

Building and Implementing a Balanced Scorecard Model at Cihan University Requirements and Steps

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Abstract

The aim of this research is to build a balanced scorecard model for the Cihan University through identifying requirements as well as the steps necessary for successful implementation in this university that is located in Erbil / Iraq. This requires using a specific model that includes pre-identified steps designed to achieve the research objectives. The problem of this research is to identify the sets of requirements and steps needed to build and implement a viable balanced scorecard as a tool to be used to evaluate strategic performance at Cihan University and how this university can use this proposed model of a Balance Scorecard (BSC) efficiently and effectively to achieve its strategic objectives.

The main conclusion of this research is that; there are different methods that can be used by any organization to build and implement a balanced scorecard, based on the organization's vision, strategies and values.

Key word: Balance Score card, Model, Cihan University

Introduction

To manage and deploy organizational resources in such a way as to deliver and fulfill organizational objectives many tools, techniques and frameworks have developed to aid managers in verifying and evaluating business and resource performance. This research focuses on one important technique: the balanced scorecard. This research suggests that the successful model of BSC may depend on designing and implementing the model that suits the business special strategic objectives thus to improve corporate performance. The balanced scorecard may probably be considered the most popular technique in this respect. Originally developed as a performance measurement tool, the scorecard is now associated increasingly with strategy implementation. It acts as a management framework with the potential to identify and exploit organizations' key value drivers to their best strategic advantage.

This research is divided into four chapters. The first chapter, focused on the research methodology by showing the research problem, importance, objectives and model.

The second chapter highlights the theoretical aspects of the researched issues.

Chapter three entirely involves the empirical section by stating data required and analysis in order to establish and implement a balanced scorecard model especially designed for Cihan University.

Research conclusions are provided in the concluding chapter.

Chapter 1: Research Methodology

This chapter will provide a general background of this research by keying out the basic ideas related to its problem, importance, objectives, and model.

1.1 Research Problem and Importance

1.1.1 Research Problem

In today's rapidly growing economy, organizations are constantly looking for means to improve their business processes and increase output to achieve their goals and objectives. There is eventually a certain need to monitor plans as well as achievements to avoid any kind of failures or deviations that may lead to more difficulties and complications. In other words, it is necessary to measure performance and take precautions to prevent any problems that may cause a gap between planned strategies and what happens in the real world.

Different frameworks and reference models for measuring business performance developed and offered from a variety of origins, such as Financial Statement Analysis, Economic Value Added, Activity-based costing and Quality Management models... etc. However, these models may not be sufficient enough to align strategy with actions and may prove different limitations including the failure in controlling the constructed or planned values, the focus on results rather than on procedures and the limited measurement that is centralized on the tangible assets only.

In general, we can say that organizations in the past

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Academy of Contemporary Research
Journal
V II (III), 106-117, ISSN: 2305-865X
© Resource Mentors (Pvt) Ltd (Publisher)

Received: May 2013
Revised: June 2013
Accepted: July 2013

focused their attention on measuring performance depending on their operational and financial results. Nevertheless, this does not contribute to the measurement of the actual success of the organization as these financial results may reflect a beneficial situation for it, although they may be toward more of a decline stage because other important factors are not evaluated.

In all cases, it's necessary to point out that the performance evaluation process was revised and evolved over time. We may see the current result of this development may be the innovation of the balanced scorecard.

Nevertheless, this new technology is not effortless to be adopted, it needs a huge amount of data and information which are hard to assemble, and it also entails steps and procedures that need to be applied correctly.

Building and implementing a balanced scorecard model is the key to reducing losses and initiating innovation and growth. Although it's not an easy task, many organizations were able to successfully build and implement a balanced scorecard. Then, we need to wonder if it will be the case for Cihan University, will it be able to acquire all the necessary information to establish a database for implementation of such model?.

From the above discussion, we can summarize the problem of this research through the following questions: What are the requirements and steps needed to build and implement a balanced scorecard model especially designed as a tool to evaluate strategic performance at Cihan University? And how can this organization carry out the model identified requirements, steps and procedures efficiently and effectively to achieve their strategic objectives?

1.1.2 Research Importance

The importance of this research can be easily illustrated through the following stages:

1. This research discusses a very important and modern issue that is building and implementing a viable balanced scorecard model.
2. As this research extends the possibilities of adopting and use of balanced scorecard model in one of Iraqi private sector organizations to achieve a high degree of strategic control.
3. The research provides a better understanding of the subject studied through presenting theoretical coverage of issues related aspects of the field.
4. The outcomes and results which can be held at the conclusion of this research.
5. The opportunities offered by this research for more possible future studies at the level of related points of the balanced scorecard and strategic performance evaluation.

1.2 Research Objectives

We can summarize the objectives of this research according to the following points:

1. Presenting the theoretical aspects of the subject studied (Balance scorecard) .

2. Solving the research problem by proposing a suggested balanced scorecard model for a selected Iraqi private organization (Cihan University-Erbil) identifying the requirements, steps and procedures for successful implementation.

3. Attaining acceptable results and conclusions.

1.3 Research Model

In order to achieve the objectives of this research, the following steps may represent road map to achieve the research objectives:

1. Introducing a theoretical component to highlight Balanced Score Card issues.
2. Describing the real world of the Cihan University as basic requirement to use the methodology of this research.
3. Attempting to organize a balanced scorecard for the organization studied and assessing the potential difficulties and consequences of implementation.
4. Identifying the possible steps taken to get rid of the problems included within the construction phase of a balanced scorecard model, which are inherent in the real world of the organization studied.
5. Demonstrating and suggesting the needs and requirement to enhance the chances for successful implementation and utilization of a balanced scorecard by the organization studied and accomplishing all related benefits effectively.
6. Offering a BSC model, analyzing the outcomes, and major conclusions.

Chapter 2: Overview of the Balanced Scorecard (BSC)

The balanced scorecard was developed in the 1990s by Robert S. Kaplan and David P. Norton, and was published in the Harvard Business Review in 1992 (Rigby, 2001, 104). It's a strategic planning and management system that is used extensively in business and industry, government, and non-profit organizations worldwide to align business activities to organization vision and strategy, improve internal and external communications, and monitor organization performance against strategic goals (www.balancedscorecard.org). The balanced scorecard is a management practice that seeks to complement drivers of past performance (financial measures) with the drivers of future performances, such as customer satisfaction, development of human and intellectual capital, and learning (www.businessdictionary.com). Thus, we can say that the balanced scorecard is a Strategic methodology used in evaluating performance and tying its results with the organization's strategy. Then, the balanced scorecard is more distinctive from other performance approaches which do not offer this sort of alignment (Lawrie and Cobbold, 2004, 615). Figure (1) illustrates the history and evolution of the balanced scorecard.

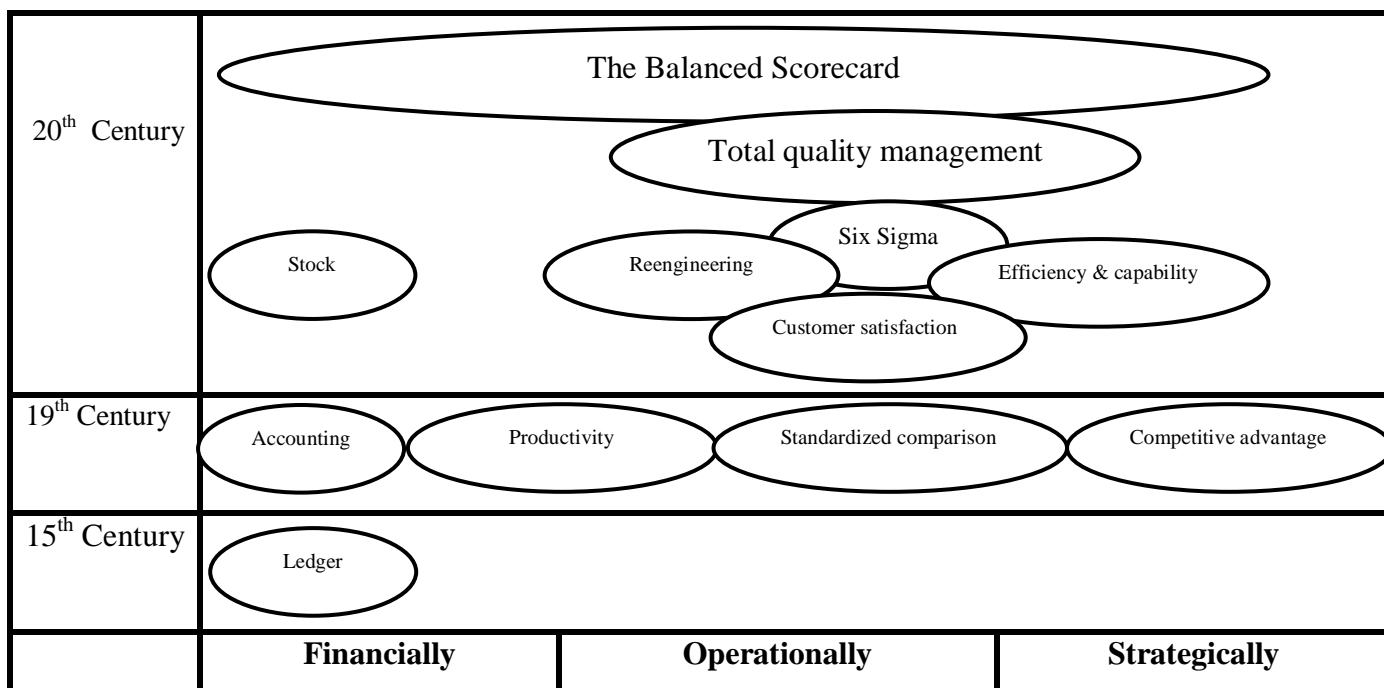


Figure (1): Evolution of the Balanced Scorecard.
 Source: Created by researcher according to references used in this research.

2.1 Perspectives of Balance Scorecard

There are four perspectives related to the balance scorecard technique by combining them, Kaplan and Norton attempt to establish the BSC as a representation of an organization's shared vision. Then, the BSC becomes not just a tool for measurement, but also a tool for strategic management. These are valuable perspectives.

1. The financial perspective.
2. The Customer Perspective.
3. The Internal Business Process Perspective.
4. The Learning and Growth Perspective (Simth; 2007; 169).

Now, we will cover each of balance scorecard technique perspectives according to (Kaplan and Norton; 1996; 47-49, Lawrie and Cobbold, 2004, 615-620, www.communicat.com, and Muralidharan, 1997, 64-70):

The Financial Perspective

The financial intention typically relates to profit, return on investment and paying dividends to investors ... etc.. These criteria are important for maintaining financial stability and avoiding organizational failure. Kaplan and Norton do not ignore the traditional demand for financial data. Timely and accurate funding data will always be a priority, and managers will do whatever necessary to provide it. In fact, often there are more than enough handling and processing of financial data. With the implementation of a corporate database, it is hoped that more of the processing can be centralized and automated. But the point is that the current emphasis on Financials leads to the "unbalanced" situation with regard to other perspectives. There is perhaps a need to include

additional financial-related data, such as risk assessment and cost-benefit data, in this category.

The Customer Perspective

Managers identify the customer and market segments in which the business unit will compete and business unit's performance measured. The core outcome measures include customer satisfaction, customer retention, new customer acquisition, customer profitability, and market and account share in targeted segments. Also, the customer perspective should include specific measures of the core customer outcomes of the value propositions that the business will deliver to customers. These segments-specific drivers of core customer outcomes represent those factors that are critical for customers to switch to or remain loyal to their suppliers. For example, customers could value short lead times and on-time delivery or a constant stream of innovative products and services. On the other hand, supplier should be able to anticipate their customer's emerging needs and capabilities to develop new products and approaches to satisfy those demands. As a summary, recent management philosophy has shown an increasing realization of the importance of customer focus and customer satisfaction in any line of work. These are leading indicators: if customers are not satisfied, they will eventually find other suppliers that will meet their needs. Poor performance from this perspective is thus a leading indicator of future decline, even though the current financial picture may look good. The customer perspective enables business unit managers to articulate the customer and market-based strategy that will deliver superior future financial returns.

The Internal Business Process Perspective

The internal business process measures focus on the inner processes that will have the greatest impact on customer satisfaction and achieving an organization's financial objectives. It reveals two fundamental differences between the traditional and the BSC approaches to performance measurements. Traditional approaches attempt to monitor and improve existing business processes and they may extend beyond financial measures of performance by incorporating character and time-based metrics. But they still focus on improvements of existing processes While, the scorecard approach

usually identifies entirely new processes at which an organization must work in order to meet client and financial objectives. For example, a company may realize that it must develop a process to anticipate customer needs or one to deliver new services that target customer's value.

The BSC internal business process objectives highlight the processes which are most critical for an organization's strategy to succeed and it may not be currently performing at all. As illustrated in Figure (2), the BSC approach incorporate innovation processes into the internal business process perspective.

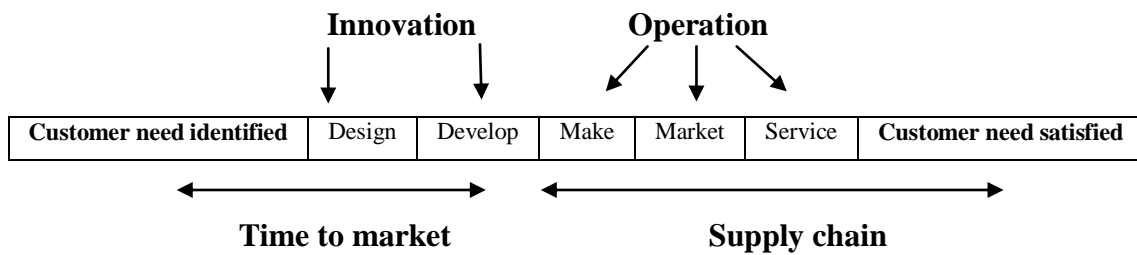


Figure (2): Innovation Processes within Internal-Business-Process Perspective. Source: Kaplan and Norton; 1996; 36.

Learning and Growth Perspective

The fourth perspective of the Balanced Scorecard, learning and growth, identifies the infrastructure that the organization must build to create long-term growth and improvement. Organizational learning and growth come from three principal sources: people, systems, and organizational processes.

The financial, customer, and internal-business-process objectives of the Balanced Scorecard typically will reveal large gaps between the existing capabilities of people, systems, and procedures and what will be needed to achieve breakthrough performance. To close these gaps, businesses will have to invest in re-Skilling employees, enhancing information technology systems, and aligning organizational procedures and routines.

Lastly, in order to complete the covering required for this section we will ask the following important questions and provide an answer for them: Are the four perspectives sufficient? Is it necessary for companies to use all?

The four perspectives of the Balanced Scorecard have been found to be robust across a broad variety of companies and industries. But the no mathematical theorem exists to prove that the four perspectives are both necessary and sufficient. We have yet to see companies using less than these four perspectives depending on industry circumstances and a business unit's strategy. Similarly, if strong supplier relationships are part of the strategy, leading to breakthrough customer

and/or financial performance, the outcome and performance drivers to measure supplier relationships should be contained within the organization's internal-business-process perspective. But we don't believe that all stakeholders are automatically entitled to a position on a business unit's scorecard. Then, the scorecard outcomes and performance drivers should measure those factors that create competitive advantage and breakthroughs for an organization (www.businessballs.com). Put differently, the Balanced Scorecard translates vision and strategy into objectives and measures across a balanced set of views. The scorecard includes measures of desired outcomes as well as processes that will drive these outcomes for the future (Fabozzi and Peterson; 2003; 906). To provide a better understanding Figure (3) presents an example of a balance scorecard for Electric Utility Inc. For more than 20 years, Electric Utility Inc. led the way in developing the highest-quality conferences, seminars, workshops, and courses designed exclusively for the energy industry. They offer solutions, not just vacuous information, and seek to assist industry professionals make informed, sound decisions to strategically improve their position in today's challenging business environment (www.touchbriefings.com). Like most balanced scorecards, Electric Utility's BSC consists of four main perspectives (Financial, customer, internal, learning & growth) and each perspective is valued by its target, measure, target and initiatives.

Strategic Priorities		Objectives	Measures	Targets	Initiatives
Financial	Financially strong	F1.ROCE F2.Asset utilization F3.Profitability F4.Cost leader	1.ROCE 2.Cash flows 3.Net margin 4.Volume growth 5.premuim ratio	1. (18%) 2. (11%) 3. (5%/yr) 4. (45%) 5. (\$2b)	1. Asset disposition program. 2.Store alliances
Customer	1. Delight the customer 2. Win-win dealer relations	C1. Delight the targeted customer C2. build win-win relations with dealer	1.Share per segment 2.Dealer gross profit growth	1. (45%) 2. (25%)	Dealer committee
Internal	1. Build the franchise 2. Increase customer value 3. Operational excellence	I1. Innovative products and services I2. Cost leader I3. Improved output	1. New product ROI 2. Dealer quality score 3. Yield gap 4. Inventory levels 5. Run out rate 6. Perfect orders	1.(20%+) 2.(4.5+) 3.(15%)sales 4. (<90%) 5.(99%+)	1.Review program 2.Saftey training
Learning	1. Motivated and prepared workforce	L1.Climate for change L2.Competencies	1.Employee survey 2.Personal BSC% 3.Strategic competencies	1.(>4.8) 2. (80%) 3. (85%)	1.Skills program 2.Competency

Figure (3): Electric Utility's Balance Scorecard.

ROCE: Return on Capital Employed. Calculate as profit before interest and tax divided by the differences between total assets and current liabilities.

Source: www.touchbriefings.com

Relations between Strategy and Balance Scorecard

Strategy is the direction and scope of a company over the long-term, which achieves advantages for the organization through its configuration of resources within a challenging environment, to meet the needs of markets and to fulfil stakeholder expectations. The single most important skill in any business is the ability to translate strategy into action. This is increasingly difficult in larger or more complex organizations, where the distance between those who formulate the strategy and those who carry it out is significant. With size and complexity comes the necessity for communicating strategic intent and for providing a management framework that aligns the capabilities of the business with the demands of the competitive marketplace (Neely and others, 1994, 140). A Fortune magazine article reported, based on a survey of management consultants, that less than 10% of strategies are successfully implemented. Tom Peters referred to that figure as “wildly inflated,” because suggesting that formulating strategy is not a valuable activity if it can’t be transformed into action. This is the reason behind the worldwide fall of strategic planning over the past two decades. What’s needed is not more planning, but a way to translate strategy directly into action (www.businessballs.com). As the economy moves rapidly away from the “Industrial Age” to the “Information Age,” which is characterized by global and knowledge-based competition, every organization must rethink the underlying premises on which it competes. As the global economy becomes more tightly connected, each business must establish its own feedback systems to effectively monitor its own activity and to achieve its own strategic objectives (Muralidharan, 1997, 66). The management approach that enables businesses to effectively harness their capabilities and achieve their

strategic objectives represented by the use of a Balanced Scorecard to translating strategy into action. Figure (4) explains how the balance scorecard is an important part of developing a strategy

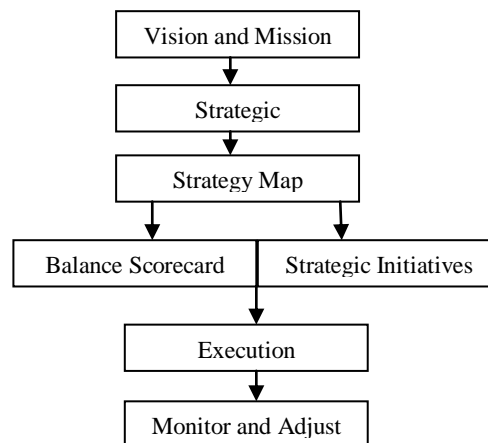


Figure (4): Relations between Strategic Process and the Balance Scorecard.

Source: Smith; 2007; 27.

2.3 Building a Balanced Scorecard

There are five essential requirements for making an efficient and effective Balanced Scorecard:

1. Financial backing and commitment of the top executive management: managers in high positions need to demonstrate a high level of dedication and cooperation with their subordinates. They also need to provide a degree of support not only to their employees but also to the whole constitution and what it stands for.
2. Establishing applicable strategies: although implementation of the BSC approach is the

most challenging, selecting and formulating strategies is also difficult. Strategies need to be feasible, understandable by employees, sensible and related to the vision and objectives of the company in a way that they provide the best possible benefits.

3. Setting up strategies connected to the cause and effect relationship.
4. Establishing well balanced measures.
5. Ensuring employee participation: top management is not the only part of reaching the strategic objectives

required. On the contrary, employees constitute the most essential component in any society. For this reason, their participation and contribution to the planning and execution process must be guaranteed through motivation, rewards and promotions, healthy and safe working environment and well deserved salaries (www.brightshub.com).

Figure (5) illustrates the basic steps of the generalized model for building and establishing a balance scorecard, which are discussed below.

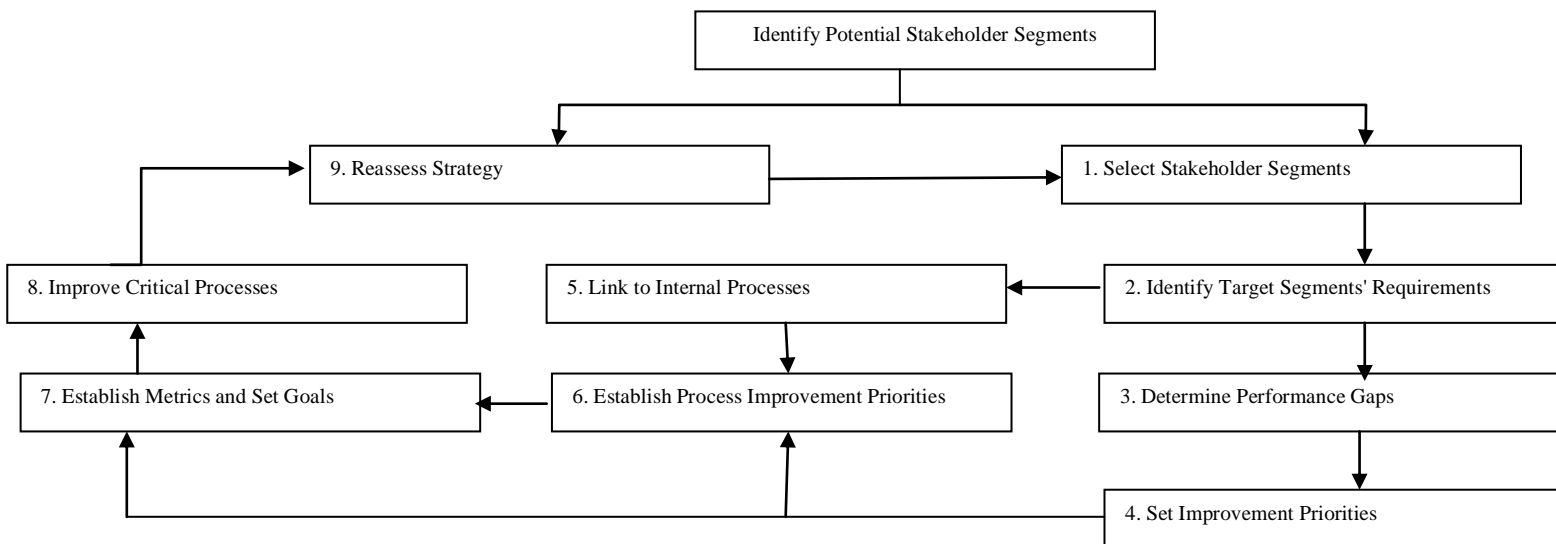


Figure (5): Basic Steps of the Generalized Model for Building a Balance Scorecard.

Source: www.schneiderman.com.

1. Selecting stakeholder strategies: involves recognition of the concept that companies cannot satisfy all needs to all potential customers and therefore they must focus their limited organizational resources on those chosen market segments.

2. Identifying target segments requirements: explains how each customer segment is characterized by its own unique set of requirements. These customers examine potential suppliers against these requirements and make a decision based on what meets their aggregate needs.

3. Determining performance gaps: by inquiring targeted customers how companies are doing in meeting their diverse demands. The aim is to close these gaps in order to maintain or improve relative competitive position.

4. Setting stakeholder improvement priorities: Improving requirements that are unimportant to a targeted customer segment is often a waste of precious organizational resources that could better be used elsewhere. It's therefore essential that companies focus their improvement efforts on major gaps in important customer requirements. The combination of high importance and low performance is the logical basis for ranking opportunities for improvement.

5. Linking stakeholder requirements to internal processes: is collection of interacting processes whose collective output is essential for creating stakeholder value and identifies the relationship of each process within the organization to the key stakeholder requirements identified in step 2.

6. Establishing process improvement priorities: involves knowing which internal processes drive the various targeted stakeholder requirements and which of those requirements are most in need of strategic improvement,

companies are in a position to set internal process improvement priorities. Once completed, they can identify the main points for changes in the way those involved should do their day-to-day jobs.

7. Establishing metrics and goals for the process improvement priorities: companies face several questions includes identifying the internal process metrics that are the drivers of the desired improvement in outcomes. Once companies have successfully identified them, they need to set time-based goals which are hard but not impossible to attain. Companies have a limited improvement capacity, asking them to do everything will guarantee that the easy jobs are done first, not necessarily the most significant ones will get done first. Companies need to filter the priorities so they achieve maximum stakeholder value in other words, making the balance scorecard.

8. Improve critical processes: entails how Individuals involved in multiple processes should focus first on those that lie along this critical strategic path. When teams or individuals do not have a clear role in strategic improvement priorities, they should still spend a portion of their time improving the way that they manage their day-to-day chorespubl

9. Reassess strategy: Companies need to re-evaluate the selected strategies and behaviours to ensure efficiency and maintain effectiveness to accomplish their strategic objectives according to the chosen operation plans (Smith; 2007; 170-173).

However, Kaplan and Norton defined the following four-step process, illustrated in Figure (6), that has been used across a broad range of organizations:

1. Define the measurement architecture- When a company initially introduces the Balanced Scorecard, it is more manageable to apply it on the strategic business unit level rather than the corporate level. However, interactions must be considered in order to avoid optimizing the results of one business unit at the expense of others.
2. Specify strategic objectives- The top three or four objectives for each perspective are agreed upon. Potential measures are identified for each objective.
3. Choose strategic measures- Measures that are closely related to the actual performance drivers are selected for evaluating the progress made toward achieving the objectives.
4. Develop the implementation plan- Target values are assigned to the measures. An information system is developed to link the top level metrics to lower-level operational measures. The scorecard is integrated into the management scheme (www.netmsba.com).

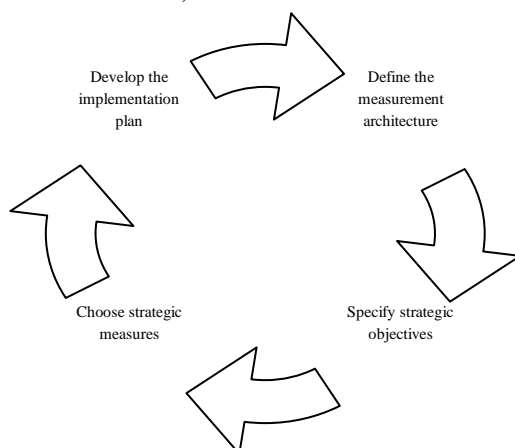


Figure (6): Kaplan and Norton BSC

Source: Created by researcher

Steps.

according to references used in this research.

Finally, we can determine the following principles for building a balanced scorecard:

1. Cause-and-Effect Relationships: A strategy is a set of hypotheses about cause and effect. A properly constructed scorecard should tell the story of the business unit's strategy through a succession of cause and-effect relationships. The measurement system should fix the relationships (hypotheses) among objectives explicit so that they can be managed and validated. Every objective selected for a Balanced Scorecard should be part of a chain of cause-and-effect relationships that communicates the substance of the business unit's strategy to the governing body.
2. Outcomes and Performance Drivers: All Balanced Scorecards use certain generic measures. These generic measures (such as profitability, market share, and customer satisfaction) tend to be "outcome" measures, which reflect goals common across many strategies and industries. The performance drivers, the lead indicators, are the ones that tend to be unique for a particular scheme. A good Balanced Scorecard should have an appropriate mix of outcomes (lagging indicators) and performance drivers (leading indicators) that have been customized to the business unit's strategy.
3. Linkage to Financials: With the production of change programs under way in most organizations today, it is easy to become preoccupied with goals (quality, customer satisfaction, innovation, and the like) for their

own sake. While these goals can lead to improved business-unit performance, they may not achieve their purpose if they are chosen as ends in themselves. A Balanced Scorecard must retain a strong emphasis on outcomes, especially financial ones. Ultimately, causal paths from all the measures on a scorecard should be linked to financial objectives (Norton; 1999; 10).

2.4 Advantages and Disadvantages of Balanced Scorecard

The foremost advantage of applying the balanced scorecard method is that by looking at four aspects of a company's performance, you really do get a balanced view of company performance. Unlike traditional methods of tracking the financial health of an occupation, the balanced scorecard gives you a full picture as to whether your company is meeting its objectives. While it may seem that a company is doing well financially, it may be that customer satisfaction is down, employee training is inadequate, or that the processes are outdated.

The second advantage, by applying a balanced scorecard approach, the immediate future isn't the only thing being measured. Oftentimes when an accountant sees the financial bottom line (maybe the company isn't doing well), suggestions are given that are immediate, but do not consider the long-term. Using balanced scorecards allows for stakeholders to ascertain the health of short, medium, and long term objectives at a glance (Fabozzi and Peterson; 2003; 910).

Finally, by using a balanced scorecard, a company can be sure that any strategic action implemented matches the desired outcomes. Using a balanced scorecard should result in:

1. Translation of strategy into measurable parameters.
2. Communication of the strategy for everybody in the house.
3. Alignment of individual goals with the firm's strategic objectives- the BSC recognizes that the selected measures influence the behavior of employees.
4. Feedback of implementation results to the strategic planning process.
5. Improved processes, Motivated/educated employees, Enhanced information systems, Monitored progress, Greater customer satisfaction, and increased financial usage.

On the other side, the basic disadvantages related to the use of balanced scorecard include the following:

1. The balanced scorecard takes a lot of time and thinking. It is not a tool you can just think up one night to solve a problem. Instead, it is recommended that you hold a meeting to plan out what goals you would like to see your company reach in each of the four above areas. Once you have clearly stated objectives, you can then begin to break down these objectives to bring them to reality.
2. While the balanced scorecard gives you an overall view of the four areas for concern in business growth and development, these four areas do not paint the whole picture. The financial information included on the scorecard is defined. Instead, to be successfully implemented, the balanced scorecard must be part of a larger strategy for company growth that includes accounting methods. Third, a gap may result from misunderstanding of employee participation.

3. A lot of companies use metrics which is not suitable for their own circumstances. It is fundamentally important that when they have to use BSC to make the information being followed pertinent to your needs. Otherwise there is no benefit to use metrics.

(www.qualitydigest.com).

In the end, the following are potential pitfalls that should be avoided when implementing the Balanced Scorecard:

1. Lack of a well-defined strategy: The Balanced Scorecard relies on a clear strategy and an understanding of the linkages between strategic objectives and the metrics. Without this foundation, the implementation of the Balanced Scorecard is unlikely to be successful.
2. Using only lagging measures: Many managers believe that they will reap the benefits of the Balanced Scorecard by using a wide range of non-financial measures. However, care should be taken to identify not only lagging measures that describe past performance, but also leading measures that can be used to plan for future performance.
3. Use of generic metrics: Usually it is not sufficient merely to adopt the metrics employed by other successful firms. Each firm should put forth the effort to identify the steps that are appropriate for its own strategy and competitive position (www.netmba.com).

Chapter 3: Empirical Section

In this part of the research we will attempt to establish a balanced scorecard for Cihan University based on the theoretical section discussed in chapter 2. We will begin by giving an overview of Cihan University. Then, we will start by establishing the suggested steps for creating Cihan University's balanced scorecard. After that, we will handle the essentials needed for effective and efficient implementation. Furthermore, we will introduce the expected benefits and potential pitfalls of the created balanced scorecard. Lastly, we will present a proposed form of Cihan University's balanced scorecard based on the information gathered.

3.1 An overview of Cihan University

It has been clear from the previous discussion that the sample of this research represented by the Cihan University- Erbil. The selection of Cihan University as the organization studied depended on the following points:

1. Cihan University is the researchers' current university.
2. The availability and ability to assume the necessary data and information needed for the application part of this inquiry.

Cihan University is a private university, located in Erbil-Iraq. It represents one of the most important Iraqi private academic educational institutions, which was established in (2007). Recently Cihan University contains five main Colleges, each with various science departments (see Table 1).

Table (1): Cihan University Colleges and Scientific Departments.

No.	Colleges	Scientific Departments
1	College of Law and Diplomatic Relations	Law Department
		Diplomatic Relations Department
2	College of Sciences	Biology Department
		Computer Sciences Department
3	College of Administrative and Financial Sciences	Business Administration Department
		Accounting Department
		Banking and Financial Sciences Department
4	College of Engineering	Architecture Engineering Department
		Communications Engineering Department
5	College of English	English Department

The basic teaching language at Cihan University is English, giving the students the chance to follow international developments easily and to act worldwide. In order to enable all students to study in English, it offers, an intensive English language program during the first year of study. Furthermore, it is important since it focuses on the capacities and skills of graduates and is thus initiating more active contributions by scholars during their studies.

The aim of Cihan University is to guarantee specialized education in university subjects which will be essential for the job market in Iraq and the region in the future, resulting in the creation of Cihan University's vision "Your Gateway to Success". Although it's a generic statement which could be applied to any company in any market, Cihan University supports this assertion with a clear description of what this vision entails. In other

word: Cihan University strives to provide a successful path of high level learning and educational experiences through which students can achieve their life dreams.

Cihan University's mission is to be among the leading private Iraqi universities and to be internationally recognized, its objective is to provide excellence in education, to participate in the advancement of knowledge through research, and to serve its people. Khan University strongly believes that university education benefits directly from high quality research that will be carried out within the university itself, and that new basic knowledge is new intellectual capital. Thus, the establishment of centers of excellence in teaching and research joining forces across the boundaries of departmental disciplines, colleges and the university itself is one of its principal strategies.

3.2 Suggested Steps for Building Cihan University's Balanced Scorecard

Steps for establishing a balanced scorecard differ between systems depending on organizational structure, vision, mission, and target market. Therefore, the following steps summarize our perspective for constructing a BSC for Cihan University:

1. Identifying the vision and strategic objectives of Cihan University.
2. Determining the needed strategies and the missions required to reach the chosen goals.
3. Constructing a strategic map.
4. Specifying the distinctive activity taken within the four perspectives (financial, customer, internal process, learning and growth).
5. Defining measures and performance level.
6. Establishing targets and initiatives.

Now, will discuss the previous steps in more details: After identifying Cihan University's vision "Your Gateway to Success", we define its strategic objectives which are to guarantee specialized education in university subjects which will be essential for the job market in Iraq and the region in future and to be among the leading private Iraqi universities. In addition, becoming internationally recognized, providing excellence in education, and to participate in the advancement of knowledge through research.

Therefore, we can break down Cihan University's vision into four different views in relation to the four perspectives of the balanced scorecard:

1. Focusing our business on high quality services for which we can establish and sustain financial profitable positions.
2. Being responsive to the demands of customers and intermediaries'.
3. Being reliable, dependable and trustworthy.
4. Insuring superior knowledge, expertise and innovation.

The strategic map is a diagram that describes how an organization creates value by linking strategic objectives in cause and effect relationships with each other in the four BSC perspectives (financial, customer, internal process, learning and growth). Hence, the strategic map is considered the foundation for effective implementation of the balanced scorecard.

By connecting the strategic map's measures with one another in one graphical representation, strategic mapping can greatly assist in describing the strategy and to communicate the strategy among executives and their employees. This way alignment can be created around the strategy, which makes successful implementation easier. Figure (8) represents Cihan University's strategic map and the relations between the measures of the four perspectives

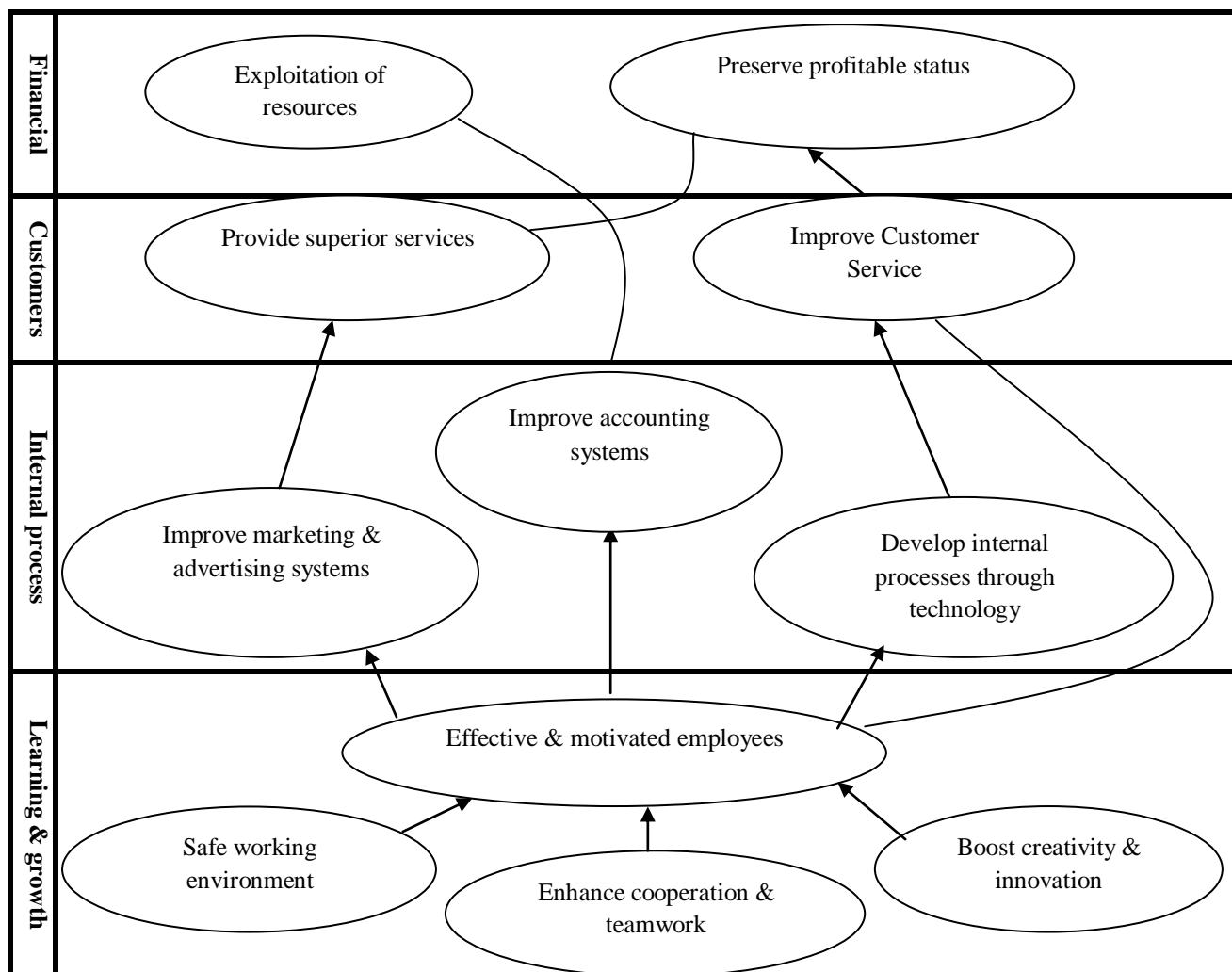


Figure (8): Cihan University's Strategic Map.
Source: Created by Researchers

Before constructing Cihan University's balanced scorecard we should identify its four perspectives:

1. Shareholder value (financial perspective).
2. Customer satisfaction (customer perspective).
3. Operating effectiveness (internal process perspective).
4. Cihan University's workforce (learning and growth perspective).

After presenting the four perspectives we can start building Cihan University's balanced scorecard. Each perspective consists of:

1. Objectives: what the strategy is to achieve in that perspective.
2. Measures: how progress for that particular objective will be measured.
3. Targets: the target value required for each step.
4. Initiatives: what will be done to facilitate the reaching of the target?

Today, we begin constructing Cihan University's balanced scorecard starting with the financial perspective in our case the shareholder value:

Objectives

We will deliver consistently superior long term value to Cihan University shareholders and sustain profitable positions.

Measures

Shareholder values will be evaluated in terms of total return in dividends plus share price appreciation.

Targets

Achieving a total yearly return, that puts Cihan University financially among the top 10 universities in the region thus, earning a steady increase in the value of shares 10% annually.

Initiatives

Constructing state of the art facilities (educational and leisure). In addition, upgrading existing facilities, this would lead to an annual increase of student numbers, resulting in higher shareholder value.

Next the customer perspective (customer satisfaction) as a service provider, Cihan University must insure customer satisfaction:

Objectives

Cihan University will provide the best value to customers through offering educational excellence and meeting their ever changing needs and demands.

Measures

Each Cihan University college or department will develop a statistical measure tool. That will be aimed at limiting our customer assessment of the overall value of our educational services.

Targets

Cihan University will continue to improve customer perception of the value of what it has to offer in terms of services and increasing the number of students by 15% annually.

Initiatives

Cihan University will fulfill its objective through building relationships with customers, delivering the quality education that it promises to students and collaborating with them and learning from their experience the strengths and weaknesses of Cihan University's educational system, by conducting surveys and analyzing the results.

And so, we move to operating effectiveness (internal process perspective) which is important since it serves as the foundation for any organization:

Objectives

Cihan University will improve educational standards by rethinking, correcting and improving business processes.

Measures

Making sure that the operating cost would not exceed half of the annual returns.

Targets

Cihan University aims to reduce its operating cost by 30% in the next 5 years.

Initiatives

Analyzing Cihan University internal processes on an annual basis to maintain and improve processes when needed. Making sure Cihan University possesses the exact number of employees, (hiring when needed and releasing when excessive employees exist). Actions like these can increase operating effectiveness and efficiency. Finally, Cihan University's workforce (learning and growth perspective) is responsible for achieving growth and short-long term goals. Without this perspective, the previous three would be irrelevant:

Objectives

Working with high integrity and ethical standards, and constantly striving to improve individual performance to aid Cihan University's growth and development.

Measures

Performance standards for each individual that will transform Cihan University's employees into a tool for creating progress.

Targets

The target is to insure that 90% of employees achieve of the required performance standards. In addition, Cihan University will monitor their progress toward growth on a regular basis through formal and informal gathering of information and opinions from employees. In order to become a successful employee at Cihan University the following requirements should be satisfied:

1. Working in an ethical and honest way.
2. Setting and meeting individual goals which are consistent with business goals.
3. Being motivated and excited about working at Cihan University.
4. Employees should fully believe in what they are doing.
5. Constantly striving to improve performance.
6. Delivering optimum results.

Initiatives

Conducting internal surveys targeting Cihan University's employees and comparing it to a benchmark survey, to monitor employee success levels.

3.3 The Requirements for Building Cihan University's Balanced Scorecard

Building a balanced scorecard entails several requirements, as discussed in the theoretical section, to guarantee successful implementation and maintain alignment between the selected strategies and chosen activities. Each organization can vary from one another in this area. Thus, for Cihan University we found the following important requirements to ensure the effectiveness and efficiency of its balanced scorecard depending on its strategic objectives, mission and vision:

1. It is essential for all members of top management to demonstrate total commitment and devotion to the university and to the entire organization and for what it stands for.
2. Another important condition is to aim for reasonable in hand strategies instead of being

over ambitious and aim for unrealistic strategies, in order to avoid wasting of valuable time and money. In other words remain within Cihan University’s capabilities.

3. The measuring instruments used within the scorecard should be well balanced and well synchronized with the university’s objectives.
4. Keeping Cihan University’s workforce motivated through a successful program of rewards, incentives, deserved promotions, earning what you deserve policy and creating a safe working environment. Instead of being exclusive to top management, these actions will encourage employees to take part and contribute to the planning and execution of the university’s strategic objectives.

3.4 The Expected Benefits & Pitfalls of Cihan University’s Balanced Scorecard

Many leading organizations, corporations and even universities have implemented and used the balanced scorecard in some shape or another. Therefore, implementing such technique at Cihan University will may attain and achieve various benefits:

1. Giving a clear view of whether Cihan University as an organization is properly achieving its objectives. Not only financially, but in all aspects such as employee performance and customer satisfaction.
2. Through Cihan University’s scorecard the stakeholders and top management can measure the short, medium, and long term success.
3. Cihan University can make sure that all implemented actions result into desired outcomes,

by comparing the strategic objectives with the desired targets stated on the scorecard.

4. One significant benefit is that corporate strategies can be communicated and distributed to everyone working at Cihan University.
5. Noticeable improvement in internal processes because of the improved information systems, the constant monitoring of progress and instant detection of mistakes upon accruing.
6. Cihan University’s scorecard will greatly participate in creating a motivated and innovative workforce, which represents the core of the university’s success.

Using a balanced scorecard at Cihan University might also result in some potential pitfalls:

1. Creating a successful scorecard requires a lot of thinking, dedication and expensive time.
2. Constructing and building a balanced scorecard involves gathering and collecting a vast amount of data and information that entails the use of a lot of resources, people and time.
3. It does not always fully compensate the financial aspect of conducting an occupation.
4. Cihan University’s scorecard factors must be based and formed around the university itself rather than adopting known successful factors used by other organizations. Otherwise, the scorecard would be meaningless and a waste of time and money.

3.4 Suggested Form of Cihan University’s Balanced Scorecard

Nowadays, we can establish a proposed form of Cihan University’s balanced scorecard according to Figure (9):

Strategic Priorities		Objective	Measures	Target	Initiative
Shareholder value	Financially secure	Long term value to Cihan University shareholders	Return on dividends	Achieving a high financial status	Improving university infrastructure
		Sustain profitable positions	Value of shares.	Constant increase in share values 10% annually	Attracting more students
Customer satisfaction	Make customer happy	Provide the best value to customers	Developing a statistical measure tool	Improve customer perception of the value of services	Delivering the quality education that Cihan University promise
		Educational excellence	Measuring customer feedback in valuing Cihan University’s educational experience	Reducing negative feedback by our customers	Collaborating with students to help identify strengths and weaknesses and take improvement action
		Identifying changing demands		An annual increase of student numbers by 15%	
Operating effectiveness	Operational	Improving educational standards	Operating cost would not exceed more than half of yearly returns.	A 30% reduction in the operating cost in the next 5 years	Analyzing Cihan University internal processes on annual basis to maintain and improve processes
		Improving internal processes			
Cihan University	Motivated and	Striving to improve individual performance development	Performance standards for each individual	90% of Employees meeting performance standards	Install required standards
		Maintaining ethics			Monitor employee success levels

Figure (9): Cihan University’s Proposed Balanced Scorecard. Source: Created by researcher.

Chapter 4: Research Conclusions

Having completed this research and written its components "Building and Implementing a Balanced Scorecard model at Cihan University: Requirements and Steps" the researcher came to the following conclusions:

1. The balanced scorecard is a strategic planning and management system that is used extensively in business and industry, government, and non-profit organizations worldwide to align business activities to organizational vision and strategy. It is a management practice that seeks to connect drivers of past performance with the drivers of future performances. The balanced scorecard insures the successful translation of strategy into action.
2. There are four perspectives related to the balance scorecard technique: financial perspective, customer perspective, internal business process perspective and learning and growth perspective.
3. The financial perspective uses traditional accounting measures in order to evaluate a firm's financial results. Financial performance measures indicate whether a company's strategy and implementation are contributing to bottom-line improvement.
4. With the customer perspective managers identify the customer and market segments in which the business unit will compete and business unit's performance measured.
5. The internal business process perspective identifying the critical internal processes in which the organization must perform well.
6. Learning and growth perspective identifies the infrastructure that the organization must build to create long-term growth and improvement.
7. A generalized model for building and establishing a balance scorecard may be consist of: select strategies, identify target segments, determining performance gaps, setting improvement priorities, linking requirements with internal processes, establish process improvement, establish metrics and goals for improvement, improve critical processes and finally, reassess strategy.
8. Although, steps for building a balanced differ between systems depending on organizational structure, vision, mission and target market, we can agree with defined four-step process for establishing a balanced scorecard: define the measurement architecture, specify strategic objectives, choose strategic measures and develop the implementation plan. As well as the main principles for establishing a balanced scorecard: cause and effect relationships, events and performance drivers and linkage to financial.
9. The following steps summarize our perspective for constructing a BSC for Cihan University: Identifying Cihan University's vision, finding the needed missions and strategies, Specifying the distinctive activity taken within the four perspectives, defining standards and performance level and establishing targets and initiatives.
10. The expected benefits for Cihan University's scorecard: Giving a clear view whether Cihan University as an organization, top management can measure the short, medium, and long term success, all implemented actions result into desired outcomes, corporate strategies can be communicated and disseminated to Cihan University's workforce,

improvement in internal processes and creating a motivated and innovative workforce.

11. Ultimately, this research extends the basic ideas related to building and implementing a balanced scorecard model. All other subjects which were not covered within this research, such as the financial aspect of the scorecard, represent open questions for future studies.

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