

# The Applicability and Use of the Balanced Scorecard for the Farm Manager.

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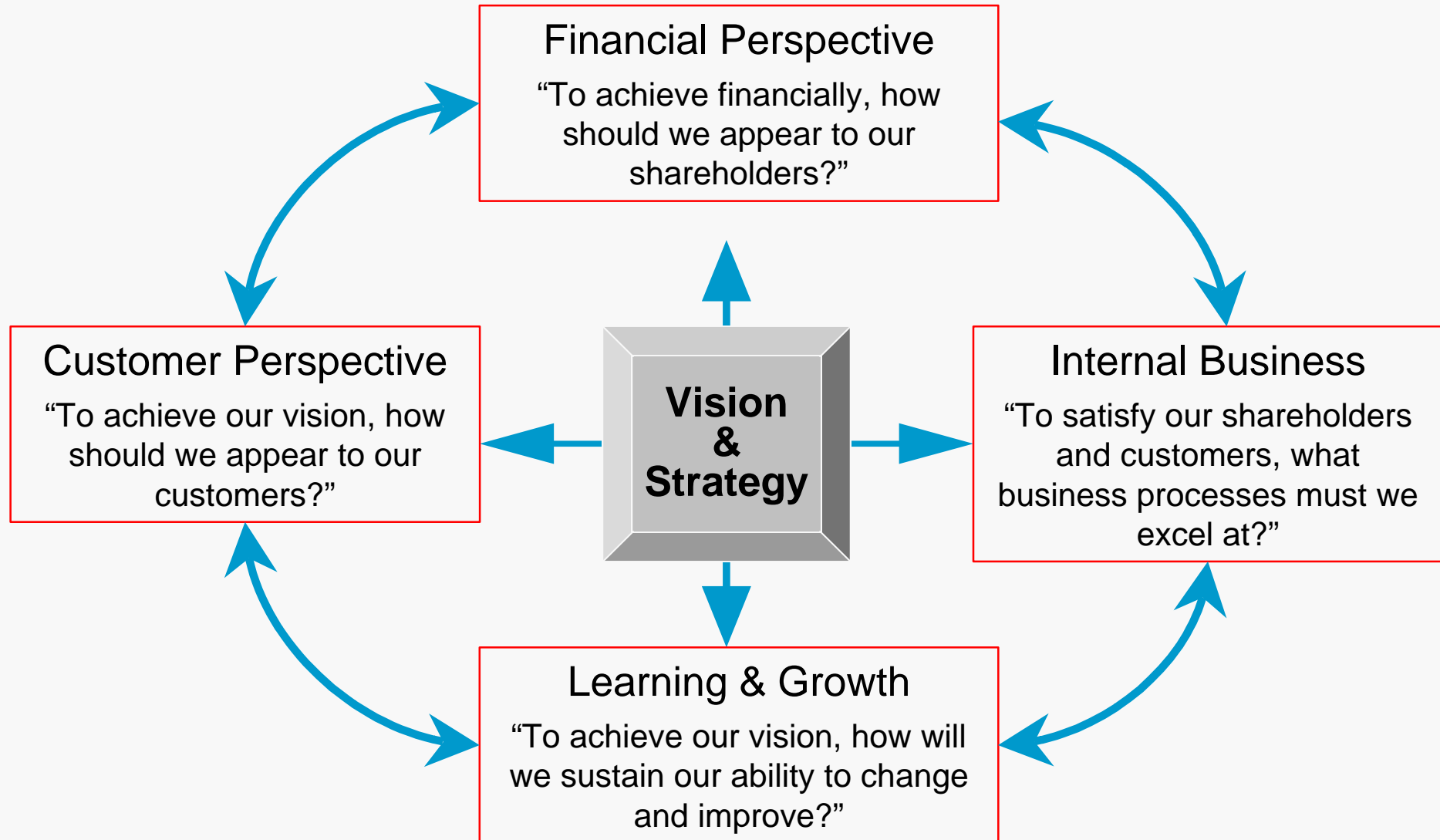
# Introduction

- Family farm business complex interactions
- Goal conflict common
- Measures of realisation not understood
- Complex perception of strategic management

# What is the Balanced Scorecard?

- Strategic management tool
- Aligns measures with strategy
- Uses financial and non-financial measures.
- Uses four strategic perspectives
- Links operational and strategic management

# The Balanced Scorecard



# Balanced Scorecard Measures

- Financial and non-financial measures
- Lead measures – indicate the future
- Non-financial measures = lead
- Lag measures - indicate the past
- Financial measures = lag
- Measures aligned to strategy give control

# The Balanced Scorecard & Farming

- Provides farmers with a framework
  - Components of strategy can be identified
  - Interactions can be visualised
- Forces goals to be linked to vision
- Use of scorecard will ensure that long-term focus is maintained

# Theory versus Practice

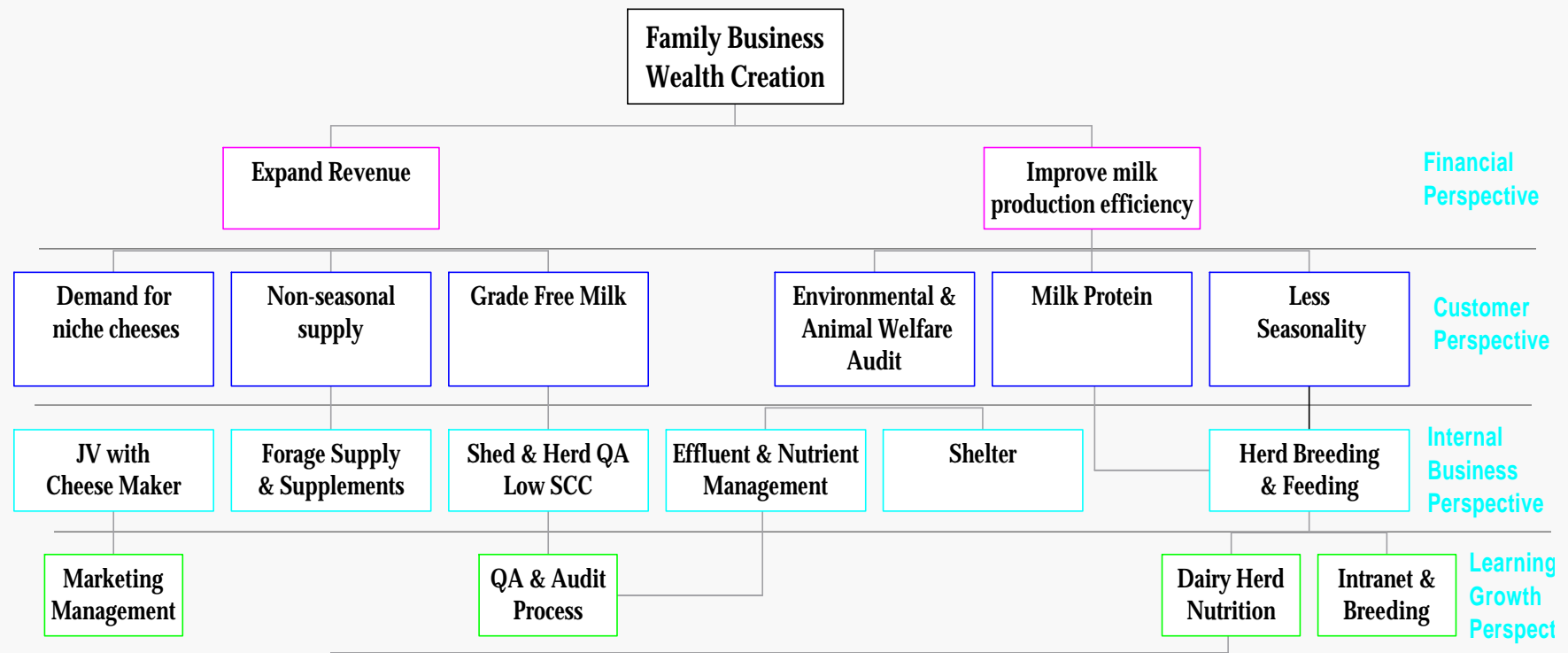
- Poor goal identification
- Poor long-term planning
- Poor business performance analysis
- Poor understanding of performance drivers for their businesses
- Weak link of selected measures to goals
- Production orientation

## ...Theory versus Practice...

- Financial measures generally identified
- Internal business perspective represented farmer comfort zone
- Customer/supplier received little attention in plans
- Learning and growth measures had production focus only



# Strategy Map



## ...Theory versus Practice

- Link between tactical and strategic management must be understood
- Industry perception of success must change
- Move away from operational and production data

# Conclusion

- Balanced Scorecard requires knowledge on
  - Value & goal identification
  - Mission statement development
  - Analysing the business
- “Visualises” linkages within business
- Look beyond financial and production measures