



Remote
Health

Course materials

Strategic Controlling and Key Performance Indicators



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Introduction

Strategic controlling is a systematic approach that ensures a company's long-term objectives align with financial stability and market competitiveness. It involves continuous monitoring, analysis, and adjustment of business strategies to sustain growth and mitigate risks.

Unlike **operational controlling**, which focuses on short-term efficiency (e.g., daily production or sales targets), strategic controlling emphasizes **sustainability, innovation, and competitive advantage**.



Key Performance Indicators (KPIs) serve as quantifiable metrics that evaluate progress toward strategic goals. They enable businesses to:

- Measure efficiency and effectiveness.
- Identify areas for improvement.
- Align departmental performance with corporate vision.

Example:

Netflix uses subscriber growth rate and churn rate as KPIs to gauge market penetration and customer loyalty.

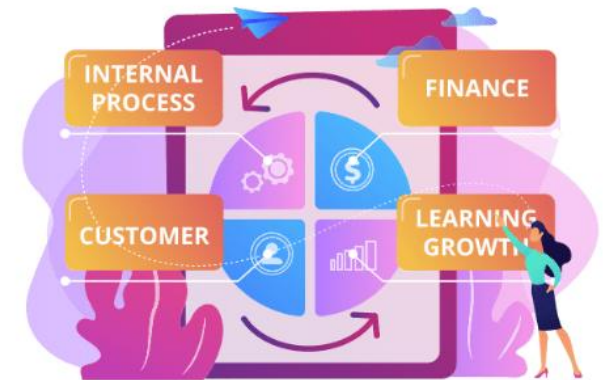


Strategic Controlling: Shaping the Future

Strategic controlling integrates **planning, execution, and evaluation** to future-proof businesses. Key tools include:

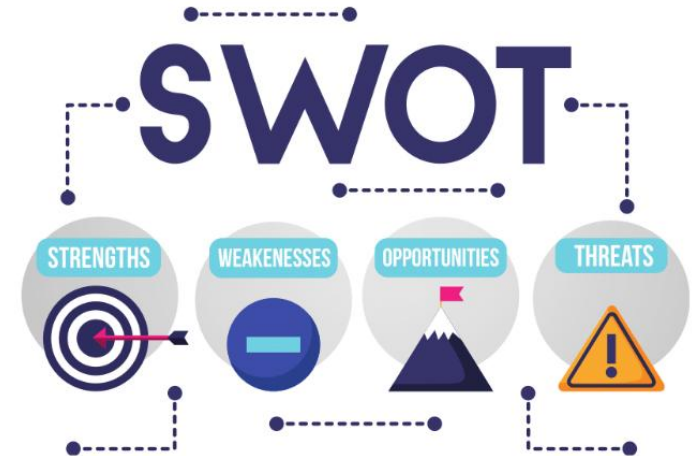
1. Balanced Scorecard (BSC):

- Developed by Kaplan & Norton, it balances financial and non-financial metrics across four perspectives: **Financial, Customer, Internal Processes, Learning & Growth**.
- **Microsoft** uses BSC to align R&D investments with customer needs and shareholder expectations.



2. SWOT Analysis:

- Evaluates **Strengths** (e.g., brand equity), **Weaknesses** (e.g., high operational costs), **Opportunities** (e.g., emerging markets), and **Threats** (e.g., regulatory changes).
- **Coca-Cola** applies SWOT to adapt to health-conscious trends (e.g., launching zero-sugar products).



3. Scenario Planning:

- Prepares for multiple future scenarios (e.g., economic downturns, tech disruptions).
- **Tesla** uses it to anticipate shifts in EV demand and battery technology advancements.

Key Performance Indicators: Measuring Success

KPIs must adhere to the **SMART criteria** (Specific, Measurable, Achievable, Relevant, Time-bound).





KPI Type	Examples	Industry Application
Financial	Revenue Growth, ROI, EBITDA Margin	Amazon: Tracks cost-per-acquisition (CPA) to optimize ad spend.
Customer	Net Promoter Score (NPS), Churn Rate	Apple: Monitors NPS to assess brand loyalty.
Operational	Inventory Turnover, On-time Delivery	Toyota: Uses "Just-in-Time" KPIs to minimize waste.
Employee	Retention Rate, Training Hours	Google: Measures innovation via employee project participation.

Pitfall to Avoid: Vanity metrics (e.g., social media likes) that don't tie to strategic goals.

Planning and Budgeting: Turning Strategy into Action

A **4-step budgeting framework** ensures strategy execution:

1. Set Objectives:

- Define **SMART goals** (e.g., "Increase Asia-Pacific revenue by 15% in 18 months").
- **Example:** Samsung's budget allocates R&D funds for foldable screen technology.



2. Forecast Revenues/Expenses:

- Use historical data and predictive analytics.
- **Google** employs AI-driven forecasts for ad revenue trends.

3. Allocate Resources:

- Prioritize high-impact areas (e.g., digital transformation over legacy systems).
- **Starbucks** reallocates budgets to mobile app development to enhance customer engagement.



4. Monitor & Adjust:

- Compare actual vs. planned performance quarterly.
- **Solution for Budget Overruns:** Unilever's **rolling forecasts** update budgets every 3–6 months.

Cost Management and Performance Evaluation

Effective cost control involves:

- **Cost Structure Analysis:**
 - **Fixed Costs:** Salaries, leases (e.g., McDonald's optimizes real estate costs via franchising).
 - **Variable Costs:** Raw materials (e.g., Zara reduces fabric waste via demand-driven production).
- **Break-even Analysis:**
 - Calculates the sales volume needed to cover costs.
 - **Southwest Airlines** uses it to evaluate route profitability.
- **Activity-Based Costing (ABC):**
 - Allocates overhead costs based on actual activities (e.g., hospitals use ABC to price medical procedures).



Conclusion and Future Trends

Strategic controlling is evolving with:

- **Real-Time Analytics:** IBM's Cognos provides live dashboards for instant decision-making.
- **AI & Automation:** SAP's AI predicts cash flow trends with 90%+ accuracy.
- **Cloud-Based Systems:** Salesforce's Financial Services Cloud enables remote budget tracking.



Recommendations for Implementation:

- Review KPIs quarterly (e.g., Adobe's continuous KPI refinement).
- Integrate AI tools for predictive insights (e.g., JP Morgan's COiN platform).
- Train teams on data-driven culture (e.g., Airbnb's data literacy programs).



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