

Towards a Sustainability Balanced Scorecard

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The Project of Research: A Management-Cockpit for Corporate Sustainability

- **Objectives: Development of a Sustainability Balanced Scorecard**
- **Questions of Research:**
 - **What is Corporate Sustainability?**
 - **How can the Balanced Scorecard be used for the management of Corporate Sustainability?**
 - **How can a Sustainability Balanced Scorecard foster the integration of environmental and social issues into the general management system?**
- **Funded by the German ministry for Education and Research (BMBF)**
- **October 2000 until September 2002**
- **Multinational companies in Switzerland and Germany from various branches**

Project structure and contents

ANALYSIS OF STATUS QUO

- Performance Measurement (BSC)
- EMS
- SMS
- Presentation of results

⇒ Research:

- Methodology of BSC
- Applications
- Eco-controlling
- Social controlling



TARGET APPROACH

Development of *Sustainable Balanced Scorecard (SBSC)*

- Concept
- Key Performance Indicators
- Methodology

Umweltmanagement-Forum
 ⇒ St. Gallen, Okt 2001

Further research work and scientific-based support of activities in companies

PILOT SCHEME

Implementation of SBSC in partner companies:

- Concept
- KPIs
- Methodology

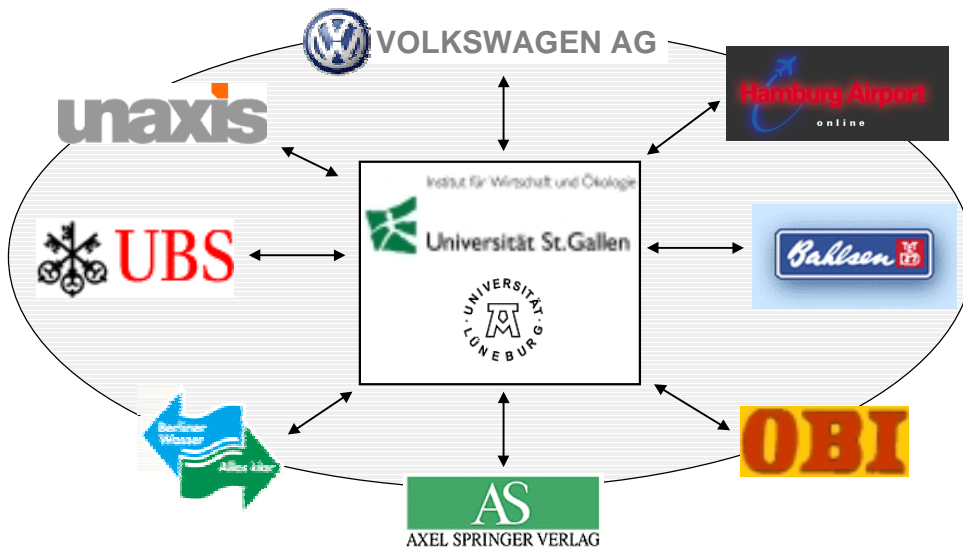
Presentation of results:

⇒ Final conference in Lüneburg, Sept. 2002

Research and support

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 OIKOS PhD Summer Academy
 28.08.01, Seite 3

Partners of the SBSC-Project



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Conceptual framework of a Balanced Scorecard

Challenges:

- From strategies to action through relationships of cause and effect
- Stakeholder Management (Public, Shareholders, Customers)

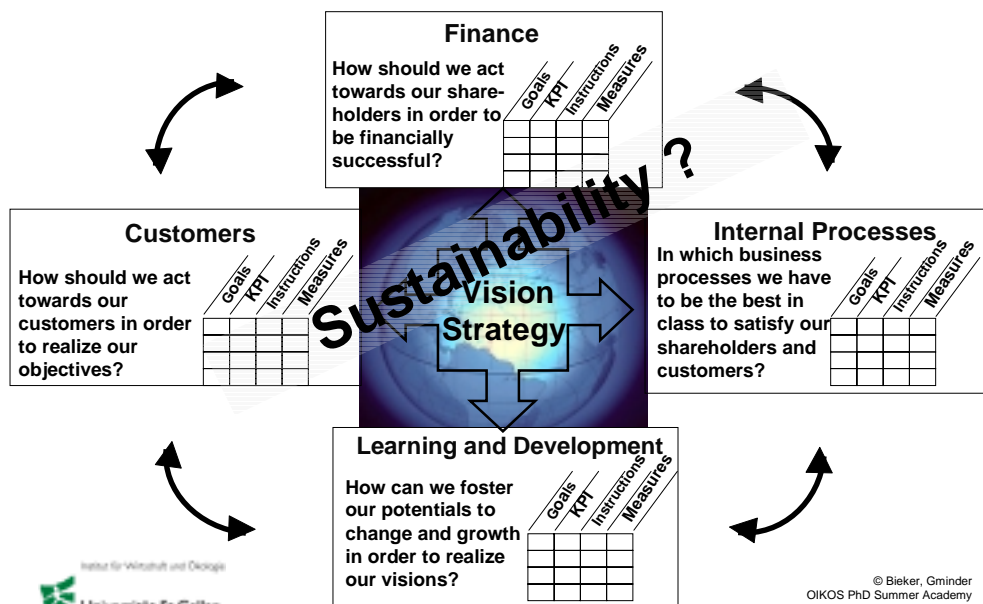
The Tool:

- 4 perspectives with operating objectives, indicators, targets, measures
- Diagram with chains of cause and effect

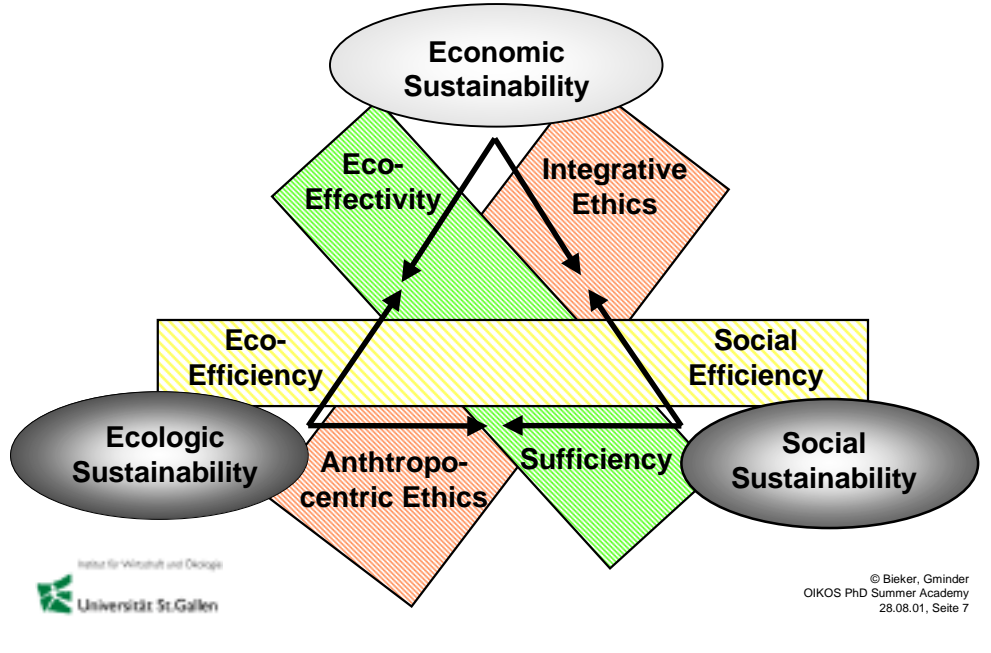
The “Balanced” Scorecard - what is particular?

- Qualitative “soft facts” recognised as relevant value drivers for today’s organisations (e.g. intangible assets)
- Short- and long-term related goals should be focused equally
- *Internal* aspects (e.g. Processes and Learning) as well as *external* ones (i.e. Customers and Finance)
- Balance of *leading indicators* and *lagging indicators*
- Integration in existing Management systems

The perspectives of the Balanced Scorecard



Approaches of Corporate Sustainability

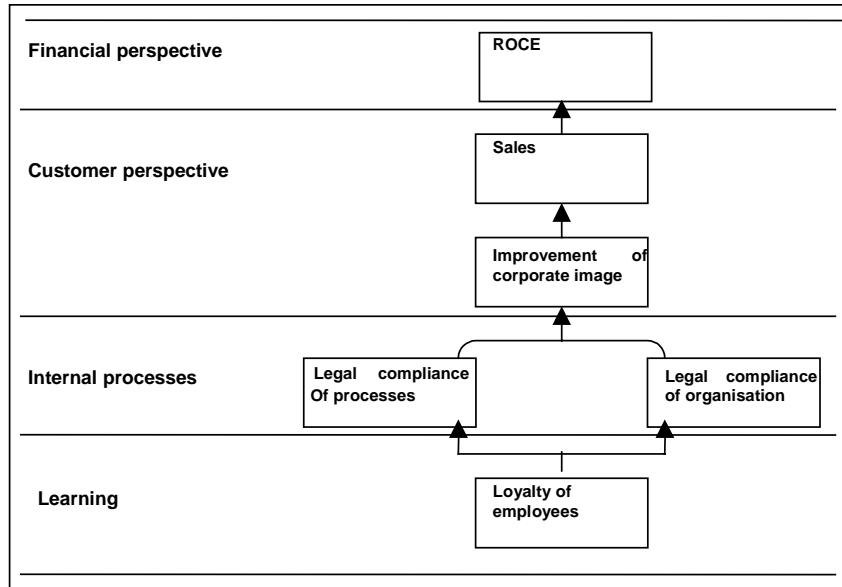


Types of Sustainability Strategies

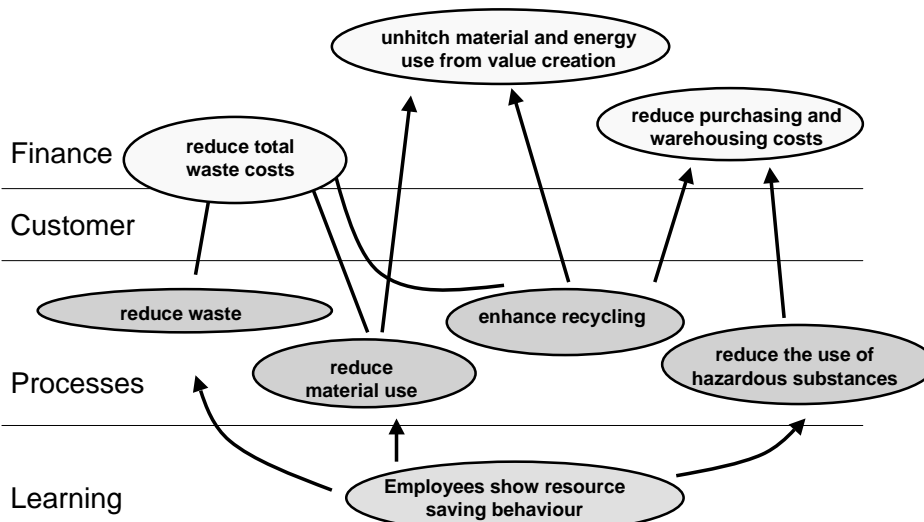
Strategic orientation \ Strategic behavior	Public	Market
Reactive	I Sustainable Market Buffering Strategy „Clean“	II Sustainable Cost Strategy „Efficient“
Proactive	IV Sustainable Market Development „Progressive“	III Sustainable Differentiation Strategy „Innovative“

Arrows in the original diagram indicate a flow from I to II, II to III, and III to IV.

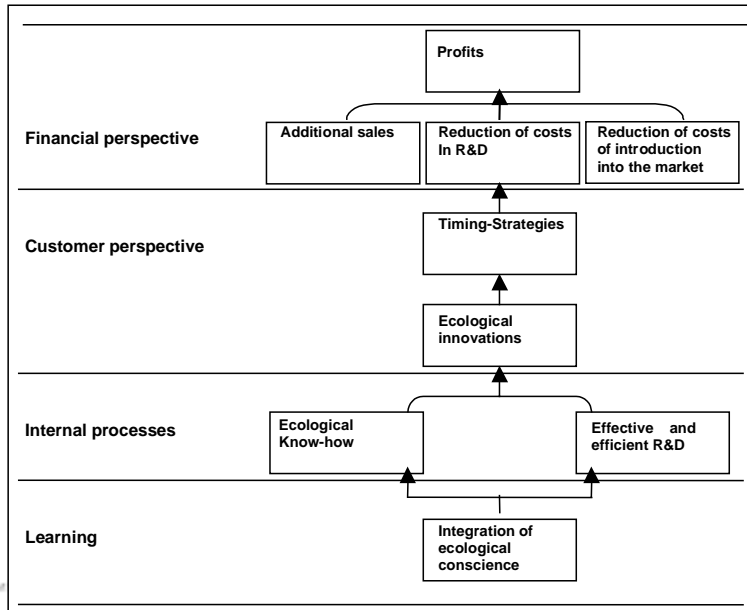
Chain of cause and effect for the type "clean"



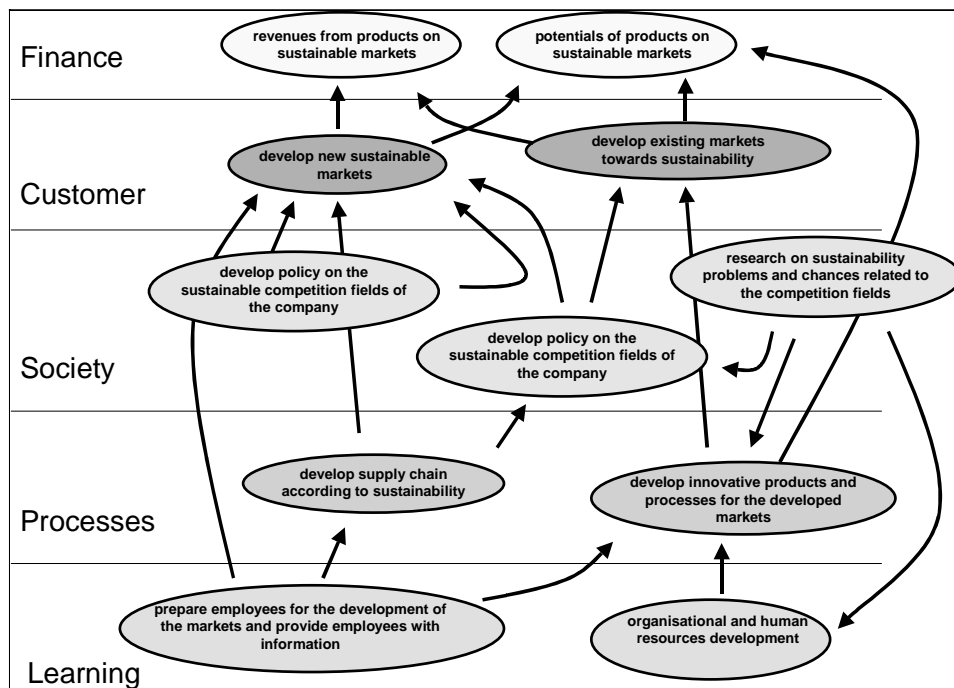
Chain of cause and effect for the type "efficient"



Chain of cause and effect for the type "innovative"



Chain of cause and effect for the type "progressive"



Conclusion - Discussion

■ intermediate findings:

- Clarify: Sustainability on strategic level
- Discover: Cause and effect relations between Sustainability and „usual“ business objectives
- Focus: on few objectives: 20 is plenty
- Integrate: Sustainability into „general“ management

■ Questions:

- Is it realistic to have Sustainability objectives in the „20“?
- Can a SBSC substitute EM/ SM - Systems?
- Do you know BSC implementations in companies?

