

USING OF THE MODEL OF BALANCED SCORECARD TO CREATE NEW SYNERGIES IN THE COMPANY

PETER ROGUŁA

Abstract: *The aim of this paper is to point out the relatively new model of increasing of the competitiveness of businesses and create synergies in the company, which is a model of Balanced Scorecard (BSC). BSC model with four interrelated perspectives (financial, customer, internal business processes and learning and growth) helps divide the company's objectives into individual perspectives. Using the following phased objectives better synergy between prospects is achieved and ultimately the highest strategic objectives (satisfied customers = satisfied owners = satisfied employees) can be reached. Good corporation of company's processes ensures us customer and owner satisfaction only by using of the system tuning of company assets (people, systems and culture). Forming synergies helps companies' better navigation in their objectives in different areas and prevent duplication.*

Keywords: *Balanced Scorecard. Synergy effect. Alignment. Strategic targets. Perspectives of BSC*

JEL Classification: *M31*

1. MODEL BALANCED SCORECARD, PERSPECTIVES IN THE BSC AND CREATING OF NEW SYNERGIES

BSC model presents a conflict between the need of the company to succeed in the competitive struggle and conventional financial accounting model. Model in itself retains traditional financial indicators (it means the data from prior periods), which were important for the company during the industrial era. On the basis of these indicators the financial activity, liquidity, solvency, indebtedness and profitability of the company is determined. BSC model referred earlier indicators adds the new ones, which are the driving force for the future success of the company. The primary task of every manager is to set goals and indicators BSC, based on the vision and strategy of the company and monitor its performance under the above-mentioned four perspectives. The main purpose of the BSC is to broaden the goals of the business unit beyond normal financial indicators. For this reason, it is important to accurately measure how business units create value for current as well as potential customers and how to improve the quality of human resources in the provision of services to customers, shareholders, colleagues, top managers, etc. For this reason, it is important to accurately measure how business units create value for current as well as potential customers and how to improve the quality of human resources in the provision of services to customers, shareholders, colleagues, top managers, etc. Model BSC must be developed, planned, communicated, applied and controlled by motivated and experienced employees that increase future business performance. Financial perspective retains traditional financial indicators, which are important in summing of easily measurable economic impact work already completed. It is about watching traditional indicators (earnings, cash flow, return on capital, return on investment, economic added value, sales growth, turnover, etc.). From this we conclude that managers must be able to ensure the profitability of the company and its yield from the perspective of shareholders and it has to be thorough

linking of the financial goals with the objectives defined in the strategy. In the financial perspective is necessary to pay particular attention to the processes related to growth in turnover and making the mix of products or services, as well as attracting customers and markets in the area of action. Activities focus on cost reduction (reducing of direct costs for goods and services and reducing of indirect costs) and on productivity growth. Customer perspective is mainly focused on the identification of customer and market segments, which are for the success of the company the most important ones. The main indicators of this perspective are customer satisfaction, customer loyalty, attract new customers, their profitability and market share in target markets. To ensure positive results of these indicators it is necessary to be familiar with the needs, feelings and wishes of customers and respond to these needs as soon as possible. Each customer will appreciate the early processing of orders, willingness to help, pleasant demeanour, thorough settlement of the claim, as well as anticipation of his/her future needs. All these activities bring the benefits resulting from implementation of the objectives in the customer perspective and ultimately also benefit from sales growth, turnover and satisfaction of managers and consequently shareholders (implementation of the financial targets). Internal business processes perspective implies consistent identifying of those processes in which the company is to achieve excellent results. It focuses on those processes that ensure customer satisfaction, retention and acquisition of new one, as well as to achieve the fulfilment of financial goals. Such a process can be, e.g. anticipating of customer needs and designing of activities to achieve this. Indicators of this perspective are focused on long-term innovation cycles and also the short-term cycles. Perspective of learning and growth encompasses basic resources such as people, systems and business procedures. Part of that perspective is mainly investing in training, increasing of knowledge and skills of employees, investment in information technologies and

systems, as well as investment in improvement of corporate procedures and current practices. Key indicators include employee satisfaction, their loyalty, training, further the ability of information systems to deliver a customer information, the rate of improvement of internal processes, process improvement regarding customers also share motivation of employees for the overall success of the company, possibly other. Processes in this perspective are aimed at increasing of the skills of employees (retraining, mobilization of resources and skills), at increasing of the quality of information system (providing instant information about the needs of employees, about new products and services, providing feedback), to motivate, to confer powers and for ensuring engagement (motivation to achieving key business objectives, setting personal goals, employee involvement in the implementation of strategic objectives, etc.).

In our case we take the BSC model as a part of strategic management, strategic thinking and management. BSC model is a strategy that is important to have together in creating corporate strategy. Strategic management is a complex process, which aim is to develop and maintain the correlation between objectives and resources of the company and changing market conditions. These are activities, which are aimed at the further development of the company. A right to development and the acquisition of a company's competitive advantage is ideal to use BSC model in the company. In constructing of the BSC is important that the manager, managers were able to think strategically correct. Their task is to select the most important input information that can be processed and transformed into information understandable to all employees and opt for the best. Information in this case represents the different goals in four BSC perspectives, which must be designed to be SMART (specific, measurable, actionable, realistic, and feasible).

Part of the strategic thinking of managers must be their ability to think on the constantly changing environment in which they business in advance of the competition and to favour long-term success over short term effects. Think strategically means that the manager should have the complete view of the overall structure of the BSC model, apart from the individual perspective, whether and how it can help him/her build the BSC model in the growth performance of the company, in gaining of a competitive advantage. Subsequently, he/she can focus on single perspectives, as a drive motors of its success in the future. The success of the BSC model largely depends on the creativity of the manager, as he/she can create different variations if the proposed objectives and activities for its fulfilment are ineffective. If the proposed objectives in different perspectives are efficient, that benefit, it is important to monitor them continually, verify and check them because we only cannot rely on the correctness of our decision (choosing of the right target). When creating new synergies through the BSC model it should be clear what the term itself means. It is a joint work and cooperation between different perspectives, which results in achieving of competitive advantage and increasing of business performance. If we have four perspectives in the BSC model, it is important to focus on all perspectives as well. Otherwise it could happen that the overall effect would not

be achieved because the attention has not been paid to all prospects equally and each of perspectives has worked separately. Only by working all of perspectives together can be achieved greater value than if only worked one of the perspectives. Therefore, it is important to achieve synergy of management activities and activities of individual perspectives. An important task of managers is to propose targets for individual perspectives to cooperate with the strategic objectives of the company. When creating synergies positive, negative or zero synergies may arise. An important task of managers is to set a criterion, respectively criteria or objective function for the valuation of synergistic effect, it means suggest tasks and activities for each perspective in the way the resulting synergistic effect would be beneficial for the company, thus acquires a positive or neutral effects of synergy process. Complex management tasks need to be broken down into individual subsystems, some of which may, according to certain criteria achieve positive, negative or neutral effects.

In our case, we can understand a subsystem as one of the four perspectives (financial, customer, internal business processes and learning and growth) and the resulting synergistic effect is either achievement of better business performance or achievement of greater competitive position. Processes, activities and tasks performed in different perspectives can achieve positive or negative effects. But it is important that the overall synergistic effect achieves the positive results. Therefore, it is important for managers to constantly monitor, review and make corrections in the performance of unwholesome processes in different perspectives so that they all achieve only positive effects. In this case it refers to a synergy of integration type in which effects can be quantitatively evaluated. Effects are generated by the cooperation of all four perspectives. Process of creating of synergies of integration type:

1. Set goals and conditions for cooperation
2. Create and activate the desired type of binding interaction between perspectives
3. Ensure the availability and usability of the activities and resources between different perspectives
4. Manage, evaluate and adapt processes of collaboration within a certain time period

Strategic objectives (synergy) individual perspectives:

- Financial Synergy - effective integration of the companies that have been a subject of acquisition, integrated management of processes in the value chain of business activities, multiple use of common prestigious corporate brands in multiple business units of the company.
- The synergy resulting from customer relationships - the formulation and implementation of joint bids for external customers, the use of common interest and needs of customers to create economically efficient combinations of products, in order to provide possibilities of utilization of cost and other advantages of assembly.
- Synergy of internal processes - the efficient and effective use of key competencies to create products with high output value, economies of scale through pooling of production, research, etc.

- Synergy of learning and growth - high quality and economical activities exercised in the selection of new employees, developing and improving of their skills, effective and efficient use of applied innovative technologies in production processes and services for customers, sharing of data, information and knowledge through knowledge of management skills.

Such strategic tweaking has several dimensions and not only the business units are subsumed into it but also support (Staff) departments and business units, key partners (suppliers, customers), even the head (top management) and administrative authorities. The aim of such fine-tuning is to create new synergies and release yet unrealized potential value, which results in higher customer satisfaction (higher value for customers) and thus higher financial gains for the company (higher value for shareholders). Due to central ensure coordination and indicative planning of sub-departments in the company (or other external partners involved) additional synergy effect of mutually coordinated cooperation is created.

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PhDr. Peter ROGUĽA

Prešovská univerzita v Prešove, Fakulta manažmentu
 Konštantínova ul. 16, 080 01 Prešov, Slovenská republika
 e-mail: peter.rogula@gmail.com

2. CONCLUSION

The aim of this paper was to point out the relatively new model of increasing of the competitiveness of companies and the creation of synergies in companies by using of Balanced Scorecard (BSC) model. BSC with its four interconnected perspectives (financial, customer, internal business processes and learning and growth) helps to divide the company's objectives into individual perspectives and to prevent duplication of the performance. Breakdown of targets into individual perspectives allows us to achieve better synergy between prospects and ultimately fulfil the highest strategic objective (satisfied customers= satisfied owners = satisfied employees), which is the growth of performance of the company. Good implementation of business processes can be ensured only through reconciliation of the system of company's assets (people, systems and culture). Forming of synergies helps company better navigate in the objectives in different areas and thus prevent of their duplication.