

Balanced Scorecard Implementation for Ragland Department Store

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Introduction

Ragland Department Store has long served as an anchor in its community, providing residents with products and services in a convenient location. However, the recent entry of large national chains on the city's outskirts has disrupted its profitability. To respond to these competitive pressures and align with the downtown revitalization effort, Ragland's management must adopt new performance management tools. One of the most effective frameworks for guiding strategic renewal is the balanced scorecard (BSC). Developed by Kaplan and Norton (1992), the BSC integrates financial and nonfinancial performance measures across four perspectives - financial, customer, internal business processes, and learning and growth. This paper highlights the significance of adopting the balanced scorecard, proposes tailored performance measures for Ragland, explains how each measure contributes to improvement, and outlines appropriate next steps if mixed results emerge after a year of use.

The Significance of Adopting a Balanced Scorecard

Traditional financial reporting provides lagging indicators of organizational performance but often fails to capture the drivers of long-term success. The balanced scorecard addresses this limitation by combining lagging and leading indicators into a comprehensive system that links strategy to daily operations (Kaplan & Norton, 1996). For Ragland, this approach is particularly valuable because financial decline is a symptom of deeper issues, such as shifting customer preferences, operational inefficiencies, and employee engagement. The BSC allows management to translate strategic goals - such as competing with national chains and leveraging the downtown revitalization initiative - into actionable objectives with measurable outcomes.

Research supports the positive impact of balanced scorecard adoption. Studies show that firms using the BSC improve communication, employee alignment with strategy, and

decision-making effectiveness (Hoque, 2014). For Ragland, these benefits are essential as management seeks to unify a team that is divided on the utility of the tool. By offering a holistic perspective, the BSC can bridge these divisions and focus attention on shared goals that extend beyond immediate financial recovery.

Balanced Scorecard for Ragland Department Store

A well-constructed scorecard for Ragland must include measures that capture its financial stability, customer loyalty, operational efficiency, and employee development. Table 1 outlines the recommended performance measures across the four perspectives.

Perspective	Performance Measure	Direction Desired	Benefit
Financial	Net profit margin	Increase	Indicates profitability and sustainability of operations.
	Same-store sales growth	Increase	Tracks ability to generate more revenue from existing store base.
	Inventory turnover	Increase	Improves cash flow and reduces holding costs.
	Operating expenses as % of sales	Decrease	Ensures efficient use of resources in a competitive environment.
Customer	Customer satisfaction index	Increase	Reflects customer perceptions and loyalty.
	Customer retention rate	Increase	Demonstrates ability to keep existing customers despite competition.
	New customer acquisition	Increase	Shows effectiveness of revitalization and marketing efforts.
	Average transaction value	Increase	Encourages upselling and cross-selling.
Internal Business	Checkout wait time	Decrease	Enhances shopping experience and reduces frustration
Processes	Stockout frequency	Decrease	Ensures product availability and

			reliability
	Number of local partnerships	Increase	Supports revitalization efforts and community alignment.
	Returns rate	Decrease	Signals product quality and customer satisfaction.
Learning & Growth	Employee training hours	Increase	Builds staff capabilities and service quality
	Employee engagement survey scores	Increase	Indicates morale and alignment with strategy
	Staff turnover rate	Decrease	Retains knowledge and reduces hiring costs
	Suggestion program participation	Increase	Encourages innovation and continuous improvement.

Table 1: Balanced Scorecard for Ragland Department Store

Explanation of Performance Measures

Each measure supports Ragland’s strategic goals in specific ways. Financial measures such as net profit margin and same-store sales growth ensure the store maintains profitability while adapting to market conditions. Inventory turnover and operating expenses as a percentage of sales highlight the need for efficiency in resource use.

From the customer perspective, measures like satisfaction and retention capture loyalty in a market where national chains may offer lower prices but less personal service. New customer acquisition and higher transaction values are vital for revenue growth, particularly as revitalization efforts draw more shoppers downtown.

Internal process measures emphasize operational effectiveness. Reducing checkout wait times and minimizing stockouts directly improve the shopping experience. Increasing partnerships with local vendors aligns with the community’s revitalization goals while reducing returns ensures product quality.

Finally, learning and growth measures focus on building a strong workforce. Training hours, engagement scores, and retention address employee development and morale. Encouraging participation in suggestion programs fosters innovation, ensuring Ragland adapts quickly to change.

Next Steps if Results Are Mixed

If after one year of implementing the balanced scorecard Ragland experiences improvement in some areas but stagnation in others, management should view the results as diagnostic rather than discouraging. The scorecard is designed to provide feedback loops that allow leaders to refine strategy. For example, if financial results improve but customer satisfaction lags, management may need to re-evaluate service quality initiatives or training programs. Conversely, if employees are engaged but financial measures remain weak, pricing strategies or product assortments may need adjustment.

It is also important for management to revisit the causal linkages between measures. Kaplan and Norton (2004) emphasize that the BSC works best when objectives are connected in a cause-and-effect chain. If results are inconsistent, Ragland should test whether its assumptions about these linkages are accurate. Continuous communication with staff and customers will also help uncover root causes behind underperformance. Ultimately, the balanced scorecard should not be viewed as a one-time solution but as an evolving framework that guides learning, adaptation, and strategic alignment.

Conclusion

The balanced scorecard provides Ragland Department Store with a strategic tool to navigate competitive pressures and revitalize operations. By combining financial and nonfinancial measures, the BSC ensures that profitability, customer loyalty, operational

efficiency, and employee development are all addressed in a cohesive system. The recommended scorecard balances lagging and leading indicators, enabling management to track both outcomes and the drivers of success. If results vary across measures, management should embrace the opportunity to refine strategy and strengthen causal linkages rather than abandoning the approach. For Ragland, adopting and sustaining the balanced scorecard is a critical step toward restoring profitability and reinforcing its role as a cornerstone of the community.

References

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