The Competence Card
a Strategic Management Tool Merging and Including the Strength of the Balanced Scorecard and the EFQM Model for an Efficient Service Industry Benchmarking

Alexander Karapidis M.A.
What I want to show ...

...is where I come from

... is an overview of the Fit for Service project

...is the method of the Competence Card

...is the application of the concept in identified „fields of growth“ in the service industry

...is an outlook for further activities
Joseph von Fraunhofer (1787 – 1826)

Scientist, inventor and businessman

combination of basic research, practical application and marketing

exemplary model of application oriented research and consulting

name-patron of the Fraunhofer-Gesellschaft

discovery of “Fraunhofer Lines“ in the sun’s spectrum
Fraunhofer Gesellschaft – Furthering of applied research

Year of foundation: 1949

Staff: 8400 (full-time) employees

Financial volume: 1 Billion € budget

Director: Hans-Jürgen Warnecke Prof. Dr.-Ing. Dr. h.c. mult.

Organisation: 55 institutions at 40 different sites all over Germany organized as autonomous Profit-Centers
Locations of the Fraunhofer Gesellschaft

Fraunhofer-Gesellschaft in Germany
55 institutions at 40 different sites

Fraunhofer institutions abroad e.g.:
Fraunhofer USA Inc. with sites in Boston (Massachusetts) and Ann Arbor (Michigan)
Fraunhofer-representation-offices in Kuala Lumpur (Malaysia) and Singapur
Demands on a Fraunhofer Institute

- **Scientific competence**
  Proved by the recognition in the scientific community

- **Market success and entrepreneurial competence**
  Proved by contracts from industry and government

- **Well-balanced financial mix**
  Achieved different independent sources

- **Professional networking**
  With other Fraunhofer Institutes and externals
Fraunhofer Institute for Industrial Engineering (IAO)

Year of foundation: 1981
Staff: 235*
Financial volume: 42 Million DM*
Director: Hans-Jörg Bullinger
Prof. Dr.-Ing. habil. Prof. e.h. Dr. h.c
Field of work: applied research and consulting

Nobelstr. 12
70569 Stuttgart-Vaihingen
Tel.: (0) 711 / 970 - 01
FAX: (0) 711 / 970 - 2299
http://www.iao.fhg.de

*including IAT University of Stuttgart

04.06.2002
Selected Reference Clients and Budget

- Orders from industry and commerce
- Public research programmes:
  - province of Baden-Württemberg
  - Federal Republic of Germany (BMBF + DFG)
  - European Union
- Basic financing through the Federal and Local Government
The Fit for Service Initiative until 2004 (Funded by the BMBF)
Mission: Fit for Service for the German Service Industry

„Fit for Service“ establishes a research, learning and application network.

„Fit for Service“ improves the innovative ability in specific segments of the service economy – the „fields of growth“.

„Fit for Service“ develops a strategic competition instrument on the basis of an extended benchmarking approach focussing the market level in addition to the business level.

Leading strategies for growth and employment in the service sector

04.06.2002
Supporting the potential of the service industry

How can we measure Service Performance?

Service Performance Toolset
- Development and use of specific methods and instruments to manage service benchmarking

Where are we now? How can we improve?

Service Performance Knowledge Warehouse
- Setting up of a knowledge pool made of the experiences of various benchmarking processes
- Development of different scenarios for companies & the government about successcritical market drivers

How can we learn from each other?

Service Performance Community
- Setting up of an infrastructure for a professional learning network
Fit for Service – Teilprojekte im Überblick

Fraunhofer Institut Arbeitswirtschaft und Organisation

Advisory Board: ÖTV, DIHT, DRV etc.

University of Stuttgart
IAT

Research Institutes coordinated by the IAT

WZB  Fh-IPK  ATB  DIV  prospektiv

International Expert Network

Company driven projects with scientific support from the Fraunhofer IAO

Finanzdienstleistungen
Geno-Verband
Lernen, Wissen, Brokerage
Integrita
Medien/Telekommunikation
Multimedia Software GmbH
Mobilität & Logistik
Lufthansa
Freizeit & Erholung
Rofa GmbH
Gesundheitsdienstleistungen
Evangelische Gesellschaft
Business Services
M+W Zander

Advisory Board: ÖTV, DIHT, DRV etc.

04.06.2002
The method of the Competence Card

The Competence Card – A strategic management tool to increase the performance of service companies (Develop, Measure, Evaluate, Improve)

Influences of the BSC

- Competence to realize the strategy
  Controlling of concrete activities by strategies via principles of cause and effect
- Different perspectives
  Besides the classic financial goals, the BSC method addresses also other goals (internal business process; learning and growth; customer)
- Development of well-balanced goal-systems
  By the integral view on different perspectives the strategies are connected and strategic goals are created

Influences of the EFQM model

- Enabler – Skills of the company
  In order to obtain their goals and to be competitive, companies require corresponding skills to achieve service excellence
- Setting up the Competence Profile
  The companies’ degree of performance of each Enabler is the basis to choose necessary measures for setting up the competence profile

04.06.2002
## Integrated two-level Measurement & Management

### From Catch-Up Strategies...

<table>
<thead>
<tr>
<th>Vision: Fit For Service</th>
<th>Strategic goals</th>
<th>Operative goals</th>
<th>Measurement variables</th>
<th>Measures</th>
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<tbody>
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**Control Level**
Structuring and balancing strategies from different perspectives and transfer these into action.

<table>
<thead>
<tr>
<th>Competencies for reaching the goals</th>
<th>Degree of competence performance</th>
<th>Measures to develop/establish competencies</th>
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<tbody>
<tr>
<td>Key</td>
<td>Scroll</td>
<td>Banner</td>
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</tbody>
</table>

**Enabler Level**
Structuring and balancing organizational competencies that are successcritical for an organization and tailored to market-specific requirements.

### ...to Leading Strategies
Main Questions

From Catch-Up Strategies...

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Main Questions

How can we create a successful service company?
Which strategic goals wants our company to achieve?
What should we do to achieve these strategic goals?
How can we measure them?
Which measures do we need to achieve the goals?

...to Leading Strategies

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Main Questions

Which organizational skills do we need to achieve the operative goal?
Which degree of performance in the competencies is necessary to achieve the operative goal?
Which measures are essential for setting up the (selected) competencies?
Examples from the Fit4Service Clubs
Goals of the Fit4Service Clubs

1. Development
Joint development of tools
Preparing the partners for a benchmarking process in the Fit4Service Clubs

2. Measurement
Measuring the strategic company goals by service market-specific measurement variables
Assessing the degree of performance of needed organizational competencies

3. Evaluation
Evaluating the service performance of companies

4. Improvement
Setting up an organizational-specific competence profile
Gaining control for company decisions
Learning from other partners in the Fit4Service Clubs
Fit4Service Club „Leisure and Recreation“

- Fitness & Wellness
- Entertainment & Culture
- Tourism

Förderkennzeichen: 01HG9971

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Leisure & Recreation – An extract from the Competence Card

Main Question:
Which strategic goals wants our company to achieve?

Strategic goal:
Improvement of the service quality
Leisure & Recreation – An extract from the Competence Card

Main Question:
What should we do to achieve these strategic goals?

Operative goal:
e.g. Improvement of the customer relationship
Main Question:
How can we measure them?

Measurement variables:
e.g. Analysis of reclamation behaviour
Leisure & Recreation – An extract from the Competence Card

Main Question:
Which measures do we need to achieve these goals?

Measures to reach the operative goal:
e.g. Improvement of the dealing with complaints
Main Question:
Which organizational skills do we need to achieve the operative goal?

Competencies (or partial competencies) for reaching the goals:
e.g. Excellence for an active and professional complaint management
Leisure & Recreation – An extract from the Competence Card

Main Question:
Which degree of performance in the competencies is necessary to achieve the operative goal?

Measurement of the performance degree „excellence for an active and professional complaint management“:

<table>
<thead>
<tr>
<th>Level</th>
<th>Description</th>
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<tbody>
<tr>
<td>Level 0</td>
<td>No collection of complaints</td>
</tr>
<tr>
<td>Level 1</td>
<td>Unsystematic and decentralized registration of every complaint</td>
</tr>
<tr>
<td>Level 2</td>
<td>Immediate, systematic and computer-based registration of every complaint</td>
</tr>
<tr>
<td>Level 3</td>
<td>Immediate, systematic and computer-based registration of every complaint in a data pool with access for all relevant actors in the company</td>
</tr>
<tr>
<td>Level 4:</td>
<td>......</td>
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</tbody>
</table>
Main Question:
Which measures are essential for setting up the (selected) competencies?

Measures for setting up specific competencies:

To obtain competence level 1, the following measures are recommended (e.g.):
- Develop an complaint protocol
- Arrange a document store

To obtain competence level 2, the following measures are recommended (e.g.):
- Develop a standardized complaint protocol
- Digitally stored on the computer
- Generate the complaint protocol immediately
- ...
Main Question:
Which strategic goals wants our company to achieve?

Strategic goal:
Further development of the service profile
Main Question:
What should we do to achieve these strategic goals?

Operative goal:
Customer-oriented composition of products and product-oriented services
Main Question: How can we measure them?

Measurement variables: e.g. Product utilisation (via cross-selling quota)
Main Question:
Which measures do we need to achieve the goals?

Measures to reach the operative goal:
e.g. Rearrangement of internal and external products or product groups
Main Question: Which organizational skills do we need to achieve the operative goal?

Competencies for reaching the goals: e.g. Excellence of valid customer data
Main Question:
Which degree of performance in the competencies is necessary to achieve the operative goal?

Measurement of the performance degree „excellence in product data administration“

Level 0: Non-existing registration of product data
Level 1: Unsystematic registration of product data
Level 2: Systematic computer-based registration of product data
Level 3: Systematic computer-based registration of product data with unsystematic verification cycles
Main Question:
Which measures are essential for setting up the (selected) competencies?

Measures for setting up specific competencies:

To obtain competence level 1, the following measures are recommended (e.g.)
- Develop & use of an protocol to document the product data

To obtain competence level 2, the following measures are recommended (e.g.)
- Develop an company-wide used protocol for a systematic and computer-based documentation of the product data
Future Activities
Future Activities

Increase the professionell fit for service network

Linking-up with other Benchmarking networks

Developing a Service Performance Index

Spin-Off: Service Performance Institute?