

Balanced Scorecard

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and various listed sources

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

Values – what is important to us



Vision – what we want to be

Strategy – our game plan



Strategy map – translate to strategy

Balanced scorecard – measure and focus



See next show

Balanced Scorecard and continuum of value (2nd part)

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



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

Show as Lines: G/L Account

Show as Columns: Period

View by: Week

Rounding Factor: None

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				
6695	Total Sales of Jobs				
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								
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								
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								
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:

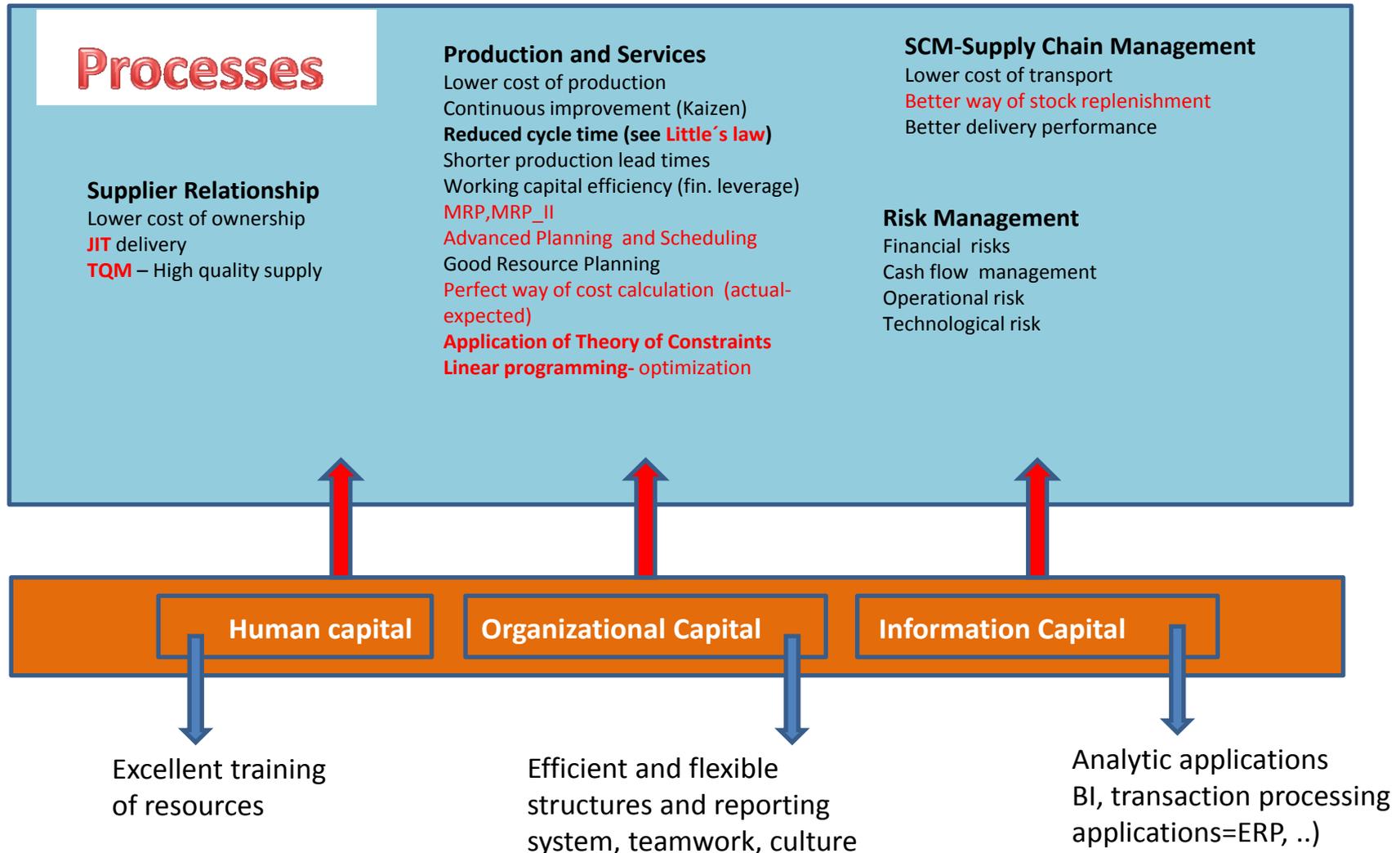
No.	Name	Income/Bal...	Debit Amount	Credit Amount	Budgeted Debit Amount	Budgeted Credit Amount	Balance/Budget (%)
6710	Consulting Fees - Dom.	Income Stat...		940,00	380,00		-247,4

Definition

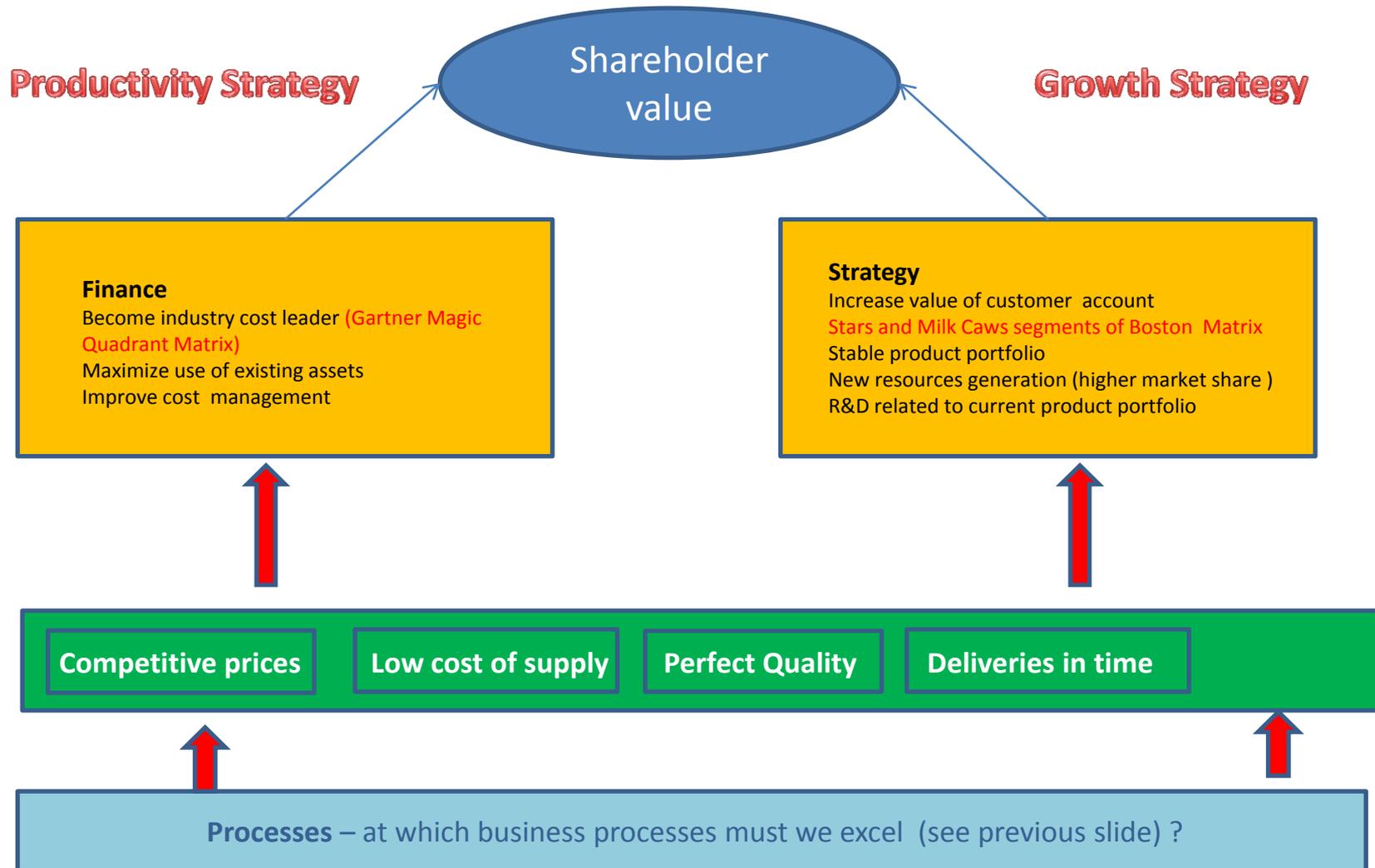
- BS developed by Robert Kaplan and David Norton
- BS examines a firm's performance in four critical areas



Basic strategy map (two lower BS levels)



Basic strategy map (two upper BS levels)



Balanced Scorcard 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 (home study- ONLY Czech courses and AOPR)

- **Will be presented later in sections such as :**
 - Little's law ($WIP = \text{Throughput} * LT$)
 - Theory of Constraint...
- **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 BS

Customer - Summary Aging
CRONUS International Ltd.

12. Cerven 2015
Page 1

Report generated from
ERP MS Dynamics NAV

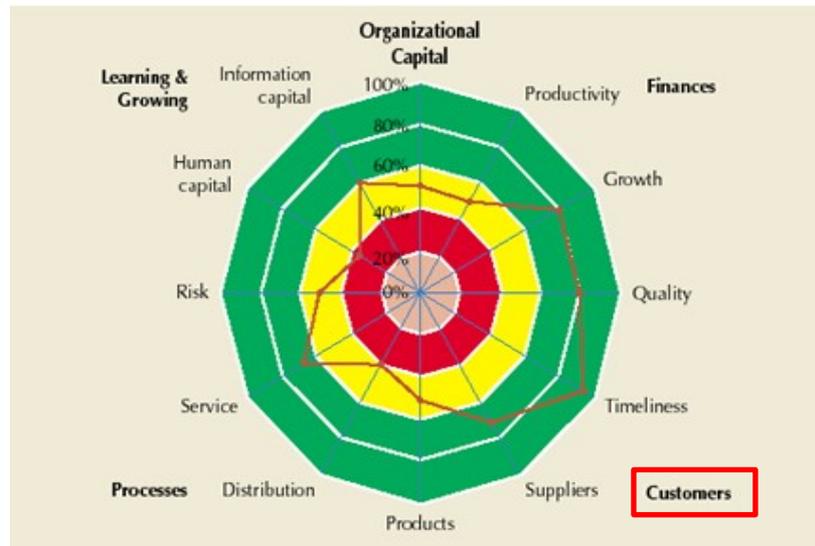
Customer: No.: 10000.50000

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
Total (LCY)		388 254,20	0,00	0,00	0,00	286 056,12	674 310,32

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

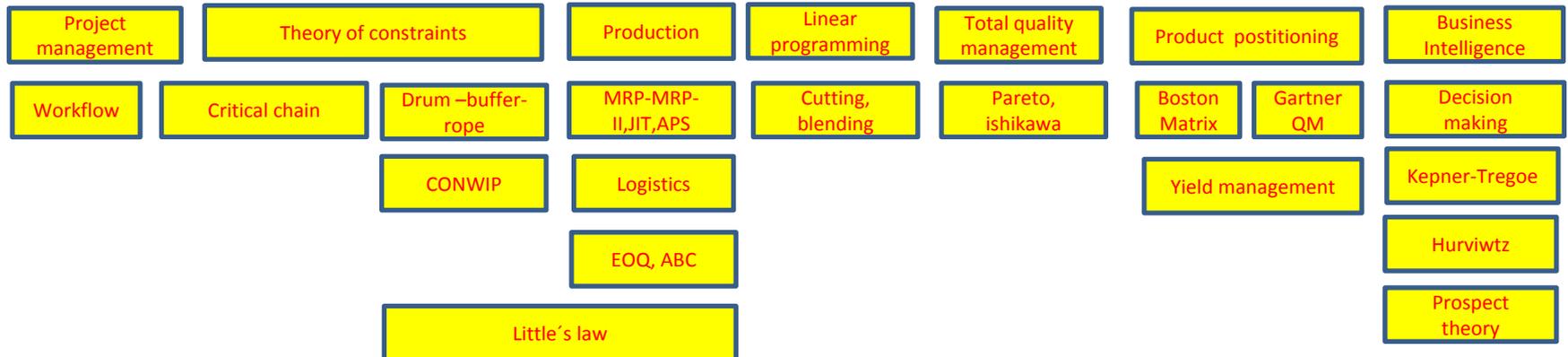
Total Amount (LCY) 493 318,17

Credit Limit (LCY) 10 000,00

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

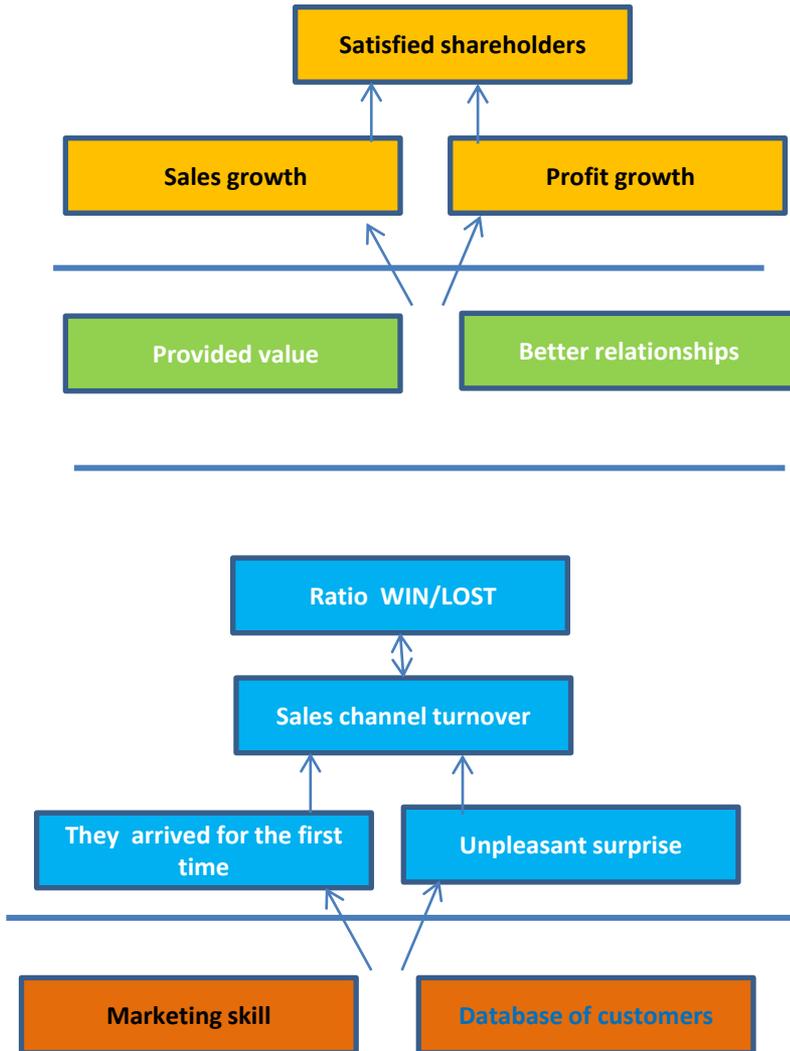
Yes No Customer Help

BS and OM



Strategic initiatives

(two lower BSC layers have defined way : Goal-Measurement-Intent-Action Program

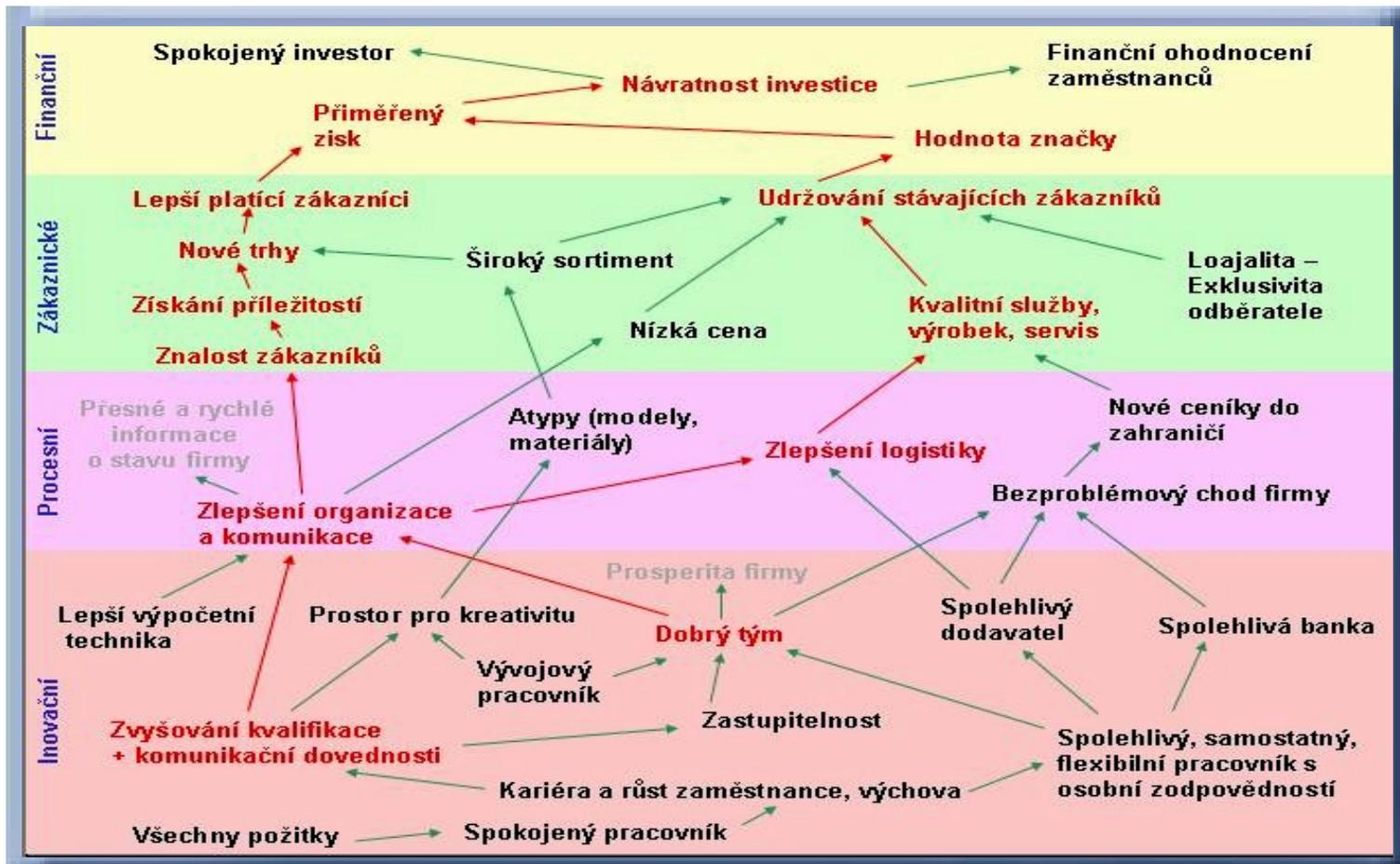


Goal	Measurement	Intent	Action program
To keep our existing customers	Ratio WIN/LOST		Action sales
To enlarge market share	Number of new customers	by 100 % - 2 years (increase)	Support of image
	Quantity of problems	by 50 % - 2 years (decrease)	Program of targeted marketing
Marketing skills	% of skills % customers with correct data	In one year 100% In 2 years 80 %	Training New SW

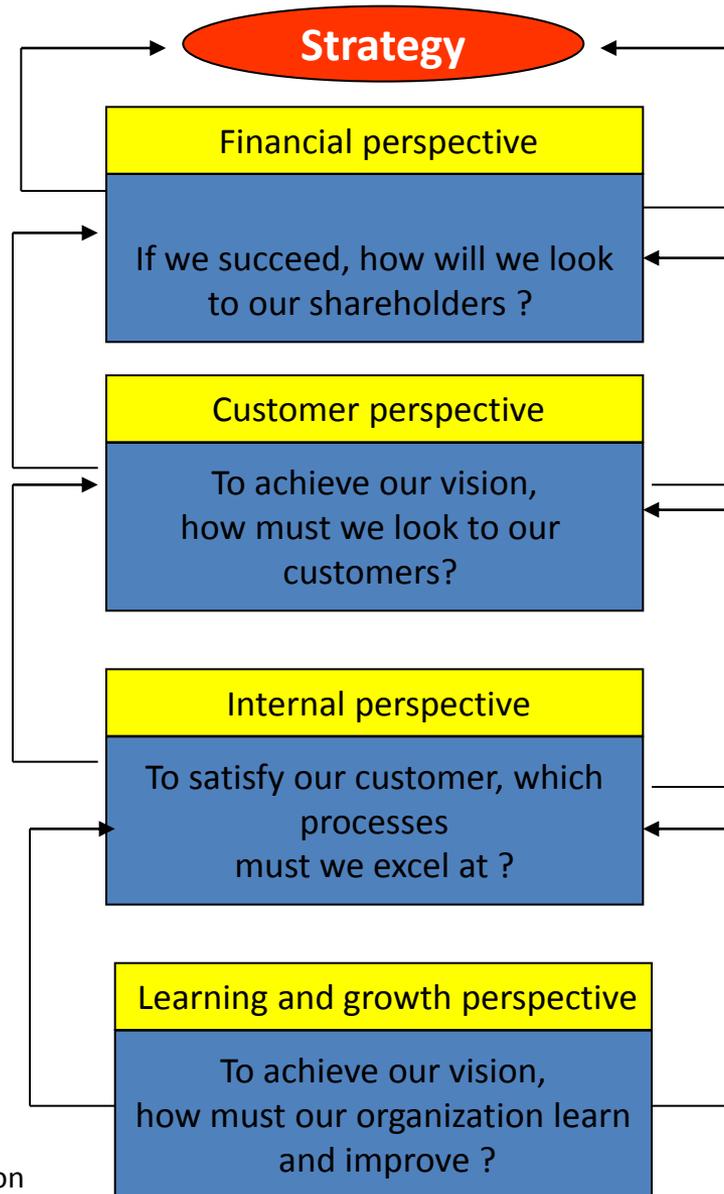
Výsledný graf po aplikaci JSS (transpozice FRT->BSC vrstev)



Czech courses only



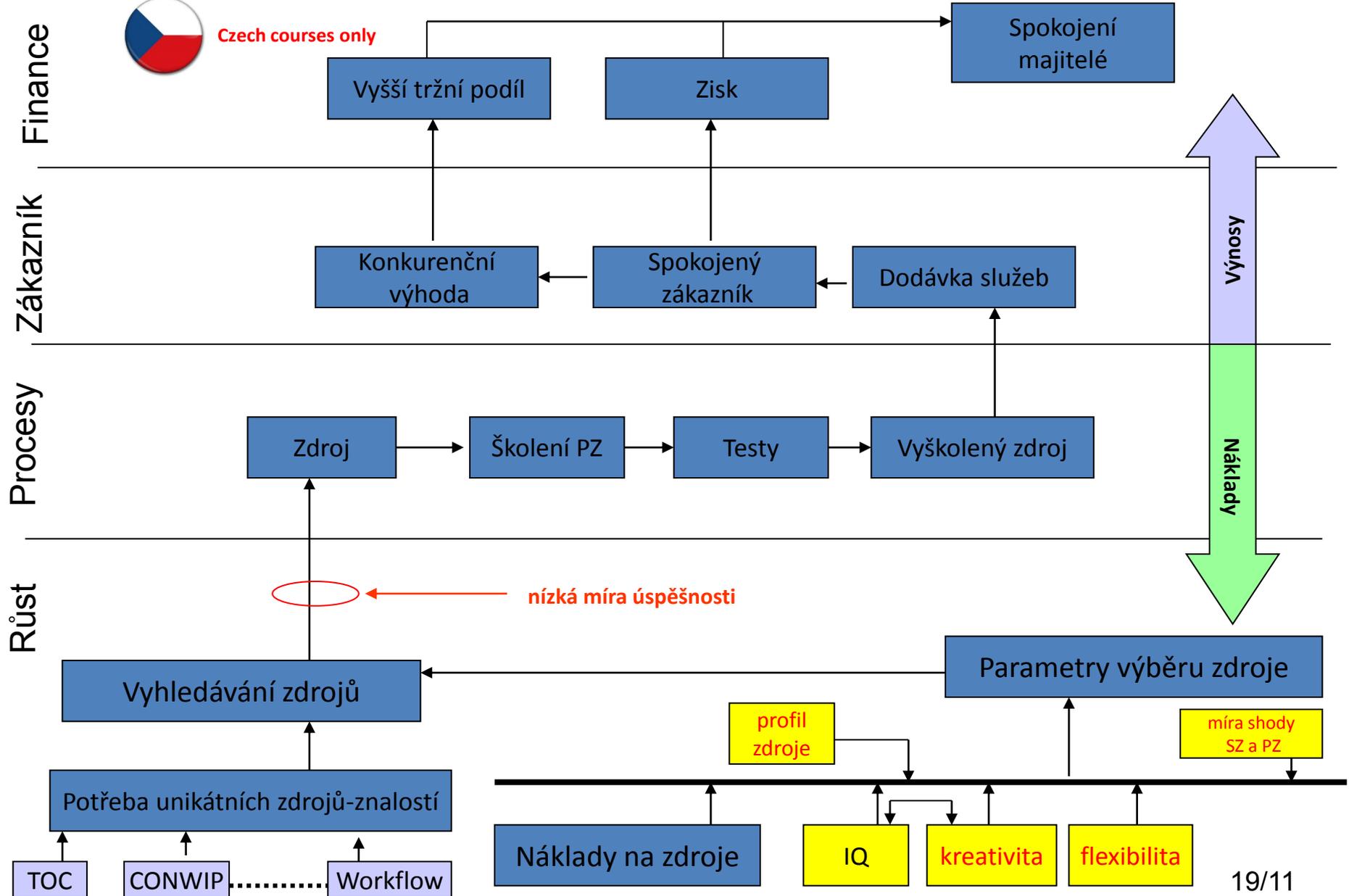
Strategy Map-The Simple Model of Value Creation



Strategická mapa (BSC)- velmi zjednodušené schéma



Czech courses only



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