

## The use of balanced scorecards in the strategic management of corporate communication

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### Keywords

Corporate communications, Strategy, Management, Performance measurement, Argentina

### Abstract

This article introduces the balanced scorecard model from Kaplan and Norton and makes a proposition about its application on communications by showing the case of the Corporate Relations & Communications division of Siemens Corporation in Argentina.

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### Introduction

Just imagine that tomorrow morning, when you get to the office, your boss asks you immediately to go somewhere you have never been before in order to support the local manager of a plant under siege by a union and needing to communicate with the employees.

The first thing you will surely do is to get a map. Few people would think of starting a journey to an unknown place without finding out what their destination is and how to get there. However, this is exactly what many companies do when they approach the issue of communication.

For an extremely long time, we – the communicators – have found an excuse in the myth which states that “it is impossible to measure the real impact of corporate communications, since they are intangible by nature”.

Similarly, for a very long time, we have failed to admit that a communications department does not work in an organizational void and that we should be communicators as well as business people.

Nowadays, when you present, say, a US\$250,000 communications plan requested by the CEO or the CFO, you may be asked, “Can you tell us exactly what this company will obtain in exchange for the quarter million dollars you are asking us to invest in your program?” Or even worse, the operations director may say to you, “I can tell you exactly how many more products I can place on the shelves with that capital and how much I can increase the company’s billing and turnover. What about you? How much is the return on investment that your campaign will generate?”

In the past, the pressure on results was not the same; to protect oneself behind the rationale that communications cannot be measured with a calculator was therefore the easy way out. It goes without saying that, despite that fact, we did not generally obtain the proposed budget or at least the desired amount.

If, as professionals, we hope to measure ourselves effectively against our commercial, finance and operations counterparts, we should then develop effective ways and methods to measure our administration, our efforts and our improvements, and to show how and where we add value to the company.



**Balanced scorecards**

Now imagine you are the pilot of a Jumbo jet whose altimeter shows the height you have reached only every ten minutes and whose fuel gauge goes on only when the tank is empty. On the other hand, it supplies you with continuous, real-time data about the position of first-class seats and the number of reading lights that are on.

If you really took off with the aircraft in these conditions, most likely you would soon find yourself in the middle of a forced landing maneuver, trying to save your (and your passengers') life, swimming towards a small island in the middle of the Pacific Ocean, the best place to ponder how important the position of first-class seats may be when you are piloting a plane.

Whether it is a Boeing 747 or a company, the key to success is for every pilot to run their plane with few but essential indicators.

It is not that we are inventing something new and wondrous. We have always sought to manage the future of the company according to this principle, using all available parameters. However, the issue is not to have a panel full of instruments measuring anything, which does not allow us to differentiate what is important from what is superfluous, but to have a panel of essential instruments, as in the case of modern airplanes (see Figure 1).

The balanced scorecards system (BSC) is precisely a model that, based on existing visions and strategies, allows us to expand on this integrated approach, to understand the

essential elements for management success in their cause-and-effect relations and, therefore, to promote an even more efficient business administration.

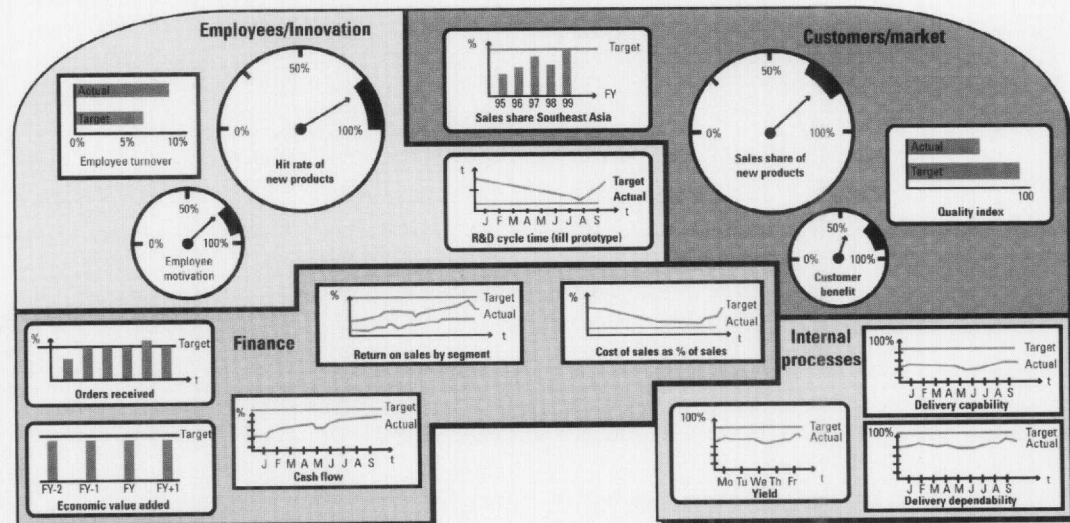
In the past, control systems were primarily based on financial indicators. We can compare these indicators with our car's rear-view mirror, because due to their nature they tend to reflect the impact of decisions adopted in the past and leave the forward-looking aspect unattended, i.e. they fail to analyze the level of success achieved by following a certain path – the strategy – chosen to overcome the present and future challenges.

At the beginning of the 1990s, Kaplan and Norton (1996), led by this knowledge, developed a new strategic instrument to represent all fundamental parameters to run a company in their interdependencies and to identify measurable and verifiable magnitudes to drive and supervise internal processes.

When Kaplan and Norton published their bestseller, they identified an essential flaw that affected many measurement systems; it consisted of the incapability of certain types of data sets (often those that represent the company's tangible achievements) to distinguish any other thing that happened in the organization involving its intangible assets.

In a knowledge-based economy, the growing importance of human capital, information flow, relation-building and the relative impact on the organization by the assets in operation made the problem clear for everyone to see. The key issue was to develop and track metrics and parameters that, in an

Figure 1 As in modern airplanes: to lead with a panel of essential instruments



integrated image, accounted for the performance of a process, a department, a business unit, or the entire organization, against the established targets.

Managers have always striven to make regular reports that show a good number of measurements to describe the soundness of their administration. However, many of these concepts share a downside: they lack a clear link with the strategy that should be in place in the organization. The objective and advantage of BSCs are to supply these missing links.

The vision of many organizations frequently provides a clear definition of where the company wishes to go. Clear – until the business units and other areas of the organization try to integrate it into their own operating plans. What is lacking in most cases is a useful and detailed articulation of the strategy to achieve the vision, translated into concrete objectives. Similarly, the balanced scorecard developed around key performance indicators often lacks the amalgam that may logically connect it to the organization's objectives.

The BSC system not only demands a global vision of the company, but also needs to be implemented as part of the process of linking each part of the business to the higher unit developed by the balanced scorecard (see Figure 2).

## Four perspectives in balanced scorecard design

BSCs are a tool to gauge the impact of management from strategic perspectives. These four perspectives are:

- (1) the financial perspective;
- (2) the customers' perspective;
- (3) the internal processes perspective; and
- (4) the human resources, innovation and learning perspective.

From these perspectives, strategic objectives are inferred, measurement criteria are defined, and the visualized changes are translated into operating objectives via the different measurement criteria (see Figure 3). From that starting-point, there is a balanced vision of business performance, namely:

- Monetary and non-monetary indicators are incorporated into the scorecard.
- Parameters that measure the performance of the corporate unit are included, e.g. the whole company, a business unit or a department, from both the external and the internal perspectives. Thus, BSC creation takes into account the capital, market, internal processes and human resources perspectives.
- Result indicators (relative market share or economic added value – EAV) and performance triggers are used. The latter are usually business-specific and point out in advance which evolution needs to be balanced.

Figure 2 The different levels of the balanced scorecards

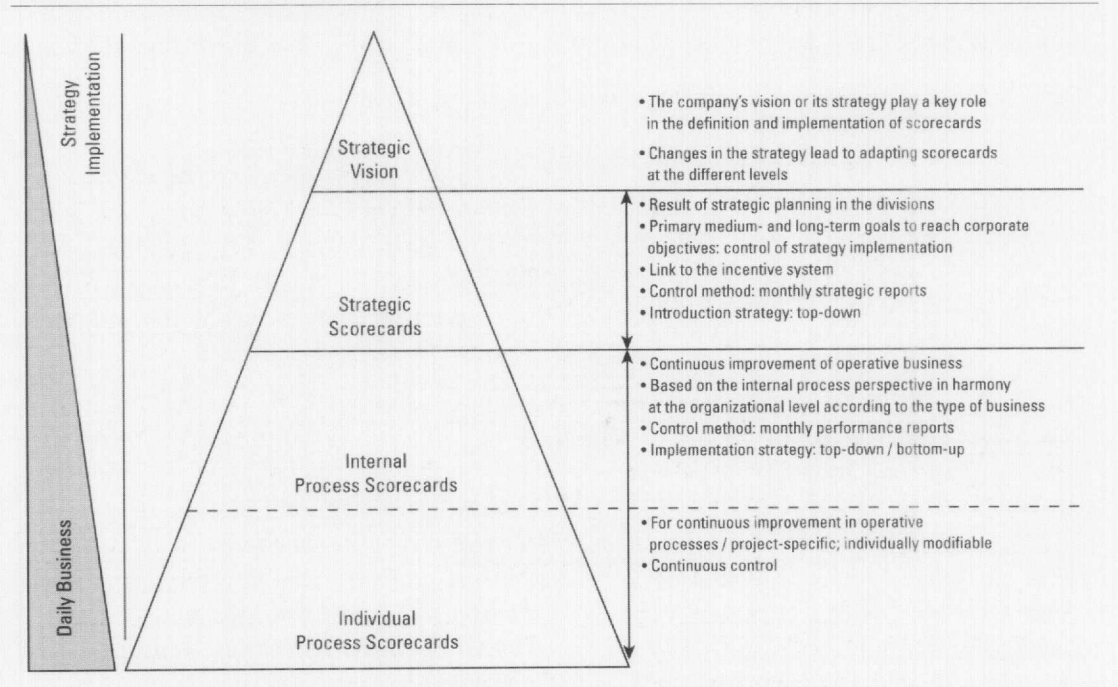
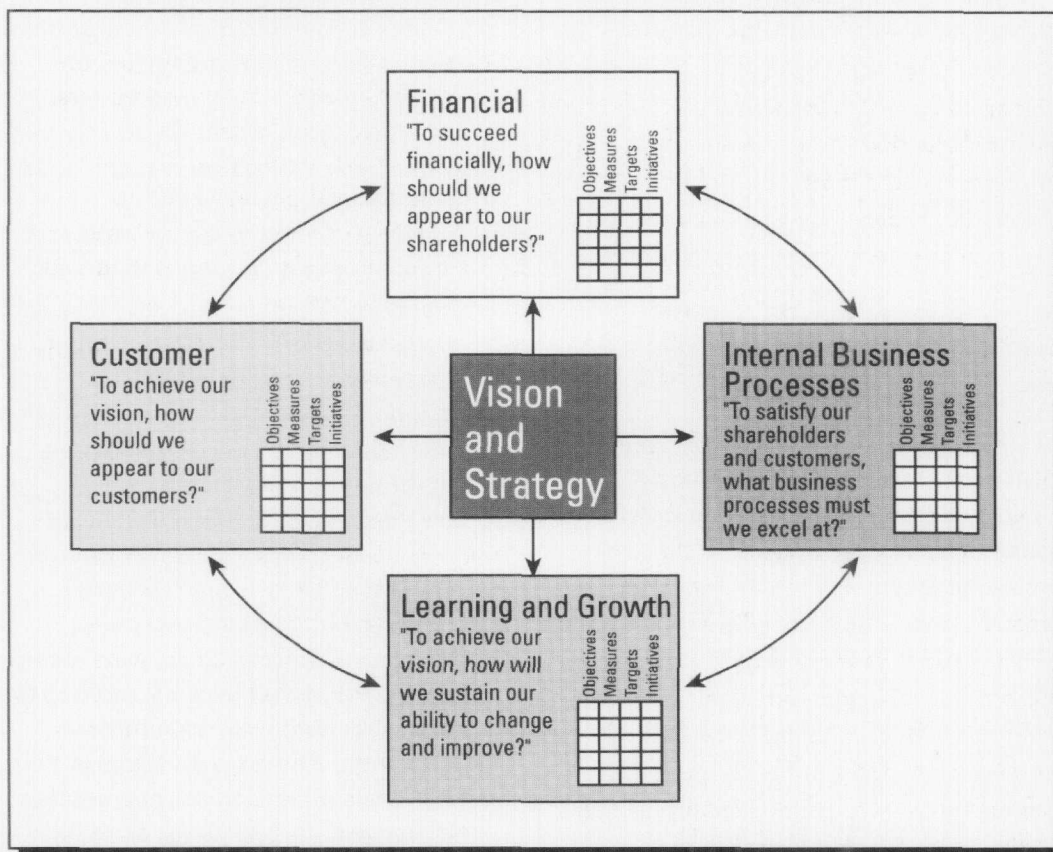


Figure 3 In the focus of the model: the corporate vision and the strategy



### The benefits of the balanced scorecard system

The process to create a balanced scorecard system is, at least, as important as the informative system that derives from it, i.e. what is known as "Scorecard".

The most important benefits of the BSC creation process are:

- They promote the systematic development of vision and strategy, and therefore the understanding of how things are going at all management levels.
- They allow for the creation of the business model specifying the key success factors and their interrelation.
- They minimize information overload, by limiting the number of measurements considered.
- They force managers to focus specifically on a small group of measurements which are critical for the performance of the organization and the business.
- They make it possible to recognize the essential adjustment elements of the business and its management through cause-and-effect analysis, identifying all activities that act as a trigger to reach

established goals and to which it is therefore convenient to allocate the company's resources.

- The defined measurement parameters allow one to verify whether a certain strategy has succeeded or failed in the stage of projecting future business (looking forward) and not just when the books show the lack of results (looking back).
- They facilitate top-down communication of objectives and the alignment of key processes to the strategy.
- The scorecard system contains a change of paradigm – the pilot's cabin and the strategy should both be accessible to the crew. Access not only allows for closing an information gap but also promotes constant and systematic dialog between the board, the departments and the employees about corporate strategy topics.

In spite of the balanced vision supplied by the system, effective steering from the tailor-made cabin will only be possible as long as the processes and circuits on which it is based effectively become part of our management. Once again, we find ourselves in the same

situation as that of the plane. If the correct instruments are included in the cabin, the pilot will be able to reach the intended destination safe and sound. But it will also be necessary for him or her to be able to read the instruments and act accordingly, unless he or she wants to end up on Robinson Crusoe's lonely island one more time.

### **Paving the way for BSC system implementation in the communications area**

Let us imagine that you would like to develop a balanced scorecard system in order to monitor communications as well as your management in and from the organization. I do not imply only the function of communication but its related process, to the extent that it affects the company's operations:

- (1) Start with your company's vision and the global strategy. What do you attempt to achieve? Which are the objectives set by the management in order to meet the vision?
- (2) Review your communications plan and program in use. How do they fit within the strategic objectives set by the company?
- (3) Evaluate and define your communications department's vision and mission. How are their processes developed? Does it provide information? Does it help overcome obstacles? Look for contributions from your own team as well as from other areas of the organization.
- (4) Identify those key success factors necessary for the communication process to meet the strategic objectives set for the organization. Consider, for example, your "customers" (key customers inside and outside the company), the processes that affect or define communication, and your company's costs, benefits and efficiency.
- (5) Organize those key success factors according to the four BSC perspectives (financial, customer, internal process, and innovation and learning) and set cause-and-effect relations among these factors, showing how they impact one another. In this way, you will be able to define your business model.

- (6) Allocate indicators that permit one to measure each key success factor.
- (7) Match each of the factors to a parameter that defines it efficiently. For each measurement, specify frequency, method employed, and measurement standard.
- (8) Calculate costs against benefits of the defined measurements. It will be necessary for the balanced scorecard system activities to match your resources. This step provides a valuable opportunity to be creative in measurement-related activities.
- (9) Develop a clearly understood and agreed upon process in order to gather information, including roles, responsibilities and deadlines.
- (10) Set targets. They will be the red, yellow and green lights of your balanced scorecard to help map progress.
- (11) With your BSC available, carry out a test. Do measurements tell you what you need to know? And, even more important, do they help you gear your organization to meeting your strategic objectives?

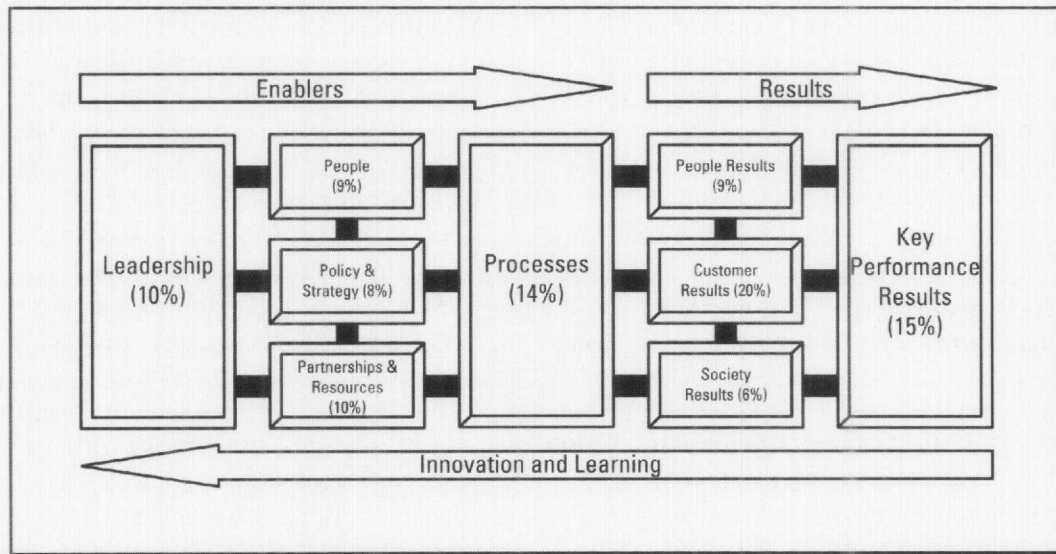
All scorecards are not supposed to look the same way. Perhaps the scorecard in the communications area does not resemble one developed for HR. What they may share is the usefulness of reflecting the needs of the organization and the accuracy to present a coherent image of the function's overall efficiency. Take into account that BSCs reflect the specific strategy of every business or area in the organization.

### **The case of Siemens Argentina**

The balanced scorecards of the Siemens Corporate Relations and Communications division in Argentina were defined in and as the last stage in the implementation of the European Foundation for Quality Management (EFQM) quality program which started in the area during 2000.

The EFQM excellence model (see Figure 4) is a framework based on nine criteria used to evaluate the organization's progress towards excellence – excellence being defined as outstanding practices in the management and achievement of results, related to the application of the following eight fundamental concepts:

Figure 4 The EFQM model for excellence and the relative weight of its criteria



- (1) result-oriented initiatives;
- (2) customer-oriented initiatives;
- (3) leadership and steadiness as to objectives;
- (4) process management;
- (5) development and involvement of individuals;
- (6) continuous learning, innovation, and improvement;
- (7) alliance development;
- (8) social responsibility.

As may be inferred from the Figure, the model suggests that results should be measured in full through the balanced scorecards system.

The preliminary step that originates any quality program such as the BSC model is the definition of the vision from the point of view of the company and the area under study. As for Siemens Argentina, the vision is as follows:

- We want to be the leading company in the supply and use of I&C technologies (e-business, teleworking, mobile Internet).
- We want to play the leading role in the technological area for SW development (specially associated with I&C technologies).
- We want to be the main supplier of energy, industry and transportation solutions, giving priority to environmental care.
- We want to be known in the mass market through solutions such as smart home/office and I&C devices.
- We want to be the best solution provider oriented to efficient care in the health

market (hospital and welfare entities data processing).

- We want to be one of the most attractive employers in the region.
- We want to guarantee to our shareholders an interest for the capital invested in the company, comparable with the highest offered by other companies in the sector.
- We want to quickly migrate towards a genuine e-company, based on a worldwide electronic platform for the marketing, logistics and internal processes. This means optimizing our customer and supplier integration in a process that accelerates orders and increases transparency for customers. Electronic commerce will enable us to achieve significant advantages in terms of costs, quality and speed.
- We rely on the strength of our company's name and brand. Siemens means innovative strength, global presence, soundness, reliability and social responsibility. And it increasingly means an urging desire for speed and economic success.

In turn, the vision set for the corporate relations and communications division is:

(1) *Outward-oriented:*

- We want Siemens' image and identity to coincide; i.e. the perception of our audience and our company's vision should be one and the same.
- We want Siemens to be in a "top of mind" position as one of the

companies with the best image in the region.

- We want to be viewed as a transparent company with open communication channels.

(2) *Inward-oriented:*

- We want to show that the company's image (its positioning in our audience's mind) is an asset that just like the Siemens brand has a value which deserves investing care and maintenance.
- We want communication to be recognized as a strategic factor that creates connections and opens doors both inside and outside.
- We want to be acknowledged as "best in class" and benchmark of Siemens communications.
- We want to contribute to our organization's cultural change, placing internal communication at the core of this process.
- We want to be viewed as a service sector that provides a benefit higher than the costs required by the task.

(3) *Basic premises.* Our communication-related objectives and contents are oriented towards the company's policy and our businesses' strategies to achieve an effective contribution that may add value to the business and the company's success.

For us, the utmost principle of communication is trust. Therefore, we present Siemens as a transparent company. This transparency generates trust, which is the first requirement to carry out a business or to be accepted by the public.

During the EFQM program implementation, each of the processes in the area was critically evaluated with its corresponding cause-and-effect chain, and those considered "key for success" according to the four perspectives described above (financial, customer, process, and human resources) were identified. This evaluation resulted in the "business model" (business plan) for R&CC (see Figure 5).

Based on this management model, where those scorecards considered strategic are grey, indicators, measurement standards and their corresponding method were defined, as well as the updating frequency of each indicator and targets (see Table I).

One may wonder why image indicators and internal communication (as an organizational culture driver) appear in the financial view of the BSC model. In the information age, intangible assets (such as the company's reputation, image, future capability of generating business or intellectual property) often represent the major component of value both in listed companies and in companies with few stockholders. Why? Because, among other things, they are useful to negotiate better, maximize the price of a product and obtain more market share and more customer loyalty.

In most cases, intangible assets do not appear in the companies' books but are reflected in their stock value and, as in the case of tangible assets, they possess a specific value and as such they may be purchased, sold, rented, leased, financed, transferred, or registered and thus, to a great extent, they are subject to taxation.

A 1999 study carried out by the international consulting firm Ernst & Young among the 100 US companies with the highest market capitalization, showed that in the last 20 years the value of the large listed companies in the USA, i.e. the performance of their market capitalization, has mostly freed itself from the value of its tangible assets. In other words: the traditional appraisal parameters are becoming less important. Today, stock values depend less on a company's tangible assets and more on its intangible assets, such as the company's future projection in the market or its image and reputation (see Tables II-IV).

One of these indicators deserves special attention and is discussed below.

### **Measurement of the company's presence in the media**

The aim is to measure the qualitative and quantitative impact of the company's presence in the printed and electronic media.

This measurement is of utmost relevance because the influence of mass media is decisive and bears a direct impact on the image of companies. Therefore, measuring what the news says about a product or the company is crucial for the evaluation and strategic planning of the organization's institutional communication.

Figure 5 The "business model" of the Corporate Communications division of Siemens in Argentina

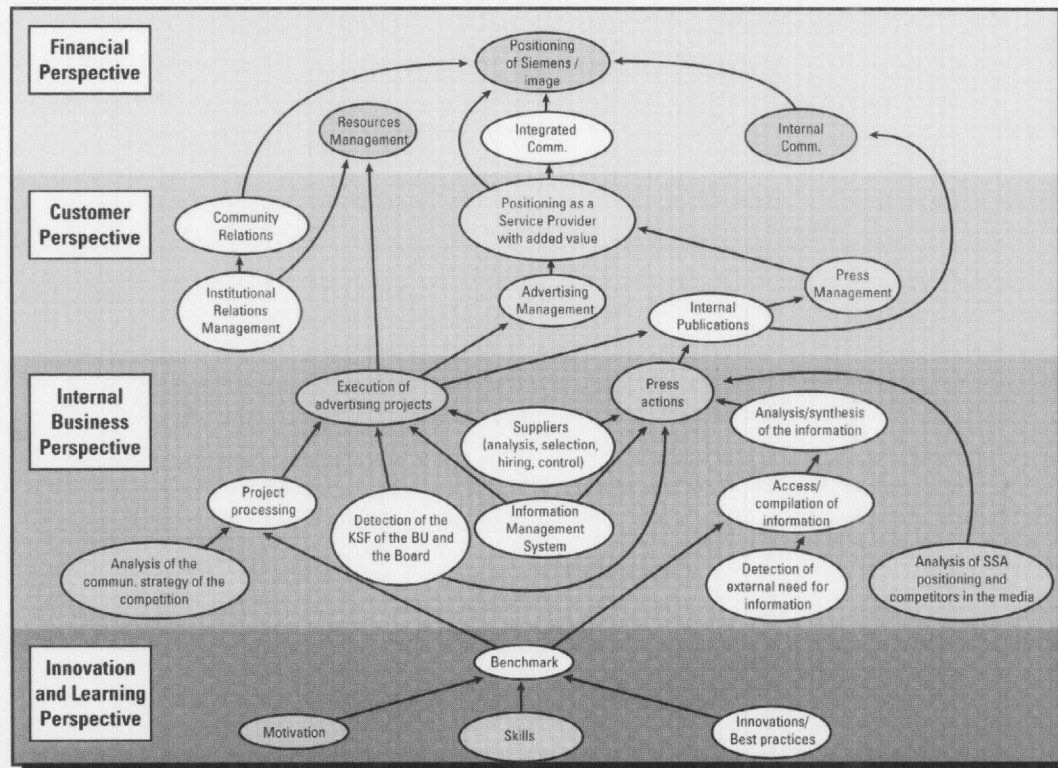


Table I The financial view

Key success factor indicator	Measurement standard	Measurement method	Updating frequency	Target
SSA image and reputation for stakeholders	Brand awareness Attributes	Image research	Every four years	
Ranking and prestige position	Ranking and scoring Position	Publishing in the <i>Clarín</i> newspaper and <i>Negocios</i> ("Business") Magazine	Annual	
Resource management	R&CC expenses	SAP	Monthly	
	Advertising Investment	SAP	Annual	
	Billing/total advertising Investment rate	Company-owned	Annual	
	Negotiation of media fees	Company-owned	Monthly	
	Internal publications costs	SAP	In every issue	
Internal communication	Relevance, credibility and timeliness of communication Staff	Working climate survey	Every 18 months	
	Communicational attitude and behavior towards third parties	"Mystery shopper" Telephone survey	Every two years	

In fact, the media analysis and evaluation process is an established management practice already. All important organizations monitor and regularly evaluate how their media communications work.

The core idea is to watch the performance of public relations and press efforts, so that the communication management may identify the company's positioning according to its perception by the press by judging how the



Table II The customers' view

Key success factor indicator	Measurement standard	Measurement method	Updating frequency	Target
R&CC reputation as centralized sector that adds value to the business	Internal customers' satisfaction rate	Internal survey on satisfaction	Annual	
Efficiency and relevance of the management of institutional and community relations	Relative attributes	Image research	Every four years	
	SSA and community media impact	Management press report	Monthly	
Advertising management efficiency	Satisfaction rate	Internal survey on satisfaction	Annual	
Press management efficiency	Internal customers' satisfaction rate	Internal survey on satisfaction	Annual	
	Journalists' satisfaction rate	Survey on external customers' satisfaction (journalists)	Every two years	
Efficiency of the internal publications <i>Nosotros ("We") and Liderando ("Leading")</i>	Readers' satisfaction rate	Readers' survey	Every three years	

communication objectives have been achieved, and define future strategies based on the financial year ended.

Based on the results arising from the evaluation of indicators, the action extends also to the communication campaigns in process, adjusting the timing and messages to suit the media schedule and the organization's needs.

In 1984, the founder of CARMA International – based in Washington, DC – developed an extremely interesting method to monitor media impact on companies called computer-aided research and media analysis. It starts with media content analysis, from all points of view – quantitative, qualitative, strategic and tactical – and it is based on a large amount of electronic-format information.

Being a dynamic method, it may perform trend analysis to provide orientation as to where media coverage is heading, including the Internet, or how people's attitudes are changing.

The evaluation takes into account from media geographic location to topics, messages, sources and authors; in addition, it has a special code that safeguards the objectivity of the news coverage. Articles are rated from 0 to 100, 50 being the starting or neutral point. The report's basic components refer both to topics and to published messages:

- quality;
- gist of the article;
- products;
- spokespeople;
- background topics;
- competence;
- direct or indirect messages that take a clear position for or against a topic or product.

Then, the report is broken down by:

- type of media;
- type of item and position;
- objectivity code;
- regional analysis;
- topics;
- messages;
- quoted sources;
- authors of the articles.

The CARMA method allows for the comparison of the objectivity index with the volume of relevant topics for the company; it is thus possible to follow up positive and negative messages that may come up in the media. This is important to better determine the success of the organization's communication campaigns and to further learn about the competitors' strategy.

Another characteristic is that it records the identity of the individual who signs the articles in the different media. This is specially interesting in the case of those topics which

Table III Process perspective

Key success factor indicator	Measurement standard	Measurement method	Updating frequency	Target
Efficiency in the execution of large advertising projects	Project's satisfaction rate	After-project survey	After each case	
	Overall satisfaction rate	Internal survey on customers' satisfaction	Annual	
Efficiency when undertaking press activities	Number of lost opportunities to have articles written	Statistics	Annual	
	Reaction against urgent requests and crisis events	Response time statistics	Annual	
	Overall satisfaction rate	Internal survey on customers' satisfaction	Annual	
Information management	Number of press releases sent and coordinated press interviews	Statistics	Annual	
	Number of advertising, promotion and PR projects undertaken	Statistics	Annual	
	Number of orders and invoices processed	Statistics	Annual	
Assessment of external need for information about Siemens	Qualitative	Image research (opinion leader segment)	Annual	
	Qualitative	Survey on external customers' satisfaction (Journalists)	Every four years	
Media positioning of SSA and its competitors	IMA and VAP index media portfolio	Management press report	Every two years	
Strategic positioning of competitors' advertising investment	Advertising portfolio	Olivera Bureau Report	Monthly	
Visits to the company's Internet portal	Statistics on number of "unique users", most visited sites and length of visit	Comsat Report	Monthly	

are pursued by certain journalists on a systematic basis. On the other hand, computer-aided research and media analysis stores the information obtained in a database, which facilitates search and thus can be deployed in practically any format requested, with the possibility of looking back on topics or periods such as quarters, semesters or years. It is therefore possible to watch the information trend in both the coverage volume and attitude indices, and to determine whether the media coverage is increasing or decreasing, or whether it is becoming more or less favorable.

In Argentina, Management Press offers a service of similar characteristics, Media Image Indicator, which, however, is not as detailed in its qualitative aspect. Its output is based on the media impact ratio called IMA and the VAP indicator which represents the translation of the net positive space obtained (centimeters of columns, etc.) into advertising rate values (pesos).

As in the case of CARMA, Management Press evaluates the reporting coverage about the company considering the amount and the value characteristics (positive, informative, neutral and negative); size (in the case of

Table IV Innovation and learning perspective (human resources)

Key success factor indicator	Measurement standard	Measurement method	Updating frequency	Target
Benchmark with LA branches	Staff/advertising budget rate	Statistics	Every three years	
	Staff/structure expenses rate	Statistics	Every three years	
Motivation	Satisfaction rate	Working climate survey	Every 18 months	
Skills/competencies	Requested/existing competencies rate	PAMD (planning, analysis and improvement program for staff performance)	Every two years	
	Compensation/job responsibility rate, within the framework of the compensation overall policy	HAY level	Annual	
Innovation/best practices	R&CC as benchmark/best in class	Awards and prizes, articles published EFQM program	Annual	
	Productivity	Productivity rate per employee, according to advertising, press, PR and R&CC management	Annual	

printed media) or airtime (if broadcast on radio or TV) of the information; type of program in which it was shown; type of article; position and quantitative impact (net sales for printed media, audience and ranking for electronic media).

According to the published content, information is divided into:

- Institutional news, in the case of press information originated in the companies.
- Features, when it is simply a descriptive analysis of the news.
- Special reports, when the information expresses conclusions from previous research.
- Opinion articles, when the journalist (or journalists) draw conclusions about news related to the company.
- International agency news, when the news release is generated abroad.

In this way, the IMA image indicator shows the impact and reach of the various news items involving the organization, while it analyses all participating variables, weighting indices per amount of what has been published, the means of communication, placement in said means, the type of information reproduced and its behavior in connection with the company. Thanks to this index, which in turn is weighted by the number of readers or the audience, after some time it is possible to

obtain basic trends about the company's behavior in the different media.

### Measuring Internet presence

The rawest information that may be measured regarding how a site works is that derived from Net traffic. It refers to what is being consumed, equivalent to the concrete flow of contacts and information requests. Available results in this level relate, among others, to:

- visits to the site – either the home page or directly to internal pages;
- length of stay on each page;
- time and days with the highest traffic;
- origin of visitors per country;
- distinction between unique[1], new and frequent users;
- site navigation routes; and
- sites that acted as derivators (e.g. whether they came from a search engine).

At the beginning, hits were the measurable unit. But nowadays this concept is considered a confusing term that, unless duly audited, may overestimate the level of consumption of the site. A hit refers to every time a Web server sends a file to a browser and registers in the server's daily log as a "hit". Each element within a requested page is a hit, i.e. a page

formed by graphs, texts and banners receives as many hits as elements it contains. A page with two graphs registers three hits, one for the page and one for each graph. It is a measure of internal use for Webmasters, since it allows them to measure their server performance, and it is directly related to the complexity of the page. However, it is of little help for communication analysis.

Therefore, programs that aim at the solution of this problem have been developed based on the insertion of a code in the site.

The system works as follows:

- The site places a hidden code, called cookie, in the pages intended to be measured (they may be the home page, some of the internal pages or all of them).
- The measuring company receives the information about the visits to that page.
- The information is analyzed and a report is sent to the site, generally on a monthly basis. In addition, information is available online.

Some of the services that work under this system are Webtrends, Hitbox from Websidestory and Nedstat, all of them readily available on the Web.

Webtrends, known by its visitor relationship management, is one of the most widespread programs. It is the basis of measurements performed, for example, by KPMG.

The Argentine Chamber of Electronic Commerce in Argentina (C@CE) developed its own measurement system based on an *ad hoc* development of I-Team.

Besides traffic measurement, there are ways to better know the Internet audience and to provide information that may be equivalent to television rating thanks to its usefulness and reliability. At this level, we can find Media Métrix (represented by Ipsos in Argentina), ACNielsen with its Net Ratings system, domestically run by Ibope, and Milward Brown Interactive.

All this research work is based on audience measurement systems relying on the creation of users' panels. In contrast with traffic measurement (which provides limited information), in this case it is possible to set a user's profile. Samples are created based on media consumption, as Ipsos' Overall Media Study or Ibope's TGInet.

Anyhow, the ideal measurement should be threefold: traffic, detailed audience information, and data obtained from

company-owned records as in the case of Yahoo!, which invites visitors to belong to a consumers' registry willing to respond to different types of requirements: telephone surveys, focus groups, online surveys, invitations to participate in a study about how they use the Net from their offices or their home.

### Evaluation of prestige rankings published in the media

Rankings or surveys as to image, prestige or reputation published by some media such as *Fortune* in the USA, *Manager Magazin* from Germany or the *Negocios* magazine and the *Clarín* newspaper in Argentina, are to be handled with care, and their value is relative. Under no circumstances can they replace thorough research about a specific company's image.

Many company directors usually consider these rankings very seriously, to the extent that they evaluate – list in hand – the efficiency of their communications and/or external relations according to the results of these surveys. Strictly speaking, it is technically incorrect to consider these scales as the parameter of the good or bad image management undertaken by organizations. First, because the companies' industry has an impact on their image. Thus, the reputation impact of Armani, Gucci, or American Airlines will always be different from that of, for example, home garbage collection companies such as West Management or Manliba, or railway services such as TBA. Although home garbage collection may be always punctual, a businessperson or a consumer is unlikely to rank Manliba as the company with the best image compared with, for instance, a well-known manufacturer of luxury products such as Rolex.

The problem of rankings published by the media results from the mix of companies of different natures in the same list. How does a company with an exclusive, limited target compare with a public utilities company? Under what circumstances can water or gas distribution be compared with the purchase of a Mercedes Benz? Who would spontaneously think of comparing a certain credit card (whose advertising message may impose a certain quality such as "the privilege of

belonging”) with the subway service, where one sporadic incident of a late service – perhaps not even resulting from the company’s actions – leaves the company open to permanent public exposure and rating, on a daily basis and for a large number of reasons?

On the other hand, there is confusion between the concepts of brand awareness and image. In general, responses to a prestige survey are more related to the spontaneous awareness about the brand than to the concrete, particular attributes being studied in the survey. This is so because, in most cases, respondents are not directly related to the companies about which they are expected to answer.

In an image research study specially designed for a company, respondents are generally customers, potential customers (they know the company but they do not buy from it), or opinion leaders with a minimum level of information and can give a genuine judgement about the different attributes of the company. On the contrary, in the surveys to establish rankings of prestige, the determining and almost excluding factor is the company’s communication, basically advertising and its resulting brand awareness.

Anyway, it is possible to distrust the level of credibility and usefulness of these rankings; they can be criticized or discredited. But they cannot be ignored. It should be remembered that when we speak about image we do not speak about realities but about the respondents’ perception of reality about the company in question. And the fact that a company may be included or not in these rankings, or may rank in a higher or lower position, has an impact on its image among the audience exposed to such rankings.

### Measurements of internal communications

One way to start measuring internal communications is through an audit. The internal communications audit is very much like an annual medical check-up. It may confirm what we already know – that we are healthy; it may reveal a problem area we ignored; or it may show we are somewhere between these two ends.

As in the medical check-up, an audit detects symptoms that should be carefully analyzed; from those symptoms, a trained professional

should perform a thorough diagnosis, and suggest and implement the most suitable treatment. In medicine this professional is a doctor; in our profession it is you and me.

Specifically, a duly performed audit may show, for instance:

- The level of credibility of management among the staff.
- Employees’ knowledge about and attitude towards the company.
- The way employees have internalized the company’s vision, mission, strategic objectives and values.
- The extent to which feedback programs are working in the organization.
- The efficiency of formal channels of communications.
- The way managers, chiefs and supervisors handle communications with their employees.
- The relevance and timeliness for the staff of the information provided about the organization.

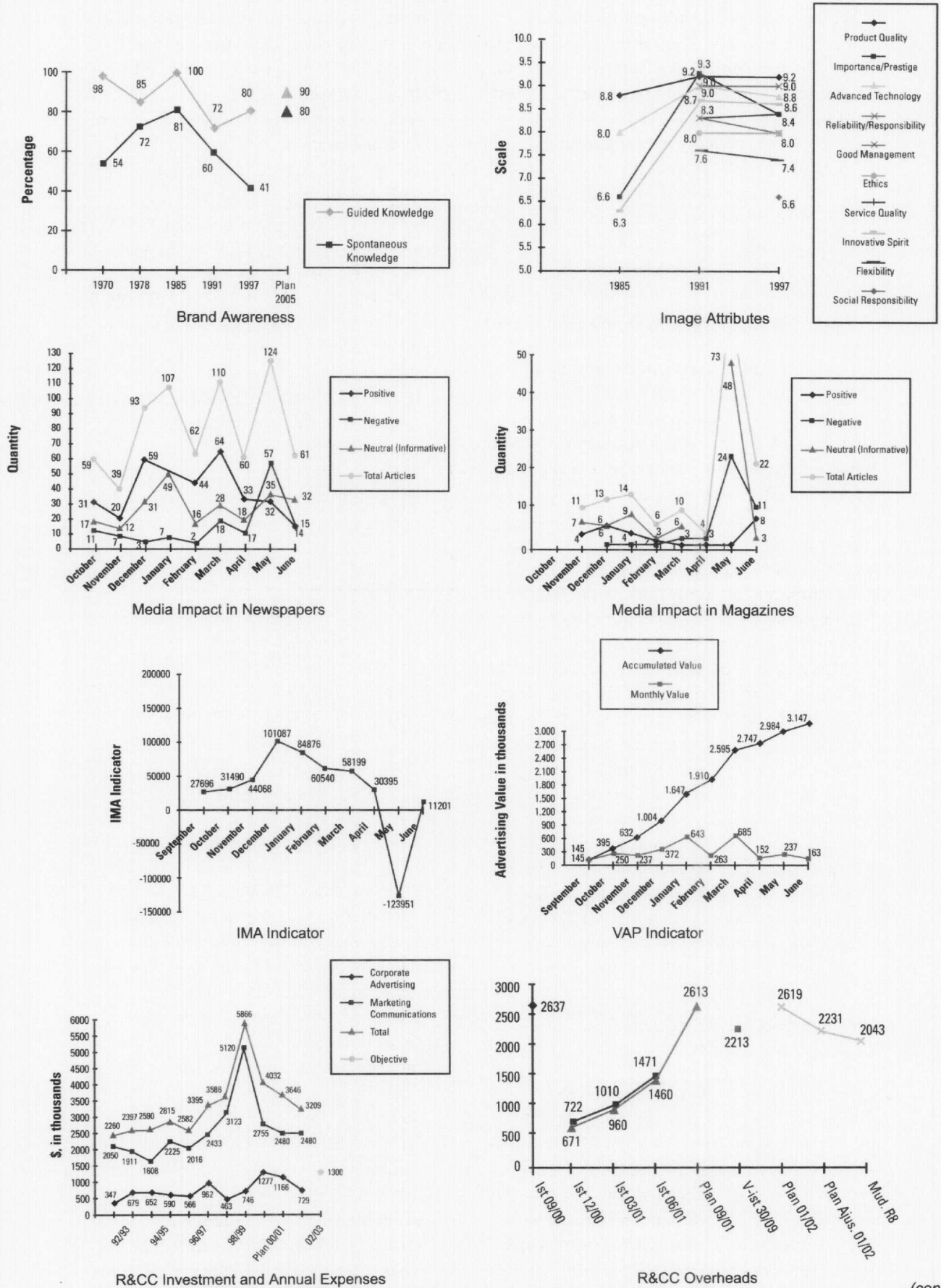
One of the simplest methods of carrying out an internal communications audit is to add the relevant questionnaire to the survey about working climate conducted by the company. In this way, a representative sample is guaranteed, since research on working climate generally comprises all the organization’s staff.

### Scorecards representation

Now that the outlook is clear and you have defined what you can and want to measure, how can you represent the data obtained? When designing the scorecards’ graphic representation, you will choose the most suitable and convenient way. It is important to bear in mind the following:

- (1) Have your scorecards adapt to the look of those that are already in use in your organization. It facilitates their identification, reading and integration within the company’s BSC system.
- (2) Design them in the simplest possible way. A difficult-to-read instrument requires an interpretation effort that may divert from the attention focus. Remember: the graph should quickly indicate where you are, where you are heading (the trend) and which is your target.
- (3) Automate the creation of your scorecards and avoid having only one specialist for

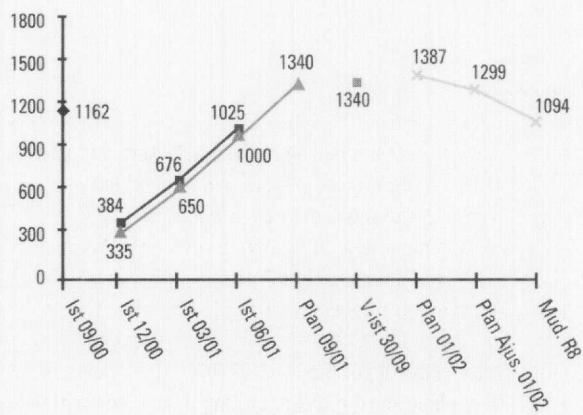
Figure 6 Examples of scorecards



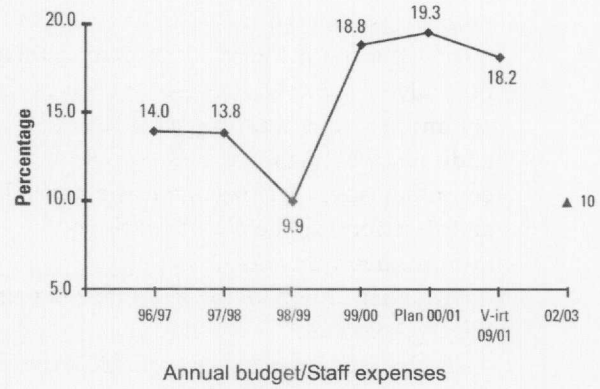
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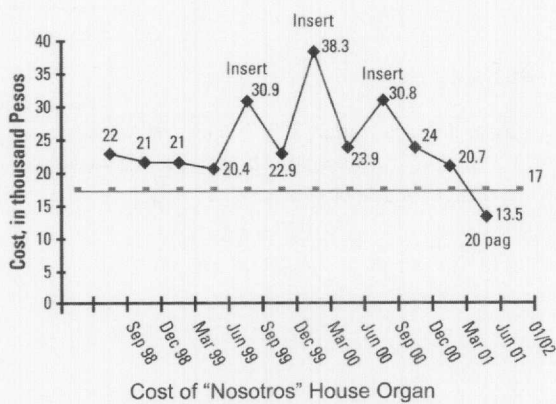
Figure 6



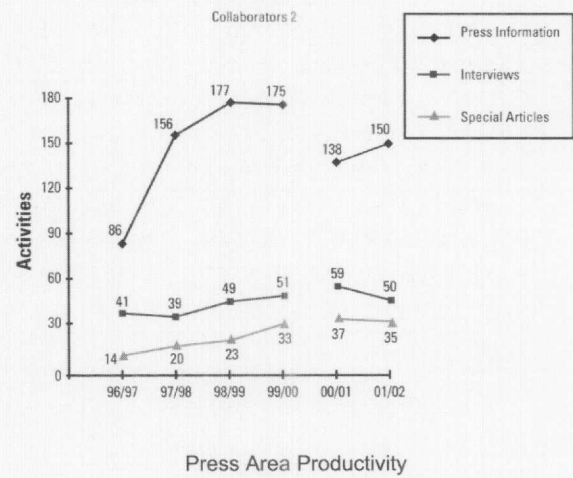
R&CC structure-related expenses



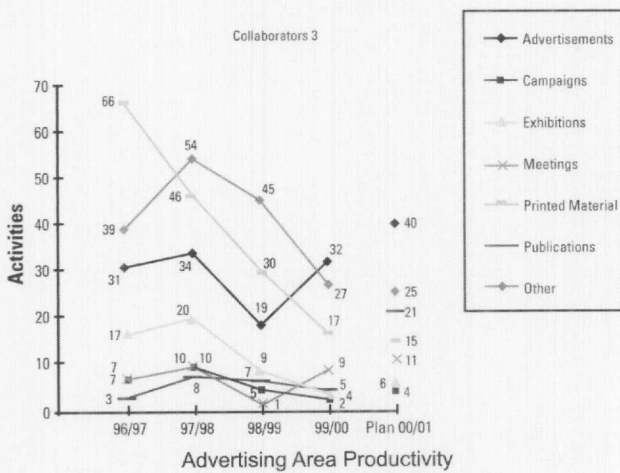
Annual budget/Staff expenses



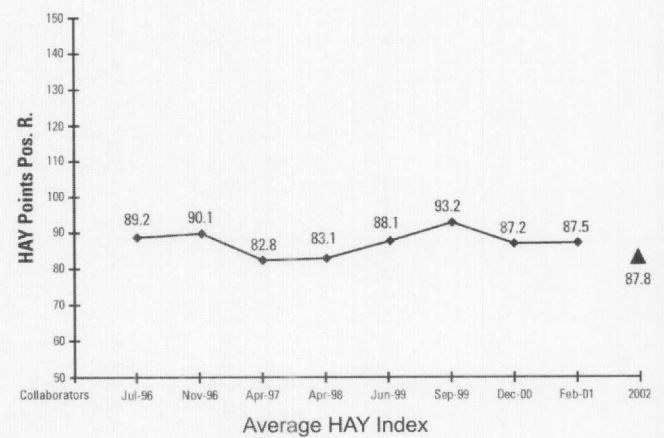
Cost of "Nosotros" House Organ



Press Area Productivity



Advertising Area Productivity



Average HAY Index

such a task. When he/she is not out there, you will be left without your updated scorecard.

- (4) Your BSC should be maintained easily. If possible, use user-friendly software, used throughout your organization. Many companies prefer to map their BSCs with Microsoft Office Excel because it is very widely used and is included in most computers. There are, however, much more sophisticated programs, such as

Gentia, from Gentia Software (an excellent demo is available at <http://www.gentia.com/>), which automates the feedback and status monitoring of each target in the causal chain. The morphology of scorecards used in the Siemens SA communications area in Argentina has been aligned with those belonging to the rest of the organization, and they are created in Excel. Figure 6 shows some examples

## Conclusion

Balanced scorecards have proved to be a powerful tool for the strategic management not only of the overall company, but of the communications area in particular. In addition, they highlight that corporate communications management is measurable and therefore the object of continuous improvement, through a strategic management method aligned with the rest of the organization.

On the other hand, through BSCs the various aspects of the organization of the communications area and their related processes become visible; they also tell us what is working and what is not, what is to be repaired immediately and what may have another priority, which is the long-term impact of the current communications policy and how we should respond to internal and external forces of change. But, essentially, they tell us how our communications strategy

is advancing in line with the corporate vision and strategy.

## Note

- 1 Unique users are individual (unique) users that visit a site during a given period. If the identified user visits the site more than once during the measurement time, it is only counted once. "Unique users" or "unique visitors" are recognized by the site through a registration or identification system by "cookies". "Cookies" are files that store information about the user and his or her computer. They allow for the distinguishing of one computer from another and the analysis of certain behavior patterns displayed by users.

## Reference

- Kaplan, R.S. and Norton, D.P. (1996), *The Balanced Scorecard; Translating Strategy into Action*, Harvard Business School Press, Boston, MA.