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EVALUATION MODEL OF PERFORMANCE OF CHINA  
DISTRIBUTORS FOR DEWACO COMPANY

Bachelor's Degree Programme in International Business

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# EVALUATION MODEL OF PERFORMANCE OF CHINA DISTRIBUTORS' FOR DEWACO COMPANY

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This thesis was written for a project to establish a meaningful and feasible distributor evaluation model which could apply by foreign engineering company in China market according to Chinese special culture and business environment. The objectives of the thesis would be a description of an evaluation process, a developed Balanced Scorecard, and an instruction of the Balanced Scorecard utility.

The theoretical part contained background of the project and some Theory review related to the topic of performance evaluation model. The engineering business environment in China was discussed in the background part. The literature review included concept and role of the distributors, process guideline 4-D model and theories of Balanced Scorecard. The evaluation model project was built based on the theory of the Balanced Scorecard, and aligned to the guild line of 4-D process model.

The research method was qualitative analysis. Necessary information mainly collected from structured interviews to Dewaco distributors, also obtained from discussions with related specialists in the engineering industry in China.

The empirical part introduced the general information of the cases companies Dewaco and its distributor system in China market. There was a description of evaluation process for Dewaco to sketch the outlining of the evaluation model, the main body of evaluation model displayed as a Balanced Scorecard System, and a user instruction of the Balanced Scorecard was written as a supplementary document to explain the usage of designed Balanced Scorecard.

At the end, the recommendation was given to the case company Dewaco, to advice the evaluation application and possible trend to develop the evaluation model according to the changing business environment.

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## 1 INTRODUCTION

Against the background of globalization, 40 years China economic reform has enabled China to gain a title of World Manufactory to play an important role as supplier. During recent 15 years, China is gradually turning to be one of the biggest consumption market instead of only acting as a supplier. People are getting richer, their expectation aiming to quality lift is driving famers move to city to seek jobs, or driving them to change the country side village to new little town, which having the city functions and facilities. The trend demands China speed up the process of urbanization requesting more infrastructure construction projects. Those projects not only provide convenience for China citizens, but also bring a great numbers of opportunities for foreign engineering company including the thesis case company Dewaco.

In the respect of the China engineering market, all involved units are acting or seeking the proper role for themselves, they make engagement to each other, cooperate together based on their identified roles. Interactions of those units have formed a characteristic market. Those units consist of China state owed company, private company, China private capital, FDI, and foreign technical export units and so on. The big foreign companies can modify their operation method easily according to China market characteristics with their big size scale and rich experience learned before. To the middle and small size new comers, it is difficult to start business without help from the local partners, especially distributor partner to entry the featured market. The challenge is how to estimate the partner if it is suitable and effective.

From the view of engineering industry, as one segments of supply chain, distribution work are commonly outsourced to the local companies based on their local knowledge, so that engineering company can entry the market as soon as possible to catch the best opportunity on the right time. There is a point need to pay attention: engineering company products are different to the traditional products, they provide not only equipment, but also the solution service. In an engineering project, the distributor performs as the extended function department of the engineering company, and influence the reputation of the reference cases, which effecting their engineering business in future. For this reason, the distributor and its role need to be redefined, the

performance of distribution partner should be managed by the engineering company. It is not possible to manage anything without evaluation result under this context. Therefore, to establish an easy and feasible distributor evaluation model is raised to be a valuable topic to discuss.

This is a project thesis named Evaluation Model of Performance of China Distributor for Dewaco Company. It is aiming to establish a feasible evaluation model to provide a tool for case company Dewaco, to estimate the distributor performance quality, to avoid unnecessary financial risk and reputation risks, also to provide useful information for Dewaco decision makers so that they can adjust distribution policy in China market, and modify the reward method for China distributors. Hopefully, this thesis can inspire other similar middle or small size engineering company having business or planning to entry China engineering industry market to create their own evaluation system.

In another word, the purpose of this project is to provide a tool for the decision maker to optimize China distribution structure, improve the operating performance in China market align to the vision, mission and strategy of Dewaco company.

The objectives are clarified at the beginning of the thesis, following conceptual framework is indicated to express an outline of the thesis. Related concepts of 4-D model, distributor and its role, Balanced Scorecard evaluation system are explained in theory part. Research method, validity and reality are discussed next to the theories. As the qualitative analysing result, obtained evaluation measures are described in the empirical part, detailed process of establishing the evaluation model is explained in the same chapter as well. At the end, the conclusion and recommendation are given to the case company Dewaco. The entire evaluation model is shown as appendices.

## 2 PROJECT OBJECTIVES AND FRAMEWORK

### 2.1 Objectives

Case company Dewaco, an excellent dewatering devices provider, has the strategical change in China market. Its representative office in Beijing has been canceled in the spring of 2015, from then on, Dewaco revenue from China decreased rapidly, in order to win the market back, Dewaco started to build distribution channels via cooperating with China local distributors. All the distributors are unfamiliar new cooperators for Dewaco, and they will be exclusive distributors to share China market.

Dewaco is facing a lot of problems in order to establish a new style distribution channel. The obviously raised problems are:

How to identify if the distributor is the suitable distributor for Dewaco?

Are they good at engineering product and solution selling?

Do the distributors have the financial risks and reputation risks?

All the raised questions oriented in to a practical issue: Dewaco need a proper evaluation model, to evaluate the performance of China distributors.

If Dewaco start an evaluation, the followed questions are:

What kind of evaluation can meet the requirement of Dewaco to contain all related information such like: involved person, content, place, period, time, and so on.

What evaluation tool Dewaco should choose?

How to use the evaluation tool?

In this project type thesis, all the questions raised above would be answered. The outcome of the project is to establish an evaluation model which fit for engineering company distributor evaluation, contains the factors of evaluator, evaluation time, place, process, budget request, measures chosen according to Dewaco needs. In order to contains all the mentioned factors above, there are four objectives are formulated.

The first objective is to describe a completely evaluation process, which includes the factors of who involved, where to evaluate, concrete schedule design, the budget requirement, and communication device needed and so on.

The second objective is to develop an evaluation Balanced Scorecard System as a tool to display the quality of the distributor performance, the tool should be including the evaluation measures or criteria and related formulas regard to the measures. And the measures should cover most of the perspective related to distributors performance align to Dewaco expectation based its mission vision and strategy.

The third objective is to elaborate the Balanced Scorecard with Word. Even though this is a small project and the evaluation model would not be a big system, there must be an explained instruction available for Dewaco users in order to execute the evaluation efficiently in future.

The last objective is to provide advices to develop the evaluation model, and the possibilities to influence distributors operation so that their performance would get better toward to Dewaco expectation aligned to its strategy.

## 2.2 Framework and boundary

Every topic of the thesis is related to an evaluation model, thus, the framework starts from the white coloured centre, Evaluation Model, the core concept. Figure 1 above indicates the framework of the Evaluation Model of Performance of China Distributor for Dewaco Company.



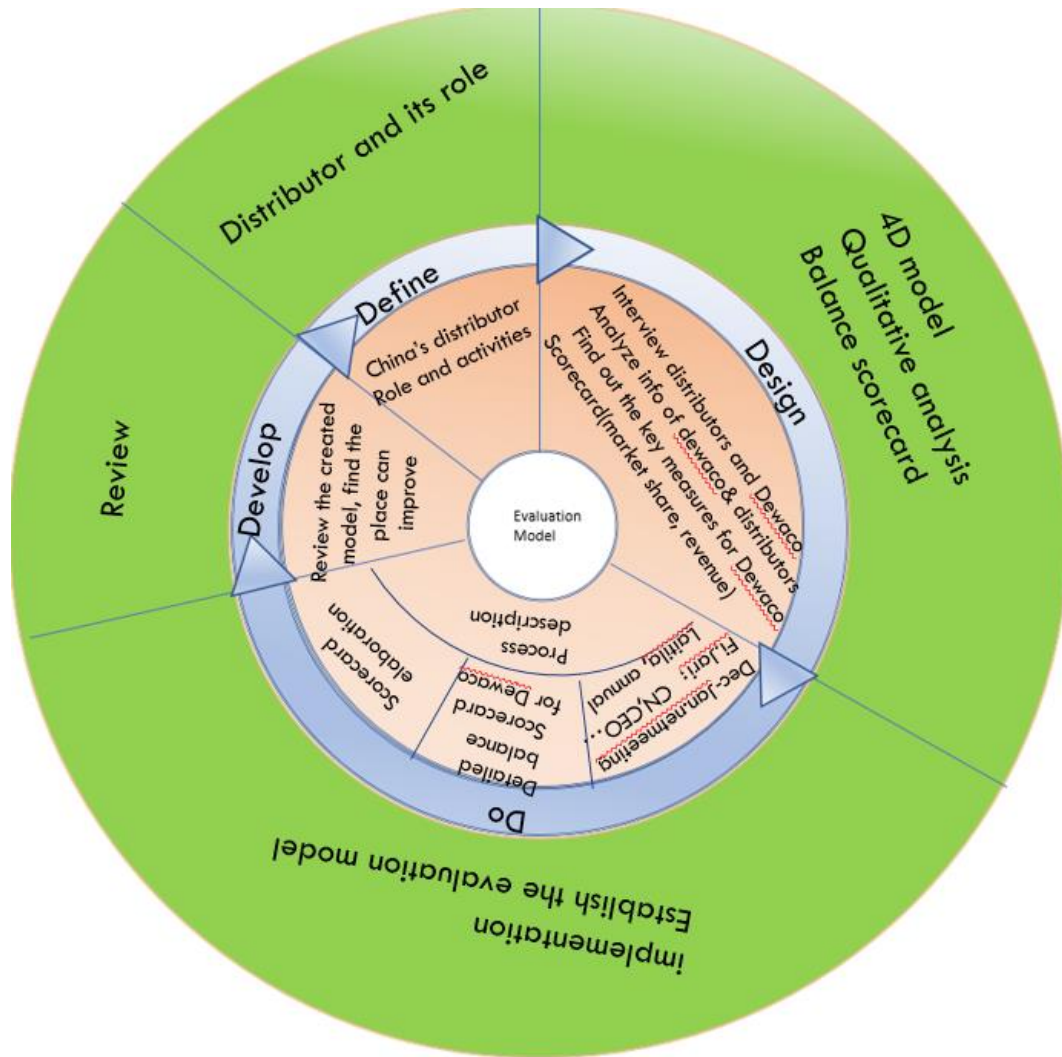


Figure 1 Framework of the Evaluation Model of performance of China Distributors for Dewaco Company

To establish an Evaluation Model is a process, as usual, choosing a working guideline is necessary, the blue circle with arrows are the chosen guidelines, 4-D model, which contains of four stages: define, design, do and develop. There is more explanation about the 4-D model in the literature review section.

The outer green circle is showing necessary knowledge or theory to finish the task. In the define part, it is important to know what is the distributor and its role, because the performance of the distributor is the object of the evaluation model. In the design part, it is the necessary knowledge related to the evaluation model, research method which is qualitative research, and the outcome should be loaded in the scorecard. In the Do phase, it is the concrete implement time, it will go to detailed project and excellent execution is required. In the last part, effective review skill is needed.

Inside the blue circle, there is a pink circle, describing what should be done in each phase to establish the Evaluation Model project align to the guidelines and applied the related knowledge and skills. In the first Define part, the Dewaco distributor and its role should be defined according to its own company features. The Design phase, the work should focus on qualitative research, making structured interviews and analysing the interviews getting the findings and transfer the findings to the measures for the Balanced Scorecard. Do phase is the most important phase in the whole project, in this phase, the Evaluation Model should be created, it should include an evaluation process description, a Balanced Scorecard, and a scorecard instruction to explain the usage of the Evaluation Model. As there are no perfect Evaluation Model, there must be a developed idea after establishment, thus during the develop phase, the review is necessary to find out the bugs and fix it according to the business environment.

### 2.3 Limit of the performance evaluation

Dewaco has references all over the world, in this project, only China distributor will be evaluated, and their other business field not related to wastewater treatment industry will not be taken into account.

From the angle of the supply chain, only distribution activity will be considered, it is between the segments of marketing and service, other segments of the value chain such like inbound logistics operations of manufacturing, out bound logistics and so on are not in the range of the evaluation model.

## 3 DISTRIBUTOR

In the project named Evaluation Model of China Distributor's for Dewaco, performance of the distributor is the main evaluate object, therefore, distributor definition, distributor roles and distributor activities must be clarified.

### 3.1 Definition of distributor

In traditional thinking, channel of distribution is a set of independent organizations involved in the process of making a product or service available for use or consumption, the person or the organization making the distribution work is seen as a distributor.

There is a definition from the website of Whatis.com which explained the definition of a distributor very well: “A distributor is an intermediary entity between the producer of a product and another entity in the distribution channel or supply chain, such as a retailer, a value-added reseller or a system integrator. The distributor performs some of the same functions that a wholesaler does but generally takes a more active role”. (Website of WhatIs 2018)

### 3.2 Roles of distributor in supply chain

From the definitions above, it is obvious that distributor plays an intermediary role between producer and customer.

In international trading, many exporters would like to choose local distributors as their direct entry method to start their business. Distributors are usually local market channel establishers and keepers. Distributors are the entity which has local market knowledge, they are looking for the exclusive right to sell products or offer services in a certain territory in order to get the protected benefits. Once the agreement comes into force, then the distributors start to utilize the ready channels to sell the products forward or provide the services forward. (Hollendsen 2011, 342)

In the new business environment, the concept of distributor is changed, more and more people use phrase channel partners instead of distributors, because they are not only hybrids of companies, consumers and employees, sometimes but also collaborators, cultural change agents and creative partners for companies.(Kotler, Kartajaya & Setiawan 2010, 90)

The industrial distributors play more and more important role nowadays. Some of them might not have the traditional channel to sell product forward to the end customers, instead they sell products to business. Those industrial distributors see themselves as the partners of the manufacturers. (website of Harvard Business Review 2017)

Very seldom customers contact the manufacturers directly, they would rather communicate with the distributors whenever problems happened. Intermediaries between the company and the market not only distribute the product, but also provide consumer touchpoint. (Kotler, Kartajaya & Setiawan 2010, 97) More and more manufacturers have realized that the distributors can also carry out the after-marketing service work. They are the party near to the end customer. Therefore, many distributors also play the roles of after-marketing service provider.

In the website of Machine designer, there was an opinion on first of February 2011, that distributors not only the sell product, but also provide engineering support and aftermarket services, even furthermore has the function of reducing cost, optimizing processes and managing inventories and so on. (Website of Machine Design 2017).

After combining the descriptions above, the roles of the distributors can be summarized: distributors are the sellers between the manufacture and market, market channel establishers and keepers, touch point and after selling service providers, also other function implementers such like reducing cost, optimizing processes and managing inventories, or play several roles in the same time. The roles are changed from single to multi, and the engagement degree with the supplier higher and higher.

#### 4 4-D MODEL

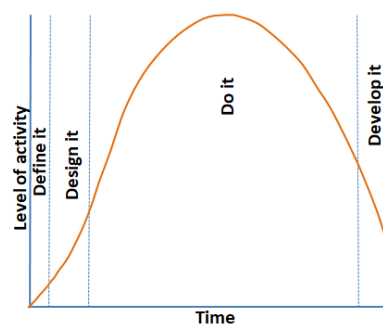
There are many mature project management models developed for various projects, such as water fall model, handing the things sequentially; agile project management,

focusing on adoptability to changing situations and constant; critical chain/path, focusing on the schedules and tasks, and so on. (Website of Study.com 2018)

4-D model is a process management model suit for circulating endless project, the name of 4-D model comes from the initials of its four phases: Define, Design, Do, (Deliver) and Develop. These four steps can generate an endless circle as some projects should always continue to get better development in order to adopt changing business environment.

Compare to the other project process models such like Water Fall model, Critical Chain, Agile project management, and so on, 4-D model is the most simple process model and it featured with simplicity and continuity. Once 4-D model applied, the project would update easily and efficiently.

There are numbers of the activities and tasks in each phase. It generates some complexity for the project manager, thus it not easy to find a perfect example of project management. When the project manager has comprehensive competence across the phases first to have an overall image, it would be beneficial for the project management. 4-D model is a project management model when it is not the daily project of the manager. (website of Happy Manager, 2018)

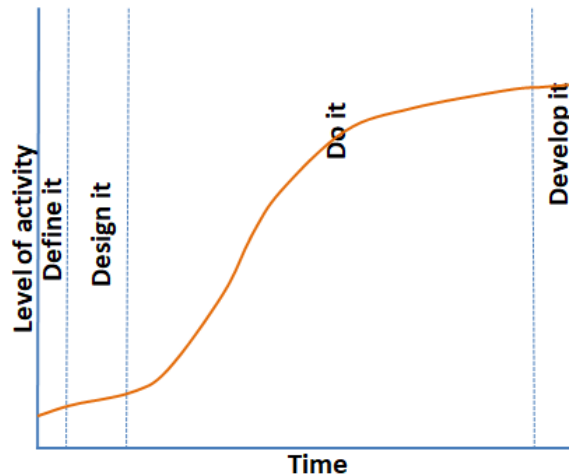


**Graph showing How level of activity varies with time**

Figure 2 Graph Showing How Level of Activity Varies with Time (Maylor 2010, 33)

The Figure 2 above is showing the relatives how the level of activity varies with time. It is a good reference graph for generic lifecycle of the project. At the early phases, the activity varies between levels are relatively low, the doing phase has the highest activity

level, after that, during the develop phase, the activity varies level drops down. The graph gives tips to the project designer to estimate the time practically and leaving sufficient time for Do phase, while not ignoring the last phase, Develop stage. (Maylor 2010, 33-34)



**Graph of cumulative expenditure against time**

Figure 3 Graph of Cumulative Expenditure Against Time ( Maylor 2010, 34)

The expenditure of the 4-D model has own characteristics, during the define and design phase, the cost are not high, the Do phase is the most expensive phase, obviously higher than others, The Develop phase is based on the result of Do part, therefore, a little cost is enough for development. Figure 3 above indicates the cumulative expenditure against time. (Maylor 2010, 33-34)

#### 4.1 Define

Define phase is the starting time to determine the projects core content, clarify the reasons of the existence of the project, explore the possibilities, in other words, it is the time to answer what the project is about, and why it needs to be done. (Maylor 2010, 72-127)

## 4.2 Design

It is the time to design the process of the project. In this stage, to construct the model to sketch the project outlines and working method, in another word, this phase should figure out the answer to how the project will be done, who should be involved, and when it should start and finish. In this phase, the main task is modeling the project, sketching the initial plan, estimating the potential risks or difficulties, and resource analyzing, conflict resolution preparing and so on. (Website of Happy Manager, 2018)

## 4.3 Do

Do phase is also called Deliver phase. It is the time to implement the plan made in the design phase and carry out the outcome. Usually it is the day-to day work managed according to some timelines. In this stage, the organization has been established and the control system is mature, problem is solving day by day. This phase looks easy, but it is very complicated time in real working life. Many conflicts might appear out of plan, this phase has the highest level of activity varies with time, and spend the most of the cost. (Maylor 2010, 242-357)

## 4.4 Develop

Although project can be finished when the Do phase ends, to develop activities has their meanings to exist. To assess the process and outcome of the project is the main task in develop phase, also it is necessary to review and check the consistency with the defined goal. To obtain appropriate feedback and to analyze the outcomes are very useful for the sustainable project. It is an economical measure to keep the develop phase to summarize both good and bad experiences and consider those lessons obtained to next project. (website of Happy Manager, 2018)

## 5 BALANCED SCORECARD

### 5.1 What is Balanced Scorecard

Balanced Scorecard was invented by Robert Kaplan and David Norton. This concept was introduced to the public first time in magazine Harvard Business Review, the article title was The Balanced Scorecard-Measures that Drive Performance, which based on the research of performance measurements conducted by Norton's consulting firm in 1992. At that time, most of the measurements only considered the financial results, collecting data such as customers satisfaction and so on, very seldom measurements considered the intangible assets, for example employees skills and engagement, communication effectiveness and so on. Kaplan and Norton created the four perspectives framework, financial, customer, internal process and learning and growth. (Kaplan & Norton 1996, 7)

Balanced Scorecard is a system designed to help organization effectively execute their strategy, it plays the role of measurement system, strategic system, and communication tool. "An integrated system for describing and translating strategy through the use lined performance objectives, measures, targets and strategic initiatives in four, balanced perspectives—customer, internal process, financial and learning and growth." (Niven 2014, 25)

### 5.2 Steps of creating a Balanced Scorecard

The basic process to create a Balanced Scorecard should start from clarifying the objectives align to organization strategy, then visualizing objectives to a strategy map, at the end, detailing measures or indicators based on the strategy map. (Kaplan & Norton 2001, 69-160)

Therefore, to illustrate a proper the strategy map is the key of create a balances scorecard system.



Organizations have diversity of strategies based on its properties and features. In most of the companies, chasing profit is one of the strategies so that company can exist continually and sustainable develop. But in non-profit organizations, chasing profit is not the important objective to consider, some other factors such like social responsibilities are more considerable to them. In most of the case, the objectives indicate what the organization must do well in each perspective, financial, customer, internal process and learning and growth, therefore, there are various aligning to different strategies.

Objectives are housed in the strategy map, as whole a picture to facilitate the stakeholders understand what needs to be done well align to their strategy, it is also an outline for defining the detailed measures. The Table 1 below shows an example of strategy map. (Niven 2014, 159)

The left column lists four perspectives, and there are different objectives requirement filled in the corresponding rows to remind the map user that the performance should not goes away from the objective mentioned.

Example Strategy Map				
Grow Shareholder Value				
Financial	Lower cost	Improve asset utilization	Grow revenue	
Customer	Be easy to do business with	Provide high-value solutions	Create loyalty through excellence in all we do	
Internal process	Operations	Managing customers	Innovation	Good citizen
	Optimize customer-facing processes	Understand our customers	Research and evaluate trends	Monitor and evaluate compliance with laws and regulations
	Enhance internal and external communication	Build life-long relationships	Create new products and service	Ensure effective internal controls are in place
Learning and growth	Attract, develop and retain talent	Leverage technology for success	Ensure a positive and healthy work environment	

Table 1 Example Strategy Map (Niven 2010.10)

### 5.3 Components of Balanced Scorecard body

Balanced Scorecard consists of the elements of objectives, measures, targets, and strategic initiatives. (Niven 2014, 8)

As a brief outline, objectives translate the organization strategy, it eases the stakeholders to trace the evaluate direction clearly. (Cokin 2004, 41-43)

Detailed measures are led by the objectives, to facilitate zooming in the execution of strategies, they are standards to communicate and evaluate the performances how well the organization performed compare to the expected targets. The objectives are the drivers of the measures, just like the horses are drivers of the carriages. (Rampersad 2003, 27)

In Balanced Scorecard context, target is a desired result of some measures to achieve, it can be set due to benchmarking, trends and baselines, industry averages, employees, feedback from customers or other stakeholders, internal/external assessment and so on according to concrete situation. (Niven 2014, 250-256) It is indicator to communicate the gap between the achievement level of and desired result along to the strategy. (Cokins 2004, 266)

When the performance is not satisfied enough, organizations usually take some means to keep up the goal, or make some actions to achieve the expected target, that means and actions are seen as strategical initiatives. They are ongoing taken approaches have not get the desired effect. (Kaplan & Norton 2001, 244-247)

The Table 1 below is an assumed example to indicate the structure of a Balanced Scorecard.

Simple Example of Balanced Scorecard				
	objective	Measures	targets	Strategic initiatives
Financial	Increase sales	Revenue growth percentage	15%	Hunting new project to get more sales
Customer	Improve customer satisfaction	Feedback satisfaction level	5 stars	Build easy communicate channel
Internal process	Enhance the logistics service	Shorten deliver time	2 days	Looking for better transportation company
Learning and process	Improve employee's working quality	Increase Training hours	10 hours	Consult the better knowledge structure for employee

Table 2 Simple Example of Balanced Scorecard

There are four perspectives are listed in the left column, and the components of Balanced Scorecard are input horizontally, related content are located at each junction align to both vertical column and horizontal row. Objectives sketch the evaluation outline, the measures elaborate the objectives concretely, the targets are usually quantifiable, and the strategic initiatives are described in a concise and accurate sentences or phrases

#### 5.4 Balance scorecard perspectives

Financial, customer, inner process and growth and learning had been perceived as key measure perspectives, since the Balanced Scorecard System established by Robert Kaplan and David Norton. (Kaplan & Norton 1996, 47-126) There are many authors who have developed similar systems for their special field, for example, Mark Graham Brown thought, measurement system should consist of six categories of data: financial performance, product or service quality, supplier performance, customer satisfaction, process and operational performance, and employee satisfaction.(Brown 1996, 41 ) It is obviously clear, that the quality measure combined customer perspective and inner process perspective, supplier performance belongs to the inner process, employee

satisfaction belongs to the organization learning and growth perspective. Therefore, in this chapter, the four perspectives will be explained in detail. Kaplan and Norton presented the perspectives first, and Niven developed them in practice and detailed them to fit recent years business environment.

Financial perspective is the most traditional measure consideration. It answers to the question what financial stakeholders expect or demand.

Financial perspective can indicate whether the organization strategy and its execution contributes to the profit, it is usually related with profitability, especially the measures of revenue, return on capital employed(ROCE), economic value added(EVA), cost control, structure of income and so on, it can also be cash flow creation or rapidly sales increasing. Value drives from the shareholders are revenue growth in the market and productivities efficiency improvement in-house. (Niven 2014, 176)

Customer perspective of Balanced Scorecard enables companies to align to their core customers outcome measures to targeted customers and market segments, meanwhile enable them to evaluate the value propositions they deliver to the target customers and segmented market. Generally, satisfaction, loyalty retention, acquisition and profitability are considered measures. (Kaplan & Norton 1996, 63)

Form customer perspective, the answers of three questions need to be figured out: Who are the target customers? What do the customers want? What value proposition the organization can offer?

Those questions are related, they discover the matching level between needs of customers and the performance of organizations. Here the needs of customers should be paid more attention instead of preference of the customers. Customers usually are focused on time, quality, function, service and cost. Niven developed Kaplan's idea, in customer perspective. He enlarged the range of the measures and located them into three groups operational excellence, product leadership and customer intimacy. (Niven 2014, 186)

The measures of operational excellence include to offer best value, to maximize inventory turns, to minimized stock-outs, to increase ease of purchase, to reduce manufacturing defects, to eliminate service errors, to grow in targeted segments, to provide fast and accurate service and to be easy to do business with and so on.

The measures of product leadership typically cover to build brand awareness, to leverage key partnerships, to increase key product functionality, to provide the best product in the market, and develop brand ambassadors.

The measures of customer intimacy contain to increase training on key product offered, to increase number of solutions per customer, to grow share of targeted customer's spending, to ensure all employees have access to customers information, to utilize analytics to target customer offering, to increase average length of customer relationship, to maximize customer loyalty.

For developing a Balanced Scorecard, financial perspective is considered first, followed the customer perspective, then the internal process appeared to the surface. From the internal process perspective, the key measures should only focus on the processes which can most influence financial performance indicators and measures of customer perspective. Internal process includes both short term and long term improvement of product and service.

Involved the process includes operation management, customer management, innovation management, regulatory management and social reputation management. (Niven 2014,190-194)

Measures of operation management generally contains optimizing supply chain, increasing throughput, maximizing yield, attracting channel partners, continuously improving operational efficiency, to enhancing risk management processes, re-engineering bottleneck processes, aligning resources with strategic goals and so on.

Related to measures of customer management, refer to understanding customer needs, developing and utilizing customer profiles, increasing cross-selling, maximizing share of wallet, identifying and targeting high growth of market segments, strengthening the

sales process, growing customer loyalty, build brand recognition and so on. Sometimes the customer management has overlapped with the measurement of perspective of customer. In this context, customer management focuses more on process.

Innovation management measures include to leverage key partnerships, to develop innovative market-leading solutions, to identify and learn from lead users, to leverage affinity groups, to lower product development cycle times, and to leverage R&D and so on.

Also, the regulatory and social management should not be ignored, the measures of this angle grouped by building lasting communication partnerships, reducing environmental footprints, ensuring full compliance with the regulations, encouraging employee community involvement and so on. (Niven 2014, 190-194)

Balanced Scorecard is the basic framework for company growth and confirms the key factors of successful in future, from the first three perspectives, Balanced Scorecard reveals the current capacity and situation, it also indicates the distance between reality and the expected results. For filling the gap, company needs to invest on its learning and growth to drive the business to operate better and achieve the goals on what align to the strategy. (Niven 2014, 196-206)

From the angles of human capital, information capital and organizational capital, based on Niven's opinion described in his book: *Balanced Scorecard Evaluation: a Dynamic Approach to Strategy Execution*, the learning and growth perspective factors mainly discovered as bellow:

From the aspect of human capital, the considered factors include to attract employees those matching organization skill requirements, to close strategic skill gaps, to align training with strategy, to leverage a highly engaged workforce, to be an employer of choice, to develop succession plans for key positions, and to retain high quality performers.

From the aspect of information capital, the considerable measures could come from ensuring people having access to the right information at the right time, transforming

information into a competitive advantage, using technology to capture, share and apply information, optimizing information management through information technology, sharing best practices and so on.

From aspect of organization capital, the measures should include to foster an environment where people feel valued and can deliver their best, to build a high-performing disciplined team, to clearly communicate expectations, accountabilities and achievements, to inspire associates to live the brand and so on.

### 5.5 Balanced Scorecard Data Dictionary

In this context, the dictionary is not a book explain some topic, “it is a document that provide all users with a detailed examination of balanced scorecard measures, including a thorough list of characteristics (Niven 2014, 243 )” The table below is an example of Balanced Scorecard Data Dictionary.

Example of Balanced Scorecard Dictionary			
Perspective : customer	Measure No./Name: C01 customer satisfaction	Owner: E. Crawford	
Strategy: Expand program offers		Objective: serve customers whti passion and integrity	
Discription: Customer Satisfaction measures the percentage of surveyed customers stating they are satisfied with our current service offerings. Satisfaction is judged using a number of criteria, including: access to services, timeliness, and overall quality. We feel that only by ensuring current customers are satisfied will be able to expand our offerings, and grow revenue.			
Lag/Lead:	Frequency: annually	Unit Type: percentage	Polarity: higher is better
Formula: Number of quarterly survey respondents feel satisfied with current access, timeliness, and quality of out services devided by the total number of			
Data Source: Data for this measure should be provided by our survey company.			
Data Quality : high -riceived automatically from third party vendor.		Data Collector : K. Tobin	
Baseline: our most recent data received from SST indicates a customer satisfaction percentage of 59%		Target: Q1: 2001 65% Q2 2001:68% Q3 2001: 72% Q4 2001:75%	
Target Rotationale: achieveing customer satisfaction is critical to our strategy of service expansion. The quarterly increases we are targetign are higher than in past years but reflect our increased focus on satisfaction		Initiative: 1. transportation services for trargeted customers. 2. customers management software program implementation. 3. customer service train.	

Table 3 Example of Balanced Scorecard Distionary( Niven 2014, 244)

The measure characteristics are housed in the table: lag/lead, frequency, unite type, polarity, formula, data source, quality and collectors, baseline, target, and initiatives and so on. All detailed information is displayed in one sheet. With the dictionary, measures are easy to understand

Balanced Scorecard can be seen as an communication tool during the data collection, facilitate the evaluation organizer to arrange the work, and can be applied as training material, to let the other involved people such like interviewees understand the measure in a very short time. It is also a powerful tool for the analyzing process. When the data has been collected, the analyzer will compare to the dictionary description analyze the data and get the conclusion.

## 5.6 Balanced Scorecard advantages and shortages

Balanced Scorecard has been developed since last century 90s', after numbers of applications of Balanced Scorecard, the advantages are obviously helping the users to optimize their organizational management both inside and outside.

First, Balanced Scorecard conversed organization strategy into indicators and actions, served for whole organization clarifying and performing the strategy in daily working life. (Rampersad 2003, 9-12)

Secondly, Balanced Scorecard balanced the financial and non-financial measures, cooperates long term strategy and short period plan, it fixed bugs of the traditional evaluation system which only focused on the financial results, enabled the organizations to develop sustainably as whole entity in multi-perspectives. (Bourne & Bourne 2007, 1-16) It also enable the organization aligns its action to strategy, facilitate the learnings and influence the organization behavior.

The third point is Balanced Scorecard reveals the gaps between reality and expected level, it helps organization figure out the existing problem and enable them to solve the problems on time. (Cokin 2004, 41-80)

Then the last point is Balanced Scorecard balanced the inner management and needs of customers or other involved partners outside. (website of Xzbu 论文网, 2018)



Like coin always has head and tail, Balanced Scorecard also has its shortages. Some disadvantages were uncovered during the recent decade.

In Website of Xzbu, a professional article website, there are different opinions are described, the main critical voices are from the Balanced Scorecard frontline, those voices descriptions are listed as follow:

It is difficult to implement since it requires high level leaderships, and the leaders should have willingness to communicate, capacity and creative talent, difficult to create non-financial measures, those data are not easy to collect, it needs a long time to sum up.

Measures or indicators are too much. It sets obstacles to truly discover the relatives between cause and effects. According to Kaplan, suitable measures should be 20-25, if the indicators do not show the positive relations, which indicator should be the relayed, and if some of the indicators are missing, it might cause the imperfection. How to solve this problem, there is no perfect answer. .

There are no rules to assign weight to four perspectives, and even in the same perspective, there are no rules to point out what the best weight distribution is the most scientific, the weight distribution directly influences the result of the score. Therefore, the weigh distribution design relays to the designer heavily, it cannot avoid the subjective deviation.

The workload is too heavy to collect the data. Sometimes the workers are already very tired, and they do not want to make any extra work that is not related to the core business. In the Balanced Scorecard System, non-financial data needs to be collected from them.

## 6 METHOD TO ESTABLISH THE EVALUATION MODEL

As this is a project style thesis; this chapter will describe the way to process the project instead of the research methodology.

### 6.1 Qualitative research method

It is not easy to define qualitative research, therefore, it would be better to describe the characteristics instead of figuring out the definition.

According to Handbook of Qualitative Research, (Norman & Yvonna 2000), qualitative research is the opposite concept to quantitative research, it is one of the basic research styles in social science field and one of the important methods in science research to get insight. People sometimes obtain insight or generate new ideas by discovering and questioning and understanding problems through phenomenon, by analyzing human behaviors, opinions, question answers and so on, but they did not realize that they are performing qualitative research activities.

Sometimes qualitative researchers try to answer the question why, but it does not give the answer to how. The qualitative researchers usually review history, analyze the literature, interview related person, observe phenomenon, and sometimes experience some activities to obtain the material in natural environment. Qualitative research is not tied to quantity data, it focuses more on meaning, experience told by oral way, and description. The samples should be chosen carefully as the quantity of samples is not big, but the understanding should be deeper than normal. The sensitivities are more required in qualitative research for the samples.

There are three basic elements in qualitative research: setting questions, selection of method, and presentation of results. Clarity and obviousness of the question are the keys to research quality, and the questions determine the research method and sample selections. For presentation of the research there is an good opinion: divide study result into different places, make theory, method and practice into separated paper to different audiences and publication outlets.(Crabtree & Miller 1999, 338-344)

Interview is one of the important methods to make the qualitative research. It includes face-to-face interview, telephone interview, group interview, email interview, survey interview and online interview via instant messenger programs or APPs and so on. Any interview should be arranged in a natural environment, interviewee should feel naturally relaxed without anxieties and stresses. The questions should be designed carefully and from simple to questions to deeper questions in a good structure, and questions should serve for the problem solutions. (Edenborough 2002, 20-120)

Qualitative research method is applied in this project. Interview is the main method to collect the information. The interviewees include the plant manager of the host company, and CEO or related managers of the distributor companies.

Some specialists from the third party are also interviewed, aiming to get more supplemental opinions to ensure the measures setting as objective as possible.

## 6.2 Validity and reliability

“Qualitative research is trustworthy when it reflects the reality and the ideas of the participants” (Holloway 1997, 160).

All involved interviewees are carefully chosen, they are the people working in the front line related to this thesis project. plant manager, general manager or subcontractor CEO. For avoiding the information collected is deviate from the reality, thus their competitor and their upstream cooperators are also interviewed to contribute supplementary ideas. For example, one of the interviewee is general manager, not CEO, the reason is when the general manager is working in the front line every day, deal with all the department more often than CEO, he is the person more close the market and have better sensitive nose. In addition, there is an institution observer is also interviewed in as an outsider. Different angles help the evaluation model consider the perspectives more objective and neutral.

There are some insight has been obtained such like the evaluation time setting, the source come from China government official website, to ensure the information is

correct. The reference website set into the Balanced Scorecard System is also the accepted by all industrial companies.

In addition, the author worked in Dewaco, and went to China to meet some distributor high managers, and took part in the process of drafting the contract, therefore, the observation from author is a trustable source as well.

The theory part all the referenced books are from academic organization, and the websites are trustable.

## 7 CASE COMPANY DEWACO

### 7.1 Case company Dewaco

Dewaco Ltd, established in 1986, is a Finnish waste water treatment engineering company designing and manufacturing DEWA sludge handling equipment, having rich experience in the field of sludge handling operating in both Europe and Asia, with references worldwide. Today, its head office and factory is located in Laitila, Finland, sale office is also located in Kuala Lumpur, Malaysia. It is one part of Econet Group. Picture 1 is the Logo of Dewaco.

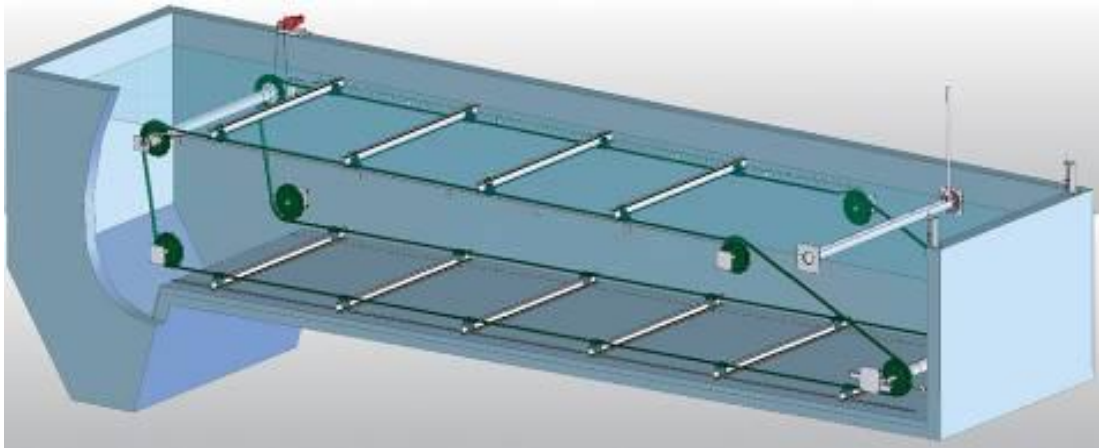


·Picture 1 Dewaco Logo

As an engineering company, Dewaco provides economical solutions based on its combined experience and innovative technical know-how. Picture2 illustrates the typical product structure of non-metal chain sludge scraper system from Dewaco. The

main function of this device is to scum the extra dross away, to keep only the liquid in the tank, so that the liquid can go to next process without dross.

Non-metal chain is lighter than metal, it provide the benefit for saving energy. And the material is hard enough to deal with the work with proper driver.



Picture 2 Non-metal Chain Sludge Scraper System from Dewaco

Picture 3 is belt filter, press, another main product from Dewaco, the function of it is to thicken the slug into 25% dry solid condition in one process.



Picture 3 Belt Filter Press

Dewaco is a growing company with healthy financial status, and great vision and mission, not only provide high level solutions across different industries and municipalities around the globe: 85 countries and 1200 different plants in the last 30 years, but also care about green environmental issues to contribute its effort to the earth.

## 7.2 Significance of the project

Dewaco has a huge market in China. During the past several years, Dewaco has had satisfied revenue from China. China market has even contributed half of revenue of Dewaco in 2015. Dewaco has had an organizational change, as it has been merged and acquired by Econet Group, meanwhile, the revenue contribution from China has dropped rapidly. For increasing China market sales, Dewaco decided to create a new distribution net via cooperating with new partners in China market.

Dewaco China's Distributor Evaluation Model project is planned for establishing a system to evaluate China distributors performances as a tool to help decision makers of Dewaco to adjust the implements in China market align to its strategy.

## 8 DISRIBUTOR EVALUATION MODEL

### 8.1 Define the roles of Dewaco's China distributors and their activities

In order to establish a performance evaluation model, the first task is to understand the objects of evaluation. In Dewaco case, performance of China distributors are the evaluation objects, and the activities are depend on the roles distributors are playing, therefore, the clarify the roles and activities are the first issue to establish the evaluation model.

Currently, Dewaco has four distributors in China, they are Hangzhou Environmental Protection Co, Ltd., FIY, HGWM, and Hongkong ATAL. They sell Dewaco product and services in pointed China market territories as exclusive distributors.

According to the distribution contract between Dewaco and its China distributors, the distributors are independent intermediary entities. They are authorized exclusively to buy and sell Dewaco wasted water treatment product and solution service on behalf of their own name. They can sell devices and services forward to customer once they sign

the contract with the device user or project buyer in their market territories. During the whole process to win the tenders, distributors should keep effective communication with Dewaco to confirm the correct information to ensure every technical specification is met the requirement of the buyer.

Generally, distributors may not perform business activities with Dewaco name to trade or undertake engagement, nor to give any warranty or make any representation or agree on any condition on behalf of Dewaco. Under specified conditions, distributor may perform some business activities under the name of Dewaco, in these cases, the distributor must sign the written agreement separately time to time.

As Dewaco is an engineering company, it not only provides devices, but also project solutions for end customer. Thus, in practical business operation, the role of the distributor is not only the buyer or seller, they may need take some other roles such as brand promotor, inspection coordinator, China inland logistics organizer or coordinator, project installation consultant, after selling service provider, intelligence collector and respondents. The following text will explain the other roles respectively.

Based on the variety of the wasted water treatment industry, every project is various, and every trade is featured with one-to-one and business to business. It needs heavy work to track the process of project and lobby the project decision maker to successfully persuade the buyer to use Dewaco product or solution service. Every presentation to the customer can be seen as a promotion for Dewaco, every single exhibition can be seen as a Dewaco product show to the potential customers, every excellent counselling to the end customers provide by distributor, can increase the trust towards Dewaco, furthermore, the trust is the basic element to generate great reputation. Waste water treatment is a narrow industry field, new project owners and managers expect to cooperate with qualified suppliers with good ranked references. Good projects close the door to failing service provider, while every successful reference becomes an open sesame for winning a new project in future.

According to China custom requirement, once goods is delivered to pointed destination port, there is a process to ask receiver or its representative to check and inspect the goods at the custom site.

Although based on the China Custom Law, Dewaco is not the obligatory party to attend the inspection, the best way for Dewaco is to send some representative to the custom site to cooperate. When receiver, sender, and custom worker meet together, the possibility of making mistake is easy to minimize, meanwhile Dewaco can prove that the goods and the list are corresponded. This action helps Dewaco to avoid unnecessary dissension. There is another advantage for Dewaco taking part in the inspection. It can drive the custom release goods faster on a certain level, save deliver time for the end customer.

Generally, based on the distribution contract, the expected logistic term is align with Incoterms 2010 FCA, but sometimes for obtaining a new project, it is necessary to apply other incoterms. If the term request inland China logistics, then China distributor is definitely the best choice, because they are familiar with China market and they have the knowledge of designing the best logistics solution concerning to their benefit.

DEVACO Products need installation locally by local construction company, according to the designed solution. Based on the Dewaco General Commercial Condition attached to the distribution contract, supervision or starting up O&M training is exclusions from Dewaco scope of supply. In China, there is almost no chance to win the project tender without effective instruction service provided by the manufactory. This job was carried out by previous Dewaco Beijing representative office which canceled, now the other executors are needed. Even though construction unit can get the electronical installation instruction copy with both English and Chinese, emergency might happen anytime in front site. Front sites are various based on experience of project builder, capacity level of the project manager, perfection degree of management system, skills of the worker and so on. Any absence or insufficiency of the mentioned elements above will generate efficient communication demand between front site and Dewaco. Language barrier and time differences will influence the speed of the construction process. Therefore, after Dewaco training, China distributor can implement the front site consultant according to the contract, with their language advantage and excellent understanding of Dewaco product knowledge.



Usually after the installation and successful setting up, the duty of Dewaco is finished. But it is very hard to win any tender in China cruel business environment, without after-selling service and long term guaranty. China distributor should be the most suitable after-selling service provider, as they are familiar with the product, clearly understand all the procedure, are the nearest unit to the customers, and can perform the most efficient communication, because they use English with Dewaco according to the contract, and the English skill of end customer is uncertain. Thus, letting China distributor act role of after-selling service provider is an economic and efficient solution for Dewaco.

China market change is very fast due to its expanding situation, Dewaco should follow China market dynamic trend, furthermore to modify the product profile or D&R direction. Distributor is the most active group in the front market, and the most sensitive group to business trend. For the common benefit, distributor should report the change of China market, even provide the forecast of future, so that Dewaco is able to react the changes properly and beforehand. Dewaco has realized that China distributor should play the role of intelligent collector and analyzer, but the distributors have not realized that. It means that the cooperative viscosity is not good enough yet, Dewaco and distributors need to work harder to increase the interdependency, to look for the win-win result.

Overall, Dewaco distributors should playing the roles of exclusive middleman, brand promotor, inspection coordinator, China inland logistics organizer or coordinator, project installation consultant, after selling service provider, intelligence collector and they should also carry the responsibility of maintaining their own financial operations in a good condition to keep the cooperation continuity and maintain Dewaco reputation in the water treatment industry.

## 8.2 Design structure of the evaluation model

### 8.2.1 Confirm guideline

For designing a project efficiently, choosing a proper project model is necessary. 4D model is the chosen model for guiding the Dewaco project based on its simplicity and continuity.

The 4-D model was introduced in chapter4, it only a single line circle. Dewaco is not a big company, and this project only concentrates on evaluating performance of China distributor, a small part of supply chain. A small project does not need a fancy and complicated system. Based on the simplicity of 4-D model, it suits Dewaco project. The other feature of the project is endless. Evaluating distributors' performance is a continuing and developing process due to the change environment. 4-D is an endless circle, and it has the develop part, therefore it is a proper guideline for Dewaco project. Combine the reasons mentioned above, 4-D model has been confirmed to be the guideline of the project of establishing Dewaco China's distributor evaluation model.

### 8.2.2 Qualitative research and findings

Due to the demand of evaluation project content, structured interviews were arranged. The questionnaires were covered four perspectives of Balanced Scorecard and the role of China distributor. The interviewees were chosen very carefully, although the CEO would be good choice, but the people who were doing the concrete work knows better than CEO, the chosen interviewees included Jari Virtanen, Dewaco plant manager; Alan Chen, the vice president of Hangzhou Environmental Protect Company, Zhaoqing Zhang, the CEO of contracted company of FIY. Also informal discussions with related specialists were arranged in order to get some important valuable points for the evaluation model from angle of third party, because some of the answers were not easily get from manufactory and distributors. Ruiling Zhang, a big construction company budget design manager, who experienced more than 20 years mega engineering project budget designing accept the interview and gave some insight from another angle. And

twice informal discussion were in relax talking environment, once is chat with competitor CEO Mr. Liu face to face, and the other chat happened with an Mr. Cao, an designer working in state owned aviation institution, they are seen as observer, so that the information could be gathered closer to the truth. Some of those points also were consider as the qualitative research findings. Remarkable phenomenon were tracked and analyzed to sum up as the research result.

During the interview, Dewaco plant manager Jari, Virtanen described the understanding of Dewaco value, China distributor role, from the Dewaco point of the view, and expected measure, the suitable time for making distribution performance evaluation, meeting tools and thought about the budget.

China distributor representatives and the third parties provided the information about their understanding of the distributor, the evaluation measures involved multi perspectives of financial, customer, operation and learning and growth.

The followed text described the findings from the interviews and analyzations from other resource.

a) Evaluation time and period.

All the interviewees agreed that the suitable time should be between 7<sup>th</sup> of January and China Lunar New Year. In Finland, Christmas day and 26<sup>th</sup> are Finland official holidays, then 27<sup>th</sup> to 31<sup>st</sup> back to work days, mostly there are also a weekend among the five days, 1 and 6<sup>th</sup> of January are also holiday. It means during 13 days only few days are working days. In fact, during the Christmas time, workers are hard to focus on their job, most of the wokers would like connect these holidays from Christmas time until the 6<sup>th</sup> of the January, to enjoy a long holiday with kids corresponding to school holiday. There is a long holiday during Lunar New Year usually arranged in the end of the January or early February in China. Before Lunar New Year, China companies have the tradition to sum up the whole year work, also individuals write their own annual report, the newest financial report is ready. Thus,

between the 7<sup>th</sup> of January and China Lunar New year week would be the best time to perform the distributor evaluation.

b) Meeting place, and communication method

In the opinion of Dewaco and the distributors, it is not necessary to meet face-to-face for the performance evaluation. On-line meeting is a good approach to transfer the information. Wechat APP could be the proper communication channel due to its convenience: App Wechat enabled users input with own language and the app can translate instantly to another target language. Although the translation quality is not perfect, it helps both Finland and Chinese parties understand each other approximately as fast as possible.

c) Budget.

The budget is formed with devices and internet expenses, meeting room expenses, involved people expenses and involved intelligent data expenses. All the existed resource is out of consideration of the budget, such as Finland part meeting room, internet expenses, microphones and speakers and so on. The China distributors can solve the problems with their general devices. The extra expense considered focus on the third party, such as institution organization, end customers, data management organization and so on.

d) Frequency.

All the interviewee agreed that annual evaluation would be good.

e) Involved people

There should be team for the evaluation, people involved in Dewaco including plant manager, financial department, design department, sales department, marketing department, people involved in China distributors including their CEO or general manager, representative of salesman, representative customer service, in addition there should also some end customer representatives.

f) Dewaco mission, vision and strategy in China market

Dewaco would like to make a promise of a better environment, via designing high quality product and deliver the high quality service and efficient engineering solution so that it can provide a sustainable development.

In China market, Dewaco would like to be a remarkable leading company in wastewater treatment field.

Dewaco main strategy in this stage is to grow Dewaco profit, increase the market share and win the good reputation in wastewater engineering field.

g) Understanding of distributor role and duty

From view of China distributor, their role is a bridge between Dewaco and China market, their duty is to introduce and sell Dewaco product to the customer, they should do some marketing work when necessary.

From the angle of Dewaco, China distributor is an extended arm to China market, Dewaco expects China distributor to perform their sales department function in China market, selling Dewaco product and service. Earning revenue is the main duty for China distributors, in the same time, maintaining Dewaco reputation is another important work for China distributors, in addition, Dewaco also expects the distributor contribute their newest intelligence of market changing and trend to facilitate Dewaco adjust its strategy and product accordingly. Furthermore, the real work requested the distributor company have excellent partnerships with qualified logistics company, because mostly the Dewaco contract applied Incoterms FCA, the rest of the logistics service quality would be performed by China distributor, their logistics service quality would also influence Dewaco reputation.

As an observer, Ruiling Zhang, a budget manager of a mega state owned constructor company posted her opinion in the interview: it was very important

for engineering company to holding some authorized qualification certificate in order to win some tender. The project owner would not consider any company without qualification papers. If they did not have related certificate, then they must have very reliable collusion with qualified unit. Therefore, holding the qualification paper should be one of the duties of China distributors to enhance the chance to win tenders and avoid unnecessary trouble.

Interviewee Mr. Cao from up-stream unit, the design institution addressed that in China the designing institution only consider the material which in their trust material supplier list. Thus, distributor should try their best to make Dewaco product into the designing institution accepted material list, influence the designing institution to use Dewaco product style in early stage of project.

Author has qualification to be China Human Resource Manager, the supplementary point from the author is there must be completely written documentation management system applied in distributor companies to ensure every case must be able to track, when some project manager left the company, the recorded documents are available to provide sufficient data to continue the project. This is an important but weak aspect in many Chinese companies. In addition, the key employees must have grate capacity to communicate with up-stream and down-stream companies to explain Dewaco product and solutions efficiently, they must have professional background and good communication skill, also they should updating there knowledge and communication skill on time.

Considering many failed cooperation cased in Chian, the insight about financial issue must be concentrated: Keeping the health financial condition is one of the duty of distributors, it is not only relate to distributors but also relate to Dewaco company risk management.

#### h) Scorecard measures

After combining the interview result, the necessary measures were getting clear.

From the perspective of financial, measures of increasing profit percentage, return on capital employed (ROCE), income structure healthy level, equity ratio(ER), revenue growth, and market share growth are highly mentioned due to their features were aligned to sustainability strategy.

From the perspective of customer, there are many measures has been advised to put into the evaluation model, for example, excellency of multi communication channel utilization, how well the customer feels in distributors touchpoint, what is the excellent degree that the sales person can communicate with the customer, including the knowledge level and the sales skill, time flexibility and the personal charm , the customer satisfaction level, communication channel transparency and so on.

From the perspective of the internal process, there were more measures raised. Mr. Chen thought the degree of the company regulations was important, since it ensured every behavior based on the regulations instead of personal willing, especially ensured business continuity when the employee shifted. The observer mentioned, to have the regulation was a basic condition, the level of following the rules should be measured, because that reflect the real working quality. Communication efficiency was another mentioned measure from the observers, not only the external communication, but also internal communication, many mistakes caused by lagging of internal communication among different departments.

As a distributor, to have high quality customer profile is one of the key, thus the quality of the customer profile should be listed in the measure list. In addition, as an indicator of innovation, annual market research report provides the result of the research, then quality of the research report should be measured. To keep good reputation is one of the strategies for Dewaco, thus some measures related to the reputation need more attention, such like no criminal record, no negative new released in media, and the existence of preventive system to react to the reputation accident and so on.

From the perspective of learning and growth, the most recommended measures from the interviewee and the observers were: effectiveness of training for employees, due to importance of the quality of the employees, turnover of the employees, which indicate the company stability, utility degree of the management tools which reflect the updated technology, and employee satisfaction level.

### 8.2.3 Draft the structure of the evaluation model

Aiming to establish an evaluation model, many related aspects need to consider. Mainly the elements should be presented are time, place, people, budget, frequency, procedure, communication devices, measurement tools and so on.

Regard to the expected objectives, the evaluation model structures with three parts: an Evaluation Process Description in Word, a Balanced Scorecard System in Excel, and a User Instruction of Balanced Scorecard in Word to explain how to use the Balanced Scorecard.

The setting of time, place, personnel, frequency and procedure will group into the evaluation process description in a Word. Recommended procedure setting is a schedule chart which shows evaluation place, concrete task duration and responsible personnel, it is the main body of process description. Budget setting and frequency setting will be written in separate paragraphs.

Balanced Scorecard is the core of the evaluation model, a communication tool to display the performance of China distributors. Strategy map should be loaded in the Balanced Scorecard System. Concrete measures should be loaded into an Excel, to reflect the four main perspectives of the distributor mentioned in chapter 5.3. Recommend weight should be assigned to every measures, the formula is set in the corresponding cells. Once collected data is filled in, the final score will change accordingly.

Measure record should be drafted and load into the Balanced Scorecard System.

There must be some room for initiatives.



Create a Balanced Scorecard Dictionary and load into excel, to explain all the necessary information about each measures. Formative chart is easy to facilitate users to check the corresponding measures information and easy to jump back to the main Balanced Scorecard. And the Balanced Scorecard reduced the information load of instruction document for users, simplified instruction becomes easier to read.

Although the evaluation Scorecard is a small tool, the user instruction is needed to instruct users how to use Balance Scorecard, and point out the difficulty potential, and remind some key element or something easy to be ignored or missed.

### 8.3 Do the China distributor performance evaluation model

#### 8.3.1 Write the description of evaluation process

According to the structured Evaluation process in chapter 8.2.3, there should be a written description as the first component of Dewaco China Distributor Evaluation Model. It should include the information of time, place, frequency, involved people, communication method, budget, and the recommended concrete schedule. All the involved elements should be reliable based on the obtained information shown in chapter 8.2.2.

The attached document 1 was written to function as the description component of the evaluation model.

#### 8.3.2 Structure Balanced Scorecard System

This balance scorecard consists of a strategy map of Dewaco, which could express expected guidance for China distributors, a main Balanced Scorecard housed concrete measures, targets and strategic initiatives, a detailed balanced card dictionary to explain each measure description, data source, responsible people, and the method to calculate based on the collected data and so on, and a measure record sheet.

First step is to illustrate the strategy map of Dewaco

To make a better environment via designing high quality product, delivering high quality service and efficient engineering solution is the stated mission by Dewaco. In China market, Dewaco wants to contribute their best efforts to make a better business result and get better chance to participate the environmental construction projects in China. In the current stage, visualizing image of Dewaco is an important strategy in China market, including growing Dewaco profit, increasing the market share and winning the good reputation in wastewater engineering field.

Making a Balanced Scorecard System, there must be an illustrated strategy map first to be the leader and driver of the measures. As the evaluation object is performance of China distributors, therefore, the strategy map should be an expected strategy map instead of Dewaco own company strategy map, thus only the China strategy part are chosen to display based on Dewaco mission vision and strategy in China. As the result, the expected strategy map from Dewaco is illustrated and shown as below:

<b>Expected DEWACO Distributor Strategy Map</b>				
<b>Grow DEWACO Shareholder Value</b>				
<b>Financial</b>	<b>Grow profitability</b>	<b>Reduce financial risk</b>	<b>Grow revenue</b>	
<b>Customer</b>	<b>Be easy to do business with</b>	<b>Provide high-value service</b>	<b>Create loyalty</b>	
<b>Internal process</b>	<b>Normalize operations</b>	<b>Manage Customers</b>	<b>Innovation</b>	<b>Keep good reputaion</b>
	Optimize organization management through excellent rules and regulations	have customer profile management system	Research and evaluate trends	Monitor and evaluate compliance with laws and regulations
	Enhance internal and external communication	Build life-long relationships	Contribute new product/solution ideas to DEWACO based on the researched result in China market	Ensure effective internal controls are in place and create a external report system
<b>Learning and growth</b>	<b>Attract, develop and retain talent</b>	<b>Leverage technology for success</b>	<b>Ensure a positive and healthy work environment</b>	

Table 4 Expected Dewaco Distributor Strategy Map

This strategy map was built based on Dewaco company mission vision and strategy. The objectives were set according to Dewaco concrete need.

From the perspective of financial, usually to lower cost should be listed in the strategy map, but there is not so much work to do for China distributors except the inland logistics, which is a small portion of the cost. Instead, to reduce the financial risks is an important objective for Dewaco, because Dewaco could not do anything to influence the financial management of distributors, either influence their financial decisions. According to Dewaco current strategy in China market, to grow the profitability and the revenue are essential financial target to make it visible and sustainable. Because more revenue usually means more projects can be participated, better profitability means the better chance to continue doing business in China.

From customer perspective view, the most important point is to be easy to make business with, easy to find the information, easy to reach the proper person, easy to negotiate the flexibility and so on. Nowadays China customers more care about the service quality than before, product life circle, service quality of supplier distributor, after-selling service and its continuity are considered by the customers. Also the other reference feedbacks are heavily influenced to the future customers. Based on the feature of wastewater treatment field, once the customer satisfied with the service, they would like to continue to deal with the same service provider to reduce the cost, thus maintain customer loyalty is important for Dewaco.

From the perspective of internal process, operation quality level is related to the risk management for Dewaco, if the distributor company has poor management in their operation system, it will directly harm the image of Dewaco. As the distributors are exclusive unit in certain area, the customers would think that the distributor management level reflects Dewaco management level, thus to evaluate the basic operation system of the distributor is necessary. Customer management is a factor which worth to follow, it does not refer to the feedback from the customers aspect mentioned above, customer management here means the measures distributor applied in order to keep the customer stickiness and favorable impression and so on. As an engineering distributor company, China distributors need to pay more attention to research the market trend, it is the basic necessary action to survive in China market,

and it is important for Dewaco to get the market change trend in order to adjust the product and solution design as well. In China to build a good image and to outstand from the similar company are very difficult, need time and a lot of efficient hard work, conversely, a good image is easy to collapse in one night. Therefore, to track the image of the distributor is necessary, even though it is not a fatal factor, it needs to be considered.

From the perspective of the learning and growth, the talent training is the most important factor, because every case is relay to the worker professional knowledge and communication skill even personal charm, they are most valuable assess of the distributors, and training them is increasing the assess, should not consider as the cost lost. Another considerable factor is the utility of the new techs, they are engineering company distributor, better tech tools make their work more effective, for example some industrial data is not free, to invest on the big data is very valuable for distributors, and it increasing the possibility to make right decision.

Second step is to design the main Balanced Scorecard for Dewaco.

Designed main balanced card is the overall image of status of distributor companies. The filled main balanced card can be applied as a tool to compare the differences between the distributors. It is also a tool to identify the shortage and advantage of distributors. One point further, it can be a performance reference guild line for distributors to make better business result due to Dewaco evaluation demand. After several times evaluations, the collected data could help Dewaco generate insight about the distributors quality and potential risks.

It consists of nine columns: perspectives, objectives, measures, number of measure, collected points shown as a black dot, target, weight, final score, and initials.

Perspective and objective columns are transmitted from strategy map, they are set in the Balanced Scorecard function as the guidance to ensure all the measures relate to the strategy.

The measures are the most important column, it loads all the carefully chosen measures combined the interviews, advices from observer and Dewaco own mission vision and strategy demand. All the measures are linked to a detailed Balanced Scorecard dictionary sheet which give more explain about the particular measure.

The number of measures column is set to facilitate the evaluation organizer, when she/he finished the data collections, it would be easier for she/he fill in the results.

The target column shows the agreed target between Dewaco and distributor, for example revenue growth, if there is no agreement on numbers such like customer satisfaction, Dewaco can set the standard according to its own experience and strategy demand.

DEWACO China Distributor Evaluation Balanced Score Card(Main Card)							
Perspective	Objectives	Measures	No	target	weight	final score	Initiatives
Financial	Grow profitability	<a href="#">Increasing profit percent</a>	1	20%	5%	-	
	Reduce financial risk	<a href="#">Return on capital employed (ROCE)</a>	2	20%	5%	-	
		<a href="#">Income structure healthy level</a>	3	4 star	10%	-	
		<a href="#">Equity ratio(ER)</a>	4	5 star	10%	-	
	Grow revenue	<a href="#">Revenue growth</a>	5	25%	7%	-	
		<a href="#">Market share growth</a>	6	10%	8%	-	
Customer	Be easy to do business with	<a href="#">Excellency of multi communication channels</a>	7	5 star	5%	-	
		<a href="#">Touch point experiece</a>	8	5 star	2%	-	
	Provide high-value service	<a href="#">Profession level to communicate with customers</a>	9	5 star	8%	-	
		<a href="#">Flexibility</a>	10	5 star	3%	-	
	Create loyalty	<a href="#">Satisfaction level</a>	11	5 star	5%	-	
Internal process	Normalize operations	<a href="#">Quality of written rules and regulations</a>	12	5 star	3%	-	
		<a href="#">Level of following regulations</a>	13	5 star	3%	-	
		<a href="#">Efficiency of internal and external communications</a>	14	5 star	4%	-	
	Manage Customers	<a href="#">Quality of customer profile</a>	15	5 star	4%	-	
		<a href="#">Customer stickiness level</a>	16	5 star	2%	-	
	Innovation	<a href="#">Quality of the research report</a>	17	5 star	4%	-	
	Keep good repitaion	<a href="#">Zero tolerance factors</a>	18	0	0%	-	
		<a href="#">Preventive system to react</a>	19	1	1%	-	
Learning and growth	Attract, develop and retain talent	<a href="#">Effectiveness of training for employee</a>	20	5 star	3%	-	
		<a href="#">Turn over of employee</a>	21	4 star	3%	-	
	Leverage technology for success	<a href="#">Utulity degree of the management tools and devices</a>	22	4 star	2%	-	
	Ensure a positive and healthy work environment	<a href="#">Employee satisfaction level</a>	23	5 star	3%	-	

Table 5 Balanced Scorecard (main card)

The points column is set for easing calculation, all the percentage and stars can be transfer to the points, and the transfer formula is shown in the balanced score cared dictionary.

Weight column display the shared weight based on the importance of the measure aligned to the strategy. The set default numbers are referred from the interview result and advices of observers.

Final score will show the products of point and weight. The formula is already input to the excel chart, when the points filled, the final score will automatically appear in the

final score column. This is the column can generate insight to compare different company performances.

The last initiative column is set for evaluate some performance the distributor done but cannot reflect into the numbers yet. For example there is a better website is on process of designing, in order to get better communication channel and customer touchpoint experience, the website has not influence the measure result yet, it will bring the better result in future, this information can be filled into excellence of the multi communication channel initiative cell. This column provides the information to let Dewaco balance quantifiable and non-quantifiable factors.

The third step is to compile a Balanced Scorecard Data Dictionary

Balanced Scorecard Data Dictionary 2			
Perspective : Financial	Measure No./Name: 2. ROCE		PIC: DEWACO Financial manager
<b>Objective:</b> Reduce financial risk			
<b>Discription:</b> ROCE measures return on capital employed , it indicates the company effeciency of utilizing the capital, in a other side, it indicates if the company good at running business or not.			
<b>Lag/Lead:</b>	<b>Frequency:</b> annually	<b>Unit Type:</b> percentage	<b>Polarity:</b> higher is better
<b>Formula:</b> EBIT(earning before interest and tax) / Capital Employed. 30%ROCE, 50 point, every 5% ROCE above the basic line, the score can increase 10 points, for example:35% ROCE, 60 points, 40% ROCE, 70 points, 45% ROCE, 80 points, the highest score is 100 points. when the ROCE is under the baseline, every 5% will reduce 10 point, for example: 25%ROCE, 40 point, the lowest score is 0.			
<b>Data Source:</b> Data for this measure should be provided by the distributor, it should be in the annual financial report			
<b>Data Quality :</b>		<b>Data Collector:</b>	
<b>Baseline:</b>		<b>Target: 40%</b>	
<b>Initiatives:</b>			

Table 6 Example of Balanced Scorecard Data Dictionary

Every measure is linked to a separated sheet which called Balanced Scorecard Dictionary, abbreviated to BSC Dictionary, which indicated further detail information. An example BSC Dictionary table is shown as above. It provides the information in

which the evaluation team needed. When the evaluation start, the people involved can check what expected task need to finish and how to do.

It is a powerful designed tool to elaborate the measures of Balanced Scorecard. It is a measures interpretation and referencing instruction as the communication tool link the strategic map and the measure result. It can play the role of the elaborator of Balanced Scorecard.

The green color cells are telling the background of the measure. The perspective aligned with, the strategy related, the objective followed, people in charge, and the detailed description to explain what is and/or why need to evaluate.

The blue color cells are telling the characteristics of the measure. Lag/lead shows if the measure is a core indicator or a performance driver. It measure the past result or future driver. The frequency shows how often this scorecard need be reported. The unit type identifies how the measure should be expressed, percentage, stars or just some numbers. The polarity gives the direction to understand which direction is better. For example, the profit growth percentage higher is better, but the turnover of employee lower is better.

The purple color cells illustrate calculation and data specifications. In the formula cell, there is the blue color formula available, if it can be calculated. The black color sentences describe how to transfer the result into points to fill in the main scorecard. The data source is guiding the user where the needed data located. The quality shows the data reliable level. The last cell will record the data collector. It facilitates some analyzer to make the review and research in future.

The pink color columns provide the space for performance information. The performance rank should not lower than the baseline. For example the profit growth should higher than CPI of that year at least. The target in Dewaco case should be negotiated when the contract signed. Initiatives can be collected from the annual report or from interview. There is a point need to pay attention, Dewaco also can write some expected initiatives to the distributor as evaluation feedback, to let them knew, what kind of strategical initiatives Dewaco expected.

The fourth step is to make a chart for distributor evaluation Balanced Scorecard record



DEWACO China Distributor Evaluation Balanced Scorecard Record Sheet	
<b>No. / Measure</b>	
<b>Purpose</b>	
<b>Relates to</b>	
<b>Target</b>	
<b>Formula</b>	
<b>Frequency</b>	
<b>Who measures/ Data collector</b>	
<b>Source of Data</b>	
<b>Who acts on data</b>	
<b>Actions of reactors</b>	
<b>Notes and Comments</b>	
<b>Score</b>	

Table 7 Dewaco China Distributor Evaluation Balanced Scorecard Record Sheet

The chart above is a Dewaco China Distributor Balanced Scorecard Record sheet. It will be the original data collection record and be saved as an historical evaluation system document. The main Balanced Scorecard get transmitted points from this record. The people in charge should fill this table. Sometimes the source of the data need an interview or survey, in that case, then the reactors and the actions need to be filled in, and what have they done need to write down in the record sheet. At the end, collect the points/score and fill into main Scorecard.

For example, the evaluation organizer evaluates No.8 measure via interview and own test, the filled record as below:

1 DEWACO China Distributor Evaluation Balanced Score Card Record Sheet	
2	<b>No. / Measure</b> 8. Touch point experience
3	<b>Purpose</b> To measure how easy to make business with the company based on the touch point reaction speed and quality
4	<b>Relates to</b> DEWACO engineer, customer representative ***, designing institution representative *** and evaluation organizer ***.
5	<b>Target</b> 5 star
6	<b>Formula</b> This measure does not have calculated formula, the way to figure out the excellency is depend on the feeling who has experience in the touch point. Interview the related customers and DEWACO employees who contact with the distributors, get feed back from them, and rank the touchpoint service with star.
7	<b>Frequency</b> annually
8	<b>Who measures/ Data collector</b> organizer
9	<b>Source of Data</b> DEWACO engineer and the sales people check the emails, to see the communication react speed and quality. The organizer test call, test the contact in the website published way. Organizer arrange an interview to ask the end customer representative how do they feel the meetings quality and efficiency.
10	<b>Who acts on data</b> engineer A/ salesman B/ organizer/ customer representative
11	<b>Actions of reactors</b> check the email and give the rank /check the email and the give rank the phone call accoring to the momery combine the email react speed and quality / test the website and the published touch point to see if it works well, interview the customer representative rank the touch point /check the email , rank the meeting quality and so on
12	<b>Notes and Comments</b> *****
13	<b>Score</b> 4 stars /3 stars/ 5 stars/ 3 stars

Table 8 Example of Filled Dewaco China Distributor Evaluation Balanced Scorecard Record sheet

The reactors react separately and the organizer record them into one sheet, and then get the average stars is 3.75 star, and then fill 3.75 star into the point column of main Balanced Scorecard.

Overall this is a sheet easy to fill. The main function of this sheet is to collect information in a natural condition to get the reliable data, provide the needed information to the main Scorecard, and be saved as research and analyzing material.

### 8.3.3 User instruction of Balanced Scorecard System

For guiding the user apply the Balanced Scorecard System efficiently, there is written instruction in Word available to describe the detailed procedures step by step. It is also explained approach to calculate the score and the way to elaborate the score result.

Appendix3 is the User Instruction of Balanced Scorecard System.

### 8.4 Develop a practice for reviewing Evaluation model

This is the last step to establish the Dewaco China Distributor Evaluation Model. In this stage, the model is ready to use. As the first version is designed for evaluating small amount of distributors' performance, this model is feasible, covers the most of the aspects. Utilizing the Microsoft Word and Excel as the expression interface is green, cheap, and easy to access, and does not need hard copy. Most of the data collection can be implemented remotely, the data collection cost is very limited. The measures are chosen carefully align to Dewaco strategy and current condition.

There are remarkable point need to pay more attention, this evaluation model must be dynamic model, it need to updated annually, when the market change, the evaluation model must change accordingly.

Based on the information provided by observer Ruiling Zhang, Industrial construction certificate issued by China State, is required in order to win the tenders. For example the construction winner of the chemical manufactory wastewater treatment project must have the certification of the chemical industry construction certificate issued by the state. Most of the marketing orientated distributors do not have certificate, then they must have some strategical cooperate partner which has the qualified certificate. In future this factor should be added into the Balanced Scorecard measures. Based on the information provided by another observer Mr. Cao, who is working in an institution as designer, the designing institutions can only make the engineering plan with the devices which listed in their trusted product profile, therefore, the number of Dewaco devices accepted under the distributors influence should also be measured in future.

From the technology angle, the mobile devices are highly applied, thus, the evaluation model can also be updated into some APP style.

As the description above, after every evaluation, Dewaco evaluation team should also give the review of the evaluation model and develop idea to updating the evaluation model for next evaluation.

## 9 CONCLUSIONS

This thesis is a project which is trying to make a solution for Dewaco to identify the quality of the China distributors, to evaluate their performance and the figure out the potential risk level of China distributors with a feasible evaluation model.

The presented three questions are:

What is the suitable process for Dewaco China distributor evaluation?

What is the proper tool for Dewaco China distributor evaluation?

How to organize the evaluation and get the evaluation result?

There are three tasks corresponding to the raised questions, they are to write a description of an evaluation model, to create a Balanced Scorecard System to evaluate the performance of distributors, to write a user instruction of designed Balanced Scorecard to elaborate and explain the utility of evaluation model. These three tasks form the objectives of the thesis.

After researching the theories related Balanced Scorecard and carefully qualitative research, three tasks mentioned above have been implemented and the answers for the raised questions are found, they are listed as the appendixes corresponding to the objectives mentioned in chapter 2.1 respectively.

The first appendix is the process description in Word, named Process of Dewaco China Distributor Performance Evaluation. It gave the description of evaluation scope of time, place, channel, people, it also gave the description of evaluation roles and related responsibilities, cost, schedule, evaluation report, communications and the decision makings. It answered the question of “what is the suitable evaluation process?” and illustrated the outline of the proper evaluation model.

The second appendix is an Excel document, named Dewaco Balanced Scorecard System. It is the core of the evaluation model designed led by the Dewaco Strategy map. This Balanced Scorecard System is the tool of the evaluation, it provided chosen measures from perspectives of financial, customer, internal process, learning and growth. In addition, the formulas of the measures or the proper way to collect the data for the measures are located in the excel sheet named BSC dictionary, which is the tool to facilitate the evaluation organizer and involved other team members. BSC dictionary is a powerful interpreter to communicate between the collected data and balanced scores. The Balanced Scorecard System answered the question of “what is the proper tool for Dewaco to make the evaluation.

The third appendix is a word document named Instruction of Dewaco China distributor Evaluation System. It is an introduction and explain how to use the Balanced Scorecard System, and gave the advices to organize the evaluation efficiently. This appendix is answered the third question, how to evaluate China distributor, corresponded to the third objective.

Objective four is give advices to Dewaco about developing the evaluation model, to collect the feedbacks and update the evaluation model according to the changing business environment. If possible, develop the evaluation into APP type. This idea about to develop a practice is written on the chapter 8.4.

Therefore, three appendixes formed the evaluation model, and the content is structured exactly same with designed framework. And all the evaluation problems Dewaco is facing in China market are solved in the evaluation model.

## 10 RECOMMENDATIONS

Dewaco should apply the China distributor evaluation model after one year of the cooperation with the distributors, means the year 2019, to compare the performance of different distributors, give some positive command and reward some titles to the excellent distributors, and according to the evaluation result to adjust the policy to the distributors to optimize the China distribution channel.

There is another good point to mention, in China market, there will be more distributor join to the Dewaco China distribution channel, in order to identify the risks, it would be a good idea to apply the suitable part of the Balanced Scorecard System to compare to the existed distributor, if the score much lower than the existed ones, then it is better to give up the candidate company, if the score is higher than the existed ones, then try the cooperation with it. Especially pay more attention on the financial perspective and internal process perspective to avoid unnecessary risks.

If the evaluation model works well, Dewaco can extend it to other country distributor evaluation projects.

Following market and business environment change, the evaluation model should be updated annually. After every evaluation, the last work is to collect the feedback from involved people to improve the evaluation model. After reviewing the existed model, sum up the agenda for next evaluation. If Dewaco has extra budget for the evaluation, it is a good idea to develop this model into an APP as a management product, and sell the App to other engineering company which has the similar engineering project and trying to enhance its evaluation management, make the management product as one of the income sources.

Optimizing the evaluation model will help Dewaco manage the distributor cooperation ,and hopefully to improve Dewaco inner process to a higher level in total.

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Lijing Takala  
PROCESS OF DEWACO CHINA DISTRIBUTOR  
PERFORMANCE EVALUATION

2018

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# 1 INTRODUCTION OF DEWACO CHINA DISTRIBUTOR

## PERFORMANCE EVALUATION MODEL

This evaluation model is established for DEWACO to evaluate the performance quality of the China distributor due to their performance is influencing DEWACO financial and reputation. Distributors are not belongs to DEWACO, they are not manageable, but it is possible to be influenced.

Throughout the action of the evaluation, DEWACO can figure out the risks of the distributors and make some preventive decision, it can also figure out the excellent distributors, and enhance the cooperation with them, or give better allowance policy to them. For China distributors, evaluation is a method to review the quality of cooperation with DEWACO, it is a tool to clarify their advantage and shortage, and improve the performance quality in future.

The evaluation consists of this process description, balanced score card and an elaboration of the balanced card.

In this process description will list the information of evaluation scope, recommended people's roles and responsibility, cost, and schedule.

## 2 EVALUATION SCOPE,

### 2.1 Time

Based on the information collected from interviews, the recommended time is from 7<sup>th</sup> of January to 23<sup>rd</sup> of January. 10 working days, this is the time Finland finished Christmas holiday, and China finished all the summary work, annual report is ready. Lunar new year holiday has not started (generally).

## 2.2 Place and channel

All involved people can stay in their own city, when common meeting is needed, communication in their own company meeting room. Wechat would be the meeting channel, because except the normal function of the meeting apps, Wechat offer the instant translation and the voice typing. Especially, the voice typing have a function, when you speak Chinese, the system can automatically type English. When the translator is too busy, then the Wechat function can help to understand each other approximately.

## 2.3 People

For the evaluation project, there should be a temporary team. Team member should include at least the people mentioned below:

DEWACO plant manager

Distributor evaluation organizer (usually the secretary)

DEWACO financial manager

DEWACO engineers who has experience working with distributors

DEWACO sales man who has experience working with distributors

Distributor CEO or general manager

Distributor employee representatives (sales man work in the front line)

Distributor end-customer representatives

Wastewater project designing institution representatives

Other observers is necessary

## 2.4 Evaluate content

From the perspective of financial, the measures are shown as below

Perspective	Objectives	Measures
Financial	Grow profitability	<a href="#">Increasing profit percent</a>
	Reduce financial risk	<a href="#">Return on capital employed (ROCE)</a>
		<a href="#">Income structure healthy level</a>
		<a href="#">Equity ratio(ER)</a>
	Grow revenue	<a href="#">Revenue growth</a>
		<a href="#">Market share growth</a>

From the customer perspective, the measures are shown below:

Perspective	Objectives	Measures
Customer	Be easy to do business with	<a href="#">Excellency of multi communication channels</a>
		<a href="#">Touch point experiece</a>
	Provide high-value service	<a href="#">Profession level to communicate with customers</a>
		<a href="#">Flexibility</a>
	Create loyalty	<a href="#">Satisfaction level</a>

From the internal process, the measures are shown below:

Internal process	Normalize operations	<a href="#">Quality of written rules and regulations</a>
		<a href="#">Level of following regulations</a>
		<a href="#">Efficiency of internal and external communications</a>
	Manage Customers	<a href="#">Quality of customer profile</a>
		<a href="#">Customer stickiness level</a>
	Innovation	<a href="#">Quality of the research report</a>
	Keep good repitaion	<a href="#">Zero tolerance factors</a>
		<a href="#">Preventive system to react</a>

From the leaning and growth perspective, the measures are shown as below:

Learning and growth	Attract, develop and retain talent	<u>Effectiveness of training for employee</u>
		<u>Turn over of employee</u>
	Leverage technology for success	<u>Utulity degree of the management tools and devices</u>
	Ensure a positive and healthy work environment	<u>Employee satisfaction level</u>

All detailed measures can be found in the balances score card system dictionary part

### 3 ROLES ANND RESPONSIBILITY

The roles and responsibilities should be defined by the team. Recommended roles and responsibilities described as follow:

Team roles and responsibilities		
Role	People in charge	Responsibility
Team leader	DEWACO plant manager	create the team and track the porject process, Data analyzer
Excution organizer	DEWACO secretary	organize meetings , interviews, collect the evaluation data and write the score in the the main score card, write the report to the decision makers
Data providers from DEWACO	DEWACO plant manager, DEWACO engineers, DEWACO Sales man	provide the Data according to the daily activity deal with China distributors and rank the score in different measures.

Data providers from distributor	Distributor CEO/ general manager, distributor employee representatives	provide the annual report, financial statement and so on, the representatives cooperate the interview. Also tell the initiatives in their eyes.
Data provider from customer	Customer representatives	cooperate the interview, provide some rank result.give the advices for improvement
Data provider from the designing institution	Institution representatives	cooperate the interview, provide some rank result. Give the advices for improvement.
Advisers	Third party observer	provide the advices for perform better in the advices
Analyzer	Financial manager, adviser, evaluation organizer	analyze the data collected
Decision maker	DEWACO plant manager, Econet CEO,	Make the decision, give the feedback to distributors to improve the performance.

#### 4 COST

Based on the evaluation activities, the main cost come is from the communication cost. Usually the involved people from DEWACO and distributor do not need extra cost, but the customer representatives and the designing institution representatives are not belong to DEWACO or DEWACO distributor, thus to pay them some salary or some gift are necessary, maybe some of them are very nice do not need to pay anything, but as the evaluation organizer, it had better to have some budget for those third party involved people.

## 5 SCHEDULE

<b>DEWACO China Distributor Evaluation Scheduling</b>	
<b>Day 1</b>	<ol style="list-style-type: none"> <li>1. Create the team and</li> <li>2. Confirm the people in charge, roles and responsibilities.</li> <li>3. Organizer direct the involved people to read related BSC</li> </ol>
<b>Day 2</b>	<ol style="list-style-type: none"> <li>1. Organizer arrange the appointment for necessary interviews.</li> <li>2. Start to make the paper information based evaluations</li> <li>3. DEWACO data providers start to check related measures</li> </ol>
<b>Day 3</b>	<ol style="list-style-type: none"> <li>1. Continue the paperwork based evaluations</li> <li>2. Start interviews to collect the necessary information</li> </ol>
<b>Day 4</b>	<ol style="list-style-type: none"> <li>1. Interview continue</li> <li>2. DEWACO side data providers submit the evaluation result</li> </ol>
<b>Day 5</b>	<ol style="list-style-type: none"> <li>1. Financial manager submit the evaluation result</li> <li>2. Interview continue</li> </ol>
<b>Day 6</b>	<ol style="list-style-type: none"> <li>1. Finish data collection from the interviews</li> <li>2. Plant manager and the financial manager start to analyze the financial result, and generate the opinions to make the</li> </ol>
<b>Day 7</b>	<ol style="list-style-type: none"> <li>1. All the evaluation scores should be filled into main score card.</li> <li>2. Plant manager and the organizer analyze the result from the</li> </ol>
<b>Day 8</b>	<ol style="list-style-type: none"> <li>1. Organizer write the evaluation report</li> <li>2. Decision makers read the score card result and thinking</li> </ol>
<b>Day 9</b>	<ol style="list-style-type: none"> <li>1. Organizer submits the evaluation report.</li> <li>2. Decision makers make the decision</li> <li>3. Collect the ideas of how to improve the evaluation</li> </ol>
<b>Day 10</b>	<ol style="list-style-type: none"> <li>1. Publish the evaluation result in DEWACO website</li> <li>2. Send the salary or gift to involved people from third party.</li> </ol>

## 6 EVALUATION REPORT

Evaluation report should be the final summary for the whole evaluation. It should provide the information based on the score card. Analyzation from the balanced card result, provide the advices to improve the distributors performance quality, and advices of reward method and so on.



## 7 COMMUNICATION

As described before, the meeting communication tool is Wechat. During the whole process of the evaluation, the communication channel should be opened. The organizer is the key person to cooperate with different unit. All the analyses are not done by one person, the score card result and the evaluation report are communication media between DEWACO and distributor, Between Distributor and their employee, the evaluation project team and DEWACO decision makers.

## 8 DECISSION

Most of the evaluation work is aiming to provide the most valuable material to decision maker. The decision should be aligned with DEWACO long term strategy and concerned of the current market feature.

There are some information should be presented into the decision:

- 1) If continue cooperation with the distributor
- 2) The reward method
- 3) Expected performance improvement field
- 4) The way to improve the evaluation system.
- 5) Decision maker, decision time and place

## APPENDIX 2

**Dewaco Evaluation Model BSC System**

<b>Expected DEWACO Distributor Strategy Map</b>				
<b>Grow DEWACO Shareholder Value</b>				
<b>Financial</b>	Grow profitability	Reduce financial risk	Grow revenue	
<b>Customer</b>	Be easy to do business with	Provide high-value service	Create loyalty	
<b>Internal process</b>	Normalize operations	Manage Customers	Innovation	Keep good reputaion
	Optimize organization management though excellent rules and regulations	have customer profile management system	Research and evaluate trends	Monitor and evaluate compliance with laws and regulations
	Enhance internal and external communication	Build life-long relationships	Contribute new product/solution ideas to DEWACO based on the researched result in China market	Ensure effective internal controls are in place and create a external report system
<b>Learning and growth</b>	Attract, develop and retain talent	Leverage technology for success	Ensure a positive and healthy work environment	

Sheet 1 Dewaco Strategy Map

DEWACO China Distributor Evaluation Balanced Score Card(Main Card)							
Perspectiv	Objectives	Measures	N	target	weight	final score	Initiatives
Financial	Grow profitability	Increasing profit percent	1	20%	5%	-	
	Reduce financial risk	Return on capital employed (ROCE)	2	20%	5%	-	
		Income structure healthy level	3	4 star	10%	-	
		Equity ratio(ER)	4	5 star	10%	-	
	Grow revenue	Revenue growth	5	25%	7%	-	
		Market share growth	6	10%	8%	-	
Customer	Be easy to do business	Excellency of multi communication channels	7	5 star	5%	-	
		Touch point experiece	8	5 star	2%	-	
	Provide high-value service	Profession level to communicate with customers	9	5 star	8%	-	
		Flexibility	10	5 star	3%	-	
	Create	Satisfaction level	11	5 star	5%	-	
Internal process	Normalize operations	Quality of written rules and regulations	12	5 star	3%	-	
		Level of following regulations	13	5 star	3%	-	
		Efficiency of internal and external communications	14	5 star	4%	-	
	Manage Customers	Quality of customer profile	15	5 star	4%	-	
		Customer stickiness level	16	5 star	2%	-	
	Innovation	Quality of the research report	17	5 star	4%	-	
	Keep good repitaion	Zero tolerance factors	18	0	0%	-	
Preventive system to react		19	1	1%	-		
Learning and growth	Attract, develop and retain	Effectiveness of training for employee	#	5 star	3%	-	
		Turn over of employee	21	4 star	3%	-	
	Leverage technology for	Utulity degree of the management tools and devices	#	4 star	2%	-	
	Ensure a positive and healthy work	Employee satisfaction level	#	5 star	3%	-	

Sheet 2 Main Balanced Scorecard

DEWACO China Distributor Evaluation Balanced Score Card Record Sheet	
No. / Mesure	
Purpose	
Relates to	
Target	
Formula	
Frequency	
Who measures/ Data collector	
Source of Data	
Who acts on data	
Actions of reactors	
Notes and Comments	
Score	

Sheet 3 Balanced Scorecard Record

Balanced Scorecard Data Dictionary 1				To Main Card
Perspective : Financial	Measure No./Name: 1. Increase profit	PIC: DEWACO Financial manager		
Objective: Grow profitability				
Discription: Grow profitability measures the profitability growth in percentage compare to last year.				
Lag/Lead:	Frequency: annually	Unit Type: percentage	Polarity: higher is better	
Formula: $\text{current year net profit} / \text{last year net profit} * 100\%$ . Reach the target, get 80 point; between the baseline and target, get 0-80 point; below the target, -50-0 point, over the target: 80-100point. In this point counting, it is possible to get negative result.				
Data Source:	Data for this measure should provide by the distributor, it should be in the annual financial report		distributor company	
Data Quality :	defined by DEWACO manager, if he/she think the data quality is not reliable, then reduce the score		agreement between DEWACO and distributor	Evaluation team write expected initiatives
Baseline:	China CPI growth(compare to last year)			
Expected Initiatives:				

BSC dictionary 1

Balanced Scorecard Data Dictionary 2				To Main Card
Perspective : Financial	Measure No./Name: ROCE	PIC: DEWACO Financial manager		
Objective: Reduce financial risk				
Discription: ROCE measures return on capital employed , it indicates the company efficiency of utilizing the capital, in a other side, it indicates if the company good at running business or not.				
Lag/Lead:	Frequency: annually	Unit Type: percentage	Polarity: higher is better	
Formula: $\text{EBIT}(\text{earning before interest and tax}) / \text{Capital Employed}$ . 30%ROCE, 50 point, every 5% ROCE above the basic line, the score can increase 10 points, for example:35% ROCE, 60 points, 40% ROCE, 70 points, 45% ROCE, 80 points, the highest score is 100 points. when the ROCE is under the baseline, every 5% will reduce 10 point, for example: 25%ROCE, 40 point, the lowest score is 0.				
Data Source:	Data for this measure should be provided by the distributor, it should be in the annual financial report		distributor company	
Data Quality :	30% would be the suitable for the botten line, because the wastewater treatment field in China consider as high-tech industry, normally in China, high-tech industry requir about 30% ROCE.		agreement between DEWACO and distributor	Evaluation team write expected initiatives
Baseline:	Data Collector:			
Expected Initiatives:	Target: 40%			
	defined by DEWACO manager, if he/she think the data quality is not reliable, then reduce the			

BSC dictionary 2

Balanced Scorecard Data Dictionary 3				To Main
Perspective : Financial	Measure No./Name: 3. Income structure healthy level	PIC: DEWACO Financial manager		PIC=people in charge
Objective: Reduce the financial risks				
Discription: Income structure healthy level measures the company financial sustainability, better healthy, better sustainability. Sometimes, income number looks very good, but there might be a big part come from other field which ranked in risk industry, then healthy level should consider those carefully. This measure considers the ratio of core business income. Picking this measure in to the BSC is based on the factor of China market uncertain capital is looking for outlet everywhere, some of them has been invested in a danger				
Lag/Lead:	Frequency: annually	Unit Type: percentage	Polarity: higher is better	
Formula: this depend on the analysis from financial manager, main consider ration is the main income should come from core business, sometimes it is ok from the side business, but too much income from the sudden loan or from the stocks or from the are warning sign. recommend criteria: core business income less than 20%, 0 star; 20-30%, 1 star; 30-40%, 2 star; 40-60%, 3 star; 60-80% ,4 star; above 80%, 5 star. when the situation is complicated, other factors should also be considered.				
Data Source: Data for this measure should be provide by the distributor, it should be in the annual financial report, or balanced sheet.				distributor company
Data Quality :	Data Collector:			
Baseline: 2 star	Target: 4 stars			Evaluation team write expected initiatives
Expected Initiatives:				
<div style="border: 1px solid black; padding: 2px; display: inline-block;">defined by DEWACO manager, if he/she think the data quality is not reliable, then reduce</div>				
<div style="border: 1px solid black; padding: 2px; display: inline-block;">if lower than 40%, even the company run well, but it does not related to DEWACO so much any more.</div>				

BSC dictionary 3

Balanced Scorecard Data Dictionary 4				To Main Card
Perspective : Financial	Measure No./Name: 4. ER	PIC: DEWACO Financial manager		PIC=people in charge
Objective: Reduce the financial risks				
Discription: This is the measure to indicate how big portion the company own by themselves. When ER is too small, the financial risk is high, when ER value is too high, it means the company have not apply the gear efficiently. From the risk management angle, the higher ER is better for DEWACO.				distributor company
Lag/Lead:	Frequency: annually	Unit Type: percentage	Polarity: higher is better	Evaluation team write expected initiatives
Formula: ER= Equility/total assets 30% is the lowest acceptable line, can be ranked as 1 star, because wastewater treatment industry is a high speed growth industry. Every 8% above the basicline, rank 1 more star in the score card. The highest level is 5 star.				
Data Source: Data for this measure should be provided by the distributor, it should be in the annual financial report, or balanced sheet.				
Data Quality :	Data Collector:			
Baseline: 1 star	Target: 5 stars			
Expected Initiatives:				
<div style="border: 1px solid black; padding: 2px; display: inline-block;">Equility Ratio</div>				
<div style="border: 1px solid black; padding: 2px; display: inline-block;">defined by DEWACO manager, if he/she think the data quality is not reliable, then reduce the</div>				
<div style="border: 1px solid black; padding: 2px; display: inline-block;">if lower than 30%, the fincial risk is very big</div>				

BSC dictionary 4

Balanced Scorecard Data Dictionary 5				To Main Card
Perspective : Financial	Measure No./Name: 5.revenue growth	PIC: DEWACO Financial manager		PIC=people in charge
Objective: Grow revenue				
Discription: This is the measure to indicate revenue growth compare to last year. Growth of revenue is the basic indicator for every company. It ensures the company sustainability in a certain level.				should negotiate between DEWACO and Distributor before hand
Lag/Lead:	Frequency: annually	Unit Type: percentage	Polarity: higher is better	
Formula: $(\text{current year revenue} - \text{last year revenue}) / \text{last year revenue} * 100\%$ . Baseline ranked as 60 points, every 5% above the baseline get 10 points more, highest point is 100. Every 5% lower than baseline reduce 10 points, the lowest point is 0.				distributor company
Data Source: Data for this measure should be provided by the distributor, it should be in the annual financial report, or balanced sheet.		Data Collector:		
Data Quality :		Target: 25%		Evaluation team write expected initiatives
Baseline: 25%	Expected Initiatives:			
	Core indicator	defined by DEWACO manager, if he/she think the data quality is not reliable, then reduce the		

BSC dictionary 5

Balanced Scorecard Data Dictionary 6				To Main Card
Perspective : Financial	Measure No./Name: 6.growth of market share	PIC: DEWACO Financial manager		PIC=people in charge
Objective: Grow revenue				
Discription: This is the measure to indicate market share growth compare to last year. Growth of of the market share is the basic indicator for future revenue. It ensure the company sustainability in a certain level.				Core indicator
Lag/Lead:	Frequency: annually	Unit Type: percentage	Polarity: higher is better	
Formula: $(\text{current market share} - \text{last year market share}) / \text{last year market share} * 100\%$ . Baseline get 60 point, every 4% above the baseline get 10 points more, highest point is 100. Every 4% lower than baseline reduce 10 points, the lowest point is 0.				defined by DEWACO manager, if he/she think the data quality is not reliable, then reduce the
Data Source: Current year market share can be found from the annual report. If there is any doubt, there is a professional website is available to reference. www.dowater.com		Data Collector:		
Data Quality :		Target: 10%		Evaluation team write expected initiatives
Baseline: 10%	Expected Initiatives:			

BSC dictionary 6

Balanced Scorecard Data Dictionary 7			
Perspective : customer	Measure No./Name: 7.excellency of multi communication channels	PIC: Evaluation organizer	
<b>Objective:</b> Be easy to do business with <b>Discription:</b> To keep the clear channel for customer is very important for the sales company. The interface channel should include at least 3 channel available for customer to reach them, easier to be reached, easier to gain more customer.			
Lag/Lead:	Frequency: annually	Unit Type: star	Polarity: more effective channel more better
<b>Formula:</b> this measure does not have calculated formula, the way to figure out the excellency is to count how many functional channels available: valid web, email address published, list the company contact information into important industry, company official Wechat account, or some other channels. Every effective will get 1 star, the highest level is 5 star.			
<b>Data Source:</b> Find the information from the annual report, if there is not such information, then interview the related distributor PIC, then test the availability in one week.			
Data Quality :		Data Collector:	
Baseline: 3 star		Target: 5 star	
Expected Initiatives:			

To Main

PIC=people in charge

evaluation organizer

Evaluation team write expected initiatives

BSC dictionary 7

Balanced Scorecard Data Dictionary 8			
Perspective : customer	Measure No./Name: 8.touch point experience	PIC: Evaluation organizer	
<b>Objective:</b> Be easy to do business with <b>Discription:</b> Touch point is the interface between customer and distributor. In the interface place, the first company image is built in the interface place, it might be the web view, might be a phone call, might be a presantaion and so on. In the interface place, the reaction speed, and the quality will influence the customer decide if they are willing to continue the business or just stop in the interface place.			
Lag/Lead:	Frequency: annually	Unit Type: star	Polarity: more star is better
<b>Formula:</b> this measure does not have calculated formula, the way to figure out the excellency is depend on the feeling who has experience in the touch point. Interview the ralated customers and DEWACO employees who contact with the distributors, get feed back from them, and rank the touchpoint service with star.			
<b>Data Source:</b> the feedback from the interviewd customer representatives and DEWACO employees, according to the professional level, react speed,ease to reach and attitude to rank distributor touch point efficiency with stars			
Data Quality :		Data Collector:	
Baseline: 3 star		Target: 5 star	
Expected Initiatives:			

To Main Card

PIC=people in charge

evaluation organizer

Evaluation team write expected initiatives

BSC dictionary 8

Balanced Scorecard Data Dictionary 9				To Main Card
Perspective : customer	Measure No./Name: 9.professional level to communicate with customers	PIC: Evaluation organizer		PIC=people in charge
Objective: provide high-value service				
Discription: professional level of the service is the key factor for the customers, when the provided service quality is high, the customer would like to cooperate with the distributor, poor quality service make distributor lose the customer and same time influence DEWACO reputation negatively.				
Lag/Lead:	Frequency: annually	Unit Type: star	Polarity: more star is better	
Formula: this measure does not have calculated formula, the way to figure out the professional level is to arrange an interview to the end customer or the designing company.				
Data Source: the feedback from the interviewd customer representatives or designing institutions.				
Data Quality :		Data Collector:		evaluation organizer
Baseline: 3 star		Target: 5 star		Evaluation team write expected initiatives
Expected Initiatives:				

BSC dictionary 9

Balanced Scorecard Data Dictionary 10				To Main Card
Perspective : customer	Measure No./Name: 10.flexibility	PIC: Evaluation organizer		PIC=people in charge
Objective: provide high-value service				
Discription: Flexibility refers to how well the distributor provide flexible service for the end customers, especially in some service method and the delivery flexibility.				
Lag/Lead:	Frequency: annually	Unit Type: star	Polarity: more star is better	
Formula: this measure does not have calculated formula, the way to figure out the flexibility level is to arrange an interview to the end customer or the designing company.				evaluation organizer
Data Source: the feedback from the interviewd customer representatives or designing institutions.				
Data Quality :		Data Collector:		Evaluation team write expected initiatives
Baseline: 3 star		Target: 5 star		
Expected Initiatives:				

BSC dictionary 10



Balanced Scorecard Data Dictionary 11				To Main Card
Perspective : customer	Measure No./Name: 11.Feedback satisfaction level	PIC: Evaluation organizer		PIC=people in charge
Objective: Create loyalty				
Discription: Feedback satisfaction level refers the reputation from customer side, this measure heavily influences the future sales on rebuying, and effecting peer company purchase.				
Lag/Lead:	Frequency: annually	Unit Type: star	Polarity: more star is better	
Formula: this measure does not have calculated formula, the way to get the satisfaction level is to arrange an interview to the end customer.				evaluation organizer
Data Source: the feedback from the interviewd customer representatives.				
Data Quality :		Data Collector:		
Baseline: 3 star		Target: 5 star		Evaluation team write expected initiatives
Expected Initiatives:				

BSC dictionary 11

Balanced Scorecard Data Dictionary 12				To Main Card
Perspective : Innernal process	Measure No./Name: 12.Quality of written rules and regulations	PIC: DEWACO plant manager		PIC=people in charge
Objective: Normalize operations				
Discription: Quality of the written rules and regulations measure the level of the normalizing operation, ensure there is a complitely normalized rules to obey for the employees, and the documentation management relied on the high quality regulation very much.				
Lag/Lead:	Frequency: annually	Unit Type: star	Polarity: more star is better	
Formula: This measure does not have calculated formula, the plant manager can evaluate the written rules and regulations and rank them with stars				evaluation organizer
Data Source: Distributor provides the rules and regulations in English version, because according to the agreement, the working language is English.				
Data Quality :		Data Collector:		
Baseline: 3 star		Target: 5 star		Evaluation team write expected initiatives
Expected Initiatives:				

BSC dictionary 12

Balanced Scorecard Data Dictionary 13				<a href="#">To Main Card</a>
Perspective : Internal process	Measure No./Name: 13. Level of following regulations	PIC: Evaluation organizer		PIC=people in charge
Objective: Normalize operations				
Discription: Level of following regulations indicate how well the regulations functioned. Better level of following regulation ensure to reduce the risks and ensure the documentation management function well when the employee shifted, it is very important for engineering distributors.				
Lag/Lead:	Frequency: annually	Unit Type: star	Polarity: more star is better	
Formula: This measure does not have calculated formula, the evaluation organizer can arrange an interview to get the rank result from the representatives from the distributor company.				
Data Source: interview result				
Data Quality :		Data Collector:		
Baseline: 3 star			Target: 5 star	
Expected Initiatives:				

BSC dictionary 13

Balanced Scorecard Data Dictionary 14				<a href="#">To Main Card</a>
Perspective : Internal process	Measure No./Name: 14. Efficiency of internal and external communications	PIC: Evaluation organizer		PIC=people in charge
Objective: Normalize operations				
Discription: Efficiency of communication make work smoothly continue forward. This measure notice the employees to avoid forgetting let others knows the project schedule.				
Lag/Lead:	Frequency: annually	Unit Type: star	Polarity: more star is better	
Formula: This measure does not have calculated formula, the evaluation organizer can arrange interviews to get the rank result from the representatives from the distributor company and the representative from DEWACO.				
Data Source: interview result				
Data Quality :		Data Collector:		
Baseline: 3 star			Target: 5 star	
Expected Initiatives:				

BSC dictionary 14

Balanced Scorecard Data Dictionary 15				To Main Card
Perspective : Internal process	Measure No./Name: 15. Quality of customer profile	PIC: DEWACO manager		PIC=people in charge
Objective: Manage Customers				
Description: Quality of customer profile is the basic document to indicate customer management system, it shows the customer informations and the tracking plan and so on.				
Lag/Lead:	Frequency: annually	Unit Type: star	Polarity: more star is better	
Formula: This measure does not have calculated formula, DEWACO manager can evaluate the quality of the customer profile with stars.				
Data Source: Distributor provide their customer profile.				
Data Quality :		Data Collector:		evaluation organizer
Baseline: 3 star		Target: 5 star		Evaluation team write expected initiatives
Expected Initiatives:				

BSC dictionary 15

Balanced Scorecard Data Dictionary 16				To Main Card
Perspective : Internal process	Measure No./Name: 16. Customer stickiness level	PIC: Evaluation organizer		PIC=people in charge
Objective: Manage Customers				
Description: Customer stickiness level refers the degree of willingness to make business again with the previous cooperater based on good experience.				
Lag/Lead:	Frequency: annually	Unit Type: star	Polarity: more star is better	
Formula: This measure does not have calculated formula, evaluation organizer would interview the customers to gather the information of the ranked customer stickiness level.				
Data Source: interview result				
Data Quality :		Data Collector:		evaluation organizer
Baseline: 3 star		Target: 5 star		Evaluation team write expected initiatives
Expected Initiatives:				

BSC dictionary 16

Balanced Scorecard Data Dictionary 17				To Main Card
Perspective : Internal process	Measure No./Name: 17. Quality of the research report	PIC: DEWACO plant manager		PIC=people in charge
Objective: Innovation				
Discription: The distributor reseach report should provide valuable information about the market change and the trend of the industry in China market, futher more to give advice to DEWACO to adjust the product lines or service directions.				
Lag/Lead:	Frequency: annually	Unit Type: star	Polarity: more star is better	
Formula: This measure does not have calculated formula, DEWACO manager can evaluate the quality of the research report with stars.				
Data Source: Distributor provide research report.				
Data Quality :		Data Collector:		evaluation organizer
Baseline: 3 star		Target: 5 star		Evaluation team write expected initiatives
Expected Initiatives:				

BSC dictionary 17

Balanced Scorecard Data Dictionary 18				To Main Card
Perspective : Internal process	Measure No./Name: 18. Zero tolerance	PIC: Evaluation organizer		PIC=people in charge
Objective: Good reputation				
Discription: No criminal record, no negative released news in any media , company business licenses are valid				
Lag/Lead:	Frequency: annually	Unit Type: star	Polarity: no, pass	
Formula: This measure does not have calculated formula, any actinon of criminal, negative accident, or utilization of unvalid license will fail the whole evaluation				
Data Source: Evaluation organizer should research from www.baidu.com to ensure there is no bad things exposed. The best way is to to hire third party to make this work, as sometimes it need to put some cirtificate into official web.				
Data Quality :		Data Collector:		evaluation organizer
Baseline: no		Target: no		Evaluation team write expected initiatives
Expected Initiatives: If the distributor does not have required professional licenses, find a partner which has it to collaborate together to win the projects				

BSC dictionary 18

Balanced Scorecard Data Dictionary 19				To Main Card
Perspective : Internal process	Measure No./Name: 19. Preventive system to react	PIC: DEWACO plant manager		PIC=people in charge
Objective: Good reputation				
Description: This measure is checking out if the distributor has the written reaction method to prevent some accident happened for example rumour generated due to competition.				
Lag/Lead:	Frequency: annually	Unit Type: yes or no	Polarity: yes is good	
Formula: This measure does not have calculated formula, when the distributor has the reaction preventive method, then the point will be given directly, if there is no any preventive system to react the accident, then there is no any point.				
Data Source: Provided by distributors				
Data Quality :		Data Collector:		evaluation organizer
Baseline: yes		Target: yes		Evaluation team write expected initiatives
Expected Initiatives:				

BSC dictionary 19

Balanced Scorecard Data Dictionary 20				To Main Card
Perspective :Learning and growth	Measure No./Name: 20. Effectiveness of training for employee	PIC: DEWACO plant manager		PIC=people in charge
Objective: Attract, develop and retain talent				
Description: Effectiveness of training for employee measures how useful the training is in the working environment, it is tracking if the training aligned with the strategy.				
Lag/Lead:	Frequency: annually	Unit Type: star	Polarity: higher is better	
Formula: This measure does not have calculated formula, interview is needed. DEWACO plant manager can design the questions according to DEWACO strategy, and based on the answers, rank the training effectiveness.				
Data Source: Interview result				
Data Quality :		Data Collector:		evaluation organizer
Baseline: 3 star		Target: 5 star		Evaluation team write expected initiatives
Expected Initiatives:				

BSC dictionary 20

Balanced Scorecard Data Dictionary 21				To Main Card
Perspective :Learning and growth	Measure No./Name: 21. Turn over of employee	PIC: DEWACO plant manager		PIC=people in charge
Objective: Attract, develop and retain talent				
Discription: Turn over of employee measures the stability to keeping the employees. High Turnover makes company cost more expensis on HR, meanwhile, the during the new employee start the work, always need a certain time as the transition period				
Lag/Lead:	Frequency: annually	Unit Type: %	Polarity: lower is better	
Formula: This measure does not have calculated formula, the turnover ratio of employee should be found in distributor annual report. Recommond: 20% is set as acceptable baseline, get 60 point. Every 4% less, increase 10 points, every 4% more, reduce 10 points.				
Data Source: Annual report				
Data Quality :		Data Collector:		evaluation organizer
Baseline: 20%		Target: 12%		Evaluation team write expected initiatives
Expected Initiatives:				

BSC dictionary 21

Balanced Scorecard Data Dictionary 22				To Main Card
Perspective :Learning and growth	Measure No./Name: 22. Utulity degree of the management devices and tools	PIC: DEWACO plant manager		PIC=people in charge
Objective: Leverage technology for success				
Discription: Utilize the mordern technology update company operational effeciency. The utility degree measure how well the management devices or techs are applied. For expample the utility degree of ERP or SAP.				
Lag/Lead:	Frequency: annually	Unit Type: star	Polarity: higher is better	
Formula: This measure does not have calculated formula. Usually the annual report should mention the information about the degree of leverage technology, if not, then interview is needed. DEWACO Plant manager can evaluate the degree of management tools and devices with stars.				
Data Source: Annual report				evaluation organizer
Data Quality :		Data Collector:		
Baseline: 2 star		Target: 4 star		Evaluation team write expected initiatives
Expected Initiatives:				

BSC dictionary 22

Balanced Scorecard Data Dictionary 23			
Perspective :Learning and growth	Measure No./Name: 23. Employee satisfaction level	PIC: Evaluation organizer	
Objective: Ensure a positive and healthy work environment			
Description: Employee satisfaction level indicates the level of healthy working environment, it aligns to DEWACO sustainability strategy, the better way is to make a Burnout Survey if possible, because nowadays China workers have too much anxiety, which causes accidents and increase the mistakes possibility .			
Lag/Lead:	Frequency: annually	Unit Type: star	Polarity: higher is better
Formula: This measure does not have calculated formula. The evaluation organizer should arrange an interview to get the feedback to rank the employee satisfaction level. If the time and budget are ample, the best way to collect feedback is to use the Burnout Survey to analyze the real work environment.			
Data Source: Interview result or survey result			
Data Quality :		Data Collector:	
Baseline: 2 star		Target: 4 star	
Expected Initiatives:			

[To Main Card](#)

PIC=people in charge

evaluation organizer

Evaluation team write expected initiatives

BSC dictionary 23

Lijing Takala

INSTRUCTION OF BALANCED SCORECARD SYSTEM OF  
DEWACO CHINA DISTRIBUTOR PERFORMANCE  
EVALUATION

Bachelor's Degree Programme in International Business  
2018



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## 1 INTRODUCTION

DEWACO China distributor Evaluation System is formed with three parts. They are Evaluation model description, Balanced Score Card System, and a user instruction.

The evaluation process description is a separate word document entitled, it is the appendix 1 of the thesis.

The Balanced Score Card System is an excel document, shown as the appendix 2 of the thesis.

This document is the instruction of Balanced Scorecard of DEWACO China Distributor Performance Evaluation. It is the third part of the whole Evaluation Model, shown as the appendix 3 of the thesis. The function of the instruction is to direct the user to use the Balanced Score Card efficiently.

## 2 BALANCED SCORECARD INSTRUCTION

### 2.1 Step1 Choose an organizer and let be proficient in Balanced Score Card.

There should be an organizer, the person in charge to arrange the evaluation project.

A good organizer is one of the key factors to ensure a successful evaluation. He/she should have good skill on reading and writing in both English and Finnish, good skill to communicate with different people, professional competence of dealing with various situation, and the organizer should be a very good schedule planner.

Organizer should read this description and the Balanced Score Card evaluation in the Excel document, to understand all concepts and then have the whole image of the project including to know the range of the involved people, involved content and so on, to have

thorough knowledge to direct other involved people to perform their parts in the evaluation process.

It is a very important information need to be mentioned: most of the inserted charts can be open by double clicks in the attachment 1, and it is editable to facilitate organizer to modify them when necessary.

In the main card of Balanced Score Card system indicates the overview of the measures. every underlined measures is linked to the related dictionary sheet, the dictionary card displays detailed explanation .Every dictionary sheets in the Balanced Score Card has a brown button to return back to the main Balanced Score Card.

Table 1 shown below is part of the main card. In the measures column, there are underlines, which will direct to the related dictionary sheet.

DEWACO China Distributor Evaluation Balanced Score Card(Main Card)								
Perspective	Objectives	Measures	No	target	weight	final score	Initiatives	
Financial	Grow profitability	<a href="#">Increasing profit percent</a>	1	20%	5%	-		
	Reduce financial risk	<a href="#">Return on capital employed (ROCE)</a>	2	20%	5%	-		
		<a href="#">Income structure healthy level</a>	3	4 star	10%	-		
		<a href="#">Equity ratio(ER)</a>	4	5 star	10%	-		
	Grow revenue	<a href="#">Revenue growth</a>	5	25%	7%	-		
		<a href="#">Market share growth</a>	6	10%	8%	-		
Customer	Be easy to do business with	<a href="#">Excellency of multi communication channels</a>	7	5 star	5%	-		
		<a href="#">Touch point experiece</a>	8	5 star	2%	-		
	Provide high-value service	<a href="#">Profession level to communicate with customers</a>	9	5 star	8%	-		
		<a href="#">Flexibility</a>	10	5 star	3%	-		
	Create loyalty	<a href="#">Satisfaction level</a>	11	5 star	5%	-		
Internal process	Normalize operations	<a href="#">Quality of written rules and regulations</a>	12	5 star	3%	-		
		<a href="#">Level of following regulations</a>	13	5 star	3%	-		
		<a href="#">Efficiency of internal and external communications</a>	14	5 star	4%	-		
	Manage Customers	<a href="#">Quality of customer profile</a>	15	5 star	4%	-		
		<a href="#">Customer stickiness level</a>	16	5 star	2%	-		
Innovation	<a href="#">Quality of the research report</a>	17	5 star	4%	-			

Table 9 Main Scorecard

Take the second measure as the example, once Return on Capital Employed (ROCE) is clicked then the dictionary sheet of ROCE will be shown in the screen, see Table 2. In

this sheet, the concept of the ROCE and its formula has been explained. Also there is the recommended method to give the score.

Balanced Scorecard Data Dictionary 2				To Main Card
Perspective : Financial	Measure No./Name: ROCE	PIC: DEWACO Financial manager		
Objective: Reduce financial risk				
Discription: ROCE measures return on capital employed , it indicates the company efficiency of utilizing the capital, in a other side, it indicates if the company good at running business or not.				
Lag/Lead:	Frequency: annually	Unit Type: percentage	Polarity: higher is better	
Formula: EBIT(earning before interest and tax) / Capital Employed. 30%ROCE, 50 point, every 5% ROCE above the basic line, the score can increase 10 points, for example:35% ROCE, 60 points, 40% ROCE, 70 points, 45% ROCE, 80 points, the highest score is 100 points. when the ROCE is under the baseline, every 5% will reduce 10 point, for example: 25%ROCE, 40 point, the lowest score is 0.				
Data Source: Data for this measure should be provided by the distributor, it should be in the annual financial report				
Data Quality :		Data Collector:		
Baseline:		Target: 40%		
Expected Initiatives:				

Table 10 No2 Measure Data Dictionary

There are more recommended elements have been set in the comment window, when the cursor is moved to the cell with a small red triangle in the upper right corner, the recommended content is shown in the pop-up comment window (shown in Table 3).

A	B	C	D	E	F	G
Balanced Scorecard Data Dictionary 2				To Main		
Perspective : Financial	Measure No./Name: ROCE	return on capital employed	manager	PIC=people in charge		
Objective: Reduce financial risk						
Discription: ROCE measures return on capital employed , it indicates the comp...g the capital, in a other side, it indicates if the company good at running business or not.						
Lag/Lead:	Frequency: annually	Unit Type: percentage	Polarity: higher is better			
Formula: EBIT(earning before interest and tax) / Capital Employed. 30%ROCE, 50 point, every 5% ROCE above the basic line, the score can increase 10 points, for example:35% ROCE, 60 points, 40% ROCE, 70 points, 45% ROCE, 80 points, the highest score is 100 points. when the ROCE is under the baseline, every 5% will reduce 10 point, for example: 25%ROCE, 40 point, the lowest score is 0.						
Data Source: Data for this measure should be provided by the distributor, it should be in the annual financial report						
Data Quality :	30% would be the suitable for the botten line, because the wastewater treatment field in China consider as high-tech industry, normally in China, high-tech industry requir about 30% ROCE.	Data Collector:		agreement between DEWACO and distributor		
Baseline:		Target: 40%				
Expected Initiatives:						
						defined by DEWACO manager, if he/she think the data quality is not reliable, then reduce the
						Evaluation team write expected initiatives

Table 11 Display Tips

## 2.2 Step 2 Organizer preparation

After understanding the overall Balanced Score Card System, the organizer should make the preparation carefully.

In this step, the organizer should get the confirmation of the strategy map from the leadership, to ensure the illustrated strategy map is still coincident with the company strategy.

After the confirmation, the organizer should start the first round filling in the record sheet (next to the main card) based on the BSC dictionary. The organizer will clearly understand who are the people needed in the evaluation, how to reach them to collect the data and what task they should finish in which measure, meanwhile, the organizer also will clearly understand what paper work should be ready before the evaluation project start-up.

The No.8 measure record sheet after the first round, the looking should look like the chart below:

DEWACO China Distributor Evaluation Balanced Score Card Record Sheet	
<b>No. / Measure</b>	8. Touch point experience
<b>Purpose</b>	To measure how easy to make business with the company based on the touch point reaction speed and quality
<b>Relates to</b>	DEWACO engineer, customer representative ***, designing institution representative *** and evaluation organizer ***.
<b>Target</b>	5 star
<b>Formula</b>	This measure does not have calculated formula, the way to figure out the excellency is depend on the feeling who has experience in the touch point. Interview the related customers and DEWACO employees who contact with the distributors, get feed back from them, and rank the touchpoint service with star.
<b>Frequency</b>	annually
<b>Who measures/ Data collector</b>	organizer
<b>Source of Data</b>	DEWACO engineer and the sales people check the emails, to see the communication react speed and quality. The organizer test call, test the contact in the website published way. Organizer arrange an interview to ask the end customer respresentative how do they feel the meetings quality and efficiency.
<b>Who acts on data</b>	
<b>Actions of reactors</b>	
<b>Notes and Comments</b>	
<b>Score</b>	

Table 12 Record Sheet Example

*This table will facilitate the involved people understand what they should do, and how to do.*

Organizer should make a task list to indicate people, task, and method based on the understanding. There is a chart named team roles and responsibilities help the organizer work more efficiently. This chart is also available in the excel attachment the last sheet. Or the organizer can just use the available chart to make some modification to make the task list

When the list is ready, then it is the time to make an initial schedule for the evaluation. A recommended schedule is available in the attachment 1 chapter 5, it is also located in Balanced Score Card next to the BSC dictionary sheets, to facilitate the organizer modify the schedule easily.

Plan the budget, and apply the budget.

### 2.3 Step 3. Create an evaluation team

In this phase, organizer should complete two tasks: one is to contact the related leaders to confirm all the preparation including evaluation range, budget and son on, the other is to contacts the related people to create an evaluation team.

Publish the schedule chart and the responsibility chart to the intranet, all let all involved people know their tasks. For the involved people out of DEWACO, email is the good communication method to let them know, and Wechat message is the communication tool to confirm the information reached to the right person.

Although the evaluation team is a temporary team, people need to know their responsibility and deadline.

### 2.4 Step 4 Collect data

In this phase organizer should upload the Balanced Score Card system in to company intranet, ensure every team member can see the score card system and understand which

part they should react, organizer as the responsibility to inform them their task via phone or email.

For example, No8 measure is touchpoint experience. The person in charge is the organizer, it does not mean the organizer have to give the stars for the touchpoint experience. From the dictionary No 8, there is the instruction given as follow:

**Formula:** this measure does not have calculated formula, the way to figure out the excellency is depend on the feeling who has experience in the touch point. Interview the ralated customers and DEWACO employees who contact with the distributors, get feed back from them, and rank the touchpoint service with star.

**Data Source:** the feedback from the interviewd customer representatives and DEWACO employees, according to the professional level, react speed, and attitude to rank distributor touch point efficiency with stars

*Table 13 No8 Measure Formula and Data Source Part*

In this case, there are some points should be clearly understood are:

People involved are organizer, customer representatives, DEWACO salesman and DEWACO engineer who has contacted with distributor.

The concept of touchpoint means phone, email, web, office, hall, meeting and so on, where the surface people can reach the distributor.

The key elements are the professional level, react speed, service attitude, and the ease of reach the tough point. If the office is very fancy but difficult to found, then the rank should not be very high, or the service lady has very nice looking but the profession knowledge is very poor, then the rank should not be high.

The points described above should be clearly understood by related people, if they do not understand, then the organizer must explain to them until everybody understand.

Second round Record sheet now should be filled by the related people.

After modifying this sheet in the first round, organizer should send that record sheet to related people, and ask them to return back before some deadline. This is the key time for collecting data. In this point, the Record sheet of No 8 should have this looking:

DEWACO China Distributor Evaluation Balanced Score Card Record Sheet	
No. / Measure	8. Touch point experience
Purpose	To measure how easy to make business with the company based on the touch point reaction speed and quality
Relates to	DEWACO engineer, customer representative ***, designing institution representative *** and evaluation organizer ***.
Target	5 star
Formula	This measure does not have calculated formula, the way to figure out the excellency is depend on the feeling who has experience in the touch point. Interview the related customers and DEWACO employees who contact with the distributors, get feed back from them, and rank the touchpoint service with star.
Frequency	annually
Who measures/ Data collector	organizer
Source of Data	DEWACO engineer and the sales people check the emails, to see the communication react speed and quality. The organizer test call, test the contact in the website published way. Organizer arrange an interview to ask the end customer respresentative how do they feel the meetings quality and efficiency.
Who acts on data	engineer A/ salesman B/ organizer/ customer representative
Actions of reactors	check the email and give the rank /check the email and the give rank the phone call accoring to the momery combine the email react speed and quality / test the website and the published touch point to see if it works well, interview the customer representative rank the touch point /check the email , rank the meeting quality and so on
Notes and Comments	*****
Score	4 stars /3 stars/ 5 stars/ 3 stars

Table 14 Example of Filled record Sheet

The engineers answered with blue color, the salesman answers with red color, the organizer answered with the green color and the customer representative answered with the purple color.

## 2.5 Step 5 Analyze the result and write a report

When the data is collected, it is the time for the organizer sum up all the scores, calculate the average numbers and ranks in each measures based on the collected data, and fill into the score column of the main card, it is next to the target column, named with a black dot, shown as below:



DEWACO China Distributor Evaluation Balanced Score Card(Main Card)							
Perspective	Objectives	Measures	No	target	weight	final score	Initiatives
Financial	Grow profitability	<u>Increasing profit percent</u>	1	20%	5%	-	
	Reduce financial risk	<u>Return on capital employed (ROCE)</u>	2	20%	5%	-	
		<u>Income structure healthy level</u>	3	4 star	10%	-	
		<u>Equity ratio(ER)</u>	4	5 star	10%	-	
		<u>Revenue growth</u>	5	25%	7%	-	
	Grow revenue	<u>Market share growth</u>	6	10%	8%	-	
Customer	Be easy to do business with	<u>Excellency of multi communication channels</u>	7	5 star	5%	-	
		<u>Touch point experiece</u>	8	5 star	2%	-	
	Provide high-value service	<u>Profession level to communicate with customers</u>	9	5 star	8%	-	
		<u>Flexibility</u>	10	5 star	3%	-	
	Create loyalty	<u>Satistaction level</u>	11	5 star	5%	-	

Table 15 Main Card

The organizer should always check the dictionary formula box to confirm how to give the score. For example, No.2 measure dictionary described as below:

**Formula:**  $\text{EBIT}(\text{earning before interest and tax}) / \text{Capital Employed}$ . 30%ROCE, 50 point, every 5% ROCE above the basic line, the score can increase 10 points, for example:35% ROCE, 60 points, 40% ROCE, 70 points, 45% ROCE, 80 points, the highest score is 100 points. when the ROCE is under the baseline, every 5% will reduce 10 point, for example: 25%ROCE, 40 point, the lowest score is 0.

Table 16 Part Need to Recheck

When the collected data is 40%, organizer should not put the 40% into the score column, instead, the number should be fill in is 70, and the final score should be 3,5.

And all the ranked stars now should be changed into score, the volume of each star is 20 points. For example, when the average stars are 4.2, then the score should be 84 points.

When the score is filled in, the final score will present automatically in the final column.

After all the score filled in, then filled main card should be submitted to the right people in charge to let them make the analyzation, and give the personal advices to DEWACO due to their analyzation.

Now this Main Scorecard can be used as a communication tool, it reflects the distributors performance. When the total quantifiable score is less than 70, it give the warning to Dewaco, it is the time to push the distributor make some changing align to expected strategy. It also reflects the advantage of the distributor and shortage of the distributor.

In this point, the organizer should write a report and arrange a meeting to describe the result of the analyzation. Point out the well-done aspect and the aspect which still need to improve. Give the advices to the decision makers.

## 2.6 Step 6 Make decision and give the feedback to the distributors

Based on the report, the leaders should make the final decision: if the distributor qualified for next year, if the distributor deserve to get some extra bonus, or the distributor need to perform better in certain perspective and so on.

## 3 WRITE THE DECISION AND PUBLISH IT TO THE OFFICIAL COMPANY WEBSITE AND MAGAZINE.

Published decision is seen as the end of the evaluation.

In this stage, it is also the time to collect feedback to Dewaco, reference to thesis 8.4, write the development agenda, for next round evaluation.

Publishing is the action which seen as the end of the evaluation.