BALANCED SCORECARD ASSIGNMENT

Balanced Scorecard Assignment

Galaxy Car Wash will be the premier self serve carwash facility located in Old Richmond, Texas. By providing state of the art equipment, products, and facilities in a family friendly environment, Galaxy will change the way citizens of Richmond view the car washing experience. The following text will describe the strategic direction of the business, utilizing a balanced scorecard, the company mission and vision statements along with a SWOTT analysis to better understand how ownership decided on which objectives to pursue.

Profitability, increased wash times, and reduced chemical cost are the first objectives addressed within the financial segment of the balanced scorecard. By reducing a component of operating cost such as chemical use, the business becomes more profitable. The same holds true if one is able to increase the time a customer needs to complete his or her wash. Both increased wash times and decreased chemical cost add to the profit a car wash generates and profit is the reason business exists in a capitalist economy.

Within the second segment of the balanced scorecard is the customer value perspective, here inlays the next set of objectives. The objectives pursued are customer retention, customer satisfaction, and customer value. By obtaining all three of the afore stated objectives the business is almost assured of meeting the company mission statement of, “becoming a pioneer in the self serve car wash industry by providing high quality, convenient and cost effective self serve car wash services to the residents of Old Town Richmond” as well as realizing a profit.

The third collections of objectives are measure of process performance, equipment performance, and chemical performance. These three objectives are the true benchmarks for this business venture. By providing a superior car washing experience through exceptional equipment and advanced chemicals Galaxy will be able to measure performance by the revenues gained. Chemical performance will be measured by usage, quality of results and COGS.

The final segment of the objectives relates to employee recruitment, retention, and training. For the purpose of this business employees are not that significant, as most of the repairs will be provided by the equipment manufactures or the chemical providers. A part time employee with strong interpersonal skills is the idea hire. Ownership will provide the vast amount of labor the first 3 years.

The preceding objectives, if reached, will provide a substantial structure and groundwork to insure this business is successful. By identifying the key segments such as financial, customer value, employees, and processes, management can then set objectives that are measureable. After setting targets and putting initiatives in place managers and owners alike must measure results and improve processes to remain competitive.

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|  |  |  |  | **Financial** |   |
|  | **Objectives** | **Measures** | **Targets** | **Initiatives** |   |
|   | Profitability | P & L statement, Earnings, ROI, Strong cash flow | 30 % gross profit within 4 months. Gross monthly income of $55,000 within 1 year  | Aggressive marketing, family friendly facilities frequent customer program |   |
|   | Increased wash times | Equipment measures average wash time. Frequent card program  | Industry average 8 minutes. Galaxy target is 15 minutes | Superior equipment and products. Get Kids involved. Better facilities |   |
|   | Lower chemical cost | Inventory levels, Per application cost, dilution rates and ROI on chemical | Low & High PH soaps 2 cents per 5 minute. Waxes and polishes 4.5 cents per 2 minutes. Drying agent .5 cents per 2 minutes. Spot free rinse no cost. | Zep professional chemicals are designed for hi dilution rates and Ballenger equipment. Equipment must be maintained daily for top performance.  |   |

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|   |  |  |  | **Customer Value Perspective** |   |
|   | **Objectives** | **Measures** | **Targets** | **Initiatives** |   |
|   | Customer Retention | Frequent customer program. Credit card tracking. Customer interaction from staff | Average 200 washes per day with an average wash time of 15 minutes within 1st year.  | Aggressive marketing direct mail for frequent customer program. Partnership with local apartments and High School |   |
|   | Customer Value | Revenue generated by Extra services offered. (Fragrances, Vacuum, Carpet Cleaning, ect.) | Extra services to equal 25% of total gross revenue within 1st year. | Advertise extra services on in house music and TV systems. Introductory discount on these services for frequent program and credit card customers. |   |
|   | Customer Satisfaction | Gross revenue of wash. Number of frequent customer members and guest interaction with staff. | Average 200 washes per day with an average wash time of 15 minutes within 1st year. 30 % gross profit within 4 months. Gross monthly income of $55,000 within 1 year  | Reinvest 5 % of all revenue into ongoing upgrades of equipment and facilities. Daily interaction from staff with customers.  |   |

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|   |  |  |  | **Process** |   |
|   | **Objectives** | **Measures** | **Targets** | **Initiatives** |   |
|   | Measure of process performance | Employee evaluation of equipment performance. Customer feedback. Gross revenue of wash. | Clean dry cars, 100 % customer satisfaction and an average wash time of 15 minutes within 1st year.  | Frequent customer feedback required before receipt is issued. Daily reports of wash performance. |   |
|   | Equipment Performance | Increase average wash times above industry standards of 8 minutes per car. Clean dry cars. Extra services that increase average customer spend.  | Dispense average of 6 cents of chemical wash. Clean dry cars. No less than 5 minutes of chemical free rinse time per customer. | High air chemical mix to generate maximum foam on soaps and waxes requiring longer rinse times. |   |
|   | Chemical Performance | Gross revenue of wash. Number of frequent customer members and guest interaction with staff. | 6 cents of chemical cost per 15 minutes of wash use. Clean dry cars. No less than 5 minutes of chemical free rinse time per customer. | Daily depletion tracking of chemical use. Staff observations of chemical performance.  |   |

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|   |  |  |  | **Learning & Growth** |   |
|   | **Objectives** | **Measures** | **Targets** | **Initiatives** |   |
|   | Employee Turnover | Amount of time and money to train, hire and find employees | Wash will need to have only 1 employee at a time the first year | Look for a part time person looking to supplement income. |   |