1 INTRODUCTION

Management of companies today is carried out in a complicated competitive environment. Therefore managers need a lot of information and a set of supporting tools to manage and make decisions. They need such tools in order to evaluate different aspects resulting from the company activity and its economic environment and thus to be able to monitor the progress of the company in fulfilment of the set goals. It is not enough to know that the company is successful today, it is necessary to know if it will be and if it has a chance to be successful also in the future.

Two decades have passed since the first idea of creating and implementing of strategy using Balanced Scorecard and strategy maps. The above systems have undergone continuous development corresponding to practical experience and changes in social, business and economic environment during this period from the theoretical point of view.

Balanced Scorecard is a system which works with company procedures as a complex. For instance a logistic system provides material flow for a transformation process. Balanced Scorecard is a tool of the strategic management of such logistic flows. It is a tool which may be used in various companies and industries. Companies in automotive industry and logistics appear to be especially suitable ones. Their transformation process is based on processes of physical displacement. They are primary and strategic processes where Balanced Scorecard can contribute to successful, efficient and dynamic management essentially.

2 MEASUREMENT AND MANAGEMENT IN THE INFORMATION SOCIETY

Competitive environment has been changing, intensifying and the situation today is harder because we are living in the times of the global economic crisis. It is not true anymore that the companies achieve sustainable competitive advantage by implementation of new technologies into physical assets and by perfect management of financial assets and liabilities.
The influence of the information society is more obvious at companies providing services than at production companies. Last centuries have noticed wide changes for companies providing services all over the world.

The information era requires new abilities from production and service-providing companies in order to achieve success. The ability to mobilize and utilise tangible and intangible assets is much more determining than to invest into physical tangible assets and into the management of them.

Since companies have been trying to get transformed to be able to compete also in the future, they focus their attention on different innovations, such as quality management (TQM), just in time delivery systems (JIT), customer relation management\(^1\), corporate strategy used as a competitive factor, lean manufacturing and lean management, activity-based cost analysis (ABC analysis), organization of labour using production teams, delegating of powers and responsibilities to lower layers of management, permanent innovation of products and services, improvement of company processes.

Each of the above mentioned programs tries to save time, energy and resources. They are intended to achieve, often discontinuous performance enabling the company to succeed in a new competitive environment of the information society. The programs, however usually partially successful, are, on the other hand, often too fragmented. They are not interconnected with the strategy and they do not bring particular financial and economic outputs. It is not possible to achieve directing to high performance oriented to competition, technology and human resources only by monitoring and managing of financial measures resulting from past performance, the monitoring of performance should be extended by new approaches and new views of the topic.

Balanced Scorecard transforms the company mission and strategy into the comprehensive set of performance indictors which provide a framework for assessment of its strategy and management system. BSC emphasizes not only achievement of financial results but it particularly includes drivers which enable achieving of such results. BSC measures performance using four perspectives: financial, customer, internal company processes, learning and growth. It enables monitoring of financial results but also the ability of the company to ensure and obtain intangible assets needed for future growth.

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Balanced Scorecard keeps also traditional financial indicators which, however, show past financial transactions, which used to be sufficient for companies in the industrial era when the investment into long-term abilities and customer relations were not key factors of success. Such financial indicators are more or less unsuitable for setting of the strategy which the companies of the information society have to choose to enable the investment into customers, suppliers, employees, processes, technology and innovations create the required value.

Strategy maps represent horizontal and vertical relations between long-term intentions of the company within different financial and non-financial areas in form of cause-and-effect relations. They form an important part of the Balanced Scorecard system and they represent an important communication and visualisation tool. They contribute to more accurate setting of balanced target values and initiatives which contribute to their fulfilment; they spread the method and contribute to faster and clearer understanding of the strategy at a particular layer of management.

In terms of the strategy as a long-term view of the company future in form of stated intentions, objectives and initiatives (procedures and their resources) of their fulfilment the vision and strategic objectives break down into lower levels of management. In conditions of application of strategy maps and BSC method the strategy means a set of hypothesis on causes and effects expressed by the sequence of statements “if-then” across the individual BSC perspectives.

The system is based on general long-term (strategic) intentions, indicators, upon which their fulfilment is going to be assessed, on set particular target values for particular indicators and initiatives, which means the activities which lead to changes in the area.

Goals and indicators of BSC arise from the company vision and strategy and monitor its performance across four perspectives, which form a framework of the method. It enables the company management to measure how its business units make value for current and future customers and how the quality of human resources, system and the way of work should improve in order to increase future performance. That means to capture the determining value-creating activities developed by experienced and motivated people.

The Balanced Scorecard method fills the gap of most of the managerial systems caused by the absence of a systematic implementation process and getting of feedback related to strategy. Since the concept of the BSC appeared, many companies have tried to test its ideas in practice. The experience of the recent years has brought some new
and useful approaches to company management. Such approaches relate particularly to the fact that BSC:

- provides management with a clear strategic dimension;
- develops the knowledge on how a company gets the effort in development of people and their abilities, development in customer relations and the development in information technology back,
- creates opportunities for learning of individuals and company using more systematic measurement of factors important for its success and performance,
- enables everyone to get a clear idea about the sense and importance of their work for the company,
- creates more respect to the knowledge that many important things which are done in the company do not bring immediate results in form of higher income or lower costs,
- declares the importance of intangible assets – intellectual capital and the need of its cultivation clearly.

Balanced Scorecard represents a modern **strategic system of management and company performance measurement**. It is a modern method of strategic management enabling the **development** of all important **assets and utilisation of all resources** (production factors) in the company efficiently, in order to achieve synergy at fulfilment of the strategic objectives. Due to the above reasons it represents a suitable covering element for all other methods and approaches which the company wants to apply in practice.

BSC has already been implemented by thousands of companies all around the world successfully and specialized firms dealing with this method and its implementation as a strategic solution supplier operate on the market. In the current highly developed competitive environment BSC has opened new possibilities of more efficient management for companies. It enables stating of intentions and the ways how to achieve them very clearly. At the same time it is an important system of performance measurement from different points of view, not only a financial one. It points out the importance of intangible assets of the company.

### 3 SYSTEM OF STRATEGY MAPS

The system of strategy maps shows horizontal and vertical relations between strategic themes of particular perspectives in form of strategic goals. Such maps add time relations to BSC and BSC adds indicators and target values to strategic maps. The concept of strategic maps was made by the authors of the BSC method Kaplan and Norton in order to integrate and align strategies and activities of different units of organization.
They correspond with strategic themes, i.e. close strategic intentions within the map. Particular themes require different approach to their execution. Strategy maps show how the organization makes values. It is a model consisting of four perspectives known from BSC. It is based on a system of cause-and-effect relations between the objectives of individual perspectives. Strategy maps extend BSC by time-based dynamics. A strategy map illustrates a missing element between formulation and management of strategy and it is based on the following principles:

- the company strategy balances contradictory forces,
- the company strategy is based on propositions at differentiated customer values,
- the company strategy says how the value is created through the internal company processes,
- the company strategy consists of the current amending ideas,
- the company strategy and company alignment states the value of intangible assets.

The strategy map of the BSC system illustrates a framework how the strategy connects intangible assets into a value-creating process.

From the practical point of view it is good when the strategy map contains no more than four intentions in each strategic theme. The intentions in particular perspectives are interconnected by means of the cause-and-effect relations. Financial intentions will be achieved if the target customers are satisfied. Customer intentions describe what will support sales and customers´ loyalty. Internal processes provide fulfilment of the required value for customers. At the same time intangible assets will support the quality of the course and improvement of the internal processes. The relations occur mostly between the neighbouring perspectives; however, it is not a condition. E.g. the activities in the learning and growth perspective can affect the customer perspective directly (personal contacts with customers) or the internal processes perspective relates with the financial area directly.
Strategy maps describe how and what from the company will create a value for stakeholders. If the strategy map is arranged according to a few parallel strategic themes, the company is able to manage the value-creating processes with different time horizons.

Strategy maps and BSC are divided into four different perspectives – financial, customer, internal processes and learning and growth. The financial perspective describes tangible outputs from the strategy in traditional financial indicators. Share value, profitability, revenue growth etc. are lagging indicators showing whether the

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company strategy was successful or not. Customer perspective defines value propositions for target segments of customers. Consistent alignment of particular activities and abilities with customer values forms the core of the strategy management.

**Financial perspective** This perspective enables to find out whether the strategy (and its implementation) influences the improvement at the bottom level. Financial goals are mostly related to profitability measurement or to cash-flow.

The intentions of the financial perspective are usually divided into three areas. The first one is growth of turnover by means of expanding of the range of products, new customers and markets, changes in marketing mix and new pricing strategy. Another area is decrease in costs and increase in productivity. It is possible to utilise the decrease in unit costs, improvement of sales channels mix and the decrease in operation costs here. The third area relates to the utilisation of resources. Companies focus on a cash-to-cash cycle in it and they try to improve the utilisation of resources.

**Customer perspective** clarifies how the company creates differentiated and sustainable values for particular segments. In general this perspective contains the outputs within a strategy map such as customer satisfaction, how to maintain it, new customers, profitability and a market share. Such output indicators can be illustrated in cause-and-effect relations easily. For instance customer satisfaction influences keeping and getting new customers, which affects profitability and a market share.

Success is based on measurement of customer value advantages. Standard attributes are time, quality and price. In general the value advantages divide into three categories. The first category deals with the character features of a product or service determined by utility of the product and service, price, quality and timeliness. The other category solves customer relations, e.g. delivery of the product, response time, and delivery time and customer satisfaction. The third category deals with the image and goodwill of the company.

**Perspective of internal processes** requires clear objectives of the financial and customer perspective. The company should know its value chain, which starts with the innovation process (determination of the market and making of product or service offer), it continues by the operation process (making of product or service) and finishes by after-sale services. This perspective operates with the indicators like: percentage of the sale of new products, launching of a new product to compare with competition or a plan, time of development of a new product generation etc.

Internal value-creating processes belong, in terms of a value-creating chain, into operation, customer, innovation and regulatory-social groups. Operation processes are
basic processes performed every day. The company makes its products and services and supplies them to customers through them. Operation processes are divided into four areas (development and maintenance of supplier relations, making of products and services, distribution and delivery of products and services to customers and risk management). Customer processes extend and deepen customer relations. At first the segments are determined (their most accurate character features), then, in form of proper communication, customers are addressed and then maintenance and growth of business with such customers follows. New products, procedures and services form the output of innovation processes. They are often connected with the expansion of markets and segments. It is necessary to keep the sequence and to specify the opportunities, to manage research and development, to propose and invent new products or services and to get them to the market. Since it is a costly activity, the company should consider also other possibilities such as partners’ cooperation or licence purchase. Regulatory-social procedures help the company be competent in the activity which is limited by international and national limits (the environment, safety at work, etc.). Thus the company deals only with regulatory-social performance along the critical dimensions, which contain the environment, safety and health, operating procedures and investment into public. Due to that it is able to attract and keep high-quality employees or to eliminate the pollution of the environment or to increase safety and health of employees which impacts productivity and lower operating costs.

The companies which are able to have good results in the above mentioned areas, and also have a positive relations, achieve perfect results at customers as well as at shareholders. The strategy should remain balanced also despite the focus on the main group of the internal processes. From the financial point of view the improvement appears after a differently long period of time (depending on a type of the process being improved).

Learning and growth perspective describes intangible assets and their role in the strategy. Companies are not able to achieve their long-term objectives solely using the current technologies and abilities. Strong competitive environment requires permanent increase of their potential to create value. In connection with the learning and growth perspective this means human capital, information and organizational capital as supporting pillars of the strategy.

It is not enough to know the intangible assets, they must be developed. It is hard to define the intangible assets (in general it means the knowledge which has to create a distinguishing value or abilities of employees satisfying customers’ needs) and it is hard to identify them. Learning and growth is a necessary base for other processes.
Financial and customer perspectives describe the desired outputs from the strategy. The company should know and ensure critical processes with the strong effect on the strategy. The learning and growth perspective identifying strategically important intangible elements is essential. It includes human capital, human potential, information systems and organizational capital which support internal processes. The assets should be interconnected and aligned with key internal processes. Graphical expression of all key relations across the perspectives is illustrated by a strategy map.

Strategy maps complete BSC approaches properly and thus they enable managers to have a thorough and complex view of the area of long-term planning and management. Planning, strategic management and reviewing of the strategy form a sequence of six activities. Each of them contains a sum of matters which should be dealt with.

A strategy map describes strategy logically and provides a picture of the desired results of the strategy as well as of the supporting processes and infrastructure to achieve them. BSC breaks down the intentions of a strategy map into measurable indicators and target values which makes them clearer and more meaningful. Target values are defined in form of distribution of value deficit between strategic themes depending on the situation and experience (the target value reveals the deficit which is divided into smaller target values for individual strategic themes according to their influence), utilisation of the logic of causal relations (target values are divided into values of strategic objectives within the theme whereas each one is determined in causal dependence to other ones) or benchmarking. To achieve the target values the company has to create an action program (breakdown of strategic activities – initiatives). The action plan which defines and provides resources for strategic initiatives should be aligned with strategic themes and should be perceived as an integrated unit, not as a group of separate projects. The strategy map is comprehensible and has a high information ability thanks to the strategic themes.

The existence of the charts (with intentions, indicators, objectives and initiatives for all BSC perspectives) and strategy maps is not enough. It is important to be able to orientate in them and to apply them in practice.

Selected employees and their superiors will be more aware of the strategy and its fulfilment if they implement specialized software. For this purpose even a simple system of pages based on html placed in the company intranet may be useful. From the initial strategy map a user will learn the details about the intentions, objectives and initiatives with a reference to further information by a simple click on a strategic theme. On-line check of fulfilment of the objectives is possible provided that there is interconnection with other systems.
In the area of strategy, BSC and strategy maps education of employees should be provided.

A separate problem is the matter of responsibility for particular strategic themes and internal initiatives. Particular units concerned take the responsibility for the themes. It results from their location in partial maps. The main responsibility for a strategy map belongs to the head (director) of the unit. If the theme interferes into more units, the responsibility should be determined according to the influence, importance and capacity.

The strategy should be then monitored, reassessed, amended and developed, regularly every quarter. It should also be dealt with from time to time at general meetings.

Strategy maps form an important part of the strategy based on the principles of BSC. At a big company which is not concentrated at one place and employs over one hundred employees one map is not sufficient and for practical use is not clear enough. Because of that partial maps are very useful, at least for key business units.

4 Alignment of particular business units of a company

The efficient mutual cooperation of all parts of every company is necessary for operation of the companies in today’s highly competitive environment. The above mentioned ideas about utilisation of strategy maps support alignment of particular business units of the company. Organizational and supporting units within the company cannot behave as if one was more important that another one, which often happens. They should realize how cooperation can be supportive. Exchange of information on production, customers, sharing of common procedures and integration of services should become a day-to-day part of managers’ work.

To create efficient organization of work and high productivity it is important to achieve the alignment between business units and to achieve the alignment of the corporate management system.

The companies which want to achieve success and want to achieve their objectives should not be in the background, they should look for new possibilities to achieve synergistic alignment. The Balanced Scorecard method is an important tool which can help them achieve it.

A lot of large companies consist of production, business or organizational units in which we can meet highly qualified, experienced and motivated head employees.
However, the effort of particular units is often coordinated insufficiently. Their results lag the level which they could reach if they cooperated better.

There are the companies in the world which have used the Balanced Scorecard method in order to achieve the alignment of their various assets in terms of a new strategy of convergence, so they even noticed a significant price rise in comparison with their competitors within one quarter\(^3\).

The following are the managerial procedures at the BSC implementation which must be managed precisely in such cases:

- **Mobilization**: implementation of a change in all parts of the organization through top management and their personal example.
- **Strategy execution**: designing the strategy maps, Balanced Scorecard system, intentions, objectives, measures, tasks and executive programs.
- **Alignment of organization**: alignment of the organization as a whole, of business units, supporting units, external partners and administrative bodies according to one strategy.
- **The way of general administration**: implementation of the strategy into the processes of planning, budgeting, accounts and assessment of management performance.
- **Orientation to intangible assets**: to develop intellectual capital and human capital intensely as its very important part, emphasizing the motivation of employees, development of leadership and their total development.

It is just the alignment of an organization as a whole which appears to be the most problematic part avoiding more efficient utilisation of the method in practice. The organizations with the highest benefits provided by their new systems of performance management based of BSC are much better in the alignment of strategies on the level of the whole organization, business units and supporting units. This has proven that the system alignment, similarly to the general coordination of the process, brings significant advantages. The knowledge on how the system alignment can be achieved is of high value because it increases the value of the organization on the market and brings benefits for organizations and their stakeholders.

### 4.1 THE ORGANIZATION AS A WHOLE IS A SOURCE OF THE VALUE

System alignment of business units which lead to the creation of a value at the corporate level is paid less attention to than to creation of a value at the business unit level. The strategy of a business unit describes how it intends to create products and

services which offer a unique and distinguished mixture of advantages for potential customers – **customer value proposition**.

In order to add value to a set of the organization’s business units and units of shared services the organization should achieve such alignment of these operation units and units of services to **create synergy**. This is the area of company or corporate strategy which determines how the headquarters of the organization adds value. When the company succeeds to align the activities of business and supporting units, it creates a source of sufficient value\(^4\) (enterprise-derived value).

**Financial perspective:** How can a business increase the value for shareholders, which is brought by the business unit portfolio? The corporate financial strategy deals with the matters such as what to invest in, when to draw profit, how to balance risk and how to create investor brand. Companies create value especially due to their ability to allocate capital between their business units. The value of the corporate level of some diversified companies is in the ability to operate the internal capital market which is economically much more efficient and effective than if every separate unit operated as an independent, publicly tradable company. The corporate headquarters of different companies, besides trying to achieve financial synergy thanks to perfect allocation of resources and proper processes, have an important role at creating synergy between other three perspectives of the Balanced Scorecard system.

**Customer perspective:** How can a business, within the whole organization, share its interface with customers in order to increase the total value for customers? A satisfied customer is a precious asset. The value of goodwill achieved by positive customer relations changes into potential of repeated purchases and spreading of the positive relation to other products and services provided by the company, especially to those ones offered under the same make.

**Perspective of internal processes:** How can an organization manage the processes of particular business units (SBU- Strategic Business Unit) in order to get savings from the total extent of activities or integration of the value chain? Big organizations have the opportunity to make savings from the extent of the activities and thus to increase their competitive advantage and value for shareholders. Each organization consisting of more businesses (units) can get savings from the extent if they focus on the processes required jointly by more of their business units.

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Learning and growth perspective: How can a company develop and share its intangible assets? The biggest area of opportunities where the corporate headquarters can have a useful role is development and sharing of key intangible assets: people, technology, culture and leadership potential. The intangible assets have become a new effective factor of business strategy. For the organizational headquarters it means an opportunity and a task – its departments should manage their intangible assets by the manner which creates synergy and sustainable competitive advantage.

The continual steps of the system alignment represent a process which starts when the headquarters formulates a corporate value proposition which creates synergy between the operation units, supporting units and external partners.

Besides the concept and strategy the process of system alignment is needed to create synergy. That should form a part of the annual management cycle. The process should be cyclic and should run downwards. The target corporate synergies are defined at the top level and subsequently executed in business units. A head employee from top management who will coordinate the process of the system alignment should be designated – it is a task for strategy management department.

The organization should also take care about the system alignment of activities of employees and management processes with the strategy. Organizations should apply such active programs of communication with employees, their education, motivation and alignment of their activities with the strategy. They should focus on allocation of resources, determination of goals, project management, accounts and performance reassessment.

Balanced Scorecard – can serve as a system of alignment of the organizational strategy and structure. The strategy passes the structure and systems (Structure Follow Strategy) and the strategy at a corporate level is a basic reason why more business units are operated within the same organizational entity. The strategy should arise from the advantage of an organization as an arranged grouping of businesses. Such organization should show a corporate value proposition – as the headquarters creates bigger value with business units which it owns and operates than their competitors would be able to create with the same set of business units or if such business units operated separately. Four perspectives of BSC provide a natural way to divide different corporate value proposition which can contribute to the synergies at the level of the organization as a whole.

4.2 UTILISATION OF INTANGIBLE ASSETS IS A SOURCE OF SYNERGY

In global economy based on knowledge intangible assets - such as human capital create often more than eighty percent of company value. The transformation of
intangible assets into tangible results means a new way of thinking for most of the companies. The companies which manage this process borne and spread mostly by HR department are able to create a significant competitive advantage.

Improvement of market position of an organization is often a time-consuming and intellectually demanding process. In general we can say that the total company value is made of financial and intellectual capital. The financial capital is represented by financial assets in form of money and securities.

The intellectual capital means organized knowledge used to create the company wealth. It contains e.g. patents and protected technology. It is the ability to transform knowledge and intangible assets into a source of wealth.

M. Armstrong has defined the intellectual capital as reserves and flows of knowledge available in the organization. Such knowledge may be considered as intangible sources which, together with tangible sources (money, tangible assets), create a market or total company value. The term intellectual capital means the combination of human and structural capital.

**Intellectual capital**

Traditional approaches of assessment of business results are based on the financial approach of historical costs. In such a case there is only a little number of intangible assets included in financial accounts. The records on what happened with the costs in the past can be a useful starting point in the assessment of the business performance, however, without the information which looks ahead is the offered picture of business performance incomplete.

More general definition of the intellectual capital arising from the project Meritum says that: “**The intellectual capital is** a combination of human capital, structural capital and capital of relationships”. The project had the following goals:

- to set a simple classification scheme for intangible assets,
- to list systems of management and control of companies to identify the practice of intangible assets measurement,
- to assess the importance of intangible assets for the operation of capital markets,
- to create a directive for measurement and recording of intangible assets.

The directive for measurement and recording of intangible assets has also stated the understanding of particular components of the intellectual capital.

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Good management and support of culture facilitates the strategy execution in the essential manner. The primary goal of development of such assets is to ensure their system alignment with the corporate strategy. Managers should know the strategy which they are going to activate their organization to and they should create the values which support the strategy.

Companies can create the value the source of which is a company as a whole through the improvement of the development of the human capital in all their business units. The corporate BSC system of a holding company which manages their internal labour force market actively should contain the objectives related to rotation of key employees between the business units and to the way of promoting them where they pass from one unit to another at the same time.

The source of the biggest advantage is focus on strategic competencies. Many organizations form a specialized function of a main director for development and education of employees in order to achieve this objective. Strategic competencies are abilities and knowledge which the employees should learn to support the strategy. The investment in education and development of employees is the real initial point of every long-term and sustainable change. The ability to improve business processes which support value proposition for customers depends, in case of the organization working with knowledge, on the ability and willingness of employees to change their approaches and to apply their knowledge to strategy. Therefore the organizations which want to achieve success of their strategies, should know, which competencies are necessary. They should evaluate the current level of strategic skills and to prepare the programs which fill the gaps and shortcomings in the profile of the competencies of the organization.

Organizations have started to define the families of strategic positions or competency clusters connected with particular strategic processes recently. Since they determine the groups of important strategic positions the organizations can be sure that they develop right competencies – those ones which strengthen the strategic results. In order to overcome the shortcomings in strategic competencies a few approaches may be used: hiring of new people, training, carrier development planning and cooperation with outsourced employees. The correct combination of such approaches will be given by a strategy schedule as well as by the flexibility enabled by available sources of abilities. The approaches of the talent management are a big help at work with human capital within the above mentioned ideas.

Also very different business units with different target groups of customers and different value propositions do a lot of similar or identical processes (regular wage agenda, monthly accounts, annual performance assessment, expedition activities,
collection of money and time planning). Thanks to sharing of the information of common processes the company has more opportunities to know the best procedures which can be then implemented in all business units quickly. Utilisation and sharing of knowledge of the best procedures will be faster and using significantly lower costs than if independent companies enter into agreements between each other on performance of the repeated benchmarking studies. In case of sharing of knowledge the better and more various the company, the higher the probability that the innovation of a process which brings benefit and advantages in all company business units will occur.

**The portfolio of the strategic services of an HR department** should be focused on **strategic skills development programs**. Such programs determine and develop personal abilities important for success of the organization. Such programs also contain determination of strategic work positions, creation of competence profile for such groups of functions, analysis of differences between the requirements of such work positions and available abilities and preparation of training programs for employees intended to overcome the detected differences.

**Organizational development and development of leadership potential** is important – the programs focus on the development of head employees, on the support of team work, on strengthening of synergies within the organization, on the improvement of climate in the organization and strengthening of its values. This theme can include the initiatives such as competence model of head employees, organizing of development programs for head employees, planning of succession in head positions, preparation of a rotation plan and key employees’ development plan, development of culture and values, sharing of approved practical procedures and systematic informing of all employees on the strategy.

A continuous process of **performance measurement and management** is important too. They are the programs which define, stimulate, assess and reward the performance of individuals and teams. They contain especially the assistance for individuals and teams in specifying of their performance objectives, assessment of the performance of individuals and teams and rewarding of employees with strategic objectives and assistance in the management of changes.

More and more companies have been joining partnerships in order to get access to abilities which they do not have and to ensure growth on new markets and in new regions. To share common indicators and sets with partners in the alliance is not natural. Each party has their own recording procedures and their own indicators and each of them brings their own ideas to the alliance. Overcoming of such information and motivation asymmetry requires an open process where particular parties express
their intended contribution to the alliance clearly in form of a document which includes the principles, rules and strategic reasons to enter into alliance.

A lot of fusions fail because a new company cannot integrate two management teams, two strategies, two information systems and two different sets of management processes into one operation entity which could achieve the expected synergy benefits. The basic reason of poor performance in the period following the fusion is the fact that the companies focus on cost saving too much and they do not focus on the increase in revenues. Some companies originating from a successful fusion focused on strengthening of customer relations in order to increase revenues, particularly through keeping of key employees who will contribute to their creation the most.

Top managers of partnership companies join the processes of strategy maps and BSC system creation. The strategy map, BSC system of indicators and directional tasks and commonly approved and source-provided initiatives create a clear plan of a process for the director of the alliance and a perfect tool of ownership administration of the common business project for the participating companies.

5 CONCLUSION

System alignment of a larger organization is a process of alignment of how different parts of the organization (strategic business units or organizational units) coordinate their activities in order to achieve mutual integration and synergy effects. Companies in automotive industry and logistics appear to be especially suitable for the implementation since they are primary and strategic processes, where the system alignment may contribute to successful, efficient and dynamic management significantly.

Strategy maps and BSC methods provide management with a mechanism which enables the description of strategy at all organizational levels and their interconnection from one level to another one. It also measures the extent in which business units fulfil the tasks requiring inter-unit team cooperation. This approach is a higher level of utilisation of the Balanced Scorecard method for larger organizations. The advantage is that the principles in the organization of this type (a holding, alliance) are used at all level, thus they are known and the principles of the use are the same, which is a big advantage.

Focus on the intellectual capital, its development and proved principles of BSC provide preconditions for success for the organization. The approaches of the system alignment can be used also at smaller businesses which operate on the basis of strategic business units.
The above mentioned systems approaches both based on the separate Balanced Scorecard for a company and the processes of system alignment for organizations integrate other approaches and methods (some of them have been stated above) which lead to better utilisation of production factors. It is essential to do the right things at first – direction, strategy, system approach and then to do the things right – the approaches and methods leading to partial better utilisation of production factors, that is the core of achieved synergy effects and the source of economic value.

The principles of the Balanced Scorecard method are clear for many people and they seem to be quite simple which misleads to the idea that their implementation is simple too. However, the contrary is true. The implementation requires a lot of effort for a change of thinking and change of attitudes which is very hard, especially in cases when the organization has good results. It needs courage to ask unpleasant questions regarding to the future of the company and its future results regarding to particular stakeholders. Moreover it requires work intended to develop the intangible assets of the organization.

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Reference


System alignment of an organisation is a difficult process when the parts of the organization (business units) coordinate their activities in order to achieve their mutual integration and synergy effects. This approach is the highest level of the Balanced Scorecard methodology used for larger organizations. The papers focus on utilisation of strategy maps at work with strategy, on the importance of intellectual capital and intangible assets when creating synergy effects.

The above mentioned systems approaches, both the ones based on Balance Scorecard for a company and the approaches of system alignment for organizations integrate the approaches and methods which lead to better utilisation of production factors. It is essential to do the right things at first – direction, strategy, systems approach and then to do the things right.

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