THE LEADERSHIP SCORECARD
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Management is doing things right; leadership is doing the right things. -- Peter Drucker

All of us at some point have encountered an inspiring leader who was a terrible manager, or an excellent manager who was quite inept at leading. Peter Drucker’s statement elegantly states the functional difference between management and leadership and, in so doing, makes clear that measuring management and measuring leadership cannot be done using the same criteria. This leadership scorecard can help translate your intuitive reading of leadership into a performance appraisal tool to measure leadership effectiveness more accurately.

LEADERS VS. MANAGERS
Leaders share several important skills and qualities with managers and facilitators. To be successful in all three of these functions, you need to have good interpersonal skills, can work with smaller and larger groups, and can build effective teams. Both need to know how to manage projects, and how to align people to get things done.

Leadership requires the highest level of these skills. It builds upon good management practices and good facilitation skills but also adds its own unique requirements. It involves the most complex configuration of skills, knowledge and traits that allow a leader to influence others and support them as they achieve desired goals.

As a manager you want to know how to best identify, allocate, control, and evaluate resources, usually in the context of financial and strategic initiatives.

As a leader you want to know how to take responsibility for building relationships and influencing people so they behave in a desired way to achieve a specific result, usually in the context of an overarching mission and vision.

Leadership performance is best measured by the performance of a leader’s followers. The more a leader’s followers do the right things, the higher we rate that leader’s performance. The challenge is determining those right things that need to be done.

MEASURING YOUR COMPANY’S PERFORMANCE
The concept of a “balanced scorecard” to measure a company’s performance was first proposed by Robert Kaplan and David Norton in a 1992 Harvard Business Review article titled The Balanced Scorecard - Measures that Drive Performance. A follow up article in a year and a half later by the same authors titled, Putting the Balanced Scorecard to Work. A balanced scorecard combines financial and non-financial data to provide a more complete and accurate measure of a company’s performance.

Kaplan and Norton suggested four key areas to consider:
1. **FINANCE** – How do we look to shareholders?
2. **CUSTOMER** – How do we look to our customers?
3. **INTERNAL BUSINESS PROCESSES** – What must we excel at?
4. **LEARNING AND GROWTH** – How do we continue to improve and create value?

Balanced scorecards are now commonly used to determine the effectiveness of strategic plans and their implementation. Kaplan and Norton believe that using relevant measures stimulates and improves organizational performance. Most balanced scorecards now attach specific strategic initiatives to each of the four areas. Also, the interrelationship, or linkages, between items in the four areas are often defined in the scorecard. Many organizations put the balanced scorecard and its measures in the context of a vision or mission statement for the company. And many link the people responsible for the strategic initiatives to the balanced scorecard document.

The balanced scorecard is a good tool to measure how well an organization has been managed strategically. It is particularly useful for measuring how well a company is being managed in real time. However, it provides only indirect information as to leadership. We believe that a very different set of measures is needed to determine how well a company is being led in order to determine more precisely how leadership can further contribute to performance results.

**MEASURING YOUR OWN LEADERSHIP PERFORMANCE**

In contrast to a company’s scorecards, a leadership scorecard needs to tie performance measures with how well a leader:

- **TAKES RESPONSIBILITY TO LEAD**
- **BUILDS RELATIONSHIPS**
- **HELPS OTHERS ACHIEVE RESULTS**
- **PLANS FOR THE FUTURE**

These four areas of measurement should take into account the culture and management tasks of an organization, including organizational vision and strategic initiatives. Like management performance measures, they need to be considered in terms of “outcomes” as well as “real time process.” Using just one measure creates a skewed image of the organization and gives a one-dimensional view of the leader.

The table below summarizes leadership measures we recommend:

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The actual measures in each category can be done by counting (enumerating) or rating. The rating scale is a leader’s choice. A one to five scale is most commonly used.

**TAKING RESPONSIBILITY TO LEAD**

**MEASURING OUTCOMES**
- Organization Box Scores (Performance) - How successful is your organization at achieving its business measures?
- People Building – How competent and effective are the people that work for you?
- Culture Building – How well does the culture of your organization facilitate getting the results and fulfilling the mission?

**MEASURING REAL TIME PROCESS**
- Task Delegation – How / how well are tasks delegated throughout the ranks?
- Training and Development – How / how well are people trained and developed to match the tasks they need to accomplish?
- Cultural health- How/ how well do the operational processes drive the way humans interact with one another?

**BUILDING RELATIONSHIPS**

**MEASURING OUTCOMES**
- Effective Communication Protocols – How effective are the communication protocols?
- Collaboration / Cooperation – How well people cooperate? How well people collaborate? How well do they understand the difference?

**MEASURING REAL TIME PROCESS**
- Personal: Individual and Group Communication – How well does the leader communicate with individuals and with groups?
- Others: Individual and Group Communication – How well people in the organization communicate individually and among groups?

**HELPING OTHERS ACHIEVE RESULTS**

**MEASURING OUTCOMES**
- Organization Box Score (Performance) Results:
  - Operational -- How well and how efficiently the organization does the tasks directly related to its purposeful goals (those that actually create or contribute value)?
  - Capacity -- What is the amount of time available, the amount of time taken up by value added tasks against the amount of time taken up with non value tasks
Financial -- What are the: Revenue, Real Costs, Amount of Money Tied Up in inventory, etc., Return on Sales, Service, etc.

- Cultural Health -- What are the rates of: worker retention, worker suggestions, worker complaints, worker terminations, worker absenteeism, worker productivity, and worker participation in non-paid activities – service, corporate events?

MEASURING REAL TIME PROCESS
- Multifunctional Task Progress / Performance- How well are multifunctional groups aware of their metrics and progress?
- Group Task Progress / Performance – How well are task groups aware of their metrics and progress? How effective is the reinforcement system for achieving results?

PLANNING FOR THE FUTURE
A key component of both leadership and management is planning, development, and execution. Planning is specifying a course of action to get from one state to another. Development is the acquiring and organization of resources needed to implement the plan. Execution is the taking action based upon the plan and making any adjustments as needed in order to achieve the desired state.

MEASURING OUTCOMES
- Vision Evolution- How well is your organization moving toward its vision?
- Foundation Strength- How solid is your organization’s foundation to move towards its vision? (i.e. talent pool, finances, know-how etc.)
- Resource Growth and Management- How likely is the continuous growth of the resources and management?
- Strategy Deployment – How solid are: plan, execution, strategic results, strategic evolution at your organization?

MEASURING REAL TIME PROCESS
- Vision Building / Communication – How effective is the process of building and / or communicating the vision to everybody within and without your organization?
- Organization Infrastructure Maintenance – How effective are the processes that maintain your organizational infrastructures?
- Real Time Resource Investment – How effectively does your organization invest its resources?
- Organizational real time performance: How solid are:
  - Revenue generation
  - Operational Performance
  - Capacity Performance
  - Financial Performance

CONCLUSION
In organizations we need a person who, besides leading, is an effective manager. Companies must measure those who are responsible for other people’s performance by measuring both their leadership performance and their management performance. The tricky part is figuring out the right mix of leadership and management an organization needs from its people.

We must also keep in mind that all leaders are also followers. A leader must follow her / his own rules, plans, beliefs, and any higher authority that might exist. Even a CEO has a Board of Directors whose policies and instructions must be followed. Thus, applying a leadership scorecard successfully requires a wide perspective and understanding of your organization’s specific culture and needs.