

13 2018

Balanced Scorecard. SWOT opportunity analysis

Briefly in points, preparing for a detailed presentation

Actually, this is not even a SWOT analysis, but an attempt to systematize the answers to traditional SWOT questions about the opportunities, strengths, weaknesses and threats of BSC implementation. I propose to draw the conclusions for your company to do it yourself, guided by the understanding of the tasks of your company, the desire to implement BSC.

So let's go ...

Opportunities

The need for a universal tool for assessing the activities of the enterprise.

Rapid adaptation of the enterprise to changes in the market situation.

Perspectives for globalization and internationalization of business.

Strengths

A necessary condition for creating strategic maps is the development of a company strategy.

The implementation of the strategy of the company in specific tactical actions, accompanied by the monitoring of its performance.

Ease of perception by performers.

The possibility of graphical interpretation of the financial and non-financial aspects of the enterprise.

Bringing the company's strategy to specific goals for each employee.

Versatility of use.

Initiation of positive processes in the company in the process of developing and implementing BSC.

Binding to the system of staff motivation, depending on the results achieved.

Threats

Attempt to consider BSC as a panacea for all problems of the enterprise.

The lack of a developed development strategy for most Ukrainian companies.

Lack of qualified personnel with a strategic vision.

Weak sides

Blur implementation of BSC.

The apparent ease of use.

Lack of quick results.

The initiative to develop BSC can belong only to top managers.

Difficulty in assessing the importance of key indicators.

I would like to dwell in more detail on each of the points and illustrate some of them with examples from the practice of implementing BSC in our company.

As promised details of what was said above.

Opportunities:

The need for a universal tool for assessing the activities of the enterprise.

With the rapid development of the economy, the increasing complexity of management and financial accounting, the emergence of holdings that combine several enterprises from different sectors of the economy, owners and top managers who develop strategic decisions, it is becoming increasingly

difficult to navigate in the huge flow of new information. This issue is particularly acute for large multi-disciplinary enterprises, where it is difficult to determine the strategic levels of investment and predict development rates without analyzing the opportunities in each area of activity. In many enterprises there is a system of control points, deviations from which can lead to critical consequences, however, as a rule, these guidelines for determining deviations are very specific and understandable only to a highly specialized manager. And the most important thing is that these benchmarks take into account exclusively financial indicators and do not take into account non-financial factors of the development of the enterprise. Hence the real need for a universal tool for making assessments.

Rapid adaptation of the enterprise to changing market conditions

There are many examples of this. But the most striking is the development of the mobile services market, which in just 7-8 years sprang from the appearance of the first devices costing \$ 1,500 and the first 100 subscribers to the message that today the number of users of mobile communication will exceed the number of users of ordinary telephone communication. Without defining a strategy and constantly adjusting it, it is impossible today to take any significant position in the market.

Perspectives for globalization and internationalization of business

The arrival of large foreign players to our market is a fact that has happened, and for a successful confrontation, they must at least possess such tools and technologies.

Threats:

An attempt to treat the BSC as a panacea for all problems of the enterprise

In addition to the clear positive, the information noise around BSC also has negative aspects - a "mod" on the creation of strategic maps has appeared, and a large number of people have a desire to use this mode, presenting BSC as an opportunity for automatic enterprise management. However, we must not forget that BSC is just a tool for the implementation of strategic plans in the operational activities of the company. And for this introduction to occur, a combination of a number of factors is necessary, starting with the initiative of the manager or owner of the enterprise and ending with the creation of a mechanism for implementing the strategy into life and control over its implementation. The development of the BSC itself is a painstaking long-term process, the real result of which can be felt in a few years. Today, few business owners are willing to wait for so long without a 100% guarantee, and such guarantees are, of course, excluded.

The lack of a developed development strategy in most domestic companies

Lack of qualified personnel with a strategic vision

I do not even know what to add to what was said.

Try ask the employees whether they know the mission and strategic goals of the company; I have already spoken about their understanding. Question person 10 and see the result. If half answer your question correctly, you can congratulate yourself and your boss. I combined these items for consideration, because they are interrelated. It is well known that a patient personnel issue can negate all the good intentions of management and top management for implementation at BSC, since one of the foundations of implementation is the company's employees' understanding of its mission and goals, and ideally their active participation in their development. Strengths: A necessary condition for creating strategic maps is the development of a company strategy. The development of a company strategy itself is a very important stage of development, and the beginning of such a process speaks of the maturity of a company and its fairly high achievements. But without a clear strategy in it, the development of a BSC is impossible. Therefore, the desire to implement it at home, the desire to better understand your business and its prospects inevitably entail the need to develop a strategy. Working on the development of a mission and strategic goals will allow you to look at the activities of each of the areas of the company, as if from the outside, will allow you to assess the potential of each direction and discover real-life problems that have not been given particular importance up to a certain point. Systematization of these problems allows us to develop specific steps to eliminate them. Implementing an enterprise strategy in specific tactical actions, accompanied by monitoring its indicators One of the main problems of management is control, this is especially true of strategy. Having reached its development and sometimes implementation,

enterprises are faced with the need to evaluate the success of their efforts, especially since the process of developing a strategy is cyclical. It is precisely at this moment that the problem arises of assessing a specific change - whether it is positive or negative, and with which it should be compared. In the absence of relevant indicators, these issues hang in the air. BSC allows to specify the situation and track specific changes, at the same time adjusting the strategy. Simplicity of perception by the performers. The possibility of graphical interpretation of financial and non-financial aspects of the enterprise's activity. The well-known aphorism "Everything is ingenious is just" has not lost its relevance in the age of information technology. The simplicity and the presence of clear logical relationships between the four components of the BSC make it possible to achieve an understanding of the processes occurring in the company, at the level of all performers. Focusing on the financial result in the shortest possible time prevents top management from seeing the forest behind the trees, that is, preventing the understanding of the importance of non-financial indicators in the operation of the enterprise. It is not by chance that attention is focused on understanding, and this is done in order to emphasize that conviction comes through understanding and the BSC implementation process becomes an integral part of the company's work. Bringing the company's strategy to specific goals for each employee. This is one of the most difficult stages in the implementation process, especially given the differences in the mentality of its performers, but this does not make it less exciting and interesting. After all, with the successful implementation of BSC team members will have a clear guideline in their activities. And not just in the form of a plan launched from above, but in awareness of their role in the enterprise, and through this awareness they come to conscious involvement in the implementation of the strategic goals of the company as a whole, as their personal ones. Universal use Initiating positive processes in the company in the process of developing and implementing BSC. The link to the system of personnel motivation depending on the results achieved. These strengths are combined, since for each enterprise the preparation and implementation of the BSC is a unique, unique process, therefore evozmozhno say with certainty to what a positive change it will. All of these changes can only be obtained empirically, involving and motivating staff to participate in the process. For example, the process of introducing BSC may entail the creation of a system of personnel appraisal and evaluation and initiate the process of creating a training system. Weaknesses The diffusion of introducing BSC As mentioned at the beginning of the article, it is very difficult to evaluate the process of introducing BSC in an organization, since to obtain objective results years During this time, a lot in the company's activities is changing. The implementation at the first stage, that is, the development of a BSC strategic map for top management, is quite fast and accurate, but the progress is further clouded with problems, as it requires a large amount of preparatory and explanatory work. And in this case, the participation of the head of the relevant department is mandatory. The apparent ease of use In principle, many readers may get the impression that to develop and implement a BSC it is enough to study the book of R. Kaplan and D. Norton, and evenl articles on the Internet. Congratulations to those colleagues for whom this was enough. But in the course of the development of BSC a lot of questions arise, which can be very difficult to answer, and there are no ready-made recipes, as already noted. Ideally, you need to go all the way by yourself, if necessary, seek practical advice from an experienced consultant, using his experience in solving the most pressing issues, as well as experience in evaluating the work done. This will help to avoid serious mistakes and greatly simplify the work. Lack of quick results The basic principle of the operational manager is "show me a quick result." When developing and implementing a BSC, this principle simply does not make sense, since it is possible to obtain estimated results of BSC activities only within a few years of the actual implementation of the strategic plan. Therefore, a serious problem can be a misunderstanding of the top management of the goals of implementing BSC in a rapidly changing market situation. Thus, the next point is critical. The initiative to develop the BSC can belong only to top managers. No matter how competent and "advanced" the company personnel are, without the initiative of the top management the development of BSC is impossible. Although, of course, there are exceptions to any rule, and specialists have often heard about the development of a BSC for a separate division of a company. But with this option, the advantages of BSC are not used throughout the organization and

the result is a much smaller effect, especially since any department of the organization interacts with a number of other departments and undoubtedly depends on the quality of their work. The difficulty of assessing the importance of key indicators - quite a responsible and ambiguous process. This is especially evident when the definition of non-financial indicators. Financial indicators in companies are monitored constantly, but the determination of non-financial indicators, especially at the first stage, is rather difficult due to their ambiguity. When evaluating indicators, it makes sense to rank them in order of importance in each of the four components and leave no more than five key and most important of them for each component. Something as a result. In the end, I would like to emphasize that the process of developing and implementing the Balanced Scorecard - always useful and necessary for the company. And like any serious idea, this also requires some time to develop its own experience.

Link to article: [Balanced Scorecard. SWOT opportunity analysis](#)