Executing strategy using the Balanced Scorecard
A case study of a financial services firm

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Abstract

Purpose: In order to enhance organizational performance and utilize strategic opportunities, strategic management has been singled out as a main driver behind success (Andrews, et.al., 2009). By implementing comprehensive management performance systems companies improve their ability to make decisions and execute strategy (Hall, 2008; Ittner, et.al., 2003). The balanced scorecard is a strategic management system which both provides companies with a blueprint for how to select strategic measures to improve performance, and facilitates strategy implementation through enhanced strategic awareness and alignment (Kaplan & Norton, 2001a; 2004). The strategy map, as part of the BSC, is said to be an important tool helping companies communicate and describe strategy making the whole organization aligned with strategy (Kaplan & Norton, 2000; 2005). The purpose of this report is to investigate whether a BSC-company can create a strategy-focused organization without using the strategy map, and whether they experience any consequences from this.

Approach: Based upon prior literature and research on strategy execution and balanced scorecard, a single-case study has been conducted in order to assess the effects of using a BSC without the strategy map.

Findings: As expected, based on prior research (Cheng & Humphreys, 2012; Gonzáles et.al., 2012), the company is experiencing some difficulties in terms of communicating strategy to the lower levels of the organization and managing cause-and-effect relationships to full extent. But they have, however, experienced numerous positive outcomes due to the BSC, and they have managed to become a strategy-focused organization.

Value: In general, my results illustrate that it is possible to enhance strategic performance using a BSC without the strategy map, if strategy is consistently linked to all activities in the organization. Further it reports evidence of the effectiveness of the BSC in terms of enhancing strategic alignment and awareness in the leader-group. Finally I suggest some further research topics like strategy communication level versus employees’ maximum job utilization.
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1. Introduction
The majority of companies fail in executing their strategy. According to Kaplan and Norton (2001) 70 % of companies fail to execute their strategy, Johnson (2004) says 66 % fail, and Mankins and Steele (2005) found that on average companies only manage to realize 63 % of a strategy’s potential value. The message is fundamentally the same, transforming planned strategic goals into desired results are a complicated task which should not be taken for granted. Empirical evidence implicates that there is a positive correlation between strategic planning and company performance. Meaning that companies working consistently and focused with their strategy are more likely to succeed in the competitive market (Andrews et. al., 2009; Hahn & Powers, 2010; Poister et. al., 2013). The above mentioned numbers indicates, however, that having an excellent strategy doesn’t necessarily mean that a company will excel. Successful performance is highly dependent on a company’s strategy and how it essentially is brought about in action. The reasons for inconsistent strategy execution is many, either it being organizational complexity, lack of involvement, poor communication, poor leadership, shortage of required resources, wrong focus or an unrealistic strategy altogether (Beer & Eisenstat, 2000; Franken et.al, 2009).

As a means to deal with strategy and performance organizations are implementing comprehensive management performance systems which has a more holistic approach towards a firm’s operations. As such strategic performance measurement systems are becoming a bigger and more integral part of managers’ work with company strategy. It will not only highlight key implications in the strategy offering highest potential for reaching strategic goals. But also contribute to guide the company in the right direction as far as pursuing strategy goes, with setting targets, evaluation, decision-making and the like (Hall, 2008; Ittner et.al., 2003).

Balanced Scorecard (BSC) is one of many strategic performance management systems, introduced in the early 90’s by Kaplan and Norton (1992). The authors saw the potential value in focusing on both financial and operational measures as the operational activities are the drivers behind future financial performance. It has gained many followers through the years due to its ability to “focus and align executive teams, business units, human resources, information technology, and financial resources to the organization’s strategy” (Kaplan & Norton, 2001a, pp. 8). Kaplan and Norton (2008) found that, on average, more than 90 % of a company’s employees are unsure or unaware of its strategy. This is problematic as the employees are working with the firm’s operations on a daily basis, creating value. But if they do not know the strategy, executing it effectively through their activities becomes difficult. “Strategy cannot be executed if it cannot be understood...” (Kaplan & Norton, 2001a, pp.65). This means that organizations need a tool to communicate strategy to the employees, and that is exactly what the strategy map excels at (Kaplan & Norton, 2005). The strategy map
illustrate the direct causal linkages between the four perspectives the scorecard is built upon, and creates a red thread helping the employees to understand how their daily activities contribute to the execution of strategy (Kaplan & Norton, 2000; Kaplan & Norton, 2005). The benefits from using a strategy map have also found support amongst researcher testing user-effects (Banker et.al., 2011; González et.al. 2012; Joseph, 2009). Further support is found with Scholey (2005) who declares that the strategy map is an excellent tool, making the strategy clear for both the leaders formulating it, and for the employees executing it. In fact, Kaplan and Norton (2004) admit that the introduction of the strategy map is just as revolutionary as the balanced scorecard itself.

As the BSC framework together with the strategy map has proven to function as a powerful tool, assisting managers when implementing strategy, this thesis wishes to discuss the use of the BSC in a financial service firm in terms of pursuing strategy. The company in this case study implemented the BSC in 2011, and has been working actively with it since, in close collaboration with a consultant. However, the company is not taking use of the strategy map. Can a company utilize full benefits from a balanced scorecard without one of its cornerstones? Is it possible that, by putting extra effort on the other crucial strategy execution components, the company is not affected by the lack of strategy map? This means that the purpose of this thesis, in more specific terms, is to investigate how they execute strategy using the BSC, and to identify any possible consequences of not using a strategy map. Hence, uncovering whether the strategy map really is as important for the balanced scorecard company to succeed as the founders says it is. This will be based upon the following research question:

*How does the balanced scorecard without a strategy map work in terms of executing strategy, and what are the consequences of not having the strategy map?*

The structure of the report will be as follows: the second section makes a foundation with a literature review. This will uncover both the theoretical framework, as well as previous research constructed in the same area of topic. It will be an evaluative and critical analysis of prior research built around my own research idea. The third section elaborates on the chosen methodology and why it is appropriate for the purpose of this thesis. The fourth section describes the research site, the company's balanced scorecard, and contains an analysis of the findings. In the fifth section I discuss the findings in light of prior research and present any implications my findings might have. The report will round up with a conclusion in chapter 6.
2. Literature review

Before depicting the case, literature within the area will be presented in order to form an idea of what has been accounted for earlier and also what can be expected to be gained from this research. The review will shortly present the concept of strategy execution before going deeper into the literature within the balanced scorecard and strategy map relevant to answer the research question. Consequences of using a strategy map will subsequently be accounted for.

2.1. Strategy execution

It is said that it does not matter how brilliant or great your strategy is if you cannot execute it properly. The results would be similar if you were able to execute it, but the strategy was, in the end, poor (Zagotta & Robinson, 2002). The vast majority of companies with poor performance can likely identify that the problems lies with the implementation and execution process, and not with the planning and formulation (Hrebiniak, 2006). Often management underestimates how difficult it is to introduce changes and achieve desired results. Time and money are spent on developing impressive strategies, but the results never show and expectations fail to be met (Møller, 2013). Kaplan and Norton (2008) found, however, in a 2006 survey of senior executives, the executives put strategy execution as their number one priority. And in a similar survey from 2007 “excellence in execution” was the number one priority (Kaplan & Norton, 2008, pp. 3). This could mean that, though execution is regarded crucial, it is still too complex to grasp completely. Porter (1996) is stressing that the essence of a strategy is in the activities, which again implies the importance of acting upon the formulated strategy. This means that companies need to focus resources on the right objectives, engage people in the organization, and link the three core processes of a business, namely the people process, the strategy and the operating plan together in order to convert the strategic objectives into results (Coon & Wolf, 2005; Frigo, 2003; Møller, 2013).

In order for companies to handle these issues as a means to execute the strategy, many different strategic management systems have been developed. They are implemented to help companies communicate strategy, motivate employees, evaluate performance, provide feedback, and the like. One of these systems is the balanced scorecard (BSC), which has over the years become a very popular strategic management system, and been selected as one of the 75 most influential business ideas of the 20th century (Niven, 2005).

2.2. The Balanced Scorecard

Intangible assets have increased drastically in value for companies over the past 20 years, and is now said to generate approximately 75 % of a company’s value, highlighting the importance of turning the focus to these assets which are so difficult to measure (Niven, 2005). Introduced in the early 90’s, the
balanced scorecard came as a solution to deal with the lack of attention on the growing importance of intangible value-creating processes in companies. The BSC is designed to complement “…the financial measures of past performance with measures of the drivers of future performance” (Kaplan & Norton, 1996a, pp 8). Starting out as a performance measurement system, the BSC has now developed into a strategic management system, helping companies not only with how to measure performance, but also with how to implement new strategies with any of its associated obstacles (Kaplan & Norton, 2001a). In fact, Kaplan is emphasizing the importance of having a strategy execution focus when using the BSC – without it one will only be able to utilize a fraction of the BSC’s potential (Kaplan, 2012). Further, it is pointed out that implementing the BSC alone is not enough to become a fully strategy-focused organization. Five principles have been identified and are referred to as “The Principles of a Strategy-Focused Organization”, illustrating a framework for how companies can improve their strategic performance. These are #1: Translate the Strategy to Operational Terms, #2: Align the Organization to the Strategy, #3: Make Strategy Everyone’s Job, #4: Make Strategy a Continual Process and #5: Mobilize Change through Executive Leadership (Kaplan & Norton, 2001c). Principle 1 makes sure that a common ground is created so that everyone is working towards the same strategic goals (Kaplan & Norton, 2001c).

Principle 2 emphasizes the importance of coordinating all business activities and communicating strategy to all employees in the organization. This closely tied to principle 3, which requires that the strategy is moved out of the leadership sphere and into the whole organization. It is important that the employees understand the strategy and how their work contribute to success. Communication of strategy is crucial to succeed with this (Kaplan & Norton, 2001c). According to Kaplan and Norton (2005) managers who fail to align their management processes to the strategy will not reach the strategy’s full potential. This is supported by researchers, who found a positive correlation between strategic alignment and organizational performance (Walter et.al., 2013). Strong strategic alignment will allow efficient use of scarce resources, it speeds up the execution process, promote team effort and boost motivation amongst employees as it contributes to build a common responsibility for the company’s success (Abraham, 2006). In order for the whole organization to be aligned with strategy communication of strategy needs to occur on a regular basis. Speculand (2012) recommend that the leaders explain the new strategy carefully, and why it is necessary for the company, elaborate on what each employee should do in order to participate in the implementation, and in general find ways to motive the staff through positive reinforcement.

Principle 4 is stressing the importance of revisiting strategy over and over again – both to assess the appropriateness and whether any alternations are needed (Kaplan & Norton, 2001c). Strategy is not static. Developing a strategy cycle process is therefore necessary, where the strategy is revisited
again and again in order to assess whether alterations needs be made in response to unforeseen changes in the market and the like. As such, changes and obstacles can be tackled before it turns into severe problems for the company (Frigo, 2004).

Finally, principle 5 regards the foundation for a BSC framework to actually work. Strategy implementation and any necessary changes in the company are dependent on a coordinated and active leadership. Without it changes will not happen and strategy cannot be properly implemented (Kaplan & Norton, 2001c). Most articles written about how to succeed with strategy execution has outlined strong leadership commitment as an important building block on the way to excellent performance (For example: Beer & Eisenstat, 2000; Brenes et.al., 2008; Franken et.al., 2009; Higgins, 2009). In fact, results from an extensive research indicate that approximately 15 % of the variance in corporate performance can be attributed to leadership quality (Joyce, 2005). With a leadership group that is supportive, sub-units in the organization are more likely to become aligned, follow through on the stated objectives and gives respect and responsibility to subordinates (Beehr et.al., 2009).

These factors illustrate the high level of attention strategy is given in the BSC framework, and how the BSC can help companies become more strategy-focused. In fact, Kaplan and Norton (2005) recognizes an Office of Strategy Management as a crucial element in an organization to ensure a continual and focused attention on strategy by performing and coordinating ongoing strategy execution.

The figure below illustrates where the BSC fits in with the strategy development and implementation process, and how strategy-focused it actually is, building upon a company’s mission, vision and core values.
The BSC is built upon four perspectives crucial for the business’s operations, and by that provides top-management with a comprehensive framework that translates a company’s strategy into a coherent set of performance measures (Kaplan & Norton, 1992; 1993). In addition to the traditional financial perspective, the BSC also include customer, internal processes and learning & growth perspectives as it is believed that improvement in these intangible assets could indirectly lead to increased financial performance and yield much value and growth to the company (Kaplan & Norton, 1992; 1993; 2001b). As such, the BSC allows the company to translate its strategy into action through assets which previously has been difficult to measure. Based upon strategic objectives within each perspective, the scorecard illustrates measures and targets which tells the employees more in detail what they actually have to work towards (Kaplan & Norton, 2004). While the measures describe how success or failures against objectives are monitored, the target is the level of performance needed by the strategy (Kaplan & Norton, 2008). Within each objective 3-4 measures should be identified with associated targets. At last, an action plan must be created. Strategic initiatives need to be agreed upon within each perspective which will tell the employees what activities they need to perform in order to enhance organizational performance (Kaplan & Norton, 2001a; 2004).
Some critics find problems with placing the whole business strategy into just four perspectives, with 3-4 objectives and measures in each. It is said that many organizations struggle with the dilemma of narrowing down, and identifying the key objectives (Kenny, 2003). However, Kaplan and Norton reasons that by limiting the number of objectives it is easier not to get lost and lose focus. Instead it forces the managers to stay focused on the most critical measures in the business, hence minimizing information overload and confusion (Kaplan & Norton, 1992). Then again, Kenny (2003) argues that these restrictions will more likely lead to crucial measures being overlooked rather than identified, and is asking for a better framework for the managers to help how to choose the best measures. Kaplan and Norton (1996) do, nonetheless, point out that the four perspectives with its 3-4 measures should not be considered a straightjacket. If a company find it necessary to reduce or increase the number of perspectives or measures, it is fully possible, as long as the focus remains intact. Too few measures per perspective can actually lead to an imbalance between desired outcomes and its associated performance drivers (Kaplan & Norton, 2001a). The important factor is that the chosen objectives and targets essentially are the most critical ones for the company (Kaplan & Norton, 1996).

When implementing the BSC one should start the process by putting words on what the company actually wants to accomplish within the four perspectives. By doing this, the selection of measurements later on becomes simpler and somewhat more consistent. This should be constructed as a strategy map illustrating the causal linkages between the objectives (Kaplan & Norton, 2004).

2.3. Strategy map
You cannot manage what you cannot measure was a main motivation behind the BSC, but it soon became clear to Kaplan and Norton that you also cannot measure what you cannot describe. This was the main motivation behind the strategy map (Kaplan & Norton, 2001a), and implies that in order to measure and evaluate whether you reached your strategic goals, you must first be able to describe them. The strategy map offers a consistent way of describing a firm’s strategy, and therefore provides the foundation for building a BSC linked to a company’s strategy. Hence, it has turned out to be as important an innovation as the BSC in itself. The strategy map add a second layer of details to the BSC, which will improve both clarity and focus. Not only does it help visualizing the strategy, but it also contributes to communicate it down through the organization. (Kaplan & Norton, 2001a; 2004). Consequently, including a strategy map in the BSC framework will enhance organizational performance (Capelo & Ferreira, 2009). (Capelo & Dias, 2009)
Illustrating strategy on a piece of paper as such is not revolutionary in any way. Porter (1996) did for example emphasize how an activity-systems map can be used to illustrate how a company’s strategic position can be contained in a set of tailored activities designed to deliver it. The big breakthrough with the strategy map is that it illustrates how the intangible assets, customer, internal processes and learning & growth, are converted into tangible outcomes, a task which is otherwise difficult to imagine. It is a logical and comprehensive architecture of a company’s strategy, and it specifies the critical elements and its linkages in a strategy. Hence it provides the leaders with a framework for describing, explaining and managing the strategy, enabling them to identify and establish the objectives and measures for the scorecard (Kaplan & Norton, 2000a; 2001b; 2004). As such, the strategy map is said to be the missing link between strategy formulation and strategy execution, and a tool for recognizing any flaws in the strategy that needs to be addressed (Kaplan & Norton, 2004).

The strategy map is built from the top-down, taking the strategy with its vision and mission into account in order to decide what the company wishes to reach or gain, i.e. the final destination. When the leaders have agreed upon what the strategic objectives should be, they can start mapping the road to get there. For most profit-seeking companies it would be increased shareholder value and profit within the financial perspective. However, the core of any business strategy is the customer-value proposition, the combination of product, price, promotion, place, service, etc. – the unique mix which differentiates them from competitors. This is crucial because it enables the company to link its internal processes to improved outcomes with customers. Hence, the financial and customer perspectives together describe the desired outcomes of the strategy – the destination. The road to get there is through the internal process and learning & growth perspectives. The internal processes describe the critical activities which are needed in order to reach the goals, like increased R&D investments or improved supply-chain management. The learning and growth perspective is the foundation of any strategy, and identifies the intangible assets which are the most important to the company. Here it is crucial to identify what elements of the company’s infrastructure that should be emphasized and improved in terms of executing internal business processes. These are employee skills and capabilities, the technology they use, and the climate they work in which are needed to support the strategy. Through the objectives within this perspective the company will be able to align the strategy with the whole organization in terms of employees and technology used (Kaplan & Norton, 2000; 2001a; 2001b; 2004).

The strategy map illustrates how the four perspectives are tied together in cause-and-effect relationships, forcing the company to dig deeper for more details with regard to the strategy in order to illustrate how they will reach the strategic goals (Kaplan & Norton, 2004). Hence, the identification of these causal relations is an important aspect of the BSC, which should be given much attention.
(Kaplan & Norton, 1996). “Every measure selected for a balanced scorecard should be an element of a chain of cause-and-effect relationships that communicates the meaning of the business unit’s strategy to the organization” (Kaplan & Norton, 1996, pp. 149). As such, complex wordings in the strategy are substituted with visualization through a strategy map that everyone can understand.

Though these causal relations between the perspectives are fundamental to the scorecard, Nørreklit (2000) is questioning whether they actually exist. In order for such relations to exist there needs to be a time lag between the cause and the effect, however, a time dimension is not part of the BSC framework, i.e. cause and effect is measured at the same time (Nørreklit, 2000). Research on the causal relations in the BSC has not been too extensive to this point (Bento, et.al, 2013). Bento and his coworkers (2013) however, found that each of the intangible asset perspectives has a direct effect on the financial perspective. This is consistent with what other researchers have found in analyzes of the causal relationships in the BSC (Perlman, 2013; Yang & Tung, 2006). Moreover, studies indicate that there exists both positive direct and indirect strategic linkages between the perspectives (Huang et.al., 2009), and that an increased focus on the three non-financial perspectives lead to improved financial outcomes (Cohen, et.al, 2008). To sum up, though the cause-and-effect relationships in the balanced scorecard have been challenged, research conducted in the area seems to agree with Kaplan and Norton’s assumptions concerning these relations being the essence of the scorecard.

Kaplan and Norton are emphasizing the importance of communicating the strategy throughout the organization. This is vital because employees cannot realize the strategy without knowing it. “Implementing a strategy begins by educating and involving the people who must execute it” (Kaplan and Norton 1996, pg.199). This issue is, to a great extent, dealt with by the strategy map through clear formulations available to employees charged with executing the strategy (Scholey, 2005).

According to Kaplan (2012), using the strategy map and balanced scorecard to communicate what actions are required, it will actually empower lower-level managers and employees, giving them the opportunity to find new and more efficient methods to achieve improved organizational performance. So instead of diminishing the employees as has been claimed (Atkinson, 2006; Nørreklit, 2000), it can actually give them more challenges, responsibility and trust. As such, while the strategy formulation is top-down, the actual implementation and execution is bottom-up (Kaplan, 2012).

2.4. How can the strategy map enhance strategy execution?

When designed and implemented properly, the balanced scorecard can help organizations facilitate strategic thinking, increase their ability to reach strategic goals and chose proper metrics to measure (Phillips, 2007). This could be because users of the balanced scorecard seem to be more aware of
strategy in general, and work more actively with it compared to non-users. Hence, they increase their efforts when it comes to translating company strategy into specific activities and measurements, and also communicating this effectively through the organization (Tapinos, et al., 2011). This ability appears to grow even stronger if the company makes effective use of the strategy map illustrating the causal linkages between the four perspectives in the scorecard. Not only will strategic thinking enhance, but the strategy awareness contributes to increase BSC designers’ ability to identify the important elements affecting the strategy and leave out all white noise disturbing the focus (Cheng & Humphreys, 2012). In their research Cheng and Humphrey (2012) found evidence that managers make better strategic judgments if they receive the strategic objectives as a strategy map as opposed to randomly. As such, managers improve their strategic decisions-making, enabling the company to tackle any unforeseen challenges that might arise. This complements what prevailed from Banker and his coworkers (2011) study as well. Based on previous research indicating problems with communication and general comprehension of the BSC they investigated whether a supplementary strategy map could help overcome these difficulties. As expected, managers provided with a strategy map had a better understanding of the strategy. Moreover they exceeded in recognizing strategically linked measures, as opposed to managers not presented with a strategy map. Evidently, managers using the strategy map improved their ability to identify measures linked to strategy, and placed more weight on them when evaluating performance. As such, the strategy map improved the ability to effectively use the BSC (Banker et al. 2011).

Besides improving managers’ strategic reflections and decisions-making, the strategy map also seems to have a positive effect on the complexity concerning strategic work. Designing and implementing the BSC is a difficult and complex task, with choosing the appropriate performance indicators and associated measures leading in the right strategic direction. Understanding these causal linkages is crucial if companies wish to obtain full potential and a successfully adapted BSC system. If managers cannot explain what activities and competencies that actually lead to company performance, or better yet, if they attribute the success to wrong activities, there is talk about causal ambiguity. The higher causal ambiguity amongst managers, the higher is the likelihood of a negative effect on company performance (González et al., 2012). In their study González et al. (2012) found that the strategy map reduced managers’ causal ambiguity, mainly because it forced managers to reflect more upon cause-and-effect relationships in the strategy execution. As such the strategy map functions as a sort of benchmark for the managers, assuring an aligned perception of strategy.

Further they found implications that the strategy map was a powerful communication tool not only aligning managers’ perceptions, but the rest of the employees in the organization as well, increasing their engagement and commitment with the strategy (González et al., 2012). Through the process of
creating a strategy map, managers are forced to focus on key parameters crucial for the company. This creates a common ground enabling the managers to reach higher consensuses about the BSC, and as such eliminates uncoordinated and unnecessary work. In addition, through the strategy map, the strategy becomes more apparent for managers, enhancing their ability to stay focused on strategic direction when faced with large amount of information regarding the company’s business environment (Cheng & Humphreys, 2012).

Based on the literature review, evidence suggests that in order for a company to enhance their chance of successful strategy execution, there should be a focus on aligning the whole organization with the strategy. This is best done through continual communication of strategy supported by a strong commitment in the leader group. Moreover, previous research indicates that the BSC is a powerful strategic management tool, which accelerates a strategy-focused organization optimal for successful strategy execution. Not only does it help managers identify objectives and measures crucial for the strategy, but facilitate improved conditions for communication and visualization of complex causal linkages otherwise difficult to comprehend, through the strategy map.

As the case company in this research does not take use of a strategy map as Kaplan and Norton has outlined it, one can expect that they have trouble utilizing the full benefits from the BSC. Based on previous research it is expected that the company will have difficulties maintaining the strategic focus which could reduce their ability to choose appropriate strategic measures and objectives and identify critical elements affecting their strategy (Cheng & Humphreys, 2012; Gonzáles et.al, 2012). These factors are however difficult to measures accurately due to the nature of this study. Further, the strategy map has proven to be powerful communication tool, helpful to align the whole organization to the strategy, increase coordination within the company, and increase employee engagement and commitment (Gonzáles et.al, 2012). Hence, it is expected that the company will have more difficulties communicating and aligning strategy and employees, and working coordinated in the same strategic direction as opposed to if they had a strategy map to guide them.

3. Methodology
This section will describe my chosen methodology and considerations around it. An explanation of its appropriateness, my work progress with the development of interview guide, data collection and the method conducted for the data analysis will be accounted for.

3.1. Qualitative research
The nature of qualitative research methods enables one to focus on the complexity of real-life social phenomena in their natural contexts. The approach is concerned with interpretation and a holistic
understanding of the issue studied, and is built upon conversations, observations, language and the like which is obtained from i.e. focus groups, in-depth interviews, narrative inquiries, and case studies. Consequently it creates a more detailed picture of the situation as opposed to a quantitative approach which is more concerned with experiments and standardizations (Eriksson & Kovalainen, 2008).

### 3.2. Case study

Because the aim of the thesis is to investigate a specific business-related phenomenon in a company, case study is a suitable choice as it gives room for diversity and complexity and allows for in-depth knowledge-creation (Eriksson & Kovalainen, 2008). Yin (2002) presents a table (illustrated below) which can help the researcher decide what research strategy is most appropriate according to the purpose of the research.

<table>
<thead>
<tr>
<th>Strategy</th>
<th>Form of research question</th>
<th>Requires control of behavioral events?</th>
<th>Focuses on contemporary events?</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Experiment</strong></td>
<td>How, Why?</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td><strong>Survey</strong></td>
<td>Who, What, Where, How many, How much?</td>
<td>No</td>
<td>Yes</td>
</tr>
<tr>
<td><strong>Archival analysis</strong></td>
<td>Who, What, Where, How many, How much?</td>
<td>No</td>
<td>Yes/No</td>
</tr>
<tr>
<td><strong>History</strong></td>
<td>How, Why?</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td><strong>Case study</strong></td>
<td>How, Why</td>
<td>No</td>
<td>Yes</td>
</tr>
</tbody>
</table>

As seen, there are three conditions on which the research method decision should be based. *How* and *why* questions are usually more explanatory compared to the other types of questions, and will likely lead to i.e. case studies as the preferred strategy. These questions typically require a deeper and wider array of information and are built on interviews. This thesis’ research question is based upon a *how* question, hence it supports a case study approach. In terms of required control of behavioral events and focus on contemporary events, case studies are preferred when examining contemporary events, but relevant behaviors cannot be manipulated as can be done in laboratory experiments (Yin, 2002). As this is the objective of my research, contemporary event being BSC-usage in a company – an event I cannot manipulate, I conclude that a case study where I can have a combination of observations and interviews are best suited my intentions. “The case study’s unique strength is its ability to deal with a full variety of evidence – documents, artifacts, interviews, and
observations.” (Yin, 2002, pp. 8). The main purpose of this approach is to investigate the case in relation to its social and cultural context to gain a better understanding of everyday- and changing business practices in a way that is not dominated by the managerial perspective (Eriksson & Kovalainen, 2008).

There are many ways to conduct case studies depending on purpose of the research. Due to my problem statement and research question I have chosen to pursue an intensive single-case study categorized as an illustrative one. The study is mainly descriptive, and the aim of such an approach is to create a deep interpretation and learn how a specific case works. This gives me the opportunity to obtain rich details that can help explain the circumstances and finally create a thick, holistic understanding of the phenomenon from the inside (Eriksson & Kovalainen, 2008; Yin, 2002).

Though a case study has many positive effects, there are also some limitations the researcher need to be aware of. First of all, problems can arise when it comes to interpretation of the findings. It can for example be difficult to assess the effects when the event has not been controlled for (Brewerton 2001). This means that if this research find that the company experience negative, positive or no effects with the BSC, it is difficult to conclude with certainty that this is caused by the lack of strategy map. Further the researcher must be careful not to get too involved and not put words in the participants’ mouths. And last, results from case studies are usually difficult to generalize beyond the local circumstances (Brewerton, 2001).

### 3.3. Data collection

A case study gives researchers the opportunity to gain critical information from the insight by talking with important members and directly observing the phenomenon. Empirical data which can be collected in a case study is more or less unlimited. Both primary data such as interviews, observations and questionnaires, and secondary data such as already exciting documents, stories and newspapers are possible to use, which enables the researcher to pursue the case from different angels, obtained different perspectives (Eriksson & Kovalainen, 2008). In this research I have chosen to use observation and interviews as my primary data, and documents given to me by the company, and information from their website as my secondary data. The information I have gathered is within the same phenomenon and is related to each other, and as such, I achieve triangulation which will create stronger argumentations for my findings and a more multidimensional case (Eriksson & Kovalainen, 2008; Yin, 2002).

#### 3.3.1. Observations

Observations allow the researcher to get insight in the environment and how things are done in the every-day life. Hence it compliments other information sources with evidence which is otherwise
difficult to obtain such as human responses not brought up in interviews. There are multiple ways of making observations, depending on whether the persons know they are being observed or not, and whether the researcher is a participant or not all demands different observation methods. By observing human action as it takes place the researcher get a richer understanding compared to being told about it afterwards, where important elements might be forgotten about by the teller. Further it creates a second layer to the case, with a comparison of what has been said, and what is actually done (Eriksson & Kovalainen, 2008). I was invited by the company to join them on a two-day strategy seminar in November which they have every 6 months to discuss and refine their strategy and the balanced scorecard. Here I made direct observation, where I, as a researcher, sat on the side watching and making notes during their meetings. I was also welcome to make comments or ask question during and after the meetings. This seminar was a valuable part of my research, because I learned their processes with constructing and filling out their personal scorecards. These evidences became a resourceful basis for creating the interview guide because I could now build a second layer, obtaining more details about issues I discovered in their designing process that I wished to know more about.

### 3.3.2. Interview Guide
Before I conducted the interviews I created an interview guide in order to make sure that I got answers within the same topics from all the interviewees, and that we stayed on track during the sessions. This was a good method to prepare for the interviews, and thoroughly go through the questions to make sure they were relevant for the case. Essentially, taking use of an interview guide consistently through all the interviews will increase the likelihood of more accurate data comparability in my analysis; hence it creates an advantage with regard to any conclusions made (Eriksson & Kovalainen, 2008).

I made two interview guides, one for the leader group (with some altered questions for the CEO), and one for the lower-level employees (see appendix 1). Both were concerned with strategy, communication and efforts with the BSC, but due to the different prerequisites the content is somewhat different. However, both interview guides started with two preliminary questions; period of time working at the company and work title. These serve as a warm-up for the interviewee, and are at the same time important information with regard to their involvement in the BSC process.

The leader group-interview guide was divided into three main areas with a total of 21 questions; implementation of the BSC, mainly concerned about expectations and experiences. BSC as a practice, mainly concerned about what role the BSC has in the company, and how they use it. And finally, communication of company strategy, concerning how and how well they communicate strategy
through the organization. The interview with the CEO did also touch upon motivations behind introducing the BSC in the first place, and their missing strategy map. Follow-up questions were made when suited for. Each of these interviews lasted about 30-45 minutes, where I opened up for them to bring up any last thoughts not brought up during the interview. I was welcomed to email any of them later in the research process if I had any further questions or concerns.

The employee-interview guide was less extensive and revolved mainly around their awareness around the company’s use of the BSC. The guide was divided into three main areas as well: *use of the BSC in the company*, mainly concerned about what the employees know and have heard about the BSC in the company, and whether it has reflected their work in some way or another. *Company strategy*, concerned about what the employees know about the strategy, and any alternations that may occur. And finally, *communication at the workplace*, related to what extent communication of strategy, objectives and goals reaches the employees. The guide contained in total 10 questions, allowing for follow-up questions when suited. Each of the interviews lasted about 15-20 minutes where I opened up for any last comments they might have had with regard to the case. Because some of the questions dealt with the change process before/after BSC, the interviews with two employees who had been working there for one year were a bit shorter.

### 3.3.3. Interviews

Interviews are one of the most important sources of empirical evidence in a case study, and can be used at any stage of the research process, from identifying issues for more exploration to answering the research questions. Further, interviews can be conducted in numerous ways which makes it very flexible and easy to adjust to any situations (Brewerton, 2001; Yin, 2002). In my research I interviewed in total nine people in the company. Four managers from the leader group that participated on the strategy seminar and is part of the BSC development group, and five employees at lower levels in the organization, not involved in the BSC process. I created two different interview guides for the two groups, based upon their prerequisites and influence on the matter. Further, while the lower-level employee-interviews were more or less semi-structured, interviews with the leader group were more open and unstructured allowing for richer data to evolve. One of the main reasons this happened was that the leader group interviewees were more reflective and enthusiastic in regard to the case, and had in general more to say on the matter. Due to these more open-ended interviews with the leader group I used a Dictaphone, with the permission of the interviewees. This allowed me to focus more on the answers and come with follow-up questions, rather than if I had to write everything they said during the sessions. The recorded interviews were transcribed afterwards and the tapes deleted.
From the leader group I interviewed the CEO, two managers (CFO and COO) and one sub-unit manager (Customer service department). Amongst the employees in the other interview group there were two team-leaders and three caseworkers, three of which have been working there since before 2011 when the company implemented the BSC. As such, I have been able to talk to a decent variety of the people working in the company, which contributes to shed a broader light on the case, and allows for better disclosure.

3.4. Data analysis structure
I will start of the analysis with a case record presenting a description of the case company, its strategy, their BSC implementation process and how the leader group work with company strategy. This case record will contain the most important information regarding what I have collected through my data collection process from the different empirical sources I have used (Eriksson & Kovalainen, 2008). Further, through a within-case analysis, a comparison between the leader group’s perception and the lower-level employees’ perception of the BSC functionality, awareness and use in the company. Subsequently I will conduct a pattern matching which is one of the most favorable techniques in case study analysis (Yin, 2002). Based on what I have found in the literature review I will search for patterns between findings from my empirical sources and what is predicted from the literature.

4. Case analysis
This intensive case study is about a financial services firm called Intrum Justitia, the market-leading credit management company in Europe. I have collected data through direct observation, interviews as well as sampling archival data such as annual reports, documents received from the company’s CEO and relevant information from their webpage. The purpose of the case if to understand how the company is using the balanced scorecard to execute strategy and whether there are any consequences from not using a strategy map.

4.1. Case record
Intrum Justitia (from now on referred to as Intrum) is, as mentioned, the market-leading credit management company in Europe, with offices in 20 countries. It is a Swedish company, with its head office located in Stockholm, Sweden. My case company\(^1\) is the Norwegian business-unit, located in Oslo, which originated in 1982, and classifies as a SME with approximately 120 employees (Intrum Justitia, 2012). Intrum exists to manage payment flow, make sure it flows efficiently in society, and as

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\(^1\) For clarification I will proceed with referencing the Norwegian business-unit as the company, and if I am referring to the company as a whole it goes under global company.
such create a sound economy. Through their services Intrum facilitate conditions that improve sales, profitability, and cash flows, while at the same time reducing their clients’ financial risks. Their vision is “to be a genuinely people-focused company that offers credit management and financial services that adds considerable value” (www.intrum.com, 2014). Their value proposition consist of four parts; understanding people, seeking insight to feed innovation, making a difference and committing to challenge which tells the story about who they are, how they work and how they seek to handle customer relationships (www.intrum.com/no/, 2014).

In 2010 the global company acquired Aktiv Kapital’s credit management services in Norway, Sweden and Finland, advancing Intrum’s market position, especially in Norway. As a result the company has since had a steady growth in revenue and profit (see appendix 2). Particularly from 2011 to 2012 Intrum’s results boosted, with an almost 300% increase in profit. Whether this improvement is a result of the implementation of the BSC or not is yet to be evaluated. The acquisition of Aktiv Kapital is, nonetheless, the main reason why the company decided to implement the BSC in the first place.

“…the acquisition gave us a fresh start – a new beginning and it was good timing for the balanced scorecard” (CEO)

The main source of the big increase in profit is a drastic reduction in costs, which could imply an improved efficiency, enabling the company to make cuts in non-value-adding activities and save money. Further from 2008 to 2012, the company’s ROA has increased from -13,5% to 18,3%, and from 2011 to 2012 it increased with close to 10% alone (see appendix 3).

The company is listed as number three in the market, with a market share of 5 %, where number one and two take up the bigger part of the market (about 60 %), while number 4 and 5 are challenging Intrum, trying to obtain its position as third. Hence, Intrum’s strategic ambitions are to keep their position in the market with an increase from 5 % to 10 % in five years, and have an annual growth of 10 %. Currently the market growth is approximately 4-5 % p.a. and Intrum’s growth is close to 0%.

The company’s balanced scorecard is not a blueprint of Kaplan and Norton’s idea of a BSC, but is rather a simplified version. Instead of having a corporate scorecard, every top-executive and middle-manager has their own scorecard. In some of the departments middle-managers have also designed scorecards for team-leaders in their division. Eventually the goal is that everyone in the organization with some sort of management position will have their own scorecard, i.e. down to all team and group leaders. As such it is not built up divided into the four BSC perspectives because each department represents one of the perspectives in the original Kaplan and Norton scorecard. Each scorecard is designed with 3-5 strategic objectives/goals, and 3-5 initiatives to achieve the specified
goals (see appendix 4). This means that i.e. the financial perspective is covered by the financial department and the customer perspective is covered by the sales and customer management department. Hence, whether this can, in reality be classified as a balanced scorecard is questionable.

4.2. The Balanced Scorecard process
The company implemented the BSC in 2011. This was a decision made solely by the Norwegian business-unit, and not something directed from the head office. The global company is currently not using the BSC, hence the company is working independently with it. One of the main reasons for choosing to implement the BSC was based on an anticipation to generate a more strategic organization:

“Getting the organization to start thinking strategically, tactically and operationally simultaneously is a great challenge, but I am hoping to accomplish this through this process with the balanced scorecard” (CEO)

Once every six months the company’s leader group arranges a strategy seminar over two days where strategy is discussed and revised and personal scorecards are designed. As they have these seminars two times a year it takes on both a long-term and short-term strategy perspective. The seminar is represented by the top executives (i.e. head of each department) middle-managers, CEO and a consultant that they have used since they introduced the BSC. In total 16 people were present at the seminar I attended in November 2013. The meeting started off with the CEO presenting the plan for the seminar, talking about company strategy and what is expected or desirable for the coming years. This was illustrated as a strategic roadmap showing the way from 2014 to 2016 and the needed initiatives in order to reach the final 2016 goal (see appendix 5). While this is the long-term perspective, they also discussed more in detail what challenges and risks the company is facing now or is expected to face in 2014, and as such trying to find solutions in order to overcome the obstacles they will meet. This is the short-term perspective and the main topic of the seminar. The balance between long-term and short-term initiatives needs to be reflected in the scorecards.

“Being consistent and obtaining the “red thread” between long-term goals and what we are doing today is difficult. We are good at it – we have improved, but we need to be better at looking ahead and keep in mind the long-term perspective. We have had some challenges in this area” (CEO)

After the discussions on short- and long term strategy and after they had agreed upon strategic ambitions, identity and challenges, group work was next on the agenda. Now the different departments gathered in groups to discuss the middle-managers’ personal scorecards. Everyone present at the seminar have their own scorecard with personal goals and initiatives they are
responsible for, and together in groups they find the best solutions in order to reach Intrum’s strategic goals. Later the scorecards were presented to everyone where comments and advice were prompted for to make improvements. As an observer this seemed like a very good method to work with the scorecards, firstly because it made sure that the scorecards were aligned within the different departments. Secondly, with input from the other departments a sense of community was established where cooperation across departments was highlighted. As such it secured that the strategy was aligned through the whole organization with all the scorecards built with the other scorecards in mind.

Day two of the seminar focused on top-executives scorecards, with the same process of designing it as the preceding day. Their scorecards must reflect middle-managers’ scorecards to ensure alignment, and at the same time a correlation between top-executives’ scorecard must be present. They should not have the same objectives in their scorecards, hence if this happened in the first draft they had discussions to agree upon where the objective is most appropriate to place.

As such it forced the participants to be consistent and critical, limiting multiple objectives into 4-5 crucial ones each with corresponding initiatives.

“There is no point in including a number just to include it – you must illustrate how it is to be achieved to see the dynamic” (CEO)

Through discussions they ensure that all important aspects in the organization is covered in the top-executives’ scorecards. There were for example one incident after all the scorecards were presented where it became obvious that a key area was not covered. It was discussed within which department it was most suitable before it was formulated into an appropriate goal and allocated to the corresponding top-executive’s scorecard.

The intention is that the scorecards should be made available for everyone in the organization. As such one can easily keep track of how the departments are doing and whether they are on track or not. Due to the cross-sectional teamwork in building the scorecards, the departments are aware of the interdependence between them, and that i.e. the financial department is dependent of the sales department reaching their goals if they are to succeed with their goals. Once a month each department has a follow-up meeting evaluating their work and whether some measures are needed to make up for fallbacks. Additionally the top-executives meet up with the CEO each month as well discussing and evaluating the scorecards.
4.3. Interviews with the leader group

When asking the managers to explain in their own words what balanced scorecard is there seemed to be a consensus between them and its purpose:

“It is a good instrument to evaluate how we are doing relative to what we set out to achieve, and find necessary initiatives in case we are falling behind” (Middle-Manager). “It is a good instrument to ensure that we reach the specified goals – it guides me in terms of reaching our budgeted economic goals” (CFO). “It is an instrument to measure the impact of activities and initiatives that contributes to achieve the company’s strategic goals. If targets are not reached, one can easily implement appropriate measures that contribute to achievement of desired goals” (COO)

According to the CEO there were only a few in the leader group that had been working strategically before they implemented the BSC. Hence her impression is that while some find the process more or less easy, others struggle more with continuously thinking strategically and choosing appropriate goals for their scorecards reflecting corporate strategy. This also shines through when I asked the interviewees what their expectation regarding the BSC was. While both the CEO and the COO, with prior experience mentioned themes like advance strategic thinking, create focus on critical tasks and optimize results, the two other respondents had no specific expectations. However, after two years the managers have adopted the process well and are improving their selection process. According to one of the middle-managers, choosing the appropriate targets for the objectives is a difficult task and takes a lot of time. It is, however, worth the job because she sees the value it brings to the organization. Further, she is experiencing that the job is getting easier for every time, and that the concept is becoming more anchored in the organization. This is in accordance with the CEO’s opinion saying that the leader group is continuously improving with regard to selecting the appropriate objectives, targets and initiatives – both in terms of formulation and follow-up. However, there is one aspect the CEO is pointing out as an especially complex task. Namely seeing the cause-and-effect relationships between objectives and initiatives. Some of the managers seem to be unconscious of these causal linkages when they create the scorecards. As a result a connection between the goals and initiatives selected is lacking. A gap that is important for the BSC to serve its purpose. This is something she is constantly stressing with the leader group, but understands that it does not happen overnight.

“Teaching people to analyze, or encourage them to think about consequences takes time” (CEO)
On the other hand it appears that the strategy seminars are a big help when it comes to enhancing the company’s ability to work actively with strategy. One of the managers explains that by working in plenary it advances the collaboration across departments. By helping each other designing the scorecards the interdependence between them is highlighted. Due to the seminar everyone becomes aware of the others’ goals, and how they must contribute to help each other. Likewise the CEO is expressing satisfaction concerning this aspect. In fact, she states the most positive outcome of the BSC is that the managers seem to have a better understanding of the other’s challenges, and have realized that one needs to negotiate terms and consider consequences when making decisions. This has especially improved during the strategy meetings where they have gotten better at challenging each other, communicate, coordinate responsibilities, and in general enhancing collaboration both within and across departments. Further, it lays the foundation for a more thoroughly strategic consciousness in everything they do during the year.

The scorecard has also been identified as a feedback tool for giving recognition and encouragement. A function the CEO is highlighting as a very important aspect, and benefit from the BSC. She finds that in addition to being an excellent tool for measuring performance, it also serves as a motivator in terms of highlighting individual contribution to strategy execution. It creates an awareness amongst the employees in respect to what they are doing and why, which is extremely important if they are to reach their goals.

“The employees need to know how their work helps me achieve my goals, which in turn causes the organization to reach its goals. Essentially this leads to higher responsibility” (CEO)

One of the managers mentions that she has seen a difference after implementing simplified personal scorecards for everyone in her division in combination with a restructuring of the division. Before everyone worked with everything, but then she experienced that no one really took responsibility other than for what they were explicitly told to do. Now she has i.e. delegated their sales budget on the different sellers which has resulted in everyone putting more effort into their work to deliver results. Hence, she sees the effect personal scorecards can have on the employees and their contribution to the organization without allocating it as a direct mechanism of the BSC. With the personal initiatives and goals it all becomes more visible and easier to measure the employees. This is, however, not something that is suitable for everyone. Both this manager and the CEO acknowledge that while some people are naturally competitive and love to be measured, others don’t care for it. The challenge is then to find appropriate measures for these employees.

“An employee who does not care for being measured is sometimes trying suggest objectives which in fact are difficult or not possible at all to measure” (Middle-Manager)
There does however appear to be broad support amongst the employees in the organization for being measured and receive feedback on their efforts. The workforce is relatively young, and is generally more open for receiving personal objectives to reach. A manager commented that one of the expectations of the BSC, was that it would increase motivation and engagement due to close follow-ups with feedback, which after two years, in fact, have been realized.

Communication seems to flow openly and people feel comfortable speaking up or asking question due to a relatively flat organizational structure. Hence, according to the respondents there are no restrictions in terms of bringing up issues for i.e. the CEO or top-executives in other departments. This is also supported by the CEO who comments that in Intrum there is not a group of leaders, but rather a leader-group, implying that the company is not only led by her, but by all the top-executives together. Regarding involvement and communicating further down the organization it is distributed to a certain extent. The plan is that all the employees with some sort of leader function is going to have a personal scorecard, this is soon fulfilled. The CEO is a champion for involvement and engagement on a broad level, but admits it is not possible to involve the whole organization. Every month each department has meetings with the employees, discussion the strategic goals and what initiatives should be prioritized to realize them. While all the employees know about the managers’ scorecards, strategy is in general not communicated. Actually everyone said they had the impression that the employees regard talking about strategy as boring, and not something they wished to spend too much time pondering on. This could be because strategy is communicated on an aggregated level that might seem alienating to the employees. Hence for the lower-level employees strategy becomes something blurry and irrelevant. One of the managers is considering that because they have designed the BSC without a method to easily communicate corporate strategy broken down into single objectives, the lower levels in the organization are not extensively involved.

“We lack the visual representation of the specified targets vs. strategic objectives. This is probably the area where our current solution has its greatest weakness” (COO)

Another concern regarding the current state is that their customer focus is given scarce attention in the scorecards. Customers are a big part of their mission, vision and values and should therefore be given more consideration in their strategic work. It is however expressed that they are improving. Understanding that satisfied customers is an important source to achieve strategic objectives, and that obtaining new customers is more expensive than keeping current customers satisfied has led the company to become more customer oriented than ever before. This has become more obvious to the whole leader group through the increased cross-sectional work in the strategy seminars.
There seem to be an agreement that having the scorecard unconsciously creates a more focused work around the activities that contribute to strategic goal achievement. The targets and performance measures follow you through the everyday-activities. This has altered how strategy is pursued in the company:

“Before, targets and measures were something that we submitted with our annual strategic plans, and it was less systematic monitoring of how to deliver it daily to achieve the organization’s strategic goals” (COO)

In terms of the BSC’s biggest contribution to the company the perceptions were essentially of common ground. Areas that were mentioned are strong focus on results, clarifying priorities and reducing many activities into a few measures which have enhanced execution. There is a consensus in the leader group that the work and effort the BSC has required during the implementation phase is not overweighed by the benefits it has produced. The CEO has been highlighted as a crucial source to the successful outcome and avoidance of pitfalls. One of the managers explains that because CEO believes in the BSC she has been able to engage the leader group from the beginning.

“The company becomes more unified when the CEO is willing to engage in every ones work”(Middle-manager). “The CEO is competent at remaining the red thread between strategy and initiatives”(CFO)

4.4. Interviews with employees

None of the employees I talked with knew in specific what the BSC was and what it is used for in details, except from one who has been working actively with it in her previous job. They were however aware of its presence in the company. Even though none of them have a personal scorecard they know that the company is focusing a lot more on objectives and initiatives now than previously, and that the managers have scorecards which should be reflected in the department. The two team leaders have received personal goals and goals for their teams from their manager which they need to follow up. However both of them mention that they had to fuss about it before something happened. The case workers seem to have sufficient insight about this:

“I am familiar with my team’s objectives and where we are headed”(CW1). “My department has specified goals, but I don’t have personal ones. In my opinion we get sufficient information about the objectives”(CW2). “I know we are working towards specified results and what our focus is, but I am not familiar with my manager’s scorecard”(CW3).

Both team leaders express that they can see a clear connection between the assigned goals and the manager’s goals. As such it creates insight into why it is important for them to work effectively
towards successful achievement. There are, nonetheless, implications that some of the employees miss some information regarding how to reach the specified goals. One of the case workers explains that she loves working with specified goals because it gives a clear direction, but she is requesting more information about how to reach them.

According to the interviewees strategy is not communicated on a detailed level to the employees. And while some are fine with this, others are requesting more information. The team leaders know the headlines and the short-term objectives but would like to know more about the long-term perspective and what the company is planning down the road. Instead of just knowing that the company aims at strong growth and more customers, it would be interesting to get a few sentences on how they are planning to do it. One explains that with the current information flow she is not catching up on what impact it has on her work and how she can contribute to strategic success. The other team leader is excusing the poor information by suggesting that it perhaps is difficult for the leader group to know exactly what to communicate of the strategy before it gets dry and intricate.

The case workers have a more relaxed attitude towards strategy and are satisfied with the current information flow. One mention that she was introduced to Intrum’s mission, vision and values when she started, but it has never been a follow-up, so much is forgotten. But alongside with another case worker she finds the monthly meetings more than sufficient regarding what they feel they need to know to perform their job professionally. The third case worker elaborates more and admits she probably hasn’t engaged herself enough to obtain much information, but knowing something about where are we and where are we heading could be interesting. She is nevertheless emphasizing that there is a fine balance between what they need to know and what they don’t:

“Too much strategy-talk becomes blurry for the employees, so I am more: “I love the work I am doing so don’t bother me with strategy”” (CW3)

Opinions regarding communication in general in the company are split in half. While two does not find it optimal the rest characterize it as being on a high level. The employees feel comfortable talking to both their managers and other departments if there are any issues. One case worker is not completely convinced. Though she assumes the managers are open for inputs and that she could be a contributor, she is not quite sure who to turn to. One of the team leaders elaborates further and describes the current state as more of a one-way information stream rather than a dialogue between two parts. This contradicts what the three other respondents had to say. They seem to be satisfied with the communication both within and across departments, and characterize it as open, easy and efficient. According to one of the case workers the whole communication process has improved drastically over the last years and claims it has never been better. She mentions meetings every 14th
day for middle-managers and team leaders where any concerns can be brought up, which afterwards are transferred down to each team. Moreover are the monthly meetings stimulating good discussions between managers and employees. If employees are unsure who to turn to, she explain, they can go to their team leader who will bring the case further if necessary. Before the BSC and the restructuring of the company middle-managers were usually responsible for 40 employees that made it difficult to follow up everyone, but now, with the team leaders, this problem is solved, and it has made everything more open. Moreover the team leaders agree upon one thing. They both request a more efficient communication stream between the leader group and the lower levels, and say it often takes too long between a leader group’s decision to the information has reached the employees:

“My current knowledge is mostly due to my curiosity – so I ask – not because it is necessarily communicated to us”(TL1)

With regard to whether they felt something was missing, better feedback was mentioned by a more than one. Both in terms of the contribution they make to achieve strategic goals, but also in terms of whether they are on the right track or not:

“I just assume that my team’s efforts are valuable, but it would be nice to get some response. Especially if it turns out that we are not, so that we can change our work process“(TL2)

Another respondent agrees, and sees the potential in the BSC as a means to increase motivation amongst employees with measures and targets. But it serves no good if the employees do not receive proper feedback and encouragement from their team leaders and managers. Further, it is not always clear how managers expect them to reach the specified goals, and are therefore asking for both better guidelines, and clearer objectives. Instead of earn a lot of money, it could be earn NOK50 000. As such they have something specific to reach which makes it easier for the employees to monitor how they are doing. Further it facilitates better conditions for bonus payment which is also mentioned.

Even though there are areas that need to evolve more, overall the employees are satisfied with the BSC, and have seen many improvements over the last years. Some of what is mentioned is an increased focus on objectives and initiatives which clarifies where they are and where they are heading. A more efficient and effective workplace due to restructures – instead of every one doing everything, tasks are assigned to different groups based on their areas of expertise. And finally, a more organized company with stronger and more consistent leadership which leads to higher stability and predictability.
“I don’t feel the need to know everything about the BSC process. I trust the leader group, and know they are doing a great job” (CW1)

4.5. Findings

From the literature review it became clear, that in order for a company to become a strategy-focused organization and execute strategy successfully using the BSC, five critical principles have been identified. The five principles of a strategy-focused organization which illustrates a framework for how companies can improve their strategic performance are as follows: Translate the Strategy to Operational Terms, Align the Organization to the Strategy, Make Strategy Everyone’s Job, Make Strategy a Continual Process and Mobilize Change through Executive Leadership (Kaplan & Norton, 2001c).

**Translate the strategy to operational terms**

While the leader group has experienced great benefits and a more structured workday due to scorecards which highlights the most important initiatives for the next 6 months, they are yet to truly pass it along to the lower levels. Even though the team leaders have personal goals, and each team has their goals to work after, they sometime become too diffuse and hard to follow. Further, the outlines of initiatives are still missing for the lower levels. This could have something to do with some managers still struggling with choosing appropriate targets and objectives. Both Banker et.al. (2011) and Gonzáles et.al (2012) illustrate that a strategy map enhances managers’ ability to choose appropriate objectives, measures and targets and find the causal linkages. Moreover the identification of critical elements affecting the strategy improves (Cheng & Humphreys, 2012). As expected, the leader group is experiencing some difficulties with identifying the causal linkages in the strategy, selecting objectives and measures that actually have a connection and make sense. Even though the CEO explains that they are improving every time, the process could be easier and more apparent if they had the strategy map to guide them. Because the company designs their scorecards through intensive strategy seminars with a high level of cross-sectional work, they have been able to make these linkages and in plenary find the appropriate objectives. As such, not using a strategy map hasn’t necessarily harmed them in such a way that they haven’t been able to work properly with strategy execution, but it has likely slowed down the whole process.

**Align the Organization to the Strategy & Make Strategy Everyone’s Job**

The BSC is apparently better anchored in the leader group compared to the rest of the organization. This is transparent from interviews with both groups. According to the managers the implementation
has gone very smoothly, enhancing the organization to a higher level strategically. Strategy is however a loose and blurry topic amongst the employees and many has a hard time visualizing the direct connection between their work and managers’ strategic objectives. Further none of the employees could tell me what the company’s strategy was. Speculand (2012) attributes weak strategic awareness amongst employees to two main reasons: leaders only communicate what the strategy is, but not how to act on it. Or because often, strategy is just communicated when it is initially introduced, without following up on updates and changes over time. One of the employees explained that she was introduced to the strategy, mission, vision and values when she started the job, but there has never been a follow-up, resulting in her forgetting it all. Moreover, it appears that if changes are communicated, the information often comes too late. This is a case of Speculand’s attribute#2. There does not seem to be any problems relating to attribute#1 as the employees get informed once a month on how the department is doing, and plans for the following month. While the case workers experience a satisfactory level of strategy information, the team leaders call for more details. Gonzáles et.al. (2012) found evidence suggesting that a strategy map functions as a powerful communication tool. This is because it simplifies the complexity of a strategy, highlighting the most essential parts relevant for proper execution. This implies that the company could advance from utilizing the map, overcoming the current obstacles they have regarding communicating and aligning strategy throughout the organization. The leader group realizes that the current state is not optimal. They admit that strategy is something that first and foremost concerns the managers, and not something that is communicated considerably down in the organization. Because the strategy is too wide and complex, they realize that without a proper instrument it is difficult to communicate it without making it boring and distant to the employees. This implies that their simplistic BSC version has been questioned, and they realize that they lack an instrument to break down and visualize the strategy, much what the strategy map’s function is. Most of the employees did however have the impression that current state of strategy input was appropriate in order for them to do their job.

The company’s procedure with designing all the scorecards in plenary facilitates improved cooperation both within and across departments. It assures that the scorecards are aligned and heads in the same strategic direction. This leads to a strong strategy alignment in the leader group. One interviewee told me that pre-BSC there were more confusion as to who should do what and who should take responsibility, this has become much clearer now, making it easier to delegate responsibilities. By aligning the scorecards they can more easily identify whether key areas have been forgotten or if some are doing double work by working on the same project. Communication within and across departments have always been good, but through the seminar meetings it becomes more efficient. They have become better at listening to each other’s needs and issues and are in plenary
trying to find solutions serving the company’s best interests. With poor strategic consensus amongst managers it is difficult to align the whole organization with the strategy, and it can create confusion and even distrust with the employees. Hence they have managed to create the foundation for a strategically aligned organization.

The company’s intention is not to create scorecards for everyone in the company, but restrict it to employees with some sort of leader function. Many of these are still to receive their personal scorecard. Hence the employees are not as involved with strategy as the leader group. However, even though the employees might not be directly involved with strategy, their leaders make sure that their job assignment reflect their scorecards which again reflects the company’s strategic goals. As such, it is assured that everyone is working in the same strategic direction, and strategy becomes everyone’s job. An issue they had more problems with before.

**Make Strategy a Continual Process**

Through the strategy seminars the leader group becomes more committed to strategy and the BSC than what they would have been without it. It is something they need to prepare for and work consistently with throughout the year and by that they also become more strategically aware. This was one of the intentions behind implementing the BSC – create strategic awareness in the organization. And even though it is not necessarily something they consciously think about, it now shines through in their everyday work activities. Further, monthly meetings are arranged, both within each department and between all the department leaders. While the department meetings discuss progress and future activities, the leader meetings discuss strategy and whether any alternations are needed if something unforeseen comes up. As such strategy is continually visited and revised adapting to a changing environment.

**Mobilize Change through Executive Leadership**

The company appears to have a strongly committed leader group, which is especially encouraged through their strategy seminars which enhance involvement and force the leaders to continually think about strategy and spend time with the BSC. The leader group is backed up by a committed and an engaged CEO who has strong belief in the BSC as a management performance tool which can create a strategy-focused organization which will enhance performance. She is willing to put in the extra effort to make sure the whole leader group is on board and learns how to use it properly, and finds time to contribute to the design process when help is needed. Consequently she makes sure the red thread is kept between strategy, objectives, target and measures. Without her it would be difficult for the company to pursue successfully with the BSC. Both theory and research regarding
strategy execution is stressing the importance of having an engaged leader, and according to Mintzberg (2000) lack of leadership commitment it is the number one reason behind failures. Further she is consistent in terms of her not being the leader alone, but that all the top-executives must take responsibility for the company’s performance – together they are running the company. This forces the leader group to be equally engaged in the implementation process, because without them there is no leadership in the company. Moreover she expressed to me the importance of leaders taking charge when designing their scorecards. They need to take ownership of their selected objectives and initiatives, and not chose something just because they believe that it is what the CEO wants them to have in the scorecard. By giving not only managers but also middle-managers the opportunity to be such a big part of the BSC design and implementation it will facilitate higher motivation and willingness in the leader group to work towards the company’s strategic goals (Decoene & Bruggeman, 2006; Malina & Selto, 2001; Tayler, 2010).

Overall the company has a very strong commitment to strategy amongst the leaders, with a supportive CEO to back them up. This has led to strong alignment to strategy in the leader group. Based on a good cross-sectional work, the leaders have achieved strategic consensus and can thus make sure their departments work in the same strategic direction. This ensures strategic alignment in the whole organization. Moreover are they able to make strategy a continual process by revisiting it every month in addition to two intense strategy meetings a year. To summarize in terms of positive outcomes with respect to the BSC, there were a couple of things that was mentioned by both interview-groups. It has created a strong leadership which has made the work more stable and organized, it has helped the company become more strategically focused and it has helped clarifying critical activities which needs to be prioritized. Their weaknesses concern mainly communication issues where strategy is first and foremost a management business. They struggle to find a reasonable method to communicate relevant strategy matters to the employees at lower levels resulting in an information blockage. Another obstacle has been to identify cause-and-effect relationships in the strategy, and choose objectives and measures relevant to execute strategy. Based on findings from other researchers (Banker, et.al 2011; Cheng & Humphreys, 2012; Gonzáles et.al. 2012) these weaknesses were expected as a consequence of not have a strategy map. The problems are, however, not as severe as perhaps expected, and it does not seem to inhibit their ability to execute strategy. Instead of preventing them from pursuing strategy overall, it mainly seems to slow the process down. In terms of the five principles of a strategy-focused organization, they make excellent work with Make Strategy a Continual Process and Mobilize Change through Executive Leadership, which sets out the foundation for a thorough strategy process. They do however lack some elements in the three other principles, which need to be given more attention in
the future if the company wishes to ensure successful strategy execution. To deal with these issues I suggest that the company implement a strategy map, which has proven to enhance strategic thinking, strategic focus and alignment (Banker, et.al 2011; Cheng & Humphreys, 2012; Gonzáles et.al. 2012).

5. Discussion and implications

In order for companies to successfully implement and use the BSC to create a strategy-focused organization enabled to execute strategy a set of principles has been outlined as a framework. According to Kaplan and Norton (2001c) a company should excel within each of these principles if they wish to pursue strategy and utilize the BSC benefits. From this case study it became clear that, while the company performed excellent in two of the principles, they were missing some important elements from the other three principles. Furthermore, the company is pursuing a simplified version of the BSC. They do not create scorecards divided into the four preset perspectives outlined by Kaplan and Norton, nor do they have a strategy map, which is said to be just as important in innovation as the scorecard itself (Kaplan & Norton, 2004). Accordingly it was expected that the company would have trouble implementing and executing strategy as well as utilizing all the BSC’s benefits. Without the strategy map the company is missing a tool said to be excellent to guide the communication throughout the organization. As expected, the company currently has communication issues at the lower level of the organization, but they have managed to work around some of them through i.e. follow-up meetings every month.

With regard to communicating strategy to the employees of an organization, it became clear from the literature review that it is highly recommended and encouraged. It is advised that it is done on a regular basis to make sure the employees are updated all the time, making them able to contribute to reach strategic goals. The company’s biggest weakness regarded exactly this – communicating strategy at an adequate level. Even so the employees were overall satisfied with the current information level. These findings goes against what is advised in the literature and implies that employees in fact is not as dependent on constantly updated information regarding strategy as long as they know what to do and what is expected from them. On average more than 90 % of employees are unfamiliar or unsure about their company’s strategy (Kaplan & Norton, 2008). Evidently the company is not experiencing a unique problem and raises a question as to how a communication flow should function to produce optimal results.

A strategy map is supposed to increase a company’s strategic performance when included in the BSC framework (Capelo & Dias, 2009). The company has increased their performance since the
implementation. This proves that it is possible to utilize benefits also without a strategy map. It is however likely that the company could reach the results more efficiently if they used the tool. The balance between the four perspectives in the original BSC is essential to the framework and purpose (Kaplan & Norton, 1993). As the company has managed to increase performance using a simplistic BSC not explicitly driven by the four perspectives, it indicates the flexibility of a BSC, and offers insight into an alternative framework proven to work.

Moreover, supportive to previous research (Cheng & Humphreys, 2012), this study illustrates that the BSC framework can increase strategic thinking and awareness in the organization, and enhance manager’s ability to clarify critical activities which need to be prioritized. It has also proven to work as a foundation to improve organizational structure which increases efficiency.

Since it appeared that the company has managed to improve organizational performance using a BSC without a strategy map it could be interesting to conduct a multiple case study comparing BSC companies with and without a strategy map to evaluate where the main differences lie. Moreover, by going more in depth with strategy maps, one could study to what extent a strategy map can increase efficiency in a company.

With regard to communication, it would be interesting to investigate in more detail at what terms and to what extent strategy should be communicated to employees for them to be considered aligned with strategy. Moreover, future research could also evaluate what information and involvement level is necessary or advised for a BSC to be successful. Must i.e. all employees be familiar with the BSC process and intentions behind it for it to function properly?

The company has experienced improved cooperation across departments. Is this a coincidence unrelated to the BSC implementation, or is this outcome a side effect not accounted for? The company hoped the BSC could play as a motivator for the employees. Through measures and feedback they anticipated that the employees would become more engaged, responsible and motivated to do a good job. To what extent does the BSC framework actually serve this purpose and increase motivation in the workforce?

Most of the data collected was from either observation or interviews with managers who were part of the balanced scorecard-team. Though some data were collected from other employees, not involved in the making of the BSC, more extensive information from this group could lead to more objective results. While the leader group’s opinions and satisfaction-level of the BSC may possibly be influenced by their participation in the whole process, the other employees’ reflections around the BSC might be more honest and realistic. Further, my access to the company is through family
relations, which could affect the interview surroundings and level of objectivity/subjectivity. This could ultimately lead to research bias, either interviewer bias, response bias, or both. However, the company is in general a very flat organization with an open and “relaxed” communication atmosphere, which indicates that my status did likely not impose a big problem.

As I am pursuing a single-case study, it is questionable to generalize the results given, and state whether a balanced scorecard without a strategy map is fully functional or not. This is partly because of the uniqueness of a single-case study approach. The approach and techniques in the case company might not be comparable with other BSC-companies, and could be difficult to replicate by other companies. It does, nonetheless, highlight an interesting aspect which is worth more research in the future.

6. Conclusion

The balanced scorecard has proven to offer an excellent framework for companies who seek to become more strategy-focused and execute strategy successfully. The BSC facilitates this by creating strategic awareness and alignment. The strategy map which the scorecard is built upon helps to identify objectives critical to the strategy and illustrates the causal relations between them. As such it also functions as a great communication tool to bring strategy through all the layers of the organization. In the literature review I found several studies confirming these benefits. Moreover it seems that the strategy map enhances managers strategic thinking and ability to identify critical elements in the strategy (Banker, et.al, 2011; Cheng & Humphreys, 2012; Gonzáles et.al, 2012).

Through a case study I illustrate how a company is using the BSC – without a strategy map – to enhance strategic performance. Essentially the aim is to identify any consequences the company is experiencing which might be due to their lack of a strategy map. As expected from previous research weaknesses were identified with regard to communication of strategy to lower levels in the organization and the identification of causal linkages in their strategy. The BSC has, nonetheless, had a positive influence on the company, and, in accordance with previous findings, the BSC framework has increased strategic thinking and awareness in the company, and enhanced manager’s ability to identify and prioritize strategic objectives and activities. As such, this paper illustrates the flexibility of a BSC, and offers insight into an alternative framework proven to work.
Bibliography


Appendix 1
INTERVIEW GUIDE: LEADER GROUP

Hva er din stilling hos Intrum?

Hvor mange år har du arbeidet hos Intrum?

Innføring av balansert målstyring

1. Hva var dine kunnskaper om balansert målstyring før det ble introdusert hos Intrum?
2. Etter din mening, og med dine ord – hva er balansert målstyring, og hva er hovedgrunnen til at det brukes?
3. Hva var dine forventninger til BM før/når dere startet med det?
4. Hva er dine tanker/erfaringer rundt designet, innføringen og bruken av BM hos Intrum?
   a. Positive/negative følger?
   b. Hindringer som har gjort det vanskelig?
   c. Mer arbeid enn det er verdt?
5. Hvor mye tid omtrent vil du si det brukes til arbeid med målstyring?

Balansert målstyring som verktøy

6. Hva mener du er BMs største/viktige rolle hos Intrum? For eksempel
   a. Hjelper de ansatte til å holde seg strategi-fokuset
   b. Kommunikasjonsverktøy – kommunisere strategi til ansatte
   c. En guide til å følge arbeidsmål og måltall
      i. Eller annet, kan du forklare?
7. I hvor stor grad bruker du/har du ditt personlige målkort i tankene i ditt daglige arbeid?
8. Hvordan arbeides det med strategi nå sammenlignet med før dere implementerte BM?
9. På hvilken måte kan du og de andre ansatte på din avdeling sjekke om dere arbeider i riktig retning i forhold til Intrums strategi?
10. Dersom det er avvik eller problemer i forhold til målkort, hvilke rutiner for rapportering og rutiner har dere i forhold til disse?
    a. Har dette forandret seg etter innføring av BM?
11. Hvor innvollerte er de ansatte på din avdeling i forhold til BM?
12. Hvor langt ned i din avdeling distribueres det målkort?
    a. Forstår de ansatte meningen med BM, og vet de hvordan deres arbeid bidrar til å nå Intrums strategiske mål?

Kommunikasjon av Intrums strategi

13. Til hvilken grad kommuniseres Intrums strategi til de ansatte?
    a. Hvordan kommuniseres det til de ansatte dersom det er oppdaterte målsettinger og/eller strategi?
14. Har bruken av BM påvirket/forandret måten de ulike avdelingene arbeider og kommuniserer på tverrs av avdelinger samt innad?
15. Kan du fortelle litt om hvordan dagens kommunikasjon foregår, både lederne imellom og mellom leder og andre ansatte?
    a. Oppleves det som optimalt eller aspekter som mangler/savnes?
16. Hvor mye tid omtrent vil du si Intrum arbeider målrettet med strategi?

Noen siste tanker / kommentarer i forhold til bruken av målstyring som ikke har kommet opp i intervjuet?

INTERVIEW GUIDE: EMPLOYEES

Hvor lenge har du arbeidet hos Intrum?

Hva er din stilling hos Intrum?

Bruk av balansert målstyring i Intrum

1. Hva vet du om Intrums arbeid med og hensikt bak Balansert Målstyring (arbeid med målkort og arbeidsmål)?

2. Opplever du noe til BM i din vanlige arbeidsdag -hvordan?
   a.

3. Har du et personlig målkort?
   a. Er du med på å utvikle det eller får du det ferdig utfylt av din leder?
   b. Har du noen tanker rundt bruken av målkort?

4. Har du opplevd forandringer som en konsekvens av BM? For eksempel
   a. bedre kommunikasjon og informasjon fra ledelsen,
   b. klarer arbeidsmål,
   c. effektivisering på arbeidsplassen. Forklar

Intrums strategi

5. Hvor godt kjenner du til Intrums overordnede strategiske målsettinger?

6. Hvordan oppdateres du når Intrum endrer sine målsettinger og/eller strategi?

Kommunikasjon på arbeidsplassen

7. Vet du hva som er forventet av deg på arbeidsplassen, og hvordan ditt arbeid bidrar til å nå Intrums strategiske mål? Hvordan og hvor ofte (ca.) blir dette kommunisert?
8. Hvordan opplever du ledelsens evne til å kommunisere med ansatte (deg) og videreføre informasjon du føler er relevant for ditt arbeid

### Appendix 2

**INCOME STATEMENT:**

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Appendix 3

FINANCIAL STATEMENT ANALYSIS:

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<tbody>
<tr>
<td>1. Skal utvikle og implementere ny løsning for adresse- og telefontjekter på både bedrift og privat slik at vi reduserer vår ressursbruk og skaper grunnlag for vekst i omsetning (bytest ned i dekleraner når spesifikasjonen foreligger – feidig innen 30.11.2013)</td>
<td>30.11.2013</td>
<td>Ja</td>
<td></td>
</tr>
<tr>
<td>2. Etablere dialer-løsning levert av Apper og tilgjengelig gjøre denne for Drift slik at vi effektiviserer våre prosesser. (tilspunkt ansått etter samtale med Daniel 19.06)</td>
<td>31.10.2013</td>
<td>Ja</td>
<td></td>
</tr>
<tr>
<td>3. Utarbeide en tjenestetekniske for overvåk med gradert leveranseinhold og differensiert prisstruktur slik at vi kan ta betalt i forhold til ytelse</td>
<td>31.10.2013</td>
<td>Ja</td>
<td></td>
</tr>
<tr>
<td>4. Fjene 220 brev og 150 tilakslepper fra systemet slik at saksbehandliner har et verkty som er tilpasset defintete og godkjente prosesser</td>
<td>30.11.2013</td>
<td>Ja</td>
<td></td>
</tr>
<tr>
<td>5. Etablere prosessen for Parkerings inklusive klagebehandling som en permanent tjeneste i Operations slik at vi kan imøtekomme kundenes forventning og avtalt leveranse</td>
<td>30.11.2013</td>
<td>Ja</td>
<td></td>
</tr>
</tbody>
</table>
Appendix 5

STRATEGIC ROADMAP:

- 2014 Focus on New Business
  - Parking
  - Bank/Finance
  - B2B (SME-medium)
  - Client retention and upsells
  - Forward Flow and PD

- 2015
  - Differentiated service levels and pricing
  - OpEx
  - New concepts together with partners
  - Long term strategy for SLS-services
  - Redesign of Infrum Web

- 2016
  - Introduction off-Cam services
  - Potential extension of B2B factoring solution from SE & FI
  - Production efficiency program (Lean)
  - Dialis integrated with Nove
  - Leadership:
    - Results
    - Playing coach
    - Team spirit
  - Culture Project
  - Competence strategy aligned to Infrum Way

- 2016 Target: NO 3
  - Revenue: M Kab
  - EBIT: M Kab