

# Balanced score card essay

[Sociology](#), [Empowerment](#)



Businesses are propelled by their mission and vision. They define what the business aims to achieve by the virtue of its existence. However, having a mission and a vision does not necessarily result to the success of the business. More needs to be done in laying down strategies to achieve these successes. Financial results alone are not sufficient to show business growth. Because they only show one business sector growing but leave other important sectors unevaluated. The balanced score card (BSC) is one such strategy.

It is a strategic business approach which evaluates the performance of key business areas with a view to optimize performance. This business tool was developed by Kaplan and Norton. ([http://www.brefigroup.co.uk/consultancy/balanced\\_business\\_scorecard.html](http://www.brefigroup.co.uk/consultancy/balanced_business_scorecard.html)). A BSC views a business in four perspectives. First is the financial perspective where the aim is to increase the shareholders' wealth (<http://www.balancedscorecard.org/basics/financial.html>). This is achieved by making the business profitable thereby increasing its market value.

The other perspective is customer satisfaction where emphasis is to deliver products and services of expected standards. Operations perspective evaluates the strategies that work for the business and those that do not. It focuses on the underperforming areas with a view to improve them. The learning and growth perspective focuses on the growth of employees as the main business resource. (<http://www.qa.au.edu/page2/research/BSCBalancedBusinessScorecard.pdf>) A BSC is key for the success for any business. Many large companies have succeeded driven by a BSC according to Gumbus & Lussier, (2006) (<http://findarticles>.

[com/p/articles/mi-hb177/is\\_200607/ai/n18940783](http://com/p/articles/mi-hb177/is_200607/ai/n18940783)). A BSC enables businesses to focus on long term goals and balance them with short term goals. It challenges the managers to trace the performance of individual sectors of the business. Managers are able to focus on the important areas that may be underperforming and revive them. The BSC ensures that goals are well understood and appropriate strategies are laid down to measure the extent of achievement. The BSC quantifies performance of the business so that any progress or otherwise is put in understood clearly. (<http://www.microsoft.com/casestudies/casestudy.aspx?casestudyid=49167>)

Unlike a project which operates within a certain time frame, the BSC continuously reviews business performance in order to keep up with changing market forces, (Arveson, 1998). ([http://www.balancedscorecard.org/basics/not\\_pm.html](http://www.balancedscorecard.org/basics/not_pm.html)). Businesses, therefore, should take time to lay strategies to evaluate each sector; set targets both long-term and short term, evaluate performance against targets and adopt the successful strategies. The overall effect of this will be greater profitability for the business with all stakeholders satisfied. (<http://www.1000ventures.com/business-guide/business-success-bybt.html>).

Three medium sized companies evaluated their performance after implementing the BSC they had drafted. Hyde Packs Electronics a family business in Dayton, Ohio, are manufacturers of ultrasonic proximity sensors. This business employed 42 people, 8 at managerial level. The implementation of its BSC led to higher profits in 1995 in spite of a weak economy. Futura industries, located in Clearfield, UT, deals with aluminium extrusion. With 230 employees the company gained great productivity upon

implementing the BSC. An entrepreneurial company SGC with 150 employees has success stories after implementing BSC.

These companies used different approaches to focus on their customers. ([http://www.blackwell-synergy.com/doi/abs/10.1111/j.1540-627\\*2006.00179\\*](http://www.blackwell-synergy.com/doi/abs/10.1111/j.1540-627*2006.00179*)). At Hyde Packs Electronics the attention was focused on product development as this was the major contributor to sales. A market penetration strategy was employed which focused on getting the products to consumers. This was to ensure that consumers got the commodities at right time. The strategy targeted the employees who would drive the company's vision to realization. Clear goals were set which ensured that all worked to achieve certain targets and overall it produced great results.

The measures taken by Hyde Packs Electronics centered on efficient service delivery. Apart from delivering quality products, the company reduced the delivery time to their customers thus having more satisfying them. The company focused on potential customers powered by having its present customers well served. These customers would in turn invite others to enjoy improved service delivery. This is evidenced by the company developing new product to reach not only their present consumers but to venture into new market. At Futura industries the BSC sought to narrow its operations to achievable goals in line with their mission.

They identified areas that were under performing with a view to improving them. They resorted to team work of the employees who worked to ensure that consumers really got what they required. Clear targets were set and gauged their performance with time by setting up several scales of measurement. The strategy adopted by Futura motivated its workforce to

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work towards the realization of the company's goals. The workforce on the other hand focused their attention to identifying customers' needs and developing strategies to meet those needs.

The workforce was made to feel part of the company's mission and any benefits gained would also prosper them. For continued customer focus, the company designed systems to reward and retain outstanding staff. This ensured that the company retained a competitive advantage over other players. At SGC the company focused on minimizing cost of doing business a method proposed by Tracy (2006). The company listened to customers' concerns and thus better understood their expectations. They sought to fasten service delivery by sticking to a customer's time frame.

Mechanisms were put in place to measure the performance of individual sections of the business. The strategy endorsed by this company was all inclusive. Proper attention was given to the financial sector to ensure profitability. This was achieved by reducing the cost of doing business. The overall effect of this measure was to help the company lower expenses. Customers were given proper attention too; they got a platform to present their concerns and this contributed to the company understanding how to serve them better. The attention given to the workforce helped improve their approach to business through training.

This gave the company a competitive advantage and thus ensured flow of business. Hyde Packs Company achieved their goals mainly because they identified under performing areas. Futura Company registered growth by pushing their workforce to work harder. SGC focused equally on all sectors and thus led to more satisfaction across the board. It is true that the growth

of the businesses was driven by customer satisfaction. This is because had the businesses not considered their customers first, they would have continued with business as usual without going far. Their businesses were majority due to consumer focus.

Customers' responsiveness to the new approach to the businesses underscores this. Service delivery was made better and led to more customers for each business. In conclusion from the above case studies businesses that put their customers first prosper. Focusing on the customer enables businesses to diagnose other problem areas and set up ways of tackling them. Focusing on other areas may quickly drive a business out of the market because it would neglect the sector responsible for its - growth the customer. Proper measures should always be sought to address customers' concerns. References Arveson, P, (1998).

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