Strategic Plan Part III: Balanced Scorecard and Communication Plan

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**Identification of key Trends, Assumptions, and Risks in the Business Model**

Snap Fitness is implementing new project in which they are focusing on providing their consumers with workout alternatives. In a competitive market, we have to analyze key trends, assumptions and associated risks since they are though as essential elements of any business. For that purpose, in our purposed business model, we are assuming that Snap Fitness is focusing on providing fitness services to the people who are unable to join clubs because of any reason. The key trends on which our business model will focus include innovative exercising products, robust network of transportation, and increasing customer base. In addition, we will look into management related issues like product marketing, recommending new product features and reducing communication gap between employees and management (Chapman, 2011).

In proposed business model, the identified assumptions for Snap Fitness business includes proven franchise concepts, increasing market growth and worldwide access. In addition, 24 hours’ customer service, high quality equipment and flexible membership options are other distict features (Snap Fitness, n.d).

The most important risk associated with the idea is duplicity since it can substantially lower revenue if the same service is launched by some other fitness services providers and for that reason, even a slight mistake can result in decreased sales and customers. Other issues include availability of exercising equipment in the region, where the company is focusing. In order to provide services at home, there should be enough equipment for the individual customer if he hasn’t already. Moreover, political influences and countries’ business policies would also affect the proposed business model (Chapman, 2011).

**Development of Strategic Objectives in a Balanced Scorecard**

The measures which are defined to accomplish mission while following company’s vision are known as strategic objectives. To understand these objectives, a Balanced Scorecard can be formulated in order to have a broad view. This tools helps management to take necessary actions based on business needs and market demands (Chapman, 2011). As we can see in Table 1, company’s short-term and long-term goals can be explained by the factors including Financial, Customer, Process, Learning and Growth. Increasing organization’s competitive advantage while focusing on revenue and profitability lies under financial area. Customer area, which is the most important factor in our model, focuses on customer’s satisfactions, safety and turnover. Organization’s internal matters e.g. communication, specialized services, interaction among employees and performance are determined by Process. Learning and Growth decides success in the business. We have proposed following Balanced Scorecard based on proposed business idea and SWOT analysis.

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| --- | --- | --- | --- | --- | --- | --- |
| **Areas for Measures** | **Strategic Objective** | **Measure** | **Metric** | **Target**  **Year 1** | **Target Year 2** | **Target Year 3** |
| **Financial** | Increase Profitability | Market growth | % in Market growth | 1% | 3% | 10% |
| Increase Revenue | Costs and Expenses | Operating Expense Ratio | 50% | 20% | 5% |
| Competitive Advantage | Economic Value | Value, Price, and Cost | 5% | 50% | 80% |
| **Customer** | Customer Turnover | Membership | % of renewal | 15% | 50% | 80% |
| Customer Satisfaction | Customer Satisfaction Feedback | Customer Surveys | 95% | 100% | 100% |
| Customer Safety | Customer injury reports | % of Customers Injured because of Trainers | 1% | 0.5% | 0.1% |
| **Process** | Performance | Ability to interact | % of trainings conducted | 50% | 70% | 75% |
| Communication | Effective Communication in organization | Staff and Customer Feedback | 97% | 98% | 100% |
| Reliability | Services on Schedule | Services Completed on Schedule | 97% | 98% | 100% |
| **Learning and Growth** | Employee Turnover | Employed efficient employees | Employees fired and employed | 8% | 5% | 1% |
| Employee Satisfaction | Employee Customer Service Skills | Employee Surveys | 95% | 99% | 100% |
| Employee Training | Improve Employee Training | Employee Performance | 95% | 99% | 100% |

Table 1: Snap Fitness Proposed Balanced Scorecard

**Shareholder Value or Financial Strategic Objectives**

In order to achieve company’s mission, Snap Fitness would work to increase its market share value on regular basis. Further, the company would partner with low cost yet reliable electronics manufacturer to reduce unwanted cost in manufacturing of smart wristband and digital scale. Company would attract investors through its innovative ideas, in order to deal with financial problems and associated risks. The company would focus on establishing competitive market plan based on growth and success and would try to achieve investment and profitability. Using these strategies, the company would ensure a final product, which would meet customer expectation. The company would try to justify the assumptions made earlier while maintaining strong financial and competitive position in the market. It would shape company’s business in a way which would match future trends with sustained market growth (Burlikowska & Szewieczek, 2007).

**Customer Value Strategic Objectives**

The strategic objective in terms of customer satisfaction is based on membership renewal rate and signing up of new customers. Customers’ confidence would be achieved by hiring best professionals that would ensure customer satisfaction and safety. Trainings would be arranged for these professionals so that they would learn and understand standard exercising practices adopted worldwide. It is because mistakes made by professionals could ruin company’s fame and respect as it is kind of direct dealing business with clients. Hence, customer satisfaction would be ensured by hiring professional trainers.

**Process or Internal Operations Strategic Objectives**

The strategic objectives in terms of internal operations is based on streamlining the product manufacturing process and supply chain. Along with the necessary exercising equipment, the management would ensure enough man power to deal with increasing number of clients since it would be difficult to manage one professional for each customer at a time. Effective time management plan would hence be chalked out. To increase productivity, the company’s management would try to diversify its market and products with innovative ideas (Bidgoli, 2010).

**Learning and Growth Strategic Objectives**

The company would focus on increasing employees’ satisfaction through the process of learning and growth. Company would monitor employee retention and turnover. The company would promote communication in the organization by the use of technological advancements. The company would listen and care for their employees by providing them incentives. Special rewards will be provided to the employees whose performance would remain outstanding for a specific period of time. It would increase sense of completion within organization and hence result in efficient workforce (Bidgoli, 2010).

**Solutions for Potential Risks as the Mitigation Plans**

The potential risks for the company can be easily mitigated by hiring professional instructors and manufacturing innovative products. Both of these factors would ensure customer satisfaction which is the backbone of this business. To avoid duplicity, the idea should be patented. In future, if needed, legal action could be taken to avoid promotion of copied ideas in the market. A panel of experts should be dedicated to monitor countries’ law and regulation so that any kind of hindrance could be avoided in advance before the launching ceremony.

Moreover, all informational data, relevant to investors, stakeholders, employees, customers, and government should be gathered by an information system department. This data should be presented before policy makers and management before taking any kind of decision or making investment.

**Communication Plan**

The productive relationship within the organization is based on the actions taken by the management. In order to achieve the goals, set by the company, Snap Fitness has developed a communication plan which would ensure that company’s strategic objectives are updated and communicated on regular basis (University of Kansas, 2014). The company would make use of latest information and telecommunication devices e.g. high speed internet, landlines, computes, mobile phones, and Intranet. In this way, company would ensure reliable communication throughout the organization and across all levels of management. An efficient way to communicate strategies updates is by arranging meetings between management and employees. For that purpose, at least two meetings per month would be conducted to promote two-way communication (Sorensen, 2012). Investors and shareholders, if necessary, could participate in company’s meeting as an audience. Information could be gathered from multiple sources but only that information would be discussed and presented that would focus on vision, mission and values of company. A secure computer or server would be dedicated to store confidential information from the clients. The communication plan would be reviewed based on employees’ feedback and updates regarding communication plan would be shared via E-mails or meetings. Any employee abiding communication plan rules would be penalized and strict action would be taken by the management.

The proposed communication plan with given communication channels would be very effective since it would provide reliable and efficient communication between employees which is an integral requirement for the company’s development and growth (Sorensen, 2012).

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