

**APPLICATION OF THE BALANCED SCORECARD IN STRATEGY  
IMPLEMENTATION AT BARCLAYS BANK OF KENYA LIMITED**

**By**

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## DECLARATION

This management research project is my original work and has not been presented for a degree in any other university

Signed .....

Renato D'souza



Date ..... 9/11/2007 .....

This is a management research project has been submitted with my approval as University supervisor.

Signed .....

Prof. Evans Aosa



Date ..... 9/11/2007 .....



## **DEDICATION**

To my Father, Mr A.C. D'souza, mother Mrs E.D'souza. My Brothers Roberto, Renaldo and Sister Rozita. It is through your support, prayers and selfless assistance that this was possible. I will forever remain indebted to you all.

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## ABSTRACT

A key challenge in strategic management is strategy implementation. Several organizations come up with excellent strategies that end up never being implemented for one reason or another. When adopted, the balanced scorecard (BSC) can be used by organizations to manage their strategy over their long run as well as implement strategies across their businesses. It can provide a systematic process to implement and obtain feedback about strategy.

This study set out to establish how Barclays Bank has used the balanced scorecard to implement strategy across its business. It also set out to establish the challenges Barclays has faced in the implementation of its strategy through the use of the balanced scorecard.

Fifty respondents drawn from all levels and functions of the organization (senior management, middle management and unionsable staff) were interviewed and their responses analyzed by way of content analysis. Secondary data was obtained from the banks strategic plans, performance development articles and in house journals.

The study established that Barclays Bank has used the balanced scorecard framework to provide a connection between strategic business performance and individual employee performance. The bank has extended the balanced scorecard to reward, recognize individual performance, provide incentive compensation plans and align individual objectives towards a common goal. The balanced scorecard has firmly been embedded in everyday work making strategy implementation everybody's business and directing the organization in one direction.

The staff of Barclays Bank of Kenya are dispersed across the entire country thus making it difficult to obtain respondents from upcountry. Most of the respondents were therefore based around Mombasa and Nairobi. Accessibility to some respondents was also a major limitation to this study as some were either too busy or not readily available.

The balanced scorecard has mainly been adopted amongst multinational and foreign based organizations. More research therefore needs to be carried out on local Kenyan organizations that have adopted the balanced scorecard and how they have used it to implement their strategies.

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# CHAPTER ONE: INTRODUCTION

## 1.1 Background

### 1.1.1 Strategy Implementation

Having a strategy alone is not enough. Even an effectively developed strategy that reflects the hard choices an organization must make is completely worthless if it is not implemented. Today many organizations particularly public sector organizations have failed to implement well thought out strategies. Many factors make it difficult to implement strategy today. The pace of change continues to accelerate, technology changes frequently and the workforce is more diverse and mobile than ever before. The shift from tangible to intangible assets is hard to understate in the economy today. Much of the market valuation today is based on intangible assets (Kaplan & Norton, 2006)

Strategy implementation is probably one of the most difficult aspects of strategic management. According to Thompson and Strickland (1993), it is important for organizational subunits and individuals to be committed to implementing strategy and accomplishing strategic objectives.

Pearce and Robinson (1991) argue that successful strategy implementation mainly depends on the firm's primary organization structure, organization leadership, organizational culture and ultimately on individual organizational members particularly key managers. They recognize that motivating and rewarding good performance by individuals and organizational units are key ingredients in effective strategy implementation. Common to the various reward and sanction approach to implementing strategy is growing recognition of the need for an incentive system linked to both short run and Long run considerations. The relative emphasis given to these considerations should be determined by the focus of the strategy. For firms with growth oriented strategies; incentive systems weighted towards long term payoffs are more appropriate. For firms pursuing more immediate strategic goals, the incentive emphasis should shift accordingly (Pearce and Robinson, 1991)

While the business world continues to evolve, management systems have not kept up. Most management systems and measurement systems were designed to meet the

needs of a stable, incrementally changing world. They do not meet the needs of today's dynamic economy (Kaplan & Norton, 2006). The balanced scorecard was designed by Kaplan and Norton to address this problem.

Kaplan and Norton (1996) identified four specific barriers to effective strategy implementation; vision and strategies that are not actionable; strategies that are not linked to departmental, team, and individual goals; strategies that are not linked to long- and short-term resource allocation; feedback that is tactical, not strategic. They note that each of these barriers can be overcome by integrating the balanced scorecard into a new strategic management system.

Kaplan and Norton (1992) introduced the balanced scorecard (BSC), a concept for measuring a company's activities in terms of its vision and strategies, to give managers a comprehensive view of the performance of a business. The key new element is focusing not only on financial outcomes but also on the human issues that drive those outcomes, so that organizations focus on the future and act in their long-term best interest. The strategic management system forces managers to focus on the important performance metrics that drive success. It balances a financial perspective with customer, process, and employee perspectives. Measures are often indicators of future performance.

Kaplan and Norton (1996) view financial systems as telling the the story of past events, an adequate story for industrial age companies for which investments in long term capabilities and customer relations were not critical for success. These financial measures are inadequate, however, for guiding and evaluating the journey that information age companies must make to create future value through investment in customers, suppliers, employees, processes, technology and innovation. They recognized that the balanced scorecard complimented financial measures of past performance with the measures of future performance.

The balanced scorecard is a management system that enables organizations to clarify their vision and strategy and translate them into action (Kaplan and Norton, 1996). It provides feedback around both the internal business processes and external outcomes in order to continuously improve strategic performance and results. When fully

deployed, the balanced scorecard transforms strategic planning from an academic exercise into the nerve center of an enterprise. The balanced scorecard is more than a tactical or an operational measurement system. Innovative companies are using the scorecard as a strategic management system, to manage their strategy over their long run as well as implement strategies across their businesses. Companies can develop an initial balanced scorecard with fairly narrow objectives to gain clarification, consensus, and focus on their strategy, and then to communicate that strategy throughout the organization. The real power of the scorecard, however, occurs when it is transformed from a measurement system. The balanced scorecard fills the void that exists in most management systems. This is the lack of a systematic process to implement and obtain feedback about strategy. A management processes built around the scorecard enables the organization to become aligned and focused on implementing the long term strategy. Used in this way, the balanced scorecard becomes the foundation for managing information age companies (Kaplan and Norton, 1996). Managers at every level in the organization from regional sales managers to group chief executive officers can use the tools of the (frame work) to drive their unit's performance. Strategy maps enable managers to define and communicate the cause and effect relationships that deliver their units value proposition, and the scorecard is a powerful tool for implementation and monitoring the unit's strategy.

### **1.1.2 The Banking Industry in Kenya**

It is estimated that at the end of 2001, the banking system comprised the Central Bank of Kenya, 47 commercial banks, 3 non-bank financial institutions (NBFIs), 2 mortgage finance companies, 4 building societies and 47 foreign exchange bureaus. Eight banks dominated the sector and accounted for 72% of total deposits held by commercial banks (Central Bank of Kenya, 2007). During the year, one bank was placed under the management of the Central Bank after it failed to meet its obligations at the clearing house. Another bank that was under Central Bank management was placed under liquidation after efforts to revive it failed. Nevertheless, the banking system was fairly stable during the year.

It is estimated that the total assets of the banking sector contracted from Kshs 444bn in 2000 to Kshs 427bn in 2001 mainly as a result of the exit of one large bank that was placed under liquidation (Central Bank of Kenya, 2007). The balance sheet structure also underwent some substantial change as major institutions shifted towards investment in government securities at the expense of lending activities in response to economic recession that continued to plague the country as well as unfavourable legislation on interest rates that threatened the sector. Nevertheless, profitability in the sector improved substantially over the previous year. Profit before tax increased to Kshs 9.9bn at the end of 2001 from Kshs 5.9bn at the end of 2000. Wachira (2007), estimates that the overall banking sectors pre-tax profit by the end of November 2006 had risen 39 per cent to Kshs 24.8 billion compared with Kshs 17.9 billion in November 2005. Wachira (2007) attributes this growth partly due to increased borrowing as the turn-around in the economy paid off with companies seeking to expand production to meet growing consumption. Non-funded income was also on the rise during this period. Wachira (2007) also estimates that non-funded income shot up by 27 per cent to Ksh 22.4 billion in 2006.

Currently, there are several challenges facing the banking sector. First and foremost is the level of non-performing loans. According to Central Bank of Kenya (2007) the level of non-performing loans, which stood as Kshs 117bn at the end of 2001, accounted for 42% of total loans in the sector. Though provisions of Kshs 66bn had been made for non-performing loans and collateral valued at Kshs 37.5bn was held against them, these loans still posed a threat to the survival of some local banks. Kshs 65bn or 56% of the non-performing loans in the sector was concentrated in a few banks where the state had a substantial stake. These banks were characterised by poor performance in terms of profitability as huge provisions for non-performing loans weighed them down. Realisation of the collateral proved to be difficult because of a slump in the property market as well as a cumbersome court system. The Central Bank of Kenya (2007), views the formation of an Asset Resolution Trust as a possible strategy for resolving the current stock of non performing loans in state banks. Part of the solution lays in the creation of credit reference bureaux to enhance credit assessment of potential borrowers with a view to reducing the growth of new non-performing loans.

The passing of the Central Bank of Kenya (Amendment) Act 2000 caused major ripples in the banking sector. The “in duplum,” rule as it is commonly referred to limits the interest that lender can recover when the borrower is unable to repay the loan within the agreed time. The act fixed the maximum interest rates charged by institutions on loans at the one-month moving average Treasury bill rate plus four per centum while minimum interest rate payable on deposits was fixed at seventy per centum of the one month moving average Treasury bill rate. The rule is contained in the Bank (amendment) act 2006. This simply means that a lender cannot get more than double the outstanding unpaid capital by the time the borrower is classified as non-performing. The Act has been viewed as a potential income guzzler by players within the banking industry. In response to this threat, major banks are restructuring their balance sheets in the view of diversifying their earning asset portfolios away from lending activities. The trend has been to invest more in government securities and rely more on non-interest income such as fees and commissions.

Another challenge is the regulation of banking charges by the Government. This means that any bank introducing new products must notify the minister of Finance before setting charges for the product or increasing the fees (Wachira, 2007). The notice by the minister introduced partial control on banking business. It requires all institutions to conspicuously post rates of banking and other charges levied on their products or services in their premises. Copies of the displayed charges are to be sent to the minister. However the level of compliance with this notice is still in question.

Increased competition within the banking sector has proved to be a major challenge in the banking industry. Banks have been forced to come up with more innovative products so as to remain competitive. This has seen the introduction of unsecured loans and various other innovative products. The interest rates charged to customers has also gone down drastically forcing banks to diversify into non-interest income such as fees and commissions.

Other challenges facing the banking sector include the prudential risk guidelines issued by the Central Bank of Kenya. Wachira (2007) views these guidelines, which came in force last year, as having fundamentally changed the way in which banks have been doing business with a potential to impact on the balance sheet. The Basel II rule, established under the Basel II agreement of 1999, and whose adoption, while

voluntary, could affect the way banks give credit by limiting the access for small business could pose a challenge to banks. Banks are also expected to withdraw support for non-viable products or geographical areas. Increased insecurity within the country has also impacted on banks negatively. The direct impact came with a government directive requiring additional security measure in transporting cash.

In view of the major challenges facing the banking sector, the Central Bank of Kenya has continued to review the legal and regulatory framework and improve surveillance of the system in order to ensure that the financial sector soundness is not comprised. According to the Central Bank of Kenya (2007), the bank has been given the added challenge of supervising the Micro Finance Sector, which has been identified as an integral part of the strategy to fight poverty. In this regard, drafts of a micro finance policy statement and micro finance bill were completed and await legal drafting. In addition, the bank is also involved in formulation of supervisory framework for co-operative societies, which is under preparation by various stakeholders. The strengthening and regulation of the Micro Finance sector as well as the Co-operative sector will no doubt go a long way in providing an alternative source of credit to mainstream banks.

### **1.1.3 Barclays Bank of Kenya**

Barclays Bank is one of the leading banks in Kenya. It opened its doors in 1916 and has operated continuously for 88 years. It currently the largest business unit in the Barclays Africa family in terms of contribution to profit and size of operations. In Kenya, it boasts of a balance sheet worth US\$ 1 billion which is equivalent to 10% of the country's GDP. Barclays bank is the market leader in the retail segment and is aggressively growing its corporate business with numerous world class financial services products (Barclays, 2005).

The bank pioneered the concept of unsecured retail lending in Kenya where it currently holds a market share of 30%. The bank currently has outlets across the country, with the Queensway house branch in Nairobi being the largest (Barclays, 2005). Branch numbers, including express branches have risen to 92 from 60 in 2007. ATM numbers have risen from 64 to 143, the largest by any bank in Kenya (Suchal & Eric, 2007). This is in line with its ambitious expansion program.

All the current outlets are computer linked making it possible for customers to access their accounts from any branch as if it were their own home branch for all their cash and cheque transactions.

Barclays was listed on the Nairobi Stock Exchange in 1986 and has the highest capitalization at the bourse, at Ksh105 billion (\$1.5 billion). After the share split in 2006, the bank's shareholders now number 48,000, up from 34,000. Its shares are some of the most sought after and are popular with both institutional and retail customers (Philip. 2007).

The bank's profit before tax last year increased by 19 per cent to Ksh6.475 billion (\$92.5 million) compared with Ksh5.427 billion (\$77.5 million) recorded the previous year, according to results released for the financial year ending 2006. According to Philip (2007), the bank's increase in profits was mainly driven by growth in total income of 6 per cent, from Ksh14.275 (\$203.9 million) to Ksh15.123 billion (\$216 million) the previous year and a 34 per cent reduction in the impairment charge from Ksh1.329 billion (\$18.9 million) in 2005 to Ksh881 million (\$12.6 million).

Customer deposits rose by 15 per cent to Ksh93.8 billion (\$134 million). Loans and advances to customers increased by 13 per cent to Ksh73.9 billion (\$105.6 million). The bank has a staff compliment of 1890 with Adan Mohamed, a Harvard Business School graduate as its Managing Director. The staff compliment is intended to grow considerably with the newly introduced direct sales team as well as the ongoing expansion program.

The bank recently embarked on a serious expansion strategy that has seen it move back to rural areas to further expand its retail branch network and distribution channels . The expansion is expected not only to enable the bank to grow its balance sheet, but also enhance shareholder returns, improve customer service and make a higher contribution to the exchequer. The bank's success will be judged through sustainable financial performance and consistently delivering results in line with expectations. The bank intends to achieve this by putting customers at the heart of the business and offering products and services that are good value and meet customer needs (Philip. 2007).



The bank has also focused on delivering a balanced contribution from its portfolio of businesses and excellent risk management practices. It has recently introduced a wide range of products such as the unsecured loans and the Sharia-compliant La- Riba account.

## **1.2 Research Problem**

Strategy implementation is probably one of the most difficult aspects of strategic planning. Many companies begin major new strategic initiatives but more often than not these have little impact on the organization (Lynch 2003). The main reason for this is that the strategic plans are not translated into measures that managers and employees can understand and use in their daily work. Thompson and Strickland (1993) viewed the strategy implementing task as the most complicated and time consuming part of strategic management cutting across vertically all facets of managing and must be initiated from many points inside the organization. In Kenya, both public and private organizations come up with excellent strategies but very few of them get to implement them. This can be attributed to the several barriers to effective strategy implementation that exist.

A number of studies have been done on strategy implementation (Muthuiya, 2004; Machuki, 2005; Koske, 2003; Kamau, 2006). These studies however have mainly focused on the challenges and barriers to strategy implementation. The studies have however not provided sufficient answers to how strategy can be effectively implemented within organizations.

Barclays Bank of Kenya is applying the balanced scorecard across its business as a management tool in implementing its strategies. This has not only enabled the organization achieve its long term strategic objectives but also focused individual efforts towards common goals. This study sought to investigate how Barclays bank of Kenya is applying the balanced scorecard to implement its strategies. How is Barclays Bank of Kenya applying the balanced scorecard to improve strategy implementation? What are the challenges in adopting this approach?

### **1.3 Research Objectives**

This study had two main objectives. These were:

- To establish how Barclays has applied the balanced scorecard in strategy implementation across the business.
- To establish the challenges faced in the application of a balanced scorecard at Barclays Bank of Kenya.

### **1.4 Importance of the Study**

There is little literature and research available in the area of balanced scorecard as a strategic tool. Little research has been conducted on the balanced scorecard concept, despite considerable interest in the subject. This study will increase existing body of knowledge in the area of strategy implementation and the balanced scorecard.

This study will be important to organizations in both the private and public sector that are facing difficulties in implementing their strategies. The study will also provide an in depth understanding of the balanced scorecard as a powerful management tool that organizations can adopt.

To Barclays Bank, the research will provide valuable insight on how effective the balanced scorecard has been in the implementation of its strategic objectives as well as a management tool. It will also highlight on areas in which the bank can improve.

## CHAPTER TWO: LITERATURE REVIEW

### 2.1 Strategy

#### 2.1.1 Strategy perspectives

A strategy is a long term plan of action designed to achieve a particular goal most often “winning”. Strategy is differentiated from tactics or immediate actions with resources at hand by its nature of being extensively premeditated and often practically rehearsed. The word derives from the Greek word strategos, which derives from two words: stratos (army) and ago (ancient Greek for leading). Strategos referred to a “military commander” during the Athenian democracy (Wikipedia, 2007).

Johnson and Scholes (2001) define strategy as the direction and scope of an organization over the long term which achieves advantage for the organization through its configuration of resources within a challenging environment, to meet the needs of markets and to fulfill stakeholder expectations.

Webb (1989) views strategy as the process of deciding a future course for a business and so organizing and steering that business as to attempt to bring about that future course. A strategy is a company’s game plan. It reflects a company’s awareness of how, when, and where it should compete; against whom it should compete; and for what purposes it should compete (Pearce & Robinson 2005)

According to David (2007), strategy can be described as the unique and distinctive actions that a company takes on the organization’s value chain to achieve a competitive advantage that will contribute to greater net profitability. Michael (1980) argues that strategy is about selecting the set of activities in which an organization will excel, to create a sustainable difference in the market place.

Different opinions and interpretations about how the market, and more generally society, is organized: have resulted in different approaches to the field of strategy. These perspectives include the classical, system theoretical, evolutionary and finally the process perspective. The four perspectives differ fundamentally along two dimensions by which strategy is made; the outcome or the processes.

The classical perspective views strategy as a rational process of deliberate calculations and analysis, designed to maximize long term advantage. Careful planning is the key to mastering international and external environments and to cope with competition. Rational analysis and objective decisions make the difference between long term success and failure.

System theoretical perspective views strategy practices as dependent on the particular social system in which strategy making takes place. The systematic strategies often deviates from the profit maximization norm quite deliberately, thus their social background give them other interests than profit. Firms differ according to social and economic systems in which they are embedded. The strategy reflects the particular social system in which companies participate, defining the interest in which they act and the rules by which they survive.

Proponents of the evolutionary perspective argue that whatever methods managers adopt, it will only be the best one that survives. The only competitive advantage a business might have in the market is relative efficiency. Since sophisticated strategies only deliver a temporary advantage, competitors will be quick to imitate and erode any early benefit.

The process perspective generally shares the evolutionary perspective about rational strategy making, but is less confident about markets ensuring profit maximizing outcomes. Organizations and markets are complicated phenomena's, from which strategies emerge with much confusion and in small steps. Consequently, it is not the idea to strive after the unachievable idea but it is better to accept and work with the world as it is.

### **2.1.2 The strategy Process**

The strategy process consists of three broad considerations, analysis, strategy formulation and implementation. The strategic work starts with an analysis of internal weaknesses and strengths and of the external threats and opportunities. Strategic analysis accesses the nature of the environment; it takes an audit of environmental influences; the organizations competitive position as well as key opportunities and

threats using techniques such as SWOT, PESTEL, value chain analysis as well as Porter's five forces model (Pearce & Robinson, 2000)

Based on in-depth analysis of internal and external conditions, a strategy is formulated to achieve the desired goals. Michael Porter (1980) formulated generic strategies representing suggestions for appropriate strategies under various conditions (differentiation, diversification, cost advantage etc.).

After the stage of formulation, the strategies are put into action during the implementation phase. Consistent with the preceding phases in this analytical approach, this is achieved by breaking the goals down into operative objectives. Strategy implementation deals with the translation of strategy into action. It requires good strategic architecture of the organization and should thus take into account how the various parts of the organization work together in a manner that optimizes resource utilization (Johnson & Scholes, 2002). The first concern of the implementation of business strategy is to translate that strategy into action through out the organization. To ensure the success, the strategy must be translated into carefully implemented action. Short term objectives and action plans guide implementation by converting long term objectives into short term actions and targets. Functional tactics translate business strategy into activities that build advantage. Policies empower operating personnel by defining guidelines for making decisions. Reward systems encourage effective results (Pearce & Robison 2005)

A study in Fortune magazine found that less than 10 percent of strategies effectively developed were effectively implemented. In another study, Fortune found that in more than seventy percent of the cases when CEOs fail, it's not the strategy, but the execution that went awry (Ovlan, 2002). The problem of strategy implementation is what the balanced scorecard was designed to address.

### **2.1.3 Barriers to effective Strategy Implementation**

Kaplan and Norton (1996) identified four barriers hindering effective strategy implementation; vision and strategies that are not actionable; strategies that are not linked to departmental, team, and individual goals; strategies that are not linked to long- and short-term resource allocation; feedback that is tactical, not strategic.

Kaplan and Norton (1996) claim that the first barrier occurs when the organization can not translate its vision and strategy into terms that can be understood and acted upon. Where fundamental disagreement exists about how to translate the vision and mission statement into action, the consequence is suboptimal use of efforts. With lack of consensus and clarity, different groups will work after different agendas according to their own interpretation of the vision and strategy. Their efforts are neither integrated, nor cumulative, since they are not linked coherently to an overall strategy. Ceelman (1998) present a similar barrier referred to as lack of understanding of the strategies in the organization.

The second of Kaplan and Norton's barriers arise when the long term requirements of the business units and strategy are not translated into goal for departments, teams and individuals. Instead, departmental performance remains focused on meeting the financial budgets, established as a part of the traditional management control process. Likewise, teams and individuals within departments have their goals linked to achieving departmental short term and tactical goals and not on building capabilities that will enable achievement of longer term strategic goals. Thomson and Strickland's (1998) success factors point out that organization's training and education program must be adjusted and harmonized with the organizations core values.

The third barrier of strategy implementation is the failure to link action programs and resource allocation to long term strategic priorities. Many organizations have separate processes for long term strategic planning and short term (annual) budgeting. Thompson and Strickland (1998) argue that successful implementation of strategy requires that the resource allocation must follow the organization's strategy.

The final barrier is the lack of feedback on how the strategy is being implemented and whether it is working. Most management systems of today provide feedback only on short term operational performance. The bulk of this feedback is on financial measures, usually comparing actual results to monthly and quarterly budgets. Little or no time is spent on examining indicators of strategy implementation and success. The consequence is that the organizations have no way of getting feedback on their strategy, and without feedback they have no way to test and learn about their strategy.

Other barriers to strategy implementation include leadership style. This is one barrier addressed by Beer and Eisenstat (2000) that influences the implementation of a strategy. The leadership style influences the culture, power, and politics, at the same time as they are responsible for the process. However, Kaplan and Norton (2001) argue that the most important driver of success in strategy implementation is the top management leadership style, and not the tool itself.

## **2.2 The Balanced scorecard**

### **2.2.1 Introduction to the balanced scorecard**

Kaplan and Norton (1992) introduced the balanced scorecard (BSC) a concept for measuring a company's activities in terms of its vision and strategies, to give managers a comprehensive view of the performance of a business. Recognizing some of the weaknesses and vagueness of previous management approaches, the balanced scorecard approach provides a clear prescription as to what companies should measure in order to "balance" the financial perspective. According to Kaplan and Norton (1996), the balanced scorecard is a management system that enables organizations to clarify their vision and strategy and translate them into action.

The balanced scorecard can be thought of as the "strategic chart of accounts" for an organization. It allows for the first time organization to look ahead using leading indicators instead of looking back using lagging indicators (Dylan, 2002)

Kaplan and Norton (1996) states that, "the balanced scorecard provides executives with a comprehensive framework that translates a company's vision and strategy into a coherent set of performance measures" (p. 24). The balanced scorecard provides managers with the instrumentation they need to navigate to future competitive success. The balanced scorecard translates an organization's mission and strategy into a comprehensive set of performance measures that provides the framework for a strategic measurement and management system.

Most organizations use financial measures as a critical summary of managerial and business performance. However, according to Kaplan and Norton (1996), financial measures tell a story of the past, an adequate story for industrial age companies for which investments in long term capabilities and customer relationships were not

critical for success. These financial measures are inadequate, however, for guiding and evaluating the journey that information age companies must make to create future value through investments in customers, suppliers, employees, processes, technology and innovation. Kaplan and Norton (1996) recognizes that the balance scorecard compliments financial measures of past performance with measures of the drivers of future performance. The objectives and the measures of the scorecard are derived from the organizations vision and strategy. The objectives and measures view organizational performance from four perspectives; financial, customer, internal business process and learning and growth.

The balanced scorecard has quickly become recognized as an important management tool with the potential to improve organizational performance. Kevin (2004) notes that over the past decade the balanced scorecard has become a widely advocated management tool associated with "best practices"

A study by Kiragu (2005) found that out of the sixty companies in Kenya that he surveyed, approximately 69% of them directly used the balanced scorecard or performance measurement tools that resembled the balanced scorecard. Stanbic Bank was amongst the first bank to adopt the balanced scorecard. Other banks that have adopted the balanced scorecard include Standard Chartered, Citibank and Kenya commercial bank. (Odadi, 2002)

### **2.2.2 Perspectives of the balanced scorecard**

The balanced scorecard translates mission and strategy into objectives and measures, organized into four different perspectives: financial, customer, internal business processes, and learning and growth. According to Kaplan and Norton (1996), the scorecard provides a framework, a language, to communicate mission and strategy; it uses measurement to inform employees about the drivers of current and future success. The four perspectives of the scorecard permit a balance between short and long-term objectives, between outcomes desired and the performance drivers of those outcomes, and between hard objectives measures and softer, more subjective measures.

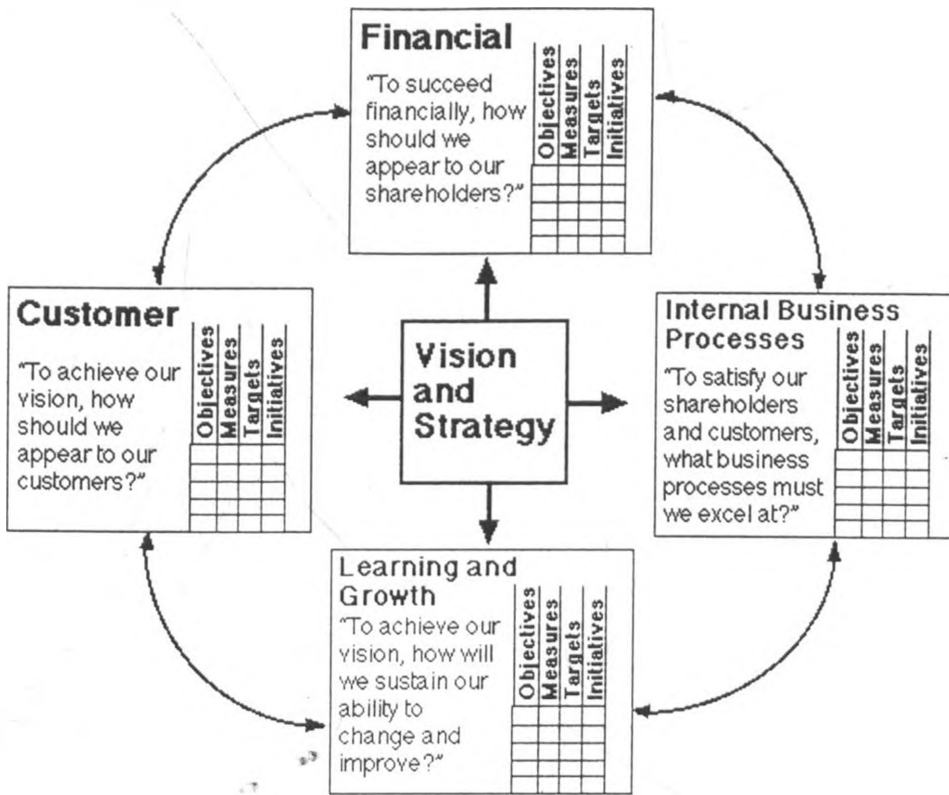


According to Lynch (2003), the financial perspective translates the purpose of the organization into action through clarifying precisely what is wanted and gaining commitment to it. The financial perspective includes measures reflecting financial performance. The balanced scorecard retains the financial perspective since financial measures are valuable in summarizing the readily measurable economic consequences of actions already taken. Kaplan and Norton (1996) noted that financial performance measures indicate whether a company's strategy, implementation, and execution are contributing to bottom line improvement.

The customer perspective of the balanced scorecard enables managers identify the customer and market segments in which the business unit will compete and the measures of the business unit's performance in these targeted segments. The core outcome measures include customer satisfaction, customer retention, new customer acquisition, customer profitability, and market and account share in targeted market segments. The customer perspective enables business unit managers to articulate the customer and market-based strategy that will deliver superior future financial returns (Kaplan and Norton, 1996)

The internal-business-process measures focus on the internal processes that will have the greatest impact on customer satisfaction and achieving an organization's financial objectives. According to Lynch (2003), the internal perspective concerns internal performance measures related to productivity, capital investment against cost savings achieved, labour productivity improvements and other factors that will indicate the way that the organization was undertaking the strategy inside the company. In the internal business process perspective, executives identify the critical internal processes in which the organization must excel (Kaplan & Norton, 1996)

Figure 1: The Balanced Scorecard



Source: Kaplan, R. & Norton, D. (1996, p.9). *The Balanced Scorecard*, Boston Massachusetts, Harvard Business School Press.

The learning and growth perspective provides feedback and learning through strategy reviews and sharing comments on the outcome of events (Lynch 2003). It has the effect of highlighting the importance of communicating and linking people with the purpose through education, goal setting and rewards for achieving the required performance. Kaplan and Norton (1996) view this perspective as one which identifies the infrastructure that the organization must build to create long term growth and improvement.

### 2.2.3 Developing a balanced scorecard

Developing a balanced scorecard requires a mix of financial and non-financial measures. According to Kaplan and Norton (1996), a scorecard should not only be derived from the organization's strategy it should also be transparent back to the strategy. Observers should be able to look at the scorecard and see behind it into the

strategy that underlies the scorecards objective and measures. Constructing an organization's first balanced scorecard can be accomplished by a systematic process that builds consensus and clarity about how to translate a unit's mission and strategy into operational objectives and measures. The project requires an architect who can frame and facilitate the process, and collect relevant background information for constructing the balanced scorecard. However Kaplan and Norton (1996) note that the scorecard should represent the collective wisdom and energies of the senior executive team of the business unit. Unless this team is fully engaged in the process, a successful outcome is unlikely.

Kaplan and Norton (1996) note that the first step for building a successful the scorecard is to gain consensus and support among senior management on why the scorecard is being developed. Many managers find the conceptual appeal of a balanced scorecard to be obvious. They see the shortcomings of limited financial measurement and need little prompting to develop a more financial approach. The conceptual appeal of the scorecard, however is not a sufficient reason to embark on such a program. When the process is launched, the senior executive team should identify and agree on the principal purposes for the project. Once agreement on the objectives and future role for the balanced scorecard has been reached, the organization should select the person who will serve as the architect, or project leader, for the scorecard. Kaplan and Norton (1996) view the architect as one who guides the process, oversees the scheduling of meetings and interviews, ensures that adequate documentation, background readings, and market and competitive information are available to the project team, and, in general, serves to keep the process in track and on schedule.

Kaplan and Norton (1996) view the process of building the balanced scorecard as a four step process that will encourage commitment to the scorecard among senior and mid-level managers and produce a "good" balanced scorecard that will help these managers achieve their program objectives. The steps include: defining the measurement architecture, building consensus around strategic objectives, selecting and designing measures: identify measures that best communicate the meaning of a strategy and building the implementation plan

Kaplan and Norton (1996), estimate that the balanced scorecard can be created over a 16- week period. At that point, an organization moves towards implementation where it can make the balanced scorecard the cornerstone of its management system.

#### **2.2.4 Implementing the balanced scorecard**

Kaplan and Norton (1996) identified a number of stages for the Implementation of the scorecards that makes use of planning, interviews, workshops, and reviews. The type, size and structure of an organization determine the detail of the implementation process and the number of stages it entails.

Kaplan and Norton (1996) found that as the scorecard is inextricably linked to strategy, the first requirement is to clearly define corporate strategy and ensure that senior staff in particular are familiar with the key issues. Managers should then identify the company's major strategic goals. No more than 15 to 20 key measures in total should then be linked to these specific goals-significantly fewer measures may not achieve a balanced view; significantly more may become unwieldy and deal with non-critical issues. Based on the four main perspectives suggested by Kaplan and Norton, a list of goals and measures may be developed. Organization can modify or devise their own scorecards to suit their requirements.

Further discussions, interviews, or workshops may be required to fine-tune the details and agree strategy, goals, and activities to be measured, taking care of the fact that the measures selected focus on the critical success factors. Other important issues to be resolved before implementation include setting of targets, rates or other criteria for each of the measures and defining how, when, and where they should be recorded.

According to Kaplan and Norton (1996), an implementation plan should be produced and communicated to the staff. The scorecard initiative should not come as a surprise at this point. Staff should be informed at the beginning of the project and kept up to date on progress. Employees should be made to feel that they have an important part to play in achieving corporate goals. Conversely they should not feel threatened by the measures. Results of all measures should be collated on a regular basis-daily, weekly, monthly, quarterly, or as appropriate. The information is likely eventually to comprise a substantial amount of possibly complicated data. Decide whether to

circulate partial information on a need-to-know basis. Determine whether the results can best be publicized through meetings, newsletters, the organizations intranet, or other means.

The measurement should not be an end to itself. It should act as a guide to organizational performance that may point to areas that need strengthening. After the first cycle has been completed, review the quality of the information gathered and the success of subsequent actions, and modify the process as required (Kaplan and Norton, 1996)

### **2.2.5 Benefits and importance of the balanced scorecard**

The balanced scorecard is of prime importance to several organizations today. The balanced scorecard can be used by organizations to measure its activities in terms of its vision and strategies. It can also enable managers obtain a comprehensive view of the performance of a business.

The strategic management system forces managers to focus on the important performance metrics that drive success. The balanced scorecard fills the void that exists in most management systems- the lack of a systematic process to implement and obtain feedback about strategy. According to Kaplan and Norton (1996), management processes built around the scorecard enable the organization to become aligned and focused on implementing the long term strategy.

### **2.2.6 Critiques and Challenges of the Balanced Scorecard**

The use of the balanced scorecard is not a simple task. A study by Odadi (2002) found that before embarking on the implementation programme, an organization needs to carry out an evaluation of its leadership readiness and organization readiness. An organization must be comfortable with the way in which the balanced scorecard proceeds, through risk taking, learning and ambiguity. The members of the balanced scorecard teams must feel empowered to "break the rules" and to challenge long-standing assumptions. The Balanced scorecard effort should be directed at key business processes and motivated to assure that the processes are successfully implemented.

The balanced scorecard has been criticized for failing to include important perspectives like the employee perspective and the environmental impact perspective (Kiragu, 2005). Kaplan and Norton (2002) however note that the four perspectives simply provide a framework rather than a constraining straitjacket. Companies can therefore omit or include additional perspectives to meet their own requirements but they must however avoid the temptation of creating too many perspectives and performance measures as this may result distortion.

## **CHAPTER THREE: RESEARCH METHODOLOGY**

### **3.1 Research Design**

This study was a case study on Barclays Bank of Kenya. The bank has adopted the balanced scorecard in the implementation of its strategy across the business. A case study was deemed to be most suitable as this would have the benefit of providing an in depth and thorough investigation on the phenomenon of strategy implementation using the balanced scorecard as well as the challenges. The case study design was also chosen as it provided qualitative evidence which were of interest to this study. Previous studies of similar nature have successfully used this method (Koske, 2003; Muthuya, 2004; Machuki, 2005)

### **3.2 Data Collection**

Both primary and secondary data was used in this study. Primary data was collected by way of personal in depth interviews with members of staff at different levels of the organization. The interview guide consisted of open ended questions designed in line with the objectives of the study. Primary data was also obtained through observation within the organization. The interviews took place within respondents' place of work. These were conducted during less busy times of the day especially after work or early in the morning.

Secondary data was obtained from the banks strategic plans, performance development articles, newspapers and in house journals. Electronic journals and other internet sources were also used as sources of secondary data. This provided information on aspects of the balanced scorecard that was not readily available from the respondents. Secondary data was also critical in the formation of the study's literature review.

Twenty respondents were used in this study, four from the senior management, six from middle management and ten from the unionisable staff. The respondents were drawn from all levels and functions of the organization (senior management, middle management and unionisable staff)

### **3.3 Data Analysis**

The data collected was analyzed by way of content analysis. This involved analysis of meanings and implications emanating from the respondents. Content analysis has been successfully used to conduct similar studies in the past (Koske, 2003; Kamau, 2006).

Secondary data analysis gave an overview of the focus of the study.



## **CHAPTER FOUR: FINDINGS AND DISCUSSIONS**

### **4.1 Strategy at Barclays Bank of Kenya**

To obtain a clear understanding of strategy through out the organization, it has to be communicated. All employees receive communication about the strategy through strategy meetings and documents presented to them at the beginning of each year. At the beginning of each year, the Chief executive officer (CEO) of the business confirms the goals and objectives for the entire organization. The chief executive officer defines the most critical things that need to be achieved during the year to bring the business as close as possible to achieving its goals. These priorities and objectives are communicated to the Managing directors of each country. The managing directors of each country write their performance development plans, focusing on the country and overall business priorities as a guide to develop their performance development plans, containing SMART objectives linked to key value drivers. The objectives are then cascaded to functional leaders and from the functional leaders to team leaders and individual team members.

The overall business strategy is implemented by linking overall business objectives with individual objectives through performance development plans. These personal development plans are tied to the balanced scorecard. Each strategic business unit develops its own strategies based on the overall corporate strategic objectives.

### **4.2 Implementation of the Balanced Scorecard at Barclays Bank of Kenya**

The balanced scorecard at Barclays consists of different perspectives commonly referred to as Key Value Drivers (KVDs). The perspectives are the common themes that link all the banks objectives to the overall achievement of the business strategy. They form the basis of all measures within individual objectives. The perspectives are defined and confirmed every year and have changed over time since its first implementation in 2000. They are dependant on the overall business strategy and that of the Barclays group. Each business area applies the different perspectives to ensure that all the objectives are aligned to one set of core business deliverables

The first form of the balanced scorecard was implemented at Barclays in the year 2000. It was at this time that the bank was undergoing a major restructuring program which saw the bank drastically reduce staff headcount. Initially the scorecard was designed for senior management only. The first balanced scorecard consisted of five perspectives namely results, customer, rigour, people and community. Upon implementation, the balanced scorecard was used to measure performance of the senior management only and lower levels of the organization had little or no idea of the balanced scorecard. The balanced scorecard was at this point used as a performance measurement tool and little emphasis was put on aligning individual objectives to the overall bank strategy.

In the year 2003, the balanced scorecard was fully rolled out to the rest of the business. The human resources team was responsible for communicating and educating all employees on the balanced scorecard including its purpose, perspectives and benefits. Area directors were responsible for communicating the balanced scorecard to the rest of the team. The human resource function also assisted in the implementation of the scorecard by holding caravans in different branches and departments, creating awareness on the balanced scorecard.

Currently the balanced scorecard at Barclays Bank of Kenya comprises of five different perspectives. These perspectives are developed in line with the overall mission and vision of Barclays Bank. The perspectives are customer, control, community and colleague. They are commonly referred to as the "Five C's"

#### **4.3 Application of the Balanced Scorecard at Barclays Bank of Kenya**

The balanced scorecard in Barclays is developed in line with the overall business objectives and that of the Barclays Group. The perspectives of the scorecard are agreed and confirmed at the beginning of the year in line with the banks mission and vision by the Chief Executive Officer. Each business area applies the balanced scorecard to ensure that all objectives are aligned to one set of core business deliverables.

Barclays Bank of Kenya has integrated the balanced scorecard into performance development plans for each individual within the organization. These performance development plans comprise of objectives and measures structured around the balanced

scorecard. The balanced scorecard perspectives (customer, colleague, controls, cost, and community) form the major theme within the objectives, which are designed to be relevant to the particular role an individual is taking. The objectives for each individual are specific, measurable, accurate, realistic and time bound (SMART). They are developed specifying what each individual in the organization needs to deliver so as to add value to the business. These objectives are derived for each of the perspectives and are measurable and realistic, taking into consideration the time impact, cost impact, individual capability, skills and capacity levels, or alternatively a description of what success means to an individual and the respective business/function area. The bank subscribes to what is referred to as SMART objectives; a strong emphasis being placed on accurately defining objectives in such a way as to clearly translate into what success looks like for a team member. Measures are set out for each objective to provide clarity around what the individual will need to deliver. Some of these may be quantitative and some qualitative.

First and foremost, the CEO comes up with his/her own performance development plan using the business priorities as a guide to develop his own SMART objectives. The measures used to define the objectives are strongly aligned to the balanced scorecard. Next the country Directors write their own performance development plans, focusing on the country, overall business priorities and the balanced scorecard as a guide. The performance development plan for each Director contains SMART objectives and a strongly linked to the balanced scorecard. These performance development plans are cascaded to functional heads, team leaders and eventually individual staff in the various departments and functions. Through the integration of the performance development plan and the balanced scorecard the overall strategy of the bank is broken down into actionable terms and a structured and well thought out understanding of strategy is achieved. Measures for each objective

As part of the performance development process, frequent and specific feedback and coaching is provided by team members to improve their performance. Performance reviews are carried out on a quarterly basis to obtain feedback on individual performance as well as the existing strategy. Team leaders are then able to identify areas where more effort or attention is needed in with respect to the balanced scorecard or where work

needs to be done differently. Recognition for work well done can also be awarded based on performance.

Barclays bank also places emphasis on the balanced scorecard as a way of life within the organization. Branches and departments are required to hold daily morning meetings referred to as morning hurdles during which an update of the various balanced scorecard perspectives are reviewed. These meetings ensure that each function of the bank is working together towards achieving the banks strategic objectives. Quarterly communication from the Managing Director is also structured around the balanced scorecard with updates on all the perspectives being addressed.

#### **4.4 Challenges in the application of the Balanced Scorecard.**

All the respondents in this study agreed that the BSC been an effective tool in the implementation of strategy. It had improved their understanding of strategy and was instrumental in breaking down the long term objectives into short term goals at the departmental, team and individual level. It also enabled employees in the organization focus on all aspects of strategy within the organization. There are however some challenges being experienced in the application of the balanced scorecard at Barclays Bank of Kenya.

Cascading of the balanced scorecard has proved to be a major challenge in the application of the balanced scorecard. Communication of the balanced scorecard to lower levels of the organization has not been very effective making it difficult for most of these employees to understand it. Some of the employees have no idea of how the balanced scorecard affects their roles and what the Barclays strategic objectives are.

Whereas as some of the perspectives within the balanced scorecard are quantitative, others are qualitative thus making it difficult to measure objectively. A good example is the customer perspective whose measures can not be quantified in numerical terms. Team leaders and function heads therefore have a difficult task of developing measures that are acceptable to the rest of the team members. It also becomes difficult to obtain feedback on how well such aspects of strategy are performing. Staff in operational functions where much emphasis is placed on qualitative perspectives feels disadvantaged arguing that reviews are subjective rather than objective.

The balanced scorecard at Barclays Bank of Kenya has five different perspectives namely customer, costs, control, colleagues and community. However certain perspectives are seen to receive more emphasis as compared to others making strategy skewed towards one area. In certain functions such as Operations and Information Technology (OPs & IT) the control perspective is mainly emphasized making staff ignore critical strategic objectives such as customer service and costs.

Lack of inclusion and consultation in the development of the balanced scorecard has also posed a challenge in the application of the balanced scorecard at Barclays Bank of Kenya. The balanced scorecard is developed and agreed at the most senior level which is at the group level. No consultation with is made with staff in the different countries and the balanced scorecard is simply communicated to the Managing Directors in these countries to implement. Though there has been no resistance to its use amongst the countries, there is a general feel that there would be more acceptance were they to be involved in its development and implementation. Some employees for example feel that some perspectives of the balanced scorecard were irrelevant and not related to their roles.

Barclays Bank of Kenya has been required to occasionally shift strategy. These shifts in strategy sometimes render the balanced scorecard irrelevant as certain aspects of the new strategy are not included in the balanced scorecard. This challenge is more evident especially when financial targets are amended to counter increased competition within the banking industry.

## CHAPTER FIVE: SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

### 5.1 Summary

#### 5.1.1 Application of the Balanced Scorecard at Barclays Bank of Kenya

My findings indicate that the management interviewee group generally did understand the strategy. It also revealed that strategies are well communicated through out the organization especially amongst the management level. This however was not the case amongst the employees. Different departments developed their own strategies in line with the overall Barclays strategies. These strategies were then communicated to the rest of the team members.

The balanced scorecard was fully implemented in 2002 across the whole business and was communicated through Area Directors with the help of the human resources department. It was implemented with the view of directing individual effort towards achieving the banks overall strategic goals.

The overall most important finding is that the Balanced Scorecard seems to improve the understanding of the strategy. The findings do indicate that BSC provide substantial guidance for action. Once strategies are developed, they are broken down into understandable strategies within each of the different perspectives. In this sense, there seem to be clear indications that the implementation of the balanced scorecard has influenced both the strategy development, and the ability to actually act upon these strategies. Furthermore, the study revealed that the balanced scorecard provides better, and more complete, management information.

Barclays Bank of Kenya has used the balanced scorecard to implement strategy particularly through the use of performance development plans. It has integrated the balanced scorecard into performance development plans through what is commonly referred to as key value drivers. Measures and SMART objectives are developed for each individual and quarterly performance reviews are carried out to obtain feedback on strategy.

The bank has used the balanced scorecard as a management tool for implementing strategy and gaining feedback on how well the strategy was performing. It has been

used to break down the vision to strategies inside the different perspectives. The balanced scorecard has made it easier to decompose vision into specific reality based strategies which people in the organization felt they could understand and work with.

### **5.1.2 Challenges in the application of the Balanced Scorecard**

Despite several benefits derived from the use of the balanced scorecard, the bank has faced several challenges in its implementation. The bank has faced a major difficulty in communicating and cascading the balanced scorecard to lower levels of the organization. This has resulted in a poor understanding of the balanced scorecard as well as strategy at the lower levels of the organization.

Some of the perspectives of the balanced scorecard comprise of qualitative measures making it difficult to evaluate. The study revealed that such perspectives were prone to subjectivity when it came to performance reviews. Some employees are seen to be unhappy when these measures are not agreed upon.

The bank has been seen to place varying amounts of emphasis toward different areas of the scorecard making strategy in different functions skewed towards certain areas. The operations and IT function focused on the controls perspective whereas retail and corporate concentrated on company. This has resulted on the customer perspective particularly receiving less attention across the business.

Lack of participation in the development of the balanced scorecard has been a big challenge at Barclays Bank. The balanced scorecard is developed and agreed upon at the group level and pushed downwards in the different countries where the bank operates. Employees at the country level have little or no input in its development and subsequent implementation

The sudden shifts in strategy within the different countries have been seen to put the balanced scorecard in the back sit in some occasions. At some point the staff seems to loose focus of the balanced scorecard.

## **5.2 Limitations of the study**

The respondents in this study were dispersed across the entire country thus making it costly and time consuming to obtain information from different respondents. Most of the respondents were based in Mombasa and Nairobi leaving out valuable contribution from the upcountry respondents.

Considerable time was also spent arranging for appointments with the respondents. Some of the respondents were not readily available forcing these to be interviews to be carried out on phone. This had a great impact on the cost of the study.

The balanced scorecard is a subject that has drawn considerable interest today. This study was a case study by design focusing only on one organization, Barclays Bank of Kenya. The study therefore may not be representative of all organizations particularly local Kenyan organizations. The study has however taken into account other views along the theoretical analysis.

## **5.3 Recommendations**

The recommendations of the study include both suggestions to the management of Barclays Bank as well as other organizations that wish to use the balanced scorecard as a management tool to the implement strategy.

The communication of strategy within the organization is vital if the strategy is to be effectively implemented. This has to involve employees at the lower levels since it is here where the strategies are operationalized. Barclays needs to communicate and cascade the balanced scorecard particularly to the lower levels of the organization. This involves training especially of lower level staff to improve understanding of the balanced scorecard.

The balanced scorecard should be linked to performance development plans with measures and SMART objectives incorporated into the plans. Periodic reviews on the scorecard should be conducted to evaluate the existing strategy so as to allow for meaningful amendments. Incentive schemes linked to the scorecard should be put in place to reward excellent performance. As much as possible the perspectives with qualitative



measures should be agreed upon to avoid resistance with employees. This can be done through consultation and dialogue with different stake holders when developing the scorecard.

The bank needs to involve all countries in the development and implementation of the scorecard. The current practice where everything is agreed upon at group level is seen to include the views of only very senior management whereas strategy is operationalized at lower levels of the organization.

Barclays bank also needs to put equal emphasis on all the perspectives is to ensure that the strategy is not skewed towards one area. The bank should be seen as focusing on all areas of the balanced scorecard so as to achieve the overall long term strategic objectives. Reviews on all aspects of the scorecard should be conducted frequently.

#### **5.4 Suggestions for further study**

This study found out that the BSC seems to improve understanding of strategy, and how it can be used to implement strategy. There is clear indication that the Balanced Scorecard has influenced both the strategy implementation, and the ability to actually act upon these strategies.

More research however needs to be done to find out how the balanced scorecard can be used to overcome barriers to strategy implementation. More research also needs to be done to see how effective the BSC has been especially in organizations that have decided to adopt the BSC.

The balanced scorecard has mainly been adopted amongst multinational. However, more research needs to be carried out on how indigenous Kenyan organizations have adopted the balanced scorecard and how they have used it to implement their strategies. Challenges faced by these indigenous need to be investigated so as to shed more light on the topic.

## 5.5 Conclusions

This study found out that the application of the balanced scorecard has greatly influenced the strategy implementation at Barclays Bank of Kenya. Of significant importance is the fact that the Balanced Scorecard seems to improve the understanding of the strategy.

The balanced scorecard provides substantial guidance for action. After the formulation of strategy, it must be broken down into understandable strategies within each of the different perspectives. In this sense, there seem to be clear indications that the implementation of the Balanced Scorecard has influenced both the strategy development, and the ability to actually act upon these strategies.

The Balanced Scorecard provides better, and more complete, management information. It is a tool for strategy implementation and for employee motivation. Due to its simplification and comprehensive ability, it represents a readily available combination for organizations that are willing to in moving the organization in the desired strategic direction.

Equal emphasis on all perspectives of the balanced scorecard is necessary if the organization is to align individual objectives toward a common goal. Focus on one perspective has the risk of direction effort toward only one area making other areas of the strategy suffer. Strategy implementation in this case will be seen to be skewed towards one area.

The balanced scorecard when integrated with performance development plans offers to operationalize strategy to the lowest level of the organization. However proper communication and cascading of the scorecard is necessary of it is to receive organization wide acceptance. Contribution in the development and implementation of the scorecard from the entire organization is vital if the scorecard is intended to building long term competitive advantage for the organization.

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# APPENDIX 1

## INTERVIEW GUIDE

**University of Nairobi**

**School of Business**

**Department of Business Administration**

*N/B: The information gathered will be treated confidentially and will NOT be used for any other purpose other than academic.*

**For senior level management**

### ***SECTION A: General Information***

1	Interviewee Name (optional)	
2	Grade	
3	Function	

### ***SECTION B: Strategy at Barclays Bank of Kenya***

1. What is the vision and mission of Barclays Bank of Kenya?
2. How is the overall business strategy communicated to you?
3. How do you go about communicating the overall business strategy to your respective business area?
4. How do you ensure that the overall business strategy is implemented within your respective business area?

### ***SECTION C: Application of the Balanced Scorecard at Barclays Bank of Kenya***

1. What do you understand by the balanced scorecard?
2. What is the main purpose behind the balanced scorecard?
3. In your opinion, is there any relationship between the Barclays balanced scorecard and the Barclays overall business strategy?
  - a) Yes
  - b) No

Please explain.....  
.....  
.....

4. How is the balanced scorecard used in the implementation of strategy at Barclays Bank of Kenya?
5. In what way has the balanced scorecard improved your understanding of strategy?
6. What are the benefits of applying the Balanced Scorecard at Barclays Bank?

***SECTION D: Challenges of application of the Balanced Scorecard***

1. In your opinion, has the balanced scorecard been effective in implementing strategy within your business area?
  - a) Yes
  - b) No

Please explain.....  
.....  
.....

2. What are the challenges of adopting the balanced scorecard at Barclays bank of Kenya?
3. What would you recommend to improve the balanced score card at Barclays bank of Kenya?

# INTERVIEW GUIDE

**University of Nairobi**

**School of Business**

**Department of Business Administration**

*N/B: The information gathered will be treated confidentially and will NOT be used for any other purpose other than academic.*

**For Middle level management**

## **SECTION A: General Information**

1	Interviewee Name (optional)	
2	Grade	
3	Function	

## **SECTION B: Strategy at Barclays Bank of Kenya**

1. How is strategy communicated to you in your own business area?
2. How do you go about developing strategy for your respective business area?
3. How do you go about communicating the business's strategic objectives to your respective team members?
4. How do you go about implementing the strategic objectives within your respective business area?

## **SECTION C: Application of the Balanced Scorecard at Barclays Bank of Kenya**

1. What do you understand by the balanced scorecard?
2. What is the main purpose behind the balanced scorecard?
3. In your opinion, is there any relationship between the Barclays balanced scorecard and your respective business strategy?
  - a) Yes
  - b) No

Please explain.....

.....

4. How do you use balanced scorecard to implement strategy in your business area/  
Function?



5. In what way has the balanced scorecard improved your understanding of strategy?
6. What are the benefits of applying the Balanced Scorecard at Barclays Bank?

***SECTION D: Challenges of application of the Balanced Scorecard***

1. In your opinion, has the balanced scorecard been effective in implementing strategy within your business area?

a) Yes

b) No

Please explain.....  
.....  
.....

2. What challenges do you face in using the balanced scorecard within your business area?

3. What would you recommend to improve the balanced score card at Barclays bank of Kenya?

# INTERVIEW GUIDE

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**For Unionisable Staff**

***SECTION A: General Information***

1	Interviewee Name (optional)	
2	Grade	
3	Function	

***SECTION B: Strategy at Barclays Bank of Kenya***

1. Are you aware of the overall Barclays Business Strategy?
2. How are the strategic business objectives communicated to you within you respective business area/function?

***SECTION C: Application of the Balanced Scorecard at Barclays Bank of Kenya***

1. Have you ever heard of the Barclays Balanced scorecard?
  - a) Yes
  - b) NoPlease give details .....  
.....  
.....
2. In your opinion, is there any relationship between the Barclays balanced scorecard and your respective strategic objectives?
  - a) Yes
  - b) NoPlease explain.....  
.....  
.....

3. How do your team leaders use the balanced scorecard in implementing strategy in your business area/ Function?
4. What role does the balanced scorecard play in executing your duties at Barclays?
5. In what way has the balanced scorecard improved your understanding of strategy?
6. What are the benefits of applying the Balanced Scorecard at Barclays Bank?

***SECTION D: Challenges of application of the Balanced Scorecard***

1. What challenges do you face in using the balanced scorecard in executing your day to day duties?
2. In your opinion would you say that the balanced scorecard is a useful management tool?
  - a) Yes
  - b) No

Please give details .....

.....

.....

3. What would you recommend to improve the balanced score card at Barclays bank of Kenya?



## APPENDIX 2: SAMPLE PERFORMANCE DEVELOPMENT PLAN

Name:

---

Performance Period:

---

Current Role and Level:

---

Business Area: Communications:

---

Team Leader Name and Title:

---



## Performance Development Plan

Name and dept:

Team leader's name:

Period: Q\_\_200\_\_

**SMART\*Objectives – i.e. my role in achieving overall business objectives**

(\* Specific, Measurable, Accurate, Realistic, Time bound)

**Key Value Driver (KVD) 1 - Company**

Key Value Driver: Meet or exceed EP targets and increase shareholder returns by 20% per annum

Objectives]

Clear country strategies for implementation to achieve EP

**KVD 2 – Customer**

Key Value Driver: To be the market leader in the eyes of our customers in our chosen market segments

Objectives]

Improve customer management, service and loyalty of our customers

**KVD 3 – Colleague**

Key Value Driver: To make Barclays Africa a high performance organisation

Objectives]

The balancing of high performance with an improving employee value proposition

**KVD 4 – Control**

Key Value Driver: To deliver a radical improvement in business risk profile, governance, control and compliance across Barclays Africa

Objectives]

Meet all Risk and Compliance targets

**KVD 5 – Community**

Key Value Driver: Engage our Communities

Off track

On track

Outstanding

Off-track is where On-track is not achieved

[Objectives]

Ensure the Barclays brand is proactively enhanced with all stakeholders

Guiding Principles – i.e. how I approach my work

Ineffective      Effective      Role model

(Write a paragraph defining what each GP means in your role and how success will be defined)

**Winning together** – e.g. acts in a way that promotes the whole of BA&IO as well as own area

**Customer focus** – e.g. goes out of his/her way to provide excellent customer service

**Best people** – e.g. actively builds relationships and constantly seeks to improve both own and colleagues performance

**Pioneering** – e.g. challenges conventional thinking, strives to innovate and hatch new ideas, demonstrates drive and persistence

**Trusted** – e.g. delivers on commitments and acts with integrity

Comments to support assessment

Team leader comments

My comments

Overall rating (A-D) \_\_\_\_\_ (Rating)

Only to be entered following the BA&IO Consistency Review

- A Significantly exceeds performance criteria in most areas.
- B Consistently meets performance criteria / exceeds performance criteria in some areas
- C Meets basic minimum performance criteria / significant improvement required
- D Does not meet performance criteria

Your signature \_\_\_\_\_ Date \_\_\_\_\_

Team leader 's signature \_\_\_\_\_ Date \_\_\_\_\_

## Individual Development Plan of Action

In this section, please include actions to be taken to support your development, as discussed with your team leader. If there are any additional comments regarding your performance, record them in this section. Team leaders can make use of Edugate, Barclays online course selection and booking tool, schedule training according to needs defined. Your HR Business Partner can also assist you with any additional development requirements.

	<b><i>Areas of Improvements</i></b>	<b><i>Strengths, Key Abilities and Experience</i></b>	<b><i>Agreed Actions and Support from Team Leader</i></b>
<b>CURRENT ROLE</b>			
<b>DESIRED CAREER DIRECTION</b> (to be completed at the discretion of the individual)			

**APPLICATION OF THE BALANCED SCORECARD IN STRATEGY  
IMPLEMENTATION AT BARCLAYS BANK OF KENYA LIMITED**

**By**

**Renato D'souza**

**A Management Research Project Submitted For the Award of the Degree  
of Master of Business Administration, School of Business, University of  
Nairobi**

**October 2007**