



LIBYAN INTERNATIONAL UNIVERSITY
FACULTY OF BUSINESS ADMINISTRATION



The Balanced Scorecards

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INTRODUCTION

- Originated by Robert Kaplan and David Norton
- Balanced scorecard is a strategic planning and management system that is used to align business activities to the vision and strategy of the organization by monitoring performance against strategic goals.
- Enabled better focus on long-term goals through adding non-financial strategic measures.

ELEMENTS

- The purpose of balanced scorecards is elaborated in terms of perspective:
 1. **Financial Perspective** - Allows managers to track financial success and shareholder value as well as covering the organizations' financial objectives.
 2. **Customer Perspective** - Covers customer objectives including satisfaction, market share goals, product and service attributes.
 3. **Internal Process** – Internal operational goals are covered as well as outlining key processes necessary to deliver customer objectives.
 4. **Learning and Growth** – Covers intangible future success drivers such as human, organizational and information capital including skills, leadership and so on

PURPOSE

- Integration of evaluation with management.
- Covering organizational performance aspects.
- Linking strategy and overall purpose.
- Combining most common aspects and elements that are linked to the organization.
- Increasing focus on strategy and results.
- Improving organizational performance.

BENEFITS

- **Translates vision:** Provides better clarification for employees on how day-to-day procedures benefit long-term goals.
- **Communication and linking:** Distributes long-term goals throughout the hierarchy for the purpose of ensuring the alignment of departmental and individual objectives.
- **Business planning:** Using long-term strategies as the base of resource and capital allocation.
- **Feedback and learning:** Measures daily performance and spending in terms of goals, allowing organizations to make necessary changes.

SCRUMPTIOUS SWEETS, INC.
Corporate Balanced Scorecard

Mission: Provide customers with superior-quality traditional and innovative baked goods

	Business Objectives	Measures	Target
Financial	Increase Revenue	Sales Revenues	Increase revenue 5%
	Lower Costs	Operating Costs	Decrease costs 3%
	Increase Profits	Net Income	Increase income 6%
Customer	Increase Customer Satisfaction	Customer satisfaction surveys	95% customer satisfaction rating
	Improve Customer Loyalty	Number of repeat customers	90% retentions of existing customers
	Grow Market Share	Number of new customers	10% increase in market share
Internal	Improve Production Processes	Reduce time from production to customer	10% decrease in production-to-customer time
	Reduce Waste on Products Produced	Units of waste per production process	10% decrease in waste generated per production process
	Reduce Carbon Footprint	Factory effluents and exhaust measured in PPM (parts per million)	5% decrease in both effluents and exhaust pollutants (PPM)
Learning & Growth	Improve Product & Service Innovation	Implemented employee suggestions	40% increase in number of employee suggestions made
	Increase Motivation and Empowerment	Management training course certificates awarded	20% increase in number of employees completing management training courses
	Improve Employee Retention	Employee satisfaction surveys	90% rating on overall employee satisfaction

CONCLUSION

- In light of the topic in hand, a balanced scorecard transforms an organizations' mission statement and strategic plan from a passive document into “marching orders” for the organization on a daily basis.
- It enables the execution of executive strategies by outlining what should be done and measured.

REFERENCES

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THANK YOU!