

10 Smart Ways to use Business Scorecards

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In “A Brief Introduction to the Balanced Scorecard” we covered the basics of Business Scorecards. Now let’s examine 10 pretty darn smart indicators and how Comarch ALTUM can help you reach your goals.

The Balanced Scorecard is a framework for measuring company strategy and performance which recommends that you measure your company’s performance from four perspectives:

- Financial Perspective
- Customer Perspective
- Internal Processes Perspective
- Learning and Growth Perspective

Two of the tools that make Comarch ALTUM a superior system are its built-in Business Intelligence and Business Scorecard (BSC) functions, which are designed to measure company performance. The BSC tool is set by default to follow the Balanced Scorecard



framework, so you can analyze your enterprise according to the four perspectives. You can also remove any built-in perspectives or create your own, and then attach the selected indicators. However, our experience indicates that the built-in perspective style is the most successful arrangement of indicators.

Now for some specifics; assume you own a small or medium-sized retail chain store company. What are some indicators that effectively diagnose your company’s condition? Let’s take a look at the four perspectives again, this time with

10 selected and pretty smart indicators:

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Financial Perspective

Indicator	Goal	How does Comarch ALTUM help you to meet the goal?
1. Overdue Receivables	Receivables over 60 days is less than 10% of Total Receivables	Comarch ALTUM provides reports to monitor overdue payments and delivers automation tools that let you effectively decrease the number of overdue receivables. You can optimize and control the level of receivables with features such as automatic notifications sent to your clients and credit limit controls. You can also implement methods to encourage your clients to pay its liabilities earlier like discounts for early payments.
2. Sales per square foot	Sales per sqft equals 120% of that of your competitors	The system lets you measure the sales level on one square foot of your total trade surface, breaking sales down into areas or particular stores. To get the most out of this information, try and compare this data to your competitors, or typical data within your industry.

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Customer Perspective

Indicator	Goal	How does Comarch ALTUM help you to meet the goal?
3. Customer loyalty	Number of clients in loyalty program is at least 15% of total number of clients	<p>Comarch ALTUM delivers dedicated solutions for serving loyalty programs, for example loyalty cards. The system architecture is based on a central database, which allows you to quickly identify every client who is registered in the program. Later you can use the reports in the system to analyze these figures against your total # of transactions.</p> <p>The system also provides broad support for promotional campaigns (defining the campaigns in CRM, adjustable price lists, discount management, and the ability to define product sets and packages). These types of promotional campaigns can help you build the number of clients who are part of your loyalty program.</p>
4. Most valuable Customers	Increase the number of clients in the “A category” to 40%	<p>With the instant reports in Comarch ALTUM, you will be able to quickly carry out an ABC Analysis* of your customers. This report will show you which customers are the most valuable. Once you know to which ones customers are most valuable, you know where to direct the most of your time and resources, increasing the effectiveness of your company.</p>
5. Customer satisfaction	Number of returns (complaints) less than 2%	<p>Comarch ALTUM’s logistics tools ensures real-time inventory records, including warehouse states, items on order (reservations), shortages, sold items and returns. Every day, the system analyzes the number of returns. This data can be broken-down by location, item features, and attributes. This allows you to quickly react to, and resolve product quality issues.</p>

*ABC Analysis rates customers (or products) according to decreasing value. The analysis ranks clients into three categories: A, B and C. The A category includes the most valuable clients, requiring the most attention and effort; B category includes clients of a lesser value; while into C category fall all the other clients. The point of the analysis is to redirect effort from the service of the C-clients to the more valuable clients, in particular to those from the A category. In general, research shows that in most companies 20% of clients make up 80% of the company’s revenues.

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Internal Processes Perspective

Indicator	Goal	How does Comarch ALTUM help you to meet the goal?
6. How many days will the item be in stock?	Days of Sales within 3 and 7 days	This indicator, called DOS is created by comparing warehouse states on a given day with the average daily sales (from the last month or quarter). It tells you (for each item separately) how long, on average, you will have an item in stock. This is a very useful indicator. Let's imagine you have 20% more T-shirts than pants in stock. Does that mean you should order more pants in relation to T-shirts? Well, not if T-shirts are being sold three times more frequently than pants; this mean that you should order more T-shirts! Using the DOS indicator you will know how much of which items to order. This indicator can also help you more efficiently utilize your warehouse space.
7. How many Purchase Orders haven't been executed?	Not executed Purchase Orders less than 5% of the total Purchase Orders	Comarch ALTUM lets you identify quickly not executed purchase orders. Apart from that, thanks to the tracking of documents' status, it will let you find out the reason for that situation. Having the document open on its history tab you can see all the information about who created it and who, when and what kind of operation have made to the document.
8. What is the relation between Sales Orders and Stock Value?	Sales Orders/Stock Value equals at least 0.7	Comarch ALTUM ensures that inventory is kept at an optimal level. The workflow mechanism allows inventory levels to be replenished automatically or as directed by the user. In order to optimize the quantities of purchased products the system can plan for estimated sales and constantly meet your optimal level of inventory for each product. This allows you to carry less safety stock and more tightly control your inventory.

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Growth and Learning perspective

Indicator	Goal	How does Comarch ALTUM help you to meet the goal?
9. How productive are your employees?	Employee sales indicator at least 105% of the indicator from the last quarter	The Sales-per-Employee report will let you know which sales people are your strongest. Additionally, you can set individual goals and run reports on their progress, so each employee knows how to measure his or her success.
10. Employee satisfaction	Employee Turnover less than 2%	Even though, for a small business, this calculation is not as difficult as it would be with a medium sized company, the calculations are contained in the system, so you will have easy access to the information. In addition, Comarch ALTUM will provide tools to help your employees be more productive, to stay organized, to see how they contribute to your company's success and to make better decisions. The system can also help you alleviate some of the problems that can be stressful for your employees (like product quality problems, miscommunications, dropped balls, out-of-stock situations etc). Employee satisfaction is certainly tied to how successful they complete their tasks and whether or not they have the right tools and technology to do their job well.

These 10 indicators are only a portion of the metrics available in Comarch ALTUM. They are, however, good examples of how to use indicators and how improving these measures can translate into real advantages. The 10 indicators we discussed and all the other indicators in Comarch ALTUM are updated on a daily basis with real-time data. In addition, you can easily add indicators in the Comarch ALTUM system without any programming knowledge. To change existing indicators, just drag and drop to or add or remove chosen elements.



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The Business Scorecard and the BI tool can also be used for reporting purposes. You can create impactful visual reports trending all the most important indicators on your computer or printed on a sheet of paper. You will also have access to reports directly into your email inbox or to Comarch ALTUM mobile devices.

In addition, a built-in alert mechanism will notify you (by sending a message via email) when a given indicator reaches a certain level or changes in trend (for example, falling profit margins). This functionality is a great tool to help you take decisive, quick action whenever there are situations that require your attention.



Comarch ALTUM and the Balanced Scorecard are two valuable keys to your success. The Balanced Scorecard provides excellent guidelines to boost your organization's performance, and Comarch ALTUM was designed to help you effortlessly measure performance to execute successful strategies.

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