environment might be common the immediately relevant features are different.

Referring back to the previous section, if each case study has its own context (because each case study is unique), much will depend on the degree of similarity of context as

to the number of case studies that can easily be handled within a given project. That is, if a company is used as the basis of a case study, other companies in the same area or the same industry will have some contextual features in common. If there is little in common, then considerable time will need to be expended building up the different contexts to illustrate the different case studies. It would then be difficult to draw parallels between the different issues. Indeed, it could be argued that the selection of alternative cases for study presupposes that there is some connection. However, the existence of some common theme could be argued as creating something of a common context, eg the implementation of the Balanced Scorecard. The ability to provide effective comparative case studies thus depends on the degree of contextual similarity.

Thus in summary, the reader is always dependent on the researcher for describing the context of his/her study. That description of the context will be subject to a level of generalisation according to the frame of reference of the researcher, ie the researcher identifies what they believe is important and describe it in ways that hopefully articulate the relevance and importance of the issues. Interpretation of the environment will similarly be subject to the reader's own frame of reference. The broader the description, the better will be the picture created. Multiple case studies will only be beneficial if sufficient time and capacity is available to describe the context of each different case. The degree of perceived commonality will affect the decision, as will the range of issues necessary to adequately describe the context. Thus one detailed case study may, in the long-term, be more valuable than multiple case studies where little or no context is supplied, ie there is an implicit generalisation that the events described were largely independent of other factors. Thus Collis and Hussey state,

> *"A case study is an extensive examination of a single instance of a phenomenon of interest ... The importance of context is essential and Eisenhardt ... refers to the case study as 'a research study which focuses on understanding the dynamics present within a single setting' ..."* [16]

4.   Case Study process.

> *"Yin's (1989) definition* [substantially the same as that used in 2003] *distinguished a case study from other types of research design, or what he called research strategies: experimentation, survey, archival analysis and a history. ...By defining the case study as a research strategy, Yin has been able to argue that there is no connection between case studies and qualitative research: 'case studies can include, and even be limited to, quantitative evidence' ..."* [17]

This quote from Blakie highlights something of a dilemma, in that a case study is clearly a phenomenological research strategy or methodology. Similarly Gray, again commenting on Yin, states, *"However, just a brief look at case studies shows why they are more often used qualitatively"*. [18]   These quotes effectively points to a, perhaps failing, attempt to position the methodology into a quantitative category with its greater emphasis on measurement. This would appeal to a more "natural science", "social science" or "business science" community. This view is perhaps supported by Robson,

> *"... the positivist 'standard view' of science has been comprehensively demolished, although its ghostly presence lingers on in the views and practices of many quantitatively inclined social researchers."* [19]

Yet the data sources proposed by Yin, *" ...documents, archival records, interviews, direct observation, participant-observation, and physical artefacts"* [20] and some of the skills proposed for a good case-study investigator:

- an ability to ask good question and effectively interpret answers, and

- an ability to be a good listener without becoming trapped by their own ideas and preconceptions, [21]

point to much more phenomenological techniques. Even the references to the conduct of "surveys" seem to reflect a preference for multiple sources of information, gathered perhaps by multiple skilled investigators, through the sensitive and intelligent use of core questions in a face-to-face interview. Thus some more quantitative data collection methods seem to be disdained,

> *"You will be collecting data from people and institutions in the everyday situations, not within the controlled confines of a laboratory, the sanctity of a library, or the structured limitations of a rigid questionnaire. ... the human "respondent" to a survey questionnaire cannot deviate from the agenda set by the questions. The respondent's behaviour is constrained by the ground rules of the investigator."* [22]

Despite taking such an explicitly phenomenological position, it can be difficult to see where deletion, distortion and generalisation have an effective role, because they inevitably detract from the view and agendas presented by interviewees. It is therefore argued that the predetermination, by the researcher, of issues to be covered is not substantially different to any subsequent filtering and categorisation of information. This will be particularly true if the questionnaire invites individuals to highlight any additional information or views that they themselves have; as was the case with the questionnaire used for the Balanced Scorecard implementation (see Chapter 4 Appendix C and Chapter 6). It is admitted that the rapport between researcher and interviewee will be different, but then personality types also vary such that some people may feel more free to express themselves on paper. Similarly questionnaires that rely on graded scales allow the interviewee/respondent to make the assessment and this takes the interpretation out of the hands of the interviewer to a greater extent.

In summary most writers emphasise the methodology when describing case-studies. Even where this is linked with the concept of "quantitative" research, the emphasis is more on the extent and variety of data collection methods rather than on any truly numerical process. Thus none of the researcher's reading on case study highlights any linkage between the use of questionnaires and case study methodology, indeed Yin, often seen as a key authority, would seem to disdain such a connection. [23]

5.   Questionnaires as a case study methodology.

Based on the definitions supplied in a number of the texts referred to above, this research could be described, perhaps loosely, as a case study. It sets out to study a particular issue in depth looking particularly at the context, recognising the multiple influences. The key issue that appears to distinguish this work from the general category of case studies is the use of questionnaires to collect data.

Berdie, Anderson and Niebuhr describe a questionnaire as, *"… a series of predetermined questions that can be either self-administered, administered by mail, or asked by interviewers".* [24] Similarly Fink describes a survey as,

> *"… a system for collecting information to describe, compare, or explain knowledge, attitudes, and behaviour. Surveys involve setting objectives for information collection, designing research, preparing a reliable and valid data collection instrument, administering and scoring the instrument, analysing data, and reporting results. … The questions in survey instruments are typically arranged into, taped, or self-administered questionnaires (on paper or on a computer) and into in-person (face-to-face) or telephone interviews".* [25]

Thus it is possible to talk of a "questionnaire", or more correctly perhaps of a "survey", since this embraces the wider function of preparing the questionnaire through to the analysis, interpretation and reporting of the results. This implies that

survey work, even when administered remotely (mail, telephone or computer), is a complex process. Berdie, et al, emphasise that, *"... each study using questionnaires is unique and must be tailored to fit the individual circumstances of that study".* [26] Like Yin in respect of case studies, they go on to highlight criticisms of questionnaires,

> *"Many people are quick to criticise the reliability and validity of all questionnaires; these criticisms are only legitimate when directed at poorly designed questionnaires. Well-designed questionnaires are reliable and valid."* [27]

Similarly Oppenheim distinguishes between:

- Research design – the plan or strategy of the research and the underlying logic that will facilitate the research and process of drawing valid conclusions, and
- Research techniques – the methodological issues of what to measure and how the data will be collected. [28]

He highlights that, *"Too often, surveys are carried out on the basis of insufficient design and planning or the basis of no design at all."* [29] Oppenheim sets out 14 stages for a survey design:

Table 4E.1: Stages of a survey. [30]	
1.	Deciding on the aims of the study, the issues to be investigated and the variables to be measured.
2.	Reviewing relevant literature and other information sources.
3.	Conceptualisation of the study, including initial detailed interviews and review.
4.	Feasibility study of the proposal, matching potential objectives with resources.
5.	Determining specific hypothesis for testing.
6.	Developing, including possibly by adaptation, the proposed survey instrument.
7.	Piloting the survey and refining it as necessary.
8.	Designing the sample to be surveyed.
9.	Identifying the sample to be surveyed.
10.	Data collection using the survey instrument.
11.	Data preparation and compilation.

12.	Analysis of the data.
13.	Testing the hypothesis using the data.
14.	Writing the final report.

This process has been broadly followed in the research, as demonstrated in the main Chapter. Therefore it is argued that the process used is reasonably robust and the surveys undertaken are thus valid for research purposes. Similarly, issues about the limitations of questionnaires are covered in this chapter; question design, attitudes of respondents, etc. So there are issues about whether this is the most appropriate mechanism for collecting data. However, Mangione suggests questionnaires are most appropriate where:

- Respondents are widely dispersed.

- It is better to give respondents more time to consider their answers.

- Respondents have a moderate or high interest in the topic.

- Questions are predominately closed. [31]

It is argued that all these applied to a lesser or greater extent in the surveys undertaken. Similarly, Blakie highlights questionnaires as an appropriate mechanism for quantitative research; [32] and the main Chapter argues that this research lies away from the extremes of either quantitative or qualitative research. The limitations of the questionnaire for qualitative research are seen as partly being overcome by the researcher's personal observation and informal data gathering. Robson prefers to talk in terms of *"flexible design research"* where *"... so-called qualitative designs can incorporate quantitative methods of data collection."* [33] Here Robson is contrasting flexible design research with a more quantitative fixed design research approach which would tend to be underpinned by pre-existing theory and pre-determination of research question and methodology. But Robson also argues for a "Realism" research paradigm that *"... permits a new integration of what are usually referred to as subjectivist and objectivist approaches to social theory."* [34] He goes on to state, *"Within the realist framework it is held that theory, rather than data or the methods used to produce those data, is central to explaining reality."* [35]

6.   Mini case studies.

So far the argument of this appendix has been about the main case study of CINCFLEET, within the wider context of the Royal Navy. It is also necessary to consider the mini case studies conducted towards the end of this research, partly because they differ radically from the main case study. Table 4E.2 below highlights some of the perceived key differences.

Table 4E.2: Comparison of the main case study and subsequent mini case studies.	
CINCFLEET (Royal Navy)	**Mini case studies.**
Researcher extensive experience working within the organisation, or within associated parts of MOD.	Researcher external to the organisations.
Extensive written material readily available about the organisational culture.	Material not readily available about the organisational culture.
Data gather mainly by mailed questionnaires or surveys.	Data gathered mainly by face-to-face interviews.
Couple of short interviews ancillary to case study.	Interviews main source of case study material.
Case study compiled over long period.	Case studies conducted over a relatively short period.
Substantial analysis of environmental factors.	Summary examination of environmental factors. (Although many of the wider environmental factors relating to the broader context of MOD will have some read-across to the other Government Departments covered in the mini case studies, for example the general political and economic pressures on Government Departments in the 1990s.)
No "user" validation of overall results. (Although individuals were provided with feedback on the Harrison/Handy survey and were invited to comment.)	Interviewee validation of case study report.

The contrast continues in that the mini case studies are multiple instances of the issues covered in the main case study. In that sense therefore they represent the other end of the spectrum discussed by Yin and others; single study in a single context, multiple studies in multiple contexts. The issues here are that the common theme is the

implementation of the Balanced Scorecard. The underpinning theory and theoretical framework is thus common. Indeed, there are also significant commonalities of context as three of the comparative organisations are Government Departments, one is a local authority and one is a company dealing, substantially, with equipment needs of the military. The issues are thus largely around whether sufficient of the issue and context has been examined in each instance to justify the term "case study", and whether the methodology is also sound.

The contention here is that, although the examinations of these additional six organisations was cursory compared to the base case study, the essential ingredients were present. Yin, above, highlights three methodological issues:

- Recognition of technical complexity.
- Multiple sources of data.
- Underpinning theoretical frame work.

These three issues are clearly linked. However, to examine each in turn:

- **Recognition of technical complexity** – Work on the main case study highlights that the researcher has understood the technical complexity of issues affecting that environment. None, of the other instances studied is likely to be any the less complex. However, it is argued that the main case study will have made the researcher more aware of the issues likely to be important. Similarly, interviewees will also be aware of the issues that they regard as important and will seek to inject these into the discussion. As with the literature surveys, and following the Pareto Distribution rules, it is suggested that a "rich picture" of the issues can probably be determined in a relatively short period. The issues are thus about the skills of the researcher as an interviewer and analyst. As a senior middle manager within MOD, the researcher has years of experience interviewing people: as an auditor; in recruitment, promotion and appointment; in project management; preparation of internal reports; contractor appointments. Similarly, having had roles in the

management of projects and programmes, as policy advisor, and as a senior financial manager, it is argued that the researcher is also adept at analysis of complex issues.

- **Multiple sources of data** – Data has essentially been derived from three sources for each of the case studies given: documents, interviews, personal observation during visits to each of the organisations. Similarly, as has already been argued, general background (environmental) information will be available to the research from study of the main case study and from media. None of the case study situations were of an organisation unknown to the researcher, although neither were they familiar to him.

- **Underpinning theoretical framework** – The initial case study of the Royal Navy provided the theoretical framework both in terms of the study of the Balanced Scorecard and culture. From this initial study were developed the concepts and models that were used as a basis for the subsequent work in the follow-up case studies. For example, it is noted that all the interviewees (with possible the exception of the BAE Systems case study) were people who had only comparatively recently joined the organisation: maximum of three years with the organisation and as little as about 9 months. This means that organisational culture would be an issue that each was conscious of.

It is therefore argued that although these studies were brief they were soundly based from a theoretical perspective. Their limitations must be recognised, because of this brevity. Yin and others might thus argue that they are not valid case studies, because they are not "in-depth" and use only limited reference points. Consequently the contextual information is also limited. This argument is recognised, but it is suggested that the previous research enabled the researcher to focus in on the key issues and present a picture which was recognised by the interviewee as a good representation of the situation.

7.   Conclusion.

Writers on case study as a research methodology do not refer to the use of questionnaires as a data collection technique. The emphasis is much more on the face-to-face interview and the interpretation of data retrieved from this more rich form of communication. However, it is argued that the quality of methodological design and execution of a case study can be successful, or undermined it. So too the quality of a survey, using a questionnaire remotely, can be valid or invalid in terms of the information derived. This researcher does not claim to be an expert, either in case studies or surveys. The limitations of the work undertaken are highlighted in this research project. It is therefore argued that just as face-to-face interviews are open to misrepresentation through deletion, distortion and generalisation, so too are questionnaires. The advantage that a questionnaire has over an interview is that the question is received by all participants in exactly the same way and is therefore better controlled. It is also more available for subsequent scrutiny and analysis. Similarly, the use of graded scales reduces the potential for the interviewer to misinterpret or misrepresent the input received from the interviewee/survey respondent.   It is therefore argued that a questionnaire is a valid instrument for use in a case study, where it is the resultant data and its interpretation that is important. In particular, the emphasis of a case study is on the multiple sources of data, and upon the importance and connection with the environmental context. This has been the case with this study, where material has been presented looking at local, national and international issues. This argument is supported by the realism research paradigm which allows for greater flexibility in the execution of research by reducing the distinction of quantitative and qualitative methods.

This research has also been about hard measurement: the need to have clearly defined and measurable interpretation of culture in order to promote a wider understanding and management of cultural issues. This research aims to demonstrate that this is possible, and indeed possible within a particular context. The study is about culture changed and the ability to measure and manage this through the Balanced Scorecard.

The issue is not primarily about the questionnaires, although these are seen as a quick and cost effective means of gathering the data.

It is therefore proposed that a survey using a remote questionnaire is a valid technique to be employed alongside other data sources for a case study. The researcher is therefore justified in claiming that this research presents a "case study". Similarly, although the brevity of the supporting case studies is recognised, because they follow the basic principals outlined by Yin, these too qualify for the title of "case study".

End notes:

[1] Yin, R. K. (2003). Case Study Research: Design and Methods (3rd Edition). Sage Publications. Page 13.

[2] Ibid. Pages 13 and 14.

[3] Ibid. Page xiii.

[4] Stake, R. E. (1995). The art of case study research. Sage Publications. Pages xi and xii.

[5] Zikmund, W. G. (2000). Business Research Methods (6th Edition). Dryden Press. Pages 107 and 108.

[6] Collis, J. and Hussey, R. (2003). Business Research (2nd Edition). Palgrave Macmillan. Pages 68 and 69. Refers to: Scrapens, R. W. (1990). Researching management accounting practice: The role of case study methods. British Accounting Review. Number 22. Pages 259 to 281. And: Otley, D. and Berry, A. (1994). Case study research in management accounting and control. Management Accounting Research. Number 5. Pages 45 to 65.

[7] Ibid. Page 68.

[8] Stake, R. E. (1994). Case Studies. In: Denzin, N. K. and Lincoln, Y. S. (Editors). Handbook of Qualitative Research. Sage Publications. Page 236.

[9] Goode, W. J. and Hatt, P. K. (1952). Methods in Social Research. McGraw-Hill. Page 331. In: Blaikie, N. (2000). Designing social research. Polity Press. Page 215.

[10] Eckstein, H. (1975). Case study and theory in political science. In: Greenstein, F. E. and Posby, N. W. (Editors). Handbook of political science. Volume 7: Strategies of enquiry. Reading, MA: Addison-Wesley. Page 85. In: Blaikie, N. (2000). Designing social research. Polity Press. Page 216.

[11] O'Connor, J. and McDermott, I. (2001). The way of NLP. London: Thorsons. Page 76. Attributed to: Korzybski, A. (1933). Science and Sanity.

[12] Stake, R. E. (1994). Case Studies. In: Denzin, N. K. and Lincoln, Y. S. (Editors). Handbook of Qualitative Research. Sage Publications. Page 241.

[13] O'Connor, J. and McDermott, I. (2001). The way of NLP. London: Thorsons. Pages 116 to 118.

[14] Stake, R. E. (1995). The art of case study research. Sage Publications. Page 7.

[15] Stake, R. E. (1994). Case Studies. In: Denzin, N. K. and Lincoln, Y. S. (Editors). Handbook of Qualitative Research. Sage Publications. Page 238.

[16] Collis, J. and Hussey, R. (2003). Business Research (2nd Edition). Palgrave Macmillan. Page 68. Refers to: Eisenhardt, K. M. (1989). Building theories from case study research. Academy of Management Review. Volume 14, Number 4. Page 534.

[17] Blaikie, N. (2000). Designing social research. Polity Press. Page 217. Refers to: Yin, R. K. (1989). Case Study Research: Design and Methods (Revised Edition). Sage. Pages 23 and 24.

[18] Gray, D. E. (2004). Doing research in the real world. Sage Publications. Page 123.

[19] Robson, C. (2002). Real world research (2nd Edition). Blackwell Publishing. Page 180.

[20] Yin, R. K. (2003). Case Study Research: Design and Methods (3rd Edition). Sage Publications. Page 83.

[21] Ibid. Page 59.

[22] Ibid. Page 72.

[23] In addition to the authorities covered above, the researcher referred to: Creswell, J. W. (1998). Qualitative inquiry and research design: Choosing among five traditions. Sage Publications. Sekaran, U. (2000). Research Methods for Business (3rd Edition). Wiley & Sons. and, Silverman, D. (2000). Doing qualitative research: A practical handbook. Sage Publications.

[24] Berdie, D. R. Anderson, J. F. and Niebuhr, M. A. (1986). Questionnaires: Design and Use (2nd Edition). Scarecrow Press, Metuchen NJ & London. Page 1.

[25] Fink, A. (1995). The survey handbook. Sage Publications. Pages 1 and 2.

[26] Berdie, D. R. Anderson, J. F. and Niebuhr, M. A. (1986). Questionnaires: Design and Use (2nd Edition). Scarecrow Press, Metuchen NJ & London. Page 2.

[27] Ibid. Pages 2 and 3.

[28] Oppenhiem, A. N. (1992). Questionnaire design, interviewing and attitude measurement. Pinter Publishers Ltd. Page 6.

[29] Ibid. Page 7.

[30] Ibid. Pages 7 and 8.

[31] Mangoine, T. W. (1995). Mail surveys: Improving the quality. Sage. In: Gray, D. E. (2004). Doing research in the real world. Sage Publications. Page 108.

[32] Blaikie, N. (2000). Designing social research. Polity Press. Page 233.

[33] Robson, C. (2002). Real world research (2nd Edition). Blackwell Publishing. Page 164.

[34] Ibid. Page 35.

[35] Ibid. Page 167.

Appendix A to Chapter 5: Reorganisation of CINCFLEET.

1.   Introduction.

Hudson highlights that the organisation of CINCFLEET prior to the Fleet First reorganisation had lasted since 1982. The considerable reduction in the size of the Fleet in the intervening years is given as the prime reason for change, but he continues, *"Unfortunately the size of various HQs has not mirrored the drawdown, in fact they became bigger!"* [1] This latter reason is believed to have been a prime cause of change, but other key issues were:

- Lack of ability to control substantial elements of costs at lower budgetary levels, rendering redundant these lower level structures and the overhead involved.
- Duplication of functions across organisational stovepipes.
- Manpower pressures and the difficulties of manning a London HQ and the poor working conditions of many staff across the different HQs.

This Appendix describes the changes and analyses the changes using established change models.

2.   Fleet First. [2]

During 2002 CINCFLEET was restructured. This restructuring mainly affected the Headquarters (HQ), and was aimed at improving efficiency by reducing overheads. It was intended that the reorganisation would therefore improve the delivery of output, which for the purposes of this research we will describe as the delivery of operational capability and readiness to meet the requirements placed on it by the Ministry of Defence (MOD). The reorganisation was a significant event and is germane to this research work.

Prior to the reorganisation the organisational structure was as shown in Figure 5A.1:

Figure 5A.1: CINCFLEET prior to Fleet First reorganisation.
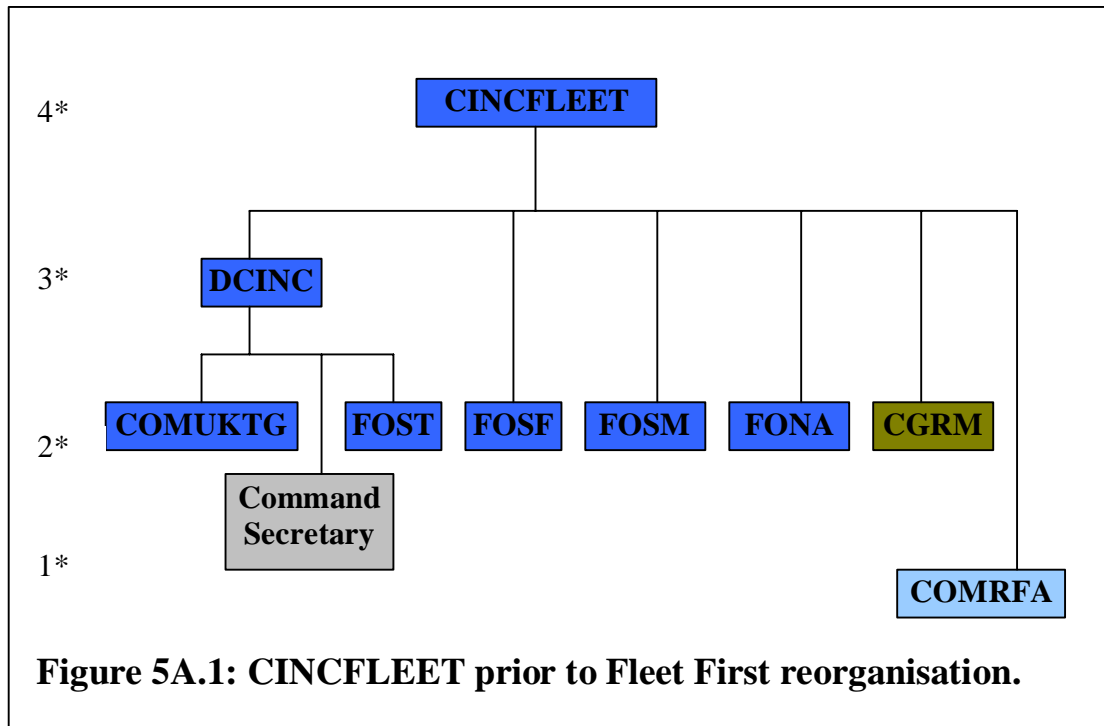
The CINC was accommodated at the Northwood HQ and also held a senior NATO appointment. Thus much of the management of CINCFLEET was undertaken by Deputy CINC Fleet (DCF or DCINC). Figure 5.2 highlights the members of the Fleet Management Board (FMB) (the Glossary explains the individual posts). In addition ACOS(Pol), a 1* Naval Officer, was required to be "in attendance", and may therefore be considered to be part of the FMB. Essentially, this organisation consisted of "Type Commands", where the different "arms" of the Navy were managed by a 2* officer. COMUKTG (Commander UK Task Group) was the senior naval officer afloat responsible for the execution of major exercises or operations. FOST was responsible for the training standard of naval surface vessels (including the RFA). The Royal Fleet Auxiliary (RFA) is the Merchant Navy manned vessels used in support of naval activity at sea and was headed by a 1* Merchant Navy Commodore. The Command Secretary post was raised from 1* level (Grade 5/ML3) to 2* level (Grade 3/ML2) during the period of this research. This post was responsible for the "political" advice to the CINC (eg answering Parliamentary Questions and providing advice to MOD's Ministers on matters of importance), as well as the financial

management of the Command and the management of civilian staff within the Command.

Figures 5A.2 and 5A.3 place the Command in the broader context of the MOD.

Figure 5A.2: Outline of MOD organisation and functions.

Figure 5A.3: Navy Grouping or Sector.
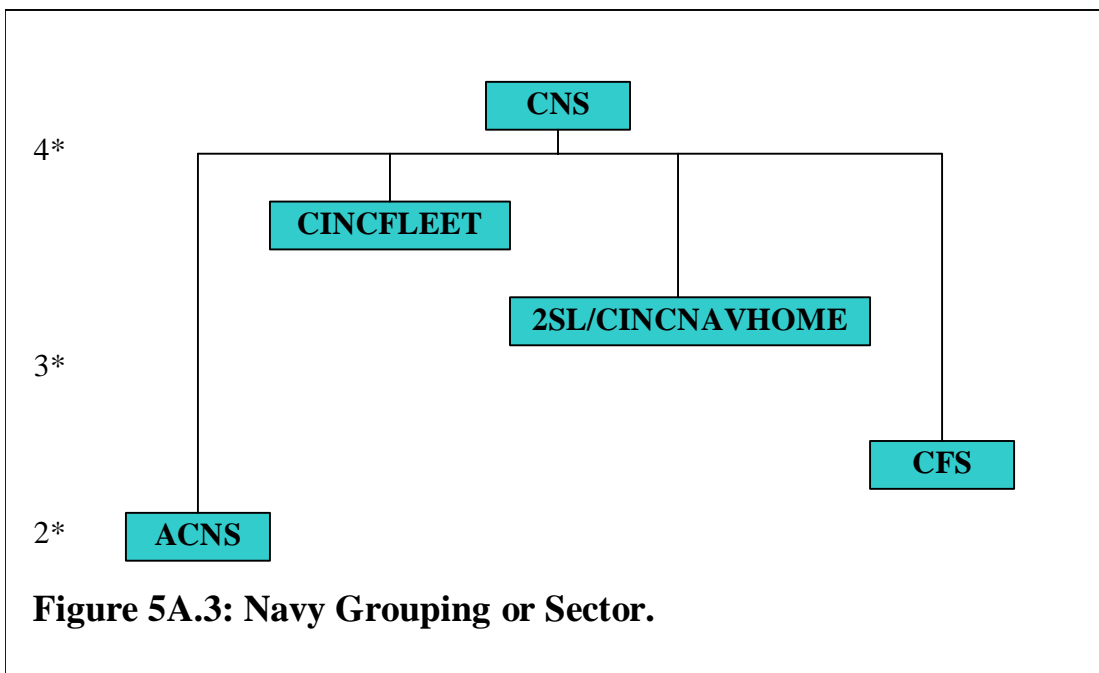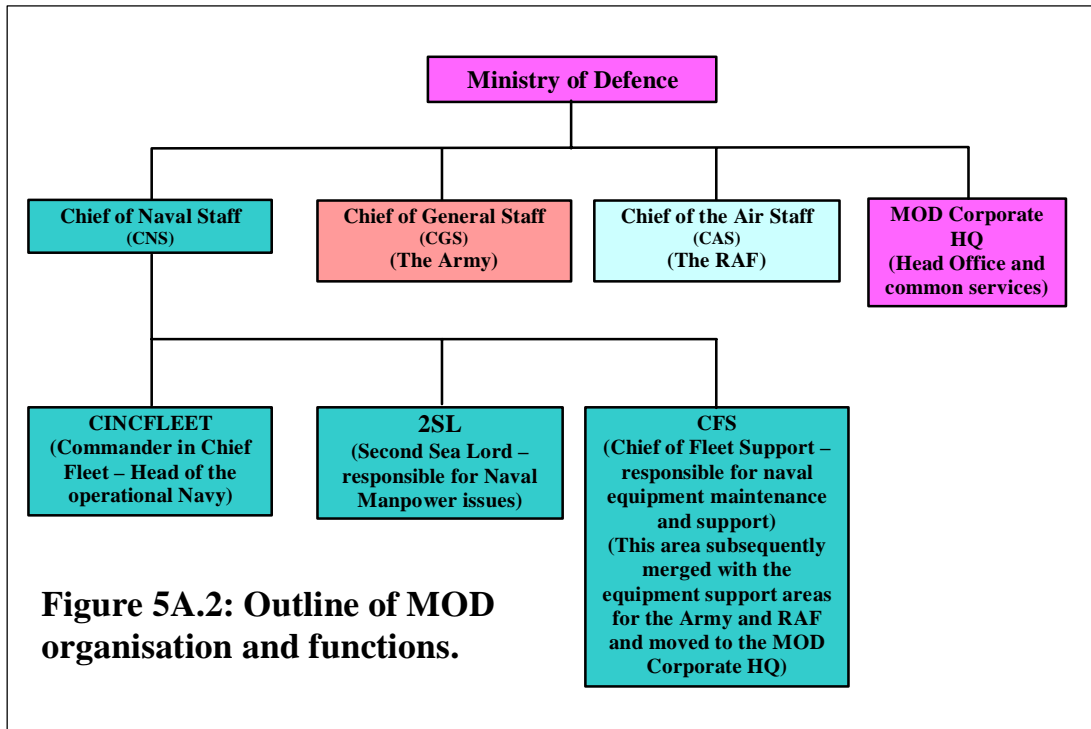
During the period of this research there were other structural changes that took place. Most important of these changes was the creation of the Defence Logistics Organisation (DLO), which brought together CFS, Quartermaster General (QMG) and Air Member for Logistics. This resulted in changes for the Navy Sector. CFS was abolished as a post, with the Navy Board member being provided by a 2* Naval Officer from the NBSA/WSA (Naval Base and Supplies Agency and the Ships Support Agency, which was merged as the Warships Support Agency). 2SL/CINCNAVHOME (Second Sea Lord/Commander-in-Chief Naval Home Command) was reduced from a 4* to a 3* post. Also during these reorganisations, FONA moved to become AOC 3 Group in HQSTC, into which the Fast Jet naval aircraft were absorbed, while troop carrying naval helicopters were transferred to the Joint Helicopter Command (JHC) in Land Command. Whilst AOC 3 Group continued to be the head of Naval Aviation, and retained a seat on the FMB, the 1* post of Commodore Naval Aviation (COMNA) was also created as an FMB post with responsibility for the remaining Naval Aviation issues within CINCFLEET (essentially Anti-Submarine warfare helicopters and Naval Air Stations).

The reorganisation of CINCFLEET resulted in the organisation set out at Figure 5A.4.

Figure 5A.4: CINCFLEET post Fleet First reorganisation.
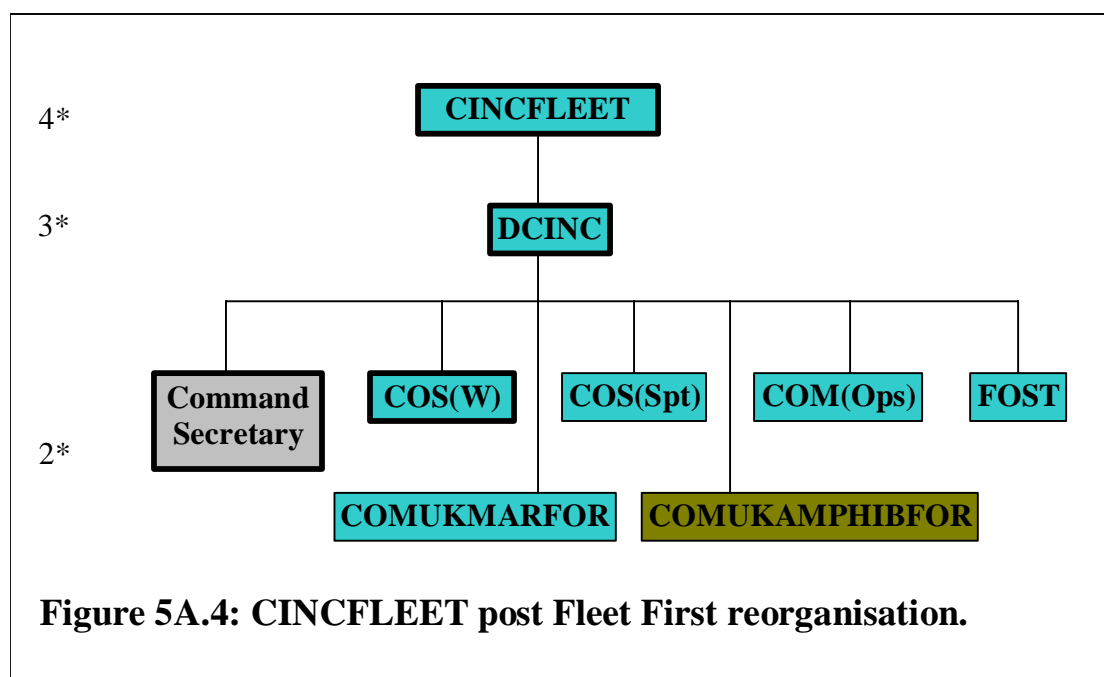
This organisation was established in Portsmouth, with DCINC moving from Northwood; although both the CINC and COM(Ops) remained at Northwood (partly because they both retained their respective roles in the NATO organisation based at Northwood). Again this diagram reflects the management board members. Those in the bold outlined boxes were members of the new Fleet Executive Board, along with the Non-Executive Directors, whilst all those at 2* level were members of DCINC's Fleet Management Group (FMG). Whilst "Tribal Chiefs" were retained for the different functional specialisms of the fighting arms, the new organisations were broader cross arm functional specialisms. Thus, COMUKAMPHIBFOR, responsible to providing the operational lead on amphibious operations was also CGRM; COM(Ops), responsible for directing Naval operations, was also Flag Officer Submarines; COS(W), responsible for operational readiness of the fleet, was the tribal chief for the surface fleet. Thus a matrix organisation was being created. ACOS(Pol) became ACOS(P&P) (ie Plans and Programmes) and assumed 1* responsibility for finance issues in addition to the planning and programming functions and continued "in attendance" at the FMG.

3.   Process of change.

Above is a description of the Fleet First restructuring. Originally "Fleet First" was the title given to that restructuring programme. Although subsequently the title was used to refer to the whole of the Change Programme aimed at delivering the capability to operate effectively in the new structure, the title did not gain wide recognition in that context. In order to effect cultural change within the new organisation eight new "Ways of Working" were articulated.

- Consider the "big picture".
- Focus on service and outcomes for Fleet.
- Think and operate as a Fleet HQ team player.
- Take ownership and responsibility.
- Build relationships and communicate effectively.

- Develop people and their capability.

- Challenge and improve Fleet HQ working practices.

- Share your knowledge and make use of corporate knowledge.

Further issues about the change process are also covered in Chapter 7.

In order to build further understanding of the culture of CINCFLEET the process that precipitated these changes is described. A Brown highlights different models of culture change. Some of these models are used as a basis for explaining the change process. In each case the change model is briefly described and then organisational issues are explained in terms of that model.

Lundberg's model. [3] This is based on learning cycle concepts, but gives emphasis to external environmental factors as well as internal issues. Organisational problems create surprise, this prompts enquiry leading to discovery. Four internal conditions also impact levels of change:

- Internal resources to undertake change.

- People's readiness to accept change.

- Internal coordination and communication mechanisms.

- Stable and effective leadership.

Four types of pressure can precipitate change:

- Atypical performance, eg higher productivity.

- Stakeholder pressure.

- Pressures for change in organisational size.

- Crises, eg resource constraints.

But there must also be a triggering event, which may fall into one of five categories:

- Environmental calamities eg recession,

- Environmental opportunities, eg technological change,

- Internal revolutions, eg a new management team,

- External revolution, eg nationalisation,

- Managerial crises, eg serious blunder by manager.

Such events will lead to enquiry leading to "visioning". Vision leads to change strategy, action plans that consider pace, scope and time span. Plans must cover:

- Inducement - creating the need for change.

- Action - enabling people to redefine the culture.

- Stabilisation - institutionalising the new culture.

Culture change must affect all aspects including the artefacts and assumptions. Multiple interventions are more likely to facilitate change rather than single interventions.

Interpretation of CINCFLEET changes using Lundberg's model. The researcher's personal recollection of the events leading to the Fleet First reorganisation is as follows. Financial pressures, in an organisation that was managing a smaller output, triggered examination of overhead costs. Consideration of change to the financial management structure led to consideration of organisational change. Strong leadership provided the resource to manage change, ensure proper communication of proposals and overcome potential opposition. The triggering event was the difficulty in meeting the "savings wedge" in the financial planning round that followed the appointment of a new Commander in Chief. The motivating vision was of a Headquarters located at a main operating base: "close to the customer". Planning involved approximately 36 working groups redefining HQ organisational elements and work processes. A succession of "Breakthrough" events run by senior and line management were held to articulate and embed the new culture.

Dyer's model. [4] Dyer's cycle of cultural evolution is based on understanding of culture at four levels:

- Artefacts,

- Perspectives (ie rules and norms),

- Values, and

- Assumptions.

His model identifies six consecutive (but possibly overlapping or even concurrent) phases.

- **Stage 1** – Leadership and current practices are called into question, caused by triggering event or crisis that cannot be solved by traditional methods. This results in a search for new solutions.

- **Stage 2** – The crisis results in the rejection of the previous culture. Thus the leadership might have to change. With the destruction of the previous culture there is the potential for disorder.

- **Stage 3** – The destruction of the old order does not create, but does facilitate the emergence of a new order, eg a new leadership.

- **Stage 4** – The emergence of a new order may result in conflict with remaining advocates of the old order. This needs to be handled carefully in order to prevent the remnants of the old order coalescing into an effective force that can sabotage the new regime. This stage may last for years.

- **Stage 5** – The new order establishes itself through:
  o The apparent solution of the crisis.
  o Credit for the solution of the crisis being attributed to the new order/leader.

- **Stage 6** – The new order establishes new cultural symbols, beliefs, structures etc. Supporters of the new culture are recognised and any remaining non-conformists are gradually rooted out. History is rewritten.

Interpretation of CINCFLEET changes using Dyer's model. The model might be seen as applying as follows:

- **Stage 1** – The previous methods of dealing with efficiency changes was to disaggregate them to a low level and seek a variety of changes that reduced cost. The increasing difficulty in identifying savings measures resulted in a large wedge that could not easily be bought out. An alternative strategy was therefore required.

- **Stage 2** – Leadership changes within the Services are generally fairly routine and systematic and are not seen as applying in this instance. However, location can be seen as great significance but Northwood (with its Bunker) might be seen as relating to the Cold War era. Thus moving from Northwood might be seen as significant organisational break and move forward from that era. The pace of change imposed by the CINC and the promotion of the CINC to CNS effectively committed subsequent leadership to the change programme.

- **Stage 3** – Acceptance of authority and its determination to change, coupled with acceptance of growing problems of instability around the world, indicated the need for new directions.

- **Stage 4** – The move to Portsmouth resulted in substantial changes in the civilian staffing, ie many new jobs created in Portsmouth eliminating staff from Northwood and Yeovilton who generally did not want to relocate. Thus there was considerable change of civilian staff and those staff at Portsmouth generally had new jobs. The creation of the new HQ at Portsmouth was also used as an opportunity to rotate Naval staff into and out of the HQ, and consequently many tour lengths were adjusted.

- **Stage 5** – The DCINC stamped his authority on the programme and thus became closely associated with its success. Success was well publicised and the significant changes attracted much attention across other areas of MOD as a potential model for change and improved efficiency.

- **Stage 6** – Relocation and the construction of a new HQ Building, with this and other buildings being named after Falklands War leaders, help to create new culture. This is supplemented by development of new IT based products and processes changing the way people work.

Schein's Model. [5] Schein's Model is based on the idea that different cultures exist at different stages of the organisational life cycle. And different change mechanisms apply at the different stages. These different stages are:

- **Birth and early growth** – there are four different types of evolution in this stage:

  o **Natural evolution** - which is a developing internal harmony and effectiveness through "what works fits". This may be:

    ▪ **General evolution** - an increased complexity to address more of the issues presenting themselves.

    ▪ **Specific evolution** - where specific capabilities/strengths develop to meet market needs and/or organisational strengths/interests.

  o **Self-guided evolution** - through organisational therapy. External consultants become involved and precipitate/facilitate organisational change and development. However, this requires:

    ▪ That the consultants are skilful at unfreezing the organisation, changing it and embedding the new culture.

    ▪ Organisational willingness/commitment to change.

  o **Managed evolution through hybrids** - Strategic manipulation of key appointments, where these are given to those within the organisation who will support the required cultural change. (Outsiders can be used provided they serve an appropriate "apprenticeship" first, to become part of the organisation and its culture.)

  o **Managed revolution through outsiders** - organisational growth may result in crises that require additional professional staff who have the skill/knowledge to resolve the problems. But this may result in conflict with the existing culture. The culture will either adjust to the outsiders or ultimately may eject them, based on perceptions of the added value they bring.

- **Organisational midlife** - refers to a period where the organisation is well established but has many choices strategically eg growth, diversification,

acquisition options. The culture is firmly embedded in the organisation but strong subcultures are also emerging making the culture complex. Schein identified four change mechanisms in this period:

o **Planned change and organisational development** - Based on internal conflict, the organisation culture is unfrozen, remodelled through establishing a mutual agreement between the factions, and then refrozen.

o **Technological seduction** - Introduction of new technology unfreezes and changes social patterns in the organisation. However this type of change can also be so fundamental that is may (seem to) challenge the whole nature and mission of the organisation (at least as far as some employees are concerned).

o **Change through scandal, scandal of myths** - Occurs where there is (perceived) incongruity between the espoused and actual cultural values and beliefs of the organisation.

o **Incrementalism** - Managers lead the organisation, intentionally, through a long-term programme that gradually shifts the culture.

- **Organisational maturity** - the organisation becomes stable and cultural static and possibly dysfunctional, probably borne of past success. But the culture may no longer be appropriate in changing environment. The organisation must re-establish itself by either:

o **Turnaround** - large scale reorganisation internally.

o **Reorganisation** - through external change, eg break-up or merger.

Three cultural mechanisms operate in this phase:

▪ **Coercive persuasion** - leadership forces through cultural change and employees has no option because they have nowhere else to go. Consequently people accept the discomfort of the new ideas. Highly skilled change managers are needed to make the changes succeed quickly.

▪ **Turnaround** - this again involves unfreezing the culture changing it through visionary leadership and the subtle use of change agents, and then refreezing.

- **Reorganisation, destruction and rebirth** - rarely used as a deliberate strategy.

Interpretation of CINCFLEET changes using Schein's model. The model proposes that organisations go through phases and that different cultural change mechanisms apply at different phases of the organisation's life. Consequently, whereas with the previous models the entire model was relevant, here only a small part of the model will be relevant. CINCFLEET, as a Royal Naval Command, was formed in 1968, but essentially this was a re-formation or restructuring, which, although it would have had an impact on culture, was only organisational change and would have retained many of the underlying aspects of Royal Navy culture. On this basis it is difficult not to perceive CINCFLEET as a mature organisation, even though there were intervening changes. No attempt will therefore be made to apply the "birth and early growth" or "organisational midlife" stages. Similarly, this has to be seen as a "Reorganisation" since no other elements of MOD were involved. Again it would be difficult to apply the ideas of "reorganisation, destruction and rebirth" to the Fleet First changes. One of the key messages publicised throughout the period was that change had to be accomplished in the HQ without affecting support to the operational units that thus largely untouched by the changes. This leaves two change mechanisms that operate in this phase of organisational life: "coercive persuasion" and/or "turnaround". Certainly in the context of CINCFLEET's Fleet First change programme there was a strong element of coercive persuasion since the whole ethos of the organisation is based on military "Command and Control" principles where the Commander-in-Chief makes the key decisions, and junior staff are required to obey. The only alternative for both civilian and military staff is to "opt out", by seeking a new posting or resigning. The changes were made comparatively quickly, and external consultants were hired to manage and run the "change programme" through a series of jointly facilitated events and newsletters. Alternatively, it could be argued that the "turnaround" was used since the ideas underpinning Fleet First were quite visionary for the organisation, particularly the relocation to Portsmouth (albeit that the "Prospect" reorganisation of MOD in the mid 1990s had seen the formation of new Commands and the construction of new HQ buildings, eg at Innsworth and Wyton,

and indeed these changes may have been influential in Fleet First because they provided staff with better working conditions). Secondly, it could be argued that the use of Change Agents in the unfreezing, changing and refreezing of the culture was quite subtle. Only at senior to middle management level were the consultants much in evidence and the main change events although stage-managed by a joint MOD/consultant team were totally "fronted" by Command senior management. There was also something of a culture of employment of consultants for the more novel and demanding tasks. And of course there is a degree to which MOD civilians and consultants are visibly similar (ie no uniform).

These three models have been used to explain the recent changes that have taken place within CINCFLEET. This section thus demonstrates that the models can be seen to have some validity even in the context of a public sector organisation. The underlying purpose of this section is neither to validate these models nor to demonstrate their effectiveness within the public sector environment but to provide possible frameworks for demonstrating cultural and culture change issues within CINCFLEET. However, in that they can be seen to have some validity it would be possible to use them further within the public sector to help explain and manage cultural change issues. Use of further models to explain the Fleet First programme would probably become repetitive without providing significant benefit, [6] unless the objectives were changed to include identification of a "best fit" model. What was interesting in these changes was the specific intention that, "We are aiming to change the culture" that was articulated by senior management at the time. This is in strong contrast to the stated intention that the researcher recalls from the earlier, much larger Prospect change programme where the stated intention was, "We are changing the organisation; we are not changing the culture". Indeed this later statement might seem bizarrely naïve, but is included more to demonstrate the increasing awareness of business management issues, even within the military. Hopefully also, this section has highlighted the greater recognition of, and preparedness to adopt, commercial best practice by highlighting the efforts that were put into addressing the cultural issues arising from largescale change.

End notes:

[1] Hudson, P. D. (2001). Fleet FIRST. The Naval Review. Volume 89, Number 4. October. Page 315.

[2] Fleet First: Fleet Future Integrated and Rationalised Study Team. See: Mansergh, R. J. (2001). Broadsheet 2000/2001. Ministry of Defence. Page 16.

[3] Brown, A. (1998). Organisational Culture. Financial Times/Prentice Hall. Pages 118 to 120.

[4] Ibid. Pages 123 to 125, and 127.

[5] Ibid. Pages 127 to 133.

[6] Ibid. Pages 148 and 149. Brown suggests that no model so far developed is sufficiently sophisticated to adequately explain Culture Change.

Appendix B to Chapter 5: Environmental pressures for change.

1.   Introduction.

As has been shown in Appendix A to Chapter 5, organisations need some impetus to make changes. Often these pressures have to be extreme to overcome organisational inertia. This Appendix set out in detail some of the key pressures affecting MOD, and CINCFLEET in particular, that resulted in the changes described elsewhere. For a more generic assessment of many of these issues see Stewart, "The reality of Organisations". [1]

2.   Why change?

MOD does not operate in isolation from the external environment. Its activities are directed by the political, economic, social, technological, environmental and legal factors of the surrounding world. Whilst the political, economic and technological factors might seem to have a more direct impact, the social, environmental and legal factors have had an increasing impact over the last 50 years. A Brown argues that such factors, which create competitive challenge, will continue to accelerate. [2] Some of these changes are more subtle than others, but all must be considered to create the context of this study.

Throughout the latter part of the 20th Century the growth of world trade resulted in increased global competition. One example of how whole industries have changed over the last 50 years in response to these pressures is that of the car industry, where the rise of Japanese manufacturers has reshaped international markets. Such stories have been replicated across many industries, with the result that companies have a much more global reach, not only in terms of their product but also in terms of the management philosophy. [3] Instrumental in these changes was Deming.

Reference has been made in Chapter 2 to Deming, Baldrige and the EFQM Excellence Model. [4] This illustrates how a management philosophy has migrated

around the world in industries' attempts to try to combat the impact of global competition. In recent years knowledge transmission has been enhanced by the ease of information transmission, eg via the Internet. Consequently organisations no longer simply look for the best advice available locally but will look for new ideas internationally, recognising that potential competitors, partners or parents may come from anywhere in the world. It was early recognition of this that resulted in the development of the "World Class" concept during the 1970s. This idea recognised that one way to sustain competitive advantage was to seek always to be the "best" in the world.

Business management is thus becoming much more complex a process as the short, medium and long-term impacts of management action are assessed by wider audiences in greater detail than previously. Pressure groups are much more knowledgeable; can operate on an international basis; are often prepared to take extreme action against an organisation, or against governments who are seen as failing to control effectively in accordance with popular demand. Business managers are thus more accountable whilst facing a much more dynamic environment. The TQM philosophy of "right first time" applies as much to the management process as to the physical product, because the consumer and business world is much less forgiving of failure. Society is becoming more litigious and there are increasing pressures for individuals, as well as organisations, to become liable for products and services provided by their organisation.

Business is no longer simply a matter of making money for the investor. The wider range of competing pressures needs to be reconciled. High profile business failures have given rise to increased pressure for proper scrutiny of business process has given rise in Government to the development of the role of Non Executive Directors, such as those appointed to the FMB/FEB from the business world, to give independent advice on business management.

These issues have come relatively more recently to the public sector, where the philosophy of providing what is directed from the political arena, or on the basis of

professional judgement, enabled a much more arrogant attitude to remain for longer. For example, the retention of children's organs following autopsy can perhaps be seen as a good example even in the later years of the 20th Century of a degree of arrogance in the provision of public services, arising perhaps in part from a denial of accountability. Only as costs have risen and the (perceived) gap between the adequacy of service provision, or performance, has widened between public and private sectors have politicians come under greater pressure to match the commercial world's customer accountability. Consequently the politicians have in turn put pressure on the public services to reform service provision. This drive, in Britain, was probably at its peak during the Thatcher era when the public sector went through a period of radical reform with privatisation of nationalised industries and increased public accountability of government departments through the creation of Agencies, such as those in CFS/DLO referred to earlier. [5] This accountability was aimed at providing, both to politicians and the public, a means of increasing visible control. In that sense it was a classic example of publicly measuring performance in order to gain service improvements: "You get what you measure". In particular Agencies have been required to publish their key performance targets and then report against them. Agencies were also created as a means of trying to inject modern business management into government because of the dogmatic belief that "Private sector – Good: Public sector – Bad". But a key cause of the Thatcherite reforms was the growing cost of the public sector at a time of economic difficulties. Thus public services were being provided at increased cost from an economy that could ill afford them. In part this was due to the conservative, inflexible, unresponsive and labour intensive nature of bureaucracies, which to a large extent therefore deserved the "Public sector – Bad" tag. The drive was for increased efficiency, for example by radical reductions in staff numbers and elimination of public sector involvement in various activities. The MOD's "Capital" programme to introduce RAB highlights the requirement to "Apply commercial principles" as one of its key principles. [6] Not all agree that the Thatcherite reforms were appropriate, because the issues go wider than pure economic management.

*"In extending the privatisation programme to the Armed Services
the Thatcher government hoped to bring about the improvements
in efficiency and savings that it was achieving in the private sector.
When applied to defence some of the intended gains have turned
out to be illusory, but whatever the economic impact of this
approach it risks turning the military vocation into a trade, thereby
eroding the moral content of military service and diminishing the
serviceman in his own eyes. The end result of this process will not
be the end of war, but the destruction of the ethos which enables
men to fight wars with courage and honour."* [7]

Whilst these changes continued to some extent throughout the early and mid '90s, by
the time the Blair Government took office there was a perception that the public
sector had again become stagnant and needed to have a fresh injection of ideas in
order to further improve efficiency, hence the "Modernising Government" initiative.
Demands for increased efficiency were also made in order that resources could be
reallocated to reflect changes in Government and Public perception of priorities
arising from a changing world, hence the Defence Review of 1998; although earlier
reviews sought to obtain a "Peace Dividend" to reflect more directly the end of the
Cold War. [8, 9] Historically, radical shifts in the provision of public services have been
inhibited by structural costs, which have resulted in a fairly consistent division of
available resources.

In the public sector the increasingly diverse and ageing population has given rise to
calls for services to be more accessible and less discriminatory. Consequently, all
sectors have had to pay greater attention to customer issues. These issues form an
important part of the Balanced Scorecard, where the need to "delight customers" and
not simply "satisfy" them is recognised by the "Customer Perspective" as one of the
four quadrants.

One of the driving forces behind the Balanced Scorecard was the failure of companies
who had been winners of the Baldrige Quality award. And the Baldrige, and EFQM,

models were themselves attempts to broaden the perspective of Quality from the production of "quality products". Defence Standards, British Standards, ISO, have all been attempts to ensure that product meets defined criteria, either by inspecting the product or by ensuring that the process of management and production are controlled by strict criteria. Stevenson describes the changing policy on quality in relation to MOD procurement,

> *"By the early 1970s, it was recognised that the direct inspection approach to quality taken by the MOD was failing. It became obvious that 100 per cent inspection did not translate to finding 100 per cent of faults. The increased use of then new technologies like electronics and software, along with changes in manufacturing methods such as continuous production processes, meant that direct inspection became more and more difficult to apply."* [10]

This led to the development of the Defence Standards, which placed the onus on the supplier to produce quality products through the establishment of adequate quality assurance arrangements in firms that were vetted for technical competence. As quality standards were developed on an increasingly international scale these have been increasingly adopted or subsumed into Defence Standards. Writing in the 1990s Cartwright sees enormous changes in management style, but also refers to the continuing resistance to the "quality culture". [11]

Some scepticism has surrounded quality systems, such as ISO, due to them involving self-certification following an internal self-audit process. There has been little overall impact, in the Western industrial cultures, on the quality lead held by the Far East. Even attempts to copy management philosophies, eg TQM [12], and processes have failed to radically improve product quality.

> *"It is a hazard to copy. It is necessary to understand the theory of what one wishes to do or make. Americans are great copiers ...*

QC-Circles contribute vitally to industry in Japan. American management, without understanding management's role in a QC-Circle, try to copy QC-Circles, only to find some time later that they have a dud." [13]

For example, vehicles made in the west are generally not regarded as reaching the standard of those produced in the east; although if they are produced by an Eastern owned company the quality can be expected to be higher than those produced by Western owned companies. [14] It has been reported that it takes less man-hours to produce some cars than it does to repair cars coming off the production line of Germany's luxury car producers. [15] Part of the western problem may be due to their inability to directly copy Japanese methodologies because, as Cartwright claims, these embody Japanese social customs and cultural values. [16] He goes on to refer to Landes who suggests that it is the team culture of eastern Asia that has produced the economic miracle of the late 20th Century. [17] This would suggest that the TQM process, for example, has to be adapted to fit the particular western culture proposing to take on the methodology.

But product reliability is only one aspect of the issue. Design and delivery are also important, as well as price. The increasing pace of technological change means that there are potential benefits in having the latest design, and consequently "time to market" has become a key issue. In order to reduce cost of holding stock at all stages of production there has been increased emphasis on "Just in Time" (JIT) philosophies, with the consequence that delayed delivery may cost substantial lost production. (The pressure to introduce JIT in an organisation, such as MOD, that needs to hold huge stockpiles produces conflicting objectives.) This wholesale increase in the pressure to reduce process cycle time militates against improvements in product quality. Similarly the increasing sophistication of products, including their miniaturisation, serves to increase the problems of production, although the improvements in technology have also enabled organisations to improve their effectiveness, albeit often at a cost.

The increased costs of technology must be more than offset by increases in product quality and performance if military capability is to be enhanced against the background of declining resources. Matthews quotes Kirkpatrick as indicating that military equipment unit costs rise on average by 10% per year. [18] In order to compensate for the reduced unit purchases that can be afforded, equipment must achieve more, and often collaboration is used to spread development costs. Cordesman in contrast highlights military reform in the US in the early part of the 21st Century, and suggests that technological investments are bankrupting the military whilst failing to deliver an effective military force able to deal with the emerging threats. [19]

Social changes make the armed forces less attractive as a career with the result that it is harder to attract the personnel who are able to operate and maintain sophisticated equipment. Consequently the pressure is for better, more reliable, simple to operate equipment, ruggedised to protect it from the environment and users. This emphasis on better quality, more sophisticated and capable products is exemplified in recent conflicts where Western powers have sought to use high technology weapons to prosecute war at a distance, thus minimising their own potential losses whilst inflicting very specific damage on the enemy. Added to this are the increasing expectations worldwide that collateral damage is to be minimised if not eliminated. Failure of weapons, or intelligence, can be damaging and/or embarrassing.

These issues are not restricted to the military world. A series of quality failures have been highly embarrassing for the space industries of Europe and the US. Repeated Ariane failures and the Challenger disasters have been costly in many respects. The nuclear and chemical industries have also had a number of notable failures, for example failures of quality procedures, where the economic impacts have often taken second place to environmental considerations. Weick argues that these problems arise because the systems have become more complex than the humans who operate and manage them. He sees complex social structures as helping to provide a solution, through a unifying culture. [20]

Thus MOD operates in an increasingly sophisticated technological environment where the quality of products is vital.

> *"Currently, MOD expects its suppliers to be totally responsible for the quality of the products they supply. MOD QA policy requires suppliers to have an appropriate* [Quality Management System] *in place that has been certified by an accredited certification body."* [21]

But of course there is a whole different dimension to the problem once the product has been delivered, stored, perhaps reworked/relifed, issued before it is finally used. The consequence of failure is high in many respects, eg in terms of international politics, domestic social expectations, or cost. The need to ensure the quality of products and procedures to ensure success merely adds an inflationary twist to the cost spiral. Widely publicised problems with quality, which include nuclear submarine safety issues, army rifles, and failures in procurement processes, have been embarrassing and costly for MOD and have added to the pressures for quality improvements. In the wider government service awards such as Charter Mark have sought to reassert the consumers' rights to a quality service. Renewed emphasis on process management monitoring, such as IiP and EFQM, have sought to improve quality, but may have also added to the cost. The degree to which these mechanisms are adding real value is not yet clear. If the MOD, and organisations in general, are to win the quality battle then quality must not be seen as a separate end in itself but must become integrated into the evaluation of the overall outcomes, which themselves are becoming more complex and acting across a wider environment.

Historically the conflict in capitalist society has been between the providers of capital and the labour market. The industrial revolution, and the move towards automation on an increasingly large scale, continues even into the present time. For example, the robotics introduced into the automotive industry during the last fifty years has changed it from a labour intensive industry to one where capital-intensive development and production has resulted in industry consolidation. Whilst there are

many driving factors for this, one is the high labour content and labour cost in the western world. Whilst a machine may be cheaper to buy and run than a "fickle" labour force, the result is that the labour that remains must be increasingly capable if it is to operate and maintain increasingly complex machinery.

A similar picture is also true of the military world where the "cannon fodder" of the First World War trenches are replaced by smaller numbers of troops operating more complex weapons and relying on a substantial "tail" that extends, increasingly, back to manufacturers. Whilst it is unlikely that the foot soldier will ever be totally displaced there is now at least one instance known where troops have surrendered to an unmanned aerial reconnaissance vehicle: the potential for an air strike or artillery barrage being recognised. Thus the importance of technology must not be understated, not least since deploying technology remotely reduces risk to one's own troops. Whilst attempts are made to simplify the technology at the point of use (for example, fire-and-forget) this only serves to increase the complexity of it and thus demand increasingly complex and costly maintenance support.

Thus whilst MOD needs better-educated staff, and the education system is being enhanced to provide this nationally, like the rest of the public services, MOD is unable to compete with salaries to obtain the best, because of cost. "Join the Navy and see the world" no longer has the same relevance in the 21st Century global village.

> *"But from the 1970s those anxious to better the world could do so*
> *through a range of voluntary and non-government organisations.*
> *Young men and women could experience overseas adventure and*
> *foreign travel without donning uniform."* [22]

The poor status of public services and the potential for wealth creation in the "City" financial world means that the Services, increasingly involved in highly visible "bloody" conflict, no longer have the same attraction. Thus whilst attracting enough people to reach full manning levels is proving difficult, despite opening up jobs to a wider employee market (including WRNS at sea [23]), recruiting and retaining staff of

the right intellectual calibre is even harder. Henderson is opposed to such moves, suggesting that, *"Women in* [combat areas] *seriously impede the development of unit cohesion".* [24] O'Beirne also presents a scathing attack on the enhanced role of women in the armed forces, based mainly on women's physical attributes or abilities. [25] Brown quotes an example of an Italian Bank that was ultimately "forced" to accept women into high-ranking positions only because there was a shortage of suitable men. [26] Thus the acceptance of women in wider roles is not something that is universally readily accepted. With the growth of world airline traffic operating to organised schedules, service pilots have been enticed away from the vicious circle of operational overstretch caused by under-manning, which undermines the whole manning stability of such crucial areas. Even acceptance of women into combat pilot roles has failed to have any impact because of the demanding nature of the requirements; typically only something like 1 in 500 of male applicants achieved operational status.

> *"The new post-industrialised societies of the Western world, in which work has been feminised and gender relations put on a new basis, are experiencing the greatest social disruption since the industrial revolution."* [27]

This wider perspective of social pressures seems to summarise the situation well.

At a higher level, business has also suffered considerably from high interest rates and the volatility of international markets caused by political, environmental and social factors at the national and international levels. Attempts to reduce the risk and the impact of financial pressures have resulted in the growth of a range of tradable financial instruments. But the existence of these, and a ready market, has also led to their being traded for speculative purposes. Increasingly financial institutions have relied on profits on turnover of stocks, shares and financial instruments in order to create distributable profit rather than income from stocks and shares themselves. Consequently, declining interest rates, and reduced values for shares arising from economic downturn have resulted in loss in value of long-term investments and in the potential for profit from turnover of financial holdings and instruments. This has hit

many investors badly. It is thus little wonder that companies tend to focus on the short-term when they are under such pressures from the financial communities. But it must also be recognised that the global industrial restructuring and pronounced economic swings of the late 20th Century will also have created such uncertainty that the long-term is sacrificed for short-term perspectives, for example the need to survive.

Within Government it is only in very recent years that the hand-to-mouth existence of annual budgets has supposedly been broken, primarily with the introduction of RAB overturning the annuality rules. Few Departments budgeted beyond the three-year Public Expenditure Survey cycle, even though their projects may have substantial life cycles. Although the MOD bucked the trend by having a 10 year Long Term Costing process, now replaced by a four year Short Term Plan and a 15 year Equipment Programme, there has been no hard linkage between the approvals process for major equipment programmes and the running costs of these equipments during their service life. Whole Life Costing attempts to bring these together, but there are still substantial issues to be resolved. The efficiency programmes, brought about in part by the economic pressures have focussed minds on short-term savings and reductions, possibly even at the expense of long-term efficiency. For example, there are many anecdotal stories of investment in infrastructure at MOD establishments, to ensure long-term effectiveness, being overturned by closure of the establishment in a subsequent review or cost saving programme.

These pressures have applied equally to business management skills. This growth has been both through professional and academic qualifications. Consequently most universities have business schools providing a wide range of courses through full-time, part-time and distance learning. At an international level this is a response to the success of Insead and Harvard, although Warwick was one of the UK's early successes in gaining an international standing. More recently, despite the growth in availability of such courses, the Open University MBA programme has grown to the level where the number of graduates each year exceeds the number of other MBA graduates from all other UK universities.

This growth in business training has been slow to permeate Government and the MOD in particular. However, the advent of Agencies as part of the Government's reform programme to improve the management of the Civil Service has led to a growth in the number of staff with accounting qualifications, which also embed wider business skills. Attempts have been made to improve the quality of work in other functions, such as HR and purchasing, by increasing the level of professionalism. The senior civil service has responded to this by encouraging the uptake of MBAs among fast-stream members: providing such staff with a broader and higher level qualification. Similarly, Officers in the Services recognising the longer-term need for them to have a second career outside the Services have sought to prepare themselves early by studying Business Management. [28] Early achievement of such qualifications may enhance career prospects through the development of potential, and thus create a demand for such training among those with greater aspirations for a full career within the Service. Obtaining such qualifications also helps to counter Government arguments regarding the poor quality of knowledge and ability within Government organisation. However, Zoll contends that the military do not adapt well to political or administrative appointments, having neither the knowledge nor interest in such domains to make a success of them. Indeed, Zoll also argues that the military should be encouraged to focus more on the military issues, and that subversion into these domains is causing a decline in the military ethic and professionalism. [29] In contrast Dandeker refers to the emergence of the soldier-statesman and the soldier-scholar, to meet the emerging issue of the late 20th Century political and security problems that cannot be adequately addressed by the political and academic communities. [30]

There are many environmental factors that surround the Fleet First programme and the introduction of the Balanced Scorecard into MOD. This section has attempted to give a flavour of some of these. There is no suggestion that any one of these is substantially more relevant than any other, nor that all have been covered. Nevertheless, one cannot ignore these environmental factors since they set the external context of MOD. Some of these issues have direct reach into MOD and therefore will resurface in an examination of internal influences.

End notes:

[1] Stewart, R. (1985). The reality of organisations. The MacMillan Press Ltd. Pages 151 to 172.

[2] Brown, A. (1998). Organisational Culture. Financial Times/ Prentice Hall. Page 208.

[3] For another example see summary of recent history of Xerox. Olve, Roy and Wetter. (1999). Performance Drivers (English version). Wiley. Pages 149 and 150.

[4] Cabinet Office. (1999) Assessing Excellence. London: Cabinet Office.

[5] Brown, A. (1998). Organisational Culture. Financial Times/ Prentice Hall. Page 50. Refers to *"Perhaps the most stunning example"* of cultural change initiated by Government when referring to the Privatisation programme of the Thatcher/Major Government.

[6] MOD. (1996). Capital. London: MOD. Page 1. (A brochure to outline the MOD's Capital Programme.)

[7] Coker, C. (1998). Selling the regimental silver: The unintended consequences of privatisation. In: Frost, G. (Editor). Not fit to fight - The cultural subversion of the Armed Forces in Britain and America. The Social Affairs Unit. Page 19. ISBN 0 907631 81 9

[8] Wills, R. A. (1997). Cultures in Collision: An investigation into the impact on ethos and culture experienced by the Army Medical Services following integration into civilian secondary care organisations. The British Army Review. No 115. April. This issue underlies the opening comments in this article. Wills goes on to talk about the 1994 "Options for Change", Defence Cost Study that drove the organisation change, and its base in "peace dividend" concept.

[9] Matthews, R. (2003). Costing a bomb. London: Financial Management. May. Page 17. The article highlights the 25% decline in real terms of UK Defence Spending between 1987 and 1997.

[10] Stephenson, M. (2001). Quality in MOD Acquisition. Quality World. August.

[11] Cartwright, J. (1999). Cultural Transformation - Nine Factors for continuous business improvement. Financial Times/ Prentice Hall. Page 164.

[12] Olve, N-G. Roy, J. and Wetter, W. (1999). Performance Drivers (English version). Wiley. Page 152.

[13] Deming, W. E. (2000). Out of the Crisis. MIT Press. Page 129.

[14] Cartwright, J. (1999). Cultural Transformation - Nine Factors for continuous business improvement. Financial Times/ Prentice Hall. Page 243. Here Cartwright describes the impact of Japanese mass produced quality cars on the world market.

[15] Brown, M. G. (1996). Keeping Score. Quality Resources. Pages 104 and 105.

[16] Cartwright, J. (1999). Cultural Transformation - Nine Factors for continuous business improvement. Financial Times/ Prentice Hall. Page 34.

[17] Ibid. Page 117.

[18] Matthews, R. (2003). Costing a bomb. London: Financial Management. May. Page 17;

[19] Cordesman, A. (2005). A lesson in transforming warfare. London: Financial Times. 18th February. Page 17.

[20] Weick. (1987). Organisational culture as a source of high reliability. California Management Review. Volume 29(2). Quoted in: Brown, A. (1998). Organisational Culture. Financial Times/ Prentice Hall. Page 221.

[21] Stephenson. (2001). Quality in MOD Acquisition. Quality World. August.

[22] Strachan, H. (2003). The civil-military gap in Britain. The Journal of Strategic Studies. Volume 26, No 2. Frank Cass. June. Page 46.

[23] Dandeker, C. The United Kingdom: The overstretched military. In: Moskos, C.C. Williams, J.A. and Segal, D. R. (Editors). (2000). The postmodern military: Armed forces after the Cold War. Oxford University Press. Pages 40 to 42. This provides a brief synopsis of the changes in employment of women in the British armed forces.

[24] Henderson, D. W. (1985). Cohesion - The human element in combat - Leadership and societal influence in the armies of the Soviet Union, the United States, North Vietnam, and Israel. Washington DC: National Defence University Press. Page 71.

[25] O'Beirne, K. (1998). The war machine as child minder: The integration of women into the US armed forces. In: Frost, G. (Editor). Not fit to fight - The cultural subversion of the Armed Forces in Britain and America. The Social Affairs Unit. Pages 31 to 38.

[26] Brown, A. (1998). Organisational Culture. Financial Times/ Prentice Hall. Page 96.

[27] Fukuyama. (1997). The end of Order. London: Social Market Foundation. Quoted in: Cartwright, J. (1999). Cultural Transformation - Nine Factors for continuous business improvement. Financial Times/ Prentice Hall. Page 222.

[28] Hoole, R. (2001). MBA - A Bubblehead's view. The Naval Review. April. See this article for an example.

[29] Zoll, D. A. (1989). The Moral Dimension of War and the Military Ethic. An article abridged and published in: Matthews, L. J. and Brown, D. E (Editors). The parameters of military ethics. Pergamon-Brassey's., Page 121.

[30] Dandeker, C. The United Kingdom: The overstretched military. In: Moskos, C.C. Williams, J.A. and Segal, D. R. (Editors). (2000). The postmodern military: Armed forces after the Cold War. Oxford University Press. Pages 36 to 38.

Appendix A to Chapter 6

Table 6A.1: Summary of responses to survey on the implmentation of the Balanced Scorecard in the Royal Navy.

Section 1: Before the Balanced Scorecard was introduced.

Describe briefly the organisational climate in the period prior to the introduction of the Balanced Scorecard:	* Stovepiped – ie functional isolationism or insularity. * Traditional hierarchy. * Narrow, short-term focus on local input and output issues. * Conservatism. * Parochialism leading to adversarial attitudes. * Reporting culture. * Non-strategic in outlook. * Becoming aware of the need for a more strategic approach.
What were the key management processes/concepts/tools used in the management and running of the organisation? (For example, Management by Objectives, Total Quality Management, Investors in People.)	* Management by exception. * Reporting and briefing regime. * Key influence of cash limits. * Backward looking regime dwelling on past performance against objectives. * IiP * MBO * Use of rudimentary and subjective performance indicators.

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Section 2: Selection and introduction of the Balanced Scorecard.

What was the purpose of introducing the Balanced Scorecard?	Focus attention on key issues facing the organisation:	* Provide common process. * Improve and provide common understanding of key issues. * Improve management control of key issues.
	Replace or improve existing performance monitoring:	
	Focus on strategic organisational objectives:	
	Improve internal processes:	
	Other (please state):	
What other management processes/concepts/tools were considered as supplements or alternatives to the Balanced Scorecard?		* EFQM * TQM * Nothing

Appendix A to Chapter 6

Table 6A.1: Summary of responses to survey on the implmentation of the Balanced Scorecard in the Royal Navy.

Who (name and position) is recognised as the key individual that identified the Balanced Scorecard as an appropriate management tool for this organisation?	* Captain Simon Lister as DNRP/BS. * Admiral Jonathon Band as ACNS. * Admiral Essenhigh as CINCFLEET. * Admiral Boyce, both as CINCFLEET and CNS. * Brian Brader as DCS(RF), but only in the context of CINCFLEET. * David Gould as AUS(NS), but only in the context of the NSC. * PriceWaterhouseCoopers as the ASI.

Table 6A.1: Summary of responses to survey on the implmentation of the Balanced Scorecard in the Royal Navy.

Who (name and position) championed the introduction of the Balanced Scorecard?	* Admiral Jonathon Band as ACNS. * Admiral Essenhigh as CINCFLEET. * Admiral Boyce, both as CINCFLEET and CNS. * David Gould as AUS(NS), but only in the context of the NSC. * Cdre David Smith RN, Director Naval Personnel Corporate Planning.

What were senior management's expectations of implementing the Balanced Scorecard at this time?	* Emotional:
	   # Keen.
	   # Cautious.
	   # Sceptical.
	   # Reticence.
	   # Concern.
	   # Optimism.
	 * Practical:
	   # Improvement in corporate performance.
	   # Move towards output management and focus on output.
	   # Improved cooperation and more cohesive management.
	   # Improved management and reporting focus.
	   # Improved management process.

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Table 6A.1: Summary of responses to survey on the implmentation of the Balanced Scorecard in the Royal Navy.

What level of knowledge did the Board have of the Balanced Scorecard at this time?	Substantial (ie they were fully aware of the concept and the issues involved):	
	Good (ie they had a broad understanding of the issues but required further training):	
	Moderate (ie they were aware of the concept but needed substantial training):	Some perception that the understanding was moderately good, but mainly in the "follow-on" areas or where substantial training was provided.
	Poor (ie they had little or no prior understanding of the concept when it was proposed):	Mainly perceived as poor.

Appendix A to Chapter 6

Table 6A.1: Summary of responses to survey on the implmentation of the Balanced Scorecard in the Royal Navy.

Section 3: The Implementation phase.

How was commitment to the Balanced Scorecard obtained and built at Board level?	Management already understood concept well and needed no further training:	
	Training for the Board was provided by internal staff:	In many areas the majority of the training was provided by internal staff.
	Training for the Board was provided by external training providers:	There was some use of external training.
	External management consultants were used to provide training:	Within the CINCFLEET area, external management consultants were used, and also in the NSC where the training was provided jointly by internal and external staff.
	The Board did its own research:	Some evidence to suggest that the Board did its own research.
	Other (please state):	Some individuals did their own research.

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Table 6A.1: Summary of responses to survey on the implmentation of the Balanced Scorecard in the Royal Navy.

At what level of the organisation was/were the initial scorecards built?	Corporate level:	Initiated at Corporate level.
	Major strategic entity or divisional level:	In some cases there may have been simultaneous, or early follow-on work at divisional level.
	Lower business unit, profit or cost centre level:	
	At a mix of levels according to local management initiative:	
	Using specific pilot implementations in targeted business areas:	
	Other (please state):	
How was the initial Balanced Scorecard built in terms of its general framework?	Using the standard Kaplan and Norton template:	
	Using a modified Kaplan and Norton template:	Most thought that a modified template was used.
	From first principles or existing management information processes to arrive at a bespoke system:	A few thought that a bespoke design emerged from analysis using first principles of the Balanced Scoreard.
	Other (Please state):	
Please state the number of dimensions and number of measures used in the initial	Number of Scorecard Dimensions:	4, in some cases this was expanded to 5 before reverting to 4. The CINCFLEET scorecard may have started with 5.

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Table 6A.1: Summary of responses to survey on the implmentation of the Balanced Scorecard in the Royal Navy.

Balanced Scorecard:	Number of Scorecard Measures:	Variously reported to be between 16 to 30, or as many as 200 to 250.

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Table 6A.1: Summary of responses to survey on the implmentation of the Balanced Scorecard in the Royal Navy.

What was the rationale behind this scorecard format?		Following organisational structure; business outputs and the inputs needed to create output; but most scorecards were constructed on the basis of following what was done elsewhere within the organisation.
Who was involved in building the Balanced Scorecard and how significant was their involvement in the initial scorecard?	The CEO or equivalent:	High involvement in ACNS, CINCFLEET and NSC areas but low in 2SL and FOSF.
	The Board (collectively):	Moderate involvement in ACNS, CINCFLEET, and NSC areas, but low in 2SL and FOSF.
	A sub-set of the Board:	Moderate to High in CINCFLEET, Moderate in NSC and FOSF, but no Sub-set of the Boards involved in ACNS and 2SL.
	A particular Board Member:	Very high involvement in ACNS, High to Very High in CINCFLEET and NSC, and Moderate to High in 2SL and FOSF.
	The acknowledged Champion:	High to Very High in ACNS, CINCFLEET and NSC, High in FOSF, and Moderate in 2SL.
	The originator of the idea:	Very High in ACNS, High to Very High in CINCFLEET, High in and NSC, Moderate to High in FOSF. The situation in 2SL is unclear.
	An internal project manager:	Very High in 2SL, High to Very High in NSC, High in CINCFLEET. The situation in ACNS and FOSF is unclear.
	External consultants:	High to Very High involvement in CINCFLEET and NSC, High in FOSF. None used in ACNS.
	Others (please state):	Insufficient evidence of the involvement of others.

Table 6A.1: Summary of responses to survey on the implmentation of the Balanced Scorecard in the Royal Navy.

How, and at what stages, was commitment to the Balanced Scorecard built in other parts of the organisation?	The CEO or equivalent:	CEOs in ACNS, CINCFLEET, FOSF and NSC involved in the initial or early stages. CEO in 2SL not involved until development was complete.
	The Board:	Board Members generally involved, but probably mainly after initial work but before Balanced Scorecard complete.
	Senior Managers below Board level:	Senior Managers generally involved, but probably mainly after initial work but before Balanced Scorecard complete.
	The Planning Department:	Planning Departments involved early in the process, and probably from the initiation of the work.
	Middle Managers:	Middle Managers involved late in the process, and possibly not at all in the case of the ACNS area.
	Junior Managers:	Junior Managers probably involved only after the Balanced Scorecard complete, or not at all.
	The workforce:	The workforce probably not involved at all.
	Consultants:	Consultants not involved in ACNS and 2SL areas, but in other implementations the involvement was probably at the initial stages.
	Other particular individuals or groups (please state):	Little evidence of additional involvement.

Table 6A.1: Summary of responses to survey on the implmentation of the Balanced Scorecard in the Royal Navy.

When did the initial development phase of the Balanced Scorecard start and how long did the process take?	Start Date:	ACNS - around late 1997 to early 1998. CINCFLEET - Unclear, but sometime during 1998 or 1999. FOSF - 1999. 2SL - Possibly 1998. NSC - around late 1997 to early 1998.
	Date initial Balanced Scorecard introduced:	ACNS - Sometime during 1998. CINCFLEET - Unclear, but sometime between late 1998 and mid 2000. FOSF - 2000. 2SL - Possibly late 1998. NSC - between 1998 and late 1999.
Following the initial development of the Balanced Scorecard, including any pilot implementations, was the Balanced Scorecard extended to the remainder of the organisation, and if so how long did this take?	Corporate level:	Introduced generally first at Corporate level. Initial implementation was about six months or so before extended further.
	Major strategic entity or divisional level:	Generally the second level at which the Balanced Scorecard introduced. Took about a year or more before rolled out further.
	Lower business unit, profit or cost centre level:	Rolled out to this level in some areas.
	Personal level:	No evidence that the Balanced Scorecard rolled out at this level.
	Introduced at a mix of levels:	
	Not rolled out further:	

Table 6A.1: Summary of responses to survey on the implmentation of the Balanced Scorecard in the Royal Navy.

What impact did this phase have on the organisational performance, culture and climate?	Management process:	Mainly viewed as having a positive impact.
	Strategic learning:	Mainly viewed as having a positive impact.
	Culture:	Viewed as having a detrimental impact in FOSF, but elsewhere, generally seen as only having a slightly positive impact.
	Climate:	Viewed as having a detrimental impact in FOSF, and definitely positive in ACNS, but elsewhere generally seen as only having a slightly positive impact.
	Other (please state):	Some sense of significant impact on change and focus.
Are you able to identify any specific benefits that were directly attributable to the Balanced Scorecard during this phase?		• Improvement in management process (recognised in, or prompted by, the previous question) and recognition of the need for better management tools. • Shorter more focussed management board meetings. • A more strategic or holistic view. • Better focus or targeting of the issues requiring management. • Improvements in PIs.

Table 6A.1: Summary of responses to survey on the implmentation of the Balanced Scorecard in the Royal Navy.

What were the key lessons learned during the development and implementation phase?	• The importance of top-level commitment and the need to demonstrate commitment. • The need to restrict the number of measures used on the Balanced Scorecard. • Produce something relatively quickly and develop it rather than expect to get it right first time. • Establishing the relationships between scorecards at different levels. • The need for predictive measures. • Need for education, which will also help build commitment. • It takes time and effort to effect the cultural change needed. • Balanced Scorecard will change as the organisation develops. • Starting with existing measures. • Keep the development team small.

Appendix A to Chapter 6

Table 6A.1: Summary of responses to survey on the implmentation of the Balanced Scorecard in the Royal Navy.

Section 4: Post implementation.

Has the Balanced Scorecard changed since it was initially introduced?	There has been significant change:	
	There has been moderate change:	There has been moderate to significant levels of change to the Balanced Scorecard structure and content.
	There has been little change:	
	There has been no change:	

Where the Balanced Scorecard has changed what caused those changes to be made?		• Changes in the structure and content were driven by the need for greater consistency across the organisation.
		• Changes to PIs resulted from a number of different issues:
		  o Better understanding of the business and management requirements to manage performance.
		  o Changes in strategy.
		  o Improvement in the structuring of information.

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Table 6A.1: Summary of responses to survey on the implmentation of the Balanced Scorecard in the Royal Navy.

What changes has the Balanced Scorecard had on the organisational performance, culture and climate since it was implemented?	Strategy:	Generally felt to have had a positive impact in all areas.
	Financial performance:	Felt to have had only a slightly positive impact.
	Output:	Generally felt to have had a positive impact in all areas, although there is a suggestion that its impact in CINCFLEET was detrimental.
	Organisational Learning:	Had a positive impact.
	Culture:	Generally felt to have had a positive impact in all areas, although there is a suggestion that its impact in CINCFLEET was detrimental.
	Climate:	Generally felt to have had a positive impact in all areas, although there is a suggestion that its impact in CINCFLEET was detrimental.
	Other (please state):	Demonstrates Senior Management's awareness and engagement with current problems.

Table 6A.1: Summary of responses to survey on the implmentation of the Balanced Scorecard in the Royal Navy.

Are you able to identify any specific benefits that were directly attributable to the Balanced Scorecard?	• Process benefits, such as: o Better management board functioning. o Better output focus. o Better decision-making. o Better focus on key issues. • Outcome benefits, such as: o Sea Harrier problems. o Lynx problems. o Medical issues. o Fleet First.

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Table 6A.1: Summary of responses to survey on the implmentation of the Balanced Scorecard in the Royal Navy.

What changes have taken place to the business processes used within the organisation since the Balanced Scorecard was implemented, eg have new processes been added or deleted?		Nothing new emerged in response to this question.
To what extent were the original aims of introducing the Balanced Scorecard met or exceeded?	Original aims fully met and exceeded:	
	Original aims fully met:	General consensus was that aims were fully met, although some argue they were exceeded and others that they were not fully met.
	Original aims only partially met:	
	Significant shortfall against original aims:	
	Original aims no longer considered relevant:	
To what do you attribute this success or failure?		• Lack of initial understanding of the tool and its benefits. • The benefit of having a strong champion or corporate drive to introduce the tool. • The strength of the tool itself. • The problems and cost of introducing the tool.

Appendix A to Chapter 6

Table 6A.1: Summary of responses to survey on the implmentation of the Balanced Scorecard in the Royal Navy.

What is the level of understanding of the Balanced Scorecard now?	At Board level:	Generally seen as good to very good.
	At senior management level:	Mainly seen as good.
	At middle management level:	Mainly seen as good to fair.
	At junior management level:	Generally seen as fair.
	At workforce level:	ACNS suggest that it is not understood at all, whilst NSC believe that the workforce have a fair understanding. In other areas the view is that the workforce has a less than fair understanding.
Is the organisation committed to continued use of the Balanced Scorecard?		Yes.
Are individual's personal objectives explicitly linked to the organisation's Balanced Scorecard and if so how and at what levels of the organisation?	At Board level:	Some divergence of views, but overall that personal objectives are only partially linked to the Balanced Scorecard.
	At senior management level:	General consensus that personal objectives are only partially linked to the Balanced Scorecard.
	At middle management level:	No consensus as to whether personal objectives are not linked or only partially linked to the Balanced Scorecard.
	At junior management level:	Generally felt that personal objectives are not linked to the Balanced Scorecard.

Appendix A to Chapter 6

Table 6A.1: Summary of responses to survey on the implmentation of the Balanced Scorecard in the Royal Navy.

	At workforce level:	Personal objectives are not linked to the Balanced Scorecard.

Appendix A to Chapter 6

Table 6A.1: Summary of responses to survey on the implmentation of the Balanced Scorecard in the Royal Navy.

Is the reward structure of the organisation linked to the Balanced Scorecard and if so how?	At Board level:	The overall consensus is that reward is not linked to the Balanced Scorecard. Only in NSC is there a view that there is a stronger linkage.
	At senior management level:	The overall consensus is that reward is not linked to the Balanced Scorecard. Only in NSC is there a view that there is a stronger linkage.
	At middle management level:	The overall consensus is that reward is not linked to the Balanced Scorecard. Only in NSC is there a view that there is a stronger linkage.
	At junior management level:	The overall consensus is that reward is not linked to the Balanced Scorecard. Only in NSC is there a view that there is a stronger linkage.
	At workforce level:	Not linked at all.

Section 5: The future.

If the Balanced Scorecard is not fully implemented at all levels within the organisation, is this planned and if so over what timescales?		Generally staff are unclear on future plans. Also there is uncertainty resulting from organisational changes and a perception that Balanced Scorecards are only required at Senior Management levels.
What changes are planned to the Balanced Scorecard and why?		Incremental improvements to PIs.

Table 6A.1: Summary of responses to survey on the implmentation of the Balanced Scorecard in the Royal Navy.

What changes are planned to the Balanced Scorecard process and why?	• Improvements to the IS support of the process. • Improved alignment of Balanced Scorecards, both vertically and horizontally. • Wider involvement in the process. • Better trend analysis and forecasting leading to more proactive management. • Risk management. • Improved decision management. • Need to learn from experience.
What are the organisation's future expectations of the Balanced Scorecard?	• Don't know. • Strong commitment to embedding the concept at the heart of the management process. • It will provide a strategic management tool. • It will drive organisational learning and improvement. • It will drive communication and objective cascade.
What plans are there to introduce other business processes into the organisation?	• Don't know. • Many. • EFQM.

Appendix A to Chapter 6

Table 6A.1: Summary of responses to survey on the implmentation of the Balanced Scorecard in the Royal Navy.

Section 6: General comments.

Please add any additional comments that you feel are relevant at this stage and are not specifically covered above. In particular if you are able to supply supporting evidence this would be most helpful:	• The Balanced Scorecard became mandated as a corporate management system. • Those people who did move on to other organisations were well placed to help in develop of the concept in new areas. • Improvement of management process. • Improvement in management focus. • Improvement in the understanding of important and strategic issues. • Danger of not including all the important issues in the Balanced Scorecard. • Increased work at the lower levels to support the Balanced Scorecard. • Proper use of IS to support Balanced Scorecard. • Need for accurate information. • Measurement is not management. • A number of specific improvements resulted directly from the use of the Balanced Scorecard. • Improved management of the relationship with other MOD and external bodies. • Important role of Champion.

Table 6A.1: Summary of responses to survey on the implmentation of the Balanced Scorecard in the Royal Navy.

	• Management's adversarial behaviour prior to the implementation of the Balanced Scorecard, due to individuals promoting their own organisational issues and agenda. • Benefit of having an external manager as a Non-Executive Director to provide high level advice on management issues. • Influence NSC brought to the development of management processes in DLO. • Balanced Scorecard drives managers to examine underlying problems. • The requirement for effective management is not overturned by the use of the Balanced Scorecard. • The Balanced Scorecard is more than an IS reporting tool. • Seen as possible to implement early version of the Balanced Scorecard before fully understanding the business processes and issues. • Benefits of having consultants (business process experts) albeit that they are extremely costly. • Introduction of the Balanced Scorecard may have started in different places at about the same time. However, the Royal Navy's use of the Balanced Scorecard was influential in driving its use across the remainder of MOD.

Appendix B to Chapter 6

Table 6B.1: Listing of responses to survey on implementation of Balanced Scorecard in the Royal Navy.	
Section 1: Before the Balanced Scorecard was introduced. This section aims to try to find out what the organisation was like before the Balanced Scorecard was introduced in order to form a baseline for comparison purposes.	
1 Describe briefly the organisational climate in the period prior to the introduction of the Balanced Scorecard:	• *Lacking corporate focus. Reactive. Stovepiped.* • *The TLB Management Plan consisted of a "traditional" collection of PIs, primarily measuring output in terms of ship ready days at Readiness.* • *Was not present before introduction but the organisation is characterised by a traditional deeply hierarchical and multidivisional structure.* • *Stove-piped output by Type Commander.* • *Hierarchical in Fleet at FMB.* • *It was input rather than output based.* • *As a primarily naval establishment within MOD, CINCFLEET was highly organised with clear objectives and financial targets to meet.* • *Unrationalised!* • *Not able to comment on this in detail. My role was to re-engineer an existing scorecard to develop it from scratch. However, what was clear was that the then CinCFleet was having to work hard to get his management board to take collective decisions. Furthermore, the organisation was measuring what was easy to measure rather than what counted.* • *Operated on a day-to-day basis tackling problems as they arose. Little business/finance linkage, and limited consideration of strategic issues.* • *Sub FMB - primarily fire-fighting and meeting day-to-day challenges in a less focussed and time consuming manner.* • *The management board tended to focus on issues closest to their hearts or that were politically sensitive. There was only token attention paid to finances.* • *Recently formed from separate organisations (CINCNAVHOME, CED, CFS) adversarial.* • *Management desperate to establish overall health of Navy. RAB about to be introduced. Focus on outputs growing.* • *Conservative - action avoidant - continually searching more information - producing reports on past activity, and amending reports on past activity. Long*

	Hours culture to justify importance of the directorate - brief compiling.
	• *Well intentioned but lacking objective measurable data on which to make management decisions.*
	• *Good. The management board had identified key performance indicators and monitored them through an MIS.*
	• *Hierarchy of budgets with limited output focus, management reports provided periodically against objectives in Annual Management Plan.*
2 What were the key management processes/concepts/tools used in the management and running of the organisation? (For example, Management by Objectives, Total Quality Management, Investors in People.)	• *Management by exception against set objectives.*
	• *Fleet used a system of Qtrly, Mid Year and EOY reports etc which was cascaded down through the HLBs. IiP was implement at the same time as the BSC (coincidentally, not as a result of).*
	• *IiP present. Standardisation of skills, norms and work processes. Financial control based on historical information. Direct supervision through the hierarchy.*
	• *Outputs were monitored but retrospectively and hence little overall control and inability to pre-empt crises.*
	• *At FMB. Series of briefs, and reviews by CINCFLEET, followed by verbal direction. IiP introduced.*
	• *IiP*
	• *Management by tasks and cash limits.*
	• *Management by Objectives. Regular reporting on Fleet activities, unit availability, performance against in year cash management control totals.*
	• *At the time of re-engineering the management board scorecard Fleet already had a scorecard (derived using the critical success factor approach), and Fleet was accredited as IiP.*
	• *Committee based; input focussed, IiP; bottom fed and influence.*
	• *Management by objectives drawn from the Fleet Plan, which cascades to the FOSF Plan. Focus was on issues raised at the Sub FMB, EG or Morning Briefs - usually initiated from sea.*
	• *Monthly management boards, based on a developing set of management plans. Early PIs mainly focused on those things easy to measure or based on people's jobs (ie to justify their existence). Little consideration of the future (strategy) and finance based around in-year cash management within own HLB.*
	• *Key Performance Indicators relating to an output based management plan reviewed on a Personnel*

	Management Information System (PERMIS) and IiP.
	• *Management by Objectives, IiP, Resource Accounting and Budgeting.*
	• *Various performance management systems, mainly subjective.*
	• *An attempt to develop objectives - each desk responsible for monitoring the activity of others at TLB level and below and being ready to explain rather than direct work.*
	• *Management by objectives and priorities. Non-strategic planning. Focus on financial inputs.*
	• *Probably mainly management by objectives.*
	• *Supposedly MBO and IiP, but tended towards a very traditional military approach.*
	• *Where defined at all, rudimentary and largely traditional. No performance management system in place.*

Section 2: Selection and introduction of the Balanced Scorecard. This section aims to understand why the Balanced Scorecard was introduced, what knowledge there was in the organisation of the Balanced Scorecard process before it was introduced and what the aims of introduction were at this early stage.	
1 What was the purpose of introducing the Balanced Scorecard?	• *Pressure/direction from TLB to use the BSC.*
	• *Essentially all the [four given options] above. It provided a general overhaul of the business process.*
	• *To bring common understanding of key issues across all top-level budget areas.*
	• *To turn strategy into action - and improve the availability of management information to the Board.*
	• *Understand causal relationships within the organisation and identify real cost drivers.*
	• *The original purpose of the work was to understand the relationship between outputs, costs and activities and to use "systems thinking" to begin to understand these relationships. Having developed a "cause and effect" model (which focused on the relationship between activities and outputs in the absence of detailed cost information), it was then used to develop a new set of measures for the management board reflecting what was important to them as well as their level of control.*
	• *Dock with NAVB processes.*
	• *Improve identification and achievement of actions.*
	• *Link outputs to finance.*
	• *Single page top level report to Navy Board.*
	• *Identify levers to improve performance.*
	• *Encourage corporate as opposed to divisionalised*

	behaviour.
	• *Introduce cohesion among the previously separate parties.*
	• *To support a corporate approach to management.*
	• *Apply coherent reporting throughout TLB and HLBs.*
2 What other management processes/concepts/tools were considered as supplements or alternatives to the Balanced Scorecard?	• *Customer supplier agreements, RAB, IiP (achieved).*
	• *Business Excellence Model.*
	• *Too long ago to be sure.*
	• *There was substantial debate about EFQM, which at the time was seen as a rival to the balanced scorecard rather than as a complement to it.*
	• *Performance indicators. Clear lines of accountability.*
	• *None - introduction of BSC followed an MOD initiative.*
	• *None at the time (although the relationship with EFQM was documented).*
	• *TQM.*
	• *IiP, Corporate Governance.*
	• *Status quo.*
	• *None that I'm aware of.*
	• *The BSC was initiated at TLB level. HLBs developed by same team of consultants.*
	• *None.*
	• *EFQM and TQS* [ie TQM ?] *considered as complementary in that they offered measurement tools over time and benchmarking.*
	• *Initially EFQM was assumed to offer an additional organisational tune up tool in order to assess the validity of current strategic direction. Balanced Scorecard viewed as the dials on the organisation, rather than the road map.*
	• *EFQM not taken up.*
	• *Status Quo.*
	• *Brief consideration was given to the EFQM or a simple, non-axis, type BSC. Initiative driven by TLB and ultimately the HLB just followed.*
	• *None in particular. However, the methodology of Performance Management (PM) at the time was recognised as inadequate and the BSC forced "ownership" of the objectives in the plan.*
	• *None that I know of.*
	• *None at the time.*

3 Who (name and position) is recognised as the key individual that identified the Balanced Scorecard as an appropriate management tool for this organisation?	• *Cdr (now Cdre) Simon Lister.* [Reply from Adm Dunt, COS 2SL.] • *Corporate decision from* [2SL] *TLB Board of Management.* • *CSO(P) and SO2N5(MPR) took decision after promulgation of TLB plans.* • *Use of the BSC was a natural (essential) development of its use higher up the management chain (FMB, DMB, etc).* • *CINCFLEET Adm Essenhigh.* • *Me* [Admiral Band] *and the then Cdr Simon Lister.* • *ACNS and DNRP/BS.* [That is, Admiral Band and Cdr Lister.] • *No one person - it was a Board decision but work was led by the then ACNS.* [Reply from Admiral Essenhigh.] • *I cannot comment on the original scorecard, but the sponsor for the re-engineering work was Brian Brader (endorsed by the Fleet Management Board).* • *Brian Brader, Deputy Command Secretary.* • *Admiral Sir Nigel Essenhigh.* • *Not known.* • *D Gould - AUS(FS), A Cumming - NED (BA Engineering).* [Reply from David Gould.] • *I can't remember for certain but it may have been me that led the decision making process, on advice from the ASI(PWC).* • *Lost in time, but based on NSC Board.* • *David Gould, then AUS(FS).* • *Price Waterhouse consultants.* [Reply from Brian Brader.] • *I believe it was Adm Essenhigh.* • *Brian Brader - DCS(RF).* • *? N5/N8 combination.* [The Planning and finance organisations within CINCFLEET.] • *CINCFLEET.* [Unclear from this whether it was meant to refer to Admiral Boyce or Admiral Essenhigh.] • *CINCFLEET personally - first under Adm Boyce, then continued more forcefully under Adm Essenhigh.*
4 Who (name and position) championed the introduction of the Balanced Scorecard?	• *Cdre David Smith RN, Director Naval Personnel Corporate Planning.* • *Rear Adm Jonathan Band – ACNS.* • *Within FOSF - Plans division.* • [FOSF] *CSO(P).* • *ACNS and DNRP/BS.* • *ACNS*

	• *Initially at Board level ACNS - Adm Jonathon Band prompted by Simon Lister, then SO1.* • *[Adm Band] plus DNS/DNRP team.* • *DCF Adm Malbon (for CINCFLEET).* • *I cannot comment on the original scorecard, but the sponsor for the re-engineering work was Brian Brader (endorsed by the Fleet Management Board).* • *[Brian Brader] plus successive Commanders-in-Chief and Command Secretaries.* • *Admiral Sir Nigel Essenhigh.* • *CINCFLEET* • *CINCFLEET* • *CINCFLEET* • *CINCFLEET* • *CINCFLEET personally - first under Adm Boyce, then continued more forcefully under Adm Essenhigh.* • *Adm Essenhigh.* • *Adm Essenhigh.* • *D Gould.* • *David Gould, Command Secretary for the NSC.* • *CFS - Vice Admiral John Dunt.* • *David Gould, then AUS(FS).*
5 What were senior management's expectations of implementing the Balanced Scorecard at this time?	• *Some considered it another management fad, others recognised it gave them the opportunity to manage their business differently.* • *Keen to utilise.* • *Identify performance of corporate Fleet and suggest improvements.* • *Move towards output based management. Set achievement of Operational Capability (OC) as prime mover.* • *Cautious: uncertainty about its applicability and relevance to an operational naval command.* • *More cohesive management.* • *Monitor performance of the business, focus on essentials, report to Navy Board.* • *Better performance management; more cooperative behaviour.* • *Improved performance effectiveness.* • *Greater focus on all issues within the scorecard.* • *That it would meet their expectations in terms of content presentation.* • *Greater visibility and comparability of elements.* • *To bring a common understanding to the management board of key issues which needed their attention.*

	• *Mixed, with much scepticism, apart from Adm Essenhigh and ACNS.* • *More focussed board meetings considering performance and management priorities for now and future.* • *Not too clear. Certainly some reticence to embrace yet another initiative. Some concern over additional work-load.* • *Rationalised material covered at SFMB. Focus on key issues and thorough review of PIs. Highlight areas that SFMB should work on, chart progress and target management action. Improve trend analysis.* • *Slightly sceptical.* • *"Wait and see" but generally optimistic.* • *Engagement by Board members collectively in key performance issues.* • *Difficult to say. Many would not have experience of a BSC but would have been persuaded.*
6 What level of knowledge did the Board have of the Balanced Scorecard at this time?	Responses tabulated in main body of Chapter 6.

Section 3: The Implementation phase. This section aims to gain an understanding of the implementation process for the Balanced Scorecard in this organisation and assess its initial impact.	
1 How was commitment to the Balanced Scorecard obtained and built at Board level?	Responses tabulated in main body of Chapter 6.
2 At what level of the organisation was/were the initial scorecards built?	Responses tabulated in main body of Chapter 6.
3 How was the initial Balanced Scorecard built in terms of its general framework?	Responses tabulated in main body of Chapter 6.
4 Please state the number of dimensions and number of measures used in the initial Balanced Scorecard:	Responses tabulated in main body of Chapter 6.

5 What was the rationale behind this scorecard format?	• It met our needs. [ACNS area.] • *4 subordinate users and one summarising their performance measures* [ACNS area.] • *It was a fairly purist approach to the K&N theory.* [NSC] • *Measuring performance, and the enablers influencing performance.* [NSC] • *Common approach to other TLBs in Naval Sector and NAVB.* [2SL] • *I believe it was aimed at providing a non-profit making/output focused organisation and that 4 enabling axes were seen to culminate in the output of capable/ready forces.* [CINCFLEET] • *Adapted to fit the already existing reporting formats.* [CINCFLEET] • *Reflected key output measures and monitored input.* [CINCFLEET] • *Followed standard format and identified major areas of business.* [CINCFLEET] • *Output management.* [CINCFLEET] • *Combination of simplicity and useful information.* [CINCFLEET] • *Not sure - first attempt.* [CINCFLEET] • *Coherent with the higher level BSC used by FMB.* [CINCFLEET] • *It was in line with the TLB's format.* [CINCFLEET]
6 Who was involved in building the Balanced Scorecard and how significant was their involvement in the initial scorecard?	Responses tabulated in main body of Chapter 6.
7 How, and at what stages, was commitment to the Balanced Scorecard built in other parts of the organisation?	Responses tabulated in main body of Chapter 6.
8 When did the initial development phase of the Balanced Scorecard start and how long did the process take?	Responses tabulated in main body of Chapter 6.

9 Following the initial development of the Balanced Scorecard, including any pilot implementations, was the Balanced Scorecard extended to the remainder of the organisation, and if so how long did this take?	Responses tabulated in main body of Chapter 6.
10 What impact did this phase have on the organisational performance, culture and climate?	Responses tabulated in main body of Chapter 6.
11 Are you able to identify any specific benefits that were directly attributable to the Balanced Scorecard during this phase?	• *Performance metrics established.* • *Focus on key issues.* • *Corporate behaviour.* • *The CEO* [CFS] *became much more focused on key outputs and cost drivers.* • *Greater focus on non-output issues.* • *A more holistic approach to management of the NSC. But a need to manage by exception.* • *In terms of the FMB scorecard the benefits were that they were presented with information that really counted and which they could control, thus reducing the amount of information they were presented with and so leading to better decision-making. However, the tool is still being used to report progress rather than manage the business so further work is required before the full benefits of the scorecard will be derived.* • *Began to change attitudes (for the better) about the need for useful management tools.* • *Linking outputs to inputs.* • *Clearer objectives.* • *Shorter board meetings (more focussed).* • *Much work carried out to identify the business processes, an education for some.* • *Better able to monitor and predict under-performance and risk.* • *Yes, board meetings more focussed and became shorter.* • *Board engaged much more directly in management process.* • *Promoted greater understanding between customer and supplier.* • *Definite feeling that the Board are committed to*

	managing better, and the introduction of such methods is a measure of their commitment to this. • *Concentrated on what was important and what they could control or have significant influence over.* • *Quick improvement of understanding the principles of output based management.* • *Started a major move within department. Within 2/3 years top level of department (DMB) were developing their own.* • *£48M additional money for SHAR, £90M additional for Lynx* [main rotor hub assembly], *realisation of* [electrical mechanic] *recruiting poor performance, Merlin IPT funding posts at Culdrose.* • *Focus, Focus, Focus.* • *Yes - see section 6.* • *It brought a welcome focus to discussion at Board Level and forced agreement on actions required.* • *Greater overall awareness of Forecast strengths and weaknesses from "traffic lights".* • *A good management learning process, as Senior Management were made to consider how they "managed".* • *Clear focus on PM (Both PIs, their targets and scores).*
12 What were the key lessons learned during the development and implementation phase?	• *There is no right answer. Aggregate lower level data sensibly.* • *Need for consistency with level above.* • *Top down support and consultant (or experienced staff) back up essential.* • *Support from external advisors/consultants vital to maintain momentum and direct effort.* • *Too many performance measures cloud the issue?* • *Focus, Focus, Focus.* • *Keep the top pages visually engaging, always be ready for drill down for more detail, keep it to bulleted text, graphics and coloured boxes. Must always show past and forecast trend. Must keep visibility of absolute requirement, in year target and current performance always, never separate. Only 50% senior managers confident to use Chots displayed information. Need to push then to explore this medium by CEO. 1SL example.* • *Needed to think through axis. Initial PIs too numerous, too input focussed.* • *That the balanced scorecard is dynamic - and must change with the business as it develops.* • *It's a slow process to enable/facilitate a profound culture change in a large organisation. More investment*

	in people aspects is needed.
	• *Start quickly and allow the scorecard to improve with use.*
	• *Simplicity and commonality.*
	• *Keep the development team small. If you try to involve too many people it takes longer (hence why it took 7 months to develop the business model - over 50 people were involved).*
	• *Buy-in to the process takes time – systems-thinking is a difficult concept for some people.*
	• *Ensure that a discipline is maintained throughout the process otherwise nebulous measures will creep into the scorecard.*
	• *BSC had to demonstrate its relevance; and limit measures to a manageable number.*
	• *Understand the linkages to prevent unnecessary work.*
	• *Relationship between top-level BSC and underlying data is crucial but difficult. Predicting future is difficult but valuable.*
	• *Don't expect to get it right first time. Ensure format dovetails with other BSC within organisation.*
	• *The need to measure carefully those elements that you control or influence.*
	• *Using existing management plans/information is a good place to start building a scorecard in order to start the process and get the board used to using a scorecard, rather than embarking on detailed business analysis.*
	• *It is difficult to do but the commitment of the top man is vital.*
	• *Importance of identifying the right performance indicators to maximise Board influence on performance - measure what is manageable or needs to be influenced.*

Section 4: Post implementation. This section seeks to understand what changes have occurred and what impact the Balanced Scorecard has had on the organisation since implementation.	
1 Has the Balanced Scorecard changed since it was initially introduced?	Responses tabulated in main body of Chapter 6.
2 Where the Balanced Scorecard has changed what caused those changes to be made?	• *Mainly changes at Fleet or above, and the transition to an Access based BSC.* • *Axis change driven by TLB/Centre and content (PIs) changed as organisation learnt about BSC.* • *Decision to reduce from 5 to 4 axis necessitated by subsequent FMB decision.*

	• *Changes in the strategic plan - fresh issues requiring Board visibility - new hierarchical structure enabled less crucial information, in more detail to still be available but [without] clutter[ing] senior managers view of overall business performance.* • *Alignment with MOD HQ.* • *Refinement of what we wanted and aligned with the Departmental BSC.* • *Organisational change; better understanding of performance etc issues.* • *Refinements to performance measures are better [management information].* • *Development with time.* • *Organisational restructuring. New objectives, programmes, drivers etc.* • *Reduction to 4 quadrants driven by higher corporate needs (MOD level).* • *Implementation of a 4-axis scorecard based on the results of Fleet Business Modelling, in order to capture business critical success factors - those parameters important to Fleet and over which Fleet has a high degree of influence.* • *Continued development - primarily by consultants.* • *Detailed business analysis conducted and alignment of structure with Kaplan and Norton.* • *The need to better measure output.* • *Redesign of the BSC iaw competing requirements to match card to the business or conform to that of higher organisation.* • *MOD used different format.* • *Need to be more relevant to Fleet's activities and management requirements.*
3 What changes has the Balanced Scorecard had on the organisational performance, culture and climate since it was implemented?	Responses tabulated in main body of Chapter 6.
4 Are you able to identify any specific benefits that were directly attributable to the Balanced Scorecard?	• *Isolation of problem output areas, eg Lynx rotor head, SHAR recovery programme; and kept at Board level on a monthly basis.* • *Focus on underlying causes of performance shortfalls; better resource allocation.* • *Focus on key issues.* • *Very clearly focused Sub FMBs. Key issues usually highlighted. Senior management make better use*

	of time, at some expense to middle management.
	• *Senior management more focused; improved strategic outlook; improved management boards.*
	• *Infinitely better management of the Navy both as a customer and as a supplier.*
	• *Made department as a whole focus on balanced performance/change.*
	• *Ability to show non-performing suppliers, both public and private sector eg DLO, Surgeon General, Westlands, that their performance is being monitored, and its clear, auditable relationship with RN outputs. Raised performance has followed all briefs (except Surg Gen as yet - although we now have ministerial interest in the issue again through the balanced scorecard briefing at Admiralty Boards.)*
	• *Clearer understanding of the business.*
	• *Useful planning tool to assess impact of savings measures.*
	• *Output management better.*
	• *Greater awareness of relationships between activities, cost drivers and the value of useful management information.*
	• *The Fleet First management process has developed directly from the lessons learnt from BSC.*
	• *Much greater awareness throughout Fleet Command of challenges facing its separate component parts.*
	• *Identification of potential issues and ability to better prioritise.*
	• *More informed decision making from increasingly timely and relevant information. Reduction in the exhaustive staffing process that delivered carefully crafted words to the board(s) that were then just noted.*
	• *More coherent management of FMB* [meetings] - *more focused and productive.*
	• *More effective Board functioning.*
	• *Better approach to STP review of enhancements/savings. Promotes/facilitates output focused management perspective. Better decisions.*

5 What changes have taken place to the business processes used within the organisation since the Balanced Scorecard was implemented, eg have new processes been added or deleted?	• *Greater focus on strategic leadership and change management at higher levels. BSC evolving.* • *BSC takes some management action to prepare. This has undoubtedly increased workload on a quarterly cycle. New database system administrator will, however, spread this load.* • *A monthly/quarterly process has been put into place to deliver the BSC for each Management Board. For some staff this has been redirection of their efforts, but for other has meant new (extra) work.* • *None that I would attribute to the BSC, since most changes have been dictated by the personal management style of the TLB Holder.* • *Planning process modified to reflect scorecard focus.* • *It stimulated new performance management processes, but had less influence over other business processes.* • *Enormous and profound - ie break-up of NSC and formation of WSA.* • *Business processes radically restructured with the advent of the DLO.* • *Attempts to reduce bureaucracy in run up to Fleet First are resulting in minor changes to some processes.* • *There should have been a smarter information collection process - enter once use many times.* • *Yes, substantial change to performance management.* • *Both. Business processes were more refined and effective.* • *None as at Oct 00.* • *Complete restructuring.* • *Financial process markedly improved. BSC has significantly improved ability to brief facts to CINC.*
6 To what extent were the original aims of introducing the Balanced Scorecard met or exceeded?	Responses tabulated in main body of Chapter 6.
7 To what do you attribute this success or failure?	• *Dedication of individuals and the flexibility of the BSC.* • *It is easy to understand.* • *Not as successful as could be due to inadequate supporting MIS and management resistance to a paradigm shift.* • *The strength of the tool. The enthusiasm of the champion and the project team.*

	• *Strong leadership, availability of management trained desk officers, and timing.*
	• *The ability of the BSC to focus management attention where it is needed at all levels.*
	• *For the HLB clear guidance and support was provided by the TLB.*
	• *The failure is due to insufficient knowledge of the CEO who was unable to fully understand the implications of the information being presented on the BSC.*
	• *Allowing SO1 to develop scorecard and more importantly, the reporting system with little interference, and substantial financial backing (I bought 40 days programmer time to build my reporting system which I designed). It is the system, and hierarchy of information that the board perceive to be the balanced scorecard rather than the top-level scorecard itself.*
	• *Persuading interest of CEO.*
	• *Because we initially didn't realise what a useful tool it was.*
	• *There was immediate benefit but further benefit will develop gradually over time.*
	• *Determination of CINC to adopt BSC.*
	• *Corporate ownership.*
	• *Strong leadership from CINCFLEET.*
	• *High-level commitment and quality (ie expensive) consultants.*
	• *Commitment of the Board supported by good staff work in the HQ to develop options between Board Meetings.*
	• *Inability to measure or agree input PIs.*
	• *Limited expectations of BSC. Its potential has surprised many managers.*
	• *Drive from the top, in Fleet and at NAVB.*
8 What is the level of understanding of the Balanced Scorecard now?	Responses tabulated in main body of Chapter 6.
9 Is the organisation committed to continued use of the Balanced Scorecard?	• *Yes (MOD Policy).*
	• *I believe they are, but there is much work to be done to (a) educate all staff, and (b) derive the full benefits from the scorecard.*
	• *Organisation no longer exists - amalgamated into a larger organisation where BSC was mandated from more senior levels.*

10 Are individual's personal objectives explicitly linked to the organisation's Balanced Scorecard and if so how and at what levels of the organisation?	Responses tabulated in main body of Chapter 6.
11 Is the reward structure of the organisation linked to the Balanced Scorecard and if so how?	• *Partially linked (civilians only).* • *Not linked at all, although for civilians the reward system does have a performance link.* • *Not linked at all (although the board have agreed to specific objectives that will be linked to performance related pay).*

Section 5: The future. This section aims to look at what further development or implementation of the Balanced Scorecard is planned within this organisation.	
1 If the Balanced Scorecard is not fully implemented at all levels within the organisation, is this planned and if so over what timescales?	• *Continued development with onset of Fleet First.* • *Some new scorecards will be developed for the new HQ. It is likely that FMB and FMG will use the same (current) scorecard (although we have recommended that each have their own to reflect the nature of the business). FOST and COS(Support) will have their own scorecards. Fleet has yet to decide whether other functional groups will have their own scorecards. FOST and COS(Support) scorecards will be developed by 1/4/02.* • *Continuous development and improvement.* • *Yes - 1 to 2 years.* • *Intention is for BSC to be implemented only at senior levels of management.* • *Under development within FOST to support CINCFLEET BSC.* • *Should be fully implemented by now - probably being amended to suit Fleet First.* • *It will change with Fleet First, although Type Commanders already have their own and these will essentially just be "cut" in a different way post Fleet First.* • *Linkage to individual objectives is planned.* • *The BSC is being progressively implemented.* • *New DBSA will involve most of the organisation. This is being implemented now.* • *Not planned to take it to lower levels.* • *Ask Rear Admiral McClement.* [The new ACNS.] • *?*

	• *to 3 years.* • *Not known.* • *No - not needed as such at the lowest levels.* • *Yes mandated at HLB level, being implemented at BLB level and below. Full implementation within 2 years.*
2 What changes are planned to the Balanced Scorecard and why?	• *Alignment (vertical).* • *Vision for horizontal alignment.* • *Not sure, but it will change as we develop and adapt organisationally.* • *Not known.* • *Ongoing refinement in the light of experience.* • *More strategy focused, linked to objectives and target setting to measure success of strategy and instil correct corporate behaviour. Databased version to reduce staff workload. Ownership of KPIs/PIs and more explicit description of algorithmic aggregation for top level colours.* • *Continued developmental changes.* • *Changes to reflect major reorganisation and ongoing internal and external business change.* • *Refinement of PIs.* • *Only changes to reflect organisational changes.* • *Don't know.* • *?* • *No current visibility.* • *Incremental improvement of PIs.* • *Web browser, underpinned by an access database, to dock completely into MOD centre and D P+A requirements.* • *None at present.* • *Presently introducing the Access based BSC, that will involve even more staff.* • *Moving to the DBSA to keep in step with Fleet, and others.*
3 What changes are planned to the Balanced Scorecard process and why?	• *Involve more staff at a junior level. A requirement of the DBSA and to spread the workload. Also supports the new HQ organisation.* • *More staff will be involved in the performance assessment as the access based BSC is rolled out.* • *None at present.* • *Ask DNRP BD.* [The post specifically responsible for the development of ACNS's Balanced Scorecard.] • *Greater emphasis on trend analysis to encourage proactive rather than reactive management.* • *No current visibility.*

	• *All new scorecards will be developed using the systems thinking approach to ensure consistency and coherency with the FEB scorecard.* • *?* • *Don't know.* • *None.* • *Better identification of corporate decisions.* • *None.* • *Recognition of need to learn and develop.* • *Process will change partly because of Fleet First changes and partly to reduce compilation effort and maximise the value added to management information contained within it.* • *None in mind although future implementation of corporate governance and EFQM may have an impact.* • *Not known.* • *Greater use for forward looking and risk management; less use as a reporting tool.* • *Now delivered electronically. Development of PIs, including risk.*
4 What are the organisation's future expectations of the Balanced Scorecard?	• *The BSC will continue to be used, and will migrate to the new Fleet HQ.* • *Tied to HQ reorganisation, but intend to retain the BSC.* • *Develops into major day to day management tool.* • *Ask DNRP BD.* • *Further improvements in our ability to manage our business.* • *To enable the Board to give and monitor implementation of strategic directions.* • *A fully populated, database driven version that permits transfer of data up to NAVB/DMB and even across to DLO etc. A Balanced Scorecard that may be examined and provide the examiner with a clear view of what Fleet strategy is. A way of measuring the success or otherwise of in year achievement or corporate objectives, as distilled down to SO1 level throughout the new HQ.* • *To develop in utility and acceptability.* • *All down to middle management to have personal objectives tied to scorecard. Fundamental part of performance management.* • *Continued improvement.* • *It will continue to provide a strategic overview of business processes and performance.* • *Improved output management.*

	• *High.*
	 • *I have not asked them* [the Fleet Management Board] *this specific question, but I would hope that they would be as follows:*
	    o *Will help Fleet to monitor implementation of their strategy.*
	    o *Will give an early indication when things are going wrong.*
	    o *Will help Fleet to understand the impact of their decisions.*
	    o *Can be used to communicate strategy to staff.*
	    o *Contribute to making Fleet a learning organisation.*
	    o *It will provide a framework for consistency of reporting up to the management board.*
	 • *No current visibility.*
	 • *Not known.*
	 • *That it will continue to be at the heart of business.*
	 • *It is the principal XB agenda item and is the preferred management medium.*

5 What plans are there to introduce other business processes into the organisation?	• *EFQM considered, but all initiatives on hold due to HQ reorganisation.* • *Very much dictated by the TLB/Centre.* • *Possible linkage with a risk register.* • *Ask DNRP BD.* • *Business development process instituted - EFQM next - greater focus on learning in the workplace - new organisational structure under Fleet First at Fleet.* • *No current visibility.* • *EFQM may be introduced in the next five years.* • *Continuing readiness to introduce useful tools and techniques.* • *Measurement of OC.* • *None.* • *Too many!* • *EFQM* • *Performance Management in its totality.* • *Not known.* • *Potential for benchmarking and EFQM.* • *Many! Eg EFQM.* • *Integration with EFQM.* • *Many - ISO 9000/2000, IiP, ROSPA, etc etc.* • *Not known.*

Section 6: General comments.	
Please add any additional comments that you feel are relevant at this stage and are not specifically covered above. In particular if you are able to supply supporting evidence this would be most helpful:	• *My involvement was some 12-18 months ago, I left the organisation 12 months ago.* • *The Balanced Scorecard concept has now been developed with the Defence environment and has become a mandated system for reporting. This development was not due to work undertaken in ..., but ... has been well positioned to meet emergent requirements from the wider implementation.* • *I left ... over a year ago, so my recollection of events has been clouded by a busy past year at ... - where I have incidentally influenced a BSC for our newly formed Management Board!* • *Within ..., the BSC has been introduced, primarily, due to direction from Fleet. Though there was some resistance at the outset, the BSC has focused Management Board business, resulting in streamlined meetings. Board Members are aware of their responsibilities and know where to focus their attention.* • *But the BSC is only as good as the effort put into its construction and subsequent updating. Areas or issues not identified (and given PIs) are not included and can then risk exclusion from SFMB business. ... operates an annual review and the new DBSA can accept updates at any time.* • *Though the BSC has simplified some of senior management's work, there is a considerable chain of work below and this has been an area of some growth. (The DBSA may reduce and spread this work.)* • *As is common with IT systems, rubbish in at the lower levels will deliver rubbish to the SFMB. Extra effort is expended to check most inputs; future developments must rely on a central pool of data that is collected once, checked once and used many times. Finally, in using the tool, it is absolutely crucial that a constant review of management actions is in place. Capturing and presenting so much fine grained information can easily seduce Board Members into thinking effective action is in hand, when it is plainly not.* • *The BSC has proved to be a very good learning tool that is has focused attention on the more important aspects of the HLB's business. It has also improved consideration of strategic issues and helped to link finance to all other business.* • *The downsides are two-fold. Firstly the BSC relies on a significant input from many members of staff.*

	Counter to this is the (probable) reduced workload for senior management. Secondly the BSC uses the PIs in the Management Plan and is therefore only as good as the PIs (rubbish in, rubbish out). However, over time this, both these problems, should become less of a problem.
	• *But has scorecard approach been of any practical value? A few examples:*
	○ *£48M additional for SHAR from DMB.*
	○ *SHAR pilot FRI. [Programme to improve retention.]*
	○ *Transfers within DLO to improve Lynx availability.*
	○ *DLO internal funding of submarine repair programme.*
	○ *Enhancements to [HMS] Ocean - no cost to naval TLBs.*
	○ *Speeding up strategic manpower review (Topmast).*
	○ *Pressure to explore short-term palliatives to front line manning problems such as understanding of extent of medical downgrading and allied DCSA under performance.*
	○ *This is NAVB taking a strategic view of business performance - analogy is to shining a torchlight rather than using a screwdriver.*
	• *Other benefits:*
	○ *Empowerment of board through information.*
	○ *Navy at a glance.*
	○ *Dealing with matters outside direct control (DLO, DPA) ie enabling the intelligent customer function and ...*
	○ *Dealing with other suppliers eg ... - Westland*
	• *One of my specific objectives (self set) when I became ... was to modernise the Navy Board's management tools. I therefore instituted a programme to develop:*
	○ *Output based performance plan.*
	○ *Balanced scorecard.*
	○ *Strategic plan.*
	All in place within 2 years. Original versions held in DNRP.
	• *This inevitably crosses the boundary of the integration of the NSC into the DLO.*
	• *We do need to align the DLO BSC with other TLBs - eg Fleet, DPA etc.*
	• *Thank you for your letter of 5th July about the introduction of the balanced scorecard in MOD. As you*

will be aware, the Naval Support Command was abolished just over two years ago, and I left the Defence Logistics Organisation a year ago. Inevitably therefore my memory of some of the dates is a bit hazy, but I have tried to fill in your questionnaire as best I can. You may find some additional background helpful.

As far as I know, the Naval Support Command was the first part of the MOD to use the balanced scorecard, at least at TLB level. There were a number of stimuli, but two I think were particularly significant.

When I arrived in 1994, the NSC had only just been set up, with the constituents coming from previously independent baronies including CINCNAVHOME, Chief Executive Dockyards, DGST(N), and CFS himself. Most of these had not taken kindly to coming under a single command. I felt strongly that there was both a need to find a consistent method of measuring and then managing performance across these different areas, and that focussing on collective performance would be a good way of stimulating corporate as opposed to adversarial behaviour. It was originally at the suggestion of Mr Alistair Cumming, then Managing Director of British Airways Engineering and our non-Executive Director, that we started trying to develop a balanced scorecard - which he had introduced into BA Engineering.

The second stimulus was the Capital/RAB programme. You will recall the original capital vision of "a department managing by outputs at all levels". This required us to develop metrics for measuring output performance in CSAs with our main customers. It also required us to understand the lower level outputs (for example in the NBSA, DGA(N), and Ship Support Agency) which contributed to the intermediate ones in our CSAs with Fleet. These then needed to be brigaded together to the level of the TLB in order to monitor our performance internally, and adjust effort and resource allocations to areas requiring remediation.

Although we had a rudimentary scorecard up and running within six months, it really took about two years before the scorecard was making a real difference to behaviour at Board Level, and the performance of the Command. About that time we started forming up the Defence Logistics Organisation, and we were able therefore to take the Naval Support Command Model and adapt it to the new circumstances. In this respect the scorecard proved particularly powerful in providing a corporate overview of what had previously been three

entirely separate TLBs. I would strongly recommend that you talk to ... in the DLO about subsequent developments.

Just before I left the DLO I recall a particularly strong example of the power of the scorecard in focussing in Board level attention to analyse particularly persistent problems, which was poor availability of the Lynx helicopter, in both its Army and Navy versions. Usually poor performance is summarily attributed to lack of resource, and poor performance in the supply chain. It is certainly true that the supply chain was put under great strain by the failure of the mono-block rotor head, but on further analysis it was discovered that there was also poor practice in not dis-engaging the auto stabilisation system when the helicopter was firmly tied to the deck with engines running: this meant that the aircraft was effectively trying to stabilise the ship, which was putting appalling strain on the rotor-heads!

Similarly, poor availability of the Army Lynx was often attributable to lack of second line maintenance manpower as to lack of the correct spares supplier. What this shows is that the scorecard is not only a powerful way of providing strategic management, but it is also a good way of forcing managers to look underneath the obvious when persistent problems arise.

- *The BS is a fine tool and a very poor master. Its main use is to act as template for describing the business, reporting and, most of all, for looking ahead at what must be done to move forward.*

- *Unfortunately my memory does not serve me well, and it isn't helped by the change of organisational and personal responsibility to a unified defence logistics organisation as ... and now ....*

- *I would feel that the introduction of a BSC approach in any area where I was involved in the future would be a very high priority.*

- *Phil. Sorry - can't help. Aged brain cells and rapidly fading memory.*

- *The IT systems are inadequate for everyone to embrace the culture. Therefore the process is time consuming.*

- *These comments are based primarily upon the development of the Fleet BSC but also reflect the process cascaded to my current organisation at ... where we are continuing to develop our own lower level BSC in support of our business.*

- *A crucial stage in developing a scorecard is to undertake a thorough business analysis, this does not*

	have to be an early stage as use of the scorecard as a process and tool ought to be embedded early on. • *As I remember, the BSC was originally proposed by the ASI who were implementing Project Capital within Fleet TLB at the time. CINC became engaged with this as a modern management method which he could use effectively. I believe this was one of the first BSCs to be delivered in Defence, and was produced with the heavy backing of the N8 leadership and costly consultants. The Fleet BSC preceded the founding of the Directorate of Performance and Analysis (DP&A) in Main Building which was responsible for the FPMG (now DMB) BSC, thus starting a "BSC fever" across the defence organisation.*

Appendix A to Chapter 7.

Table 7A.1: Denison Cultural Survey Questionnaire

Denison's Cultural Survey Questionnaire.				
External Focus	Mission	Strategic Direction and intent	1	*The organisation has a clear mission that gives meaning and direction to our work*
			2	*The organisation has a long-term purpose and direction*
			3	*The strategic direction of this organisation is clear to me*
			4	*The organisation has a clear strategy for the future*
			5	*Our organisation's strategy is leading other firms to change the ways that they compete*
External/ Stable	Mission	Goals and objectives	1	*There is widespread agreement about the goals of this organisation*
			2	*The leaders of this organisation set goals that are ambitious, but realistic*
			3	*The leadership of this organisation has "gone on record" about the objectives we are trying to meet*
			4	*We continuously track our progress against our stated goals*
			5	*The people in this organisation understand what needs to be done for us to succeed in the long run*
Stable	Mission	Vision	1	*We have a shared vision of what this organisation will be like in the future*
			2	*The leaders in this organisation have a long-term orientation*
			3	*Short-term thinking often compromises long-term vision*
			4	*Our vision creates excitement and motivation for our employees*
			5	*We are able to meet short-term demand without compromising our long-term vision*
Stable	Consistency	Cordination and integration	1	*Our approach to doing business is very consistent and predictable*
			2	*There is good alignment of goals across levels of this organisation*
			3	*People from different organisational units still share a common perspective*
			4	*It is easy to coordinate projects across functional units in this organisation*
			5	*Working with someone from another part of this organisation is like working with someone from a different company*

Appendix A to Chapter 7.

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Table 7A.1: Denison Cultural Survey Questionnaire

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Denison's Cultural Survey Questionnaire.				
Stable/ Internal	Consistency	Agreement	1	*When disagreements occur, we work hard to achieve win-win solutions*
			2	*This organisation has a strong culture*
			3	*There is clear agreement about the right way and the wrong way to do things in this organisation*
			4	*It is easy for us to reach concensus, even on difficult issues*
			5	*We often have trouble reaching agreement on key issues*
Internal Focus	Consistency	Core Values	1	*There is a clear and consistent set of values in this company that governs the way we do business*
			2	*This company has a characteristic management style and a distinct set of management practices*
			3	*The managers in this company "practice what they preach"*
			4	*This organisation has an ethical code that guides our behaviour and tells us right from wrong*
			5	*Ignoring the core values of this organisation will get you into trouble*
Internal Focus	Involvement	Capability development	1	*This organisation delegates authority so that people can act on their own*
			2	*The capability of the people in this organisation is viewed as an important source of competitive advantage*
			3	*This organisation continuously invests in the skills of its employees*
			4	*The "bench strength" of this organisation is constantly improving*
			5	*Problems often arise in my organisation because we do not have the skills necessary to do the job*
Internal/ Flexible	Involvement	Team orientation	1	*Cooperation and collaboration across functional roles are actively encouraged in this organisation*
			2	*Working in this organisation is like being part of a team*
			3	*Work is sensibly organised in this organisation so that each person can see the relationship between his/her work and the goal of the organisation*
			4	*Teams are the primary building block of this organisation*
			5	*The organisation relies on horizontal control and coordination to get work done, rather than hierarchy*

Appendix A to Chapter 7.

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Table 7A.1: Denison Cultural Survey Questionnaire

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Denison's Cultural Survey Questionnaire.				
Flexible	**Involvement**	**Empowerment**	1	*Most employees in this organisation are highly involved in their work*
			2	*Decisions in this organisation are usually made at the level where the best information is available*
			3	*Information is widely shared in this organisation so that everyone can get the information s/he needs when it is needed*
			4	*Everyone in this organisation believes that s/he can have a positive impact*
			5	*Business planning in our organisation is ongoing and involves everyone in the process to some degree*
Flexible	**Adaptability**	**Creating change**	1	*The organisation is very responsive and changes easily*
			2	*This organisation responds well to competitors and other changes in the external business environment*
			3	*This organisation continually adopts new and improved ways to do work*
			4	*Attempts to change this organisation usually meet with resistance*
			5	*Different units in this organisation often cooperate to create change*
Flexible/ External	**Adaptability**	**Customer focus**	1	*Customer comments and recommendations often lead to changes in this organisation*
			2	*Customer input directly influences our decisions*
			3	*All members of this organisation have a deep understanding of customer wants and needs*
			4	*We encourage direct contact with customers by members of the organisation*
			5	*The interests of the final customer often are ignored in our decisions*
External	**Adaptability**	**Organisational learning**	1	*This organisation encourages innovation and rewards those who take risks*
			2	*We view failure as an opportunity for learning and improvement*
			3	*Lots of things "fall between the cracks" in this organisation*
			4	*Learning is an important objective in our day-to-day work*
			5	*We make certain that the "right hand knows what the left is doing"*

Appendix B to Chapter 7.

Table 7B.1: CINCFLEET HQ scores against Denison Organisational Cultural Survey

Denison's Organisational Cultural Survey.		Overall CINCFLEET HQ scores by sector.	Overall CINCFLEET HQ scores by quadrants.	Overall CINCFLEET HQ internal/ external focus balance.	Overall CINCFLEET HQ stable/ flexible balance.
	Key:	**<=25%**	**>25%<=50%**	**>50%<=75%**	**>75%**
Mission	**Strategic direction and intent**	51	114	Eternal focus	Stable
	Goals and objectives	40		Mission + Adaptability (114+55)	Mission + Consistency (114+95)
	Vision	23		169	209
Consistency	**Coordination and integration**	28	95		
	Agreement	32		**Internal focus**	**Flexible**
	Core values	35		Consistency + Involvement (95+95)	Involvement + Adaptability (95+55)
Involvement	**Capability development**	16	95	190	150
	Team Orientation	50			
	Empowerment	29			
Adaptability	**Creating change**	14	55		
	Customer focus	15			
	Organisational learning	26			

Table 7B.1: CINCFLEET HQ scores against Denison Organisational Cultural Survey

Denison's Organisational Cultural Survey.		Senior and Junior Naval Staff, RM and RFA scores by sector.	Senior and Junior Naval Staff, RM and RFA scores by quadrants.	Senior and Junior Naval Staff, RM and RFA internal/external focus balance.	Senior and Junior Naval Staff, RM and RFA stable/flexible balance.
	Key:	**<=25%**	**>25%<=50%**	**>50%<=75%**	**>75%**
Mission	**Strategic direction and intent**	62	159	Eternal focus	Stable
	Goals and objectives	59		Mission + Adaptability (159+88)	Mission + Consistency (159+130)
	Vision	38		247	289
Consistency	**Coordination and integration**	41	130		
	Agreement	53		**Internal focus**	**Flexible**
	Core values	36		Consistency + Involvement (130+138)	Involvement + Adaptability (138+88)
Involvement	**Capability development**	29	138	268	226
	Team Orientation	63			
	Empowerment	46			
Adaptability	**Creating change**	23	88		
	Customer focus	27			
	Organisational learning	38			

Table 7B.1: CINCFLEET HQ scores against Denison Organisational Cultural Survey

Denison's Organisational Cultural Survey.		Middle ranking Naval Officers scores by sector.	Middle ranking Naval Officers scores by quadrants.	Middle ranking Naval Officers internal/ external focus balance.	Middle ranking Naval Officers stable/ flexible balance.
	Key:	**<=25%**	**>25%<=50%**	**>50%<=75%**	**>75%**
Mission	**Strategic direction and intent**	43	71	Eternal focus	Stable
	Goals and objectives	23		Mission + Adaptability (71+16)	Mission + Consistency (71+66)
	Vision	5		87	137
Consistency	**Coordination and integration**	16	66		
	Agreement	21		Internal focus	Flexible
	Core values	29		Consistency + Involvement (66+48)	Involvement + Adaptability (48+16)
Involvement	**Capability development**	2	48	114	64
	Team Orientation	26			
	Empowerment	20			
Adaptability	**Creating change**	6	16		
	Customer focus	4			
	Organisational learning	6			

Table 7B.1: CINCFLEET HQ scores against Denison Organisational Cultural Survey

Denison's Organisational Cultural Survey.		Civilian staff scores by sector.	Civilian staff scores by quadrants.	Civilian staff internal/ external focus balance.	Civilian staff stable/ flexible balance.
	Key:	<=25%	>25%<=50%	>50%<=75%	>75%
Mission	Strategic direction and intent	42	107	Eternal focus	Stable
	Goals and objectives	36		Mission + Adaptability (107+69)	Mission + Consistency (107+85)
	Vision	29		176	192
Consistency	Coordination and integration	25	85		
	Agreement	23		Internal focus	Flexible
	Core values	37		Consistency + Involvement (85+95)	Involvement + Adaptability (95+69)
Involvement	Capability development	18	95	180	164
	Team Orientation	55			
	Empowerment	22			
Adaptability	Creating change	17	69		
	Customer focus	16			
	Organisational learning	36			

Appendix C to Chapter 7

KEY
1 = Strategic direction and intent.
2 = Goals and objectives.
3 = Vision.
4 = Coordination and integration.
5 = Agreement.
6 = Core values.
7 = Capability development.
8 = Team orientation.
9 = Empowerment.
10 = Creating change.
11 = Customer focus.
12 = Organisational learning.

Figure 7C.1: CINCFLEET HQ overall assessment against Denison organisational cultural assessment tool.
Adapted from the original by showing segment scores with "traffic light" colours.

Appendix D to Chapter 7

KEY
1 = Strategic direction and intent.
2 = Goals and objectives.
3 = Vision.
4 = Coordination and integration.
5 = Agreement.
6 = Core values.
7 = Capability development.
8 = Team orientation.
9 = Empowerment.
10 = Creating change.
11 = Customer focus.
12 = Organisational learning.

Figure 7D.1: Senior and Junior Naval staff, RM and RFA overall assessment against Denison organisational cultural assessment tool.
Adapted from the original by showing segment scores with "traffic light" colours.

KEY
1 = Strategic direction and intent.
2 = Goals and objectives.
3 = Vision.
4 = Coordination and integration.
5 = Agreement.
6 = Core values.
7 = Capability development.
8 = Team orientation.
9 = Empowerment.
10 = Creating change.
11 = Customer focus.
12 = Organisational learning.

Figure 7E.1: Middle ranking Naval officers' assessment against Denison organisational cultural assessment tool.
Adapted from the original by showing segment scores with "traffic light" colours.

Appendix F to Chapter 7

KEY
1 = Strategic direction and intent.
2 = Goals and objectives.
3 = Vision.
4 = Coordination and integration.
5 = Agreement.
6 = Core values.
7 = Capability development.
8 = Team orientation.
9 = Empowerment.
10 = Creating change.
11 = Customer focus.
12 = Organisational learning.

Figure 7F.1: Civilian staff assessment against Denison organisational cultural assessment tool.
Adapted from the original by showing segment scores with "traffic light" colours.

Appendix A to Chapter 8.

Table 8A.1: Military, Cultural and Management models used in compiling an organisational measurement instrument.

Model:	Denison's Organisational Effectiveness Tool.		Ainslie's 6 measures of Military Ethos.	Stouffer's Cohesion and combat effectiveness.	Shils and Janowitz's Cohesion in the Wehrmacht.
Features:	Involvement	Empowerment	Loyalty, discipline and aggression	Code of masculinity	Small group ties
		Team Orientation	Cohesion	Loyalty to group	Proximity to other groups
		Capability development	Leadership	Loyalty to officers	Devotion to Hitler (ideology)
	Consistency	Core values	Operational training	Trust in medical care	Family protection
		Agreement	Pride, history and customs	Pride in accomplishment of unit	Loyalty to leaders
		Coordination	Organisational commitment	Friendship, affection and good humour	
	Adaptability	Creating change		Sense of humour (altruism)	
		Customer focus		Patriotism	
		Organisational learning		Hate for enemy	
	Mission	strategic direction and intent			
		Goals and objectives			
		Vision			

Appendix A to Chapter 8.

Table 8A.1: Military, Cultural and Management models used in compiling an organisational measurement instrument.

Model:	Moskos' Cohesion and battle-survival.	Shamir's Leadership influence on cohesion.	Gal's Unit morale or climate.	Henderson's Human element in combat.
Features:	Small group cohesion	Charismatic leadership	Confidence in leaders	Loyalty to group
	Fast integration of new members	Shared values	Confidence in peers	Training together
	Deep friendships	Cultural arefacts	Confidence in oneself	Willingness to risk death for others
	Ability to cope with battle conditions	Group cohesion	Confidence in weapons	Goals of individuals, small groups and leaders must be congruent
		Role models	Relations with peers and leaders	
			Fear of enemy and aftermath of combat	
			Realistic training for combat	

Appendix A to Chapter 8.

Table 8A.1: Military, Cultural and Management models used in compiling an organisational measurement instrument.

Model:	Price's Factors influencing psychiatric casualties.	Grossman's Learning to kill in war.	CSIS Report Measuring US Military culture.	Johnson's culture web.
Features:	Success of the unit	Training	Training standards and readiness	Stories and myths
	Professionalism	Military slang and group culture	Leadership	Symbols
	Conflict duration		Fairness, trust, teamwork, duty and commitment	Rituals and routines
			Satisfaction with service	Controls systems
				Organisational structures
				Power structures
				The paradigm

Appendix A to Chapter 8.

Table 8A.1: Military, Cultural and Management models used in compiling an organisational measurement instrument.

Model:	Cartwright's Nine Factors.	EFQM	Hofstede's key elements of culture.	Schein's key elements of culture.
Features:	Identification	Leadership	Values	Basic assumptions (covering the environment and human aspects of behaviour)
	Equity	People	Rituals	Beliefs, values and attitudes
	Equality	Policy and strategy	Heroes	Artefacts (covering the outward forms of culture that are displayed and conveyed between individuals)
	Consensus	Partnerships and resources	Symbols	
	Instrumentality	Processes	Practices	
	Rationality	People results		
	Development	Customer results		
	Group Dynamics	Society results		
	Internalisation	Key performance results		

Appendix B to Chapter 8.

Table 8B.1: Alignment between elements of the Military, cultural and management tools.

Model:	Denison's Organisational Effectiveness Tool.		Ainslie's 6 measures of Military Ethos.	Stouffer's Cohesion and combat effectiveness.	Shils and Janowitz's Cohesion in the Wehrmacht.
Team and Groups		Team orientation	Organisational commitment	Loyalty to group	Proximity to other groups
				Friendship, affection and good humour	Small group ties
				Sense of humour (altruism)	
Leaders		Coordination	Leadership	Loyalty to officers	Loyalty to leaders
Training, learning and development		Capability development	Operational training		
		Organisational learning			
		Creating change			
Individual	Involvement	Empowerment	Loyalty, discipline and aggression		
		Agreement	Cohesion		
Beliefs	Consistency	Customer focus		Patriotism	Devotion to Hitler (ideology)
				Hate for enemy	Family protection
				Trust in medical care	
Task	Mission	Strategic direction and intent			
		Goals and objectives			
		Vision			
Organisation	Adaptability	Core values	Pride, history and customs	Pride in accomplishment of unit	
				Code of masculinity	

Appendix B to Chapter 8.

Table 8B.1: Alignment between elements of the Military, cultural and management tools.

Model:	Moskos' Cohesion and battle-survival.	Shamir's Leadership influence on cohesion.	Gal's Unit morale or climate.	Henderson's Human element in combat.	Price's Factors influencing psychiatric casualties.
Team and Groups	Small group cohesion	Group cohesion	Confidence in peers	Loyalty to group	
	Fast integration of new members	Shared values	Relations with peers and leaders		
	Deep friendships				
Leaders		Charismatic leadership	Confidence in leaders		
Training, learning and development			Realistic training for combat	Training together	Professionalism
Individual			Confidence in oneself	Willingness to risk death for others	
Beliefs			Fear of enemy and aftermath of combat		Conflict duration
			Confidence in weapons		
Task	Ability to cope with battle conditions			Goals of individuals, small groups and leaders must be congruent	
Organisation		Cultural arefacts			Success of the unit
		Role models			

Appendix B to Chapter 8.

Table 8B.1: Alignment between elements of the Military, cultural and management tools.

Model:	Grossman's Learning to kill in war.	CSIS Report Measuring US Military culture.	Johnson's culture web.	Cartwright's Nine Factors.	EFQM
Team and Groups				Group Dynamics	Partnerships and resources
					People
Leaders		Leadership	Organisational structures		Leadership
			Power structures		Policy and strategy
			Controls systems		
Training, learning and development	Training	Training standards and readiness		Development	
Individual		Satisfaction with service		Identification	
				Internalisation	
				Equity	
Beliefs		Fairness, trust, teamwork, duty and commitment		Equality	
				Consensus	
Task				Instrumentality	Key performance results
					Society results
					Customer results
					People results
					Processes
Organisation	Military slang and group culture		Stories and myths	Rationality	
			Symbols		
			Rituals and routines		
			The paradigm		

Appendix B to Chapter 8.

Table 8B.1: Alignment between elements of the Military, cultural and management tools.

Model:	Hofstede's key elements of culture.	Schein's key elements of culture.	A Brown's Sources of organisational culture.	Drennan's Additional sources of organisational culture.	Cameron & Quinn's Organisational Culture Assessment Instrument.
Team and Groups					
Leaders			Vision, management style and personality of the organisation's founder or other dominant leader	Organisational structure and resources	Management of employees
				Legislation and organisational environment	Criteria for success
				Information and control systems	Strategic emphases
				Influence of a dominant leader	Organisational Leadership
Training, learning and development					
Individual					
Beliefs	Values	Beliefs, values and attitudes	Societal or national culture within which and organisation is physically situated	Goals, values and beliefs	
		Basic assumptions (covering the environment and human aspects of behaviour)		The organisation's expectations	
				Customers	
				Industry/sector and competitors	
Task			Type of business an organisation conducts and the nature of its business environment	Technology, products and services	
Organisation	Rituals	Artefacts (covering the outward forms of culture that are displayed and conveyed between individuals)		Reward systems and measures	Organisational Glue
	Heroes			Procedures and Policies	Dominant Characteristics
	Symbols			Organisational history and tradition	
	Practices				

Appendix C to Chapter 8.

Table 8C.1: Grouping of the related elements of the Military, cultural and management tools.

Category:	Team and Groups	Leaders	Training, learning and development	Individual	Beliefs	Task	Organisation
Related elements:	Team orientation	Coordination	Organisational learning	Involvement	Consistency	Mission	Adaptability
	Organisational commitment	Leadership	Capability development	Empowerment	Customer focus	Strategic direction and intent	Core values
	Loyalty to group	Loyalty to officers	Operational training	Agreement	Patriotism	Goals and objectives	Pride, history and customs
	Friendship, affection and good humour	Loyalty to leaders	Creating change	Loyalty, discipline and aggression	Hate for enemy	Vision	Pride in accomplishment of unit
	Sense of humour (altruism)	Charismatic leadership	Realistic training for combat	Cohesion	Devotion to Hitler (ideology)	Ability to cope with battle conditions	Cultural arefacts
	Proximity to other groups	Confidence in leaders	Training together	Confidence in oneself	Family protection	Goals of individuals, small groups and leaders must be congruent	Code of masculinity
	Small group ties	Organisational structures	Professionalism	Willingness to risk death for others	Fear of enemy and aftermath of combat	Instrumentality	Role models
	Small group cohesion	Power structures	Training	Satisfaction with service	Conflict duration	Key performance results	Success of the unit
	Fast integration of new members	Controls systems	Training standards and readiness	Identification	Trust in medical care	Society results	Military slang and group culture
	Deep friendships	Policy and strategy	Development	Internalisation	Confidence in weapons	Customer results	Stories and myths
	Group cohesion	Vision, management style and personality of the organisation's founder or other dominant leader		Equity	Fairness, trust, teamwork, duty and commitment	Type of business an organisation conducts and the nature of its business environment.	Rationality
	Shared values	Organisational structure and resources.			Equality	Technology, products and services	Symbols
	Confidence in peers	Legislation and organisational environment			Consensus	People results	Rituals and routines
	Relations with peers and leaders	Information and control systems			Values	Processes	The paradigm
	Loyalty to group	Influence of a dominant leader			Beliefs, values and attitudes		Rituals
	Group Dynamics	Management of employees			Basic assumptions (covering the environment and human aspects of behaviour)		Heroes
	Partnerships and resources	Criteria for success			Societal or national culture within which and organisation is physically situated		Symbols
	People	Strategic emphases			Goals, values and beliefs		Practices
		Organisational Leadership			The organisation's expectations		Artefacts (covering the outward forms of culture that are displayed and conveyed between individuals)
					Customers		Reward systems and measures
					Industry/sector and competitors		Procedures and Policies
							Organisational history and tradition
							Organisational Glue
							Dominant Characteristics

Appendix D to Chapter 8.

Table 8D.1: Military, Cultural and Management models aligned to the Denison cultural measurement tool.

Denison's Organisational Effectiveness Tool.			Ainslie's 6 measures of Military Ethos.	Stouffer's Cohesion and combat effectiveness.	Shils and Janowitz's Cohesion in the Wehrmacht.	Moskos' Cohesion and battle-survival.	Shamir's Leadership influence on cohesion.
External Focus	Mission	Strategic Direction and intent					
External/ Stable	Mission	Goals and objectives	Leadership				Charismatic leadership
Stable	Mission	Vision					
Stable	Consistency	Cordination and integration					Shared values
Stable/ Internal	Consistency	Agreement					
Internal Focus	Consistency	Core Values	Pride, history and customs	Patriotism	Devotion to Hitler (ideology)	Ability to cope with battle conditions	Cultural arefacts
			Organisational commitment	Hate for enemy	Family protection		
				Trust in medical care			
				Pride in accomplishment of unit			
Internal Focus	Involvement	Capability development	Operational training		Small group ties		Role models
					Proximity to other groups		
Internal/ Flexible	Involvement	Team orientation	Cohesion	Loyalty to group	Loyalty to leaders	Small group cohesion	Group cohesion
			Loyalty, discipline and aggression	Friendship, affection and good humour		Fast integration of new members	
				Loyalty to officers		Deep friendships	
				Code of masculinity			
				Sense of humour (altruism)			
Flexible	Involvement	Empowerment					
Flexible	Adaptability	Creating change					
Flexible/ External	Adaptability	Customer focus					
External	Adaptability	Organisational learning					

Appendix D to Chapter 8.

Table 8D.1: Military, Cultural and Management models aligned to the Denison cultural measurement tool.

Denison's Organisational Effectiveness Tool.			Gal's Unit morale or climate.	Henderson's Human element in combat.	Price's Factors influencing psychiatric casualties.	Grossman's Learning to kill in war.	CSIS Report Measuring US Military culture.
External Focus	Mission	Strategic Direction and intent					
External/ Stable	Mission	Goals and objectives	Confidence in leaders				Leadership Training standards and readiness
Stable	Mission	Vision			Success of the unit Conflict duration		
Stable	Consistency	Cordination and integration					
Stable/ Internal	Consistency	Agreement		Goals of individuals, small groups and leaders must be congruent			
Internal Focus	Consistency	Core Values	Fear of enemy and aftermath of combat	Willingness to risk death for others		Military slang and group culture	Fairness, trust, teamwork, duty and commitment
Internal Focus	Involvement	Capability development	Realistic training for combat Confidence in weapons	Training together	Professionalism	Training	
Internal/ Flexible	Involvement	Team orientation	Relations with peers and leaders Confidence in peers	Loyalty to group			
Flexible	Involvement	Empowerment	Confidence in oneself				Satisfaction with service
Flexible	Adaptability	Creating change					
Flexible/ External	Adaptability	Customer focus					
External	Adaptability	Organisational learning					

Appendix D to Chapter 8.

Table 8D.1: Military, Cultural and Management models aligned to the Denison cultural measurement tool.

Denison's Organisational Effectiveness Tool.			Johnson's culture web.	Cartwright's Nine Factors.	EFQM	Hofstede's key elements of culture.	Schein's key elements of culture.
External Focus	Mission	Strategic Direction and intent			Policy and strategy		
					Customer Results		
					Society results		Beliefs, values and attitudes
					Key performance results		
External/ Stable	Mission	Goals and objectives			Leadership		
					Policy and strategy		
					Customer results		
					Society results		
					Key performance results		
Stable	Mission	Vision	The paradigm		Key performance results		
Stable	Consistency	Cordination and integration	Organisational structures	Identification	Policy and strategy	Practices	
				Rationality	Processes		
					Key performance results		
Stable/ Internal	Consistency	Agreement	Controls systems	Internalisation	Key performance results		
			Power structures	Consensus			
Internal Focus	Consistency	Core Values	Stories and myths	Equality	People	Symbols	Artefacts (covering the outward forms of culture that are displayed and conveyed between individuals)
			Symbols	Equity		Values	Basic assumptions (covering the environment and human aspects of behaviour)
			Rituals and routines			Rituals	Beliefs, values and attitudes
Internal Focus	Involvement	Capability development		Group Dynamics	People	Heroes	
					Partnerships and resources		
					People results		
Internal/ Flexible	Involvement	Team orientation			People results		
Flexible	Involvement	Empowerment		Instrumentality	People		
					People results		
Flexible	Adaptability	Creating change			Policy and strategy		
Flexible/ External	Adaptability	Customer focus			Processes		
					Customer results		
					Society results		
					Key performance results		
External	Adaptability	Organisational learning		Development	Processes		

Appendix D to Chapter 8.

Table 8D.1: Military, Cultural and Management models aligned to the Denison cultural measurement tool.

Denison's Organisational Effectiveness Tool.			A Brown's Sources of organisational culture.	Drennan's Additional sources of organisational culture.	Cameron & Quinn's Organisational Culture Assessment Instrument.
External Focus	Mission	Strategic Direction and intent	Type of business an organisation conducts and the nature of its business environment	Industry/sector and competitors.	Strategic emphases
External/ Stable	Mission	Goals and objectives	Vision, management style and personality of the organisation's founder or other dominant leader	Technology, products and services.	Criteria for success
			Type of business an organisation conducts and the nature of its business environment	Goals, values and beliefs.	Organisational Leadership
Stable	Mission	Vision	Vision, management style and personality of the organisation's founder or other dominant leader		
Stable	Consistency	Cordination and integration		Influence of a dominant leader.	
				Technology, products and services.	
				Information and control systems.	
				Procedures and Policies.	
				Organisational structure and resources.	
Stable/ Internal	Consistency	Agreement		The organisation's expectations.	Organisational Glue
Internal Focus	Consistency	Core Values	Vision, management style and personality of the organisation's founder or other dominant leader	Goals, values and beliefs.	Dominant Characteristics
			Societal or national culture within which and organisation is physically situated	Organisational history and tradition.	
				Reward systems and measures.	
Internal Focus	Involvement	Capability development		Technology, products and services.	Management of employees
				Industry/sector and competitors.	
				Information and control systems.	
				Reward systems and measures.	
Internal/ Flexible	Involvement	Team orientation		Organisational structure and resources.	
Flexible	Involvement	Empowerment		Organisational structure and resources.	
Flexible	Adaptability	Creating change		Technology, products and services.	
				Organisational structure and resources.	
Flexible/ External	Adaptability	Customer focus		Customers.	
				Industry/sector and competitors.	
				Organisational structure and resources.	
External	Adaptability	Organisational learning		Legislation and organisational environment.	
				Industry/sector and competitors.	
				Technology, products and services.	
				Information and control systems.	
				Organisational structure and resources.	

Appendix E to Chapter 8.

Table 8E.1: Military, Cultural and Management models aligned to the Denison cultural measurement tool statements.

Denison's Organisational Effectiveness Tool.					Related Cultural issues.		
External Focus	**Mission**	**Strategic Direction and intent**	1	*The organisation has a clear mission that gives meaning and direction to our work*	Policy and Strategy	Shared values	Strategic emphases
			2	*The organisation has a long-term purpose and direction*	Pride, history and customs	Internalisation	Organisational commitment
			3	*The strategic direction of this organisation is clear to me*	Results	Beliefs, values and attitudes	Organisational Glue
			4	*The organisation has a clear strategy for the future*	Type of business an organisation conducts and the nature of its business environment		
			5	*Our organisation's strategy is leading other firms to change the ways that they compete*	Cultural artefacts (covering the outward forms of culture that are displayed and conveyed between individuals)		
External/ Stable	**Mission**	**Goals and objectives**	1	*There is widespread agreement about the goals of this organisation*	Results	Loyalty to leaders	Type of business an organisation conducts and the nature of its business environment
			2	*The leaders of this organisation set goals that are ambitious, but realistic*	Leadership	Fairness, trust, teamwork, duty and commitment	
			3	*The leadership of this organisation has "gone on record" about the objectives we are trying to meet*	Policy and Strategy	Organisational structures	
			4	*We continuously track our progress against our stated goals*	Organisational structure and resources	Criteria for success	
			5	*The people in this organisation understand what needs to be done for us to succeed in the long run*	The organisation's expectations	Organisational commitment	

Appendix E to Chapter 8.

Table 8E.1: Military, Cultural and Management models aligned to the Denison cultural measurement tool statements.

Denison's Organisational Effectiveness Tool.					Related Cultural issues.		
Stable	**Mission**	**Vision**	1	*We have a shared vision of what this organisation will be like in the future*	Concensus	Organisational commitment	
			2	*The leaders in this organisation have a long-term orientation*	Success of the unit	Identification	
			3	*Short-term thinking often compromises long-term vision*	Policy and Strategy	Shared values	
			4	*Our vision creates excitement and motivation for our employees*	Results	Reward systems and measures	
			5	*We are able to meet short-term demand without compromising our long-term vision*	Organisational structures		
Stable	**Consistency**	**Cordination and integration**	1	*Our approach to doing business is very consistent and predictable*	Processes	Leadership	
			2	*There is good alignment of goals across levels of this organisation*	Shared values	Controls systems	
			3	*People from different organisational units still share a common perspective*	Organisational structures	Power structures	
			4	*It is easy to coordinate projects across functional units in this organisation*	Results	Procedures and Policies	

Appendix E to Chapter 8.

Table 8E.1: Military, Cultural and Management models aligned to the Denison cultural measurement tool statements.

Denison's Organisational Effectiveness Tool.					Related Cultural issues.		
			5	*Working with someone from another part of this organisation is like working with someone from a different company*	Cohesion		

Appendix E to Chapter 8.

Table 8E.1: Military, Cultural and Management models aligned to the Denison cultural measurement tool statements.

Denison's Organisational Effectiveness Tool.					Related Cultural issues.		
Stable/ Internal	Consistency	Agreement	1	*When disagreements occur, we work hard to achieve win-win solutions*	Organisational Glue	Military slang and group culture	Goals of individuals, small groups and leaders must be congruent
			2	*This organisation has a strong culture*	Consensus	Group cohesion	
			3	*There is clear agreement about the right way and the wrong way to do things in this organisation*	Internalisation	Power structures	
			4	*It is easy for us to reach concensus, even on difficult issues*	Results	Organisational commitment	
			5	*We often have trouble reaching agreement on key issues*	Controls systems	The organisation's expectations	
Internal Focus	Consistency	Core Values	1	*There is a clear and consistent set of values in this company that governs the way we do business*	Rituals and routines, pride, history, traditions and customs	Leadership	Pride in accomplishment of unit
			2	*This company has a characteristic management style and a distinct set of management practices*	Organisational commitment	Fairness, trust, teamwork, duty and commitment	
			3	*The managers in this company "practice what they preach"*	Power structures	Equity	
			4	*This organisation has an ethical code that guides our behaviour and tells us right from wrong*	Reward systems and measures	Role models	

Appendix E to Chapter 8.

Table 8E.1: Military, Cultural and Management models aligned to the Denison cultural measurement tool statements.

Denison's Organisational Effectiveness Tool.					Related Cultural issues.			
			5	*Ignoring the core values of this organisation will get you into trouble*		Beliefs, values and attitudes	People results	

Appendix E to Chapter 8.

Table 8E.1: Military, Cultural and Management models aligned to the Denison cultural measurement tool statements.

Denison's Organisational Effectiveness Tool.					Related Cultural issues.		
Internal Focus	**Involvement**	**Capability development**	1	*This organisation delegates authority so that people can act on their own*	Training	People	Group Dynamics
			2	*The capability of the people in this organisation is viewed as an important source of competitive advantage*	Confidence in equipment (weapons)	Partnerships and resources	Leadership
			3	*This organisation continuously invests in the skills of its employees*	Role models	Training together	
			4	*The "bench strength" of this organisation is constantly improving*	Technology, products and services	Management of employees	
			5	*Problems often arise in my organisation because we do not have the skills necessary to do the job*	Information and control systems	Deep friendships	

Appendix E to Chapter 8.

Table 8E.1: Military, Cultural and Management models aligned to the Denison cultural measurement tool statements.

Denison's Organisational Effectiveness Tool.					Related Cultural issues.		
Internal/ Flexible	**Involvement**	**Team orientation**	1	*Cooperation and collaboration across functional roles are actively encouraged in this organisation*	Loyalty to group	Group Dynamics	
			2	*Working in this organisation is like being part of a team*	Fast integration of new members	Organisational structures	
			3	*Work is sensibly organised in this organisation so that each person can see the relationship between his/her work and the goal of the organisation*	Small group cohesion	Relations with peers and leaders	
			4	*Teams are the primary building block of this organisation*	Organisational structure and resources	Proximity to other groups	
			5	*The organisation relies on horizontal control and coordination to get work done, rather than hierarchy*	People results	People	

Appendix E to Chapter 8.

Table 8E.1: Military, Cultural and Management models aligned to the Denison cultural measurement tool statements.

Denison's Organisational Effectiveness Tool.					Related Cultural issues.		
Flexible	**Involvement**	**Empowerment**	1	*Most employees in this organisation are highly involved in their work*	Satisfaction with service	Results	Confidence in peers
			2	*Decisions in this organisation are usually made at the level where the best information is available*	Instrumentality	Loyalty to group	
			3	*Information is widely shared in this organisation so that everyone can get the information s/he needs when it is needed*	Confidence in oneself	Power structures	
			4	*Everyone in this organisation believes that s/he can have a positive impact*	Information and control systems	Relations with peers and leaders	
			5	*Business planning in our organisation is ongoing and involves everyone in the process to some degree*	Organisational structure and resources	People	

Appendix E to Chapter 8.

Table 8E.1: Military, Cultural and Management models aligned to the Denison cultural measurement tool statements.

Denison's Organisational Effectiveness Tool.					Related Cultural issues.		
Flexible	Adaptability	Creating change	1	*The organisation is very responsive and changes easily*	Results	Cohesion	
			2	*This organisation responds well to competitors and other changes in the external business environment*	Relations with peers and leaders	Partnerships and resources	
			3	*This organisation continually adopts new and improved ways to do work*	Policy and strategy		
			4	*Attempts to change this organisation usually meet with resistance*	Organisational structure and resources		
			5	*Different units in this organisation often cooperate to create change*	Technology, products and services		

Appendix E to Chapter 8.

Table 8E.1: Military, Cultural and Management models aligned to the Denison cultural measurement tool statements.

Denison's Organisational Effectiveness Tool.					Related Cultural issues.		
Flexible/ External	**Adaptability**	**Customer focus**	1	*Customer comments and recommendations often lead to changes in this organisation*	Customer results	Processes	
			2	*Customer input directly influences our decisions*	Society results	Policy and strategy	
			3	*All members of this organisation have a deep understanding of customer wants and needs*	Key performance results	Partnerships and resources	
			4	*We encourage direct contact with customers by members of the organisation*	Pride, history and customs	Organisational commitment	
			5	*The interests of the final customer often are ignored in our decisions*	Legislation and organisational environment	Societal or national culture within which and organisation is physically situated	

Appendix E to Chapter 8.

Table 8E.1: Military, Cultural and Management models aligned to the Denison cultural measurement tool statements.

Denison's Organisational Effectiveness Tool.					Related Cultural issues.		
External	Adaptability	Organisational learning	1	*This organisation encourages innovation and rewards those who take risks*	Development	Training	
			2	*We view failure as an opportunity for learning and improvement*	Policy and strategy	Relations with peers and leaders	
			3	*Lots of things "fall between the cracks" in this organisation*	Processes	Loyalty to group	
			4	*Learning is an important objective in our day-to-day work*	Legislation and organisational environment	Professionalism	
			5	*We make certain that the "right hand knows what the left is doing"*	Technology, products and services	Information and control systems	

Appendix F to Chapter 8.

Table 8F.1: Statements developed for a new measurement model aligned to the Denison cultural measurement tool statements.

Denison's Organisational Effectiveness Tool.									CINCFLEET cultural measurement tool	
External Focus	**Mission**	**Strategic Direction and intent**	1	*The organisation has a clear mission that gives meaning and direction to our work*	Policy and Strategy	Shared values	Strategic emphases		1	CINCFLEET HQ has a clear mission that provides long-term direction and a clear framework for current work
			2	*The organisation has a long-term purpose and direction*	Pride, history and customs	Internalisation			2	There is pride in the history and traditions of the Navy and these values are maintained in the future strategy of CINCFLEET HQ
			3	*The strategic direction of this organisation is clear to me*	Results	Organisational commitment			3	The CINCFLEET HQ strategy shows clearly how organisational objectives will be achieved
			4	*The organisation has a clear strategy for the future*	Type of business an organisation conducts and the nature of its business environment	Cultural artefacts (covering the outward forms of culture that are displayed and conveyed between individuals)				
			5	*Our organisation's strategy is leading other firms to change the ways that they compete*	Organisational Glue	Beliefs, values and attitudes				

Appendix F to Chapter 8.

Table 8F.1: Statements developed for a new measurement model aligned to the Denison cultural measurement tool statements.

Denison's Organisational Effectiveness Tool.										CINCFLEET cultural measurement tool	
External/ Stable	**Mission**	**Goals and objectives**		1	*There is widespread agreement about the goals of this organisation*	Results	Loyalty to leaders	The organisation's expectations		1	Organisational goals are clear, challenging but achievable, and achievement is continuously monitored and publicised
				2	*The leaders of this organisation set goals that are ambitious, but realistic*	Leadership	Fairness, trust, teamwork, duty and commitment			2	Leaders visibly promote organisational goals and inspire loyalty and confidence so that staff are committed to achieving organisational goals
				3	*The leadership of this organisation has "gone on record" about the objectives we are trying to meet*	Policy and Strategy	Organisational structures			3	Everybody's responsibilities are clearly defined and cover the full range of tasks required to achieve organisational goals
				4	*We continuously track our progress against our stated goals*	Organisational commitment	Type of business an organisation conducts and the nature of its business environment				
				5	*The people in this organisation understand what needs to be done for us to succeed in the long run*	Criteria for success	Organisational structure and resources				

Appendix F to Chapter 8.

Table 8F.1: Statements developed for a new measurement model aligned to the Denison cultural measurement tool statements.

Denison's Organisational Effectiveness Tool.										CINCFLEET cultural measurement tool
Stable	**Mission**	**Vision**		1	*We have a shared vision of what this organisation will be like in the future*	Concensus	Organisational commitment		1	All staff understand the long-term vision of this organisation and are committed to achieving it
				2	*The leaders in this organisation have a long-term orientation*	Success of the unit	Identification		2	This organisation is highly successful and all staff share in that success
				3	*Short-term thinking often compromises long-term vision*	Policy and Strategy	Shared values		3	CINCFLEET HQ is robust and well structured and can maintain its long-term direction even when faced with short-term difficulties
				4	*Our vision creates excitement and motivation for our employees*	Results	Reward systems and measures			
				5	*We are able to meet short-term demand without compromising our long-term vision*	Organisational structures				

Appendix F to Chapter 8.

Table 8F.1: Statements developed for a new measurement model aligned to the Denison cultural measurement tool statements.

Denison's Organisational Effectiveness Tool.									CINCFLEET cultural measurement tool
Stable	**Consistency**	**Cordination and integration**	1	*Our approach to doing business is very consistent and predictable*	Processes	Leadership		1	Business processes and activities are well defined, consistent, integrated and orientated to achieving the organisational goals
			2	*There is good alignment of goals across levels of this organisation*	Shared values	Controls systems		2	Staff cooperate and work well together across internal organisational boundaries to achieve organisational goals
			3	*People from different organisational units still share a common perspective*	Organisational structures	Power structures		3	Leaders and managers provide strong coordination and control across the whole of the organisation
			4	*It is easy to coordinate projects across functional units in this organisation*	Results	Procedures and Policies			
			5	*Working with someone from another part of this organisation is like working with someone from a different company*	Cohesion				

Appendix F to Chapter 8.

Table 8F.1: Statements developed for a new measurement model aligned to the Denison cultural measurement tool statements.

Denison's Organisational Effectiveness Tool.									CINCFLEET cultural measurement tool
Stable/ Internal	**Consistency**	**Agreement**		1	*When disagreements occur, we work hard to achieve win-win solutions*	Goals of individuals, small groups and leaders must be congruent	Military slang and group culture	Organisational Glue	1	Focus on our organisational goals promotes cooperation and the search for win-win solutions to difficult problems
				2	*This organisation has a strong culture*	Consensus	Group cohesion		2	The organisational culture clearly defines the values of this HQ, and the way we work in it
				3	*There is clear agreement about the right way and the wrong way to do things in this organisation*	Internalisation	Power structures		3	Staff strongly identify with their team and CINCFLEET HQ, and readily accept and promote the values of both
				4	*It is easy for us to reach concensus, even on difficult issues*	Results	Organisational commitment			
				5	*We often have trouble reaching agreement on key issues*	Controls systems	The organisation's expectations			

Appendix F to Chapter 8.

Table 8F.1: Statements developed for a new measurement model aligned to the Denison cultural measurement tool statements.

Denison's Organisational Effectiveness Tool.										CINCFLEET cultural measurement tool
Internal Focus	**Consistency**	**Core Values**		1	*There is a clear and consistent set of values in this company that governs the way we do business*	Rituals and routines, pride, history, traditions and customs	Leadership	Pride in accomplishment of unit	1	CINCFLEET HQ inspires pride and loyalty among its staff and thus provides a strong framework for staff conduct
				2	*This company has a characteristic management style and a distinct set of management practices*	Organisational commitment	Equity		2	Managers and Leaders inspire confidence and commitment and they support, direct, encourage and care for their staff
				3	*The managers in this company "practice what they preach"*	Power structures	Fairness, trust, teamwork, duty and commitment		3	Individual and team contributions' towards organisational goals and objectives are promptly, properly, and consistently recognised and rewarded
				4	*This organisation has an ethical code that guides our behaviour and tells us right from wrong*	Reward systems and measures	Role models			
				5	*Ignoring the core values of this organisation will get you into trouble*	Beliefs, values and attitudes	People results			

Appendix F to Chapter 8.

Table 8F.1: Statements developed for a new measurement model aligned to the Denison cultural measurement tool statements.

Denison's Organisational Effectiveness Tool.										CINCFLEET cultural measurement tool	
Internal Focus	**Involvement**	**Capability development**		1	*This organisation delegates authority so that people can act on their own*	Training	People	Group Dynamics		1	CINCFLEET HQ delegates effectively, empowering and developing individuals, helping them to meet their personal aspirations
				2	*The capability of the people in this organisation is viewed as an important source of competitive advantage*	Confidence in equipment (weapons)	Partnerships and resources	Leadership		2	CINCFLEET HQ develops individuals and teams and provides them with effective tools to achieve their objectives
				3	*This organisation continuously invests in the skills of its employees*	Role models	Training together			3	Leaders and managers play a key role in driving the development of teams through work and social activities
				4	*The "bench strength" of this organisation is constantly improving*	Technology, products and services	Management of employees				
				5	*Problems often arise in my organisation because we do not have the skills necessary to do the job*	Information and control systems	Deep friendships				

Appendix F to Chapter 8.

Table 8F.1: Statements developed for a new measurement model aligned to the Denison cultural measurement tool statements.

Denison's Organisational Effectiveness Tool.									CINCFLEET cultural measurement tool
Internal/ Flexible	**Involvement**	**Team orientation**	1	*Cooperation and collaboration across functional roles are actively encouraged in this organisation*	Loyalty to group	Group Dynamics		1	Team working is important to CINCFLEET HQ and matrix working is used to promote effective working across organisational boundaries
			2	*Working in this organisation is like being part of a team*	Fast integration of new members	Organisational structures		2	Every individual is important and is valued for the work and social contributions that they make to the team and the team's output
			3	*Work is sensibly organised in this organisation so that each person can see the relationship between his/her work and the goal of the organisation*	Small group cohesion	Relations with peers and leaders		3	Team members seek to rapidly integrate new members and when people leave there is a sense of loss
			4	*Teams are the primary building block of this organisation*	Organisational structure and resources	Proximity to other groups			
			5	*The organisation relies on horizontal control and coordination to get work done, rather than hierarchy*	People results	People			

Appendix F to Chapter 8.

Table 8F.1: Statements developed for a new measurement model aligned to the Denison cultural measurement tool statements.

Denison's Organisational Effectiveness Tool.										CINCFLEET cultural measurement tool
Flexible	**Involvement**	**Empowerment**	1	*Most employees in this organisation are highly involved in their work*	Satisfaction with service	Results	Confidence in peers		1	Responsibility and authority are clearly aligned at an appropriate level thereby enabling everyone to make a positive contribution
			2	*Decisions in this organisation are usually made at the level where the best information is available*	Instrumentality	Loyalty to group			2	Information is shared effectively across CINCFLEET HQ, to enable staff to improve their contribution to organisational objectives
			3	*Information is widely shared in this organisation so that everyone can get the information s/he needs when it is needed*	Confidence in oneself	Power structures			3	Individuals are confident and capable operators and place the team and organisational objectives above personal advancement
			4	*Everyone in this organisation believes that s/he can have a positive impact*	Information and control systems	Relations with peers and leaders				
			5	*Business planning in our organisation is ongoing and involves everyone in the process to some degree*	Organisational structure and resources	People				

Appendix F to Chapter 8.

Table 8F.1: Statements developed for a new measurement model aligned to the Denison cultural measurement tool statements.

Denison's Organisational Effectiveness Tool.									CINCFLEET cultural measurement tool
Flexible	**Adaptability**	**Creating change**		1	*The organisation is very responsive and changes easily*	Results	Cohesion		1	CINCFLEET HQ responds positively, creatively and effectively to internal and external pressures for change
				2	*This organisation responds well to competitors and other changes in the external business environment*	Relations with peers and leaders	Partnerships and resources		2	CINCFLEET HQ staff and teams are adaptable and cooperate effectively, even in response to changes in resources or objectives
				3	*This organisation continually adopts new and improved ways to do work*	Policy and strategy			3	CINCFLEET HQ and its staff actively seek ways of changing things in order to improve efficiency and effectiveness
				4	*Attempts to change this organisation usually meet with resistance*	Organisational structure and resources				
				5	*Different units in this organisation often cooperate to create change*	Technology, products and services				

Appendix F to Chapter 8.

Table 8F.1: Statements developed for a new measurement model aligned to the Denison cultural measurement tool statements.

Denison's Organisational Effectiveness Tool.										CINCFLEET cultural measurement tool
Flexible/ External	**Adaptability**	**Customer focus**		1	*Customer comments and recommendations often lead to changes in this organisation*	Customer results	Processes		1	CINCFLEET HQ effectively involves its stakeholders, partners and customers in its processes in order to better meet organisational objectives
				2	*Customer input directly influences our decisions*	Society results	Policy and strategy		2	CINCFLEET HQ has the respect and support of society, other external stakeholders, partners and customers and is regarded as a responsible and trustworthy organisation
				3	*All members of this organisation have a deep understanding of customer wants and needs*	Key performance results	Partnerships and resources		3	Staff have a clear understanding of what the organisation's stakeholders, partners and customers want and always seek to provide them with a high standard of service
				4	*We encourage direct contact with customers by members of the organisation*	Pride, history and customs	Organisational commitment			
				5	*The interests of the final customer often are ignored in our decisions*	Legislation and organisational environment	Societal or national culture within which and organisation is physically situated			

Appendix F to Chapter 8.

Table 8F.1: Statements developed for a new measurement model aligned to the Denison cultural measurement tool statements.

Denison's Organisational Effectiveness Tool.									CINCFLEET cultural measurement tool	
External	**Adaptability**	**Organisational learning**		1	*This organisation encourages innovation and rewards those who take risks*	Development	Training		1	CINCFLEET HQ promotes professionalism among its staff by encouraging learning and development, innovation and sensible risk-taking
				2	*We view failure as an opportunity for learning and improvement*	Policy and strategy	Relations with peers and leaders		2	CINCFLEET HQ ensures staff understand what is going on elsewhere within MOD and adapt accordingly
				3	*Lots of things "fall between the cracks" in this organisation*	Processes	Loyalty to group		3	Difficulties and failures are used by staff and the organisation as learning points for improvement rather than as opportunities to apportion blame
				4	*Learning is an important objective in our day-to-day work*	Legislation and organisational environment	Professionalism			
				5	*We make certain that the "right hand knows what the left is doing"*	Technology, products and services	Information and control systems			

Appendix G to Chapter 8.

Table 8G.1: NLP Logical Level assessment of statements developed for a new measurement models aligned to the Denison cultural measurement tool statements.

Denison's Organisational Effectiveness					CINCFLEET cultural measurement tool	
External Focus	**Mission**	**Strategic Direction and intent**		1	CINCFLEET HQ has a clear mission that provides long-term direction and a clear framework for current work	Identity and Beliefs
				2	There is pride in the history and traditions of the Navy and these values are maintained in the future strategy of CINCFLEET HQ	Identity and Beliefs
				3	The CINCFLEET HQ strategy shows clearly how organisational objectives will be achieved	Capability and Behaviour
External/ Stable	**Mission**	**Goals and objectives**		1	Organisational goals are clear, challenging but achievable, and achievement is continuously monitored and publicised	Beliefs and Behaviour
				2	Leaders visibly promote organisational goals and inspire loyalty and confidence so that staff are committed to achieving organisational goals	Identity and Behaviour
				3	Everybody's responsibilities are clearly defined and cover the full range of tasks required to achieve organisational goals	Identity and Capability
Stable	**Mission**	**Vision**		1	All staff understand the long-term vision of this organisation and are committed to achieving it	Identity and Beliefs
				2	This organisation is highly successful and all staff share in that success	Identity and Beliefs
				3	CINCFLEET HQ is robust and well structured and can maintain its long-term direction even when faced with short-term difficulties	Belief and Capability

Appendix G to Chapter 8.

Table 8G.1: NLP Logical Level assessment of statements developed for a new measurement models aligned to the Denison cultural measurement tool statements.

Denison's Organisational Effectiveness					CINCFLEET cultural measurement tool	
Stable	**Consistency**	**Cordination and integration**	1	Business processes and activities are well defined, consistent, integrated and orientated to achieving the organisational goals		Belief and Capability
			2	Staff cooperate and work well together across internal organisational boundaries to achieve organisational goals		Identity and Behaviour
			3	Leaders and managers provide strong coordination and control across the whole of the organisation		Identity and Behaviour
Stable/ Internal	**Consistency**	**Agreement**	1	Focus on our organisational goals promotes cooperation and the search for win-win solutions to difficult problems		Identity and Behaviour
			2	The organisational culture clearly defines the values of this HQ, and the way we work in it		Identity and Behaviour
			3	Staff strongly identify with their team and CINCFLEET HQ, and readily accept and promote the values of both		Identity and Behaviour
Internal Focus	**Consistency**	**Core Values**	1	CINCFLEET HQ inspires pride and loyalty among its staff and thus provides a strong framework for staff conduct		Identity and Behaviour
			2	Managers and Leaders inspire confidence and commitment and they support, direct, encourage and care for their staff		Belief and Behaviour
			3	Individual and team contributions' towards organisational goals and objectives are promptly, properly, and consistently recognised and rewarded		Identity and Behaviour

Appendix G to Chapter 8.

Table 8G.1: NLP Logical Level assessment of statements developed for a new measurement models aligned to the Denison cultural measurement tool statements.

Denison's Organisational Effectiveness				CINCFLEET cultural measurement tool	
Internal Focus	**Involvement**	**Capability development**	1	CINCFLEET HQ delegates effectively, empowering and developing individuals, helping them to meet their personal aspirations	Behaviour and Capability
			2	CINCFLEET HQ develops individuals and teams and provides them with effective tools to achieve their objectives	Behaviour and Capability
			3	Leaders and managers play a key role in driving the development of teams through work and social activities	Behaviour and Capability
Internal/ Flexible	**Involvement**	**Team orientation**	1	Team working is important to CINCFLEET HQ and matrix working is used to promote effective working across organisational boundaries	Belief and Behaviour
			2	Every individual is important and is valued for the work and social contributions that they make to the team and the team's output	Belief and Behaviour
			3	Team members seek to rapidly integrate new members and when people leave there is a sense of loss	Identity and Behaviour

Appendix G to Chapter 8.

Table 8G.1: NLP Logical Level assessment of statements developed for a new measurement models aligned to the Denison cultural measurement tool statements.

Denison's Organisational Effectiveness				CINCFLEET cultural measurement tool		
Flexible	**Involvement**	**Empowerment**	1	Responsibility and authority are clearly aligned at an appropriate level thereby enabling everyone to make a positive contribution		Capability and Behaviour
			2	Information is shared effectively across CINCFLEET HQ, to enable staff to improve their contribution to organisational objectives		Identity and Behaviour
			3	Individuals are confident and capable operators and place the team and organisational objectives above personal advancement		Identity and Capability
Flexible	**Adaptability**	**Creating change**	1	CINCFLEET HQ responds positively, creatively and effectively to internal and external pressures for change		Behaviour and Environment
			2	CINCFLEET HQ staff and teams are adaptable and cooperate effectively, even in response to changes in resources or objectives		Belief and Environment
			3	CINCFLEET HQ and its staff actively seek ways of changing things in order to improve efficiency and effectiveness		Behaviour and Environment

Appendix G to Chapter 8.

Table 8G.1: NLP Logical Level assessment of statements developed for a new measurement models aligned to the Denison cultural measurement tool statements.

Denison's Organisational Effectiveness				CINCFLEET cultural measurement tool		
Flexible/ External	Adaptability	Customer focus	1	CINCFLEET HQ effectively involves its stakeholders, partners and customers in its processes in order to better meet organisational objectives		Identity and Environment
			2	CINCFLEET HQ has the respect and support of society, other external stakeholders, partners and customers and is regarded as a responsible and trustworthy organisation		Identity and Environment
			3	Staff have a clear understanding of what the organisation's stakeholders, partners and customers want and always seek to provide them with a high standard of service		Belief and Environment
External	Adaptability	Organisational learning	1	CINCFLEET HQ promotes professionalism among its staff by encouraging learning and development, innovation and sensible risk-taking		Belief and Behaviour
			2	CINCFLEET HQ ensures staff understand what is going on elsewhere within MOD and adapt accordingly		Behaviour and Environment
			3	Difficulties and failures are used by staff and the organisation as learning points for improvement rather than as opportunities to apportion blame		Belief and Behaviour

Appendix H to Chapter 8.

Table 8H.1: Development of negative statements for a new measurement model aligned to the Denison cultural measurement tool statements.

Denison's Organisational Effectiveness Tool.				CINCFLEET cultural measurement tool			Statement reversal
External Focus	Mission	Strategic Direction and intent	1	CINCFLEET HQ has a clear mission that provides long-term direction and a clear framework for current work			
			2	There is pride in the history and traditions of the Navy and these values are maintained in the future strategy of CINCFLEET HQ			
			3	The CINCFLEET HQ strategy shows clearly how organisational objectives will be achieved		R	The CINCFLEET HQ strategy fails to show clearly how organisational objectives will be achieved.

Appendix H to Chapter 8.

Table 8H.1: Development of negative statements for a new measurement model aligned to the Denison cultural measurement tool statements.

Denison's Organisational Effectiveness Tool.				CINCFLEET cultural measurement tool			Statement reversal
External/ Stable	Mission	Goals and objectives	1	Organisational goals are clear, challenging but achievable, and achievement is continuously monitored and publicised			
			2	Leaders visibly promote organisational goals and inspire loyalty and confidence so that staff are committed to achieving organisational goals			
			3	Everybody's responsibilities are clearly defined and cover the full range of tasks required to achieve organisational goals			

Appendix H to Chapter 8.

Table 8H.1: Development of negative statements for a new measurement model aligned to the Denison cultural measurement tool statements.

Denison's Organisational Effectiveness Tool.				CINCFLEET cultural measurement tool			Statement reversal
Stable	Mission	Vision	1	All staff understand the long-term vision of this organisation and are committed to achieving it			
			2	This organisation is highly successful and all staff share in that success			
			3	CINCFLEET HQ is robust and well structured and can maintain its long-term direction even when faced with short-term difficulties			

Appendix H to Chapter 8.

Table 8H.1: Development of negative statements for a new measurement model aligned to the Denison cultural measurement tool statements.

Denison's Organisational Effectiveness Tool.				CINCFLEET cultural measurement tool			Statement reversal
Stable	Consistency	Cordination and integration	1	Business processes and activities are well defined, consistent, integrated and orientated to achieving the organisational goals			
			2	Staff cooperate and work well together across internal organisational boundaries to achieve organisational goals			
			3	Leaders and managers provide strong coordination and control across the whole of the organisation		R	Leaders and managers fail to provide strong coordination and control across any part of the organisation

Appendix H to Chapter 8.

Table 8H.1: Development of negative statements for a new measurement model aligned to the Denison cultural measurement tool statements.

Denison's Organisational Effectiveness Tool.				CINCFLEET cultural measurement tool			Statement reversal
Stable/ Internal	Consistency	Agreement	1	Focus on our organisational goals promotes cooperation and the search for win-win solutions to difficult problems			
			2	The organisational culture clearly defines the values of this HQ, and the way we work in it			
			3	Staff strongly identify with their team and CINCFLEET HQ, and readily accept and promote the values of both			

Appendix H to Chapter 8.

Table 8H.1: Development of negative statements for a new measurement model aligned to the Denison cultural measurement tool statements.

Denison's Organisational Effectiveness Tool.				CINCFLEET cultural measurement tool			Statement reversal
Internal Focus	Consistency	Core Values	1	CINCFLEET HQ inspires pride and loyalty among its staff and thus provides a strong framework for staff conduct			
			2	Managers and Leaders inspire confidence and commitment and they support, direct, encourage and care for their staff			
			3	Individual and team contributions' towards organisational goals and objectives are promptly, properly, and consistently recognised and rewarded			

Appendix H to Chapter 8.

Table 8H.1: Development of negative statements for a new measurement model aligned to the Denison cultural measurement tool statements.

Denison's Organisational Effectiveness Tool.					CINCFLEET cultural measurement tool			Statement reversal
Internal Focus	Involvement	Capability development		1	CINCFLEET HQ delegates effectively, empowering and developing individuals, helping them to meet their personal aspirations			
				2	CINCFLEET HQ develops individuals and teams and provides them with effective tools to achieve their objectives			
				3	Leaders and managers play a key role in driving the development of teams through work and social activities		R	Leaders and managers play no part in driving the development of teams through work or social activities

Appendix H to Chapter 8.

Table 8H.1: Development of negative statements for a new measurement model aligned to the Denison cultural measurement tool statements.

Denison's Organisational Effectiveness Tool.				CINCFLEET cultural measurement tool			Statement reversal
Internal/ Flexible	Involvement	Team orientation	1	Team working is important to CINCFLEET HQ and matrix working is used to promote effective working across organisational boundaries			
			2	Every individual is important and is valued for the work and social contributions that they make to the team and the team's output			
			3	Team members seek to rapidly integrate new members and when people leave there is a sense of loss		R	New team members receive no help in integrating into their team, and the loss of a team member has no real impact on the team

Appendix H to Chapter 8.

Table 8H.1: Development of negative statements for a new measurement model aligned to the Denison cultural measurement tool statements.

Denison's Organisational Effectiveness Tool.				CINCFLEET cultural measurement tool			Statement reversal
Flexible	Involvement	Empowerment	1	Responsibility and authority are clearly aligned at an appropriate level thereby enabling everyone to make a positive contribution			
			2	Information is shared effectively across CINCFLEET HQ, to enable staff to improve their contribution to organisational objectives	R	Information is not shared effectively across CINCFLEET HQ, and this limits the ability of staff to improve their contribution to organisational objectives	
			3	Individuals are confident and capable operators and place the team and organisational objectives above personal advancement			

Appendix H to Chapter 8.

Table 8H.1: Development of negative statements for a new measurement model aligned to the Denison cultural measurement tool statements.

Denison's Organisational Effectiveness Tool.				CINCFLEET cultural measurement tool		Statement reversal
Flexible	Adaptability	Creating change	1	CINCFLEET HQ responds positively, creatively and effectively to internal and external pressures for change		
			2	CINCFLEET HQ staff and teams are adaptable and cooperate effectively, even in response to changes in resources or objectives		
			3	CINCFLEET HQ and its staff actively seek ways of changing things in order to improve efficiency and effectiveness		

Appendix H to Chapter 8.

Table 8H.1: Development of negative statements for a new measurement model aligned to the Denison cultural measurement tool statements.

Denison's Organisational Effectiveness Tool.				CINCFLEET cultural measurement tool		Statement reversal
Flexible/ External	Adaptability	Customer focus	1	CINCFLEET HQ effectively involves its stakeholders, partners and customers in its processes in order to better meet organisational objectives		
			2	CINCFLEET HQ has the respect and support of society, other external stakeholders, partners and customers and is regarded as a responsible and trustworthy organisation		
			3	Staff have a clear understanding of what the organisation's stakeholders, partners and customers want and always seek to provide them with a high standard of service		

Appendix H to Chapter 8.

Table 8H.1: Development of negative statements for a new measurement model aligned to the Denison cultural measurement tool statements.

Denison's Organisational Effectiveness Tool.				CINCFLEET cultural measurement tool			Statement reversal
External	Adaptability	Organisational learning	1	CINCFLEET HQ promotes professionalism among its staff by encouraging learning and development, innovation and sensible risk-taking			
			2	CINCFLEET HQ ensures staff understand what is going on elsewhere within MOD and adapt accordingly		R	Staff in CINCFLEET HQ do not understand what is going on elsewhere within MOD and cannot adapt accordingly
			3	Difficulties and failures are used by staff and the organisation as learning points for improvement rather than as opportunities to apportion blame			

Appendix I to Chapter 8.

Table 8I.1: New cultural assessment tool developed for CINCFLEET HQ.

CINCFLEET HQ Continuous Attitude Survey						
Please rate each of the statements below according to the degree to which you agree or disagree. Mark the grid accordingly with a "X".	Strongly agree	Agree	Tend to agree	Tend to disagree	Disagree	Strongly disagree
CINCFLEET HQ has a clear mission that provides long-term direction and a clear framework for current work.						
The CINCFLEET HQ strategy fails to show clearly how organisational objectives will be achieved.						
There is pride in the history and traditions of the Royal Navy and these values are maintained in the future strategy of CINCFLEET HQ.						
Organisational goals are clear, challenging but achievable, and achievement is continuously monitored and publicised.						
Leaders visibly promote organisational goals and inspire loyalty and confidence so that staff are committed to achieving organisational goals.						
Everybody's responsibilities are clearly defined and, taken together, cover the full range of tasks required to achieve organisational goals.						
All staff understand the long-term vision of this organisation and are committed to achieving it.						
This organisation is highly successful and all staff share in that success.						
CINCFLEET HQ is robust and well structured and can maintain its long-term direction even when faced with short-term difficulties.						
Business processes and activities are well defined, consistent, integrated and orientated to achieving the organisational goals.						
Staff co-operate and work well together across internal organisational boundaries to achieve organisational goals.						
Leaders and managers fail to provide strong coordination and control across any part of the organisation.						
Focus on our organisational goals promotes co-operation and the search for win-win solutions to difficult problems.						
The organisational culture clearly defines the values of the CINCFLEET HQ, and the way we work in it.						
Staff strongly identify with their team and CINCFLEET HQ, and readily accept and promote the values of both.						
CINCFLEET HQ inspires pride and loyalty among its staff and thus provides a strong framework for staff conduct.						
Leaders and Managers inspire confidence and commitment and they support, direct, encourage and care for their staff.						
Individual and team contributions' towards organisational objectives and goals are promptly, properly, and consistently recognised and rewarded.						
CINCFLEET HQ delegates effectively, empowering and developing individuals, helping them to meet their personal development goals.						
CINCFLEET HQ develops individuals and teams and provides them with effective tools to achieve their objectives.						
Leaders and managers play no part in driving the development of teams through work or social activities.						

Appendix I to Chapter 8.

Table 8I.1: New cultural assessment tool developed for CINCFLEET HQ.

Statement						
Team working is important to CINCFLEET HQ, and matrix management is used to promote effective co-operation across organisational boundaries.						
Every individual is important and is valued for the work and social contributions that they make to the team and to the team's output.						
New team members receive no help in integrating into their team, and the loss of a team member has no impact on the team.						
Responsibility and authority are clearly aligned at an appropriate level, thereby enabling everyone to make a positive contribution.						
Information is not shared effectively across CINCFLEET HQ, and this limits the ability of staff to improve their contribution to achieving organisational objectives.						
Individuals are confident and capable and place the team and organisational objectives above personal advancement.						
CINCFLEET HQ responds positively, creatively and effectively to internal and external pressures for change.						
CINCFLEET HQ staff and teams are adaptable and cooperate effectively, especially in response to changes in resources or objectives.						
CINCFLEET HQ and individuals actively seek ways of changing things in order to improve efficiency and effectiveness.						
CINCFLEET HQ effectively involves its stakeholders, partners and customers in its processes in order to better meet organisational objectives.						
CINCFLEET HQ has the respect and support of society, other external stakeholders, partners and customers and is regarded as a responsible and trustworthy organisation.						
Staff have a clear understanding of what the organisation's stakeholders, partners and customers need and always seek to provide them with a high standard of service.						
CINCFLEET HQ promotes professionalism among its staff by encouraging learning and development, innovation and sensible risk-taking.						
Staff in CINCFLEET HQ do not understand what is going on elsewhere within MOD and so cannot adapt accordingly.						
Difficulties and failures are used by staff and the organisation as learning points for improvement rather than opportunities to apportion blame.						

From: P M WOODLEY, Finance Director, DCDS(Pers)
MINISTRY OF DEFENCE
Room 658, St Giles Court, 1-13 St Giles High Street,
London WC2H 8LD

Telephone	(Direct dial)	020 7218 1745
	(Switchboard)	020 7218 9000
	(Fax)	020 7807 8839

Your Reference

Our Reference

Date
24 March 2003

Dear Colleague,

INTRODUCTION OF CONTINUOUS ATTITUDE SURVEY

You may already be aware that it is planned to replace the annual Staff Attitude Survey with a Continuous Attitude Survey. This was agreed by the Fleet Management Group last year. The aim is to provide quarterly input to the Fleet Balanced Scorecard from a sample survey conducted in the Headquarters. The new survey tool has been developed, but now needs to calibrated for when it goes live in the new financial year. You have been specially selected by management to assist in this process. I would therefore be grateful if you would complete the attached form, indicating the degree to which you agree or disagree with the statements listed. Please return the form in the envelope provided as soon as possible. The aim is to provide the results to a workshop in Fleet HQ on 6th May, 2003.

Although I have changed jobs since starting this work, this activity stems partly from my studies at RMCS Shrivenham, sponsored by CINCFLEET. I will therefore be continuing this part of the work until it is presented to Fleet in May.

Yours sincerely,

Table 8K.1: Results of the CINCFLEET HQ Cultural Measurement Tool calibration test.

CINCFLEET HQ Cultural Measurement Survey Calibration Test	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	Total	Average score	Average % score	Standard Deviation	Median score	Modal score	0	1	2	3	4	5	Dif to 76%
CINCFLEET HQ has a clear mission that provides long-term direction and a clear framework for current work.	4	4	4	4	3	4	4	3	3	4	4	4	3	3	4	5	4	5	4	3	4	4	4	3	2	4	4	3	3	3	3	3	4	4	3	3	4	4	3	1	142	3.55	71.00%	0.75	4.00	4	0	1	1	15	21	2	5.00%
R The CINCFLEET HQ strategy fails to show clearly how organisational objectives will be achieved.	4	4	4	3	3	4	2	2	3	3	3	2	2	3	3	4	3	4	3	3	2	4	4	4	2	3	4	3	3	1	3	2	2	3	3	4	4	3	3	1	120	3.00	60.00%	0.85	3.00	3	0	2	8	18	12	0	16.00%
There is pride in the history and traditions of the Royal Navy and these values are maintained in the future strategy of CINCFLEET HQ.	3	3	4	4	3	4	4	5	1	3	3	2	1	3	5	3	4	3	4	5	4	4	3	3	4	5	3	3	4	2	1	4	5	4	3	4	3	2	3		135	3.38	67.50%	1.05	3.00	3	0	3	3	15	14	5	8.50%
Organisational goals are clear, challenging but achievable, and achievement is continuously monitored and publicised.	4	4	4	4	3	2	4	4	4	3	3	2	3	2	3	4	3	4	1	4	4	5	4	4	4	3	4	4	3	3	1	3	3	3	3	5	4	3	3	0	131	3.28	65.50%	1.04	3.00	4	1	2	3	15	17	2	10.50%
Leaders visibly promote organisational goals and inspire loyalty and confidence so that staff are committed to achieving organisational goals.	4	4	4	4	3	3	4	3	4	2	3	2	4	2	2	4	2	3	2	4	4	4	5	4	3	3	4	3	3	4	1	2	3	4	2	5	3	2	1	1	124	3.10	62.00%	1.06	3.00	3	0	3	9	11	15	2	14.00%
Everybody's responsibilities are clearly defined and, taken together, cover the full range of tasks required to achieve organisational goals.	3	4	4	4	3	3	2	5	4	3	2	3	4	1	4	4	4	4	1	4	2	4	3	4	4	4	4	4	4	3	3	3	3	3	4	2	2	2	3		130	3.25	65.00%	0.93	3.00	4	0	2	6	13	18	1	11.00%
All staff understand the long-term vision of this organisation and are committed to achieving it.	3	3	4	3	2	3	4	2	3	3	2	3	3	1	1	3	3	4	1	4	2	3	4	4	2	3	4	2	3	3	1	1	3	4	2	3	3	3	2	1	108	2.70	54.00%	0.97	3.00	3	0	6	8	18	8	0	22.00%
This organisation is highly successful and all staff share in that success.	3	4	4	4	3	4	4	3	3	4	3	4	3	1	2	4	3	3	2	3	3	4	5	3	3	3	4	3	2	2	2	1	3	4	3	4	3	3	1	1	121	3.03	60.50%	0.97	3.00	3	0	4	5	18	12	1	15.50%
CINCFLEET HQ is robust and well structured and can maintain its long-term direction even when faced with short-term difficulties.	3	1	4	4	3	4	2	3	3	4	3	3	4	1	3	4	3	2	0	2	3	5	4	4	4	4	4	3	3	3	2	3	4	4	3	4	4	1	1		123	3.08	61.50%	1.12	3.00	4	1	4	4	14	16	1	14.50%
Business processes and activities are well defined, consistent, integrated and orientated to achieving the organisational goals.	2	3	4	3	1	1	2	1	2	3	3	3	2	1	3	4	1	3	1	3	3	3	4	3	3	3	3	3	3	2	2	1	3	3	1	3	2	3	2	1	97	2.43	48.50%	0.93	3.00	3	0	9	8	20	3	0	27.50%
Staff co-operate and work well together across internal organisational boundaries to achieve organisational goals.	4	3	4	4	4	3	4	4	2	4	3	5	4	3	4	4	4	3	4	3	4	5	4	4	3	4	4	2	4	1	2	4	4	4	5	4	4	2	2	2	143	3.58	71.50%	0.90	4.00	4	0	1	5	7	24	3	4.50%

Table 8K.1: Results of the CINCFLEET HQ Cultural Measurement Tool calibration test.

CINCFLEET HQ Cultural Measurement Survey Calibration Test	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	Total	Average score	Average % score	Standard Deviation	Median score	Modal score	0	1	2	3	4	5	Dif to 76%
R Leaders and managers fail to provide strong coordination and control across any part of the organisation.	4	4	4	3	4	3	3	3	2	3	3	3	3	3	2	4	2	4	2	4	2	3	5	4	4	2	5	4	3	3	1	3	2	4	3	5	4	4	2	1	127	3.18	63.50%	1.01	3.00	3	0	2	8	14	13	3	12.50%
Focus on our organisational goals promotes co-operation and the search for win-win solutions to difficult problems.	3	2	3	3	3	3	3	3	3	3	3	3	3	3	4	3	4	1	2	3	3	4	3	4	4	3	4	4	3	2	2	2	3	4	3	5	4	3	2	2	121	3.03	60.50%	0.77	3.00	3	0	1	7	23	8	1	15.50%
The organisational culture clearly defines the values of the CINCFLEET HQ, and the way we work in it.	3	3	4	4	3	4	1	4	3	3	3	3	3	2	4	5	3	4	1	2	3	3	4	4	1	3	4	3	3	2	1	2	3	4	3	4	4	4	2	2	121	3.03	60.50%	1.00	3.00	3	0	4	6	16	13	1	15.50%
Staff strongly identify with their team and CINCFLEET HQ, and readily accept and promote the values of both.	3	3	4	4	4	3	4	3	3	4	3	2	2	2	2	4	3	3	2	3	3	3	3	3	3	4	5	3	3	3	1	2	3	4	4	2	3	1	2	2	120	3.00	60.00%	0.88	3.00	3	0	2	8	19	10	1	16.00%
CINCFLEET HQ inspires pride and loyalty among its staff and thus provides a strong framework for staff conduct.	3	4	4	4	3	3	4	3	3	4	3	3	3	2	2	5	3	3	1	3	3	4	4	3	3	4	5	3	3	2	2	1	3	4	4	5	3	3	1	2	125	3.13	62.50%	0.99	3.00	3	0	3	5	19	10	3	13.50%
Leaders and Managers inspire confidence and commitment and they support, direct, encourage and care for their staff.	4	3	4	3	3	3	4	3	2	4	3	3	3	2	4	2	3	2	4	3	4	4	5	4	3	4	3	3	3	1	3	3	3	1	5	4	4	1	2	2	125	3.13	62.50%	0.97	3.00	3	0	3	5	18	12	2	13.50%
Individual and team contributions' towards organisational objectives and goals are promptly, properly, and consistently recognised and rewarded.	4	2	4	3	4	2	4	2	2	3	2	3	3	1	1	5	2	3	1	3	3	2	3	4	2	3	3	2	3	4	2	0	3	3	2	3	2	3	1	2	104	2.60	52.00%	1.03	3.00	3	1	4	13	15	6	1	24.00%
CINCFLEET HQ delegates effectively, empowering and developing individuals, helping them to meet their personal development goals.	4	3	4	4	3	2	2	3	3	3	3	3	4	3	1	4	3	4	3	3	3	4	3	5	2	2	3	4	3	4	1	3	3	3	3	5	4	3	1	2	123	3.08	61.50%	0.94	3.00	3	0	3	5	20	10	2	14.50%
CINCFLEET HQ develops individuals and teams and provides them with effective tools to achieve their objectives.	4	2	4	4	3	3	3	2	3	3	2	3	4	2	2	4	3	4	3	1	3	3	3	4	3	3	3	3	3	2	0	3	3	3	2	3	4	4	1	2	114	2.85	57.00%	0.92	3.00	3	1	2	8	20	9	0	19.00%
R Leaders and managers play no part in driving the development of teams through work or social activities.	3	3	4	4	4	3	3	3	3	1	3	3	4	2	3	5	3	4	3	2	2	3	3	4	4	4	5	4	3	2	2	1	2	4	3	2	5	5	2	2	125	3.13	62.50%	1.04	3.00	3	0	2	9	15	10	4	13.50%

Appendix K to Chapter 8.

Table 8K.1: Results of the CINCFLEET HQ Cultural Measurement Tool calibration test.

CINCFLEET HQ Cultural Measurement Survey Calibration Test	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	Total	Average score	Average % score	Standard Deviation	Median score	Modal score	0	1	2	3	4	5	Dif to 76%
Team working is important to CINCFLEET HQ, and matrix management is used to promote effective co-operation across organisational boundaries.	3	4	4	4	4	2	1	4	4	3	3	4	4	2	2	4	3	4	2	3	3	5	4	5	4	4	4	3	3	2	2	3	3	3	4	3	2	3	2	3	129	3.23	64.50%	0.92	3.00	4	0	1	8	14	15	2	11.50%
Every individual is important and is valued for the work and social contributions that they make to the team and to the team's output.	3	3	4	4	4	3	3	4	3	3	3	2	3	3	3	5	2	3	3	3	3	3	5	4	4	4	4	4	3	3	1	3	3	3	3	4	4	4	0	5	131	3.28	65.50%	0.96	3.00	3	1	1	2	21	12	3	10.50%
R New team members receive no help in integrating into their team, and the loss of a team member has no impact on the team.	5	4	4	5	4	3	4	4	4	3	4	3	5	4	5	5	3	3	3	4	2	4	5	4	4	5	4	4	3	4	2	4	3	4	3	5	5	2	4		153	3.83	76.50%	0.87	4.00	4	0	0	3	10	18	9	-0.50%
Responsibility and authority are clearly aligned at an appropriate level, thereby enabling everyone to make a positive contribution.	3	3	4	4	4	3	4	3	3	2	3	3	2	3	4	3	4	3	3	3	4	3	4	4	3	4	3	3	3	1	4	3	4	3	5	4	4	2	3		131	3.28	65.50%	0.75	3.00	3	0	1	3	21	14	1	10.50%
R Information is not shared effectively across CINCFLEET HQ, and this limits the ability of staff to improve their contribution to achieving organisational objectives.	3	2	4	3	4	3	3	2	3	2	2	1	2	3	1	3	1	4	2	2	2	3	4	2	3	1	4	4	3	0	1	1	3	4	2	3	2	2	2	2	98	2.45	49.00%	1.04	2.00	2	1	6	14	12	7	0	27.00%
Individuals are confident and capable and place the team and organisational objectives above personal advancement.	2	2	3	3	3	3	3	3	4	3	2	3	3	3	3	3	2	3	1	2	3	3	5	3	3	3	3	3	2	2	1	3	3	3	2	3	3	1	2	2	107	2.68	53.50%	0.76	3.00	3	0	3	10	25	1	1	22.50%
CINCFLEET HQ responds positively, creatively and effectively to internal and external pressures for change.	3	3	4	3	3	3	3	4	4	2	2	3	3	3	2	5	3	3	2	2	3	3	4	4	3	4	3	3	3	3	1	3	3	3	4	3	3	3	3	3	122	3.05	61.00%	0.71	3.00	3	0	1	5	26	7	1	15.00%
CINCFLEET HQ staff and teams are adaptable and cooperate effectively, especially in response to changes in resources or objectives.	4	4	4	4	4	3	3	3	4	3	3	2	4	3	2	5	3	3	2	3	3	4	5	4	3	4	5	3	3	2	3	3	4	3	4	3	3	5	2	3	135	3.38	67.50%	0.84	3.00	3	0	0	5	19	12	4	8.50%
CINCFLEET HQ and individuals actively seek ways of changing things in order to improve efficiency and effectiveness.	4	3	4	4	3	1	3	3	5	3	3	3	4	3	1	4	3	3	3	3	3	3	4	3	3	4	3	4	3	4	3	3	5	4	4	3	5	4	4	2	3	134	3.35	67.00%	0.86	3.00	3	0	2	1	21	13	3	9.00%

Table 8K.1: Results of the CINCFLEET HQ Cultural Measurement Tool calibration test.

CINCFLEET HQ Cultural Measurement Survey Calibration Test

Question	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	Total	Average score	Average % score	Standard Deviation	Median score	Modal score	0	1	2	3	4	5	Dif to 76%
CINCFLEET HQ effectively involves its stakeholders, partners and customers in its processes in order to better meet organisational objectives.	4	3	4	4	3	2	3	2	2	3	3	4	3	3	4	5	3	3	3	3	3	3	4	3	4	3	3	3	3	4	3	3	2	3	4	3	3	2	3		126	3.15	63.00%	0.66	3.00	3	0	0	5	25	9	1	13.00%
CINCFLEET HQ has the respect and support of society, other external stakeholders, partners and customers and is regarded as a responsible and trustworthy organisation.	4	3	3	4	3	3	4	4	2	3	3	4	3	3	3	5	3	3	4	2	3	3	5	4	4	4	4	3	3	2	2	4	3	4	3	4	4	3	1	3	132	3.30	66.00%	0.82	3.00	3	0	1	4	19	14	2	10.00%
Staff have a clear understanding of what the organisation's stakeholders, partners and customers need and always seek to provide them with a high standard of service.	3	2	4	3	3	3	4	4	1	3	3	4	3	3	4	5	3	3	3	3	3	4	5	4	2	3	4	4	3	3	2	4	3	4	3	2	4	3	2	3	129	3.23	64.50%	0.83	3.00	3	0	1	5	20	12	2	11.50%
CINCFLEET HQ promotes professionalism among its staff by encouraging learning and development, innovation and sensible risk-taking.	4	2	4	4	3	3	3	5	3	3	2	3	4	2	3	5	3	4	3	4	3	4	4	5	3	4	4	4	3	3	1	3	3	3	3	4	4	4	2	2	133	3.33	66.50%	0.89	3.00	3	0	1	5	17	14	3	9.50%
R Staff in CINCFLEET HQ do not understand what is going on elsewhere within MOD and so cannot adapt accordingly.	4	3	4	3	4	3	3	1	4	3	3	3	4	4	4	1	3	4	3	3	2	4	5	3	3	4	4	4	4	3	3	5	3	4	3	3	5	3	3	0	132	3.30	66.00%	1.02	3.00	3	1	2	1	19	14	3	10.00%
Difficulties and failures are used by staff and the organisation as learning points for improvement rather than opportunities to apportion blame.	3	3	3	3	3	2	3	4	3	2	3	3	4	3	3	4	3	2	3	2	3	3	4	4	3	4	3	2	2	2	1	4	3	4	3	5	2	2	1	3	117	2.93	58.50%	0.86	3.00	3	0	2	9	20	8	1	17.50%
	124	110	140	132	117	104	114	113	112	106	102	108	117	87	97	152	101	125	80	107	105	130	148	138	112	124	142	117	106	98	61	93	111	128	105	137	126	119	64	76	4488	112.20	62.33%	20.74	112.00	117	7	85	214	632	431	71	13.67%
	3.44	3.06	3.89	3.67	3.25	2.89	3.17	3.14	3.11	2.94	2.83	3.00	3.25	2.42	2.69	4.22	2.81	3.47	2.22	2.97	2.92	3.61	4.11	3.83	3.11	3.44	3.94	3.25	2.94	2.72	1.69	2.58	3.08	3.56	2.92	3.81	3.50	3.31	1.78	2.11		3.12		0.58	3.00	3.00							13.67%

Appendix L to Chapter 8.

Table 8L.1: Results of the CINCFLEET HQ Cultural Measurement Tool calibration test at 12 segment level.

CINCFLEET HQ Cultural Measurement Survey Calibration Test	1-40 (individual responses)	Total	Average score	Average % score	Standard Deviation	Median score	Modal score	0	1	2	3	4	5	Dif to 76%	Denison Model Development		
CINCFLEET HQ has a clear mission that provides long-term direction and a clear framework for current work.	4 4 4 4 3 4 4 3 3 4 4 4 3 3 4 5 4 5 4 3 4 4 4 3 2 4 4 3 3 3 3 3 4 3 3 4 4 3 1																
The CINCFLEET HQ strategy fails to show clearly how organisational objectives will be achieved. (R)	4 4 4 3 3 4 2 2 3 3 3 2 2 3 3 4 3 4 3 3 2 4 4 4 2 3 4 3 3 1 3 2 2 3 3 4 4 3 3 1																
There is pride in the history and traditions of the Royal Navy and these values are maintained in the future strategy of CINCFLEET HQ.	3 3 4 4 3 4 4 5 1 3 3 2 1 3 5 3 4 3 4 5 4 4 3 3 4 5 3 3 4 2 1 4 5 4 3 4 3 2 3	397	3.31	66.17%	0.91	3.00	3.00	0	6	12	48	47	7	9.83%	External Focus	Mission	Strategic Direction and intent
Organisational goals are clear, challenging but achievable, and achievement is continuously monitored and publicised.	4 4 4 4 3 2 4 4 4 3 3 2 3 2 3 4 3 4 1 4 4 5 4 4 4 3 4 4 3 3 1 3 3 3 3 5 4 3 3 0																
Leaders visibly promote organisational goals and inspire loyalty and confidence so that staff are committed to achieving organisational goals.	4 4 4 4 3 3 4 3 4 2 3 2 4 2 2 4 2 3 2 4 4 4 5 4 3 3 4 3 3 4 1 2 3 4 2 5 3 2 1 1																
Everybody's responsibilities are clearly defined and, taken together, cover the full range of tasks required to achieve organisational goals.	3 4 4 3 3 2 5 4 3 2 3 4 1 4 4 4 4 1 4 2 4 3 4 4 4 4 3 3 3 3 3 4 2 2 2 3	385	3.21	64.17%	1.00	3.00	4.00	1	7	18	39	50	5	11.83%	External/ Stable	Mission	Goals and objectives
All staff understand the long-term vision of this organisation and are committed to achieving it.	3 3 4 3 2 3 4 2 3 3 2 3 3 1 1 3 3 4 1 4 2 3 4 4 2 3 4 2 3 3 1 1 3 4 2 3 3 3 2 1																
This organisation is highly successful and all staff share in that success.	3 4 4 4 3 4 4 3 3 4 3 4 3 1 2 4 3 3 2 3 3 4 5 3 3 3 4 3 2 2 2 1 3 4 3 4 3 3 1 1																
CINCFLEET HQ is robust and well structured and can maintain its long-term direction even when faced with short-term difficulties.	3 1 4 4 3 4 2 3 3 4 3 3 4 3 4 3 2 0 2 3 5 4 4 4 4 3 3 3 2 3 4 4 3 4 4 4 1 1	352	2.93	58.67%	1.03	3.00	3.00	1	14	17	50	36	2	17.33%	Stable	Mission	Vision

Appendix L to Chapter 8.

Table 8L.1: Results of the CINCFLEET HQ Cultural Measurement Tool calibration test at 12 segment level.

CINCFLEET HQ Cultural Measurement Survey Calibration Test	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	Total score	Average score	Average % score	Standard Deviation	Median score	Modal score	0	1	2	3	4	5	Dif to 76%	Denison Model Development		
Business processes and activities are well defined, consistent, integrated and orientated to achieving the organisational goals.	2	3	4	3	1	1	2	1	2	3	3	3	2	1	3	4	1	3	1	3	3	4	3	3	3	3	3	3	2	2	1	3	3	1	3	2	3	2	1																	
Staff co-operate and work well together across internal organisational boundaries to achieve organisational goals.	4	3	4	4	4	3	4	4	2	4	3	5	4	3	4	4	4	4	3	4	3	4	5	4	4	3	4	4	2	4	1	2	4	4	4	5	4	4	2	2																	
Leaders and managers fail to provide strong coordination and control across any part of the organisation. (R)	4	4	4	3	4	3	3	3	2	3	3	3	3	3	2	4	2	4	2	4	2	3	5	4	4	2	5	4	3	3	1	3	2	4	3	5	4	4	2	1	367	3.06	61.17%	1.06	3.00	3.00	0	12	21	41	40	6	14.83%	Stable	Consistency	Coordination and integration
Focus on our organisational goals promotes co-operation and the search for win-win solutions to difficult problems.	3	2	3	3	3	3	3	3	3	3	3	3	3	3	3	4	3	4	1	2	3	3	4	4	3	4	4	3	3	2	2	2	3	4	3	5	4	3	2	2																	
The organisational culture clearly defines the values of the CINCFLEET HQ, and the way we work in it.	3	3	4	4	3	4	1	4	3	3	3	3	3	2	4	5	3	4	1	2	3	3	4	4	1	3	4	3	3	2	1	2	3	4	3	4	4	4	2	2																	
Staff strongly identify with their team and CINCFLEET HQ, and readily accept and promote the values of both.	3	3	4	4	4	3	4	3	3	4	3	2	2	2	2	4	3	3	2	3	3	3	3	3	3	4	5	3	3	3	1	2	3	4	4	4	2	3	1	2	362	3.02	60.33%	0.88	3.00	3.00	0	7	21	58	31	3	15.67%	Stable/Internal	Consistency	Agreement
CINCFLEET HQ inspires pride and loyalty among its staff and thus provides a strong framework for staff conduct.	3	4	4	4	3	3	4	3	3	4	3	3	3	2	2	5	3	3	1	3	3	4	4	3	3	4	5	3	3	2	2	1	3	4	4	5	3	3	1	2																	
Leaders and Managers inspire confidence and commitment and they support, direct, encourage and care for their staff.	4	3	4	3	3	3	4	3	2	4	3	3	3	3	2	4	2	3	2	4	3	4	4	5	4	3	4	3	3	3	1	3	3	3	1	5	4	4	1	2																	
Individual and team contributions' towards organisational objectives and goals are promptly, properly, and consistently recognised and rewarded.	4	2	4	3	4	2	4	2	2	3	2	3	3	1	1	5	2	3	1	3	3	2	3	4	2	3	3	2	3	4	2	0	3	3	2	3	2	3	1	2	354	2.95	59.00%	1.02	3.00	3.00	1	10	23	52	28	6	17.00%	Internal Focus	Consistency	Core Values

Table 8L.1: Results of the CINCFLEET HQ Cultural Measurement Tool calibration test at 12 segment level.

CINCFLEET HQ Cultural Measurement Survey Calibration Test	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	Total score	Average score	Average % score	Standard Deviation	Median score	Modal score	0	1	2	3	4	5	Dif to 76%	Denison Model Development		
CINCFLEET HQ delegates effectively, empowering and developing individuals, helping them to meet their personal development goals.	4	3	4	4	3	2	2	3	3	3	3	3	4	3	1	4	3	3	3	3	4	3	5	2	2	3	4	3	4	1	3	3	3	3	5	4	3	1	2																	
CINCFLEET HQ develops individuals and teams and provides them with effective tools to achieve their objectives.	4	2	4	4	3	3	3	2	3	3	2	3	4	2	2	4	3	4	3	1	3	3	3	4	3	3	3	3	3	2	0	3	3	3	2	3	4	4	1	2																	
R Leaders and managers play no part in driving the development of teams through work or social activities.	3	3	4	4	4	3	3	3	3	1	3	3	4	2	3	5	3	4	3	2	2	3	3	4	4	5	4	3	2	2	1	2	4	3	2	5	5	2	2		362	3.02	60.33%	0.97	3.00	3.00	1	7	22	55	29	6	15.67%	Internal Focus	Involvement	Capability development
Team working is important to CINCFLEET HQ, and matrix management is used to promote effective co-operation across organisational boundaries.	3	4	4	4	4	2	1	4	4	3	3	4	4	2	2	4	3	4	2	3	3	5	4	5	4	4	3	3	2	2	3	3	3	4	3	2	3	2	3																	
Every individual is important and is valued for the work and social contributions that they make to the team and to the team's output.	3	3	4	4	3	3	4	3	3	3	2	3	3	3	5	2	3	3	3	3	5	4	4	4	4	3	3	1	3	3	3	3	4	4	4	0	5																		
R New team members receive no help in integrating into their team, and the loss of a team member has no impact on the team.	5	4	4	5	4	3	4	4	4	3	4	3	5	4	5	5	3	3	3	4	2	4	5	4	4	5	4	4	3	4	2	4	3	4	3	5	5	2	4		413	3.44	68.83%	0.95	3.00	3.00	1	2	13	45	45	14	7.17%	Internal/ Flexible	Involvement	Team orientation
Responsibility and authority are clearly aligned at an appropriate level, thereby enabling everyone to make a positive contribution.	3	3	4	4	4	3	4	3	3	2	3	3	2	3	3	4	3	4	3	3	4	3	4	4	3	4	3	3	3	1	4	3	4	3	5	4	4	2	3																	
R Information is not shared effectively across CINCFLEET HQ, and this limits the ability of staff to improve their contribution to achieving organisational objectives.	3	2	4	3	4	3	3	2	3	2	2	1	2	3	1	3	1	4	2	2	2	3	4	2	3	1	4	4	3	0	1	1	3	4	2	3	2	2	2																	
Individuals are confident and capable and place the team and organisational objectives above personal advancement.	2	2	3	3	3	3	3	4	3	2	3	3	3	3	3	2	3	1	2	3	3	5	3	3	3	3	3	2	2	1	3	3	3	2	3	3	1	2	2		336	2.80	56.00%	0.92	3.00	3.00	1	10	27	58	22	2	20.00%	Flexible	Involvement	Empowerment

Table 8L.1: Results of the CINCFLEET HQ Cultural Measurement Tool calibration test at 12 segment level.

CINCFLEET HQ Cultural Measurement Survey Calibration Test	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	Total score	Average score	Average % score	Standard Deviation	Median score	Modal score	0	1	2	3	4	5	Dif to 76%	Denison Model Development		
CINCFLEET HQ responds positively, creatively and effectively to internal and external pressures for change.	3	3	4	3	3	3	3	4	4	2	2	3	3	3	2	5	3	3	2	2	3	3	4	4	3	4	3	3	3	3	1	3	3	3	4	3	3	3	3	3																
CINCFLEET HQ staff and teams are adaptable and cooperate effectively, especially in response to changes in resources or objectives.	4	4	4	4	4	3	3	3	4	3	3	2	4	3	2	5	3	3	2	3	3	4	5	4	3	4	5	3	3	2	3	4	4	3	3	5	2	3																	
CINCFLEET HQ and individuals actively seek ways of changing things in order to improve efficiency and effectiveness.	4	3	4	4	3	1	3	3	5	3	3	3	4	3	1	4	3	3	3	3	3	4	5	3	4	4	3	3	4	3	3	4	3	3	5	4	4	2	3		391	3.26	65.17%	0.81	3.00	3.00	0	3	11	66	32	8	10.83%	Flexible	Adaptability	Creating change
CINCFLEET HQ effectively involves its stakeholders, partners and customers in its processes in order to better meet organisational objectives.	4	3	4	4	3	2	3	2	2	3	3	4	3	3	4	5	3	3	3	3	3	3	4	3	4	4	3	3	3	3	4	3	3	2	3	4	3	2	3																	
CINCFLEET HQ has the respect and support of society, other external stakeholders, partners and customers and is regarded as a responsible and trustworthy organisation.	4	3	3	4	3	3	4	4	2	3	3	4	3	3	3	5	3	3	4	2	3	3	5	4	4	4	4	3	3	2	2	4	3	4	4	3	1	3																	
Staff have a clear understanding of what the organisation's stakeholders, partners and customers need and always seek to provide them with a high standard of service.	3	2	4	3	3	3	4	4	1	3	3	4	3	3	4	5	3	3	3	3	3	4	5	4	2	3	4	4	3	3	2	4	3	4	3	2	3			387	3.23	64.50%	0.77	3.00	3.00	0	2	14	64	35	5	11.50%	Flexible/External	Adaptability	Customer focus
CINCFLEET HQ promotes professionalism among its staff by encouraging learning and development, innovation and sensible risk-taking.	4	2	4	4	3	3	3	5	3	3	2	3	4	2	3	5	3	4	3	4	3	4	5	3	4	4	4	3	3	1	3	3	3	3	4	4	4	2	2																	
Staff in CINCFLEET HQ do not understand what is going on elsewhere within MOD and so cannot adapt accordingly. **R**	4	3	4	3	4	3	3	1	4	3	3	3	4	4	1	3	4	3	3	2	4	5	3	3	4	4	4	3	5	3	4	3	3	5	3	3	0																	

Table 8L.1: Results of the CINCFLEET HQ Cultural Measurement Tool calibration test at 12 segment level.

CINCFLEET HQ Cultural Measurement Survey Calibration Test	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	Total score	Average score	Average % score	Standard Deviation	Median score	Modal score	0	1	2	3	4	5	Dif to 76%	Denison Model Development		
																																																					External	Adaptability	Organisational learning
Difficulties and failures are used by staff and the organisation as learning points for improvement rather than opportunities to apportion blame.	3	3	3	3	3	2	3	4	3	2	3	3	4	3	4	3	2	3	2	3	3	4	4	3	4	3	2	2	2	1	4	3	4	3	5	2	2	1	3		382	3.18	63.67%	0.93	3.00	3.00	0	5	15	56	36	7	12.33%			
	124	110	140	132	117	104	114	113	112	106	102	108	117	87	97	152	101	125	80	107	105	130	148	138	112	124	142	117	106	98	61	93	111	128	105	137	126	119	64	76	4488	3.12		0.95	3.00	3.00	6	85	214	632	431	71				
	3.44	3.06	3.89	3.67	3.25	2.89	3.17	3.14	3.11	2.94	2.83	3.00	3.25	2.42	2.69	4.22	2.81	3.47	2.22	2.97	2.92	3.61	4.11	3.83	3.11	3.44	3.94	3.25	2.94	2.72	1.69	2.58	3.08	3.56	2.92	3.81	3.50	3.31	1.78	2.11																
																																										3.12														

Table 8M.1: Examples of additional perspectives available from CINCFLEET cultural model.

Denison's Organisational Effectiveness Tool.				CINCFLEET cultural measurement tool	Leadership	Teams	Reward and Recognition
External Focus	Mission	Strategic Direction and intent	1	CINCFLEET HQ has a clear mission that provides long-term direction and a clear framework for current work			
			2	There is pride in the history and traditions of the Navy and these values are maintained in the future strategy of CINCFLEET HQ			
			3	The CINCFLEET HQ strategy shows clearly how organisational objectives will be achieved			
External/ Stable	Mission	Goals and objectives	1	Organisational goals are clear, challenging but achievable, and achievement is continuously monitored and publicised			
			2	Leaders visibly promote organisational goals and inspire loyalty and confidence so that staff are committed to achieving organisational goals	X		
			3	Everybody's responsibilities are clearly defined and cover the full range of tasks required to achieve organisational goals			
Stable	Mission	Vision	1	All staff understand the long-term vision of this organisation and are committed to achieving it			
			2	This organisation is highly successful and all staff share in that success			X
			3	CINCFLEET HQ is robust and well structured and can maintain its long-term direction even when faced with short-term difficulties			

Table 8M.1: Examples of additional perspectives available from CINCFLEET cultural model.

Denison's Organisational Effectiveness Tool.				CINCFLEET cultural measurement tool		Leadership	Teams	Reward and Recognition
Stable	**Consistency**	**Cordination and integration**	1	Business processes and activities are well defined, consistent, integrated and orientated to achieving the organisational goals				
			2	Staff cooperate and work well together across internal organisational boundaries to achieve organisational goals				
			3	Leaders and managers provide strong coordination and control across the whole of the organisation		**X**		
Stable/ Internal	**Consistency**	**Agreement**	1	Focus on our organisational goals promotes cooperation and the search for win-win solutions to difficult problems				
			2	The organisational culture clearly defines the values of this HQ, and the way we work in it				
			3	Staff strongly identify with their team and CINCFLEET HQ, and readily accept and promote the values of both			**X**	
Internal Focus	**Consistency**	**Core Values**	1	CINCFLEET HQ inspires pride and loyalty among its staff and thus provides a strong framework for staff conduct				
			2	Managers and Leaders inspire confidence and commitment and they support, direct, encourage and care for their staff		**X**		
			3	Individual and team contributions' towards organisational goals and objectives are promptly, properly, and consistently recognised and rewarded			**X**	**X**

Table 8M.1: Examples of additional perspectives available from CINCFLEET cultural model.

Denison's Organisational Effectiveness Tool.				CINCFLEET cultural measurement tool		Leadership	Teams	Reward and Recognition
Internal Focus	**Involvement**	**Capability development**	1	CINCFLEET HQ delegates effectively, empowering and developing individuals, helping them to meet their personal aspirations				**X**
			2	CINCFLEET HQ develops individuals and teams and provides them with effective tools to achieve their objectives			**X**	
			3	Leaders and managers play a key role in driving the development of teams through work and social activities		**X**		
Internal/ Flexible	**Involvement**	**Team orientation**	1	Team working is important to CINCFLEET HQ and matrix working is used to promote effective working across organisational boundaries			**X**	
			2	Every individual is important and is valued for the work and social contributions that they make to the team and the team's output			**X**	**X**
			3	Team members seek to rapidly integrate new members and when people leave there is a sense of loss			**X**	

Table 8M.1: Examples of additional perspectives available from CINCFLEET cultural model.

Denison's Organisational Effectiveness Tool.				CINCFLEET cultural measurement tool		Leadership	Teams	Reward and Recognition
Flexible	Involvement	Empowerment	1	Responsibility and authority are clearly aligned at an appropriate level thereby enabling everyone to make a positive contribution				
			2	Information is shared effectively across CINCFLEET HQ, to enable staff to improve their contribution to organisational objectives				
			3	Individuals are confident and capable operators and place the team and organisational objectives above personal advancement			**X**	
Flexible	Adaptability	Creating change	1	CINCFLEET HQ responds positively, creatively and effectively to internal and external pressures for change				
			2	CINCFLEET HQ staff and teams are adaptable and cooperate effectively, even in response to changes in resources or objectives			**X**	
			3	CINCFLEET HQ and its staff actively seek ways of changing things in order to improve efficiency and effectiveness				

Table 8M.1: Examples of additional perspectives available from CINCFLEET cultural model.

Denison's Organisational Effectiveness Tool.					CINCFLEET cultural measurement tool		Leadership	Teams	Reward and Recognition
Flexible/ External	Adaptability	Customer focus		1	CINCFLEET HQ effectively involves its stakeholders, partners and customers in its processes in order to better meet organisational objectives				
				2	CINCFLEET HQ has the respect and support of society, other external stakeholders, partners and customers and is regarded as a responsible and trustworthy organisation				
				3	Staff have a clear understanding of what the organisation's stakeholders, partners and customers want and always seek to provide them with a high standard of service				
External	Adaptability	Organisational learning		1	CINCFLEET HQ promotes professionalism among its staff by encouraging learning and development, innovation and sensible risk-taking				
				2	CINCFLEET HQ ensures staff understand what is going on elsewhere within MOD and adapt accordingly				
				3	Difficulties and failures are used by staff and the organisation as learning points for improvement rather than as opportunities to apportion blame				

Table 8N.1: Results of the CINCFLEET HQ Cultural Measurement Tool analysed by additional example features.

CINCFLEET HQ Cultural Measurement Survey Calibration Test	Total	Average score	Average % score	Standard Deviation	Median score	Modal score	0	1	2	3	4	5	Dif to 76%	Leadership	Average % score	Teams	Average % score	Reward and Recognition	Average % score
			40																
CINCFLEET HQ has a clear mission that provides long-term direction and a clear framework for current work.	142	3.55	71.00%	0.75	4.00	4	0	1	1	15	21	2	5.00%						
R The CINCFLEET HQ strategy fails to show clearly how organisational objectives will be achieved.	120	3.00	60.00%	0.85	3.00	3	0	2	8	18	12	0	16.00%						
There is pride in the history and traditions of the Royal Navy and these values are maintained in the future strategy of CINCFLEET HQ.	135	3.38	67.50%	1.05	3.00	3	0	3	3	15	14	5	8.50%						
Organisational goals are clear, challenging but achievable, and achievement is continuously monitored and publicised.	131	3.28	65.50%	1.04	3.00	4	1	2	3	15	17	2	10.50%						
Leaders visibly promote organisational goals and inspire loyalty and confidence so that staff are committed to achieving organisational goals.	124	3.10	62.00%	1.06	3.00	4	0	3	9	11	15	2	14.00%	X	62.00%				
Everybody's responsibilities are clearly defined and, taken together, cover the full range of tasks required to achieve organisational goals.	130	3.25	65.00%	0.93	3.00	4	0	2	6	13	18	1	11.00%						
All staff understand the long-term vision of this organisation and are committed to achieving it.	108	2.70	54.00%	0.97	3.00	3	0	6	8	18	8	0	22.00%						
This organisation is highly successful and all staff share in that success.	121	3.03	60.50%	0.97	3.00	3	0	4	5	18	12	1	15.50%					X	60.50%
CINCFLEET HQ is robust and well structured and can maintain its long-term direction even when faced with short-term difficulties.	123	3.08	61.50%	1.12	3.00	4	1	4	4	14	16	1	14.50%						

Table 8N.1: Results of the CINCFLEET HQ Cultural Measurement Tool analysed by additional example features.

CINCFLEET HQ Cultural Measurement Survey Calibration Test	Total	Average score	Average % score	Standard Deviation	Median score	Modal score	0	1	2	3	4	5	Dif to 76%	Leadership	Average % score	Teams	Average % score	Reward and Recognition	Average % score
Business processes and activities are well defined, consistent, integrated and orientated to achieving the organisational goals.	97	2.43	48.50%	0.93	3.00	3	0	9	8	20	3	0	27.50%						
Staff co-operate and work well together across internal organisational boundaries to achieve organisational goals.	143	3.58	71.50%	0.90	4.00	4	0	1	5	7	24	3	4.50%						
R Leaders and managers fail to provide strong coordination and control across any part of the organisation.	127	3.18	63.50%	1.01	3.00	3	0	2	8	14	13	3	12.50%	X	63.50%				
Focus on our organisational goals promotes co-operation and the search for win-win solutions to difficult problems.	121	3.03	60.50%	0.77	3.00	3	0	1	7	23	8	1	15.50%						
The organisational culture clearly defines the values of the CINCFLEET HQ, and the way we work in it.	121	3.03	60.50%	1.00	3.00	3	0	4	6	16	13	1	15.50%						
Staff strongly identify with their team and CINCFLEET HQ, and readily accept and promote the values of both.	120	3.00	60.00%	0.88	3.00	3	0	2	8	19	10	1	16.00%			X	60.00%		
CINCFLEET HQ inspires pride and loyalty among its staff and thus provides a strong framework for staff conduct.	125	3.13	62.50%	0.99	3.00	3	0	3	5	19	10	3	13.50%						
Leaders and Managers inspire confidence and commitment and they support, direct, encourage and care for their staff.	125	3.13	62.50%	0.97	3.00	3	0	3	5	18	12	2	13.50%	X	62.50%				
Individual and team contributions' towards organisational objectives and goals are promptly, properly, and consistently recognised and rewarded.	104	2.60	52.00%	1.03	3.00	3	1	4	13	15	6	1	24.00%			X	52.00%	X	52.00%

Appendix N to Chapter 8.

Table 8N.1: Results of the CINCFLEET HQ Cultural Measurement Tool analysed by additional example features.

CINCFLEET HQ Cultural Measurement Survey Calibration Test																								
			Total	Average score	Average % score	Standard Deviation	Median score	Modal score	**0**	**1**	**2**	**3**	**4**	**5**	Dif to 76%		Leadership	Average % score		Teams	Average % score		Reward and Recognition	Average % score
	CINCFLEET HQ delegates effectively, empowering and developing individuals, helping them to meet their personal development goals.		123	3.08	61.50%	0.94	3.00	3	0	3	5	20	10	2	14.50%								**X**	61.50%
	CINCFLEET HQ develops individuals and teams and provides them with effective tools to achieve their objectives.		114	2.85	57.00%	0.92	3.00	3	1	2	8	20	9	0	19.00%					**X**	57.00%			
R	Leaders and managers play no part in driving the development of teams through work or social activities.		125	3.13	62.50%	1.04	3.00	3	0	2	9	15	10	4	13.50%		**X**	62.50%						
	Team working is important to CINCFLEET HQ, and matrix management is used to promote effective co-operation across organisational boundaries.		129	3.23	64.50%	0.92	3.00	4	0	1	8	14	15	2	11.50%					**X**	64.50%			
	Every individual is important and is valued for the work and social contributions that they make to the team and to the team's output.		131	3.28	65.50%	0.96	3.00	3	1	1	2	21	12	3	10.50%					**X**	65.50%		**X**	65.50%
R	New team members receive no help in integrating into their team, and the loss of a team member has no impact on the team.		153	3.83	76.50%	0.87	4.00	4	0	0	3	10	18	9	-0.50%					**X**	76.50%			
	Responsibility and authority are clearly aligned at an appropriate level, thereby enabling everyone to make a positive contribution.		131	3.28	65.50%	0.75	3.00	3	0	1	3	21	14	1	10.50%									
R	Information is not shared effectively across CINCFLEET HQ, and this limits the ability of staff to improve their contribution to achieving organisational objectives.		98	2.45	49.00%	1.04	2.00	2	1	6	14	12	7	0	27.00%									

Table 8N.1: Results of the CINCFLEET HQ Cultural Measurement Tool analysed by additional example features.

CINCFLEET HQ Cultural Measurement Survey Calibration Test	Total	Average score	Average % score	Standard Deviation	Median score	Modal score	0	1	2	3	4	5	Dif to 76%	Leadership	Average % score	Teams	Average % score	Reward and Recognition	Average % score
Individuals are confident and capable and place the team and organisational objectives above personal advancement.	107	2.68	53.50%	0.76	3.00	3	0	3	10	25	1	1	22.50%			X	53.50%		
CINCFLEET HQ responds positively, creatively and effectively to internal and external pressures for change.	122	3.05	61.00%	0.71	3.00	3	0	1	5	26	7	1	15.00%						
CINCFLEET HQ staff and teams are adaptable and cooperate effectively, especially in response to changes in resources or objectives.	135	3.38	67.50%	0.84	3.00	3	0	0	5	19	12	4	8.50%			X	67.50%		
CINCFLEET HQ and individuals actively seek ways of changing things in order to improve efficiency and effectiveness.	134	3.35	67.00%	0.86	3.00	3	0	2	1	21	13	3	9.00%						
CINCFLEET HQ effectively involves its stakeholders, partners and customers in its processes in order to better meet organisational objectives.	126	3.15	63.00%	0.66	3.00	3	0	0	5	25	9	1	13.00%						
CINCFLEET HQ has the respect and support of society, other external stakeholders, partners and customers and is regarded as a responsible and trustworthy organisation.	132	3.30	66.00%	0.82	3.00	3	0	1	4	19	14	2	10.00%						
Staff have a clear understanding of what the organisation's stakeholders, partners and customers need and always seek to provide them with a high standard of service.	129	3.23	64.50%	0.83	3.00	3	0	1	5	20	12	2	11.50%						

Table 8N.1: Results of the CINCFLEET HQ Cultural Measurement Tool analysed by additional example features.

CINCFLEET HQ Cultural Measurement Survey Calibration Test	Total	Average score	Average % score	Standard Deviation	Median score	Modal score	0	1	2	3	4	5	Dif to 76%	Leadership	Average % score	Teams	Average % score	Reward and Recognition	Average % score
CINCFLEET HQ promotes professionalism among its staff by encouraging learning and development, innovation and sensible risk-taking.	133	3.33	66.50%	0.89	3.00	3	0	1	5	17	14	3	9.50%						
R Staff in CINCFLEET HQ do not understand what is going on elsewhere within MOD and so cannot adapt accordingly.	132	3.30	66.00%	1.02	3.00	3	1	2	1	19	14	3	10.00%						
Difficulties and failures are used by staff and the organisation as learning points for improvement rather than opportunities to apportion blame.	117	2.93	58.50%	0.86	3.00	3	0	2	9	20	8	1	17.50%						
Totals	4488	112.20	62.33%	20.74	112.00	117	7	85	214	632	431	71	13.67%		62.63%		62.06%		59.88%
		3.12		0.58	3.00	3.00													