Conceptualized by Robert Kaplan (Harvard University) and David Norton, the balanced scorecard (BSC) is a performance evaluation instrument that forces an organization to identify a number of factors that are crucial to the success of an entity. These “critical success factors” naturally vary from organization to organization; typically, though, they fall in one of four categories: financial; customer satisfaction; efficiency, time, and quality; and learning, growth, and innovation. A number of metrics are specified that must be consistent with the organization’s strategy, and a manager is held accountable for the results in his/her unit. In short, BSCs are consistent with responsibility center management, stress both unit and overall organizational objectives, and in many cases, serve as the basis for budget allocations. Those units that accomplish pre-set unit and organizational goals are rewarded; those that fail are not.

BSCs are finding their way into university environments, with a great deal of the application appearing to fall in the various service functions that exist on a campus (accounting, maintenance, technology support, human resources, and so forth). UMKC is no exception—BSCs are being used here as well. Given the Committee’s charge to look at budgeting from a Responsibility Center perspective and the desire to build financial incentives into the budget model, we are recommending the use of balanced scorecards to recognize and reward outstanding unit performance.

In assembling a balanced scorecard, the Committee recognizes that not all units are identical in organization, operation, and mission; however, all such units operate under a common UMKC umbrella. Thus, while not all scorecards need be identical, there must be a common framework so that the incentives system will function as intended. We recommend that the enhanced Programs Evaluation Committee and the Support Costs Review Committee issue general guidelines concerning template construction, and that Responsibility Center managers participate in a collaborative manner in the scorecard-construction process (i.e., a bottom-up approach). In the case of academic units, this would involve Deans working in conjunction with their faculty to tailor their unit’s scorecard to both advance their traditional missions of excellence in teaching, scholarship and service and foster collaboration with other units in pursuing UMKC’s goals.

**Academic Unit Scorecards**

Scorecards that are prepared for academic units would probably contain some of the same measures as those used by support units, and would likely incorporate aspects of a university’s traditional missions (teaching, research, and service). The Committee took the liberty of constructing a sample scorecard – and indeed, it is just an example - by relying, in part, on the following three items:

- The University of Missouri System Strategic Themes and Goals  
  [http://www.umsystem.edu/ums/about/strategic/](http://www.umsystem.edu/ums/about/strategic/)

- “Toward a Balanced Scorecard for Higher Education: Rethinking the College and University Excellence Indicators Framework,” Higher Education Forum,  
  [http://www.odl.rutgers.edu/resources/pdf/score.pdf](http://www.odl.rutgers.edu/resources/pdf/score.pdf)

- “Designing and Implementing an Academic Scorecard,” UrbanEd,  

The scorecard could be based on a message that the Committee has heard on several occasions during the past few months through dialogues with the Chancellor, ongoing conversations with the Provost, and several presentations to Deans and the faculty as a whole. That is, the following three actions are becoming more and more a part of the University’s plans for the upcoming year(s):

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University Budget Committee  
The Balanced Scorecard

- Significant growth in undergraduate student credit-hour production
- Increased use of scholarships/waivers funded with private dollars and less reliance on scholarships/waivers funded with operating monies
- A reduction in targeted campus financial obligations

The UBC believes that each academic unit can probably play a role in one or more of these actions. Thus, the scorecard might be designed to reflect a primary goal of the academic unit (e.g., increase undergraduate student credit hours) and a secondary goal (e.g., secure increased private funds for scholarships). The primary goal might be weighted heavier than the secondary goal and collectively, the two goals might count for an equitably designated percentage of the academic unit's total scorecard evaluation at year-end.1

The remaining percentage of the evaluation would then be based on achieving various other important goals to the unit and/or the University, perhaps focusing on the following areas shown and evaluated by the measures indicated below.2

- **Attract and maintain a high-quality, diverse student body, and ensure that the students have a satisfying educational experience**
  - Quality of enrollees (standardized test scores)
  - Retention rates
  - Graduation rates
  - Enrollments of students from underrepresented population groups
  - Satisfaction index (including return on investment)

- **Offer high-quality programs with high-quality faculty**
  **Programs:**
  - Number of programs accredited by top accrediting group in field
  - Number of individual, nationally ranked programs
  - Program outcome measures: MFAT, pass rates on professional exams, etc.
  - Job placement success

  **Faculty:**
  - Number of endowed chairs and professorships
  - Number of academic awards and honors
  - Number of national offices held
  - Number of grant proposals submitted and awards per faculty member
  - Number of top-tier publications and other journal publications per faculty member
  - Number of presentations, products, exhibitions, and books per faculty member

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1 The overall scorecard is based on an understanding that a unit would not be penalized for circumstances clearly beyond its control that preclude or limit its ability to implement one or more of these (and other) targeted initiatives.

2 The Committee recognizes that this template would need considerable modification for the Libraries and the School of Graduate Studies, both of which are considered to be academic units for purposes of the Balanced Scorecard evaluation.

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• Be conscious of selected internal workplace issues as well as external activities that focus on UMKC's urban/community mission
  ▪ Salary, turnover, and satisfaction of faculty, staff, and administrators
  ▪ Number of employees from underrepresented populations
  ▪ Number of student hours of community service
  ▪ Number of non-degree programs and events consistent with the urban/community mission

• Maintain a financially healthy and efficient unit operation
  ▪ Total operating revenues
  ▪ Bottom line surplus
  ▪ Operating budget per FTE student
  ▪ Number of donors
  ▪ Number and % of alumni donors
  ▪ Number of alumni events
  ▪ Total private gifts ($)
  ▪ Faculty/student ratios
  ▪ Average class size
  ▪ Student credit hours generated per FTE tenured/tenure-track faculty member
  ▪ % of sections taught by tenure-track/tenured faculty
  ▪ Total student credit hour production

**Support Unit Scorecards**

Support Unit scorecards would typically include measures that evaluate customer-service aspects of their operations, efficiency of business processes, various financial metrics, and assorted workplace dynamics (such as employee satisfaction, turnover rates, and so forth). Sample excerpts from a Support Unit scorecard currently used by UMKC's Division of Administration and Finance follow.
Sample Excerpts of Measurements from Division of Administration & Finance Balanced Scorecard

Quality Customer Service

Service Quality: Percentage of total survey respondents indicating extremely and very satisfied with access, accuracy, consistency, and convenience of service provided. (Results collected quarterly through customer surveys.)

Timeliness: Percentage of total survey respondents indicating extremely and very satisfied with the promptness by which services are delivered. (Results collected quarterly through customer surveys.)

Customer Relations: Percentage of total survey respondents indicating extremely and very satisfied with the responsiveness, courtesy, competency, and knowledge of staff who provide customer services. (Results collected quarterly through customer surveys.)

Excellence in Business Processes

Cost per Transaction: The cost of labor and materials divided by the total number of transactions processed. (Results collected from departments.)

Conformance with Requirements: The ability of key business processes to satisfy both customer and stakeholder service and feature requirements. (Results collected through customer surveys.)

Customer Engagement: Percentage of key internal customers indicating very satisfied and satisfied with the Division's ability to understand and meet their business requirements. (Results collected quarterly through customer surveys.)

Motivated and Productive People

Retention: Annualized percentage of benefit eligible employees retained over a 12-month period.

Organizational Climate: Percentage of surveyed employees indicating extremely or very satisfied with the level of communication, engagement, empowerment, and accountability within their work environment. (Results collected quarterly through employee satisfaction surveys.)

Employee Satisfaction: Percentage of surveyed employees indicating extremely or very satisfied with their job and working conditions, and would recommend the University as a place of employment. (Results collected quarterly through employee satisfaction surveys.)

Responsible Resource Management

Cost of Services: The Division's annual operating expenditures, divided by the University's total expenditures, from the following fund groups: operations, auxiliary, service operations, and gift. (Results calculated annually using UMKC Financial reports.)

Return on Net Assets: Annual change in net assets of the various auxiliary and service operation fund departments (e.g. parking) divided by the average of the beginning of the year total net assets and ending of the year total net assets. (Results calculated annually using UMKC Financial reports.)

Operating Margin: Annual operating surplus in Fund 000 divided by the total revenue in Fund 0000. Of the total annual operating margin, 5% must be held as a contingency fund to address revenue shortfalls or unexpected expenditures. (Results calculated annually using UMKC Financial reports.)