

# Balanced Scorecard

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and various listed resources

**Department of Corporate Economy**

# Balanced Scorecard and continuum of value (1st part)

- Balanced Scorecard is a step in the continuum describing value and how the value is created



**Mission** – why we exist= proč existujeme

**Values** – what is important to us- co je důležité



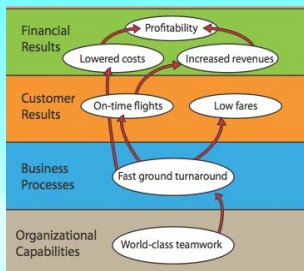
**Vision** – what we want to be- kam jdeme

**Strategy** – our game plan – strategie postupu



**Strategy map** – translate to strategy

**Balanced scorecard** – measure and focus



See next show

# Vysvětlivky k předchozímu snímku

- **MISE** : Vyjádření toho, proč a k čemu organizace existuje, co chce dělat, co umí. Základním posláním každého podniku je svým zákazníkům poskytovat buď nějakou službu nebo jim prodávat nebo jinak poskytovat svoje výrobky
- **Vize** (anglicky **Vision**) je pojem, který se používá v rámci [strategického řízení](#). Vize je to představa žádoucího budoucího cílového stavu a má podobu jednoduchého popisu jeho podoby a ideálního stavu, kterého chce [organizace](#) svojí **strategií** dosáhnout.
- **Vize je součástí motivačních faktorů** (jedná se o největší motivátor) v [organizaci](#) - pomáhá “táhnout za jeden provaz směrem k jejímu naplnění”. Klíčové je, aby se s vizí ztotožnili všichni [manažeri](#) a zaměstnanci v organizaci. Stanovení vize je vhodné pro všechny typy a velikosti organizace. Bez ní chybí jasně vyjádřený směr, kterým se chce organizace vydat a špatně se tak stanovují další motivátory.
- Metoda **SMART** umožňující dosahovat cíle
- **S** - Specific – specifické, konkrétní cíle
- **M** - Measurable – měřitelné cíle
- **A** - Achievable/Acceptable – dosažitelné/přijatelné
- **R** - Realistic/Relevant – realistické/relevantní (vzhledem ke zdrojům)
- **T** - Time Specific/Trackable – časově specifické/sledovatelné

# Balanced Scorecard and continuum of value (2nd part)

- Balanced Scorecard is a step in the continuum describing value and how the value is created

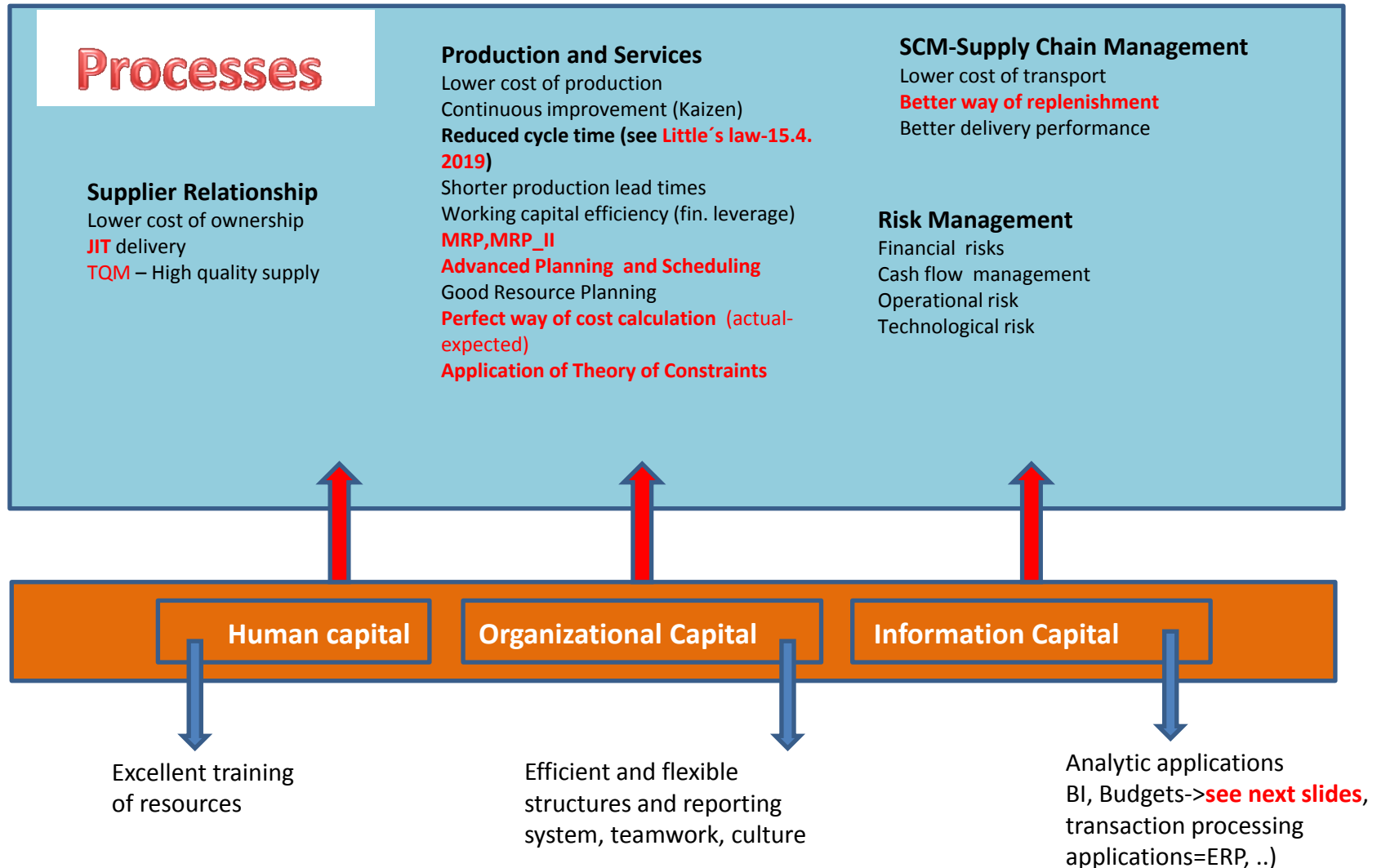


# Definition

- BS developed by Robert Kaplan and David Norton
- BS examines a firm's performance in four critical areas



# Basic strategy map (two lower BS levels)



# Budget model in ERP-setup

G/L Budgets

Type to filter (F3) | Name

Name	Description	Budget Dimension 1 Code	Budget Dimension 2 Code	Budget Dimension ...	Budget Dimensio...	Bloc...
2018	2018 budget					<input type="checkbox"/>
2019	2019 budget	AREA	SALESCAMPAIGN			<input type="checkbox"/>

Set Work Date

Set Work Date

Work Date: 24.1.2019

OK Cancel

General

Budget Name: 2019 | View by: Week

Show as Lines: G/L Account | Rounding Factor: None

Show as Columns: Period | Show Column Name:

Budget Matrix (Filtered)

Balance Find Filter Clear Filter

Code	Name	Budgeted Amount	4.2019	5.2019	6.2019
6610	Sales, Other Job Expenses				
6620	Job Sales				
<b>6695</b>	<b>Total Sales of Jobs</b>				
6710	Consulting Fees - Dom.	380,00	100,00	200,00	80,00
6810	Fees and Charges Rec. - Dom.				

Total budgeted amount = 380

# Budget model in ERP – (sales of consulting services)

Lines								
Sales Line (invoice) 24.1.2019								
⚡ Functions ▾   📄 Line ▾   📄 New   👤 Find   Filter   🗑️ Clear Filter								
Type	No.	Description	Location Code	Quantity	Unit of Measur...	Unit Price Excl. VAT	Line Amount Excl. VAT	Line Discount %
G/L Account	6710	Consulting Fees - Dom.	BLUE	10	HOUR	40,00	400,00	

Lines								
Sales Line (invoice) 31.1.2019								
⚡ Functions ▾   📄 Line ▾   📄 New   👤 Find   Filter   🗑️ Clear Filter								
Type	No.	Description	Location Code	Quantity	Unit of Measur...	Unit Price Excl. VAT	Line Amount Excl. VAT	Line Discount %
G/L Account	6710	Consulting Fees - Dom.		12	HOUR	40,00	480,00	

Lines								
Sales Line (invoice) 7.2.2019								
⚡ Functions ▾   📄 Line ▾   📄 New   👤 Find   Filter   🗑️ Clear Filter								
Type	No.	Description	Location Code	Quantity	Unit of Measur...	Unit Price Excl. VAT	Line Amount Excl. VAT	Line Discount %
G/L Account	6710	Consulting Fees - Dom.		4	HOUR	15,00	60,00	

## General Ledger entries

Posti... Date	Document Type	Document No.	G/L Acco...	Description	Gen. Posti...	Gen. Bus. Posting ...	Gen. Prod...	Amount	Bal. Accou...	Bal. Accou...	Entry No.
24.1.2019	Invoice	103037	6710	Invoice 1004	Sale	NATIONAL	SERVI...	-400,00	G/L Account		2852
31.1.2019	Invoice	103038	6710	Invoice 1005	Sale	NATIONAL	SERVI...	-480,00	G/L Account		2855
7.2.2019	Invoice	103039	6710	Invoice 1006	Sale	NATIONAL	SERVI...	-60,00	G/L Account		2858

$$400+480+60=940$$



# Budget- Planned-Actual

Options

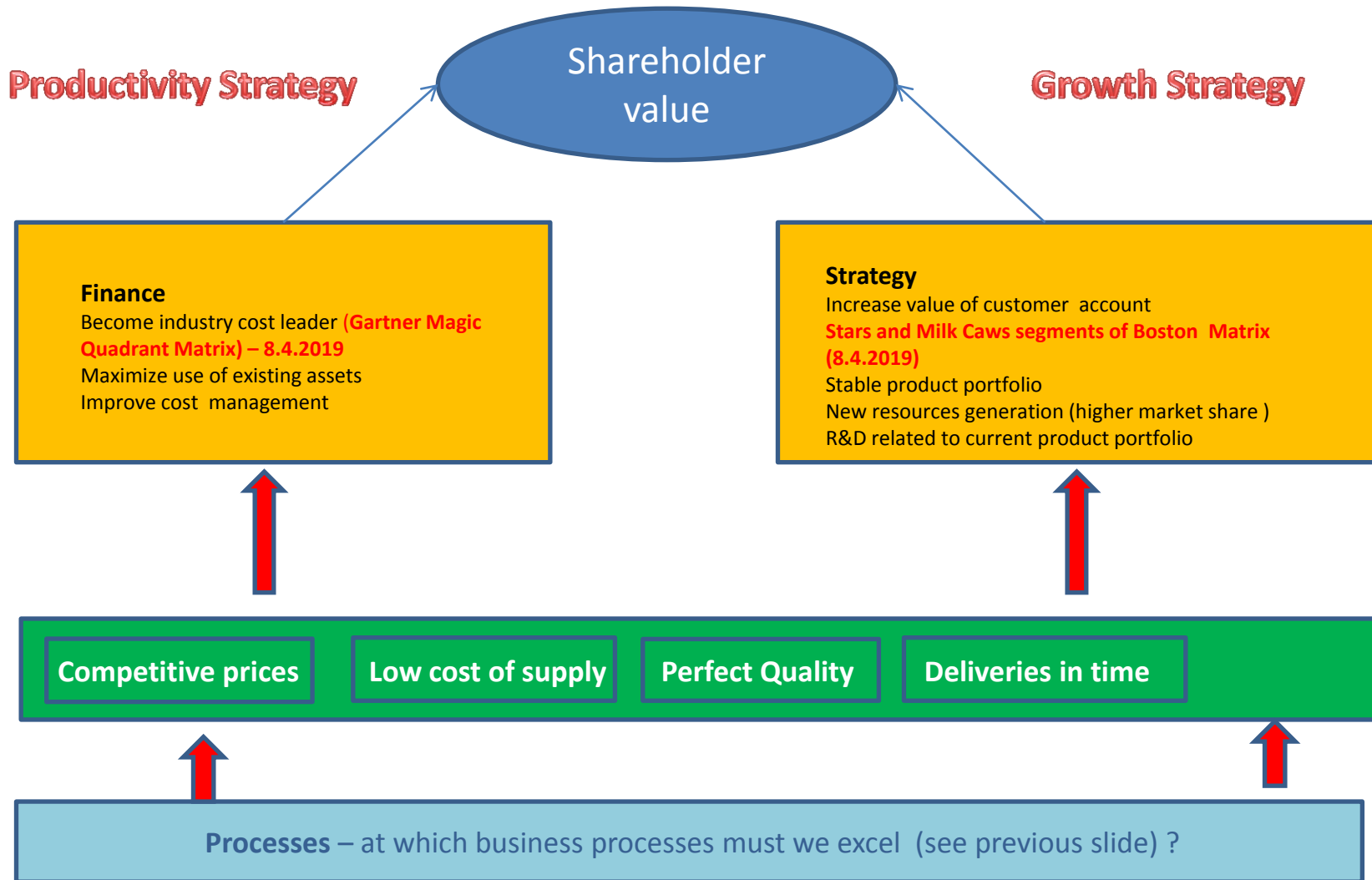
Closing Entries:  View as:

View by:

No.	Name	Income/Bal...	Debit Amount	Credit Amount	Budgeted Debit Amount	Budgeted Credit Amount	Balance/Budget (%)
6710	Consulting Fees - Dom.	Income Stat...		940,00	380,00		-247,4



# Basic strategy map (two upper BS levels)



# Balanced Scorecard worksheet

Dimension		Objectives	Key Performance Indicator	Goal for 2008	KPI Results to Date	Score	Mean Performance
Finances	Productivity	Become industry cost leader	% reduction in cost per unit	20%	10%	50%	65%
	Growth	Increase market share	Market share	50%	40%	80%	
Customers	Quality	Zero defects	% good quality first pass	100%	80%	80%	(50+80)/2
	Timeliness	On-time delivery	% of on-time deliveries	95%	90%	95%	87%
Processes	Suppliers	Integrate into production	% orders delivered to assembly	50%	40%	80%	73%
		Reduce inspections	% suppliers ISO 9000 certified	90%	60%	67%	
	Products	Reduce time to produce	Cycle time	10 mins.	12 mins.	83%	52%
		Improve quality	# warranty claims	200	1000	20%	
	Distribution	Reduce transportation costs	% FTL shipments	75%	30%	40%	40%
	Post-sales Service	Improve response to customer inquiries	% queries satisfied on first pass	90%	60%	67%	67%
Risk	Reduce Inventory obsolescence	Inventory turnover	12	6	50%	50%	
	Reduce customer backlog	% order backlogged	10%	20%	50%		
Learning & Growing	Human capital	Develop quality improvement skills	# of six sigma Black Belts	25	2	8%	35%
			% trained in SPC	80%	50%	63%	
	Information capital	Provide technology to improve processes	% customers who can track orders	100%	60%	60%	61%
			% suppliers who use EDI	80%	50%	63%	
Organizational capital	Create innovative culture	# of employee suggestions	100	60	60%	55%	
		% of products new this year	20%	10%	50%		

**Explanations** : FTL-full truck load, LTL- less than truck load , SPC=statistical process control, EDI=electronic data interchange, Cycle time=time/unit=(e.g.7 min/1 customer request)

# Some units for measuring (home study- intro I)

- **Will be presented later in sections such as :**
  - Little's law ( $WIP = \text{Throughput} * LT$ ) – 15.4.2019 will be presented
  - Theory of Constraint... was presented
- **Takt Time (TT)** – rhythm in which we have to produce in order to satisfy customer demand (demand is 240 toaster ovens and we can produce these in 480 minutes  $\rightarrow TT = 480/240 = 2$ )
- **Lead Time (LT)** – Number of minutes, hours, or days that must be allowed for the completion of an operation or process, or must elapse before a desired action takes place –see next slide

# ERP outputs and BSC

Customer - Summary Aging  
CRONUS International Ltd.

12. Cerven 2015  
Page 1

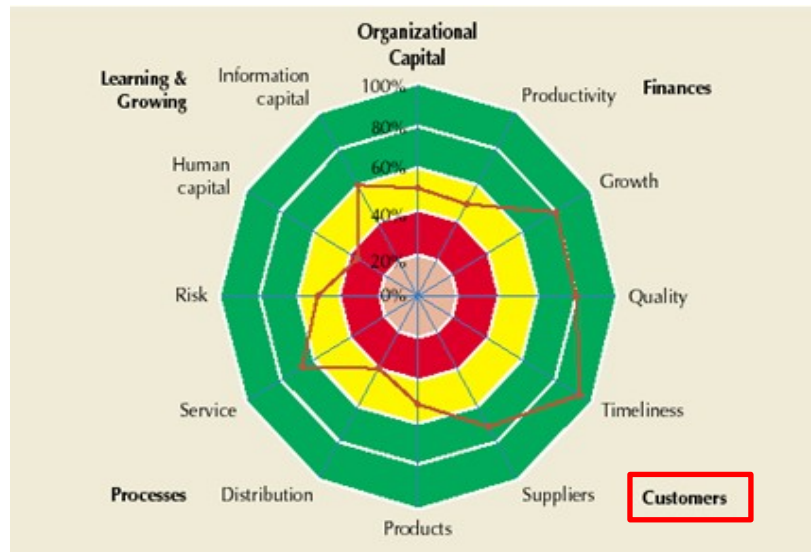
Report generated from  
ERP MS Dynamics NAV

Customer: No.: 10000.50000

## FINANCIAL WAY OF REPORTING

Balance Due

No.	Name	...before	03.12.12 02.01.13	03.01.13 02.02.13	03.02.13 02.03.13	after...	Balance
10000	The Cannon Group PLC	48 860,55	0,00	0,00	0,00	286 056,12	334 916,67
20000	Selangorian Ltd.	-3 467,38	0,00	0,00	0,00	0,00	-3 467,38
30000	John Haddock Insurance Co.	340 865,40	0,00	0,00	0,00	0,00	340 865,40
40000	Deerfield Graphics Company	1 328,88	0,00	0,00	0,00	0,00	1 328,88
50000	Gullford Water Department	666,75	0,00	0,00	0,00	0,00	666,75
<b>Total (LCY)</b>		<b>388 254,20</b>	<b>0,00</b>	<b>0,00</b>	<b>0,00</b>	<b>286 056,12</b>	<b>674 310,32</b>



## BS WAY OF REPORTING (RADAR CHART)

Based on KPI estimation in % out analysed company is excellent, but on the other hand, collecting money, credit limit and overdue management is falling behind

# ERP forms related to customer aging report

10000 The Cannon Group PLC - Customer Card

General Communication Invoicing Payments Shipping Foreign Trade

No. . . . . 10000 Search Name . . . . . THE CANNON GR...

Name . . . . . The Cannon Group PLC Balance (LCY) . . . . . 334 916,67

Address . . . . . 192 Market Square Credit Limit (LCY) . . . . . 10 000,00

Address 2. . . . .

Post Code/City . . . . . B27 4KT Birmingham Salesperson Code . . . . . PS


Country/Region Code . . . . . GB Responsibility Center . . . . . BIRMINGHAM

Phone No. . . . . Service Zone Code . . . . . M

Primary Contact No. . . . . Blocked . . . . .

Contact. . . . . Mr. Andy Teal Last Date Modified . . . . . 02.03.15

Check Credit Limit

 This customer has an **overdue balance** and the customer's **credit limit** has been exceeded. Do you still want to record the amount?

No. . . . . 10000

Name . . . . . The Cannon Group PLC

Balance (LCY) . . . . . 334 916,67

Outstanding Amt. (LCY) . . . . . 157 876,00

Shipped/Ret. Rcd. Not.. . . . . 525,50

Current Amount (LCY) . . . . . 0,00

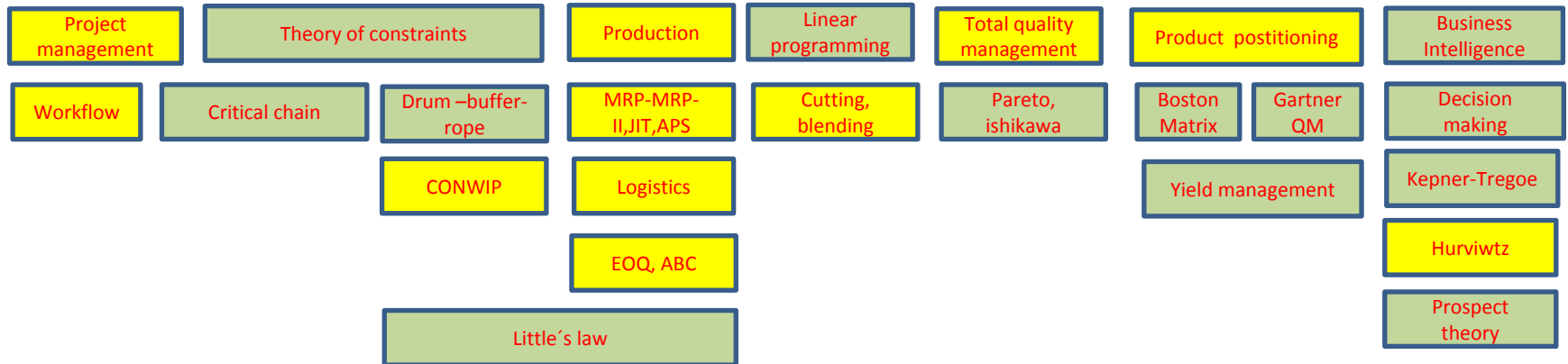
Total Amount (LCY) . . . . . 493 318,17

Credit Limit (LCY) . . . . . 10 000,00

Overdue Amounts (LCY)  
as of 10.12.14 . . . . . 48 704,17

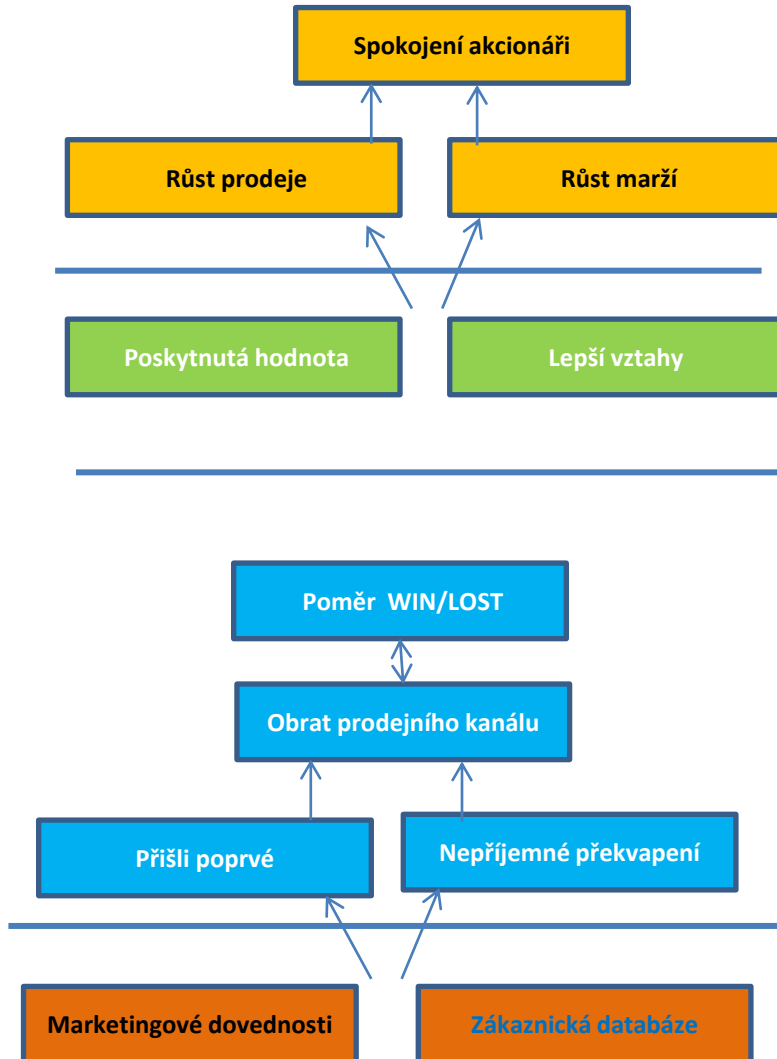
Yes No Customer Help

# BS and OM



# Strategické iniciativy

(dolní dvě BSC vrstvy mají zde definovaný Cíl- Měření- Záměr- Akční program)

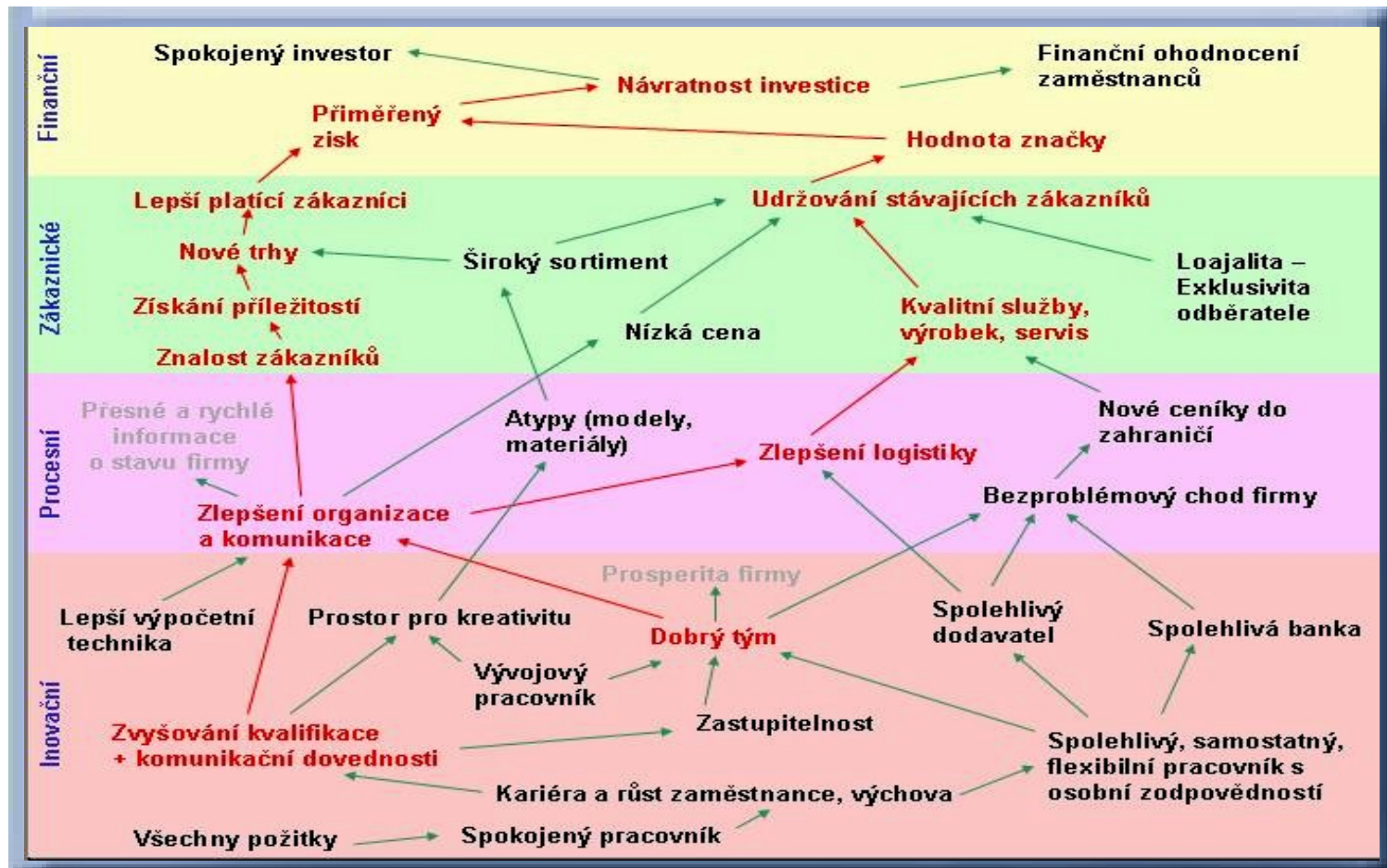


Cíl	Měření	Záměr	Akční program
Udržet si zákazníky	Poměr WIN/LOST		Akční prodeje
Zvětšit podíl na trhu	Počet nových klientů	o 100 % - 2 roky (zvýšení)	Podpora image
	Počet problémů	o 50 % - 2 roky (snížení)	Program cíleného marketingu
Marketingové dovednosti	% dovedností % zákazníků s OK daty	Do 100% -rok Do 80 % -2 roky	Školení Nový SW

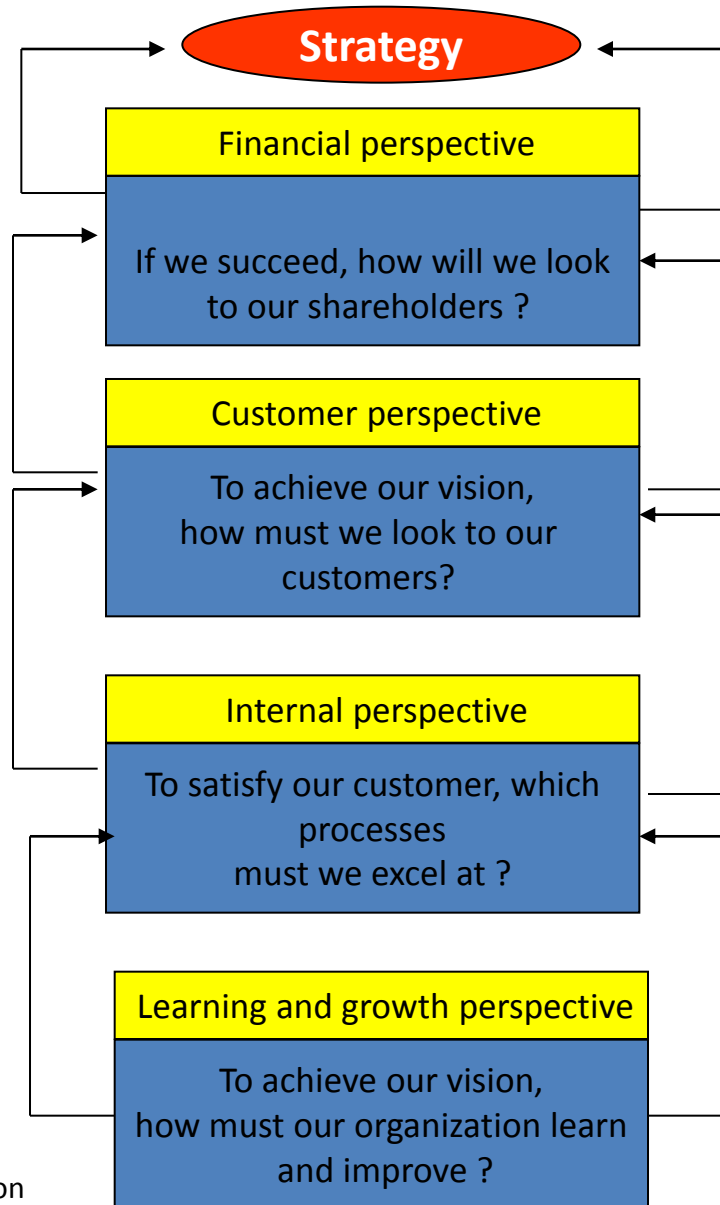




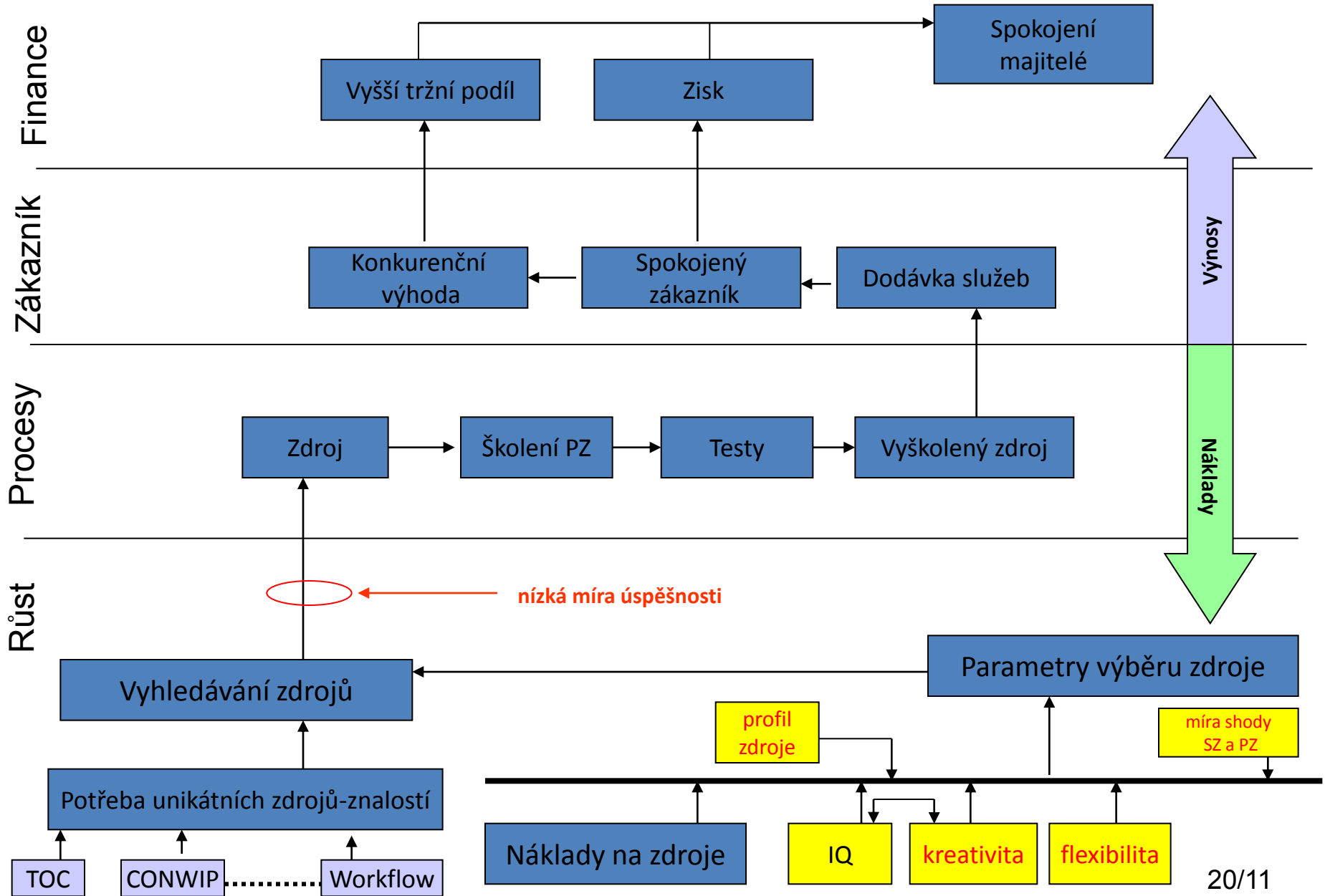
# Výsledný graf po aplikaci JSS (transpozice FRT->BSC vrstev)



# Strategy Map-The Simple Model of Value Creation



# Strategická mapa (BSC)- velmi zjednodušené schéma



# Test 1

- **What is the main goal of a company?**
  - A) Obtain the highest profit
  - B) Find solutions that will be in the best interests of stakeholders
  - C) Produce as many products as possible
  - D) A and C
  - E) None of the above

# Test 2

- **Which of the following is Operations Management Technology not concerned with?**
  - A) Product & Service Technology
  - B) Process Technology
  - C) Globalization technology
  - D) Information Technology
  - E) All of the above

# Test 3

- **Which of the following would be considered an input when converting inputs into outputs during the transformation process?**
- A) Land
  - B) Capital
  - C) Raw Materials
  - D) Facilities
  - E) All of the above

# Test 4

- **Which of the following is not a key element of supply chain management ?**

A) Purchasing

B) Suppliers

C) Location

D) Logistics

E) Managers decision





# THE END

This Is The End  
Beautiful Friend  
This Is The End  
My Only Friend The End  
Of Our Elaborate  
Plans The End  
Of Everything That  
Stands The End