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Appendix

Building a Balanced Scorecard

CONSTRUCTING AN ORGANIZATION'S first Balanced Scorecard can be accomplished by a systematic process that builds consensus and clarity about how to translate a unit's mission and strategy into operational objectives and measures. The project requires an architect who can frame and facilitate the process, and collect relevant background information for constructing the scorecard. But the scorecard should represent the collective wisdom and energies of the senior executive team of the business unit. Unless this team is fully engaged in the process, a successful outcome is unlikely. Without the active sponsorship and participation of the senior executives, a scorecard project should not be initiated. It will surely fail without leadership and commitment at the top.

We are aware of two instances where an excellent scorecard was built by a very senior staff executive without actively engaging the senior management team in the process. In one company, the scorecard was developed by the chief financial officer, and in the other by the senior vice president of business development. In both companies, the executive was a member of the most senior executive team, an active, contributing participant in all senior executive strategy-setting and management meetings. Because of their high-level involvement with corporate strategy, both individuals produced scorecards that accurately captured the strategy, customer focus, and critical internal processes of their companies. Their scorecards were accepted as accurate representations of the organizations' critical objectives and measures. But in both instances, the scorecard ultimately did not drive change or become an integral part of the companies' management processes. We believe this disappointing outcome occurred because of the lack of senior executive involvement in the process and a lack of consensus about the role for the Balanced Scorecard. The scorecard project was likely viewed, in both organizations, as a staff-led initiative to improve a measurement system, not to make fundamental changes in the way the organization viewed or managed itself.

ESTABLISH OBJECTIVES FOR THE BALANCED SCORECARD PROGRAM

The first step for building a successful Balanced Scorecard is to gain consensus and support among senior management on why the scorecard is being developed. Many managers find the conceptual appeal of a Balanced Scorecard to be obvious. They see the shortcomings of limited financial measurement and need little prompting to develop a more balanced approach. The conceptual appeal of the scorecard, however, is not a sufficient reason to embark on such a program. When the process is launched, the senior executive team should identify and agree on the principal purposes for the project. The program objectives will help to:

- guide the construction of objectives and measures for the scorecard,
- gain commitment among the project participants, and
- clarify the framework for implementation and management processes that must follow the construction of the initial scorecard.

We illustrate here, with actual examples, some of the many initial reasons for developing a Balanced Scorecard.

Obtain Clarity and Consensus About Strategy

Chem-Pro, a manufacturer of polymer-based industrial products, had recently reorganized to become more customer-focused. Its traditional functional organization had been replaced by one designed around lines-of-business (LOB) and business processes. In addition, senior management had also identified four critical business processes that it must improve and excel at: order generation, product management, order fulfillment, and production. Each of the five lines-of-business had different requirements for the four processes. For example, the consumer group distributed large numbers of standardized products through retail channels, while the precision group worked with the engineers of a small number of very large customers to define the product specifications for new chemicals. Obviously, each of the four critical business processes had to be customized to the different needs of each LOB.

The Balanced Scorecard for Chem-Pro began by defining a standard corporate template that clarified the strategic priorities for all the LOBs in the new organization. Each line-of-business then developed its particular strategy, consistent with corporate priorities. At that stage, the LOB scorecards were communicated to the new managers of the four business processes so that they could develop programs that would meet the specific objectives of the individual LOBs. The sequential process of:

- defining objectives and measures at the corporate level,
- linking corporate objectives to individual LOB objectives and measures, and
- linking LOB objectives and measures to critical business processes

enabled Chem-Pro to introduce a complex organizational change—from functional specialization to customer-based line-of-businesses and customer-focused business processes—in a manner that gained acceptance, buy-in, and involvement by everyone.

Achieve Focus

Metro Bank initiated its Balanced Scorecard to achieve focus. Metro was the surviving entity of a merger of two highly competitive banks in the same region. The agendas of the two parents had never been fully rationalized into a common vision. At the same time, without having achieved a synthesis or consensus on an operating style and strategy for the new Metro Bank, managers had launched a major transformation program in order to be more innovative and to create a bank tailored for the twenty-first century. Unfortunately, the transformation program had gone wild, leaving the bank with more than 70 different action programs, each competing for management time and resources.

The CEO of the bank saw the Balanced Scorecard as a way to bring the organization together. By clarifying the strategic objectives and identifying the critical few drivers, Metro was able to create consensus and teamwork among all the senior executives, regardless of which bank they came from or which functional organization they represented. Further, the scorecard created a vehicle to set priorities, to consolidate and to integrate the many change programs currently under way. The result was a much more manageable set of strategic initiatives, all focused on achieving specific objectives of acknowledged strategic importance.

Decentralization and Leadership Development

The CEO of Pioneer Petroleum wanted to decentralize and disperse the power currently invested in a highly centralized functional organization. He created 14 new strategic business units whose mission was to be intensely customer-focused, and to reduce and eventually eliminate all unnecessary (non-value-added) costs. The leaders of the new SBUs, however, had all grown up in the old, centralized Pioneer culture, where they had learned to carry out orders. They had no experience in formulating their own strategies and managing the process by which these strategies would be implemented. Pioneer's CEO was concerned that the new SBU heads did not have enough executive experience to implement the new decentralization strategy.

The CEO engaged the senior management team in a scorecard process to facilitate the development of executive leadership among the 14 SBU heads. The team developed a corporate template that defined the strategic priorities. This template became the corporate Balanced Scorecard. Each SBU head then used the corporate scorecard as the starting point to formulate the unique SBU-level strategy. The SBU executive teams began with an off-site session to clarify the mission, vision, and values of their new organizations. The session continued by developing an SBU Balanced Scorecard that could be reviewed at the corporate level. The development of the scorecards brought the executives of the 14 new businesses together to begin working as a team. The articulation of the shared vision for the SBU proved to be the perfect vehicle for the team-building and strategy development processes. The corporate template was helpful in guiding their thinking and in reducing the risk associated with independently developing an SBU strategy for the first time. The creativity and energies of the SBU executive team could be focused along the dimensions defined in the corporate strategy.

The corporate review was also valuable in ensuring, before implementation, that the SBU strategies were acceptable to corporate. The entire process gave the CEO an opportunity to develop new skills among the SBU executives about how to formulate and manage business unit strategies. Although leadership development is an ongoing process, Pioneer's CEO used the preparation of corporate and SBU Balanced Scorecards as an effective first step.

Strategic Intervention

Kenyon Stores, unlike Pioneer Petroleum, was already decentralized. Its market-based SBUs specialized in fashion apparel for different customer segments. Each pursued its own strategy for fashion, targeting markets, and sourcing goods. Kenyon's CEO was convinced, however, that the highly decentralized approach led to lost opportunities for higher growth and increased profitability. The decentralized approach was ideal when the organization was smaller and its mission was to be close to trends and fashion requirements for targeted customer segments. But each SBU was approaching the size that the corporation itself had been only five years earlier. This scale dramatically changed the strategic agenda, requiring an SBU president to become more of a strategist and less of a merchant. The CEO saw the Balanced Scorecard as a way to get personally involved with the SBU presidents, helping them develop as business heads and assisting them in developing strategies for future growth.

Kenyon's CEO used the Balanced Scorecard to create a corporate strategic agenda. Along with the SBU presidents, he defined 10 issues (see Chapters 8 and 12) for which each SBU had to establish its own specific objectives and mechanisms for achievement in their individual Balanced Scorecards.

The corporate and SBU executive teams launched the annual long-range planning process around discussion of how each SBU would deliver on these 10 issues. This dialogue enabled the SBU presidents to build their long-range plans around the scorecard framework. The 10 issues provided a mechanism for integrating the SBU strategies into the corporate agenda. The process engaged the CEO in shaping the strategy of the organization instead of just reviewing results after the fact. More important, the process gave the CEO a vehicle to work with the previously autonomous SBU presidents. He used the process to help educate, stretch, and stimulate them.

In summary, the initial impetus for constructing a Balanced Scorecard can arise from the need to:

- clarify and gain consensus about vision and strategy,
- build a management team,
- communicate the strategy,
- link reward to achieving strategic objectives,
- set strategic targets,
- align resources and strategic initiatives,
- sustain investment in intellectual and intangible assets, or
- provide a foundation for strategic learning.

The selection of the objectives for the scorecard project at the outset is not to constrain the subsequent uses of the scorecard. In general, as described in Chapter 12, we have seen the role of the scorecard grow and expand through the implementation process. But the initial set of objectives will serve to motivate and communicate why the organization is going through the exercise, and will help sustain the program if interest and commitment should decline.

THE PLAYERS

Once agreement on the objectives and future role for the Balanced Scorecard has been reached, the organization should select the person who will serve as the architect, or project leader, for the scorecard. The architect will own and maintain the framework, philosophy, and methodology for designing and developing the scorecard. Of course, any good architect requires a client, which in this case is the senior management team. As in any building project, the client must be totally engaged in the development process, since the client will assume ultimate ownership of the scorecard and will lead the management processes associated with using it.

The architect guides the process, oversees the scheduling of meetings and interviews, ensures that adequate documentation, background readings, and market and competitive information are available to the project team, and, in general, serves to keep the process on track and on schedule. The architect, over the course of facilitating the construction of the initial scorecard, must manage both a cognitive, analytic process—translating soft, general statements about strategy and intent into explicit, measurable objectives—and an interpersonal, even emotional, process of team building and conflict resolution.

The architect, in our experience, has been a senior staff manager in the organization. We have seen people from a broad range of backgrounds managing and facilitating the development process of a Balanced Scorecard in their firms:

- Vice president of strategic planning or business development
- Vice president of quality management[1]
- Vice president of finance, or divisional controller[2]

Some organizations have used outside consultants to assist the internal architect for the scorecard development process.

BUILDING A BALANCED SCORECARD: THE PROCESS

Each organization is unique and may wish to follow its own path for building a Balanced Scorecard. We can describe, however, a typical and systematic development plan that we have used to create scorecards in dozens of organizations. If executed properly, the four-step process will encourage commitment to the scorecard among senior and mid-level managers and produce a "good" Balanced Scorecard that will help these managers achieve their program objectives.

Define the Measurement Architecture

TASK 1. SELECT THE APPROPRIATE ORGANIZATIONAL UNIT

The architect must, in consultation with the senior executive team, define the business unit for which a top-level scorecard is appropriate. Most corporations are sufficiently diverse that constructing a corporate-level scorecard may be a difficult first task. The initial scorecard process works best in a strategic business unit, ideally one that conducts activities across an entire value chain: innovation, operations, marketing, selling, and service. Such an SBU would have its own products and customers, marketing and distribution channels, and production facilities. It should be one where it is relatively easy to construct summary financial performance measures, without the complications (and arguments) related to cost allocations and transfer prices of products and services from or to other organizational units.

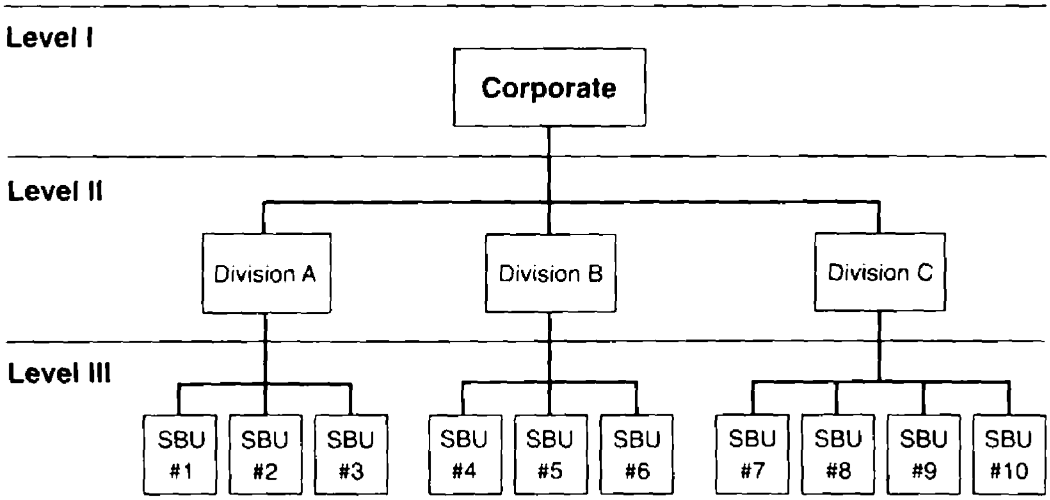
Figure A-1 shows a typical structure for a hierarchically organized multinational company. The natural setting for a Balanced Scorecard is at level III of such an organization.

If the organizational unit is defined too narrowly (say, within an SBU at level III of Figure A-1), it may be difficult to define a coherent, self-contained strategy. For example, a scorecard for a single functional department or for a single initiative may have too narrow a scope. A set of key performance indicators would likely be sufficient for such a narrow purpose. But Balanced Scorecards have been developed for complex support functions, joint ventures, and not-for-profits. The relevant question is whether the proposed organizational unit has (or should have) a strategy to accomplish its mission. If yes, the unit is a valid candidate for a Balanced Scorecard.

In one application, we worked with a large gas and chemical company. The operating units of the company included:

- a regulated, monopoly-provider of natural gas to local customers

Figure A-1 Define and Clarify the Business Unit



- an unregulated, competitive supplier of natural gas to national customers
- a basic chemicals company
- a gas services consulting company

Originally asked to facilitate the development of the company scorecard, we soon determined that even though many corporate resources and services served all operating units, the operations of each unit company were so diverse that separate scorecards for the different units made more sense than attempting to start by building a corporate scorecard.

TASK 2. IDENTIFY SBU/CORPORATE LINKAGES

Once the SBU has been defined and selected, the architect should learn about the relationship of the SBU to other SBUs and to the divisional and corporate organization. The architect conducts interviews with key senior divisional and corporate executives to learn about:

- Financial objectives for the SBU (growth, profitability, cash flow, harvest)[3]
- Overriding corporate themes (environment, safety, employee policies, community relations, quality, price competitiveness, innovation)
- Linkages to other SBUs (common customers, core competencies, opportunities for integrated approaches to customers, internal supplier/customer relationships)

This knowledge is vital to guide the development process so that the SBU does not develop objectives and measures that optimize the SBU at the expense of other SBUs or the entire corporation. The identification of SBU/corporate linkages makes visible both constraints and opportunities that might not be apparent if the SBU were considered as a completely independent organizational unit.

Build Consensus around Strategic Objectives

TASK 3. CONDUCT FIRST ROUND OF INTERVIEWS

The architect prepares background material on the Balanced Scorecard as well as internal documents on the company's and SBU's vision, mission, and strategy. This material is supplied to each senior manager in the business unit—typically between 6 and 12 executives. The architect should also acquire information on the industry and competitive environment of the SBU, including significant trends in market size and growth, competitors and competitor offerings, customer preferences, and technological developments.

After the senior executives have had an opportunity to review the material, the architect conducts interviews of approximately 90 minutes each with the senior managers. During these interviews, the architect obtains their input on the company's strategic objectives and tentative proposals for Balanced Scorecard measures across the four perspectives. While we, for simplicity, will refer to the architect as a single person, in fact, the interview process and subsequent synthesis of information is best done by a group of two or three individuals. The architect, as the leader of the team, will typically conduct the actual interview, asking questions and probing after responses. One person may concentrate on the actual objectives and measures specified by the executive; another attempts to capture quotes that serve to flesh out and give more meaning and context to the objectives and measures. The interviews can be free flowing and unstructured, but the interview process, as well as the aggregation of information supplied by the executives, will be facilitated if the architect uses a common set of questions and offers a common set of potential responses.

The interviews accomplish several important objectives, some obvious, others less so. The explicit objectives are to introduce the concept of the Balanced Scorecard to senior managers, to respond to questions they have about the concept, and to get their initial input about the organization's strategy, and how this translates into objectives and measures for the scorecard. The implicit objectives include beginning the process of having top management think about translating strategy and objectives into tangible, operational measures, learning about the concerns that key individuals may have about developing and implementing the scorecard, and identifying potential conflicts among the key participants either in their views of the strategy and objectives or at a personal or interfunctional level.

TASK 4. SYNTHESIS SESSION

After all the interviews have been conducted, the architect and other members of the design team meet to discuss the responses in the interviews, highlight issues, and develop a tentative list of objectives and measures that will provide the basis for the first meeting of the top management team. The team members can also discuss their impressions about the personal and organizational resistance to the Balanced Scorecard and to the change in management processes that will follow the introduction of the scorecard.

The output of the synthesis session should be a listing and ranking of objectives in the four perspectives. Each perspective and objective within the perspective will be accompanied by anonymous quotes from the executives that explain and support the objectives, and that identify issues for the executive team to resolve. The team should attempt to determine whether the tentative list of prioritized objectives represents the business unit's strategy, and whether the objectives across the four perspectives appear to be linked in cause-and-effect relationships. These observations can serve as discussion questions during the executive workshop to follow.

TASK 5. EXECUTIVE WORKSHOP: FIRST ROUND

The architect schedules and conducts a meeting with the top management team to begin the process of gaining consensus on the scorecard. During the workshop, the architect facilitates a group debate on the mission and strategy statements until a consensus is reached. The group then moves from the mission and strategy statement to answer the question, "If I succeed with my vision and strategy, how will my performance differ for shareholders, for customers, for internal business processes, and for my ability to grow and improve?" Each perspective is addressed sequentially.

The architect shows the proposed objectives, their rankings, and associated quotes from the interviews. The architect can show videotapes of interviews with shareholder and customer representatives to add an external perspective to the deliberations. Usually, the group will be deliberating on far more than four or five measures for each perspective. Each objective should be discussed in its own right, not compared to other candidates, so that its specific relevance, strengths, and weaknesses can be fully explored. At this time, narrowing the choices is not critical, though straw votes can be taken to see whether some of the proposed measures are viewed as low priority by the group.

After all the candidate objectives for a perspective have been introduced and discussed, the group votes on the top three to four candidates. This can be done in a variety of ways: written ballots, show of hands, or giving each person three green dots and asking him or her to place a dot next to each objective considered the most important. For the highest-ranked objectives, the architect and the team will draft a one-sentence or one-paragraph description. If time permits, the architect can ask the group to brainstorm on measures for the objectives.

The executive team should be divided into four subgroups, each responsible for one of the perspectives. One executive from each subgroup is chosen to lead the subgroup for the next stage of the process. In addition to the senior executives, representatives from the next levels of management and key functional managers should be included in the four- to six-person subgroups to broaden the base of deliberations and consensus.

By the end of the workshop, the executive team will have identified three to four strategic objectives for each perspective, a detailed descriptive statement for each objective, and a list of potential measures for each objective. After the meeting, the architect prepares and distributes a post-workshop document that summarizes the accomplishments, and lists the composition and leader of the four subgroups.

Select and Design Measures

TASK 6. SUBGROUP MEETINGS

The architect works with the individual subgroups for several meetings. During these meetings, the subgroup attempts to accomplish four principal objectives:

1. Refine the wording of the strategic objectives in line with the intentions expressed in the first executive workshop.
2. For each objective, identify the measure or measures that best capture and communicate the intention of the objective.
3. For each proposed measure, identify the sources of the necessary information and the actions that may be required to make this information accessible.
4. For each perspective, identify the key linkages among the measures within the perspective, as well as between this perspective and the other scorecard perspectives. Attempt to identify how each measure influences the other.

In facilitating these meetings, a skilled architect draws upon the underlying frameworks for the four perspectives discussed in Part One, as well as the linkages between measures, both within and across perspectives, that describe the cause-and-effect relationships underlying the strategy.

THE ART OF SELECTING AND DESIGNING MEASURES

The essential objective in selecting specific measures for a scorecard is to identify the measure that best communicates the meaning of a strategy. Since every strategy is unique, every scorecard should be unique and contain several unique measures. As we discussed in Chapter 7, however, certain core outcome measures appear repeatedly on scorecards. We have identified these as:

Core Financial Measures

- Return-on-investment/economic value-added
- Profitability
- Revenue growth/mix
- Cost reduction productivity

Core Customer Measures

- Market share
- Customer acquisition
- Customer retention
- Customer profitability
- Customer satisfaction

Core Learning and Growth Measures

- Employee satisfaction
- Employee retention
- Employee productivity

While most scorecards will draw heavily from the core outcome measures, the art of defining measures for a scorecard rests with the performance drivers. These are the measures that make things happen, that enable the core outcome measures to be achieved. The discussion of objectives and measures in Chapters 3 through 7 (including the appendices to Chapters 4 and 5) should help the architect and the subgroup team devise performance driver measures in the four perspectives that will communicate, implement, and monitor the business unit's unique strategy.

The final output from the subgroups should be, for each perspective:

- A list of the objectives for the perspective, accompanied by a detailed description of each objective;
- A description of the measures for each objective;
- An illustration of how each measure can be quantified and displayed; and
- A graphic model of how the measures are linked within the perspective and to measures or objectives in other perspectives.

When these outputs have been accomplished, the architect can schedule the second executive workshop.

TASK 7. EXECUTIVE WORKSHOP: SECOND ROUND

A second workshop, involving the senior management team, their direct subordinates, and a larger number of middle managers, debates the organization's vision, strategy statements, and the tentative objectives and measures for the scorecard. The output from the subgroups should be presented by executives in the subgroups, not by the architect or external or internal consultants to the subgroup. The presentations help build ownership for the objectives and measures, as well as for the entire scorecard-development process. The participants, either in a plenary session or in working groups, comment on the proposed measures, and start developing an implementation plan. A good focus for this second workshop is to be able, at the end, to sketch out a brochure to communicate the scorecard intentions and contents to all employees of the business unit. A secondary objective would be to encourage participants to formulate stretch objectives for each of the proposed measures, including targeted rates of improvement. Depending on the type of measure under consideration and the organization's philosophy about target setting, a variety of approaches can be employed—from benchmarking to rates of change—for specifying targets to be achieved by the next three to five years.

Build the Implementation Plan

TASK 8. DEVELOP THE IMPLEMENTATION PLAN

A newly formed team, often made up of the leaders of each subgroup, formalizes the stretch targets and develops an implementation plan for the scorecard. This plan should include how the measures are to be linked to data base and information systems, communicating the Balanced Scorecard throughout the organization, and encouraging and facilitating the development of second-level metrics for decentralized units. As a result of this process, an entirely new executive information system that links top-level business unit metrics down through shop floor and site-specific operational measures could be developed.

TASK 9. EXECUTIVE WORKSHOP: THIRD ROUND

The senior executive team meets for a third time to reach a final consensus on the vision, objectives, and measurements developed in the first two workshops, and to validate the stretch targets proposed by the implementation team. The executive workshop also identifies preliminary action programs to achieve the targets. This process usually ends up by aligning the unit's various change initiatives to the scorecard objectives, measures, and targets. The executive team, by the end of the workshop, should agree on an implementation program to communicate the scorecard to employees, integrate the scorecard into a management philosophy, and develop an information system to support the scorecard.

TASK 10. FINALIZE THE IMPLEMENTATION PLAN

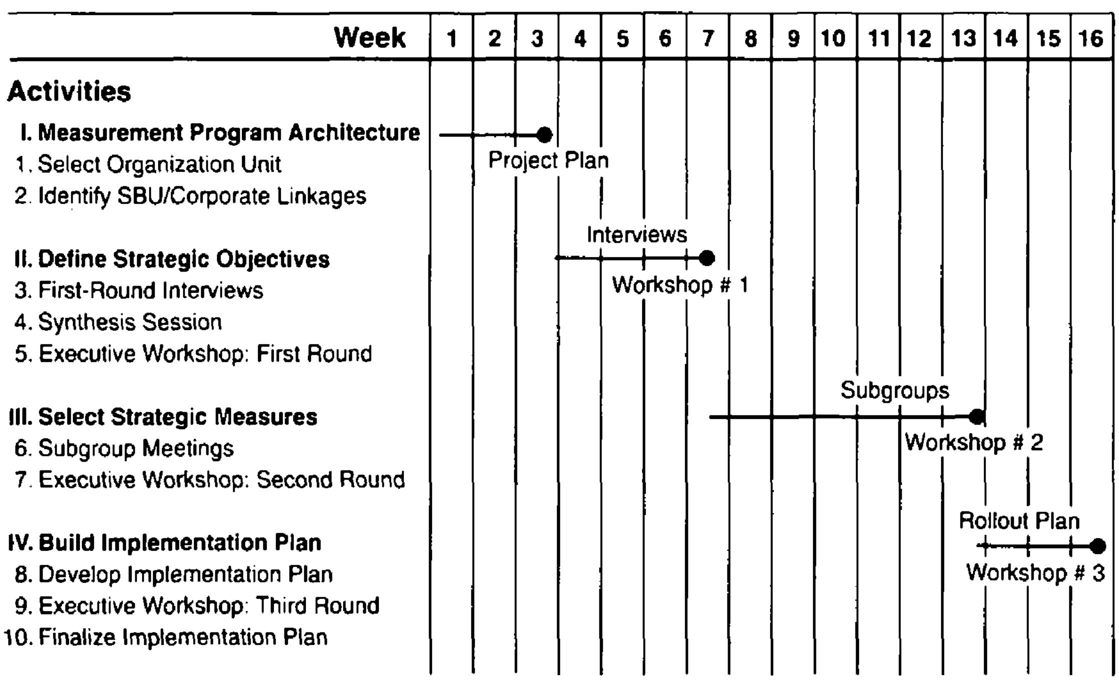
For a Balanced Scorecard to create value, it must be integrated into the organization's management system. Our recommendation is that management begin using the Balanced Scorecard within 60 days. Obviously a phase-in plan must be developed, but the "best available" information should be used to focus the management agenda, consistent with the priorities of the scorecard. Ultimately, the management information systems will catch up to the process.

TIME FRAME FOR IMPLEMENTATION

A typical scorecard rollout project can last for 16 weeks (see timeline in Figure A-2). Obviously, not all of this time is taken up with scorecard activities. The schedule is largely determined by senior executives' availability for interviews, workshops, and subgroup meetings. If people are available, on demand to the project—an admittedly unlikely situation—the time schedule can be compressed. An advantage of doing the project over a 16-week period is that the senior executive team has time between scheduled events—interviews, executive workshops, and subgroup meetings—to contemplate and reflect on the evolving structure of the Balanced Scorecard and the strategy, the information system, and, most important, the management processes that it will signify.

The architect's (and consultants') involvement is heavy at the front end of this timetable, up to about the end of week 6 when the first executive workshop is held. In the second half of the timetable, the client, the senior executive team, should be taking more responsibility for development of the scorecard. The architect then shifts to a staff and facilitating role, helping schedule the subgroup meetings and assisting in the conduct of these meetings. The more that the senior executive teams are responsible for the subgroup meetings and the subsequent executive workshops, the more likely that the Balanced Scorecard project will culminate in a new approach for managing the business.

Figure A-2 A Typical Balanced Scorecard Timeline



This schedule assumes that the business unit has already formulated its strategy and has market and customer research available that can inform decisions on market segmentation and the value propositions to be delivered to customers in targeted market segments. If the business unit must do a strategic analysis of its industry so that it can make fundamental choices about market, product, and technology strategies, or if it must conduct more detailed market research, the schedule will be extended by the amount of time required for these tasks.

At the completion of the project schedule, the senior and top middle managers of the business unit should have obtained clarity and consensus on the translation of the strategy into specific objectives and measures for the four perspectives, agreed on a rollout plan to implement the scorecard, including, perhaps, new systems and responsibilities for capturing and reporting data for the scorecard, and have a broad understanding of the management processes that will be changed as a result of having scorecard measures at the heart of the organization's management systems.

SUMMARY

Our experience has shown that an organization's first Balanced Scorecard can be created over a 16-week period. At that point, an organization is moving toward implementation where it can make the Balanced Scorecard the cornerstone of its management systems, as described in Part Two of the book.

NOTES

1. The title of such a person varies. We have seen such titles as VP quality improvement and productivity, VP continuous improvement, VP business process redesign (or reengineering), and VP process improvement.
2. Simplifying, but only slightly, we have seen two types of financial officers in organizations. The first type views his or her role as a change agent in the organization. This person understands the limitations of using only financial measures of past results for guiding the organization in its new competitive environment, and wants the finance group to use its capabilities in data gathering, information systems, measurement, and auditing to develop and operate new systems of measurement, communication, and control. Such a finance executive could indeed be an architect and, subsequently, the process owner of the unit's Balanced Scorecard. The second type of financial officer, however, jealously guards the objectivity, auditability, and integrity of the financial numbers cur-

rently being produced. This officer feels that adding softer, more subjective, and less auditable numbers to the responsibility of the finance organization will dilute its fundamental mission and compromise its ability to measure and control the financial numbers to the high-quality standards established over decades of practice. This second type of financial officer, typically from an accounting and auditing background, is not a good candidate to be the architect for the Balanced Scorecard project, nor, subsequently, to maintain it as a central management system.

3. The chief financial officer and either the chief executive officer or the chief operating officer should be interviewed to learn about the financial objectives for the SBU.