AN EMPIRICAL STUDY OF KITCHENWARE BUSINESS CHANGE BASED ON THE BALANCED SCORECARD

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ABSTRACT

Balanced Scorecard has become an important strategic and performance management tool after more than twenty years of development. While there are cases in western countries, it is not easy to find the complete case in Asia. This systematic and in-depth study explores Corporate S, a leading company within the kitchenware industry in Taiwan, to lift the veil on their corporate success. Corporate S adopted the Balanced Scorecard methodology to make their business changes. It re-clarified the vision and mission of the Company, re-defined the core competitiveness and applied the development of key strategies to promote business change and innovation. After a decade of sustained implementation and adjustment, great results were achieved, and plans were made to transplant the changes to its China subsidiary.

Keyword: Balanced Scorecard, Strategy, Business Change, Business Innovation

1. INTRODUCTION

Business competition has become more and more fierce. Enterprises do their best to stay ahead of the competition and increase the barriers to new entrants. Business innovation is the key issue in this competitive environment. In regard to innovation, enterprises usually put their resources into research & development, in their pursuit of better technology and superior products. However, while most enterprises invest their resources in technology and enhanced products, enterprises with more resources have advantageous; enterprises with similar resources and technology have a high degree of product homogeneity. Therefore, enterprises should have different innovation-related thinking from that of their competitors.

Kitchenware is an important source of livelihood for the people in Taiwan's domestic industry. There are over 50 brands, nearly 6,000 suppliers and 200 thousand workers in the kitchenware industry. Taiwan's kitchenware industry is booming and the market size has reached about 1 billion US dollars annually. Facing global competition and open markets, local Taiwan companies' technology and products cannot easily compete with international enterprises. It is necessary for these local companies to have an overall consideration of pluralistic competition and to consider innovative strategies.

Corporate S is the leading firm in Taiwan kitchenware. But it suffered business difficulties during the Asian financial crisis of 1998. After that, Corporate S, having decided to focus on its core business, sold its idle assets and unrelated business to gradually reduce its debt. In order to strengthen the Company's management, develop long-term strategies, and consider the integrity of the Company's

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competitive and innovative direction, Corporate S decided to adopt a new methodology in its management system, which included strategic planning and execution control. Corporate S introduced Balanced Scorecard in 2003. It re-clarified the vision and mission of the Company, re-defined its core competitiveness and applied to the development of key strategies to promote enterprise change and innovation.

This empirical study examines Corporate S. Corporate S proposed that brand, channel and service support each other to form the kitchenware business innovation. This innovative model not only provides a dramatic performance for Corporate S, but is also hard to imitate by competitors. This innovative strategy can be introduced to the Chinese market in the future and become a paradigm of innovative models.

Corporate S, in accordance with the Balanced Scorecard methodology, expanded its key strategies and short-middle-long term implementation plans. After several years of performing adjustments, the Company's operating performance was outstanding.

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Revenue	1,909	2,296	2,566	2,621	2,968	3,098	3,004	3,364	3,645	3,904	4,485
Operating Profit	50	80	90	61	149	152	179	248	269	293	371
Operating Margin	2.6%	3.5%	3.5%	2.3%	5.0%	4.9%	6.0%	7.4%	7.4%	7.5%	8.3%

Million Taiwan Dollars

The turnover of Corporate S was 1,909 million Taiwan dollars and the operating profit was 50 million Taiwan dollars in 2003. Following a substantial spurt of growth, the turnover of Corporate S was 4,485 million Taiwan dollars and the operating profit was 371 million Taiwan dollars in 2013.

In recent years, Taiwan's total annual water heater sales is about 550,000 units, of which Corporate S annual sales is about 250,000 units, i.e. about 45% market share. Corporate S enjoys a market share of about 35% in range hoods as well as in gas stoves. Corporate S's sales volumes are all number one in the above categories. The latest survey results show that Corporate S brand products reach 65% penetration rate in Taiwan, i.e. two out of every three families adopt Corporate S's products. Corporate S also reaches 100% in brand awareness surveys. It is honored as a dominant brand in Taiwan.

How did the Company achieve these impressive results? In what way did their business change? We will describe the key factors in this article.

2. LITERATURE

Facing the changes of the external environment, the ups and downs of the economy and the variety of customer needs, it is difficult for businesses to succeed. The world will continue to change more quickly and broadly (Kotter, 1998). Any business which wants to stand out in future competition needs to have the courage to accept the challenges that lie ahead.

While enterprises sizes are getting bigger and the business competition becomes fiercer, it is risky to permit business decisions to depend on one man's knowledge and experience. Hambrick (1984) proposed the Upper-echelons Theory, i.e. that the senior management team (Top Management Team) is mainly composed of a few strategic decision-makers; this core group decides on the organizational development and performance. The Top Management Team members have different educational backgrounds, knowledge, experience, and responsibility for different departments. Their opinions stem from different points of view as they determine an enterprise's decision-making. Many scholars are studying the Top Management Team concept and its impact on organization performance. Currently, large enterprises very often adopt the Top Management Team as their strategic formation and decision-making.

Balanced Scorecard is a strategic performance management tool. It was proposed by Robert Kaplan and David Norton (1992). The original purpose of Balanced Scorecard was to construct a performance evaluation system. Kaplan and Norton hoped to solve the problems of the traditional performance evaluation system, which had placed its emphasis on the financial perspectives to too great an extent. Balanced Scorecard added future driving factors on the basis of financial indicators. This innovation enables the managers to maintain a balance between leading and lagging management. Harvard Business Review highly praised this approach as the most influential management tool in the past 75 years.

In order to achieve the purpose of business performance evaluation, Balanced Scorecard needs to be combined with corporate strategy. Kaplan and Norton developed the Strategy-Focused Organization to connect policy, organization and people (1996). Then, they published the Strategy Map to plan strategy and control performance by Financial, Customer, Internal Processes, and Learning and Growth perspectives (Kaplan & Norton 2004). Balance Scorecard became a complete business management system.

Balanced Scorecard proposed four perspectives:

Financial: encourages the organization to choose the measurement needed to answer the question: “What is the result of the organization?”

Customer: encourages the organization to determine: “How do customers look at us?”

Internal Business Processes: encourages the identifying the measure that answers the question: “What kind of job do we need to do?”

Learning and Growth: encourages the organization to consider the basic question: “How can we continuously create value?”

Kaplan and Norton started from the performance measure, but found that it was only the result; they continued to develop the Balanced Scorecard as the strategic tool. Their second book “The Strategy Focused Organization” linked strategy and measurement (Kaplan & Norton, 1996). Kaplan and Norton promoted the Balanced Scorecard in numerous publications and speeches. It became more and more popular. Also there was evidence attesting to the effectiveness of the Balanced Scorecard as a management control and strategy communication device (Malina & Selto, 2001). The Balanced Scorecard evolved into a strategic scorecard (Redding & Kamm, 2005).

The Balanced Scorecard stressed that causal business relationships took into account the need to balance short-term and long-term goals, and to consider both the internal organization and external expectations. Over the past dozen years of developmental evolution, Balanced Scorecard has become the main tool of the corporate development strategy. More and more organization use the Balanced Scorecard to design their strategy maps (Rajab-Baigy et al., 2011). The Balanced Scorecard has become a decision tool at the strategic management level (Martinsons et al., 1999).

The Balanced Scorecard has become an important strategic management system. The Balanced Scorecard relies on four processes to bind short-term activities to long-term objectives:

(1) Translating the vision;

(2) Communicating and linking;

(3) Business planning;

(4) Feedback and learning (Kaplan & Norton, 2007)**.**

The Balanced Scorecard helps organizations to expand their strategies with logical thinking. The “balanced” aspect of Balanced Scorecard concerns strategic concepts, while the “scorecard” is about the performance concept. What you measure is what you get (Kaplan & Norton, 1992), and you get what you measure. Therefore, the next step is to manage the implementation of the strategies.

To do this, for each strategic objective we design key performance indicators (KPI). The purpose of KPI is to measure the implementation of the strategic objectives. Reviewing the achievements of KPI means ascertaining whether the strategy has been timely achieved and with the desired quality.

The major factor of KPI design is “Key”. The proper design of KPI could have a positive influence on the implementation of the executors. Even companies that embrace the Balanced Scorecard often take a backward approach to monitoring performance. Many organizations choose measurements based on their data collection (Paladino & William, 2008). But we need to think more about the meaning of “Key”. Well designed KPI will get very good results. To design the KPI, we need to consider the real purpose of the strategic objective; this is one of the key issues of the Balanced Scorecard.

3. RESEARCH METHOD AND FINDINGS

Business Change

The Problems of the Organization

Asian countries and their financial systems were hit hard during the Asian Financial Crisis. Corporate S also suffered business difficulties during those years. Syndicated banks withdrew their loans; Corporate S faced working capital shortage and operation loss for several years. Then, Corporate S decided to face the problem, re-examine the business, explore the problem, and make business changes.

Corporate S held an internal seminar; the focus was on rewards and financial incentives, the overall operating system and management team (professional, impartial, and decision maturity), the Company’s promotion considerations, authorization, organizational structure, responsibilities communication, encouragement and support of innovation and risk, vision and long-term strategies, Company values, business philosophy and culture. Around 40 leaders participated in this seminar; they were divided into 4 discussion groups. The analysis of the degree of consensus is as follows:

	Subject	1	2	3	4	Mean	Median	σ	Order
1	Feelings and expectations of the Company's organizational structure and the power and responsibilities of positioning	1	3	2	2	2.00	2.0	0.816	1
2	Feelings and expectations of the Company's communication channels	7	9	8	6	7.50	7.5	1.291	2
3	Feelings and expectations of the Company's overall operating system and SOP	6	4	3	5	4.50	4.5	1.291	3
4	Feelings and expectations of the Company authorization	4	6	7	4	5.25	5.0	1.500	4
5	Feelings and expectations of the Company’s promotion of talent	3	7	5	3	4.50	4.0	1.915	5
6	Feelings and expectations of the Company's management team (professional and impartial decision-making)	5	5	1	1	3.00	3.0	2.309	6
7	Feelings and expectations that encourage and support innovation and risk	8	10	4	8	7.50	8.0	2.517	7
8	Feelings and expectations of rewards and financial incentives	2	8	6	7	5.75	6.5	2.630	8
9	Feelings and expectations of the Company's values, business philosophy and culture	9	1	9	9	7.00	9.0	4.000	9
10	Feelings and expectations of the Company's vision and long-term strategy	10	2	10	10	8.00	10.0	4.000	10

Quantitative and Qualitative Analysis

Under both the quantitative and qualitative analysis of the key factors, from the data analysis and the widespread perceptions, which were quite consistent, critical factors can be broadly divided into the following four aspects: (1) leadership style and decision-making mode, (2) distribution management, (3) product innovation, and (4) product quality and development speed. Categorization by function is as follows:

The Leadership Style and Decision-making Mode

According to the qualitative survey, leadership style and decision-making mode was the main key factor affecting the operating costs; recognized by functional analysis or by departmental analysis, this factor was the most important, and was ranked as the most urgent.

On the quantitative analysis of the figures in the financial statements (without considering the impact of general expenses), from the major accounting subjects, the importance of the leaders in affecting the Company's operating costs can be proven; they include: policy discount, investment losses, interest expense, bad debt losses, loss of property transactions, etc. Those major accounting subjects continued to affect the operating costs of Corporate S during the following years.

The leader holds the Company's helm. He should clearly and consistently control the direction and goals of the Company and propose appropriate policies and plans of the short term and medium term after careful consideration and in-depth thinking. It was the most critical factor influencing the operating costs of the Company.

Marketing: Product Innovation and Distribution Management

Kitchenware is a mature industry in Taiwan. There is only limited difference in technical abilities among the kitchenware competitors. Breakthroughs in technical innovation are not easy to achieve and usually take time. So we do not only look forward to technological innovation; product innovation is particularly important.

Good products and innovative products are effective ways to achieve revenue growth, a common perception of the management team despite the impact on operating costs. Product innovation comes from customer needs, market trends, or new markets, through market research. Product innovation may be derived from shape innovation or marketing promotion practices. Innovation ability strengthens the marketing, so product planning is a key factor.

In the past, Corporate S was proud of its distribution management, but there was a rising trend of sales rebate and greater promotional costs in recent years. Without incentive programs, the distributors would have no willingness to purchase goods. Corporate S's distribution management was superior compared to its competitors, but also gradually became a burden its current business. Thus, rethinking the distribution structure, distribution reformation and distribution management were the important issues in improving the operation of the marketing department's cost structure.

R&D: Design Quality and Development Speed to Market

Product design quality and development speed to market were two key factors affecting operating costs. They were closely related. They had also been criticized by the sales department for a long time.

The reasons for the delayed speed to market includes the following reasons: the demands from the early development stage by the Product Managers lack clarity, inadequate development time from the beginning, human resources shortage of the R&D department, mold shortage, insufficient external validation, etc. In order to speed up the time to market, sometimes they neglect design quality, durability test, and user environment test. Such verification problems were sometimes ignored, and this generated more problems and losses after products were sold.

The product development concurrent engineering method might be a good solution. Each of the development tasks must follow the same operating procedures in standardized operations. Only standardized operations can effectively improve design quality and strengthen the control development schedule. After that, it can achieve the goal of accelerating the speed to market.

Manufacture: Manufacturing Quality and Supplier Chain Management

When Corporate S emphasized the importance of the key factors of manufacturing quality and

supplier chain management, it showed that manufacturing cost control was not the most urgent priority.
Though procurement costs were the largest expenditure of Corporate S, the most important task for the manufacturing department was finding suitable suppliers, or advising existing suppliers to provide adequate delivery and stable quality. Under these premises, it would make sense to review the procurement costs.
When quality raw materials are supplied in a stable manner, it would make sense to review manufacturing quality as well. Relying on QC or QA to establish the stable manufacturing quality is useless; it is essential to proceed from standardized operations and process improvement.

Business Change and TMT
Corporate S decided to introduce Balanced Scorecard and execute the Business Change. Corporate S set up a project team and assigned the CEO to be the team leader.
Given the excessive risks associated with past decision-making experiences, Corporate S also increasingly emphasized the group management team. Corporate S adopted the executive team's opinion not only in the operation and management activities, but also introduced the Top Management Team (TMT) decision model. The top management team set future goals, key strategy, annual goals, and implementation control.
TMT members came from different departments, including R&D, manufacturing, marketing and finance. The members had different education and experience backgrounds. They could discuss from different dimensions and help make the decision-making more practicable.

Business Innovation
Business competition has currently become more and more fierce. Enterprises do their best in considering how to stay ahead of the competitors and increase the barriers to new entrants. Business innovation has become the key issue in the competitive environment. Regarding innovation, enterprises usually put their resources into R&D, in pursuing better technology and superior products. Enterprises that have more resources have the advantage, and enterprises that have similar resources and technology have a high degree of product homogeneity. Therefore, enterprises should have innovation thinking which differs from that of their competitors.
Since innovation often determines competitiveness, Corporate S decided to allocate its resource in this key success factor.

Key Success Factor
Corporate S reviewed its past operating results and experience, through quantitative, qualitative, PEST and SWOT analyses to determine the key success factors. After a comprehensive discussion the conclusions reached can be summarized as follows:
Brand: According to a third-party investigation, Corporate S had been ranked number one as the consumer ideal brand for a long time. The share of the brand was up to 60%, so the brand value was a very important asset of Corporate S.
Distribution: In order to encourage consumers to buy, Corporate S set up their distribution widely, including: material stores, bathroom and kitchenware stores, gas suppliers, hypermarkets, and kitchenware factories. There were more than 2,000 distributors and it was an important factor giving Corporate S had over 40% in market share.
Service: Corporate S was the first one to propose a lifetime free supply of oil filtering mesh. It earned a reputation in the minds of consumers over the years. Corporate S's after service also won the recognition of consumers.
Brand, distribution and service were three key success factors for Corporate S.

Core Competitiveness
Corporate S reviewed its key success factors and developed key strategies. It took Re-branding, Channel Changes and Integration Service in three directions.
Brand Value: Trust with the heart, enthusiasm with completeness, innovation with mind, and guard with sufficiency were the brand's DNA. Corporate S dedicated its efforts to establishing the a new concept of home among consumers, to promote respect for family values and attitude to life, to allow consumers to feel at home with passion, and to recognize the values of Corporate S products in each family. Corporate S proposed "Let's warm up the home" for brand positioning, shaping the warm home and a touching atmosphere, thus getting consumers to accept and appreciate its products and services.
Channel Management: Corporate S promoted system kitchen specialist stores. At the same time, with good current distributors and by the division of the district, Corporate S developed high-quality loyal dealerships. Through the establishment of a loyalty pathway, the brand reputation spread; with a balanced development of the channel to avoid price-busting, Corporate S established its market price management. It redefined the channel district and established specialist stores to implement the push effect on the channel side and the pull effect on the consumers.
Integration Service: Corporate S identified that lifelong service was the key issue of consumer demands. It established industrial differentiation. Corporate S set up one phone call for overall service, promoted timely response and on-time service, and offered service all year round, even during the Chinese Lunar New Year. Corporate S also established professional and sincere service called "S Care". It included:

Lifetime free safety inspection;
Lifetime free supply of oil filtering mesh;
Lifetime free inspection for your kitchen;
Lifetime free inspection of drinking water quality.

It successfully molded the image that products plus services truly meet the needs of consumers.
Business innovation was not just initiated from the technical view or new products; Corporate S developed business innovation through Brand Value, Channel Management and Integrated Service.

Strategy Expansion
Balanced Scorecard is a practical methodology to expand strategy. It proposes long-term and short-term, leading and lagging, and internal and external strategic concepts to help strategic planners achieve balanced thinking. The four dimensions: financial, customer, internal processes, and learning and growth, help strategic planners to focus on the main strategies and to expand the implementation plan.

Remodeling the Vision
By the following three dimensions: concept of geographic region, industrial areas and benchmarking, Corporate S remodeled its vision and set up several key indicators, including: net profit margin, inventory turnover rate, profit contribution of new products, quality and cost rate, and EPS.
The vision of Corporate S remodeling was as follows:
Enterprise excellence in the performance of kitchenware and kitchen chain stores of the greater China region

Translating the Vision
With the core competitiveness Brand Value, Channel Management and Integration Service, Corporate S had the top management team translate the vision and discuss the critical strategies \in individual interviews, followed by group discussions. The conclusions of critical strategies are as follows:

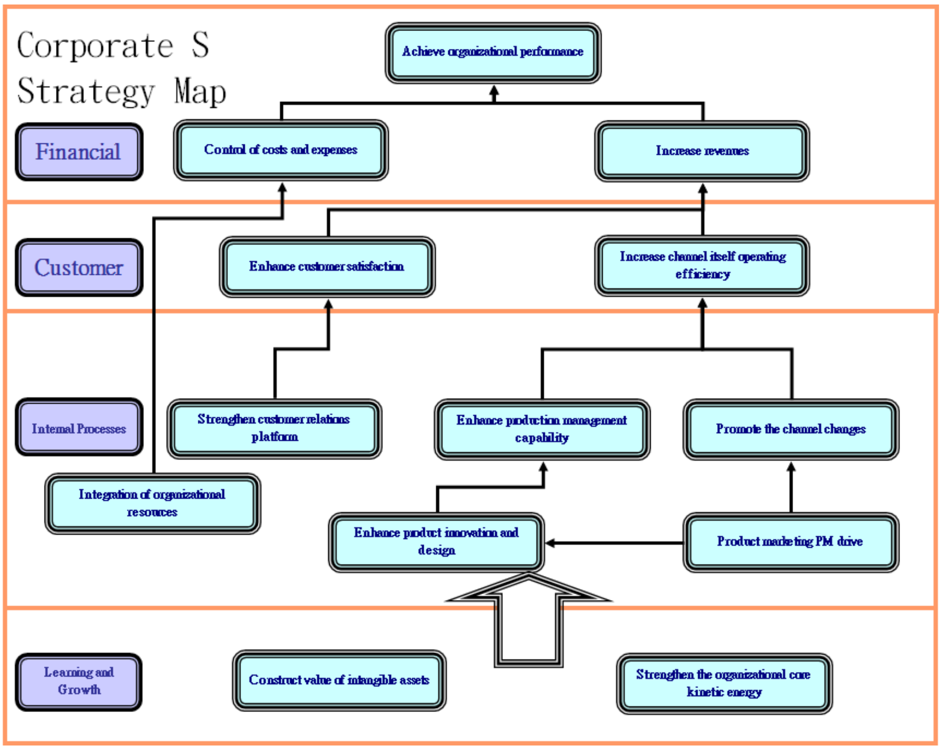
First priority for organization profit
Interact directly with end customers
Market-oriented product development
Channel changes
Resource integration
Innovation and continuous self-learning

Communicating and Linking
The Balanced Scorecard helped to expand the critical strategies from four dimensions (financial, customer, internal processes, and learning and growth). The objectives of the strategies were expanded as follows:

	Financial	Customer	Internal Processes	Learning and Growth
First priority for organization	※Achieve organizational performance ※Increase revenues ※Control of costs and expenses			
Interact directly with end customers		※Enhance customer satisfaction ※Increase channel itself operating efficiency	※Strengthen customer relations platform	
Market-oriented products development			※Enhance production management capability ※Enhance product innovation and design ※Product marketing PM drive	
Channel changes			※Promote the channel changes	
Resource integration			※Integration of organizational resources	
Innovation and self-learning continuously				※Construct value of intangible assets ※Strengthen the organizational core kinetic energy

Business Plan
The business plan was a combination of the strategic map and KPI. Corporate S used strategic objectives and the strategic map to illustrate Company strategy. It adopted KPI to control the execution of the strategy.

Strategic Map
According to the strategic objectives above, as well as the management team's discussion and integration, Corporate S constructed the strategies and their objectives as follows:



KPI

After building a consensus within the management team, discussing strategies, and expanding strategies by the Balanced Scorecard, the next step was to set up a proper performance measurement. The most important concept of the Balanced Scorecard is that if you cannot measure it you cannot manage it; you get what you measure.

For each objective of the Strategies, Corporate S designed KPI to measure the implementation of the strategic objectives as follows:

Dimension	Strategic Objective	KPI
Financial F	Achieve organizational performance	Operation profit
		Division A profit
		Division B profit
		Division C profit
	Increase revenues	Division A revenues
		Division B revenues
		Division C revenues
	Control of costs and expenses	Manufactur cost difference
		Account receivable - A
		Account receivable - B
Customer C	Enhance customer satisfaction	Customer complaint handling satisfaction - A
		Customer complaint handling satisfaction - B
		After service satisfaction
		Customer satisfaction
		New customer satisfaction
	Increase channel itself operating efficiency	Existing chain stores growth rate
		Existing loyalty stores growth rate
Internal Processes P	Strengthen customer relations platform	Service process improvement
		Sales within service
		Security check rate
	Enhance production management capability	Inventory turnover rate
		Service call rate
		Quality abnormal control rate
		Arrival abnormal rate
	Promote the channel changes	New loyalty stores number
		New chain stores number
	Enhance product innovation and design	Product development schedule accuracy
		Development schedule
		New product plan
	Product marketing PM drive	OBM core products gross margin
		Gross margin - B
		Gross margin - C
		New products sales
	Integration of organizational resources	Personnel costs return rate
		Project integrated marketing
Learning and Growth L	Construct value of intangible assets	Improvement proposal number
		Complete of the information system
		Patent number
	Strengthen the organizational core energy	Complete of the human resource

In effectively executing the strategies, the KPI is a good way to measure the implementation of the strategy. Normally we let the KPI's achievement rate be linked with rewards. This is the so-called high-performance with high-return. High performance means correct strategy execution, and high return is going to be compared to reward strategy execution and accomplishment.

Strategy Execution

After finishing the adjustment of the vision, discussion of critical strategy, expanding the strategic objectives, designing KPI and given the target value, Corporate S had constructed and completed its strategy and performance management system.

Such strategic planning was completed at the end of the year; each division would then execute their tasks according to their respective plans. Each month, each division and the Company executives would have meetings to review the targets accomplished, analyze the causes of differences, improvement measures, and improvement tracking.

However, the strategies are not immutable. In accordance with changes in the internal and external environments and the Company's operating conditions, the top management team reviews and discusses the strategies required to make demanded amendments.

Feedback and Learning

The operation and management is cumulative and progressive. Although the vision usually does not change in the short term and medium term, the strategy needs to be adjusted periodically, such as strategic realignment. The strategy and performance management of Corporate S is based on the PDCA model cycle.

The operation and management cycle has been continuously reviewed and revised for 10 years. The critical strategies, strategy objectives, strategy map and KPI have clearly evolved.

4. CASE DISCUSSION

Corporate S's business change was similar to the underlying theory, including the timing of launching change and the progress of change. This paper investigated the reasons and progress of Corporate S's change in depth and systematically. Corporate S executed business change for a decade, achieving good results which can be summarized according to several factors: awakening the leader, strategic planning and strategy execution.

Awakening the Leader

The 1998 Asian financial crisis severely hit Corporate S. The Company faced a challenge to its survival. Corporate S accelerated the sale of its non-core investments and idle assets to reduce debt and produce cash flow, thereby achieving stable operation and gradually generating profits. The Company's the first priority was to stop the hemorrhaging.

After the operation of the Company was stabilized and returned to profit, the leader of Corporate S re-thought the Company's future. Although the past experience led the Company to achieve success, it also caused failure. The leader decided to initiate business change. Peter Drucker said that business change is a top-down behavior (2009). We can learn from the variety of management theory and other practice cases that only the business leader is willing to take the initiative in initiating business change; the change can then be successfully promoted. Corporate S was able to smoothly implement business change and achieve success; the most important key was the awakening of the leader.

Business change cannot only rely on the leader; the employees and organization must move together, so prior communication is critical. All members of the Company must accept the need for change, concept transformation. People need to understand that change cannot happen overnight. The leader needs to continuously communicate with the organization members. The leader must create an atmosphere that accepts change; holding a consensus conference to understand everyone's thinking is a good idea.

From the discussion and analysis of the consensus meeting, Corporate S found that one man's decision carried a high risk; they needed to consider group decisions. Thus, Corporate S not only took the opinion of middle and high level managers, but also introduced its Top Management Team decision-making model. The Top Management Team set the future goals of the Company, discussed key strategies and controlled execution.

Corporate S succeeded with its business change; the major reason was the awakening of the leader. The leader initiated the changes, authorized the management team, periodically reviewed the implementation, and let the business change according to the culture of the Company.

Strategic Planning and Strategy Execution

In the process of business change, finding a suitable methodology can help company-driven change step by step. Balanced Scorecard is a formal strategic management process; it helps a company to reconsider the vision, management philosophy, objectives and strategy map. It even helps a company to control the execution performance. Balanced Scorecard is a top-down management methodology.

After Corporate S established its Top Management Team to form the core decision group, they adapted the Balanced Scorecard methodology to rebuild their vision and mission, develop key strategies and construct a strategy map. The main function of the Balanced Scorecard strategy map is to help a company expand its key strategies. Corporate S designed strategic objectives through the concept of leading and lagging and by four perspectives. The whole development of the Company was projected onto the strategy map with a set of strategic objectives.

In its strategic planning, PM Drive and after-sales service were key strategies; Corporate S promoted its Product Planning department and Call Center as first level departments, and enhanced its human resources. Strategy, organization, and personnel are the basic elements for business changes.

The real key for business change is still strategy execution; Corporate S held weekly and monthly meeting review to follow the status of implementation. Under the concept of the Balanced Scorecard, it controls the strategy execution results via KPI. The design of KPI must proceed from the strategic objectives; even when two Companies have the same strategic objectives, their meaning and purpose is not necessarily the same, so the KPI should differ.

More importantly, KPI does not just involve quantitative indicators. In the concept of Balanced Scorecard, leading and long-term are very important factors in strategic thinking; internal process and learning and growth are the most important dimensions. The strategic concept and plan linked to these two dimensions are usually medium and long-term project (Kaplan & Norton, 2007). Those jobs are not easy to measure, or are easy to lose quality control when quantified. Thus, we allow non-quantitative indicators and a qualitative mode of expression in the achievement of strategic objectives. These are also the key factors permitting Balanced Scorecard to expand strategies and measure performance.

In order for the strategy to be performed effectively, we put KPI as a measure of the implementation of the strategy, and usually link the KPI’s achievement rate to the rewards. This is the so-called high-performance hi-paying. High-performance means correct strategy execution and hi-paying is to reward strategy execution and accomplishment.

5. CHANGE IN DIFFUSION

After it suffered operational difficulties, Corporate S had to make changes. The changes expanded from the R&D, manufacturing and marketing areas. Some changes happened at the beginning, some needed to start after the adjustment of the organization, some changed again after carrying out the first phase, and some have just begun. Business changes will never stop for sustainable management.

Corporate S introduced Balanced Scorecard to the Company at the end of 2003. The scope included entire business units in Taiwan, but did not include its subsidiary. From clarifying vision and mission, defining core competitiveness, choosing key strategies, setting strategic objectives and developing KPI, the transferring process took about six months. The whole system was on-line by the second quarter of 2004.

Then, the Balanced Scorecard became a PDCA cycle. Corporate S began the strategy management process in the third quarter to reach the next three years’ target: to review the strategies and adjust the KPIs. Those processes were finished and the annual plan was output at the end of the year; management reviewed the target accomplishment, the differences were analyzed, along with the abnormal reasons, and improvement measures were undertaken and tracked.

This business changes and innovation require a long-term project; for more than ten years Corporate S continuously executed the strategies and objectives, reviewing and adjusting the strategies.

We can examine the current financial report to judge the Company. For the past decade, Corporate S revenue was from 1.9 billion NTD in 2003 rising to 45 billion NTD in 2013. The growth rate is over 130%. Corporate S's operating margin was 50 million NTD in 2003, rising to 371 million in 2013. The growing rate is over 7-fold.

This is a dramatic result for Corporate S since the kitchenware market in Taiwan has been saturated for a long time; because of late marriages and low birth rate, the market has declined. Some competitors even faded out of the market, but Corporate S still grows each year and gets a good financial return. Now in Taiwan, Corporate S has a brand awareness of over 95%. It is also honored as a dominant brand in Taiwan.

China has become world's most important consumer market. The kitchenware market in China is forecast to reach 20 billion US dollars a year. Major international companies are anxious to develop in the China market. But most of them failed during the past 20 years; few international Companies have a place in the China market.

Corporate S entered the China market several years ago. It has laid a solid foundation, but the competition is quite fierce. If a Company cannot progress, then it will fade away.

Thus, the next step for Corporate S is to transplant its business change and business innovation to Mainland China. Corporate S decided to introduce Balanced Scorecard to its subsidiary in China. They will adopt the same process of Balanced Scorecard methodology, following the successful experience in Taiwan. It expects huge success in the current China kitchenware market.

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