



School of Economics  
and Commercial Law  
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# An Analysis of HHGS HandelsConsulting's Balanced Scorecard

**BACHELOR THESIS**

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## ABSTRACT

The Balanced Scorecard was introduced by Kaplan and Norton in the 1990s and is today a commonly used management tool for strategic planning and management. The model is based on four perspectives which each drive a set of measures. The purpose of the Balanced Scorecard is, based on the theoretical literature, to create a balance between financial and non-financial measures and thus to achieve a broader approach and to manage the company and its activities. There are several studies addressing the strengths and weaknesses of the Balanced Scorecard. With this in mind it would be interesting to examine in detail how a company use their Balanced Scorecard and to see if there are any improvements which can be made for them to make better use if the system in the future.

The empirical basis of this study is drawn from the dialog with four different persons at the company studied; HHGS HandelsConsulting AB. Discussions with these persons created information that later lead to the result of the study. Based on these experiences the writer of this thesis wanted to reach an understanding of how this company uses their Balanced Scorecard and if there are any improvements which can be made. The writer also wanted to address the challenges which the concept of Balanced Scorecard involves. The empirical material is conducted in form of a qualitative study and has been analyzed from an interactive approach.

The theory section of this study is based on academic literature about the Balanced Scorecard. In this study the writer consider the Balanced Scorecard as a system and the theory section will examine the relationship between a company and the system. The empirical material of this study revealed that HandelsConsulting use the Balanced Scorecard more than they actually know about, however, their strategy is not aligned with the Balanced Scorecard.

Through the analysis of academic literature and the empirical results the writer has concluded that HandelsConsulting need to align the long-term strategy of the

organisation with the Balanced Scorecard. They also need to involve the employees to a greater extent and they need focus on conducting monthly strategic meetings which will fine-tune and adapt the strategy and balanced scorecard. This is done by using Kaplan and Norton's four-step model of how to manage the company strategy.

## **PREFACE**

I would like to thank all the respondents of this study; Sanna Dahlgren, Oskar Goding Blomdahl, Erik Persson, Gustaf Sahlen and Lars Carlberg, for all the valuable information that has contributed to the operation of this study. I would also like to thank the opponents and everyone else that has contributed in any way. Last but not least, I would like to give a big thank you to my tutor, Wajda Wikhamn, who has supported me and contributed with interesting guidelines and viewpoints during the process of this report.

Gothenburg, January 2012

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Therese Palm

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## 1. INTRODUCTION

*In this part there will be one theoretical introduction and one empirical introduction of the Balanced Scorecard, further the problem statement, purpose and restrictions are accounted for.*

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### 1.1. INTRODUCTION

Although the Balanced Scorecard is often said to be successful for most companies there are several studies done of different challenges that companies encounter when implementing and using the Balanced Scorecard, there amongst studies done by DeBusk and Crabtree (2006) and Chen and Jones (2009). These challenges may, according to DeBusk and Crabtree (2006), include difficulties with communication, strategy alignment or costliness, another problem according to Olve, Petri, Roy och Roy (2003) is the lack of interest in developing the already existing Balanced Scorecard. These challenges are vital for the success of the Balanced Scorecard and if they are not faced and rectified the Balanced Scorecard cannot be used to its full potential to make the business thrive (Kaplan & Norton, 1996a). A research done at the Free university of Amsterdam indicates that about 70 percent of all implementations of Balanced Scorecard fail (Pforsich, 2005). Therefore, and for the purpose of this study, it would be interesting to find out how a specific company use the Balanced Scorecard and study what challenges they encounter with their Balanced Scorecard. This would then reflect in what improvements they can do to make better use of their Balanced Scorecard as a strategic planning and management system in the future. With this in mind, a company needs to be chosen to conduct a detailed case study of the company's use of and challenges with their Balanced Scorecard. The company studied in this report is called HHGS HandelsConsulting AB. The reason HandelsConsulting was chosen is because it is an interesting company and because a colleague of mine, Erik Person, who, as well as I, work as a management consultant at HandelsConsulting, expressed the need for improvement in this area. The improvement is needed since the Scorecard is, according to Person (Personal Communication, December 30, 2011), not established properly. HandelsConsulting is a unique business in many ways; one of the uniqueness' is the fact that it is a management consulting firm driven by students who studies at the school of

economics and commercial law at Gothenburg University (<http://www.handelsconsulting.se>). According to the chairman of the board at HandelsConsulting, Gustaf Sahlen, HandelsConsulting implemented the Balanced Scorecard in 2000 and is now using it as their management system (Personal Communication, December 13, 2011). Person further explain that HandelsConsulting use their Balanced Scorecard twice a year; follow up on the progress of the goals set for the previous year and to set new goals for the coming year (Personal Communication, December 30, 2011). This is according to Kaplan and Norton (1996a) not enough to align the company strategy with the Balanced Scorecard. The CEO of HandelsConsulting, Sanna Dahlgren, point out the fact that the company is driven by students, who receive experience and not salary, indicates that this company is driven by other values than financial (Personal Communication, January 16, 2012). For the students working at HandelsConsulting, the company works as a catalyst to gain personal development and start a career. In an environment filled with engaged and energized people the students get the support they need to get a chance to find their own way into the world of business (<http://www.handelsconsulting.se>). This is, as indicated by Sahlen why the Balanced Scorecard is important to HandelsConsulting; because of its ability to measure more than financial measures (Personal Communication, December 13, 2011; Kaplan and Norton, 1996a). Dahlgren further explain that HandelsConsulting's main focus is on employees and customers (Personal Communication, January 16, 2012). Conversely, Hannabarger, Buchman & Economy, (2011) stress the importance of balance between the four perspectives and it may be argued that HandelsConsulting are putting more effort into the customer and learning and growth perspectives then into the financial and internal process perspectives. Although, it should be mentioned that HandelsConsulting has an equal amount of measures in all four perspectives of the Balanced Scorecard. The communication of the Balanced Scorecard throughout the organisation may also be questioned, Dahlgren explained, when asked the question of whom in the organisation that knows about the Balanced Scorecard, that it is very few employees who know about the existence and usage of the Balanced Scorecard (Personal Communication, January 16, 2012). The employees which has knowledge of the Balanced Scorecard is mainly the corporate management, therefore, the Scorecard is not implemented all the way down to



the consultants. DeBusk and Crabtree (2006) indicated that one challenge of the Balanced Scorecard is effective communication. If the communication does not work, the Balanced Scorecard will not work either (Chen & Jones, 2009)

Moreover, Dahlgren clarify that HandelsConsulting is the largest consulting firm driven by students in Scandinavia, taking into account both revenue and number of employees (Personal Communication, January 16, 2012). The corporate management of HandelsConsulting consists of eight employees, where two of them are full time employees, the CEO and the vice CEO, the rest of the positions are employees who study at the same time (<http://www.handelsconsulting.se>). The CEO and the vice CEO has recently graduated or has taken a year off school to engage in the business (<http://www.handelsconsulting.se>). Dahlgren explained that the employee turnover at HandelsConsulting is very high and an average employee work at HandelsConsulting for nine and a half months (Personal Communication, January 16, 2012), which may be considered as a challenge since the persons engaged in the Balanced Scorecard quit and no one else might have the interest in developing the Scorecard further (Olve et. al., 2003). As I see it and as Persson expressed it, HandelsConsulting want to know how they can improve their Balanced Scorecard further to benefit more from it in the future (Personal Communication, December 30, 2011). As it is now, they are not using the full potential of the Scorecard and the challenge for them is to know how to develop it further.

## **1.2. PURPOSE AND PROBLEM STATEMENT**

The purpose of the study is to find out how HandelsConsulting use their Balanced Scorecard. The aim is also to find out if there are any improvements HandelsConsulting can do to make better use of their Balanced Scorecard as a strategic planning and management system in the future. This will be achieved through conducting interviews with key persons of HandelsConsulting, internally as well as externally and studying literature from Balanced Scorecard experts to find out how the Balanced Scorecard should be used and implemented.

With this discussion in mind, the main question that this report will answer is:

*What improvements can HandelsConsulting do with their Balanced Scorecard to make better use of it in the future?*

Sub-questions identified to answer the main question are:

- *How should HandelsConsulting's Balanced Scorecard be designed and what part does their strategy have?*
- *What strengths and weaknesses are there in the implementation and use of Balanced Scorecard within HandelsConsulting?*

### **1.3. LIMITATIONS**

The Balanced Scorecard will be seen as a management system that will mainly aid the processes of communication, information and learning within the company and not as a control system. This study will only cover one company, HandelsConsulting, and their use of the Balanced Scorecard as a management system. This study is not intended to generalize the usage of the Balanced Scorecard, but to examine in detail how HandelsConsulting use their Balanced Scorecard.

## 2. THEORY

*The following part is introducing the Balanced Scorecard in a more profound context on the basis of academic literature. The section starts with a description of the Balanced Scorecard concept through the four perspectives and the importance of balance between the perspectives.*

*Thereafter, there will be an explanation of the strategy map, starting with the importance of one and continuing with a model of how to manage one, and finally some criticism of the Balanced Scorecard is taken into account.*

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### 2.1. THE BALANCED SCORECARD AS A STRATEGIC MANAGEMENT SYSTEM

#### 2.1.1. THE BALANCED SCORECARD

The Balanced Scorecard is a strategic planning and management system which works for most companies - public as private, small as large (Hannabarger, Buchman & Economy, 2011). The Balanced Scorecard was developed by Robert Kaplan and David Norton in the early 1990's (Hannabarger, Buchman & Economy, 2011). A key problem they identified was that most organisations had a tendency to manage their business solely upon financial measurements (Kaplan & Norton, 1996a; Kaplan & Norton, 1992). While that may have worked well in the past, Kaplan & Norton (1996a) emphasize that financial measures are inadequate in today's dynamic and changing pace of the market and that businesses require better, more comprehensive measures which also measure where the company is headed and not only where it has been (Chavan, 2009; Hannabarger, Buchman & Economy, 2011). So, it is natural for Kaplan and Norton (1996a) to argue that measurement matters:

*"If you can't measure it, you can't manage it."*

(Kaplan & Norton, 1996a)

If businesses measure their success solely on financial measures, much of the value which has been created or damaged in the recent accounting period will not be noticed (Kaplan & Norton, 1996a; Chavan, 2009). Of course financial measurements are important, but there should be some complimentary measures along with it to make sure all of the value in the business is captured and measured (Kaplan & Norton, 1996a,

Kaplan & Norton, 1996b). In short, the Balanced Scorecard enables your business to set, track and achieve its key business strategies and objectives (Kaplan & Norton, 1996c). The Balanced Scorecard, therefore, takes into account a general and combined set of measures that links existing customers, employees, internal processes and system performance to long-term financial success (Kaplan & Norton, 1996a; Latshaw and Choi, 2002). This is done through its four perspectives – the financial perspective, the customer perspective, the internal business process perspective and the learning and growth perspective (Kaplan & Norton, 1996b).

### **2.1.2. THE FOUR PERSPECTIVES**

Kaplan and Norton (1996a) argues that the Balanced Scorecard shouldn't be used as a control tool to evaluate past performance, it should be used to communicate the strategy of the business and to help align individual, organisational and cross-departmental initiatives within the business to achieve common goals (Kaplan & Norton, 1996a). Moreover, the Balanced Scorecard should be used as a communication, information and learning system and not as a control system (Kaplan & Norton, 1996a; Olve, Roy & Wetter, 1999). Further, the Balanced Scorecard communicates this through four different perspectives (also shown in Figure 1 below):

- *The financial perspective*, how has the company done by its shareholders?
- *The customer perspective*, how do customers see the organisation?
- *The internal business process perspective*, what must the company excel at?
- *The learning and growth perspective*, can the company continue to improve and create value? (Kaplan & Norton, 1992)

These perspectives are the major cornerstones of the Balanced Scorecard and they permit a balance between the business' short-term actions and long-term strategy (Kaplan & Norton, 1996a, Kaplan & Norton, 1996b).

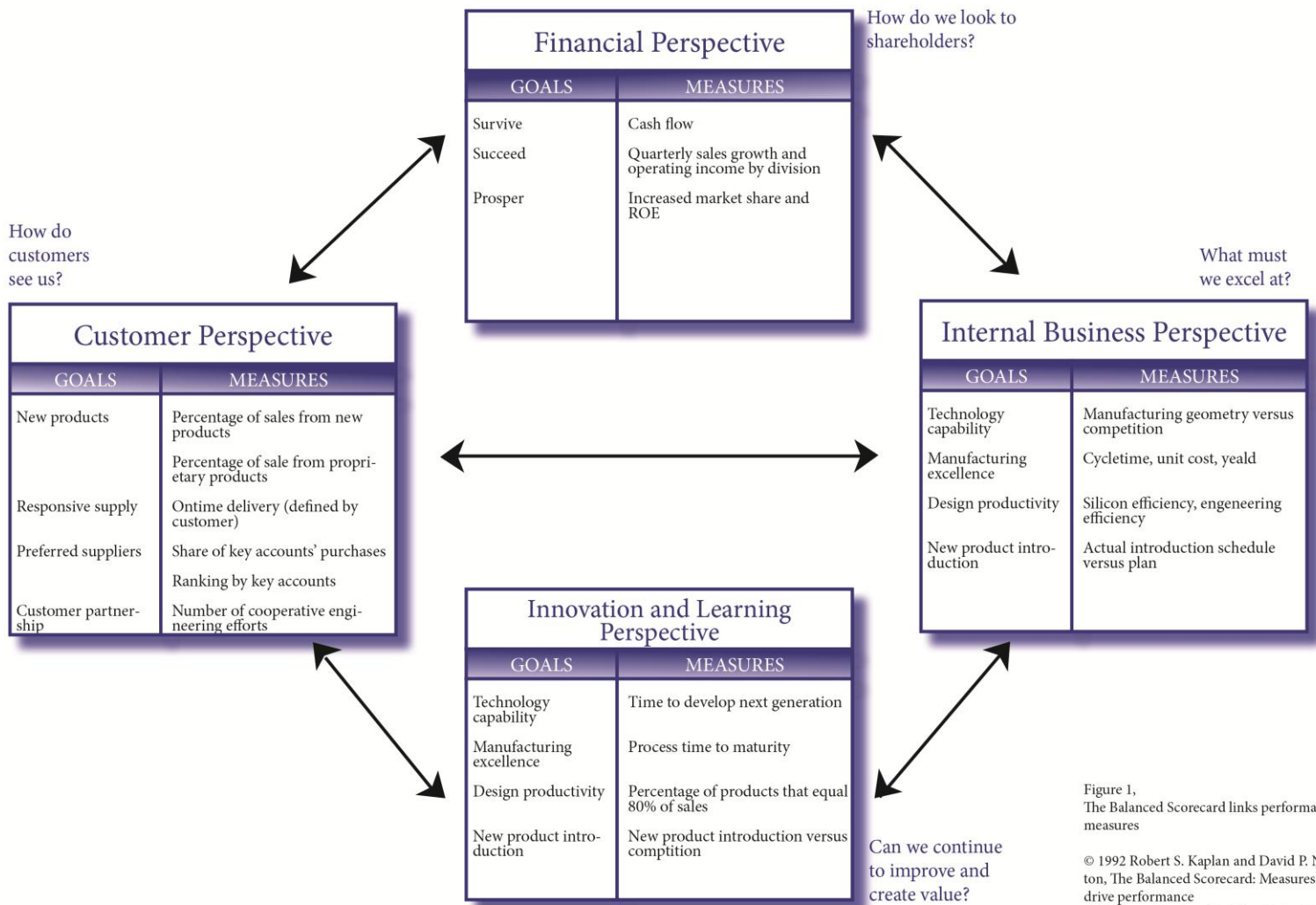


Figure 1,  
The Balanced Scorecard links performance  
measures  
© 1992 Robert S. Kaplan and David P. Norton, 'The Balanced Scorecard: Measures that drive performance'  
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### 2.1.2.1. FINANCIAL

Even though Kaplan and Norton (1996a) said that the financial perspective isn't adequate to use by itself, they still claim that it is valuable to use, but, this should however be complimentary with the other perspectives (Kaplan & Norton, 1996a; Kaplan & Norton, 1996b). It is always useful to know the economic consequences of actions already taken (Kaplan & Norton, 1996a), however, other people argue that the financial part of the business will take care of itself when the operational part is improved by the other perspectives (Kaplan & Norton, 1992). The financial perspective measures and tracks the business' financial requirements and performance (Hannabarger, Buchman & Economy, 2011) it also indicates whether the company's strategy, implementation and execution are contributing to bottom line improvement (Kaplan & Norton, 1996a, Kaplan & Norton, 1992).

Financial measurements typically relates to profitability and shareholder value and is often measured by operating income, return on investment (ROI) or economic value added (EVA) etc. Financial goals can be such as rapid sales growth or generation of cash flow (Kaplan & Norton, 1996a).

#### **2.1.2.2. CUSTOMER**

The customer perspective measures the customer satisfaction and what performance requirements the customer has. It also measures the different market and customer segments of the business; this is measured regardless if the organisation is offering products or services (Kaplan & Norton, 1996a; Kaplan & Norton, 1996c; Hannabarger, Buchman & Economy, 2011). Kaplan and Norton (1992) also say that customers' concerns have a tendency to fall into four different categories: *time, quality, performance and service*, and *cost*. *Time* measures how long it takes for the company to satisfy the customer's needs, this is often referred to as lead time (Kaplan & Norton, 1992; Kaplan & Norton, 1996a). Lead time is measured from the time the company receives an order to the time the finished product or service is delivered to the customer (Kaplan & Norton, 1992). *Quality* can be measured by the level of defect rates or it could also be measured by on-time delivery, it could also be measured by both (Kaplan & Norton, 1992). The *performance and service* is measured by how the company is contributing by creating value for its customers (Kaplan & Norton, 1992).

To get the Balanced Scorecard to work Kaplan and Norton (1992) advocates that the company should now articulate goals for time, quality, and performance and service, they should then translate these goals into detailed measures. Along with quality, time, and performance and service, Kaplan and Norton (1992) mention *cost* as a concern for customers. However, customers see the price of the product or the service as only one component of the overall cost they incur when dealing with the company. By having excellent time, quality, and performance and service management the company can afford to have a slightly higher price of the product since the customer will not incur any extra costs of for example, defect products or late delivery (Kaplan & Norton, 1992).

The customer perspective enables the managers of the business to communicate and align the market based strategy; this will, since the perspectives are linked, enhance the financial returns of the financial perspective (Kaplan & Norton, 1996a).

### **2.1.2.3. INTERNAL PROCESSES**

The third perspective, which is the internal business process perspective, measures and identifies the critical internal processes in which the organisation must excel (Kaplan & Norton, 1996a, Kaplan & Norton, 1996c), in other words, the objectives of the internal business process perspective highlights the processes which are most critical for the strategy of the organisation to succeed and to meet customer expectations (Kaplan & Norton, 1992, Kaplan & Norton, 1996a). After all, exceptional customer performance descends from excellent internal processes (Kaplan & Norton, 1992). These processes also enable the business to satisfy the shareholder expectations of the company's financial return (Kaplan & Norton, 1996a).

The measures of the internal process perspective should come from the processes within the business that gives the most value to the customers. These processes may for example affect cycle time, quality, employee skills and productivity; the company should also try to identify critical technology needed for the company to gain a competitive advantage within its market niche (Kaplan & Norton, 1992). While traditional approaches of measuring the internal processes focuses on monitoring and improving existing business processes, the Balanced Scorecard approach focuses on measuring, monitoring and improving the business processes by, when needed, identifying entirely new processes which integrates measures for both the long-term innovation cycle and the short-term operation cycle (Kaplan & Norton, 1996a). Innovation is also incorporated and highlighted in the Balanced Scorecard approach which gives the outcome a long-term innovation-cycle, whilst the traditional approach is focusing mainly on the processes of delivering current products and services to current customers (Kaplan & Norton, 1996a).

### **2.1.2.4. LEARNING AND GROWTH**

The last perspective is the learning and growth perspective, which measures the company's ability to keep their competitive advantage (Kaplan & Norton, 1992; Hannabarger, Buchman & Economy, 2011). The intense global competition of today's world requires the companies to be able to change fast and be innovative (Kaplan & Norton, 1992). The products and processes need continuous improvement to be able to keep up with the fast pace and this perspective, along with the internal process perspective, focuses on identifying factors of long-term and short-term success (Kaplan &

Norton, 1996a). The main sources of organisational learning and growth are people, systems and organisational procedures (Kaplan & Norton, 1996c). The learning and growth perspective is required to fill the gap between the existing capabilities of these sources, and reach breakthrough performance (Kaplan & Norton, 1996a). Measures in the learning and growth perspective are mostly employee based and similar to the other perspectives, the company need to set goals for the learning and growth perspective and then translate these into measures (Kaplan & Norton, 1992; Kaplan & Norton, 1996c).

#### **2.1.2.5. THE IMPORTANCE OF BALANCE BETWEEN THE PERSPECTIVES**

It is important to focus on all four of these perspectives to obtain balance and business success (Hannabarger, Buchman & Economy, 2011). They also need constant measurement, improvement and analysis together because if the business is only focusing on some of the perspectives the balance will be lost and the business will not thrive (Hannabarger, Buchman & Economy, 2011).

#### **2.1.3. THE IMPORTANCE OF A STRATEGY MAP**

If using only financial procedures to measure the progress of the company the processes are often uncoordinated and driven by short-term operational goals, the Balanced Scorecard focuses, through the company strategy, on long-term strategic objectives. To be able to have use of these long-term strategic objectives the company will need a strategy map (Kaplan & Norton, 1996b). The strategy map is developed to provide the missing link between strategy formulation and strategy execution (Buytendijk, Hatch & Micheli, 2010). Kaplan and Norton (1996a) described a very good metaphor to define the importance of a strategy map when using the Balanced Scorecard. They describe it as a flight simulator and meant that the Balanced Scorecard integrates a complex set of cause-and-effect relationships among critical variables such as goals, measures and feedback that defines the route of the flight. The strategy map defines the company's route (Kaplan & Norton, 1996a) and is an illustration of the relationships among the key components of an organisation's strategy (Eccles & Pyburn, 1992; Buytendijk et. al., 2010). Through the strategy map it is also possible to visualize how different parts of the organisation contribute, directly or indirectly, to the organisation's overall performance (Buytendijk et. al.,2010). The strategy map should be constructed from the top down, starting with the destination of the route where the company wants to arrive (Kaplan &



Norton, 2001a). Corporate management first assesses the mission statement, why the company exists, and core values. With that information they then develop a strategic vision, what their company wants to become. This vision creates a clear picture of the company’s overall goal, which could become the top-quartile performer. The strategy then helps to identify the path needed to reach that goal (Kaplan & Norton, 2001a). Figure 2 below illustrates the different factors of the Balanced Scorecard and what is needed to create a synergized strategy. Figure 3 and figure 4 are examples of how a strategy map can look.

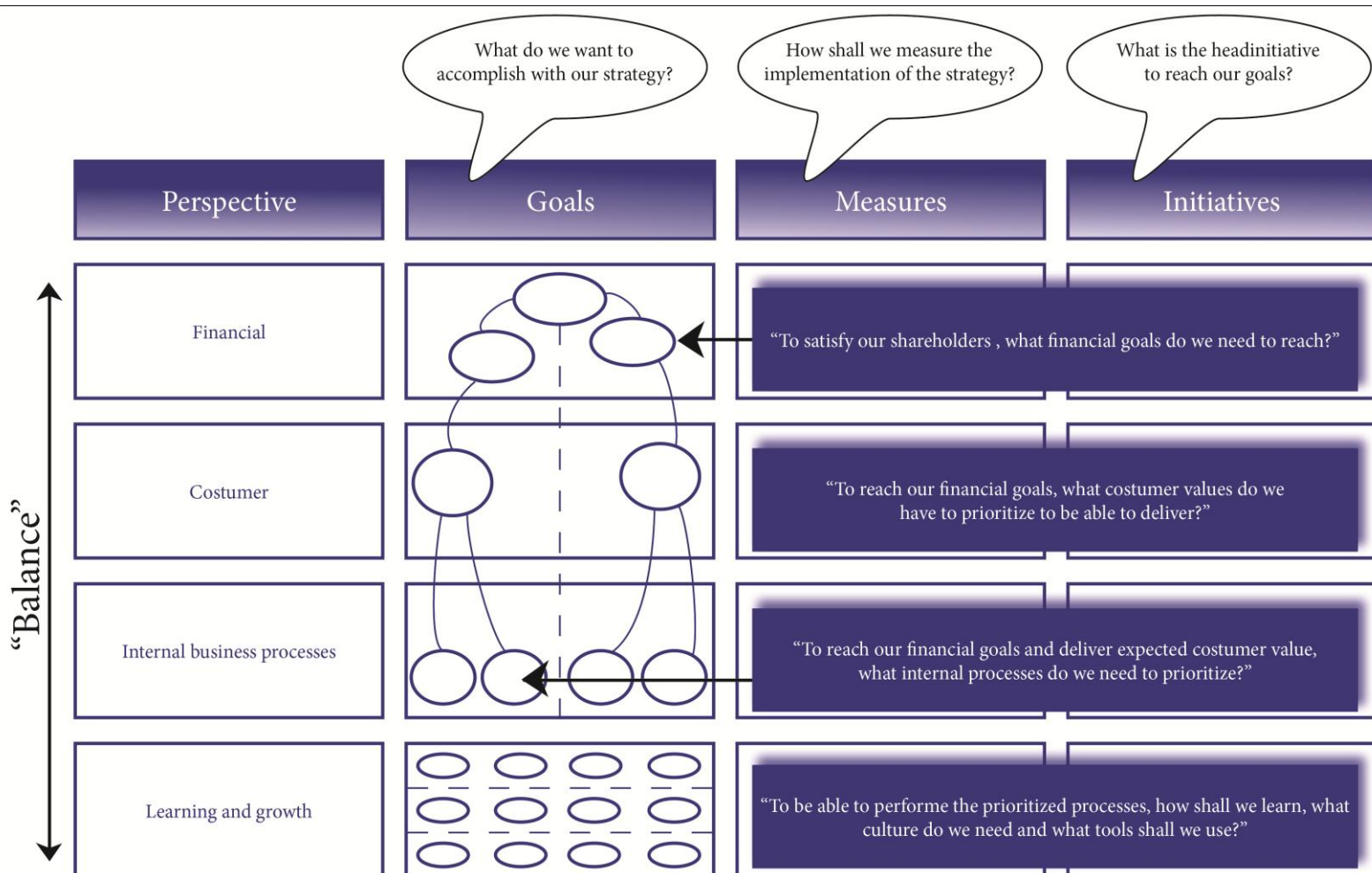


Figure 2, Strategy implementation framework of balanced scorecard

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The scorecard exists to provide a framework that uses measures to communicate mission and strategy to the employees and shareholders, without the strategy there may be gaps between employees, management and shareholders of where the company is and where

Vision: by 2013, become the leading company in our industry

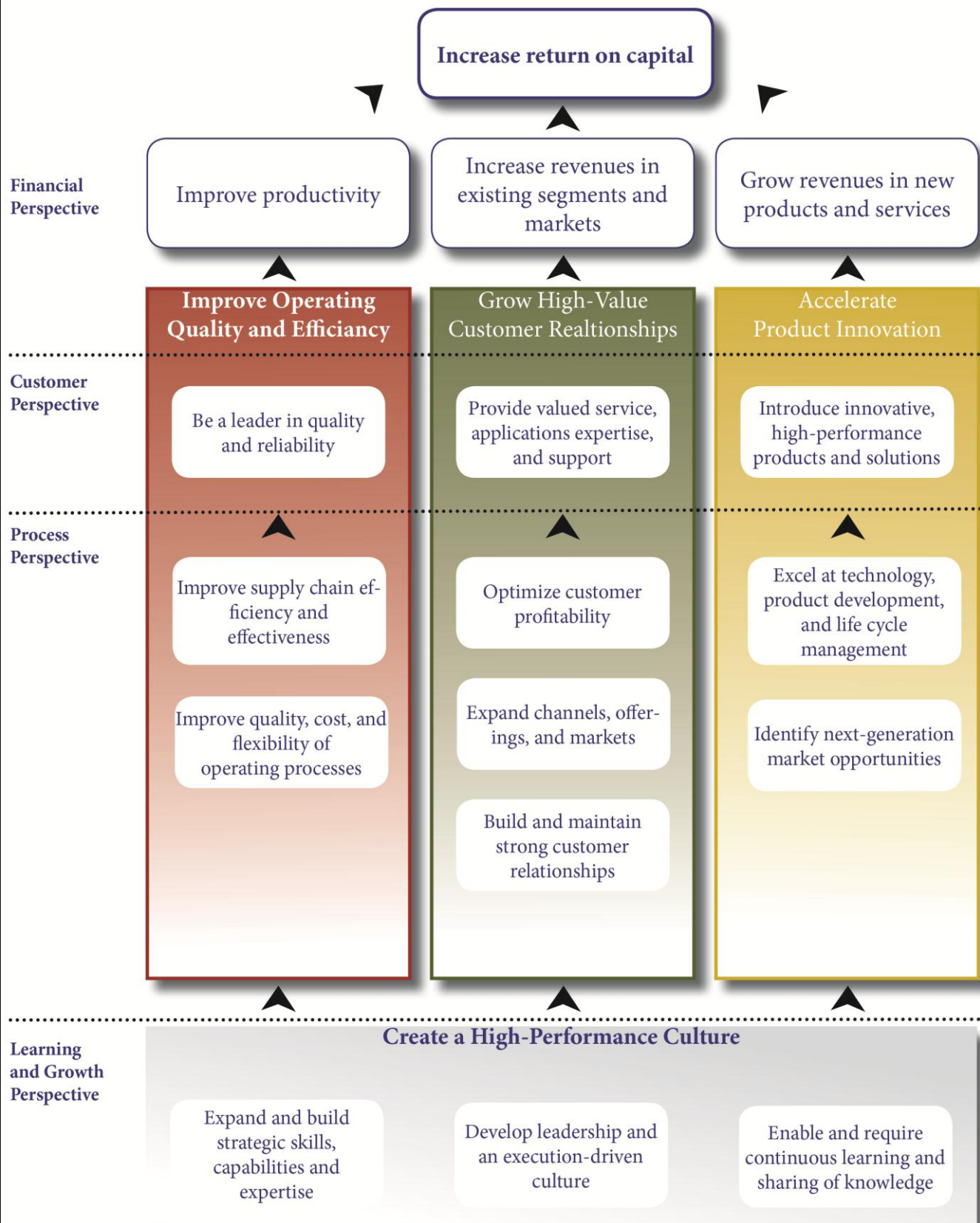


Figure 3,  
Strategy map

it is headed (Kaplan & Norton, 1996a, Kaplan & Norton, 1996b). A properly constructed scorecard therefore creates an organisation wide harmony when employees, managers and shareholders tries to achieve the corporate mission, vision, goals and objectives since all measures are directed toward achieving the same strategy (Kaplan & Norton, 1996a, Kaplan & Norton, 1996b). A properly constructed Balanced Scorecard should also tell the story and communicate the meaning of the company's strategy; it should explain the connections of the cause-and-effect relationships and incorporate the mixtures of measures and goals (Kaplan & Norton, 1996a).

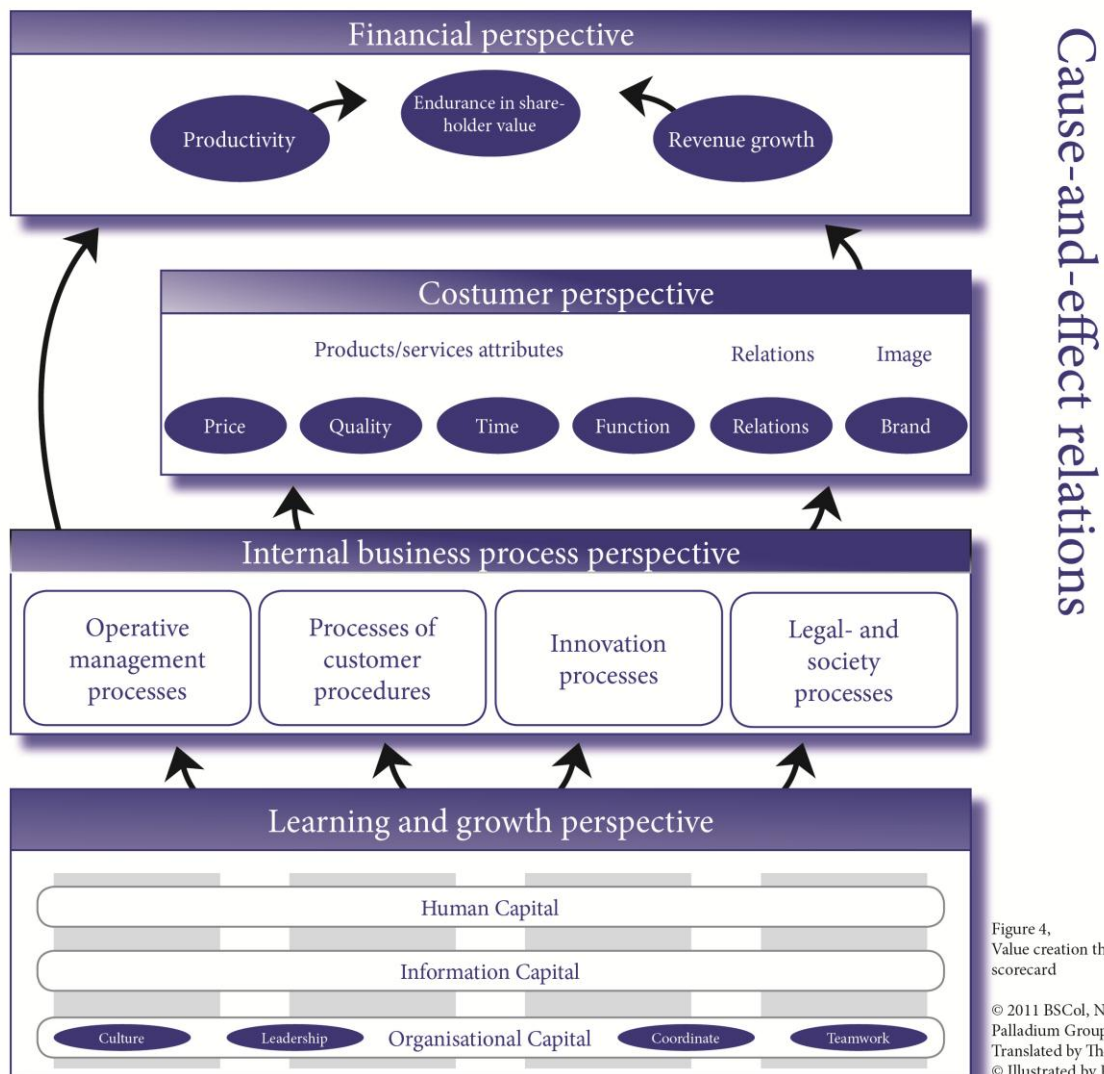


Figure 4,  
Value creation through balanced scorecard

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In short, and as figure 5 below illustrates, the Balanced Scorecard translates vision and strategy into objectives and measures across the four perspectives. The scorecard

includes measures of desired outcomes as well as processes that will drive the desired outcomes (Kaplan & Norton, 1996a).

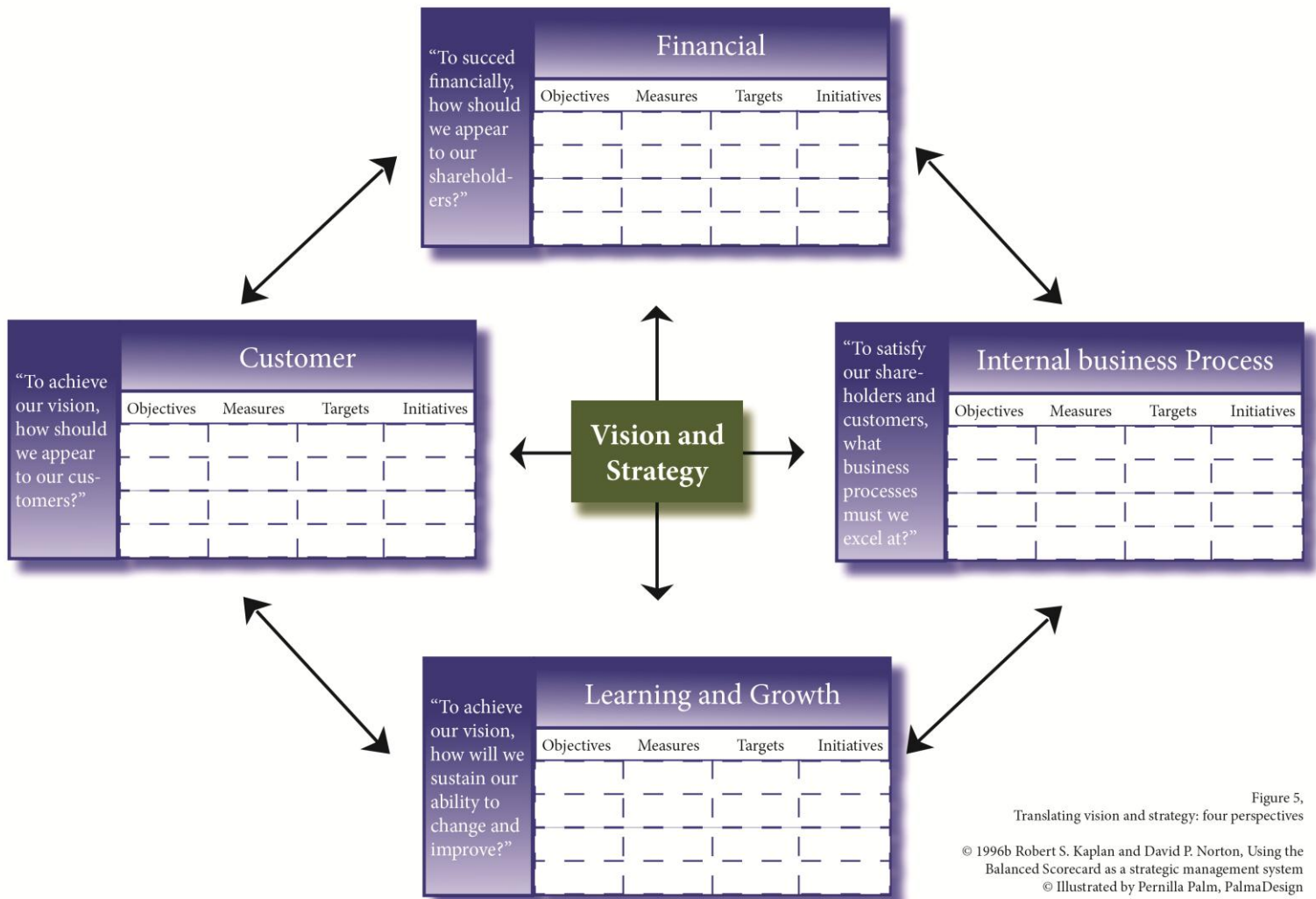


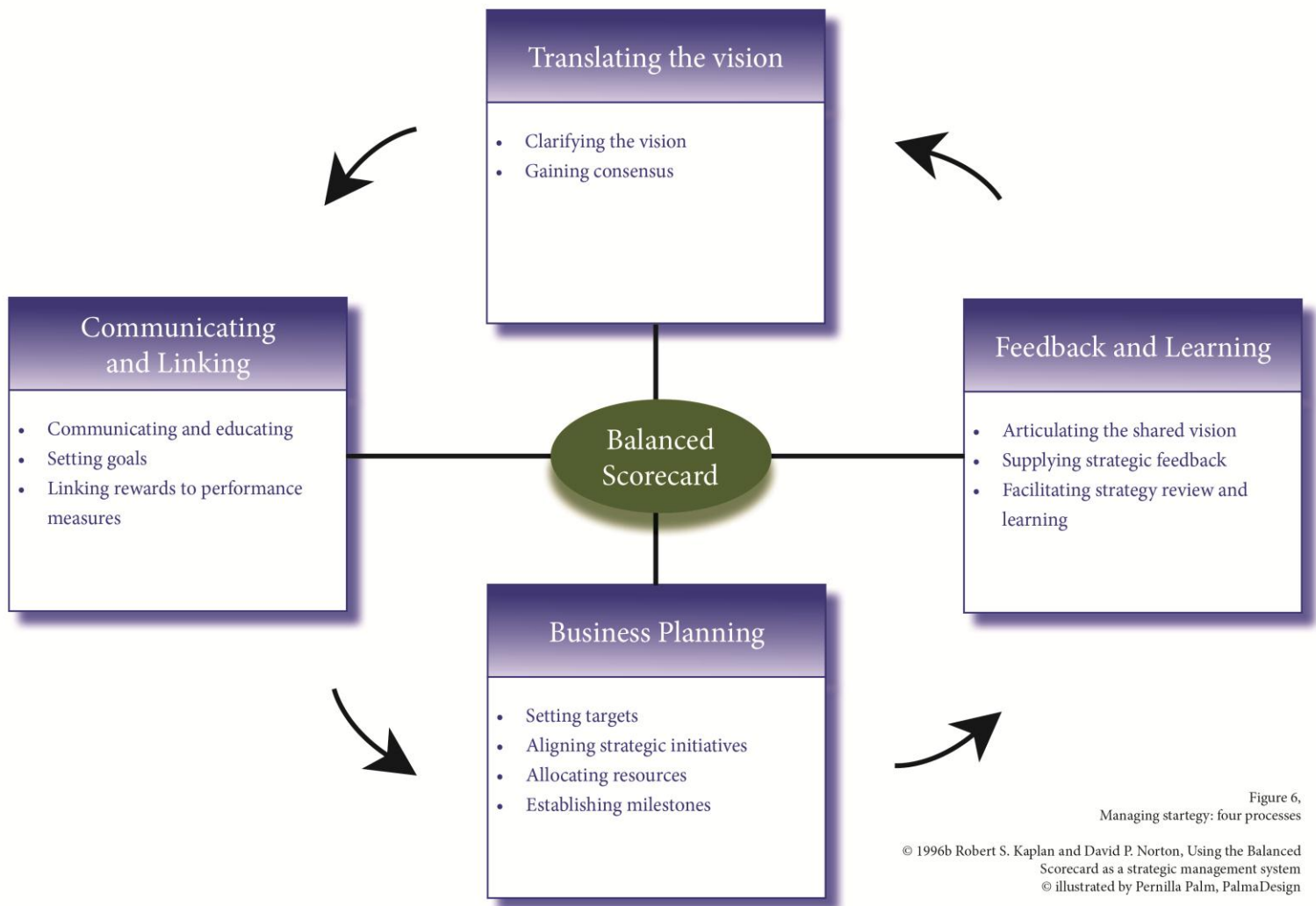
Figure 5,  
Translating vision and strategy: four perspectives  
© 1996b Robert S. Kaplan and David P. Norton, Using the  
Balanced Scorecard as a strategic management system  
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While there may be benefits related to the design and implementation of a strategy map, a number of authors, for example Franco and Bourne (2005), Othman (2007) and Porter (1996), have highlighted possible shortcomings. One such shortcoming is that the cause-and-effect relationship may be considered to be a one-way, linear approach which starts with the learning and growth perspective and culminates into the financial perspective. This is where feedback-loops, or double-loop-learning processes as Kaplan and Norton (2001b) call them, should be included in the maps, to assure a two-way approach (Franco & Bourne, 2005). Porter (1996) also states that many managers do not see the

necessity of having a strategy; they may be too caught up in the race for operational effectiveness. Defining a strategy also means there has to be trade-offs (Porter, 1996). Trade-offs is often seen as frightening, and making no choice is sometimes preferred to risking blame for a bad choice (Porter, 1996). Another shortcoming which Othman (2007) state is that the reliance on an instrumental model, such as the strategy map, may not give a sufficient reflection of the evolution of strategy over time. Therefore, it is important to reassess the strategy map continuously since the competitors and the business world changes rapidly (Porter, 1996; Buytendijk et. al.,2010). Finally Buytendijk et. al.,(2010) states that the strategy map is a useful tool for implementing the strategy, however, they are often built on vague cause-and-effect relationships derived from the generalizations of past performance which is insufficient when linked to future states.

#### **2.1.4. MANAGING STRATEGY**

Figure 6 and Figure 7 below both show the different stages of managing a company strategy when using a Balanced Scorecard. However, in this report Figure 6 will be clarified further and figure 7 will only be used as an illustration of how the steps can be divided into further steps. If using the steps in figure 6 in combination with each other, it will, according to Kaplan and Norton (1996b; 1996c), contribute to linking long-term strategic objectives and short-term actions. However, what Porter (1996) think is important to consider is that a competitive strategy is all about being different, by deliberately choosing a different set of activities to deliver a unique mix of values. The key of a successful strategy is in the activities, to choose to perform activities differently or to perform different activities than rivals. Otherwise, the strategy will be nothing more than a marketing slogan that will not withstand competition (Porter, 1996). The strategy should also be planned for a longer time, according to Porter (1996) it should have a horizon of a decade or more, not of a single planning cycle. To be able to shape an even better strategy, the company can for example use Porter's five forces model (2008) of the five competitive forces which shape strategy (Porter, 2008). However, this study will focus on the usage of Kaplan and Norton's four step model.



#### **2.1.4.1. TRANSLATING THE VISION**

It is important to make sure that there are no gaps between the vision of the company and the actions of the employees. To diminish this possibility of misinterpretations about the strategy statement there is a need of clarification and description of the measures and goals in the different perspectives (Kaplan & Norton, 1996b).

#### **2.1.4.2. COMMUNICATING AND LINKING**

By communicating the strategy throughout the organisation and linking it to departmental and individual objectives the Balanced Scorecard gives managers a way of ensuring that all levels of the organisation understand the long-term strategy and the objectives are aligned with it (Kaplan & Norton, 1996b). It is also important to make sure that everyone

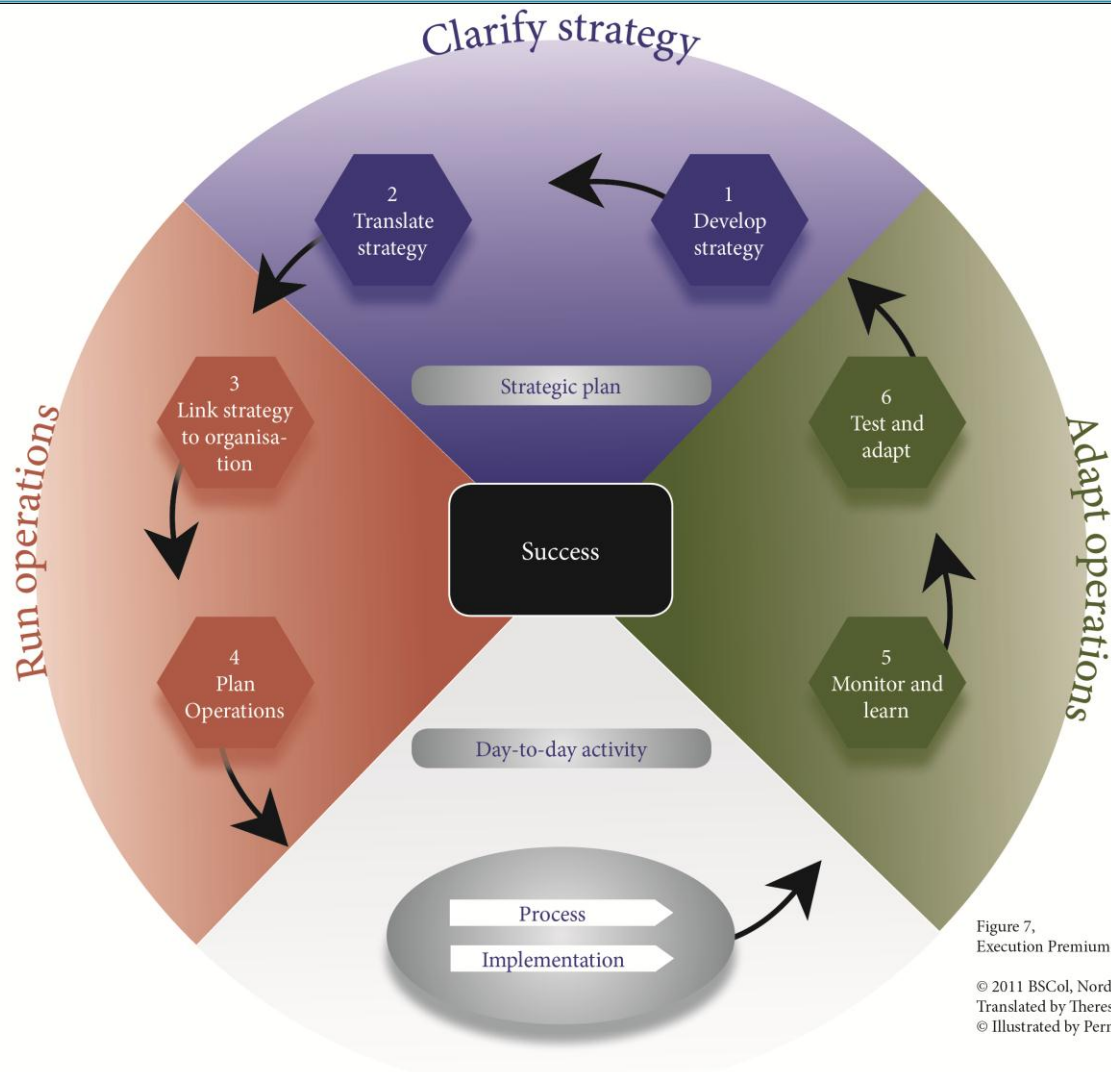


Figure 7.  
Execution Premium-model

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is in on the strategy and understands the strategy (Kaplan & Norton, 2001b). Make sure that everyone knows what to do and that everyone is taking responsibility for the Balanced Scorecard to work (Kaplan & Norton, 2001b).

#### 2.1.4.3. BUSINESS PLANNING

This process enables the companies to integrate their business and financial plans. Managers often find it hard to integrate those parts to achieve their strategic goals (Kaplan & Norton, 1996b). However, the very exercise of creating a Balanced Scorecard helps the organisation to prioritize and coordinate those initiatives that will drive the organisations long-term strategic objectives, it also helps to integrate their strategic planning and budgeting processes, which therefore ensure that their budgets support their strategies (Kaplan & Norton, 1996b). Goals and measures are linked to each other, without one another the Balanced Scorecard will not work properly (Kaplan & Norton, 1996a). At the end of the business planning step the managers should have set targets,

in all four perspectives, for the long-term objectives they would like to achieve. They should also have identified necessary strategic initiatives and allocated required resources for those initiatives. Finally, they should have established milestones for the measures that mark the progress toward achieving their strategic goals (Kaplan & Norton, 1996b).

#### **2.1.4.4. FEEDBACK AND LEARNING**

This step gives the managers the ability to know if the implementation and formulation of the strategy does, in fact, work or not. The previous three steps are all part of the implementation of the strategy, and they form a single-loop-learning process, but they do not take into account if the strategy or techniques used in the implementation are giving the effects wished for. However, this step helps identify and follow the progress of the strategy and techniques used in the implementation stages, with the purpose to take action if something isn't going according to plan – the feedback and learning step creates a double-loop-learning process which constantly develops (Kaplan & Norton, 1996b, Kaplan & Norton, 2001b).

#### **2.1.5. CRITICISMS ABOUT THE BALANCED SCORECARD**

The Balanced Scorecard is often said to be successful for businesses and a special survey done by DeBusk and Crabtree (2006) found that in most cases it is. However, they advise to be cautious when implementing the Balanced Scorecard because it can bring some risks. Olve et. al. (2003) argue that most people only focus on the good that the Balanced Scorecard brings and forget to study what difficulties might come with it. It is important to study the difficulties, since Pforsich (2005) states in his article that Paul McCunn, a KMPG management consultant, estimates the overall failure rate of implementing the Balanced Scorecard is approximately 70 percent, McCunn based this estimate on a research done by a professor at the Free University of Amsterdam (Pforsich, 2005). Further there will be some discussions about what types of challenges a business can have when implementing and using the Balanced Scorecard.

Many authors, there amongst Chen and Jones (2009) and Debusk and Crabtree (2006) bring up the issue of communication within the organisation as a risky factor. If the



communication doesn't reach all the way down to the bottom of the organisation, it is easy for the Balanced Scorecard to fail already in the implementation stages (Chen & Jones, 2009). Organisation wide communication is also important in order to gain employee acceptance when implementing the Balanced Scorecard (Debusk & Crabtree, 2006). Even the founders of the Balanced Scorecard, Kaplan and Norton, pushes the importance of organisation wide effective communication (Chen & Jones, 2009). Ineffective communication is a great impediment for a successful adoption and use of the Balanced Scorecard (Chen & Jones, 2009). The company vision is one such thing that is very important to communicate properly throughout the organisation. Peter Senge, a famous author and researcher in the subject of organisational learning, once said:

*“Many leaders have personal visions that never get translated into shared visions that stimulate the organisation.”*

(Kaplan & Norton, 1996a)

It is a critical and vital importance, if the Balanced Scorecard is to be successful, to translate the individual vision into shared vision (Kaplan & Norton, 1996a). If the employees are not informed and engaged enough in the measures and targets of the company it is often very hard for them to know how to improve overall performance (DeBusk & Crabtree, 2006; Kaplan & Norton, 2001b; Chen & Jones, 2009). So make the Balanced Scorecard everyone's everyday job and make sure they know how to do it!

Another difficulty with the Balanced Scorecard is translating the strategy into action, which is a very common reason for failure during implementation (DeBusk & Crabtree, 2006) To this also comes the difficulty to determine the weights of various performance measures, outcomes and incentives (DeBusk & Crabtree, 2006) Linking the Balanced Scorecard to incentives is a very hard thing to achieve and it carries some risk. The difficulty lies in what size and weight the different performance measures should have and what types of incentives to give for the employees to think long-term and about the best interest of the company instead of their own best interest (DeBusk & Crabtree, 2006). Kaplan and Norton emphasize that the implementation of a Balanced Scorecard makes it easier for managers to set bonuses and other incentives subjectively (DeBusk & Crabtree, 2006). However, Lipe and Salterio (Chen & Jones, 2009) assert that the

Balanced Scorecard may be biased and can sometimes fall short with its intended use of providing a more balanced approach to evaluate employees.

Another difficulty is the costliness of developing and implementing a Balanced Scorecard system into an organisation (DeBusk & Crabtree, 2006). Costs can according to DeBusk and Crabtree (2006) occur in two ways. The first is the need of a consultant to map the organisational strategy and help selecting performance measures. The second cost is the modification of the information system, since the system often requires to be updated to be able to supply the necessary information for the new performance measures (DeBusk & Crabtree, 2006).

One issue which Olve et. al. (2003) brings up the lack of interest when it comes to developing and advancing the already existing Balanced Scorecard as a problem. This lack of interest may be due to the attitude of the employees; they may believe that the Balanced Scorecard is yet another temporary and pointless project which will result in less effort in implementing the Balanced Scorecard. This may also be linked to Olve and Samuelson (2008) argument, that the Balanced Scorecard is just another management trend like all the other three-letter abbreviations. They further say that the life-span of the Balanced Scorecard is limited like other passing fashion trends. They further give examples of businesses where the Balanced Scorecard has run out of steam or where the companies has chosen to deviate from the scorecard because it has been too much work. Although, the authors argue that the reasons for this is lack of planning or too much effort put into the formulation of the measures, there has to be a balance between the strategy and measure formulation (Olve & Samuelson, 2008).

### **3. METHOD**

*In this section a statement and motivation of the methods used in this report is carried out and it will include examination design, strategy of research, selection process and the process of collecting data.*

---

#### **3.1. CASE STUDY AS EXAMINATION DESIGN**

The purpose of this study is to find out how, as detailed as possible, HandelsConsulting uses their Balanced Scorecard and if there are any improvements that they can make to have better use of it as a management system. This is done through a detailed analysis of a case study on how HandelsConsulting uses their existing Balanced Scorecard. There is a reason that I have chosen to only study HandelsConsulting's Balanced Scorecard and that is, as Denscombe (2000) also says, it gives a broader and deeper perspective of how things happen, also experiences, relations and processes in the company, if only some studies are done. Yin (2007) also states that a one case examination design is most suitable when the studied case is extreme or unique. That is the reason I chose to only analyse HandelsConsultings Balanced Scorecard. HandelsConsulting is a very interesting and unique company, in fact it might be the largest student management consulting firm of its kind and it will be a challenge to see how they can improve their Balanced Scorecard. Therefore, it is required to analyse this company deeper and their use of the Balanced Scorecard in detail to answer the problem statement and purpose that I have.

#### **3.2. CRITICS ABOUT CASE STUDIES AS EXAMINATION DESIGN**

Some critics that can be brought up in this case is first, as Yin (2007) says, one case study might not be convincing enough, Bryman (1997) also says that to avoid the problem of generalization it is better to study more than one case. Although in this case it might only be relevant to use one case since it is one case that is examined. It is however very common to make generalizations about the usage of the Balanced Scorecard if not having enough evidence, however in this case I have not noticed any issues with this problem since I am aware of that HandelsConsulting is a unique company and their use of the Balanced Scorecard therefore will be unique. Further, problems with the research can arise when the researcher does not have access to the different areas that are to be

researched (Denscombe, 2000). I have noticed some obstacles in this area but nothing major that will delay the progress of the research. Merriam (1994) also indicates that lack of time or money can result in complications with the subject that the examiner is researching. Although, I have not noticed any complications or problems due to lack of time or money, I have had very good access, via mail, phone and personal contact, to the persons at HandelsConsulting, and also the person at the Balanced Scorecard Collaborative that I have interviewed.

### **3.3. QUANTITATIVE AND QUALITATIVE METHOD**

This study has been characterized by a qualitative method since I have conducted interviews with key persons. The qualitative approach has been chosen because it suits the case study design and because I already from the beginning knew that this report were to be presented in words and pictures instead of numbers, which Bryman (2002) and Merriam (1994) sees as the major criterion for qualitative research design. Merriam (1994) says further that since the case study is focusing on the insight, detection and interpretation it is natural to use a qualitative method.

### **3.4. SELECTION**

When I selected HandelsConsulting as the company to study my thought was to get a deeper perspective of how the Balanced Scorecard really works and how a company, which I am very interested in, uses it as a management system. I also wanted to get a challenge of finding out how they can improve their use of the Balanced Scorecard. The fact that I have only focused on one company in my research is because I wanted to get as detailed information as possible about HandelsConsulting's use of their Balanced Scorecard and because of the time it takes to research more companies this profound.

#### **3.4.1. SELECTION OF RESPONDENTS**

To choose the respondents of the interviews I used a non-probability selection. According to Merriam (1994) a selection like this is very common when using qualitative studies and it means that the probability that an individual should or should not be included is not possible and cannot be calculated. The reason for this is because I already from the start knew what persons to contact and conduct an interview with. These respondents are also chosen because of their specific experience and expert knowledge within the

subject Balanced Scorecard. Experience in the organisation, HandelsConsulting, is something that I had as a criterion when I chose the persons at HandelsConsulting, which is why I chose the Vice CEO, an employee who has worked at HandelsConsulting for a long time, which is more than nine months, and the chairman of the board. They have all worked at HandelsConsulting for a sufficient amount of time.

Name	Education	Current position	Previous position	Years at HC
Sanna Dahlgren	2nd year Bachelor of Business: Accounting	CEO	HR-manager, management consultant	3
Oscar Goding Blomdahl	3rd year Bachelor of Business: Accounting	vice CEO	Management consultant, Sales manager, Business area management	2,7
Erik Persson	Bachelor of Business: Accounting	Management consultant	Salesmanager, Business area manager	4
Gustaf Sahlen	-	Chairman of the board	CEO, Management consultant	14

Chart 1  
Interview respondents  
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Created by Therese Palm. 2012

### 3.5. DATA COLLECTION

According to Andersen (1998) the researcher should first ask the question if the data collected is primary or secondary. Since I conducted the interviews myself the data from the result section is primary. The data I have collected from books and articles and used in the theory part is secondary because someone else has collected it before me (Andersen, 1998). The internal documents I have collected from HandelsConsulting is also considered as secondary since I am not the one who wrote or made the document, someone else did (Andersen, 1998).

As said earlier the interviews that were conducted are considered to be of qualitative characteristics. Patel and Davidsson (2003) claim that qualitative interviews are almost never standardized and the respondents get the opportunity to answer the questions with their own words.

Bryman (2002) believe that there are two types of qualitative studies, the semi structured and the unstructured. I used the unstructured type when I conducted the interviews, this because I have no need to compare the different answers and because I wanted to know different things from the different persons I interviewed, I also did not formulate questions in advance because the questions I asked them are very basic and from them I then came up with sub-questions which explained in more detail what I wanted to find out. The main questions used are:

- *“How do you consider HandelsConsulting to use their Balanced Scorecard?”*
- *“Is there anything which you think may be improved with HandelsConsulting’s Balanced Scorecard?”*

## 4. EMPIRICAL RESULTS

*In this part there will be a detailed description of how HandelsConsulting use their Balanced Scorecard; this is done through describing the interviews conducted with the persons inside of HandelsConsulting and to describe the yearly strategic process of HandelsConsulting.*

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### 4.1. HHGS HANDELSCONSULTING AB - BACKGROUND

HandelsConsulting was founded 1997 with the purpose of building a bridge between the world of academic and business (HandelsConsulting, 2011). HandelsConsulting are offering qualified consulting services within the different subjects that are taught at the school of economics and commercial law in Gothenburg (HandelsConsulting, 2011). HandelsConsulting has today fourteen years of experience and with those almost 700 projects in their suitcase (HandelsConsulting, 2011). The company is larger than ever this year and has around 70 employees; this together with their customers will continue to create value amongst businesses and students (HandelsConsulting, 2011).

#### 4.1.1. HOW DOES HHGS HANDELSCONSULTING USE THEIR BALANCED SCORECARD

The balanced scorecard was implemented in 2000 by the former CEO, Johan Björneman (G. Sahlen, Personal Communication, December 13, 2011). The chairman of the board, Gustaf Sahlen explained in the interview why HandelsConsulting chose the Balanced Scorecard as their management system and the reason for this is that their core focus is not solely financial; they put a lot of attention into other parts of the business, such as the customers, employees and internal processes (Personal Communication, December 13, 2011). Although, as Erik Persson explained in the interview, they have mainly focused on the customer perspective this year to receive, and give, more value from, and to, the customers (Personal Communication, December 30, 2011). The other main area of focus was the employees (S. Dahlgren, Personal Communication, January 16, 2012). Since the employees are not working there for monetary incentives there has to be other kind of motivational incentives. One strong incentive for the employees at HandelsConsulting is the fact that they get the chance to turn theory into practice and make use of the things they learn at the university (S. Dahlgren, Personal Communication, January 16, 2011).

To start the explanation of how HandelsConsulting use their Balanced Scorecard it is important to explain the strategic process throughout the year. Figure 8 below is created by Dahlgren and illustrates how this process works (Personal Communication, January 16, 2012).

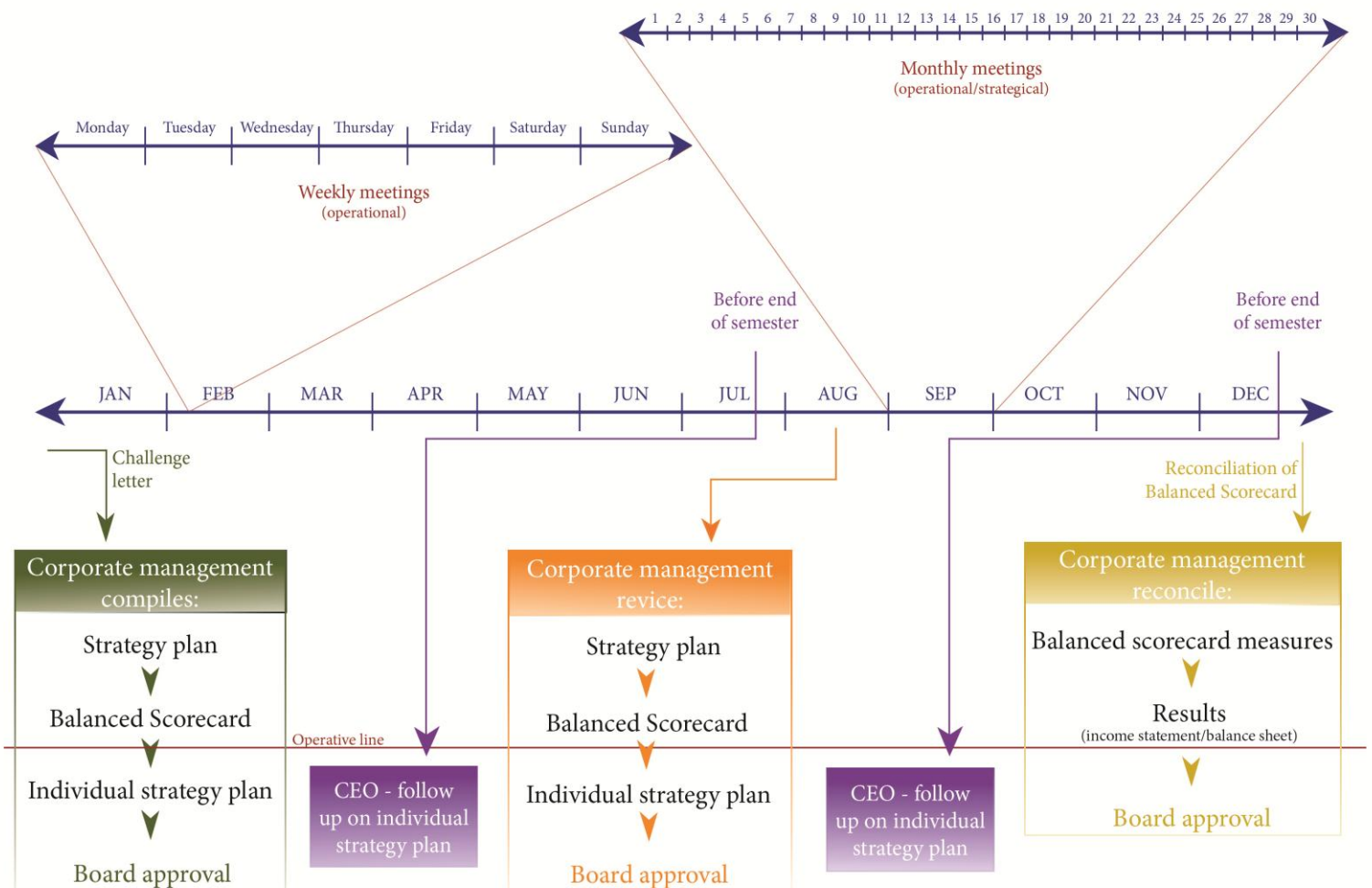


Figure 8  
Timeline

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Created by Sanna Dahlgren, CEO Handelsconsulting. 2012

Persson explain that the process start in January, as seen in the figure, when the Board of directors send a letter to the corporate management of HandelsConsulting (Personal Communication, December 30, 2011). This letter is called a *Challenge letter* and contains different sets of goals that the board would like the company to achieve throughout the year. Persson explained some of the goals for 2011; HandelsConsulting



should be the first choice for students who want to gain experience and study at the School of economics and commercial law at Gothenburg University, they should also try and keep the average number of employees they already have, which currently is 70, throughout the year. HandelsConsulting should also try to increase revenue per employee and per business area (Personal Communication, December 30, 2011).

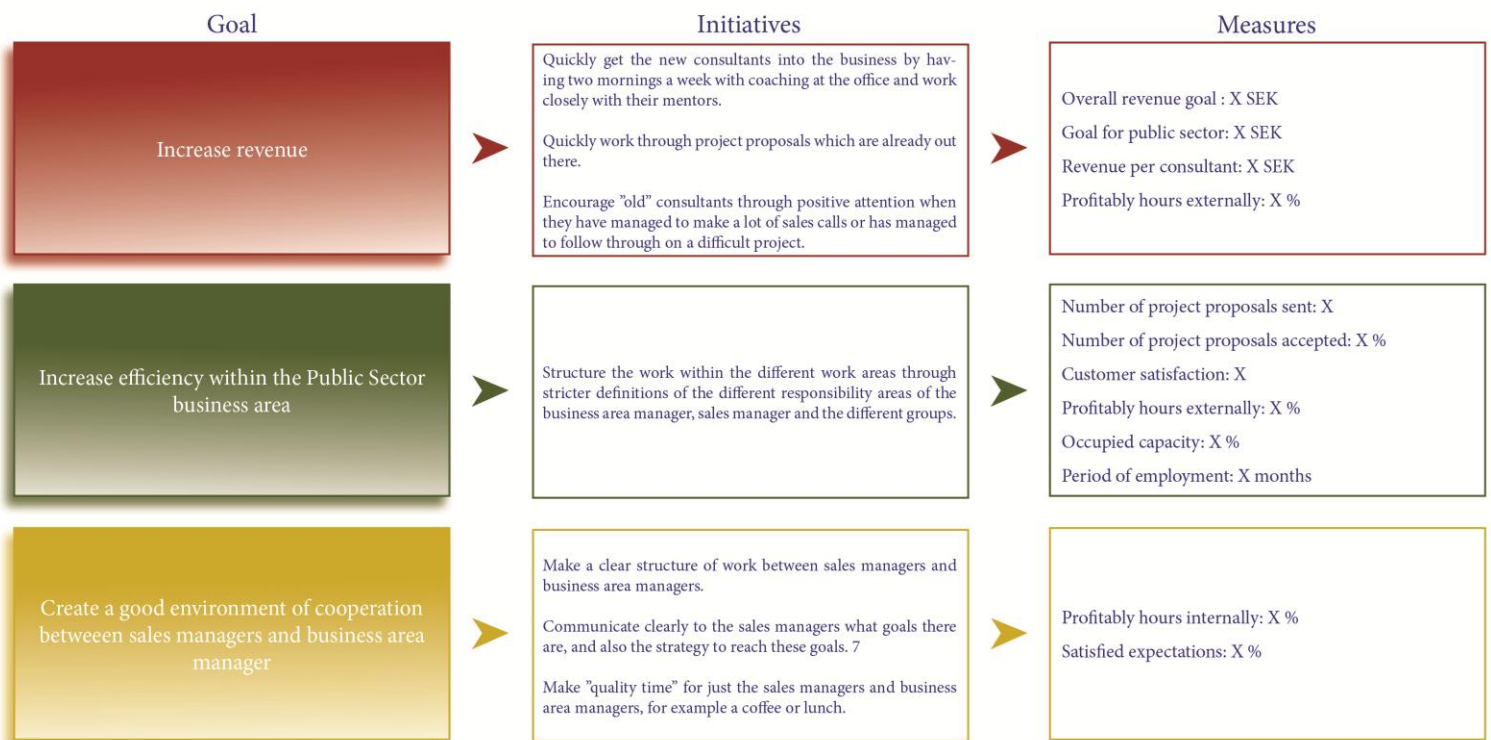
The corporate management then gathers for a strategic meeting where everyone in the corporate management can express their opinions. They then compile a strategy plan which outlines the basic initiatives of how the company can reach these goals. They also discuss what area of business the different goals fit into and which manager that is responsible for that area. After doing this they move on to the next step which is to update the measures in the Balanced Scorecard. This Balanced Scorecard is pictured in figure 9 below.

RATIOS	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	Mai 2011
<b>STAFF DEVELOPMENT</b>											
Number of productive hours EXTERNALLY (%)	x	x	x	x	x	x	x	x	x	x	x
Number of productive hours INTERNALLY (%)	x	x	x	x	x	x	x	x	x	x	x
Satisfied expectations (%)	x	x	x	x	x	x	x	x	x	x	x
Qualifications at recruitment	x	x	x	x	x	x	x	x	x	x	x
Occupied capacity (%)	x	x	x	x	x	x	x	x	x	x	x
<b>INTERNAL EFFECTIVITY</b>											
Number of sent project proposals (%)	x	x	x	x	x	x	x	x	x	x	x
Number of accepted project proposals (%)	x	x	x	x	x	x	x	x	x	x	x
Timesheets in relation to project proposals (%)	x	x	x	x	x	x	x	x	x	x	x
Number of project hours	x	x	x	x	x	x	x	x	x	x	x
Average period of employment (months)	x	x	x	x	x	x	x	x	x	x	x
<b>CUSTOMER SATISFACTION</b>											
Customer follow-up	x	x	x	x	x	x	x	x	x	x	x
Number of projects from repurchase customers (%)	x	x	x	x	x	x	x	x	x	x	x
Number of projects through recommendations (%)	x	x	x	x	x	x	x	x	x	x	x
Number of projects with complement (%)	x	x	x	x	x	x	x	x	x	x	x
<b>FINANCIAL MEASURES</b>											
Revenue	x	x	x	x	x	x	x	x	x	x	x
Earnings before interest and taxes (EBIT)	x	x	x	x	x	x	x	x	x	x	x
Income per paid hour	x	x	x	x	x	x	x	x	x	x	x

Figure 9  
Balanced scorecard measures - Handelsconsulting

They try to figure out what goal will fit in which measure and from there they know what measures that will be current for that period. Now every manager should have some goals which they are responsible for throughout the year. Each manager now constructs an individual action plan. This action plan is illustrated in figure 10 and has three objectives, for example an objective might be: increase the overall revenue, or increase project efficiency.

### Individual action plan - business area manager of public sector



Other activities:  
- Support for HandelsConsulting's environmental project

Figure 10  
Individual action plan

© Illustrated by Pernilla Palm, PalmaDesign  
Created by Handelsconsulting 2012

The manager then describes different initiatives for these objectives which should be performed during the year for the objectives to be fulfilled. These are then combined with measures which measures if the goals and objectives have been achieved. This individual action plan is then sent to the board of directors for approval and to the CEO. The CEO then has the responsibility to follow up on these individual action plans throughout the

year to make sure everything is going according to plan. There are two larger revisions of the action plans during the year. These revisions are placed strategically before the end of each semester (S. Dahlgren. Personal Communication, January 16, 2012).

After the summer vacation when most of the managers have come back to work, another strategic meeting is conducted to review the whole strategic process. Every manager has the chance to express any thoughts and ideas. They check how well they have done to reach the goals set for the year through the measures on the Balanced Scorecard. They also revise their individual action plans and send the reviewed one to the board for approval (S. Dahlgren. Personal Communication, January 16, 2012).

At the end of the year the corporate management reconciles the Balanced Scorecard with the income statement and balance sheet to find out if they have achieved the goals for the year. They then send the results to the board (S. Dahlgren. Personal Communication, January 16, 2012).

Throughout the year the corporate management also has different meetings. They have the three, previously discussed, strategic meetings at the beginning, the middle and the end of the year. They also have weekly meetings every Tuesday morning and monthly meetings on the first Wednesday of every month. Although, Dahlgren (Personal Communication, January 16, 2012) explain that the weekly and monthly meetings are more of the operative nature than strategic nature. They generally discuss short-term operational issues more than long-term strategic issues. This is mainly because there is not enough time to discuss the strategic issues in every meeting since the managers do not get monetary incentives for the job they accomplish and because most of them study full-time at the same time (S. Dahlgren. Personal Communication, January 16, 2012). However, Goding Blomdahl mentions that it might be possible to make the monthly meetings more strategic by making them more efficient. He also mentions that the difficulty lies in the rapid turnover of the corporate management, similar to the employees at HandelsConsulting; they tend to only stay in their posts for one year and then change position or find another job. Goding Blomdahl explain that in the beginning of the year

when the new corporate management gathers, it tend to be mostly operational matters discussed, however at the end of the year they often tend to plan more strategical and this is when the corporate management is replaced (Personal Communication, January 18, 2012).

The mission of HandelsConsulting is:

*“HandelsConsulting shall through consultancy services offer businesses fresh knowledge and competence at competitive pricing, at the same time HandelsConsulting shall offer students at the School of economics and commercial law in Gothenburg the opportunity to utilize their experience and make contact with businesses”*

(<http://www.handelsconsulting.se> )

Dahlgren also explained that the vice CEO, Oskar Goding Blomdahl, is working on a more long-term way of implementing the strategy at HandelsConsulting (Personal Communication, January 16, 2012). This long-term strategy shall extend longer than the strategic process explained earlier and according to Goding Blomdahl the long-term strategy is developed for a five year period, for the years 2012 thought to 2017 (Personal Communication, January 18, 2012). This strategy is mainly focusing on the 1;100;100 000 vision of HandelsConsulting and according to Dahlgren, Goding Blomdahl and Persson the 1;100;100 000 vision of HandelsConsulting in short mean:

- 100 000 SEK in revenue per employees,
- 100 employees,
- 10 million SEK in revenue per year for the entire business. (Personal Communication, January 16, 2012; Personal Communication, December 13, 2011; Personal Communication, December 30, 2011)

Goding Blomdahl also explains that when he planned the long-term strategy he used a model, also seen in [figure 11](#), where he first gathered hypotheses for how the vision can be achieved. He then tried to find evidence about if these hypotheses where feasible, and formed a rough outline of a strategy formulation which defined how HandelsConsulting are to reach the vision. Thereafter, he developed this formulation in more detail for the coming year (Personal Communication, January 18, 2012).

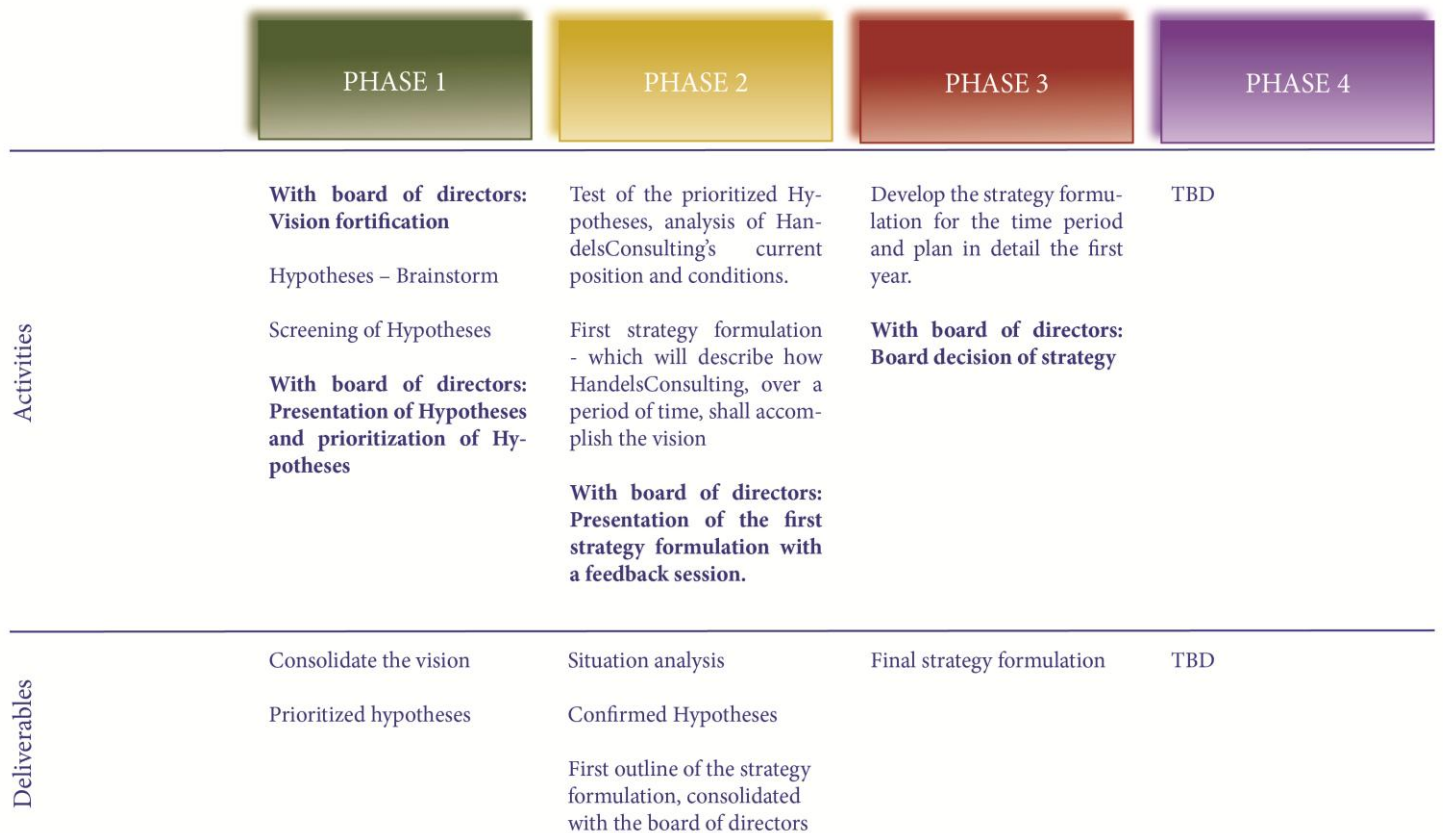


Figure 11  
Long-term strategy plan

© Illustrated by Pernilla Palm, PalmaDesign  
Created by Oskar Goding Blomdahl, Vice CEO HandelsConsulting 2012

The vision of HandelsConsulting is:

*“HandelsConsulting shall be the leading student consultancy firm in Europe, the most stimulating workplace for students and one of Sweden’s most primary development agencies for outstanding employees”.*

(<http://www.handelsconsulting.se>)

Dahlgren explained that HandelsConsulting has two different visions (Personal Communication, January 16, 2012). This is because the vision stated above is not quantifiable, so they came up with another vision which is easier to quantify.

Dahlgren also said that the Balanced Scorecard is something that only the corporate management and board of directors know about (Personal Communication, January 16, 2012). The employees who works as consultants within the company usually does not know the Scorecard exist. Dahlgren further explained that the managers communicate the goals which are to be achieved to the employees through staff meetings and performance appraisals (S. Dahlgren. Personal Communication, January 16, 2012).

Persson and Goding Blomdahl identified some difficulties which HandelsConsulting has with their Balanced Scorecard. They mention that the fact that it is only used two to three times a year means that it is not implemented enough and that there are several areas which could be improved (Personal Communication, December 30, 2011; Personal Communication, January 18, 2012). Goding Blomdahl further explained that they are trying to update the Scorecard throughout the year but since the meetings are mostly focused on operational matters it will not be discussed until at the end of the year (Personal Communication, January 18, 2012). Dahlgren explained further that one challenge is to know if there is a need for more distinct governance through the use of the Balanced Scorecard, what effects this might have and, if needed, how to proceed with it (S. Dahlgren, Personal Communication, January 16, 2012). She also mentioned that, like any other company, the lack of time to investigate these kinds of things is one big impediment (S. Dahlgren. Personal Communication, January 16, 2012).

## 5. ANALYSIS

*Below is an analysis of the theory and results from the previous sections. The analysis follows a similar design as the problem statement to make it easier to reconnect the analysis of the theory and results.*

---

### 5.1. WHAT IMPROVEMENTS CAN HANDELSCONSULTING DO WITH THEIR BALANCED SCORECARD?

#### 5.1.1. HOW SHOULD HANDELSCONSULTING'S BALANCED SCORECARD BE DESIGNED AND WHAT PART DOES THEIR STRATEGY HAVE?

Right now, the only thing that the corporate management of HandelsConsulting sees as their Balanced Scorecard is what is seen on figure 9, which was shown in the empirical results section on page 32, this figure only show measures. These measures indicate if HandelsConsulting has reached their goals for the year. However, if looking to the fact that HandelsConsulting only use this figure and these measures to see if they have reached the goals for the year, it would according to Kaplan and Norton (1996a) mean that they use their Balanced Scorecard as a control system, which Kaplan and Norton state that it should not. A control system is according to Kaplan and Norton (1996a) when a company uses their financial and non-financial measures only for tactical feedback and control of short-term operations. The Balanced Scorecard should be used as a system of communication, information and learning (Kaplan & Norton, 1996a), this is achieved by incorporating the four perspectives of the Balanced Scorecard - The financial, customer, internal business process, and learning and growth perspectives (Kaplan & Norton, 1992). If the Balanced Scorecard is used as a system of communication, information and learning it will allow a balance between the short-term actions and long-term strategy of the business (Kaplan & Norton, 1996b). Not only short-term operations as would have been if using it as a control system. However, for this balance between the short-term actions and long-term strategy to take place there needs to be a balance between the four perspectives and there is a significant importance of creating balance when measuring, improving and analyzing the four perspectives (Hannabarger et. al., 2011). As Dahlgren and Persson both explained, HandelsConsulting

is mainly focusing on the employees and the customers. They focus on the customers because they want to give and receive more value from them this is done by following up on projects completed and improve the customer service part of the business. They focus on the employees because they are the main source of income in the organisation and if the employees are not satisfied the revenue will not increase (Personal Communication, January 16, 2012; Personal Communication, December 20, 2011). The trick here is that the employees are not motivated through monetary incentives but through non-monetary incentives. Since one big incentive for the employees are to turn theory into practice HandelsConsulting tries to motivate the employees by giving them as much project experience as possible. They also focus a lot on performance appraisals where they ask the employees if there is anything which can help to motivate them (Personal Communication, January 16, 2012). However, the fact that HandelsConsulting is putting their focus on the employees and customers might, according to Hannabarger et. al. (2011), disrupt the balance of the scorecard and the business will not benefit from using the scorecard, since if there is too much focus on some of the perspectives the business will not thrive (Hannabarger et. al., 2011). However, as Kaplan and Norton (1992) state, some people think that if focusing on the customer, learning and growth, and internal process perspectives, the financial perspective will take care of itself (Kaplan & Norton, 1992). Although, it should be mentioned that HandelsConsulting has an equal amount of measures in all four perspectives of the Scorecard, which can be seen on figure 9. This may contribute to the perspectives being balanced.

Also, what HandelsConsulting do not know is that most of their processes can be seen as working with their Balanced Scorecard. As said earlier, they only see the use of figure 9 as their Balanced Scorecard. If looking at the process of how they create the yearly strategy you see that it is similar to the way a Balanced Scorecard is designed. They receive the challenge letter from the board of directors; they then assess these goals and find a matching measure on the scorecard, the managers then choose three goals which they are to focus on during the year, these goals are chosen from the goals which were received from the board. The managers then formulate different initiatives which they are going to take for these objectives to be achieved. Finally they are combining these



initiatives and goals with different measures that can be seen on figure 9. Although, Kaplan and Norton (2001a) say that the strategy map should be constructed from the top down, starting with the destination of where the company wants to arrive, so HandelsConsulting should start with their vision, they should then set long-term goals in the different perspectives; these goals should be aligned with the vision. They should then translate these goals into initiatives which they are to perform throughout the period, and then the measures should be set from the goals and initiatives (Kaplan & Norton, 1996a). However, HandelsConsulting base their whole process on the measures found on the Balanced Scorecard; they are going from the bottom and up by linking the goals to the already existing measures and not linking measures to the newly created goals, which is what Kaplan and Norton state that they should avoid (2001a). Kaplan and Norton (1996a) also state the importance that the goals and measures are linked, without one another the Balanced Scorecard will not work properly. Measures without the goals do not communicate how the outcomes are achieved neither does it show an indication about whether the strategy of the company is integrated successfully or not, and on the other hand, goals without measures may contribute to short-term operational improvements, but will fail to reveal if the improvements have been successful and helped the business to thrive (Kaplan & Norton, 1996a). What may be needed in order to maximize the usage of the Balanced Scorecard and its measures is for the managers to make one strategy map together for the entire organisation which stretches for a longer period than one year (Porter 1996) this is to create a synergy and diminish gaps between employees, management and shareholders. If the strategy is not clarified enough there may be gaps between employees, management and shareholders of where the company is and where it is headed (Kaplan & Norton, 1996a; 1996b). Here it may be useful to enlist the help of Goding Blomdahl's work on the long-term strategy plan to create the strategy map. As said, Kaplan and Norton (1996a) argue that the strategy map is necessary in order to know where the company is headed. Therefore, without a strategy map the company does not know where they are going. HandelsConsulting does not have a defined strategy map for their use of the Balanced Scorecard. They do have individual action plans and a long-term strategy plan which, however, they do not see as a part of

the Balanced Scorecard and which are not combined as one but as two different strategies.

### **5.1.2. WHAT STRENGTHS AND WEAKNESSES ARE THERE IN THE IMPLEMENTATION AND USE OF THE BALANCED SCORECARD WITHIN HANDELSCONSULTING?**

Although the Balanced Scorecard is often said to be successful, there are challenges that need to be faced for the Scorecard to work properly (DeBusk & Crabtree 2006).

HandelsConsulting has a large need to keep value within the organisation, they have an extremely high employee turnover and the average employee stays for less than one year at the company. This is a problem, since the competence of the person often disappears from the organisation when the person leaves (Olve et. al., 2003). This also effects the long-term planning of the company and this may be why the implementation of the goals and strategy of the company is not aligned. Olve et. al. (2003) also brings up the lack of interest when it comes to developing and advancing the already existing Balanced Scorecard, this may be due to the attitude of the employees, this leads us further to what Dahlgren explained; she clarified that the Balanced Scorecard is something which only the corporate management and the board of directors know about. Chen and Jones (2009) stress the importance of an organisation wide communication of the Balanced Scorecard for it to work properly. The communication is also important to gain employee acceptance (DeBusk & Crabtree, 2006) Although, Dahlgren further explained that the managers communicate the goals which are to be achieved to the employees through staff meetings and performance appraisals. However, it is questionable if this is enough to translate the individual vision to shared vision, since if the employees are not involved and engaged enough they may not know how to help the organisations overall performance to thrive (DeBusk & Crabtree, 2006; Kaplan & Norton, 2001b; Chen & Jones, 2009). The Balanced Scorecard should be everyone's every-day job (DeBusk & Crabtree, 2006; Kaplan & Norton, 2001b; Chen & Jones, 2009), which means that everyone need to be involved in the development and implementation of the Balanced Scorecard.

Another challenge is the follow up of the strategy. HandelsConsulting are only following up on the Scorecard and the strategy two to three times a year which according to Kaplan and Norton (2008) is not enough. According to Kaplan and Norton the frequency of the operational meetings of the Balanced Scorecard depends on the business cycle of the business, they could be daily, weekly, twice weekly or monthly (Kaplan & Norton, 2008). These meetings should focus on identifying and solving operational problems such as sales decline or late deliveries in order to respond to short-term problems and promote continuous improvement (Kaplan & Norton, 2008). The strategic meetings should be conducted monthly where the focus should be on implementing and fine-tuning the strategy and make mid-course adaptations. The management should have a meeting yearly to test and adapt the strategy (Kaplan & Norton, 2008). The focus on these meetings should be on testing and adapting the strategy based on causal analytics, product-line and channel profitability, changing external environment, emergent strategies and new technology developments. The goal of this meeting is to improve and transform the strategy, establish strategic and operational plans, set strategic targets, authorize spending for strategic initiatives and other major discretionary expenditures (Kaplan & Norton, 2008). So, there should be one strategic meeting monthly and one annually, the operational meetings should be weekly or monthly depending on the business cycle of the organisation.

If looking at the meetings which HandelsConsulting has, they mainly have operational meetings, the strategic meetings they have are the meetings in the beginning of the year, when they have received the challenge letter from the board, in the middle of the year when they review the individual action plans and in the end of the year when they reconcile the Balanced Scorecard. Goding Blomdahl also expressed one challenge - the turnover of the managers, the corporate management is often only positioned for one year. In the beginning of the year the meetings are mostly focused on operational matters since the management team is new, the meetings are getting more strategic as the months pass and at the end of the year Goding Blomdahl said that the management team is ready to plan more advanced strategic matters, but this is often where the management team is exchanged and a new team is appointed (Personal Communication,

January 18, 2012). This makes it hard for the strategy to be implemented properly and to align it according to the vision.

A big strength which HandelsConsulting has is that they have the capacity to develop their Balanced Scorecard themselves. They work as management consultants to other companies as well as to themselves. This will help them with the reduction of the costliness of developing a Balanced Scorecard system. DeBusk and Crabtree (2006) mention the cost of hiring a consultant to map the organisational strategy and to help select the performance measures. This is exactly the work which the vice CEO has already conducted. He has mapped the organisational strategy and selected different hypotheses, which will then lead to actions or initiatives which need to be achieved to reach the vision of the company.

## 6. CONCLUSION

*In this section a conclusion of the problem statement will be defined from the results of the analysis, this will be in form of recommendations of how HandelsConsulting can make better use of their Balanced Scorecard. The conclusion is a shorter and more direct answer to the problem statement.*

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### 6.1. CONCLUSIONS AND RECOMMENDATIONS

HandelsConsulting is currently using the Balanced Scorecard as a control system; they follow up on the progress of the goals at the end of the year and set new goals and objectives for the coming year. They could make better use of the Balanced Scorecard. Even though they have integrated the four perspectives and they have a suitable amount of measures and the measures are appropriate for the business, it is still not enough, because the scorecard is not integrated and aligned with the company strategy. In order for HandelsConsulting to align the strategy with the Balanced Scorecard they can use the four-step model explained earlier. When using the four-step model as Kaplan & Norton suggested it will contribute to the linkage of long-term strategic objectives and short-term actions. This model will also help HandelsConsulting to improve other challenges which they face with their Scorecard.

In the first step - *translating the vision*, it is important for HandelsConsulting to translate and clarify the vision of the company in a way that avoids misinterpretations from the employees. This will help the employees to know how and what they can do to help the organisation.

The second step of Kaplan & Norton's four-step model- *communicating and linking*, makes sure that HandelsConsulting's strategy is communicated throughout the organisation and that the departmental and individual objectives are linked with it. Here HandelsConsulting needs to assess the current position and the future position of the company, which has already been done through the work of Goding Blomdahl. They also need to decide the initiatives they are to take in order to be able to change and reach the

desired position. If educating and communicating the Balanced Scorecard to the employees, HandelsConsulting can reach an even better state of consensus. If all employees know what they can do and how to do it this will improve the overall performance of the company.

The third step – *business planning*, enable HandelsConsulting to integrate their strategic planning with the budgets, which ensure that the budget supports the strategy (Kaplan & Norton, 1996b). At the end of the business planning step the managers should have:

- Set targets, in all four perspectives, for the long-term objectives they would like to achieve.
- Identified necessary strategic initiatives and allocated required resources for those initiatives.
- Established milestones for the measures that mark the progress towards achieving their strategic goals.

All of the previous steps are already done through the individual action plan which each manager does. But, in order to create a synchronized organisation HandelsConsulting need to implement a strategy map which all of the managers has worked out together. An example of how the strategy map could look like is shown in figure 3 and figure 4, which was shown in the theory section.

The fourth, and last, perspective – *feedback and learning*, will show if the implementation and formulation of the strategy has delivered the desired outcomes for HandelsConsulting, it also works as a control system to alarm when something is not going according to plan. This is also where they follow up on the strategy and scorecard by having strategic and operational meetings. The strategic meetings should be conducted monthly in order to fine-tune and adapt the strategy and the Balanced Scorecard.

Although, the most important part which HandelsConsulting should consider is the process of their Balanced Scorecard, the processes they use in the strategic planning today are similar to the ones found in the scorecard. So, by linking the different processes

and start using those all together as a Balanced Scorecard they can take advantage of the processes already in place and help the business thrive.

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## 8. APPENDIX

### **Appendix 1**

HHGS HandelsConsulting AB- Business Presentation (Swedish)



## Förstahandsvalet för studenter och företag

Många studenter inleder sina studier på Handelshögskolan vid Göteborgs Universitet direkt efter gymnasiet fulla med energi och entusiasm. När dessa studenter sedan är färdigutexaminerade saknar arbetsgivarna relevant arbetslivserfarenhet hos många arbetssökande. HandelsConsulting startades 1997 med syftet att fungera som en bro mellan akademi och näringsliv. Genom att erbjuda kvalificerade konsulttjänster inom de ämnesområden som studeras vid Handelshögskolan får våra studenter möjlighet att samla på sig den merit och praktik som efterfrågas inom näringslivet. För studenterna som arbetar på HandelsConsulting fungerar företaget som en katalysator för personlig utveckling och karriär. I en miljö fylld av drivna och engagerade människor får studenten det stöd som behövs för att våga hitta sin egen väg ut i arbetslivet.

När företag och institutioner driver utvecklingsprojekt saknas ofta tiden och ibland även kompetensen. HandelsConsulting är ett prisvärt alternativ för att bistå med kraft och energi under pågående projekt eller i projekt vi driver själva. Med 14 års erfarenhet och nära 700 projekt i ryggen finns mycket kunskap att erbjuda inom företagets nätverk.

I år är HandelsConsulting större än någonsin och tillsammans med våra kunder kommer vi att fortsätta skapa värden för både näringslivet och för studenten. För oss är talangen och engagemanget hos studenterna och relationen till Handelshögskolan tillsammans med relationen och förtroendet vi bygger upp hos våra kunder våra viktigaste tillgångar. Vi är oerhört glada och stolta över att Ni intresserat er för HandelsConsulting.

*Sanna Dahlgren*  
VD HandelsConsulting

### Röster om HandelsConsulting:

*"HandelsConsulting är mycket lyhörda, flexibla och kundvänliga. Jag är mycket nöjd med HandelsConsultings arbete och kan varmt rekommendera dem till andra företagare."*

- Peter Koch, VD,  
Eco+Boråstapeter

*"HandelsConsulting är ett utmärkt exempel på hur studenter kan bygga broar mellan akademi och näringsliv på ett sätt som alla vinner på. HandelsConsulting levererar projekt av hög kvalitet på ett professionellt sätt samtidigt som Handelshögskolans främsta studenter får en unik möjlighet att omsätta teori i praktik. Jag kan varmt rekommendera HandelsConsulting!"*

- Rolf Wolff, tidigare Rektor,  
Handelshögskolan GU

*"HandelsConsulting bidrog till att ge mig ett antal extremt nyttiga arbetslivserfarenheter och öppnade samtidigt upp för flera intressanta karriärmöjligheter som sannolikt annars inte blivit aktuella för min del. Jag är övertygad om att startsträckan på mitt nästa jobb blev betydligt kortare tack vare erfarenheterna från HC och det känns utan tvekan som att HC hjälpt till att ge min karriär en rejäl kick-start"*

- Jens Eriksson, Accenture  
(tidigare anställd HandelsConsulting)

## Nordens största studentdrivna konsultföretag

Vårt engagemang och våra erfarenheter har gjort oss till det största studentdrivna företaget i Norden. Samma driv och entreprenörsanda har våra konsulter med sig i arbetet för att utveckla ditt företag. Våra tjänster är uppdelade i åtta tjänsteområden, vilka speglar de ämnesområden som studeras vid Handelshögskolan vid Göteborgs Universitet.

### STRATEGI

En väl genomtänkt strategi skapar konkurrensfördelar, målmedvetenhet och en helhetsansyn. Detta leder i sin tur till en bättre marknadsposition. Vi kan bidra i arbetet med att skapa en djupare förståelse för ditt företags långsiktiga målbild och affärsidé. Med nya perspektiv och inspirerande entreprenörskap arbetar vi i ett nära samarbete för att företaget ska utvecklas på bästa sätt och ta ett steg närmare vision och mission.

### FINANS & EKONOMISTYRNING

Med vår breda ekonomiska kunskapsbas skapar vi en bättre förståelse för ditt företags ekonomi. Genom att se över de rutiner och metoder som används i företaget samt företagets kostnader och intäkter skapar vi ett underlag som bidrar till att lättare och snabbare uppnå företagets ekonomiska mål. Analyserna leder ofta till utvecklingsuppdrag på fler områden och därmed till ännu bättre resultat för hela organisationen.

### MARKNAD

Marknadstillväxt sker med hjälp av en god insikt i efterfrågedynamik, konkurrerande produkter, egna konkurrensfördelar samt hur dessa kommuniceras. Vi har lång erfarenhet inom marknadsområdet och kan bidra med en bättre marknadsförståelse för ditt företag. Den ökade insikten leder till att ni lättare kan fatta beslut om hur ni ska uppträda på den egna marknaden exempelvis i frågor rörande positionering, produkter, prissättning, plats, och påverkansmix.

### ORGANISATION

Företag kan effektiviseras och spara mycket pengar på att ofta se över den interna strukturen. Med nya perspektiv ser vi över organisationens utformning i ditt företag för att kunna justera och rationalisera bland annat arbetsfördelning, ansvarsområden och kommunikationsvägar. Syftet är att få fram den mest effektiva interna strukturen, vilket många företag ofta har svårt att hinna med.

### JURIDIK

Juridik är ett svåröverskådligt ämne som kräver erfarenhet och utbildning för att tillämpa och förhålla sig till. Våra juridikkonsulter hjälper ditt företag med upprättande och uppdatering av avtal och granskningar för att minimera juridisk riskexponering. Vår expertis innefattar bland annat miljö rätt, lagutredningar vid enskilda affärsituationer, juridisk due diligence vid förvärv, försäkringar och skatterätt.

### LOGISTIK

Globalisering medför flexibla marknader. Detta innebär att företag ständigt måste effektivisera både sin kommunikation och transport för att ligga steget före. Vi kan se över och utreda ditt företags logistikprocesser för inköp, produktion, försäljning, distribution och transport. Genom att analysera flödena utvecklar vi en handlingsplan för hur verksamheterna kan utvecklas, rationaliseras och kostnadseffektiviseras.

### MILJÖ

En grön profil kan vara en del av marknadsföringen men det kan även finnas juridiska krav på att verksamheter ska genomgå en miljöutredning och således certifieras eller diplomerats. Vi arbetar med att identifiera ditt företags miljöpåverkande processer och bidra till att företaget får en ökad insikt om denna påverkan. En bra översikt kan leda till åtgärder som dels värnar om miljön och samtidigt skapar kostnadsbesparingar.

### BUSINESS & ENGINEERING

Business & Engineering är ett gemensamt affärsområde där HandelsConsulting arbetar med dotterbolaget Chalmers Teknologkonsulter för att erbjuda kombinerade tjänster inom ekonomi och teknik. Våra ekonomi- och ingenjörskonsulter arbetar med uppdrag som innefattar miljö, industriell produktion och lönsamhetsanalyser med mera.

Läs mer om våra tjänsteområden på [www.handelsconsulting.se](http://www.handelsconsulting.se)



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