

# Strategy Map – Kaplan & Norton



**Kaplan and Norton** transformed their Balanced Scorecard from a performance management system to a strategic management system by introducing the **strategy map**. Strategy maps, which had earlier been a part of the process of constructing the Balanced Scorecard, now became the central theme.

**Strategy maps** are a way of providing a macro view of an organisation's strategy, and provide it with a language in which they can describe their strategy, prior to constructing metrics to evaluate performance against their strategies.

They list the four main perspectives that an organisation (whether profit or non profit) must have:

- 1.** Financial perspective: In profit organisations, this involves the shareholders, while in non profit organisations, it involves those subsidizing or financing the organisation.
- 2.** External Customer perspective: The customer is concerned with: time, quality, performance and service, cost.
- 3.** Internal (business) process perspective: This involves - operations management processes, customer management processes, innovation processes, social and regulatory processes.
- 4.** Learning and growth perspective: This involves developing the human, information and organisational

The perspectives are arranged in descending order of measurability, urgency, tangency and visibility. The organisation's mission, vision, core values, and main goals are in terms of the higher perspectives. The detailed strategies are in terms of lower perspectives.

\* See Strategy Map handout.

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