

CONSTRUCTING A STRATEGY MAP FOR WONDERLABS.IO USING BALANCED SCORECARD'S STRATEGY MAP

Adhe Okthalia, Fajar S. A. Prabowo S.E., M.B.A.

S1 International ICT Business, Faculty of Economy and Business, Telkom University

ABSTRAK

Tingkat keberhasilan startup di ASEAN cukup rendah, Perusahaan Startup cenderung gagal dan mencapai kebangkrutan bahkan sebelum mencapai tahun kelima sejak didirikan. Namun, ini memiliki korelasi dengan kemampuan bagaimana startups mengelola untuk melakukan strategi yang sesuai untuk perusahaan mereka agar tumbuh dan bertahan dalam jangka panjang. Dalam beberapa tahun terakhir, perusahaan mengukur seberapa besar pertumbuhan dan pendapatan yang mereka capai sebagai indikator strategis. Ukuran dan target keuangan merupakan satu-satunya indikator keberhasilan perusahaan. Sayangnya, ketika era era informasi datang, premis ini menjadi tidak valid. Tujuan dari penelitian ini adalah untuk menghasilkan strategi map untuk Wonderlabs.io sebagai referensi dalam mengambil keputusan strategis. Data primer dikumpulkan melalui wawancara mendalam, tinjauan literatur observasi dengan para pemangku kepentingan yang merupakan CEO, Wakil presiden, dan karyawan tingkat manajerial. Observasi dilakukan di perusahaan untuk mendapatkan wawasan yang lebih dalam tentang proses bisnis, dan internal budaya organisasi.

Kata Kunci: Strategi Map, Strategi Map Balance Scorecard, Manajemen Strategi, Manajemen Bisnis, Balanced Scorecard Kaplan dan Norton, Manajemen Kinerja

ABSTRACT

The success rate of startups in the ASEAN is quite low, Startup Company tend to fail and reach bankruptcy before even reaching the fifth year from its established. This is however, have correlation to the ability how startups manage to conduct a suitable strategy to their companies to grow and sustain in the long run. In the past years, companies were measures by how much growth and revenue they are achieving as strategic indicator. Financial measures and targets had been the only indicator of the success of the company. Unfortunately, as the information age era came, the premise has become invalid. The purpose of this research is to come out with a strategy map for Wonderlabs.io and to come up with improvement suggestion based on four perspectives in Balanced Scorecard. Data were collected as primary through in-depth interview, literature review an observation with the stakeholders which is the CEOs, Vice presidents, Managerial level employees, etc. the observation is conducted in the company to get deeper insight of the business process, and internal organization culture.

Keywords: Strategy Map, Balance Scorecard Strategy Map, Strategy Management, Business Management, Kaplan and Norton's Balanced Scorecard, Performance Management.

1. Introduction

Establishing a startup especially tech-startup is strongly encouraged all over the world, especially in this digital era. Unfortunately, maintaining a growing and sustainable company is a big challenge and not every startup can do that. Some have successfully made it through year 5, many startups have failed in just year 2 and 3 or even in the beginning. 70% of new business survive at least 2 years, 50% of the total at least 5 years, and 30% survive at least 10 years and only one quarter stay in the business 15 years or more. As in digital world of startups entrepreneurship is even worse. According to startups failure rates (Bhajaria, 2015), 75% of all startups fail. 93% of startups that scale prematurely never break the \$100K/month revenue threshold. 74% of high-growth internet startups fail. due to premature scaling. Out of 100% scale, 25% of startups fall within their first year. Of those remaining, 36% will fall in their second year. Of those remaining, 44% will fall in their third year, and of those remaining, 50% will fall in their fourth year.

The other report of Startup Failure Rate statistics based on (Mansfield, 2016) stated that More than 50% of small businesses fail in the first four years. In fact, of all small businesses started in 2011: only 4% made it to the second year, 3% made it to the third year, 9% made it to the fourth year, 3% made it to the fifth year. The website also stating the Leading causes of small business failure which is 46% because of Incompetence, 30% because of Unbalanced experience or lack of managerial experience, 13% because of

Catchall category (includes neglect, fraud, and disaster), and 11% because of Lack of experiences in line of goods or services.

CB Insights (Griffith, 2014) recently parsed “101 failures post-mortem”. When the founder of a startup company shuts down her or his business, it is customary to pen an essay that tells the rest of the community what went wrong. Essays by startup founders to pinpoint the reasons they believe their company failed. See figure 1.3. Beyond the idea, there are more practical reasons startups fail. Polled founders also cited a lack of sufficient capital (29%), the assembly of the wrong team for the project (23%), and superior competition (19%) as top reasons for failure.

The researcher oversees the statistical reason as a conclusion to the ability how startups manage to conduct suitable strategy to their companies in order to grow and sustain in the long run. A new born startup much likely to have an indistinct strategic planning for the company. As a result, the management is unable to link company’s long-term strategy with its short-term action. This will impact the overall performance of the company. However, each company have different characteristics on business process in which in order to conduct the put the strategy actions, one have to conduct a profound observation and analysis to get the company insight

Maintaining a sustainable growth company is a common challenge for every startup. As the top management hold a higher command for the run of the company, the success of the company is much likely depends on the ability to manage the company with a strategic vision in order to have a sustainable growing company in the long run. For two years old startup to have a vision of where the company will go, new born startups most likely to vision the company vaguely only as a big picture. For that matter, the researcher decided to focus on conducting the research in Wonderlabs.io

A strategy that is suitable for a company in the long run is not easy, Having a vision and mission on the company, one must be able to put their goal into structural strategy in order to be carefully executing the right move to achieved the company objectives, A lot of business thinkers around the world tried to develop strategic tools to help companies, and organizations achieve their goals. One of the most comprehensive and popular approach strategy tools is Kaplan and Norton’s Strategy Map.

2. Theoretical Review

2.1. Balanced Scorecard strategy map

In the past years, companies were measures by how much growth and revenue they are achieving as strategic indicator. Financial measures and targets had been the only indicator of the success of the company. Most companies’ operational and management control systems are built around financial measures and targets, which bear little relation to the company’s progress in achieving long-term strategic objectives. Thus, the emphasis most companies place on short-term financial measures leaves a gap between the development of a strategy and its implementation. (Kaplan & Norton, 1996) .

2.2. Research Framework

The research is conducted to construct a strategy map for Wonderlabs.io by using Balanced Scorecard strategy map approach as management references guideline on decision-making. The goal of this research is to establish a visualized strategy map with logical links to improve company performance as a practical strategic decision for Wonderlabs.io. Balanced Scorecard is impacted by four different perspectives which is financial perspective, customer perspective, internal business process perspective, and Learning and Growing perspective. The focus in this research is using Balanced Scorecard’s strategy map in which Balanced scorecard indicators stand as the base framework of the strategy map. The Balanced scorecard framework of this research is adopted from the invented framework by Kaplan and Norton.

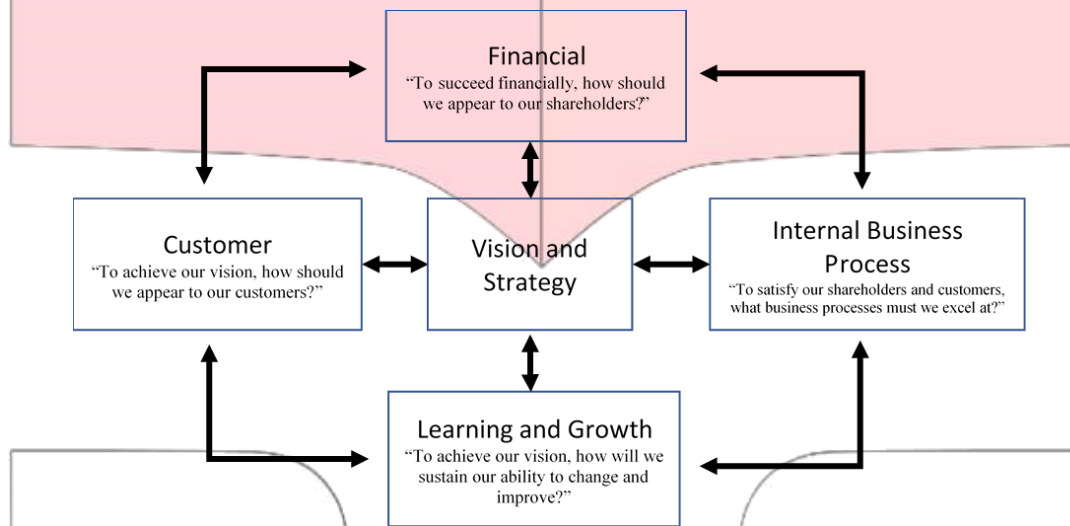


Figure 1. Research Framework Kaplan and Norton’s Balanced Scorecard Framework

2.3. Research Methodology

Research method used in this research is Qualitative method, whereas the process of observation and accurate data collecting is based on the data field featuring an in-depth interview with stakeholders of the company. The study explored in detail about each perspective that represent the company in order to come up with a strategy map for Wonderlabs.io.

2.4. Data Collection

2.4.1. Primary Data

Primary data is information collected by the researcher directly from the informant for the study purpose. In this research, the researcher will be use the in-depth interview data to get the first-hand data from the experts, also supported by observation and documentation.

2.4.2. Secondary Data

Secondary data is the information which already exists in the previous research collected by the researcher as support data to the primary data. In this research, the author uses data from previous Books and research articles, and Internal documents.

2.5. Data Analysis Technique

In this research author uses data analysis technique by Miles and Huberman which is in qualitative method collecting data performed while collecting data held, and after the data that we needed in some period. While interviewing, the researcher also do the analysis in the answer of the object. After the result found and if the result does not fulfill the needs or purpose of the research, the researcher can re-interview the object of study until the result of the study fulfill the needs of the research. This research using coding data to analyze data by organizing into categories on the basis of themes, patterns, concept or similiar feature.

This research targetting four informants who are an expert in the department in which function to the company, and have much experiences in their fields These four informants represent each functions of the company as they hold important command in the company. The informants are the expert in their fields in which each of them have a minimum 5 years of experience in their fields and have a minimum 1.5 years of experience working with Wonderlabs.

2.6. Validity and Reliability

In qualitative research, the term of validity is used to provide research with a guarantee that the report or description is correct. Reliability tells to measure, procedure or instrument yields the same result on repeated trials. Therefore, the question of reliability is related to the establishment of a consistency in research which is another researcher can replicate the study and come up with the same result.

The author use triangulation technique for validity and reliability of this research. Triangulation is checking the data based on a lot of sources with a lot of methods and times [13]. Thus, there are informant or sources triangulation, method triangulation and time triangulation. In this research, the researcher use three triangulation, as follows :

1. Informant (Source) Triangulation

In this reserach, informant triangulation is used to get data from different informants. This research has four different informants.

2. Method Triangulation

In this research, the researcher use method triangulation to get data from different methods. This research uses method triangulation such as do an observation, interview and documentation to get data.

3. Time Triangulation

In this reserach, the researcher use time triangulation to get data from different time. This research uses time triangulation because to get data, the researcher uses different time from one informant to other informant.

3. Result and Discussion

3.1. Key financial strategies of Wonderlabs.

The Interview results show that the key financial strategies of Wonderlabs are Revenue Growth Strategy and Productivity Strategy. The research result highlight Revenue Growth Strategy as the priority. Although, not every informant explained more about the revenue growth strategy according to their expertise fields, moreover, several informants mentioned the focus that highlight the revenue growth strategy which are [1] Expand to new business opportunities, and [2] Enhance customer value. The two aspect of revenue growth strategy shall be achieved with using the measurement which are Revenue of new business units and Customer profitability.

On the other hand, the interview results show that all informants the productivity strategies. there are [1] Improve cost structure, and [2] Manage total life-cycle of idle talent. The measure of achievement of those strategies are Operating cost reduction, and budget utilization ratio

3.2. Key customer strategies of Wonderlabs.

The Interview results show which strategic goals are to be set with regard to meeting customer needs in order to attain the financial goals. The Key Customer strategies that is mentioned and explained by informants included Operational Excellence, Customer Intimacy, and Product Leadership. However, Operational Excellence is the dominance key strategy that Wonderlabs has, followed by Customer Intimacy and the least dominant key strategy is Product Leadership.

The interview result show that the product/service attributes of Wonderlabs are Price, Quality, Time, Availability, and Selection. Meanwhile the relationship attribute that support the business according to the interview with the informants are Service and Partnership. All of the four informants emphasize the company deepen relationship with customers are interconnected with the service that the company are able to be delivered. The measure of achievement of this strategy are customer retention and customer satisfaction.

3.3. Internal business process strategies of Wonderlabs.

The interview results show that Internal business process objectives of Wonderlabs.io that is mentioned and explained by informants fall to following categories: Build Franchise through Innovation, increase customer value through customer management process, achieve operational excellence through operation and logistics process, and Become a good corporate citizen through regulatory and environmental process.

From the interview result, several informants indicate that expanding new business units through innovation is important strategy for the growth of the company. Moreover, the internal business process strategies to implement are [1] Create non-technology product or services, and [2] Create technology to automate process. This strategy's measure of achievements are new product/service acceptance rate and new business unit return on investment.

From the interview result, each of the informant highlights 4 different points to increase customer value through customer management process. The classification is fell to 2 different classification, which is [1] Improve the customer experiences. [2] Improve cycle time of customer's relationships. Customer satisfaction and customer retention are the measure of achievement of this strategy.

From the interview result, the strategy to achieve operational excellence through operation and logistics process fell into 4 different classifications, which is [1] Improve the cycle time of internal process on project development. [2] Maximize Talent Allotment in offshore and in-house projects. [3] Add more channels to attract more talents [4] Implement 360-degree review on talents and employee. With this strategy to measure the achievement of the strategy, the indicators are Employee retention rate, Operating cost, Employee/staff happiness index, and numbers of job applicants.

From the interview result, several informants mentioned about how the company become a good corporate citizen through regulatory and environmental process. It is classified to: [1] Increase personal branding of upper management, and [2] Maximize community development program, in which the achievement of this strategy is measured by the company review.

3.4. Learning and Growth strategy of Wonderlabs.

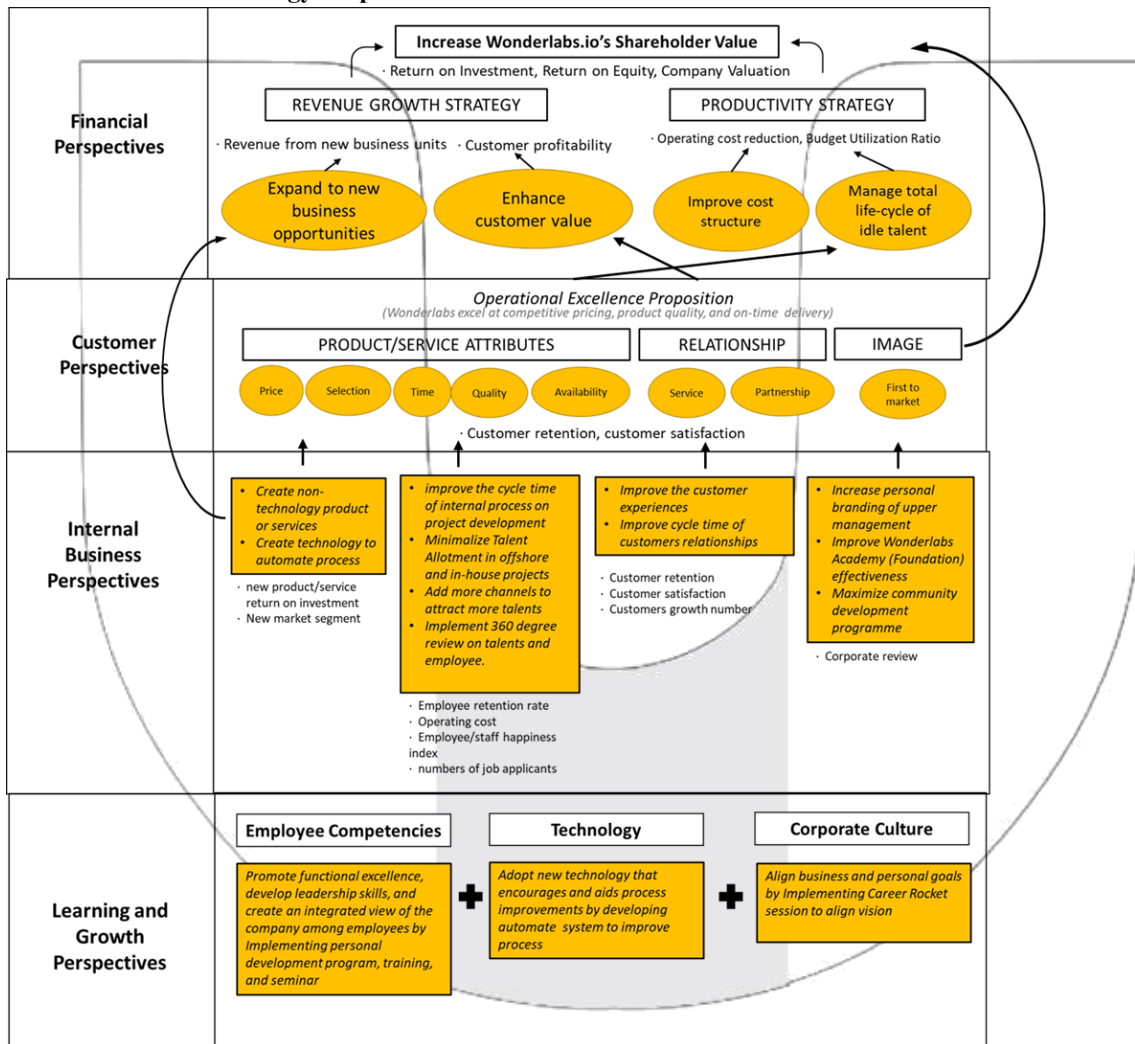
The Interview results show which strategic goals are to be pursued to develop key potentials in order to provide an excellent basis for outstanding results in the other perspectives. Learning and Growth Objectives of Wonderlabs.io that is mentioned and explained by informants included Employee Competencies, Technology, and Corporate Culture.

From the interview, all of the informants agreed that to promote functional excellence, develop leadership skills, and create an integrated view of the company among employees is to implement personal development program, training, and seminar to the employee.

From the interview, only one informant gives opinions about adopting new technology that encourages and aids process improvements. The rest of the informants did not give an opinion due to their field of designation in which only placed to the one who gives a strategic command of the company. The informant mentioned about developing an automate system of a structure learning and development platform that supports learning and growth of the employee.

From the interview, all of the informants agreed that it is important to implement corporate culture by align business and personal goals. All of the informants have the same saying that implementing Career Rocket session as a way to align employee vision with company vision

3.5. Wonderlabs’s Strategy Map



4. Conclusion and Suggestion

4.1. Conclusion

Based on the research analysis, result and discussion, There are some strategic ways the upper management can consider the strategy to be executed to the company in which it is not limited to one or two particular perspective that is believed to increase shareholders value, but it can come from all perspectives in balanced. All of the perspective has their parts to equally contribute to achieve the company objectives and increase shareholders value because the four perspectives are related to each other and has a cause and effect correlation to one another that linked them together.

From Financial perspective, it is important for the company to focus on generating revenues through some new sources and through increasing customer value. Apart from the revenue growth strategy, putting cost saving strategies to implementation is important also be done in parallel. From the Customer perspective, the competitive pricing, product quality which is the service quality, and on-time delivery of the service are the strong points that Wonderlabs offers to the customers. Apart from that, customer intimacy as customer relationship which is in service and partnership regarding the customers' retention also takes a part complete the dominant value proposition of Wonderlabs. From the Internal business perspective, every effort that is mentioned in the Wonderlabs's Strategy Map must be made to keep the projects and clients coming as long as possible. The combination of these internal process themes will lead to customer and financial objective success. From the Learning and growth perspective, to match the right kind of competencies that meets customers' expectations, it is important to Wonderlabs to conduct training and development programs for talents and employees. Other often neglected aspect that highlighted in the map is that to develop an appropriate innovative culture and alignment of goals, these method, will increased employees and talents performances thus, will affect to the other perspectives including affecting the shareholders' value.

The proposed strategy map can provide a reference of priority for management in determining strategic improvement paths and how it affect the other aspects of the company. Management is advised to link up the company's strategies with its competencies and to further transform the strategies into significant tasks and results-oriented program services and supports.

4.2. Suggestion

4.2.1. Practical Aspects

1. The researcher suggest the company to follow the strategy map as well as paying attention to the cause and effect link as a guide for strategy decision in the future.
2. The researcher suggests that the best practice to increase Shareholders value is through considering the fundamental foundation of the Wonderlabs's Strategy map which is fall in the Learning and Growth Perspective.
3. The researcher also suggests to considering in the improvement of the personal growth of the employee because to successfully conduct growth and productivity strategy, one cannot solely rely on the business process
4. The researcher suggest to have the strategy maps well-communicated to the entire company to align the company goals and vision with the employees.

4.2.2. Theoretical Aspects

1. For further research, the researchers suggest to conduct the following research for the company:
2. Conducting a deeper research in calculating, monitoring, and/or controlling company performances based on the strategic goals of the company
3. Conducting a research to know whether the duration of strategy map can be applied to the company
4. Conducting a research to measures company performance on internal business process
5. Conducting a research to constructing new business units strategy map of each strategy that is implemented

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