

Foreword for Balanced Scorecards for SMEs

I am pleased to welcome this important new book. *Balanced Scorecard for SMEs* provides an excellent summary of the leading performance management concepts, with a particular emphasis on how to apply these concepts to the SME sector. The great strength of the Italian economy is its network of SMEs that provide world class goods. Today's competitive environment, however, is extremely challenging due to

1. Intense global competition, particularly from enterprises located in low-cost emerging economies,
2. The slow global growth after the 2007/08 financial crisis, and
3. The debt crisis being experienced by countries along the southern boundary of the Eurozone.

Succeeding in this challenging world will require that the leaders of SMEs deploy the most innovative and proven management tools. Among these is the Balanced Scorecard, currently used by more than 70% of companies worldwide, and regularly ranked among the top-ten management tools used worldwide according to the annual survey conducted by Bain & Company, a leading strategy consulting company. Many SMEs, however, feel that the Balanced Scorecard is only for large and global corporations. This is an incorrect view. SMEs, like all other enterprises, need a management tool to communicate strategy to all employees and to align their day-to-day work to strategic objectives. Without a tool, such as the BSC, more than 90% of employees – even in small enterprises with fewer than 300 employees – are unaware of the strategy. If employees don't know what the strategy is, then they can't help their company to implement the strategy. This is the key reason why more than 70% of companies report that their strategies fail to achieve their targeted goals. Using the BSC, the odds reverse with 75% of companies using the BSC as their central strategy execution system reporting that they outperform their competition, usually by a significant amount.

For these reasons, I believe that this new book can have a large impact on the performance of SMEs, especially in today's challenging business and

economic environment. I encourage the management teams of these enterprises to purchase and read the book, and then organize a project to translate their strategy into a strategy map and scorecard. In that way, they can join the growing population of companies around the world that are using the scorecard to achieve breakthroughs in performance.

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Performance Measurement with the Balanced
Scorecard

A Practical Approach to Implementation within SMEs

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