

When innovation mimics the intellect: the Balanced Scorecard

SI MOHAND Mounir,

University of Algiers 1, m.simohand@univ-alger.dz

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Abstract :

This paper is an attempt to clarify the different claims, applications and theoretical background of the balanced scorecard (BSC), to permit a definitive understanding of it. We will shed light on specific lines and ambiguities that could possibly trouble many readers and users of the BSC. We reach the conclusion that the BSC has an original yet very simple structure and principles that appears to fit the organization's financial needs. However fails to fulfill what we could expect from academic innovations, but remains dangerously weak compared to higher standards. We also hypothesize that its popularity is due to the extreme lack of intellectual culture in organizations, where basic processes are not performed, and that could stem from a hidden intellectual crisis.

Keywords : Scorecards, management, organization, measurement.

Jel Classification Codes : M1, M21

1. INTRODUCTION

If we conceptually deconstruct the structure of business management as a general frame that summarizes the most important keys of its application, we will come with several fundamental and general concepts:

- Means, resources, tasks, goals.
- Profitability, returns, efficacy, performance, sustainability, growth.
- Coordination, administration, animation, communication, leadership.
- Planning, control, reporting, analyzes, monitoring, incentive.
- Budgets, costs, risks, data, information, estimations, results.
- Units, functions, teams, managers, leaders.

We can use a hierarchy that distinguishes between classical and new keys, primary and secondary keys, pertinent and non-pertinent keys. Each of them is either born from the observation of scholars or the experience and expertise of the managers creating a large normative frame. Now, we can divide each of these general concepts into subcategories; for example, we can divide resources into financial resources and human resources. Other questions become directly involved almost with an endless succession: how do we obtain these resources, how much of these resources do we need, where to allocate these resources, what will it cost us...etc. The biggest challenge here for organizations is not only to investigate, comprehend and gather each of these concepts into one single operating frame or system, but to be able to connect and apply them in a pertinent manner that permits enhancements and clear results. The organization is as good as its *ability* to structure itself around them through the manager's *intellect*, *skills* and *competency*, and its *ability* to systemize its managing system accordingly. Furthermore, this frame must be structured around the financial core of the business, especially if we consider the modern necessities of generating returns for the shareholders.

Many management tools have been dedicated to create a breakthrough for organizations regarding such *ability*, in order to control and achieve their goals; one of those tools is the Balanced Scorecard (BSC). **The Balanced Scorecard is supposedly an approach that regroups essential keys in a functional way that permits efficient control through *strategy*.** The

Balanced scorecard is a methodology popularized by Robert Kaplan and Norton Nolan (KN) in the 90's, according to them, the main advantage of this scorecard holds in the frame of the four perspectives: Finance, Client, Employee and internal processes; and the *ability* of **Measurement** and **Strategy**. Its aim is to: Reintroduce the impact of *non-financial measurements* into the management system while keeping a financial control, using the *cause-effect linkage* (CL) and a *double-loop feedback* (DL) in order to apply the chosen strategies effectively; to adapt and create a communication tool that permits effective administration over every level.

As depicted by KN, the BSC forces the organization to include the different core functions into their management and decision-making, have a global balanced vision, reintroduce often forgotten variables/factors of the value creation process, and deeply understand the participants. The link between strategy and measurement is essential in the BSC: Strategy sets the goals and the tasks according to the perspectives and its finality. The goals and tasks achievement are evaluated according to metrics. The vision through metrics of one's position regarding the goals and the tasks permits to adjust said position in a better manner. Therefore making measurement a large part of the strategy process. Control through measurement is not a recent idea, as we can find it in Sun Tzu's quotes on military strategies (400 B.C). Its role is not to be proven or undermined, especially on the organizational level. The BSC became a reference among management tools, and is apparently widely used. However, the BSC went through some controversy, applauded by many, shunned by others.

Many have perceived the flaws of the BSC, the commentary of Hanne Nørreklit who appeared in the comment of (Kaplan R. , 2012) and many other articles regarded the BSC as a "myth". Our research proves that the BSC had serious lacks in its conception; several inconsistencies were to be noted and various ambiguities remained when taken to the academic realm. Despite its radicality, Nørreklit's "myth" was not that farfetched; Our paper is an attempt to finally precise in what way the BSC is indeed efficient or deficient on a theoretical level, and reveal the mismatch between its conception and what it claims, and question its significant "theoretical contribution". Our principal aim is to clarify some misunderstandings in the

BSC for readers and users, but more importantly, re-center the debate on something infinitely more pertinent.

2. being strategic

The ambiguities left by the authors of the scorecard forces us to desiccate the main component of the scorecard and illustrate both positive and negative aspect of its conception. The overall goal is not only to elucidate the myths surrounding the scorecard but provide a large summary of the main pillars of management as an academic science.

What separates the scorecard as promoted by KN from any other scorecard is in the concept of Balance. It refers to the ability offered by the BSC to balance between the different perspectives to avoid occulting important keys or giving unnecessary weight to one unique perspective, and enhance the optimization process of the chosen configuration. It is about balancing between financial and nonfinancial indicators of success, between internal and external constituents of the organization, and between indicators of performance and outcome. This is very important when it comes to strategy since the company will face different trade-offs between financial gains and better strategically positioning. Therefore, the first observation concerns the core of the BSC: Strategy. “What drives the existence of the organization?” If the answer is its survival and its accomplishments, we easily conclude that strategy indeed is its core and an all-time necessity. However, the concept of strategy is loaded with very intuitive representations relating to the organization proper potential, which implies the existence of many assumptions. The word went from an exclusive military use to a more common understanding; however, a strategy is not mere long-time planning, but a global vision.

First, we must understand that it is not the BSC that sets the strategy, but it is the well-built strategy that organizes the way the BSC works. KN distinguish between diagnosis metrics related to the health of the organization, and strategic metrics, metrics that are only relevant to the strategy, even if many diagnosis metrics are also strategic. As much as we need specific strategic metrics, some strategies won't be possible if the

diagnosis metrics are not healthy, and to enhance those metrics, a strategy must put in place. The metrics used to build the scorecard are chosen according to their pertinence to the strategy, not the other way around. Managers must only introduce the aggregated and most important metrics that permits to represent the strategy. It is fair to say that the BSC is purely strategic. The organization must deeply understand what it wants to accomplish before choosing what to measure. The BSC cannot make a winning strategy, the organization does. However, KN uses a very subtle phrasing “The scorecard (it) defines the theory of the business on which the strategy is based” (Kaplan & Norton, 1996a, p. 24). The BSC is as efficient as the strategy of the organization is. A company that does not have an extended strategy, that does not involve pertinent factors, is subject to inevitable demise, with or without the BSC. Strategy is so essential to the BSC that KN had to add few strategic directives throughout their papers for the four perspectives. One might think that “Strategy” may be a trope to advocate for the BSC efficacy, because it gives a very long shot for the place of competencies in the organization: if the BSC works, it affirms its pertinence, if it does not; the strategy or the competencies were at fault and not the BSC. What is relevant is the fact that the BSC is as limited as the organization. It is clear that even if a strategy is set, its effective application may not be possible as expected. If it is so, it becomes difficult to judge the impact of the BSC from other contributing factors, because the organization might simply be blind to the real reasons behind the failure of its strategy. Despite that, the authors often give to the scorecard some sort of “power” granted only through its use and rarely discuss the limitations. There is a very stereotypical assumption, the very seductive and optimistic idea that with some sort of strategic wisdom held only by the manager, he will be able to sort things out no matter the situation and despite the limited cards in his hand, and the BSC gives the illusion of empowerment.

The way its principles work is simple, too simple: when setting the strategy, the managing leading group is going to describe it using the cause and effect linkage (C/E), this exercise will permit to extract the principal metrics. For example, if “our strategy is to satisfy clients with shorter delivery time to get better revenues” then the metrics are “client satisfaction” measured

through interviews or surveys and “delivery time” through duration. Improving the metrics will therefore improve financial returns. Which means that the C/E has a direction, from operational causes to financial consequences, even though finances consequences are themselves causes. Finally, the evaluation and monitoring is done through these specific quantitative metrics after their representation inside the BSC according to the four perspectives (4P). The 4P are convenient because they are generalities that regroup the most important element in an organization. The pertinence of the C/E principle is not to precisely describe the absolute effect of a metric on financial results, and KN didn’t seem to presume to do so, because the C/E correlations will likely render erroneous conclusions, for the reason that the financial results are hardly connected in a systematic way to the envisioned causes. Its purpose is solely to clearly envision the strategy and feed the BSC with metrics, which makes it a strategic statement. From the financial perspective, it is clear that the numbers are noisy and biased, therefore adjusting position by systematically comparing changes in metrics would results in pernicious deviations. The C/E permits to know what pertinent data organizations need in order to link between the strategy and the elements affected by the strategy and then translate it into mutually reinforcing metrics to subjectively track progress. If the reader concludes that the BSC will permit him to find robust statistical correlations, it will be extremely prejudicial for his future. Yet again, they stat that “if the right lead indicators are identified, investments and initiatives will drive long term outcomes” (Kaplan & Norton, 1996b), which is a very risky claim.

Financial prospection and planning is a heavy energy/resource consuming activity, unreachable for most organizations, knowing a normative correlation is not enough to partake in anticipation activities. Finding dynamic (temporal or contextual) correlations in the long term with a complex environment requires very specific competency and structure. KN understand that using generic metrics (client satisfaction...) will not help the organization as it is intended to do, they must be pertinent to the strategy. They believe that non-financial metrics have the power to unravel the future or that strategy (as a plan or an abstraction) is sufficient to do so. It is

obvious that a corporation that relies exclusively on financial statements will be diminished, especially if does not put the numbers in their context or make sound interpretations.

Keeping few metrics to explain correlations is destructive, establishing unique blind links between metrics is even more dangerous without the right mindset. BSC is said to help managers to understand the numerous interrelationships and causal effects of internal and external factors that affect the firm, which is, again, a very risky claim. For the linkage to work, not only the organization needs to deeply understand the motivations and behavior of the stakeholders, but in what context that we can be sure that it is indeed the correlation “X” that took place. It might work with customers, the most used example in their papers, but how is the organization going to react to strategies that requires much more complicated metrics. A corporation that has a solid hold of its future is an elite, an entity that is radically different from a common corporation, and for whom the BSC is expandable, a mere score sheet. According to KN: “If one or more of the performance drivers had not achieved its targets, then the failure to achieve targeted performance on an outcome measure could be attributed to poor implementation performance”. (Kaplan & Norton, 1996a, p. 23) Nuancing the affirmation make us believe that they authors understood the fact that correlations are fragile, but pertinent to the strategy.

Because it is very easy to imagine and very intuitive, using C/E within the strategy is very appealing for the common manager. It could refer to a soccer strategy for example; the concepts used are fairly simple, when to attack or defend, how to place players...etc. However, when taken within the organization perspective, the C/E becomes a baby-step process, a part of larger and much important principles. What happens when we use the C/E principle is that, when describing the intervening individuals and strategic factors of success of the activity, we permit ourselves to expend our vision within the frame of strategy. It implies that expansion, the ability to investigate, describe and process continuously new pertinent keys on a larger/deeper scale is the code behind the C/E purpose. We can make an infinite C/E map that could correlate the color of our ties and the dividend

distribution, but that would be out of the strategic frame, and disastrous in the frame of a competitive context. The strategic frame exists within a larger context that we can name “environment”, the strategic frame is as good as its ability to capture the environmental frame. Here again, it is the ability of the manager to grasp the environment that makes the strategy, a strategy with general directives that are out of touch with reality has no chance of success. We can link as far as the frames limits us, so in the end the purpose is to understand how large is the frame and what rules determines it. Such frame is never simple, it happens to be very large, that is why solid and proven principles are needed. The strategic frame itself need to be defined which not an easy task. A broad strategic vision is what embodies the ability discussed in the introduction, to be able to set a large frame of fundamental and pertinent keys using the intellect. Such ability is something that the manager and scholar share. Thus, we come to realize that the BSC is the tree hiding the forest of knowledge and expertise. If a company understands the necessity of a pertinent set of principles, the BSC becomes useless.

Another principle is the double-loop process: basically, knowing our progress lets us know if we are deviating from our initial strategic goals, which means that we need to look back at the hypothesis of our strategy. Adding non-financial metric will help us track more precisely the cause of the deviation, assuming that the metric is indeed the cause of the deviation, and what went wrong in the strategy. The benefit of the BSC is to be able to tell if a strategy is working or not through clear identification of the progression by comparing expectations and reality. However, if the causes were unconscious like the existence of cognitive biases, knowing the causes would be much more difficult. To be able de test the hypothesis, many conditions need to be fulfilled, for example, having enough data to prove that the deviation was indeed caused by the degradation of a metric. If the degree of uncertainty and complexity is too high, it won't permit to know at what extent the hypothesis were involved. In other words, the organization needs stability, something that does not exist anymore according to KN, since we reached “information era”. The organization has also need to understand that adjusting position might not be possible after a period of time, especially if its organizational/financial flexibility is low. Then we also

need to assume flexibility.

3. A matter of intellect

The “approach” of the BSC necessarily needs to be global to be pertinent, it needs to be extensive. More importantly, we come to realize that the adoption of the BSC is not the necessary part, but secondary. What is necessary and important for organizations is the principle holding it: Holism. An organization adopting a holistic-strategic approach is adopting the paradigm of reality and its complexity, assuming a simple cause-effect link is not only insufficient but also dangerous if it does not match reality. Adopting strategy itself is already synonymous of adopting a large view. We think that there are two preliminary fundamentals to the BSC that overthrow the first principles:

- Extensive Framing and systemizing: The BSC forces and helps the company to adopt an inventory logic of the frame and creates a global system easier to monitor.
- Translation of data into synthesis statements: statements are by principle very effective communicating tools that describe data into a specific format that facilitates cognition. Using synthesis helps reduce cognitive limitations.

Once an organization masters these principles, the BSC becomes irrelevant. KN promote the BSC, as the crest of these fundamental principles, but they are not emphasized properly, making it seem like the BSC is their sole representing form, which is not the case. Once we understand that, creating various innovative tools becomes reachable to any company. We understand the point of view of KN, Governance implies the drive of the whole structure and the error is to assume a top exclusive view that considers only the bow of the ship and occults the rest the vessel, therefore, building a BSC is necessary, but it’s exactly the problem. The very existence of meeting between managers and executives is set to put forward what is going on in the organization, since the executives are aware that there is a distance between their view and the hard-rock reality that managers and employees experience. The mindset behind such vision is not rendered in a mere goal card. It is not the BSC that creates those principles; it is the principles that create the BSC, and the principles are primarily intellectual. It is supposed to be package deal that holds most important concepts but, assuming that the

BSC must be the “corner stone” ((Kaplan R. , 2009)) of the management is a very pompous claim; it means that it is sufficient and complete for organizing and administrating the whole entity. KN can permit themselves to claim that the BSC is the corner stone of the organization because strategy is indeed the core of the organization, the trick being that criticizing it means criticizing strategy itself, which is absurd, thus making the BSC unattackable. Its unique characteristic is the format of the card/sheet itself, which relates to the second principle, the ability to synthesis data for better comprehension into a tangible document. The cornerstone of the management system is not the BSC, it is the principles, the brain of the managers and their intellect. The real aim of the papers discussing the BSC should be to bring awareness toward better thinking before better acting.

Simply put, the BSC are just paper sheets that represent nothing without the principles. For us, the organization must operate on a level where the BSC logic would look like child’s play. For us, the principles are quiet obvious and natural, whether for the C/E or systemizing. For an investment, a huge amount of data is necessary, involving different units of the organization with synergic cooperation, each unit has its impact on the financial result; the financial result itself is a “compound” result that stacks a variety of effects and efforts. The organization works with specific politics and a specific configuration that required constant control and reporting, a variety of considerations must be measured while keeping a dynamism equal to the adversity of uncertainty, different aggregates must be displayed in specific statements for executives. The context must be understood as continuously changing and complex, and then studied in the most adequate manner. We encountered many corporations that understand the fact that financial data design must be reorganized for executives that do not have the adequate mental and financial representation of the actual situation. Holism, framing and synthesis must always be in the center of the task. Nevertheless, it is not intended to satisfy an infinite number of steps, in contrary, it helps specialization by drawing the limits. From our perspective, a corporation that does not apply such principles is already in a bad position. From a behavioral point of view, the principles can relate to the psychological need to know the largeness of the starting base and set

inventory, as a matter of survival and control. Such logic, cognitively understood, stimulates creativity and enhances the vision toward the horizon, it is characterized by a spirit of synthesis, extensively, systemizing and optimization. This spirit also comes with a strategic mindset, using a strategy ultimately involves the opportunity to win against something (competitors, environment, problems...) and reach a measurable goal, and this is almost undistinguishable from the very spirit of corporations, since their existence and survival depends on winning. Winning, as a motivation, justifies optimization for high intellectual processes, because it stimulates the satisfaction of achievement. A corporation that does not assume a strategy intellectually is in the red. A corporation that has not been struggling with a winning strategy will not understand the benefits of a scorecard at all, because it does not have the adequate mindset. From the same psychological point of view, translating nebulous reflections into statements, sheets and four global perspectives reduces the limited rationality and capacities of the brain. Its concise format helps tremendously, because the mental effort to gather in one frame all functions is quiet difficult, something that KN did take into account, as stated in their comment.

The BSC creates a strategic synthesis centralization tool for decision-making and control inside the management system for top executives. But aside from the 4P, many other function could be taken into account like risk management. The users need to keep in mind that the BSC is a statement that permits to isolate the strategy and emphasize it. As for the number of metrics, KN judge that it is irrelevant as long as they reflect the strategy (does it mean we can stack 60 metric?), if taken separately “it will be too complicated for the organization to absorb” (Kaplan & Norton, 1996b, p. 69), put differently, it will be too hard on the brain of the executive. “The balanced scorecard forces managers to focus on the handful of measures that are most critical” (Kaplan & Norton, 1992, p. 73) Yet, “handful” and “relevant” are hardly synonyms.

Therefore, we can think of the BSC as a strategic memento for cognitively limited executives, a fancy methodology that can be used for communication and displays the strategy of the organization quantitatively.

Using the four perspectives that represent the main pillars of any organization emulates holism for the managers. The BSC are strategic statements that could walk along financial statements. One might think that the initiative of a BSC should not be a definitive product with a trademark, but a mindset or a methodology that can be bent the way the organization wants it, but it goes beyond that. The observations of what constitutes the BSC make us realize now that the BSC's popularity among organization, despite the obviousness of the principles, might actually mean that most of them have a feeble intellectual baseline. The BSC involves a seductive ready to use tool, and indeed remains effectively useful, but as we will see, involves something more fundamental. We are astonished that most authors discussing the BSC do not see the C/E or the DL for what they really are: basic Human intellectual functions. If human beings couldn't use C/E or DL, we wouldn't have reach such levels of development. The C/E is fundamental no matter the activity, individuals use C/E in their everyday's life, when we choose the best road or when playing chess. The critic would be that chess is purely strategic, thus making C/E a strategic principle, but understanding a phenomenon or building architectures also relies on the C/E. C/E is only understanding what constitutes a context, and DL is being conscious and cautious. We are sure that using it consciously for mapping helps reduce cognitive limitations, but somehow making it a fundamental principle left us dumbfounded. Most managers should be aware of it, unless, they have very low IQ.

One company could already understand that there is a large system contributing to its value and its human value, but some might not. There is two kind of organization regarding their potential, the pro-active/advanced and the passive/basic organization: the prior already understand that multiplicity of different keys linked to its different functions and the necessity to frame them within a smarter strategy. Such organization will often reach a BSC-like methodology. The latter does not know or emphasize its functions and its ability to evolve, many organizations have difficulties to use or even comprehend the necessity of strategy. What is not intuitive for regular corporations, and requires effort and discipline, is the complete measurement and synthesis of the different keys and assets to create a

strategic frame. A corporation must strive to possess a constant improvement dynamic, with diversified intellects, knowledge and competencies. A decent corporation understands that information and communication between units is valuable even without the BSC, it does not bring anything new, but it seems that most corporations overlook the importance of a complete system management through clear measurements. The work of synthesis and deconstruction we did in the introduction, and the ability to apply them is a part of what we refer to as “management IQ”. It is the ability to abstract and understand the deep functioning rules of the whole organization and the context in a pertinent manner. An advanced/proactive organization has a high management IQ; a basic/passive corporation has low IQ. We can take the example of five times NBA MVP Kobe Brian. Many interviews of Kobe reveal a very high sport IQ that we describe as the ability to create an inventory of every possible constituent of the sport, in an abstract and concrete form relying on different types of knowledge, like physics (angles of the shot, the power, the muscles, the weight,) or even on dance (tap dance). The player reaches an optimization process on himself (optimizing stamina) to confront the environment (the court), by creating physical memory that constitute automatic responses (the synthesis).

KN included “thinking” as fundamental but still not emphasized correctly, “The balanced scorecard should not be a straitjacket inhibiting the management’s strategic thinking.” (Kaplan & Norton, 1996) Strategic Thinking is not secondary or parallel to the BSC, it is prior to the BSC, it relies on the mind of the manager. The citation suggests that once the BSC is made, the manager will rely exclusively on the metrics without thinking. just understanding that the BSC is fundamentally incomplete will inevitably conclude that the subjectivity of the manager is necessary; the BSC itself was made by the same subjectivity. If managers fail to apply a C/E by themselves, then writing down a strategy quantitatively is indeed impressive. The intellectual capacities has always been the most important part of any progression in humanity, we want to reestablish the fact that the intellect is the most important asset in an organization, and that some organization display such intellect, and that apparently, many others don’t. BSC claims that questioning the assumptions of the strategy can give a great

competitive advantage, but in reality this questioning is a basic intellectual operation and a necessity, unless again, most managers have low managing IQ. A high IQ corporation doesn't need the BSC to reach the conclusion that dynamism is important, and that all themes must be included. If they need a BSC to realize that, we are greatly misjudging and overestimating the intellectual capacities of modern organizations.

‘The emphasis on cause and effect in constructing a scorecard introduces dynamic systems thinking’ (Kaplan & Norton, 1996a, p. 15) what is dynamic system thinking? It is worrying that organization need a scorecard for them to achieve dynamic thinking. this largely affirms our assumption that the BSC is directed toward very low management IQ organizations with the purpose to make them think. It is grave that a corporation needs to realize that it needs to perform a basic C/E process to understand its strategic situation. This makes us realize that management was under an intellectual crisis all along. Managers are unable to think their strategy properly. We either are overestimating the global management IQ of organizations, and has always been normally low and in severe need of a tool that permits thinking since it does not fulfill the most common processes, which makes the BSC initiative adequate; or the intellectual level is abnormally low and we are indeed facing a silent intellectual crisis. We are certain that we can find correlation between IQ and financial crisis. Is it that the concept of strategy was not something common in the 90s? “A strategy is a set of hypotheses about cause and effect” (Kaplan & Norton, 1996a, p. 21), causality is hardly a breakthrough in management. The BSC is basic conception raised to the status of innovation.

Are we so intellectually deprived that the C/E and DL should be considered as innovations? If Fortune 500 corporations think that the BSC is very useful to them, corporations that represent the top-tier companies with management systems and assets far beyond average companies, we really need to ask ourselves the question of a potential silent intellectual crisis. The crisis refers to the lack of intellectual capacities in entities that heavily depend on it to sustain their survival. Not only C/E and DL are natural, they are what is thinking all about. The more C/E chains we can make in a

specific context to solve a problem, the smarter we are. C/E is one of the most abstract principle to ever exist, we can't abstract the C/E even more because it is already at its basic form. KN use fundamental concepts to build the BSC that permits different interpretations and prevents critics. They could imply that the C/E permits to put down a strategy more easily, then in other words, writing down what you think is what makes the BSC an innovation. "Obviously, specifying such relationships is much easier said than done. Initially, these impacts must be done subjectively and qualitatively. But just getting managers, to think regularly and systemically about the implied linkages in their strategy will be an improvement over the exclusive focus in most management review systems on operational-level processes». (Kaplan & Norton, 1996a, p. 22) This is not just a secondary positive effect, this is the very reason why the BSC exists, the purpose is to make managers think better. KN implicitly point out that organizations hold an operational thinking and let down of the strategic thinking, which is a major intellectual fault that need to be solved. Either this fault might be more common than we think, or they use the defective organizations as a stereotypical starting point.

When we come back to Extensivity, we realize that it addresses a deeper human deficiency, the inability to think the whole process through, to not only visualize the four perspectives, but also reach the concrete finality of a single process. Using the client metric does not mean anything if taken out of the strategy, the strategy does not hold if we can't envision the context, the context won't let itself be understood by feeble minds. This inability is correlated to the intellectual capabilities of the managers. The more intellectually apt the managers are, the more they are able to envision its concrete use on the field. It comes down to the ability to reach finalization. Managers seem unable to push the reflection to the very end and complete the frame, to push it to its concrete finality. Any average IQ is able to create pertinent abstractive generalities, like the 4P.

The C/E linkage as part of extensivity is challenged on the subjective level. How? With the confirmation bias. While cognitively processing the different causes and consequences of the strategy, the managers will tend to imagine and choose only good outcomes or the outcomes that justify his vision of the

world, this phenomenon is part of a phenomenon referred to as “internal view” by Daniel Kahneman. How can we prevent the internal view? By being extensive. Being extensive and holistic regarding the strategy approach will unlock the “external view”, for example, by comparing our organization with other similar companies. Assuming that the BSC creates a holism by itself is absurd and dangerous, because it assumes that the vision is sound. The C/E linkage is by definition blind, KN attempt to reach holism and extensivity by defining a direction to the C/E: the 4P. In the end, the process of strategizing is a very subjective activity, it relies on the abilities of the managers, the 4P are very common in use and emulate globalism, even if they are the most used functions, they are no guarantee of holism, and dramatic deviation may occur if managers do not understand the principle that build the BSC.

Many formulations will precise for us the nature of the BSC and emphasize what it is really about: “It gets worse if you think of the scorecard as a new measurement system that ... requires thousands of measurements and a big, expensive executive information system (IS). These companies lose sight of the essence of the scorecard: its focus, its simplicity, and its vision. It should be the core of the management system, not the measurement system.” (Kaplan R., 2009) Having an expensive IS is not contradictory with using a scorecard, in contrary, insufficient data is the first step for the company to dig its own grave, the IS will not hinder it, it feeds it. As they admit, companies need to have as much “diagnosis” metrics as possible. As we said before, the scorecard needs to be uniquely strategic and accommodate the need for instant comprehension. What is problematic for organization is having the intellect to make such elaboration. The error is not to confuse between IS and BSC, but to remain with a large profusion of non-synthesized data.

KN profess a scandalous affirmations: “Second, the scorecard guards against sub-optimization.” (Kaplan & Norton, 1996a) It does not. The word sub-optimization means that we can tell that we are optimizing and at what extent we can optimize, which rarely is the case. Proclaiming that one single feat could not only reduce, but guards by itself against sub-optimization is

erroneous, especially for academic papers. “Yet traditional management systems do not encourage and do not facilitate the formulation, implementation, and testing of strategy in continually changing environments. ». There is two ways to understand this. The management system has to embody even the most basic strategic thinking and has to regroup every basic process, or in contrary, it's not the management system that encourages thinking or testing, it's the managers who needs have a higher management IQ. If we expect a management system to encourage thinking, then we are treating managers as jarheads and we are baby-assisting them beyond what is required. The position of a manager is for an individual that thinks by himself, that have the intellectual capabilities to do what others can't do. By their logic, we need to introduce every single intellectual process inside the management system. KN cite and stack up additional processes: business planning, translating the vision, communicating and linking. Just like the C/E; Planning, learning, awareness and communication are all basic intellectual processes. KN refer to previous industrial era, and claim that corporation had linear managing, therefore linear thinking. For us, there is an enormous problem if managers think linearly and are unable to use their imagination.

From another perspective, they imply that the environment was more stable in the past. The word stability (volatility) and by extension complexity (simplicity) are highly difficult themes in their own, a scholar cannot claim or refer to a context using these themes without a large argumentation. It's like saying it was fine to have a very low IQ for organization whom impact on society is consequent back then but not anymore. It does not matter what age we are, adapting is survival. The presumable stability we had in past that they refer to is the stability of a lemonade stand run by two kids, and even then, the kids, if they are smart, will test different recipes, locations, and communication strategies. “We consider the feedback and learning process to be the most innovative and most important aspect of the entire Balanced Scorecard management process” we still don't understand how having a feedback on your strategy is innovative. Feed-backing is the another basic intellectual feature, we are confused how it is considered as innovation even in the 90's. The problem is not the era; the problem is the

ability of the manager to think a strategy clearly. We can reverse their argument and say that today is easier to have a feedback and perform a DL because they possess clear specialized functions (accounting, marketing...). Using radicality and stereotypical depiction of reality is degrading, “the past is stable, the future is complex” is seductive yet full of fallacies, and has no reach to the reality of organizations. To be fair, KN were well aware that thinking and smart processing is important: “data gathering, hypothesis testing, reflection, strategic learning, and adaptation are fundamental to the successful implementation of business strategy”. (Kaplan & Norton, 1996a, p. 23) But It is strange to say that « the scorecard will have successfully stimulated a strategic learning process among key executives about the Strategy viability and validity of their strategy» (Kaplan & Norton, 1996a, p. 24), when “strategy” is such a rich concept. This implies that most managers were unable to think strategically before the BSC, a simple score sheet.

The BSC uses the most a simple principle: C/E. since the C/E is the most basic intellectual process involved in every activity, it's a common trick to use it to learn new problem solving applications. As teachers, breaking down a lesson, a theory, a strategy to students using a C/E is very common for us. Therefore, C/E is a basic process of learning as well, in this context, learning how to think strategically. KN realized that most companies are simply not able to do that; giving them an essential thinking/learning process was a solution and their opportunity. But that's not enough, then they need direct their thinking in the adequate direction using the 4P. Now we have a functioning thought, directed toward important poles and expresses strategy, thinking can now expand and reach a very basic holism that does not guarantee any strategic effectiveness. We can think of a mass of energy representing thought, it is volatile and aimless, first we structure it, through the C/E, then give it a direction, through global perspectives, then a limit, through strategic frame. This is why managers are so attracted to the BSC, it permits them to think strategically where they didn't before. So in a way, the BSC contribute to virtually solve an intellectual deficiency. The purpose is to make strategic thinking accessible for everyone with a simple method: Democratization. ”the BSC could become the foundation of

an entirely new system for strategy management and execution”. (Kaplan R. , 2012, p. 1) Again, we are sincerely confused how it can become an entirely new management system.

4. Discussing innovation

We can understand the conception of BSC differently: we can identify three complementary levels; we have the proper BSC, paper sheets with the 4P, in other words, the tangible statement itself. The second part is all the conditions involved for the creation of the card according to the four perspectives (the data, the individuals...). For example if we want to fill the client perspective, we would need specific metrics that require, communications, data, meetings, interviews, computing, programming, planning, soft/hardwares...etc. but most importantly, we would need specific principles as internal mechanics (ex : C/E). The third level, the forest, is the management literature and expertise that feeds the two previous levels and provide pertinent tools. This base virtually contains the global normative and descriptive frame established by years of experience and academic research. Using the frame, we can construct a methodology, we can build one by associating different principles, concepts, experiences in a way that permits action. For example with the BSC, KN picked (consciously or not) from the spectrum of principles to build a methodology that would help organization think strategically and globally. If we go from the BSC to the management base, we will be limited by the first conception of the card, if we intend to upgrade it, we will end up trying to stack up many principles while being extremely limited in our movements. Those said principles are naturally independent, thus reusable in any other configuration. The BSC hide the two last levels, which permits to label any new added principle as an BSC extension, such introducing empathy and communication.

New methodologies take a very long path to reach a concrete use. The transition from a level to another is basically what constitutes the very purpose of academic research. The purpose of universities is bridging between their latest understand and organizations, this could be beneficial as much as detrimental. To go from an abstractive and general categories, to the synthesis statements of current strategic situations and day to day operations is a journey in itself. To reach a very specific use and

understanding is very difficult for an organizations that does not feed its intellect, a high level of competencies are always required, for such organization, the BSC is a blessing, for a high management IQ organization, a basic tool.

4. CONCLUSION

The BSC logic is not a revelation as KN themselves admit the existence of previous attempts. Essentially, it was a refocus on a methodology and its democratization. We blame a deficient theoretical background, a rhetorical approach and the promotion of the BSC rather than the real principle that governs it. Academic paper must be characterized by assiduity toward what it discusses, what it claim and what it assumes. It is very odd to us that the author provided a conceptualization years after the first papers. The critic is not that the BSC is not a sound tool, because it is, it's a tool that permits to have easier access to the most basic strategy and have a better representation of it, but that it is more important to promote a reflexive approach rather than implying that a BSC process will enhance it by itself.

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