Performance Management of Supply Chain Using Balanced Scorecard in Nonprofit Organizations

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Abstract

A nonprofit organization is an organization that conducts business for the benefit of general public without shareholders and without a profit motive. Their area includes guvernamental organizations (education, health and culture agencies) and nonguvernamental organizations found in the forms of: clubs, societies, associations, foundations and others. The nonprofit organizations have supply chains that need to be monitored and their performance measured, especially because this type of organization handles public money. For supply chain to work in a nonprofit organization, it is important to tie its competencies and roles to the common terminology already used within the organization (for example: procurement, purchasing, forecasting, logistic and distribution).

Supply chain management and other similar terms such as network sourcing, value chain management and value stream management have become subjects of increasing interest in recent years. Also, supply chain performance measurement achieved one of the most important places in the supply chain management studies and researches.

Applicable in nonprofit organizations, business performance measurement systems and control systems are the formal, information-based routines and procedures used to mantain or alter patterns in organizational activities.

Key Words: *nonprofit organization, supply chain, performance measurement, alliance, Balanced Scorecard.*

Introduction

In order to better understand the performance management of the supply chain of the nonprofit organizations, we need to identify this type of organization, its characteristics and role in the society. Nonprofit organizations are not sinonimous with nongovernmental organizations even though some authors define them this way. Nonprofit organizations include governmental and nongovernmental organizations and serve public purpose, but there are some differences between a governmental nonprofit and non-governmental organization such as:

- the latter is organized on a local, national or international level;
- enjoys special treatment under the law;
- sources of revenues are mostly from public donations;
- it is governed by a group of voluntary citizens;
- work is done mainly by volunteers.

NGOs engage in two broad types of activities:

- Relief activities – short-term activities;
- Development activities – long-time activities (A2Z: The USAID Micronutrient and Child Blindness Project 2005 - 2011).

Some NGOs are concerned with relief, some with development, and some address both areas.

Nonprofits compete – sometime indirectly, sometimes more directly and intensely – on a variety of fronts, against business and governments as well as against one another (La Piana, 2005), competition being necessary for survival and success.

The increasing importance of nonprofit organizations in the majority of modern economies not only as suppliers of goods and services, but also as employers lead to the awareness that these need management as any other type of organization. Nowadays, nonprofit organizations need focus and adequate performance management tools in order to become efficient and to prove their impact. The need for a performance measuring system may be justified, among others, by the fact that the decisions regarding resource allocation must be taken on a clear, fundamental basis, using the so called performance management system.

1. Supply chain in NGOs

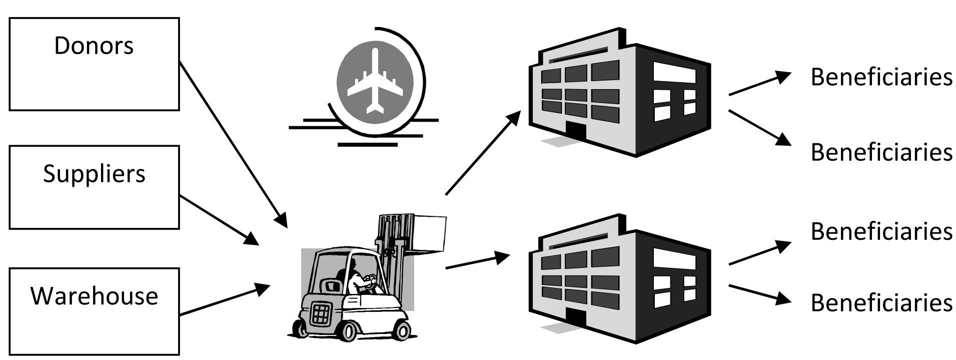
A supply chain is the stream of processes of moving goods from the customer order through the raw materials stage, supply, production, and distribution of products to the customer. *Use of the SCM concept entails that the links in the supply chain plan and coordinate their processes and relationship by weighing the overall efficiency and competitive power of the supply chain (Jespersen & Larsen, 2006)*. All organizations have supply chains of varying degrees, depending upon the size of the organization and the type of product manufactured. These networks obtain supplies and components, change these materials into finished products and then distribute them to the customer. Managing the chain of events in this process is what is known as supply chain management.

Most NGOs typically have several different and parallel supply chains—e.g., food relief items, non-food relief supplies, food for development activities, non-food for development activities. Many NGOs do not have formal supply chain units within their organizations and if they do, they are often in the early stages of development. All of the supply chain segments can be served by a common organizing principle, nomenclature, terminology and process. There may be different approaches to executing a process based on the segment, however, the basic structure and over-riding organizing principles can be standard.

Food and nonfood supplies that flow through the supply chain of an NGO usually consist in prepositioned stocks in warehouses, items purchased from suppliers and donations from individuals or other organizations.

They are sent from different locations to a main warehouse situated near a port or an airport. Then they are shipped to a secondary warehouse located in a larger city. Here the supplies are stored, sorted and shipped to a third warehouse, called local distribution center. From here the supplies are finally distributed to the beneficiaries (Figure 1.). Supplies acquired from local sources may be distributed directly to the beneficiaries

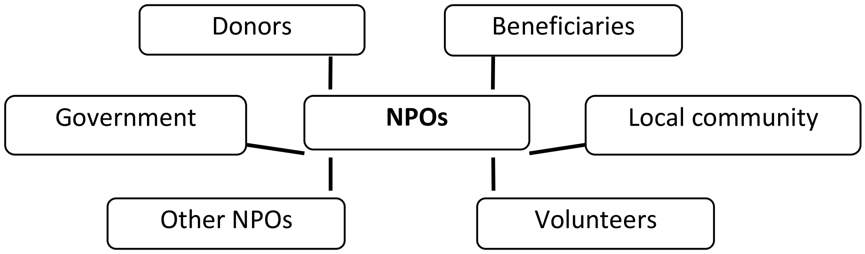
Figure 1. Nonprofit organization's supply chain



1.1. Characteristics of nonprofit organization supply chain

Between the supply chains of NGOs and those of business organizations there are some similarities in terms of structure and logistic activities, but there are some differences because of the unforeseeable, chaotic and dynamic environment where NGOs operate. One of the major differences consists in their mission: nonprofit organizations have as a mission achieving their social goal and the private ones aim for profit. Financial constraints and the multitude of stakeholders represent major differences between NGOs and business organizations (Figure 2.).

Figure 2. Stakeholders of a nonprofit organization



Demand characteristics represent another difference between those two types of organizations. While for an NGO the demand refers to supplies and people, in private organizations demand consists in products and services. Type of demand, size and location are unknown at the moment of an emergency situation and the requested supplies can vary based on factors as social and economic conditions of the area, demographic structure and the impact of the produced event. Customers for an NGO are the beneficiaries of the humanitarian aid and they cannot afford the luxury of selecting a specific market.

1.2. The collaborative management of Alliance

Our proposal is the collaborative balanced scorecard between two organizations.

The building process of the collaborative scorecard for Efficient and Effective Customers Response alliance between two organizations always begins with establishing of a clear strategy. This strategy has to be a inter-organizational project and has to offer the opportunity, for the player from different processes and organizations to cooperate in order to establish common objectives. Once that the team members established the common strategy, they can move forward to build the collaborative scorecard aligned to this strategy.

We can understand the collaborative management compared to the commune flight of two jets (Figure 3.). Each pilot has his own control panel in the cockpit used to manage his own flight (with his own objectives about altitude, speed, number of loops, optimal use of the airplane), but as a participant to the air show he has to follow some commune objectives of the team show (To make a fabulous program for the public entertainment).

Figure 3. The collaboration between two pilots for an air show

1.3. Supply chain management in NGOs

NGO logistics is defined as "the process of planning, implementing and controlling the efficient, cost-effective flow of goods and materials as well as related information, from point of origin to point of consumption for the purpose of meeting the ultimate requirements of the end beneficiary.

The efficient management of the supply chain is based on problem anticipation and identification as they arise, and the delivery of specific supplies at the right time exactly where needed. When making decisions regarding required supplies one must take into account the cultural specificities of the country regarding food habits, climate, and also one must identify the cultural and ethnic minorities in order to prevent any form of exclusion.

The problems an NGO confronts are numerous and hard to deal with such as: inappropriate donations, preventing looting and pilfering, deployable logistics systems, logistics of information flow, facilitating movement of people and aid, and so on. Also, regarding the management of the supply chain, the nonprofit organizations are often in difficult situations because they confront a lack of resources, a lack of investments in technology, and managers who do not have experience in management, having backgrounds in the social fields. Also, the supply chain is unstable, and the location is often unknown and the demand hard to predict.

Humanitarian logistics involves organizational components such as procurement, transportation, warehousing, inventory management, trace and tracking, bidding and reverse bidding, reporting and accountability. In the corporate sector, these components are supported by expert staffing, know-how, IT systems, MIS systems, framework agreements, corporate relationships, infrastructure, standardization and collaborative initiatives. In the humanitarian world, these key support mechanisms are rare.

2. Supply chain measures for a nonprofit organization

A performance metric represents a quantified data that measures total or partial efficiency/or effectiveness of a process or system, in relation with a standard, a plan or an objective determined and accepted within the strategic frame of the organization (Avasilicai, 2001). A supply chain metric must be based on a data set or a fully-understood documented process for transforming data in metrics. For translating a measure it is necessary to compare it with a pre-established objective. Objectives must be clearly articulated for each metric and represent a challenge for employees. *The right set of metrics can tell you how well each plan, source, make, deliver and return supply chain process is performing, highlighting where there's room for improvement, and help you to diagnose problems and decide where to focus your improvement efforts (Cohen & Rousell, 2005)*. The measures must be formulated taking into consideration the actions and behaviors that will be generated after. The questions that arise when formulating measures are:

- Performance measures vary with perspective. From whose perspective do we optimize?
- Cost measures – who pays, who donates?
- Benefit measures – who gets credit, who receives aid?
- Teaming aspects – is win/win possible, from whose perspective?
- Gaming aspect - Who controls the decisions that influence the cost of transport?
- Whose budget is affected by these decisions?
- What is the effect of these decisions?
- Who determines what gets sent where and when, by whom?

Sporadic measurement is better than never measuring at all and it is also critical to know what to measure and what not to bother with. Metrics add value when you do something with them. Measurements should be communicated clearly, early and often (Ackerman & Bodegraven, 2007).

2.1. Strategic performance management

Strategic performance management represents a process through which the organization manages its performance, an aligned process to organizational and functional strategies and objectives. There are a lot of instruments and activities within the organization which contributes to that goal. These may include: defining of organizational objectives, priorities and values.

In the process of defining of a balanced scorecard, the steps to be followed in order to achieve the strategy explain the organization's strategic step to create new value. In other words, balanced scorecard has to be seen as a navigating instrument which helps to draw the way the organization will sale in order to achieve the strategy.

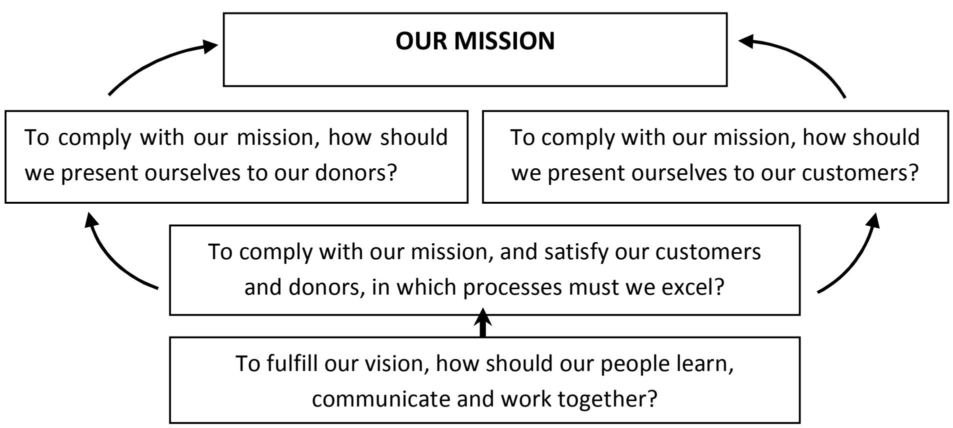
2.2. Supply chain metrics for NGOs

Metrics for a supply chain of an NGO must cover all the processes of the supply chain: procurement, purchasing, sourcing, forecasting, logistics, and distribution, etc. Examples of supply chain metrics are as follows: self-serving – organization/capability/market oriented; budget used; number of volunteers; tons delivered; order (early vs. late arrival on-site); publicity (e.g. media coverage / mentions / photos); new donations; lives saved; delivered tons used (e.g. meals served, tents lived in, etc.); health care provided; cost; money; loss/leakage.

3. The Balanced Scorecard (BSC)

BSC, invented by Kaplan and Norton in 1992, is one of the most powerful management and measurement systems that emphasize the linkage of measurement to strategy and the cause-and-effect linkages (Figure 4.). It considers four different perspectives to evaluate a business, which are Financial, Customer, Internal Processes, and Learning/ Growth.

Figure 4. BSC framework adapted for nonprofit organizations



Source: The Strategy-focused Organization, Kaplan, R.S., Norton, D.P., 2001

While the Balanced Scorecard approach was not specifically designed for the Supply Chain, it does give a good guidance for your core measures. The central idea is to focus on key metrics that have real meaning to your company. You don't want to get lost in a sea of numbers that don't really mean anything.

The Balance Scorecard provides the required framework for an organization to move from the decision of having a strategy to its application. And BSC approach helps the organization to keep the measures aligned with strategic objectives. These measures should be tracked over time (usually monthly) with specific targets for each.

3.1. Developing balanced scorecards in not-for-profit organizations *(Niven, P.N.,2002)*

When implementing BSC in non profit

organizations it is reasonable to use multipurpose approach. It would be wrong to use Balanced Scorecard in nonprofit organizations in the same way as this system is used in commercial companies. Financial goals and criteria can hardly play the most important role for a nonprofit organization. As long as nonprofit organizations have a mission they can certainly use Balanced Scorecard to communicate operational activity and strategic goals, vision, values and mission.

One of the issues identified with applying the Balanced Scorecard to public-sector groups was the possibility of no "burning platform for change" necessitating the development of a performance measurement system. The same cannot be said of not-for-profit organizations. Clearly, the landscape facing most not-for-profits is changing rapidly, signaling the need for transitions to take place. Among the chief threats is the increasing number of competitors each vying for scarce donor contributions. Further, contributors increasingly demand that a high percentage of their donations actually reach recipients and are not gobbled up by administration costs. In such an environment, even not-for-profits with the noblest of missions are forced to examine their managerial practices in search of methods ensuring they are able to continue meeting the needs of the many constituents relying on their help each and every day.

In a number of ways the not-for-profit Balanced Scorecards share a great resemblance. Neither organization claims financial objectives as their reason for being, but instead looks to serve constituent needs in both a humane and efficient manner. For that reason, mission—not financial objectives—appears as the overarching objective of the measurement effort. Customer objectives are next, followed by internal processes, financial, and employee learning and growth (some place financial at the bottom of the framework). The two groups also share many of the same issues impeding the successful development of a Balanced Scorecard: results that are not easily measurable, lack of control over variables, and technical constraints, to name just a few.

While many similarities exist between the two groups, not-for-profits face some issues that make the development of Balanced Scorecards particularly challenging. One such challenge is the background, experiences, and motivation of most not-for-profit employees. As distrustful as public-sector employees may be of businesslike solutions, not-for-profit employees share not only the lack of trust but, for the most part, will have virtually no prior exposure to efforts of this ilk. Lack of knowledge and potential distrust leave a huge void for fertile imaginations to fill with negative perceptions toward the measurement effort. The lack of trust and knowledge can manifest itself in a variety of ways including the insistence that a performance measurement initiative is time consuming and will drain resources from all important service delivery, which renders the effort unworthy of attention. Not-for-profit executives and managers, perhaps more than those of any other organizational type, must invest extraordinary effort at the outset of measurement projects explaining the background of the methods to be used, the process to be followed, and the benefits to be derived. Only through constant communication (which is a must in any implementation) will not-for-profit employees be expected to really understand and embrace these tools.

A characteristic differentiating not-for-profits from most other organizational types is the premium they place on involvement and group decision making. Engaging employees in the development of innovative performance measures that will lead to the achievement of their mission can unleash reserves of creativity previously unknown in even the most enlightened organizations. It's not that including a wide range of people in developing measures is inherently bad, but when you try to please everyone and make every decision based on consensus, trouble appears. In an environment where everyone's opinion is sought and attempts are made to satisfy all, the end result can be diffusion of responsibility, confusion around measures and objectives. Not-for-profit executives with the best of intentions attempt to develop Scorecards based on the wants and needs of all but end up with a product that pleases and inspires no one. To overcome this problem, executives and managers must exercise strong leadership. Encouraging input and involvement is one thing, but leaders must make it clear that they own the organizational Scorecard and will make the final decision on what measures are critical to the not- for-profit's ability to meet its mission. Doing so clearly communicates the organization's direction to all employees, but does not preclude active and participative dialogue between leaders and staff.

Implementing the Balanced Scorecard offers many opportunities to a not-for-profit organization. Increased focus on the mission, accountability for results, and alignment of human and financial resources toward overall objectives can all result from the development of a Balanced Scorecard. Kaplan and Norton have even gone so far as to suggest that "*the opportunity for the scorecard to improve the management of governmental and non-for-profit enterprises is, if anything, even greater*."

Developing not-for-profit Balanced Scorecards presents some unique challenges not often encountered in the profit-seeking enterprise. Activities that seem "unmeasurable," conflicting or confusing missions, public misperceptions of results, staff background and skills, and fickle elected officials are just some of the many problems that must be conquered. Despite the challenges, an ever-expanding group of agencies have built Scorecards and are benefiting from the new management practices it heralds.

3.2. BSC perspectives

The scorecard provided a framework for organizing strategic objectives into the four perspectives:

1. Financial-the strategy for growth, and profitability viewed from the perspective of the shareholder. This perspective is often called "Budget" or "Resources".
2. Customer-the strategy for creating value and differentiation from the customer's perspective; this perspective is populated after the identification and examination of all the stakeholders; *Perceptions generally about who the end customer is may vary along the supply chain (Harrison, 2001)*.
3. Internal Business Processes-the strategic priorities for various business processes that create customer and shareholder satisfaction.
4. Learning and Growth-the priorities to create a climate that supports organizational change, innovation, and growth.

The greatest characteristic of the Balanced Scorecard is its adaptability; an organization is able to choose the appropriate perspectives. Some organizations can choose to divide the Client perspective in two, one for clients and the other one for stakeholders.

A well constructed BSC must describe how the organization works and what is critical for its success, through a number of objectives and measures linked across the four perspectives (Niven, 2003).

3.3. The control panel

The former researches refer to the management and performance measuring of alliance using indicators which shows that working together is a consistent thing. This consistency may be introduced into an ax of working processes together.

David Norton and Robert Kaplan describe in *Alignment* the control panel of the scorecard of Brewer and Speh. According to these, a certain type of control panel for scorecard doesn't apply for every scorecard. The control panel created to reduce the production, delivery and merchandising costs for common products with predictable demand has other objectives than the control panel for special products. Some control panels need reduced costs and a high speed of inventories, while others need flexibility, short response time, accuracy in prevision and innovation.

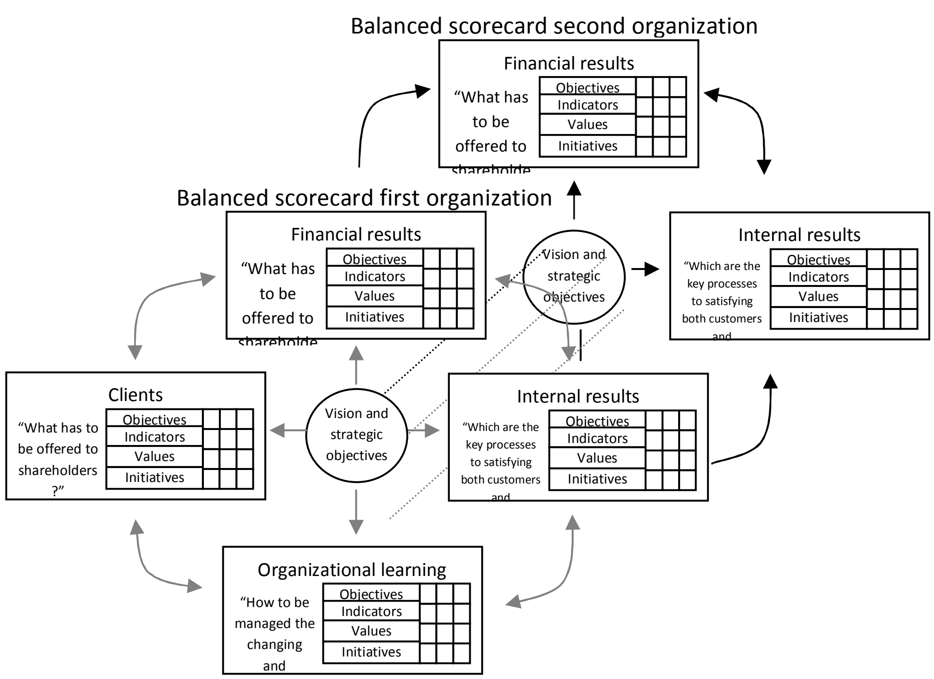
3.4. The collaborative balanced scorecard between an organization and their suppliers

The building process of the collaborative scorecard for ECR alliance between two organizations always begins with establishing of a clear strategy. This strategy has to be a inter-organizational project and has to offer the opportunity, for the player from different processes and organizations to cooperate in order to establish common objectives. Once that the team members established the common strategy, they can move forward to build the collaborative scorecard aligned to this strategy.

A tool capable to operate both into different structures / substructures of the alliance and to integrate each of these structures' efforts in order to be aligned to the objectives of the purchasing-distribution chain is the version of the balanced scorecard presented (Figure 5.). The balanced scorecard formally connects the alliance's global objectives with the chosen strategies for achieving these objectives using some general indicators of performance measuring.

Those objectives, strategies and measuring indicators at alliance level could be aligned at organizational level. Here, the organizations develop objectives, strategies to fulfill these objectives and alliance's performance measuring indicators. This process is repeated at the level of the axes of interest from the organizations members of the alliance.

Figure 5. The collaborative scorecard of ECR alliance



Source: The Norton-Kaplan model, adjusted for two strategic aligned organizations

The instruments of performance measuring are difficult to define and, especially, to measure. A few among these instruments offers a clear image about the global performance, underlying the performance problems or identifying the improvement opportunities. Among all the strategic objectives of alliance performance, the most efficient due to system understanding, which influence behaviors along the system and offers information about the efforts of alliance members, are alliance's deliver disponibility, its responding speed and eligibility.

These strategic objectives for measuring the ECR alliance's performance may be thought as the essence of the alliance, represented graphic as two circles which contain the vision and strategic objectives. These are the management of organizations which form the alliance.

In order to implement a scorecard for the alliance, as a leading tool of the alliance chain performance, we'll start from the vision defining, major objectives and their targets at which they'll align the own strategies, targets and strategic objectives following that each company to develop measurements and indicators for their own scorecard. Every organization's target, objective and action are created to support the common strategy, and KPI derive from the strategic objectives. Each scorecard is integrated and aligned to the common scorecard.

There are a lot of people which believe that "if you cannot measure a phenomenon, then you can't control it". At this moment of time, some measurement systems provide a clear image of the global performance, underlying the causes of performance problems or the improvement opportunities. The reason is simple: it is difficult to realize a robust and useful measuring program. Establishing of an agreement between the companies regarding what has to be measured, about defining the chosen measurement system and how often the measurement should be made may imply a very big effort. Also, the manager commitment on the fundamental proposal of measuring program could be the most controversial activity of all.

At the highest level, alliance's operations are expected to contribute at the company's financial performance. For that, the performance's measuring tools has to accomplish three major objectives: first, it has to transform financial objectives and target into efficient measurements of operational activity. Second, it has to transform the operational performance into exact future previsions of incomes or sales. And, third, it has to lead behaviors into the allied organizations which sustain the global strategy of the common business.

Measurement is the only way to verify if the performance of the processes increases or decreases and if is necessary to take supplementary actions. Much too often, the companies find out about the problems regarding the success or failure in achieving the objectives after these are happening, in the moment when the income decreases, the customers run to the competition or when the result decrease under the expectations.

3.5. The benefits of using BSC

The Balanced Scorecard represents a group of indicators that provide a readable and interpretable presentation, with a regular periodicity (Popa, 2005). The benefits of using BSC in nonprofit organizations identified by the creators of BSC are:

- Allows nonprofit organization to create a bridge between strategy and daily operational processes;
- Supplies a strategic orientation, aligning resources, initiatives and financial support with organizational objectives;
- The measuring system changes the organization focus from programmes and initiatives to outcomes that must be accomplished;
- It offers alignment between initiatives, departments and individuals;
- Efficient fund allocation;
- Quality products/services to target customers;
- Improving customer satisfaction;

- Attraction of new sponsors/growing donations;
- Optimizing internal processes aimed at implementation of strategic goals;
- Adherence to missions and values of organization.

3.6. Cascading BSC

Cascading is the process of developing balanced scorecards for every level of organization…it facilitates learning allowing a bidirectional information flow up and down the organizational hierarchy (Niven, 2003).

The organizational Balanced Scorecard represents the starting point in cascading process. Overall supply chain objectives and strategies undertaken to meet these objectives are linked with the supply chain performance measures through Balanced Scorecard. Objectives, strategies and performance measures at the supply chain level can then be linked to the organizational level. Supply chain Balanced Scorecards are created for each organizational unit, department, team, and individuals involved in the supply chain and they will align with the organizational balanced scorecard, identifying objectives and measures to be monitored for gauging their contribution to the general success. The role of balanced scorecards it is critical for the decisional process, resource allocation and strategic learning.

Table 1. United Way of Southeastern New England Balanced Scorecard

Perspective	***Outcomes***	***Strategic Objectives***
Financial	External Growth	- Increase net amount of funds raised
	Internal Stability	- Balance Internal income and expenses to maintain our 100% guarantee to others
	Community- Building	- Increase amount of funds that go to the services -Increase amount of funds that go to the proprietary products
Customer	Customer Satisfaction	- Recognition - Ease of giving
	Market Growth	- Products that customers care about and that will improve the community
	Customer Retention	- Information on results - Quality, timely service
Internal	Key Internal Business Processes Based on Quality	- Improve key internal processes in the following areas: Fundraising; Fund Distribution; Community-Building; Information Processing /Communication; Pledge Processing; Product Development; Volunteer/Staff Development; Customer Service; Interdepartmental Communication
	Develop innovative products	- Develop a research and development process to come up with new, innovative products
	Maintain Viable Product Line	- Develop a consistent process for evaluating existing products and services
Learning and Growth	Employee Productivity - Training and development - Technology - Team - Open and effective communication - Agency assistance - Employee ownership and involvement	Employee Satisfaction

Source: The Strategy-focused Organization, Kaplan, R.S., Norton, D.P., 2001

4. Example. A nonprofit organization that adopted Balanced Scorecard – UWSENE (Norton & Kaplan, 2001)

Many nonprofit organizations as well as government have adopted successfully the Balanced Scorecard such as *The United Way of Southeastern New England (UWSENE), (Table 1.).*

It was among the first to develop a Balanced Scorecard for a nonprofit organization. United Way organizations enable individual donors to contribute, in a annual consolidated campaign at their workplace, to a wide range of human service programs in their communities. United Ways have three primary choices. They can be donor-focused, agency-focused, or community-focused. Each of the three strategies is good, with the potential to yield positive results… Many United Way switch strategies say to meet specific community needs, for very good reasons but then are surprised when their agencies and donors get upset. UWSENE has definitely become a donor-focused believing that IF the donors are satisfied, then agencies will be provided for. That is why we chose the donor as the primary customer on the scorecard (Kaplan, Norton, 2001).

5. Implementing a performance management system

Performance management can be defined as a *systematic process for improving organizational performance by developing the performance of individuals and teams (Armstrong, 2006)*. A performance measurement system is *the concrete tool designed to quantify performance…a set of connected measures or key performance indicators designed to quantify the efficiency and effectiveness of an action (Kotzab et al., 2007).*

Table 2. BSC for NGO Supply Chain

Mission, Values, Vision, Strategy

Perspectives	Objectives	Measures	Targets	Initiatives
Customer Perspective	Supplies delivered on time	Nr. of items delivered on time	Delivery in 24 h	Local transporters
	Customer satisfaction	Nr. of complaints	10% reduction of complaint number	Fair assessment of customer needs
Stakeholders Perspective	Donor satisfaction	Financial briefing	Monthly financial briefing	Financial reports/ project status
	The influence of the Foundation	Marketing strategy	Continue building brand awareness	Graphics and increased exposure
Internal Perspective	Unsolicited goods	Nr. of unsolicited goods returned	20% reduction of unsolicited goods	Tracking system
	Provision on time	Tons of food on time	20% delay reduction of food provision	Local warehouse
Financial Perspective	Cost reduction of supplies	Amount saved per item	20% cost reduction per item	Local partnership
	Revenue growth	Nr. of fundraising events	10 fundraising events/year	Local and regional advertising
	Improving personnel competencies	% personnel needs training	30% increase in competencies	Training programs for volunteers

In order to implement a performance management system it is necessary to follow the steps:

1. Set supply chain strategy objectives – developing supply chain objectives to support the strategy.
2. Choose metrics and targets that support the objectives – identifying the specific metrics and targets to monitor progress.
3. Identify supporting initiatives – performance-improvement programs to support achieving of supply chain objectives.
4. Implement the programs – gather data and develop tools for reviewing data and to support the decision making process.

In building a balanced scorecard, the first step is transposing of the mission, values, vision and strategy (Table 2.). For each perspective the balance scorecard team develops objectives, measures, targets and initiatives. Targets must be aggressive, but achievable and must have an owner. Initiatives must be chosen in such a way that only those initiatives which lead to the objective accomplishment be selected.

Conclusions

NGOs confront increasing pressure from donors and governments regarding their accountability for the impact and quality of the programmes they develop, resulting in a critical need for measuring performance. Given the fact that logistics represents the centre of NGO operations and the most expensive part, measuring the performance of supply chain became crucial for all the nonprofit organizations.

The Balanced Scorecard of the supply chain can have numerous benefits in an NGO activity. This approach allows management to align the core metrics of the supply chain with the general objectives of the organization, being a good method of focusing on the key indicators that have a direct influence on the organizational performance.

In order to implement a scorecard for the alliance, as a leading tool of the alliance chain performance, we'll start from the vision defining, major objectives and their targets at which they'll align the own strategies, targets and strategic objectives following that each company to develop measurements and indicators for their own scorecard. Every organization's target, objective and action are created to support the common strategy, and KPI derive from the strategic objectives. Each scorecard is integrated and aligned to the common scorecard.

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