

# **A dream, a vision is the beginning of a strategic process**

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## Dr. Herwig R. Friedag

Born in 1950, graduate economist

independent consultant specialised in

- Implementation of the Balanced Scorecard
- Practice-orientated Balanced Scorecard
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- Lecturer at the Humboldt University  
Donau Universität Krems (Austria)

Hobbies: moving in nature, volleyball, sailing  
... and travelling to Croatia




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# Combine a strategy with the Balanced Scorecard

## Agenda

- 
- 01 Introduction
  - 02 Strategy - the bases of securing the company's future
  - 03 Organising the work with a BSC
  - 04 Conclusions

**We want to realise our dreams,  
so we have to prepare our future,  
even though it is not a 100% controllable !**

„Whatever will be, will be...“

We can, we have to **do something today** for our future.

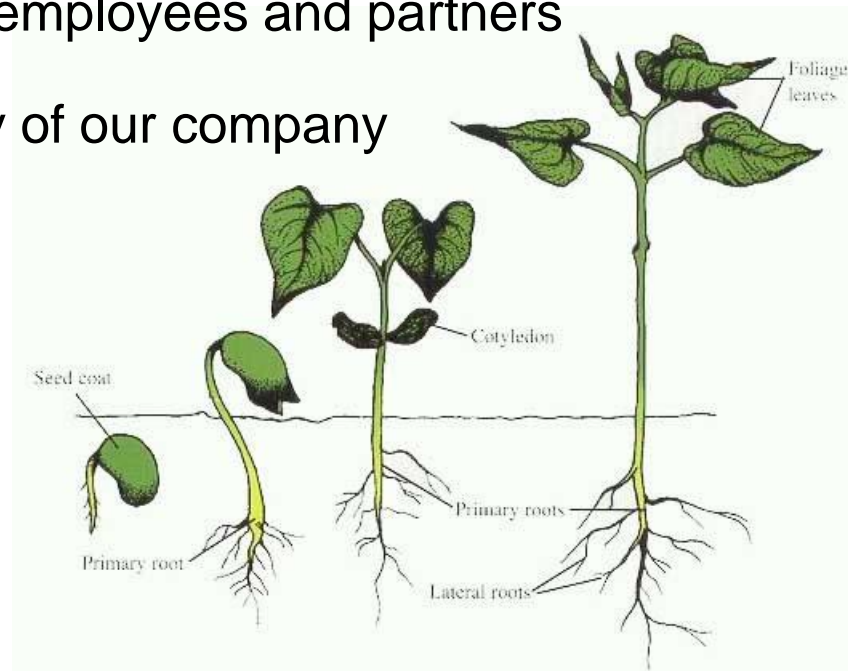
Therefore, we should

- at least meet the requirements of the future
- or better: set standards
- or best: try to influence the changes in society



# Why could a BSC make sense for your company?

- We achieve joint objectives
- We translate strategies into action
- By communication we achieve thinking, responsibility, objective-orientated action of our employees and partners
- We assure sustainability of our company



# Is the BSC sensible for Your company ?

52% of the Germans have secluded with their employer.

Responding to the question in a representative study, whether they would presumably be working at their current company next year, they answered:

„No way - as soon as I find a job in a different company, I will be leaving the firm!"



Source: Financial Times Germany, June 02 2004, page 2

# Requirements to start the process of strategy implementation

- Willingness for change
- Reduce Blame-Culture – learning to learn from mistakes: “no mistake is the biggest mistake”
- Willingness of management to work out and discuss together strategic objectives
- **A strategy !**



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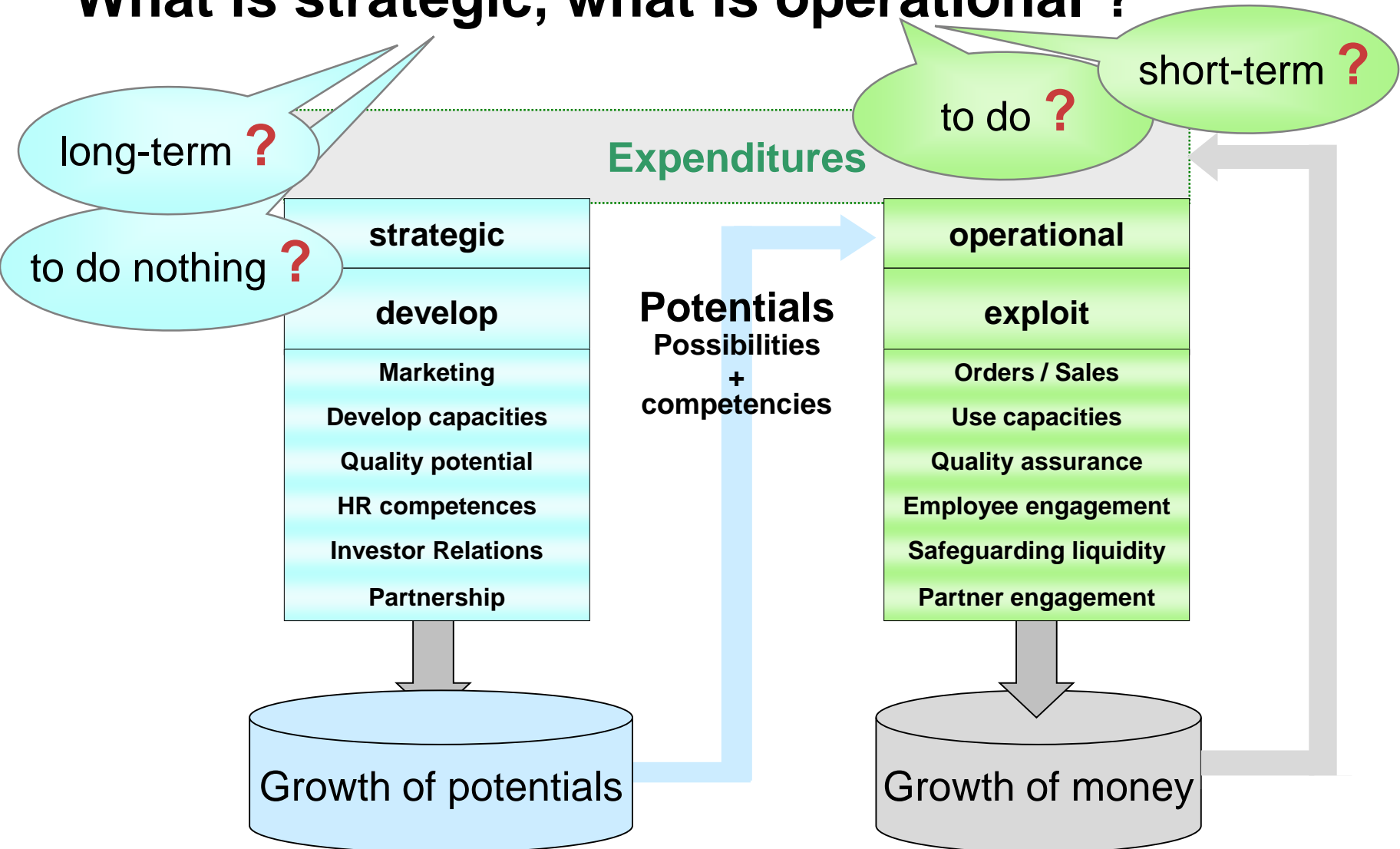
# Strategy

What is the *strategic objective* of a company / an organisation?

- The basic strategic objective is that of securing the **sustainability** of a company/organisation.
- Sustainability can be achieved only on the condition that **all** relevant stakeholders can **benefit** from it.

Consequently the objective of a strategy is that of generating a dynamic equilibrium of the benefits which can be accepted by all the relevant stakeholders.

# What is strategic, what is operational ?





Kaplan/Norton

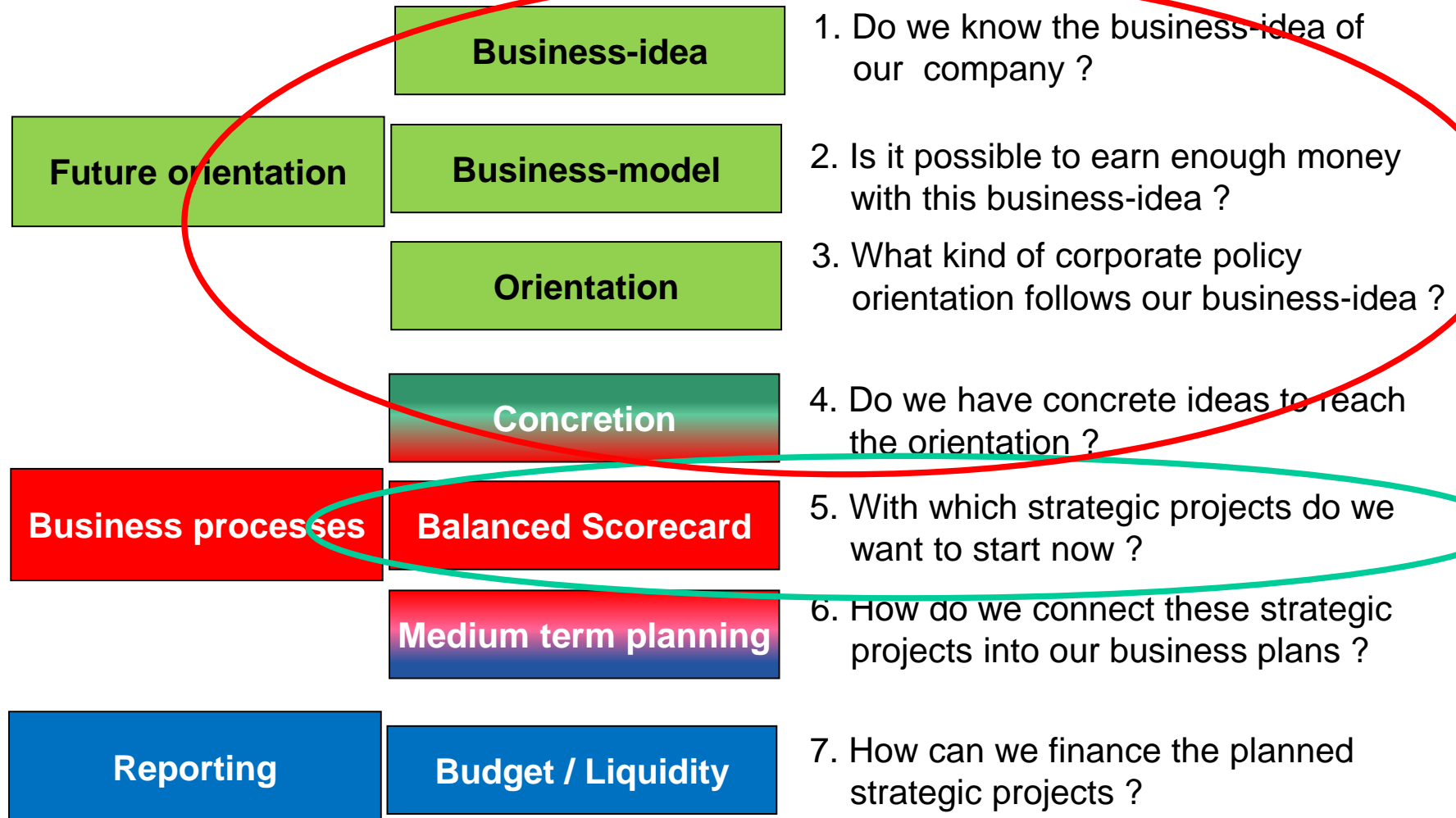


**Balanced Scorecard:  
translate strategy into action!**

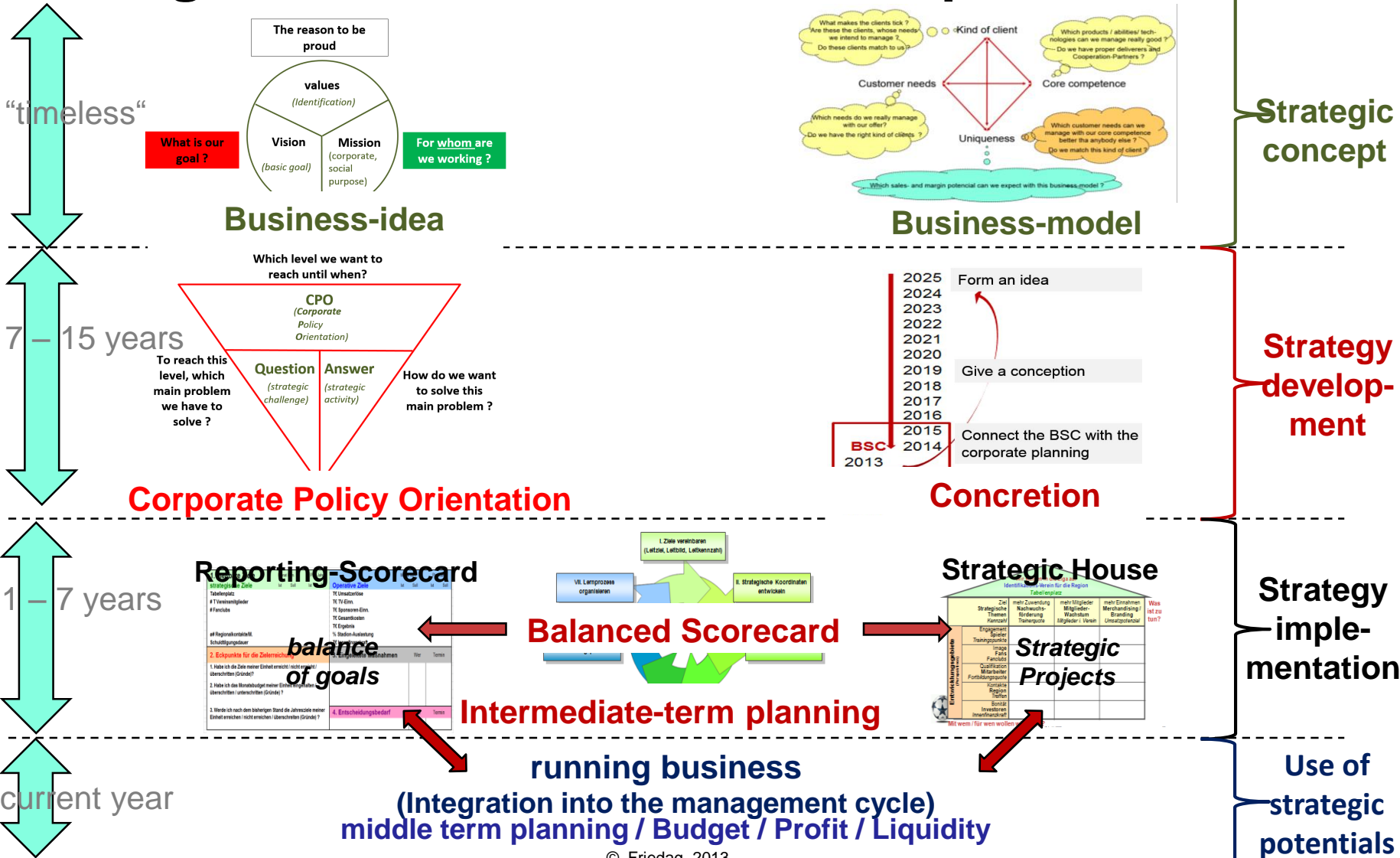
Only the one who possesses a strategy, can implement it.

Therefore: The one who wants a Balanced Scorecard has  
to start with a strategy!

# Seven strategic questions

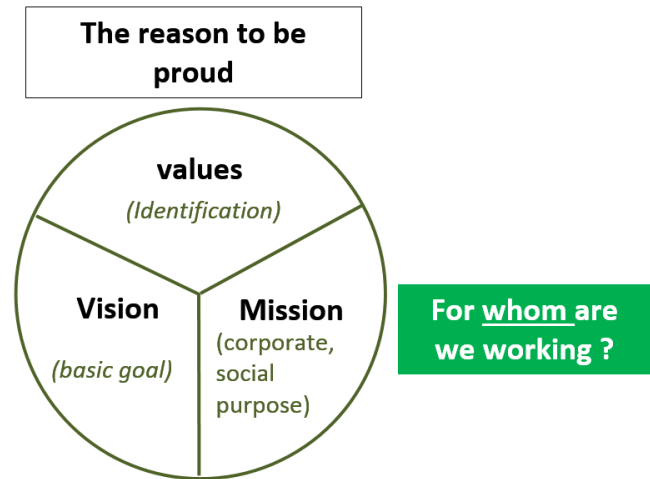


# Strategic dimensions and how we proceed



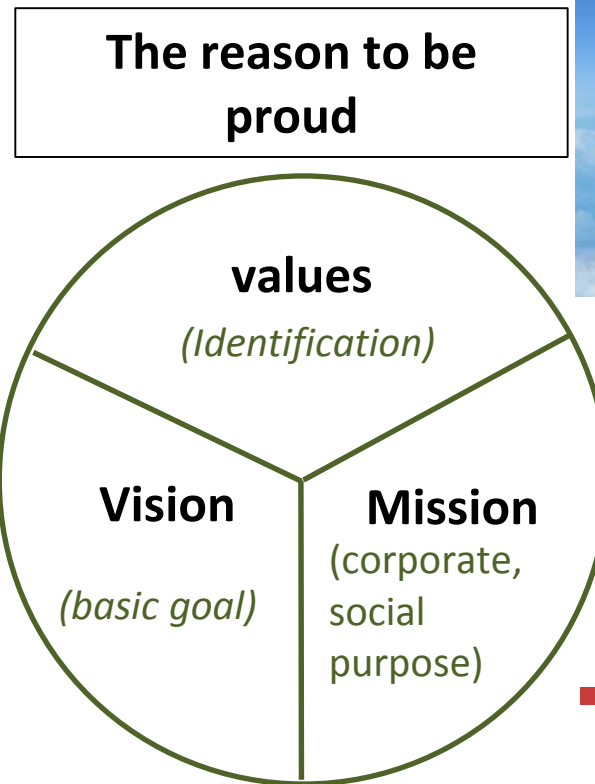
# Four steps to create a strategy

1. Business-idea
2. Business-model
3. Corporate Policy Orientation (CPO)
4. Concretion



→ Balanced Scorecard

# Business-Idea



**What is our goal ?**

- What could for us be always a challenge ?
- No target, but a motivation for us, to form always new goals !
- Our dream !

**For whom are we working ?**

- What is our unique contribution for other people, for our society ?
- Who is missing what, if we would not be there ?

# Example: business idea

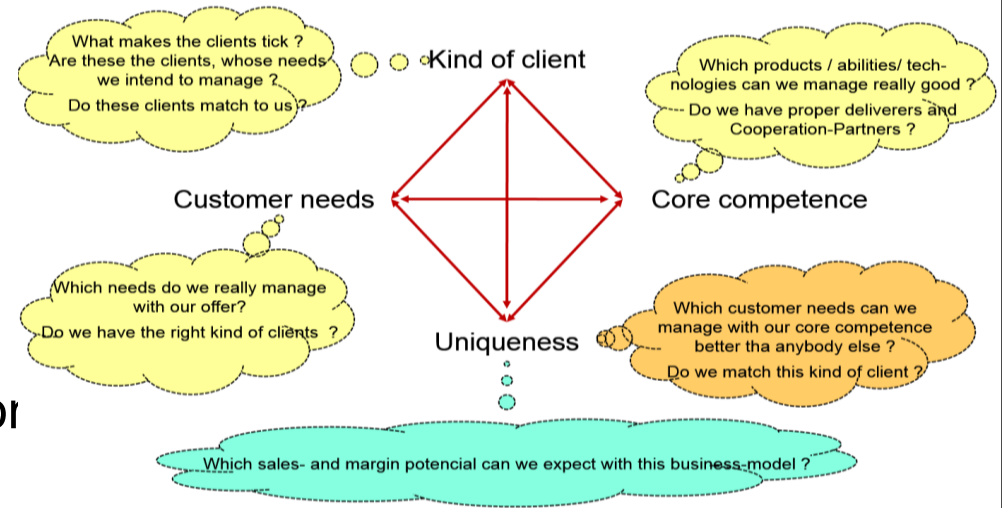
Company producing rear-view mirrors for cars

- The **values** of this company are:
  - ✓ innovation
  - ✓ trust
  - ✓ respect
- the dream, the challenge, the very long-time interior goal, the “vision” of this company:  
**the leading car-manufacturers are our clients**
- The unique contribution for our society, the corporate social purpose:  
Our “mission”:  
**we produce highest-tech safety**



# Second step to create a strategy

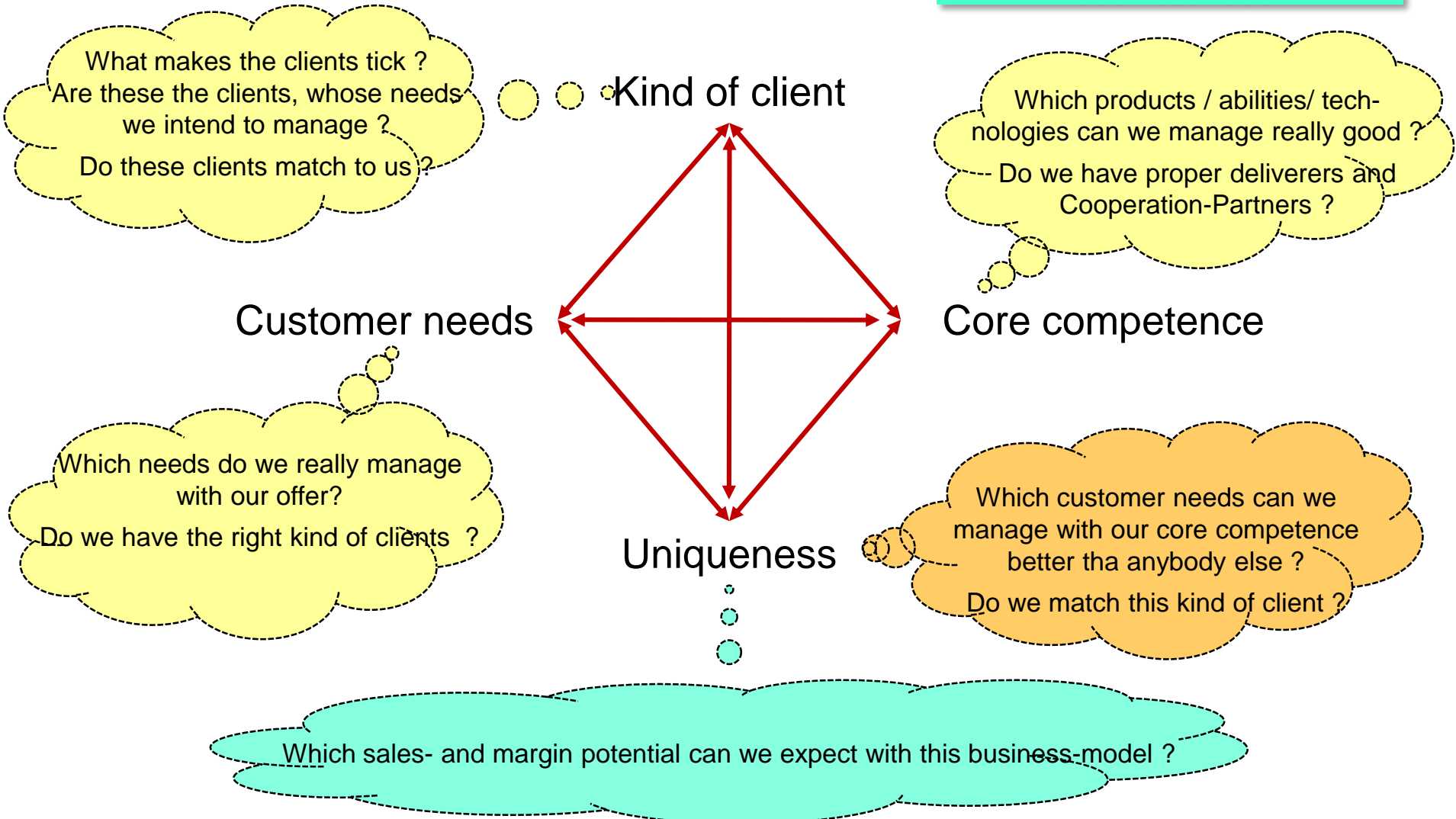
1. Business-idea
2. **Business-model**
3. Corporate Policy Orientation
4. Concretion



→ Balanced Scorecard

# The business-model

The business-model is a plausibility check for the business-idea



# Business-model

- Who is our customer ?  
➔ **Kind of clients**
- How can we find a cost-covering solution for that?  
➔ **Core competence**
- What are the needs of our customer?  
➔ **Customer need**
- How can we be better than the competitors?  
➔ **Uniqueness**

# Example: business-model

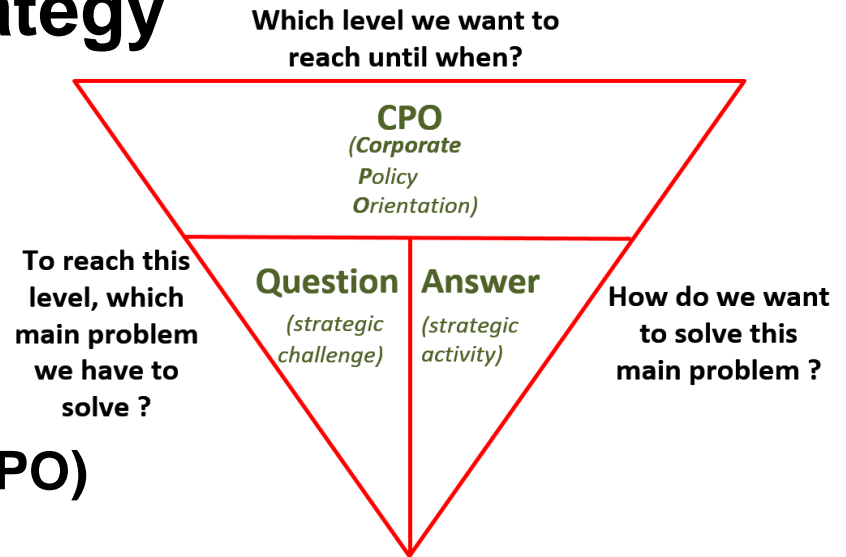
Company producing rear-view mirrors for cars

- Kind of clients:  
**Developer of the leading car-manufacturers**
- Core competence:  
**we can develop new technologies and we can produce these innovative items with best quality**
- Customer need:  
**to be with high-tech rear-view mirrors more innovative and safe than other car manufacturers**
- Uniqueness:  
**secure processes in innovation - and then production**



# Third step to create a strategy

1. Business-idea
2. Business-model
- 3. Corporate Policy Orientation (CPO)**
4. Concretion



→ Balanced Scorecard

# Corporate Policy Orientation (CPO)

Which level we want to  
reach until when?



# Example: Corporate Policy Orientation

Company producing rear-view mirrors for cars

- the Corporate Policy Orientation, defined by the owners, the board of directors:
  - target-year: 2025
  - **Patent applications:** 10 p.a.
  - **Sales:** from 750 Mio € to 2.500 Mio €
  - **Profit-margin:** 7%



# Fourth step to create a strategy

1. Business-idea
2. Business-model
3. Corporate Policy Orientation (CPO)
4. **Concretion**

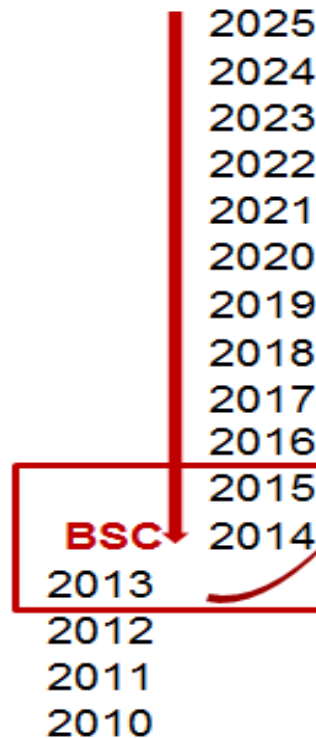


→ Balanced Scorecard

# Concretion

For doing the first step You should know what will happen in the future – but not in detail

- **Idea:** What goals could be achieved in the years 8 – 15 ?
- **Conception:** What has to be prepared for the years 3 – 7 ?
- **Connection:** What has to be defined for the next 2 years ?



# Example: Concretion

The Concretion until 2015 could be:

- Idea: What goals could be achieved in the years 8 – 15 ?

- Conception: What has to be prepared for the years 3 – 7 ?

- Connection: What has to be defined for the next 2 years ?



**Idea** until 2025:

- most new cars are equipped with our rear-view mirrors
- all innovative companies are developing together with us

**Conception** until 2019:

- having development-projects together with clients
- built up six sigma-oriented production

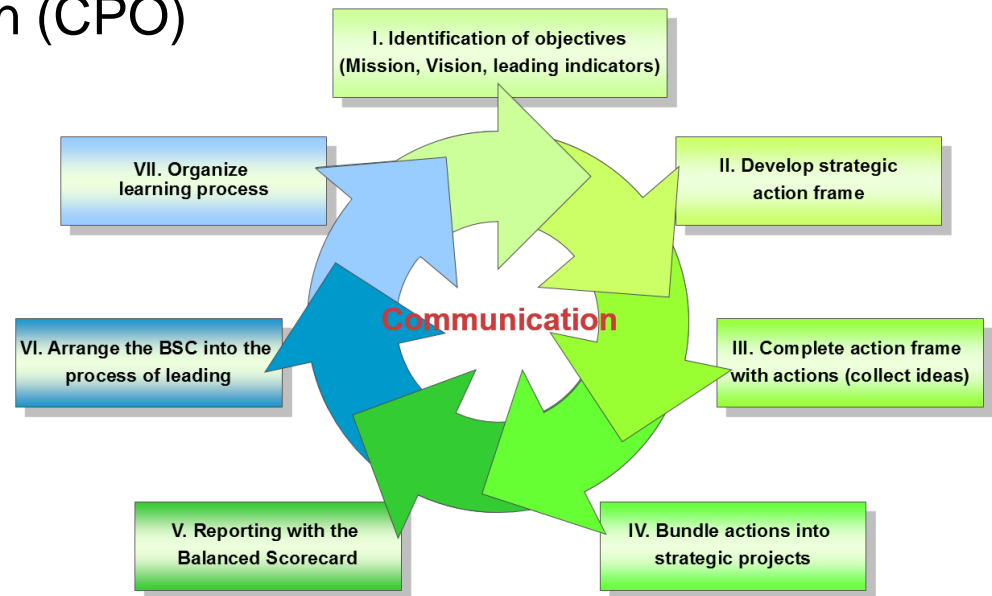
**Connection** until 2015:

- built up capacities for development
- internationalisation of the company

# Next: implement your strategy

1. Business-idea
2. Business-model
3. Corporate Policy Orientation (CPO)
4. Concretion

→ **Balanced Scorecard**



**Strategic planning is worthless,  
unless there is first a strategic vision.**

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**John Naisbitt, american author**

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# What is a Balanced Scorecard ?

**subjective:**

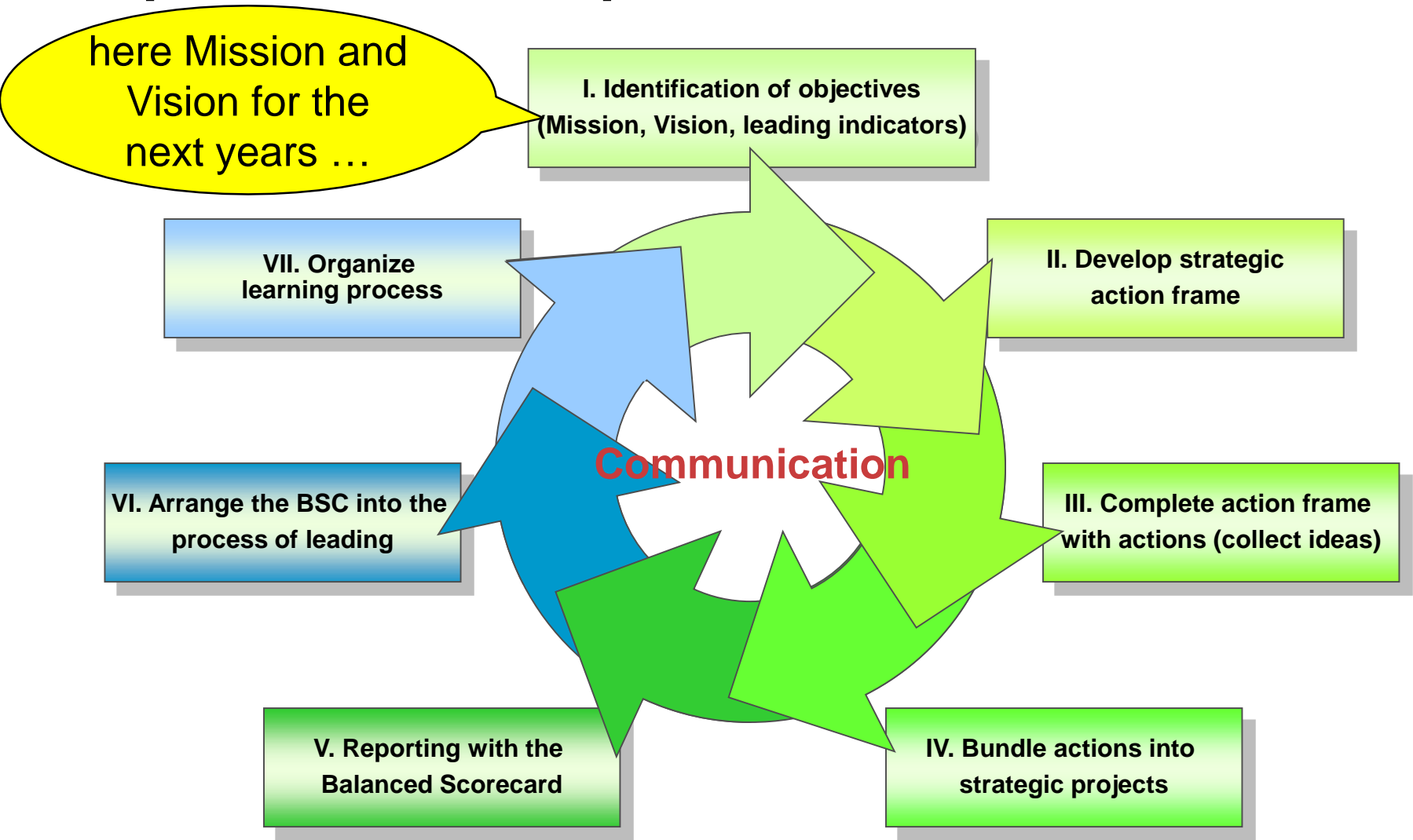
What are we ready to do and will we take over the responsibility?

**objective:**

What objectives and tasks do we want to commit ourselves to?

**The Balanced Scorecard is a universal tool to align the acting of a group of people toward a joint objective.**

# Implementation steps for a Balanced Scorecard



Kaplan/Norton



**Translate strategy into action!**

It is only through the concrete, daily actions of all the employees in a company that potentials can be developed.

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# Conclusion

## successful with a strategy-based Balanced Scorecard ?

- Your strategy as a basis for Your balanced scorecard
- You have joint and clearly defined operative and strategic objectives
- By communication You achieve thinking, responsibility, objective-orientated action of all of Your employees and partners
- Better transparency creates confidence at internal and external partners

**Strategy is the first task of leaders !**

# Make your dreams come true

Strategy development and -implementation with the  
Balanced Scorecard [BSC]