



## UNIT 32

# BUSINESS STRATEGY

LO3: Evaluate and apply the outcomes of an analysis using Porter's Five Forces model to a given market sector

**P3** Applying Porter's Five Forces model  
evaluate the competitive forces of a given market sector for an organisation.

# THE BALANCED SCORECARD

THE BALANCED SCORECARD IS A MANAGEMENT AND STRATEGIC PLANNING SYSTEM THAT ENTITIES USE TO:

- COMMUNICATE WHAT THEY ARE TRYING TO ACCOMPLISH
- ALIGN THE DAY-TO-DAY WORK THAT EVERYONE IS DOING WITH STRATEGY
- PRIORITIZE PROJECTS, PRODUCTS, AND SERVICES
- MEASURE AND MONITOR PROGRESS TOWARDS STRATEGIC TARGETS

(BALANCEDSCORECARD.ORG, 2019)



# THE BALANCED SCORECARD

THE NAME “BALANCED SCORECARD” COMES FROM THE IDEA OF LOOKING AT STRATEGIC MEASURES IN ADDITION TO TRADITIONAL FINANCIAL MEASURES TO GET A MORE “BALANCED” VIEW OF PERFORMANCE.

(QUICKSCORE, 2018)



# THE BALANCED SCORECARD

IT LINKS A VISION TO STRATEGIC OBJECTIVES, MEASURES, TARGETS, AND INITIATIVES. IT BALANCES FINANCIAL MEASURES WITH PERFORMANCE MEASURES AND OBJECTIVES RELATED TO ALL OTHER PARTS OF THE ORGANISATION. IT IS A BUSINESS PERFORMANCE MANAGEMENT TOOL.

(INTRAFOCUS, 2018)

# THE BALANCED SCORECARD

THE 'BALANCE' IS BROUGHT ABOUT BY A FOCUS ON FINANCIAL AND NON-FINANCIAL OBJECTIVES THAT ARE ATTRIBUTED TO FOUR AREAS OF AN ORGANISATION.

1. FINANCIAL
2. CUSTOMER
3. INTERNAL PROCESSES
4. ORGANISATIONAL CAPACITY.

(INTRAFOCUS, 2018)



# FINANCIAL PERSPECTIVE

THE HIGH-LEVEL FINANCIAL OBJECTIVES AND FINANCIAL MEASURES OF THE ORGANISATION THAT HELP ANSWER THE QUESTION – HOW DO WE LOOK TO OUR SHAREHOLDERS? FINANCIAL OBJECTIVES ARE USUALLY THE EASIEST TO DEFINE AND MEASURE.

(INTRAFOCUS, 2018)



# CUSTOMER PERSPECTIVE

THIS PERSPECTIVE FOCUSES ON PERFORMANCE OBJECTIVES THAT ARE RELATED TO CUSTOMERS AND THE MARKET. IN OTHER WORDS, IF YOU'RE GOING TO ACHIEVE YOUR FINANCIAL OBJECTIVES, WHAT EXACTLY DO YOU NEED TO DELIVER IN TERMS OF YOUR CUSTOMERS AND MARKET.

(INTRAFOCUS, 2018)





# INTERNAL BUSINESS PROCESSES PERSPECTIVE

THE INTERNAL BUSINESS PROCESSES PERSPECTIVE LOOKS AT HOW SMOOTHLY YOUR BUSINESS IS RUNNING. EFFICIENCY IS IMPORTANT HERE. IT'S ALL ABOUT REDUCING WASTE, SPEEDING THINGS UP, AND DOING MORE WITH LESS.

(QUICKSCORE, 2018)





# ORGANIZATIONAL CAPACITY PERSPECTIVE

OBJECTIVES AND MEASURES CONCERNING HOW WELL OUR PEOPLE PERFORM, THEIR SKILLS, TRAINING, COMPANY CULTURE, LEADERSHIP AND KNOWLEDGE BASE. THIS AREA ALSO INCLUDES INFRASTRUCTURE AND TECHNOLOGY. ORGANISATIONAL CAPACITY TENDS TO BE THE AREA WHERE MOST INVESTMENT TAKES PLACE.

(QUICKSCORE, 2018)

# WHAT IS A BALANCED SCORECARD?

bm



Bernard Marr & Co.  
Intelligent Business Performance



# BALANCE SCORECARD; STEPS

STEP 1: APPRAISAL

STEP 2: STRATEGY

STEP 3: AIMS

STEP 4: STRATEGY MAP

STEP 5: PERFORMANCE MEASURES

STEP 6: ENDEAVORS

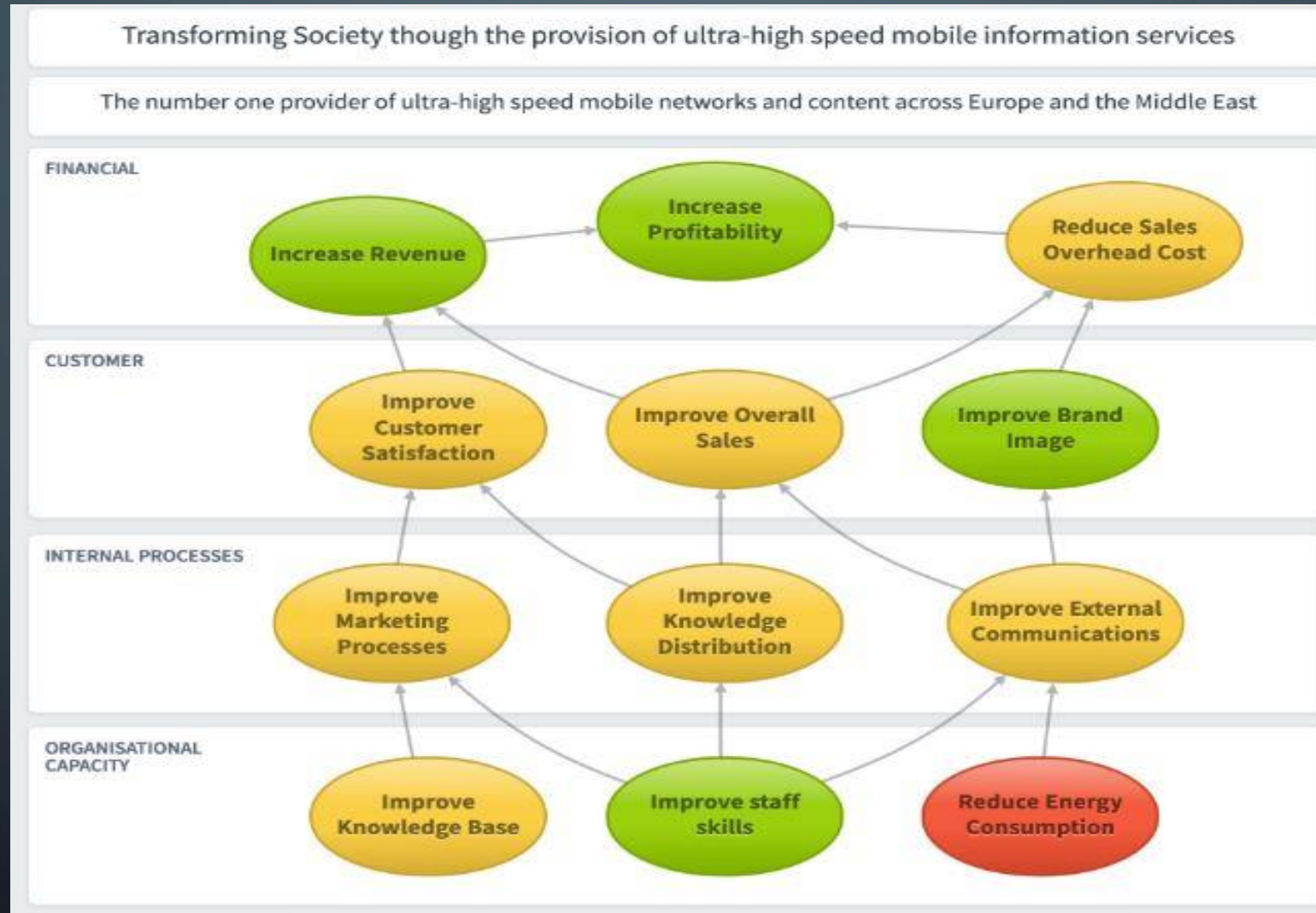
STEP 7: PERFORMANCE ASSESSMENT

STEP 8: ALIGNMENT

STEP 9: EVALUATION

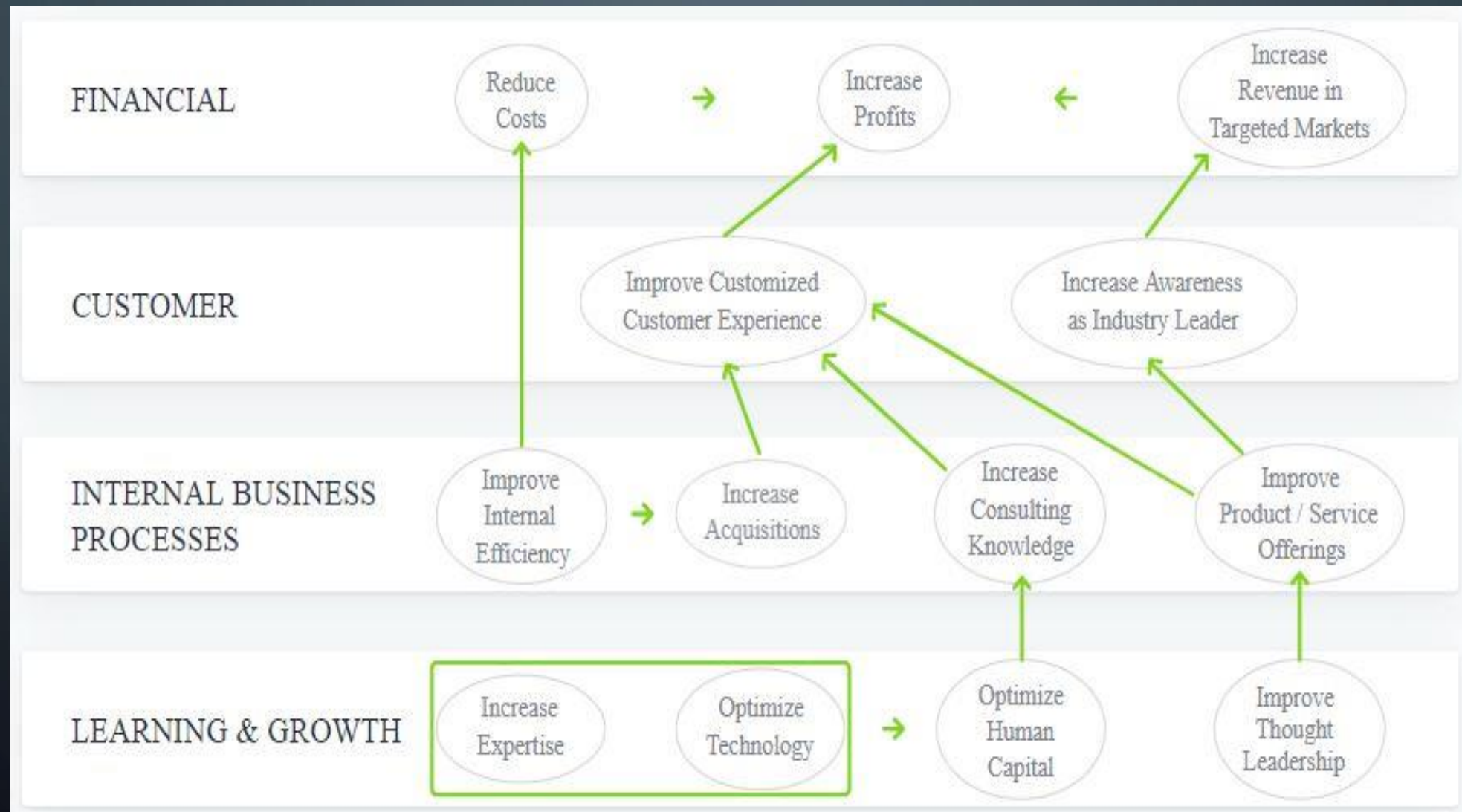
(QUICKSCORE, 2018)

# STRATEGY MAP





# STRATEGY MAP



# STRATEGIC OBJECTIVES

Strategic Objectives are the continuous improvement activities that we must do to implement strategy. The break down the more abstract concepts like mission and vision into actionable steps. Actions that your organization take should be helping you achieve your strategic objectives.

Examples might include: Increase Revenue, Improve the Customer or Stakeholder Experience, or Improve the Cost-Effectiveness of Our Programs.

(Balancedscorecard.org, 2019)

# STRATEGIC OBJECTIVES

One of the most common pitfalls seen when creating Strategic Objectives is to describe projects rather than objectives.

For example, it may be a strategic imperative to “Create a new CRM system and roll it out”. This, however, is not a Strategic Objective.

(Balancedscorecard.org, 2019)



# STRATEGY MAP



# MESAURES

The final building blocks of a balanced scorecard are measures. Every strategic objective should have one or two things that you measure to determine how it's performing. These measures need goals and should be measured on a regular schedule.

For each objective on the strategy map, at least one measure or Key Performance Indicator (KPI) will be identified and tracked over time. KPI's indicate progress toward a desirable outcome.

(Quickscore, 2018)

# MESAURES

Strategic KPIs monitor the implementation and effectiveness of an organization's strategies, determine the gap between actual and targeted performance and determine organization effectiveness and operational efficiency.

(Quickscore, 2018)

# COMPETITIVE ANALYSIS USING PORTER'S FIVE FORCES MODE

Porters model is based on the insight that a corporate strategy should meet the opportunities and threats in the organizations external environment. Especially, competitive strategy should based on an understanding of industry structures and the way they change.

- New Entrants
- Buyers Bargaining Power
- Supplier Buying Power
- Competition
- Substitution

(Morrison, 2016)

# Porter's five forces



# COMPETITIVE ANALYSIS USING PORTER'S FIVE FORCES MODE

Porter's Five Forces Analysis can provide valuable information for three aspects of corporate planning.

- Statistical Analysis
- Dynamical Analysis
- **Analysis of Options**

(Morrison, 2016)

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