Balanced Score Card / Benchmarking

Exercise 01

The following is Horn Ltd's statement of profit or loss for year ended 31st March 2019, together with additional analysis of revenue and costs. Horn Ltd Statement of profit or loss for the year ended 2019.

	Rs. Bn
Revenue	1.35
Cost of sales	0.83
Gross profit	0.52
Admin and distribution costs	0.15
Profit from operations	0.37
Taxation	0.04
Profit after taxation	0.33
Dividends	0.13
Profit for the period	0.20
Total assets less current liabilities	2.40

An analysis of revenue and costs show:

Revenue	Rs. Bn
Existing products	1.03
New products	0.32
Sales to existing customers	0.82
Sales to new customers	0.53
Included in the cost structure is:	Rs. Bn
Research and development	0.08
Training	0.14
Customer support costs	0.04
Quality assurance	0.03

Required:

Suggest and calculate 2 suitable indicators for each of the 4 balanced scorecard perspectives.

Exercise 02

Faster Pasta is an Italian fast food restaurant that specialises in high quality, moderately priced authentic Italian pasta dishes and pizzas. The restaurant has recently decided to implement a balanced scorecard approach and has established the following relevant goals for each perspective:

Perspective and Goal

Customer perspective
> To increase the number of new and returning customers
> To reduce the % of customer complaints

Internal process
> To reduce the time taken between taking a customer's order and delivering the meal to the customer.

Innovation and learning
> To reduce staff turnover
> To increase the proportion of revenue from new dishes
> To increase the % of staff time spent on training

Financial
> To increase spend per customer
> To increase gross profit margin

The following information is also available for the year just ended and for the previous year.

	2018	2019
Total customers	11,600	12,000
– Of which are new customers	4,400	4,750
– Of which are existing customers	7,200	7,250
Customer complaints	464	40
Time between taking order and customer receiving meal	4 mins	13 mins
% staff turnover	12 %	40 %
% time staff spend training	5 %	2%
Revenue	Rs.110,000	Rs.132,000
– Revenue from new dishes	Rs.22,000	Rs.39,600
– Revenue from existing dishes	Rs.88,000	Rs.92,400
Gross profit	Rs.22,000	Rs.30,360

Required:

Using appropriate measures, calculate and comment on whether or not Faster Pasta has achieved its goals.