

# Essay on balanced business scorecard

[Business](#), [Company](#)



## **Abstract**

This paper presents the critically derived metrics and their respective required targets to develop a strategic balanced business scorecard for Web Tech Solutions. The balanced scorecard should facilitate in helping Web Tech Solutions to achieve its mission and vision while putting in practice their values and beliefs.

## **Balanced business scorecard**

### **Introduction**

The objective of this paper is to develop a balanced business scorecard for Web Tech Solutions based on the SWOT analysis done earlier. There are four perspectives for developing the balanced scorecard namely financial perspective, customer value perspective, process perspective and learning and growth (employee) perspective. The strategic objectives identified for each of these four perspectives are aligned with the overall analysis done earlier on internal and external factors influencing the business of Web Tech Solutions.

The strategic objectives have also been carefully aligned with the company's vision, mission and values which were detailed under company overview in the paper 'conceptualizing a business' and are briefly highlighted here:

**Mission:** The mission statement for Web Tech Solutions is to meet the needs of its customers by giving them first hand priority with respect to the provision of services related to web development and online advertising platforms.

Vision: As discussed under company overview in the paper ‘conceptualizing a business’, the vision of the Web Tech Solutions aims at providing web development and online advertising services at the most affordable rates in the market (Hitt & Hoskisson, 2007).

Core values: Web Tech Solutions believe in providing highest customer satisfaction, improving employee relationship and giving back to the society by upholding its corporate citizenship.

### **Balanced business scorecard:**

The balanced business scorecard has been developed around the three core values of the company, which are meeting the highest standards in customer satisfaction, improving employee relationship and upholding its corporate citizenship. The important strategic objectives with respective metrics and their targets are presented below:

### **Financial perspective:**

1. Market share: Web Tech Solutions will aim at increasing the market share to 30% over the next 5 years.
2. Profitability: The company will aim at improving profit margins by 5% every year by controlling costs and increasing market share.
3. Competitive position: Along with the above objectives, Web Tech Solutions will strive for becoming number one among its competitors in the next 5 years.

**Customer value perspective:**

1. Customer retention: Web Tech will target to increase customer retention rate to 75% by 2016. This will help Web Tech Solutions to achieve its financial objectives stated above.
2. Customer satisfaction: The company will try to reduce customer complaints by 10% every quarter and hence increase the customer's satisfaction level.
3. Customer value: Working around the core values of the company, Web Tech Solutions will envisage providing customised solutions to the customers' needs. The company will try to introduce 5 customized services every year till next 5 years and try to make it a general service offering if more customers demand for it.

**Process or operations perspective:**

1. Measure of process performance: To measure the process performance, Web Tech Solutions will implement Six Sigma process, which will force company to reduce process errors. In general, Six Sigma will ensure that there are not more than 3.4 defects in a million opportunities (Six sigma process – what does it teach, 2011).
2. Productivity improvement: Web Tech Solutions will ensure that the productivity improvement is a continuous task with every service delivery. This will be ensured by checking if the project (service to be delivered) was delivered on time, on budget, with minimum defects in line with the six sigma practices (How to measure developer productivity for software development, 2009). This will in turn ensure higher customer satisfaction.
3. Operations metrics: To establish a connection between organizational

goals and operations efficiency, it is important to select operations metrics which reflect organizations objectives. Web Tech Solutions will measure the time spent on understanding customer requirement, number of interfaces required to gather the customer requirement and number of requirements per product component. The company will try to optimize these metrics in order to reduce the cost per product component (The metrics game, 2011) and increase the customer satisfaction by being able to provide the best rates in the market.

### **Learning and growth (employee) perspective:**

1. Employee satisfaction: Web Tech Solutions will work towards increasing employee satisfaction and target the metrics of employee retention ratio to above industry average.
2. Employee retention: The company will target at achieving higher employee retention ratio and lower employee turnover of approximately 5% every year.
3. Organizational culture: An open organizational culture with least bureaucracy will enhance employee satisfaction other than the salary and bonuses part. Web Tech Solutions will target at having flat organization structure as far as possible and introduce team building exercises (in the form of outdoor sports) last Friday of every month.

### **Conclusion:**

The targets set for the above strategic objectives have been carefully aligned so as to meet the company's mission and vision while functioning on the company's core values of providing customer satisfaction, increasing

employee relationship and upholding corporate citizenship. The metrics used to measure strategic objectives from employee perspective will percolate happier and more satisfied employees, which will foster higher productivity and hence help Web Tech Solutions to increase its market share. Operations metrics from process perspective will ensure least errors and reduces cost per product component. It will help in retaining customers and adding new customers as the company will be able to provide the best rates in the market. This combined with higher employee productivity will increase company's profitability. It will directly help in creating more wealth for its shareholders, employees and also help in contributing more towards the community.

According to the SWOT analysis conducted earlier, there exists an opportunity to expand business to include more web technology segments. Higher employee productivity, improving performance against process metrics which will ensure fewer errors, reduced and optimized operating costs and higher customer satisfaction will all together lead Web Tech to leverage upon the market opportunity and increasing its market share. Such strategic objectives will also help Web Tech to improve its weakness of reducing over reliance on one geographical market of U. S. as well as reduce company's capital expenditure on operating costs.

More so, these strategic objectives will help mitigate the threats posed by the fierce competition. The optimized operating costs and higher employee productivity will ensure that Web Tech is able to provide the best price to their customers. The reduced errors will enhance the quality of deliverables,

hence increasing customer satisfaction. This in turn will lead to higher customer retention and adding new customers taking them away from competitors.

## References

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