

Designing of Business Performance Measurement Instruments of Notif Coffee With Balanced Scorecard

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ABSTRACT

SMEs are one of the sectors that provide many job opportunities in Indonesia. SME Coffee Shop is one of the SME sub-sectors that is experiencing growth in Indonesia. A performance improvement strategy is needed to maximize the performance of SMEs Coffee Shop in order to compete and develop the business. This paper aims to identify the alignment of the SMEs vision, mission, goals and target, create a strategy map, identify Key Performance Indicator, and develop business used Balanced Scorecard method of Notif Coffee. The object of this research is Notif Coffee which is one of Coffee Shop SMEs in West Java. This study used are primary data obtained by structured interview with Notif Coffee owner and secondary data in the form of literature studies. The data processing and analysis method is carried by Key Performance Indicator and Balanced Scorecard consisting four targets, namely finance, learning and growth, internal business, and customer. The research shows that Notif Coffee have many problem in internal business perspective because Key Performance Indicator shows that target is not achieved. The result of this research using balanced scorecard analysis with four perspectives led by the learning and growth, followed by the customer perspective, the financial perspective, and internal perspective.

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INTRODUCTION

Indonesia is a developing country, economic development efforts are still being carried out. One of the economic development efforts is the empowerment of Small and Medium Enterprises (SMEs). The number of SMEs currently reaches 64.2 million with a contribution to GDP of 61.07% (KEMENKOPUKM, 2021). There are various types of SMEs in Indonesia, one of which is in the culinary field, especially coffee shops, which are currently experiencing an increase.

Indonesian people's interest in consuming coffee has increased since 2013. Based on data from the Association of Indonesian Coffee Exporters and Industry (AEKI, 2016), the amount of coffee consumption by the people of Indonesia will continue to increase. It is proven that coffee is starting to be popular and has the potential to be used as a business. To be able to develop a business, business owners must have a workforce with good performance.

Companies must implement good performance management. Performance management is an activity to monitor and manage a performance that aims to determine the effectiveness of the company with continuous improvement in individual and group performance (Philpott and Sheppard, 1992). To determine the performance of an individual or group, it is necessary to measure performance. Determination of performance can determine whether the performance of the individual or group is good or not. Performance measurement is carried out to ensure the implementation of the planned performance as expected. To determine the level of quality of a performance, a standard must be set that refers to the company's goals. Therefore, companies need to create performance measurement instruments. These standards will then be used as a benchmark in assessing the performance of individuals and groups to then take corrective actions related to their performance.

One of the methods used to measure performance is the Balanced Scorecard (BSC). The Balanced Scorecard is one of the important factors in the company. The Balanced Scorecard is a measurement system that can help companies go through the process of planning, focusing and managing their strategies. Therefore, this study aims to design performance with the BSC approach to Notif Coffee SMEs.

LITERATURE REVIEW

Strategic management can be defined as the art and knowledge of formulating, implementing and evaluating cross-functional decisions so that the organization can achieve its goals. The focus of strategic management is the integration of management, marketing, finance and accounting, production and operations, research and development, and information systems to achieve organizational success. The purpose of strategic management is to take advantage of and create new and different opportunities for long-term planning (David and David, 2015). Strategic management is a series of managerial decisions and actions that determine the company's performance in the long term. Strategic management includes environmental monitoring, strategy formulation or long-term planning, strategy implementation, and evaluation and control (Kaplan, 2000).

According to (Kaplan, 2000), the balanced scorecard is a performance measurement analysis tool capable of translating vision, mission and strategy into various objectives and measures that are arranged into four perspectives, namely financial, customer, internal business processes, and learning and growth. A summary of the four perspectives are: 1. Financial perspective, providing financial targets need to be achieved to realize the vision of the organization. 2. Customer perspective, providing an overview of market and customer segments as well as the demands of the needs that are served as an effort to achieve financial goals. 3. Internal business process perspective, providing an overview of the processes carried out to serve customers and achieve certain financial goals. 4. The learning and growth perspective is a driver for the development of personnel competence, information system infrastructure and working environment to achieve financial, customer, and internal business processes targets. The balanced scorecard has a function to improve the decision-making of managers based on available information and relates the alignment of measurable performance with the goals and strategies of the company and the company's business units according to (Lipe and Salterio, 2000).

According to (Gabcanova, 2012), key performance indicator is a measurement of various quantitative perspectives based on concrete data and becomes the starting point for setting goals and executing the organization's strategic vision. The strategic vision in question refers to how the organization's strategy is interactively integrated into the overall organizational strategy.

METHOD

The research method that used in collecting data and information is by using descriptive analysis and historical analysis. Descriptive analysis method try to solve and answer the problems that Notif Coffee faced with the aim of describe systematically, actual and accurate about the facts studied. Meanwhile Historical Analysis collecting data and information on Notif Coffee's past which is used as a guide for analysis in the present. Data sources divided into internal data and external data. Internal data was obtained from the company such as financial statements and other internal informations. External data was obtained from books, the internet, and scientific journals. Data obtained through interviews, observations, questionnaires, and literature study.

Based on this descriptive research, the method used to analyze the data is Balanced Scorecard that presented in Figure 1.

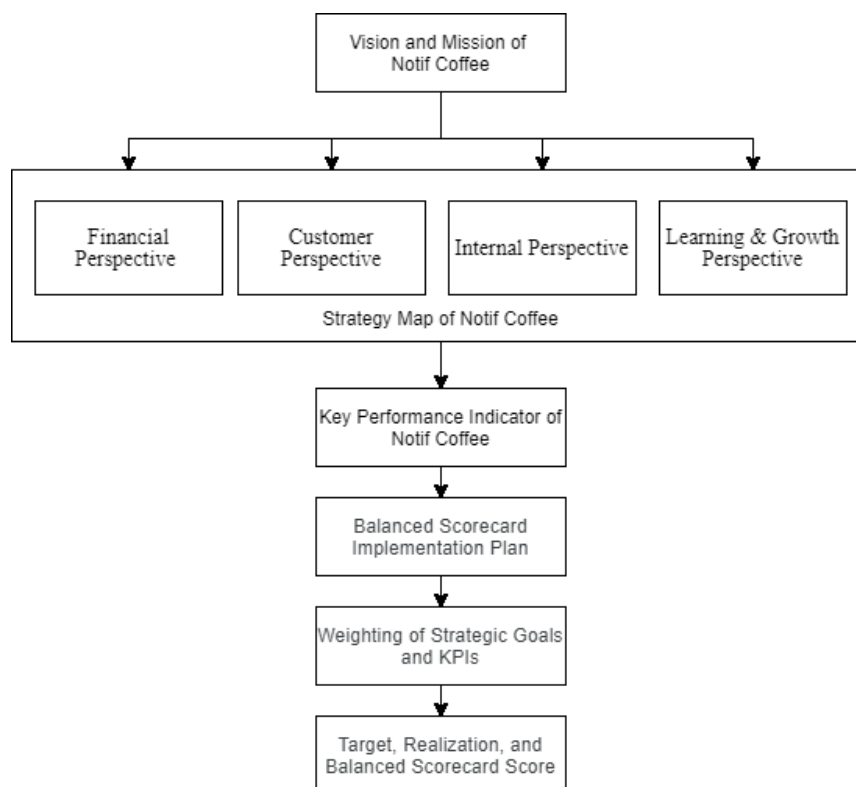


Figure 1: Balance Scorecard Method Framework

According to the diagram above, the research begins by analyze the performance measurement system at Notif Coffee. By looking at Vision and Mission of SME, strategic objective that divided into financial perspective, customer perspective, internal perspective, and learning&growth perspective being made. Within these four pillars, strategic objectives being linked to strategy map. The next step is outline the specific metrics to measure success for each strategic goal by using Key Performance Indicator that help to build a balanced scorecard implementation.

Finding and Discussion

Notif Coffee was founded by Rizal Hamdan Saepudin in June 2020. The coffee shop is individual ownership. The location of this coffee shop is on Jalan Sindang Reret Canal Pameutingan Rt 005/006 (Pinggir Cisangkuy), Bandung. Currently, Notif Coffee has 4 employees. This Coffee Shop has a hangout point

concept, where expect consumers to feel comfortable when hanging out at Notif Coffee. Notif Coffee also provides indoor and outdoor rooms with the most comfortable concept possible and adequate facilities. The wide trees in this coffee shop make the atmosphere more comfortable and aesthetic. Notif Coffee also provides a variety of food and beverage variants. In addition to serving dine-in, this coffee shop also serves to take away and orders through online applications such as Go-food and grabfood.

The SME's vision is "to become a coffee shop that offers a comfortable atmosphere with a varied menu and quality taste of Indonesian coffee". To achieve the vision, Notif Coffee has several mission, these are:

1. Fulfill customer tastes to increase customer loyalty
2. Build good relations between employees at Notif Coffee
3. Increase creativity to create more varied menus
4. Creating a coffee shop with a comfortable industrial-themed interior
5. Provide the best service to consumers
6. Set affordable coffee prices for various groups
7. Increase profit of Notif Coffee

Based on the vision and mission of Notif Coffee, a strategic objective is being made. Strategic objectives are improving customer satisfaction, increasing profit, increasing sales, making accurately and periodically financial reports, making product innovation, has various sale channels, reducing waste, SOP completeness, and increasing employee welfare. Strategic map is a useful tool for quickly communicating your organizational strategy and demonstrating how each department, team, or individual contributes to the broader goals of the company. An easy way to show these relationships on your diagram is with directional arrows to show the strategic path and connection between each goal. By making arrangements according to four perspectives, strategy map can be seen in Figure 2.

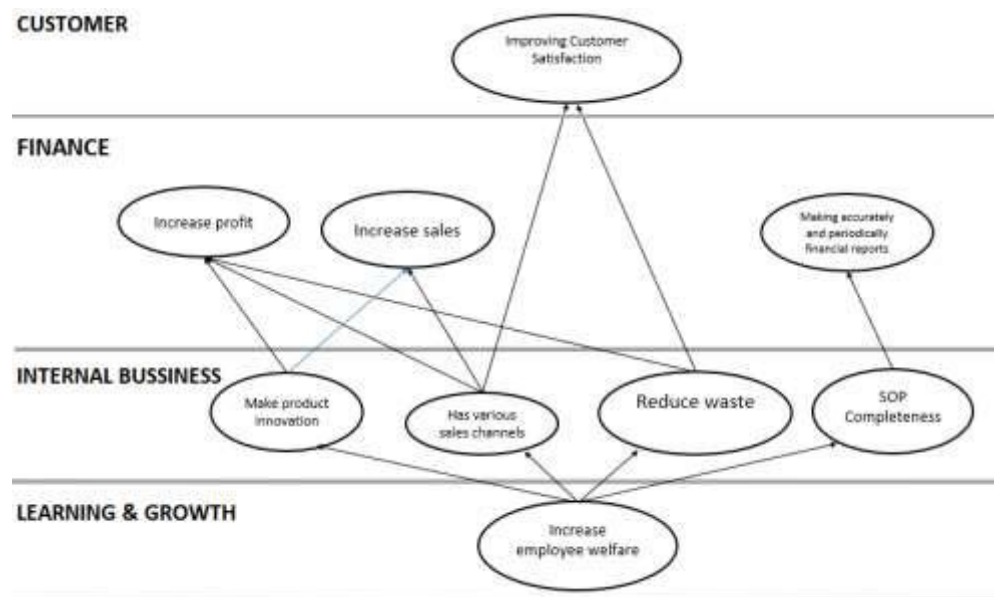


Figure 2: Notif Coffee Strategy Map

According to Figure 2, it can be seen that the Learning and Growth perspective has a goal named Increase employee welfare. Meanwhile, in the perspective of the Internal Business Process, it has four goals, these are making product innovation, has various sale channels, reducing waste, and SOP completeness. In the perspective of the finance, there are three goals, namely increasing profit, increasing sales, and making accurately and periodically financial reports. And in the top line, there is customer perspective. Customer perspective has one strategic objectives, namely improving customer satisfaction. Implying that Notif Coffee put consumers in the first place



After determining the strategic objectives and the strategy map model, the next step is to determine the main performance indicators (KPI) for each of these strategic objectives. The Key Performance Indicators used are the results and literature studies that are generally often used in companies that use the Balanced Scorecard method as a measure of the company's success in achieving the target which is then confirmed to the owner of Notif Coffee. The following main performance indicators used by Notif Coffee can be shown in Table 1:

Table 1: Key Performance Indicator Notif Coffee

Perspective	Strategic target	Key Performance Indicators
Financial	Increase profit	Total profit/year
	Increasing sales	Total omzet/year
	Presentation of financial reports accurately and periodically	Percentage of accuracy of financial reports/year
Customers	Creating customer satisfaction	Number of stars on GoFood application/year
		Number of stars on GrabFood application/year
Internal Business/ Internal Management	Have various sales channels	Number of sales channels/year
	Make product innovation	Number of menus innovation/year
	Reducing waste in product presentation	Number of product misstatements/year
	Complete SOP	Percentage of completeness of SOP
Learning and Growth	Improve employee welfare	Number of rewards/targets

Processed data (Source: Notif Coffee 2021)

Based on Table 1, it can be seen that Notif Coffee's Key Performance Indicators (KPI) are. The Key Performance Indicators are prepared based on strategic objectives from four perspectives, namely finance, customer, internal business/internal management, and learning and growth which have been discussed with the owner of Notif Coffee.

Next step after compiling the KPIs is to obtain the data based on discussion with the CEO of Notif Coffee including targets for 2020, strategic initiatives, PIC, and budget for each KPI. The data are shown in Table 2.

Table 2: Balanced Scorecard Implementation Plan

Perspec tive	Strategic Objectives	KPI	Target 2020	Strategic Initiatives	PIC	Budget
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Finan cial	Increase profit	Total profit per year (rupiah)	10 M	Provide attractive promos, intensify promotions through social media, hold interesting events at cafe locations	CEO	Rp3.000.000
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	Increase sales	Total omzet per year (rupiah)	25 M	Provide attractive promos, intensify promotions through social media, hold interesting events at cafe locations	CEO	
	making accurately and periodically financial reports	percentage accuracy of financial reports	70%	Carry out financial records using technology.	CEO, Cashier	0
Customer	Customer satisfaction	Rating on GoFood per year	4,6	Provide the best service and regularly evaluate ratings from the previous period.	CEO, Barista, Chef	0
		Rating on Grabfood per year	4,5	Provide the best service and regularly evaluate ratings from the previous period.	CEO, Barista, Chef	0
Internal Business	Has various sales channel	Number of sales channel per year	2	conducting research on popular food delivery applications, requesting feedback from customers regarding the available menus, adding flavor values from Notif Coffee products, creating clear food and beverage serving flows, conducting regular evaluations on the flow of food and beverage serving, as well as making SOPs that are easily understood by all employees and evaluating the implementation of SOPs on a regular basis	CEO	0
	Make product inovation	Number of menu per year	2		CEO, Barista, Chef	Rp500.000
	Reduce waste	Number of product misrepresentation per year	4		Barista, Chef	0
	SOP completeness	percentage of SOP completeness	70%		CEO	0
Learning and Growth	increase employee welfare	Number of reward per target (Rupiah)	10.000	provide timely rewards and provide transparency regarding rewards to each employee.	CEO	0

To evaluate the performance appraisal using the balanced scorecard, the next step is determine the weight of each strategic goal and KPIs that has been discussed with the CEO according to current actual conditions, as shown in Table 3.

Table 3: Weighting of Strategic Goals and KPIs

Perspective	Weight	Strategic Objectives	Weight	KPI	Bobot
Financial	0.364	Increase profit	0.121	Total profit per year (rupiah)	0.121
		Increase sales		Total omzet per year (rupiah)	
		making accurately and periodically financial reports		percentage accuracy of financial reports	
Customer	0.273	Customer satisfaction	0.273	Rating on GoFood per year Rating on Grabfood per year	0.136
Internal Business Process	0.182	Has various sales channel	0.045	Number of sales channel per year	0.045
		Make product inovation		Number of menu per year	
		Reduce waste		Number of product misrepresentation per year	
Learning and Growth	0.182	SOP completeness	0.182	percentage of SOP completeness	0.182
		increase employee welfare		Number of reward per target (Rupiah)	

In the balanced scorecard method, the measurement of every strategic goal has to be detailed. Balanced scorecard has four perspectives and each perspective has at least target in it. The balanced scorecard design of Notif Coffee, the financial perspective has the highest value, 0.3636 because the financial perspective is the most important perspective in notif coffee. Their targets in financial perspective are to increase the profit, increase the number of sales, and making accurately and periodically financial reports. For the financial perspective the strategic initiatives are to provide attractive promos, intensify promotions through social media, hold interesting events at cafe locations and carry out financial records using technology. The customer perspective value is 0.2727 and the target is to create customer satisfaction. The strategic initiative for customer perspective is to provide the best service and regularly evaluate ratings from the previous period. While the internal business process perspective, and the learning and growth perspective values are 0.1818. Strategic initiatives for the internal business process perspective are conducting research on popular food delivery applications, requesting feedback from customers regarding the available menus, adding flavor values from Notif Coffee products, creating clear food and beverage serving flows, conducting regular evaluations on the flow of food and beverage serving, as well as making SOPs that are easily understood by all employees and evaluating the implementation of SOPs on a regular basis. Meanwhile, strategic initiatives for learning and growth perspectives are to provide timely rewards and provide transparency regarding rewards to each employee. The strategic initiatives made based on the final score of the balanced scorecard. The final score obtained from the multiplication result of score and value. The score obtained from quotient between realization and target of 2021, because the strategic goals from the perspective of Notif Coffee are to maximizing.

The Balanced Score Card method can be used to assess the achievement of the predetermined Key Performance Indicators. The results of the analysis of the Balanced Score Card from Notif Coffee can be seen in Table 4

Table 4. Target, Realization, and Balanced Scorecard Score

Perspective	KPI	Target (2020)	Realization (2020)	Score	Last Score	Result
Financial	Total profit per year (million)	10 Million	13 Million	0.85	0.10	0.11
	Total omzet per year (million)	25 Milliion	32.5 Millllion	0.85	0.10	
	Percentage accuracy of financial statements per year	70%	75%	0.97	0.12	
Customer	Number of star review in Gofood per year	4.6	4.7	1	0.14	0.14
	Number of star review in Grabfood per year	4.5	4.6	1.2	0.14	
Internal Business	Number of sales channel per year	2	3	0.67	0.03	0.04
	Number of menu	2	3	0.67	0.03	
	Number of product mistakes per year	4	3	1	0.05	
	Percentage Completeness of SOP	70%	75%	0.93	0.04	
Learning and Growth	Number of reward per goals	Rp 10.000	Rp 25.000	1	0.18	0.18

According the results of the Balanced Score Card analysis in Table 4, there are 4 perspectives used including the Financial, Customer, Internal Business, Learning and Growth perspectives. One perspective that needs to be improved is the Internal Business perspective because it gets the lowest score of 0.04. From the four perspectives used, the Learning and Growth perspective got the highest score, 0.18. From this assessment, it is necessary for Notif Coffee to improve its achievements from the perspective of Internal Business.

CONCLUSION

The application of BSC-based performance measurement cannot be done only for large companies, but this method can also be used on SMEs which can only be used to improve performance in internal businesses and as a tool in developing business. Based on the analysis that has been done by the author, the results obtained are as follows:



1. There are 4 perspectives used in implementing the strategy map from Notif Coffee. The results obtained are among the four perspectives led by the learning and growth, followed by the customer perspective, the financial perspective, and internal perspective.
2. Key Performance Indicators from Notif Coffee can be used as a measurement of business performance to be able to assist in determining the long-term target of Notif Coffee
3. Notif Coffee can apply BSC-based performance measurement as a tools to helping business development.

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