

USING THE BALANCED SCORECARD TO MEASURE THE SUPERVISOR

Diann Gordon and Tom Gordon, FIOM

The concept of the Balanced Scorecard and its practical application was discussed in our article 'Measuring Excellence: A Case Study in the Use of the Balanced Scorecard', published in the May edition of *Control*. This technique is gaining popularity because:

- It provides a 'rounded' and current picture of the business
- It provides objective data to management in a form that allows them to focus on both the successes and problem areas. It is just as important, of course, to know what is being done right as it is to know what is being done wrong!

The technique is becoming particularly popular with companies certified to ISO 9000, QS-9000 (the automotive version) or AS-9000 (the aerospace version). The reason is Clause 4.1.3 Management Review. (Management must have something tangible to review). If the parameters have been chosen correctly, reviewing the results presented by the Balanced Scorecard should tell management whether or not the system is working as intended and if the focus is where it needs to be.

However, there is more to running and developing a business than the focus of senior management. The 'focus' must be passed down the hierarchy so that the management's intentions can be implemented and executed effectively. This is the role of the supervisor. It can be argued that the Strategic Plan or the 'mission' or the company 'vision' fulfills the role, but very often the response from non-management is 'very nice, now let's get on with the work'. The further that you go down the hierarchy, the more nebulous and irrelevant the company mission appears to become. The reason for this is that few people are measured against the company mission.

The Balanced Scorecard fills this requirement with the company management. The real trick is to get everyone aware of their contribution to the success or failure of the enterprise. If this is not done, the danger is that the Balanced Scorecard becomes a vehicle for punishment rather than improvement.

The starting point is the supervisor.

There are very good reasons for this. Kipling put it rather well when he described the role of the NCO in the British Army:

*"E learns to do 'is watchin' without it showin' plain;
'E learns to save a dummy, an' shove 'im straight again;
'E learns to check a ranker that's buyin' leave to shirk;
An 'e learns to make men like 'im so they'll learn to like
their work"*

The supervisor has the power to either help make the vision a reality or kill any management vision or mission by simple ridicule. The power that is vested in the supervisor is often overlooked. The reasons that the supervisor has so much power are:

- The supervisor is in daily contact with the system and the operatives. If the mission can be translated into terms meaningful to the supervisor then the mission will be taken seriously by the operatives. If the mission is just so much hot air to the supervisor then it will be hot air to the rest of the employees
- The supervisor knows who is working the mission and who isn't
- The supervisors should have intimate knowledge of the processes in their departments and can suggest improvement or point out potential pitfalls. Rather like the role enjoyed by the Queen in the British Constitution

- The supervisor can help or hinder improvement and effective progress just by attitude.

The key to appreciating the contribution that can be made by the supervisor is to measure that contribution - fairly and objectively.

'Fair measurements' are critical. A person cannot be held accountable for something that they cannot control. For example, a final assembly shop supervisor cannot be held accountable for the time that his staff are waiting on parts. You may as well measure that supervisor on the amount of rainfall if the reason is that the company cannot schedule. The measurement must be within the supervisor's control.

Establishing 'objective' measurements is a little more difficult. They must be both objective and simple. Complex collections of data are both time consuming and confusing as well as being subject to a high degree of 'fudging'.

An ISO 9001 registered client of the authors' recently went through the exercise of translating the Management Balanced Scorecard parameters into measurements for its supervisors. The exercise was started during the recent Winter Olympics so the '5 Rings of Excellence' motif was adopted. The company decided upon 5 areas that the supervisors can influence to make objective measurements possible - the objective measurement had to be 'zero' to line up with the '5 Rings':

- Profitability
- Internal customer satisfaction
- Quality
- Environment and safety
- Executing the ISO QMS.

Profitability

Of all the measurements this taxed the imagination of the company most. Eventually, two measurements were developed where 'zero' would be the required score:

- Zero variances from the department budget. This had two effects:
 - a) It gave the supervisors accountability for the finances of their department
 - b) It made the budgeting process more meaningful because now the supervisors knew that they were being regularly measured on the budgets that they developed. A necessary spin-off was the training in budgeting given to all the supervisors.
- Zero temporary hours. This company is located in an area of almost no unemployment. The turnover rate on the shop floor was horrendous and very costly. The 'easy' solution was to hire temps as needed. Now the supervisors had to do a better job of staff recruitment and retention.

Customer satisfaction, internal and external

The measurement adopted was given the acronym 'OSCOT', (Orders Shipped Complete On Time). The department supervisor was now responsible to his/her peers for making sure that parts and components left their departments on time and as planned.

The goal - zero missed OSCOT's.

Quality

Quality was measured by the number of complaints from the internal customer, the next department in the chain and from the internal supplier. For example, is Department X ready to take delivery from Department W?

The goal - zero complaints.

Environment and Safety

The company conducts housekeeping audits as a regular part of their Internal Audit process. The goal is zero housekeeping write-ups by the internal audit team.

It should be the goal of everyone in industry, of course, to work towards zero accidents but the supervisor is in a particularly strong position to create a safe working attitude within the department. Safety, it is recognised, is a matter of attitude and therefore, comes into the purview of the department supervisor.

Executing the ISO 9002 Quality Management System

It is the duty of the supervisor to ensure that ISO 9000 is a habit and not an event! It is not something to be trucked out when the Registrar is in town. The supervisor contributes to the creation and maintenance of this habit by ensuring:

- There are zero untrained people in the department
- There are zero internal audit non-conformities.

The 5 Rings of Excellence is proving to be as successful for supervisory staff as the Company Balanced Scorecard. However, there is a caveat. Management gets what management measures, or to put it more colloquially, 'Be careful what you wish for, you might just get it'. The measurements used to evaluate the performance of the supervisors must not contradict each other (this simply causes cheating) nor must they work against the strategic goals of the company (this simply causes confusion). The whole measurement system should be seen as a triangle. The apex is the Balanced Scorecard and the base supporting the apex are the measurements used to monitor the supervisors. A further caveat, which should be axiomatic, is that no amount of monitoring or measurement can substitute for good supervisor training.

About the authors

Diann Gordon is an independent consultant working with manufacturing companies in Missouri, USA. She has over 15 years experience in the steel processing industry, having held positions ranging from General Manager to Company President of Metal Processors, Inc., (MPI). She is very active in the steel industry in the USA and was the founder and first chairperson of the Outside Processors' Council, a body whose mission is to provide an interface between steel processors and the steel mills.

Diann serves on the local Chamber of Commerce Board of Directors and represents the Sedalla manufacturing community through the local industrial management council.

Thomas Gordon FIOM, CFPIM, CQA is a graduate of the University of Leeds. He is a manufacturing and management consultant based in Kansas City, Missouri, USA. He is a Fellow of The Institute of Operations Management, a certified Fellow in Production & Inventory Management by APICS, is certificated as a Quality Auditor by the American Society for Quality and as a Quality Systems Auditor by the Registration Accreditation Board of the United States. Tom is also certified as a QS 9000 Assessor by the Automotive Industry Action Group and has been an Examiner with the Missouri Foundation for Excellence.



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