



INSTITUTO  
UNIVERSITÁRIO  
DE LISBOA

---

## **Balanced Scorecard as a Strategic Management Tool: The Case of Hierro Casa 2000, C.A.**

Moisés Alejandro Castro De Sousa

Master in International Management

Supervisor:

PhD Pedro Miguel Ribeiro de Almeida Fontes Falcão,  
Assistant Professor,  
Iscte-IUL

April, 2024

Department of Marketing, Strategy and Operations

**Balanced Scorecard as a Strategic Management Tool: The Case of Hierro Casa 2000, C.A.**

Moisés Alejandro Castro De Sousa

Master in International Management

Supervisor:  
PhD Pedro Miguel Ribeiro de Almeida Fontes Falcão,  
Assistant Professor,  
Iscte-IUL

April, 2024



## **RESUMO**

Hoje em dia, o Balanced Scorecard assume um papel de destaque na estratégia e na medição de desempenho. Esta é a consequência da ampla implementação desta metodologia, que foi apresentada em 1992.

Este projeto visa conceber e implementar um balanced scorecard (BSC) para a Hierro Casa 2000, C.A., uma empresa venezuelana que vende produtos de construção. O BSC ajudará a empresa a traduzir a sua missão e visão em quatro perspectivas: financeira, cliente, processos internos e aprendizagem e crescimento. E, para alcançar este propósito, foram tomados os seguintes passos: um estudo do ambiente interno e externo da empresa; foram identificados os fatores críticos de sucesso; a missão, a visão e os objetivos foram analisados e melhorados; foram selecionados os indicadores de desempenho mais adequados para avaliar o desempenho da empresa e foram definidas as melhores iniciativas estratégicas para alcançar os objetivos pretendidos.

Também são propostos planos de ação para as estratégias selecionadas, e são avaliadas a viabilidade e as limitações da implementação do BSC. Foi utilizada uma metodologia qualitativa para realizar a pesquisa, apoiada num estudo de caso.

Na prática, o valor deste estudo é a concepção de um BSC que reorganiza e clarifica tanto a estratégia como os objetivos de uma empresa, bem como ajuda a empresa a comunicá-los a todos na organização. Deste estudo, conclui-se que a importância atribuída aos aspetos produtivos da empresa em questão influencia de forma decisiva o modelo final, que acaba por assumir um carácter mais operacional do que o previsto na literatura.

**Classificacao JEL:** L64, M10, M14

**Palavras-chave:** *Balanced Scorecard*, Pequenas e medias empresas, Avaliação da performance, missão e visão.



## **Abstract**

Nowadays, the Balanced Scorecard assumes a prominent role in strategy and performance measurement. This is the consequence of the wide implementation of this methodology, which was presented in 1992.

This project aims to design and implement a balanced scorecard (BSC) for Hierro Casa 2000, C.A., a Venezuelan company that sells construction materials. The BSC will help the company translate its mission and vision into four perspectives: financial, customer, internal processes, and learning and growth. And, to achieve this purpose, the following steps were taken: an internal and external environment study of the company; critical success factors were identified; the mission, vision and goals were analyzed and improved; the most suitable performance indicators to evaluate the performance of the company were selected and the best strategic initiatives to achieve the intended objectives were defined.

Action plans for the selected strategies are -also- proposed, and the feasibility and limitations of the BSC implementation are evaluated. A qualitative methodology was also used to conduct the research, supported on a case study.

In practice the value of this study is the conception of a BSC that reorganizes and clarifies both the strategy and the objectives of a company as well as helping the company communicate these to everyone in the organization. Out of this study, the conclusion is that the importance attributed to the productive aspects of the company in question influences in a decisive way the final model, which ends up assuming a more operational character than the one foreseen in literature.

**JEL classification:** L64, M10, M14

**Key-words:** *Balanced Scorecard*, Small and Medium Enterprises, Performance Measurement, mission, and vision.



## Index

Resumo.....	iii
Abstract.....	iv
1. Introduction .....	1
1.1 Contextualization and Project Relevance.....	1
1.2 Research Questions and Objectives.....	2
1.3 Project Structure.....	3
2. Literature Review.....	5
2.1 Balanced Scorecard History and Background.....	5
2.2 Balanced Scorecard.....	5
2.3 The four Balanced Scorecard Perspectives.....	6
2.4 The four Strategic Management Processes: From strategy formulation to implementation.....	9
2.5 Steps for the creation of a Balanced Scorecard.....	10
2.6 The Balanced Scorecard in Small and Medium Business.....	11
3. Methodology.....	13
4. Contextualization of the study.....	15
4.1 Hierro Casa 2000, C.A. History.....	15
4.2 Hierro Casa 2000 – Extended System Diagram.....	16
4.3 Hierro Casa 2000 - Mission, Vision, and Core Values.....	18
4.4 Hierro Casa 2000 – Organizational Structure.....	19
4.5 Critical Focuses.....	20
4.6 SWOT Analysis.....	23
4.7 SWOT Analysis Implementation.....	24
	29
	7



5. Data Presentation and Discussion of Results.....	29
5.1 Strategic Objectives.....	30
5.2 Strategies' selection by Objectives.....	35
5.3 Balanced Scorecard.....	36
5.4 Perspective and phases.....	44
5.5 Strategic Map.....	47
6. Conclusions .....	47
6.1 Final .....	48
Conclusions.....	49
6.2 Contributions and Recommendations.....	50
6.3 Limitations.....	51
6.5 Future Research Opportunities.....	55
7. Bibliographic References.....	55
8. Appendix.....	59
Sección A.....	
Sección B.....	

## Index of Figures

Figure 1 The four Balanced Scorecard Perspectives and their relationship with the strategy.....	8
Figure 2 The four Strategic Management Processes.....	9
Figure 3 The Strategic Map.....	11
Figure 4 Hierro Casa 2000, C.A. – Macro Location.....	16
Figure 5 Hierro Casa 2000, C.A. – Mirco Location (Satellite View).....	16
Figure 6 Extended System Siagram Suppliers.....	17
Figure 7 Hierro Casa 2000'S Organizational Chart.....	20
Figure 8 Ishikawas's Diagram for Hierro Casa 2000's Critical Focuses.....	22
Figure 9 SWOT Analysis for Hierro Casa 2000, C.A.....	23
Figure 10 SWOT Analysis Implementation (1/4).....	24
Figure 11 SWOT Analysis for Hierro Casa 2000, C.A (2/4).....	25
Figure 12 SWOT Analysis for Hierro Casa 2000, C.A (3/4).....	26
Figure 13 SWOT Analysis for Hierro Casa 2000, C.A (4/4).....	27
Figure 14 Priority Strategies selected for Hierro Casa 2000, C.A.....	34
Figure 15 Contingency Strategies for Hierro Casa 2000, C.A.....	34
Figure 16 Relation between Hiero Casa's Strategic Missions/Vision and the BSC Perspectives.....	36
Figure 17 Relation between Strategic Objectives and Cause-Effect Indicators.....	39
Figure 18 Action plan for Primary Strategy N° 1.....	40
Figure 19 Action plan for Primary Strategy N° 2.....	41
Figure 20 Action plan for Primary Strategy N° 3.....	42
Figure 21 Action plan for Primary Strategy N° 4.....	43
Figure 22 Strategic Map.....	44



## **1. Introduction**

### **1.1. Contextualization and Project Relevance**

Through all the changes and new challenges that have arisen in the last century as a consequence of the of the high competition and development in the markets, many companies have realized the relevance of continuously achieving financial and operational improvements, as well as opening their horizons to different players and commercialization channels. Looking forward to keeping pace on the transformations the business field is making, countless organizations have progressively applied new and more efficient management and planification models aimed to accomplish success both inside and outside the company.

In a business environment where strategy and decision-making play a fundamental role in succeeding, efficiency in the operations is the most appreciated asset that a company will aspire to. Consequently, the development of a business framework that highlights those concepts as a key factor in the growth of the organization becomes essential for the management team.

That is the case for Hierro Casa 200, C.A, a Venezuelan SME with more than 17 year of experience in the retail area, offering their clients with a big catalog of construction tools, decoration materials, and home accessories. As a big player within its field, the company struggles everyday with developing and maintaining a strategic vision that supports their consolidation, interfering at the same time with the creation of a set of goals, strategies, and action plans that enable their evolution in the market. Therefore, the lack of identity that surfaced as a consequence of the reasons mentioned above has directly impacted on the long-term projection of the organization, affecting not only their financial results, but also the employees' performance in many areas of the business.

The main idea through this project's development is to conceive a Balanced Scorecard that provides Hierro Casa 2000 with a set of strategies and methods to clearly define their identity within the competitive environment, looking forward to promoting a continuous improvement in the company's management and overall performance. Evidently, and as mentioned by Andersen *et al.* (2001), the BSC not only contributes as an added value to creating a clear sense of direction in the company, but also to the acquisition of flexibility driven by learning. Thus, its conception in Hierro Casa will not

only support the promotion of the company's goals, but also will help to build a strong culture to support the accomplishment of those targets.

At the same time, the project will base its importance -mainly- on the understating level that the company will acquire from their internal environment, helping, at the same time, to predict the evolution of the surrounding markets. This forecast will stimulate the adaptation process Hierro Casa 2000 will face to new challenges in the business, through the definition of their priorities, their most important objectives, and what is their real identity within the field in which they compete.

## **1.2. Research Question and Objectives**

According to Ying (2009), the most appropriate method that any investigation process should follow is to start by completing a literature review and a detailed definition of the research questions and project objectives. The same author also enhances the relevance of correctly delineating the points above as the main core of any research project, and the way how it will be conducted to a successful completion. Adding to this thought, Arias (2006) states the research questions are directly attached to the main project's objective, being more generical when the pursued approach is qualitative.

Having this into consideration, the research question that will accurately support the main purpose of this corporate project would be:

How can a Balanced Scorecard be conceived and implemented in Hierro Casa 2000,  
C.A. (a SME based on the Construction Business)?

Given the project's profile, it is undeniable the fact that its General Objective will be the creation of a Balanced Scorecard for a SME that currently operates in the construction business, having as a main target the tailored design of a set of guidelines that support Hierro Casa's consolidation in their business field.

At the same time, the General Objective will be endorsed by a set of Specific Objectives which are defined as follows:

- Identify the impact and relevance in the creation of a BSC in a SME.

- Diagnose the organization's internal and external environment (strengths, weaknesses, opportunities, and threats).
- Contribute to the Mission and Vision improvement in the organization.
- Define the BSC four perspectives and its linked strategic objectives.
- Understand the performance indicator for the organization and how those are measured.
- Design action plans and strategies that allow the accomplishment of the defined goals.

### **1.3. Project Structure**

Regarding the project structure, it will start with a literature review about the BSC methodology, providing special attention to its application in the performance management systems within an organization. Subsequently, a diagnostic of Hierro Casa 2000 will be performed where different topics need to be emphasized: The company's evolution through the years, its organizational structure, the market segmentation it applies, its Mission, Vision, etc. Furthermore, the study will proceed with a SWOT analysis, identifying the critical factors of the organization through the Ishikawa Diagram.

Finally, a formal BSC proposal will be designed for Hierro Casa 2000. Through all the information collected in direct observation, the Mission and Vision will be reflected in a strategy embedded in the strategic map, supported by all the respective objectives, indicators, and initiatives of the company. The conclusion will round up the study, by exposing all the resultant ideas of the project, explaining its limitations and the future opportunities it might have.



## **2. Literature Review**

### **2.1 Balanced Scorecard History and Background**

According to many historians, it is from the early 90's that many performance evaluation systems started to become a significant trend in the business world. Conceived to add value and importance to the organization, these systems contribute to the prompt and efficient identification of data, looking forward to stimulating a relevant management strategy within the company (Jordan, 2015). Because of this, the pure financial evaluation stopped being enough for the design of many performance systems, bringing at the same time more subjectivity to the analysis and strategy conception within the business context (Banchieri, Planas, and Redbull, 2011).

Since the performance evaluation systems started to be envisioned as methods to formulate strategies and operations in different organizations, which ended up influencing the individual behavior and the organizational capacities, in 1992 Robert Kaplan and David Norton decided to present a Balanced Scorecard as a performance evaluation system in the Harvard Business Review "The Balanced Scorecard – Measures That Drive Performance" (Kaplan and Norton, 1992). The authors claimed that the performance evaluation of any organization should not be based merely on financial indicators, and instead, it should offer a set of measures that gives top managers a fast and comprehensive view of the business.

In that same article, Kaplan and Norton expressed the importance of each indicator within a BSC for any SME, since those will contribute to the analysis of many invisible aspects that directly affect organizational performance, and that are hardly highlighted by any financial indicator (Kaplan and Norton, 1997).

### **2.2 Balanced Scorecard**

The Balanced Scorecard is conceived as one of the most efficient tools to implement and bring into action the strategic plan of any organization. As the business world is continuously showing that the financial indicators' analysis is not enough to ensure the



success of any enterprise, it becomes highly relevant the follow-up and achievement of short-term objectives (Itner and Larcker, 2003). Based on that premise, the BSC is a complete system that provides balance between the short-term and long-term objectives, the financial indicators, the non-financial indicators, the historic performance of the company, and the internal and external environment (Crispim and Romero, 2019).

The main goal for a Balanced Scorecard is to conduct the business into the accomplishment of the organization's Mission. In order to achieve this task, it directs the energy, abilities, and knowledge to the fulfillment of strategic goals in the long-term. The BSC uses four main perspectives: The Financial Perspective, the Customer's Perspective, the Internal-Business-Processes Perspective, and the Learning and Growth Perspective; and it allows to create a synergy between the company's people and the strategic plan, so all the strategic objectives can be reached.

Nowadays, the Balanced Scorecard is one of the most applied tools in big multinationals among several sectors: The Banking sector, the Industrial sector, the Energy sector, etc. It slowly has provided relevance and depth into the profound necessity of information in a highly globalized economy. Furthermore, the BSC plays with the great advantage of not being attached to only one specific business perspective. It merges with every perspective in the business world, identifying and emphasizing at the same time the relations that exist in all of them. At the end of the day, is the bond that exists amongst the four financial perspectives what constitutes the so-called architecture of a BSC (Campbell, Datar, and Narayanan, 2015).

### **2.3 The four Balanced Scorecard Perspectives**

The BSC shows an organization's performance in meeting its objectives relating to stakeholders. Most organizations use four perspectives or four categories of performance measures as indicators to evaluate the activities and development of the company. (Jassem and Che, 2021).

The four BSC Perspectives have been defined as follows:

- **Financial Perspective:** According to Crispim and Romeiro (2019), the Balanced Scorecard includes the Financial Perspective because of the importance these must showcase the economic results of any organization, easily measurable by the actions that have been taken in the past. The economic

measures display if the company strategy that has been put into action contributes to the core development of the organization.

The Financial Perspective becomes in that way the BSC engine, after the whole strategy and company goals have been set accordingly. (Razek, 2012). Moreover, it also becomes the direct reflection of the results obtained through the remaining three perspectives, as poor Client management, Internal Processes management, and/or Human Resources management, will directly impact on the financial indicators. Some of the most common indicators from this perspective are:

- o Rentability.
- o Return on the Investment.
- o Income.
- **The Customer Perspective:** Within the Customer Perspective, the organizations tend to identify the Client and Market segments in which they decide to compete with. These segments will represent the source of income for the financial goals of the organization. At the same time, Customer Perspective allows companies to balance their key indicators about Clients (satisfaction, fidelity, retention, and rentability) with the Client and Market segments selected previously. (Kaplan and McMillian, 2020).

In order to achieve the financial performance that a company desires, it's extremely important that its customers are satisfied. That is the main measure for this perspective, as it focusses on analyzing the relationships with Customers and the expectations they have over the business. (Tennant and Tanoren, 2005).

- **The Internal Process Perspective:** The main goal for this perspective is to identify the objectives and Strategic indicators that are deeply related with the key processes in the organization. The success of these indicators will always depend on the Customer and Stakeholders' expectations (Kaplan and Norton, 1997).

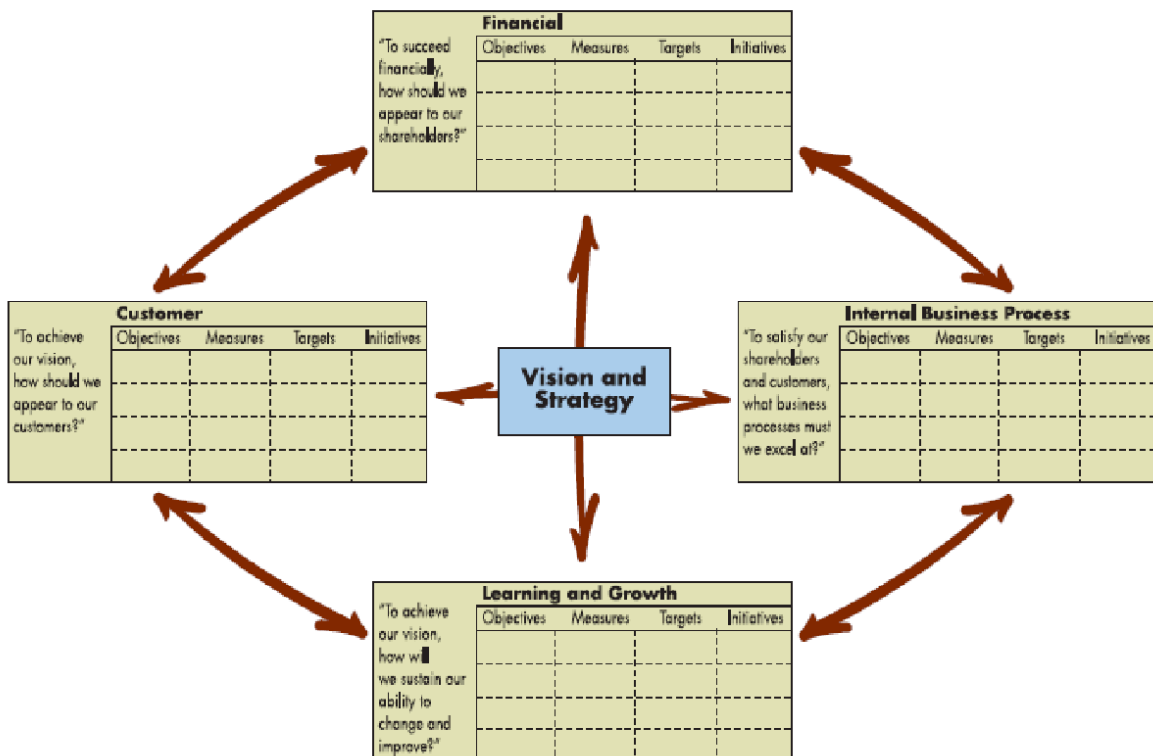
The Internal Process Perspective analyzes the proper definition of the internal strategies within the company regarding the accomplishment of the Customer's satisfaction, as well as achieving a high financial performance. At the same time, the BSC demands that all internal processes in a company are examined and improved,

including mechanisms that identify completely new processes that allow the organization to face continuous changes in the market. (Chenhall, 2005).

- The Organizational Capacity Perspective:** This perspective involves the objectives that any organization must draw looking forward to building a solid infrastructure that touches people, systems, and processes. It refers to the availability, in real time, of reliable information, the knowledge retention, the development of capacities, the increase in the employee’s behavior, and the necessity of preparing the staff for the new competitive environment. (Laitinen and Chong, 2006).

The following figure illustrates the four Balanced Scorecard Perspectives model presented by Kaplan and Norton (1997), and the relation that the company’s Vision and Strategy represent within the model:

**Figure 1:** The four Balanced Scorecard Perspectives and their relationship with the strategy



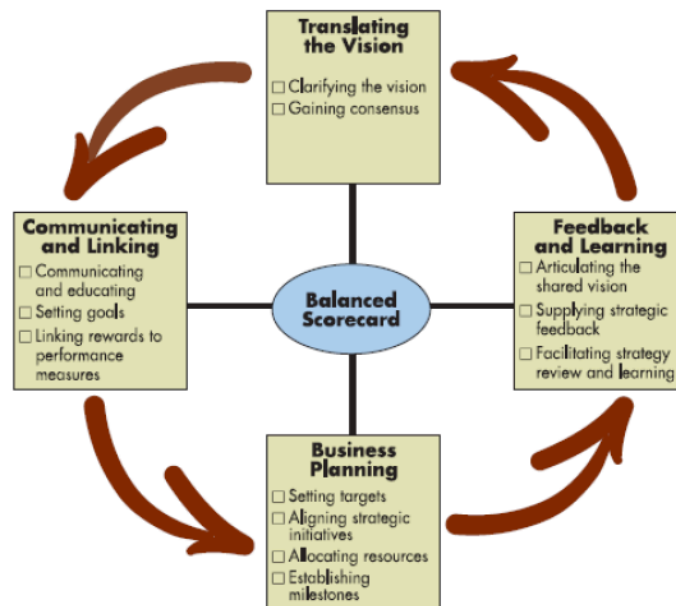
Source: Kaplan and Norton, 1997: 76

## **2.4 The four Strategic Management Processes: From strategy formulation to implementation**

With the goal to promote strategy implementation within the organization, as well as the relation between its creation and the implementation in the short-term actions, Kaplan and Norton (1997) introduced 4 Strategic management processes related amongst them:

- *Vision Translation:* Translated the company's strategy to a set of Strategic objectives and indicators that are easily explained in operational terms.
- *Communication and Alignment:* Strategy communication to the distinct levels of the organization, also relating it to the different goals from individuals and departments. The involvement of different business units in the BSC creation may facilitate their alignment with the company strategy.
- *Planning the Business:* Integrating strategy conception with the budget creation. By planning the business, the long-term goals and the most important initiatives will be defined and established with the proper priorities.
- *Learning and Feedback:* Facilitates strategy adaptation by monitoring the BSC four Perspectives indicators. Different to the previous three processes where the strategy remains untouched, the Learning and Feedback stimulates the Strategic learning to initiate an adaptation cycle.

**Figure 2:** The four Strategic Management Processes



Source: Kaplan and Norton, 1997: 77

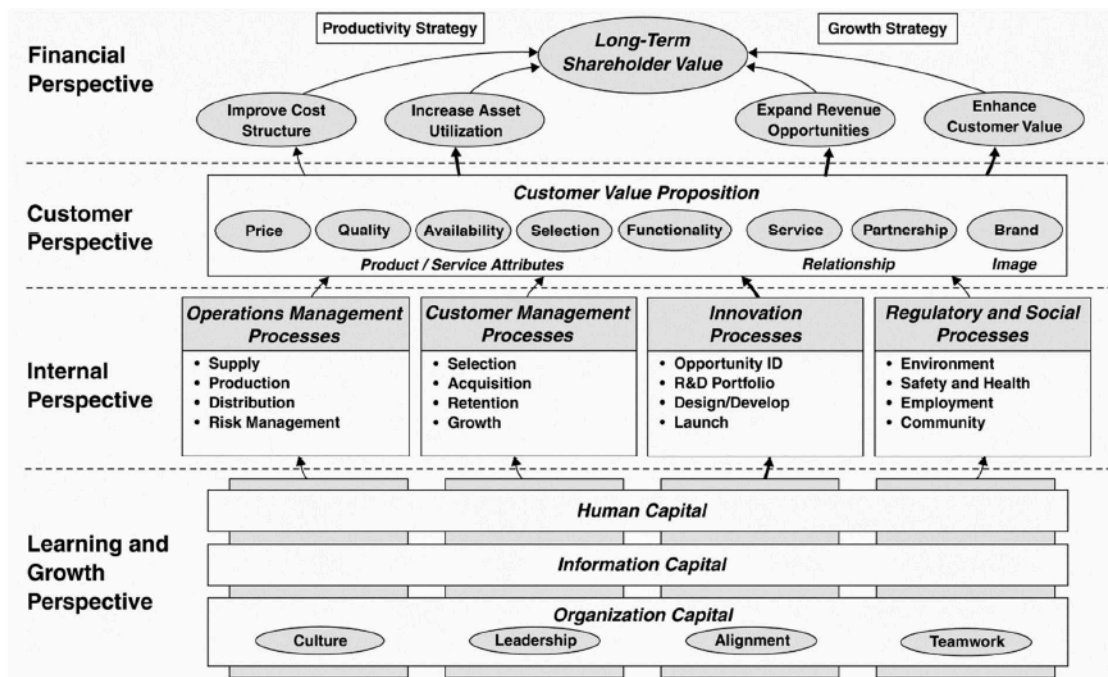
## 2.5 Steps for the creation of a Balanced Scorecard

- o *Define the Business Unit architecture:* After consulting it with the management lever across the organization, the BSC architect must define the Business Unit that is suitable for a Balanced Scorecard creation. This initial process is more likely to be under strategic Business Units that develop activities within different branches: Innovation, operations, marketing, sales, and services.
- o *Build consensus around the Strategic Objectives:* The architect must define a list of objectives within the four Balanced Scorecard Perspectives. Each perspective and each objective associated with it should be sponsored by the management team, identifying situations within the company they want to resolve.
- o *Design and Select Indicators:* It is extremely important for the BSC to identify indicators that communicate a Strategic message. Since each strategy is unique, that will mean each BSC should be unique, as well as its own indicators.
- o *The Strategic Map:* Proposed by Kaplan and Norton (1997), the Strategic Map defines the way that all the Strategic objectives connect between each other through cause-effect relations, looking forward to contributing to the global growth of the company, and therefore, the growth of its own

stakeholders. At the same time, this Map will provide a simple and clear picture from the company's strategy, prioritizing at the same time, the Strategic objectives and the learning process that is undertaken once creating a BSC.

The Strategic Map is divided into four sections, each one belonging to the performance perspectives of the BSC. It must be designed through a 'top down' process, which implies defining first the company's Mission, Values, and Vision, to establish afterwards all the causal relations in a descendent order (Gomes and Major, 2023).

**Figure 3: The Strategic Map**



Source: Kaplan and Norton, 1997: 11

## 2.6 The Balanced Scorecard in Small and Medium Business

- o *Relevance of the BSC in a SME:* Having in consideration the specific features of a SME in comparison with larger Enterprises, it becomes important to adapt the Balanced Scorecard to any smaller company since it is an analysis tool initially conceived for a high formalism level, as well as great amount of economical and human resources (Martínez, 2018). The BSC is frequently used in SMEs to transform the strategic planification into a more efficient process, by contributing to describing and communicating the strategy through its transformation into clear objectives and indicators. In that sense, the BSC promotes the long-term evolution of the organization, by supporting the performance evaluation both individually and collectively.

On the other hand, the BSC provides a narrower spectrum of analysis for organizations, as it focuses only on the relevant indicators for strategic implementation. It promotes the organization's alignment with their main strategy, making clear the cause-effect relationships that exist between the operational decisions (Elbanna and Child, 2007).

In sum, and considering all the exposed before, once applying a BSC into a SME it is important to select a simple model tailored to the organization's needs. At the same time, overcomplex methods with many performance indicators should be avoided, being more important to use uncomplicated informatic tools that can be rapidly adapted to the company's strategy. The BSC process once applied to a SME, however, has a shorter length, since it responds to organizational structures with lower complexity and less human resources involved (Rompho, 2011).

- o *Challenges to implement a Balanced Scorecard within SMBs:* At the beginning of each BSC implementation process, it is always common to find some difficulties to define -in a consensual way- the company's strategy looking at it though different perspectives within the top-level management. Having said this, Strategic Map creation becomes the starting point in the BSC implementation (Gomes and Major, 2023).

Another challenge with the BSC refers to the lack of defining information to complete all the phases within its structure. The increase of work to obtain crucial information may create some resistance in some collaborators. Additionally, the

increase in the available information can eventually cause some alterations in the power balance, which at the end may also generate more opposition to the BSC implementation (Hoque, 2014).

### **3. Methodology**

In order to develop this project, the Strickland-Thompson (2008) methodology will be implemented to create a strategic vision of the company's current situation. Based on those results, it will be possible to identify not only their performance, but also what is the main target the organization has in the near future.

On the other hand, to Arias (2006), the investigation level refers to the degree of detail that each topic possesses through a specific study. As a result, this project will have a Descriptive investigation level, as the main goal is to perform an exhaustive identification of the elements that conform a BSC, aiming to provide Hierro Casa 2000 with strategies that promote their successful development. In terms of the research methodology adopted for the project, it will be Qualitative research since no numerical data will be analyzed throughout the entire investigation (Babbie, 2020).

Alternatively, the project will also be considered as an investigation method, the unique Study Case, looking forward to obtaining all the relevant data directly from a real scenario in only one company (Hierro Casa 2000). The investigation can also be classified Projective, as it should function as background for other studies within the same scope, providing ideas and solutions for the common issues amongst



organizations. It implies exploring, describing, and suggesting changes for the corporation that will not necessarily be implemented in the near future.

In addition to what is mentioned above, Crispim and Romeiro (2019) also highlight data collection as one of the most important phases of a study case. It allows each researcher to identify numerous capacities and competences that should be put into practice (or prepared in advance) once jumping into a research project. At the same time, the author also describes six sources of evidence when collecting information during a project: Documentation, interviews, direct observation, participative observation (the researcher not only observes the environment, but also participates in the scenarios that are being analyzed), file records, and physical proofs.

For this corporate project, it was necessary to apply three different data collection methods:

- The direct observation source, like many of the details that will be part in the BSC conception will come directly from the real scenarios and circumstances that Hierro Casa 2000 daily faces.
- Occasional online conversations with many key stakeholders (including the management team, company sellers, and employees in general) from the organization.
- Interviews (*Appendix - Sections 'A' and 'B'*) that were conducted between August and September of 2023 (with the proper authorization of all the people involved) to approximately forty employees including:
  - General Manager
  - Sub-Manager
  - Purchasing Manager
  - Sellers
  - Administrator
  - Business Assistant
  - Company workers

It was also required to use the available data from the organization with the final intention to gather all the relevant information contained within documents offered by the company.

#### **4. Contextualization of the study**

##### **4.1 Hierro Casa 2000, C.A. History:**

Hierro Casa 2000, C.A. is a Venezuelan Company founded in May 2000. It is located in Barcelona - Anzoátegui, with commercial activities referred to buying, selling, fabrication, distribution, importation, and exportation of construction materials, ironmongery, carpentry, decoration, and all related merchandise to the construction business. Despite being created in 2000, the company started commercial operations in May 2003, achieving a solid growth of 123% in its revenues between 2005 and 2006. The high management level from Hierro Casa granted the early success of the organization to their aggressive marketing strategy, their constant analysis of the competition, the broad catalog of products being offered in the store, and the outstanding Customer Service that was provided by their employees.

As a company mainly focused on the construction and decoration sector, Hierro Casa 2000 offers to the public:

- Trustable service with high quality and security.
- Low prices.

- Outstanding organization and service efficiency.
- Guarantee their products and services.
- The most updated technology in the products.

Moreover, the organization promotes amongst all employees a set of essential values such as: Communication, collaboration, discipline, ethics, honesty, respect, responsibility, loyalty, punctuality, transparency in its processes and relations, and overall consistent organizational response.

**Figure 4:** Hierro Casa 2000, C.A. – Macro-Location



**Figure 5:** Hierro Casa 2000, C.A. – Micro-Location (Satellite View)



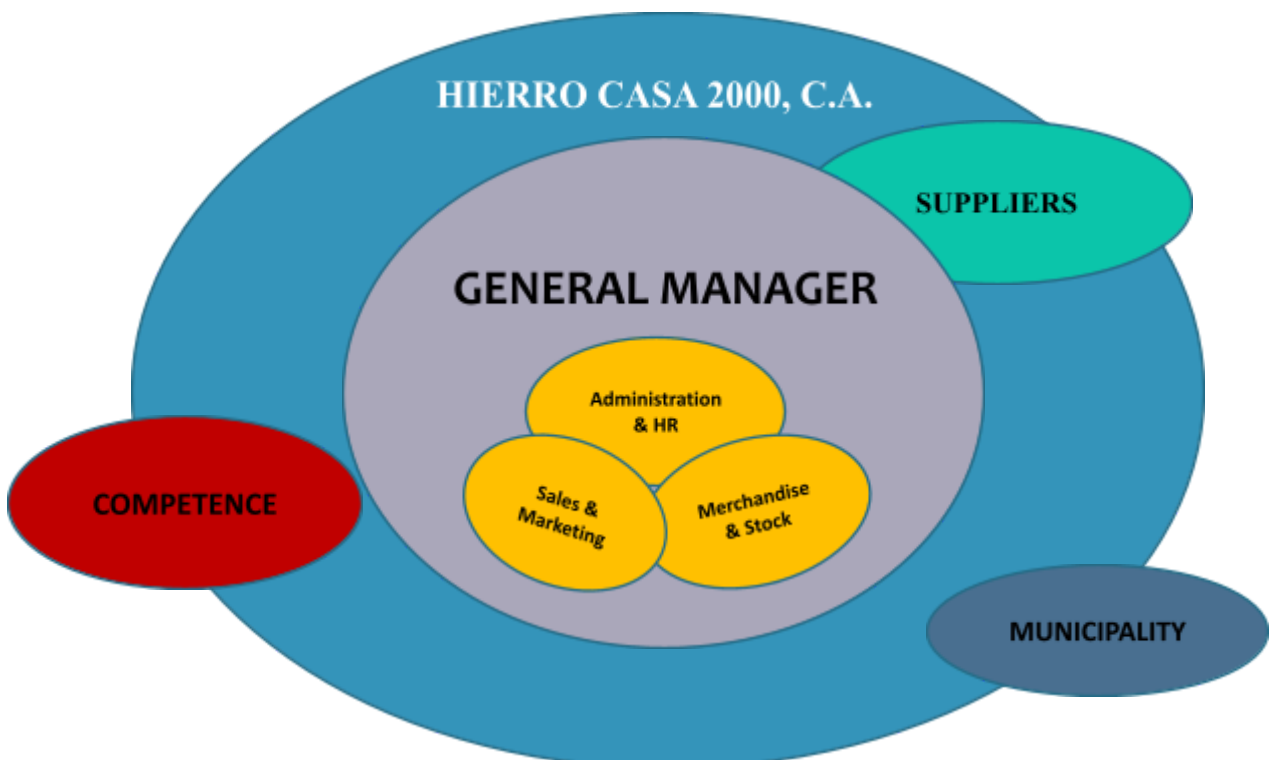
**Source:** Google Maps, (2023).

<https://www.google.com/maps/@10.1270794,-64.6596985,1305m/data=!3m1!1e3>

#### 4.2 Hierro Casa 2000 – Extended System Diagram:

The following diagram illustrates the general aspects related to the company, the defining factors within its system, and Hierro Casa’s relations with the environment.

**Figure 6:** Extended System Diagram Suppliers





Source: Castro, (2024).

As it becomes apparent, Hierro Casa 2000 is an open system in continuous interaction with the environment. As a result, it's extremely important to differentiate the general environment (which groups all the economic, political, socio-economic, and technological factors that define the general frame where the company acts); and its specific environment (which refers only to the elements that directly affect the outcome of an explicit organization cluster with similar characteristics).

As shown in the diagram, Hierro Casa 2000 has a General Management that coordinates its overall performance providing prompt and efficient results to all the daily blockers and situations that are continuously faced. This General Management is based on three main departments/units:

- Administration & HR: Controlling all the information related to the Employee Community of the company, as well as the accounting processes that are generated by the organization and its transactions.
- Sales & Marketing: Within this unit, Hierro Casa staff develop all the Strategic planning and execution of the marketing activities related to the company. It also controls the product and services sales, maintaining a direct interaction with the Customers and public.
- Merchandise and Stock: This department has the main goal of carrying all the needed inventories within the company's facilities, generating a list of demanded products that will be part of the purchase orders authorized by the managers.

Within the same framework, Hierro Casa 2000 has a substantial number of Customers that receive the products and services offered. These clients represent a relevant figure for the company, as they define its level of financial rentability and how it should be placed amongst other competitors that present similar marketing strategies. Furthermore, the competitors are also a big part of the organization, as Hierro Casa

constantly tries to develop plans for publicity that provide the company with a good competitive advantage in its sector.

Finally, Hierro Casa possess a broad supplier catalog that offers all the different items and materials that are commercialized in the store. The suppliers are normally contacted directly by the company, and they receive the purchasing orders that have been crafted by the staff, which will later turn into the merchandise that would be received in the Merchandise & Stock department. Hierro Casa also holds permanent communication with its Municipality, looking to comply with all the government regulations, commercial permits, and taxes that need to be declared on a regular basis.

### **4.3 Hierro Casa 2000 – Mission, Vision, and Core Values**

The mission of a company indicates the specific scope of its operations describing, at the same time, the values, and priorities of the organization. Therefore, it is necessary to describe what is done in the company in detail, indicating the scope and way in which the company's operations are carried out.

Hierro Casa 2000's mission was defined in documented analysis and structured interviews with those responsible for the company:

*“We are a Venezuelan construction company founded in May of the year 2000. We are dedicated to the commercialization of high-quality hardware and construction products, offering assorted materials, low prices and advice through a highly trained team that promotes consistently extraordinary levels of satisfaction to achieve a privileged position in the construction market.”*

A Company's Vision usually defines long-term objectives (Martínez, 2018). Documentary analysis and structured interviews made it possible to elaborate Hierro Casa 2000's Vision:

*“We want to be recognized as a leading company with a solid financial balance in the hardware and construction market, consolidated through national and international branches, with an air, sea and land transport system that provides a solid response in import and export, allowing to solve the needs of the clients in the first contact or in the shortest time.”*

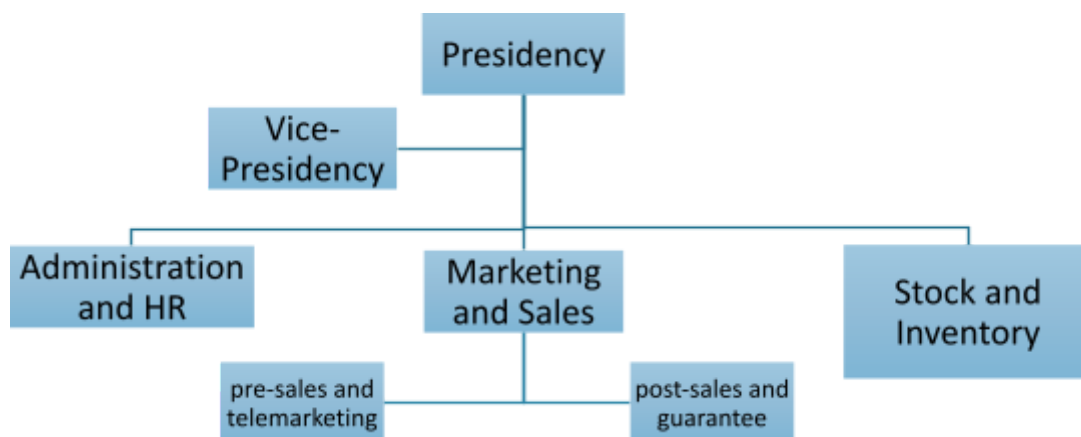
Finally, when it comes to Core Values, these reflect the principles and characteristics of the organization. They describe the attitudes, behavior, and character that the company esteems, as well as intolerable conduct behaviors (Kaplan and Norton, 1997).

In fact, the convictions that govern the activities and culture of Hierro Casa 2000 lead us to verify that its fundamental values are:

- Collaboration and Communication.
- Ethics and Honesty.
- Respect and Responsibility.
- Outstanding Corporate Image
- Transparency in relationships and processes
- Consistent organizational response.

#### 4.4 Hierro Casa 2000 – Organizational Structure:

Below is Hierro Casa 2000’s Organizational Chart which was previously provided by the General Manager of the Organization. This scheme reflects the organizational structure of the company, allowing it to reflect the position of the areas or departments that comprise it, their hierarchical levels, and lines of authority.



**Figure 7:** Hierro Casa 2000’s Organizational Chart.

**Source:** Hierro Casa 2000, C.A. (2020).

#### 4.5 Critical Focuses:

In order to identify and highlight the Hierro Casa 2000 critical focuses, this project used the Ishikawa Diagram. This tool represents a simple graphic illustration that

shows -in a relational way- all the issues to be analyzed within a specific spectrum. Through this diagram as well, it was possible to express some of the current situations the company faces (like the lack of a defined Strategic Vision), and how these factors are interrelated between each other.

Here are some of the critical focuses identified for Hierro Casa 2000:

- *Struggles with the Currency Exchange System:* Venezuelan economy has been defined -in the latest years- by a fierce Exchange System that directly affects all the organizations which import and/or export any type of materials involving the currency exchange. Hierro Casa 2000 has faced some financial difficulties due to the struggles related to the dollar acquisition which is controlled by the ‘Sistema Marginal de Divisas (SIMADI).’ All these regulations become a challenge for the company, since the purchases made in international markets require an incredibly lengthy process that directly affects the company’s sales. This has turned to be a blocker for Hierro Casa, which sees its purchasing power constantly disturbed, and therefore, the catalog of exclusive products that may be available for the Customers.
- *Constant variations in the Laws and Regulations for Venezuelan Companies:* Due to the instability of commercial and organizational laws in Venezuela, delays may occur in the expedition of legal documents as well as in the payment of taxes. These conditions directly impact organizations through the application of fines or sanctions that, in many cases, can lead to temporary closure. As a result, Hierro Casa 2000 has been concerned over the ‘uncertainty’ of the environment, and how this may be affected because of the legal enactments in the country.
- *Lack of communicational mechanisms:* Communication is key within organizations, as it generates an outstanding informational flux amongst that looks to support the consolidation of the strategic vision. Having said that, Hierro Casa 2000 lacks efficient communicational methods between Management and the Operations Department, which generated inefficiency in the employees’ performance (due to the absence of job descriptions that define expectations and goals for each worker).
- *Lack of formal policies and rules within the company:* The low number of consequences against ‘bad behaviors’ and lack of commitments in the company



has caused that rules are taken lightly by employees in Hierro Casa 2000. This translates to impunctuality, failure to meet objectives on time, transgression of minimum rules (entry times), amongst others. There is no control mechanism that tracks the deviations in overall performance, or that allows to supervise the management measures that are aimed to fulfill an operational planning.

In terms of the aforementioned, the large number of critical focuses that Hierro Casa 2000 C.A currently presents reiterates the importance of a strategic planning process. This will allow determining the company's direction and develop the means to achieve its own mission. (Figure 8).



**Figure 8:** Ishikawa's Diagram for Hierro Casa 2000's Critical Focuses.

**Source:** Castro, (2024).

#### 4.6 SWOT Analysis:

With the elaboration of the SWOT Matrix, the internal (strengths and weaknesses) and external (opportunities and threats) elements of Hierro Casa 2000 were analyzed, this with the purpose of generating a set of viable strategies that serve as a proposal for its application in that organization. Figure 9 shows the result of the SWOT analysis in the company.

**Figure 9:** SWOT Analysis for Hierro Casa 2000.

STRENGTHS	WEAKNESSES
<ol style="list-style-type: none"> <li>1. Application and monitoring of the permanent training plan for Hierro Casa 2000's staff.</li> <li>2. Solid financial position that allows timely allocation of resources for all activities.</li> <li>3. Necessary capacity in terms of infrastructure for the provision of services.</li> <li>4. Use of a computer system, which registers and carries out inventory policies.</li> <li>5. Compliance with current regulations regarding working conditions and environment established by the LOPCYMAT.</li> </ol>	<ol style="list-style-type: none"> <li>1. Disarticulation in the planning processes.</li> <li>2. Organizational structure with deficiencies in the distribution of workloads.</li> <li>3. Absence of formal documentation for employees' roles and responsibilities.</li> <li>4. Absence of concrete communication channels between the corporate level and the operational level.</li> <li>6. Absence of formal and documented measures for job performance.</li> </ol>
OPPORTUNITIES	THREATS
<ol style="list-style-type: none"> <li>1. Urban-commercial development around the company</li> <li>2. Innovation of instruments, tools and mechanical equipment that allows to offer better quality of products.</li> <li>3. Sale growth of hardware and carpentry equipment in the last 10 years.</li> </ol>	<ol style="list-style-type: none"> <li>1. High inflationary index.</li> <li>2. Delay in obtaining foreign currency due to currency exchange control.</li> <li>3. Constant changes regarding tax laws.</li> <li>4. Continuous years of labor immobility established by the Government.</li> <li>5. Competitors offer lower prices for their services.</li> </ol>

**Source:** Castro, (2024).

#### 4.7 SWOT Analysis Implementation:

After carrying out the SWOT Analysis, the internal (strengths and weaknesses) and external (opportunities and threats) elements were cross-referenced with the purpose of generating a set of viable strategies for the company. As a result of this process, four (4) SO type strategies, three (3) ST type strategies, five (3) WO type and three (2) WT type strategies were obtained, thus generating a total of twelve (12) strategies. These strategies will help to meet the organization's objectives (to be defined later on).

Before making a decision regarding the strategies to be selected, an analysis of the objectives-strategies relationship must be made where the strategies must be guided towards the fulfillment of the objectives and these -in return- comply with the Strategic Vision of the company.

**Figure 10: SWOT Analysis Implementation (1/4)**

<b>SO STRATEGIES</b>	<b>STRENGTHS</b>
	<ol style="list-style-type: none"> <li>1. Application and monitoring of the permanent training plan for Hierro Casa 2000's staff.</li> <li>2. Solid financial position that allows timely allocation of resources for all activities.</li> <li>3. Necessary capacity in terms of infrastructure for the provision of services.</li> <li>4. Use of a computer system, which registers and carries out inventory policies.</li> <li>5. Compliance with current regulations regarding working conditions and environment established by the LOPCYMAT.</li> </ol>
<b>OPPORTUNITIES</b>	<p>SO1: Continuous renewal on the automated control system, offering timely responses to customer requirements, and ensuring that the Company has technological advances. S2, S4, S5, O2, O3.</p> <p>SO2: Direct budgets towards updating and modernizing hardware tools and materials, specifically in the area of construction and decoration. S2, S4, O2, O3.</p>

<ol style="list-style-type: none"> <li>1. Urban-commercial development around the company</li> <li>2. Innovation of instruments, tools and mechanical equipment that allows to offer better quality of products.</li> <li>3. Sale growth of hardware and carpentry equipment in the last 10 years.</li> </ol>	<p>SO3: Introduce the products and services offered by the company in new geographical areas. S1, S2, S3, O1, O2.</p> <p>SO4: Establish new ways of negotiating with current customers directed with the use of recent technology. S1, S2, S4, O1.</p>
---	--

**Source:** Castro, (2024).

**Figure 11:** SWOT Analysis Implementation (2/4)

<b>ST STRATEGIES</b>	<b>STRENGTHS</b>
	<ol style="list-style-type: none"> <li>1. Application and monitoring of the permanent training plan for Hierro Casa 2000's staff.</li> <li>2. Solid financial position that allows timely allocation of resources for all activities.</li> <li>3. Necessary capacity in terms of infrastructure for the provision of services.</li> <li>4. Use of a computer system, which registers and carries out inventory policies.</li> <li>5. Compliance with current regulations regarding working conditions and environment established by the LOPCYMAT.</li> </ol>
<ol style="list-style-type: none"> <li>1. High inflationary index.</li> <li>2. Delay in obtaining foreign currency due to currency exchange control.</li> <li>3. Constant changes regarding tax laws.</li> <li>4. Continuous years of labor immobility established by the Government.</li> <li>5. Competitors offering lower prices for their services.</li> </ol>	<b>THREADS</b>
	<p>ST1: Define new supervision and control procedures that generate a value chain and reduce associated costs. S1, S2, S5, T1, T3.</p> <p>ST2: Establish control mechanisms for scheduled service for each administrative or operational activity. S1, S2, T2.</p> <p>ST3: Develop salary remuneration policies based on level of knowledge and productivity of employees, which allow compliance with the company's rules and objectives. S2, T4.</p>

**Source:** Castro, (2024).

**Figure 12:** SWOT Analysis Implementation (3/4)

<b>WO STRATEGIES</b>	<b>WEAKNESSES</b>
	<ol style="list-style-type: none"> <li>1. Disarticulation in the planning processes.</li> <li>2. Organizational structure with deficiencies in the distribution of workloads.</li> <li>3. Absence of formal documentation for employees' roles and responsibilities.</li> <li>4. Absence of concrete communication channels between the corporate level and the operational level.</li> <li>5. Absence of formal and documented measures for job performance.</li> <li>6. There is recent technology or equipment necessary to streamline sales processes.</li> </ol>
<b>OPPORTUNITIES</b>	
<ol style="list-style-type: none"> <li>1. Urban-commercial development around the company</li> <li>2. Innovation of instruments, tools and mechanical equipment that allows to offer better quality of products.</li> <li>3. Sale growth of hardware and carpentry equipment in the last 10 years.</li> </ol>	<p>WO1: Permanently implement professional growth and motivation workshops, strengthening employees' sense of belonging towards the work they do. O3, O4, W4, W5, W6.</p> <p>WO2: Strengthen communication ties and the use of digital and electronic media, between the corporate and operational levels. W4, W5, O3.</p> <p>WO3: Develop policies for the coordination and organization of company activities. W1, W2, W3, O3.</p> <p>WO4: Intensify Marketing activities, aimed at the main use of audiovisual media and social networks. W6, O3.</p>

**Source:** Castro, (2024).

**Figure 13: SWOT Analysis Implementation (4/4)**

<b>WT STRATEGIES</b>	<b>WEAKNESSES</b>
----------------------	-------------------

	<ol style="list-style-type: none"> <li>1. Disarticulation in the planning processes.</li> <li>2. Organizational structure with deficiencies in the distribution of workloads.</li> <li>3. Absence of formal documentation for employees' roles and responsibilities.</li> <li>4. Absence of concrete communication channels between the corporate level and the operational level.</li> <li>5. Absence of formal and documented measures for job performance.</li> <li>6. There is recent technology or equipment necessary to streamline sales processes.</li> </ol>
<b>THREADS</b>	<p>WT1: Permanently dissemination of the plans derived from Management, goals, and details in the development of the company. W1, W2, W4, W5, T3, T4.</p> <p>WT2: Develop policies that guarantee compliance with all the administrative parameters established by Management. W1, W2, W3, W6, T4, T5.</p>
<ol style="list-style-type: none"> <li>1. High inflationary index.</li> <li>2. Delay in obtaining foreign currency due to currency exchange control.</li> <li>3. Constant changes regarding tax laws.</li> <li>4. Continuous years of labor immobility established by the Government.</li> <li>5. Competitors offering lower prices for their services.</li> </ol>	

**Source:** Castro, (2024).

## **5. Data Presentation and Discussion of Results**



In 1992, Robert Kaplan and David Norton presented the BSC as performance appraisal system in the Harvard Business Review article “The Balanced Scorecard – Measures That Drive Performance” (Kaplan and Norton, 1992). The authors defended the idea that performance evaluation should not be based only on financial indicators, which reflect past actions and lead to focused behaviors in short-term performance. In that article, Kaplan and Norton state that: “(...) *no single measure can provide a clear performance target or focus attention on the critical areas of the business*” (Kaplan and Norton, 1992: 71). They then proposed the Balanced Scorecard: “(...) *the set of measures that gives top managers a fast but comprehensive view of the business.*” (Kaplan and Norton, 1992: 71).

It is intended with this work to conceptualize a Balanced Scorecard that responds to the management needs of Hierro Casa 2000. In their particular position, the conception and implementation of the BSC is justified by the company's need to improve its management processes, more specifically related to communication, control and evaluation of the stipulated strategies. Furthermore, the BSC will serve to integrate the objectives established as an intention to create harmony between its various systems.

Finally, the proposed model follows the various design and implementation phases suggested by Olve et al. (1999), not revealing the characteristics of the original model, which was suggested by Kaplan and Norton:

1. Definition of mission, vision and strategy;
2. Selection of performance perspectives;
3. Definition of the strategic objectives;
4. Elaboration of the strategic map;

**5.1 Strategic Objectives:** After carrying out the internal and external analysis of the company which allowed to observe and know both the weaknesses and strengths as well as the opportunities and threats that the system faces, the next step comprehended the formulation of short- and medium-term objectives. These objectives were framed within the purposes of the Strategic Vision that will lead to the achievement of each and every one of the companies’ actions, strategies and plans.

Once the strategic vision was completed, as well as the objectives for Hierro Case 2000, and with the help of the external and internal analysis variables, a set of strategies has been defined to allow the company achieving -in a more methodical way- the planned objectives. As is known, strategic objectives are declarations of results that must be measurable, limited in time, and framed to the achievements projected by the company.

For the development of this BSC proposal, the information obtained from the analysis of the current situation, the strategic vision formulated for the organization, and the internal/external analysis were considered as the basis. It is worth mentioning that the data was collected after the participation of the management members and personnel who work in the company, in order to specify the strategic objectives (Manville, 2007).

Similarly, it is important to mention that the four perspectives of Kaplan and Norton were considered when developing the objectives, seeking to express their relationship and importance within the design of the Balanced Scorecard.

Below are the strategic objectives designed for Hierro Casa 2000:

- Increase the financial profitability of the company by 30%, in a period not exceeding five (5) years.
- Increase -at least- 20% the client portfolio of Hierro Casa 2000, annually.
- Increase productivity by 50% by the end of 2024.
- Progressively increase the intellectual capital of workers each year.

**5.2 Strategies' selection by Objectives:** Before making a decision regarding the strategies to be selected, an analysis of the objectives-strategies relationship was carried out to confirm if these strategies were oriented towards the fulfillment of the objectives. Furthermore, it was also validated if the strategies also comply with the Strategic Vision proposed for Hierro Casa 2000.

Once these strategies were formulated through the SWOT matrix, the most convenient ones for the organization were selected. These strategies were evaluated together with Hierro Casa's management to determine if they could be carried out without any type of problem.

Given that the strategies associated with this profile do not require the availability of copious amounts of monetary resources, priority and contingency strategies were selected, taking into account the above.

It is important to mention that, in consultation with management, they determined that there are no political, economic, legal, or cultural limitations to execute the selected strategies. Therefore, they promised to direct their efforts to the implementation of the strategies that would be most attractive to the organization. Consequently, the remaining strategies would be considered contingency (Neely, 2005).

Finally, a table that reflects the objectives versus selected strategies was prepared, showing the strategies with the highest priority which will be the first to be applied. Below is the analysis for each objective:

#### *Objective #1*

"Increase the financial profitability of the company by 30%, in a period of no more than five (5) years."

To achieve this objective, there are three (3) strategies:

Strategy 1: Define new supervision and control procedures that generate a value chain and reduce associated costs (ST1).

Strategy 2: Develop policies that guarantee compliance with all the administrative parameters established by management (WT2).

Strategy 3: Establish new ways of negotiation with current customers directed towards the use of recent technology (SO4).

The strategy selected as a priority for the achievement of this objective consists of "Establish new ways of negotiation with current customers directed towards the use of recent technology" (SO4), leaving then as contingency the strategies "Define new procedures of supervision and control that generate a value chain and reduce associated costs", and " Develop policies that guarantee compliance with all the administrative parameters established by management."

#### *Objective #2*

"Increase -at least- 20% the client portfolio of Hierro Casa 2000, annually."

To achieve this objective, there are two (2) strategies:

Strategy 1: Introduce the products and services offered by the company in new geographical areas (SO3).

Strategy 2: Intensify Marketing activities, aimed at the main use of audiovisual media and social networks (WO4).

Based on the strategies concerning this objective, the WO type was taken as a priority, in which the company must place greater emphasis on attacking its weaknesses and taking advantage of its opportunities. For this objective, there is the primary strategy "Intensify Marketing activities, aimed at the main use of audiovisual media and social networks" (WO4). The strategy "Introduce the products and services offered by the company in new geographical areas" (SO3) remains contingent.

### *Objective #3*

"Increase productivity by 50% by the end of 2024"

To achieve this objective, there are four (4) strategies:

Strategy 1: Continuously renew the automated control system, offering timely responses to customer requirements and, in turn, ensuring that the Company has technological advances (SO1).

Strategy 2: Establish control mechanisms for scheduled service time for each administrative or operational activity (ST2).

Strategy 3: Develop policies in the coordination and organization of the company's activities (WO3).

Strategy 4: Direct budgets towards updating and modernizing hardware tools and materials, specifically in the area of construction and decoration (SO2).

Taking into account the strategies to be applied, the strategy "Develop policies in the coordination and organization of the company's activities" (WO3) was defined as the main one to be taken into consideration (since it will contribute to the consolidation of this objective). Thus, contingency strategies "Direct budgets towards updating and modernizing hardware tools and materials, specifically in the area of construction and decoration" (SO2), "Establish control mechanisms for scheduled service time for each

administrative activity or operational" (ST2) and "Continuously renew the automated control system, offering timely responses to customer requirements and, in turn, guaranteeing that the Company has technological advances" (SO1).

#### *Objective #4*

"Progressively increase the intellectual capital of workers each year"

To achieve this objective, there are four (4) strategies:

Strategy 1: Permanently implement professional growth and motivation workshops, strengthening employees' sense of belonging towards the work they do. (WO1).

Strategy 2: Strengthen communication ties oriented towards personal contacts and the use of digital and electronic media, between the corporate, functional, and operational levels (WO2).

Strategy 3: Develop salary remuneration policies based on level of knowledge and productivity of employees, which allow compliance with the company's rules and objectives (ST3).

Strategy 4: Permanently disseminate the plans derived from Management, progress, intentions, and details of the development of the company's activities (WT1).

It was decided alongside Hierro Casa's management to select "Permanently implement professional growth and motivation workshops, strengthening employees' sense of belonging towards the work they do" (WO1) as the one with the greatest impact, which is why it must be applied as a priority. Remaining strategies " Strengthen communication ties oriented towards personal contacts and the use of digital and electronic media, between the corporate, functional and operational levels" (WO3), "Develop salary remuneration policies based on level of knowledge and productivity of employees, which allow compliance with the company's rules and objectives" (ST3), and "Permanently disseminate the plans derived from Management, progress, intentions and details of the development of the company's activities" (WT1) were defined as contingency.

### Overall Priority Strategies:

The next table shows the priority strategies defined after the analysis and contrast of the SWOT results for Hierro Casa 2000. These strategies will be aimed at achieving Hierro Casa's strategic objectives:

**Figure 14:** Priority Strategies selected for Hierro Casa 2000, C.A.

OBJECTIVES	STRATEGIES
"Increase the financial profitability of the company by 30%, in a period not exceeding five (5) years"	"Establish new ways of negotiation with current customers directed towards the use of recent technology"
"Increase -at least- 20% the client portfolio of Hierro Casa 2000, annually"	"Intensify Marketing activities, aimed at the main use of audiovisual media and social networks"
"Increase productivity by 50% by the end of 2024"	"Develop policies in the coordination and organization of the company's activities"
"Progressively increase the intellectual capital of workers each year"	"Permanently implement professional growth and motivation workshops, strengthening employees' sense of belonging towards the work they do"

**Source:** Castro (2024).

### Overall Contingency Strategies:

Once the priority strategies were selected, the remaining strategies were considered as contingency. These strategies will be used for cases where the main strategy implemented is not satisfactory for the fulfillment of the objective. Figure 14 shows the resulting contingency strategies:

**Figure 15:** Contingency Strategies for Hierro Casa 2000, C.A.

OBJECTIVES	STRATEGIES
"Increase the financial profitability of the company by 30%, in a period not exceeding five (5) years"	ST1: Define new supervision and control procedures that generate a value chain and reduce associated costs. WT2: Develop policies that guarantee compliance with all the administrative parameters established by management.

<p>“Increase -at least- 20% the client portfolio of Hierro Casa 2000, annually”</p>	<p>SO3: Introduce the products and services offered by the company in new geographical areas.</p>
<p>“Increase productivity by 50% by the end of 2024”</p>	<p>SO1: Continuously renew the automated control system, offering timely responses to customer requirements and, in turn, ensuring that the Company has technological advances.</p> <p>ST2: Establish control mechanisms for scheduled service time for each administrative or operational activity.</p> <p>SO2: Direct budgets towards updating and modernizing hardware tools and materials, specifically in the area of construction and decoration.</p>
<p>“Progressively increase the intellectual capital of workers each year”</p>	<p>WO2: Strengthen communication ties oriented towards personal contacts and the use of digital and electronic media, between the corporate, functional, and operational levels.</p> <p>ST3: Develop salary remuneration policies based on level of knowledge and productivity of employees, which allow compliance with the company’s rules and objectives.</p> <p>WT1: Permanently disseminate the plans derived from Management, progress, intentions, and details of the development of the company's activities.</p>

Source: Castro (2024).

**5.1 Balanced Scorecard:** Before identifying and comparing the four perspectives of the Balanced Scorecard with each of the Hierro Casa’s objectives, it is important to identify their presence in the company’s Mission and Vision. For this purpose, it was necessary to carry out the analysis shown in figure 15:

**Figure 16:** Relation between Hierro Casa’s Strategic Mission/Vision and the BSC Perspectives

MISSION’S ELEMENTS	OBJECTIVE	BSC PERSPECTIVES
<i>“...through a highly trained team that promotes consistently extraordinary levels of satisfaction...”</i>	Progressively increase the intellectual capital of workers each year	Learning and Growth Perspective
<i>“...to achieve a privileged position in the construction market...”</i>	Increase the financial profitability of the company by 30%, in a period not exceeding five (5) years	Financial Perspective
	Increase -at least- 20% the client portfolio of Hierro Casa 2000, annually”	Customer’s Perspective

VISION’S ELEMENTS	OBJECTIVE	BSC PERSPECTIVES
<i>“...with a solid financial balance in the hardware and construction market...”</i>	Progressively increase the intellectual capital of workers each year	Learning and Growth Perspective
<i>“..., with an air, sea and land transport system that provides a solid response in import and export...”</i>	Increase productivity by 50% by the end of 2024	Internal-Business-Proceses Perspective
<i>“...allowing to solve the needs of the clients in the first contact or in the shortest time”</i>		

**Source:** Castro (2024).

**5.2 Perspectives and phases:** In the next section, the intention is to relate the strategic objectives formulated for HIERRO CASA 2000, C.A. with each one of the perspectives shown by Kaplan and Norton in their book "The Balanced Scorecard" (Kaplan and Norton, 1997), seeking later to define indicators that allow measuring the fulfillment of the strategic objectives and building a strategy map.



The process of defining a Balanced Scorecard requires following a methodical and logical structure, where healthy discussions are held on the details of the execution. Its structure will allow HIERRO CASA to keep track of financial results, while watching progress in building skills they will need for future growth. For this, it is necessary that the company clearly understands its Strategic Vision and Values, so they can also comprehend the relevance of the strategic objectives which, in the end, will allow them to achieve compliance with the Strategic Vision (O'Regan, and Gallear, 2006).

It is important to note as well that, once the strategy is defined (and the BSC is created), the next step for the company will be to transform the vision and strategy into objectives and indicators organized into four perspectives: The Financial Perspective, The Customers Perspective, The Internal Processes Perspective, and the Learning and Growth Perspective.

The four (4) phases of the Balanced Scorecard comprehend the following:

- *Phase 1 - Definition of the Organization's Strategic orientation:* The identification of opportunities, threats, weaknesses, and strengths provided the basis for the strategic objectives that effectively represent the direction of the company. These objectives were framed within the perspectives of the BSC:
  - 1. Increase the profitability of the company by 30%, in a period not exceeding five (5) years.

As can be clearly seen, this objective is identified with the Financial Perspective, which covers everything related to the financial capital of HIERRO CASA (while providing a series of tools for better use of resources). The perspective also coincides with what was stated by the previous objective, as the focus on it is to satisfy the expectations of the shareholders (investors) and owners, so that the company can be considered financially successful.

This part of the BSC focuses on the requirements that will create value for owners such as: Profits, economic performance, and company development, which

guarantees the stability of the company and facilitates the use of opportunities that contribute to its growth.

- o Increase -at least- 20% the client portfolio of HIERRO CASA, annually: This objective is classified within the Customer Perspective, since what the company seeks is to attract and retain the largest possible number of customers.

To achieve the desired financial performance, it is essential to have loyal and satisfied customers. Within this objective, the relations with clients and the expectations they have of the company are all measured. Furthermore, in this perspective, the main elements that generate value for customers are taken into account, so those can be integrated on a value proposition that focuses on satisfying them the most (Simões and Rodrigues, 2011).

In addition, the fulfillment of this objective is especially important to ensure that the financial panorama is prosperous since, to a large extent, financial success comes from the increase in sales or services provided.

- o Increase productivity by 50% by the end of 2024: This objective is clearly identified with the Perspective of Internal Processes, since it is focused on increasing the productivity level for HIERRO CASA 2000. The purpose here is to obtain a better development of operations and processes within the company, correct use of resources, and finally, the achievement of elevated levels of financial performance.
- o Progressively increase the intellectual capital of workers each year: This objective is identified with the Learning and Growth Perspective, since it is the driving force for the remaining perspectives in the BSC (while reflecting the knowledge and skills that the company possesses to carry out its practice).
- *Phase 2 - Objectives, Vectors, and Strategic Measures:* This phase begins by defining the objectives' intention within the BSC. After having formulated the objectives for each of the perspectives, a model of perspectives is established,

and the strategic vectors are identified. Subsequently, for each strategic objective of HIERRO CASA, key indicators are designed, which will make it possible to measure the course of compliance with the objectives.

Lastly, it is the responsibility of the analyst to determine the final situation. The favorable scenarios for the institution (green), stability (yellow), and unfavorable situation (red) will be highlighted, while recommending the company to perform a status review of the indicators prior to implementing the BSC (Wisniewski and Dickson, 2001).

- o Indicators oriented towards each perspective of the Balanced Scorecard: Table 16 shows the key indicators or measures associated with each objective and perspective that will make it possible to assess to what extent the proposed strategic objectives are being achieved.

**Figure 17: Relation between Strategic Objectives and Cause-Effect Indicators**

Strategic Objectives	Strategic Indicators	
	(Effect Indicators)	(Cause Indicators)
1. Increase the profitability of the company by 30%, in a period not exceeding five (5) years.	<ul style="list-style-type: none"> <li>• Gross Profit.</li> </ul>	<ul style="list-style-type: none"> <li>• Investment in new products and services.</li> </ul>
2. Increase -at least- 20% the client portfolio of HIERRO CASA, annually.	<ul style="list-style-type: none"> <li>• Customer Profitability.</li> </ul>	<ul style="list-style-type: none"> <li>• Impact of Advertising.</li> </ul>
3. Increase productivity by 50% by the end of 2024.	<ul style="list-style-type: none"> <li>• Increase in Profitability.</li> </ul>	<ul style="list-style-type: none"> <li>• Increase in operations with the least amount of time and resources.</li> </ul>
4. Progressively increase the intellectual capital of workers each year.	<ul style="list-style-type: none"> <li>• Skills acquired by employees.</li> </ul>	<ul style="list-style-type: none"> <li>• Number of annual training programs.</li> </ul>

**Source:** Castro (2024).

- *Phase 3 - Description of Strategies and Indicators:* The next step that concerns the design of the Balanced Scorecard is the design of a detailed description of the strategies and indicators. For the study of each strategy formulated, action

plans were prepared to achieve the said objectives. These plans must not only include what things are to be done and how but, rather, they must consider possible constraints, consequences of actions, and future revisions that may be necessary.

The following tables (from 17 to 20) formulate the action plans for the company HIERRO CASA 2000, which were created with the cooperation of the General Manager. For strategy's completion, the necessary courses of action, responsibilities and action's length were determined.

**Figure 18:** Action plan for Primary Strategy N° 1

<b>OBJECTIVE: "Increase the profitability of the company by 30%, in a period not exceeding five (5) years."</b>					
<b>STRATEGY: Intensify Marketing activities, aimed at the main use of audiovisual media and social networks. (WO4).</b>					
<b>Nº</b>	<b>Action Steps</b>	<b>Responsible</b>	<b>Length</b>	<b>Resources</b>	<b>Feedback Mechanisms</b>
<b>1</b>	Analyze the most required services by customers.	Deputy Manager Head of Marketing and Sales	6 Months	Deputy Manager Head of Marketing and Sales Computer Paper	Meeting minutes and reports on customer needs.
<b>2</b>	Establish meetings to devise different promotions on radio, television, and written press.	General Manager Deputy Manager Head of Marketing and Sales	3 Months	Deputy Manager Head of Marketing and Sales Computer	Assembly minutes and ideas reports regarding the possible promotions to apply.
<b>3</b>	Identify the different platforms to disseminate information, as well as the existing social media/networks.	General Manager Deputy Manager	3 Months	Human Resources Computer Paper	Reports.
<b>4</b>	Evaluate the effectiveness level of each media.	General Manager	Monthly	Human Resources	Control Reports.
<b>5</b>	Define the time intervals in which the advertising will be transmitted or disseminated.	General Manager	2 Months	Human Resources Financial Capital	Agreement report between owners.

**Source:** Castro (2024).

**Figure 19:** Action plan for Primary Strategy N° 2

<b>OBJECTIVE: "Increase -at least- 20% the client portfolio of HIERRO CASA, annually."</b>					
<b>STRATEGY: Introduce the products and services offered by the company in new geographical areas. (SO3).</b>					
<b>Nº</b>	<b>Action Steps</b>	<b>Responsible</b>	<b>Length</b>	<b>Resources</b>	<b>Feedback Mechanisms</b>
<b>1</b>	Verify the financial capital available for the company.	General Manager	1 Week	Deputy Manager Computer Paper	Financial Report.
<b>2</b>	Study the needs of the market where you want to penetrate, as well as the different customer segments to which the company will be directed.	Company Owners General Manager Head of Marketing and Sales	4 Weeks	Human Resources	Documentary Sources.
<b>3</b>	Define the average number of customers who demand new services in the chosen geographic area.	Company Owners General Manager	2 Weeks	Human Resources Paper Pencil/Pen	Research Reports and Interview Reports.
<b>4</b>	Verify if the necessary suppliers, equipment, and products exist to offer new services at different latitudes.	General Manager Head of HR Head of Warehouse	2 Weeks	Human Resources	Research Reports.
<b>5</b>	Acquire the tools, equipment, products as well as the necessary space to be able to offer the proposed services.	General Manager	4 Weeks	Human Resources Financial Capital	Purchase Reports.

**Source:** Castro (2024).

**Figure 20:** Action plan for Primary Strategy N° 3

OBJECTIVE: "Increase productivity by 50% by the end of 2024."					
STRATEGY: Develop salary remuneration policies based on level of knowledge and productivity of employees, which allow compliance with the company's rules and objectives. (WO3).					
Nº	Action Steps	Responsible	Length	Resources	Feedback Mechanisms
1	Develop a study of the various tasks carried out by the staff.	General Manager Deputy Manager	6 Months	General Manager Deputy Manager Computer Paper	Report with the study of the staff's work.
2	Identify the failures that the staff are having in the fulfillment of their functions.	General Manager Deputy Manager Head of Marketing and Sales Head of Warehouse Head of HR	6 Months	General Manager Deputy Manager Head of Marketing and Sales Head of Warehouse Head of HR Paper	Report on staff failures in fulfilling their duties.
3	Create a detailed description of each position specifying the activity to be carried out.	General Manager Deputy Manager	9 Months	General Manager Deputy Manager Computer Paper	Role description report and respective failures.
4	Develop a manual of procedures that combines the role description of and its responsibilities.	General Manager Deputy Manager Head of HR	6 Months	General Manager Deputy Manager Head of HR Computer Paper	Role description report.
5	Meet with employees in order to distribute and transmit the information included in the manuals.	General Manager Deputy Manager	1 Month	General Manager Deputy Manager Head of HR Computer	Meeting minutes.

Source: Castro (2024).

**Figure 21:** Action plan for Primary Strategy N° 4

<b>OBJECTIVE: “Progressively increase the intellectual capital of workers each year.”</b>					
<b>STRATEGY:</b> Develop salary remuneration policies based on level of knowledge and productivity of employees, which allow compliance with the company’s rules and objectives. (ST3).					
<b>Nº</b>	<b>Action Steps</b>	<b>Responsible</b>	<b>Length</b>	<b>Resources</b>	<b>Feedback Mechanisms</b>
<b>1</b>	Define a quarterly productivity goal and an incentive rate per knowledge level.	General Manager Deputy Manager	6 Months	Deputy Manager Computer Paper	Reward Program Report.
<b>2</b>	Evaluate the level of knowledge and productivity in the company every semester.	Deputy Manager	Biannual	Deputy Manager Computer Paper	Evaluation Reports.
<b>3</b>	Create the list of employees who deserve monetary incentives according to the evaluations.	Deputy Manager	6 Months	Deputy Manager Computer Paper	Employee reports and monetary incentives.
<b>4</b>	Deliver monetary incentives.	Deputy Manager	Quarterly	Deputy Manager Computer Paper	Monetary Incentive Delivery Report.
<b>5</b>	Provide recognition to the highest rated employee.	Deputy Manager	Biannual	Deputy Manager Computer Paper	Recognition Delivery Report for the Best Employee.

**Source:** Castro (2024)

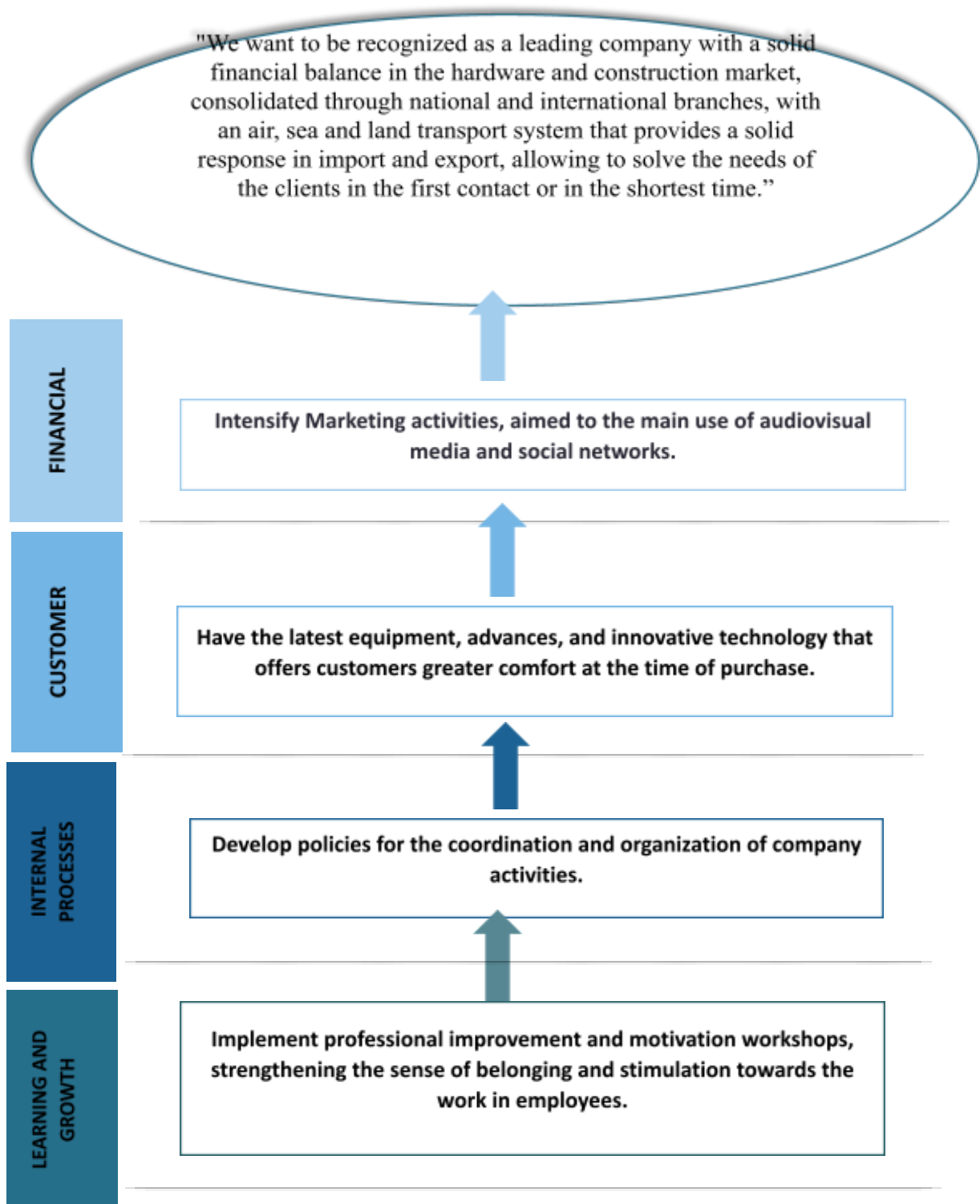


- *Phase 4 - Communication, Implementation and Automation:* This phase focuses on the implementation of the action plans designed for HIERRO CASA 2000, in such a way that those can be executed with the resources and capacity of the system currently under study.

The implementation of the Balanced Scorecard begins with the dissemination and communication of the Strategic Vision, Objectives and Strategies to all the personnel involved. The implementation of the BSC, when communicated and linked to personal goals, creates an understanding and a shared commitment among all the participants of the company.

The communication and training program must be exhaustive and periodic. It should encourage dialogue and debate, allowing all the personnel involved to comment on and participate in everything that happens within HIERRO CASA 2000.

**5.3 Strategic Map:** At this point, the Strategic Map is shown in order of causality of the proposed objectives and each of the perspectives of the BSC. This means, the achievement of an objective through a strategy leads to the achievement of the following objective, as indicated through the directional arrows on the map. (Figure 22).



**Figure 22:** Strategic Map.

**Source:** Castro (2024).



## 6 Conclusions

### 6.1 Final Conclusions

Once the Balanced Scorecard has been completed for the company Hierro Casa 2000, C.A, the following remarks were defined:

- A description of the system under study was made in order to know the most important elements that interact with, and what the current situation of the company is. It was determined a series of critical focuses that affect the system, evidencing that the company did not have a strategic vision or defined objectives, which causes its malfunction.
- The formulation of the strategic vision was completed, taking as parameters what was established by Strickland-Thompson in his book "Strategic Administration" (Strickland and Thompson, 2008). The definition of the strategic objectives was designed as indicated by Morrisey (1996).
- An external analysis was carried out, where the three (3) opportunities and five (5) system threats were identified. Furthermore, after carrying out the internal analysis, the strengths and weaknesses of the company were determined, with a total of five (5) strengths and six (6) weaknesses were identified.
- Finally, once the internal and external analysis was carried out, the strategies were formulated using the SWOT matrix. The formulated strategies were compared with the established strategic objectives, and finally, it was determined the strategic profile in which the Company was located. This study allowed to validate which were the priority strategies for HIERRO CASA 2000, understanding -at the same time- that their application is essential for the company's development.
- After defining the strategy, the balanced scorecard was built, transforming the vision and strategy into strategic objectives and indicators organized into the four (4) perspectives.
- Action plans were prepared for the selected strategies. These plans represent the path to follow for the fulfillment of the strategies and the objectives of the company.

- Finally, a strategic map was designed, which reflects the primary strategies that HIERRO CASA 2000 must implement in case of executing the BSC. These strategies are oriented towards the achievement of the objectives.

## **6.2 Contributions and Recommendations**

One of the main theoretical contributions of this project is the confirmation on how the four-perspective model of the BSC is adaptable to an SMB business such as Hierro Casa 2000. Through the Kaplan and Norton methodology, it was possible to formulate the company's strategy, build a strategic map and a scorecard with relevant indicators, which can be used to improve business practices.

It is also important to highlight some relevant contributions and recommendations that this study has made to the company management:

Contributions:

- The company's Mission, Vision and Values were stated, translating them into a strategy, which was discussed with the company's management to facilitate its dissemination.
- A set of four strategic objectives were established for the company, distributed through the four perspectives of the BSC, and explaining the relations of causality through a strategic map.
- A set of thirteen strategies to be implemented was defined, whose impact directly is expected to occur across all the four different perspectives from the perspective of internal processes.
- It is concluded, as the main theoretical contribution of this project, that the four-perspective model of the BSC is adaptable to an SMB company -such as Hierro Casa 2000- in the construction sector. Adapting the methodology to the company in question generated a tool of a more operational nature than predicted by Kaplan and Norton.
- It was possible to formulate the company's strategy, build a strategic map and a scorecard with relevant indicators, which can be used to improve management practices and company management, overall.

Recommendations:

- Consider the creation of a web portal that provides customers with detailed information on the services offered by the hardware and construction company in order to increase negotiations and the customer portfolio.
- Create advertising campaigns for the services offered to capture the attention of customers, thus achieving greater recognition, and positioning itself as number one in the market.
- Carry out a formal documentation of the functions that each employee must fulfill, facilitating and optimizing the hiring and selection of personnel and placing them in the corresponding position within the organization.
- It is recommended to organize team-building days for the staff that work in the company, in order to form a harmonious, united team and improve communication between employees.
- Encourage a change in the culture of Hierro Casa's staff that allows the development of an efficient work environment where work is guaranteed on time, with quality, with responsibility and commitment.
- Once the set of strategies has been proposed, their success must be guaranteed. To achieve this, it is necessary to be clear in the Strategic Vision of the business, with a focus on serving the client. Proper market research, market penetration, adequate segmentation, clear and achievable objectives, executable tactics, programs, and budgets that lead to adequate monitoring are the key to success.
- In the case of implementing this Balanced Indicators model, the result of the implemented strategies must be constantly evaluated, since all the previous actions are subject to changes in the conditions in both the internal and external environment.
- Finally, after the BSC implementation, based on the strategic map prepared, the Strategic Vision, objectives and strategies must be disseminated and communicated to all the personnel involved. This will create understanding and a shared commitment amongst all company participants.

### **6.3 Limitations**

The main limitation of the BSC designed for Hierro Casa 2000 is related to the special situation of the company, at this stage. The BSC was adapted to a particular moment in which the company expresses the need to grow and assert itself as a reference retailer. It

is natural that over time, as the strategies take shape, other needs arising from growth will appear, such as an increase in the structure of support, acquisition of different technologies or greater information needs.

In addition to the adequacy of the strategy, the relevance of objectives and indicators must be assessed on a regular basis. Monitoring the evolution of the BSC is not included in the scope of this case study.

Another limitation that must be mentioned is the centralization of decision-making power in Hierro Casa's management. The BSC is intended to promote behavior and not control. Once defined objectives and strategies, the methodology is based on a culture of delegation, assuming that individuals will take the necessary actions to achieve these goals. The operation of this principle depends on its acceptance by top management.

#### **6.4 Future Research Opportunities**

Taking as a reference the limitations of this study, it is possible to identify a few opportunities for future research:

- The first opportunity could focus on monitoring the entire implementation phase of the BSC in Hierro Casa 2000, as it is currently not feasible to understand its final contribution.
- Another possible opportunity is the development of a similar project in another company that operates in the same field, subsequently enabling a comparison that can draw interesting conclusions.
- Finally, it would be a fantastic opportunity if more companies in the construction section would embrace the application of this and other frameworks, enabling -this way- a more in-depth investigation that will offer results and solutions which apply to a more considerable number of companies.

## 7 Bibliographic References

Andersen, H., Cobbold, I. & Lawrie, G. (2001), **Balanced scorecard implementation in**

**SMEs: reflection in literature and practice**, Conference Paper, London.

<https://doi.org/10.13140/RG.2.1.1038.6169>

Arias, F. (2006), **El Proyecto de Investigación (5<sup>th</sup> ed.)**, Episteme.

Babbie, E. (2020), **The practice of social research (12<sup>th</sup> ed.)**, Cengage Learning.

Banchieri, L. C., Planas, F. C., & Rebull, M. V. S. (2011), **What has been said, and what remains to be said, about the balanced scorecard?**, *Proceedings of Rijeka Faculty of Economics – Journal of Economics and Business*, Vol. 29(1), 155-192.

Campbell, D., Datar, S. M., Kulp, S. L., & Narayanan, V. G. (2015), **Testing strategy with multiple performance measures: Evidence from a balanced scorecard at Store24**, *Journal of Management Accounting Research*, 27(2), 39–65. <https://hbswk.hbs.edu/Pages/browse.aspx?HBSTopic=Balanced%20Scorecard>

Chenhall, R. H. (2005), **Integrative strategic performance measurement systems, strategic alignment of manufacturing, learning and strategic outcomes: An exploratory study**, *Accounting, Organizations and Society*, 30(5), 395–422, [<https://www.sciencedirect.com/science/article/abs/pii/S0361368204000662>]

Chimtengo, S., Mkandawire, K. and Hanif, R. (2017),. **An evaluation of performance using the balanced scorecard model for the University of Malawi's Polytechnic**, *African Journal of Business Management*, 11(4), 84.

Crispim, I & Romeiro, V. (2019), **Balanced Scorecard**. *Revista Gestão*, 1(1), 233-239, <https://doi.org/10.36661/2596-142x.2019v1i1.10744>

David, F. (2008), **Conceptos de administración estratégica (11th ed.)**, Pearson Education.

Elbanna, S. & Child, J. (2007), **The Influence of Decision, Environmental and Firm Characteristics on The Rationality Of Strategic Decision-Making**, *Journal of Management Studies*, 44(4), 561-91.

Gomes, P & Major, M. (2023), **Preparação de um Balanced Scorecard para uma Empresa no subsector da energia**, *ISAG - European Business School*, 211-230



- Hoque, Z. (2014), **20 years of studies on the Balanced Scorecard: Trends, accomplishments, gaps, and opportunities for future research**, *The British Accounting Review*, 46(1), 33-59.
- Ittner, C. D., & Larcker, D. F. (2003), **Coming up short on nonfinancial performance measurement**, *Harvard Business Review*, 81(11), 88–95. <https://balancedscorecard.org/bsc-basics/articles/>
- Jassem, S., Zakaria, Z., & Che Azmi, A. (2021), **Sustainability balanced scorecard architecture and environmental performance outcomes: A systematic review**, *International Journal of Productivity and Performance Management*, 71(5), 1728–1760. <https://www.emerald.com/insight/content/doi/10.1108/IJPPM-12-2019-0582/full/html>
- Jordan, H., Neves, J. & Rodrigues, J. (2011), **O Controle de Gestão: ao Serviço da Estratégia e dos Gestores**, Áreas Editora.
- Kaplan, R.S. & Norton, D.P. (1992), **The balanced scorecard - Measures that drive performance**, *Harvard Business Review*, 70(1), 71–79.
- Kaplan, R. S., & McMillan, D. (2020), **Updating the balanced scorecard for triple bottom line strategies**, *Harvard Business School Working Paper, No. 21-028*, <https://online.hbs.edu/blog/post/balanced-scorecard>
- Kaplan, R. y Norton, D. (1997), **Cuadro de mando integral. (1<sup>st</sup> ed.)**, Gestión 2000.
- Kureshi, N. (2014), **To balanced scorecard or not to balanced scorecard, that is the Question**, *Journal of Strategy and Performance Management*, 2(1), 31.
- Laitinen, E. K. and Chong, G. (2006), **How do small companies measure their performance**, *Problems and Perspectives in Management*, 4(3): 49-68.
- Malina, M. A., & Selto, F. H. (2001), **Communicating and controlling strategy: An empirical study of the effectiveness of the balanced scorecard**, *Journal of Management Accounting Research*, 13, 47–90.  
[[https://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=278939](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=278939)]
- Manville, G. (2007), **Implementing a balanced scorecard framework in a not for profit SME**, *International Journal of Productivity and Performance Management*, Vol. 56(2), 162-169.
- Martínez, P. (2018), **Introducción al Diseño de Indicadores**, Universidad Técnica Particular del Loja.
- Morrisey, G. (1996), **Planeación táctica, (1<sup>st</sup> ed.)**, Pretince-Hall Hispanoamericana.

- Neely, A. (2005), **The evolution of performance measurement research: development in the last decade and a research agenda for the next**, *International Journal of Operations & Production Management*, 25(12), 1264-77.
- O'Regan, N., Ghobadian, A. and Gallea, D. (2006), **In search of the drivers of high growth in manufacturing SMEs**, *Technovation*, Vol. 26(1), 30-41.
- Thompson, A. y Strickland, A. (2004), **Dirección y administración estratégicas, conceptos, casos y lecturas. (13<sup>th</sup> ed.)**, Mc Graw Hill.
- Razek, M.A. (2012), **A new model for balanced score cards (BSC)**, *Research Journal of Finance and Accounting*, 3(10), 7-15.
- Rompho, N. (2011), **Why the balanced scorecard fails in SMEs: A case study**, *International Journal of Business and Management*, 6(11), 39-47.
- Sanna, A. (2015), **The Balances Scorecard: Turn your data into a roadmap to success**, 50minutes.com. <https://www.50minutes.com/title/the-balanced-scorecard/>
- Simões, A. & Rodrigues, J. (2011), **O uso e os impactos do Balanced Scorecard na Gestão das Empresas. Revisão de Literatura e Oportunidades de Investigação**, *Revista Iberoamericana de Contabilidad de Gestión*, 9(18), 1-24. [<https://dialnet.unirioja.es/servlet/articulo?codigo=6630638>]
- Tennant, C. & Tanoren, M. (2005), **Performance management in SMEs: a balanced scorecard perspective**, *International Journal of Business Performance Management*, Vol. 7(2), 123-143.
- Wisniewski, M. and Dickson, A. (2001), **Measuring performance in Dumfries and Galloway constabulary with the Balanced Scorecard**, *The Journal of the Operational Research Society*, 52(10), 1057-1066.
- Yin, R. (2009), **Case Study Research: Design and Methods (4<sup>th</sup> ed.)**, Sage.

## **8 Appendix**

### **8.1 Section A**

Below are the surveys carried out for the internal audit of the company Hierro Casa 2000, C.A.; seeking to clearly identify the factors that directly influence its internal performance.

*Instructions: Mark with an "X" the option that you consider most appropriate. Answer each question precisely.*

#### **PLANNING**

1. Does the Company have clearly defined objectives?

YES \_\_\_ NO \_\_\_ DON'T KNOW \_\_\_

2. Does the Company have clearly defined goals?

YES \_\_\_ NO \_\_\_ DON'T KNOW \_\_\_

3. Does Hierro Casa 2000, C.A. own a formally defined Strategic Plan?

YES \_\_\_ NO \_\_\_ DON'T KNOW \_\_\_

4. Is there any type of regulation within the company?

YES \_\_\_ NO \_\_\_ DON'T KNOW \_\_\_

5. Do you know the Mission-Vision of the Company?

YES \_\_\_ NO \_\_\_ DON'T KNOW \_\_\_

## **ORGANIZATION**

6. Do you think that Hierro Casa's organizational structure is well defined?

YES \_\_\_ NO \_\_\_ DON'T KNOW \_\_\_

7. Does the business have a written description of your responsibilities?

YES \_\_\_ NO \_\_\_ DON'T KNOW \_\_\_

8. Does the organization have formal documentation describing your position?

YES \_\_\_ NO \_\_\_ DON'T KNOW \_\_\_

9. Is the number of employees in the company adequate?

YES \_\_\_ NO \_\_\_ DON'T KNOW \_\_\_

10. Is the load of work appropriately distributed?

YES \_\_\_ NO \_\_\_ DON'T KNOW \_\_\_

## **DIRECTION (Motivation)**

11. What do you think the relationship between you and the Company's management is like?

GOOD \_\_\_ BAD \_\_\_ FAIR \_\_\_

12. Have you received rewards when you do quality work?

YES \_\_\_ NO \_\_\_

13. Do you consider the manager as a leader within the company?

YES \_\_\_ NO \_\_\_

14. Does the teamwork with enthusiasm when faced with challenges?

YES\_\_\_ NO\_\_\_

15. Does the position you hold meet your expectations?

YES\_\_\_ NO\_\_\_

### **MANAGEMENT (Personnel Integration)**

16. Were you subject to a selection process before being hired?

YES\_\_\_ NO\_\_\_

17. Are training programs carried out to integrate new workers into the company's internal environment?

YES\_\_\_ NO\_\_\_

18. Are training programs carried out for employees who work in the Company?

YES\_\_\_ NO\_\_\_

19. Do you think the company cares enough about your safety?

YES\_\_\_ NO\_\_\_

### **CONTROL**

20. Does the company have a personnel evaluation system?

YES\_\_\_ NO\_\_\_

21. Is there any mechanism or procedure to know the degree of compliance with the objectives?

YES\_\_\_ NO\_\_\_

22. Are there any formats in the company to control absenteeism and work delay rates?

YES \_\_\_ NO \_\_\_

23. Does the company have a list of existing assets and equipment?

YES \_\_\_ NO \_\_\_

24. Does the company have sufficient equipment, instruments, and tools for the proper performance of its functions?

YES \_\_\_ NO \_\_\_

### **MARKETING (Clients)**

25. Does the service offered by the company meet your requirements?

YES \_\_\_ NO \_\_\_

26. How do you consider the treatment you receive from the company's employees?

\_\_\_ Deficient

\_\_\_ Bad

\_\_\_ Regular

\_\_\_ Good

\_\_\_ Excellent

27. Is the company location easy to access for you?

YES \_\_\_ NO \_\_\_

28. Do you consider that the facilities are appropriate to serve the client?

YES \_\_\_ NO \_\_\_

29. Do you agree with the service prices offered by the company?

YES \_\_\_ NO \_\_\_ DON'T KNOW \_\_\_

30. How often do clients attend Hierro Casa 2000?

ALWAYS\_\_\_ SOMETIMES\_\_\_ LOW FREQUENCY\_\_\_

## 8.2 Section B

Below are the results obtained from the application of the surveys within Hierro Casa 2000.

### PLANIFICATION

Figure 1. Question n°1

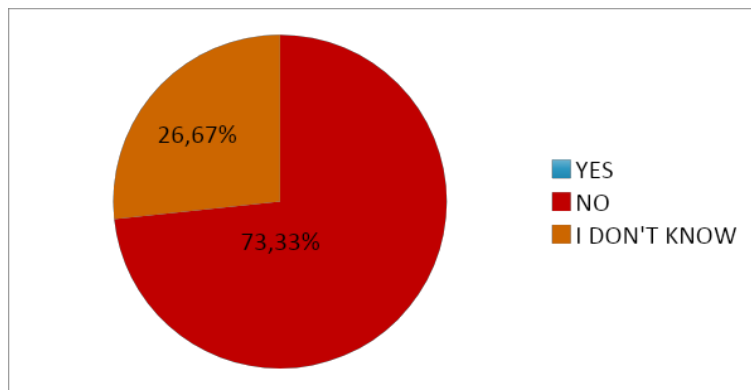


Figure 2. Question n°2

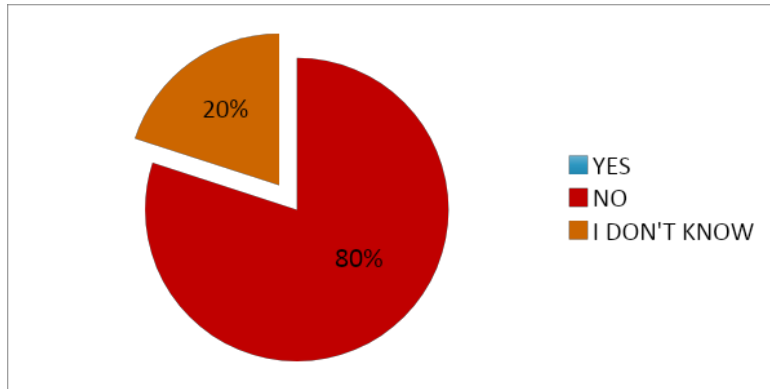


Figure 3. Question n°3

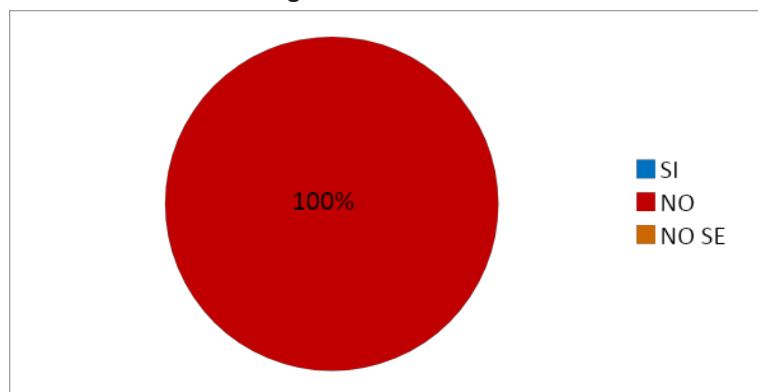


Figure 4. Question n°4

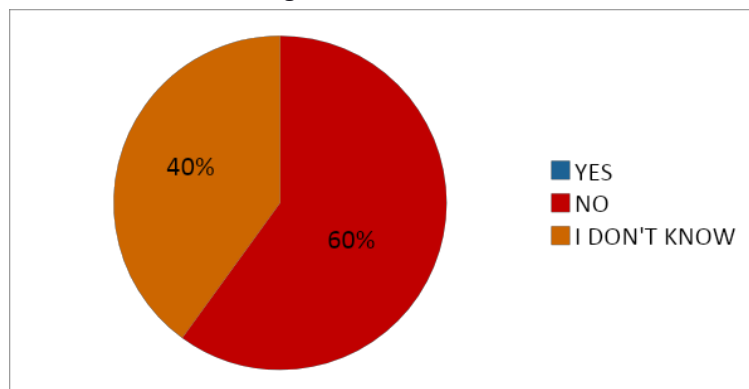
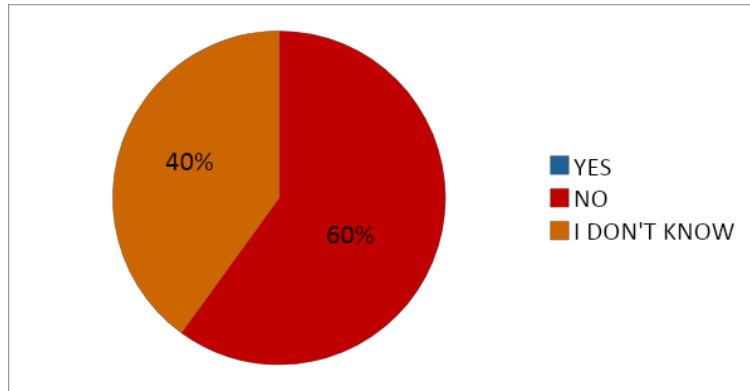


Figure 5. Question n°5





## ORGANIZATION

Figure 6. Question n°6

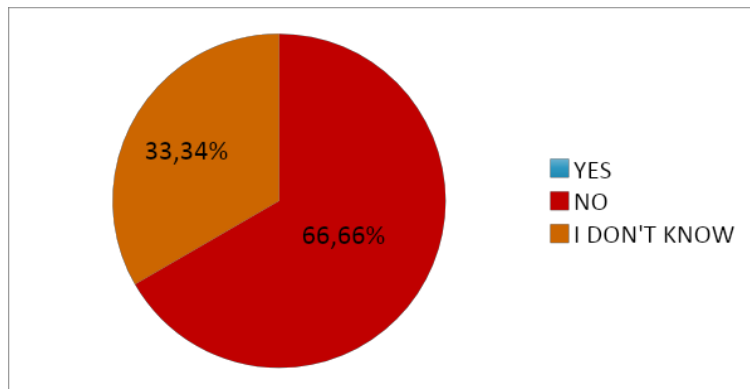


Figure 7. Question n°7

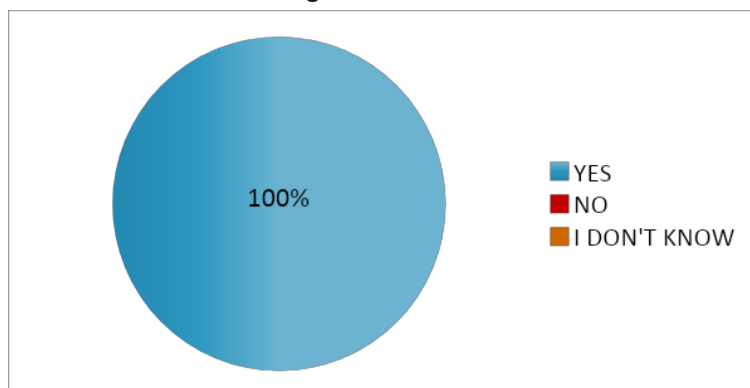


Figure 8. Question n°8

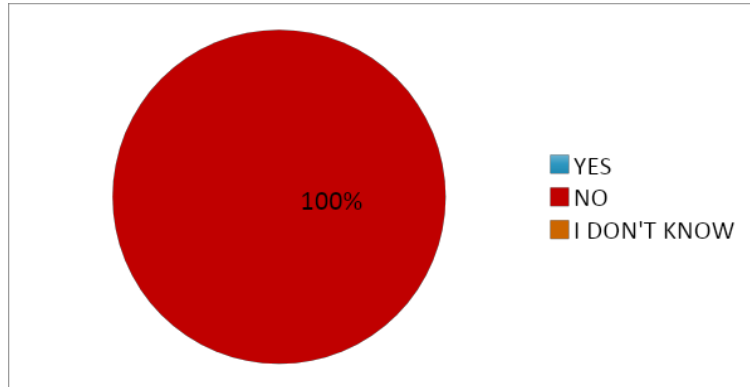


Figure 9. Question n°9

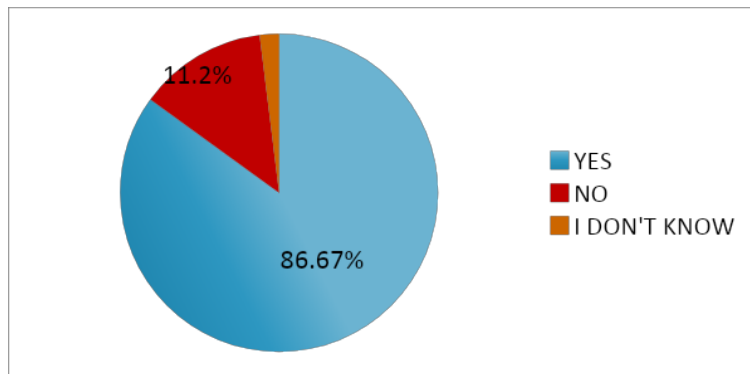
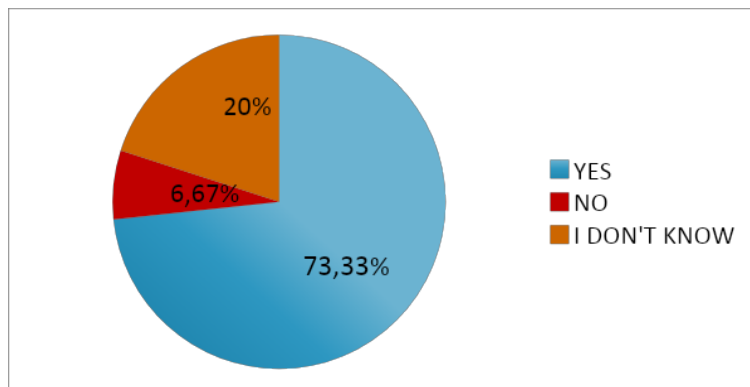


Figure 10. Question n°10



## DIRECTION (Motivation)

Figure 11. Question n°11

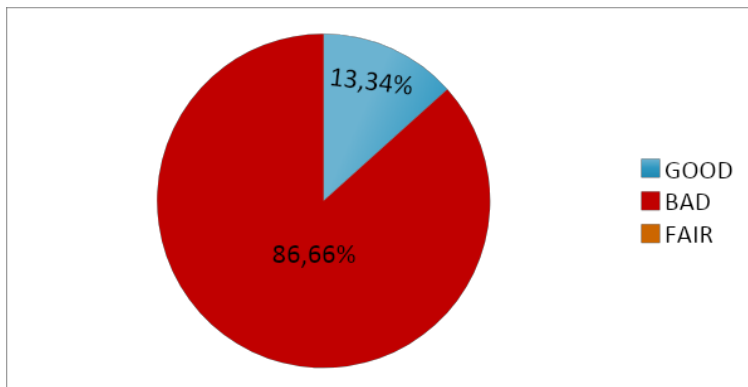


Figure 12. Question n°12

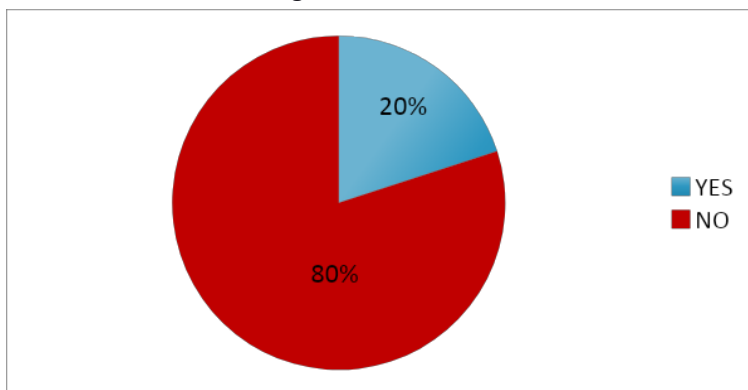


Figure 13. Question n°13

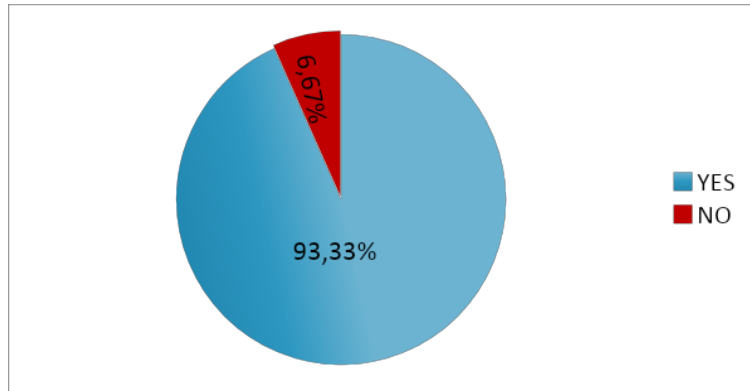


Figure 14. Question n°14

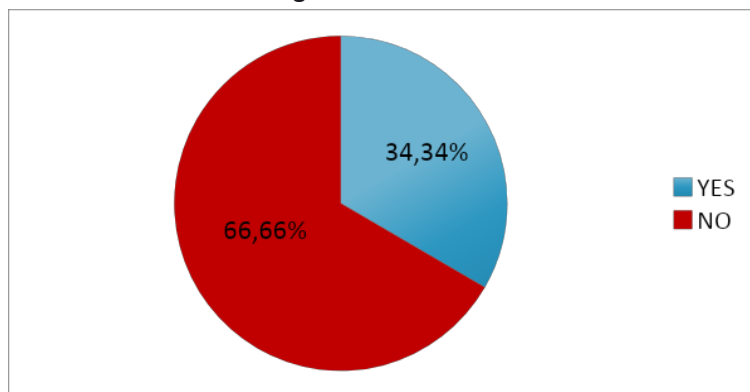
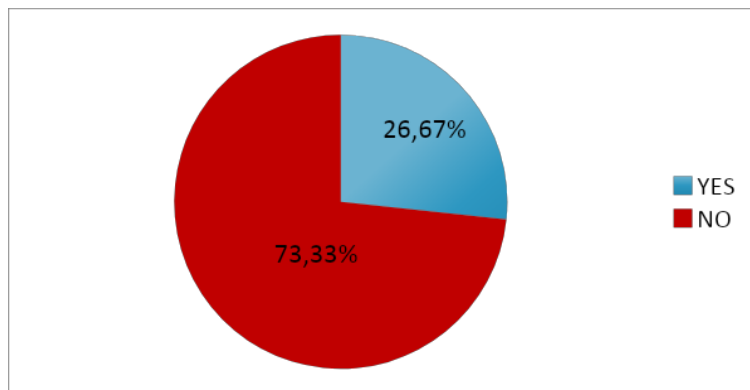


Figure 15. Question n°15



**MANAGEMENT (Personnel Integration)**

Figure 16. Question n°16

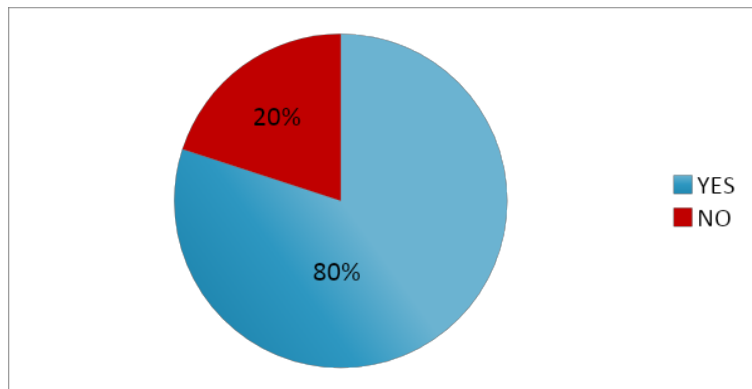


Figure 17. Question n°17

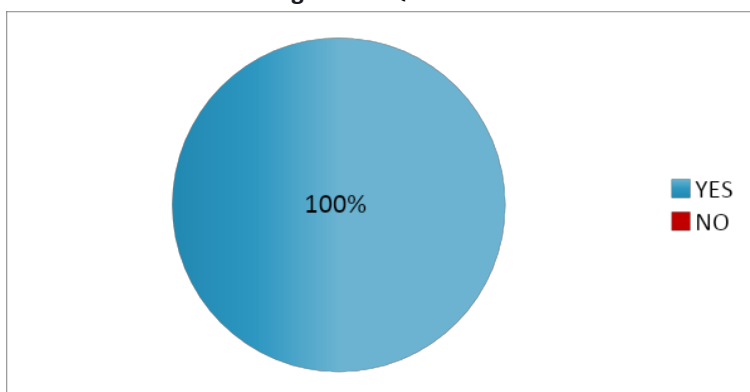


Figure 18. Question n°18

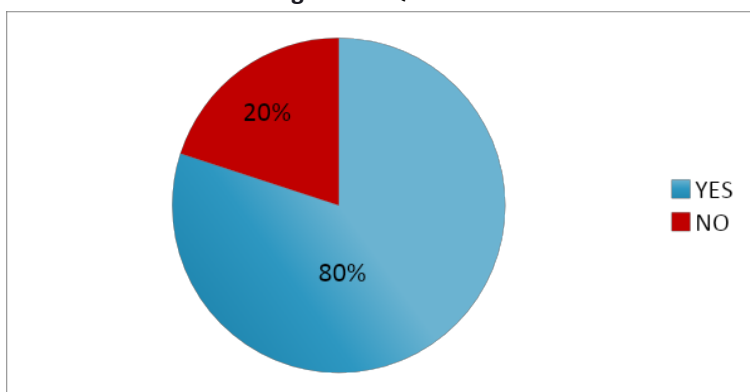
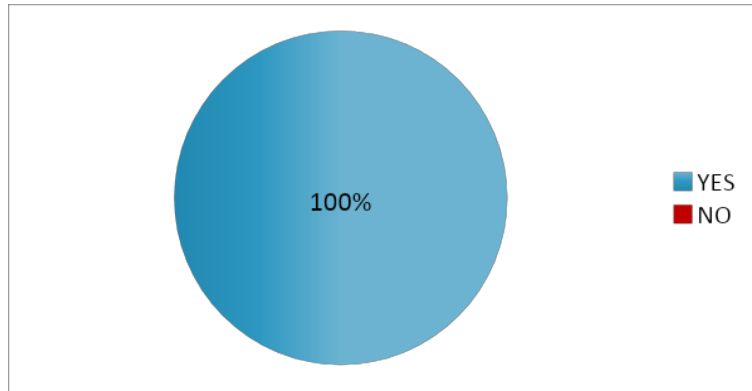
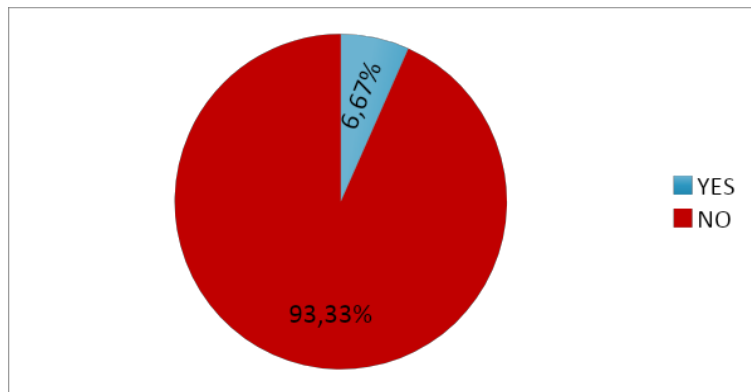


Figure 19. Question n°19



**CONTROL**

**Figure 20. Question n°20**



**Figure 21. Question n°21**

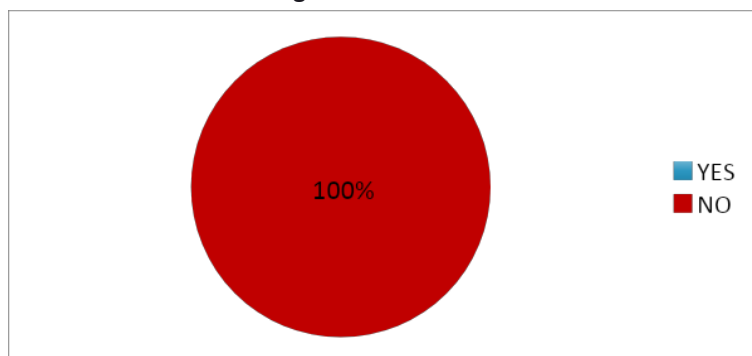


Figure 22. Question n°22

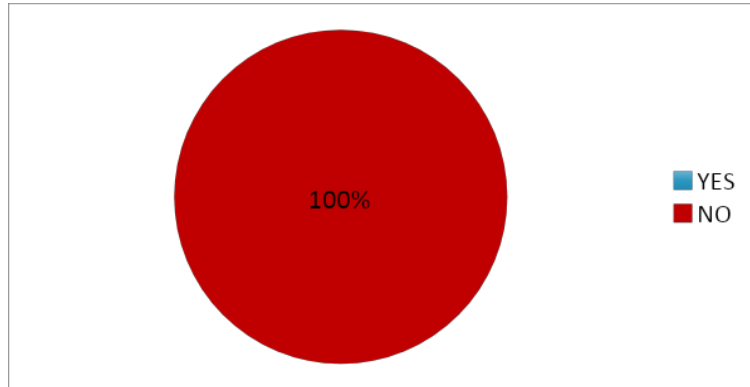


Figure 23. Question n°23

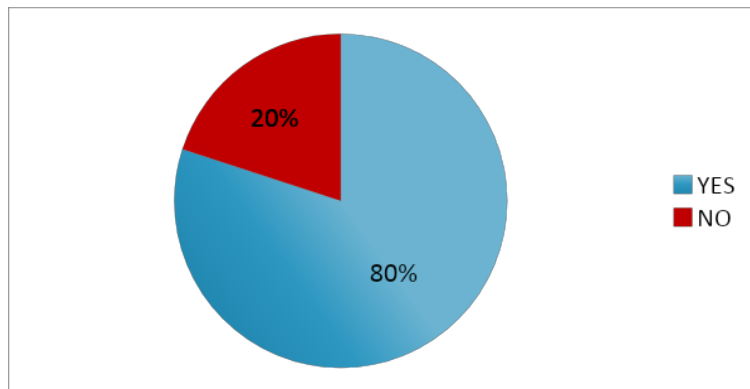
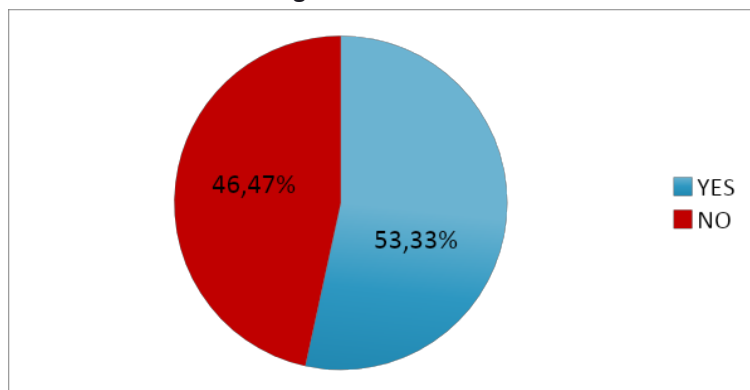


Figure 24. Question n°24



## MARKETING (Clients)

Figure 25. Question n°25

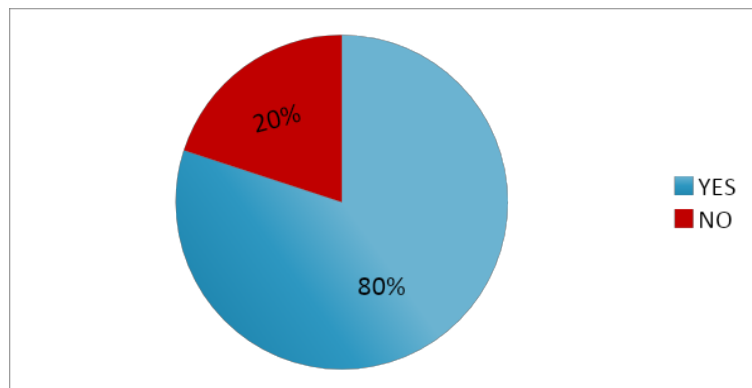


Figure 26. Question n°26

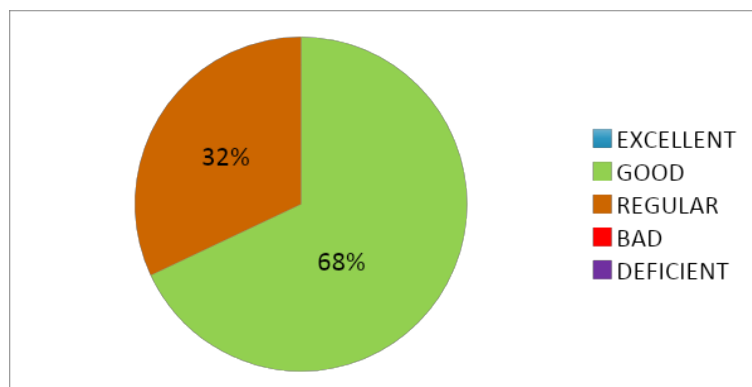
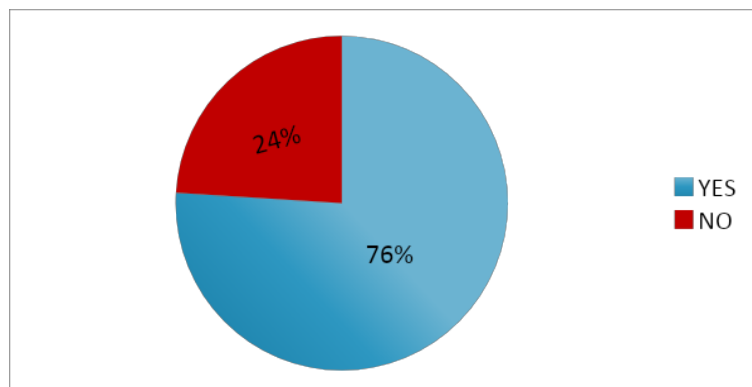
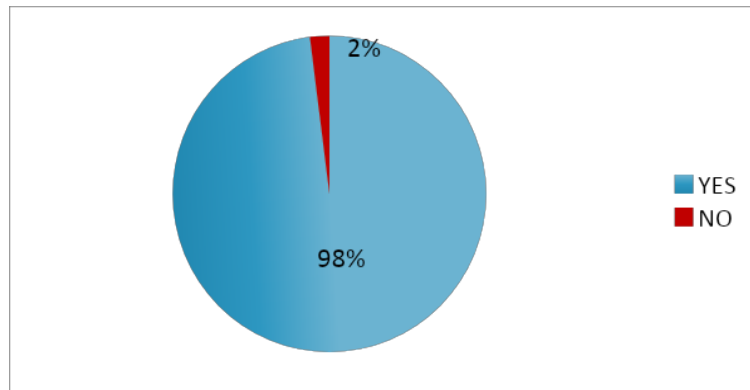


Figure 27. Question n°27

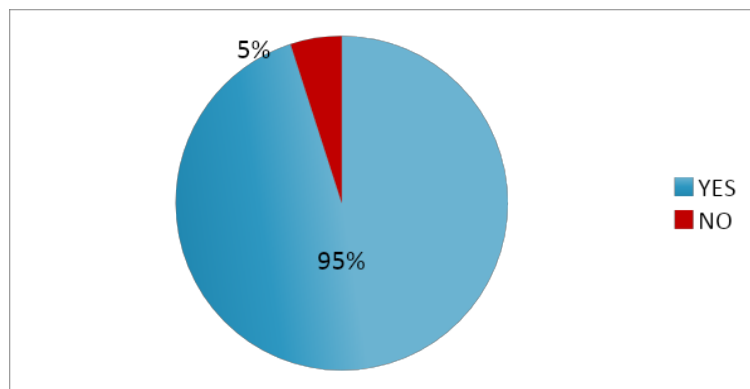




**Figure 28.** Question n°28



**Figure 29.** Question n°29



**Figure 30.** Question n°30

