

### **Strategic Positioning:**

**Cost Leadership:** producing products or services at lowest cost in the industry – through productivity and efficiency improvements, elimination of waste, redesign, reengineer processes, tight cost control

- Leads to **lower selling prices**

**Product Differentiation:** developing and maintaining a unique and superior value for the products, as perceived by the customer.

- Leads to **brand loyalty** and willingness of customers to pay **higher prices**

**Focus (niche):** targeting attention to a specific market segment

### **Strategy Implementation:**

#### **Balanced Scorecard:**

- Combination of measures, structured to express a cause and effect relationship between specific measures and overall organisational objectives
- Measuring and managing **ALL** aspects of a company's performance
- Balances traditional financial measures of success with non-financial measures
- Measures organisational performance across four perspectives

### **The Balanced Scorecard:**

**1. Learning and Growth Perspective:** how should we sustain our ability to grow, change and improve?

**2. Customer Perspective:** how should we appear to our customers?

**3. Financial Perspective:** how should we appear to our shareholders?

**4. Business Production and Process Perspective:** at what business practices must we excel?

#### **Implementing BSc:**

1. Clarify vision, core competencies and strategies
2. Analyse perspectives to develop performance objectives and measures
3. Construct a strategy to reinforce links between measures
4. Communicate, link throughout organisation and refine
5. Establish performance targets and action plans
6. Collect and analyse SC data to monitor performance
7. Investigate variances and reward employees
8. Provide feedback and refine BSc

#### **Good BSc Features:**

- Cause-and-effect relationships
- Communicates strategy
- Motivates managers
- Identifies most critical measures
- Considers operational and financial measures together

### **- 1. Financial Perspective -**

- > Evaluates profitability of the strategy and the creation of shareholder value
- > Uses the most objective measures in the scorecard
- > Other three objectives feedback into this dimension
- > Lag measures