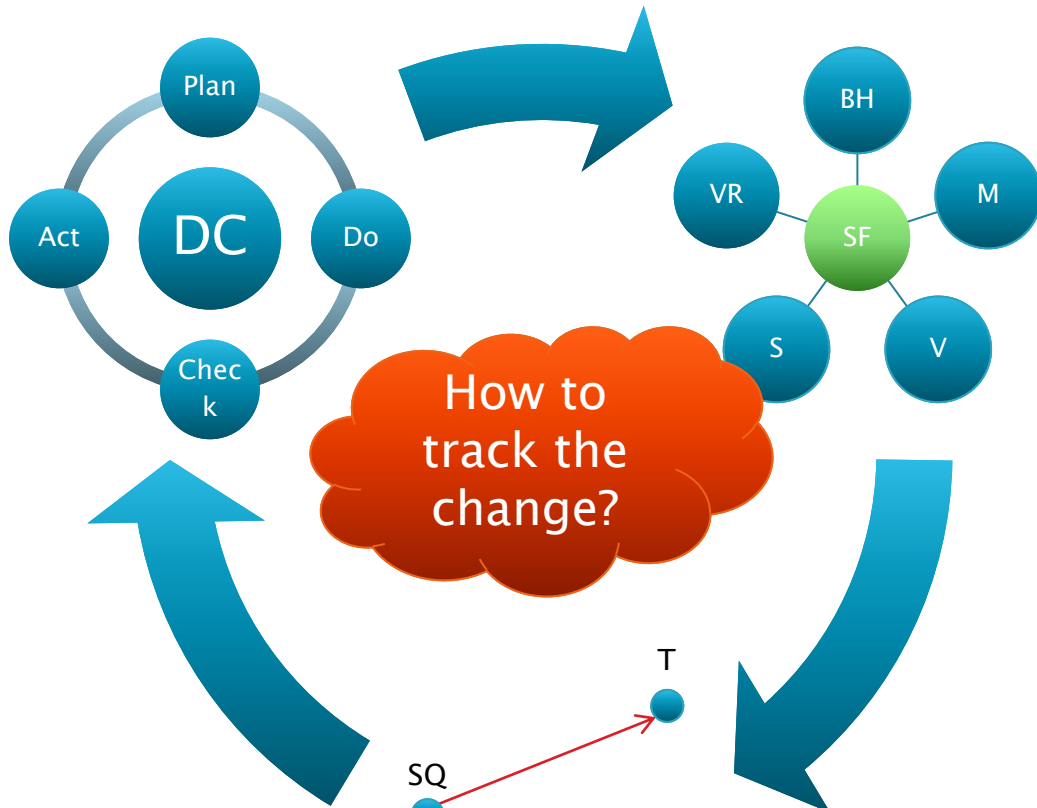


Management by Competencies

Balanced Scorecard



Change achieving



DC...Deming Cycle

How to track the change?

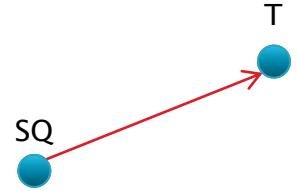
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Change Vector



Definition of Performance Indicators

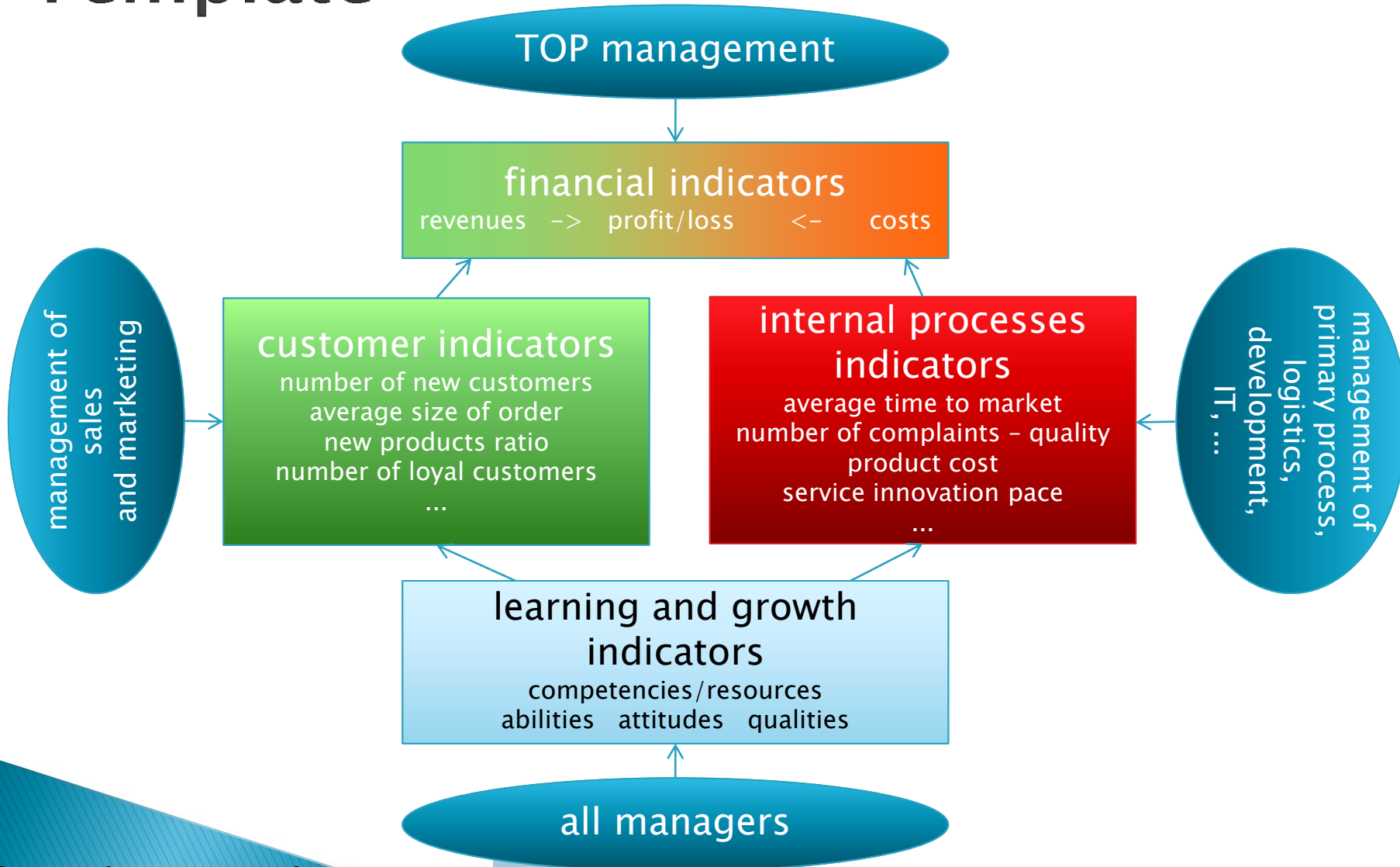


- ▶ To know WHAT to do is not enough
- ▶ It is important to know WHETHER and HOW we are doing
- ▶ Therefore MbC operates with system of indicators on every level of management
 - in accordance with development of company and people, the target values for indicators are determined that enable continuous monitoring and management of improvement
- ▶ Balanced Score Card utilization

Balanced Score Card Motivation

- ▶ **Balanced Score Card (BSC)**
 - introduced in 1990's by Robert Kaplan and David Norton
 - reaction to popular cost-cutting projects
- ▶ **Cost-cutting Projects substantially improved cost-related financial indicators in fiscal year**
 - and consultancy companies made well getting good profit share
- ▶ **However, in next years cost-cut companies**
 - have seen a huge drop in their performance
 - loose much of their ability to react to changes (stability)
 - become less vital, i.e. able to continuously succeed
- ▶ **Therefore BSC**
 - introduced new kinds of indicators to existing ones to connect corporate strategy with all operational areas of within the enterprise

Balanced Score Card Example Template



Indicators in details

Financial perspective

Customer perspective

Perspective of internal processes

Perspective of learning and grow

Financial perspective

- ▶ Financial goals depend of the lifecycle of
 - Company
 - Unit
 - Service

Growing

- Early phase
- Growing potential
- Big long term investment
- Negative cash flow

Preservation

- Interesting for middle and short investment (ROI)
- Elimination of constrains
- Positive profit and cash flow

Harvest

- No big investments
- Only maintenance
- Positive cash flow
- High profit

Strategic directions

Grow of turnover and mix of products

Reduction of costs and increase of productivity

Use of resources and strategy of investment

Measuring of financial effects

		Strategic directions		
		Grow of turnover	Reduction of costs	Use of resources
Life status	Progress	Rate of sales growth The percentage of sales from new products	Turnover per employee	Investment (per sales)
	Persevation	Rate on target customers Profit per customer	Costs in comparison with competitors Indirect costs	Cash to Cash cycle Usage of resources
	Harvest	Profit per customer Percentage of non-profitable customers	Unit costs	Time of investment's returns

Customer perspective

▶ Segmentation of customers

Geographic

- Nation, States
- Regions, Cities

Demographic

- Age, gender
- Family size
- Life cycle, Income

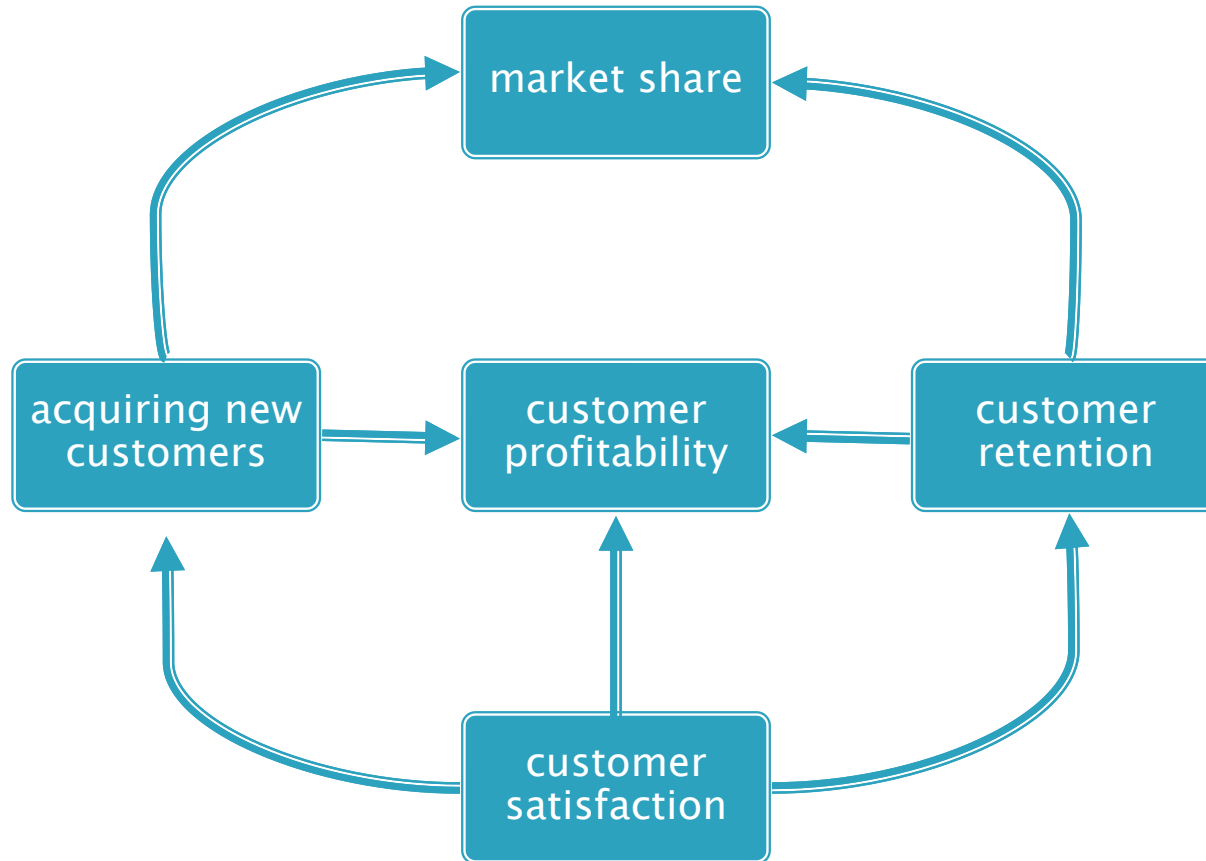
Psychographic

- Social class
- Lifestyle
- Personality

Behavioral

- Occasions
- Benefits sought
- User status
- Loyalty

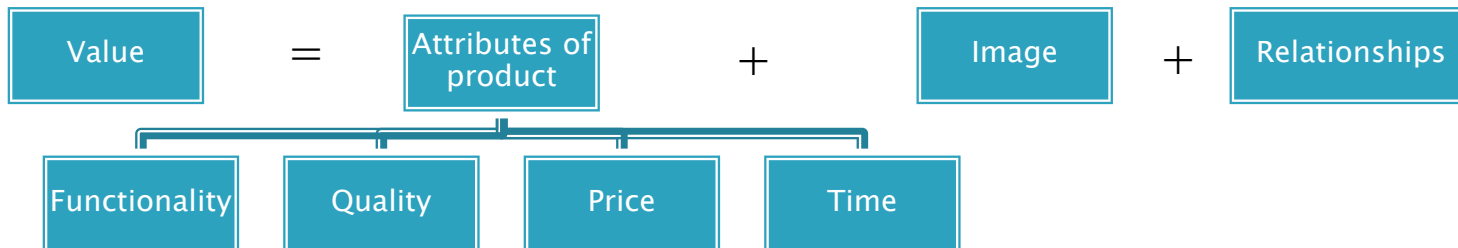
Measuring segments contributions



Target segments and customers

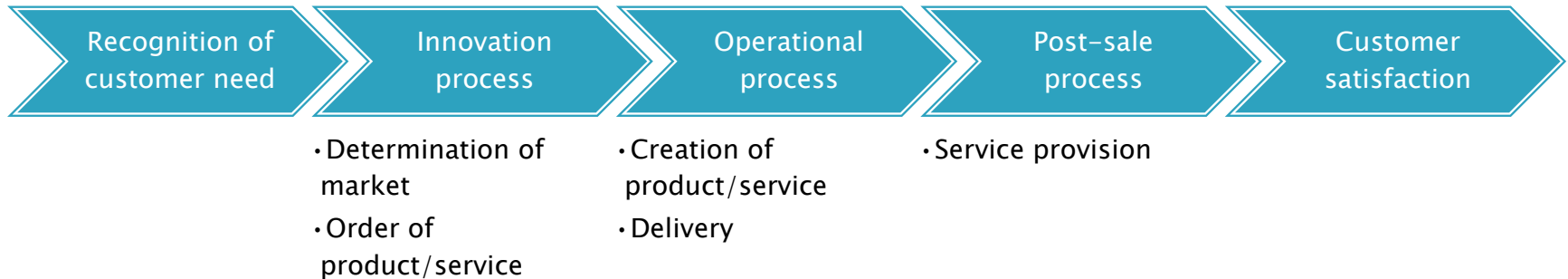
Customers	profitable	No profitable
Target segments	keep	move
No target segments	monitor	eliminate

Value advantage of customer



Inner processes perspective

- ▶ Innovation process
- ▶ Operational process
- ▶ Post-sale process



Innovation process indicators

Percentage of new product / services

Number (percentage) of patents

Our indicators comparing to the competitors' performance

Time of new generation development

Operational process indicators

- ▶ Mapping the process from customer's order to the product / service delivery
- ▶ Traditionally related to financial indicators
 - Costs
 - Budgets and deviations
- ▶ Now related with quality monitoring and time of delivery cycle
 - Number of rejects
 - Time of delivery

Post-sale process indicators

Repairs

- Warranty
- Non – warranty

Complaints

Payment processing

Quality of service

Quality of customer support

Perspective of learnign and growth

Employees' ability

Capability of information system

Motivation

Employees' ability indicators

Satisfaction

- Identification
- Meaningful work
- Information access

Keeping

- Percentage of turnover of key employees

Productivity

- Profit per employee
- Turnover per employee

Capability of information systém

It is necessary not only to save information but also to analyse them

To be able to develop new information as the basement for strategic decision

coverage ratio of strategic information

- Analogy to key employees
- Percentage of covered processes
- Feedback of costs

Motivation indicators

Number of initiatives per employee

Number of initiatives realized

Motivation to improve internal processes

- Measuring of deviation before and after

Measuring of personal commitment

- Number of managers/employees to be involved

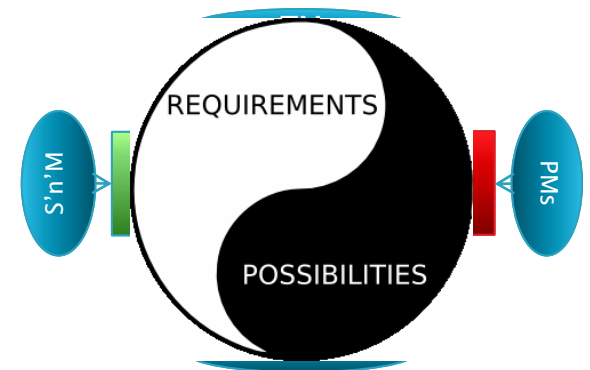
Measuring of teams performance

- Level of information sharing
- Number of integrated projects
- Percentage of teams with sharing of benefit system

Balance Score Card and MbC

Learning and grow indicator are of the big importance

- focuses on competences that employees must have to successfully fulfill financial, customer, process or others
- these indicators focus the happening in the world of possibilities whereas the others the world of requirements



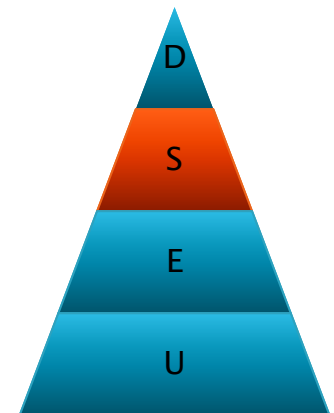
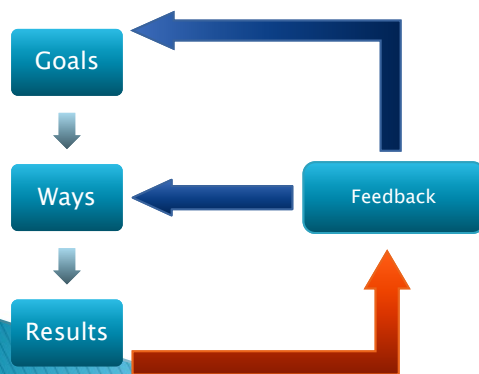
Balance Score Card and MbC (cont'd)

- ▶ BSC is tool primarily for managers
 - but also communication mean with leaders, owners, shareholders



shareholders, owners, ...

- ▶ BSC may be foundation of monitoring system



Conclusion

- ▶ Balanced Scorecard perspective
- ▶ Why to use in MbC
- ▶ Structure of MbC