



## Industry

Banking

## Business Issue

Monitor the development of the strategy and display progress and problems.

## Solution

Balanced Scorecard solution with SAS

## Benefits

Everyone can see and communicate on the effect their role has and how it is measured.



## Dexia Bank Measuring that a corporate strategy is working

Artesia Banking Corporation, now merged into Dexia Bank, provides a wide range of financial services across a number of countries. Its corporate strategy is an ambitious route map towards growth through tricky and competitive terrain. The strategy raises questions that any company faces: How can we be sure we're heading in the right direction? How do we measure progress towards corporate goals? A pilot project in the company's Corporate Banking Division first selected SAS software as the ideal vehicle for producing a balanced scorecard (BSC), and then set out to prove that the balanced scorecard approach was indeed the strategic management tool that the company needed.

### A new strategy for a new financial services group

The late 1990s witnessed a period of rapid change in the shape of the financial services landscape in the Low Countries. A series of mergers and takeovers meant that existing operators had regrouped or had joined together with new players on the market. A whole range of new brands, reflecting these changed corporate structures, appeared on the corporate and the consumer markets.

These changes in corporate structure went hand in hand with radical changes in the way financial services were provided, with at the forefront of these changes the explosion in electronic services to firms and individual consumers.

Artesia Banking Corporation was set up in May 1999. Part of the ARCO Group, Artesia Banking Corporation comprised in Artesia Bank, BACOB Bank and (82 per cent of) DVV Insurance in Belgium, and a range of banks, often containing the new Artesia brand-name in The Netherlands, Luxembourg, France, Switzerland and Ireland, as well as other financial service operations in Austria and the United States. Over 7,000 staff dealt with some 1.2 million customers.

The group set itself an ambitious mission and strategic plan for the years 2000 - 2003. Its mission is to expand into a high-

quality European financial services group with an international position and a range of products focussed on customer value. The Group consists of a number of different legal entities, which each act as competence centres targeted to specific customer groups.

### A tool for measuring progress

Across such a wide range of services and markets there was a clear need for a strategic management tool to monitor the development of the strategy, and a clear channel to be able to display progress and problems. As the bank itself puts it, this meant a move from an "unbalanced" amalgam of services and strategic objectives to a "balanced scorecard" approach. The balanced scorecard approach makes the vision and strategy clear and comprehensive by grouping operations into a set of coherent and relevant measures, vertically aligned with the strategic objectives of the business lines and the shared services.

A multi-disciplinary team was put together to design the concept for a balanced scorecard, with representatives from the Corporate Banking Division, from Management Control, from the Managing Board itself, and from a Belgian SAS Partner. The group was given two weeks to design the scope of the 'Proof of Concept'. Once this was in place, the Corporate Banking sector was chosen to host a six-week balanced scorecard pilot project.

After careful analysis of a number of possible software solutions, the decision was taken to use SAS software to set up a prototype for a rapid development platform. SAS outclassed two other potential software candidates across a wide range of criteria. The main criterion, where SAS was far ahead of the competition, was ease of use. The aim of the pilot project was to show that balanced scorecards are in effect a vital partner for a corporate strategy. They show where the company is starting from, how it is progressing towards its objectives, and

where any problems might lie, where adjustments need to be made. Rob Van Rensbergen, MIS Manager Strategic Planning from Dexia Bank: "Our aim was to demonstrate to the Board that a balanced scorecard approach was essential to monitor the way the strategy was being applied. It needed to show what the balanced scorecard could bring to the bank to make its strategy a success. And what the Managing Board needed was a clear picture of the implementation process of the strategy -something very visual. This is what the balanced scorecard approach does. It makes the strategy real."

### Measuring cause and effect

The balanced scorecard, fed by data provided in simple Excel spreadsheets, helps show the inter-dependency between the different parts of an organization. For example, increasing employee skills increases employee satisfaction, and has a positive effect on quality and service. While management has always looked to these relationships between cause and effect when making decisions, the power of SAS software can actually measure exactly what the links are between the causes and effects inherent to Dexia's business activities, and the time lag between them. The BSC approach also allows 'what if' questions to be asked, to obtain an accurate picture of the effects on the strategy as a whole of adapting different business lines or support functions. It therefore provides not just a reporting tool on results, but also a source of genuine support when making strategic decisions to adjust operations or approach.

The balanced scorecard approach makes it possible to show and to communicate

how successfully the strategy is being implemented. Van Rensbergen sees this as very important for the way people work together: "In this way, everyone can see and communicate on the effect their role has, and how it is measured. This is a key element in team operations."

### Blending operational and strategic targets

"After the success of the pilot project, we started to build a standardized balanced scorecard for the entire group. As a multi-sectoral company, working in different countries, we can measure the success of a particular approach in one sector or one country, and accurately predict how its success can be transferred to another part of the group."

The next steps were to produce support cards for the different business lines and support functions, such as internal consulting. After this follow the operational scorecards. The beauty of the scorecard system, with its emphasis on 'balance' means that there can be a clear link between operational performance and strategy, from the level of a desk in a bank branch, up to the level of Dexia's group strategy.



"SAS balanced scorecard software, when applied to our company's activities, has helped us make our strategy visible."

**Rob Van Rensbergen**  
MIS Manager,  
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