

Accounting



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ACCOUNTING Introduction A balanced scorecard is a tool that is mainly used by managers to analyze the performance of their organizations (Kaplan & David, 1992). It comprises financial and operational measures that are major indicators of a business thereby giving managers a fast overview of how the organization is performing. It gives information related to customers, their preferences and satisfaction, internal operation and innovations in a company.

Discussion

The balanced score card can be used to measure performance in several ways because it is a comprehensive tool containing various perspectives of an organization. Performance can be measured by using the financial measures. The measures give the financial indicators such as profits and growth. By using profit figures, a manager can easily tell whether their organization is performing or not. Profits are indicators of performance while losses will be used to indicate non-performance. Another way in which the balanced scorecard can be used to measure performance is through analyzing its innovation reports. By using the company's ability to respond to changes and make new products, then one can easily tell its competitive nature. Because the scorecard gives parameters used to show success, meeting the parameters will imply that the company is performing. The customer perspective in the balanced scorecard can also be used to measure performance because it is linked to customer satisfaction. The tool can be used to analyze whether the customers are served on time, whether products are affordable and of quality. Coming up with the answers will be used as a performance indicator. The score card can as well be used as an appraisal tool in evaluating employee performance.

The balance scorecard has four main perspective, the customer perspective, the innovation and learning perspective, the internal business perspective and the financial perspective (Kaplan & David, 1992). The customer perspective focuses on customer needs, the internal business perspective dwells on important internal operations, the financial perspective relates to profits and market share while the innovation perspective focuses on the ability to create new products. The internal business operations relates to the customer perspective in that, it is through analyzing the internal operations that the customers' needs will be satisfied. The operations perspective requires that the managers establish what they have to excel in so that they can be able to meet the needs of the customers. The internal operations also relate to the innovation perspective by focusing on what the company does best and how improvements can be made to make the products more appealing. Innovation also related to customer needs because each day, customer preferences keep on changing. It is therefore, through innovation that customer needs can be met. Without innovation, then the company loses its market share. The customer, internal and innovation perspectives all relate to the financial perspective. Through innovation, a company will be able to stay competitive and get a large market share. This translates to increased sales, satisfied customers hence further profits. It is also through financial measures that innovations can be achieved and internal operations be improved.

After reviewing the company's services and operations, I think that the long-term goals are to sustain and secure the future of their customers, stakeholders and the employees who are vital to the success of any organization. Another goal is aimed at reducing operational costs that will

contribute to increased profits that is also important to the organization (United Airlines. n. d). It is through the profits that the future of the employees, customers and stakeholders will be able to be sustained. The company also aims at giving efficient services to the customers so as to increase profits and spur economic value in world.

References

Kaplan, R. & David, P. (1992). The balance scorecard-Measures that drive performance. Harvard Business Review (pdf).

United Airlines (n. d). Annual reports. Retrieved from www.united.com. 13th November 2014.