

# Lean Kaizen Business Consulting

## Corporate Scorecard

*Become a least cost producer with  
world class Quality & Delivery*



*Key to the future Survival*

*When everything is a priority, nothing is a priority.*

— Karen Martin

A Journey to World class organization.....



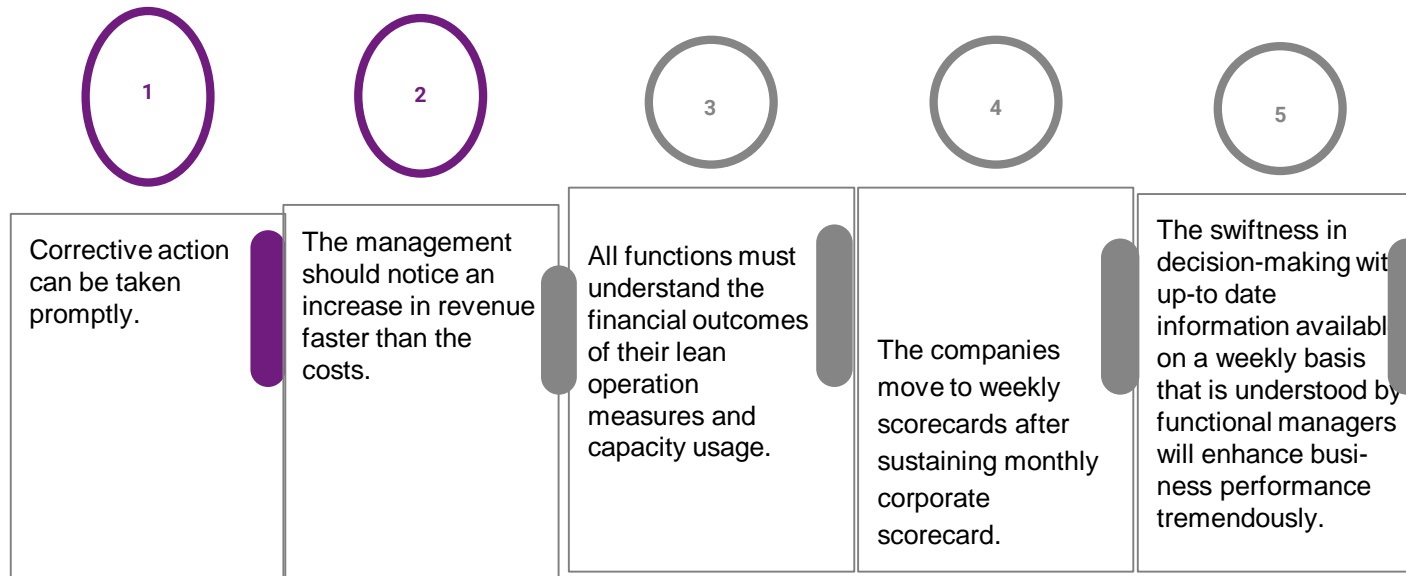
# What is a Corporate Scorecard ?

- 1 The outcome of implementation of these five lean principles can be captured in one sheet called a corporate scorecard
- 2 That is a lean accounting tool that showcases monthly business performance to all stakeholders.
- 3 It translates operational improvements into financial benefits and better utilization of capacity, a new concept many companies are unfamiliar with.
- 4 A corporate scorecard gives a three-dimensional view of operations, financials and capacity that enables managers to make better decisions for the value stream because it gives a multi-dimensional view of key business information.
- 5 A corporate scorecard is a small table as shown in Table and gives a 360-degree view of the company on a single sheet of paper.

Perfect Gear Company			
Monthly corporate score card			
Aspect	Key performance indicator	UOM	Current state march 2018
Financial	Sales revenue-monthly	USD Mn	3.33
	Average product sales price	USD per kg	3.33
	Average product cost	USD per kg	2.84
	Value of inventory	USD Mn	6.27
	Profit before tax	USD Mn	0.17
	Profit before tax	%	5%
Operational	Throughput time	days	113
	On time shipment	%	70%
	Total head count	Number	561
Capacity usage - manpower	Value adding	%	25%
	Non value adding	%	53%
	Free capacity available	%	22%
Capacity usage - machine	Value adding	%	44%
	Non value adding	%	50%
	Free capacity available	%	6%

Table Sample corporate scorecard

# Corrective action can be taken quickly -



# Advantages of Corporate Scorecard

The company can control the financial outcomes by controlling operational measures like operational processes, sales operation, design operation, purchase operations, production operations and administration operations.

Is understood by the non-finance managers because it eliminates complexity in presentation.

1

Useful in understanding the business performance.



2

Enables the company to analyze business operations month over month.



3

Reflect how operational performance improves the financial performance.



4

Efficient processes ensure a healthy financial outcome.



5

The company can see improvements every month.



Gives a platform for taking accurate decisions and allows decision-making at the lower level.

This is beneficial as people at the lower levels are aware of the workplace

This liberates the senior managers to devote time to strategy.

# Corporate Scorecard and Decision- Making – A New Scientific Approach



**Product Part Pricing**



**Outsourcing**



**Capital Equipment Purchase**



**Recruitment**



**Budget for Continual Improvement Projects**



**New Product Development**

A Corporate Scorecard opens a new window for decision-making with a focus on lean company requirements. Unlike Standard Cost Accounting practices, the company does not focus on an individual product. The company looks at the product portfolio and focuses on the profitability of the value stream.