Dashboards & Scorecards – What Exactly Are They?
And which one should I use?
Summary

As companies continue to invest in business intelligence, analytical tools are becoming more commonplace. Performance reports (both financial and non-financial) are no longer enough. For effective performance management, the numbers need to be accompanied by how and why so that managers know what to do next.

Dashboards and scorecards are analytical tools that allow you to focus on the measurements that are important to your business. But, what exactly do these tools do? If you ask most people to give you an off-the-cuff definition of either one, you will likely get the same response for both terms – a customizable view of key performance indicators (KPIs) that give you actionable information. The true meaning of these terms goes beyond that simple definition. Before you implement either of these tools, you need to understand the differences between them to determine which one is most appropriate for your needs.

Dashboards vs. Scorecards

Dashboards

Similar to the dashboard in your car, a performance management dashboard is a display of various meters, gauges and lights that give you up-to-date information on the current status of your business. The metrics used in dashboards tend to tell more of the what part of performance and are very user-specific. The dashboard metrics do not inherently tell you whether the results are positive or negative; this is left up to the user’s own interpretation of the data.

Still, customizing the dashboard with alarms or status colors allows for a faster and more efficient understanding of the results.

This tool is most effective for managing hourly and daily performance and is typically used by low and mid-level operations and customer support managers who need to see data that is current (and often real-time).
Scorecards

Scorecards are the performance management tool that compares strategic goals with results. This tool is typically a top-down approach that allows management to implement its strategy by aligning performance with goals. Similar to a grade school report card, the scorecard measures periodic results (weekly, monthly, quarterly, annually) against a predetermined goal, allowing users to gauge how their performance stacks up against expectations.

### Scorecard

<table>
<thead>
<tr>
<th>Measure</th>
<th>Actual</th>
<th>Goal</th>
<th>% of Goal</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>47,345</td>
<td>40,000</td>
<td>118%</td>
<td>✔️</td>
</tr>
<tr>
<td>Returns</td>
<td>1,230</td>
<td>1,000</td>
<td>123%</td>
<td>✖️</td>
</tr>
<tr>
<td>Discounts</td>
<td>795</td>
<td>800</td>
<td>99%</td>
<td>🔺</td>
</tr>
<tr>
<td>Net Sales</td>
<td>45,320</td>
<td>38,200</td>
<td>119%</td>
<td>✔️</td>
</tr>
<tr>
<td>COGS</td>
<td>33,142</td>
<td>30,000</td>
<td>110%</td>
<td>✖️</td>
</tr>
<tr>
<td>Gross Profit</td>
<td>12,179</td>
<td>8,200</td>
<td>149%</td>
<td>✔️</td>
</tr>
<tr>
<td>DSO</td>
<td>31</td>
<td>30</td>
<td>103%</td>
<td>🔺</td>
</tr>
</tbody>
</table>

### Dashboard vs. Scorecard: A Quick Look at the Key Differences

<table>
<thead>
<tr>
<th></th>
<th>Dashboard</th>
<th>Scorecard</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Purpose</strong></td>
<td>Performance at a glance</td>
<td>Managing performance</td>
</tr>
<tr>
<td><strong>Timeliness of data</strong></td>
<td>Current (often real time)</td>
<td>Periodic (often monthly)</td>
</tr>
<tr>
<td><strong>Users</strong></td>
<td>Lower level managers</td>
<td>Upper level managers</td>
</tr>
<tr>
<td><strong>Linked to systems</strong></td>
<td>Almost always</td>
<td>Sometimes</td>
</tr>
</tbody>
</table>

Which One Should I Use?

Dashboards and scorecards are not mutually exclusive. In fact, the best analytical tools are often a combination of both. Each user should use the tool or tools that are most appropriate to their function and responsibilities. Additionally, the two tools can be combined into a hybrid tool. Dashboard metrics should provide some tie-in to business objectives. Likewise, scorecards can include graphics to improve readability.
Implementing a Dashboard and/or Scorecard

Most performance management solutions include the capability to design dashboards and scorecards. In fact, having your information stored in a network database is essential for real-time dashboards. A performance management solution allows you to easily customize dashboards and scorecards for a variety of users and usually offers the ability to drill down and drill through the numbers to uncover the how and why that is driving actual results. Offline dashboards and scorecards are possible, but timeliness and the additional manpower needed to update these tools are the major drawbacks that should be considered.

The Payoff

The benefits of dashboards and scorecards easily outweigh the costs associated with implementation. Both tools add real and immediate value to daily operations and managing performance.

Benefits of Using Dashboards and Scorecards with a PM Solution

- Easy and fast access to information for better decision making
- Performance aligned with targets, goals and objectives
- Customizable views for a variety of users
- Enhanced analytical tools
- Access to up-to-date information
- Increased communication, prioritization and accountability
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