

# THE APPLICATION OF THE TOTAL PERFORMANCE SCORECARD (TPS) PROCESS IN THE SALES MANAGEMENT

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*Summary: Total Performance Scorecard represents a combination and also an extension of the concepts Balance Scorecard, Total Quality Management and Competences Management, being defined as a systematic process of continuous, gradual and routine improvement, development and learning, the process being focused on the solid increase of the personal and organizational performances. When we intend to improve the sales management, TPS can represent a feasible solution. This concept can be more successful than traditional ones (where improvement is often cosmetized), since real change and organizational improvement can be obtained if people change and improve themselves from the inside, this interior involvement being an integrant part of TPS whose purpose aims at maximum involvement and loyalty of all the involved persons, as well as encouraging individual learning, learning within a team and creativity.*

*Key words: Total Performance Scorecard, Personal Balanced Scorecard, Organizational Balanced Scorecard, Total Quality Management, Competences Management, Kolb learning cycle, Sales Management*

**Total Performance Scorecard (TPS)** is a holistic management process of improvement and change; within this concept, improvement, development and learning are treated as cyclic and ethical processes through which the development of personal competence, of the organization as well as the internal implication are reciprocally consolidated.<sup>19</sup> This concept represents a combination and also an extension of the concepts Balance Scorecard, Total Quality Management and Competences Management, being defined as a systematic process of continuous, gradual and routine improvement, development and learning, the process being focused on the solid increase of the personal and organizational performances.

The process consists of the following elements<sup>20</sup>:

- **Personal Balanced Scorecard – PBSC** that involves mission and vision, objectives, performance indicators, targets and actions for personal improvement, including the continuous improvement of abilities and personal behaviour, concentrating on personal wealth and success in society. At a personal level, mission, vision and essential roles are named personal goal, and self-guidance, self-development and self-management are in the centre of PBSC, being addressed to all the employees of an organization (either if they are management staff or simple accomplishees).
- **Organizational Balanced Scorecard – OBSC.** This involves mission and vision, basic values, success critical factors, objectives, performance indicators, targets and actions for organizational improvement. Mission, vision and basic values are named here the common goal of the organization. The concept includes continuous improvement and the control of the functional processes within the organization, as well as the development of the strategies that focus on obtaining competitive objectives for the company. OBSC is communicated and transformed into scorecards within the departments/activity units, scorecards within the team and performance plans for the employee. In OBSC the stress is laid upon the strategy development and implementation.

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<sup>19</sup>Rampersad H.K., Total Performance Scorecard: bases, Didactic and Pedagogic Publishing House, Bucharest, 2005, p. 17.

<sup>20</sup> Idem, p. 27 – 29.

- **Total Quality Management – TQM** is a disciplined way of functioning within an organization whose central pillar is continuous improvement. TQM lays the stress upon mobilizing the entire organization with the purpose of complying with the clients' needs. Here the accent is laid upon learning.
- **Competences Management** involves the continuous development process of the human potential within an organization, having as a purpose the continuous supply of top performances with motivated and developed personnel and focusing upon the employees' maximum development and on the optimum use of their potential with the purpose of fulfilling the goals of the organization. The process involves the development of the competences related to the job requirements. Information, abilities, experience, skills, standards, values and principles are focused on skilfully complying with the job requirements. The main part is here the development cycle which is made up of the following stages: *Results planning; Guidance (coaching); Evaluation and development of the competences related to the job requirements.*
- **Kolb learning cycle.** The process of instinctive learning or learning through experience is noticed in all the four management concepts mentioned hereinabove. These learning forms have as a result individual and collective behaviour changes. Kolb learning cycle has four stages and it is used for creating the necessary conditions for efficient organization change: *Gaining practical experience; Noticing this experience, analyzing it and afterwards evaluating the experience; Drawing conclusions from this experience and transforming the perceptions into rules, concepts, hypotheses, models and theories with the purpose of learning to draw conclusions from similar experiences and Testing these ideas through experiments, out of which new behaviours and experiences will come out.*

After the planning of the above steps, the cycle is resumed.

Elaborated at the beginning of the 90's<sup>21</sup> by Robert Kaplan and David Norton, TPS provides a method for maintaining equilibrium between the financial and non financial indicators and for making the connection between the strategic and operational management.

When we intend to improve the sales management, TPS can represent a feasible solution. In this case the **Organizational Scorecard Balance** transforms itself into the **Sales System Scorecard Balance**, and this includes: mission, vision, critical success factors, objectives, performance indicators, the improvement targets and actions within the sales system. In this sense, the concept would include continuous improvement and functional processes control within the *Sales System* as well as the development of certain strategies that focus on obtaining the competitive advantages of the sales activity.

For example, for the „clients” section, the **Balanced Scorecard** of a company in the wood processing industry will look like the one below:

<b>Critical success factors</b>	<b>Strategic objectives</b>	<b>Performance indicators</b>	<b>Targets</b>	<b>Improvement actions</b>
- The dominant share on the global market	- Bigger market share	- Market share	- 10% increase during 10 years	- Extending the company activity in other areas
				- Developing objectives-oriented marketing programs
				- Developing a direct marketing plan
				- Communication with the clients using E – business tools

<sup>21</sup>Rampersad H.K., quoted work, p. 30.

	- A more profound knowledge of the global market concerning the wood products demand	- Potential incomes	- 20% increase during 5 years	- Elaborating a market survey for the markets aimed at - Creating a data base that includes the characteristics of the potential clients
- The clients' first choice for furniture	- Improving the clients' satisfaction level concerning wood products, services and employees	- The number of surveys concerning the clients' satisfaction	- At least 10 per year	- Periodically carrying out surveys among the clients - Remarks concerning the clients' purchasing habits
		- The clients' satisfaction level	- At least 75% in 3 years	- Creating assistance centres for the clients - Developing guides for the clients' optimal satisfaction
- High quality wood products and additional services	- Clients' high level of satisfaction and trust for the provided wood products and additional services	- Number of complaints from the clients	- Decreases with at least 30% per year	- Providing additional bonuses to client-oriented employees
		- Clients' loyalty level	- Increase of 30% in 4 years	- Elaborating a procedure for solving the clients' complaints and permanently executing it - Measuring the clients' loyalty level
- Image	- Improving the level of the company knowledge by the	- The knowledge level – as a company that provides high quality products and services	- Increases with at least 70% in 4 years	- Benchmarking concerning the clients loyalty - Carrying out image surveys

***The Balanced Scorecard of a wood processing industry company,  
for the section „CLIENTS”***

(Source: Rampersad H.K., **quoted work**, p. 105 – 106 + the **author's opinion**.)

- **Personal Balanced Scorecard (Personal Balanced Scorecard – PBSC)** shall include the same elements for the sales personnel, either they are chiefs or simple executives. An example of Personal Balanced Scorecard, for a sales manager ad interim is the following:

<b>Critical success factors</b>	<b>Personal objectives</b>	<b>Personal performance indicators</b>	<b>Personal targets</b>
<i>FINANCIAL</i>			
- Financial health	- More incomes	- Salary increase	- At least 5% per year

	- Safer incomes	- Labour agreement	- From a temporary labour agreement (as manager ad interim) to a permanent labour agreement (on an undetermined period) during 2 years
		- Pension	- 13% of the gross salary
		- Insurance	- 5% of the gross salary
	- Expenses control	- Percentage of the income destined to expenses	- To increase with at least 5% in two years
<i>EXTERNAL</i>			
- To be appreciated by family, friends, colleagues and employer	- To be appreciated by the life partner	- The number of times you went out together in a nice place	- At least once a week
	- To be appreciated by one's own children	- To be sympathized by one's own children	- Every time there is an opportunity for this
	- To be appreciated by friends	- The number of true friends	- Increases according to the circumstances
- To provide high quality work	- To be appreciated by the employer	- Level of the received reward	- Increases with at least 5% per year
	- The employees' improved satisfaction level	- The employees' satisfaction level	- At least 80% in 1,5 years
	- Higher amount of trust from the employer in carrying out my work	- The employer's satisfaction level	- At least 80% in 1,5 years

Critical success factors	Personal objectives	Personal performance indicators	Personal targets
<i>INTERNAL</i>			
- To fight for physical and psychial health	- To be physically and psychically in good health	- The percentage of sick leave	- Less than 2% in 1 year
		- The pressure level	- Decreases with at least 50% in 2 years
		- The immunity level under stress conditions	- Decreases with at least 50% in 2 years
	- More spare time	- The number of paid holiday days per year	- At least 17

	- To enjoy good things in life	- Pleasure	- Must be determined
<b>KNOWLEDGE AND LEARNING</b>			
- To have initiative, to learn from one's own mistakes, to improve myself and to develop myself continuously	- Increased work productivity	- Work productivity	- Increases with at least 25% in 2 years
	- Improved management competences	- Number of efficient initiatives	- Increases with at least 30% per year
- To learn every day	- Self-improvement opportunity in the management field	- Number of success strategic success improvements proposals	- Increases with at least 30% per year
		- The percentage of available management competences	- 85% in 2 years
	- Leadership abilities improvement	- The number of attended management courses	- 3 courses per year
		- The number of read new management books	- At least 10 courses per year
		- The percentage of employees that feel they work under an efficient leadership	- 85% in 2 years

***Personal Balanced Scorecard of a sales manager ad interim in the wood processing industry***  
***(Source: Rampersad H.K., quoted work, p. 70 – 72 + the author's opinion.)***

- **Total Quality Management – TQM** shall aim at the disciplinary functioning within the *Sales Management* having as a main pillar continuous improvement.
- **Competences Management** shall aim at the continuous human potential development process within the *Sales System*, with the purpose of providing top performances with motivated and developed personnel. The process shall involve the development of the competences related to the job requirements within the *Sales System*, and the information, abilities, experience, skills, standards, values and principles shall be concentrated upon skilfully complying with the job requirements.
- **The Kolb learning cycle** shall include four stages and shall be used for creating the necessary conditions for the efficient change in the *Sales System* in the wood processing companies.

Obviously the **Total Performance of the Sales System Scorecard** depends on the organization TPS, mutually influencing each other.

The process starts from the entire organization and develops itself towards each department, team or employee so that the sales management improvement and change occur in the context of the general management change and improvement in wood processing companies.

**Here is how TPS can represent another real possibility for improving the sales management in wood processing companies, this being a systemic process of continuous, gradual and routine improvement, development and learning. This concept can be more successful than traditional ones**

(where improvement is often cosmetized), since real change and organizational improvement can be obtained if people change and improve themselves from the inside, this interior involvement being an integrant part of TPS whose purpose aims at maximum involvement and loyalty of all the involved persons, as well as encouraging individual learning, learning within a team and creativity. The main argument brought to this theory is that, if an employee's personal goal corresponds to the organization purpose, then he will think and work in the direction of reaching the company's shared purpose.

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