BALANCED SCORECARD APPLICATION

IN SHARED SERVICE CENTERS

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Abstract

There's turbulence in the market that doesn't make the job of keeping a company working profitably easy. The hardship increases if the precious resources that are available are not properly allocated. When we reach support services, like finance, these resources should be the least possible, in order to reduce the overhead on sales of the core business product or service.

The immediate idea of shared services is that they exist to reduce costs, supported by core business units, which means the investment made on these units must be maximized, in order to maintain its importance in any companies' strategy, and to justify its existence. But it's more than that: although it may be so at start, there is room for evolution, going from cost-reduction to excellence centres in the long-term.

From cost to excellence, it is important to have a good measure of business: if it's going in the right direction, if the resources are properly allocated, if there is waste…and this is where the Balanced Scorecard can step in: to assist in the measuring, to enlighten decision-makers and help plan the future, while understanding the present.

My dissertation is about the deployment of the Balanced Scorecard framework to a Shared Service organization, by presenting a case study where you can see the positive and negative impacts a Balanced Scorecard can bring.

Abbreviation List

BPM - Business Process Management

BPR - Business Process Reengineering

BSC – Balanced Scorecard

BSU – Business Support Unit

HR – Human Resources

IT – Information Technology

SBU – Strategic Business Unit

SSC – Shared Service Centre(s)

KPI – Key performance Indicator

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1 Introduction

1.1 Context & Motivation

The rapidly changing business environment companies face nowadays forces them to, more than ever, reduce costs and make the available resources more efficient, as well as more effective, in order for them to be more flexible and focused on creating value. For large multi-national companies in particular, the need to maintain a common language, culture and practices becomes increasingly important, in order to give the group cohesion and a sense of belonging, regardless of where they are, so that the company's global strategy can be present in the minds of every stakeholder.

Shared Services come as a working solution for these demands, by agglomerating the support functions of any core business into one organization, devoted to these activities.

These *Shared Service Centres* have a pivotal role in eliminating overhead from core business units and standardizing procedures in different support functions, such as IT, Human Resources and Finance, over time transforming and evolving from simple cost-effective operational centres to strategic excellence centres.

But from the very early stages of planning a Shared Service Centre, there are questions that hover over this endeavour: *Will this project succeed in generating returns beyond its payback period and continue to bring an added value to the company? How will I know if these efforts are fruitful, and in what way?*

In the context of performance measurement necessity and strategy link to operations, I find it important to determine if the competitive advantage proposed by the implementation of a Shared Service Centre is valid, and what methods can be used to measure it, not only for a short term awareness and action, but also for long-term follow-ups.

1.2 The Question

So far, traditional performance measurements have dissociated the operational metrics from financial measurements, which creates a gap.

Despite the importance of money in the business world and the economy, a simple "more/less money" view cannot be taken as the complete picture in a decision making process. But adding non-financial metrics indiscriminately ends up doing more harm than good, especially in the performance rewarding system. This issue gains more and more relevance in the field of strategy implementation, where although companies report many performance indicators, they only look to profitability measures.

The "folly" presented in Steven Kerr's article "*On the folly of rewarding A, while hoping for B.*"(Academy of Management Journal, 1975) is very present to this day, where companies' performance measurement systems reward different behaviours.

In this sense, there is a performance measurement tool that has gained increasing popularity and praise, for being able to bring operations, metrics and strategy together: the Balanced Scorecard (Kurtzman, 1997):

At this time, there is a great focus in centralizing and harmonizing procedures within organizations. And for that reason, shared services centres were assembled. And like all other business sections of a company, they must have their performance managed. But due to its intangible nature, a question comes to mind: "How to organize and manage the performance of Shared Service Centres?"

1.3 Goal of the dissertation

We must consider that a Shared Service Centre, whether part of a corporate group or subcontracted, and regardless of its state of evolution is an outsourcing solution, and therefore a part of the body of knowledge of outsourcing solutions. As such, one of the goals is to deepen the knowledge base for business improvement techniques that can be integrated into the outsourcing process.

According to Humphreys(2008), since outsourcing is a cost-effective way of performing routine, off-core business activities, there is a tendency towards using it. But it comes at the risk of losing scope, the sense of belonging and the corporate culture that, for some companies, is decades old and served as social glue.

This dissertation intends to determine what is, or can be, an effective and efficient performance measurement tool for Shared Service Centres based on the Balanced Scorecard methodology, that allows this kind of organizations to better align their resources, skills and knowledge to not only justify the investment made on a financial level, but also to serve as a strategic alignment tool and active agent of change within or for the organization or organizations that are their clients or partners.

1.4 Methodology

The purpose of this dissertation is to answer the question presented in section 1.2 of this Chapter:

"How to organize and manage the performance of Shared Service Centres?"

As I am aware of a particular case available, an organization that declares to have implemented a Balanced Scorecard as a performance indicator. Being a Shared Service Centre, it meets favourable conditions, such as being a solid platform for standardization, a push for cooperation, cost reduction and a form of strategic communication, with a very strong IT focus.

In order to analyse these characteristics under the Balanced Scorecard, it is a good option to choose an exploratory form of research, since the data available can be obtained from a real-life example. Also, there are multiple sources of data, which can facilitate triangulation, or the validation of the accuracy of data.

My strategy is to use a single case study: it is an empirical investigation of a real phenomenon, in which it is important to not only understand the phenomenon (a Balanced Scorecard implementation), but also its context (within a Shared Service Centre). The case study answers main questions, like "why a BSC?" and "how is it implemented?"

The organization has departments that operate under the same strategy, making it interesting to analyse at least one of them more closely, and see the effects of what is being done in terms of overall performance management, and what can be changed (if anything) to improve it, or align it with its organization (again, if necessary). For this reason, the case study will be embedded, meaning a closer look taken on strategy.

1.5 Shared Services: a Support Unit

In Kaplan and Norton's book, "Alignment", business support units originate from the nineteenth century's functional organizations, where employees have specialized knowledge that can be deployed throughout the organization.

The output of support groups (expert advice, a report…) is often intangible. It's hard to quantify the impact of the output of these units in terms of effectiveness and efficiency. They differ in expertise and culture from the production line business managers.

Shared Service Centres are specialist centres, included in corporation's business support units that emerge to process back-office activities, such as HR, Finance and IT. Their purpose is to standardize processes and activities, which involves identifying similar roles, taking them from their original places and agglomerate them in organizations or companies that are devoted to these companies. As Bergeron (2003; p.13) would say:

"*Shared services are a collaborative strategy in which a subset of existing business functions are concentrated into a new, semi-autonomous business unit that has a management structure designed to promote efficiency, value generation, cost savings, and improved service for the internal customers of the parent corporation, like a business competing in the open market.*"

The general purpose of these centralized activities is to reach economies of scale, introduce best practices and service ethics to customer care and, in the process, create the conditions to introduce global communication tools and harmonized information systems that can execute and align the strategy of all business units within the group.

1.6 Organization

This kind of organization has a single focus: delivering services that are agreed upon, at competitive prices. There is an active management of services and customer satisfaction, an acceptance of the services' continuous improvement. The technological leverage improves efficiency, and they are structured to reach economies of scale and, simultaneously, flexibility.

Cost is the key argument to implementing a Shared Service Centre. That is why it is so important to make sure that the implementation of a Shared Service Centre is going to generate a positive ROI, since the amount invested is usually large, in both infrastructure and knowledge management. But there is a long way to go, from the simplified, standardized, operational centres to the service excellence centres; this premise is good for both the Public and the Private Sector. [2]

In theory, "*a shared business unit can handle any business function successfully, as long as there are adequate management and specific performance criteria.*" – (Bergeron, 2003: p.14).

2 The Balanced Scorecard

2.1 Definition and Evolution

The Balanced Scorecard is a strategic performance management tool, “*a set of measures that gives top managers a fast but comprehensive view of the business”*(Kaplan, Norton, 1992: p.71), which include a set of perspectives that go beyond the usual financial measures of performance.

It has four essential perspectives, designed to link the company’s strategic vision and performance measures: financial, customer, internal processes and learning/innovation, which aggregate a company’s agenda into a single report, with long-term management in mind, and aim to reduce the risk, or at least get a clearer view of the impact decisions taken have in the company, not only at a global, but also on a local and even a individual level, through the creation of cause-and-effect relationships (Kaplan and Norton, 1996a: p. 31; Kaplan and Norton, 1996b: p. 53).

Also, it provides a “map” for the operational measures: since they are presented together, it’s possible to “see” if improvements in one area are at the expense of other areas (Kaplan, Norton, 1992: p.73).

A good description of the innovation brought by the Balanced Scorecard can be the one given by the authors themselves, and can be represented by the figures below (Figure 1):

"*The balanced scorecard retains traditional financial measures. But financial measures tell the story of past events, an adequate story for industrial age companies for which investments in long-term capabilities and customer relationships were not critical for success. These financial measures are inadequate, however, for guiding and evaluating the journey that information age companies must make to create future value through investment in customers, suppliers, employees, processes, technology, and innovation."* (Kaplan and Norton, 1996; p.76)

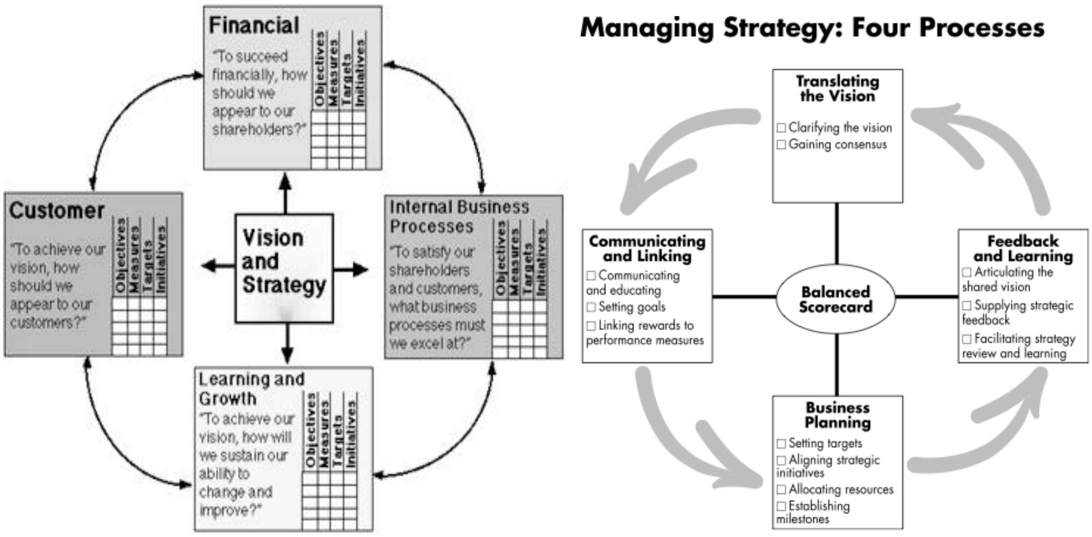

Figure 1 - Managing and Translating Vision and Strategy (Kaplan and Norton, 2006, p.76)

2.2 Structure and Applicability

The financial perspective, although usually placed atop of the other perspectives, does not have to forcibly be there: it is there because the most basic need of any privately-owned company is to generate enough money to pay for the investment made by shareholders and other liabilities that occur naturally (or not) from its activities.

The learning and growth perspective is meant mainly for employees and is usually set at the base of the strategy map (although the financial perspective may take its place), since it is the employees that provide the basic strength of any business: knowledge, skills and awareness should be the pillars of any organization, in such a way that it facilitates not only the work that is done, but also the understanding of strategy, procedures, action plans and which place and part do they take in not only the local department and company, but also in the entire organization.

The two remaining perspectives – internal business processes and customer – are placed in between the two others, usually in the given order, bottom to top, since they are closely related and the processes have a direct impact in the relationship with the customers, both internal and external.

2.3 When the Shareholders are not the main concern

The Balanced Scorecard in non-for-profit organizations and public entities, and also some specific businesses (like business support units), do not usually have the financial perspective as their top, immediately before their vision since, being either funded by budgets or by donations, it has a primary goal of fulfilling a greater need other than that of shareholder equity, such as the improvement of quality of life or the satisfaction of the administrative needs of an interest group (timely report of tax returns, quick handling of medical appointments, the providing of study grants to international students…) – Kaplan and Norton (2006).

A way to define and guide the employees of such organizations is by creating Strategy Maps and Balanced Scorecards, which are meant to create incremental enterprise value to the shareholder (and other stakeholders in suite), through the alignment of the customer, process and learning objectives of the support unit with its own objectives, over the long term.

In a Finance support unit, for example, its learning objectives describe the transformation required for the future role that unit has as a decision support unit, since they already expect low-cost and basic processes, scaling up to informative reports to management and Finance decision support.

This new role should be built on historic competencies the finance unit possesses (accounting, control, risk management…), and new competencies should be developed that enable employees to understand strategy, operations, and how to work directly and effectively with Business Unit managers (the support unit's essential customers).

The goal is to excel at the internal processes and become a financial adviser to the Business Unit's financial manager, maintaining a healthy balance between a good contribution to the customer and team members, as well as complying with the requirements of external entities for integrity, control and risk management, which in turn is aimed at increasing stakeholder value-creation.

2.4 Implementation and Maintenance: Strong points and Pitfalls

There have been several successful cases of implementing the Balanced Scorecard, in multiple areas of business, such as IT(Kaplan and Norton, 1993: p. 6; 2006: p. 97-101) or healthcare (Macdonald, 1998: p. 33-38), or industrial business areas, like the oil business or aeronautics (Kaplan and Norton, 2006: p.196-197; p.149-152), and even support functions, like Finance (*idem*, p.152-160).

These "successes", however, do not translate directly in higher profits. They do translate in a better understanding of a company's capabilities and also how to deal with its resources in a - if not integrated - harmonious way, specially with its own strategy.

As for the criticism regarding the Balanced Scorecard, there are those who claim it is "*a set of untested assumptions"* (Kenny, 2007: p.33). And there is indeed a great rate of failure in implementing the pure, theoretical framework. But these failures do not come from the Scorecard itself, but from either failure to provide the resources, or understand the requirements before the scorecard's implementation.

One of the main issues arises at the moment of implementation of the Balanced Scorecard: there is one major requirement that allows the Balanced Scorecard to work: having a defined business strategy - this is the conduit that spans organizations and should act as a common identifier, upon which the Balanced Scorecard will operate. Another issue that is common among implementers is the attempt at using a generic scorecard for the entire organization. If we address this issue in international, multi-business corporations, it becomes even more visible: the Balanced Scorecard is not a cooking recipe: what works for one particular organization, even in the same market, may not work for another. "*Omission is a common failing"* (Davies, 2005: p.5)

When the scorecard is already implemented, there may occur issues like inflexibility (the refusal to accept change and innovation in the Scorecard itself) or ignoring local initiatives or measures in detriment of top management-accepted and globally known performance standards (Davies, 2005: p.5). Another big potential issue is “Reification – the false view of the real world”, where distorted views of reality may cause manager’s analysis and decisions to be strayed from their initial of intended goal, leading to cynicism, lack of commitment (essential for the Balanced Scorecard to work) and ultimately, misleading reports and conclusions.

2.5 "Contestants" to the Balanced Scorecard

2.5.1 The Performance Prism

The Performance Prism is "*a three dimensional model that has five facets, like a prism: on the top and bottom, Stakeholder Satisfaction and Stakeholder Contribution respectively. The three side facets are Strategies, Processes and Capabilities.*" *It places the main stakeholders and their relationships with the organization under scope. Therefore, the organization should understand and attend to the needs of these stakeholders "ahead of time, rather than learn about them later*" (Neely, Adams., 2003; p.110-112)

This performance framework comes from the same source as the Balanced Scorecard: how to prosper in the long-term, by delivering value to stakeholders.

But the concept of stakeholders is broader than just shareholders, including customers, suppliers, employees, communities and regulation entities along with them.

Over time, different stakeholders will have different needs, and they must be given proper attention and care in order for the organization to function properly and, in that way, provide greater value for the shareholder.

In this sense, stakeholders have not only the ability to influence the organization, as they are also their regulators.

The authors, Andy Neely, Chris Adams and Mike Kennerley, propose a performance management framework called Performance Prism, structured to shed light on the complexity of an organization and its relationships with multiple stakeholders, within the operating environment.

There are a few learning points to present:

- Stakeholder: entities that relate to the organization, while the organization is working to grow shareholder value;
- Reciprocity: there is a *quid pro quo* relationship with the stakeholders;
- Strategic alignment: strategies and processes must be linked in order to understand their purpose in adding value to the stakeholders.
- Measures: they must be questioned constantly: “Do we need it?” “Why do we need it?” The measures must be examined constantly in order to be sure that they are the right measures.
- Communication: people need clarity. They need consistency. They need to know why they are important to the organization and what the priorities of the organization are, so they can take action upon them, and how the action taken links to the strategy of the organization and delivers value to stakeholders.

The Performance Prism has five related perspectives that allow managers to think through the answers to fundamental questions:

- Who are the stakeholders, and their needs/wants? (Stakeholder Satisfaction)
- What do we want/need from our stakeholders? (Stakeholder Contribution)
- How can we satisfy the sets of needs/wants? (Strategies)
- What can we, and how can we do it, to satisfy the sets of needs/wants? (Processes)
- What do we have that we can use/apply/deploy, to operate the processes in a more effective and efficient way…? (Capabilities)

It centres itself more on a Human Resources starting point for performance management (stakeholders), while the BSC starts by understanding the relationships between the actions taken, according to the given strategy (the strategy map).

In order for the organization to be efficient in understanding the changes that occur in terms of performance management, they must be informed of these matters and trained in understanding them, to promote a smooth implementation in the long term.

2.5.2 EFQM Business Excellence Model

The Business Excellence Model is a framework dedicated to assisting organizations in determining best practices for their business processes.

A consortium of European companies (initially, 14 companies) is keeping and helping implement it in over thirty thousand companies as a “non-prescriptive” performance model (EFQM, February 2011). According to the EFQM, the Excellence Model helps deliver the strategy, “see” the link between strategy and operations and contribute to progress.

The Business Excellence Model, as with the Balanced Scorecard, has as a set definition the value adding to customers, the strategic focus and management by process, the people aspects of empowerment /innovation and continuous improvement.

It also allows an understanding of the cause-and-effect relationships between what an organization does, and its results. Since it is non-prescriptive, it can be applied to any size, sector or maturity of an organization.

But according to the EFQM (February 2003), it is possible to integrate the Balanced Scorecard in the EFQM Excellence Business Model, just as long as there is some sense in fitting both approaches together. The concern would be to have the strategic goals in mind when overlapping both views.

The main constraint in the overlapping is the timing of the reports on either framework: while the EFQM requires some performance data stability for three years, the Balanced Scorecard’s performance management reviews the main Key Performance Indicators on a yearly basis, and operational KPIs may face review even faster (monthly or weekly).

3 Case Study: Introduction

The Balanced Scorecard methodology has evolved over time, with the contribution of practitioners and businesses, from a measurement tool to a strategic alignment and performance / change management set of practices, that allow organizations from various areas of life to better understand their reason to be and how the actions taken fit those reasons.

As such, I have decided to apply a case study methodology to my dissertation, hoping to add my contribution, in the scope of a particular kind of organizations: shared service centres.

The names used to identify the organization are fictitious, in order to preserve the privacy of the organization:

The Moon Group is a European industrial conglomerate, with its main business areas being chemicals and plastics, employing some 30.000 people worldwide, with offices spread across 5 continents.

Its management model is based on product innovation and competitiveness, with a focus on knowledge and people management, based also on ethical behaviour.

It is these values that cascade from the Central Offices to the Strategic Business Units (SBU) and Support Units (SU), the latter of which the organization used as a case study is a part.

The Group has a dense organizational structure, with a controlled stance on expenses and investments. This is positive in terms of determining the next set of investments and expenses for the following year, since there is tight budget control and planning of expenditures. The downside to this approach is the slow decision-making and burocratic process of such decisions.

In terms of accounting and controlling systems, the Moon Group follows the IFRS regulations, as well as the Activity Based Costing (ABC) system, a clearer assessment of the sources of costs, enabling it to better understand what courses of action can be taken to increase cost efficiency and return rates, not only on the short-term, but also in the long-term.

These are excellent conditions for the implementation of the Balanced Scorecard methodology, not only because there is already a planning scheme for the long-term, both in a global and a local sense, but also because the focus on ethical actions is inviting to the existence of non-financial metrics.

Share SC, the organization that has implemented a Balanced Scorecard, shares all the strategic focus and characteristics of the industrial SBUs. But due to the endemic decision-making constraints of the Group (and this organization being service-oriented rather than industrial), the burocratic hierarchies and strategically under-skilled middle-management structure created severe constraints on its performance, of which I will proceed in presenting and suggesting fundamented improvements.

3.1 Share SC: Organization Overview

Share SC is a shared service centre, part of Moon Group's support units, designed to satisfy the cost-reduction needs of the Group. Its main purpose is to handle the financial operations for the Group's SBUs, which operate in the industrial segment.

Share SC aims at centralizing most of the administrative tasks of accounting and financial reporting, intended at reducing the Group's overhead on the finance function. For that purpose, routine and administrative processes were to be transferred from their native countries where they were being performed, to Share SC.

For the duration of the initial five years, "knowledge transfer" sessions took place, in order to, first of all, document the existing procedures in each country, so they can later be analysed into standard procedures and process flows and re-organized in the Group's ERP system (SAP®) in a Service-Oriented Architecture (SOA).

The Moon Group as a whole cascades its core values to all the group's SBUs, and Share SC is no exception, those values being:

- Ethics;
- Respect for people;
- Customer care;
- Empowerment;
- Teamwork.

These values are the guidelines for each business unit's mission, vision and strategy, in the industrial business. The issue, then, was to cascade this vision, mission and strategy into providing services, a new area of business for the Moon Group.

Assuming itself as a dynamic, yet cautious investor, the Moon Group sought to prepare for this massive leap.

First in infrastructure, with the SAP® environment to be prepared and implemented in SBUs at all levels (from top management to operational teams) in an effort to integrate all data in one system.

Second, in making people in the organization understand the benefits of standardization and harmonization of common processes, with the purpose of taking advantage of the system's synergies and capabilities.

Although not entirely known, the risks of such project were considered: how would those responsible for these activities today react to the change? What would they perceive as beneficial for them?

Training sessions took place; they were prepared in order to give the members of the organization an overview of the change to come, since not all SBUs were ate the same skill level with the ERP system (some companies had used SAP® for decades, while others had not yet been included in the system: there were still legacy systems to integrate).

After completing this step, the shared service centre was implemented; those in charge of certain existing Finance processes were assembled in order to prepare the new workforce for their new responsibilities, with a declared long-term perspective in mind, as well as scalability features.

The ERP system has the legal responsibility of compliance to financial audit, which makes it the primary external reporting tool. All other systems provide support to any query performed on the ERP system, but all justification elements (posting documents, invoices…) must be within it.

The main restrictions that can be determined from even a brief analysis of the decision processes:

- A dense and slow burocratic process of access and approval;
- Multiple decision-makers for one course of action;
- Parallel information system's dependence (not all relevant data is in the ERP system);
- Scattered personal notes used for troubleshooting;
- Information lockdown (not sharing "the big picture").

Any combination of these factors can emerge when a course of action is undertaken, be it for implementation or improvement.

Nevertheless, the underlying will to change is present: new ideas are welcome and are kept until such time as they can be used. This contradiction (resistance to change vs request for change) appears to be what causes the very first obstacle to sound progress.

3.2 Share SC: *Status Quo*

In order to maintain strategic alignment with the Group, Share SC adopted the Group's values and cascaded the vision and mission:

"To be the preferred finance e-service company, promoting change and perform agreed-upon shared services, in order to increase and sustain competitiveness for all Moon entities."

Both mission and vision are included in the sentence above.

The adopted strategy varied, since Share SC has specificities in terms of the kind of work being performed, the level of legal responsibilities, the definition of "who does what" and "who is in charge of what".

In order to maintain a good level of communication, which is essential for future reference and the continuity of the information flow, Service Level Agreements (SLA) were created, allowing for proof of boundaries, responsibilities and measures of success, as well as compensation measures to be enacted should either part of those included in the SLA go into default.

Workforce and space allocations are kept in parallel documentation, namely Microsoft® Office Excel sheets, creating duplicate and un-standardized information structures, instead of using the also available Microsoft® Exchange Server inside the Office 2003 suite, namely through Outlook. The outcome is more de-synchronized and dis-integrated information that requires constant update on all related files, increasing not only the workload required for the updates, but also increases the risk of error and conflicting appointments.

These constraints make good role and responsibility definition difficult, as accountability for actions is scattered across multiple files and systems. Mainly, the redundancy used to increase "flexibility" and "empowerment" has created the information scattering Share SC now faces, which in turns makes performance measurement and management diffuse and vulnerable to double meanings.

3.3 The Balanced Scorecard at Shared SC

For the initial part of the implementation of Share SC, the BSC in itself was not used, as there was no certainty that the project would be maintained. Some measures, mostly financial, were used to make sure the perceived performance of Share SC met the expectations of the Group.

After the implementation phase of Share SC was complete, actions were taken to create a scorecard that was able to meet the needs of Share SC.

This “scorecard" was based on the company’s “critical success factors” – what is perceived as the main reasons for the company to succeed – and in that sense, demonstrates its performance throughout the year.

in order to keep track of the progress of these measures, a trend was added, as well as the available benchmarks, as can be seen in Figure 2.

CSF	Indicators	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Year-To-Date	Yearly Target	2007	2008	2009	Goal (4y period)	Trend
Performance	EBIT (in K€)	600	400	350	300	1 650	1 500	2 333	4 401	1 443	7 380	UP
Performance	Cost per FTE (in K€)	11,7	12,1	12,2	12,2	48,2	51	50,8	52,86	48,97	39	UP
Performance	Successfull migrations (%)	97,30%	96,00%	97,70%	95,70%	96,68%	100,00%	94,00%	95,00%	98,1%	100%	UP
Performance	Completion of key projects (%)	-	41%	53%	70%	54,67%	100%	12%	69,00%	88%	50%	UP
Performance	Performance *vs* Upper Quartile Benchmark (%)	71%	74%	75%	78%	74,50%	>75%	5%	13,00%	28%	10%	UP
Customer	Completion of selected + contractual KPIs (%)	93,4%	92,0%	91,0%	91,7%	92,03%	>95%	97,0%	86,44%	94,59%	98%	UP
Customer	Customer Satisfaction - Survey(%)	66,2%	66,2%	66,2%	68,5%	66,78%	>75%	58,5%	62,30%	66%	>75%	DOWN
Customer	Complaints per 1.000 transactions (∑)	2	2	1	1	6	< 5 / 1000	0,67	0,7	1	< 2% of ∑ transactions	DOWN
Customer	System availability ratio (Hrs downtime / %availability; %)	94%	99%	98%	97%	97%	>99%	97%	99,3%	98,59	99%	UP
Customer	Nr. incidents per 1.000 transactions (∑)	0,05	0,08	0,09	0,04	0,065	< 1 per ∑transactions	115	0,2	0,1	< 1% of ∑ transactions	DOWN
People	Headcount per WFP ratio (%)	103%	97%	99%	101%	100%	100%	105%	96,2%	101,4%	100%	UP
People	People engagement index (%)	65%	65%	65%	65%	65%	>75%	87%		65	> 80%	DOWN
People	Backup recovery plan ratio (backups / nr of critical positions; %)	97%	96%	99%	99%	98%	>95%	128%	83%	96,2%	100%	UP
People	Turnover ratio (Nr. Org. unit entries / Nr. Org unit exits; %)	1,35%	2,19%	16,07%	4,72%	6,08%	[15% ; 25%]	18,80%	25,30%	19,23%	< 10%	DOWN
People	Nr. training hours per FTE	10	23	26	27	86	82	140,1	11,36	98,74	>80h /FTE	DOWN
Society	Nr. of social initiatives	7	11	14	10	42	30	6	4	36	10	UP
Society	Nr. awards /recognitions / Certifications	0	1	0	0	1	1	1	3	2	2	UP
Society	Nr. submitted ideas per FTE per year	0,24	0,2	0,34	0,52	1,30	1	0	0	0	0	UP

Figure 2 - Share SC's declared Balanced Scorecard

3.4 Corporate Methodology at Share SC

The organization claims to be applying best practices when executing the strategy through its BSC table.

However, considering the table presented and the strategic inconsistencies that have been displayed, and will be further highlighted in the next section, where the Accounts Payable department will be analysed under the Balanced Scorecard guidelines, a series of misconceptions cannot help being noticed:

- There is no visible accountability for the strategic goals of the organization;
- The declared strategy is diffuse, causing confusion among employees as to their purpose within the organization;
- A lack of cause-and-effect relationship between the "critical success factors" and between the indicators linked to those factors (generating more confusion, as there is no integration and little cohesion);
- Incoherent/missing calculations: For example, the "survey" indicator is made up of a series of metrics that are calculated outside of the organization. It is not simple and has many risks of being misinterpreted or over generalized, since it is used by the entire Moon Group.

The methods used for data acquisition consist of not only the ERP and CRM tools available, but also ad-hoc spreadsheets, in Microsoft® Office Excel, used frequently throughout the organization.

Most operational employees are "Exceloholics": they use spreadsheets to everything and anything, from the simplest arithmetic operation, to the most demanding data acquisition and analysis task.

It is not designed under the main perspectives of the Kaplan/Norton methodology: according to the authors of the BSC, it doesn't have to. However, it is important to maintain some form of cause-and-effect relationships on the actions undertaken in the

BSC, under penalty of its members, when receiving any message that relates to strategy, perceiving it in different ways.

Kaplan and Norton’s perspectives were replaced with “critical success factors”:

- Performance (to/above the company’s Business Plan);
- Customer (attract and keep customers, to provide added value);
- People (right hiring of international workforce; Train and motivate);
- Society (promote development programs, with social responsibility);

Although not initially thought of, there was a need to create a strategy map, in order to better understand the workings of the presented strategy and its link to the performance indicators, as presented in Figure 3.

When examining the strategy map, some actions that have no logical connection with the previous perspectives were found (marked in red), generating no cause/effect relationship: the justification presented was that the activities were “antagonical”, meaning that a given positive action in one perspective will have a negative impact on some or all of the other actions that were identified as critical, and therefore presented in the scorecard.

Not only that, the derivation of the strategy map from the BSC shows no strategic objective intended for the KPI, which means that the reason for calculating this KPI and not another is not declared, leaving those who attempt to understand the company’s strategy (mainly the workforce stakeholders) at a loss of direction and a sense of purpose beyond “work-for-pay”.

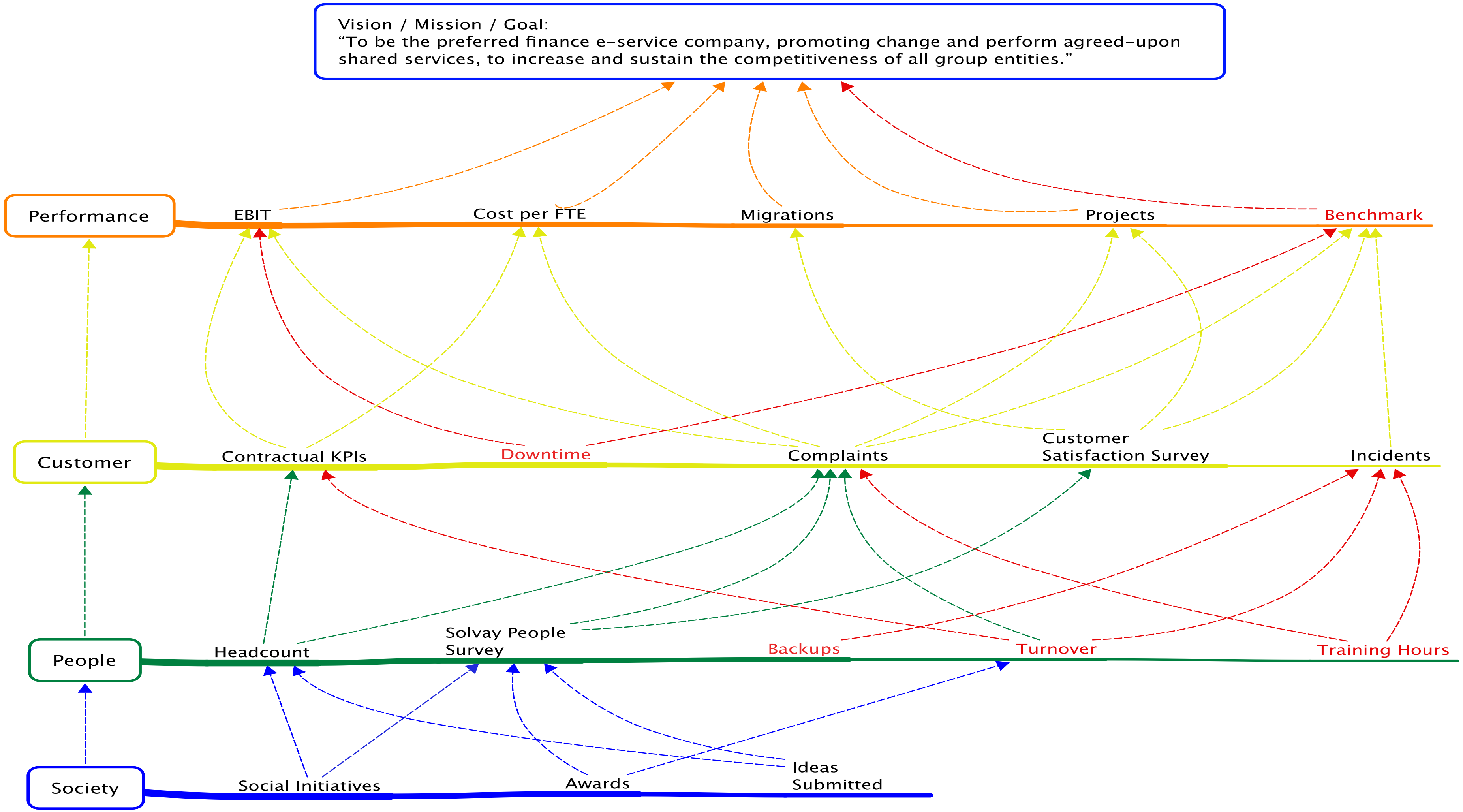

Figure 3 - The Strategy Map of Share SC

For example, at a global level, there are no connections between the “Society” critical success factor’s objectives and the “Training Hours” objective from the “People” critical success factor, making it difficult to understand the logical connection between them, despite the objective of the “People” critical success factor being:

“To hire the right people, with a competitive HR package, guaranteeing an internationally diverse workforce. To train and motivate (…) to develop process knowledge and efficiency”.

Share SC’s “Critical Success Factors” are aligned with the group’s strategic action pillars, but are too vague to be linked logically to any measurable action plan to any department or specific team: if you take the “Performance” critical success factor, for example, that has “cost per FTE” as a KPI: the lower the cost, the better for the company.

What actions can be taken, under those ethical strategic guidelines, to lower FTE cost…?

According to the strategy map, the main focus seems to be on “Complaints”: managing and “nurturing” a participation culture with customers, in which, instead of using the issues that arise from the operations as a recrimination tool, are being used to point out possible improvements, in the spirit of constant improvement.

Reality, however, is quite different: despite the fact that the reasons for complaints are recorded within the CRM system, only basic analyses are performed, with a focus on reduction and not handling. Some patterns are identified, but they - displaying a recurrence of events - enact little change actions.

In order to maintain this sort of transactional services flowing, it is important to understand the troubleshooting escalation process: the main structure of the finance services operates at an up-scaling hierarchical level, from a troubleshooting point-of-view: the operative scales up the issue to a senior, which scales to an expert, which scales to a team leader and so on, until ultimately the Process Owner, or other main decision element, handles the issue with those concerned.

This gap reflects in the information system as a whole, and the procedures created to handle it: the ERP system itself is used more as a repository of accounting / finance information than an actual "enterprise resource planning" tool; although the goal is to make the documentation for follow procedures clear enough for any element of the workforce to execute them, it lacks some troubleshooting.

Since it is parallel to the system, the documentation created to handle it is in natural need of updates and requires approval from Process Owners on major changes (such as the use of new transactions, new features, troubleshooting creation / update), which by accumulation of other functions, spend little or no time examining the procedures to provide, or not, their approval.

To better analyse the impact of this alignment issue, one department from Share SC will be analysed, due to its sensitive and visible nature: the Accounts Payable Department.

4 A Closer Look on Operations: Accounts Payable

The Accounts Payable Department (also known as “AP”) is in charge of handling the administrative payment process for both the external and internal suppliers of the Group, in all sorts of goods and services, both from and to different countries.

This process has several quirks that must be addressed carefully, due to the sensitive nature of its operations: money outflows, in either small or very large amounts. We will examine, for example, its connection to the internal factoring entity and the impact it has in the execution of its objectives, as well as the drawbacks of shared responsibilities and duplicate decision-making.

4.1 Accounts Payable: Organization Overview

The AP department’s structure is based on its main processes: image quality, invoice posting, data control and case resolution, with some loops between invoicing and data control. They have teams assigned to them, hierarchically organized much the same way as any other department in the company: Operators, Seniors, Experts, Specialists and Team Leaders. Event handling is scalable, meaning issues escalate from the operational teams to management teams.

The overall invoicing process can be described in the following knowledge flow:

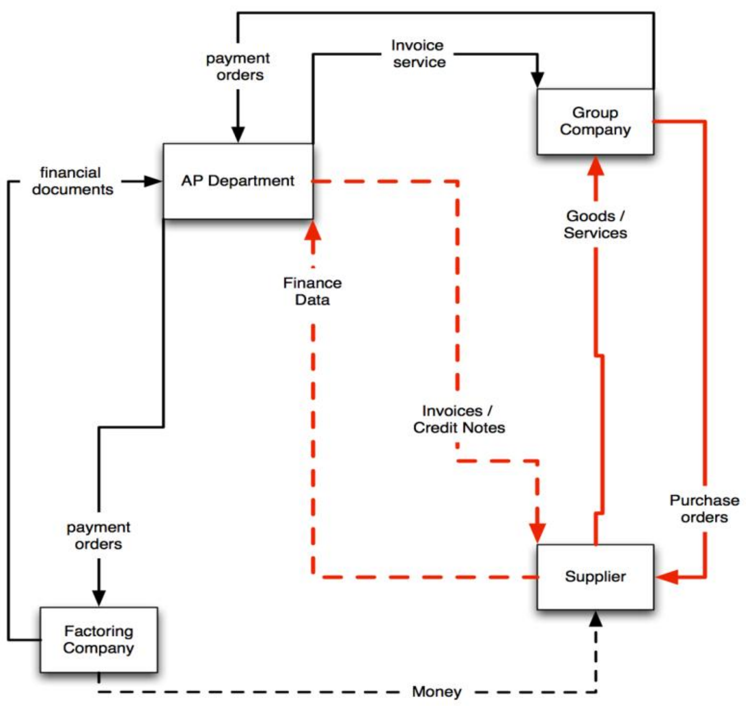

Figure 4 - AP's knowledge flow.

The documents are carried over the Group’s internetworking structure, making it available to most, if not all, intervening elements of the flow.

Data, however, has a natural series of security and responsibility restrictions and divisions, based on the agreed-upon services and accesses that each organization has set for each other. Handling these accesses varies greatly in time of reply.

The main process is designed so that the invoices follow a path, before they are posted safely: the workload is received and sorted by the image quality teams, which receive paper and digital invoices and sort them according to country and Group company.

The paper invoices are then digitized into an OCR tool that fills in the main data fields inside the SAP® system. This procedure is mostly automatic, but the OCR tool cannot successfully analyse all images, meaning some of the data verification must be done manually.

Following the digitizing procedure, the invoices are checked for data consistency, specificities and possible connections to past issues (incorrect invoices that require credit notes and so on).

If all information is correct and all the validations are given, the document is posted in the ERP system, issuing a payment order to the Group's Factoring Company, who centrally handles all of the Group's treasury transactions. If not, a webnote will be sent to the person responsible, on the local finance team's side, requesting data updates.

Regarding the data updates on supplier master data, to be performed by the local financial teams, they are many times overlooked or ignored, turning the system-update capabilities of the department into a parallel information system, used to maintain quality standards. Clearly, the strategic focus of the department shifts from flow improvement, to flow maintenance.

4.2 Accounts Payable: *Status Quo*

It is very important for an industrial group to maintain a healthy balance of inputs and outputs, in order to reduce indirect costs (administrative overhead, storage…).

This sort of healthy balance can only be achieved if a good relationship with suppliers is created and maintained, ensuring the goods are received in the right (or closest possible) amount, for the best price, and the payments are processed properly, safely and as consistently as possible.

In order to maintain some consistency in supplier handling, the transactions are processed much the same way, involving the same basic set of information on each company, in whatever country. For this reason, they were transferred to the AP Department.

However, despite being transactional and money-related in nature, regardless of which country they're performed in, the transactions depend on several factors, namely the history of the supplier with the Group's companies, the legal framework of the country and sometimes the nature of products purchased; this sort of data provides insight on the level of trust established between the Moon Group and the supplier.

From an internal point of view, some political issues must be noted: when this task transfer process started, some of those that performed them felt they were losing grip of some decision power within the Group, and offered some resistance to this sort of actions. In order to prevent uncomfortable situations, only the administrative process was transferred: the local finance teams are in charge of master data changes.

This is why most of the data changes required to increase the department's performance (quicker processing of invoices, while maintaining the same high quality standards) becomes implicit, meaning only those who have a more constant dealing with a certain set of invoices (such as the same country, or the same Group company), can truly generate value for the Department.

This implicit perspective becomes even more evident when the Group deals with other international entities, mainly shipping and delivery services, that may themselves require different handling, depending from which country they originate or to which country they issue the invoice.

Since the goal of transferring these processes to a centralized unit is to harness the synergies of knowledge from each source of the process, together with efficiency policies, holding the ability to properly handle master data updates on supplier information and their specifics is a major obstacle to overcome.

This division of responsibilities created a problem within the AP Department: the need to maintain good quality at the lowest - although some prefer “more competitive” - cost possible, forced management to create a parallel information system to SAP® to handle details’ changes (if, for example, suppliers as entities are acquired by others, their fiscal status may change; if the supplier transfers some of its activities to a subsidiary, the same dealings are now handled by another fiscal entity, despite being in the same group).

Technically, this situation creates redundant data for the users, which have to confirm not only the data in SAP®, but also make sure the details in SAP® match those in this parallel system, which consists of a series of Excel files in a shared drive, organized more or less according to countries and companies, with some details on what to change in SAP® in order to comply with the customer’s demands (here, customers are the Group companies, that receive the updates provided by the suppliers, such as billing addresses and bank account information).

As time progresses, more and more updates are included in the Excel® files, making access to these files slower and making search and update tasks increasingly difficult; at some points, specificity data is not only redundant, but also replicated in the Excel® files, but not linked, meaning one section may be updated, while another is not. This impacts directly on the department’s ability to respond timely, while assuring all security aspects of the transactions are in place.

Moreover, the excessive workload is noticed by top management, which requests the situation be analysed, requiring the already scarce resources to be even more divided.

The strategic focus of the department is on quality of service, security, accuracy, and cost efficiency, with ever-increasing automation of processes in the long-term. But when the process is examined more closely, we find that most decisions are simply based in cost on the short-term, rather than the declared "careful long-term investments".

It is at this juncture that most of the misalignment occurs: while the focus is said to be on quality and increasing automation, the constraints created by the lack of timely updates on the process and proper planning generate a decrease in quality and security with more dependence on manual labour, which has a higher risk of errors and an obvious step backwards towards the declared strategic goal.

4.3 The Balanced Scorecard at Accounts Payable

Despite the recent push for the use of metrics as a performance measurement tool, in certain ways linked to the existing BSC, due to a need to clarify the performance assessment, the process hasn't been examined to fit that need, or if it has, it was done with no understanding of the internal established procedures: this means that change management was practically non-existent.

The already constricted process was subject to a recent modification, upon which the operational teams complained that the flow of work suffered even greater constraints, since the implicit knowledge obtained from the Department's natural learning curve was not accounted for, in the reaching for the strategic goals.

This does not mean strategic goals are not achieved: it means there isn't a clear view of how they are being achieved. This situation does not favour the changes that top management is trying to implement, since the side effects of the change in the processes has only generated more resistance and mistrust to any change; benefits are rarely acknowledged, or fall short of the perceived success, true or not.

The performance management done so far is set up to react to events of the past, namely work allocations and planning, while still not using any of the online tools available (SAP®'s schedule manager, or Microsoft® Office Outlook 2003, linked to the available Exchange and SharePoint servers), that allow quick, global updates.

There is still much concern over daily operational goals to be achieved, neglecting long-term structuring of the process to maximize efficiency.

There is no cascading Balanced Scorecard, or any declaration of strategic goals for the Department. Also, the Key Performance Indicators are not clearly defined; instead, several operational metrics are calculated and presented, with no decision or presentation priority. As a result, all metrics calculated are considered KPIs internally, although none of them are included in the Company's Scorecard. What is included in Share SC's Balanced Scorecard are the "Contractual KPIs": the sets of metrics that are established by Share SC's customers. But these contractual KPIs are not only just globally declared, but are also external to the company, meaning they are known to the customer and top management, but not to those directly connected to the operations being performed. For this reason, there's no way of telling, from an operational point of view, if the customer's needs are being met. This situation slows changes down and generates risk of customer complaints.

The proposed Balanced Scorecard for the Accounts Payable Department will be based on the operational links to strategy in a bottom-up perspective, as it can be seen in Chapter 5.

5 A Proposition for Change

5.1 From Mission/Vision to the Balanced Scorecard

In order to maintain some connection to the original Balanced Scorecard methods and practices, a possible strategy map, similar to the Kaplan and Norton framework, is created. It has a few modifications, namely in the “Customer” perspective, where the “Supplier” is also added, in the sense that the relationships between them are of similar handling (establishing trust and good business relations in order to insure long-lasting, reliable services, both inbound and outbound). These modifications will not differ much from the “original” strategy map, as the perspectives have some similarities.

It is not normal for these sorts of companies to have the “Finance” perspective on top of the strategy maps, since it is declared that Share SC is based on a yearly budget, with Moon Group customers only. This implies that what is said to be “profit” may be, in fact, an internal transfer price, and therefore an overhead on the finance departments of the SBUs. This means that its focus should be the Customer, with a concern for - although routine and administrative - tailored reporting services and cost reduction (efficiency, on a long-term point of view).

This shift in perspectives may not have a deep impact in the company: there may even be fringe benefits (profit as such) from tasks that derive from the main focus of operations within the company: handling of external suppliers, travel expenses, factoring… but this is beyond the data access given to make an accurate assessment.

The declared strategy of the company is “sustainable growth”: an attempt at finding the middle ground between a revenue (low investment rate) and a growth strategy (high investment rate), the two main strategic “drives” of any company.

The vision and mission seem to be mixed together:

“To be the preferred Finance e-service company…” – mission – “…promoting change…” – vision – “... performing agreed-upon shared services…” – mission – “…to increase and sustain the competitiveness of all the group’s companies.” – vision.

So, if we re-organize the mission statement, we may get a clearer picture of both vision and mission:

Vision (what we want to do):

To promote change, increase and sustain the competitiveness of all the group’s companies.

Mission (how we want to do it):

To be the preferred Finance e-services company, performing agreed-upon shared, transactional services.

To better understand the strategy of the company, a new strategy map was designed, one that follows the basic BSC methodology, making it easier to understand, from a strategic point of view.

This diagrams presented in Figures 5 and 6 are just a proposition, based on the work of Kaplan and Norton where, from the declared mission and vision, you define the strategic goals to achieve, followed by the KPIs considered to better determine if the strategy is being followed or not, all under the cause-and-effect logic that underlines the BSC methodology.

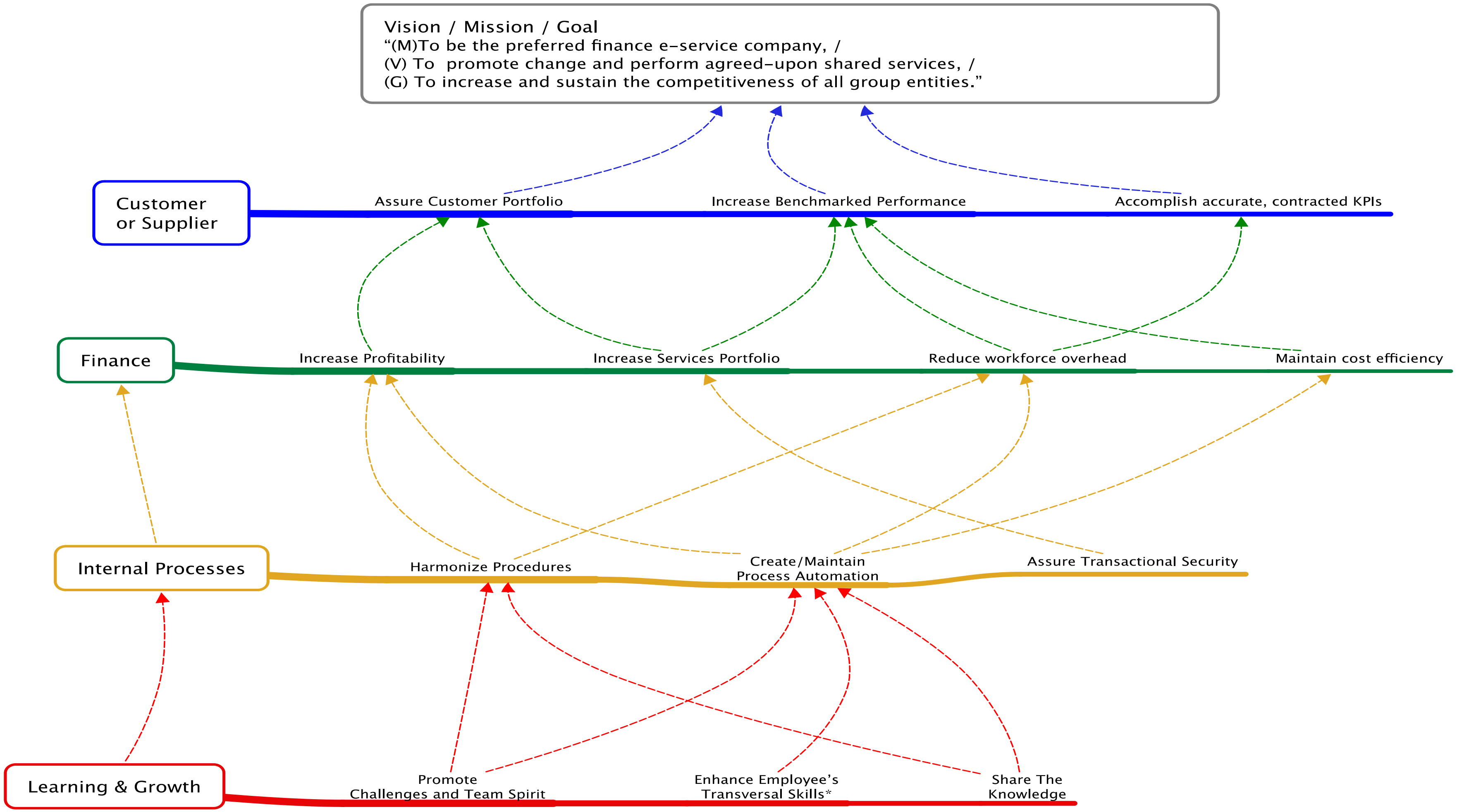

Figure 5 - New Strategy Map for Share SC

Perspectives	Strategic Goals	KPI	KPI metric	Accountable Element	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Yearly Value	Threshold	Status
Customer / Supplier	Increase Customer Portfolio	Satisfaction Survey	Statistical Survey Tools	Total Quality Manager							
Customer / Supplier	Increase Customer Portfolio	Incident Ratio	Incident 1000 transactions	Total Quality Manager							
Customer / Supplier	Increase Benchmarked Performance	Complaint Ratio	Complaints 1000 transactions	Total Quality Manager							
Customer / Supplier	Increase Benchmarked Performance	System availability	Downtime Total system hours	CTO							
Customer / Supplier	Maintain Contractual KPIs	Contractual KPIs	SLA dependant	Total Quality Manager							
Finance	Increase Profitability	EBIT	Company (Profits - Costs)	CFO							
Finance	Increase Services Portfolio	Successful Migrations	Completed Migrations Migration Requests	Migration Manager							
Finance	Reduce workforce overhead	Cost per FTE	Personnel Costs Total FTE	HR Manager							
Finance	Maintain cost efficiency	Key Project Completion Ratio	Completed KProj. Budget Total Investment in KProj	Total Quality Manager							
Finance	Maintain cost efficiency	Turnover	Admited employees Exiting employees	CFO							
Internal Processes	Increase Process Automation	System Automation Ratio	Procedure scripts Total Procedures	CTO							
Internal Processes	Maintain Harmonized Procedures	Exception Handling Ratio	Country Exceptions Total Procedures	Total Quality Manager							
Internal Processes	Maintain Transactional Security	Backup Recovery Ratio	Replaced positions Backups available	HR Manager							
Internal Processes	Maintain Transactional Security	Data Recovery Ratio	Stopped transactions log Backup data	CTO							
Learning / Growth	Increase Challenges & Team Spirit	Social Initiatives	Total Presences Total Personnel	HR Manager							
Learning / Growth	Increase Personnel Skills	Personnel Certifications	Personnel Certifications Total Personnel	HR Manager							
Learning / Growth	Increase Personnel Skills	Awards / Recognitions	Sum of Awards and Recognitions, per year	HR Manager							
Learning / Growth	Increase Knowledge sharing	Submitted Ideas	Applied Ideas Submitted Ideas	Total Quality Manager							

Figure 6 - Balanced Scorecard Proposition (assumed the integration of the yearly values in a long-term table, for analysis)

What benefits can this change bring to the organization?

First, a more structured view of what the company wants can be communicated to the employees, making it easier for them to understand not only their functions and tasks, but the purpose of those tasks and what they are expected to accomplish: it provides a sense of common purpose, especially with the strategy map, which presents some form of cause-and-effect relationships.

From a strategic point of view, the strategic goals are presented instead of the metrics used to achieve them, allowing for greater flexibility in changing them (as an example, if the managers come to the conclusion that the EVA® is a better metric than the EBIT or EBITDA, it can be changed, without affecting the strategic goal of "increasing profitability": the perception of value or profit will change, not the intent of achieving it, as can be explained below:

- The Services (Finance) and Customer portfolio indicators are used because, being a relatively young organization within the Moon Group and intended as a transversal support unit, it must achieve the buy-in from other organizations in order to succeed, and it is always beneficial to keep a close eye on those aspects.
- The Contractual KPIs and Benchmark Performance indicators are taken into consideration because of the organization's presence in a competitive and recent market, and therefore require an appealing level (and quality) of service, in order to justify its existence, where so far there has been a great focus in cost efficiency.
- Process Automation and Procedure Harmonization indicators relate to the transfer of tasks from their original organizations, which are spread all over the World, to SSC and also to the growing need to standardize the procedures at a Group level, helping maintain alignment, not only in operations, but also to assist in executing the strategy.

- Challenges, Team Spirit, Increasing Skills and Sharing Knowledge are chosen as indicators due to the fact that, since the tasks that are to be performed in SSC are routine and monotonous, it is imperative to maintain a challenging environment, keeping the workforce motivated and with a sense of purpose, as well as keeping the knowledge inside the organization, yet helping reduce training needs (and, of course), costs.

When it comes to a brief explanation of the metrics used in the BSC table, some were maintained, as they were adjusted to the recurring needs within the organization (Cost *per* FTE, EBIT…), some were re-considered, as they made no sense:

- The Incident ratio (Incident *per* 1000 transactions) was maintained in the Customer/Supplier perspective since incidents not only decrease the quality of the service, they also may generate a complete breakdown of the SLAs, potentially causing the loss of a customer for SSC, or a supplier for one of its customers.
- System Availability ratio (Downtime *per* Total system hours) was changed, since the initial "Downtime / % availability" made no sense, because the "% availability" is already a division.
- System Automation Ratio (Procedure scripts *per* Total executed procedures) was added to satisfy the need for a clearer view of the actions being taken to increase automation of routine tasks, in order to focus the workforce on more refined and complex operations.
- The Exception Handling Ratio (Country Exceptions *per* Total Procedures) was included in the Internal Processes perspective in order to monitor procedure harmonization and standardization in a long-term approach.
- The Backup Recovery Ratio is used to replace the "Backup recovery plan ratio", as the metric is not clear: what is a critical position? Is it a person with which normal operations cannot be executed? If so, does that person work alone? If not, why are the other individuals not critical?

- In terms of Technology metric, the Data Recovery Ratio (Stop Transaction logs *per* backup data) is a way to, in the long-term, understand where the system caveats can be found and what can be done to prevent them.
- For the Learning and Growth perspective, the Social initiatives metric has changes from a simple count, to a ratio, in which the relative participation index can be measured.
- Personnel Skills are measured by two ratio metrics, Certifications and Awards, which give a relative perspective on those who are committed to constant improvement (also one of the main drivers of the Group).
- The Knowledge Sharing strategic objective is weighed from a submitted *vs* applied ideas metric, allowing a more qualitative approach to innovation, rather than a count *per* person, in which the quality or applicability of the ideas was not understandable.

The same strategic intent can be applied to the departments that have additional metrics, which are specific for each department. This way, the global KPIs can be presented to top management, and the local KPIs can be calculated and analysed locally, in alignment with the strategy of the organization.

5.2 The Balanced Scorecard: Accounts Payable cascade

Since the proposed Balanced Scorecard can cascade down the strategic goals of the organizations, local KPIs can be added to the performance management of the Department, making it easier to understand if its performance is aligned with the organization, and ultimately, the Group and, if not, what can be done to change.

The perspectives are the same as Share SC's, and much of the strategic goals are the same, maintaining alignment, as it can be seen in Figures 6 (above) and 7 (below).

The real change is in the KPIs: although for profitability the EBIT remains, in the "Finance" perspective, the KPI for "Services Portfolio" expands to "service migrations": parts of the procurement process that are transferred to Share SC, thus increasing the Department's billings.

For the "Customer/ Supplier" perspective, the "System Availability" KPI for the "Increase Benchmarked Performance" strategic goal are removed, since the accountability element for that strategic goal is part of the IT competences, and is connected to their BSC.

When we analyse the "Internal Processes" perspective, the strategic goal of "Maintaining Transactional Security", we leave only the "Backup Recovery Ratio KPI, since the "Data Recovery Ratio" relates to IT, and not the process itself.

Finally, at the "Learning / Growth" perspective there is no change, since the strategic goals can be initiated by any individual within the organization, and is therefore globally applicable.

5.3 Technological Solutions for the Future

In order to provide a solid foundation for future work in terms of performance management, it is very important to, from the beginning, use and create proper technological tools that can be reliable, flexible and cost effective to integrate. This course of action does not require vendor-specific equipment or large consultancy fees: the main goal is to make sure that, even if only using spreadsheets, the data can be easily accessed, handled, structured and presented in a coherent and aligned way.

Regarding the ERP and CRM tools, both SAP® and the online proprietary service will be maintained: they are not only a Group decision, but also a set of services that, being used the internal customers in which some of them already resist the existence of Share SC, are not so inclined to switch knowledge base so quickly or peacefully.

As for analysis and reporting tools, the standard Microsoft® solution is enough to satisfy the more immediate needs, in terms of IT, since Excel® has advanced analytics capabilities available.

The Microsoft® SharePoint service can be replaced with a cloud document sharing service, like Dropbox®, for cost efficiency purposes, as it is used as a document repository rather than a content management system itself.

Perspectives	Strategic Goals	KPI	KPI metric	Accountable Element	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Yearly Value	Threshold	Status
Customer / Supplier	Increase Customer Portfolio	Satisfaction Survey	Statistical Survey Tools	Department Manager							
Customer / Supplier	Increase Customer Portfolio	Incident Ratio	Incident / 1000 transactions	Team Leader							
Customer / Supplier	Increase Benchmarked Performance	Complaint Ratio	Complaints / 1000 transactions	FTE							
Customer / Supplier	Maintain Contractual KPIs	Contractual KPIs	SLA dependant	Department Manager							
Finance	Increase Profitability	EBIT	EBIT	Department Manager							
Finance	Increase Services Portfolio	Successful Service Migrations	Completed Migrations / Migration Requests	Team Leader							
Finance	Reduce workforce overhead	Cost per FTE	Personnel Costs / Total FTE	Department Manager							
Finance	Maintain cost efficiency	Turnover	Admited employees / Exiting employees	Department Manager							
Internal Processes	Increase Process Automation	System Automation Ratio	Stop warnings / Total Processed Invoices	FTE							
Internal Processes	Maintain Harmonized Procedures	Exception Handling Ratio	Country Exceptions / Total Procedures	FTE							
Internal Processes	Maintain Transactional Security	Backup Recovery Ratio	Replaced positions / Backups available	Team Leader							
Learning / Growth	Increase Challenges & Team Spirit	Social Initiatives	Total Presences / Total Personnel	Department Manager							
Learning / Growth	Increase Personnel Skills	Personnel Certifications	Personnel Certifications / Total Personnel	Department Manager							
Learning / Growth	Increase Personnel Skills	Awards / Recognitions	Sum of Awards and Recognitions, per year	Team Leader							
Learning / Growth	Increase Knowledge sharing	Submitted Ideas	Applied Ideas / Submitted Ideas	Team Leader							

Figure 7 - Accounts Payable - Balanced Scorecard

6 Conclusions, Constraints and Future Work

From the data collected and the observed organizational procedures, most of the theoretical framework for the Balanced Scorecard can be applied in the mid to long-term, throughout the organization, with some success.

There is great potential for growth and improvement within the organization, provided it is properly planned and structured.

There is a growing need in maintaining data structures that are flexible as well as reliable, not only for legal, accounting and auditing purposes, but also for further analysis and Business Intelligence applications.

This section presents the conclusions that were reached.

6.1 Conclusions

From what was observed and analysed, I concluded that the main issue is the diffusion of the strategic goals and a lack of the basic knowledge on how to implement a Balanced Scorecard, intensified by the bureaucracy of the system and a strong resistance to procedural change.

This attitude from several management teams has a deep impact on global employee motivation and its sense of purpose, which in turn causes a sense of detachment, accommodation and even a perception of hypocrisy from management teams, since they do not demonstrate true commitment, do not present clear goals or a genuinely engaging attitude towards the work. Due to the nature of the shared service business: the repetitive, standardized and monotonous tasks, the engaging and challenging environment is essential to maintain a highly motivated workforce, which in turn generates a positive feedback from the internal customers, including even those who resist its existence, creating a "virtuous circle" of performance. Despite commitment from top executives, if that commitment is misunderstood, it can cause the system to collapse.

That is why I believe the Balanced Scorecard implementation in Shared Service Centres is a positive action in terms of communicating the organization's strategy to employees, especially through the strategy maps, a very useful tool for "seeing" the connections between strategic goals, demonstrating they are not arbitrary and have purpose, a reason for being there, provided that this framework is used with the basic ideas of the BSC methodology, as well as with a good deal of perception of which is the business, what makes sense, and it can be structured to be understood and executed.

6.2 Main constraints and Future action

The main constraints found during the analysis of the case study were the large and slow bureaucratic process of decision-making (causing the loss of some strategic advantage that shared services provide) and a strong resistance to procedural change and process optimization, starting at a very local degree, which increases the loss of value not only for the customers, but for the organization itself, making it less adaptable to the needs it is intended to satisfy.

For future actions I present the proposed Balanced Scorecard table and strategy map, as displayed in Chapter 5, which may prove a successful communication vehicle, both internally and externally, including customers (those that are part of the Group, mostly, but not exclusively), transmitting the common goal to be reached by the organization, making the intervening parts more participant, increasing the good performance of Share SC and thus, adding value for the Group.

In the long-term, Share SC can be perceived as an Excellence Centre, providing guidelines to other Moon Group entities, since the standardization process was established there, in this harmonizing actions and ways of perceiving the Moon Group as a whole.

What I've encountered during the analysis of the organization is not a lack of the minimum required resources to exercise good strategic management or a correct implementation of a basic Balanced Scorecard framework: instead, I've discovered efforts in many directions at the same time, wasted because they exhaust resources and time, causing a diffusion of the final goal.

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