Appendix B: Experimental Materials for Experiment II

Enclosed in Appendix B is the case material used for Experiment II.

- Appendix B presents sample of case materials for the *choice-all-received, choice-half-received,* and *choice-not-received* conditions.

- The first two parts (i.e. Part 1 and Part 2) of this experiment are the same for all conditions, so I only present the first two parts once in this appendix.

- There are all together five case instruments for the third part (i.e. Part 3) of this experiment, which are presented in the following sequence:

    1. *Choice-all-received* condition (Choose Set A, get Set A)
    2. *Choice-all-received* condition (Choose Set B, get Set B)
    3. *Choice-half-received* condition
    4. *Choice-not-received* condition (Choose Set A, get Set B)
    5. *Choice-not-received* condition (Choose Set B, get Set A)

- The case material for these three conditions is modified from Lipe and Salterio (2000).

Case Material for Experiment II:
Part 1 and Part 2

(Note that the case material for Part 1 and Part 2 are the same for every condition)

PERFORMANCE EVALUATION RESEARCH

This research comprises 3 parts. Please start doing the research from Part 1, Part 2, and Part 3, respectively.

Part 1:

General Questions

Part 1: General Questions

For each question, circle one answer that you think is most correct.

1. Which statement is the correct statement of the balanced scorecard concept.

    a. The financial section contains lagging indicators of the organization's past performance, whereas the other three sections provide leading indicators about likely future performance.
    b. The financial and customer sections contain lagging indicators of the organization's past performance, whereas the other two sections provide leading indicators about likely future performance.
    c. The financial, customer, and internal operations sections contain lagging indicators of the organization's past performance, whereas learning and growth section provides leading indicators about likely future performance.
    d. The four balanced scorecard sections do not contain lagging indicators of the organization's past performance.

1. Which of the following shows the implied linkages among the portions of the balanced scorecard?
    a. Financial → Internal → Learning and growth → Customer
    b. Learning and growth → Internal → Customer → Financial
    c. Customer → Financial → Internal → Learning and growth
    d. Internal → Customer → Learning and growth → Financial

2. Measures of cycle time would most likely appear in which part of the balanced scorecard?
    a. Innovation and growth
    b. Customer
    c. Internal operations
    d. Financial

3. Strategic execution of balanced scorecard must include all of the followings *except…*
    a. Strategies must begin with management.
    b. Strategies must be translated and communicated throughout the organization.
    c. Accountability of strategic performance must be enforced for all levels in the organization.
    d. Accountability of strategic performance must be enforced only at the top and middle management levels.

4. The measures used in the balanced scorecard must comprise the following characteristics *except*…
   a. Each perspective should include both financial and nonfinancial measures.
   b. Measures should relate to strategies and vision of the company.
   c. Measures should not include financial measures, since they are lagging measures.
   d. Measures under each perspective should target both short-term and long-term goals of the business unit.

5. What are the steps in implementing the balanced scorecard?
   a. (1) clarifying and translating vision and strategy, (2) communicating and linking, (3) planning and target setting, and (4) strategic feedback and learning.
   b. (1) setting long-term goals, (2) setting targets for the organization, (3) setting targets for each business unit, and (4) implement the balanced scorecard.
   c. (1) creating the balanced scorecard and (2) implementing the balanced scorecard.
   d. (1) clarifying and translating vision and strategy, (2) planning and target setting, and (3) strategic feedback and learning.

6. Measures of increased market share most likely appear in which part of the balanced scorecard?
   a. Innovation and growth
   b. Customer
   c. Internal operations
   d. Financial

7. Which statement is true for performance evaluation?
   a. Management should not concentrate their performance evaluation on financial measures, but should instead focus on operational measures.
   b. Management usually relies on one set of measures to the exclusion of other sets of measures in their performance evaluation.
   c. Management wants a balanced presentation of both financial and operational measures in evaluating performance of a business unit.
   d. Financial measures are the best tools in evaluating performance of a business unit.

This is the end of Part 1. Please proceed to Part 2 of this research.

Part 2:

Performance Evaluation Research

Performance Evaluation Research Project

Directions

1. Remember this activity is voluntary - you can leave at any time and choose not to answer any question.

2. Go through the materials in the order presented: PLEASE:

-   DO NOT READ AHEAD

-   REFERRING BACK TO PREVIOUS MATERIAL IS ALLOWED

3. Do not discuss this material with any other student while completing the questionnaire.

4. You may be contacted by the author about your response given in this study.

5. Please start now.

WCS Inc. Case

Background

Women's Clothing Store, Inc. is a firm specializing in the retailing of women's apparel. WCS has five subsidiaries, each providing clothing directed at particular niches within the women's apparel market. WCS operates throughout North America and is currently considering a foray into the European markets.

WCS's two largest subsidiaries are RadWear and WorkWear. RadWear operates retail outlets specializing in apparel for the urban teenage girl. WorkWear specializes in uniforms for women - particularly hospital workers, cleaning staffs, and restaurant waitresses. WCS operates its subsidiaries in a fairly decentralized manner. Each has a divisional manager who is responsible for the division's performance and for providing communication between WCS's central administration and his/her division.

Pat Jenks is the chief financial officer (CFO) of WCS Inc. In 2007, Pat attended a symposium at the Harvard Business School. Harvard's Professor Robert Kaplan introduced the symposium participants to a management tool called the Balanced Scorecard. The Balanced Scorecard, according to Kaplan, contains a set of performance measures carefully chosen to represent important aspects of a business unit in the four areas of financial performance, customer relations, internal business processes, and learning and growth. These measures should be drivers of the unit's success and linked to its strategy and mission. A brief description of each type of measure is below:

Financial measures indicate how well a business unit is doing in meeting profitability and other economic targets.

Customer-related measures indicate a business unit's success in obtaining, and retaining the targeted customers.

Internal business process measures indicate a business unit's performance on activities critical to meeting the customer and financial targets.

Learning and growth measures indicate a business unit's success in developing the personnel and systems necessary for growth and improvement in the long run.

2007 was a rather lackluster year for WCS and Pat decided in early 2008 to try out the balanced scorecard concept. Several steps were involved in doing this. First, Pat met with WCS's top management team to explicate the firm's overall mission. This team determined that the following mission statement was appropriately inspirational and captured the company's goal:

We will be an outstanding apparel supplier in each of the specialty niches served by WCS.

The top management team then met with each divisional manager to communicate this firm-wide mission and to discuss the division manager's role in developing a Balanced Scorecard for his or her division. After the divisional

scorecards were developed, each divisional manager met again with top management to explain his or her division's scorecard, to answer questions, and to make necessary adjustments as requested by top management. The scorecards were developed in time for experimental use in the last quarter of 2007. Based on WCS's experience in that quarter, the scorecards were adjusted for use in 2008. Below is a description of each division's experience in developing and using the Balanced Scorecard.

RadWear

When the concept of the Balanced Scorecard was explained to Chris Peters, manager of the RadWear division, Chris was excited by the chance to specify the drivers of performance in the division. RadWear is a relative newcomer to the WCS family of niche divisions, having been developed in 1991. Chris believes that the Balanced Scorecard idea has the potential to propel WCS and RadWear to vastly improved performance.

In order to develop a balanced scorecard for RadWear, Chris first met with the divisional management staff. This staff includes a divisional controller, marketing manager, head buyer, personnel manager, and manager of store operations. This management team first described the target customer for RadWear and then determined the factors causing this customer to shop at RadWear, to return to RadWear, and to increase the percentage of her clothing purchased at RadWear.

RadWear's management determined that its growth must take place through an aggressive strategy of opening new stores. RadWear also determined that it must increase the number of brands offered to keep the attention and capture the clothing dollars of its teenage customers. RadWear concluded that its competition radius is fairly small due to the low mobility of young teens. These strategies and customer attributes were used to develop the measures and targets for RadWear's scorecard. Although WCS top management requested some minor adjustments, the staff was enthusiastic about the resulting scorecard and was eager to use this new management tool in 2008.

WorkWear

Taylor Graham became the manager of the WorkWear division in 1990. WorkWear is one of the older WCS divisions, having begun operations in 1985. Taylor was interested in Pat Jenks' idea of the Balanced Scorecard, particularly as WorkWear was considering some new business strategies.

WorkWear's management staff met to discuss its targeted customers and to determine the factors which would improve sales to these customers. WorkWear sells its product through direct sales contact with business clients. Thus, WorkWear's customers are the business managers (often personnel managers) who decide on their firm's uniform supplier. These managers are busy professionals with many responsibilities. They generally want to spend little time on the choice and purchase of uniforms but have high standards for durability and cleaning-ability. When these managers have changes in their work force they often need new uniforms in a short time frame. WorkWear management considered these customer attributes in developing strategies for their business.

Although WCS has historically focused on women's clothing, WorkWear's management decided to grow its sales by including a few basic uniforms for men. It is expected that this will make WorkWear a more attractive supplier for businesses who want to purchase uniforms from a single supplier. WorkWear also decided to print a catalog and have an official website so that clients could place some orders without a direct sales visit, particularly for repeat or replacement orders; this should help to retain some sales which might otherwise be lost due to time considerations.

Many of the WorkWear measures are quite similar to those used by RadWear. Of course, the target customers for WorkWear and RadWear are quite different and the sales methods are also different. Thus, although there are many similarities in the measures chosen, they are not exactly the same, nor are the targets the same. This is appropriate and is approved by WCS top management. Pat Jenks and the top management team of WCS have agreed on using some of the measures that are similar across the two divisions. These measures are presented below:

Measures that are similar for RadWear and WorkWear

Financial perspective:
- Return on sales (divisional NI / divisional sales)
- Sales growth ([2008 sales – 2007 sales] / 2007 sales)

Customer-related perspective:
- Repeat sales (% sales from repeat customers)
- Customer satisfaction rating (from a customer survey)

Internal business processes perspective:
- % returns to suppliers due to quality problems
- Average markdowns (discounts) required to sell stocked merchandise

Learning and growth perspective:
- Number of hours of employee training per employee
- # employee suggestions / employee

Chris Peters and Taylor Graham have come up with some of the measures that would be appropriate only to their divisions (RadWear and WorkWear). Pat Jenks has incorporated those measures into two sets of BSC (set A and set B) that he thinks are appropriate for RadWear and WorkWear. However, he is undecided as to which set to choose from. Pat Jenks needs you to help him choose the most appropriate set of measures.

Your task
Pat Jenks has come up with two sets of measures that are used specifically for RadWear and WorkWear (set A and set B). Please read through the measures provided in set A and set B in the following pages. You have to act as WCS's top management and help Pat Jenks decide on the most appropriate set of measures that are used specifically for RadWear and WorkWear.

Set A

Measures that are used specifically for RadWear

Measure

Financial:
- New store sales (% sales from stores opened in 2008)
- Market share relative to retail space (sales/total teen-wear retail square footage in 5 mile radius of stores)

Customer-Related:
- Mystery shopper program rating (Note 1 below)
- Returns by customers as % of sales

Internal Business Processes:
- Average # major brand names/store
- % Sales from new items designated by head buyer as market leaders

Learning and Growth:
- Average tenure of sales personnel (in years)
- % Stores computerizing key functions identified by top management

Note 1: the Mystery Buyer program sends unidentified inspectors into stores. The inspectors are disguised as buyers and provide several 'tests' of the store and its personnel. The inspectors rate the stores on ten dimensions; perfect scores in all categories would lead to a score of 100 points. The dimensions include the store and personnel's appearance, the demeanor of the personnel, the efficiency and effectiveness of the check-out system, among other things.

Measures that are used specifically for WorkWear

Measure

Financial:
- Revenues/sales visit
- Catalog Profits (% NI from catalog orders)

Customer-Related:
- "Captured Customers" (% of customers for whom we are the only supplier)
- Referrals (% of new customers for whom we were recommended by a business associate)

Internal Business Processes:
- % of orders filled within one week
- Catalog orders with errors (% of catalog orders which were filled incorrectly)

Learning and Growth:
- MBAs (% of district sales managers with MBA degrees)
- Certification (% of Order Clerks who have received certification in data base management tools)

Set B

Measures that are used specifically for RadWear

Measure

Financial:
- Profit margin per store (NI for a particular store / total sales for a particular store)
- % stores meeting sales target

Customer-Related:
- % customers who feel the price is right (through survey)
- % customers who like the style of clothing offered by the store

Internal Business Processes:
- Sales dollar / p.c. / week
- Sales from clearance items

Learning and Growth:
- % p.c. feeling of work progress
- % p.c. who can use store computer program

Measures that are used specifically for WorkWear

Measure

Financial:
- Website profits (% NI from website orders)
- % NI from hospital orders

Customer-Related:
- % of customers who claimed that they are more satisfied with WorkWear than with WorkWear's competitors
- Number of contacts with customers / quarter

Internal Business Processes:
- % of on-time delivery
- % website orders that cannot be fulfilled

Learning and Growth:
- % of clerks who are able to update the website
- Number of times for website update / year

Your task

   Please take the place of top management of WCS in choosing the appropriate set of measures to be used in evaluating managers from RadWear and WorkWear. Please indicate below whether you choose set A or set B of the BSC measures. Also, please provide reasons why you choose the set for the two divisions.

1. Indicate whether you choose set A or set B by placing 'X' in front of set A or set B below.

   _____ Set A   _____ Set B

2. Provide reasons why you choose the above set in the space provided.

   _____
   _____
   _____
   _____
   _____
   _____

This is the end of the second session. Please _raise your hand_ to let the experimenter knows you are done with Part 2. The experimenter will give you Part 3 of the research.

Case Material for Experiment II: Part 3

(*Choice-all-received* condition – Choose Set A, Get Set A)

Part 3:

Performance Evaluations Research

Part 3 - Performance Evaluation of Subordinates

After involving you and the other top management in the development process of the BSC measures for RadWear and WorkWear, Pat Jenks has come up with the final version of the BSC for both divisions. The resulting BSC measures for each division are the consensus of top management's preferences. ***The final version of the BSC is <u>smilar</u> to the set of BSC that you have chosen.***

Exhibit 1 and Exhibit 2 present the resulting scorecards for RadWear and WorkWear.

Exhibit 1
RadWear Balanced Scorecard
Measures and Targets for 2008

Measure	Target for 2008
Financial:	
1. Return on sales (divisional NI/divisional sales)	24%
2. New store sales (% sales from stores opened in 2007)	30%
3. Sales growth ([2008 sales -2007 sales]/2007 sales)	35%
4. Market share relative to retail space (sales/total teen-wear retail square footage in 5 mile radius of stores)	$80
Customer-Related:	
1. Mystery shopper program rating (Note 1 below)	85
2. Repeat sales (% sales from repeat customers)	30%
3. Returns by customers as % of sales	12%
4. Customer satisfaction rating (from a customer survey)	92%
Internal Business Processes:	
1. % Returns to suppliers due to quality problems	6%
2. Average # major brand names/store	32
3. Average markdowns (discounts) required to sell stocked merchandise	16%
4. % Sales from new items designated by head buyer as market leaders	25%
Learning and Growth:	
1. Average tenure of sales personnel (in years)	1.4
2. # Hours of employee training/employee	15
3. % Stores computerizing key functions identified by top management	85%
4. # Employee suggestions/employee	3.3

Note 1: the Mystery Buyer program sends unidentified inspectors into stores. The inspectors are disguised as buyers and provide several 'tests' of the store and its personnel. The inspectors rate the stores on ten dimensions; perfect scores in all categories would lead to a score of 100 points. The dimensions include the store and personnel's appearance, the demeanor of the personnel, the efficiency and effectiveness of the check-out system, among other things.
Note 2: NI means net income; # means number of; % means percentage.

Exhibit 2
WorkWear Balanced Scorecard
Measures and Targets for 2008

Measure	Target for 2008

Financial:
1. Return on sales (divisional NI/divisional sales)......................................24%
2. Revenues/sales visit...$400
3. Sales growth ([2008 sales -2007 sales]/2007 sales)................................30%
4. Catalog Profits (% NI from catalog orders)...6%

Customer-Related:
1. "Captured Customers" (% of customers for whom we are the
   only supplier)...20%
2. Repeat sales (% sales from repeat customers)..25%
3. Referrals (% of new customers for whom we were recom-
   mended by a business associate)..50%
4. Customer satisfaction rating (from a customer survey)............................84%

Internal Business Processes:
1. % Returns to suppliers due to quality problems...8%
2. % of orders filled within one week...85%
3. Average markdowns (discounts) required to sell stocked
   merchandise...20%
4. Catalog orders with errors (% of catalog orders
   which were filled incorrectly)...5%

Learning and Growth:
1. MBAs (% of district sales managers with MBA degrees).......................12%
2. # Hours of employee training/employee...12
3. Certification (% of Order Clerks who have received
   certification in data base management tools)..20%
4. # Employee suggestions/employee...3.1

Note 1: NI means net income; # means number of; % means percentage.

Performance in 2008

The overall performance of WCS in 2008 was good. Performance across divisions, however, was somewhat uneven. The scorecards for RadWear and WorkWear, including targets and actuals for 2008, are provided in exhibits 3 and 4, respectively.

Pat Jenks now has the difficult task of evaluating the performance of the divisional managers for 2008. As managers of the two largest divisions, Chris Peters and Taylor Graham will receive the most attention. The results of year end reviews are used by WCS in several ways. They are used in determining merit raises and year-end bonuses. They are also used in decisions regarding promotion or movement within or out of the firm. Additionally, the performance reviews are used as a method for providing feedback and guidance to the divisional managers regarding their performance and future actions.

Although you will do an initial evaluation, the final written review will take into account the discussion you will have with the individual divisional managers. Thus, the initial evaluation may be subsequently adjusted due to additional information provided by the evaluatees. You, however, believe it is important to do an initial evaluation before meeting with the managers in order to maintain objectivity and high standards. Later adjustments provide for equity based on the specifics of the divisions' situations.

Your task

Please take the place of top management of WCS in evaluating the performance of Chris Peters and Taylor Graham, managers of RadWear and WorkWear, respectively. The evaluation form used by WCS is attached. Remember that this is an initial evaluation which will be adjusted after further information is available. For each of the managers you should indicate an overall performance evaluation.

Exhibit 3
RadWear Balanced Scorecard
Targets and Actuals for 2008

Measure	Target	Actual	% better (less) than target
Financial:			
1. Return on sales	24%	26%	8.33%
2. New store sales	30%	31%	4.00%
3. Sales growth	35%	38%	8.57%
4. Market share relative to retail space	$80	$84.70	5.88%
Customer-Related:			
1. Mystery shopper program rating	85	91.8	9.00%
2. Repeat sales	30%	34%	13.33%
3. Returns by customers as % of sales	12%	12.3%	2.50%
4. Customer satisfaction rating	92%	95%	3.26%
Internal Business Processes:			
1. Returns to suppliers	6%	7%	16.67%
2. Average major brand names/store	32	36	12.50%
3. Average markdowns	16%	18.5%	15.63%
4. Sales from new market leaders	25%	27%	8.00%
Learning and Growth:			
1. Average tenure of sales personnel	1.4	1.5	7.14%
2. Hours of employee training/employee	15	17	13.33%
3. Stores computerizing	85%	87.7%	3.18%
4. Employee suggestions/employee	3.3	3.5	6.06%

Exhibit 4
WorkWear Balanced Scorecard
Targets and Actuals for 2008

Measure	Target	Actual	% better (less) than target
Financial:			
1. Return on sales	24%	25%	4.17%
2. Revenues per sales visit	$400	$433	8.25%
3. Sales growth	34%	36%	5.88%
4. Catalog profits	6%	6.5%	8.33%
Customer-Related:			
1. Captured Customers	20%	22.7%	13.50%
2. Repeat sales	25%	27%	8.00%
3. Referrals	50%	51.6%	3.20%
4. Customer satisfaction rating	84%	86%	2.38%
Internal Business Processes:			
1. Returns to suppliers	8%	9%	12.50%
2. Orders filled within one week	85%	99%	16.47%
3. Average markdowns	20%	21.5%	7.50%
4. Catalog orders filled with errors	5%	5.8%	16.00%
Learning and Growth:			
1. MBA degrees	12%	13.6%	13.33%
2. Hours of employee training/employee	12	13	8.33%
3. Certification	20%	21.2%	6.00%
4. Employee suggestions/employee	3.1	3.2	3.23%

WCS Inc.
Initial Evaluation Form

Year: ___2008_____

Manager: _____Chris Peters_____

Division: _____RadWear_____

Evaluator: _____

1. Indicate your initial performance evaluation for this manager by placing an 'X' somewhere on the scale below. Note that some label interpretations are provided below.

```
    0                            50                          100
     |----|----|----|----|----|----|----|----|----|----|
Reas-     very        poor     average    good    very  excellent
sign      poor                                    good
```

      Excellent: far beyond expectations, manager excels
      Very good: considerably above expectations
      Good: somewhat above expectations
      Average: meets expectations
      Poor: somewhat below expectations, needs some improvement
      Very Poor: considerably below expectations, needs considerable improvement
      Reassign: sufficient improvement unlikely

2. Indicate your strength of conviction regarding this evaluation (how strongly you hold the opinion indicated above) by placing an 'X' somewhere on the scale below:

```
    0                            50                          100
     |----|----|----|----|----|----|----|----|----|----|
    very         somewhat      neither      somewhat       very
    weak           weak        weak nor      strong       strong
                                strong
```

WCS Inc.
Initial Evaluation Form

Year: ____2008_____

Manager: ____Taylor Graham_____

Division: ____WorkWear_____

Evaluator: _____

1. Indicate your initial performance evaluation for this manager by placing an 'X' somewhere on the scale below. Note that some label interpretations are provided below.

```
    0                             50                           100
     |----|----|----|----|----|----|----|----|----|----|
Reas-     very       poor      average     good    very  excellent
sign      poor                                     good
```

      Excellent: far beyond expectations, manager excels
      Very good: considerably above expectations
      Good: somewhat above expectations
      Average: meets expectations
      Poor: somewhat below expectations, needs some improvement
      Very Poor: considerably below expectations, needs considerable improvement
      Reassign: sufficient improvement unlikely

2. Indicate your strength of conviction regarding this evaluation (how strongly you hold the opinion indicated above) by placing an 'X' somewhere on the scale below:

```
    0                             50                           100
     |----|----|----|----|----|----|----|----|----|----|
  very             somewhat      neither      somewhat        very
  weak               weak        weak nor      strong        strong
                                  strong
```

Follow-Up Questions for the WCS Inc. Case

Now assume that WCS has decided to change its organizational structure. Instead of five decentralized subsidiaries, WCS is going to centralize all of its sales operations under one Manager of Sales Operations. Chris Peters and Taylor Graham are prime candidates for this position since they have been managing the largest divisions in WCS.

Based on the information you have, which of the two would you recommend for this promotion? Certainly both managers will likely be offered management positions at WCS but the Manager of Sales Operations will be the most attractive, highest-level position available to them. Indicate your choice, your confidence in your choice, and your rationale below. You may refer back to case materials if you would find that helpful.

1. My choice for Manager of Sales Operations is:

_____ **Chris Peters** (*RadWear* manager)   _____ **Taylor Graham** (*WorkWear* manager)

2. Indicate your strength of conviction in this recommendation (how strongly you hold the opinion indicated above) by placing an 'X' on the scale below:

```
   0                             50                          100
    |----|----|----|----|----|----|----|----|----|----|
   very          somewhat      neither       somewhat        very
   weak            weak        weak nor       strong         strong
                                strong
```

- For this section: DO NOT CHANGE YOUR ANSWERS TO PREVIOUS QUESTIONS IF YOU REFER BACK TO PREVIOUS MATERIAL

Demographic information and general concluding questions

Gender: Male _____   Female _____

Age: _____ years

Number of years of full time work experience: _____

Your full-time work experience was most closely related to which of the following areas (check all that apply):
_____ Accounting, auditing or taxation
_____ Finance, banking or investing
_____ Marketing or sales
_____ General management or personnel
_____ Engineering
_____ Medical
_____ Other, please specify:

_____

Number of subordinates that are under your supervision: _____

Have you ever used BSC to evaluate your subordinates? _____ Yes   _____ No

Have you ever been evaluated by the BSC? _____ Yes   _____ No

You are currently studying in what program? _____ MBA   _____ BBA

MBA status: _____ Full time   _____ Part-time

Most likely area of emphasis in your program is (check one):
_____ Accounting, auditing or taxation
_____ Finance, banking or investing
_____ Marketing or sales
_____ General management or personnel
_____ Other, please
specify:_____

Please indicate the extent of your agreement with each of the following questions by putting an X on the scale below the question.

Indicate your **level of satisfaction** in being **involved** in the development of the BSC for WCS .

```
    -5           -3              0            3         5
    |----|----|----|----|----|----|----|----|----|----|
    Not                                           Very
satisfied                                      satisfied
```

Indicate your **level of involvement** in the **development** of the BSC for WCS .

```
    -5           -3              0            3         5
    |----|----|----|----|----|----|----|----|----|----|
Lowly                                           Highly
Involved                                       Involved
```

The performance measures were **usefully categorized** in this case.

```
    -5           -3              0            3         5
    |----|----|----|----|----|----|----|----|----|----|
  strongly                                    strongly
  disagree                                      agree
```

Financial performance measures were **emphasized** in this case.

```
    -5           -3              0            3         5
    |----|----|----|----|----|----|----|----|----|----|
  strongly                                    strongly
  disagree                                      agree
```

The two divisions, RadWear and WorkWear, were targeting the **same** markets.

```
    -5           -3              0            3         5
    |----|----|----|----|----|----|----|----|----|----|
  strongly                                    strongly
  disagree                                      agree
```

The two divisions, RadWear and WorkWear, used **some different** performance measures.

```
  -5            -3                0                3            5
   |----|----|----|----|----|----|----|----|----|----|
 strongly                                       strongly
 disagree                                         agree
```

It was **appropriate** for the two divisions, RadWear and WorkWear, to employ **some different** performance measures.

```
  -5            -3                0                3            5
   |----|----|----|----|----|----|----|----|----|----|
 strongly                                       strongly
 disagree                                         agree
```

The case was **easy to understand.**

```
  -5            -3                0                3            5
   |----|----|----|----|----|----|----|----|----|----|
 strongly                                       strongly
 disagree                                         agree
```

The case was **very difficult to do.**

```
  -5            -3                0                3            5
   |----|----|----|----|----|----|----|----|----|----|
 strongly                                       strongly
 disagree                                         agree
```

The case was **very realistic.**

```
  -5            -3                0                3            5
   |----|----|----|----|----|----|----|----|----|----|
 strongly                                       strongly
 disagree                                         agree
```

It was **very difficult** to rank the common measures

```
  -5            -3                0                3            5
   |----|----|----|----|----|----|----|----|----|----|
 strongly                                       strongly
 disagree                                         agree
```

It was **very difficult** to rank the unique measures

```
  -5            -3                0                3            5
   |----|----|----|----|----|----|----|----|----|----|
 strongly                                       strongly
 disagree                                         agree
```

The measures provided are **realistic**

```
    -5            -3                0                3            5
    |----|----|----|----|----|----|----|----|----|----|
 strongly                                          strongly
 disagree                                            agree
```

Unique measures provided for ranking are **different** between the two divisions

```
    -5            -3                0                3            5
    |----|----|----|----|----|----|----|----|----|----|
 strongly                                          strongly
 disagree                                            agree
```

 I am **aware** that the BSC measures that were presented in the final version are not the version that I choose.

```
    -5            -3                0                3            5
    |----|----|----|----|----|----|----|----|----|----|
 strongly                                          strongly
 disagree                                            agree
```

I am **dissatisfied** with the final version of the BSC provided, since it is not the version that I choose.

```
    -5            -3                0                3            5
    |----|----|----|----|----|----|----|----|----|----|
 strongly                                          strongly
 disagree                                            agree
```

The End. Thank you very much for completing this research.

Case Material for Experiment II: Part 3

(*Choice-all-received* condition – Choose Set B, Get Set B)

Part 3:

Performance Evaluations Research

Part 3 - Performance Evaluation of Subordinates

After involving you and the other top management in the development process of the BSC measures for RadWear and WorkWear, Pat Jenks has come up with the final version of the BSC for both divisions. The resulting BSC measures for each division are the consensus of top management's preferences. ***The final version of the BSC is <u>similar</u> to the set of BSC that you have chosen.***

Exhibit 1 and Exhibit 2 present the resulting scorecards for RadWear and WorkWear.

Exhibit 1
RadWear Balanced Scorecard
Measures and Targets for 2008

Measure	Target for 2008
Financial:	
1. Return on sales (divisional NI/divisional sales)	24%
2. Profit margin per store (NI for a particular store / total sales for a particular store)	30%
3. Sales growth ([2008 sales -2007 sales]/2007 sales)	35%
4. % stores meeting sales target	80%
Customer-Related:	
1. % customers who feel the price is right (through survey)	85%
2. Repeat sales (% sales from repeat customers)	30%
3. % customers who like the style of clothing offered by the store	80%
4. Customer satisfaction rating (from a customer survey)	92%
Internal Business Processes:	
1. % Returns to suppliers due to quality problems	6%
2. Sales dollar / sales personnel / week	$1,500
3. Average markdowns (discounts) required to sell stocked merchandise	16%
4. % sales from clearance items	25%
Learning and Growth:	
1. % sales personnel who feel they can progress beyond being sales personnel	27%
2. # Hours of employee training/employee	15
3. % sales personnel who can operate computer program installed in the store	85%
4. # Employee suggestions/employee	3.3

Note 1: NI means net income; # means number of; % means percentage.

Exhibit 2
WorkWear Balanced Scorecard
Measures and Targets for 2008

Measure	Target for 2008

Financial:
1. Return on sales (divisional NI/divisional sales)......................................24%
2. Website profits (% NI from website orders) ………………….………..20%
3. Sales growth ([2008 sales -2007 sales]/2007 sales)................................30%
4. % NI from providing uniforms to the hospital sector ………………..…6%

Customer-Related:
1. % customers who claimed that they are more satisfied with
   WorkWear than with WorkWear's competitors …………………....60%
2. Repeat sales (% sales from repeat customers)..25%
3. Number of contacts with customers / quarter ……………………….....500
4. Customer satisfaction rating (from a customer survey)............................84%

Internal Business Processes:
1. % Returns to suppliers due to quality problems......................................8%
2. % of on-time delivery …………………………………..…………….85%
3. Average markdowns (discounts) required to sell stocked
   merchandise..20%
4. % of website orders that cannot be fulfilled within 1 month
   (Note 2) …………………………………………………………5%

Learning and Growth:
1. % of clerks who are able to update the website …………………………12%
2. # Hours of employee training/employee..12
3. Number of times that corporate customers' database is
   updated / year …………………………………………………..50
4. # Employee suggestions/employee...3.1

Note 1: NI means net income; # means number of; % means percentage.

Note 2: Since customers who order through website do not have personal contact with the sales person, customers may order goods which are difficult to manufacture or are out of raw materials. So, orders cannot be fulfilled in less than 1 month, which may lead to customer's dissatisfaction.

Performance in 2008

       The overall performance of WCS in 2008 was good. Performance across divisions, however, was somewhat uneven. The scorecards for RadWear and WorkWear, including targets and actuals for 2008, are provided in exhibits 3 and 4, respectively.

       Pat Jenks now has the difficult task of evaluating the performance of the divisional managers for 2008. As managers of the two largest divisions, Chris Peters and Taylor Graham will receive the most attention. The results of year end reviews are used by WCS in several ways. They are used in determining merit raises and year-end bonuses. They are also used in decisions regarding promotion or movement within or out of the firm. Additionally, the performance reviews are used as a method for providing feedback and guidance to the divisional managers regarding their performance and future actions.

       Although you will do an initial evaluation, the final written review will take into account the discussion you will have with the individual divisional managers. Thus, the initial evaluation may be subsequently adjusted due to additional information provided by the evaluatees. You, however, believe it is important to do an initial evaluation before meeting with the managers in order to maintain objectivity and high standards. Later adjustments provide for equity based on the specifics of the divisions' situations.

Your task

       Please take the place of top management of WCS in evaluating the performance of Chris Peters and Taylor Graham, managers of RadWear and WorkWear, respectively. The evaluation form used by WCS is attached. Remember that this is an initial evaluation which will be adjusted after further information is available. For each of the managers you should indicate an overall performance evaluation.

Exhibit 3
RadWear Balanced Scorecard
Targets and Actuals for 2008

Measure	Target	Actual	% better (less) than target
Financial:			
1. Return on sales	24%	26%	8.33%
2. Profit margin / store	30%	31%	4.00%
3. Sales growth	35%	38%	8.57%
4. % stores meeting sales target	80%	84.70%	5.87%
Customer-Related:			
1. % customer who feels the price is right	85%	91.8%	9.00%
2. Repeat sales	30%	34%	13.33%
3. % customer who likes store's clothing style	80%	82%	2.50%
4. Customer satisfaction rating	92%	95%	3.26%
Internal Business Processes:			
1. Returns to suppliers	6%	7%	16.67%
2. Sales dollar / p.c. / week	$1,500	$1,687.5	12.50%
3. Average markdowns	16%	18.5%	15.63%
4. Sales from clearance items	25%	27%	8.00%
Learning and Growth:			
1. % p.c. feeling of work progress	27%	28.93%	7.14%
2. Hours of employee training/employee	15	17	13.33%
3. % p.c. who can use store computer program	85%	87.7%	3.18%
4. Employee suggestions/employee	3.3	3.5	6.06%

Note 1: p.c. refers to sales personnel

Exhibit 4
WorkWear Balanced Scorecard
Targets and Actuals for 2008

Measure	Target	Actual	% better (less) than target
Financial:			
1. Return on sales	24%	25%	4.17%
2. Website profit	20%	21.65%	8.25%
3. Sales growth	34%	36%	5.88%
4. % NI from hospital orders	6%	6.5%	8.33%
Customer-Related:			
1. % customer satisfaction over competitor	60%	68.1%	13.50%
2. Repeat sales	25%	27%	8.00%
3. # new customer contacts / quarter	500	516	3.20%
4. Customer satisfaction rating	84%	86%	2.38%
Internal Business Processes:			
1. Returns to suppliers	8%	9%	12.50%
2. % on-time delivery	85%	99%	16.47%
3. Average markdowns	20%	18.5%	7.50%
4. % website orders that cannot be fulfilled	5%	5.8%	16.00%
Learning and Growth:			
1. % clerks able to update website	12%	13.6%	13.33%
2. Hours of employee training/employee	12	13	8.33%
3. # times for website update / year	50	53	6.00%
4. Employee suggestions/employee	3.1	3.2	3.23%

WCS Inc.
Initial Evaluation Form

Year: _____2008_____

Manager: _____Chris Peters_____

Division: _____RadWear_____

Evaluator: _____

1. Indicate your initial performance evaluation for this manager by placing an 'X' somewhere on the scale below. Note that some label interpretations are provided below.

```
    0                           50                          100
     |----|----|----|----|----|----|----|----|----|----|
Reas-     very       poor    average    good    very  excellent
sign      poor                                  good
```

  Excellent: far beyond expectations, manager excels
  Very good: considerably above expectations
  Good: somewhat above expectations
  Average: meets expectations
  Poor: somewhat below expectations, needs some improvement
  Very Poor: considerably below expectations, needs considerable improvement
  Reassign: sufficient improvement unlikely

2. Indicate your strength of conviction regarding this evaluation (how strongly you hold the opinion indicated above) by placing an 'X' somewhere on the scale below:

```
    0                           50                          100
     |----|----|----|----|----|----|----|----|----|----|
   very          somewhat      neither     somewhat      very
   weak            weak       weak nor      strong      strong
                               strong
```

WCS Inc.
Initial Evaluation Form

Year: ___2008_____

Manager: _____Taylor Graham_____

Division: ____WorkWear_____

Evaluator: _____

1. Indicate your initial performance evaluation for this manager by placing an 'X' somewhere on the scale below. Note that some label interpretations are provided below.

```
    0                             50                           100
     |----|----|----|----|----|----|----|----|----|----|
 Reas-      very      poor     average    good    very   excellent
 sign       poor                                  good
```

      Excellent: far beyond expectations, manager excels
      Very good: considerably above expectations
      Good: somewhat above expectations
      Average: meets expectations
      Poor: somewhat below expectations, needs some improvement
      Very Poor: considerably below expectations, needs considerable improvement
      Reassign: sufficient improvement unlikely

2. Indicate your strength of conviction regarding this evaluation (how strongly you hold the opinion indicated above) by placing an 'X' somewhere on the scale below:

```
    0                             50                           100
     |----|----|----|----|----|----|----|----|----|----|
   very           somewhat      neither     somewhat       very
   weak             weak       weak nor      strong       strong
                                strong
```

Follow-Up Questions for the WCS Inc. Case

Now assume that WCS has decided to change its organizational structure. Instead of five decentralized subsidiaries, WCS is going to centralize all of its sales operations under one Manager of Sales Operations. Chris Peters and Taylor Graham are prime candidates for this position since they have been managing the largest divisions in WCS.

Based on the information you have, which of the two would you recommend for this promotion? Certainly both managers will likely be offered management positions at WCS but the Manager of Sales Operations will be the most attractive, highest-level position available to them. Indicate your choice, your confidence in your choice, and your rationale below. You may refer back to case materials if you would find that helpful.

1. My choice for Manager of Sales Operations is:

_____ **Chris Peters** (*RadWear* manager)   _____ **Taylor Graham** (*WorkWear* manager)

2. Indicate your strength of conviction in this recommendation (how strongly you hold the opinion indicated above) by placing an 'X' on the scale below:

```
   0                          50                         100
    |----|----|----|----|----|----|----|----|----|----|
   very          somewhat     neither      somewhat       very
   weak            weak       weak nor      strong       strong
                              strong
```

- For this section: DO NOT CHANGE YOUR ANSWERS TO PREVIOUS QUESTIONS IF YOU REFER BACK TO PREVIOUS MATERIAL

Demographic information and general concluding questions

Gender: Male _____   Female _____

Age: _____ years

Number of years of full time work experience: _____

Your full-time work experience was most closely related to which of the following areas (check all that apply):
_____ Accounting, auditing or taxation
_____ Finance, banking or investing
_____ Marketing or sales
_____ General management or personnel
_____ Engineering
_____ Medical
_____ Other, please specify:

_____

Number of subordinates that are under your supervision: _____

Have you ever used BSC to evaluate your subordinates? _____ Yes   _____ No

Have you ever been evaluated by the BSC? _____ Yes   _____ No

You are currently studying in what program? _____ MBA   _____ BBA

MBA status: _____ Full time   _____ Part-time

Most likely area of emphasis in your program is (check one):
_____ Accounting, auditing or taxation
_____ Finance, banking or investing
_____ Marketing or sales
_____ General management or personnel
_____ Other, please
specify:_____

Please indicate the extent of your agreement with each of the following questions by putting an X on the scale below the question.

Indicate your **level of satisfaction** in being **involved** in the development of the BSC for WCS .

```
    -5            -3              0            3           5
     |----|----|----|----|----|----|----|----|----|----|
     Not                                            Very
satisfied                                       satisfied
```

Indicate your **level of involvement** in the **development** of the BSC for WCS .

```
    -5            -3              0            3           5
     |----|----|----|----|----|----|----|----|----|----|
Lowly                                            Highly
Involved                                        Involved
```

The performance measures were **usefully categorized** in this case.

```
    -5            -3              0            3           5
     |----|----|----|----|----|----|----|----|----|----|
  strongly                                      strongly
  disagree                                         agree
```

Financial performance measures were **emphasized** in this case.

```
    -5            -3              0            3           5
     |----|----|----|----|----|----|----|----|----|----|
  strongly                                      strongly
  disagree                                         agree
```

The two divisions, RadWear and WorkWear, were targeting the **same** markets.

```
    -5            -3              0            3           5
     |----|----|----|----|----|----|----|----|----|----|
  strongly                                      strongly
  disagree                                         agree
```

The two divisions, RadWear and WorkWear, used **some different** performance measures.

```
    -5            -3              0            3           5
     |----|----|----|----|----|----|----|----|----|----|
  strongly                                      strongly
  disagree                                         agree
```

It was **appropriate** for the two divisions, RadWear and WorkWear, to employ **some different** performance measures.

```
  -5            -3                 0                3            5
   |----|----|----|----|----|----|----|----|----|----|
 strongly                                      strongly
 disagree                                        agree
```

The case was **easy to understand.**

```
  -5            -3                 0                3            5
   |----|----|----|----|----|----|----|----|----|----|
 strongly                                      strongly
 disagree                                        agree
```

The case was **very difficult to do.**

```
  -5            -3                 0                3            5
   |----|----|----|----|----|----|----|----|----|----|
 strongly                                      strongly
 disagree                                        agree
```

The case was **very realistic.**

```
  -5            -3                 0                3            5
   |----|----|----|----|----|----|----|----|----|----|
 strongly                                      strongly
 disagree                                        agree
```

It was **very difficult** to rank the common measures

```
  -5            -3                 0                3            5
   |----|----|----|----|----|----|----|----|----|----|
 strongly                                      strongly
 disagree                                        agree
```

It was **very difficult** to rank the unique measures

```
  -5            -3                 0                3            5
   |----|----|----|----|----|----|----|----|----|----|
 strongly                                      strongly
 disagree                                        agree
```

The measures provided are **realistic**

```
  -5            -3                 0                3            5
   |----|----|----|----|----|----|----|----|----|----|
 strongly                                      strongly
 disagree                                        agree
```

Unique measures provided for ranking are **different** between the two divisions

```
    -5            -3                   0                   3             5
     |----|----|----|----|----|----|----|----|----|----|
    strongly                                         strongly
    disagree                                            agree
```

I am **aware** that the BSC measures that were presented in the final version are not the version that I choose.

```
    -5            -3                   0                   3             5
     |----|----|----|----|----|----|----|----|----|----|
    strongly                                         strongly
    disagree                                            agree
```

I am **dissatisfied** with the final version of the BSC provided, since it is not the version that I choose.

```
    -5            -3                   0                   3             5
     |----|----|----|----|----|----|----|----|----|----|
    strongly                                         strongly
    disagree                                            agree
```

The End. Thank you very much for completing this research.

Case Material for Experiment II: Part 3
(*Choice-half-received* condition)

Part 3:

Performance Evaluations Research

Part 3 - Performance Evaluation of Subordinates

   After involving you and the other top management in the development process of the BSC measures for RadWear and WorkWear, Pat Jenks has come up with the final version of the BSC for both divisions. The resulting BSC measures for each division are the consensus of top management's preferences. ***<u>Only half of the</u> measures that you have chosen appeared in the final version of the BSC.***
   Exhibit 1 and Exhibit 2 present the resulting scorecards for RadWear and WorkWear.

Exhibit 1
RadWear Balanced Scorecard
Measures and Targets for 2008

Measure	Target for 2008
Financial:	
1. Return on sales (divisional NI/divisional sales)	24%
2. New store sales (% sales from stores opened in 2007)	30%
3. Sales growth ([2008 sales -2007 sales]/2007 sales)	35%
4. % stores meeting sales target	80%
Customer-Related:	
1. Mystery shopper program rating (Note 1 below)	85
2. Repeat sales (% sales from repeat customers)	30%
3. % customers who like the style of clothing offered by the store	80%
4. Customer satisfaction rating (from a customer survey)	92%
Internal Business Processes:	
1. % Returns to suppliers due to quality problems	6%
2. Average # major brand names/store	32
3. Average markdowns (discounts) required to sell stocked merchandise	16%
4. % sales from clearance items	25%
Learning and Growth:	
1. Average tenure of sales personnel (in years)	1.4
2. # Hours of employee training/employee	15
3. % sales personnel who can operate computer program installed in the store	85%
4. # Employee suggestions/employee	3.3

Note 1: NI means net income; # means number of; % means percentage.

Exhibit 2
WorkWear Balanced Scorecard
Measures and Targets for 2008

Measure	Target for 2008
Financial:	
1. Return on sales (divisional NI/divisional sales)	24%
2. Revenues/sales visit	$400
3. Sales growth ([2008 sales -2007 sales]/2007 sales)	30%
4. % NI from providing uniforms to the hospital sector	6%
Customer-Related:	
1. "Captured Customers" (% of customers for whom we are the only supplier)	20%
2. Repeat sales (% sales from repeat customers)	25%
3. Number of contacts with customers / quarter	500
4. Customer satisfaction rating (from a customer survey)	84%
Internal Business Processes:	
1. % Returns to suppliers due to quality problems	8%
2. % of orders filled within one week	85%
3. Average markdowns (discounts) required to sell stocked merchandise	20%
4. % of website orders that cannot be fulfilled within 1 month (Note 2)	5%
Learning and Growth:	
1. MBAs (% of district sales managers with MBA degrees)	12%
2. # Hours of employee training/employee	12
3. Number of times that corporate customers' database is updated / year	50
4. # Employee suggestions/employee	3.1

Note 1: NI means net income; # means number of; % means percentage.

Note 2: Since customers who order through website do not have personal contact with the sales person, customers may order goods which are difficult to manufacture or are out of raw materials. So, orders cannot be fulfilled in less than 1 month, which may lead to customer's dissatisfaction.

Performance in 2008

The overall performance of WCS in 2008 was good. Performance across divisions, however, was somewhat uneven. The scorecards for RadWear and WorkWear, including targets and actuals for 2008, are provided in exhibits 3 and 4, respectively.

Pat Jenks now has the difficult task of evaluating the performance of the divisional managers for 2008. As managers of the two largest divisions, Chris Peters and Taylor Graham will receive the most attention. The results of year end reviews are used by WCS in several ways. They are used in determining merit raises and year-end bonuses. They are also used in decisions regarding promotion or movement within or out of the firm. Additionally, the performance reviews are used as a method for providing feedback and guidance to the divisional managers regarding their performance and future actions.

Although you will do an initial evaluation, the final written review will take into account the discussion you will have with the individual divisional managers. Thus, the initial evaluation may be subsequently adjusted due to additional information provided by the evaluatees. You, however, believe it is important to do an initial evaluation before meeting with the managers in order to maintain objectivity and high standards. Later adjustments provide for equity based on the specifics of the divisions' situations.

Your task

Please take the place of top management of WCS in evaluating the performance of Chris Peters and Taylor Graham, managers of RadWear and WorkWear, respectively. The evaluation form used by WCS is attached. Remember that this is an initial evaluation which will be adjusted after further information is available. For each of the managers you should indicate an overall performance evaluation.

Exhibit 3
RadWear Balanced Scorecard
Targets and Actuals for 2008

Measure	Target	Actual	% better (less) than target
Financial:			
1. Return on sales	24%	26%	8.33%
2. New store sales	30%	31%	4.00%
3. Sales growth	35%	38%	8.57%
4. % stores meeting sales target	80%	84.70%	5.87%
Customer-Related:			
1. Mystery shopper program rating	85	91.8	8.00%
2. Repeat sales	30%	34%	13.33%
3. % customer who likes store's clothing style	80%	82%	2.50%
4. Customer satisfaction rating	92%	95%	3.26%
Internal Business Processes:			
1. Returns to suppliers	6%	7%	16.67%
2. Average major brand names/store	32	36	12.50%
3. Average markdowns	16%	18.5%	15.63%
4. Sales from clearance items	25%	27%	8.00%
Learning and Growth:			
1. Average tenure of sales personnel	1.4	1.5	7.14%
2. Hours of employee training/employee	15	17	13.33%
3. % p.c. who can use store computer program	85%	87.7%	3.18%
4. Employee suggestions/employee	3.3	3.5	6.06%

Note 1: p.c. refers to sales personnel

Exhibit 4
WorkWear Balanced Scorecard
Targets and Actuals for 2008

Measure	Target	Actual	% better (less) than target
Financial:			
1. Return on sales	24%	25%	4.17%
2. Revenues per sales visit	$400	$433	8.25%
3. Sales growth	34%	36%	5.88%
4. % NI from hospital orders	6%	6.5%	8.33%
Customer-Related:			
1. Captured Customers	20%	22.7%	13.50%
2. Repeat sales	25%	27%	8.00%
3. # new customer contacts / quarter	500	516	3.20%
4. Customer satisfaction rating	84%	86%	2.38%
Internal Business Processes:			
1. Returns to suppliers	8%	7%	12.50%
2. Orders filled within one week	85%	99%	16.47%
3. Average markdowns	20%	21.5%	7.50%
4. % website orders that cannot be fulfilled	5%	5.8%	16.00%
Learning and Growth:			
1. MBA degrees	12%	13.6%	13.33%
2. Hours of employee training/employee	12	13	8.33%
3. # times for website update / year	50	53	6.00%
4. Employee suggestions/employee	3.1	3.2	3.23%

WCS Inc.
Initial Evaluation Form

Year: 2008

Manager: Chris Peters

Division: RadWear

Evaluator: _____

1. Indicate your initial performance evaluation for this manager by placing an 'X' somewhere on the scale below. Note that some label interpretations are provided below.

```
    0                              50                           100
     |----|----|----|----|----|----|----|----|----|----|
 Reas-    very       poor     average    good     very  excellent
 sign     poor                                    good
```

     Excellent: far beyond expectations, manager excels
     Very good: considerably above expectations
     Good: somewhat above expectations
     Average: meets expectations
     Poor: somewhat below expectations, needs some improvement
     Very Poor: considerably below expectations, needs considerable improvement
     Reassign: sufficient improvement unlikely

2. Indicate your strength of conviction regarding this evaluation (how strongly you hold the opinion indicated above) by placing an 'X' somewhere on the scale below:

```
    0                              50                           100
     |----|----|----|----|----|----|----|----|----|----|
  very          somewhat        neither       somewhat       very
  weak            weak          weak nor       strong       strong
                                 strong
```

WCS Inc.
Initial Evaluation Form

Year: _____2008_____

Manager: _____Taylor Graham_____

Division: _____WorkWear_____

Evaluator: _____

1. Indicate your initial performance evaluation for this manager by placing an 'X' somewhere on the scale below. Note that some label interpretations are provided below.

```
    0                             50                          100
     |----|----|----|----|----|----|----|----|----|----|
Reas-     very      poor     average    good    very  excellent
sign      poor                                  good
```

    Excellent: far beyond expectations, manager excels
    Very good: considerably above expectations
    Good: somewhat above expectations
    Average: meets expectations
    Poor: somewhat below expectations, needs some improvement
    Very Poor: considerably below expectations, needs considerable
improvement
    Reassign: sufficient improvement unlikely

2. Indicate your strength of conviction regarding this evaluation (how strongly you hold the opinion indicated above) by placing an 'X' somewhere on the scale below:

```
    0                             50                          100
     |----|----|----|----|----|----|----|----|----|----|
  very           somewhat      neither      somewhat        very
  weak             weak        weak nor      strong        strong
                               strong
```

Follow-Up Questions for the WCS Inc. Case

Now assume that WCS has decided to change its organizational structure. Instead of five decentralized subsidiaries, WCS is going to centralize all of its sales operations under one Manager of Sales Operations. Chris Peters and Taylor Graham are prime candidates for this position since they have been managing the largest divisions in WCS.

Based on the information you have, which of the two would you recommend for this promotion? Certainly both managers will likely be offered management positions at WCS but the Manager of Sales Operations will be the most attractive, highest-level position available to them. Indicate your choice, your confidence in your choice, and your rationale below. You may refer back to case materials if you would find that helpful.

1. My choice for Manager of Sales Operations is:

_____ **Chris Peters** (*RadWear* manager)   _____ **Taylor Graham** (*WorkWear* manager)

2. Indicate your strength of conviction in this recommendation (how strongly you hold the opinion indicated above) by placing an 'X' on the scale below:

```
   0                              50                           100
   |----|----|----|----|----|----|----|----|----|----|
  very          somewhat       neither       somewhat        very
  weak            weak         weak nor        strong        strong
                               strong
```

- For this section: DO NOT CHANGE YOUR ANSWERS TO PREVIOUS QUESTIONS IF YOU REFER BACK TO PREVIOUS MATERIAL

Demographic information and general concluding questions

Gender: Male _____   Female _____

Age: _____ years

Number of years of full time work experience: _____

Your full-time work experience was most closely related to which of the following areas (check all that apply):
_____ Accounting, auditing or taxation
_____ Finance, banking or investing
_____ Marketing or sales
_____ General management or personnel
_____ Engineering
_____ Medical
_____ Other, please specify:

_____

Number of subordinates that are under your supervision: _____

Have you ever used BSC to evaluate your subordinates? _____ Yes   _____ No

Have you ever been evaluated by the BSC? _____ Yes   _____ No

You are currently studying in what program? _____ MBA   _____ BBA

MBA status: _____ Full time   _____ Part-time

Most likely area of emphasis in your program is (check one):
_____ Accounting, auditing or taxation
_____ Finance, banking or investing
_____ Marketing or sales
_____ General management or personnel
_____ Other, please
specify:_____

Please indicate the extent of your agreement with each of the following questions by putting an X on the scale below the question.

Indicate your **level of satisfaction** in being **involved** in the development of the BSC for WCS .

```
   -5            -3              0              3             5
   |----|----|----|----|----|----|----|----|----|----|
   Not                                              Very
satisfied                                        satisfied
```

Indicate your **level of involvement** in the **development** of the BSC for WCS .

```
   -5            -3              0              3             5
   |----|----|----|----|----|----|----|----|----|----|
Lowly                                            Highly
Involved                                       Involved
```

Do you **notice** that the measures in the final version of the BSC **include only half** the measures that you have chosen?
_____ Yes   _____ No

Indicate your **level of satisfaction** to the fact that the final version of the BSC contains **only half** of the the measures of your choice.

```
   -5            -3              0              3             5
   |----|----|----|----|----|----|----|----|----|----|
  Very              Indifferent               Very
Satisfied                                     Satisfied
```

The performance measures were **usefully categorized** in this case.

```
   -5            -3              0              3             5
   |----|----|----|----|----|----|----|----|----|----|
 strongly                                      strongly
 disagree                                        agree
```

Financial performance measures were **emphasized** in this case.

```
   -5            -3              0              3             5
   |----|----|----|----|----|----|----|----|----|----|
 strongly                                      strongly
 disagree                                        agree
```

The two divisions, RadWear and WorkWear, were targeting the **same** markets.

```
   -5           -3              0              3           5
    |----|----|----|----|----|----|----|----|----|----|
 strongly                                       strongly
 disagree                                          agree
```

The two divisions, RadWear and WorkWear, used **some different** performance measures.

```
   -5           -3              0              3           5
    |----|----|----|----|----|----|----|----|----|----|
 strongly                                       strongly
 disagree                                          agree
```

It was **appropriate** for the two divisions, RadWear and WorkWear, to employ **some different** performance measures.

```
   -5           -3              0              3           5
    |----|----|----|----|----|----|----|----|----|----|
 strongly                                       strongly
 disagree                                          agree
```

The case was **easy to understand.**

```
   -5           -3              0              3           5
    |----|----|----|----|----|----|----|----|----|----|
 strongly                                       strongly
 disagree                                          agree
```

The case was **very difficult to do.**

```
   -5           -3              0              3           5
    |----|----|----|----|----|----|----|----|----|----|
 strongly                                       strongly
 disagree                                          agree
```

The case was **very realistic.**

```
   -5           -3              0              3           5
    |----|----|----|----|----|----|----|----|----|----|
 strongly                                       strongly
 disagree                                          agree
```

It was **very difficult** to rank the common measures

```
    -5              -3                0                3              5
     |----|----|----|----|----|----|----|----|----|----|
 strongly                                         strongly
 disagree                                           agree
```

It was **very difficult** to rank the unique measures

```
    -5              -3                0                3              5
     |----|----|----|----|----|----|----|----|----|----|
 strongly                                         strongly
 disagree                                           agree
```

The measures provided are **realistic**

```
    -5              -3                0                3              5
     |----|----|----|----|----|----|----|----|----|----|
 strongly                                         strongly
 disagree                                           agree
```

Unique measures provided for ranking are **different** between the two divisions

```
    -5              -3                0                3              5
     |----|----|----|----|----|----|----|----|----|----|
 strongly                                         strongly
 disagree                                           agree
```

 I am **aware** that the BSC measures that were presented in the final version contains only **half** the measures that I chose.

```
   -5              -3                0                3              5
     |----|----|----|----|----|----|----|----|----|----|
 strongly                                         strongly
 disagree                                           agree
```

I am **dissatisfied** with the final version of the BSC provided, since it only contains **half** the measures that I chose.

```
   -5              -3                0                3              5
     |----|----|----|----|----|----|----|----|----|----|
 strongly                                         strongly
 disagree                                           agree
```

The End. Thank you very much for completing this research.

Case Material for Experiment II: Part 3

(*Choice-not-received* condition – Choose Set A, Get Set B)

Part 3:

Performance Evaluations Research

Part 3 - Performance Evaluation of Subordinates

After involving you and the other top management in the development process of the BSC measures for RadWear and WorkWear, Pat Jenks has come up with the final version of the BSC for both divisions. The resulting BSC measures for each division are the consensus of top management's preferences. ***The final version of the BSC is <u>similar</u> to the set of BSC that you have chosen.***

Exhibit 1 and Exhibit 2 present the resulting scorecards for RadWear and WorkWear.

Exhibit 1
RadWear Balanced Scorecard
Measures and Targets for 2008

Measure	Target for 2008
Financial:	
1. Return on sales (divisional NI/divisional sales)	24%
2. Profit margin per store (NI for a particular store / total sales for a particular store)	30%
3. Sales growth ([2008 sales -2007 sales]/2007 sales)	35%
4. % stores meeting sales target	80%
Customer-Related:	
1. % customers who feel the price is right (through survey)	85%
2. Repeat sales (% sales from repeat customers)	30%
3. % customers who like the style of clothing offered by the store	80%
4. Customer satisfaction rating (from a customer survey)	92%
Internal Business Processes:	
1. % Returns to suppliers due to quality problems	6%
2. Sales dollar / sales personnel / week	$1,500
3. Average markdowns (discounts) required to sell stocked merchandise	16%
4. % sales from clearance items	25%
Learning and Growth:	
1. % sales personnel who feel they can progress beyond being sales personnel	27%
2. # Hours of employee training/employee	15
3. % sales personnel who can operate computer program installed in the store	85%
4. # Employee suggestions/employee	3.3

Note 1: NI means net income; # means number of; % means percentage.

Exhibit 2
WorkWear Balanced Scorecard
Measures and Targets for 2008

Measure	Target for 2008

Financial:
1. Return on sales (divisional NI/divisional sales)......................................24%
2. Website profits (% NI from website orders) ……………….…………20%
3. Sales growth ([2008 sales -2007 sales]/2007 sales)................................30%
4. % NI from providing uniforms to the hospital sector ………………..…6%

Customer-Related:
1. % customers who claimed that they are more satisfied with
    WorkWear than with WorkWear's competitors …………………....60%
2. Repeat sales (% sales from repeat customers)..25%
3. Number of contacts with customers / quarter …………………………....500
4. Customer satisfaction rating (from a customer survey)............................84%

Internal Business Processes:
1. % Returns to suppliers due to quality problems.......................................8%
2. % of on-time delivery …………………………………..……………85%
3. Average markdowns (discounts) required to sell stocked
   merchandise...20%
4. % of website orders that cannot be fulfilled within 1 month
    (Note 2) …………………………………………………………5%

Learning and Growth:
1. % of clerks who are able to update the website …………………………12%
2. # Hours of employee training/employee...12
3. Number of times that corporate customers' database is
    updated / year …………………………………………………..50
4. # Employee suggestions/employee...3.1

Note 1: NI means net income; # means number of; % means percentage.

Note 2: Since customers who order through website do not have personal contact with the sales person, customers may order goods which are difficult to manufacture or are out of raw materials. So, orders cannot be fulfilled in less than 1 month, which may lead to customer's dissatisfaction.

Performance in 2008

The overall performance of WCS in 2008 was good. Performance across divisions, however, was somewhat uneven. The scorecards for RadWear and WorkWear, including targets and actuals for 2008, are provided in exhibits 3 and 4, respectively.

Pat Jenks now has the difficult task of evaluating the performance of the divisional managers for 2008. As managers of the two largest divisions, Chris Peters and Taylor Graham will receive the most attention. The results of year end reviews are used by WCS in several ways. They are used in determining merit raises and year-end bonuses. They are also used in decisions regarding promotion or movement within or out of the firm. Additionally, the performance reviews are used as a method for providing feedback and guidance to the divisional managers regarding their performance and future actions.

Although you will do an initial evaluation, the final written review will take into account the discussion you will have with the individual divisional managers. Thus, the initial evaluation may be subsequently adjusted due to additional information provided by the evaluatees. You, however, believe it is important to do an initial evaluation before meeting with the managers in order to maintain objectivity and high standards. Later adjustments provide for equity based on the specifics of the divisions' situations.

Your task

Please take the place of top management of WCS in evaluating the performance of Chris Peters and Taylor Graham, managers of RadWear and WorkWear, respectively. The evaluation form used by WCS is attached. Remember that this is an initial evaluation which will be adjusted after further information is available. For each of the managers you should indicate an overall performance evaluation.

Exhibit 3
RadWear Balanced Scorecard
Targets and Actuals for 2008

Measure	Target	Actual	% better (less) than target
Financial:			
1. Return on sales	24%	26%	8.33%
2. Profit margin / store	30%	31%	4.00%
3. Sales growth	35%	38%	8.57%
4. % stores meeting sales target	80%	84.70%	5.87%
Customer-Related:			
1. % customer who feels the price is right	85%	91.8%	9.00%
2. Repeat sales	30%	34%	13.33%
3. % customer who likes store's clothing style	80%	82%	2.50%
4. Customer satisfaction rating	92%	95%	3.26%
Internal Business Processes:			
1. Returns to suppliers	6%	7%	16.67%
2. Sales dollar / p.c. / week	$1,500	$1,687.5	12.50%
3. Average markdowns	16%	18.5%	15.63%
4. Sales from clearance items	25%	27%	8.00%
Learning and Growth:			
1. % p.c. feeling of work progress	27%	28.93%	7.14%
2. Hours of employee training/employee	15	17	13.33%
3. % p.c. who can use store computer program	85%	87.7%	3.18%
4. Employee suggestions/employee	3.3	3.5	6.06%

Note 1: p.c. refers to sales personnel

Exhibit 4
WorkWear Balanced Scorecard
Targets and Actuals for 2008

Measure	Target	Actual	% better (less) than target
Financial:			
1. Return on sales	24%	25%	4.17%
2. Website profit	20%	21.65%	8.25%
3. Sales growth	34%	36%	5.88%
4. % NI from hospital orders	6%	6.5%	8.33%
Customer-Related:			
1. % customer satisfaction over competitor	60%	68.1%	13.50%
2. Repeat sales	25%	27%	8.00%
3. # new customer contacts / quarter	500	516	3.20%
4. Customer satisfaction rating	84%	86%	2.38%
Internal Business Processes:			
1. Returns to suppliers	8%	9%	12.50%
2. % on-time delivery	85%	99%	16.47%
3. Average markdowns	20%	18.5%	7.50%
4. % website orders that cannot be fulfilled	5%	5.8%	16.00%
Learning and Growth:			
1. % clerks able to update website	12%	13.6%	13.33%
2. Hours of employee training/employee	12	13	8.33%
3. # times for website update / year	50	53	6.00%
4. Employee suggestions/employee	3.1	3.2	3.23%

WCS Inc.
Initial Evaluation Form

Year: _____2008_____

Manager: _____Chris Peters_____

Division: _____RadWear_____

Evaluator: _____

1. Indicate your initial performance evaluation for this manager by placing an 'X' somewhere on the scale below. Note that some label interpretations are provided below.

```
    0                              50                            100
     |----|----|----|----|----|----|----|----|----|----|
   Reas-     very       poor      average    good     very  excellent
   sign      poor                                     good
```

  Excellent: far beyond expectations, manager excels
  Very good: considerably above expectations
  Good: somewhat above expectations
  Average: meets expectations
  Poor: somewhat below expectations, needs some improvement
  Very Poor: considerably below expectations, needs considerable
improvement
  Reassign: sufficient improvement unlikely

2. Indicate your strength of conviction regarding this evaluation (how strongly you hold the opinion indicated above) by placing an 'X' somewhere on the scale below:

```
    0                              50                            100
     |----|----|----|----|----|----|----|----|----|----|
    very           somewhat      neither       somewhat       very
    weak             weak        weak nor       strong       strong
                                  strong
```

WCS Inc.
Initial Evaluation Form

Year: ___2008_____

Manager: _____Taylor Graham_____

Division: _____WorkWear_____

Evaluator: _____

1. Indicate your initial performance evaluation for this manager by placing an 'X' somewhere on the scale below. Note that some label interpretations are provided below.

```
   0                             50                         100
   |----|----|----|----|----|----|----|----|----|----|
Reas-     very      poor    average   good    very  excellent
sign      poor                               good
```

       Excellent: far beyond expectations, manager excels
       Very good: considerably above expectations
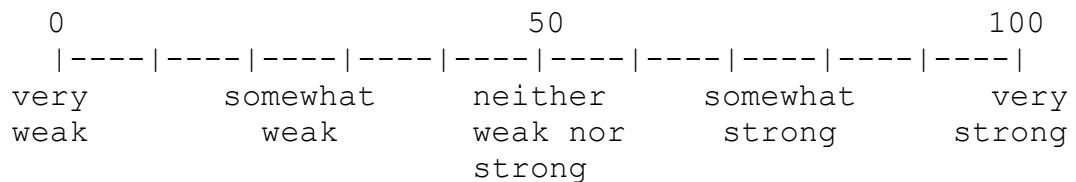   Good: somewhat above expectations
       Average: meets expectations
       Poor: somewhat below expectations, needs some improvement
       Very Poor: considerably below expectations, needs considerable improvement
       Reassign: sufficient improvement unlikely

2. Indicate your strength of conviction regarding this evaluation (how strongly you hold the opinion indicated above) by placing an 'X' somewhere on the scale below:

```
   0                             50                         100
   |----|----|----|----|----|----|----|----|----|----|
 very          somewhat      neither      somewhat       very
 weak            weak        weak nor      strong       strong
                             strong
```

Follow-Up Questions for the WCS Inc. Case

Now assume that WCS has decided to change its organizational structure. Instead of five decentralized subsidiaries, WCS is going to centralize all of its sales operations under one Manager of Sales Operations. Chris Peters and Taylor Graham are prime candidates for this position since they have been managing the largest divisions in WCS.

Based on the information you have, which of the two would you recommend for this promotion? Certainly both managers will likely be offered management positions at WCS but the Manager of Sales Operations will be the most attractive, highest-level position available to them. Indicate your choice, your confidence in your choice, and your rationale below. You may refer back to case materials if you would find that helpful.

1. My choice for Manager of Sales Operations is:

_____ **Chris Peters** (*RadWear* manager)   _____ **Taylor Graham** (*WorkWear* manager)

2. Indicate your strength of conviction in this recommendation (how strongly you hold the opinion indicated above) by placing an 'X' on the scale below:

```
   0                          50                         100
    |----|----|----|----|----|----|----|----|----|----|
   very            somewhat      neither      somewhat          very
   weak              weak       weak nor       strong          strong
                                 strong
```

- For this section: DO NOT CHANGE YOUR ANSWERS TO PREVIOUS QUESTIONS IF YOU REFER BACK TO PREVIOUS MATERIAL

Demographic information and general concluding questions

Gender: Male ____   Female ____

Age: ____ years

Number of years of full time work experience: _____

Your full-time work experience was most closely related to which of the following areas (check all that apply):
____ Accounting, auditing or taxation
____ Finance, banking or investing
____ Marketing or sales
____ General management or personnel
____ Engineering
____ Medical
____ Other, please specify:

_____

Number of subordinates that are under your supervision: _____

Have you ever used BSC to evaluate your subordinates? ____ Yes   ____ No

Have you ever been evaluated by the BSC? ____ Yes   ____ No

You are currently studying in what program? _____ MBA   _____ BBA

MBA status: ____ Full time   ____ Part-time
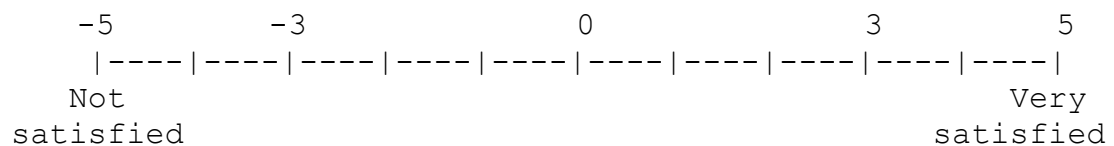
Most likely area of emphasis in your program is (check one):
____ Accounting, auditing or taxation
____ Finance, banking or investing
____ Marketing or sales
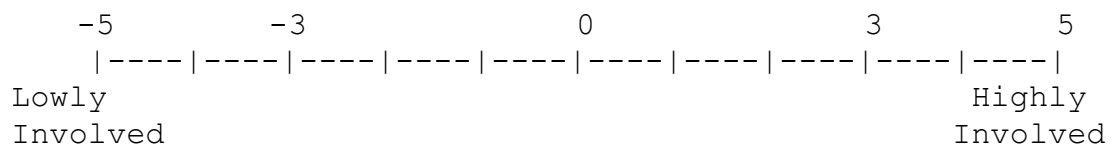____ General management or personnel
____ Other, please
specify:_____

Please indicate the extent of your agreement with each of the following questions by putting an X on the scale below the question.

Indicate your **level of satisfaction** in being **involved** in the development of the BSC for WCS .

```
    -5            -3               0              3            5
    |----|----|----|----|----|----|----|----|----|----|
    Not                                            Very
satisfied                                      satisfied
```

Indicate your **level of involvement** in the **development** of the BSC for WCS .

```
    -5            -3               0              3            5
    |----|----|----|----|----|----|----|----|----|----|
Lowly                                            Highly
Involved                                       Involved
```

The performance measures were **usefully categorized** in this case.

```
    -5            -3               0              3            5
    |----|----|----|----|----|----|----|----|----|----|
  strongly                                      strongly
  disagree                                        agree
```

Financial performance measures were **emphasized** in this case.

```
    -5            -3               0              3            5
    |----|----|----|----|----|----|----|----|----|----|
  strongly                                      strongly
  disagree                                        agree
```

The two divisions, RadWear and WorkWear, were targeting the **same** markets.

```
    -5            -3               0              3            5
    |----|----|----|----|----|----|----|----|----|----|
  strongly                                      strongly
  disagree                                        agree
```

The two divisions, RadWear and WorkWear, used **some different** performance measures.

```
    -5            -3               0              3            5
    |----|----|----|----|----|----|----|----|----|----|
  strongly                                      strongly
  disagree                                        agree
```

It was **appropriate** for the two divisions, RadWear and WorkWear, to employ **some different** performance measures.

```
    -5            -3             0             3            5
    |----|----|----|----|----|----|----|----|----|----|
 strongly                                      strongly
 disagree                                        agree
```

The case was **easy to understand.**

```
    -5            -3             0             3            5
    |----|----|----|----|----|----|----|----|----|----|
 strongly                                      strongly
 disagree                                        agree
```

The case was **very difficult to do.**

```
    -5            -3             0             3            5
    |----|----|----|----|----|----|----|----|----|----|
 strongly                                      strongly
 disagree                                        agree
```

The case was **very realistic.**

```
    -5            -3             0             3            5
    |----|----|----|----|----|----|----|----|----|----|
 strongly                                      strongly
 disagree                                        agree
```

It was **very difficult** to rank the common measures
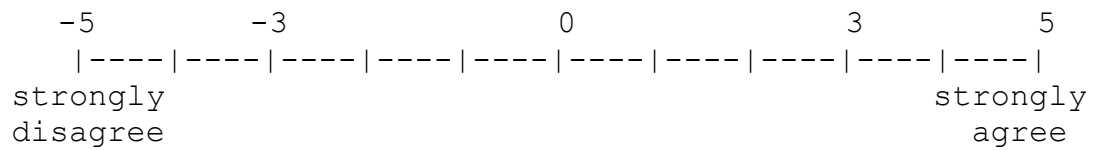
```
    -5            -3             0             3            5
    |----|----|----|----|----|----|----|----|----|----|
 strongly                                      strongly
 disagree                                        agree
```

It was **very difficult** to rank the unique measures

```
    -5            -3             0             3            5
    |----|----|----|----|----|----|----|----|----|----|
 strongly                                      strongly
 disagree                                        agree
```

The measures provided are **realistic**

```
    -5            -3             0             3            5
    |----|----|----|----|----|----|----|----|----|----|
 strongly                                      strongly
 disagree                                        agree
```

Unique measures provided for ranking are **different** between the two divisions

```
    -5          -3                  0                   3          5
    |----|----|----|----|----|----|----|----|----|----|
 strongly                                          strongly
 disagree                                            agree
```

I am **aware** that the BSC measures that were presented in the final version are not the version that I choose.

```
  -5            -3                  0                 3           5
    |----|----|----|----|----|----|----|----|----|----|
 strongly                                          strongly
 disagree                                            agree
```

I am **dissatisfied** with the final version of the BSC provided, since it is not the version that I choose.

```
  -5            -3                  0                 3           5
    |----|----|----|----|----|----|----|----|----|----|
 strongly                                          strongly
 disagree                                            agree
```

The End. Thank you very much for completing this research.

Case Material for Experiment II: Part 3

(*Choice-not-received* condition
– Choose Set B, Get Set A)

Part 3:

Performance Evaluations Research

Part 3 - Performance Evaluation of Subordinates

After involving you and the other top management in the development process of the BSC measures for RadWear and WorkWear, Pat Jenks has come up with the final version of the BSC for both divisions. The resulting BSC measures for each division are the consensus of top management's preferences. ***The final version of the BSC is <u>not</u> the set of BSC that you have chosen.***

Exhibit 1 and Exhibit 2 present the resulting scorecards for RadWear and WorkWear.

Exhibit 1
RadWear Balanced Scorecard
Measures and Targets for 2008

Measure	Target for 2008
Financial:	
1. Return on sales (divisional NI/divisional sales)	24%
2. New store sales (% sales from stores opened in 2007)	30%
3. Sales growth ([2008 sales -2007 sales]/2007 sales)	35%
4. Market share relative to retail space (sales/total teen-wear retail square footage in 5 mile radius of stores)	$80
Customer-Related:	
1. Mystery shopper program rating (Note 1 below)	85
2. Repeat sales (% sales from repeat customers)	30%
3. Returns by customers as % of sales	12%
4. Customer satisfaction rating (from a customer survey)	92%
Internal Business Processes:	
1. % Returns to suppliers due to quality problems	6%
2. Average # major brand names/store	32
3. Average markdowns (discounts) required to sell stocked merchandise	16%
4. % Sales from new items designated by head buyer as market leaders	25%
Learning and Growth:	
1. Average tenure of sales personnel (in years)	1.4
2. # Hours of employee training/employee	15
3. % Stores computerizing key functions identified by top management	85%
4. # Employee suggestions/employee	3.3

Note 1: the Mystery Buyer program sends unidentified inspectors into stores. The inspectors are disguised as buyers and provide several 'tests' of the store and its personnel. The inspectors rate the stores on ten dimensions; perfect scores in all categories would lead to a score of 100 points. The dimensions include the store and personnel's appearance, the demeanor of the personnel, the efficiency and effectiveness of the check-out system, among other things.
Note 2: NI means net income; # means number of; % means percentage.

Exhibit 2
WorkWear Balanced Scorecard
Measures and Targets for 2008

Measure	Target for 2008
Financial:	
1. Return on sales (divisional NI/divisional sales)	24%
2. Revenues/sales visit	$400
3. Sales growth ([2008 sales -2007 sales]/2007 sales)	30%
4. Catalog Profits (% NI from catalog orders)	6%
Customer-Related:	
1. "Captured Customers" (% of customers for whom we are the only supplier)	20%
2. Repeat sales (% sales from repeat customers)	25%
3. Referrals (% of new customers for whom we were recommended by a business associate)	50%
4. Customer satisfaction rating (from a customer survey)	84%
Internal Business Processes:	
1. % Returns to suppliers due to quality problems	8%
2. % of orders filled within one week	85%
3. Average markdowns (discounts) required to sell stocked merchandise	20%
4. Catalog orders with errors (% of catalog orders which were filled incorrectly)	5%
Learning and Growth:	
1. MBAs (% of district sales managers with MBA degrees)	12%
2. # Hours of employee training/employee	12
3. Certification (% of Order Clerks who have received certification in data base management tools)	20%
4. # Employee suggestions/employee	3.1

Note 1: NI means net income; # means number of; % means percentage.

Performance in 2008

The overall performance of WCS in 2008 was good. Performance across divisions, however, was somewhat uneven. The scorecards for RadWear and WorkWear, including targets and actuals for 2008, are provided in exhibits 3 and 4, respectively.

Pat Jenks now has the difficult task of evaluating the performance of the divisional managers for 2008. As managers of the two largest divisions, Chris Peters and Taylor Graham will receive the most attention. The results of year end reviews are used by WCS in several ways. They are used in determining merit raises and year-end bonuses. They are also used in decisions regarding promotion or movement within or out of the firm. Additionally, the performance reviews are used as a method for providing feedback and guidance to the divisional managers regarding their performance and future actions.

Although you will do an initial evaluation, the final written review will take into account the discussion you will have with the individual divisional managers. Thus, the initial evaluation may be subsequently adjusted due to additional information provided by the evaluatees. You, however, believe it is important to do an initial evaluation before meeting with the managers in order to maintain objectivity and high standards. Later adjustments provide for equity based on the specifics of the divisions' situations.

Your task

Please take the place of top management of WCS in evaluating the performance of Chris Peters and Taylor Graham, managers of RadWear and WorkWear, respectively. The evaluation form used by WCS is attached. Remember that this is an initial evaluation which will be adjusted after further information is available. For each of the managers you should indicate an overall performance evaluation.

Exhibit 3
RadWear Balanced Scorecard
Targets and Actuals for 2008

Measure	Target	Actual	% better (less) than target
Financial:			
1. Return on sales	24%	26%	8.33%
2. New store sales	30%	31%	4.00%
3. Sales growth	35%	38%	8.57%
4. Market share relative to retail space	$80	$84.70	5.88%
Customer-Related:			
1. Mystery shopper program rating	85	91.8	9.00%
2. Repeat sales	30%	34%	13.33%
3. Returns by customers as % of sales	12%	12.3%	2.50%
4. Customer satisfaction rating	92%	95%	3.26%
Internal Business Processes:			
1. Returns to suppliers	6%	7%	16.67%
2. Average major brand names/store	32	36	12.50%
3. Average markdowns	16%	18.5%	15.63%
4. Sales from new market leaders	25%	27%	8.00%
Learning and Growth:			
1. Average tenure of sales personnel	1.4	1.5	7.14%
2. Hours of employee training/employee	15	17	13.33%
3. Stores computerizing	85%	87.7%	3.18%
4. Employee suggestions/employee	3.3	3.5	6.06%

Exhibit 4
WorkWear Balanced Scorecard
Targets and Actuals for 2008

Measure	Target	Actual	% better (less) than target
Financial:			
1. Return on sales	24%	25%	4.17%
2. Revenues per sales visit	$400	$433	8.25%
3. Sales growth	34%	36%	5.88%
4. Catalog profits	6%	6.5%	8.33%
Customer-Related:			
1. Captured Customers	20%	22.7%	13.50%
2. Repeat sales	25%	27%	8.00%
3. Referrals	50%	51.6%	3.20%
4. Customer satisfaction rating	84%	86%	2.38%
Internal Business Processes:			
1. Returns to suppliers	8%	9%	12.50%
2. Orders filled within one week	85%	99%	16.47%
3. Average markdowns	20%	21.5%	7.50%
4. Catalog orders filled with errors	5%	5.8%	16.00%
Learning and Growth:			
1. MBA degrees	12%	13.6%	13.33%
2. Hours of employee training/employee	12	13	8.33%
3. Certification	20%	21.2%	6.00%
4. Employee suggestions/employee	3.1	3.2	3.23%

WCS Inc.
Initial Evaluation Form

Year: _____2008_____

Manager: _____Chris Peters_____

Division: _____RadWear_____

Evaluator: _____

1. Indicate your initial performance evaluation for this manager by placing an 'X' somewhere on the scale below. Note that some label interpretations are provided below.

```
    0                            50                          100
    |----|----|----|----|----|----|----|----|----|----|
Reas-     very        poor      average     good    very  excellent
sign      poor                                      good
```

      Excellent: far beyond expectations, manager excels
      Very good: considerably above expectations
      Good: somewhat above expectations
      Average: meets expectations
      Poor: somewhat below expectations, needs some improvement
      Very Poor: considerably below expectations, needs considerable improvement
      Reassign: sufficient improvement unlikely

2. Indicate your strength of conviction regarding this evaluation (how strongly you hold the opinion indicated above) by placing an 'X' somewhere on the scale below:

```
    0                            50                          100
    |----|----|----|----|----|----|----|----|----|----|
  very          somewhat       neither      somewhat      very
  weak            weak        weak nor       strong      strong
                               strong
```

WCS Inc.
Initial Evaluation Form

Year: _____2008_____

Manager: _____Taylor Graham_____

Division: _____WorkWear_____

Evaluator: _____

1. Indicate your initial performance evaluation for this manager by placing an 'X' somewhere on the scale below. Note that some label interpretations are provided below.

```
    0                             50                          100
     |----|----|----|----|----|----|----|----|----|----|
Reas-    very        poor    average    good    very  excellent
sign     poor                                   good
```

     Excellent: far beyond expectations, manager excels
     Very good: considerably above expectations
     Good: somewhat above expectations
     Average: meets expectations
     Poor: somewhat below expectations, needs some improvement
     Very Poor: considerably below expectations, needs considerable improvement
     Reassign: sufficient improvement unlikely

2. Indicate your strength of conviction regarding this evaluation (how strongly you hold the opinion indicated above) by placing an 'X' somewhere on the scale below:

```
    0                             50                          100
     |----|----|----|----|----|----|----|----|----|----|
   very           somewhat     neither    somewhat      very
   weak             weak      weak nor     strong      strong
                               strong
```

Follow-Up Questions for the WCS Inc. Case

Now assume that WCS has decided to change its organizational structure. Instead of five decentralized subsidiaries, WCS is going to centralize all of its sales operations under one Manager of Sales Operations. Chris Peters and Taylor Graham are prime candidates for this position since they have been managing the largest divisions in WCS.

Based on the information you have, which of the two would you recommend for this promotion? Certainly both managers will likely be offered management positions at WCS but the Manager of Sales Operations will be the most attractive, highest-level position available to them. Indicate your choice, your confidence in your choice, and your rationale below. You may refer back to case materials if you would find that helpful.

1. My choice for Manager of Sales Operations is:

_____ **Chris Peters** (*RadWear* manager)   _____ **Taylor Graham** (*WorkWear* manager)

2. Indicate your strength of conviction in this recommendation (how strongly you hold the opinion indicated above) by placing an 'X' on the scale below:

```
   0                            50                          100
    |----|----|----|----|----|----|----|----|----|----|
   very          somewhat        neither        somewhat        very
   weak            weak          weak nor        strong         strong
                                  strong
```

- For this section: DO NOT CHANGE YOUR ANSWERS TO PREVIOUS QUESTIONS IF YOU REFER BACK TO PREVIOUS MATERIAL

Demographic information and general concluding questions

Gender: Male _____   Female _____

Age: _____ years

Number of years of full time work experience: _____

Your full-time work experience was most closely related to which of the following areas (check all that apply):
_____ Accounting, auditing or taxation
_____ Finance, banking or investing
_____ Marketing or sales
_____ General management or personnel
_____ Engineering
_____ Medical
_____ Other, please specify:

_____

Number of subordinates that are under your supervision: _____

Have you ever used BSC to evaluate your subordinates? _____ Yes   _____ No

Have you ever been evaluated by the BSC? _____ Yes   _____ No

You are currently studying in what program? _____ MBA   _____ BBA

MBA status: _____ Full time   _____ Part-time

Most likely area of emphasis in your program is (check one):
_____ Accounting, auditing or taxation
_____ Finance, banking or investing
_____ Marketing or sales
_____ General management or personnel
_____ Other, please
specify:_____

Please indicate the extent of your agreement with each of the following questions by putting an X on the scale below the question.

Indicate your **level of satisfaction** in being **involved** in the development of the BSC for WCS .

```
   -5            -3              0            3            5
    |----|----|----|----|----|----|----|----|----|----|
    Not                                            Very
 satisfied                                      satisfied
```

Indicate your **level of involvement** in the **development** of the BSC for WCS .

```
   -5            -3              0            3            5
    |----|----|----|----|----|----|----|----|----|----|
 Lowly                                           Highly
 Involved                                      Involved
```

Do you **notice** that the measures in the final version of the BSC **do not include** the measures that you have chosen?
_____ Yes   _____ No

Indicate your **level of satisfaction** to the fact that the final version of the BSC **does not include** the measures of your choice.

```
   -5            -3              0            3            5
    |----|----|----|----|----|----|----|----|----|----|
  Very                     Indifferent              Very
 Satisfied                                      Satisfied
```

The performance measures were **usefully categorized** in this case.

```
   -5            -3              0            3            5
    |----|----|----|----|----|----|----|----|----|----|
 strongly                                      strongly
 disagree                                         agree
```

Financial performance measures were **emphasized** in this case.

```
   -5            -3              0            3            5
    |----|----|----|----|----|----|----|----|----|----|
 strongly                                      strongly
 disagree                                         agree
```

The two divisions, RadWear and WorkWear, were targeting the **same** markets.

```
   -5             -3                  0                  3              5
    |----|----|----|----|----|----|----|----|----|----|
 strongly                                        strongly
 disagree                                           agree
```

The two divisions, RadWear and WorkWear, used **some different** performance measures.

```
   -5             -3                  0                  3              5
    |----|----|----|----|----|----|----|----|----|----|
 strongly                                        strongly
 disagree                                           agree
```

It was **appropriate** for the two divisions, RadWear and WorkWear, to employ **some different** performance measures.

```
   -5             -3                  0                  3              5
    |----|----|----|----|----|----|----|----|----|----|
 strongly                                        strongly
 disagree                                           agree
```

The case was **easy to understand.**

```
   -5             -3                  0                  3              5
    |----|----|----|----|----|----|----|----|----|----|
 strongly                                        strongly
 disagree                                           agree
```

The case was **very difficult to do.**

```
   -5             -3                  0                  3              5
    |----|----|----|----|----|----|----|----|----|----|
 strongly                                        strongly
 disagree                                           agree
```

The case was **very realistic.**

```
   -5             -3                  0                  3              5
    |----|----|----|----|----|----|----|----|----|----|
 strongly                                        strongly
 disagree                                           agree
```

It was **very difficult** to rank the common measures

```
   -5             -3                  0                  3              5
    |----|----|----|----|----|----|----|----|----|----|
 strongly                                        strongly
```

```
disagree                                                    agree
```
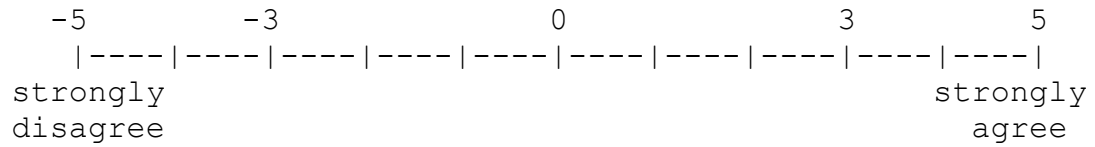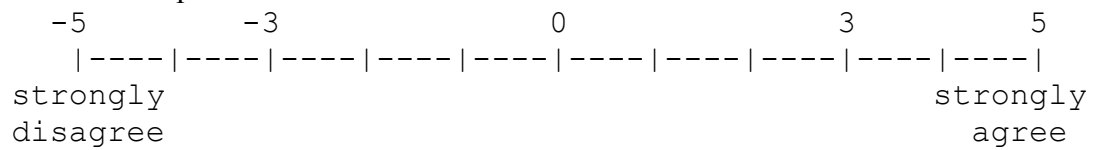
It was **very difficult** to rank the unique measures

```
    -5              -3                   0                 3            5
    |----|----|----|----|----|----|----|----|----|----|
 strongly                                              strongly
 disagree                                                 agree
```

The measures provided are **realistic**

```
    -5              -3                   0                 3            5
    |----|----|----|----|----|----|----|----|----|----|
 strongly                                              strongly
 disagree                                                 agree
```
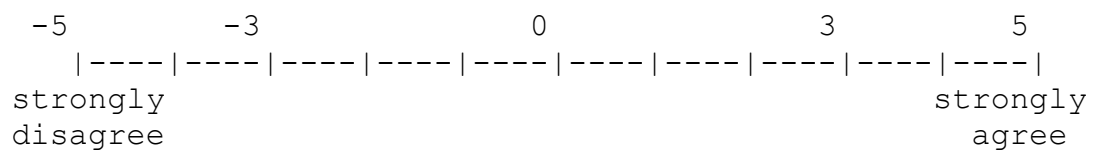
Unique measures provided for ranking are **different** between the two divisions

```
    -5              -3                   0                 3            5
    |----|----|----|----|----|----|----|----|----|----|
 strongly                                              strongly
 disagree                                                 agree
```

 I am **aware** that the BSC measures that were presented in the final version are not the version that I choose.

```
    -5              -3                   0                 3            5
    |----|----|----|----|----|----|----|----|----|----|
 strongly                                              strongly
 disagree                                                 agree
```

I am **dissatisfied** with the final version of the BSC provided, since it is not the version that I choose.

```
    -5              -3                   0                 3            5
    |----|----|----|----|----|----|----|----|----|----|
 strongly                                              strongly
 disagree                                                 agree
```

The End. Thank you very much for completing this research.