

# [Balanced score card](https://assignbuster.com/balanced-score-card/)

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Intel Company is a strong multinational company which deals in manufacture of products such as microprocessors, motherboard chipsets, flash memory, graphic chips among other hard ware and soft ware. (www. intel. com) Intel has had a history of using aggressive tactics to defend its position in the market as the lead producer of microprocessors a move that has caused struggle for dominance in the PC industry with Microsoft.

Lately the company has expressed dissatisfaction with their current performance measurement system, which relies primarily on financial measures. Due to the development in the management system, where the roles of the customers and the shareholders are crucial, there has been need to safeguard the interest and requirements of shareholders and investors at large. This could only be fostered though the employment of high performing management system, whereprofessionalismand legal requirements by the auditors are maintained.

The management has thus appointed a management and decisions and control consulting team to design and that a balanced scorecard would enable them measure accurately and more efficiently the performance of the company from financial customers internal and growth perspectives. However, they have also expressed concern about the balanced scorecard, particularly the readiness of the company to embrace this development. They envisage resistance as a potential challenge to contend with if the balanced scorecard is implemented.

As part of the MDC consulting team our task is to craft a report detailing the benefits of the balanced scorecard to inlet and identify problems associates with the current practices of safety relying on financial measures of performance and low the balanced score card could overcome this. Additionally a provision for the recommended design of the balanced score card tailor made for Intel will be included. The report will also focus on the positive and negative consequences of the balanced score card to the organization. (www.

intel. com) Brief Description In order to understand clearly what a balanced scorecard is, it is worthwhile to begin with, what it is not. Balanced scorecard is not the new management fad, it is not a form of project management or employee evaluation system, and it is not a tool, technique, or soft ware and is it neither a control system nor process improvement systems (Sauaia, 2001). A balanced score card is a management system that enables organizations to clarify their visions and strategies and translate them into actions.

(Hoque & James, 2000, Kallas & Sauaia, 2003) The reason why most people think of the above named things that balanced scorecard is not, is that it incorporates some the aspects in varied degrees. Notably, most organizations activities are encompassed in projects, involving many people, balanced scorecards act as framework for aligning the business activities to the organization strategies. Balanced scorecards give management channels to monitor performance and outcomes of the organizations and measure its attainments against strategicgoalsset.

A balanced scorecard does not function alone; rather it depends on the commitment and cooperation of project managers for its success to be realized. This means tying performance to strategy or actions to outcomes. (Hoque & James, 2000, Kallas & Sauaia, 2003). Balanced scorecard, developed by Robert Kaplan and David Norton in 1990, was a reaction to the weaknesses and vagueness of previous management approach. (Lipe & Salterio, 2000) The major loophole in the traditional management approach was the delay in reporting performance, usually it was past tense and hence of little relevance to management (Hoque & James, 2000).

The shift form the industrial age economy to the knowledge-based economy further compounded this problem. While the industrial ages depended of financial measures and supply chain production the knowledge based economy suffered because of lack of business intelligence and poor execution techniques. (Young & O’Byrne, 2001) These inconsistencies stimulated the pioneers of balanced scorecard to construct it. Although the introduction of the balanced scorecard management system came across as an innovation to many, the concepts behind it were old hat.

This is because things like performance measurements feedback strategic planting among others had long been in existence and future development management are also likely to build on this concept but the fundamentals remain. The balanced scorecard views the organization inn a different perspectives namely the customer, financial business process and learning growth perspective (Dilla & Steinbart, 2005). The customer perspective It recognizes the importance of the customers and the need to ensure customer satisfaction.

The rational behind this is that dissatisfied customers eventually exit the company and look for other companies that can better meet their needs in the short term this may be bearable but eventually the compamy is bound for decline or closure in severe cases customers satisfaction thus becomes a clear indicator of performance of an organization. Thus, developing measures to ensuring customer satisfaction is crucial and this is achieved by analyzing organization process of providing the product or services to customers (Kirkegaad, 1997, Kallas & Sauaia, 2003).

Financial perspective As seen balanced scorecards does not totally disregard financial measures of performance. Thus, timely and accurate data is essential to the successful implementation of balanced scorecard. This implies that handling and processing of financial data should be swift and centralize perhaps fully automated. The financial data should be integrated with corporate databases and especially data regarding risk assessment and cost benefit analysis (Stewart, 2000). Learning and growth perspective

This category recognizes that people are the only repositions of knowledge i. e. people posses intangible assets of the company. In this information age intelligence is the heart of organization success and hence Ned to ensure continuous learning through employee training. This is becausetechnologychanges rapidly as aloes people exiting an organization for greener pastures. (Lipe & Salterio, 2000) As a result, corporations’cultureand attitude need to be shaped to ensure that people within the organization pursue self-improvement and reverse brain drain to other companies.

The cost of recruitment and training people is usually high and measures of allocating the funds to reap maximum benefits need to be developed. Knowledge sharing is equally important. Notably not all training translates to learning but the most effective learning occurs, using mentors and group discussions andcommunicationwithin the organization. Intranets may contribute towards facilitating communication and learning (Norton, 2001) Process perspective

This category identifies two kinds of process within the business one, the mission oriented processes and two the support process. Support processes are repetitive in nature and nature and hence easier to measure on the other hand mission oriented involve government offices and hence difficult to measure. Attention to these perspectives enables managers to know how well the operations of the business are and whether they are in tandem with customer requirements and expectations. (Kaplan & Norton, 1996)