



# Balanced Scorecard

## Linking Strategy to Actions

**KPMG Swiss Practice**

**Benchmarking Congress, Bürgenstock  
May 28<sup>th</sup>, 1997, Roger Jaquet**

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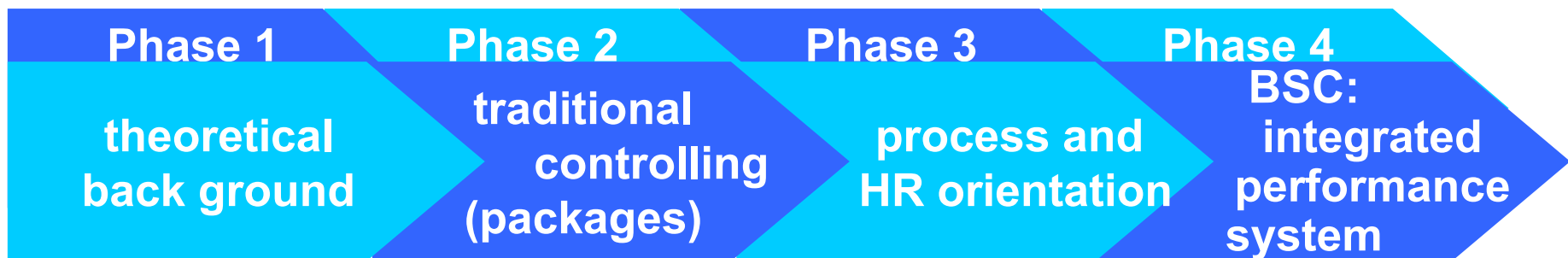
# Objectives

1. Explain the BSC-approach
2. Show a case study of a BSC implementation
3. Why should the BSC interest KPMG?
4. Benefits of the BSC

# BSC History (origins)

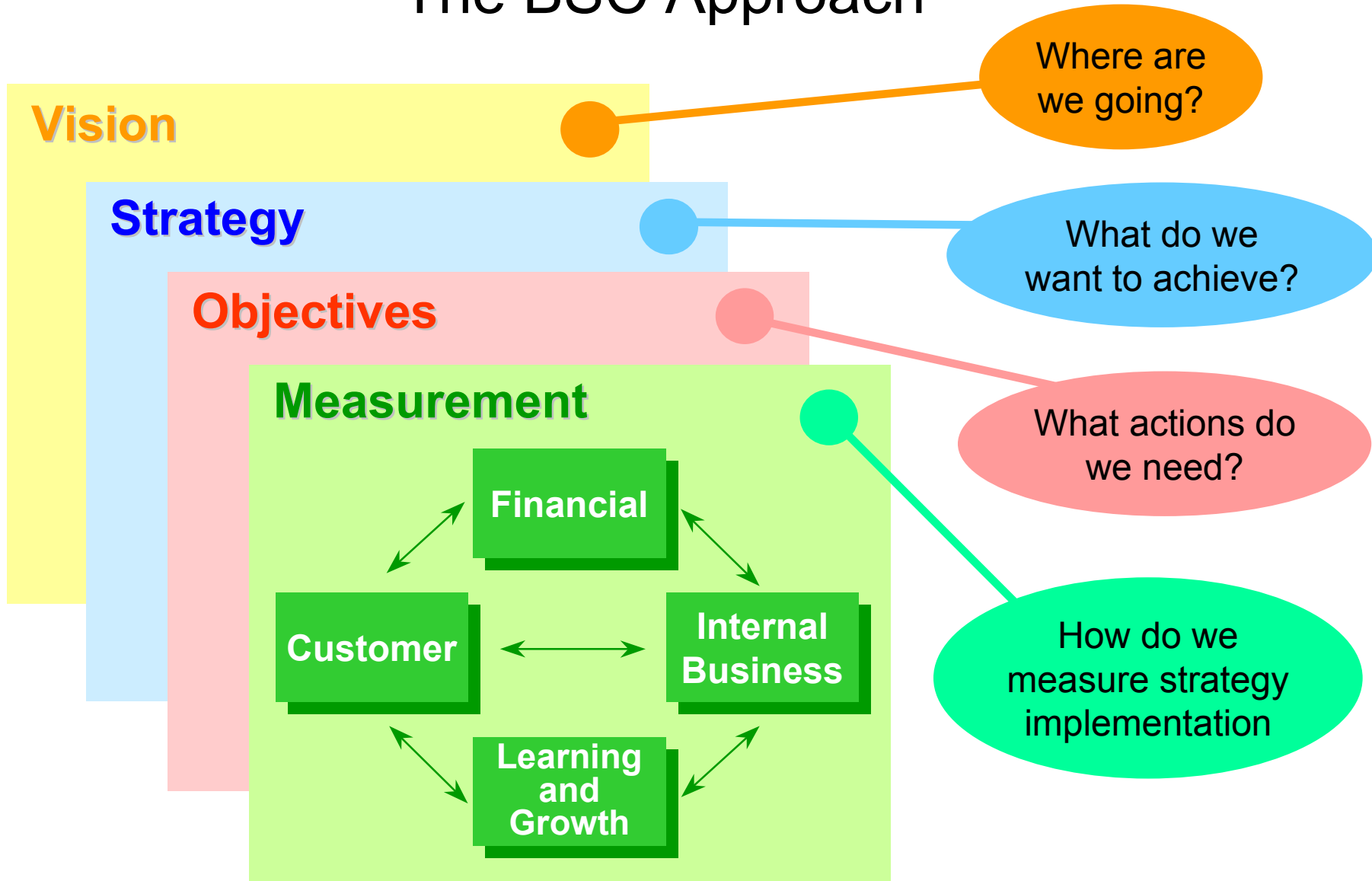
- In the sixties development of the so called “Tableau de bord” in France
- 1990: Nolan Norton Institute (research arm of KPMG) sponsored a one-year multicompany study “Measuring Performance in the Organization of the Future”
- 1992: David P. Norton (CEO of Nolan Norton) and Robert S. Kaplan (Academic Consultant) summarized the findings of the study in an article “The Balanced Scorecard - Measures That Drive Performance” (Harvard Business Review - HBR)
- 1993: Second HBR article “Putting the Balanced Scorecard to Work”
- 1996: New developments in a third HBR article “Using the Balanced Scorecard as a Strategic Management System”
- 1996: Norton and Kaplan published the book “The Balanced Scorecard-Translating Strategy into Action”

# Historical Background in Switzerland

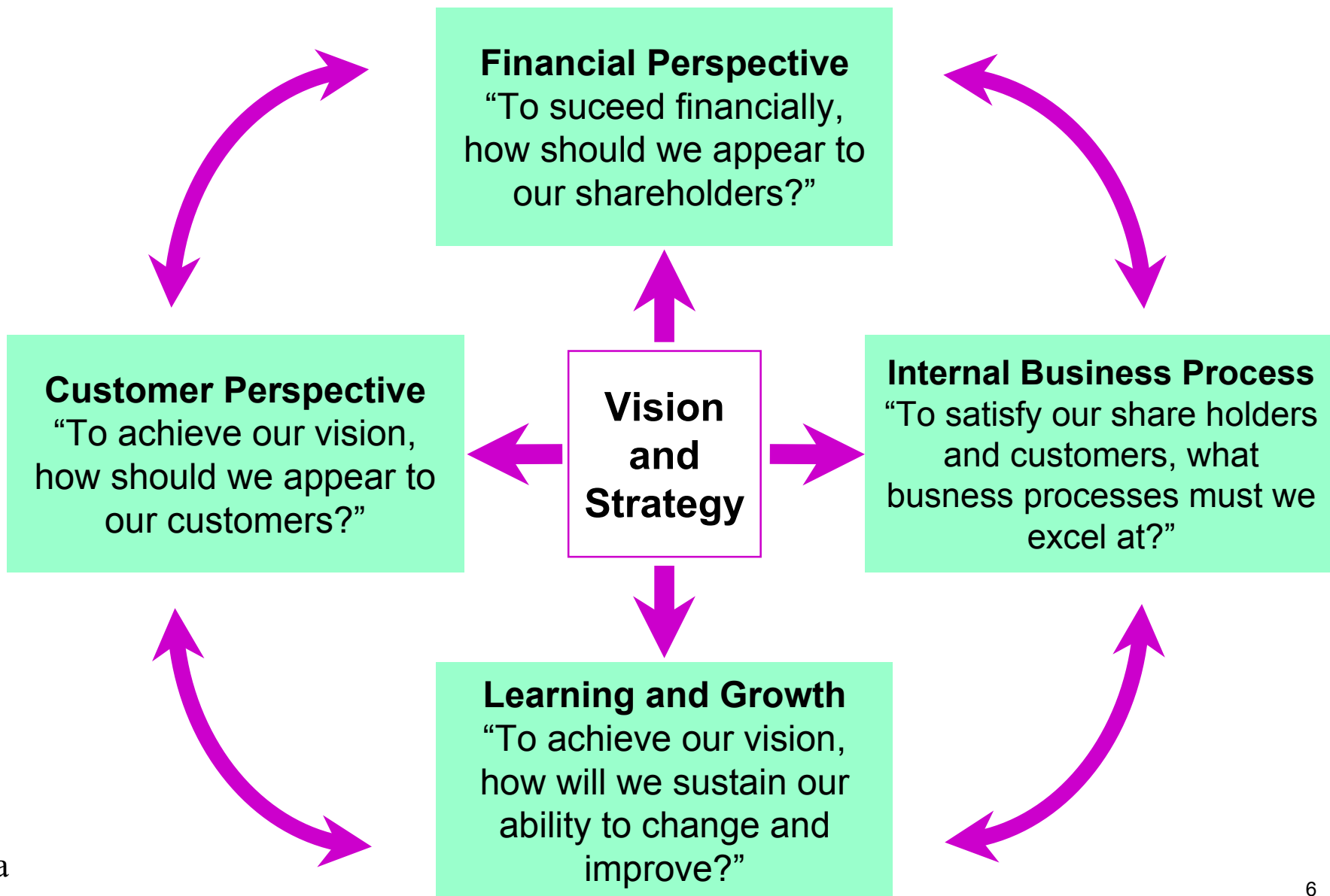


- 1992 ZfU-Meeting with R.Kaplan and KPMG
- first articles of Kaplan/Norton
- ABM in practice
- little BSC actions
- improve financial measurement
- market: more and more finance driven
- Mergers & Acquisitions
- trend towards Integrated Software Packages
- MIS/EIS
- Use of conventional accounting methods
- plus new methods
  - ABC
  - JIT
  - BPR
  - TQM
  - Team empowerment
- Presentation ABB CH
- Competitors C&L Horvath & Partners (seminar)
- KPMG Pilot Fritz Nauer AG
- 3-4 interested clients
- roll out KPMG CH

# The BSC Approach

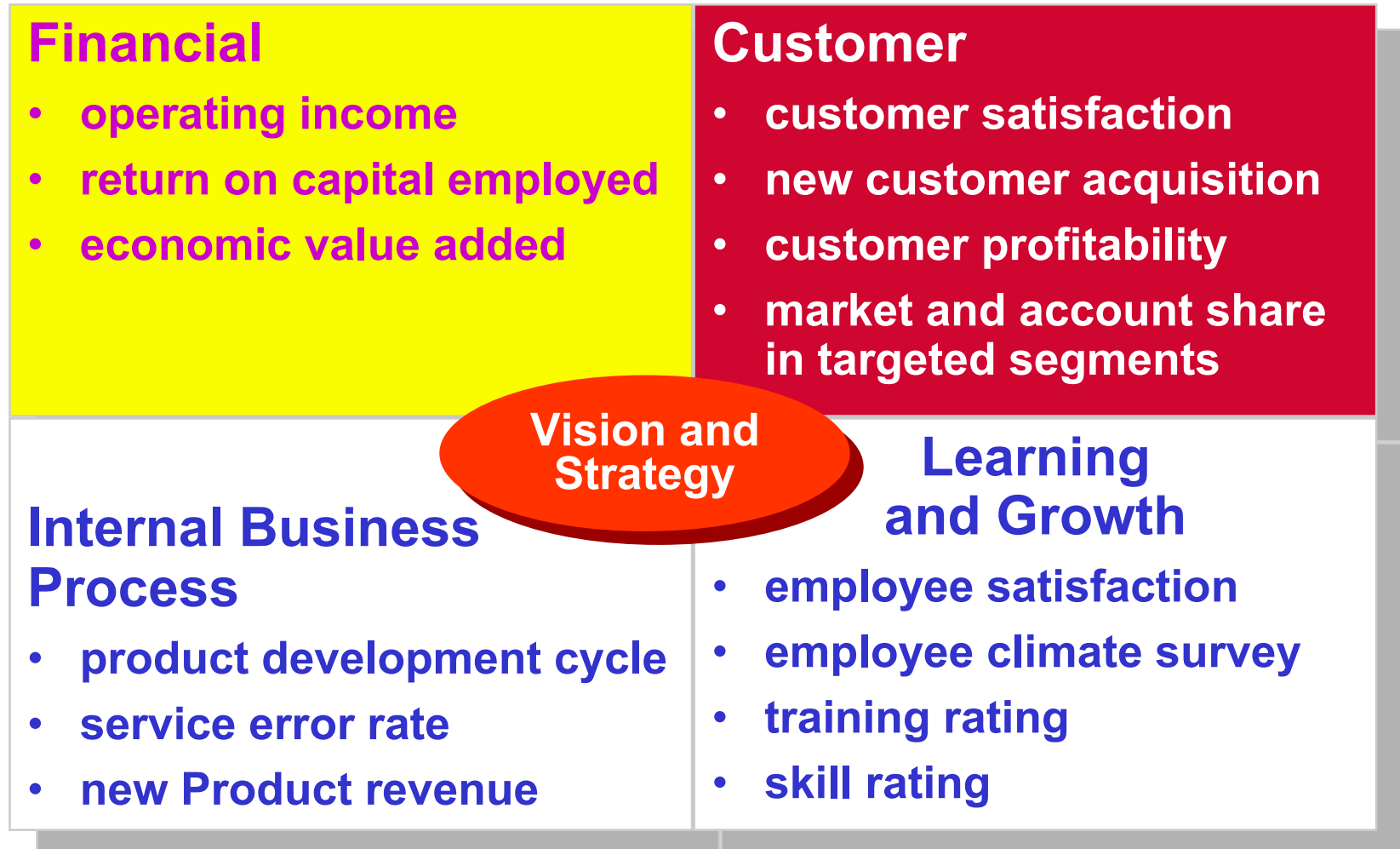


# The Questions



# What is a Balanced Scorecard?

## The 4 perspectives





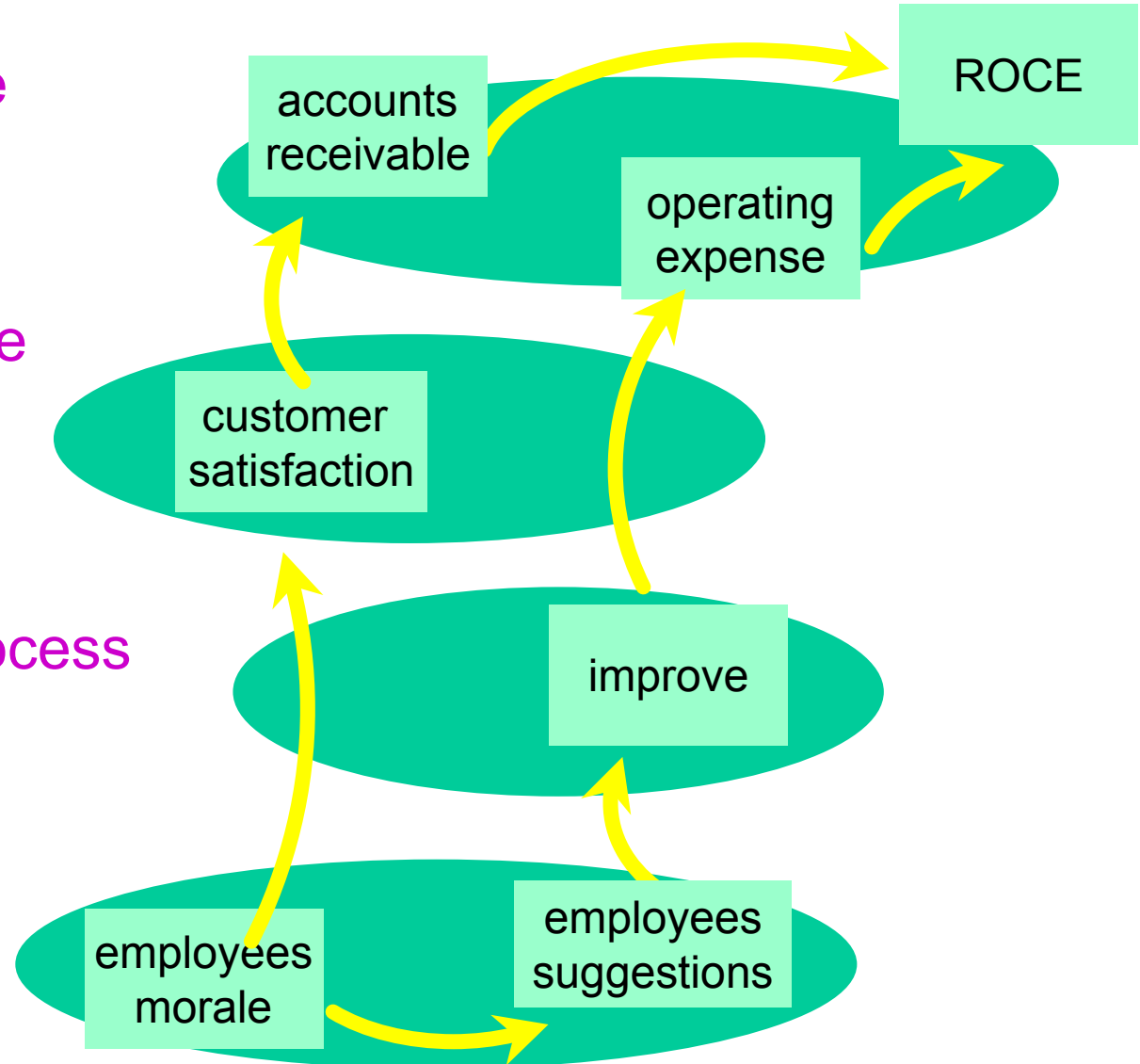
# Linking the measures

Financial Perspective

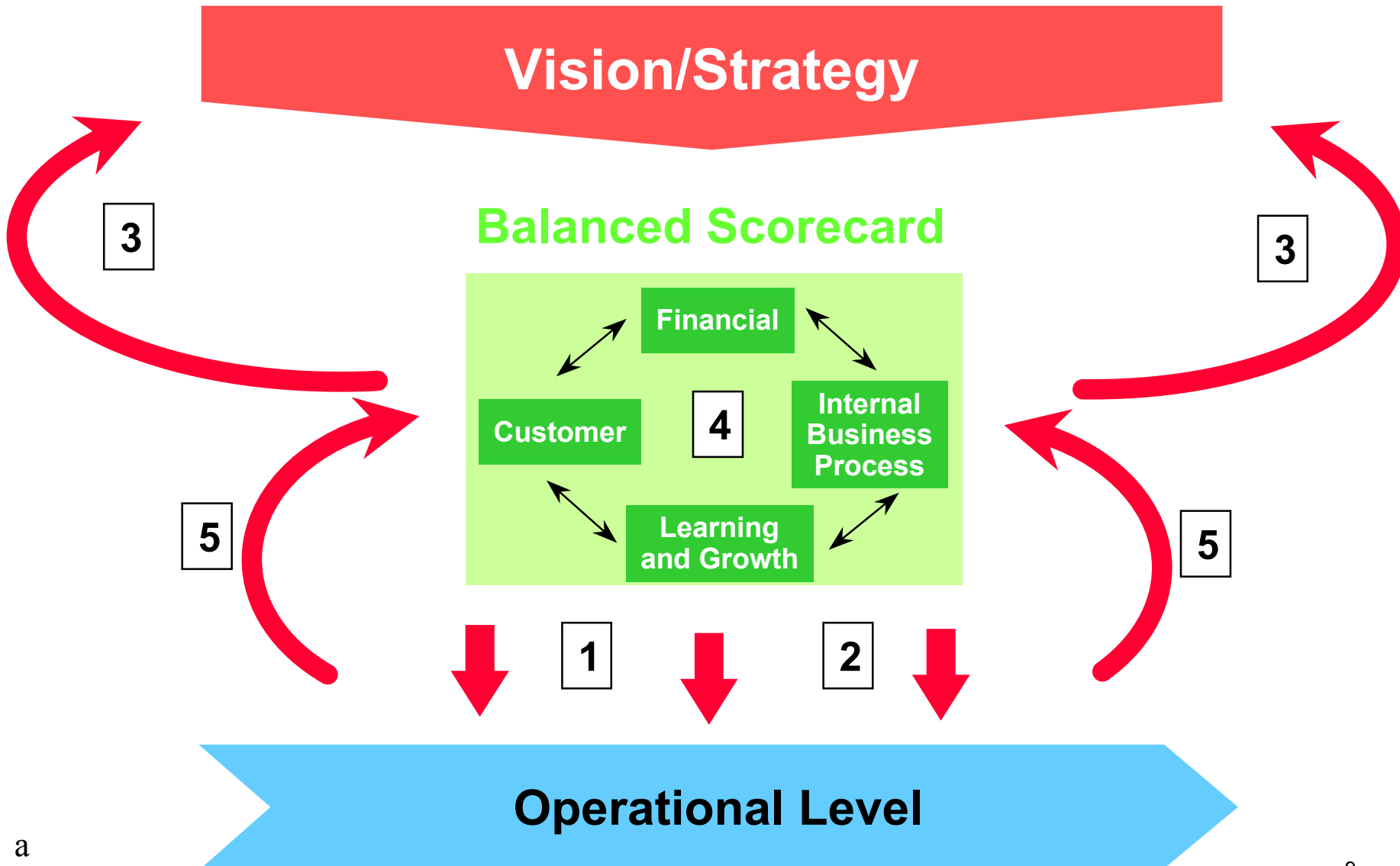
Customer Perspective

Internal Business Process

Learning and Growth



# What is special about the BSC?



# What is special about BSC?

- 1 Linking key measurements to the operational level
- 2 Ongoing learn process for employees
- 3 Regular feedback regarding direction and progress of strategy
- 4 overall system for business assessment and measurement
- 5 operational feedback whether the BSC is balanced and practical

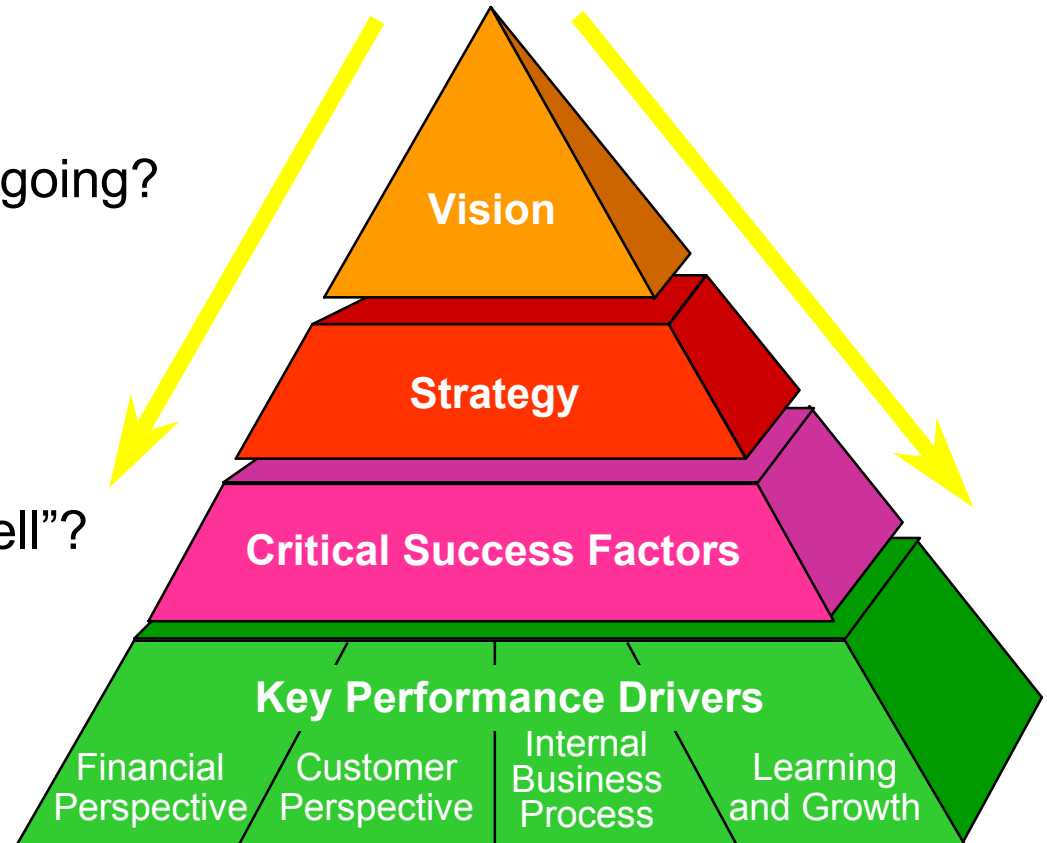
# How do we Implement BSC?

Where is the Organisation going?

How do we get there?

What do we need to “do well”?

How do we measure our progress?



# The Benefits

- The Balanced Scorecard is “balanced” in different ways
  - past and future performance
  - soft and hard factors
  - internal and external indicators
  - etc.
- It puts the company’s strategy into practice
- It helps to communicate and align the strategy throughout the organisation
- Ongoing learning process

# Case Study Trading Company XYZ

1. company figures / environment
2. company problems/challenges
3. strategical success factors
4. measures
5. link between the different aspects
6. conclusions

# Business Environment

- medium sized family owned company
- annual turnover: 130 million CHF
- staff: 750 employees
- retailer
- products: - furniture  
- clothing  
- others
- 62 stores
- previous yearly growth: on average 30%

**Vision: to become market leader and fulfill  
the consumers requirements**

# The company's problems

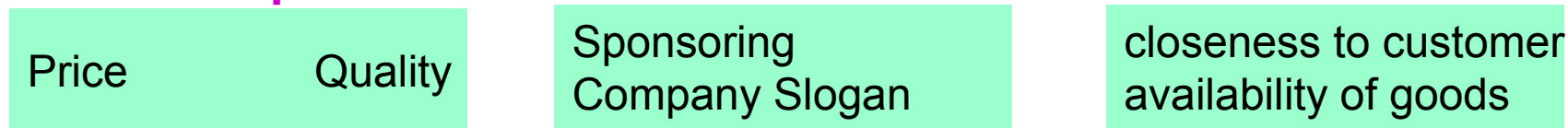
- Communication between different functions across the organization
- Information is not distributed systematically
- success depends on a few key employees
- driven only by financial key figures
- etc.



# Strategical success factors

example: linking the customer dimension (to employee an process development)

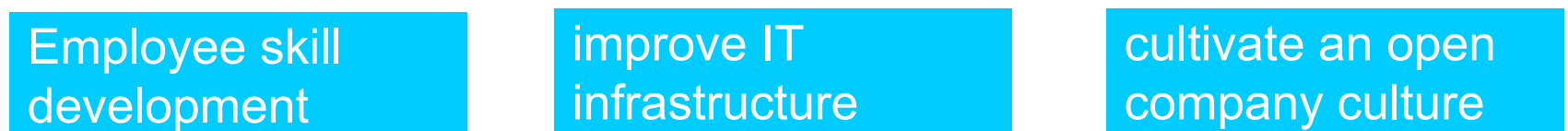
## Client-Perspectives



## Process-Perspectives



## Employee-Perspectives



## Strategic measurements

- employee-motivation
- qualification index
- percentage of on-line company data
- system downtime
- number of employee suggestions put into practice
- percentage of employees linked to the new controlling system

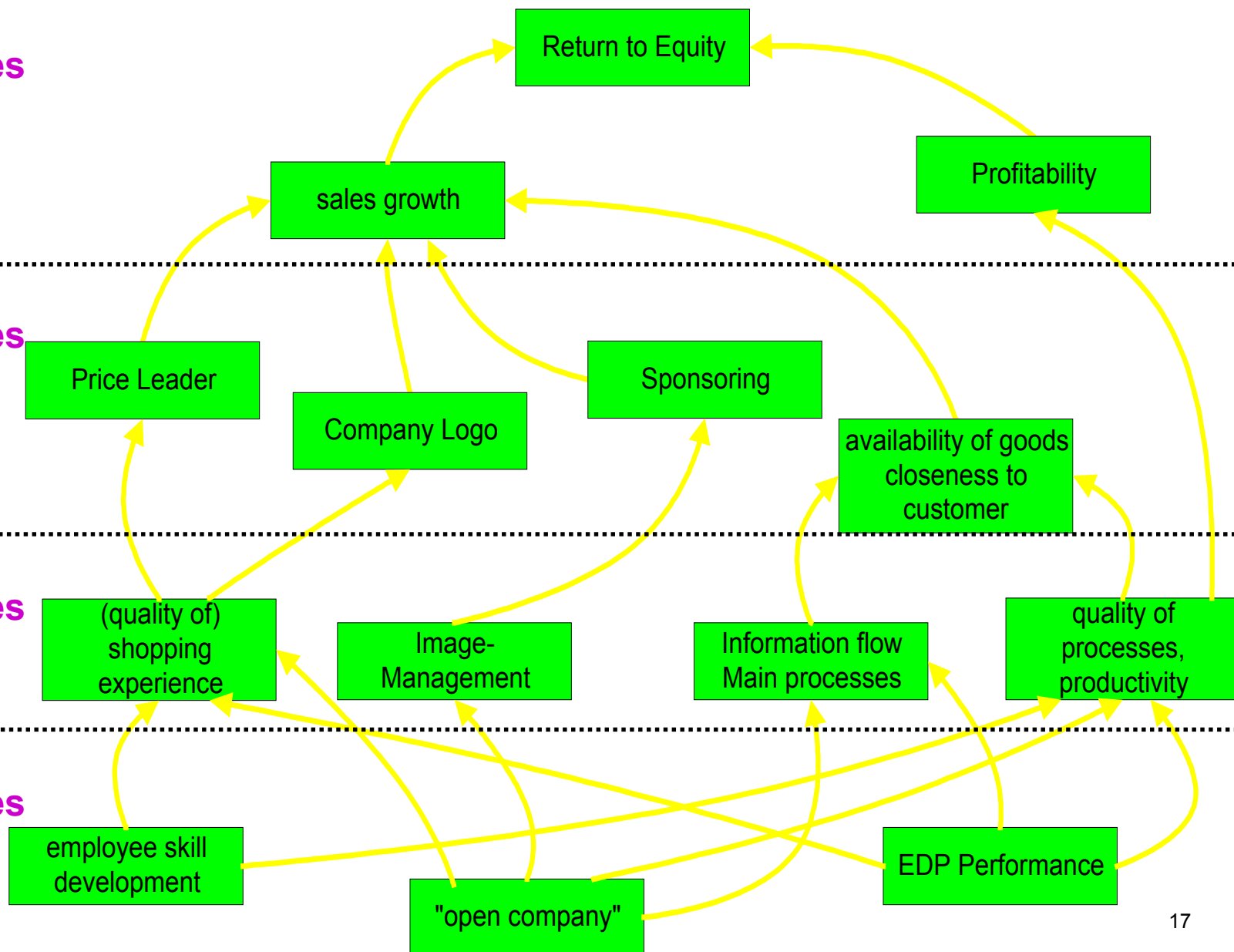
# Connection of the Strategical Objectives

Financial-  
Perspectives

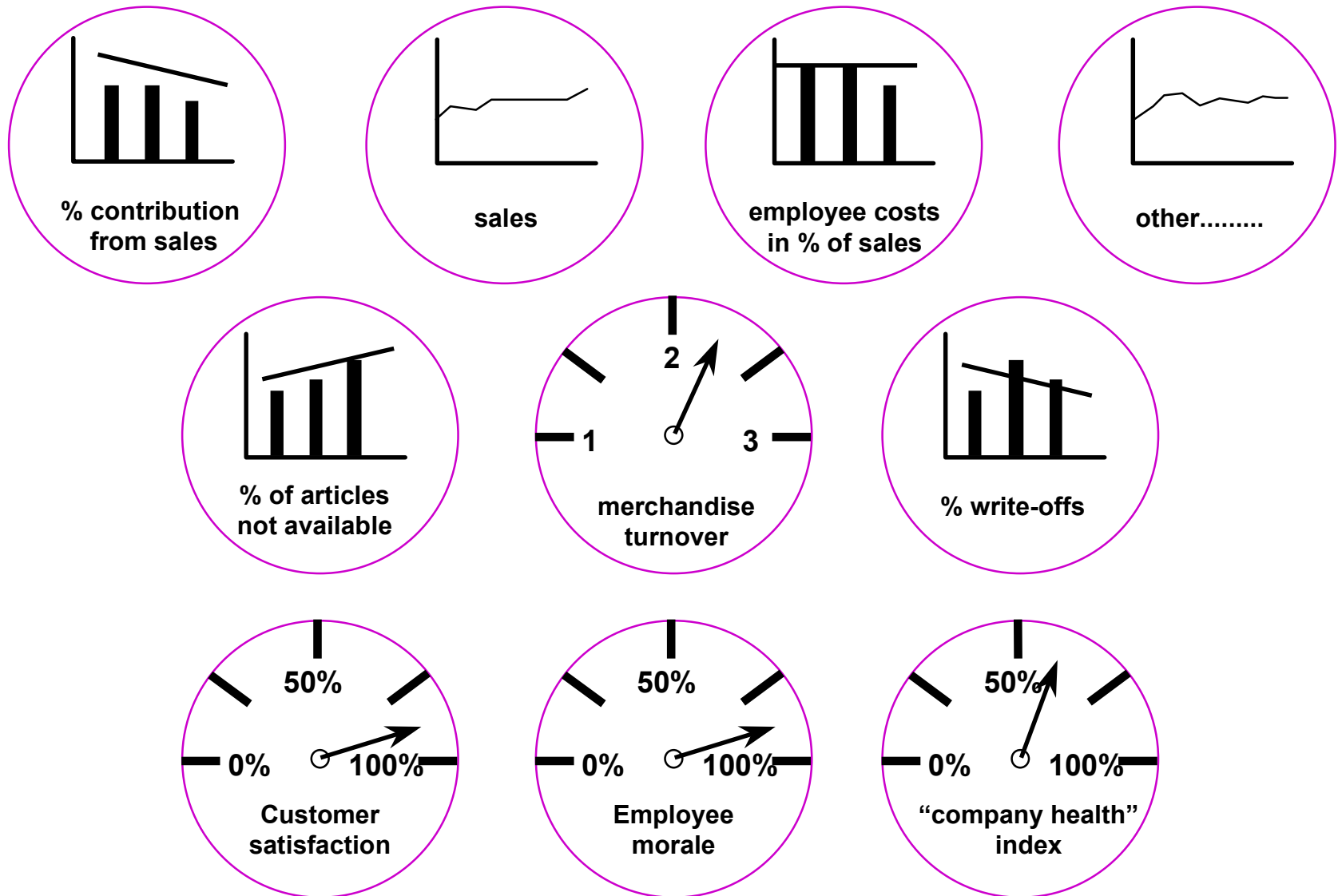
Client-  
Perspectives

Prozess-  
Perspectives

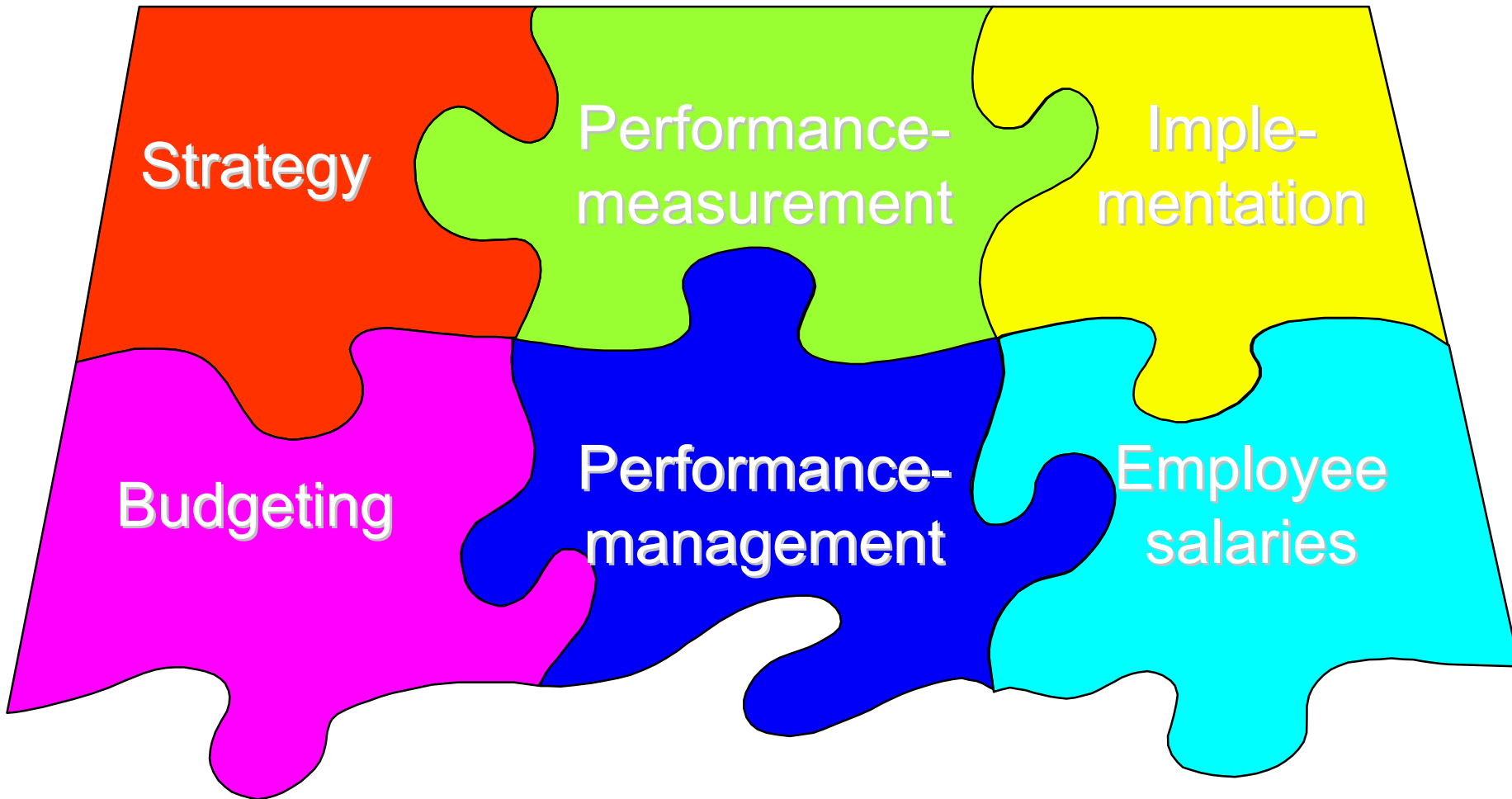
Employee-  
Perspectives



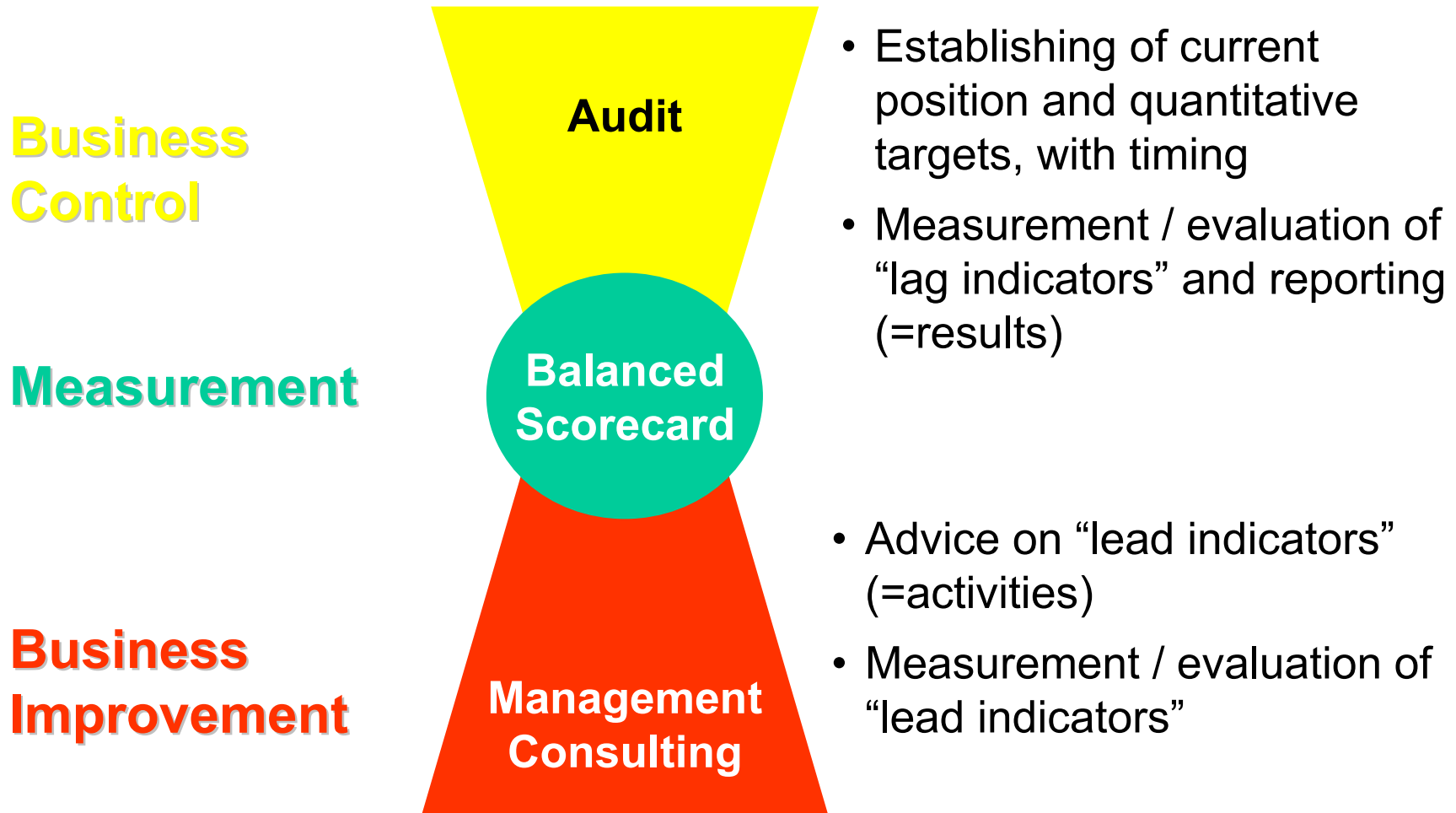
# Store manager cockpit



# Systematic order of Performance- Measurements

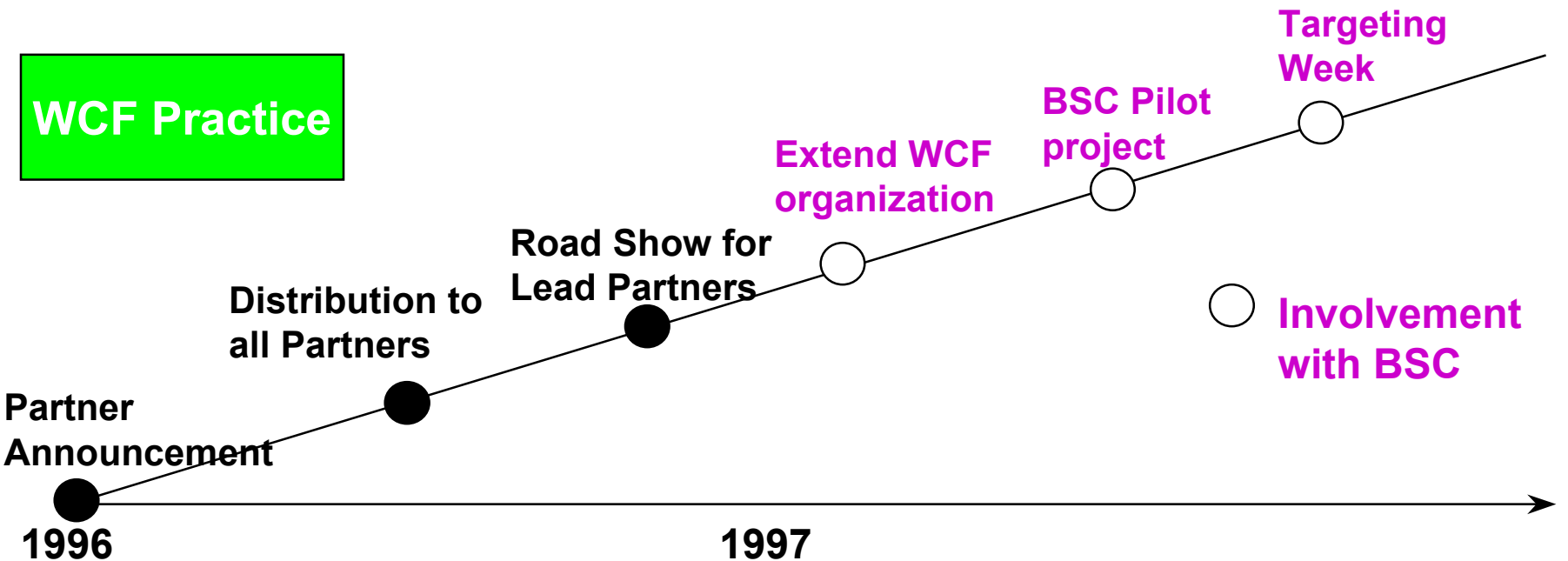


# What is the benefit for KPMG?

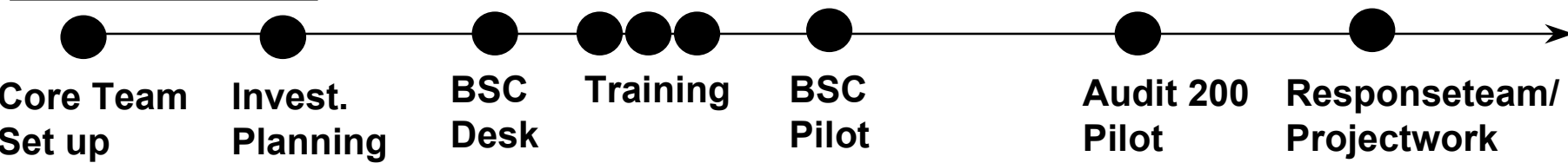


# WCF Roll Out Switzerland 1997

**WCF Practice**



**BSC Team**



# Balanced Scorecard presentation

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