

Building the foundation for business ethics assignment

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This can be difficult to understand. Several models Of business ethics have been created to help understand and measure a firm's ethics (Farrell, Frederica, & Farrell, 2013). Two of these models are six sigma and balanced scorecard. This examination will explore these two models. Six Sigma Six sigma allows firms to better their quality management, improve job satisfaction, improve customer service, and improve shareholder relationships (Harris, n. . . In other words, six sigma helps a firm in its relationships with all its stakeholders. When a firm finds itself in trouble, six sigma can bring the firm back to life. Within the six-sigma model there are many sub-models (Harris, n. D.). The most popular is the DYNAMIC model. DYNAMIC stands for define, measure, analyze, improve, and control. Each step has a purpose. The firm must discover, or define, where the problem is. This gives the firm a place to start. During this process the firm is examined to discover where the problems lie and what needs to be improved.

This will provide the tankards of measurement used to see how effective changes are. The analysis phase takes all collected data and seeks areas to improve (Harris, n. D.). This leads to the fourth step; improvement. This is where changes are outlined and detailed. The point of six sigma is improvement. The fourth step is the most important. Improvement is the phase that should take the most time and effort. The final step is control. This is where problems with execution of the plan are found and eliminated. The six-sigma models are a good choice for firms having problems.

These models allow firms to figure UT and correct problems or simply improve the firm in a methodical manner. Balanced Scorecard Balanced scorecard is used in many businesses and governments (Balanced Scorecard <https://assignbuster.com/building-the-foundation-for-business-ethics-assignment/>

Institute, 2014). It matches the activities of the firm with the vision and plan Of the firm. It improves both internal and external communication and it monitors performance as it pertains to goals. This method is effective because it looks at more than just the numbers and the reports. This is where the term balanced comes from. By looking at more than just the financial data, managers are given a more complete picture of the firm.

The balanced scorecard does not ignore financial data (Balanced Scorecard Institute, 2014). It simply understands that financial data is data that happened in the past. Balanced scorecard starts with financial data and then includes stakeholder satisfaction, internal business efficiency, and organizational knowledge and innovation. This leads to strategic objectives. Balanced scorecard seeks to understand a firm from four perspectives. The firm will design metrics, gather data, and then analyze that data based on the four perspectives; learning and growth, business process, customer, and financial. The end result is a strategy map.

Learning and Growth Perspective. This is all about employee training and forming corporate cultural attitudes based on improvement of individual employees and the firm as an entity (Balanced Scorecard Institute, 2014). Firms, at the time of this writing, are knowledge-worker. Due to the fast-paced changes in technology, employees are the most important resource. Workers must always be learning in this time of rapid technological advance. This perspective allows managers to create metrics that show how effective methodology is. Business Process Perspective. This is focused on internal recesses (Balanced Scorecard Institute, 2014).

Metrics are created that show managers how the business is running and if the firm is meeting the needs of its customers. The leaders with the most intimate knowledge of these processes must carefully craft metrics to make this perspective work. Customer Perspective. Customer satisfaction is of the utmost importance to a firm's success (Balanced Scorecard Institute, 2014). The stark reality is that customers have many options of where he or she spends his or her money. If the firm is not meeting his or her needs, he or she will spend elsewhere. Gone re the days of a firm being the only game in town.

At the time of this writing, consumers can simply purchase online and have items sent to his or her home. In many instances, these customers are not paying sales tax because online firms, for the most part, are not required to collect sales tax for any state other than states the firm operates in. Metrics for this are often done by survey or response to exclusive promotions. Financial Perspective. Obviously, financial data must always be tracked and measured (Balanced Scorecard Institute, 2014). A corporate database allows a firm to track metrics that show owe the firm is doing financially. Typically, there is plenty of data here.

This makes creating a database of financial data fairly simple. Once the database is created metrics can be tracked to show how well a firm is doing financially. Firms must understand that typically the financial data creates an unbalanced model. This means that the proper model includes financial data, but it does not over-emphasize it versus the other perspectives. Strategy Mapping. (Balanced Scorecard Institute, 2014) Strategy maps are a visual

representation of the balanced scorecard (Balanced Scorecard Institute, 2014). These maps are created in a logical step- by-step manner that illustrates cause-and-effect.

A visual representation is easier to comprehend than just numbers. This makes the strategy map a valuable asset to the balanced scorecard model. Practical Application In the sass Ford Motor Company coined the phrase Quality is Job 1 (Paton, n. D.). Those words were a good idea, but the firm lacked focus on customers or quality. Quality lacked, customers were unhappy, and Ford knew it. CEO Jacques Nesses realized that real change was needed. He decided on a six- sigma model. One problem found was customers were upset at the effort squired to close the hood of certain poplar Ford vehicles.

The problem was defined. Customers had to drop the hood from as far as 20 inches to get it to close properly and this often caused damage. The six- sigma model showed Ford that a change needed to be made in the production phase. Once the change was made Ford was able to track, or measure, the data using customer satisfaction surveys and other methodology to check the change and see if it was working or not. The improvement is thought to have decreased customer complaints on this issue by more than 90% and saved the firm almost \$300, 000. 0 yearly in covered Warranty repairs.

Balanced scorecard is a common model used by businesses, governments, and other corporate entities (Pain & Company, n. D.). Pain and Company uses balanced scorecard to define the vision and strategy of the firm. The <https://assignbuster.com/building-the-foundation-for-business-ethics-assignment/>

metrics show where the firm performs well and where it does not. This leads to goals and objectives that are realistic. This also sets the standard that the firm uses for long and short-term goals. The balance scorecard allows the firm to define budget, tracking methods, communication methods, and compensation packages that meet the needs of the firm. This also allows Pain to fix problems found.

Conclusion At the foundation of a successful business is ethics. Models were created to help firms implement ethics that make sense for all stakeholders. Six sigma and balanced scorecard are two of these models. Six sigma is useful when a firm needs to improve its relationship with its stakeholders. Balanced scorecard is useful for firms that seek to keep and maintain its relationship with its stakeholders. Following the clear and established guidelines of these models ensure that a firm can achieve its objectives.