

THE IMPLEMENTATION OF THE BALANCED SCORECARD WITHIN A
COMMERCIAL BANK

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OPSOMMING

DIE IMPLEMENTERING VAN DIE GEBALANSEERDE TELKAART IN 'n HANDELSBANK

Met die tempo waarteen tegnologiese veranderinge plaasvind, kan ondernemings nie anders as om voortdurend seker te maak dat die energie van die hele werkersmag in lyn is met die oog op die bereiking van ondernemingsdoelwitte. Dit is verder nie net vir bestuur belangrik om te weet of die onderneming se strategie geïmplimenteer is nie, maar ook hoe suksesvol dit was, asook hoe effektief dit uitgevoer word.

Die gebalanseerde telkaartmetodiek as meetinstrument maak dit vir bestuur moontlik om die effektiwiteit van strategie implementering en uitvoering te meet.

Die doel van hierdie studie is om die effektiwiteit waarmee die gebalanseerde telkaartmetodiek as 'n meetinstrument in 'n kommersiële bank geïmplimenteer is, te bepaal. Alleenlik die opinies en houdings van verkoopskonsultante was in ag geneem.

In opsomming kan gesê word dat die resultate van die studie gewys het dat daar heelwat areas rondom die perspektiewe van die telkaart was wat die aandag van bestuur gaan verg. Dit is ook duidelik dat die sukses van die metode gaan afhang van die suksesvolle implementering en bestuur daarvan.

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Without the patience, love and understanding of my wife Estie and daughter Anika this would not have been possible. I will always be grateful.

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A special word of thanks to the senior management at FNB Merchant Acquiring who were always willing to assist where possible and for the positive contribution they made to my studies.



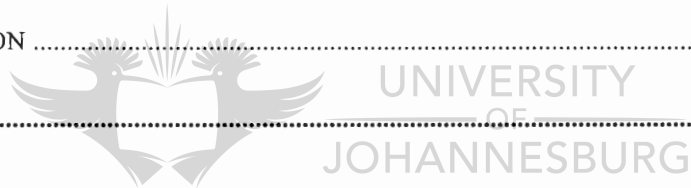
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And finally, to my employer, who made my studies financially possible.

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CHAPTER 1

INTRODUCTION, PROBLEM STATEMENT AND OBJECTIVES OF THE STUDY

1.1 INTRODUCTION

The card payments industry is a very exciting, complicated and fast-moving industry dominated by rapid IT developments that continually threaten disintermediation, globalisation and agglomeration, all of which may have very negative impacts on existing revenue streams. The technology shift from magstripe to chip/smart cards is posing a mammoth challenge to the industry, both technically and from a profitability perspective. Furthermore, the margins in the acquiring industry are very thin, with most acquirers never having achieved profitability, given the substantial investment in infrastructure and technology. The only means for these companies to remain ahead of the rest is to find ways to differentiate themselves from their competitors (Laurie, 2003).

1.2 ACQUIRING INDUSTRY BACKGROUND

The card payments industry is a collaborative industry that requires not only intensive cooperation internally within any group, but also on an industry-wide basis with other South African banks and, to a lesser extent, on a global basis. Again, because Acquiring is generally seen as the less attractive sister of Issuing

(where greater profits are usually made!), the total split allows improved focus, profitability and strategic benefit (Laurie, 2003).

According to Laurie (2003) the market shares among the five acquiring banks are: First National (FNB) (34%), Standard (22%), Nedcor including Boland (26%) and ABSA (18%). The issuing market shares do not follow the same pattern, which adds spice to the natural conflict between issuing and acquiring as well as between banking groups. Market shares among the issuing banks are: FNB (20%), Standard (30%), Nedcor (24%), ABSA (24%), and BOE and others (2%) (Laurie, 2003). FNB Merchant Acquiring has most of the major players in the respective niches in the retail market and the list of top 10 clients includes Pick'nPay, Woolworths, SPAR, South African Airways, Tourvest Group, Protea Hotels, City Lodge, Metro Group and other well-known household names.

1.3 BACKGROUND ON FNB MERCHANT ACQUIRING

As in the case of various other banks, the Card Division of First National Bank was an integrated business division until not too long ago. With the split of the division into Issuing and Acquiring, new demands were set and each unit became responsible for determining its own destiny, constantly ensuring that it is still in line with the Firstrand philosophy.

FNB Merchant Acquiring is the dominant player in transaction acquiring from the retail industry. This business unit has the widest “footprint” (i.e. network of Point-of-sale terminals) and holds almost a third of the market by value. Transactions are acquired via a wide variety of entry points and links, including own Point-of-Sale (POS) terminals, Host-to-Host direct computer links with major customers such as Pick’nPay, Woolworths and Edgars, Point-of-Sale-on-Till solutions, Bulk Electronic file transfers, reel and cassette tapes, Paper-based transactions, ATM transactions and the Internet (Laurie, 2003).

Laurie (2003) adds that this unit has a comprehensive set of products catering for most of the originating instruments commonly in use worldwide, and RSA-specific retailer client payments including all credit and debit cards issued by members of VISA, MasterCard, American Express and Diners Club, Fuel transactions for Fleet, Garage and Petro cards and Private Label cards for major retailers such as the Hyperama group.

Laurie (2003) states that FNB Merchant Acquiring is a significant business processing more than 100 million transactions every year. The unit collects and distributes more than R27 billion per annum between retailers and issuers (that is more than R73 million per day), processes more than 200 charge-backs/queries per day and has more than 21 000 clients (the business opens and closes an average of 30 new accounts per day, each of which requires a visit and an installation). The unit operates an installed base of more than 25 000 Point-of-

Sale terminals and maintains six regional sales and service offices with a complement of 260 staff (Laurie, 2003).

A distinguishing feature of FNB Merchant Acquiring is the organisational structure that places all aspects of the Acquiring value chain in one division: all aspects of Sales and Marketing, Product Development, Information Technology, Operations, Merchants Administration, and Interbank Settlements fall under the control of one focused management team that has consistent measurements, objectives, values and culture. Another structural distinguishing feature, as opposed to the rest of the industry, is the total split from Card Issuing (which forms part of the Retail Bank) and the improved focus on Corporate clients that the Acquiring team has because of its inclusion as a product house/delivery channel of FNB Corporate (Laurie, 2003).



1.4 PROBLEM STATEMENT


Every organisation, regardless of type, needs a clear and cohesive performance measurement framework that is understood by all levels of the organisation and that supports objectives and the collection of results.

FNB Corporate has identified the *Balanced Scorecard* methodology as the chosen methodology for deploying strategic direction, communicating expectations and measuring progress towards agreed-upon objectives. With the

split of the original Card Division, Acquiring eventually ended up being grouped under the Corporate Bank of Firststrand, thus having to adopt the same methodologies used (Laurie, 2003).

Andrew (2002:2) believes that this methodology is the best for deploying an organisation's strategic direction, communicating its expectations and measuring its progress towards agreed-upon objectives.

The model to be used was developed by Norton & Kaplan (Andrew, 2002:2). This measurement model identifies critical success factors for business systems, and develops performance measures within the four perspectives of Finance, Customer, Processes and Learning and Growth.

The logo of the University of Johannesburg is centered in the background. It features two stylized birds facing each other with their wings spread, flanking a central shield-like shape. Above the shield, the text 'UNIVERSITY OF JOHANNESBURG' is written in a serif font, with 'UNIVERSITY' on the top line, 'OF' in the middle, and 'JOHANNESBURG' on the bottom line.

Some indicators are maintained to measure an organisation's progress towards achieving its vision; other indicators are maintained to measure the long-term drivers of success. Through the balanced scorecard, an organisation monitors both its current performance (finance, customer satisfaction and business process results) and its efforts to improve processes, motivate and educate employees, and enhance information systems—its ability to learn and improve.

Almost two years have passed since the Balanced Scorecard concept was introduced for the first time. Given the importance of Balanced Scorecards as a performance management tool, management decided to determine the

effectiveness of the Balanced Scorecard deployed within the Sales and Marketing regions.

1.5 RESEARCH OBJECTIVES

The purpose of the study is to explore the key areas underlying a successful Balanced Scorecard. These areas will then be used to guide the study in identifying and describing specific problem areas that could possibly contribute to the unsuccessful implementation of Balanced Scorecards within the Sales and Marketing area of FNB Merchant Acquiring.

The primary objectives of this study are as follows:

- To describe the theoretical foundation of the Balanced Scorecard as a performance management approach
- To describe the views, experiences and perceptions of sales consultants regarding the Balanced Scorecards implemented in the Sales and Marketing area of FNB Merchant Acquiring
- To communicate the findings as management information to the Director of FNB Merchant Acquiring as well as the senior management team of the division to enable the recovery of problem areas based on the findings of this study

1.6 RESEARCH METHODOLOGY

Sales and Marketing is seen as the portal to the division's clients. Any performance measurement methodology will significantly impact on the performance of employees. Service delivery to the customers and the criteria set for new customers are two of the major areas impacted on. Exceptional service is the only means of maintaining loyal customers and good quality customers, in turn, impact on long-term profits. Given the fact that FNB Corporate differentiates itself through superior service, it is imperative for managers to understand the dynamics and shortcomings of the existing Balanced Scorecards because, in the end, what you measure is what you get.

The exploratory descriptive research method will be used for the study. The survey conducted will be used to elicit the views of Sales and Marketing sales consultants within the six local regions. This will clarify certain perceptions and increase the understanding of the research problem.

1.7 LIMITATIONS OF THE RESEARCH

The main purpose of the study is to identify and understand concerns specific to FNB Merchant Acquiring only. As a result, the study will not look at FNB Corporate as a whole.

Furthermore, the study will focus only on regional sales consultants. Employees not directly involved with external clients are thus excluded from the study.

The study will also be limited to the six local regions. Botswana, Namibia, Lesotho, Malawi and Swaziland are thus excluded for the purposes of this study.

1.8 CHAPTER OUTLINE

Chapters 2 and 3 deal with the literature overview required to understand the Balanced Scorecard methodology. These chapters also provide insight into the translation of an organisation's vision into a set of performance indicators distributed among the four perspectives of Finance, Processes, Customers and Learning and Growth.

Chapter 4 describes the research methodology used. This chapter discusses in detail the research design selected, the population and the sampling frame used, the data collection and analysis techniques applied as well as the validity and reliability of the results.

Chapter 5 discusses the findings of the research. This chapter also includes the processing, analysis and interpretation of the data in figures and tables used to represent the findings of the study.

Chapter 6 is a discussion of the findings and provides a conclusion. A set of learning points and recommendations are discussed that would assist FNB Merchant Acquiring in successfully implementing Balanced Scorecards as a performance management tool. This will ensure a competitive advantage through the measurement of key performance areas required to deliver a superior service.



CHAPTER 2

THE BALANCED SCORECARD REVISITED

2.1 INTRODUCTION

Leading organisations agree on the need for a structured methodology for using performance measurement information to help set agreed-upon performance goals, allocate and prioritise resources, inform managers either to confirm or change the current policy or programme direction to meet those goals, and report on the success in meeting those goals. Organisations generally use top-down management reviews to determine compliance with established process-oriented criteria and to certify the adequacy of the business systems. This method lacks focus on the outcomes of the processes used and was largely ineffective in obtaining dramatic and sustained improvements in the quality of the operations (Andrew, 2002:2).

The Balanced Scorecard was first devised by Kaplan & Norton (1996:viii) as a measurement framework that was expected to overcome some of the deficiencies of traditional performance systems. It provides a holistic view of the organisation by simultaneously looking at four important perspectives (Financial, Customer, Processes, Learning and Growth).

Apart from being a measurement framework, the Balanced Scorecard achieved recognition as a strategic management system (Kanji & e Sá, 2002:13).

Anthes (2003:34) defines the Balanced Scorecard as follows:

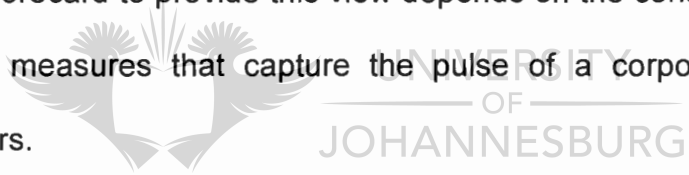
A set of principles and analytic techniques for improving an organisation's performance in four general areas: financials, customers, learning and internal processes.

Kaplan & Bower (2002:181) define the Balanced Scorecard as a strategic management system using a framework and core principles to translate an organisation's mission and strategy into a comprehensive set of performance measures and strategically aligned initiatives. The organisation's mission and strategy are translated into strategic objectives and measure the four perspectives of Finance, Customer, Processes and, finally, Learning and Growth. The framework provides a balance between short- and long-term objectives, financial and non-financial measures, and external and internal performance indicators. Most importantly, the scorecard balances the outcomes that the organisation wants to achieve and the drivers of those outcomes.

Voelker, Rakich & French (2001:1) see the Balanced Scorecard as essentially a customised performance measurement system that goes beyond conventional accounting and is based on organisational strategy. It is thus a holistic methodology that converts an organisation's vision and strategy into a

comprehensive set of linked performance and action measures that provide the basis for successful strategic measurement and management. It is considered *balanced* because the performance measures are grouped into various perspectives that are critical for organisational success. The system strikes a balance between financial/operating and other measures, and provides a set of forward-looking performance indicators linking strategy to specific actions. These measures and indicators, when correctly developed, provide a comprehensive view of organisational performance.

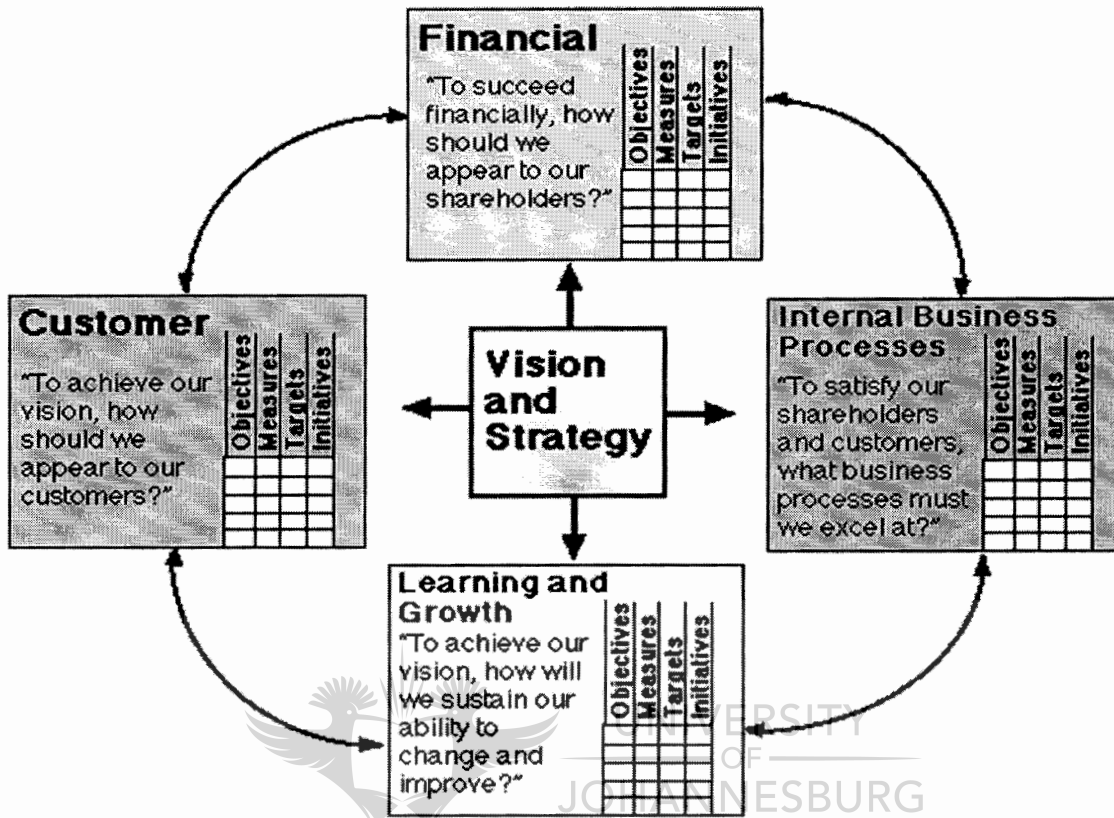
Liberatone (1998:131) adds by stating that the Balanced Scorecard is intended to provide managers with a streamlined view of most major activities. The ability of the Balanced Scorecard to provide this view depends on the construction of a set of performance measures that capture the pulse of a corporation in a few focused indicators.



2.2 PERSPECTIVES

The Balanced Scorecard is a conceptual framework for translating an organisation's vision into a set of performance indicators distributed among the four perspectives (Financial, Customer, Internal Business Processes, and Learning and Growth). In the case of FNB Corporate, the Learning and Growth perspective is referred to as *People*, but for the purposes of this study, *Learning and Growth* will be used.

Figure 2.1: The four perspectives of the Balanced Scorecard (BSC)



Source: Kaplan & Norton (1996:9).

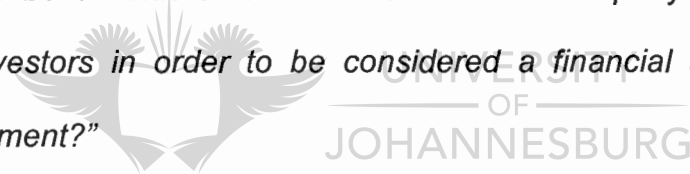
2.2.1 Financial Perspective

Success for organisations should be measured by how effectively and efficiently they meet the needs of their customers - the Financial perspective emphasises cost efficiency, i.e. the ability to deliver maximum value to the customer (Andrew, 2002:3).

The Financial perspective looks at the company's financial strength. The measures selected would be those most important to the long-term success of the company (Hermanson, 1997:4).

Newing (1995:22) states that the Financial perspective covers traditional measures such as growth, profitability and shareholder value, which are set by talking to the shareholder or shareholders directly. The Customer, Internal, and Innovation and Learning perspectives, if correctly implemented, will not automatically result in financial improvement if the overall corporate strategy is not a fundamentally profitable one.

The question to be considered is: *"How should the company present itself to owners and investors in order to be considered a financial success and an attractive investment?"*



2.2.2 Customer Perspective

The measures in this perspective generally cover customer satisfaction and retention, the number of new customers gained and the company's market share in various segments. This should also include measures of an organisation's "value propositions" - for instance, "short lead times" and "timely delivery" (Kaplan & Norton, 2001a:6).

This perspective captures the ability of the organisation to provide quality goods and services, the effectiveness of their delivery, and overall customer service and satisfaction (Andrew, 2002:3).

If customers are not satisfied, they will eventually find other suppliers that will meet their needs. Poor performance from this perspective is thus a leading indicator of future decline, even though the current financial picture may look good. You have to focus on elements such as price competitiveness, timeliness of delivery, and the degree of expertise and innovation you brought to their operations (Barkley, 2000:4).

The Customer perspective should ask: *“What is the Customer Response needed in order to reach the Financial Objectives listed above, and what is the customer value proposition that will give the company such a response?”*

2.2.3 Internal Business Processes

The organisation must excel at certain internal processes, decisions and actions if it is to meet these customer requirements. The internal perspective must reflect the organisation's core skills and the critical technology involved in adding value to the customer's business. The organisation's overall goals have to be broken down into unit, departmental or workgroup measures, which are influenced by employee actions (Newing, 1995:3).

This perspective focuses on the internal business results that lead to financial success and satisfied customers. To meet organisational objectives and customers' expectations, organisations must identify the key business processes at which they must excel. Key processes are monitored to ensure that outcomes will be satisfactory. Internal business processes are the mechanisms through which performance expectations are achieved (Andrew, 2002:4).

Barkley (2000:3) makes the following comment about Internal processes:

Whether or not you are perceived as exceeding expectations and furthering your organisation's strategic objectives.

The Internal Processes perspective asks: *"In what activities must the organisation excel in order to deliver its value proposition as described in the Customer Perspective and, finally, in the Financial Objectives?"*

2.2.4 Learning and Growth

The organisation, its management and all of its employees must continually seek to learn, to innovate and to improve every aspect of the organisation and its business just to maintain their competitive situation, let alone to improve it in future (Newing, 1995:3).

The learning and growth perspective looks at the ability of the employees, the quality of the information systems, and the effects of organisational alignment in

supporting the accomplishment of organisational goals. Processes will succeed only if adequately skilled and motivated employees, supplied with accurate and timely information, are driving them. This perspective takes on increased importance in organisations that are undergoing radical change. In order to meet changing requirements and customer expectations, employees may be asked to take on dramatically new responsibilities, and may require skills, capabilities, technologies and organisational designs that were not available before (Andrew, 2002:4). The question to be asked is: *“What do we need to change in our Infrastructure or Intellectual Capital to achieve our internal processes objectives?”*

The Balanced Scorecard Institute (1999) confirms that 'learning' is more than 'training'; it also includes things like mentors and tutors within the organisation, as well as that ease of communication among workers that allows them to seek help readily for a problem when it is needed.

2.3 THE BALANCED SCORECARD AND STRATEGY

Kaplan & Norton (2001a:52) are of the opinion that every employee has to understand the business strategy. In the past, you had “simple jobs for simple people”, but today this mode of work is virtually obsolete. Whatever the organisation - manufacturer or service-provider, private or public, for-profit or not-

for-profit - all of its employees need to understand and be able to implement its strategy.

An organisation's strategy should be translated into terms that can be understood and acted upon. The Balanced Scorecard uses the language of measurement to define the meaning of strategic concepts such as quality, customer satisfaction and growth more closely. A scorecard that actually describes the strategy can serve as the organising framework for the management system (Kaplan & Norton, 2001b:13).

Kaplan & Norton (2001b:13) further state that companies that have successfully implemented Balanced Scorecards reinvented every part of their management system to focus on strategy. These organisations created a performance management programme that placed strategy at the centre of its management processes.

The Balanced Scorecard can be called a strategic management tool because it is a systematic, well-organised procedure for completing the following strategic management processes (Anon., 1999:12):

- the establishment of objectives;
- the direction of objectives to attain those objectives; and
- the measurement of the results achieved.

2.3.1 Principles permitting organisations to become strategy focused

Research performed by Kaplan & Norton (2001b:13) revealed a set of five principles that permit organisations to become strategy focused, enabling them to execute their strategies rapidly and effectively.

- ***Mobile change through executive leadership***

The single most important condition for success is the ownership and active involvement of the executive team. If those at the top are not energetic leaders of the process, change will not take place and the opportunity will be missed. Three discrete actions should be followed to bring about transformational change:

- establish a sense of urgency;
- create the leadership team; and
- develop the vision and strategy.



- ***Translate strategy into operating terms***

Placing strategy at the centre of the management system implies that strategy can be described so that it can be understood and acted upon. Building Balanced Scorecards helps executive teams to understand and articulate their strategies better. Balanced Scorecards should reflect the strategy of the organisation. A good test is thus whether you can understand the strategy by looking at the Balanced Scorecard.

- ***Align the organisation with the strategy***

Organisations normally consist of numerous sectors, business units and specialised departments, each with its own operations and strategy. The

Balanced Scorecard should be used to define the strategic linkages that integrate the performance of multiple organisations.

- ***Make strategy everyone's job***

Work performed by knowledge workers is becoming more and more important. This results in strategic decision making not being limited to executives and strategic managers any longer. Balanced Scorecard users should thus take steps to ensure that everyone in the organisation understands the strategy, and is aligned with it and capable of executing it. The following key points should be noted:

- communicate and educate to create strategy awareness;
- align individual scorecards with the strategy; and
- reward performance through incentives.

- ***Make strategy formulation a continual process***

The following three processes are suggested:

- link strategy to the budgeting process;
- introduce a regular management meeting to review the strategy; and
- ensure learning through feedback and reporting on results.

2.4 KEY REASONS FOR IMPLEMENTING A PERFORMANCE MEASUREMENT SYSTEM

The following reasons are listed as the top reasons for implementing a performance measurement system (The Balanced Scorecard Institute, 1999):

- It improves the bottom line by reducing process costs and improving productivity and mission effectiveness.
- A performance measurement system such as the Balanced Scorecard allows a company to align its strategic activities to the strategic plan.
- The measurement of process efficiency provides a rational basis for selecting what business process improvements to make first.
- It allows managers to identify best practices in an organisation and expand their usage elsewhere.
- The visibility provided by a measurement system supports better and faster budget decisions and the control of processes in the organisation. This means it can reduce risk.
- Visibility provides accountability and incentives based on real data, not anecdotes and subjective judgements. This serves for reinforcement and the motivation that comes from competition.
- It permits benchmarking of process performance against outside organisations.
- The collection of process cost data for many past projects allows companies to learn how to estimate costs more accurately for future projects.

The reasons outlined above should be sufficient to make any manager realise that the Balanced Scorecard is an effective measurement system that can be used for the alignment of strategic objectives and for the measurement of key

performance indicators spread across the four perspectives of the Balanced Scorecard.

2.5 STRENGTHS AND WEAKNESSES OF THE BALANCED SCORECARD APPROACH

Kanji & e Sá (2002:17) list the following strengths and weaknesses of the Balanced Scorecard approach:

Strengths of the Balanced Scorecard

- It brings together, in a single report, many of the seemingly disparate elements of a company's competitive agenda.
- The ability to translate an organisation's vision and strategy into tangible objectives and measures.
- Holistic approach to performance measures.
- Focus on a limited number of critical measures (avoiding information overload).
- Flexibility and adaptability to suit each organisation in particular.
- By forcing managers to consider all the important operational measures together, it creates a sense of interdependency among different organisational areas.
- Strong focus on customer and market.

- It forces managers to develop a clear and shared view of what they are trying to achieve and what the critical levers and means are to reach those objectives, helping to focus everyone's attention on the future.
- Easy to use.

Weaknesses of the Balanced Scorecard

- A conceptual model only (not easy to convert into a measurement model).
- Interactions between criteria are not clearly shown.
- Causal relationships are problematic (more like interdependence).
- Not a comprehensive system approach; focus is only on customers, forgetting other important stakeholders.
- Focus only on results.
- It fails to highlight employee and supplier contributions.
- It does not identify the role of the community in defining the environment within which the company works.
- It focuses primarily (and almost exclusively) on top-down performance measurement.
- It does not monitor the competition (the emphasis on the customer perspective implicitly ignores the broader market perspective) or technological developments, which means that the focus of the model is static rather than dynamic.

- The control model is highly top-down, making the required interactive control and double-loop learning difficult.
- Due to its top-down strategy, the Balanced Scorecard will primarily create external commitment (based on manager's orders and rewards). If the external commitment is too high, it motivates employees to focus their attention on what is measured.

2.6 CONCLUSION

The Balanced Scorecard is a structured methodology that can be used as a strategic management system to translate an organisation's mission and strategy into performance measures for the four perspectives of Customer, Financial, Processes, and Learning and Growth. A prerequisite for the successful implementation of the Balanced Scorecard is a strategy-focused organisation. This means buy-in from all levels in the organisation including the continual revision of scorecards and communication to the entire organisation at all times. The numerous benefits associated with the implementation of Balanced Scorecards speak for themselves. However, management has to consider the strengths and weaknesses of the Balanced Scorecard to ensure that the key objectives are met when defining individual, regional and divisional scorecards. It is thus up to the organisation to follow a *balanced* approach when deciding on how to implement its strategy.

CHAPTER 3

THE IMPORTANCE OF MEASURES

3.1 INTRODUCTION

Lefkowitz (2001:2) highlights one important point when he discusses the implementation of strategic plans through the use of the Balanced Scorecard. If you want to get something done, measure it, because whatever you measure, people will respond to and achieve. Atkinson (2000:2) adds by saying that the performance measurement should be focused and driven by strategy, and reward behaviour that contributes to strategy.



3.2 DESIGNING THE BALANCED SCORECARD – GETTING STARTED

Managers need a performance management system that will assist them in moving their company in the direction of future success. The key is to translate the organisation's strategy into the right integrated set of measures (Stivers, 2000:4).

The Balanced Scorecard approach helps management communicate the company's mission and link performance measures to its mission and strategy (Frigo, 2000:2).

Kotter (2002:6) states that certain things have to happen before the performance management system can be implemented. These are:

- Instill a sense of urgency
- Pick a good team to drive the change
- Create an enterprise vision and the strategies to support it
- Communicate the vision to everyone
- Remove obstacles that could prevent the implementation of the strategy
- Ensure changes happen fast
- Keep on changing
- Make changes stick.

The design process starts with the top management team and their effort to translate the strategy into specific objectives. Long-run financial objectives must be set, and the management team must agree on the customers, internal processes and core competencies necessary to achieve targeted financial performance. Specific operational measures should be selected after consensus on long-run objectives has been reached. At this stage of the design process, communication is the key; top managers often have very different perspectives of how to translate strategy into action (Stivers, 2000:4).

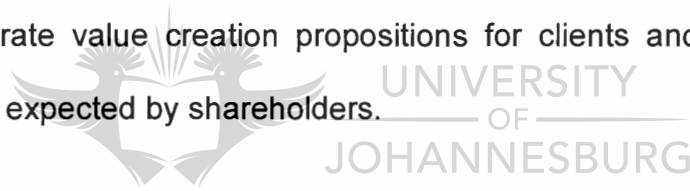
Hall (2000:5) states that the first stage in building a Balanced Scorecard is the mobilisation of leadership. This means that top leadership is willing to cross the

bridge and engage in the learning necessary to understand the Balanced Scorecard at an implementation level.

A solid strategy is the keystone to business success - without a solid strategy, success is unobtainable. However, without execution, a solid strategy is meaningless (Steele, 2001:2).

3.3 CREATING THE BALANCED SCORECARD

Solano, De Ovalles, Rojas, Padua & Morales (2003:68) write that the Balanced Scorecard uses strategic cause-and-effect linkage maps that describe how intangible assets are promoted and combined with other tangible and intangible assets to generate value creation propositions for clients and to achieve the financial results expected by shareholders.



Every measure selected for the scorecard should be linked to a specific strategy. This means that there should be a cause-and-effect relationship in the chain from Learning and Growth, to Processes, to Customers and, finally, to Financial performance. In this way, the Balanced Scorecard explains how the business strategy will be achieved and is much more than an ad hoc set of measures (Stivers, 2000:4).

Translating the strategy into operational terms means that the vision according to each of the four perspectives is broken down and the general strategic issues are formulated (Solano *et al.*, 2003:70).

Making strategy everyone's job starts with the leadership developing the strategic architecture. Decisions must be made on what perspectives are appropriate for the organisation. The standard four are Financial, Customers, Processes, and Learning and Growth (Hall, 2000:5).

Financial objectives for a business are different at each stage of an organisation's life cycle. Therefore, the design of the scorecard must start with the recognition of the business stage and the identification of the corresponding financial objectives. Companies must also focus on customer needs, and the best way to monitor performance in this area is to select a mix of generic and custom measures. Attention to these measures may ensure that the firm is providing top value to its customer (Stivers, 2000:4).

By translating a strategy into objectives, managers and front-line employees are provided with goals for which the means for attainment are more easily understood. In addition, results are most easily obtained by focusing on a few of the most important objectives (Steele, 2001:2).

Aligning the organisation with the strategy seeks to ensure that each business unit is aligned with the organisation's generic strategy. This phase focuses on linking each employee with the organisation's strategy and then making the strategy an ongoing process. Employees have to understand the strategy to contribute to its success. The last phase promotes change through management leadership. It is important for management to participate in the change process that the Balanced Scorecard brings to the organisation (Solano *et al.*, 2003:70).

3.4 EFFECTIVE PERFORMANCE MEASURES

Metrics must be developed based on the priorities of the strategic plan, which provides the key business drivers and criteria for metrics that managers most desire to watch. Processes are then designed to collect information relevant to these metrics and reduce it to a numerical form for storage, display and analysis. Decision makers examine the outcomes of various measured processes and strategies, and track the results to guide the company and provide feedback (The Balanced Scorecard Institute, 1999:4).

The value of metrics is in their ability to provide a factual basis for defining:

- strategic feedback to show the present status of the organisation from many perspectives for decision makers;
- diagnostic feedback into various processes to guide improvements on a continual basis;

- trends in performance over time as the metrics are tracked;
- feedback around the measurement methods themselves, and which metrics should be tracked; and
- quantitative inputs to forecasting methods and models for decision support systems.

The process of developing effective performance measures should always consider the following (Lefkowitz, 2001:5):

- Effective performance measures are objective - the best performance measures are based on data that cannot be fudged or manipulated.
- Effective performance measures are credible - this means that the performance measures actually address the goal they are supposed to address.
- Effective performance measures are timely - effective performance measures give the organisation and its stakeholders feedback on a regular basis.
- Creating these performance measures is critical - any successful strategic planning effort must produce a limited number of specific performance measures that the organisation is completely dedicated to achieving.

Atkinson (2000:8) adds by saying the following:

- The measures chosen must be a balanced set, a mixture of familiar financial figures and, to many organisations, unfamiliar non-financial ones.

- At a minimum, measures should reflect financial performance along with two to four non-financial categories, such as customer, employee, internal business process or learning and growth.
- The measures should link to one another in a web of logic that, in a sort of shorthand, shows the core cause-and-effect relationships and integrates and focuses devolved decision-making on organisational objectives.

Cameron (2002:4) feels it is essential to clarify what is important to the organisation and where people should spend their time. Once you clarify what you want to achieve as an organisation, people will know how they fit in and how they need to respond to make things happen. Cameron expands by saying the challenge is to pick meaningful data, that can be measured, that is tied to the financial well-being of the company and that minimises the risk of manipulation. This usually involves competing goals such as service delivery growth and reductions in the cost of operations.

Jensen (2000:10) identified the following requirements for designing, developing and implementing successful measurement systems and metrics:

- Communicate to staff the performance facets essential to organisational success.
- Communicate to staff how their individual efforts contribute to organisational success.
- Communicate current organisational performance to all personnel.

- Provide historical documentation of organisational performance (the purpose of this goal is to provide trend information for improvement purposes).
- Provide information for aligning business activities with organisational goals and objectives, or aligning goals and objectives with highly successful activities.
- Provide information needed to set goals based on current performance.
- Provide information needed to identify performance problems and risks.
- Provide a means of determining whether performance improvement interventions are successful and have the desired impact on organisational performance.
- Provide a depiction of the organisation's internal components, the external entities with which it interacts, and the internal and external interfaces.
- Standardise and formalise the way in which organisational performance information is collected and reported in order to increase assessment accuracy and consistency.
- Provide information required for strategic, capital investment and other decisions.

3.5 ENHANCING THE PERFORMANCE MANAGEMENT PROGRAMME

Abernathy (2001:2) provides the following advice on developing and enhancing Balanced Scorecards:

- No one should design his or her own incentive plan - the self-serving opportunities of the designer can prejudice the programme.
- The frequency of measurement feedback is as important as the amount - greater effectiveness is achieved through increased frequency of feedback.
- Decide on the ideal measures, then compromise - design the scorecard to improve these results without regard to what data is available.
- The performance measures should "mirror" the real world - design measures "as though the participants are franchised or in business for themselves".
- Where possible, design measures for small teams and individuals rather than large groups - individual measures have a greater effect on performance and are more equitable and easier to apply to incentive pay.
- Measure only controllable job outputs and focus on design measures that are mostly in the control of the employee, thus avoiding broad, financial or subjective measures that are affected by events the employee cannot control.

- Balance quality and quantity, making sure the two dimensions are balanced in terms of the economic consequences and the impact on long-term objectives.
- Design "linked" measures to encourage employees in interdependent jobs to cooperate.
- Provide equity of opportunity, but not necessarily equity of result - everyone in the system should have an equal chance to achieve goals. However, this does not require that every employee achieve every month.
- Try it, then fix it - scorecards should be piloted using non-monetary recognition or low-payout-opportunity "capped" cash plans as all the variables that may affect performance will surface only after installation.

3.6 CONCLUSION



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Measures are used to monitor the successful implementation of your strategy by means of the Balanced Scorecard. Measures should be objective, credible, timely and critical as well as balanced between the four perspectives of People, Processes, Financial and Customer. Without proper measures, managers will not be able to implement, monitor or control a potentially successful strategy.

CHAPTER 4

RESEARCH METHODOLOGY OF THE STUDY

4.1 INTRODUCTION

In this chapter the methodology employed for conducting the research is sketched. First the design selected for the study is explained. Thereafter the population and the sample are placed in perspective. Validity and ethical considerations are highlighted and, finally, the measuring instrument is discussed.

4.2 DESIGN



The exploratory descriptive research method was used for this study. The survey conducted had to elicit the views of Sales and Marketing consultants in the regions, with the aim of clarifying certain perceptions and increasing the understanding of the research problem.

There are several reasons to use qualitative research. It is not always possible, or desirable, to use fully structured or formal methods to obtain information from respondents. People may be unwilling or unable to answer certain questions. People are unwilling to give truthful answers to questions that invade their

privacy, embarrass them or have a negative impact on their ego or status (Malhotra, 1999:148).

Malhotra (1999:148) further states that whenever a new research problem is addressed, quantitative research must be preceded by appropriate qualitative research.

4.3 POPULATION AND SAMPLING

The population constituted all six locally based regions. The reason for including all the regions is that individual regions are too small and diverse to be used as samples.

The sampling frame comprised a list of all regional sales consultants. This list was obtained from the Human Resources Department.

The unit of analysis was the regional sales consultants.

The population comprised a total of 45 sales consultants spread over the six regions. Surveys were mailed to all the consultants and a total of 29 responses were ultimately received. According to De Vos (2002:200), the suggested percentage for a representative sample in this case is 64% - about 28 to 30 respondents.

4.4 DATA COLLECTION

Primary data was obtained by means of a survey. The survey was mailed to the regional sales consultants based on the list supplied. The answers had to reflect the views of the individuals and not the regions as such. The survey focused on specific items seeking to understand the views of the people.

Respondents were allowed a period of one week to complete the survey. Completed surveys had to be faxed back to a central point at Head Office. Follow-up emails were sent out on a daily basis to remind the consultants to complete the survey.



4.5 VALIDITY

To obtain valid and reliable data, one must ensure, before implementing the study, that the measurement procedures and the measurement instruments to be used have acceptable levels of reliability and validity. Validity and reliability are two of the most important concepts in the context of measurement (De Vos, 2002:166).

4.7 THE SURVEY

The survey method of obtaining information is based on the questioning of respondents. Respondents were asked to respond to variety of statements regarding their perceptions and attitudes.

The major advantages of administering an electronic survey are (Malhotra, 1999:178):

- control of field force;
- perceived anonymity of the respondent; and
- the ability to obtain sensitive information.

The survey was compiled with the aim of measuring the views and perceptions of regional sales consultants specific to:

- the alignment of personal, regional and divisional Balanced Scorecard goals;
- the communication required to ensure performance indicators are articulated;
- personal feedback needed to improve performance;
- the climate needed to develop the people perspective;
- processes required to perform effectively;
- customer feedback and the implications for service delivery; and
- the key financial and cost indicators.

Ordinal scaling will be used for all the statements.

4.8 CONCLUSION

Even though there are only about 45 sales consultants in total, this team is responsible for generating revenue on a noteworthy scale. The main purpose of this survey is thus to elicit the views of this elite team in order to identify problem areas and to be proactive in improving the Balanced Scorecards currently implemented in the regions. It is of utmost importance for these consultants to buy into the vision and strategic goals as mapped out in the existing scorecards, as this is the only roadmap to becoming the number one Merchant Acquirer in South Africa.



CHAPTER 5

SURVEY FINDINGS AND INTERPRETATION OF DATA

5.1 INTRODUCTION

This chapter discusses the findings of the research. Tables and figures are used throughout to assist in the interpretation of the survey results. The discussion will focus separately on each section as covered in the survey. Certain logical inferences will be made and highlighted where applicable.

5.2 THE SURVEY

The survey used covered the following major sections:

- Scorecard Alignment
- Communication
- Personal Feedback
- Learning and Growth (People)
 - Learning and Development
 - Responsibility and Authority
 - Recognition and Trust
 - Personal Satisfaction
- Processes

- Customer
- Financial

5.3 FINDINGS

The findings of each of the sections explored in the survey will now be discussed in detail.

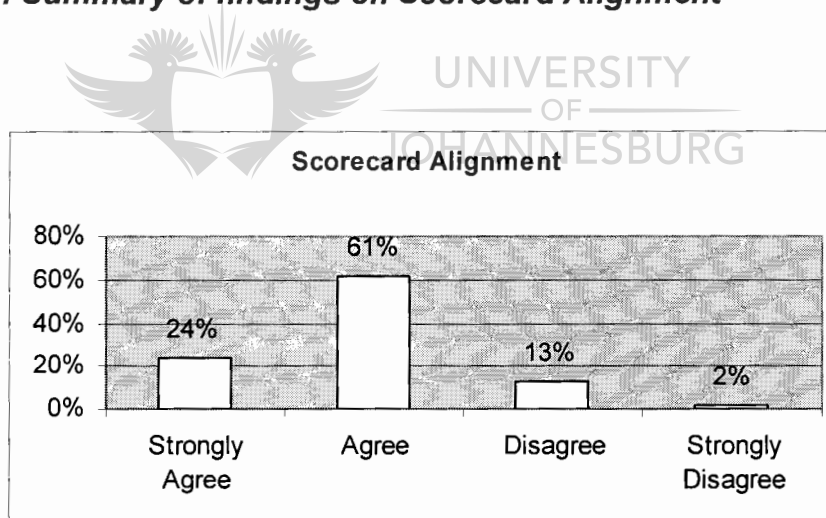
5.3.1 Scorecard Alignment

The first five statements intended to measure the respondents' perceptions around the alignment of personal scorecard goals with the regional scorecard goals. They also tested the perceptions on the alignment of regional and divisional scorecard goals. In addition, consultants gave an indication of their understanding of strategy and their responsibility towards achieving the regional and divisional goals.

Table 5.1: Survey findings on Scorecard Alignment

#	Statement	Strongly Agree	Agree	Disagree	Strongly Disagree
1	I understand terms such as Vision, Strategy and Strategic Goals	37.9%	55.2%	3.4%	3.4%
2	I am completely familiar with Merchant Acquiring's Balanced Scorecard	17.2%	55.2%	24.1%	3.4%
3	Our regional Balanced Scorecard is aligned with Merchant Acquiring's Scorecard	10.7%	71.4%	17.9%	0.0%
4	My personal Balanced Scorecard is aligned with the region's Balanced Scorecard	7.4%	77.8%	11.1%	3.7%
5	I understand my accountability towards achieving the region's goals as defined in the regional Balanced Scorecard	44.4%	48.1%	7.4%	0.0%

Figure 5.1: Summary of findings on Scorecard Alignment



It is clear from figure 5.1 that there is an overall agreement that personal, regional and divisional goals are aligned (85% agree or strongly agree where the balance of 15% either disagree or strongly disagree). There are however

indications that consultants are not completely familiar with Merchant Acquiring's Balanced Scorecard. This in itself impacts on perceptions of regional and divisional scorecard alignment.

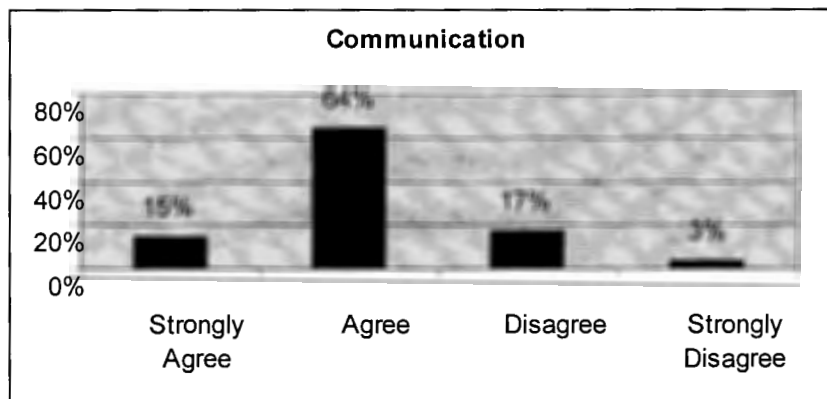
5.3.2 Communication

This section of the survey aimed to elicit the views of the consultants on the communication needed for a successful scorecard implementation.

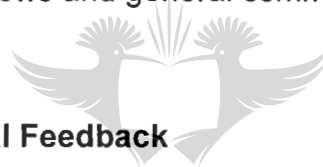
Table 5.2: Survey findings on Communication

#	Statement	Strongly Agree	Agree	Disagree	Strongly Disagree
6	Scorecard reviews are conducted and I am given feedback on a regular basis	17.2%	55.2%	17.2%	10.3%
7	Balanced Scorecard indicators essential for organisational success are properly communicated	17.2%	65.5%	17.2%	0.0%
8	There is a standardised way of collecting and reporting on performance information required to monitor Balanced Scorecards	10.3%	72.4%	17.2%	0.0%

Figure 5.2: Summary of findings on Communication



Almost 80% of the respondents agreed that key information is communication to the lowest levels. The only problem area seems to be the frequency of scorecard reviews and general communication on overall performance.



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5.3.3 Personal Feedback

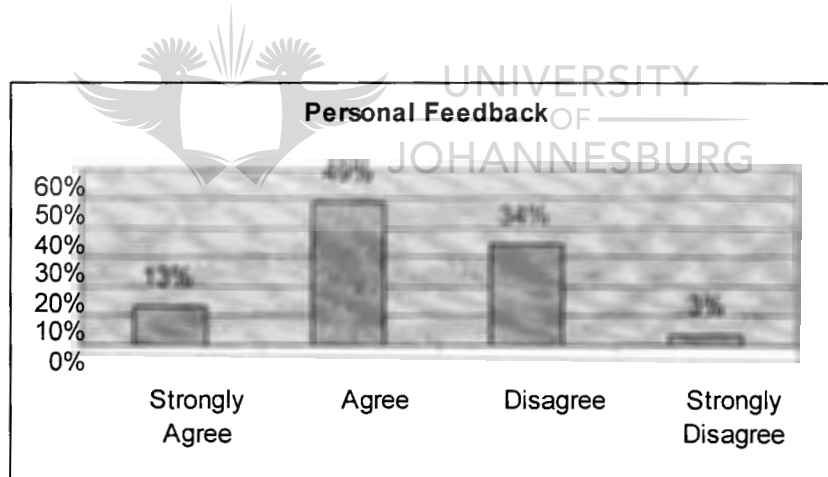
Statements 9 to 12 covered personal feedback. Consultants need regular feedback to improve personal performance. Personal feedback is the only way to ensure that consultants know where they are now and where they should be.

Table 5.3 below shows the findings of these statements.

Table 5.3: Survey findings on Personal Feedback

#	Statement	Strongly Agree	Agree	Disagree	Strongly Disagree
9	My personal Scorecard goals are set based on current performance	17.2%	55.2%	27.6%	0.0%
10	Performance problems and risks are identified and personal Scorecards adjusted accordingly	13.8%	44.8%	37.9%	3.4%
11	I receive ongoing feedback based on my personal Scorecard that helps me improve my performance	13.8%	44.8%	34.5%	6.9%
12	My last Balanced Scorecard evaluation helped me improve my job performance	6.9%	51.7%	37.9%	3.4%

Figure 5.3: Summary of findings on Personal Feedback



There is definitely a problem with personal feedback on scorecard performance. Almost 40% of the respondents indicated that there is not enough feedback given to improve personal performance.

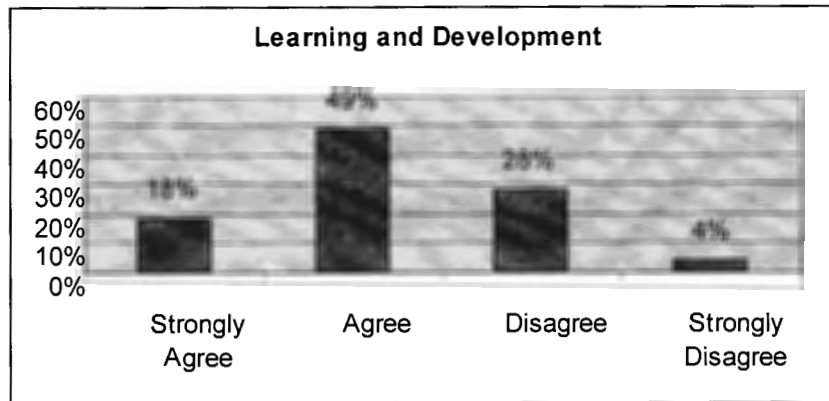
5.3.4 Learning and Growth (People) perspective

Statements 13 to 23 covered the People perspective. Statements 13 to 17 focused specifically on learning and development. Statements 18 and 19 focused on responsibility and authority. Statements 20 to 22 covered recognition and trust and 23 satisfaction. Each of these will be discussed in turn.

Table 5.4: Survey findings on Learning and Development

#	Statement	Strongly Agree	Agree	Disagree	Strongly Disagree
13	My personal Scorecard allows for participation in continuous learning	14.3%	53.6%	28.6%	3.6%
14	I get coaching from my superior to help me improve on targets set in my Balanced Scorecard	14.3%	46.4%	35.7%	3.6%
15	I have the skills I need to do my job as measured in my Balanced Scorecard	31.0%	55.2%	6.9%	6.9%
16	My Scorecard allows for the opportunity to learn and do new things in my job	17.9%	42.9%	35.7%	3.6%
17	In my area, advancement is based on merit and performance as measured through personal Balanced Scorecards	13.8%	48.3%	34.5%	3.4%

Figure 5.4: Summary of findings on Learning and Development



The positive point to be made here is that most consultants feel that they have the skills required to do their jobs. There is however a problem with learning opportunities and coaching received from superiors.

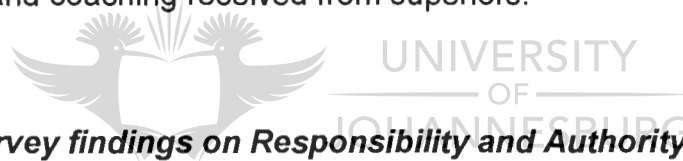
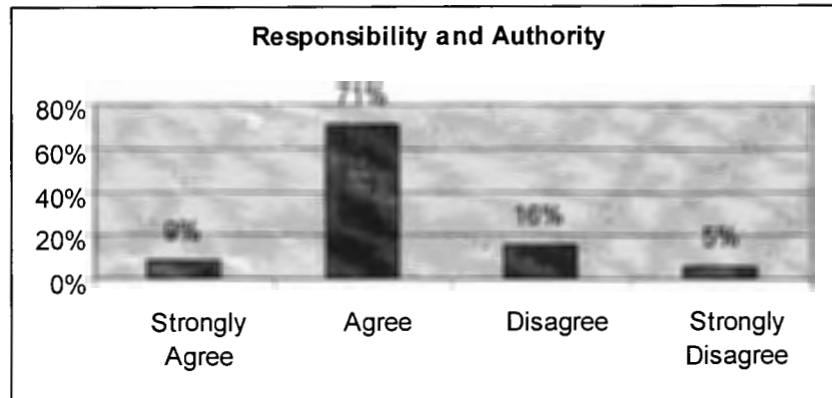


Table 5.5: Survey findings on Responsibility and Authority

#	Statement	Strongly Agree	Agree	Disagree	Strongly Disagree
18	I am delegated with the right amount of responsibility to achieve the goals set out in my Balanced Scorecard	6.9%	69.0%	20.7%	3.4%
19	I have the authority to make improvements to my work processes measured in my Balanced Scorecard	6.9%	72.4%	13.8%	6.9%

Figure 5.5: Summary of findings on Responsibility and Authority



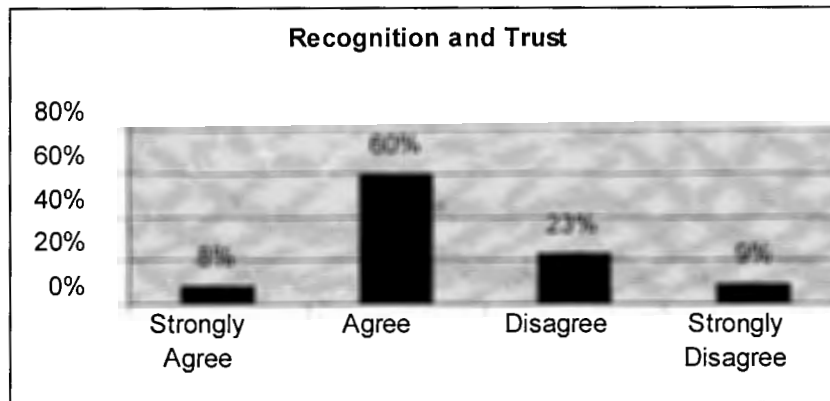
The majority of the consultants believe that they have the necessary responsibility and authority to influence aspects measured in personal scorecards. This is a comforting thought if seen in the light of the Acquiring and Corporate values.



Table 5.6: Survey findings on Recognition and Trust

#	Statement	Strongly Agree	Agree	Disagree	Strongly Disagree
20	When I improve my performance measured in my Balanced Scorecard, my accomplishments are recognised	6.9%	62.1%	24.1%	6.9%
21	I am rewarded for my contribution to customer satisfaction, as measured in my Balanced Scorecard	6.9%	58.6%	20.7%	13.8%
22	I can depend on my superior to honour the commitments he/she makes, especially when my Scorecard performance depends on it	10.3%	58.6%	24.1%	6.9%

Figure 5.6: Summary of findings on Recognition and Trust



Recognition and trust seems to be another problem area. At least three out of every ten consultants feel that their accomplishments are not recognised and that they cannot depend on (trust) their superiors.

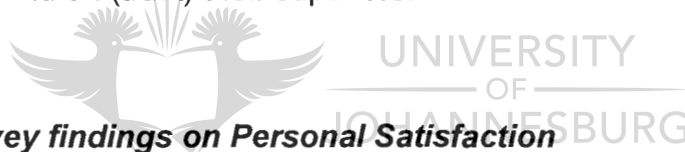
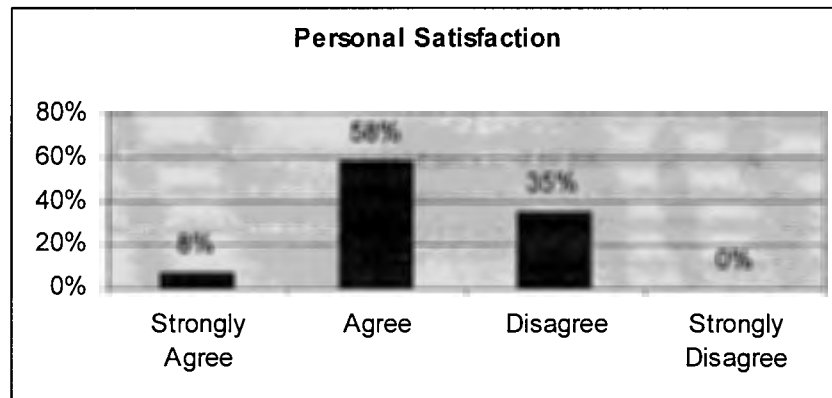


Table 5.7: Survey findings on Personal Satisfaction

#	Statement	Strongly Agree	Agree	Disagree	Strongly Disagree
23	I am satisfied with the number of challenges set out in my Balanced Scorecard	7.7%	57.7%	34.6%	0.0%

Figure 5.7: Summary of findings on Personal Satisfaction



Personal satisfaction also seems to be on the lower end. A total of 35% of the respondents indicated that they are not satisfied with the challenges set in their personal scorecards.



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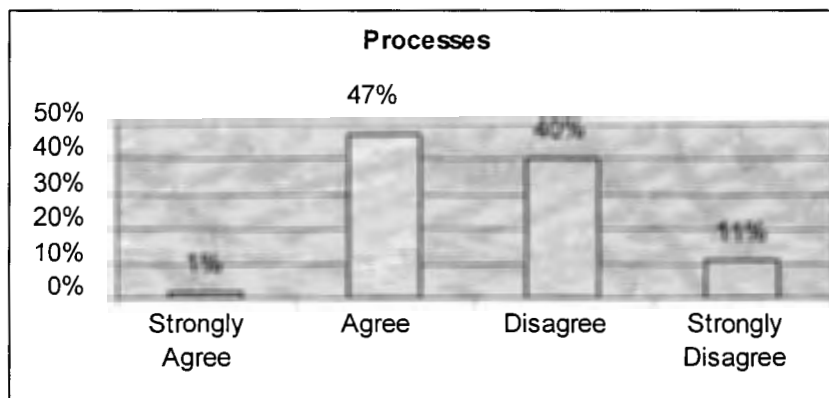
5.3.5 Processes

Key processes have to be in place to meet organisational objectives and to meet customer needs.

Table 5.8: Survey findings on the Processes perspective

#	Statement	Strongly Agree	Agree	Disagree	Strongly Disagree
24	Processes are in place to assist me in fulfilling the customer's needs, thus enabling me to achieve the goals defined in my Balanced Scorecard	3.7%	59.3%	29.6%	7.4%
25	The key processes are monitored when doing my personal Scorecard measurement	3.7%	59.3%	33.3%	3.7%
26	I am not spending unnecessary time on tasks and processes that form part of my daily job, therefore enabling me to focus on what's important for achieving my Balanced Scorecard targets	0.0%	33.3%	48.1%	18.5%
27	Processes are integrated and eliminate the need for duplicate work, thus making the goals in my personal Scorecard achievable	0.0%	34.6%	53.8%	11.5%
28	We have the needed technology supporting the processes measured in my Balanced Scorecard	0.0%	48.1%	37.0%	14.8%

Figure 5.8: Summary of findings on the Processes perspective

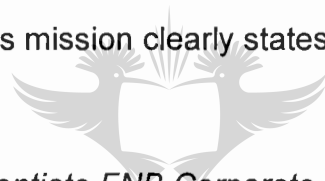


When compared to the other sections, Processes seem to be the biggest challenge area. More than half of the respondents indicated that the necessary processes required to support measures in personal scorecards are not currently in place or that these processes are not adequate. When considering the impact on efficiency and effectiveness, this is definitely an area to be reviewed.

5.3.6 Customers

Without customers, Acquiring will not be in business. This perspective captures the ability of the organisation to provide quality goods and services and to meet the needs of the customer effectively.

FNB Corporate's mission clearly states:



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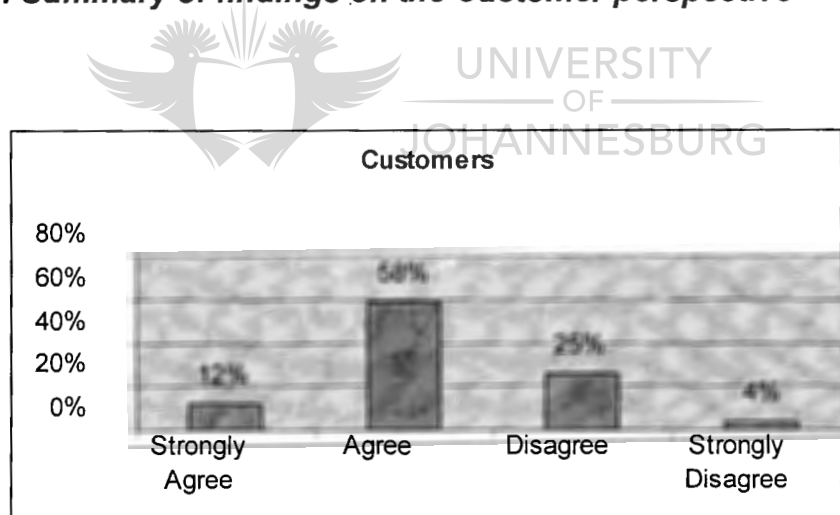
To differentiate FNB Corporate in the market place through service.

In order to support this mission, a programme entitled “Kairos” was introduced. FNB Corporate can be a winning organization only if it has a strategic point of difference. The mission of Kairos is to provide a compelling client and staff proposition, which will establish a real competitive advantage through service differentiators. Question 32 was specifically included to test the views of the consultants on the effectiveness of this programme.

Table 5.9: Survey findings on the Customer perspective

#	Statement	Strongly Agree	Agree	Disagree	Strongly Disagree
29	In my area we constantly use customer feedback to improve our work procedures as well as the measures used in our Balanced Scorecards	3.7%	63.0%	25.9%	7.4%
30	Specific Balanced Scorecard goals are set for meeting the needs of our customers	3.7%	63.0%	33.3%	0.0%
31	I am updated on a regular basis on how well our customers' needs are met (both through Scorecard reviews and Customer Surveys)	3.7%	51.9%	40.7%	3.7%
32	The Kairos programme has made a difference to the standard of service I deliver and helped me to meet and exceed my service targets set out in my Balanced Scorecard	40.0%	56.0%	0.0%	4.0%

Figure 5.9: Summary of findings on the Customer perspective



An astonishing 96% of the respondents indicated that the Kairos programme has made a difference to their standard of service as measured through their personal Balanced Scorecards. There is however a gap between what should be

measured to meet customer needs and what is currently being measured. In addition, consultants do not receive feedback on how well the client needs are being met. This occurrence again highlights the issue of communication.

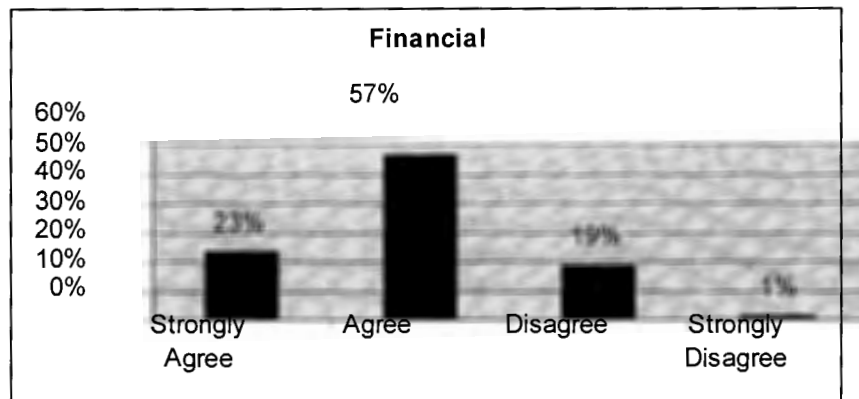
5.3.7 Financial

Considering the various shareholders, any company should deliver maximum value at the lowest cost. The key ideas are to maximise profits, reduce costs and optimise the total investment.

Table 5.10: Survey findings on the Financial perspective

#	Statement	Strongly Agree	Agree	Disagree	Strongly Disagree
33	I totally understand Gross Merchant Income Contribution (GMIC) and the components making up this measure in my Scorecard	29.6%	51.9%	18.5%	0.0%
34	I understand the different categories of merchants and how the selection of merchants impacts on my goals set out in my personal Balanced Scorecard	25.9%	63.0%	11.1%	0.0%
35	My Balanced Scorecard allows for the identification and measurement of initiatives aimed at reducing costs	14.8%	55.6%	25.9%	3.7%

Figure 5.10: Summary of findings on the Financial perspective



Close to 80% of the respondents indicated that they understand the drivers of the business as well as the impact of merchant selection on scorecard performance. This is a comforting thought given the fact that merchant contribution drives any Acquiring business.



5.4 CONCLUSION

It is clear from the data analysed that almost all the perspectives of the Balanced Scorecard as implemented for regional consultants need to be revisited. This is a concerning fact as regional consultants are the major revenue generators for the business. Chapter 6 will explore this further with the aim of highlighting the major problem areas to assist management in taking corrective action.

CHAPTER 6

CONCLUSION AND RECOMMENDATIONS

The aim of the Balanced Scorecard is to present management with a concise summary of the key success factors of a business, and to facilitate the alignment of business operations with the overall strategy.

According to Kanji & e Sá (2002:17), the Balanced Scorecard constitutes an effective learning process, since it integrates:

- a shared strategic framework that communicates the strategy and allows each participant to see how to contribute to the achievement of the overall strategy;
- a feedback process that collects performance data about the strategy; and
- a team problem-solving process that analyses and learns from the performance data and then adapts the strategy to emerging conditions and issues.

The main purpose of this study was to describe the views, experiences and perceptions of sales consultants on the Balanced Scorecards implemented in the Sales and Marketing area of FNB Merchant Acquiring.

The results have shown that there are issues impacting on all the perspectives of the Balanced Scorecard, including communication and personal feedback.

Table 6.1 below summarises the findings of the major categories in the survey. Percentages for “Agree” include response totals for both *Agree* and *Strongly Agree*. The same holds true for “Disagree”.

Table 6.1: Survey findings on Scorecard Categories

Category	Agree	Disagree	Ranking
Scorecard Alignment	85.0%	15.0%	9
Communication	79.3%	20.7%	7
Personal Feedback	62.1%	37.9%	2
Learning and Development	67.6%	32.4%	4
Responsibility and Authority	77.6%	22.4%	7
Recognition and Trust	67.8%	32.2%	5
Personal Satisfaction	65.4%	34.6%	3
Processes	48.5%	51.5%	1
Customers	70.8%	29.2%	6
Financial	80.2%	19.8%	8

The “Ranking” column is based on the balance between *Agree* and *Disagree*. Ranking starts by assigning 1 to the highest *Disagree* value, going up to 9 for the lowest value.

Using the ranking, the first category of statements focused on Processes. As is evident from the previous chapter, this poses the biggest challenge area. Management will have to put additional technology in place to provide the needed support, and possibly re-engineer some of the existing processes.

Personal feedback stands second in line with 37.9% of the consultants indicating that the current feedback processes are not sufficient. This is crucial as personal feedback is the only way to ensure continual alignment with the strategy. Specific procedures will have to be put in place to ensure this is done in such a manner that it will benefit the needs of both the consultant and the division.

Even though only one statement on personal satisfaction was included in the survey, it was very specific. This is an area on its own and possible additional research could be undertaken to understand the underlying causes of the problem.

The Learning and Development (People) perspective is next. This perspective measured the perceptions of the intellectual capital and the development thereof. In a services company such as FNB Merchant Acquiring, sales consultants perform a crucial role in the service-delivery process. The quality of your service staff impacts significantly on the service quality delivered to the customers. If customers are satisfied, they tend to stay with the organisation. This area should be explored further with the assistance of the Human Resources area.

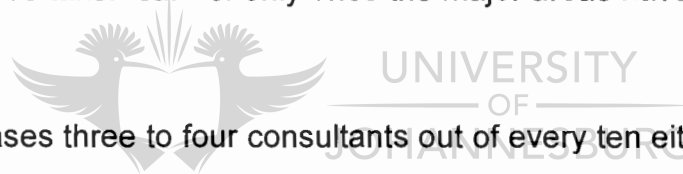
The recognition and trust category is next, indicating that 32.2% of the consultants feel that this area is lacking. This is another important dimension, as the consultants want to be given recognition for their achievements. Without

recognition there is almost no incentive for doing anything. Trust is just one of the components supporting a value system. A possibility might be to get everybody to adopt the agreed-upon values again by re-signing the original values contract.

The major problems in the Customer perspective were communication and alignment of goals to serve customer needs (as communicated through surveys). This goes hand in hand with communication in general. Management will have to improve on this by putting the necessary communication mechanisms in place.

The remaining three sections, responsibility and authority, alignment and financial, should be taken care of only once the major areas have been tidied up.

In most of the cases three to four consultants out of every ten either disagreed or strongly disagreed with the statements in the survey. This ratio is cause for concern as the Balanced Scorecard is the method used to implement the Merchant Acquiring strategy. This study only highlighted possible problem areas that need management's attention and leaves scope for further exploration. It is now up to management to decide on how the balance will be restored.



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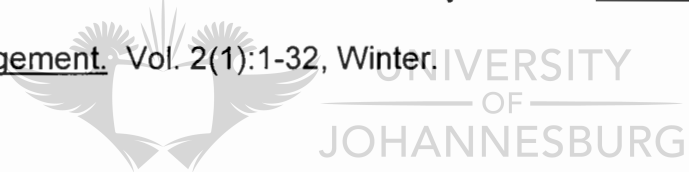
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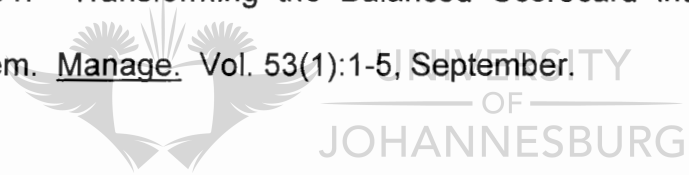
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